

EMERGENCY MUNICIPAL LOAN ACT (EXCERPT)
Act 243 of 1980

141.934 Application for loan by municipality; resolution; certification of information and conditions; inspection, copying, or auditing of books and records; applicability of subsection (1).

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

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

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

(i) The municipality has issued tax anticipation notes or revenue sharing notes under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, or for a school district, issued notes under section 1225, 1356, or 1356a of the revised school code, 1976 PA 451, MCL 380.1225, 380.1356, and 380.1356a.

(ii) The department of treasury has acted upon a request by the municipality to issue tax anticipation notes or revenue sharing notes under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

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

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

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

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

(iv) The municipality is levying the maximum number of mills it is authorized to levy as approved by the voters and has either of the following:

(A) One or more delinquent special assessments.

(B) Outstanding bonds, notes, or other evidences of indebtedness that were issued in anticipation of a contract obligation with, or an assessment obligation against, another municipality that has 1 or more delinquent special assessments that were levied to satisfy, in whole or in part, the contract or assessment obligation.

(v) For a school district, the department of treasury determines that 1 or more of the following apply:

(A) The school district's membership under section 6 of the state school aid act of 1979, 1979 PA 94, MCL 388.1606, at the time the loan application is made has declined over the preceding 3-state-fiscal-year period by a total of 15% or more.

(B) The loan will assist the school district in resolving a financial emergency or fiscal stress within the school district.

(vi) The municipality is in receivership, is in the neutral evaluation process, or is subject to a consent agreement under the local financial stability and choice act, 2012 PA 436, MCL 141.1541 to 141.1575, or a successor statute, and loan authorization by the board is necessary to implement a financial and operating plan, a consent agreement, a settlement agreement, or a continuing operations plan or recovery plan for the municipality under the local financial stability and choice act, 2012 PA 436, MCL 141.1541 to 141.1575, or a successor statute.

(d) The municipality submits a 5-year plan, that has been approved by the governing body of the municipality, and that will balance future expenditures with anticipated revenues.

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

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

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1983, Act 67, Imd. Eff. May 31, 1983;—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2002, Act 405, Imd. Eff. June 3, 2002;—Am. 2007, Act 198, Imd. Eff. Dec. 21, 2007;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012;—Am. 2015, Act 115, Imd. Eff. July 7, 2015;—Am. 2016, Act 197, Imd. Eff. June 21, 2016.