

# HOUSE BILL NO. 4765

June 20, 2019, Introduced by Reps. Greig and Yaroch and referred to the Committee on Government Operations.

A bill to amend 2014 PA 181, entitled "Michigan financial review commission act," by amending sections 6 and 12 (MCL 141.1636 and 141.1642), 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



1 beginning on the date the school district becomes a qualified  
2 school district.

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

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

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

16 (b) Sections 4i, 4p, 4s, and 4t of the home rule city act,  
17 1909 PA 279, MCL 117.4i, 117.4p, 117.4s, and 117.4t.

18 (c) The revised municipal finance act, 2001 PA 34, MCL  
19 141.2101 to 141.2821.

20 (d) The uniform budgeting and accounting act, 1968 PA 2, MCL  
21 141.421 to 141.440a.

22 (e) For a qualified school district, all of the following:

23 (i) The revised school code, 1976 PA 451, MCL 380.1 to  
24 380.1852.

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

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

29 (4) During the period of oversight for a qualified city, the



1 commission shall review and approve that qualified city's 4-year  
2 financial plan required by section 4t of the home rule city act,  
3 1909 PA 279, MCL 117.4t. A 4-year financial plan described in this  
4 subsection ~~shall~~**must** be submitted at least 100 days ~~prior to~~  
5 **before** the commencement of a qualified city's fiscal year. The  
6 commission shall approve or disapprove the 4-year financial plan  
7 within 30 days of receipt. If disapproved, the commission shall  
8 provide rationale in writing for disapproval and a qualified city  
9 shall submit a revised plan within 15 days that comports with the  
10 commission's rationale for rejection. The commission shall approve  
11 or disapprove that revised plan within 15 days. The commission may  
12 also require adjustments to the financial plan to modify  
13 expenditures to satisfy debt service, adjust projected revenues to  
14 comply with financial controls or accounting practices, and reduce  
15 expenditures to conform to consensus revenue estimates if required  
16 in section 7 to comply with the provisions of section 4t of the  
17 home rule city act, 1909 PA 279, MCL 117.4t. If the qualified city  
18 fails to submit an acceptable financial plan, the commission may  
19 adopt and impose upon the qualified city a financial plan  
20 satisfying the requirements of this act and section 4t of the home  
21 rule city act, 1909 PA 279, MCL 117.4t, until that time as the  
22 qualified city submits an acceptable financial plan.

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

29 (a) Increased managerial accountability.



1 (b) The streamlining of the provision of city or qualified  
2 school district services.

3 (c) Improved collection of outstanding tax revenues.

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

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

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

28 (8) The commission shall, on June 1 and December 1 of each  
29 year in which the commission has oversight over a qualified city or



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

8 (9) Except as otherwise provided in this subsection, the  
 9 commission shall approve all collective bargaining agreements,  
 10 including any addendums to those agreements, to which that  
 11 qualified city or qualified school district is a party after  
 12 approval by the governing body and mayor or chief executive officer  
 13 of the qualified city or qualified school district as required by  
 14 charter or law. The commission shall approve or reject collective  
 15 bargaining agreements submitted to it within 45 days of submission.  
 16 Collective bargaining agreements submitted to the commission ~~shall~~  
 17 **must** not be executed unless and until the commission approves those  
 18 agreements. Collective bargaining agreements approved by an  
 19 emergency manager ~~appointed~~**or a financial management team** under  
 20 section 12 of the local financial stability and choice act, 2012 PA  
 21 436, MCL 141.1552, ~~shall~~**are** not ~~be~~ subject to commission approval  
 22 under this subsection.

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

28 (11) The mayor or chief executive officer, governing body, and  
 29 chief financial officer of a qualified city or qualified school



1 district shall, at least 45 days ~~prior to~~ **before** the beginning of  
 2 each fiscal quarter, certify in writing to the commission the  
 3 amount of debt service due on bonds, leases, or other debt. A  
 4 qualified city or qualified school district shall specifically  
 5 report debt service requirements, calculated through final  
 6 maturity, and certify its ability to meet those requirements  
 7 through the end of the current fiscal year.

8       Sec. 12. (1) Subject to subsections (2) and (3), if a  
 9 commission has waived the requirements of sections 6 and 7 under  
 10 section 8 each year for the immediately preceding 10 consecutive  
 11 fiscal years, and the plan for adjustment, if applicable, has  
 12 expired, the commission shall, by resolution, dissolve itself. All  
 13 property, funds, and assets of the commission, if any, ~~shall~~ **must**  
 14 be transferred to and vested in this state.

15       (2) The commission for a qualified school district shall not  
 16 dissolve itself until the state treasurer certifies that all  
 17 outstanding debts of that qualified school district are paid in  
 18 full.

19       (3) If a commission is in place for both a qualified city and  
 20 a qualified school district and the requirements of subsection (1)  
 21 have been met for a qualified city or the requirements of  
 22 subsections (1) and (2) have been met for a qualified school  
 23 district, that qualified city or that qualified school district  
 24 ~~shall~~ **must** be released from oversight by the commission under this  
 25 act.

26       (4) Notwithstanding any other provision of this act, if a  
 27 qualified school district is subject to an emergency manager **or a**  
 28 **financial management team** under the local financial stability and  
 29 choice act, 2012 PA 436, MCL 141.1541 to 141.1575, then, for the



1 period of time that the qualified school district is subject to an  
2 emergency manager **or a financial management team**, that qualified  
3 school district is not subject to oversight by the commission under  
4 this act.

5 Enacting section 1. This amendatory act takes effect 90 days  
6 after the date it is enacted into law.

7 Enacting section 2. This amendatory act does not take effect  
8 unless Senate Bill No.\_\_\_\_ or House Bill No.4751 (request no.  
9 01329'19) of the 100th Legislature is enacted into law.

