

**SUBSTITUTE FOR
SENATE BILL NO. 865**

A bill to provide for the removal of a local government from receivership; to provide for a receivership transition advisory board; and to prescribe the powers and duties of the governor, other state departments and officials, and officials and employees of units of local government, including school districts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Emergency manager" means that term as defined in section
3 5(b) of the local government and school district fiscal
4 accountability act, 2011 PA 4, MCL 141.1505.

5 (b) "Local government" means that term as defined in section
6 5(e) of the local government and school district fiscal

Senate Bill No. 865 as amended December 15, 2011

1 accountability act, 2011 PA 4, MCL 141.1505.

2 Sec. 3. (1) If an emergency manager determines that the
3 financial emergency that he or she was appointed to manage has been
4 rectified, the emergency manager shall inform the governor <<and the
state treasurer>>.

5 (2) If the governor disagrees with the emergency manager's
6 determination that the financial emergency has been rectified, the
7 governor shall inform the emergency manager and the term of the
8 emergency manager shall continue or the governor shall appoint a
9 new emergency manager as provided under section 15(8) of the local
10 government and school district fiscal accountability act, 2011 PA
11 4, MCL 141.1515.

12 (3) If the governor agrees that the financial emergency has
13 been rectified, the emergency manager has adopted a 2-year budget
14 as required under section 27 of the local government and school
15 district fiscal accountability act, 2011 PA 4, MCL 141.1527, and
16 the financial conditions of the local government have been
17 corrected in a sustainable fashion as required under section 15(9)
18 of the local government and school district fiscal accountability
19 act, 2011 PA 4, MCL 141.1515, the governor may do either of the
20 following:

21 (a) Remove the local government from receivership.

22 (b) Appoint a receivership transition advisory board as
23 provided in section 5.

24 Sec. 5. (1) Before removing a local government from
25 receivership, the governor may appoint a receivership transition
26 advisory board to monitor the affairs of the local government until
27 the receivership is terminated.

1 (2) A receivership transition advisory board shall consist of
2 the state treasurer or his or her designee, the director of the
3 department of technology, management, and budget or his or her
4 designee, and, if the local government is a school district, the
5 superintendent of public instruction or his or her designee. The
6 governor also may appoint to a receivership transition advisory
7 board 1 or more other individuals with relevant professional
8 experience, including 1 or more residents of the local government.

9 (3) A receivership transition advisory board serves at the
10 pleasure of the governor.

11 (4) At its first meeting, a receivership transition advisory
12 board shall adopt rules of procedure to govern its conduct,
13 meetings, and periodic reporting to the governor. Procedural rules
14 required by this section are not subject to the administrative
15 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

16 (5) A receivership transition advisory board may do all of the
17 following:

18 (a) Require the local government to annually convene a
19 consensus revenue estimating conference for the purpose of arriving
20 at a consensus estimate of revenues to be available for the ensuing
21 fiscal year of the local government.

22 (b) Require the local government to provide monthly cash flow
23 projections and a comparison of budgeted revenues and expenditures
24 to actual revenues and expenditures.

25 (c) Review proposed and amended budgets of the local
26 government. A proposed budget or budget amendment shall not take
27 effect unless approved by the receivership transition advisory

1 board.

2 (d) Review requests by the local government to issue debt
3 under the revised municipal finance act, 2001 PA 34, MCL 141.2101
4 to 141.2821, or any other law governing the issuance of bonds or
5 notes.

6 (e) Review proposed collective bargaining agreements
7 negotiated under section 15(1) of 1947 PA 336, MCL 423.215. A
8 proposed collective bargaining agreement shall not take effect
9 unless approved by the receivership transition advisory board.

10 (f) Review compliance by the local government with a deficit
11 elimination plan submitted under section 21 of the Glenn Steil
12 state revenue sharing act of 1971, 1971 PA 140, MCL 141.921.

13 (g) Review proposed judgment levies before submission to a
14 court under section 6093 or 6094 of the revised judicature act of
15 1961, 1961 PA 236, MCL 600.6093 and 600.6094.

16 (h) Perform any other duties assigned by the governor at the
17 time the receivership transition advisory board is appointed.

18 Sec. 7. The governor may, upon his or her own initiative or
19 after receiving a recommendation from a receivership transition
20 advisory board, determine that the financial conditions of a local
21 government have not been corrected in a sustainable fashion as
22 required under section 15(9) of the local government and school
23 district fiscal accountability act, 2011 PA 4, MCL 141.1515, and
24 appoint a new emergency manager as provided under section 15(8) of
25 the local government and school district fiscal accountability act,
26 2011 PA 4, MCL 141.1515.