

HOUSE BILL No. 5566

April 24, 2012, Introduced by Reps. Denby, Pscholka, Ouimet, Rogers and Hughes and referred to the Committee on Local, Intergovernmental, and Regional Affairs.

A bill to amend 1980 PA 243, entitled
"Emergency municipal loan act,"
by amending the title and sections 1, 2, 3, 4, 5, 6, and 7 (MCL
141.931, 141.932, 141.933, 141.934, 141.935, 141.936, and 141.937),
the title as amended by 1988 PA 198, section 1 as amended by 2007
PA 178, sections 2, 3, 6, and 7 as amended by 1998 PA 528, and
sections 4 and 5 as amended by 2007 PA 198, and by adding section
6a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

An act to provide emergency financial assistance for certain
~~municipalities;~~ **POLITICAL SUBDIVISIONS OF THIS STATE;** to create a
local emergency financial assistance loan board and to prescribe
the powers and duties of this board; to prescribe conditions for
granting and receiving loans, to prescribe terms and conditions for

1 the repayment of loans, and to allow the limiting of repayment by a
 2 county from specified revenue sources; to impose certain
 3 requirements and duties on certain state departments,
 4 ~~municipalities~~**POLITICAL SUBDIVISIONS** of this state, and officials
 5 of ~~the~~**THIS** state and ~~municipalities~~**POLITICAL SUBDIVISIONS** of this
 6 state; and to prescribe remedies and penalties.

7 Sec. 1. As used in this act:

8 (a) "Board" means the local emergency financial assistance
 9 loan board created under ~~this act~~**SECTION 2**.

10 (b) "Fiscal year" means, unless otherwise provided in this
 11 act, the fiscal year of the municipality applying for a loan under
 12 this act.

13 (c) "Income tax collections" means the total collection of a
 14 municipality under the city income tax act, 1964 PA 284, MCL
 15 141.501 to 141.787, in any calendar year.

16 (d) "Income tax revenue growth rate" means the quotient of the
 17 following:

18 (i) The numerator is the income tax collections of the
 19 municipality for the calendar year immediately preceding the
 20 municipality's application for a loan under this act.

21 (ii) The denominator is the income tax collections for the
 22 municipality for the calendar year preceding the calendar year used
 23 in determining the numerator.

24 (e) "Municipality" means a county, city, village, ~~or~~ township,
 25 ~~or~~**OR SCHOOL DISTRICT IN** this state.

26 (f) "Local tax base growth rate" for a municipality means the
 27 state equalized valuation of the real and personal property of the

1 municipality for the most recent year for which data is available
2 divided by the state equalized valuation of real and personal
3 property of the municipality for the fifth year preceding the most
4 recent year for which data is available.

5 (g) "Statewide tax base growth rate" means the total state
6 equalized valuation for real and personal property for the most
7 recent year for which data is available divided by the total state
8 equalized valuation for the fifth year preceding the most recent
9 year for which data is available.

10 (h) "State equalized valuation of real and personal property
11 of the municipality" means the valuation determined under 1911 PA
12 44, MCL 209.1 to 209.8, of real and personal property within the
13 municipality plus an amount equal to the state equalized valuation
14 equivalent of certain revenues of the municipality as determined
15 under this subdivision. The state equalized valuation equivalent
16 shall be calculated by dividing the sum of the following amounts by
17 the municipality's millage rate for the fiscal year:

18 (i) The amount levied by the municipality for its own use
19 during the municipality's fiscal year from the specific tax levied
20 under 1974 PA 198, MCL 207.551 to 207.572.

21 (ii) The amount levied by the municipality for its own use
22 during the municipality's fiscal year from the specific tax levied
23 under the commercial redevelopment act, 1978 PA 255, MCL 207.651 to
24 207.668.

25 Sec. 2. (1) There is created a local emergency financial
26 assistance loan board within the department of treasury. This board
27 shall consist of the state treasurer, the director of the

1 department of ~~consumer and industry services~~, **LICENSING AND**
2 **REGULATORY AFFAIRS**, and the director of the department of
3 **TECHNOLOGY**, management, and budget. Except for budgeting,
4 procurement, and related functions of the board that shall be
5 performed under the direction and supervision of the state
6 treasurer, the board shall exercise its prescribed statutory
7 powers, duties, and functions independently of the department of
8 treasury.

9 (2) The board has the powers necessary to carry out and
10 effectuate the purposes and provisions of this act, **AND POWERS**
11 **VESTED IN THE BOARD UNDER OTHER LAWS OF THIS STATE**, including, **BUT**
12 **NOT LIMITED TO**, all of the following powers:

13 (a) To act by an order issued in the name of the board and
14 signed by the members of the board. The signature of the designee
15 of a member, when the designee is acting for his or her principal,
16 has the same force and effect as the signature of the member.

17 (b) To authorize and make loans; to renegotiate the terms of
18 outstanding loans; and to make, execute, and deliver contracts and
19 other instruments necessary or convenient to the exercise of its
20 powers.

21 (c) To aid, advise, and consult with a municipality with
22 respect to fiscal questions arising from and relating to its
23 proposed or outstanding loans.

24 (d) To promulgate rules under the administrative procedures
25 act of 1969, 1969 PA 306, MCL 24.201 to 24.328, that it considers
26 necessary.

27 (e) To examine the books and records of a municipality

1 applying for or receiving a loan under this act for the purpose of
2 ascertaining if the municipality is complying, in relation to a
3 loan under this act, with the requirements of the board, the laws
4 of this state, and the charter, ordinances, and resolutions of the
5 municipality. Additionally, for effectuating this purpose, the
6 board may require sworn statements from any officer or employee of
7 the municipality and may require the municipality to furnish a
8 statement of its financial condition. The board has full power, in
9 furtherance of its investigations, to examine witnesses on oath, to
10 compel the attendance of witnesses, to compel the giving of
11 testimony, and to compel the production of books, papers, and
12 records. Witnesses may be summoned by the board by its process upon
13 the payment of the same fees as are allowed to witnesses attending
14 in the circuit court for the county in which a hearing is held. A
15 person duly subpoenaed under this section who fails to attend or
16 testify at the place named in the subpoena served for that purpose
17 is guilty of a misdemeanor.

18 (f) To serve notice upon a municipality of an order relating
19 to the municipality issued by the board. A municipality has prima
20 facie notice of and is bound by an order of the board if notice has
21 been served upon it by registered mail addressed to any officer of
22 the municipality upon whom legal process may be served.

23 (g) To enforce compliance with its orders; with the terms of
24 outstanding loans; with any provision of this act; or, in relation
25 to a loan under this act, with any law of this state or with the
26 charter, ordinances, or resolutions of a municipality that received
27 a loan under this act. As 1 method to enforce compliance, the board

1 may institute appropriate proceedings in the courts of this state,
2 including proceedings for writs of mandamus and injunctions.

3 (h) To subject a loan to the terms and conditions the board
4 considers necessary to ensure compliance with the uniform budgeting
5 and accounting act, 1968 PA 2, MCL 141.421 to 141.440a, and to
6 ensure timely repayment of the loan, including, but not limited to,
7 requiring the direct assignment for repayment of a loan of any
8 state money appropriated to the municipality **OR, FOR A MUNICIPALITY**
9 **THAT IS A SCHOOL DISTRICT, OTHER REVENUE OR MONEY THAT MAY BE**
10 **PLEDGED BY A SCHOOL DISTRICT UNDER SECTION 1211 OF THE REVISED**
11 **SCHOOL CODE, 1976 PA 451, MCL 380.1211, OR OTHER LAW.**

12 (i) To provide loan terms specifying conditions and events of
13 default and remedies available upon default by a municipality.

14 (j) To impose loan terms upon the disbursement of a loan
15 authorized to be made under section 3(2)(b) or (3).

16 (3) The board shall review each application for a loan from a
17 municipality to determine if the municipality satisfies the
18 requirements of this act. Except for loans authorized under section
19 3(2) or (3), upon determining those applications that satisfy the
20 application eligibility requirements of section 4 and, for
21 subsequent annual loans, section 8, the board may authorize an
22 annual loan to 1 or more of those eligible applicants upon
23 declaring that a local fiscal emergency exists in the municipality.
24 For loans authorized under section 3(2) or (3), the board may
25 authorize a loan upon determining that the municipality has
26 satisfied the requirements of this act applicable to loans under
27 section 3(2) or (3).

1 (4) All actions of the board shall be approved by all members
2 of the board. All meetings of the board shall be conducted at a
3 public meeting held in compliance with the open meetings act, 1976
4 PA 267, MCL 15.261 to 15.275.

5 (5) Subject to the requirements of this act, the board has the
6 sole authority to determine all of the following:

7 (a) The amount of a loan.

8 (b) The rate or rates of interest on a loan.

9 (c) Any other condition related to a loan including, but not
10 limited to, requiring that the proceeds of a loan be used for
11 specified purposes.

12 (6) The department of treasury shall provide staff services to
13 the board to carry out this act.

14 (7) A municipality may do 1 or more of the following:

15 (a) Borrow money under this act, **AND ISSUE EVIDENCES OF**
16 **INDEBTEDNESS FOR REPAYMENT OF OBLIGATIONS, INCLUDING, BUT NOT**
17 **LIMITED TO, MONEY ADVANCED OR PREVIOUSLY ADVANCED TO A SCHOOL**
18 **DISTRICT OR APPROVED OR PREVIOUSLY APPROVED FOR ADVANCEMENT TO A**
19 **SCHOOL DISTRICT UNDER SECTION 15(2) OF THE STATE SCHOOL AID ACT OF**
20 **1979, 1979 PA 94, MCL 388.1615, OR MONEY BORROWED BY THE SCHOOL**
21 **DISTRICT UNDER SECTION 1225 OF THE REVISED SCHOOL CODE, 1976 PA**
22 **451, MCL 380.1225.**

23 (b) Enter into a loan agreement with the board.

24 (c) Issue its notes evidencing the loan.

25 (d) Assign and convey any revenues allocated to it for
26 repayment of the loan.

27 (e) Take any other action necessary to receive, secure, or

1 repay a loan under this act.

2 Sec. 3. (1) Except as provided in subsection (2), **FOR STATE**
3 **FISCAL YEARS ENDING BEFORE OCTOBER 1, 2011**, the board shall not
4 authorize loans under this act to municipalities that total an
5 amount greater than \$5,000,000.00 in a state fiscal year. **EXCEPT AS**
6 **PROVIDED IN SUBSECTION (2), FOR THE PERIOD BEGINNING ON OCTOBER 1,**
7 **2011 AND ENDING ON SEPTEMBER 30, 2018, THE BOARD SHALL NOT**
8 **AUTHORIZE LOANS UNDER THIS ACT TO MUNICIPALITIES THAT TOTAL AN**
9 **AMOUNT GREATER THAN \$100,000,000.00. EXCEPT AS PROVIDED IN**
10 **SUBSECTION (2), FOR STATE FISCAL YEARS BEGINNING AFTER SEPTEMBER**
11 **30, 2018, THE BOARD SHALL NOT AUTHORIZE LOANS UNDER THIS ACT TO**
12 **MUNICIPALITIES THAT TOTAL AN AMOUNT GREATER THAN \$15,000,000.00 IN**
13 **A STATE FISCAL YEAR.**

14 (2) The board may authorize loans under this act to a county
15 within the following limitations:

16 (a) In the 1998-99 state fiscal year, the board may authorize
17 loans under this act to a county with a population greater than
18 1,500,000.

19 (b) For a state fiscal year in which the block grant
20 appropriated to a county with a population of more than 1,500,000
21 that is organized under 1966 PA 293, MCL 45.501 to 45.521, and that
22 is a county juvenile agency is less than the amount required to be
23 distributed to that county in that year under the social welfare
24 act, 1939 PA 280, MCL 400.1 to 400.119b, the board may authorize a
25 loan to that county in an amount not greater than the difference
26 between the amount of the block grant and the amount required to be
27 distributed to that county for that fiscal year under the social

1 welfare act, 1939 PA 280, MCL 400.1 to 400.119b. The board is not
2 required to authorize loans under this subdivision to a county for
3 more than 1 state fiscal year.

4 (3) If in a state fiscal year the block grant appropriated to
5 a county other than a county described in subsection (2) that is a
6 county juvenile agency is less than the amount required to be
7 distributed to that county in that year under the social welfare
8 act, 1939 PA 280, MCL 400.1 to 400.119b, the board may authorize a
9 loan to that county in an amount not greater than the difference
10 between the amount of the block grant and the amount required to be
11 distributed to that county under the social welfare act, 1939 PA
12 280, MCL 400.1 to 400.119b, in that state fiscal year.

13 (4) Sections 6(2), 7, and 8 and the conditions listed in
14 section 4(1) do not apply to a loan authorized under subsection (2)
15 or (3).

16 (5) The proceeds of a loan made under subsection (2) or (3)
17 shall be maintained in a separate account and shall not be
18 ~~commingled~~ **COMMINGLED** with the county's general fund or any other
19 special fund or account.

20 (6) The state treasurer or his or her designee shall monitor
21 the expenditure of the proceeds of any loan made under subsection
22 (2) or (3).

23 (7) The proceeds of a loan made under subsection (2) or (3)
24 are subject to the requirements of the county juvenile agency act,
25 **1998 PA 518, MCL 45.621 TO 45.631.**

26 (8) Revenue for loans made under this act shall be provided
27 from the surplus funds of this state under authorization granted

1 under section 1 of 1855 PA 105, MCL 21.141, OR FOR A SCHOOL
2 DISTRICT, FROM 1 OR MORE OF THE FOLLOWING:

3 (A) REVENUE FROM TAXES LEVIED BY THE SCHOOL DISTRICT UNDER
4 SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211.

5 (B) MONEY APPROPRIATED FROM THE STATE SCHOOL AID FUND
6 ESTABLISHED UNDER SECTION 11 OF ARTICLE IX OF THE STATE
7 CONSTITUTION OF 1963 AND PAYABLE TO THE SCHOOL DISTRICT UNDER THE
8 STATE SCHOOL AID ACT OF 1979, 1979 PA 94, MCL 388.1601 TO 388.1896.

9 (9) As used in this section, "county juvenile agency" means
10 that term as defined in section 2 of the county juvenile agency
11 act, 1998 PA 518, MCL 45.622.

12 Sec. 4. (1) If the governing body of a municipality desires to
13 request a loan, it shall provide by resolution for the submission
14 of an application to the board for a loan made under this act. The
15 municipality shall certify and substantiate all of the following
16 information and conditions to be eligible for consideration for a
17 loan authorization by the board:

18 (a) A deficit for the municipality's general fund is projected
19 for the current fiscal year.

20 (b) That 1 or both of the following have occurred within the 6
21 18 months immediately preceding the loan request:

22 (i) The municipality has issued tax anticipation notes or
23 revenue sharing notes under the revised municipal finance act, 2001
24 PA 34, MCL 141.2101 to 141.2821, OR FOR A SCHOOL DISTRICT, ISSUED
25 NOTES UNDER SECTION 1225 OF THE REVISED SCHOOL CODE, 1976 PA 451,
26 MCL 380.1225.

27 (ii) The department of treasury has acted upon a request by the

1 municipality to issue tax anticipation notes or revenue sharing
2 notes under the revised municipal finance act, 2001 PA 34, MCL
3 141.2101 to 141.2821.

4 (c) The municipality meets 1 or more of the following
5 conditions:

6 (i) Its income tax revenue growth rate is .90 or less, or the
7 municipality has 2 or more emergency loans outstanding at the time
8 its application is submitted and its income tax revenue growth rate
9 is 1.3 or less.

10 (ii) Its local tax base growth rate is 75% or less of the
11 statewide tax base growth rate.

12 (iii) The state equalized valuation of real and personal
13 property within the municipality at the time the loan application
14 is made is less than the state equalized valuation of real and
15 personal property within the municipality in the immediately
16 preceding year.

17 (iv) THE MUNICIPALITY HAS ANY OF THE FOLLOWING:

18 (A) ONE OR MORE DELINQUENT SPECIAL ASSESSMENTS.

19 (B) OUTSTANDING BONDS, NOTES, OR OTHER EVIDENCES OF
20 INDEBTEDNESS THAT WERE ISSUED IN ANTICIPATION OF A CONTRACT
21 OBLIGATION WITH, OR AN ASSESSMENT OBLIGATION AGAINST, ANOTHER
22 MUNICIPALITY THAT HAS 1 OR MORE DELINQUENT SPECIAL ASSESSMENTS THAT
23 WERE LEVIED TO SATISFY, IN WHOLE OR IN PART, THE CONTRACT OR
24 ASSESSMENT OBLIGATION.

25 (C) ESTABLISHED A DOWNTOWN DEVELOPMENT AUTHORITY UNDER 1975 PA
26 197, MCL 125.1651 TO 125.1681, A TAX INCREMENT FINANCE AUTHORITY
27 UNDER THE TAX INCREMENT FINANCE AUTHORITY ACT, 1980 PA 450, MCL

1 125.1801 TO 125.1830, A LOCAL DEVELOPMENT FINANCE AUTHORITY UNDER
2 THE LOCAL DEVELOPMENT FINANCING ACT, 1986 PA 281, MCL 125.2151 TO
3 125.2174, OR A BROWNFIELD REDEVELOPMENT AUTHORITY UNDER THE
4 BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651
5 TO 125.2672, AND THE AUTHORITY IS UNABLE TO GENERATE SUFFICIENT TAX
6 INCREMENT REVENUES TO PAY THE PRINCIPAL OF AND INTEREST ON BONDS OR
7 NOTES ISSUED, OR AMOUNTS DUE UNDER CONTRACT OBLIGATIONS ENTERED
8 INTO, TO FINANCE THE AUTHORITY'S DEVELOPMENT AND TAX INCREMENT
9 FINANCING PLAN OR PLANS.

10 (v) FOR A SCHOOL DISTRICT, THE SCHOOL DISTRICT'S MEMBERSHIP
11 UNDER SECTION 6 OF THE STATE SCHOOL AID ACT OF 1979, 1979 PA 94,
12 MCL 388.1606, AT THE TIME THE LOAN APPLICATION IS MADE HAS DECLINED
13 OVER A PRECEDING 3-STATE-FISCAL-YEAR PERIOD BY A TOTAL OF 15% OR
14 MORE, AS DETERMINED BY THE DEPARTMENT OF TREASURY.

15 (vi) THE MUNICIPALITY IS IN RECEIVERSHIP OR IS SUBJECT TO A
16 CONSENT AGREEMENT UNDER THE LOCAL GOVERNMENT AND SCHOOL DISTRICT
17 FISCAL ACCOUNTABILITY ACT, 2011 PA 4, MCL 141.1501 TO 141.1531, OR
18 A SUCCESSOR STATUTE, AND LOAN AUTHORIZATION BY THE BOARD IS
19 NECESSARY TO IMPLEMENT A FINANCIAL AND OPERATING PLAN, A CONSENT
20 AGREEMENT, OR A CONTINUING OPERATIONS PLAN OR RECOVERY PLAN FOR THE
21 MUNICIPALITY UNDER THE LOCAL GOVERNMENT AND SCHOOL DISTRICT FISCAL
22 ACCOUNTABILITY ACT, 2011 PA 4, MCL 141.1501 TO 141.1531, OR A
23 SUCCESSOR STATUTE.

24 (vii) THE MUNICIPALITY IS A MUNICIPALITY FOR WHICH A FINANCIAL
25 EMERGENCY HAS BEEN CONFIRMED TO EXIST AND RESPONSIBILITIES FOR THE
26 MUNICIPALITY ARE VESTED IN AN EMERGENCY FINANCIAL MANAGER UNDER
27 FORMER 1990 PA 72 OR IS A MUNICIPALITY FOR WHICH A CONSENT

1 AGREEMENT, INCLUDING A PLAN TO ADDRESS A SERIOUS FINANCIAL PROBLEM,
2 IS IN PLACE FOR THE MUNICIPALITY UNDER FORMER 1990 PA 72. THIS
3 SUBPARAGRAPH APPLIES ONLY IF THE LOCAL GOVERNMENT AND SCHOOL
4 DISTRICT FISCAL ACCOUNTABILITY ACT, 2011 PA 4, MCL 141.1501 TO
5 141.1531, IS REPEALED OR OTHERWISE NOT EFFECTIVE AND FORMER 1990 PA
6 72 IS AGAIN IN EFFECT OR APPLICABLE.

7 (d) The municipality submits a long-range plan, that has been
8 approved by the governing body of the municipality, outlining
9 actions to be taken to balance future expenditures with anticipated
10 revenues.

11 (2) If the board determines it necessary, the board may
12 inspect, copy, or audit the books and records of a municipality.

13 (3) Subsection (1) does not apply to a loan authorized under
14 section 3(2) or (3).

15 Sec. 5. (1) Except for a county subject to section 3(2), **UNTIL**
16 **SEPTEMBER 30, 2011**, the board may authorize loans to any 1
17 municipality in an amount not to exceed \$3,000,000.00 in any 1
18 fiscal year of the municipality. Except for a county subject to
19 section 3(2), a municipality is not eligible to receive loans in
20 more than 5 fiscal years in any 10-year period.

21 (2) **EXCEPT FOR A COUNTY SUBJECT TO SECTION 3(2), FOR THE**
22 **PERIOD BEGINNING ON OCTOBER 1, 2011 AND ENDING ON SEPTEMBER 30,**
23 **2018, THE BOARD SHALL NOT AUTHORIZE LOANS UNDER THIS ACT THAT TOTAL**
24 **MORE THAN \$20,000,000.00 FOR A SINGLE MUNICIPALITY.**

25 (3) **EXCEPT FOR A COUNTY SUBJECT TO SECTION 3(2), FOR STATE**
26 **FISCAL YEARS BEGINNING AFTER SEPTEMBER 30, 2018, THE BOARD SHALL**
27 **NOT AUTHORIZE LOANS UNDER THIS ACT FOR A SINGLE MUNICIPALITY THAT**

1 TOTAL MORE THAN \$5,000,000.00 IN A STATE FISCAL YEAR.

2 Sec. 6. (1) A loan made under this act shall bear an annual
3 rate or rates of interest, if any, as established by the board
4 under section 2(5). The board may establish interest for a loan
5 under this act either at a rate or rates that are fixed for the
6 term of the loan or, if the formula is approved by the board at the
7 time the loan is made or renegotiated as authorized in section 2,
8 at a rate calculated upon a formula that varies the rate annually.

9 ~~if~~ THE BOARD MAY PROVIDE THAT THE INTEREST RATE OR RATES FOR A LOAN
10 UNDER THIS ACT MAY ADJUST TO AN INTEREST RATE OR RATES DETERMINED
11 AT THE TIME OF THE SALE OR TRANSFER BY THE STATE TREASURER TO BE
12 SUFFICIENT TO FACILITATE THE SALE OF THE LOANS UNDER SECTION 6A.
13 EXCEPT FOR LOANS SOLD OR TRANSFERRED UNDER SECTION 6A, IF the
14 interest rate for a loan under this act is a single fixed rate, the
15 annual rate of interest for the term of a loan shall not exceed the
16 average rate of interest earned at the time the loan is approved by
17 the board on the investment of surplus funds, other than those
18 surplus funds invested under this act and section 1 of 1855 PA 105,
19 MCL 21.141.

20 (2) Interest payments are due and payable ~~annually, beginning~~
21 ~~1 year after the loan is issued to the municipality. Notes of~~
22 ~~indebtedness executed to the state by a municipality for a loan~~
23 ~~made under this act shall not require payment of principal until 10~~
24 ~~years after the loan is issued to the municipality~~ AS DETERMINED BY
25 THE BOARD OR THE STATE TREASURER UNDER SECTION 6A. Repayment of ALL
26 OF the principal shall be made ~~in not less than 10 equal annual~~
27 ~~installments, NOT MORE THAN 30 YEARS FROM THE DATE OF ISSUANCE~~

1 **DETERMINED BY THE BOARD OR STATE TREASURER UNDER SECTION 6A**, except
2 as provided in subsection (5). This subsection, sections 7 and 8,
3 and the conditions listed in section 4(1) do not apply to a loan
4 authorized under section 3(2) or (3).

5 (3) The loan agreement between the board and a county for a
6 loan authorized under section 3(2) or (3) shall establish the
7 schedule for payment of the principal of and interest on the loan,
8 the nature of the obligation of the county to repay a loan made
9 under this act, and any security for that loan. Payments of
10 principal and interest for a loan authorized by section 3(2) shall
11 be limited to revenues allocated to the county under the health and
12 safety fund act, 1987 PA 264, MCL 141.471 to 141.479, minus those
13 revenues authorized by the board in the loan agreement for use in
14 the payment of other county obligations.

15 (4) Unless other state appropriations to a municipality are
16 pledged or assigned in an amount sufficient for the municipality to
17 make a required principal or interest payment, if the
18 municipality's payment of required principal or interest is
19 delinquent, the state treasurer ~~shall~~ **MAY** withhold the amount of
20 all delinquent payments that are due on a loan issued under this
21 act from state payments to the municipality under the **GLENN STEIL**
22 state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to
23 141.921.

24 (5) ~~Notwithstanding~~ **EXCEPT FOR LOANS SOLD OR TRANSFERRED UNDER**
25 **SECTION 6A OR AS OTHERWISE DETERMINED BY THE BOARD, NOTWITHSTANDING**
26 the payment schedules and methods established by this section or by
27 the terms of a loan agreement, a municipality may initiate

1 repayment of all or part of a loan made under this act at an
2 earlier date or may make repayment in fewer installment payments,
3 or both. The board shall not condition either eligibility for
4 consideration for a loan or the grant of a loan under this act on
5 repayment schedules and terms other than those required by
6 subsections (1), (2), (3), and (4). In addition, failure of a
7 municipality to make repayments under terms or a schedule it has
8 instituted under this subsection does not disqualify the
9 municipality from eligibility for consideration for loans in
10 subsequent fiscal years.

11 (6) A loan issued under this act shall be a general obligation
12 of the municipality except that a loan issued under section 3(2)
13 shall not be a general obligation of the municipality and shall be
14 repaid solely from specific revenues pledged for repayment of the
15 loan.

16 **SEC. 6A. (1) THE STATE TREASURER MAY SELL OR TRANSFER A LOAN**
17 **UNDER THIS ACT AND ENTER INTO AN AGREEMENT RELATED TO THE SALE OR**
18 **TRANSFER OF THE LOAN. THE STATE TREASURER ALSO MAY ASSIGN TO THE**
19 **PURCHASER OR TRANSFEREE OF A LOAN UNDER THIS ACT ALL SECURITY**
20 **PLEDGED FOR THE LOAN BY A MUNICIPALITY. A LOAN SOLD OR TRANSFERRED**
21 **UNDER THIS SECTION SHALL BE SECURED IN THE SAME MANNER AS A LOAN**
22 **UNDER THIS ACT NOT SOLD OR TRANSFERRED, INCLUDING, BUT NOT LIMITED**
23 **TO, BENEFITING FROM THE SECURITY PROVIDED BY SECTION 6(4).**

24 (2) THE STATE TREASURER MAY ENTER INTO AN AGREEMENT WITH THE
25 PURCHASER OR TRANSFEREE OF A LOAN UNDER THIS ACT TO REPURCHASE THE
26 LOAN AT A PRICE AND TIME OR UPON THE OCCURRENCE OF AN EVENT
27 PROVIDED IN THE AGREEMENT.

1 (3) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, AT THE
2 TIME A LOAN IS SOLD OR TRANSFERRED UNDER THIS SECTION, THE STATE
3 TREASURER MAY SET THE INTEREST RATE, OR METHOD OF DETERMINING THE
4 INTEREST RATE, ON THE LOAN BEING SOLD OR TRANSFERRED, INCLUDING,
5 BUT NOT LIMITED TO, A LOAN MADE BEFORE THE EFFECTIVE DATE OF THE
6 AMENDATORY ACT THAT ADDED THIS SECTION, AT A RATE THE STATE
7 TREASURER DETERMINES NECESSARY AND ADVISABLE TO ACCOMPLISH THE SALE
8 OR TRANSFER. A RATE DETERMINED BY THE STATE TREASURER SHALL NOT
9 EXCEED THE MAXIMUM RATE OTHERWISE AUTHORIZED BY LAW.

10 (4) WHEN A LOAN IS SOLD OR TRANSFERRED UNDER THIS SECTION, THE
11 STATE TREASURER MAY MAKE CHANGES TO THE TERMS OF THE LOAN,
12 INCLUDING A LOAN MADE BEFORE THE EFFECTIVE DATE OF THE AMENDATORY
13 ACT THAT ADDED THIS SECTION, AS THE STATE TREASURER DETERMINES
14 NECESSARY AND ADVISABLE TO PERMIT A PURCHASER OR TRANSFEREE TO SELL
15 OBLIGATIONS SECURED BY THE LOANS AS TAX-EXEMPT UNDER FEDERAL LAW,
16 INCLUDING, BUT NOT LIMITED TO, MODIFYING REDEMPTION PROVISIONS,
17 PRINCIPAL AMORTIZATION, AND INTEREST AND PRINCIPAL PAYMENT DATES OF
18 THE LOAN. THE STATE TREASURER ALSO MAY REQUIRE A MUNICIPALITY TO
19 MAKE CERTAIN COVENANTS THE STATE TREASURER DETERMINES NECESSARY OR
20 ADVISABLE RELATING TO THE TAX-EXEMPT STATUS OF THE OBLIGATIONS OF A
21 PURCHASER OR TRANSFEREE.

22 (5) AT ANY TIME, THE STATE TREASURER MAY REQUIRE A
23 MUNICIPALITY TO ENTER INTO AN AGREEMENT WITH A PURCHASER OR
24 TRANSFEREE OF A LOAN REGARDING CONTINUING DISCLOSURE OBLIGATIONS
25 UNDER FEDERAL LAW OR ANY OTHER MATTERS THE STATE TREASURER
26 DETERMINES ARE NECESSARY AND ADVISABLE. THE STATE TREASURER MAY
27 REQUIRE ENTRY INTO AN AGREEMENT WITH A RECIPIENT OF A LOAN ISSUED

1 BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS
2 SECTION.

3 Sec. 7. (1) A municipality that receives a loan under this act
4 shall perform all of the following:

5 (a) ~~Employ~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION,
6 EMPLOY a full-time professional administrator OR CONTRACT WITH A
7 PERSON WITH EXPERTISE IN MUNICIPAL FINANCE AND ADMINISTRATION to
8 direct or participate directly in the management of the
9 municipality's operations until otherwise ordered by the board. IF
10 THE MUNICIPALITY IS IN RECEIVERSHIP UNDER THE LOCAL GOVERNMENT AND
11 SCHOOL DISTRICT FISCAL ACCOUNTABILITY ACT, 2011 PA 4, MCL 141.1501
12 TO 141.1531, OR A SUCCESSOR STATUTE, COMPENSATE THE EMERGENCY
13 MANAGER FOR THE MUNICIPALITY AND REIMBURSE THE EMERGENCY MANAGER'S
14 ACTUAL AND NECESSARY EXPENSES AS PROVIDED UNDER SECTION 15(5)(E) OF
15 THE LOCAL GOVERNMENT AND SCHOOL DISTRICT FISCAL ACCOUNTABILITY ACT,
16 2011 PA 4, MCL 141.1515, OR A SUCCESSOR STATUTE. IF THE
17 MUNICIPALITY IS UNDER A CONSENT AGREEMENT AS PROVIDED UNDER THE
18 LOCAL GOVERNMENT AND SCHOOL DISTRICT FISCAL ACCOUNTABILITY ACT,
19 2011 PA 4, MCL 141.1501 TO 141.1531, OR A SUCCESSOR STATUTE,
20 COMPENSATE THOSE OFFICIALS WHO ARE REQUIRED TO BE COMPENSATED UNDER
21 THE CONSENT AGREEMENT WITH THE MUNICIPALITY AND REIMBURSE THOSE
22 OFFICIALS' ACTUAL AND NECESSARY EXPENSES AS PROVIDED UNDER THE
23 CONSENT AGREEMENT.

24 (B) IF THE LOCAL GOVERNMENT AND SCHOOL DISTRICT FISCAL
25 ACCOUNTABILITY ACT, 2011 PA 4, MCL 141.1501 TO 141.1531, IS
26 REPEALED OR OTHERWISE NOT EFFECTIVE AND FORMER 1990 PA 72 IS AGAIN
27 IN EFFECT OR APPLICABLE AND AN EMERGENCY FINANCIAL MANAGER IS IN

1 PLACE FOR THE MUNICIPALITY UNDER FORMER 1990 PA 72, COMPENSATE THE
2 EMERGENCY FINANCIAL MANAGER AND REIMBURSE THE EMERGENCY FINANCIAL
3 MANAGER'S ACTUAL AND NECESSARY EXPENSES. IF THE LOCAL GOVERNMENT
4 AND SCHOOL DISTRICT FISCAL ACCOUNTABILITY ACT, 2011 PA 4, MCL
5 141.1501 TO 141.1531, IS REPEALED OR OTHERWISE NOT EFFECTIVE AND
6 FORMER 1990 PA 72 IS AGAIN IN EFFECT OR APPLICABLE AND A CONSENT
7 AGREEMENT IS IN PLACE FOR THE MUNICIPALITY UNDER FORMER 1990 PA 72,
8 COMPENSATE THOSE OFFICIALS WHO ARE REQUIRED TO BE COMPENSATED UNDER
9 THE CONSENT AGREEMENT WITH THE MUNICIPALITY AND REIMBURSE THOSE
10 OFFICIALS' ACTUAL AND NECESSARY EXPENSES AS PROVIDED UNDER THE
11 CONSENT AGREEMENT.

12 (C) ~~(b)~~—Not more than 6 months after receiving a loan and
13 semiannually after that date for the period the loan is
14 outstanding, submit to the board an evaluation of the performance
15 of the municipality against the long-range plan submitted under
16 section 4(1).

17 (D) ~~(e)~~—Submit all of the following to the board on a
18 quarterly basis:

19 (i) A statement of actual revenues received in the last quarter
20 and in the current fiscal year to date.

21 (ii) A statement of total revenues estimated to be received by
22 the municipality in the current fiscal year.

23 (iii) A statement of expenditures made and encumbrances entered
24 into by the municipality in the last quarter and in the current
25 fiscal year to date.

26 (iv) A statement of revenues that were estimated to be received
27 and expenditures that were estimated to be made during the current

1 fiscal year and through the end of the last quarter.

2 (v) A balance sheet indicating whether total estimated
3 expenditures for the current fiscal year and for the last quarter
4 exceed the total estimated revenues for the current fiscal year and
5 for the last quarter, respectively.

6 (E) ~~(d)~~—Submit the general appropriations act of the
7 municipality, and any amendments to that act, adopted under the
8 uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to
9 141.440a, or any equivalent report as may be required by the board
10 if the municipality is not required to adopt a general
11 appropriations act.

12 (F) ~~(e)~~—Submit any budget change in the current fiscal year or
13 any amendment to the general appropriations act of the municipality
14 for the current fiscal year to the board before adoption.

15 (G) ~~(f)~~—Submit any budget for the ensuing fiscal year or the
16 general appropriations act of the municipality for the ensuing
17 fiscal year to the board before adoption.

18 (H) ~~(g)~~—Certify that the municipality has fully complied with
19 all statutory requirements concerning use of the uniform chart of
20 accounts and audits.

21 (I) **SUBMIT ON A TIMELY BASIS ALL APPLICABLE REPORTS REQUIRED**
22 **UNDER ANY OF THE FOLLOWING:**

23 (i) 1975 PA 197, MCL 125.1651 TO 125.1681.

24 (ii) THE TAX INCREMENT FINANCE AUTHORITY ACT, 1980 PA 450, MCL
25 125.1801 TO 125.1830.

26 (iii) THE LOCAL DEVELOPMENT FINANCING ACT, 1986 PA 281, MCL
27 125.2151 TO 125.2174.

(iv) THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381,
MCL 125.2651 TO 125.2672.

(J) WHILE A LOAN UNDER THIS ACT TO A MUNICIPALITY THAT IS NOT
A SCHOOL DISTRICT REMAINS UNPAID, A NEW PROJECT OR ACTIVITY WITHIN
THAT MUNICIPALITY MAY NOT BE FINANCED WITH BONDS OR NOTES ISSUED
UNDER ANY OF THE FOLLOWING:

(i) 1975 PA 197, MCL 125.1651 TO 125.1681.

(ii) THE TAX INCREMENT FINANCE AUTHORITY ACT, 1980 PA 450, MCL
125.1801 TO 125.1830.

(iii) THE LOCAL DEVELOPMENT FINANCING ACT, 1986 PA 281, MCL
125.2151 TO 125.2174.

(iv) THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381,
MCL 125.2651 TO 125.2672.

(2) As used in this section, "expenditure" and "revenue" mean
those terms as defined in sections 2c and 2d of the uniform
budgeting and accounting act, 1968 PA 2, MCL 141.422c and 141.422d.

(3) Subsection (1) does not apply to a loan authorized under
section 3(2) or (3).

Enacting section 1. This amendatory act does not take effect
unless all of the following bills of the 96th Legislature are
enacted into law:

(a) Senate Bill No. ____ or House Bill No. 5567(request no.
05368'12 *).

(b) Senate Bill No. ____ or House Bill No. 5568(request no.
05369'12 *).

(c) Senate Bill No. ____ or House Bill No. 5569(request no.
05370'12 *).

1 (d) Senate Bill No. ____ or House Bill No. 5570 (request no.
2 05384'12 *).