

**BUDGET STABILIZATION FUND**  
**Act 30 of 1978**

AN ACT to provide for the creation and use of budget stabilization funds by counties, cities, villages, and townships.

**History:** 1978, Act 30, Imd. Eff. Feb. 24, 1978;—Am. 1980, Act 192, Imd. Eff. July 8, 1980.

*The People of the State of Michigan enact:*

**141.441 Definitions.**

Sec. 1. As used in this act:

- (a) "Fund" means a budget stabilization fund.
- (b) "Municipality" means a county, city, village, or township.

**History:** 1978, Act 30, Imd. Eff. Feb. 24, 1978;—Am. 1980, Act 192, Imd. Eff. July 8, 1980.

**141.442 Budget stabilization fund; creation.**

Sec. 2. The governing body of a municipality by an ordinance adopted by a 2/3 vote of the members elected and serving may create a budget stabilization fund.

**History:** 1978, Act 30, Imd. Eff. Feb. 24, 1978.

**141.443 Budget stabilization fund; appropriation; additional taxes prohibited; limitation; investments; disposition of excess money.**

Sec. 3. (1) Each fiscal year following the fiscal year in which a fund is created, the governing body of the municipality that created the fund may appropriate to the fund, by an ordinance or resolution adopted by a 2/3 vote of the members elected and serving, all or part of a surplus in the general fund resulting from an excess of revenue in comparison to expenses.

(2) A municipality shall not impose additional taxes producing revenue in excess of that needed for its estimated budget in order to provide for money to be appropriated to the fund.

(3) The amount of money in the fund shall not exceed either 20% of the municipality's most recent general fund budget, as originally adopted, or 20% of the average of the municipality's 5 most recent general fund budgets, as amended, whichever is less.

(4) The money in the fund may be invested as provided by law with the earnings of the fund to be returned to the municipality's general fund.

(5) If the money in the fund exceeds that permitted in subsection (3), the excess money shall be appropriated in the municipality's next general fund budget, but shall not be appropriated to the fund.

**History:** 1978, Act 30, Imd. Eff. Feb. 24, 1978;—Am. 2016, Act 169, Eff. Sept. 7, 2016.

**141.444 Budget stabilization fund; purposes; sufficiency of municipality's revenue.**

Sec. 4. (1) Money in the budget stabilization fund may be appropriated by an ordinance or resolution adopted by a 2/3 vote of the members elected and serving of the governing body of the municipality which created the fund for the following purposes:

(a) To cover a general fund deficit, when the municipality's annual audit reveals such a deficit.

(b) To prevent a reduction in the level of public services or in the number of employees at any time in a fiscal year when the municipality's budgeted revenue is not being collected in an amount sufficient to cover budgeted expenses.

(c) To prevent a reduction in the level of public services or in the number of employees when in preparing the budget for the next fiscal year the municipality's estimated revenue does not appear sufficient to cover estimated expenses.

(d) To cover expenses arising because of a natural disaster, including a flood, fire, or tornado. However, if federal or state funds are received to offset the appropriations from the fund, that money shall be returned to the fund.

(2) In determining whether a municipality's revenue is not sufficient to cover its expenses, a reduction in the amount of money received for the fiscal year from any source in comparison to the amount of money received for the previous fiscal year, including a reduction in the allocation of state tax money, shall be considered.

**History:** 1978, Act 30, Imd. Eff. Feb. 24, 1978.

**141.445 Budget stabilization fund; prohibitions.**

Sec. 5. The money in the budget stabilization fund shall not be appropriated for the acquisition, construction, or alteration of a facility as part of a general capital improvements program.

**History:** 1978, Act 30, Imd. Eff. Feb. 24, 1978;—Am. 1980, Act 192, Imd. Eff. July 8, 1980.