

HOUSE BILL NO. 6142

November 14, 2024, Introduced by Reps. Farhat and Tsernoglou and referred to the Committee on Labor.

A bill to amend 2014 PA 181, entitled
"Michigan financial review commission act,"
by amending section 6 (MCL 141.1636), as amended by 2016 PA 53.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 6. (1) The commission shall provide oversight for a
2 qualified city beginning on the effective date of the plan for
3 adjustment or ~~of this act,~~ **June 20, 2014**, whichever is later. The
4 commission shall provide oversight for a qualified school district
5 beginning on the date the school district becomes a qualified

1 school district.

2 (2) The commission shall ensure that the qualified city or
3 qualified school district is complying with the terms and
4 conditions of this act and of the plan for adjustment, if
5 applicable. Except as otherwise provided in section 8, the
6 commission shall by October 1 each year certify that the qualified
7 city or qualified school district is in substantial compliance with
8 ~~the provisions of this act.~~

9 (3) The commission shall ensure that, ~~where~~**if** applicable, a
10 qualified city or qualified school district complies with ~~the~~
11 ~~provisions of all of the following~~, as applicable, and may request
12 verification of compliance:

13 ~~(a) Section 8 of the publicly funded health insurance~~
14 ~~contribution act, 2011 PA 152, MCL 15.568.~~

15 **(a)** ~~(b)~~ Sections 4i, 4p, 4s, and 4t of the home rule city act,
16 1909 PA 279, MCL 117.4i, 117.4p, 117.4s, and 117.4t.

17 **(b)** ~~(c)~~ The revised municipal finance act, 2001 PA 34, MCL
18 141.2101 to 141.2821.

19 **(c)** ~~(d)~~ The uniform budgeting and accounting act, 1968 PA 2,
20 MCL 141.421 to 141.440a.

21 **(d)** ~~(e)~~ For a qualified school district, all of the following:
22 (i) The revised school code, 1976 PA 451, MCL 380.1 to
23 380.1852.

24 (ii) Article I of the state school aid act of 1979, 1979 PA 94,
25 MCL 388.1601 to 388.1772.

26 (iii) The public school employees retirement act of 1979, 1980
27 PA 300, MCL 38.1301 to 38.1437.

28 (4) During the period of oversight for a qualified city, the
29 commission shall review and approve that qualified city's 4-year

financial plan required by section 4t of the home rule city act,
 1909 PA 279, MCL 117.4t. A 4-year financial plan described in this
 subsection ~~shall~~ **must** be submitted ~~at least~~ **not less than** 100 days
~~prior to~~ **before** the commencement of a qualified city's fiscal year.
 The commission shall approve or disapprove the 4-year financial
 plan within 30 days of receipt. If disapproved, the commission
 shall provide rationale in writing for disapproval and a qualified
 city shall submit a revised plan within 15 days that comports with
 the commission's rationale for rejection. The commission shall
 approve or disapprove that revised plan within 15 days. The
 commission may also require adjustments to the financial plan to
 modify expenditures to satisfy debt service, adjust projected
 revenues to comply with financial controls or accounting practices,
 and reduce expenditures to conform to consensus revenue estimates
 if required in section 7 to comply with ~~the provisions of~~ section
 4t of the home rule city act, 1909 PA 279, MCL 117.4t. If the
 qualified city fails to submit an acceptable financial plan, the
 commission may adopt and impose ~~upon~~ **on** the qualified city a
 financial plan satisfying the requirements of this act and section
 4t of the home rule city act, 1909 PA 279, MCL 117.4t, until ~~that~~
~~time as~~ the qualified city submits an acceptable financial plan.

(5) Subject to a plan for adjustment and any collective
 bargaining agreements still in effect, the commission shall
 establish and maintain programs and requirements for the
 responsible fiscal management of that qualified city or qualified
 school district. The commission's programs and requirements ~~shall~~
must include all of the following:

(a) Increased managerial accountability.

(b) The streamlining of the provision of city or qualified

1 school district services.

2 (c) Improved collection of outstanding tax revenues.

3 (d) Review of the compensation and benefits of city or
4 qualified school district employees and recommendation of
5 adjustments where necessary.

6 (6) Notwithstanding any charter provision or local ordinance
7 to the contrary, all applicable contracts are subject to review and
8 approval by the commission. The commission may consider a number of
9 factors when reviewing an applicable contract, including whether
10 the applicable contract was subject to a competitive bid process.
11 Only applicable contracts that are first approved by the governing
12 body and mayor or chief executive officer of a qualified city or
13 qualified school district as required by law, charter, ordinance,
14 or policy are subject to review by the commission. If an applicable
15 contract is not rejected by the commission within 30 days of its
16 submission, that applicable contract ~~shall be~~ **is** considered
17 approved by the commission.

18 (7) A qualified city or qualified school district, ~~when~~ **if**
19 required by the commission, shall present written reports regarding
20 its financial stability and shall permit the commission to audit or
21 inspect financial statements, actuarial reports, revenue estimates,
22 and any and all other documents, data, reports, or findings that
23 the commission considers necessary to carry out its purpose under
24 this act. The commission may require that qualified city's or
25 qualified school district's chief financial officer to certify in
26 writing the accuracy of any documents the commission requests.

27 (8) The commission shall, on June 1 and December 1 of each
28 year in which the commission has oversight over a qualified city or
29 a qualified school district, file a written report with the

1 governor. A copy of the report ~~shall~~**must** be submitted to the
2 senate majority leader and the speaker of the house of
3 representatives and posted on the department of treasury website. A
4 copy of the report ~~shall~~**must** be sent to the mayor or chief
5 executive officer and governing body of the qualified city or
6 qualified school district.

7 (9) Except as otherwise provided in this subsection, the
8 commission shall approve all collective bargaining agreements,
9 including any addendums to those agreements, to which that
10 qualified city or qualified school district is a party after
11 approval by the governing body and mayor or chief executive officer
12 of the qualified city or qualified school district as required by
13 charter or law. The commission shall approve or reject collective
14 bargaining agreements submitted to it within 45 days of submission.
15 Collective bargaining agreements submitted to the commission ~~shall~~
16 **must** not be executed unless ~~and until~~ the commission approves those
17 agreements. Collective bargaining agreements approved by an
18 emergency manager ~~appointed~~ under section 12 of the local financial
19 stability and choice act, 2012 PA 436, MCL 141.1552, ~~shall~~**are** not
20 ~~be~~ subject to commission approval under this subsection.

21 (10) For a qualified city, the commission may file
22 supplementary information relating to the financial condition of
23 the qualified city with an arbitration panel in arbitration
24 proceedings in which the qualified city is a party pursuant to 1969
25 PA 312, MCL 423.231 to 423.247.

26 (11) The mayor or chief executive officer, governing body, and
27 chief financial officer of a qualified city or qualified school
28 district shall, ~~at least~~**not less than** 45 days ~~prior to~~**before** the
29 beginning of each fiscal quarter, certify in writing to the

1 commission the amount of debt service due on bonds, leases, or
2 other debt. A qualified city or qualified school district shall
3 specifically report debt service requirements, calculated through
4 final maturity, and certify its ability to meet those requirements
5 through the end of the current fiscal year.

6 Enacting section 1. This amendatory act does not take effect
7 unless Senate Bill No.____ or House Bill No. 6136 (request no.
8 02062'23) of the 102nd Legislature is enacted into law.