

REVISED MUNICIPAL FINANCE ACT (EXCERPT)
Act 34 of 2001

CHAPTER VIII

141.2801 Effective date.

Sec. 801. This act takes effect March 1, 2002.

History: 2001, Act 34, Eff. Mar. 1, 2002.

141.2802 Outstanding municipal security; default; powers of department; plan; implementation.

Sec. 802. (1) If a municipality fails to pay any installment of principal or interest on an outstanding municipal security on or before its due date, the state treasurer, for a municipality other than a school district, or the superintendent of public instruction, for a school district, may take that action it considers advisable to investigate the municipality's fiscal affairs, may consult with the governing body of the municipality, and may negotiate with the municipality's creditors in order to assist the municipality in developing a plan for financing, adjusting, or compromising the outstanding municipal security for which a payment of an installment of principal or interest had not been paid. As a component of a plan for financing the outstanding municipal security that has been defaulted upon, the department may agree and shall have the power to withhold all or part of state payments under an appropriation made to the municipality, the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, or the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, that the municipality is entitled to receive and to use these withheld amounts to pay unpaid amounts or subsequently due amounts, or both, of principal and interest on the outstanding municipal security.

(2) When a plan is developed that the department finds to be fair and equitable and reasonably within the ability of the municipality to meet, the department shall enter an order finding that it is fair, equitable, and within the ability of the municipality to meet. The department shall then advise the governing body to take the necessary steps to implement the plan. If the governing body declines or refuses to do so within 90 days after receiving the department's advice, the department shall be vested with all powers of the municipality, its governing body, and its officers that are necessary to implement the plan. When the department is vested with the authority to implement the plan, the members of the governing body and all officers and employees of the municipality shall be under an affirmative duty to do all things the department determines to be necessary to implement the plan. The department may institute appropriate proceedings in the courts of this state, including those for writs of mandamus and injunctions, to enforce the department's implementation of the plan and compliance with the plan by the governing body and other officers and employees of the municipality.

History: Add. 2002, Act 541, Imd. Eff. July 26, 2002.

141.2803 Repeal of MCL 131.1 to 132.4, 133.1 to 133.9, 133.12 to 133.15, and 134.1 to 139.3; effective date of repeal of MCL 133.10 to 133.11.

Sec. 803. (1) The following are repealed effective March 1, 2002:

(a) Chapters I, II, IV, V, VI, VII, VIII, and IX of the municipal finance act, 1943 PA 202, MCL 131.1 to 132.4 and 134.1 to 139.3.

(b) Sections 1 to 9 and sections 12 to 15 of chapter III of the municipal finance act, 1943 PA 202, MCL 133.1 to 133.9 and 133.12 to 133.15.

(2) The municipal finance act, 1943 PA 202, 133.10 to 133.11, is repealed effective April 30, 2002.

History: 2001, Act 34, Eff. Mar. 1, 2002.

141.2805 Repeal of administrative rules of municipal finance division; effective date.

Sec. 805. The administrative rules of the municipal finance division are repealed effective March 1, 2002.

History: 2001, Act 34, Eff. Mar. 1, 2002.

141.2807 Exceptions from prior approval of debts or securities; effect of orders; applicability of terms.

Sec. 807. All orders granting exceptions from prior approval of debts or securities issued by the department shall continue in force and effect until the expiration date expressly contained in the order. The terms of the municipal finance act, 1943 PA 202, MCL 131.1 to 139.3, and the administrative rules of the municipal finance division shall apply with respect to any security issued pursuant to an order of the department that was issued before May 1, 2002.

History: 2001, Act 34, Eff. Mar. 1, 2002.

141.2809 Effect of orders approving issuance of securities.

Sec. 809. All orders approving the issuance of securities issued by the department shall continue in force and effect until October 31, 2002. The terms of former 1943 PA 202 and the administrative rules of the municipal finance division shall apply with respect to any security issued pursuant to an order of the department that was issued before May 1, 2002.

History: 2001, Act 34, Eff. Mar. 1, 2002;—Am. 2002, Act 541, Imd. Eff. July 26, 2002.

141.2811 Effect of MCL 141.2303.

Sec. 811. Except as provided by sections 807 and 809, section 303 replaces and reenacts sections 10 and 11 of chapter III of the municipal finance act, 1943 PA 202, MCL 133.10 and 133.11.

History: 2001, Act 34, Eff. Mar. 1, 2002.

141.2813 Effect of MCL 141.2317.

Sec. 813. Except as provided by sections 807 and 809, section 317 replaces and reenacts section 15 of chapter III of the municipal finance act, 1943 PA 202, MCL 133.15.

History: 2001, Act 34, Eff. Mar. 1, 2002.

141.2815 Repealed. 2002, Act 541, Imd. Eff. July 26, 2002.

Compiler's note: The repealed section pertained to exemption of certain security from act.

141.2817 Effect of MCL 141.2305.

Sec. 817. Except as provided by sections 807 and 809, section 305 replaces and reenacts section 1a of chapter III of the municipal finance act, 1943 PA 202, MCL 133.1a.

History: 2001, Act 34, Eff. Mar. 1, 2002.

141.2819 Validation of previously issued securities.

Sec. 819. Any securities previously issued under or in accordance with the authority contained in the municipal finance act, 1943 PA 202, MCL 131.1 to 139.3, are hereby validated.

History: 2001, Act 34, Eff. Mar. 1, 2002.

141.2821 Issuance of municipal security beginning March 1, 2002 and ending April 30, 2002; qualified status.

Sec. 821. (1) Beginning March 1, 2002 and ending April 30, 2002, a municipality planning to issue a municipal security may do either of the following:

(a) Seek approval or exception from prior approval of the municipal security from the department in accordance with sections 10 and 11 of chapter III of the municipal finance act, 1943 PA 202, MCL 133.10 and 133.11.

(b) Seek qualified status in accordance with section 303, by filing a qualifying statement referencing the most recent audit report of the municipality previously filed with the department prior to the effective date of this act, or if not previously timely filed, by attaching a copy of the audit report for the most recently completed fiscal year for which an audit has been completed.

(2) If a municipality elects to seek qualified status as described in subsection (1) during the period between March 1, 2002 and May 1, 2002, the department shall determine within 30 business days of receipt of the qualifying statement whether the municipality complies with the requirements of section 303(3). If the department determines that the municipality complies with the provisions of section 303(3) or if the department fails to notify the municipality of its determination under this subsection within 30 business days of receipt of the qualifying statement, the municipality may proceed to issue municipal securities in accordance with this act without further approval from the department until 30 business days after the next qualifying statement is due or received by the department, whichever occurs first.

(3) If a municipality is not granted qualified status pursuant to subsection (2), or if a municipality does not file a qualifying statement as described in subsection (1), the municipality shall comply with section 303(7) for each municipal security issued until the municipality obtains qualified status based on the audit report and qualifying statement next duly filed by the municipality in accordance with section 303.

History: 2001, Act 34, Eff. Mar. 1, 2002.