

SECOND REGULAR SESSION

HOUSE BILL NO. 2829

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE CURTIS.

6893H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 71, RSMo, by adding thereto one new section relating to municipalities in financial distress.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 71, RSMo, is amended by adding thereto one new section, to be known as section 71.990, to read as follows:

71.990. 1. This provisions of this section shall be known as the "Municipalities Financial Recovery Act".

2. It is hereby declared to be a public policy of the state to foster fiscal integrity of municipalities so that they provide for the health, safety, and welfare of their residents; pay principal and interest on their debt obligations when due; meet financial obligations to their employees, vendors, and suppliers; and provide for proper financial accounting procedures, budgeting, and taxing practices. The failure of a municipality to do so is hereby determined to adversely affect the health, safety, and welfare of not only the residents of the municipality but also other residents of this state. It is the intent of the General Assembly to provide for the exercise of the state's sovereign and plenary police power in emergency fiscal conditions to protect the health, safety, and welfare of a municipality's residents when local officials are unwilling or unable to accept a solvency plan developed for the benefit of the community.

3. As used in this section, "vital and necessary services" means basic and fundamental municipal services, including any of the following:

- (1) Police and fire services;**
- (2) Ambulance and rescue services;**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

- 18 **(3) Water supply and distribution;**
19 **(4) Wastewater services;**
20 **(5) Refuse collection and disposal;**
21 **(6) Snow removal;**
22 **(7) Fulfillment of payment of debt obligations or any other financial obligations.**

23 **4. The governor determines a fiscal emergency exists if the distressed municipality**
24 **is insolvent or is projected to be insolvent within one hundred eighty days or less, or is**
25 **unable to ensure the continued provision of vital and necessary services. Upon making a**
26 **determination that a state of fiscal emergency exists, the governor may declare a state of**
27 **fiscal emergency within the distressed municipality.**

28 **5. (1) During the state of fiscal emergency, the governor may exercise the authority**
29 **of the elected or appointed officials of the distressed municipality as necessary to ensure**
30 **the provision of vital and necessary services and may delegate the authority to the secretary**
31 **of state or a designee of the secretary. The emergency powers of the governor shall include**
32 **the following:**

33 **(a) The power to collect funds payable to the distressed municipality and use those**
34 **funds to pay for vital and necessary services;**

35 **(b) The power to obtain emergency financial aid for the distressed municipality to**
36 **pay for vital and necessary services;**

37 **(c) The power to enter into contracts and agreements on behalf of the distressed**
38 **municipality to pay for vital and necessary services; and**

39 **(d) Any other power of the elected or appointed officials of the distressed**
40 **municipality to ensure the provision of vital and necessary services;**

41 **(2) The provisions of this section shall not be interpreted to authorize the governor**
42 **to:**

43 **(a) Unilaterally levy taxes;**

44 **(b) Unilaterally abrogate, alter, or otherwise interfere with a lien, charge, covenant,**
45 **or relative priority that is:**

46 **a. Held by a holder of a debt obligation of a distressed municipality; and**

47 **b. Granted by the contract, law, rule or regulation governing the debt obligation;**

48 **(c) Unilaterally impair or modify existing bonds, notes, municipal securities, or**
49 **other lawful contractual or legal obligations of the distressed municipality, except as**
50 **otherwise ordered by a court of competent jurisdiction; or**

51 **(d) Pledge the full faith and credit of the state.**

52 **5. When the governor declares that a municipality is under a state of fiscal**
53 **emergency as provided under subsection 4 of this section, the municipality shall be eligible**

54 to petition the general assembly for emergency assistance in the form of a municipality
55 fiscal emergency loan. Funding for loans approved by the general assembly shall come
56 from the Municipality Fiscal Emergency Loan Fund established under subsection 6 of this
57 section, and shall be subject to appropriation.

58 6. There is hereby created in the state treasury a "Municipality Fiscal Emergency
59 Loan Fund" which shall consist of moneys appropriated by the general assembly for the
60 purpose of aiding municipalities determined to be under a state of fiscal emergency as
61 provided under this section. The state treasurer shall be custodian of the fund. In
62 accordance with sections 30.170 and 30.180, the state treasurer may approve
63 disbursements. The fund shall be a dedicated fund and, upon appropriation, moneys in the
64 fund shall be used solely for the administration of this section. Notwithstanding the
65 provisions of section 33.080 to the contrary, any moneys remaining in the fund at the end
66 of the biennium shall not revert to the credit of the general revenue fund. The state
67 treasurer shall invest moneys in the fund in the same manner as other funds are invested.
68 Any interest and moneys earned on such investments shall be credited to the fund.

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