



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 437 (as enacted)  
Sponsor: Senator Mike Nofs  
Senate Committee: Local Government and Elections  
House Committee: Local Government

**PUBLIC ACT 36 of 2014**

Date Completed: 11-9-15

**CONTENT**

**The bill amended 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 provides 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 entity to administer or execute the agreement. The bill specifies that, if an interlocal agreement does not expressly provide for a separate legal entity, then a separate legal entity may not be created.

Previously, these and other provisions referred to a legal or administrative entity. The bill eliminated the references to an administrative entity in the provisions regarding a separate entity created under an interlocal agreement.

Under the bill, if an interlocal agreement expressly provides for a separate legal entity, the entity is a public body, corporate or politic for the purposes of the Act. Also, an interlocal agreement must include, among other things, the precise organization, composition, and nature of any separate legal entity created in the agreement with the powers designated to that entity. The Act previously contained these provisions, without reference to a separate legal entity created *expressly* in the agreement.

The bill took effect on March 20, 2014.

MCL 124.505 et al.

Legislative Analyst: Julie Cassidy

**FISCAL IMPACT**

The bill has no fiscal impact on State or local government.

Fiscal Analyst: David Zin

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