

**EMERGENCY MUNICIPAL LOAN ACT**  
**Act 243 of 1980**

AN ACT to provide emergency financial assistance for certain political subdivisions of this state; to create a local emergency financial assistance loan board and to prescribe the powers and duties of this board; to prescribe conditions for granting and receiving loans, to prescribe terms and conditions for the repayment of loans, and to allow the limiting of repayment by a county from specified revenue sources; to impose certain requirements and duties on certain state departments, political subdivisions of this state, and officials of this state and political subdivisions of this state; and to prescribe remedies and penalties.

**History:** 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1988, Act 198, Imd. Eff. June 27, 1988;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

*The People of the State of Michigan enact:*

**141.931 Definitions.**

Sec. 1. As used in this act:

(a) "Board" means the local emergency financial assistance loan board created under section 2.

(b) "Fiscal year" means, unless otherwise provided in this act, the fiscal year of the municipality applying for a loan under this act.

(c) "Income tax collections" means the total collection of a municipality under the city income tax act, 1964 PA 284, MCL 141.501 to 141.787, in any calendar year.

(d) "Income tax revenue growth rate" means the quotient of the following:

(i) The numerator is the income tax collections of the municipality for the calendar year immediately preceding the municipality's application for a loan under this act.

(ii) The denominator is the income tax collections for the municipality for the calendar year preceding the calendar year used in determining the numerator.

(e) "Municipality" means a county, city, village, or township in this state. For the period beginning on October 1, 2011 and ending on September 30, 2018, municipality also includes a school district in this state.

(f) "Local tax base growth rate" for a municipality means the state equalized valuation of the real and personal property of the municipality for the most recent year for which data is available divided by the state equalized valuation of real and personal property of the municipality for the fifth year preceding the most recent year for which data is available.

(g) "Statewide tax base growth rate" means the total state equalized valuation for real and personal property for the most recent year for which data is available divided by the total state equalized valuation for the fifth year preceding the most recent year for which data is available.

(h) "State equalized valuation of real and personal property of the municipality" means the valuation determined under 1911 PA 44, MCL 209.1 to 209.8, of real and personal property within the municipality plus an amount equal to the state equalized valuation equivalent of certain revenues of the municipality as determined under this subdivision. The state equalized valuation equivalent shall be calculated by dividing the sum of the following amounts by the municipality's millage rate for the fiscal year:

(i) The amount levied by the municipality for its own use during the municipality's fiscal year from the specific tax levied under 1974 PA 198, MCL 207.551 to 207.572.

(ii) The amount levied by the municipality for its own use during the municipality's fiscal year from the specific tax levied under the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668.

**History:** 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1987, Act 282, Eff. Apr. 11, 1988;—Am. 2007, Act 178, Imd. Eff. Dec. 21, 2007;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

**141.932 Local emergency financial assistance loan board; creation; membership; powers and duties; approval of actions; conducting business at public meeting; staff services.**

Sec. 2. (1) There is created a local emergency financial assistance loan board within the department of treasury. This board shall consist of the state treasurer, the director of the department of licensing and regulatory affairs, and the director of the department of technology, management, and budget. Except for budgeting, procurement, and related functions of the board that shall be performed under the direction and supervision of the state treasurer, the board shall exercise its prescribed statutory powers, duties, and functions independently of the department of treasury.

(2) The board has the powers necessary to carry out and effectuate the purposes and provisions of this act, and powers vested in the board under other laws of this state, including, but not limited to, all of the following powers:

(a) To act by an order issued in the name of the board and signed by the members of the board. The signature of the designee of a member, when the designee is acting for his or her principal, has the same force and effect as the signature of the member.

(b) To authorize and make loans; to renegotiate the terms of outstanding loans; and to make, execute, and deliver contracts and other instruments necessary or convenient to the exercise of its powers.

(c) To aid, advise, and consult with a municipality with respect to fiscal questions arising from and relating to its proposed or outstanding loans.

(d) To promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, that it considers necessary.

(e) To examine the books and records of a municipality applying for or receiving a loan under this act for the purpose of ascertaining if the municipality is complying, in relation to a loan under this act, with the requirements of the board, the laws of this state, and the charter, ordinances, and resolutions of the municipality. Additionally, for effectuating this purpose, the board may require sworn statements from any officer or employee of the municipality and may require the municipality to furnish a statement of its financial condition. The board has full power, in furtherance of its investigations, to examine witnesses on oath, to compel the attendance of witnesses, to compel the giving of testimony, and to compel the production of books, papers, and records. Witnesses may be summoned by the board by its process upon the payment of the same fees as are allowed to witnesses attending in the circuit court for the county in which a hearing is held. A person duly subpoenaed under this section who fails to attend or testify at the place named in the subpoena served for that purpose is guilty of a misdemeanor.

(f) To serve notice upon a municipality of an order relating to the municipality issued by the board. A municipality has prima facie notice of and is bound by an order of the board if notice has been served upon it by registered mail addressed to any officer of the municipality upon whom legal process may be served.

(g) To enforce compliance with its orders; with the terms of outstanding loans; with any provision of this act; or, in relation to a loan under this act, with any law of this state or with the charter, ordinances, or resolutions of a municipality that received a loan under this act. As 1 method to enforce compliance, the board may institute appropriate proceedings in the courts of this state, including proceedings for writs of mandamus and injunctions.

(h) To subject a loan to the terms and conditions the board considers necessary to ensure compliance with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a, and to ensure timely repayment of the loan, including, but not limited to, requiring the direct assignment for repayment of a loan of any state money appropriated to the municipality or, for a municipality that is a school district, other revenue or money that may be pledged by a school district under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, or other law.

(i) To provide loan terms specifying conditions and events of default and remedies available upon default by a municipality.

(j) To impose loan terms upon the disbursement of a loan authorized to be made under section 3(2)(b) or (3).

(3) The board shall review each application for a loan from a municipality to determine if the municipality satisfies the requirements of this act. Except for loans authorized under section 3(2) or (3), upon determining those applications that satisfy the application eligibility requirements of section 4 and, for subsequent annual loans, section 8, the board may authorize an annual loan to 1 or more of those eligible applicants upon declaring that a local fiscal emergency exists in the municipality. For loans authorized under section 3(2) or (3), the board may authorize a loan upon determining that the municipality has satisfied the requirements of this act applicable to loans under section 3(2) or (3).

(4) All actions of the board shall be approved by all members of the board. All meetings of the board shall be conducted at a public meeting held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(5) Subject to the requirements of this act, the board has the sole authority to determine all of the following:

(a) The amount of a loan.

(b) The rate or rates of interest on a loan.

(c) Any other condition related to a loan including, but not limited to, requiring that the proceeds of a loan be used for specified purposes.

(6) The department of treasury shall provide staff services to the board to carry out this act.

(7) A municipality may do 1 or more of the following:

(a) Borrow money under this act, and issue evidences of indebtedness for repayment of obligations, including, but not limited to, money advanced or previously advanced to a school district or approved or

previously approved for advancement to a school district under section 15(2) of the state school aid act of 1979, 1979 PA 94, MCL 388.1615, or money borrowed by the school district under section 1225 of the revised school code, 1976 PA 451, MCL 380.1225.

(b) Enter into a loan agreement with the board.

(c) Issue its notes evidencing the loan.

(d) Assign and convey any revenues allocated to it for repayment of the loan.

(e) Take any other action necessary to receive, secure, or repay a loan under this act.

**History:** 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986;—Am. 1987, Act 282, Eff. Apr. 11, 1988;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

### **141.933 Maximum amount of loans in fiscal year; limitations; conditions; revenue for loans; restructuring payments; “county juvenile agency” defined.**

Sec. 3. (1) For state fiscal years ending before October 1, 2011, the board may authorize loans under this act to municipalities that total up to \$5,000,000.00 in a state fiscal year. For state fiscal years beginning after September 30, 2018, the board may authorize loans under this act to municipalities that total up to \$10,000,000.00 in a state fiscal year, but a loan to a single municipality shall not exceed \$4,000,000.00 in a state fiscal year. For the period beginning on October 1, 2011 and ending on September 30, 2018, the board may do all of the following:

(a) Authorize loans to municipalities other than school districts that total up to \$35,000,000.00 during the period. Loans to a single municipality under this subdivision shall not total more than \$20,000,000.00. The board shall not authorize a loan to a municipality under this subdivision until 30 days after the effective date of the amendatory act that added this subdivision.

(b) Authorize loans to municipalities that are school districts that total up to \$50,000,000.00 during the period. Loans to a single school district under this subdivision shall not total more than \$20,000,000.00.

(2) The board may authorize loans under this act to a county within the following limitations:

(a) In the 1998-99 state fiscal year, the board may authorize loans under this act to a county with a population greater than 1,500,000.

(b) For a state fiscal year in which the block grant appropriated to a county with a population of more than 1,500,000 that is organized under 1966 PA 293, MCL 45.501 to 45.521, and that is a county juvenile agency is less than the amount required to be distributed to that county in that year under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, the board may authorize a loan to that county in an amount not greater than the difference between the amount of the block grant and the amount required to be distributed to that county for that fiscal year under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b. The board is not required to authorize loans under this subdivision to a county for more than 1 state fiscal year.

(3) If in a state fiscal year the block grant appropriated to a county other than a county described in subsection (2) that is a county juvenile agency is less than the amount required to be distributed to that county in that year under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, the board may authorize a loan to that county in an amount not greater than the difference between the amount of the block grant and the amount required to be distributed to that county under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, in that state fiscal year.

(4) Sections 6(2), 7, and 8 and the conditions listed in section 4(1) do not apply to a loan authorized under subsection (2) or (3).

(5) The proceeds of a loan made under subsection (2) or (3) shall be maintained in a separate account and shall not be commingled with the county's general fund or any other special fund or account.

(6) The state treasurer or his or her designee shall monitor the expenditure of the proceeds of any loan made under subsection (2) or (3).

(7) The proceeds of a loan made under subsection (2) or (3) are subject to the requirements of the county juvenile agency act, 1998 PA 518, MCL 45.621 to 45.631.

(8) Except as otherwise provided in this subsection, revenue for loans made under this act shall be provided from the surplus funds of this state under authorization granted under section 1 of 1855 PA 105, MCL 21.141. Alternatively, for a school district, revenue for a loan made under this act may be provided from money advanced to the school district by this state from money appropriated from the state school aid fund established under section 11 of article IX of the state constitution of 1963 and payable to the school district under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896.

(9) After September 30, 2012, the board may restructure payments, but not the outstanding principal balance or interest, on a loan to a municipality under subsection (1) if all of the following apply:

(a) For a municipality that is a school district, in a state fiscal year after the state fiscal year in which the

loan to the school district was authorized by the board, the foundation allowance for the school district under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896, is less than the foundation allowance for the school district in the state fiscal year in which the loan was authorized.

(b) For a municipality other than a school district, in a state fiscal year after the state fiscal year in which the loan to the municipality was authorized by the board, statutory revenue sharing for the municipality under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, combined with any economic vitality incentive program money payable to the municipality is less than the statutory revenue sharing for the municipality combined with any economic vitality incentive program money payable to the municipality in the state fiscal year in which the loan was authorized.

(c) The municipality is in compliance with the terms of the loan and any other requirements applicable to the municipality under this act.

(d) The municipality is in compliance with any requirements relating to a deficit elimination plan under state law.

(e) The municipality is in compliance with any applicable consent agreement or order of an emergency manager under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531.

(f) For a municipality that is a school district, the school district is in compliance with all requirements for receipt of the foundation allowance and any other requirements applicable to the school district under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896.

(g) For a municipality other than a school district, the municipality is in compliance with all conditions for economic vitality incentive program money or statutory revenue sharing or other requirements applicable to the municipality under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921.

(h) The restructuring of payments complies with applicable law.

(i) The loan has not been sold or transferred under section 6a.

(10) As used in this section, "county juvenile agency" means that term as defined in section 2 of the county juvenile agency act, 1998 PA 518, MCL 45.622.

**History:** 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1987, Act 282, Eff. Apr. 11, 1988;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

#### **141.933a Proceeds of a loan; special assessment.**

Sec. 3a. The proceeds of a loan issued under this act to a municipality shall not be used by the municipality to finance any costs associated with a special assessment or special assessment district established after the effective date of the amendatory act that added this section.

**History:** Add. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

#### **141.934 Application for loan; resolution; certification of information and conditions; inspection, copying, or auditing of books and records; applicability of subsection (1).**

Sec. 4. (1) If the governing body of a municipality desires to request a loan, it shall provide by resolution for the submission of an application to the board for a loan made under this act. The municipality shall certify and substantiate all of the following information and conditions to be eligible for consideration for a loan authorization by the board:

(a) A deficit for the municipality's general fund is projected for the current fiscal year.

(b) That 1 or both of the following have occurred within the 18 months immediately preceding the loan request:

(i) The municipality has issued tax anticipation notes or revenue sharing notes under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, or for a school district, issued notes under section 1225 of the revised school code, 1976 PA 451, MCL 380.1225.

(ii) The department of treasury has acted upon a request by the municipality to issue tax anticipation notes or revenue sharing notes under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(c) The municipality meets 1 or more of the following conditions:

(i) Its income tax revenue growth rate is .90 or less, or the municipality has 2 or more emergency loans outstanding at the time its application is submitted and its income tax revenue growth rate is 1.3 or less.

(ii) Its local tax base growth rate is 75% or less of the statewide tax base growth rate.

(iii) The state equalized valuation of real and personal property within the municipality at the time the loan application is made is less than the state equalized valuation of real and personal property within the municipality in the immediately preceding year.

(iv) The municipality is levying the maximum number of mills it is authorized to levy as approved by the

voters and has either of the following:

(A) One or more delinquent special assessments.

(B) Outstanding bonds, notes, or other evidences of indebtedness that were issued in anticipation of a contract obligation with, or an assessment obligation against, another municipality that has 1 or more delinquent special assessments that were levied to satisfy, in whole or in part, the contract or assessment obligation.

(v) For a school district, the school district's membership under section 6 of the state school aid act of 1979, 1979 PA 94, MCL 388.1606, at the time the loan application is made has declined over a preceding 3-state-fiscal-year period by a total of 15% or more, as determined by the department of treasury.

(vi) The municipality is in receivership or is subject to a consent agreement under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, or a successor statute, and loan authorization by the board is necessary to implement a financial and operating plan, a consent agreement, or a continuing operations plan or recovery plan for the municipality under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, or a successor statute.

(vii) The municipality is a municipality for which a financial emergency has been confirmed to exist and responsibilities for the municipality are vested in an emergency financial manager under former 1990 PA 72 or is a municipality for which a consent agreement, including a plan to address a serious financial problem, is in place for the municipality under former 1990 PA 72. This subparagraph applies only if the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, is repealed or otherwise not effective and former 1990 PA 72 is again in effect or applicable.

(d) The municipality submits a 5-year plan, that has been approved by the governing body of the municipality, and that will balance future expenditures with anticipated revenues.

(2) If the board determines it necessary, the board may inspect, copy, or audit the books and records of a municipality.

(3) Subsection (1) does not apply to a loan authorized under section 3(2) or (3).

**History:** 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1983, Act 67, Imd. Eff. May 31, 1983;—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2002, Act 405, Imd. Eff. June 3, 2002;—Am. 2007, Act 198, Imd. Eff. Dec. 21, 2007;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

#### **141.935 Maximum amount of loans; eligibility.**

Sec. 5. Except for a county subject to section 3(2), until September 30, 2011, the board may authorize loans to any 1 municipality in an amount not to exceed \$3,000,000.00 in any 1 fiscal year of the municipality. Except for a county subject to section 3(2), a municipality is not eligible to receive loans in more than 5 fiscal years in any 10-year period.

**History:** 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1987, Act 282, Eff. Apr. 11, 1988;—Am. 2007, Act 198, Imd. Eff. Dec. 21, 2007;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

#### **141.936 Annual rate or rates of interest; fixed rate; rate calculated upon formula; limitation; payment of interest and principal; delinquency; repayment at earlier date or in fewer installments; prohibited conditions; effect of failure to make repayments; loan as general obligation of municipality; exception.**

Sec. 6. (1) A loan made under this act shall bear an annual rate or rates of interest, if any, as established by the board under section 2(5). The board may establish interest for a loan under this act either at a rate or rates that are fixed for the term of the loan or, if the formula is approved by the board at the time the loan is made or renegotiated as authorized in section 2, at a rate calculated upon a formula that varies the rate annually. The board may provide that the interest rate or rates for a loan under this act may adjust to an interest rate or rates determined at the time of the sale or transfer by the state treasurer to be sufficient to facilitate the sale of the loans under section 6a. Except for loans sold or transferred under section 6a, if the interest rate for a loan under this act is a single fixed rate, the annual rate of interest for the term of a loan shall not be less than the municipal 10-year rate as determined by the state treasurer. The board may consider a higher interest rate based on both the market interest rates and the risk of the municipality requesting the loan.

(2) Interest payments are due and payable as determined by the board or the state treasurer under section 6a. Repayment of all of the principal shall be made not more than 30 years from the date of issuance determined by the board or state treasurer under section 6a, except as provided in subsection (5). This subsection, sections 7 and 8, and the conditions listed in section 4(1) do not apply to a loan authorized under section 3(2) or (3).

(3) The loan agreement between the board and a county for a loan authorized under section 3(2) or (3) shall establish the schedule for payment of the principal of and interest on the loan, the nature of the

obligation of the county to repay a loan made under this act, and any security for that loan. Payments of principal and interest for a loan authorized by section 3(2) shall be limited to revenues allocated to the county under the health and safety fund act, 1987 PA 264, MCL 141.471 to 141.479, minus those revenues authorized by the board in the loan agreement for use in the payment of other county obligations.

(4) Unless other state appropriations to a municipality are pledged or assigned in an amount sufficient for the municipality to make a required principal or interest payment, if the municipality's payment of required principal or interest is delinquent, the state treasurer may withhold the amount of all delinquent payments that are due on a loan issued under this act from state payments to the municipality under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921.

(5) Except for loans sold or transferred under section 6a or as otherwise determined by the board, notwithstanding the payment schedules and methods established by this section or by the terms of a loan agreement, a municipality may initiate repayment of all or part of a loan made under this act at an earlier date or may make repayment in fewer installment payments, or both. The board shall not condition either eligibility for consideration for a loan or the grant of a loan under this act on repayment schedules and terms other than those required by subsections (1), (2), (3), and (4). In addition, failure of a municipality to make repayments under terms or a schedule it has instituted under this subsection does not disqualify the municipality from eligibility for consideration for loans in subsequent fiscal years.

(6) A loan issued under this act shall be a general obligation of the municipality except that a loan issued under section 3(2) shall not be a general obligation of the municipality and shall be repaid solely from specific revenues pledged for repayment of the loan.

**History:** 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986;—Am. 1987, Act 282, Eff. Apr. 11, 1988;—Am. 1988, Act 198, Imd. Eff. June 27, 1988;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

#### **141.936a State treasurer selling or transferring loan; security; interest rate; terms; notice.**

Sec. 6a. (1) The state treasurer may sell or transfer a loan under this act and enter into an agreement related to the sale or transfer of the loan. The state treasurer also may assign to the purchaser or transferee of a loan under this act all security pledged for the loan by a municipality. A loan sold or transferred under this section shall be secured in the same manner as a loan under this act not sold or transferred, including, but not limited to, benefiting from the security provided by section 6(4).

(2) The state treasurer may enter into an agreement with the purchaser or transferee of a loan under this act to repurchase the loan at a price and time or upon the occurrence of an event provided in the agreement.

(3) Except as otherwise provided in this subsection, at the time a loan is sold or transferred under this section, the state treasurer may set the interest rate, or method of determining the interest rate, on the loan being sold or transferred, including, but not limited to, a loan made before the effective date of the amendatory act that added this section, at a rate the state treasurer determines necessary and advisable to accomplish the sale or transfer. A rate determined by the state treasurer shall not exceed the maximum rate otherwise authorized by law.

(4) When a loan is sold or transferred under this section, the state treasurer may make changes to the terms of the loan, including a loan made before the effective date of the amendatory act that added this section, as the state treasurer determines necessary and advisable to permit a purchaser or transferee to sell obligations secured by the loans as tax-exempt under federal law, including, but not limited to, modifying redemption provisions, principal amortization, and interest and principal payment dates of the loan. The state treasurer also may require a municipality to make certain covenants the state treasurer determines necessary or advisable relating to the tax-exempt status of the obligations of a purchaser or transferee.

(5) At any time, the state treasurer may require a municipality to enter into an agreement with a purchaser or transferee of a loan regarding continuing disclosure obligations under federal law or any other matters the state treasurer determines are necessary and advisable. The state treasurer may require entry into an agreement with a recipient of a loan issued before the effective date of the amendatory act that added this section.

(6) If a loan is sold or transferred under this section, the state treasurer shall notify all of the following that the loan was sold or transferred:

- (a) Governor.
- (b) Senate majority leader.
- (c) Senate minority leader.
- (d) Speaker of the house of representatives.
- (e) House minority leader.
- (f) Senate fiscal agency.

(g) House fiscal agency.

**History:** Add. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

#### **141.937 Duties of municipality receiving loan; definitions; exception.**

Sec. 7. (1) A municipality that receives a loan under this act shall perform all of the following:

(a) Except as otherwise provided in this subdivision, employ a full-time professional administrator or contract with a person with expertise in municipal finance and administration to direct or participate directly in the management of the municipality's operations until otherwise ordered by the board. If the municipality is in receivership under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, or a successor statute, compensate the emergency manager for the municipality and reimburse the emergency manager's actual and necessary expenses as provided under section 15(5)(e) of the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1515, or a successor statute. If the municipality is under a consent agreement as provided under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, or a successor statute, compensate those officials who are required to be compensated under the consent agreement with the municipality and reimburse those officials' actual and necessary expenses as provided under the consent agreement.

(b) If the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, is repealed or otherwise not effective and former 1990 PA 72 is again in effect or applicable and an emergency financial manager is in place for the municipality under former 1990 PA 72, compensate the emergency financial manager and reimburse the emergency financial manager's actual and necessary expenses. If the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, is repealed or otherwise not effective and former 1990 PA 72 is again in effect or applicable and a consent agreement is in place for the municipality under former 1990 PA 72, compensate those officials who are required to be compensated under the consent agreement with the municipality and reimburse those officials' actual and necessary expenses as provided under the consent agreement.

(c) Not more than 6 months after receiving a loan and semiannually after that date for the period the loan is outstanding, submit to the board an evaluation of the performance of the municipality against the 5-year plan submitted under section 4(1).

(d) Submit all of the following to the board on a quarterly basis:

(i) A statement of actual revenues received in the last quarter and in the current fiscal year to date.

(ii) A statement of total revenues estimated to be received by the municipality in the current fiscal year.

(iii) A statement of expenditures made and encumbrances entered into by the municipality in the last quarter and in the current fiscal year to date.

(iv) A statement of revenues that were estimated to be received and expenditures that were estimated to be made during the current fiscal year and through the end of the last quarter.

(v) A balance sheet indicating whether total estimated expenditures for the current fiscal year and for the last quarter exceed the total estimated revenues for the current fiscal year and for the last quarter, respectively.

(e) Submit the general appropriations act of the municipality, and any amendments to that act, adopted under the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a, or any equivalent report as may be required by the board if the municipality is not required to adopt a general appropriations act.

(f) Submit any budget change in the current fiscal year or any amendment to the general appropriations act of the municipality for the current fiscal year to the board before adoption.

(g) Submit any budget for the ensuing fiscal year or the general appropriations act of the municipality for the ensuing fiscal year to the board before adoption.

(h) Certify that the municipality has fully complied with all statutory requirements concerning use of the uniform chart of accounts and audits.

(2) If the state treasurer determines that a municipality is not in compliance with all of the requirements under subsection (1) and with the 5-year plan submitted under section 4(1), the state treasurer may modify the terms of the loan to require a higher interest rate or to accelerate the repayment of the loan.

(3) As used in this section, "expenditure" and "revenue" mean those terms as defined in sections 2c and 2d of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.422c and 141.422d.

(4) Subsection (1) does not apply to a loan authorized under section 3(2) or (3).

**History:** 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

#### **141.938 Additional eligibility requirements; exception.**

Sec. 8. (1) In addition to the requirements of section 4, to be eligible for consideration for a fiscal year loan

under this act after having qualified for and received the first or any subsequent fiscal year loan under this act, a municipality shall satisfy all of the following requirements:

(a) Fulfilled the requirements of section 7.

(b) Submitted a progress report to the board detailing the steps that have been taken to achieve the long-range plan submitted pursuant to section 4(1) and the management measures that have been taken to improve fiscal management of the municipality.

(c) Satisfy the board that reasonable progress has been made to resolve any federal discrimination suit pending against the municipality.

(2) Subsection (1) does not apply to a loan authorized under section 3(2) or (3).

**History:** 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999.

#### **141.939 Annual report; evaluation of loan program; recommendations.**

Sec. 9. The board shall report annually to the governor and the legislature on which municipalities have applied for loans under the program, which municipalities have received loans, the amount of each loan, and the conditions under which each loan was made. Five years after the effective date of this act, the board shall submit to the governor and the legislature an evaluation of the loan program with recommendations for its continuance or discontinuance.

**History:** 1980, Act 243, Imd. Eff. July 24, 1980.

#### **141.940 Repealed. 1980, Act 324, Imd. Eff. Dec. 15, 1980.**

**Compiler's note:** The repealed section pertained to local emergency financial assistance loan fund.

#### **141.941 Short title.**

Sec. 11. This act may be known and may be cited as the "emergency municipal loan act".

**History:** 1980, Act 243, Imd. Eff. July 24, 1980.

#### **141.942 Conditional effective date.**

Sec. 12. This act shall not take effect unless the following Senate Bills of the 1980 regular session of the legislature are enacted into law:

(a) Senate Bill No. 1192.

(b) Senate Bill No. 1193.

**History:** 1980, Act 243, Imd. Eff. July 24, 1980.

**Compiler's note:** Senate Bill No. 1192, referred to in this section, was approved by the Governor on July 24, 1980, and became P.A. 1980, No. 242, Imd. Eff. July 24, 1980. Senate Bill No. 1193, also referred to in this section, was approved by the Governor on July 24, 1980, and became P.A. 1980, No. 241, Imd. Eff. July 24, 1980.