

SUBSTITUTE FOR
HOUSE BILL NO. 6254

A bill to amend 1990 PA 72, entitled
"Local government fiscal responsibility act,"
by amending section 18 (MCL 141.1218).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 18. (1) If the governor determines that a financial
2 emergency exists under section 15, the governor shall assign the
3 responsibility for managing the local government financial
4 emergency to the local emergency financial assistance loan board
5 created under the emergency municipal loan act, ~~Act No. 243 of the~~
6 ~~Public Acts of 1980, being sections 141.931 to 141.942 of the~~
7 ~~Michigan Compiled Laws 1980 PA 243, MCL 141.931 TO 141.942.~~ The
8 local emergency financial assistance loan board shall appoint an
9 emergency financial manager. The emergency financial manager shall
10 be chosen solely on the basis of his or her competence, ~~and BUT THE~~

1 LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD SHALL GIVE
2 CONSIDERATION TO THE EMERGENCY FINANCIAL MANAGER'S EXPERIENCE IN
3 FINANCIAL MANAGEMENT, ACCOUNTING, OR MANAGING UNITS OF LOCAL
4 GOVERNMENT OR OTHER GOVERNMENTAL EXPERIENCE. THE EMERGENCY
5 FINANCIAL MANAGER shall not have been either an elected or
6 appointed official or employee of the local government for which
7 appointed for not less than 5 years before the appointment. The
8 emergency financial manager need not be a resident of the local
9 government for which he or she is appointed. The emergency
10 financial manager shall serve at the pleasure of the local
11 emergency financial assistance loan board. The emergency financial
12 manager shall be entitled to compensation and reimbursement for
13 actual and necessary expenses from the local government as approved
14 by the local emergency financial assistance loan board. In addition
15 to staff otherwise authorized by law, with the approval of the
16 local emergency financial assistance loan board, the emergency
17 financial manager may appoint additional staff, **SUBJECT TO THE**
18 **AGREEMENT OR ORDER ENTERED INTO UNDER SECTION 21**, and secure
19 professional assistance considered necessary to implement this
20 article.

21 (2) An emergency financial manager appointed under ~~the local~~
22 ~~government fiscal responsibility act, former Act No. 101 of the~~
23 ~~Public Acts of 1988, FORMER 1988 PA 101~~ and serving on the
24 effective date of this act, except as provided in subsection (1),
25 shall continue under this act to fulfill his or her powers and
26 duties.

27 (3) ON A MONTHLY BASIS, BEGINNING 30 DAYS AFTER THE EFFECTIVE

1 DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION, THE CHIEF
2 FINANCIAL OFFICER OF A UNIT OF LOCAL GOVERNMENT FOR WHICH AN
3 EMERGENCY FINANCIAL MANAGER HAS BEEN APPOINTED PURSUANT TO THIS
4 SECTION SHALL FILE WITH THE DEPARTMENT OF TREASURY A WRITTEN REPORT
5 THAT SETS FORTH WITH PARTICULARITY ANY PAYMENTS MADE TO THE
6 EMERGENCY FINANCIAL MANAGER DURING THE PRECEDING MONTH. THE
7 DEPARTMENT OF TREASURY MAY PRESCRIBE THE FORMAT AND MEANS OF
8 TRANSMITTAL OF THE MONTHLY REPORT REQUIRED BY THIS SUBSECTION.

9 (4) ON A QUARTERLY BASIS, BEGINNING 90 DAYS AFTER THE
10 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION,
11 THE DEPARTMENT OF TREASURY SHALL REVIEW THE FINANCIAL RECORDS OF A
12 UNIT OF LOCAL GOVERNMENT FOR WHICH AN EMERGENCY FINANCIAL MANAGER
13 HAS BEEN APPOINTED PURSUANT TO THIS SECTION AS THOSE FINANCIAL
14 RECORDS RELATE TO ANY PAYMENTS MADE TO THE EMERGENCY FINANCIAL
15 MANAGER. THE DEPARTMENT OF TREASURY MAY REVIEW THOSE FINANCIAL
16 RECORDS MORE FREQUENTLY, AND ON A RANDOM BASIS, TO THE EXTENT
17 DEEMED NECESSARY BY THE DEPARTMENT OF TREASURY.

18 (5) AN EMERGENCY FINANCIAL MANAGER APPOINTED PURSUANT TO THIS
19 SECTION SHALL, WITHIN 5 CALENDAR DAYS OF RECEIPT, REPORT IN WRITING
20 TO THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD ANY
21 INSTANCES OF FINANCIAL IRREGULARITIES OR PURPORTED FINANCIAL
22 IRREGULARITIES THAT ARE REPORTED TO THE EMERGENCY FINANCIAL MANAGER
23 REGARDING THE UNIT OF LOCAL GOVERNMENT FOR WHICH HE OR SHE HAS BEEN
24 APPOINTED EMERGENCY FINANCIAL MANAGER.