

SUBSTITUTE FOR  
SENATE BILL NO. 461

A bill to amend 1990 PA 72, entitled  
"Local government fiscal responsibility act,"  
by amending section 18 (MCL 141.1218).

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 18. (1) If the governor determines that a financial  
2 emergency exists under section 15, the governor shall assign the  
3 responsibility for managing the local government financial  
4 emergency to the local emergency financial assistance loan board  
5 created under the emergency municipal loan act, ~~Act No. 243 of the~~  
6 ~~Public Acts of 1980, being sections 141.931 to 141.942 of the~~  
7 ~~Michigan Compiled Laws~~ 1980 PA 243, MCL 141.931 TO 141.942. The  
8 local emergency financial assistance loan board shall ~~appoint an~~  
9 ~~emergency financial manager~~ **SUBMIT TO THE GOVERNOR THE NAMES OF**  
10 **NOT LESS THAN 3 NOMINEES WHO SHALL BE CONSIDERED FOR APPOINTMENT TO**

1 SERVE AS THE EMERGENCY FINANCIAL MANAGER FOR THE LOCAL GOVERNMENT.  
2 FROM THE LIST OF NOMINEES SUBMITTED TO THE GOVERNOR, THE GOVERNOR  
3 SHALL APPOINT, WITH THE ADVICE AND CONSENT OF THE SENATE, AN  
4 EMERGENCY FINANCIAL MANAGER FOR THE LOCAL GOVERNMENT WHO SHALL HOLD  
5 OFFICE FOR A TERM FIXED BY THE GOVERNOR, BUT NOT TO EXCEED 1 YEAR.  
6 THE APPOINTMENT SHALL BE BY WRITTEN CONTRACT AND MAY BE RENEWED ON  
7 AN ANNUAL BASIS FOR NOT MORE THAN 1 YEAR. A CONTRACT OF AN  
8 EMERGENCY FINANCIAL MANAGER ON THE EFFECTIVE DATE OF THE AMENDATORY  
9 ACT THAT ADDED SUBSECTION (4) SHALL NOT BE RENEWED FOR A PERIOD  
10 GREATER THAN 1 YEAR.

11 (2) The emergency financial manager shall be chosen solely on  
12 the basis of his or her competence and shall not have been either  
13 an elected or appointed official or employee of the local  
14 government for which appointed for not less than 5 years before the  
15 appointment. The emergency financial manager need not be a resident  
16 of the local government for which he or she is appointed. The  
17 emergency financial manager shall serve at the pleasure of the  
18 ~~local emergency financial assistance loan board~~ GOVERNOR.

19 (3) The emergency financial manager shall be entitled to  
20 compensation and reimbursement for actual and necessary expenses  
21 from the local government as approved by the local emergency  
22 financial assistance loan board. In addition to staff otherwise  
23 authorized by law, with the approval of the local emergency  
24 financial assistance loan board, the emergency financial manager  
25 may appoint additional staff and secure professional assistance  
26 considered necessary to implement this article.

27 ~~(2) An emergency financial manager appointed under the local~~

1 ~~government fiscal responsibility act, former Act No. 101 of the~~  
2 ~~Public Acts of 1988, and serving on the effective date of this act,~~  
3 ~~except as provided in subsection (1), shall continue under this act~~  
4 ~~to fulfill his or her powers and duties.~~

5           (4) THE EMERGENCY FINANCIAL MANAGER SHALL SUBMIT A QUARTERLY  
6 REPORT DETAILING HIS OR HER ACTIVITIES TO THE LOCAL EMERGENCY  
7 FINANCIAL ASSISTANCE BOARD AND TO THE CHAIRPERSONS OF THE HOUSE AND  
8 SENATE COMMITTEES WITH OVERSIGHT OF LOCAL GOVERNMENT ISSUES.