

MICHIGAN FINANCIAL REVIEW COMMISSION ACT (EXCERPT)
Act 181 of 2014

141.1632 Legislative findings and declarations.

Sec. 2.

The legislature finds and declares the following:

(a) It is the public policy of this state to exercise its sovereign powers with regard to debt issuance and matters of statewide concern in a manner calculated to foster the fiscal integrity of all municipal governments and school districts to assure that those municipalities and school districts provide for the health, safety, and welfare of their residents; pay principal and interest owed on debt obligations when due; meet financial obligations to their existing and former employees, vendors, and suppliers; and provide for proper financial planning procedures and budgeting practices. The inability of a municipal government to provide essential services to its citizens or a school district to provide public education services to its residents as a result of fiscal emergencies is determined to affect adversely the health, safety, and welfare of not only that municipality's citizens and a school district's residents, but also other citizens of this state.

(b) The police and fire retirement system of certain qualified cities and the general retirement system of certain qualified cities are currently underfunded, causing communities across the state to face higher costs to borrow and invest funds, and have caused bondholders, bond insurers, and financial institutions anxiety over the financial health of not only certain qualified cities, but communities across this state.

(c) Absent prospective state oversight over qualified cities and school districts, there exists a threat of increased costs in borrowing, reductions in credit or bond ratings, reduced faith from existing creditors of municipalities or school districts and of this state, and dire financial circumstances from which this state and its political subdivisions may never fully recover.

(d) Qualified cities and school districts have complex budgetary and fiscal needs, significant and complicated debt management issues, and financial assets and liabilities that impact, both positively and negatively, every unit of local government and school district in this state and this state itself such that reasonable and balanced state oversight over qualified cities and school districts is required as a reasonable exercise of this state's power for the benefit of residents throughout this state.

(e) There are numerous residents of this state who have accrued pension benefits from a qualified city's pension systems, and those pensioners may reside throughout this state. The settlement of bankruptcy cases involving qualified cities is likely to have a substantial positive impact statewide.

(f) Establishing a commission and execution by the commission of its powers granted under this act fulfill in all respects a public and governmental purpose for the benefit of the people of this state.

(g) Ongoing fiscal oversight over qualified cities and school districts is a reasonable and sufficiently narrow regulation and serves a significant and legitimate public purpose because it inures to the benefit of all of this state's residents and aids in the remedy of a broad and general social problem.

(h) Fiscal oversight over qualified cities and over school districts will ensure that those qualified cities and school districts do not engage in the financial practices that led to financial emergencies and insolvency, and ultimately, entry into receivership and bankruptcy, which will ensure that those cities can provide basic and essential municipal services to their residents and that those school districts can provide public education services to their residents.

History: 2014, Act 181, Imd. Eff. June 20, 2014 ;-- Am. 2016, Act 53, Imd. Eff. Mar. 29, 2016