

## Process and Form of Filing Annual Qualifying Statement Revised

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May 23, 2013

Earlier this month, the Michigan Department of Treasury issued Bulletin 6 implementing revisions to the application form and method of filing for the annual Qualifying Statement. The Revised Municipal Finance Act, Public Act 34 of 2001, requires each local government to file an annual Qualifying Statement in conjunction with its audit filing. Act 34 provides Treasury with authority to issue bulletins and promulgate rules necessary to carry out the purpose of the Act.

### **Revisions to the Qualifying Statement Questions**

While the substance of the revised Qualifying Statement remains mostly unchanged, Treasury has introduced two new questions. The first new question asks "Is the municipality currently exceeding its statutory or constitutional limits?" (The term "municipality" includes all forms of local government including educational entities and special purpose authorities.) Municipalities will need to take care in reviewing their outstanding debt, applicable constitutional and statutory limitations, and exemptions for certain types of debt.

The second new question asks "Has the municipality been in compliance with the provisions of Public Act 34 of 2001, including the timely filing of a security report, filing fee and any other required documents for each municipal security issued during the fiscal year for which this qualifying statement is being submitted?" In answering this question, it is important for municipalities to review their outstanding indebtedness to assure compliance with the requirements of Act 34. The timely filing of a security report and related documentation, in addition to a review of a borrower's compliance with other Act 34 requirements, is one of the many services Miller Canfield provides as bond counsel for its clients.

### **Revised Method of Filing**

Treasury has also revised the method required to file a Qualifying Statement. The prior application process involved the municipality answering the Qualifying Statement questions via an online form. Effective with Bulletin 6, the Qualifying Statement must be completed as a PDF form, saved with a unique filename designation, and uploaded to Treasury's website, similar to the process currently used to file annual audits.

### **Other Changes**

Bulletin 6 also introduces a new process to submit a reconsideration request to correct noncompliance issues identified in the original Qualifying Statement. A municipality seeking reconsideration will have to submit a revised Qualifying Statement complete in its entirety. This varies from the previous practice wherein municipalities seeking reconsideration were only prompted to respond to the specific question(s) which caused the denial.

Finally, Bulletin 6 allows the Chief Administrative Officer of the municipality (the officer designated by statute to file the Qualifying Statement) to designate a different individual as having the responsibility for filing the Qualifying Statement.

Bulletin 6 is available online at Treasury's website via the following link:

[http://www.michigan.gov/documents/treasury/Bulletin6\\_416346\\_7.pdf](http://www.michigan.gov/documents/treasury/Bulletin6_416346_7.pdf)

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Miller Canfield lawyers would be happy to discuss the new requirements with you or any other questions you may have regarding filing your Qualifying Statement. Contact your Miller Canfield attorney for more information.

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