

SENATE BILL NO. 575

September 18, 2025, Introduced by Senator SINGH and referred to Committee on Appropriations.

A bill to amend 2001 PA 34, entitled
"Revised municipal finance act,"
by amending sections 303 and 319 (MCL 141.2303 and 141.2319),
section 303 as amended by 2011 PA 5 and section 319 as amended by
2002 PA 541.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 303. (1) Each municipality shall file an audit report
2 annually with the department ~~within~~**not later than** 6 months ~~from~~
3 **after** the end of its fiscal year or as otherwise provided in the
4 uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to
5 141.440a.

(2) Accompanying the audit report described in subsection (1), a municipality shall file a qualifying statement, on a form and in the manner provided by the department, ~~which shall~~ **that must** be certified by the chief administrative officer. ~~Within~~ **Not later than** 30 business days ~~of~~ **after** the receipt of the qualifying statement, the department shall determine if the municipality complies with the requirements of subsection (3). If the department determines that the municipality complies with the provisions of subsection (3) or if the department fails to notify the municipality of its determination under this subsection ~~within~~ **not later than** 30 business days ~~of~~ **after** receipt of the qualifying statement, the municipality may proceed to issue municipal securities under this act without further approval from the department until 30 business days after the next qualifying statement is due or a new determination is made by the department, whichever occurs first.

(3) To qualify to issue municipal securities without further approval from the department, the municipality ~~shall~~ **must** be in material compliance with all of the following requirements, as determined by the department:

(a) The municipality is not operating under the provisions of the local ~~government and school district fiscal accountability act~~ **financial stability and choice act, 2012 PA 436, MCL 141.1541 to 141.1575.**

(b) The municipality did not issue securities in the immediately preceding 5 fiscal years or current fiscal year that were authorized by either the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942, other than a security issued for a loan authorized under section 3(2)(a) of the emergency municipal

1 loan act, 1980 PA 243, MCL 141.933, or the fiscal stabilization
2 act, 1981 PA 80, MCL 141.1001 to 141.1011.

3 (c) The municipality was not required by the terms of a court
4 order or judgment to levy a tax in the preceding fiscal year. For
5 purposes of this subdivision, the department may determine that a
6 court order or judgment to levy a tax is not material if it did not
7 have an adverse financial impact on the municipality.

8 (d) The most recent audit report, as required by the uniform
9 budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a,
10 was filed with the department ~~within~~**not later than** 6 months ~~from~~
11 **after** the end of the fiscal year of the municipality.

12 (e) The debt retirement fund balance for any municipal
13 security that is funded from an unlimited tax levy does not exceed
14 150% of the amount required for principal and interest payments due
15 for that municipal security in the next fiscal year.

16 (f) The municipality is not currently exceeding its statutory
17 or constitutional debt limits.

18 (g) The municipality has no outstanding securities that were
19 not authorized by statute.

20 (h) The municipality is not currently and during the preceding
21 fiscal year was not in violation of any provisions in the covenants
22 for an outstanding security.

23 (i) The municipality was not delinquent more than 1 time in
24 the preceding fiscal year in transferring employee taxes withheld
25 to the appropriate agency, transferring taxes collected as agent
26 for another taxing entity to that taxing unit, or making all
27 required pension, retirement, or benefit plan contributions.

28 (j) The most recent delinquent property taxes of the
29 municipality, without regard to payments received from the county

1 under the general property tax act, 1893 PA 206, MCL 211.1 to
2 211.155, did not exceed 18% of the amount levied.

3 (k) The municipality did not submit a qualifying statement or
4 an application for any other municipal security in the preceding 12
5 months that was materially false or incorrect.

6 (l) The municipality is not in default on the payment of any
7 debt, excluding industrial development revenue bonds issued under
8 the industrial development revenue bond act of 1963, 1963 PA 62,
9 MCL 125.1251 to 125.1267, economic development corporation bonds
10 issued under the economic development corporations act, 1974 PA
11 338, MCL 125.1601 to 125.1636, bonds issued by a local hospital
12 finance authority for a private hospital under the hospital finance
13 authority act, 1969 PA 38, MCL 331.31 to 331.84, or any other debt
14 for which the municipality is not financially liable.

15 (m) The municipality did not end the immediately preceding
16 fiscal year with a deficit in any fund, unless the municipality has
17 filed a financial plan to correct that deficit condition that is
18 acceptable to the department.

19 (n) The municipality has not been found by a court of
20 competent jurisdiction to be in violation of any finance or tax-
21 related state or federal statutes during the preceding fiscal year.

22 (o) The municipality has not been determined by the department
23 to be in violation of this act during the preceding fiscal year.

24 (p) The municipality did not issue a refunding security in the
25 preceding fiscal year to avoid a potential default on an
26 outstanding security.

27 (4) If a municipality is notified ~~within~~**not later than** 30
28 business days ~~of~~**after** the filing of the qualifying statement that
29 it does not comply with 1 or more of the requirements of subsection

1 (3), the municipality may correct the noncompliant requirements and
2 request a reconsideration of the determination from the department
3 as provided in subsection (5).

4 (5) A municipality may request a reconsideration of the
5 determination from the department. That request ~~shall~~**must** indicate
6 the requirements that the department determined the municipality to
7 be not in compliance with and the action taken by the municipality
8 to correct the noncompliance. ~~Within~~**Not later than** 30 business
9 days ~~of~~**after** the receipt of the request for reconsideration, the
10 department shall determine if the municipality complies with the
11 requirements of subsection (3) or, if the department fails to
12 notify the municipality of its determination under this subsection
13 ~~within~~**not later than** 30 business days ~~of~~**after** receipt of the
14 request for reconsideration, the municipality will be granted
15 qualified status.

16 (6) If a municipality is notified ~~within~~**not later than** 30
17 business days after filing a request for reconsideration that it
18 does not comply with the requirements of subsection (3), the
19 municipality shall not issue municipal securities under this act
20 without the prior written approval of the department to issue a
21 municipal security as provided in subsections (7) and (8).

22 (7) If a municipality has not been granted qualified status,
23 the municipality must obtain, for each municipal security, the
24 prior written approval of the department to issue a municipal
25 security. To request prior written approval to issue a municipal
26 security, the municipality shall submit an application and
27 supporting documentation to the department, on a form and in a
28 manner prescribed by the department, ~~which shall~~**that must** be
29 certified by the chief administrative officer **or the chief**

1 **administrative officer's designee.** A filing fee equal to ~~0.03%~~
 2 **0.04%** of the principal amount of the municipal security to be
 3 issued, but not less than ~~\$800.00~~ **\$1,600.00** and not greater than
 4 ~~\$2,000.00~~ **\$4,000.00** as determined by the department, ~~shall~~ **must**
 5 accompany each application. If the qualifying statement required by
 6 subsection (2) was received by the department more than 6 months
 7 after the end of the municipality's fiscal year, a late fee of
 8 ~~\$100.00~~ **\$200.00** ~~shall~~ **must** accompany ~~the first~~ **each** application
 9 filed after that date. ~~Within~~ **Beginning January 1, 2026, and on**
 10 **each January 1 thereafter, the department shall adjust the filing**
 11 **fee percentage, the minimum and maximum filing fee amounts, and the**
 12 **late fee by the inflation rate, as that term is defined in section**
 13 **34d of the general property tax act, 1893 PA 206, MCL 211.34d. Not**
 14 **later than** 30 business days ~~of~~ **after** receiving an application, the
 15 fee, and supporting documentation from a municipality, the
 16 department shall make a determination whether the municipality has
 17 met all of the following requirements:

18 (a) Has indicated the authority to issue the municipal
 19 security requested.

20 (b) Is projected to be able to repay the municipal security
 21 when due.

22 (c) Has filed information with the department indicating
 23 compliance with the requirements of subsection (3) or adequately
 24 addressed any noncompliance with subsection (3) as determined by
 25 the department.

26 (d) If required by the department, has obtained an investment
 27 grade rating for the municipal security or has purchased insurance
 28 for payment of the principal and interest on the municipal security
 29 to the holders of the municipal security, or has otherwise enhanced

1 the creditworthiness of the municipal security.

2 (8) If the department determines that the requirements in
3 subsection (7) have been met, the department shall approve the
4 issuance of the proposed municipal security. If the department
5 determines that the requirements in subsection (7) have not been
6 met, the department shall issue a notice of deficiency to the
7 municipality that prevents the issuance of the proposed municipal
8 security. The notice of deficiency ~~shall~~**must** state the specific
9 deficiencies and problems with the proposed issuance. After the
10 deficiencies and problems have been addressed as determined by the
11 department, the department shall approve the issuance of the
12 proposed municipal security.

13 (9) A determination by the department that a municipality has
14 been granted qualified status constitutes an order granting
15 exception from prior approval under former 1943 PA 202, of that
16 municipality's securities.

17 Sec. 319. (1) ~~Within~~**Not later than** 15 business days ~~of~~**after**
18 completing the issuance of any municipal security qualified under
19 section 303(3), the municipality shall file a copy of all of the
20 following with the department in a form and manner prescribed by
21 the department:

22 (a) A copy of the municipal security.

23 (b) A proof of publication of the notice of sale, if
24 applicable.

25 (c) A copy of the award resolution or certificate of award
26 including a detail of the annual interest rate and call features on
27 the municipal security.

28 (d) A copy of the legal opinion regarding the legality and tax
29 status of the municipal security.

(e) A copy of the notice of rating of the municipal security received from a recognized rating agency, if any.

(f) A copy of the resolution or ordinance authorizing the issuance of the municipal security.

(g) A copy of the official statement, if any.

(h) For a refunding security, documentation indicating compliance with section 611.

(i) A filing fee equaling ~~0.02%~~ **0.03%** of the principal amount of the municipal security issued, but in an amount not less than ~~\$100.00~~ **\$200.00** and not greater than ~~\$1,000.00~~ **\$2,000.00**, as determined by the department. **Beginning January 1, 2026, and on each January 1 thereafter, the department shall adjust the filing fee percentage and the minimum and maximum filing fee amounts by the inflation rate, as that term is defined in section 34d of the general property tax act, 1893 PA 206, MCL 211.34d.**

(j) If the qualifying statement required by section 303(2) was received by the department more than 6 months after the end of the municipality's fiscal year, a late fee of ~~\$100.00~~ **\$200.00** with ~~the first~~ **each** filing. ~~thereafter.~~ **Beginning January 1, 2026, and on each January 1 thereafter, the department shall adjust the late fee by the inflation rate, as that term is defined in section 34d of the general property tax act, 1893 PA 206, MCL 211.34d.**

(k) For a municipal security issued under section 305(2), documentation indicating compliance with section 305(2).

(2) ~~Within~~ **Not later than** 15 business days ~~of~~ **after** completing the issuance of any municipal security approved under section 303(7), the municipality shall file all of the following with the department in a form and manner prescribed by the department:

(a) A copy of the municipal security.

1 (b) A proof of publication of the notice of sale, if
2 applicable.

3 (c) A copy of the award resolution including a detail of the
4 annual interest rate and call features on the municipal security.

5 (d) A copy of the legal opinion regarding the legality and tax
6 status of the municipal security.

7 (e) A copy of the notice of rating of the municipal security
8 received from a recognized rating agency, if any.

9 (f) A copy of the resolution or ordinance authorizing the
10 issuance of the municipal security.

11 (g) A copy of the official statement, if any.

12 (h) For a refunding security, documentation indicating
13 compliance with section 611.

14 (i) For a municipal security issued under section 305(2),
15 documentation indicating compliance with section 305(2).

16 (3) The failure to comply with subsection (1) or (2) does not
17 invalidate any of the securities issued or reported under this act.