



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 437 (as introduced 6-18-13)  
Sponsor: Senator Mike Nofs  
Committee: Local Government and Elections

**CONTENT**

The bill would amend the Urban Cooperation Act to allow the parties to an interlocal agreement to create a separate entity to exercise designated powers only if the agreement expressly provided for the creation of a separate legal entity; and to delete references to an administrative entity.

The Act allows a public agency of Michigan to exercise jointly with any other public agency of Michigan, any other state, Canada, or the U.S. government, any power, privilege, or authority that the agencies share in common and that each might exercise separately. A joint exercise of power must be made by contract in the form of an interlocal agreement. An interlocal agreement may provide for a separate legal or administrative entity to administer or execute the agreement. The bill specifies that, if an interlocal agreement did not expressly provide for a separate legal entity, then a separate legal entity could not be created.

The Act provides that the entity is a public body, corporate or politic for the purposes of the Act. Under the bill, this would apply if an interlocal agreement expressly provided for a separate legal entity.

Currently, an interlocal agreement must include, among other things, the precise organization, composition, and nature of any separate legal or administrative entity created in the agreement with the powers designated to that entity. The bill would refer to a separate legal entity created *expressly* in the agreement.

The bill also would eliminate references to an administrative entity in other provisions regarding a separate entity created under an interlocal agreement.

MCL 124.505 et al.

Legislative Analyst: Julie Cassidy

**FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 12-9-13

Fiscal Analyst: David Zin