

# WEST VIRGINIA LEGISLATURE

## 2020 REGULAR SESSION

**Introduced**

### **House Bill 4856**

**FISCAL  
NOTE**

BY DELEGATE HOUSEHOLDER

[Introduced February 11, 2020; Referred to the  
Committee on Political Subdivisions then Finance]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article,  
2 designated §6-9C-1, §6-9C-2, §6-9C-3, §6-9C-4, §6-9C-5, §6-9C-6, §6-9C-7, §6-9C-8,  
3 §6-9C-9, and §6-9C-10, all relating generally to fiscal emergencies of local governments;  
4 establishing a system to remediate those emergencies; and requiring certain action be  
5 taken by the State Auditor.

*Be it enacted by the Legislature of West Virginia:*

## **ARTICLE 9C. LOCAL FISCAL EMERGENCIES.**

### **§6-9C-1. Legislative findings.**

1 (a) The Legislature finds:

2 (1) That local governments are instrumentalities of this state, and the Legislature must act  
3 for the public health, safety and welfare of its citizens to promote fiscal integrity of municipal  
4 corporations, counties or other political subdivisions to prevent future emergencies;

5 (2) That negative economic changes, waste, fraud or abuse by public officials, or a  
6 combination thereof, necessarily result in a significant impact on the revenues and effectiveness  
7 of local governments, and cause significant indebtedness without any current possibility for  
8 recovery; and

9 (3) That the failure of a local government to take actions on its own to address such a  
10 condition will adversely affect the health, safety and welfare not only of the residents of the local  
11 government, but also of other people of the state.

12 (b) It is the intent of the Legislature to direct the State Auditor to:

13 (1) Take necessary and appropriate actions to limit and restrict the powers of municipal  
14 corporation, counties or political subdivisions, to prevent the abuse of statutory powers;

15 (2) Require reports and examinations of the financial condition of their financial condition,  
16 transactions, operations and undertakings;

17 (3) Ensure the fiscal integrity of municipal corporations, counties and other political  
18 subdivisions so that they may provide for the health, safety and welfare of their citizens; and

19 (4) Determine if municipal corporations and subdivisions have paid due principal and  
20 interest on their debt obligations, meet financial obligations to their employees, vendors and  
21 suppliers, and provide for proper financial accounting procedures, budgeting and taxing practices.

22 (c) The Legislature further finds that the fiscal emergency conditions described in this  
23 article result from and constitute abuses of the powers of a municipal corporation, county or other  
24 political subdivision to borrow money, contract debts and levy taxes, and that those conditions  
25 impair and threaten the health, safety and welfare of the people of the state within and beyond  
26 the municipal corporation, county or political subdivision.

**§6-9C-2. Definitions.**

1 As used in this article:

2 “Bond anticipation notes” means notes issued in anticipation of the issuance of bonds.

3 “Certificate of estimated resources” means the official certificate of estimated resources  
4 of the county budget commission and amendments of the certificate certified to the municipal  
5 corporation, county or political subdivision.

6 “Commission” means a financial planning and supervision commission created under this  
7 article with respect to a municipal corporation, county or other political subdivision.

8 “Debt obligations” means bonds, notes, certificates of indebtedness, bond anticipation  
9 notes, current revenue notes, local government fund notes or other obligations issued or incurred  
10 in borrowing money, or to renew, refund, fund or refinance, or issued in exchange for, such  
11 obligations, and any interest coupons pertaining thereto other than bonds or other obligations  
12 issued under authority of the West Virginia Constitution.

13 “Default” means failure to pay the principal of or the interest on a debt obligation, or failure  
14 to make other payment to be made to the holder or owner of a debt obligation, in the full amount  
15 and at the time provided for in the contractual commitment with respect thereto, unless the time  
16 for such payment has been extended by the owner or holder of the debt obligation without penalty  
17 or premium and without the effect of subjecting the municipal corporation, county or political

18 subdivision to the initiation of remedies pertaining to such debt obligation or other debt obligations.

19 “Deficit fund” means the general fund or any special fund that, as at the time indicated,  
20 has a deficit balance or a balance that is less than the amount required to be in such fund pursuant  
21 to law or pursuant to contractual requirements, demonstrating that over a period of time  
22 expenditures charged or chargeable to the fund have exceeded moneys credited to the fund, or  
23 that moneys credited to the fund have not been in the amounts required by law or contractual  
24 requirements.

25 “Effective financial accounting and reporting system” means an accounting and reporting  
26 system fully in compliance with the requirements prescribed under this article, with such  
27 modifications and supplements as are to be provided pursuant to this article in order to meet and  
28 deal with the fiscal emergency, provide to the State Auditor, the commission, the financial  
29 supervisor, and the information needed to carry out their functions, and better ensure the  
30 implementation of the financial plan.

31 “Employee benefits” means expenditures for goods and services furnished to municipal,  
32 county or political subdivision officers or employees by the municipal corporation, county or  
33 political subdivision, including, but not limited to, such benefits as food, temporary housing and  
34 clothing, and the provision of pension, retirement, disability, hospitalization, health care, insurance  
35 or other benefits to employees requiring the advance payment of money other than directly to  
36 employees or other beneficiaries, or the deposit or reservation of money for such purpose.

37 “Financial plan” means the financial plan approved by the commission under this article,  
38 as it may from time to time be amended.

39 “Financial supervisor” means the State Auditor.

40 “Fiscal emergency” means the existence of fiscal emergency conditions determined as  
41 under this article.

42 “Fiscal emergency conditions” means any of the events or occurrences described in this  
43 article.

44 “Fiscal emergency period” means the period commencing on the date when the  
45 determination of a fiscal emergency is made by the State Auditor under this article and ending  
46 when the determination of termination is made and certified under this article.

47 “Fiscal watch” means the existence of fiscal watch conditions as determined under this  
48 article.

49 “General fund budget” means aggregate revenues available in the general fund during the  
50 applicable fiscal year as shown by the certificate of estimated resources.

51 “Mayor” means the officer of the municipal corporation designated as such by law or the  
52 chief executive officer under the charter of the municipal corporation.

53 “Payroll” means compensation due and payable to employees of the municipal  
54 corporation, county or political subdivision, other than employee benefits.

55 “Revenue estimates” means the estimates of revenue receipts to the credit of the general  
56 fund and special funds as estimated and supplemented, modified or amended by the municipal  
57 corporation, county or political subdivision, or the State Auditor’s Office.

58 “Special funds” means any of the funds, other than the general fund, and includes any  
59 fund created from the issuance of debt obligations, and any fund created in connection with the  
60 issuance of debt obligations to provide moneys for the payment of principal or interest, reserves  
61 therefor or reserves or funds for repair, maintenance or improvements.

**§6-9C-3. Initiating fiscal watch review.**

1 A municipal corporation, county or political subdivision may undergo a fiscal watch review  
2 to determine whether it is approaching a state of fiscal emergency. A fiscal watch review shall be  
3 initiated by a written request to the State Auditor from the mayor of the municipal corporation, or  
4 the presiding officer of the legislative authority of the municipal corporation when authorized by a  
5 majority of the members of the legislative authority; from a county commission when authorized  
6 by a majority of the commissioners; or from a governing body of a political subdivision when duly  
7 authorized; or may be initiated by the State Auditor. The State Auditor shall acknowledge receipt

8 of a written request for a fiscal watch review by sending a copy of it, stamped with the date  
9 received by the State Auditor's office, to the public official or board requesting a review.

**§6-9C-4. Conditions constituting grounds for fiscal watch.**

1 (a) Any one of the following conditions constitutes grounds for a fiscal watch:

2 (1) The existence of either of the following situations:

3 (A) All accounts that were due and payable from the general fund of a municipal  
4 corporation, county or political subdivision at the end of the preceding fiscal year that had been  
5 due and payable for at least 30 days at the end of the fiscal year or to which a penalty was added  
6 for failure to pay by the end of the fiscal year, less the year-end balance in the general fund,  
7 exceeded one-twelfth of the general fund budget for that year; or

8 (B) All accounts that were due and payable at the end of the preceding fiscal year from all  
9 funds of the municipal corporation, county or political subdivision and that had been due and  
10 payable for at least 30 days at the end of the fiscal year or to which a penalty was added for failure  
11 to pay by the end of the fiscal year, less the year-end balance in the general fund and in the  
12 respective special funds available to pay those accounts, exceeded one-twelfth of the available  
13 revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund  
14 and of all special funds from which those accounts are payable.

15 (2) The aggregate of deficit amounts of all deficit funds at the end of the preceding fiscal  
16 year, less the total of any year-end balance in the general fund and in any special fund that may  
17 be transferred to meet that deficit, exceeded one-twelfth of the total of the general fund budget  
18 for that year and the receipts to those deficit funds during that year other than from transfers from  
19 the general fund.

20 (3) At the end of the preceding fiscal year, moneys and marketable investments in or held  
21 for the unsegregated treasury of the municipal corporation, county or political subdivision, minus  
22 outstanding checks and warrants, were less in amount than the aggregate of the positive balances  
23 of the general fund and those special funds, the purposes of which the unsegregated treasury is

24 held to meet, and that deficiency exceeded one-twelfth of the total amount received into the  
25 unsegregated treasury during the preceding fiscal year.

26 (4) Based on an examination of the financial forecast approved by the legislative authority  
27 of a municipal corporation, county or political subdivision, the State Auditor certifies that the  
28 general fund deficit at the end of the current fiscal year will exceed one-twelfth of the general fund  
29 revenue from the preceding fiscal year.

30 (b) As used in this section, "accounts" includes, but is not limited to, final judgments,  
31 employee benefits payments due and payable, amounts due and payable to persons and other  
32 governmental entities, and any interest and penalties on those judgments, payments or amounts.  
33 Accounts that are due and payable do not include any account, or portion of any account, that is  
34 being contested in good faith.

**§6-9C-5. Declaring existence of fiscal watch; financial recovery plan.**

1 (a) Upon determining that one or more of the conditions constituting grounds for a fiscal  
2 watch are present, the State Auditor shall issue a written declaration of the existence of a fiscal  
3 watch to the municipal corporation, county or political subdivision. The fiscal watch shall be in  
4 effect until the State Auditor determines that none of the conditions are any longer present and  
5 cancels the watch, or until the State Auditor determines that a state of fiscal emergency exists.  
6 The State Auditor, or a designee, shall provide such technical and support services to the  
7 municipal corporation, county or political subdivision after a fiscal watch has been declared to  
8 exist as the State Auditor considers necessary.

9 (b) Within 90 days after the day a written declaration of the existence of a fiscal watch is  
10 issued under this section, the mayor of the municipal corporation, the county commission of the  
11 county, or the governing body of the political subdivision for which a fiscal watch was declared  
12 shall submit to the State Auditor a financial recovery plan that shall identify actions to be taken to  
13 eliminate all of the conditions described in §6-9C-4 of this code, and shall include a schedule  
14 detailing the approximate dates for beginning and completing the actions and a five-year forecast

15 reflecting the effects of the actions. The financial recovery plan also shall evaluate the feasibility  
16 of entering into shared services agreements with other political subdivisions for the joint exercise  
17 of any power, performance of any function, or rendering of any service, if so authorized by statute.  
18 The financial recovery plan is subject to review and approval by the State Auditor. The State  
19 Auditor may extend the amount of time by which a financial recovery plan is required to be filed,  
20 for good cause shown.

21 (c) The State Auditor shall declare that a fiscal emergency condition exists under this  
22 article in the municipal corporation, county or political subdivision if either of the following applies:

23 (1) A feasible financial recovery plan for a municipal corporation, county or political  
24 subdivision for which a fiscal watch was declared is not submitted within the time period  
25 prescribed by subsection (b) of this section, or within any extension of time thereof; or

26 (2) The State Auditor finds that a municipal corporation, county or political subdivision for  
27 which a fiscal watch has been declared has not made reasonable proposals or otherwise taken  
28 action to discontinue or correct the fiscal practices or budgetary conditions that prompted the  
29 declaration of fiscal watch, and the State Auditor determines a fiscal emergency declaration is  
30 necessary to prevent further decline.

**§6-9C-6. Guidelines for identifying potential for declarations of fiscal watch or fiscal  
emergency; rule-making authority; declaration of fiscal caution.**

1 (a) The State Auditor shall propose rules for legislative approval in accordance with the  
2 provisions of §29A-3-1 et seq. of this code, setting forth guidelines for identifying fiscal practices  
3 and budgetary conditions of municipal corporations, counties and political subdivisions that, if  
4 uncorrected, could result in a future declaration of a fiscal watch or fiscal emergency.

5 (b) If the State Auditor determines that a municipal corporation, county or political  
6 subdivision is engaging in any of those practices or that any of those conditions exist, the State  
7 Auditor may declare the municipal corporation, county or political subdivision to be under a fiscal  
8 caution.



9           (c) When the State Auditor declares a fiscal caution, the State Auditor shall promptly notify  
10 the municipal corporation, county, or political subdivision of that declaration and shall request the  
11 municipal corporation, county or political subdivision to provide written proposals for discontinuing  
12 or correcting the fiscal practices or budgetary conditions that prompted the declaration and for  
13 preventing the municipal corporation, county or political subdivision from experiencing further  
14 fiscal difficulties that could result in a declaration of fiscal watch or fiscal emergency.

15           (d) The State Auditor, or a designee, may visit and inspect any municipal corporation,  
16 county or political subdivision that is declared to be under a fiscal caution. The State Auditor may  
17 provide technical assistance to the municipal corporation, county or political subdivision in  
18 implementing proposals to eliminate the practices or budgetary conditions that prompted the  
19 declaration of fiscal caution and may make recommendations concerning those proposals.

20           (e) If the State Auditor finds that a municipal corporation, county or political subdivision  
21 declared to be under a fiscal caution has not made reasonable proposals or otherwise taken  
22 action to discontinue or correct the fiscal practices or budgetary conditions that prompted the  
23 declaration of fiscal caution, and if the State Auditor considers it necessary to prevent further fiscal  
24 decline, the State Auditor may determine that the municipal corporation, county or political  
25 subdivision should be in a state of fiscal watch.

**§6-9C-7. Fiscal emergency conditions.**

1           (a) Any one of the following constitutes a fiscal emergency condition of a municipal  
2 corporation, county or political subdivision:

3           (1) The existence, at the time of the determination by the State Auditor under this article,  
4 of a default on any debt obligation for more than 30 days.

5           (2) The existence, at the time of the determination by the State Auditor under this article,  
6 of a failure for lack of cash in the funds to make payment of all payroll to employees of the  
7 municipal corporation, county or political subdivision in the amounts and at the times required by  
8 law, ordinances, resolutions or agreements, which failure of payment has continued:

9 (A) For more than 30 days after such time for payment; or

10 (B) Beyond a period of extension, or beyond the expiration of 90 days from the original  
11 time for payment, whichever first occurs, if the time for payment has been extended for more than  
12 30 days by the written consent of at least two-thirds of the employees affected by such failure to  
13 pay, acting individually or by their duly authorized representatives. The failure of one county office,  
14 board or commission to meet payroll does not in itself constitute a fiscal emergency.

15 (3) The existence of a condition in which all accounts that, at the end of its preceding fiscal  
16 year, were due and payable from the general fund and that either had been due and payable for  
17 at least 30 days at the end of the fiscal year or to which a penalty has been added for failure to  
18 pay by the end of the fiscal year, including, but not limited to, final judgments, employee benefits  
19 payments due and payable, and amounts due and payable to persons and other governmental  
20 entities and including any interest and penalties thereon, less the year-end balance in the general  
21 fund, exceeded one-sixth of the general fund budget for that year, or in which all accounts that,  
22 at the end of its preceding fiscal year, were due and payable from all funds of the municipal  
23 corporation, county or political subdivision and that either had been due and payable for at least  
24 30 days as at the end of the fiscal year or to which a penalty has been added for failure to pay by  
25 the end of the fiscal year, less the year-end balance in the general fund and in the respective  
26 special funds lawfully available to pay such accounts, exceeded one-sixth of the available  
27 revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund  
28 and of all special funds from which such accounts lawfully are payable. Accounts due and payable  
29 do not include any account, or portion thereof, that is being contested in good faith.

30 (4) The existence of a condition in which the aggregate of deficit amounts of all deficit  
31 funds at the end of its preceding fiscal year, less the total of any year-end balance in the general  
32 fund and in any special fund that may be transferred to meet such deficit, exceeded one-sixth of  
33 the total of the general fund budget for that year and the receipts to those deficit funds during that  
34 year other than from transfers from the general fund.

35 (5) The existence of a condition in which, at the end of the preceding fiscal year, moneys  
36 and marketable investments in or held for the unsegregated treasury of the municipal corporation,  
37 county or political subdivision, minus outstanding checks and warrants, were less in amount than  
38 the aggregate of the positive balances of the general fund and those special funds the purposes  
39 of which the unsegregated treasury is held to meet, and such deficiency exceeded one-sixth of  
40 the total amount received into the unsegregated treasury during the preceding fiscal year.

41 (b) Any year-end condition described in subdivisions division (3), (4) or (5), subsection (a)  
42 of this section is not a fiscal emergency condition if the municipal corporation, county or political  
43 subdivision clearly demonstrates to the satisfaction of the State Auditor prior to the time of the  
44 State Auditor's determination that such condition no longer exists at the time of the determination.  
45 For the purpose of such demonstration, there shall be taken into account all accounts payable  
46 past due for 60 days or subject to penalty, deficit amounts of deficit funds, and positive balances  
47 as at the time of such demonstration, rather than at the end of the fiscal year, and there shall be  
48 taken into account the moneys and marketable securities in the treasury of the municipal  
49 corporation, county or political subdivision at the time of such demonstration that are, in the case  
50 of subdivision (3), subsection (a) of this section, held for the general fund and those respective  
51 special funds that are lawfully available to pay such accounts, in the case of subdivision (4),  
52 subsection (a) of this section, held for the general fund or any special fund that may be transferred  
53 to meet such deficit, and in the case of subdivision (5), subsection (a) of this section, held to meet  
54 such positive balances, but in each case, that are not encumbered or held for other than such  
55 respective purposes; provided that changes from the year-end condition resulting from transfers  
56 not authorized under this article, borrowings or advances between funds, segregation of treasury  
57 moneys or investments, and similar adjustments, shall not be taken into account to demonstrate  
58 improvement in any fiscal emergency condition. Unless the determination by the State Auditor  
59 occurs more than four months following the end of such fiscal year, upon the request by and  
60 substantial showing of the municipal corporation, county or political subdivision that it has taken

61 steps to remove such condition within four months, the Auditor shall postpone a determination as  
62 to a condition under subdivisions (3), (4) or (5), subsection (a) of this section as to which such  
63 substantial showing is made until the expiration of four months following the end of such fiscal  
64 year, but the State Auditor shall not postpone the determination as to subdivision (1) or (2),  
65 subsection (a) of this section.

66 (c) Neither the time periods nor the amounts used in subsection (a) of this section to  
67 determine what constitutes a fiscal emergency condition of a municipal corporation, county or  
68 political subdivision for purposes of this article authorize actions otherwise contrary to law or any  
69 agreement of the municipal corporation, county or political subdivision.

**§6-9C-8. Determining existence of fiscal emergency conditions.**

1 (a) The existence of a fiscal emergency condition is a fiscal emergency. The existence of  
2 fiscal emergency conditions shall be determined by the State Auditor. The determination, for  
3 purposes of this article, may be made only upon the filing with the State Auditor of a written  
4 request for such a determination by the Governor, by the county commission, by the mayor of the  
5 municipal corporation, or by the presiding officer of the legislative authority of the municipal  
6 corporation when authorized by a majority of the members of such legislative authority, or by the  
7 governing body of a political subdivision, or upon initiation by the State Auditor. The request may  
8 designate in general or specific terms, but without thereby limiting the determination thereto, the  
9 condition or conditions to be examined to determine whether they constitute fiscal emergency  
10 conditions. Promptly upon receipt of the written request, or upon initiation by the State Auditor,  
11 the State Auditor shall transmit copies of such request or a written notice of such initiation to the  
12 mayor and the presiding officer of the legislative authority of the municipal corporation or to the  
13 county commission or the governing body of a political subdivision by personal service or certified  
14 mail. Such determinations shall be set forth in written reports and supplemental reports, which  
15 shall be filed with the mayor, fiscal officer and presiding officer of the legislative authority of the  
16 municipal corporation, or with the county commission or the governing body of a political

17 subdivision, and with the State Treasurer, Secretary of State, Governor and Legislative Auditor,  
18 within 30 days after the request. The State Auditor shall so file an initial report immediately upon  
19 determining the existence of any fiscal emergency condition.

20 (b) In making the determination, the State Auditor may rely on reports or other information  
21 filed or otherwise made available by the municipal corporation, county or political subdivision,  
22 accountants' reports or other sources and data the State Auditor considers reliable for such  
23 purpose. As to the status of funds or accounts, a determination that the amounts are exceeded  
24 may be made without need for determination of the specific amount of the excess. The State  
25 Auditor may engage the services of independent certified or registered public accountants,  
26 including public accountants engaged or previously engaged by the municipal corporation, county  
27 or political subdivision, to conduct audits or make reports or render such opinions as the State  
28 Auditor considers desirable with respect to any aspect of the determinations to be made by the  
29 State Auditor.

30 (c) A determination by the State Auditor under this section that a fiscal emergency  
31 condition does not exist is final and conclusive and not appealable. A determination by the State  
32 Auditor under this section that a fiscal emergency exists is final, except that the mayor of any  
33 municipal corporation affected by a determination of the existence of a fiscal emergency condition  
34 under this section, when authorized by a majority of the members of the legislative authority, or  
35 the county commission when authorized by a vote by a majority of the commissioners, or  
36 governing body of a political subdivision, may appeal the determination of the existence of a fiscal  
37 emergency condition to the circuit court of the county having territorial jurisdiction over the  
38 municipal corporation, county or political subdivision. The appeal shall be heard expeditiously by  
39 the circuit court for good cause shown shall take precedence over all other civil matters except  
40 earlier matters of the same character. Notice of the appeal must be filed with the State Auditor  
41 and such court within 30 days after certification by the State Auditor to the mayor and presiding  
42 officer of the legislative authority of the municipal corporation or to the county commission or

43 governing body of the political subdivision as provided for in subsection (a) of this section.

44 (d) In the appeal, determinations of the State Auditor shall be presumed to be valid and  
45 the municipal corporation, county or political subdivision shall have the burden of proving, by clear  
46 and convincing evidence, that each of the determinations made by the State Auditor as to the  
47 existence of a fiscal emergency condition under this article was in error. If the municipal  
48 corporation, county or political subdivision fails, upon presentation of its case, to prove by clear  
49 and convincing evidence that each such determination by the State Auditor was in error, the court  
50 shall dismiss the appeal. The municipal corporation, county or political subdivision and the State  
51 Auditor may introduce any evidence relevant to the existence or nonexistence of such fiscal  
52 emergency conditions at the times indicated in the applicable provisions of subsections (a) and  
53 (b) of this section.

54 (e) The pendency of any such appeal does not affect or impede the operations of this  
55 article. No restraining order, temporary injunction or other similar restraint upon actions consistent  
56 with this article may be imposed by the court or any court pending determination of the appeal.  
57 All things may be done under this article that may be done regardless of the pendency of an  
58 appeal. Any action taken or contract executed pursuant to this article during the pendency of the  
59 appeal is valid and enforceable among all parties, notwithstanding the decision in the appeal. If  
60 the circuit court reverses the determination of the existence of a fiscal emergency condition by  
61 the State Auditor, the determination no longer has any effect, and any procedures undertaken as  
62 a result of the determination shall be terminated.

63 (f) All expenses incurred by the State Auditor relating to a determination or termination of  
64 a fiscal emergency, a fiscal watch or a fiscal caution under this article, including providing  
65 technical and support services, or for conducting a financial review, shall be reimbursed from an  
66 appropriation for that purpose. If necessary, the controlling board may provide sufficient funds for  
67 these purposes.

**§6-9C-9. Financial planning and supervision commission; rule-making authority.**

1 (a) Upon the occurrence of a fiscal emergency in any municipal corporation, county or  
2 political subdivision, there is established, with respect to that municipal corporation, county or  
3 political subdivision, a supervising body to perform essential governmental functions of the state  
4 to be known as the “financial planning and supervision commission for (name of municipal  
5 corporation, county or political subdivision)”, which, in that name, may exercise all authority vested  
6 in such a commission by this article.

7 (b) The State Auditor shall propose rules for legislative approval in accordance with the  
8 provisions of §29A-3-1 et seq. of this code, setting forth the following:

9 (1) Minimum requirements for the composition of the members of the commission;

10 (2) The rules of governance for a commission;

11 (3) Requirements for the detailed financial plan to be submitted by the subject municipal  
12 corporation, county or political subdivision;

13 (4) The powers, duties and functions of the commission or financial supervisor;

14 (5) The payment of expenses and obligations;

15 (6) The development of an effective financial accounting and reporting system;

16 (7) The requirements of the municipal corporation, county or political subdivision operating  
17 under the plan;

18 (8) Recourse for a noncompliant municipal corporation, county or political subdivisions;

19 (9) Limitations for appropriations;

20 (10) Communications of the commission;

21 (11) The approval of debt obligations;

22 (12) The rights and remedies of holders of debt obligations;

23 (13) Pledge and agreement of the state with and for benefit of holders of debt obligations;

24 (14) The issuance of general obligation, special obligation, or revenue bonds and notes in  
25 anticipation of bonds; and

26 (15) The continuance and dissolution of the commission.

**§6-9C-10. Severability.**

1           (a) In case any section or provision of this article, including any condition or prerequisite  
2 to any action or determination thereunder, or in case any act or action, or part thereof, made, or  
3 taken under this article, or any application thereof, is for any reason held to be illegal or invalid,  
4 the illegality or invalidity does not affect the remainder thereof or any other section or provision of  
5 this article, including any condition or prerequisite to any action or determination thereunder, or  
6 any agreement, act or action, or part thereof, made, entered into, or taken under this article, which  
7 shall be construed and enforced and applied as if such illegal or invalid portion were not contained  
8 therein, nor shall such illegality or invalidity or any application thereof affect any legal and valid  
9 application thereof, and each such section, provision, agreement, act or action, or part thereof,  
10 shall be deemed to be effective, operative, made and entered into or taken in the manner and to  
11 the full extent permitted by law.

12           (b) Any action or proceeding bringing into question the interpretation, legality, or validity  
13 of any provision of this article, the existence or authority, or the legality or validity of any act, of  
14 the commission or the financial supervisor, or of any action taken under this article, is a matter of  
15 great public interest to the state and shall be advanced on the docket of the court and expedited  
16 to final determination.

NOTE: The purpose of this bill is to establish a system to remediate fiscal emergencies of local governments.

Strike-throughs indicate language that would be stricken from a heading or the present law, and underscoring indicates new language that would be added.