

# HOUSE BILL No. 5749

June 9, 2016, Introduced by Rep. Pscholka and referred to the Committee on Appropriations.

A bill to amend 1980 PA 243, entitled  
"Emergency municipal loan act,"  
by amending sections 1 and 3 (MCL 141.931 and 141.933), section 1  
as amended by 2012 PA 284 and section 3 as amended by 2015 PA 115.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1           Sec. 1. As used in this act:

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

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

7           (c) "Income tax collections" means the total collection of a  
8 municipality under the city income tax act, 1964 PA 284, MCL  
9 141.501 to 141.787, in any calendar year.

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

1 following:

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

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

8 (e) "Municipality" means a county, city, village, ~~or township,~~  
9 **OR SCHOOL DISTRICT** in this state. ~~For the period beginning on~~  
10 ~~October 1, 2011 and ending on September 30, 2018, municipality also~~  
11 ~~includes a school district in this state.~~

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

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

23 (h) "State equalized valuation of real and personal property  
24 of the municipality" means the valuation determined under 1911 PA  
25 44, MCL 209.1 to 209.8, of real and personal property within the  
26 municipality plus an amount equal to the state equalized valuation  
27 equivalent of certain revenues of the municipality as determined

1 under this subdivision. The state equalized valuation equivalent  
 2 shall be calculated by dividing the sum of the following amounts by  
 3 the municipality's millage rate for the fiscal year:

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

7 (ii) The amount levied by the municipality for its own use  
 8 during the municipality's fiscal year from the specific tax levied  
 9 under the commercial redevelopment act, 1978 PA 255, MCL 207.651 to  
 10 207.668.

11 Sec. 3. (1) ~~For state fiscal years ending before October 1,~~  
 12 ~~2011, the~~ **THE** board may authorize loans under this act to  
 13 municipalities that total up to \$5,000,000.00 in a state fiscal  
 14 year. ~~For state fiscal years beginning after September 30, 2018,~~  
 15 ~~the board may authorize loans under this act to municipalities that~~  
 16 ~~total up to \$10,000,000.00 in a state fiscal year, but a loan to a~~  
 17 ~~single municipality shall not exceed \$4,000,000.00 in a state~~  
 18 ~~fiscal year. For the period beginning on October 1, 2011 and ending~~  
 19 ~~on September 30, 2018, the board may do all of the following:~~

20 ~~—— (a) Authorize loans to municipalities other than school~~  
 21 ~~districts that total up to \$48,000,000.00 during the period. Loans~~  
 22 ~~to a single municipality under this subdivision shall not total~~  
 23 ~~more than \$20,000,000.00.~~

24 ~~—— (b) Authorize loans to municipalities that are school~~  
 25 ~~districts that total up to \$70,000,000.00 during the period. Loans~~  
 26 ~~to a single school district under this subdivision shall not total~~  
 27 ~~more than \$20,000,000.00. The board shall not authorize a loan to a~~

1 ~~school district organized as a school district of the first class~~  
2 ~~under part 6 of the revised school code, 1976 PA 451, MCL 380.401~~  
3 ~~to 380.485.~~ **\$148,000,000.00.**

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

6 (a) In the 1998-99 state fiscal year, the board may authorize  
7 loans under this act to a county with a population greater than  
8 1,500,000.

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

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

1 distributed to that county under the social welfare act, 1939 PA  
2 280, MCL 400.1 to 400.119b, in that state fiscal year.

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

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

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

13 (7) The proceeds of a loan made under subsection (2) or (3)  
14 are subject to the county juvenile agency act, 1998 PA 518, MCL  
15 45.621 to 45.631.

16 (8) Except as otherwise provided in this subsection, revenue  
17 for loans made under this act shall be provided from the surplus  
18 funds of this state under authorization granted under section 1 of  
19 1855 PA 105, MCL 21.141. Alternatively, for a school district,  
20 revenue for a loan made under this act may be provided from money  
21 advanced to the school district by this state from money  
22 appropriated from the state school aid fund established under  
23 section 11 of article IX of the state constitution of 1963 and  
24 payable to the school district under the state school aid act of  
25 1979, 1979 PA 94, MCL 388.1601 to 388.1896.

26 (9) After September 30, 2012, the board may restructure  
27 payments, but not the outstanding principal balance or interest, on

1 a loan to a municipality under subsection (1) if all of the  
2 following apply:

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

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

8 (c) The municipality is in compliance with any applicable  
9 consent agreement or order of an emergency manager under the local  
10 financial stability and choice act, 2012 PA 436, MCL 141.1541 to  
11 141.1575, or a successor statute.

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

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

23 (f) The restructuring of payments complies with applicable  
24 law.

25 (g) The loan has not been sold or transferred under section  
26 6a.

27 (10) As used in this section, "county juvenile agency" means

1 that term as defined in section 2 of the county juvenile agency  
2 act, 1998 PA 518, MCL 45.622.

3 Enacting section 1. This amendatory act does not take effect  
4 unless Senate Bill No. \_\_\_\_ or House Bill No. 5750 (request no.  
5 06071'16 a) of the 98th Legislature is enacted into law.