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BILL ANALYSIS

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Senate Bills 1345, 1346, and 1347 (as enacted)

PUBLIC ACTS 418-420 of 2008

Sponsor: Senator Jim Barcia

Senate Committee: Local, Urban and State Affairs

House Committee: Intergovernmental, Urban, and Regional Affairs

Date Completed: 2-13-09

CONTENT

Senate Bill 1345 amended the Home Rule Village Act, Senate Bill 1346 amended Public Act 191 of 1968, which prescribes the powers and duties of the State Boundary Commission and provides for municipal incorporation, consolidation and annexation, and Senate Bill 1347 amended the Home Rule City Act, to extend from two years to three years the period during which a new charter must be adopted following an election on the incorporation of a village, the State Boundary Commission's order to approve the proposed consolidation or incorporation of municipalities, or an election on the question of the incorporation of a proposed city, respectively.

Previously, if it was rejected three times, or if the voters had not adopted a charter within two years after the election on the question of incorporating the village, the territory of the village had to revert to its status before the petition was filed. The bill retained this provision but extended the two-year period to three years.

Senate Bill 1346

Incorporation

Under Public Act 191 of 1968, the incorporation of a village or a city must be initiated as prescribed under the Home Rule Village Act or the Home Rule City Act, respectively. After the public hearing on a proposed incorporation and review by the State Boundary Commission, the Commission may deny or approve the proposed incorporation, or revise the boundaries of the area proposed for incorporation and approve the proposal as revised. If an incorporation proposal is approved of the boundaries, the order is final 45 days after the date of the order unless, within the 45 days, a petition for a referendum that contains the signatures of at least 5% of the registered electors residing in the area to be incorporated is filed with the Commission. If a petition is filed, the Commission, after determining its validity, must order a referendum on the question of incorporation to be held in the area approved for incorporation and must specify a date on which the order becomes final if the proposal is approved. If a majority of the electors voting on the question in the area approves the incorporation, the order becomes final on the specified date.

The bills took effect on January 6, 2009.

Senate Bill 1345

Under the Home Rule Village Act, villages may be incorporated or territory detached or added, or two or more villages may consolidate into one village, by proceedings originating by petition signed by qualified electors residing within the cities, villages, or townships to be affected. At an election on the question of incorporating a new village, the voters also must elect a charter commission, which is responsible for framing a village charter and providing for the first village election. If the charter is rejected on the first vote, the commission must reconvene and modify the first charter, which must be resubmitted charter to the voters. A proposed charter may not be submitted to the voters more than three times.

Charter commission elections and proceedings under the Home Rule Village and Home Rule City Acts must follow a vote of approval for incorporation. If, on submission of a second charter, a favorable vote by a majority of the electors residing in the area proposed for incorporation is not obtained, the incorporation proceedings must end. Previously, if a charter had not been adopted within a period of two years following the date the State Boundary Commission's order became final, or if within the two-year period the charter commission did not reconvene within 90 days after the election at which the first proposed charter was defeated, the incorporation proceedings ended. The bill retained this provision but extended the two-year periods to three years.

Consolidation

Under Public Act 191, proceedings for municipal consolidation may be initiated by the filing of a petition with the State Boundary Commission. The petition must be signed by a number of registered electors who are residents of one or more of the affected municipalities at least equal to 5% of the total population of the affected municipalities. After a public hearing on a proposed consolidation and review by the Commission, it may deny the consolidation, revise the boundaries of the territory to be consolidated and approve the proposal, or approve the consolidation without any change.

If a consolidation proposal is approved, the Commission's order becomes final 45 days after the date of the order unless a petition for a referendum is filed. If the petition is filed, the Commission must submit the proposition to a vote of the electors of the affected municipalities and specify a date on which the Commission's order becomes final. When its order approving a proposed consolidation becomes final, the Commission must call an election of charter commissioners.

When the charter commission has been elected, it must prepare a charter, which must be submitted to the electors of the municipalities proposed for consolidation. If the charter first submitted is not approved, the charter commission may reconvene and prepare a new charter, or prepare modifications or amendments to the first charter, and must submit the revised charter

to the electors. If the second charter is not approved, the consolidation proceedings must end.

Previously, if a charter had not been adopted within two years after the date the State Boundary Commission's order became final, or if within the two-year period the charter commission did not reconvene within 90 days after the election at which the first proposed charter was defeated, the consolidation proceedings had to end. The bill retained this provision but extended the two-year periods to three years.

Senate Bill 1347

Under the Home Rule City Act, cities may be incorporated or territory detached from or added to cities, two or more cities or villages may consolidate into one city, a city and one or more villages may consolidate into one city, or one or more cities or villages with additional territory not included within any incorporated city or village may consolidate into one city, by proceedings originating by petition signed by qualified electors residing within the cities, villages, or townships to be affected, as specified in the Act. At an election on the question of incorporating a new city, or making a consolidation permitted by the Act, the electors may vote for members of a charter commission.

The charter commission must frame a charter for the proposed city and fix the date of the first city election, at which the question of adopting the proposed charter will be voted on.

Any proposed charter, as originally submitted or resubmitted with any amendment or amendments, may not be submitted more than three times to the qualified electors of the proposed city. Previously, if it was rejected three times, or had not been adopted by the electors within two years after the election on the question of incorporating the proposed city, the territory of the proposed city had to revert to the status existing before the petition was filed. The bill retained this provision but extended the two-year period to three years.

MCL 78.12 (S.B. 1345)
123.1010 & 123.1017 (S.B. 1346)
117.16 (S.B. 1347)

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bills will have no impact on State revenue or expenditure. The bills will have an effect on local unit revenue and/or expenditures only to the extent that an election that previously could not be accomplished within a two-year time frame now may be accomplished. Local units adopt charters upon their formation and the creation of these local units generally has some impact on both revenue and expenditures. For example, creating a village usually results in the imposition of village taxes to pay for any expenditures the village may make. Similarly, if a village converts to a city, the city will have new responsibilities (most notably conducting elections) and both revenue and expenditures are likely to change. The magnitude of any changes will depend upon the particular characteristics of each local unit affected by the bills.

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.