

HOUSE BILL NO. 4752

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

A bill to amend 2012 PA 436, entitled
"Local financial stability and choice act,"
(MCL 141.1541 to 141.1575) by adding section 9a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9a. (1) Beginning on the effective date of the amendatory
2 act that added this section, the governor may appoint a financial
3 management team to address a financial emergency within that local
4 government as provided for in this act.

5 (2) Upon appointment, a financial management team acts for and



1 in the place and stead of the governing body and the office of
2 chief administrative officer of the local government. The financial
3 management team has broad powers in receivership to rectify the
4 financial emergency and to assure the fiscal accountability of the
5 local government and the local government's capacity to provide or
6 cause to be provided necessary governmental services essential to
7 the public health, safety, and welfare. Following appointment of a
8 financial management team and during the pendency of receivership,
9 the governing body and the chief administrative officer of the
10 local government shall not exercise any of the powers of those
11 offices except as may be specifically authorized in writing by the
12 financial management team or as otherwise provided by this act and
13 are subject to the conditions required by the financial management
14 team.

15 (3) The governor shall appoint, with the advice and consent of
16 the senate, the following 3 members to a financial management team:

17 (a) An individual who has a minimum of 5 years' experience and
18 demonstrable expertise in financial matters.

19 (b) An individual who has a minimum of 3 years' experience
20 working in local government.

21 (c) An individual appointed from a list of not fewer than 3
22 names recommended by the governing body of the local government to
23 act as local ombudsman. The individual appointed under this
24 subdivision must be a resident of the local government.

25 (4) Notwithstanding section 3(1) of 1968 PA 317, MCL 15.323,
26 each member of a financial management team is subject to all of the
27 following:

28 (a) 1968 PA 317, MCL 15.321 to 15.330, as a public servant.

29 (b) 1973 PA 196, MCL 15.341 to 15.348, as a public officer.



1 (c) 1968 PA 318, MCL 15.301 to 15.310, as if he or she were a
2 state officer.

3 (5) The governor may remove a member of a financial management
4 team for incompetence, dereliction of duty, malfeasance,
5 misfeasance, or nonfeasance in office, or any other good cause. If
6 a member of a financial management team is removed, the governor
7 shall within 14 days after the removal appoint a new member to the
8 financial management team.

9 (6) Each member of a financial management team is subject to
10 impeachment and conviction by the legislature as if he or she were
11 a civil officer under section 7 of article XI of the state
12 constitution of 1963.

13 (7) If a vacancy occurs on a financial management team, the
14 governor shall within 14 days after the vacancy make an appointment
15 in the same manner as the original appointment.

16 (8) The first meeting of a financial management team must be
17 called by the governor and must occur no later than 14 days after
18 the last member of the financial management team is appointed by
19 the governor. At the first meeting of a financial management team,
20 the members shall elect a chairperson from among its members. After
21 the first meeting, the financial management team shall meet
22 quarterly, or more frequently at the call of the chairperson or if
23 requested by 2 members of the financial management team.

24 (9) Decisions by a financial management team for the local
25 government must be made by a majority of the members of the
26 financial management team.

27 (10) The business that a financial management team may perform
28 must be conducted at a public meeting of the financial management
29 team held in compliance with the open meetings act, 1976 PA 267,



1 MCL 15.261 to 15.275.

2 (11) A writing prepared, owned, used, in the possession of, or
3 retained by a financial management team in the performance of an
4 official function is subject to the freedom of information act,
5 1976 PA 442, MCL 15.231 to 15.246.

6 (12) Each member of a financial management team must be paid
7 by this state and the compensation must be set forth in a contract
8 approved by the state treasurer. Each contract must be posted on
9 the department of treasury's website within 7 days after the
10 contract is approved by the state treasurer.

11 (13) In addition to staff otherwise authorized by law, a
12 financial management team shall appoint additional staff and secure
13 professional assistance as the financial management team considers
14 necessary to fulfill its appointment.

15 (14) A financial management team shall submit quarterly
16 reports to the state treasurer with respect to the financial
17 condition of the local government in receivership, with a copy to
18 the superintendent of public instruction if the local government is
19 a school district and a copy to each state senator and state
20 representative who represents that local government. In addition,
21 each quarterly report must be posted on the local government's
22 website within 7 days after the report is submitted to the state
23 treasurer.

24 (15) A financial management team continues in the capacity of
25 a financial management team as follows:

26 (a) Until removed by the governor. If a financial management
27 team is removed, the governor shall within 30 days after the
28 removal appoint a new financial management team.

29 (b) Until the financial emergency is rectified.



1 (c) If a financial management team has served the local
2 government for at least 18 months, a financial management team may,
3 by resolution, be removed by a 2/3 vote of the governing body of
4 the local government. If the local government has a strong mayor,
5 the resolution requires strong mayor approval before the financial
6 management team may be removed. Notwithstanding section 7(4), if a
7 financial management team is removed under this subsection and the
8 local government has not previously breached a consent agreement
9 under this act, the local government may, within 10 days after the
10 removal, negotiate a consent agreement with the state treasurer. If
11 a consent agreement is not agreed upon within that 10-day period,
12 the local government shall proceed with the neutral evaluation
13 process pursuant to section 25.

14 (16) A local government must be removed from receivership when
15 the financial conditions are corrected in sustainable fashion as
16 provided in this act. In addition, the local government may be
17 removed from receivership if a financial management team is removed
18 under subsection (15) (c) and the governing body of the local
19 government by a 2/3 vote approves a resolution for the local
20 government to be removed from receivership. If the local government
21 has a strong mayor, the resolution requires strong mayor approval
22 before the local government is removed from receivership. A local
23 government that is removed from receivership while a financial
24 emergency continues to exist as determined by the governor shall
25 proceed under the neutral evaluation process pursuant to section
26 25.

27 (17) Notwithstanding section 7(4) and subject to the
28 requirements of this section, if a financial management team has
29 served for less than 18 months, the governing body of the local



1 government may pass a resolution petitioning the governor to remove
2 the financial management team as provided in this section and allow
3 the local government to proceed under the neutral evaluation
4 process as provided in section 25. If the local government has a
5 strong mayor, the resolution requires strong mayor approval. If the
6 governor accepts the resolution, notwithstanding section 7(4), the
7 local government shall proceed under the neutral evaluation process
8 as provided in section 25.

9 (18) The governor may delegate his or her duties under this
10 section to the state treasurer.

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

13 Enacting section 2. This amendatory act does not take effect
14 unless Senate Bill No. ____ or House Bill No. 4751 (request no.
15 01329'19) of the 100th Legislature is enacted into law.

