



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 284 (as passed by the Senate)
Sponsor: Senator Gerald Van Woerkom
Committee: Local, Urban and State Affairs

Date Completed: 5-14-09

RATIONALE

Over the last few decades, legislation has been enacted to allow local governments to establish particular types of boards and authorities designed to spur economic development. Such entities include brownfield redevelopment authorities, tax increment finance authorities, and downtown development authorities. Over the years, legislation also has created exceptions for some of these bodies to Public Act 566 of 1968, which prohibits public officers and employees from holding two or more incompatible offices at the same time. Other types of local economic development entities, such as neighborhood improvement authorities and land bank fast track authorities, remain subject to Public Act 566. It has been suggested that exceptions should be extended to these entities so that public officers or employees may serve on them.

CONTENT

The bill would amend Public Act 566 of 1978 to allow a public officer or employee to be appointed to and serve as a member of any of the following:

- A neighborhood improvement authority under the Neighborhood Improvement Authority Act.
- A water resource improvement tax increment finance authority (TIFA) under the Water Resource Improvement Tax Increment Finance Authority Act.
- A historical neighborhood TIFA under the Historical Neighborhood Tax Increment Finance Authority Act.
- A board of a principal shopping district or a board of directors of a business

improvement zone under Public Act 120 of 1961, the principal shopping district Act.

- A board of directors of a land bank fast track authority under the Land Bank Fast Track Act.
- A corridor improvement authority under the Corridor Improvement Authority Act.

A public officer or employee also could be appointed to and serve as an officer of a metropolitan district under the Metropolitan District Act.

Public Act 566 of 1978 prohibits a public officer or public employee from holding two or more incompatible offices at the same time. "Incompatible offices" means public offices held by a public official which, when the official is performing the duties of any of the public offices held by the official, results in the subordination of one public office to another, the supervision of one public office by another, or a breach of duty of public office with respect to those offices held.

"Public officer" means a person who is elected or appointed to an office established by the State Constitution; a public office of a city, village, township, or county in this State; or a department, board, agency, institution, commission, authority, division, council, college, university, school district, intermediate school district, special district, or other public entity of this State or a city, village, township, or county in this State. "Public employee" means an employee of this State, an employee of a city, village, township, or county of this State, or an employee of a department, board, agency, institution, commission, authority, division,

council, college, university, school district, intermediate school district, special district, or other public entity of this State or of a city, village, township, or county in this State, but does not include a person whose employment results from election or appointment.

The Act makes exceptions to the prohibition against holding incompatible public offices. Among other things, the Act does not prohibit a public officer or public employee of a city, village, township, school district, community college district, or county from being appointed to and serving as a member of any of the following:

- The board of a TIFA under the Tax Increment Finance Authority Act.
- A downtown development authority under Public Act 197 of 1975, the downtown development authority Act.
- A local development finance authority under the Local Development Financing Act.
- A brownfield redevelopment authority under the Brownfield Redevelopment Financing Act.

Under the bill, a public officer or public employee also would not be prohibited from being appointed to and serving as member or officer of the authorities and districts listed above.

MCL 15.183

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bill simply would make additional exceptions to the general rule that public officers and employees may not serve on city, village, township, county, or school district boards if the positions are incompatible. Public Act 566 already allows public officials to serve on the boards of certain types of local authorities. The entities specified in the bill can be powerful economic development tools for communities, and often elected officials, such as mayors and city council members, can provide valuable knowledge of situations and resources within a municipality. In many cases, it would make sense for

government officials or employees to sit on authorities in which their municipalities have a stake.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.