

**SUBSTITUTE FOR  
HOUSE BILL NO. 5076**

A bill to amend 1968 PA 2, entitled  
"Uniform budgeting and accounting act,"  
by amending sections 16 and 18 (MCL 141.436 and 141.438), as  
amended by 2000 PA 493.

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

1           Sec. 16. (1) Unless another method for adopting a budget is  
2 provided by a charter provision in effect on April 1, 1980, the  
3 legislative body of each local unit shall pass a general  
4 appropriations act for all funds except trust or agency, internal  
5 service, enterprise, debt service or capital project funds for  
6 which the legislative body may pass a special appropriation act.

7           (2) The general appropriations act shall set forth the total

1 number of mills of ad valorem property taxes to be levied and the  
2 purposes for which that millage is to be levied. The amendatory act  
3 that added this subsection shall be known and may be cited as "the  
4 truth in budgeting act".

5 (3) The general appropriations act shall set forth the amounts  
6 appropriated by the legislative body to defray the expenditures and  
7 meet the liabilities of the local unit for the ensuing fiscal year,  
8 and shall set forth a statement of estimated revenues, by source,  
9 in each fund for the ensuing fiscal year.

10 (4) The general appropriations act shall be consistent with  
11 uniform charts of accounts prescribed by the state treasurer or,  
12 for local school districts and intermediate school districts, by  
13 the state board of education.

14 (5) This act shall not be interpreted to mandate the  
15 development or adoption by a local unit of a line-item budget or  
16 line-item general appropriations act.

17 (6) The legislative body shall determine the amount of money  
18 to be raised by taxation necessary to defray the expenditures and  
19 meet the liabilities of the local unit for the ensuing fiscal year,  
20 shall order that money to be raised by taxation, within statutory  
21 and charter limitations, and shall cause the money raised by  
22 taxation to be paid into the funds of the local unit.

23 (7) Except as otherwise permitted by section 102 of the state  
24 school aid act of 1979, 1979 PA 94, MCL 388.1702, or by other law,  
25 the legislative body shall not adopt a general appropriations act  
26 or an amendment to that act which causes estimated total  
27 expenditures, including an accrued deficit, to exceed total

1 estimated revenues, including an available surplus and the proceeds  
2 from bonds or other obligations issued under the fiscal  
3 stabilization act, 1981 PA 80, MCL 141.1001 to 141.1011, or the  
4 balance of the principal of these bonds or other obligations.

5 (8) A GENERAL APPROPRIATIONS ACT, INCLUDING ANY AMENDMENT TO  
6 THAT GENERAL APPROPRIATIONS ACT, IS PRESUMED TO FUND THOSE  
7 ACTIVITIES OF A COUNTY MANDATED BY LAW AT A SERVICEABLE LEVEL.

8 (9) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE CHIEF  
9 ADMINISTRATIVE OFFICER OF A COUNTY HAS EXCLUSIVE STANDING TO BRING  
10 SUIT AGAINST THE LEGISLATIVE BODY OF THAT COUNTY CONCERNING A  
11 GENERAL APPROPRIATIONS ACT, INCLUDING ANY CHALLENGE AS TO  
12 SERVICEABLE LEVELS OF FUNDING FOR ANY DEPARTMENT OR BRANCH OF THAT  
13 COUNTY, INCLUDING A DEPARTMENT OR BRANCH HEADED BY ANOTHER ELECTED  
14 OR APPOINTED OFFICIAL. A COURT FUNDED BY A COUNTY HAS STANDING TO  
15 BRING A SUIT ON THE COURT'S OWN BEHALF AGAINST THE LEGISLATIVE BODY  
16 OF THAT COUNTY CONCERNING A GENERAL APPROPRIATIONS ACT, INCLUDING  
17 ANY CHALLENGE AS TO SERVICEABLE LEVELS OF FUNDING FOR THAT COURT.  
18 BEFORE A COURT BRINGS A SUIT ON THE COURT'S OWN BEHALF AGAINST THE  
19 LEGISLATIVE BODY OF A COUNTY UNDER THIS SUBSECTION, A MEDIATOR  
20 SHALL CERTIFY IN WRITING THAT THE PARTIES ARE UNABLE TO RESOLVE THE  
21 ISSUES BY MEDIATION. THE COURT HEARING A SUIT SHALL CONSIDER THE  
22 FINANCIAL ABILITY OF THE COUNTY TO PAY WHEN CONSIDERING ANY  
23 CHALLENGE AS TO SERVICEABLE LEVELS OF FUNDING.

24 (10) IF ANY PORTION OF THIS SECTION OR THE APPLICATION OF THIS  
25 SECTION TO ANY CIRCUMSTANCE IS FOUND TO BE INVALID BY A COURT, THE  
26 INVALIDITY SHALL NOT AFFECT THE REMAINING PORTIONS OR APPLICATION  
27 OF THIS SECTION THAT CAN BE GIVEN EFFECT WITHOUT THE INVALID

1 **PORTION OR APPLICATION. THE PROVISIONS OF THIS SECTION ARE**  
2 **SEVERABLE.**

3       Sec. 18. (1) A member of the legislative body, chief  
4 administrative officer, administrative officer, or employee of the  
5 local unit shall not create a debt or incur a financial obligation  
6 on behalf of the local unit unless the debt or obligation is  
7 permitted by law.

8       (2) The chief administrative officer may cause the  
9 appropriations made by the legislative body for the local unit and  
10 its budgetary centers to be divided into allotments if the  
11 allotments are based upon the periodic requirements of the local  
12 unit and its budgetary centers.

13       (3) Except as otherwise provided in section 19, an  
14 administrative officer of the local unit shall not incur  
15 expenditures against an appropriation account in excess of the  
16 amount appropriated by the legislative body. The chief  
17 administrative officer, an administrative officer, or an employee  
18 of the local unit shall not apply or divert money of the local unit  
19 for purposes inconsistent with those specified in the  
20 appropriations of the legislative body.

21       (4) No duties shall be delegated to the chief administrative  
22 officer that diminish any charter or statutory responsibilities of  
23 an elected or appointed official.

24       **(5) THE ADMINISTRATION, EXECUTION, AND ENFORCEMENT OF A**  
25 **GENERAL APPROPRIATIONS ACT APPROVED BY THE LEGISLATIVE BODY OF A**  
26 **COUNTY ARE POWERS EXCLUSIVELY VESTED IN THE CHIEF ADMINISTRATIVE**  
27 **OFFICER OF THAT COUNTY.**

1           (6) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE  
2 LEGISLATIVE BODY OF A COUNTY HAS EXCLUSIVE STANDING TO BRING SUIT  
3 AGAINST THE CHIEF ADMINISTRATIVE OFFICER OF THAT COUNTY CONCERNING  
4 AN ACTION RELATING TO THE ADMINISTRATION, EXECUTION, AND  
5 ENFORCEMENT OF A GENERAL APPROPRIATIONS ACT FOR ANY DEPARTMENT OR  
6 BRANCH OF THAT COUNTY, INCLUDING A DEPARTMENT OR BRANCH HEADED BY  
7 ANOTHER ELECTED OR APPOINTED OFFICIAL. A COURT FUNDED BY A COUNTY  
8 HAS STANDING TO BRING SUIT ON THE COURT'S OWN BEHALF AGAINST THE  
9 CHIEF ADMINISTRATIVE OFFICER OF THAT COUNTY CONCERNING AN ACTION  
10 RELATING TO THE ADMINISTRATION, EXECUTION, AND ENFORCEMENT OF A  
11 GENERAL APPROPRIATIONS ACT FOR THAT COURT. BEFORE A COURT BRINGS A  
12 SUIT ON THE COURT'S OWN BEHALF AGAINST THE CHIEF ADMINISTRATIVE  
13 OFFICER OF A COUNTY UNDER THIS SUBSECTION, A MEDIATOR SHALL CERTIFY  
14 IN WRITING THAT THE PARTIES ARE UNABLE TO RESOLVE THE ISSUES BY  
15 MEDIATION.

16           (7) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, ANY  
17 SUIT BROUGHT UNDER SUBSECTION (6) OR SECTION 16(9) SHALL ONLY BE  
18 BROUGHT IN THE MICHIGAN COURT OF APPEALS WITHIN 60 DAYS AFTER 1 OF  
19 THE FOLLOWING:

20           (A) THE ADOPTION OF A GENERAL APPROPRIATIONS ACT.

21           (B) AN AMENDMENT TO A GENERAL APPROPRIATIONS ACT OR AN ACTION  
22 RELATING TO THE ADMINISTRATION, EXECUTION, AND ENFORCEMENT OF THAT  
23 GENERAL APPROPRIATIONS ACT, IF THE AMENDMENT OR ACTION CONSTITUTES  
24 A BASIS FOR THE SUIT.

25           (8) THE COURT'S JURISDICTION OVER AND REVIEW OF THE ISSUES  
26 RAISED IN A SUIT BROUGHT UNDER SUBSECTION (7)(B) IS LIMITED TO THAT  
27 PORTION OF THE GENERAL APPROPRIATIONS ACT THAT IS DIRECTLY AFFECTED

1 BY THE AMENDMENT OR ACTION.

2 (9) THE JURISDICTION OF THE COURT OF APPEALS OVER A SUIT  
3 BROUGHT UNDER SUBSECTION (6) OR SECTION 16(9) IS EXCLUSIVE AND THAT  
4 JURISDICTION OR ANY JUDICIAL DUTIES INHERENT IN THAT JURISDICTION  
5 SHALL NOT BE TRANSFERRED TO ANY OTHER COURT. HOWEVER, THE COURT OF  
6 APPEALS MAY REQUEST THE SUPREME COURT TO ASSIGN A RETIRED JUDGE  
7 UNDER SECTION 226 OF THE REVISED JUDICATURE ACT OF 1961, 1961 PA  
8 236, MCL 600.226, TO ASSIST THE COURT OF APPEALS BY RESOLVING  
9 DISCOVERY ISSUES, REVIEWING THE EVIDENCE, MAKING PROPOSED FINDINGS  
10 OF FACT AND CONCLUSIONS OF LAW, AND PERFORMING ANY OTHER NECESSARY  
11 RELATED JUDICIAL DUTIES.

12 (10) UNLESS AN ACTION BROUGHT UNDER SUBSECTION (7) IS TIMELY  
13 PRESERVED FOR REVIEW BY THE MICHIGAN COURT OF APPEALS, LITIGATION  
14 OF ANY ISSUE AS TO A GENERAL APPROPRIATIONS ACT OR ANY AMENDMENT TO  
15 THAT GENERAL APPROPRIATIONS ACT, OR AN ACTION RELATING TO THE  
16 ADMINISTRATION, EXECUTION, AND ENFORCEMENT OF THAT GENERAL  
17 APPROPRIATIONS ACT, IS BARRED.

18 (11) THE PENDENCY OF A CLAIM IN A SUIT UNDER THIS SECTION  
19 SHALL NOT CONSTITUTE A BASIS FOR EXPENDITURE OF FUNDS BY ANY  
20 DEPARTMENT OR BRANCH OF, OR COURT FUNDED BY, THE COUNTY IN EXCESS  
21 OF THAT AUTHORIZED BY A GENERAL APPROPRIATIONS ACT, INCLUDING AN  
22 AMENDMENT TO THAT GENERAL APPROPRIATIONS ACT.

23 (12) IF ANY PORTION OF THIS SECTION OR THE APPLICATION OF THIS  
24 SECTION TO ANY CIRCUMSTANCE IS FOUND TO BE INVALID BY A COURT, THE  
25 INVALIDITY SHALL NOT AFFECT THE REMAINING PORTIONS OR APPLICATION  
26 OF THIS SECTION THAT CAN BE GIVEN EFFECT WITHOUT THE INVALID  
27 PORTION OR APPLICATION. THE PROVISIONS OF THIS SECTION ARE

1 SEVERABLE.