

# SENATE BILL No. 979

May 24, 2016, Introduced by Senator ANANICH and referred to the Committee on Local Government.

A bill to provide for the establishment of municipal recovery and development authorities in certain local governments; to provide for the powers and duties of a municipal recovery and development authority; to authorize the levy and collection of a property tax by a municipal recovery and development authority; to provide for the issuance of bonds, notes, and other obligations; to authorize certain investments; and to provide for the powers and duties of certain government officials.

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

1           Sec. 1. This act shall be known and may be cited as the  
2 "municipal recovery and development authority act".

3           Sec. 3. As used in this act:

4           (a) "Articles" means the articles of incorporation of an  
5 authority.

1 (b) "Authority" means a municipal recovery and development  
2 authority established under this act.

3 (c) "Board" means the board of directors of an authority.

4 (d) "Chief executive officer" means any of the following:

5 (i) For a city, the mayor of the city.

6 (ii) For a village, the president of the village.

7 (iii) For a township, the supervisor of the township.

8 (e) "Governing body" means any of the following:

9 (i) For a city, the council, commission, or other entity  
10 vested with legislative power for the city.

11 (ii) For a village, the council, commission, or other entity  
12 vested with legislative power for the village.

13 (iii) For a township, the township board of the township.

14 (f) "Local government" means a city, village, or township in  
15 which a drinking water declaration of emergency was issued.

16 Sec. 5. (1) A local government may form a municipal recovery  
17 and development authority to promote and assist in the recovery and  
18 economic development of that local government.

19 (2) A municipal recovery and development authority is an  
20 authority under section 6 of article IX of the state constitution  
21 of 1963. A municipal recovery and development authority is a public  
22 corporate body with the power to sue and be sued in any court of  
23 this state.

24 (3) A municipal recovery and development authority possesses  
25 all the powers necessary for carrying out the purposes of its  
26 formation. The enumeration of specific powers in this act shall not  
27 be construed as a limitation on the general powers of an authority,

1 consistent with its articles.

2       Sec. 7. (1) To initiate the establishment of an authority,  
3 articles of incorporation shall be prepared by a majority of the  
4 members of the governing body of the local government establishing  
5 the authority. The articles of incorporation shall include all of  
6 the following:

7       (a) The name of the authority.

8       (b) The size of the board of the authority, the qualifications  
9 and terms of office of board members, the manner of appointing the  
10 members of the board of the authority, and the procedure for  
11 filling vacancies in the office of board member, consistent with  
12 section 9.

13       (c) The purpose of the authority.

14       (d) The method of dissolution of the authority.

15       (e) Any other matters considered advisable.

16       (2) The articles shall be adopted and may be amended by an  
17 affirmative vote of a majority of the members of the governing body  
18 of the local government establishing the authority.

19       (3) Before the proposed articles or proposed amendments to the  
20 articles are adopted, the proposed articles or amendments shall be  
21 published not less than once in a newspaper generally circulated  
22 within the local government. The adoption of proposed articles or  
23 amendments by the local government shall be evidenced by an  
24 endorsement on the articles or amendments by the clerk of the local  
25 government.

26       (4) Upon adoption of the articles or amendments to the  
27 articles by the local government, a printed copy of the articles or

1 the amended articles shall be filed with the secretary of state by  
2 the clerk of the local government.

3 (5) The authority's articles of incorporation, or amendments  
4 to the articles, take effect upon filing with the secretary of  
5 state.

6 Sec. 9. (1) An authority created under this act shall be  
7 directed and governed by a board of directors consisting of 7  
8 members appointed as provided in this section.

9 (2) Subject to subsection (3), the board shall be appointed as  
10 follows:

11 (a) One member who is a health professional licensed or  
12 registered under article 15 of the public health code, 1978 PA 368,  
13 MCL 333.16101 to 333.18838, appointed by the chief executive  
14 officer of the local government.

15 (b) One member who is a civil engineer licensed as a  
16 professional engineer under article 20 of the occupational code,  
17 1980 PA 299, MCL 339.2001 to 339.2014, appointed by the chief  
18 executive officer of the local government.

19 (c) One member who is a certified public accountant licensed  
20 as a certified public accountant under article 7 of the  
21 occupational code, 1980 PA 299, MCL 339.720 to 339.736, appointed  
22 by the governing body of the local government.

23 (d) One member who is an education professional, appointed by  
24 the governing body of the local government. As used in this  
25 subdivision, "education professional" includes, but is not limited  
26 to, a teacher, public school administrator, professor, or college  
27 or university administrator.

1 (e) Two at-large members appointed by the chief executive  
2 officer of the local government.

3 (f) One at-large member appointed by the governing body of the  
4 local government.

5 (3) At least 2 of the members appointed by the chief executive  
6 officer to the board and at least 2 of the members appointed by the  
7 governing body to the board must be residents of the local  
8 government.

9 (4) Except as otherwise provided in this subsection, the term  
10 of office for members of the board is 4 years. For the first  
11 appointments to the board, all of the following apply:

12 (a) One of the members appointed under subsection (2)(e) by  
13 the chief executive officer shall be appointed for 1 year.

14 (b) One of the members appointed under subsection (2)(e) by  
15 the chief executive officer shall be appointed for 2 years.

16 (c) The member appointed under subsection (2)(f) by the  
17 governing body shall be appointed for 3 years.

18 (5) If a vacancy occurs on the board other than by expiration  
19 of a term of office, the vacancy shall be filled in the same manner  
20 as the original appointment for the remainder of the term of  
21 office.

22 Sec. 11. (1) Within 14 days following the appointment of the  
23 last board member to the board, the board shall hold its first  
24 meeting.

25 (2) At its first meeting, the board shall select a  
26 chairperson, treasurer, and any other officers as the board  
27 considers necessary.

1           (3) The board shall hire an executive director to whom the  
2 authority may delegate any of its administrative powers and  
3 authorizations. However, an executive director shall not enter into  
4 a contract that has a cumulative value of \$100,000.00 or more  
5 without approval by a majority of the members of the board  
6 appointed and serving.

7           (4) The board shall select, employ, and fix the compensation  
8 for employees of the board and contract for those legal and other  
9 professional services that the board considers necessary to  
10 effectuate the purposes of the authority. The legislature shall  
11 appropriate from the general fund of this state an amount necessary  
12 to implement this subsection.

13           (5) A majority of the members of the board constitute a quorum  
14 for the purpose of conducting business and exercising powers of the  
15 authority. Official action may be taken by an authority upon the  
16 vote of a majority of the board members present, unless the  
17 articles of incorporation or authority bylaws require a larger  
18 number.

19           (6) The board shall adopt rules and bylaws governing its  
20 procedures and the holding of meetings. The board shall designate  
21 an office or location as its principal place of business.

22           (7) The business of the board shall be conducted at a public  
23 meeting of the board held in compliance with the open meetings act,  
24 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date,  
25 and place of the meeting shall be given in the manner required by  
26 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. After  
27 organization, a board shall adopt a schedule of regular meetings

1 and adopt a regular meeting date, place, and time.

2 (8) A board shall keep a written or printed record of each  
3 meeting, which record and any other document or record prepared,  
4 owned, used, in the possession of, or retained by the authority in  
5 the performance of an official function shall be made available to  
6 the public in compliance with the freedom of information act, 1976  
7 PA 442, MCL 15.231 to 15.246.

8 (9) The board shall provide a monthly progress report to the  
9 chief executive officer and the governing body of the local  
10 government and the local government shall make that monthly  
11 progress report available on the local government's Internet  
12 website. The monthly progress report shall include, but not be  
13 limited to, a list of all expenditures by the authority for the  
14 reporting period.

15 Sec. 13. (1) A board shall obtain an annual audit of the  
16 authority, and report on the audit and auditing procedures, in the  
17 manner provided by sections 6 to 13 of the uniform budgeting and  
18 accounting act, 1968 PA 2, MCL 141.426 to 141.433. The audit shall  
19 also be in accordance with generally accepted government auditing  
20 standards as promulgated by the United States General Accounting  
21 Office and shall satisfy federal regulations relating to federal  
22 grant compliance audit requirements.

23 (2) An authority shall prepare budgets and appropriations acts  
24 in the manner provided by sections 14 to 19 of the uniform  
25 budgeting and accounting act, 1968 PA 2, MCL 141.434 to 141.439.

26 (3) The state treasurer, the attorney general, a prosecuting  
27 attorney, bank, certified public accountant, certified public

1 accounting firm, or other person shall have the same powers,  
2 duties, and immunities with respect to the authority as provided  
3 for local units in sections 6 to 20 of the uniform budgeting and  
4 accounting act, 1968 PA 2, MCL 141.426 to 141.440.

5 (4) If an authority ends a fiscal year in a deficit condition,  
6 the authority shall file a financial plan to correct the deficit  
7 condition in the same manner as provided in section 21(2) of the  
8 Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL  
9 141.921.

10 (5) The board may authorize funds of the authority to be  
11 invested or deposited in any investment or depository authorized  
12 under section 1 of 1943 PA 20, MCL 129.91.

13 Sec. 15. An authority may do any of the following:

14 (a) Provide funding to the local government to promote and  
15 assist in the recovery and economic development of that local  
16 government.

17 (b) Levy a tax as provided in section 17.

18 (c) Make and enter into contracts, agreements, or instruments  
19 necessary or incidental to the performance of its powers, duties,  
20 functions, and responsibilities under this act.

21 (d) Solicit, receive, and accept gifts, grants, loans,  
22 contributions of money, property, or other things of value, or  
23 other aid or payment from any federal, state, local, or  
24 intergovernmental agency or from any other person or entity, public  
25 or private, upon terms and conditions acceptable to the authority,  
26 or participate in any other way in a federal, state, local, or  
27 intergovernmental program.

1 (e) Apply for and receive loans, grants, guarantees, or other  
2 financial assistance from any federal, state, local, or  
3 intergovernmental agency or from any other person or entity, public  
4 or private.

5 (f) Convey, sell, transfer, exchange, lease, or otherwise  
6 dispose of property or rights or interests in property to any  
7 person for consideration on terms and conditions and in a manner  
8 the authority considers proper, fair, and valuable.

9 (g) Issue bonds or notes of the authority for any of its  
10 purposes under this act.

11 (h) Acquire, hold, lease, and dispose of real and personal  
12 property in the exercise of its powers and the performance of its  
13 duties under this act.

14 (i) Engage or contract for legal and other professional  
15 services as considered necessary to effectuate the purposes of the  
16 authority.

17 (j) Any other things necessary or convenient to exercise the  
18 powers, duties, functions, and responsibilities of the authority  
19 under this act.

20 Sec. 17. (1) An authority may levy a tax in an amount and for  
21 a period of time as determined by the board on all of the taxable  
22 property within the local government for the purpose of promoting  
23 and assisting in the recovery and economic development of the local  
24 government. The authority may levy the tax only if a majority of  
25 the electors in the local government voting on the tax at a  
26 statewide general or primary election approve the tax. The proposal  
27 for a tax shall be submitted to a vote of the electors of the

1 authority by resolution of the board.

2 (2) A ballot proposal for a tax shall comply with the  
3 requirements of section 24f of the general property tax act, 1893  
4 PA 206, MCL 211.24f. A proposal for a tax shall not be placed on  
5 the ballot unless the proposal is adopted by a resolution of the  
6 board and certified by the board not later than 60 days before the  
7 election to the clerk of the local government for inclusion on the  
8 ballot. The proposal shall be certified for inclusion on the ballot  
9 at the next eligible election, as specified by the board's  
10 resolution.

11 (3) If a majority of the electors in the local government  
12 voting on the question of a tax approve the proposal as provided  
13 under subsection (1), the tax levy is authorized. Not more than 2  
14 elections may be held in a calendar year on a proposal for a tax  
15 authorized under this act.

16 Sec. 19. (1) If an election for a tax under section 17 is to  
17 be held in conjunction with a general election or a state primary  
18 election, the notices of close of registration and election shall  
19 be published as provided for by the state election laws. Otherwise,  
20 the clerk of the local government shall publish the notices of  
21 close of registration and election. The notice of close of  
22 registration shall include the ballot language of the proposal.

23 (2) The results of an election for a tax shall be canvassed by  
24 the board of county canvassers of the county. The board of county  
25 canvassers of the county shall make the final canvass of an  
26 election for a tax based on the returns of the election inspectors  
27 in that local government. The board of county canvassers of the

1 county shall certify the results of the election to the board of  
2 the authority.

3 Sec. 21. A tax authorized to be levied by an authority under  
4 this act shall be levied and collected at the same time and in the  
5 same manner as provided by the general property tax act, 1893 PA  
6 206, MCL 211.1 to 211.155.

7 Sec. 23. (1) For the purpose of promoting and addressing the  
8 recovery and economic development of a local government, the  
9 authority may borrow money and issue revenue bonds and notes for  
10 the purposes provided in this section.

11 (2) Revenue bonds are payable upon the terms and conditions  
12 specified by the authority in the resolution under which the  
13 authority issues the bonds or in a related trust agreement or trust  
14 indenture. The board of directors in the resolution authorizing the  
15 bonds, a trust indenture, or other agreement entered into with  
16 respect to bonds of the authority may pledge any funds received or  
17 to be received by the authority for the payment of the bonds or  
18 other obligations of the authority under the agreement and create a  
19 first lien in favor of the holders of the bonds or a party subject  
20 to the agreement. The principal of and interest on the bonds shall  
21 be payable, except as provided in this act, solely from the  
22 proceeds described in the resolution authorizing the bonds or trust  
23 indenture.

24 (3) The resolution authorizing the issuance of bonds under  
25 this section shall include all of the following:

26 (a) A statement that the bonds are revenue bonds.

27 (b) A statement briefly describing the recovery and economic

1 development.

2 (c) In the case of refunding bonds, identification of the  
3 parameters under which the bonds can be issued.

4 (d) Delegation for a time period at the board of directors'  
5 discretion to an officer, employee, or designated agent of the  
6 authority the power to issue, sell, and deliver bonds within the  
7 limits on those bonds established by the authority as to any of the  
8 following:

9 (i) Form.

10 (ii) Maximum interest rates.

11 (iii) Maturity dates.

12 (iv) Purchase price.

13 (v) Denominations.

14 (vi) Redemption dates and premiums, if any.

15 (vii) Nature of the security.

16 (viii) Selection of an applicable interest rate index.

17 (ix) Other terms and conditions with respect to the bond issue  
18 that the authority prescribes.

19 (e) Specification of other details and matters that are  
20 considered necessary or advisable to provide for the prompt and  
21 orderly retirement of the bonds and the interest on the bonds at  
22 maturity.

23 (f) Provision for the deposit of revenues pledged for the  
24 payment of bonds issued under this section into a separate account  
25 for the purpose of paying principal and interest on those bonds,  
26 the administrative costs associated with those bonds, and any other  
27 bonds issued by the authority that are secured by those revenues.

1           (4) An authority may issue bonds under this section to refund  
2 any bonds by issuing new bonds if it considers the refunding  
3 expedient, whether or not the bonds to be refunded have matured,  
4 and may issue bonds partly to refund bonds that are outstanding and  
5 partly for restructuring or any of the authority's other authorized  
6 purposes.

7           (5) Bonds issued under this act shall not mature more than 30  
8 years from the date of the original issuance.

9           (6) An authority may issue bond anticipation notes secured by  
10 the issuance of revenue bonds issued under this section in addition  
11 to the revenues that the authority is permitted to pledge as  
12 provided in this section.

13           (7) Any bonds issued under this act shall be sold to the  
14 Michigan finance authority created by Executive Reorganization  
15 Order No. 2010-2, MCL 12.194.

16           (8) Bonds issued by an authority under this act are not  
17 subject to the revised municipal finance act, 2001 PA 34, MCL  
18 141.2101 to 141.2821. Bonds issued by an authority under this act  
19 are not subject to the revenue bond act of 1933, 1933 PA 94, MCL  
20 141.101 to 141.140.