

**SUBSTITUTE FOR  
SENATE BILL NO. 3**

A bill to amend 1947 PA 179, entitled  
"An act to provide for the incorporation of certain municipal  
authorities for the collection or disposal, or both, of garbage  
or rubbish, or both, and for the operation of a dog pound; and to  
prescribe the powers, rights and duties thereof,"  
(MCL 123.301 to 123.310) by adding section 11.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1        SEC. 11. (1) AFTER THE EFFECTIVE DATE OF THE 2001 AMENDA-  
2 TORY ACT THAT ADDED THIS SECTION, A QUALIFIED AUTHORITY SHALL NOT  
3 ENTER INTO A CONTRACT UNDER SECTION 6 WITH A TERMINATION DATE  
4 AFTER THE TERMINATION DATE OF THE AUTHORITY'S MOST RECENTLY  
5 APPROVED CONTRACT UNDER SECTION 5(1).  
6        (2) WITHIN 90 DAYS AFTER A QUALIFIED AUTHORITY DECIDES TO  
7 SELL OR TRANSFER REAL PROPERTY LOCATED WITHIN THE TERRITORY OF A  
8 MEMBER OR FORMER MEMBER, THE MEMBER OR FORMER MEMBER MAY EXERCISE  
9 THE RIGHT OF FIRST REFUSAL TO PURCHASE THE REAL PROPERTY AT A

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1 PRICE EQUAL TO THE LESSER OF THE REAL PROPERTY'S CURRENT MARKET  
2 VALUE OR THE HIGHEST PRICE OFFERED FOR THE REAL PROPERTY IN AN  
3 ARM'S LENGTH, BONA FIDE OFFER BY A THIRD PARTY. THE CURRENT  
4 MARKET VALUE OF SUCH REAL PROPERTY SHALL BE DETERMINED BY AN  
5 APPRAISER ACCEPTABLE TO THE AUTHORITY AND THE INTERESTED MEMBER.  
6 ANY DISPUTE REGARDING A DETERMINATION OF CURRENT MARKET VALUE  
7 SHALL BE RESOLVED BY INDEPENDENT ARBITRATION.

8 (3) A MEMBER MAY WITHDRAW FROM A QUALIFIED AUTHORITY IF BOTH  
9 OF THE FOLLOWING REQUIREMENTS ARE MET:

10 (A) THE LEGISLATIVE BODY OF THE MEMBER ADOPTS A RESOLUTION  
11 STATING THAT THE AUTHORITY IS NO LONGER EFFECTIVELY SERVING THE  
12 PUBLIC PURPOSES FOR WHICH IT WAS CREATED AND DECLARING ITS DECI-  
13 SION TO WITHDRAW FROM THE AUTHORITY ON A DATE SPECIFIED IN THE  
14 RESOLUTION. THE DATE SPECIFIED IN THE RESOLUTION SHALL NOT BE  
15 LESS THAN 60 DAYS AFTER THE DATE THE RESOLUTION IS ADOPTED.

16 (B) THE CLERK OF THE MEMBER PROMPTLY FILES A CERTIFIED COPY  
17 OF THE RESOLUTION ADOPTED UNDER SUBDIVISION (A) WITH THE AUTHOR-  
18 ITY AND THE SECRETARY OF STATE.

19 (4) BY THE WITHDRAWAL DATE SPECIFIED UNDER SUBSECTION  
20 (3)(A), THE WITHDRAWING MEMBER SHALL PAY THE QUALIFIED AUTHORITY  
21 THE WITHDRAWING MEMBER'S FAIR SHARE OF THE NEGATIVE EQUITY OF THE  
22 AUTHORITY, IF ANY. THIS SUBSECTION DOES NOT RELIEVE THE WITH-  
23 DRAWING MEMBER FROM THE MEMBER'S FAIR SHARE OF ANY OBLIGATION TO  
24 REIMBURSE THE AUTHORITY  
25 FOLLOWING THE MEMBER'S WITHDRAWAL FOR ANY ENVIRONMENTAL LIABILI-  
26 TIES SUBSEQUENTLY INCURRED BY THE AUTHORITY, TO THE EXTENT THAT  
THE ENVIRONMENTAL LIABILITIES RESULT DIRECTLY FROM THE

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1 AUTHORITY'S DISPOSAL OF THE WITHDRAWN MEMBER'S MUNICIPAL SOLID  
2 WASTE, RECYCLABLE MATERIALS, OR YARD WASTE.

3 (5) BY THE WITHDRAWAL DATE SPECIFIED UNDER SUBSECTION  
4 (3)(A), THE QUALIFIED AUTHORITY SHALL PAY THE WITHDRAWING MEMBER  
5 THE WITHDRAWING MEMBER'S FAIR SHARE OF THE EQUITY OF THE  
6 AUTHORITY.

7 (6) A QUALIFIED AUTHORITY SHALL DISSOLVE IF BOTH OF THE FOL-  
8 LOWING REQUIREMENTS ARE MET:

9 (A) THE LEGISLATIVE BODIES OF A MAJORITY OF THE MEMBERS,  
10 WEIGHTED BY THE PERCENTAGE OF RECENT WASTE DELIVERY, EACH ADOPT A  
11 RESOLUTION STATING THAT THE AUTHORITY IS NO LONGER EFFECTIVELY  
12 SERVING THE PUBLIC PURPOSES FOR WHICH IT WAS CREATED AND DIRECT-  
13 ING THAT THE AUTHORITY BE DISSOLVED PURSUANT TO THIS SUBSECTION  
14 AND SUBSECTIONS (7) TO (9).

15 (B) THE CLERK OF EACH MEMBER WHOSE LEGISLATIVE BODY ADOPTS A  
16 RESOLUTION UNDER SUBDIVISION (A) PROMPTLY FILES A CERTIFIED COPY  
17 OF THE RESOLUTION WITH THE AUTHORITY AND THE SECRETARY OF STATE.

18 (7) WITHIN 6 MONTHS AFTER THE REQUIREMENTS OF SUBSECTION (6)  
19 ARE MET, THE QUALIFIED AUTHORITY SHALL CEASE THE ACTIVITIES  
20 DESCRIBED IN SECTION 1 FOR WHICH IT WAS INCORPORATED. WITHIN  
21 6 MONTHS AFTER CEASING SUCH ACTIVITIES, THE AUTHORITY SHALL  
22 SETTLE ITS ACCOUNTS, INCLUDING, BUT NOT LIMITED TO, ALL VESTED OR  
23 ACCRUED EMPLOYEE BENEFITS, EMPLOYMENT CONTRACTS, AND UNEMPLOYMENT  
24 COMPENSATION, AND, SUBJECT TO SUBSECTION (2), SHALL SELL ALL OF  
25 ITS PROPERTY.

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1 (8) IMMEDIATELY AFTER THE REQUIREMENTS OF SUBSECTION (7) ARE  
2 MET, THE QUALIFIED AUTHORITY SHALL DISTRIBUTE TO EACH MEMBER THAT  
3 MEMBER'S FAIR SHARE OF THE AUTHORITY'S REMAINING ASSETS.

4 (9) UPON DISTRIBUTION OF THE QUALIFIED AUTHORITY'S ASSETS  
5 UNDER SUBSECTION (8), BOTH OF THE FOLLOWING APPLY:

6 (A) THE AUTHORITY IS DISSOLVED.

7 (B) ALL LIABILITIES OF EACH MEMBER AND FORMER MEMBER OF THE  
8 AUTHORITY ARE TERMINATED, EXCEPT FOR ANY ENVIRONMENTAL LIABILI-  
9 TIES SUBSEQUENTLY ATTRIBUTED TO THE AUTHORITY TO THE EXTENT THAT  
10 THE ENVIRONMENTAL LIABILITIES RESULT DIRECTLY FROM THE  
11 AUTHORITY'S DISPOSAL OF THE MEMBER'S FAIR SHARE OF OR FORMER  
12 MEMBER'S FAIR SHARE OF MUNICIPAL  
13 SOLID WASTE, RECYCLABLE MATERIALS, OR YARD WASTE.

14 (10) SUBSECTIONS (6) TO (9) DO NOT PREVENT THE INCORPORATION  
15 OF A NEW AUTHORITY BY SOME OR ALL OF THE FORMER MEMBERS OF AN  
16 AUTHORITY DISSOLVED UNDER SUBSECTIONS (6) TO (9).

17 (11) IF, AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT  
18 ADDED THIS SECTION, A QUALIFIED AUTHORITY IS INCORPORATED OR  
19 AMENDS ITS ARTICLES OF INCORPORATION, THE QUALIFIED AUTHORITY  
20 SHALL INCLUDE IN ITS ARTICLES THE PROVISIONS OF SUBSECTIONS (3)  
21 TO (10).

22 (12) AS USED IN THIS ACT:

23 (A) "APPRAISER" MEANS AN INDIVIDUAL LICENSED UNDER  
24 ARTICLE 26 OF THE OCCUPATIONAL CODE, 1980 PA 299, MCL 339.2601 TO  
25 339.2637.

26 (B) "AUTHORITY" MEANS AN AUTHORITY INCORPORATED UNDER THIS  
27 ACT.

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1 (C) "CORRECTIVE ACTION" MEANS THAT TERM AS DEFINED IN  
2 SECTION 11502 OF THE NATURAL RESOURCES AND ENVIRONMENTAL  
3 PROTECTION ACT, 1994 PA 451, MCL 324.11502.

4 (D) "ENVIRONMENTAL LIABILITIES" MEANS THE COSTS OF LANDFILL  
5 CLOSURE AND POSTCLOSURE OBLIGATIONS, THE COSTS OF CORRECTIVE  
6 ACTION, RESPONSE ACTIVITY COSTS, AND FINES, PENALTIES, OR DAMAGES  
7 REQUIRED OR ASSESSED BY THE STATE UNDER THE NATURAL RESOURCES AND  
8 ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.101 TO  
9 324.90106.

10 (E) "EQUITY OF THE AUTHORITY" MEANS THE TOTAL FUND EQUITY OF  
11 THE AUTHORITY AS SET FORTH IN ITS MOST RECENT AUDITED ANNUAL  
12 FINANCIAL STATEMENTS EXCEPT THAT LIABILITIES SHALL BE REDUCED BY  
13 ANY ESTIMATED LIABILITIES THAT WERE INCLUDED IN DETERMINING TOTAL  
14 FUND EQUITY.

15 (F) "FORMER MEMBER" MEANS A MEMBER THAT HAS WITHDRAWN FROM A  
16 QUALIFIED AUTHORITY UNDER THE TERMS OF THIS ACT OR A PRIOR MEMBER  
17 OF A QUALIFIED AUTHORITY THAT HAS BEEN DISSOLVED UNDER THE TERMS  
18 OF THIS ACT.

19 (G) "MEMBER" MEANS A MUNICIPALITY THAT INCORPORATED A QUALI-  
20 FIED AUTHORITY UNDER SECTION 1 OR THAT BECAME PART OF A QUALIFIED  
21 AUTHORITY UNDER SECTION 7 AND WHOSE PARTICIPATION IN THE AUTHOR-  
22 ITY HAS NOT BEEN TERMINATED BY AN ACT OF THE LEGISLATURE.

23 (H) "MEMBER'S FAIR SHARE" MEANS THE PERCENTAGE OF THE TOTAL  
24 AMOUNT OF MUNICIPAL SOLID WASTE, RECYCLABLE MATERIALS, AND YARD  
25 WASTE DISPOSED OF BY THE AUTHORITY SINCE ITS FOUNDING UP TO AND  
26 INCLUDING THE LAST FULL CALENDAR YEAR, THAT WAS GENERATED WITHIN

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1 THE MEMBER'S TERRITORY, AS DETERMINED, IN THE EVENT OF A DISPUTE,  
2 BY INDEPENDENT ARBITRATION.

3 (I) "PERCENTAGE OF RECENT WASTE DELIVERY" MEANS THE AMOUNT  
4 OF MUNICIPAL SOLID WASTE, RECYCLABLE MATERIALS, AND YARD WASTE  
5 GENERATED WITHIN A PARTICULAR MEMBER'S TERRITORY AND DISPOSED OF  
6 BY THE AUTHORITY DURING THE LATEST FULL CALENDAR YEAR FOR WHICH  
7 THE AUTHORITY DISPOSED OF SUCH MATERIALS OR WASTE GENERATED  
8 WITHIN THE TERRITORY OF THAT MEMBER, DIVIDED BY THE SUM OF SUCH  
9 AMOUNTS FOR ALL MEMBERS, AS DETERMINED, IN THE EVENT OF A DIS-  
10 PUTE, BY INDEPENDENT ARBITRATION.

11 (J) "QUALIFIED AUTHORITY" MEANS AN AUTHORITY THAT IS COM-  
12 POSED OF 10 OR MORE MEMBERS AND HAS A POPULATION RESIDING WITHIN  
13 ITS TERRITORY OF 250,000 OR MORE.

14 (K) "RESPONSE ACTIVITY COSTS" MEANS THAT TERM AS DEFINED IN  
15 SECTION 20101 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTEC-  
16 TION ACT, 1994 PA 451, MCL 324.20101.