

Legislative Analysis



GUBERNATORIAL APPOINTMENT OF EMERGENCY FINANCIAL MANAGER

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Senate Bill 461

Sponsor: Sen. Michael Bishop

House Committee: Local Government and Urban Policy

Senate Committee: Local, Urban and State Affairs

Complete to 10-10-05

A SUMMARY OF SENATE BILL 461 AS PASSED BY THE SENATE 9-29-05

Currently, the Local Government Fiscal Responsibility Act requires the Governor, if he or she determined that a financial emergency exists in a city, village, township, or county, to assign the responsibility for managing the emergency to the Local Emergency Financial Assistance Loan Board. The board is required under the act to appoint an emergency financial manager; this person then serves at the pleasure of the board.

Senate Bill 461 instead would amend the act (MCL 141.1218) to require the board to submit to the Governor the names of not less than three nominees to be considered for appointment to serve as the emergency financial manager for the local government. The Governor would have to appoint one of those nominees with the advice and consent of the Senate. The Governor would also fix the term that the emergency financial manager would serve, but the term could not exceed one year. The appointment would have to be by written contract and could be renewed on an annual basis for not more than one year. A contract of an emergency financial manager on the bill's effective date could not be renewed for a period greater than one year.

Furthermore, the emergency financial manager would serve at the Governor's pleasure, instead of at the board's pleasure. In addition, the emergency financial manager would have to submit a quarterly report detailing activities to the Local Emergency Financial Assistance Board and to the chairs of the House and Senate committees with oversight of local government issues. Lastly, the bill would delete an obsolete provision pertaining to emergency financial managers appointed and serving under provisions of former Public Act 101 of 1988, which was repealed by adoption of the current act in 1990.

FISCAL IMPACT:

This bill would have no impact on state or local revenues.

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