

Act No. 256
Public Acts of 1992
Approved by the Governor
December 5, 1992
Filed with the Secretary of State
December 7, 1992

**STATE OF MICHIGAN
86TH LEGISLATURE
REGULAR SESSION OF 1992**

Introduced by Reps. Mathieu, Alley, Bartnik, Middaugh and Hillegonds

Reps. Allen, Bandstra, Barns, Bender, Berman, Bobier, Bodem, Brackenridge, Perry Bullard, Byrum, Ciaramitaro, Dalman, DeBeaussaert, DeMars, Dobb, Dobronski, Dolan, Emerson, Fitzgerald, Gagliardi, Gernaat, Gire, Gubow, Harder, Harrison, Hickner, Hoffman, Hollister, Horton, Jaye, Johnson, Jonker, Keith, Kilpatrick, Kosteva, Leland, McBryde, McNutt, Middleton, Murphy, Niederstadt, Nye, Olshove, O'Neill, Ostling, Owen, Oxender, Palamara, Pitoniak, Porreca, Profit, Randall, Rocca, Scott, Shugars, Sikkema, Sparks, Stallworth, Strand, Trimi, Van Singel, Webb, Weeks and Wozniak named co-sponsors

ENROLLED HOUSE BILL No. 4873

AN ACT to amend section 4a of Act No. 279 of the Public Acts of 1909, entitled as amended "An act to provide for the incorporation of cities and for revising and amending their charters; to provide for certain powers and duties; to provide for the levy and collection of taxes by cities, borrowing of money, and issuance of bonds or other evidences of indebtedness; to validate actions taken, bonds issued, and obligations heretofore incurred; and to repeal certain acts and parts of acts on specific dates," as amended by Act No. 268 of the Public Acts of 1988, being section 117.4a of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Section 4a of Act No. 279 of the Public Acts of 1909, as amended by Act No. 268 of the Public Acts of 1988, being section 117.4a of the Michigan Compiled Laws, is amended to read as follows:

Sec. 4a. (1) Each city in its charter may provide for the borrowing of money on the credit of the city and issuing bonds for the borrowing of money, for any purpose within the scope of the powers of the city.

(2) Notwithstanding a charter provision to the contrary, the net indebtedness incurred for all public purposes shall not exceed the greater of the following:

(a) Ten percent of the assessed value of all the real and personal property in the city.

(b) Fifteen percent of the assessed value of all the real and personal property in the city if that portion of the total amount of indebtedness incurred which exceeds 10% is or has been used solely for the construction or renovation of hospital facilities.

(3) In case of fire, flood, or other calamity, the legislative body may borrow for the relief of the inhabitants of the city and for the preservation of municipal property, a sum not to exceed $\frac{3}{8}$ of 1% of the assessed value of all the real and personal property in the city, due in not more than 5 years, even if the loan would cause the indebtedness of the city to exceed the limit established by this section.

(4) In computing the net indebtedness, all of the following shall be excluded:

(a) Bonds issued in anticipation of the payment of special assessments, even though they are also a general obligation of the city.

(b) Mortgage bonds that are secured only by a mortgage on the property or franchise of a public utility.

- (c) Bonds issued to refund money advanced or paid on special assessments for water main extensions.
- (d) Motor vehicle highway fund bonds, even though they are also a general obligation of the city.
- (e) Revenue bonds.
- (f) Bonds issued or contract or assessment obligations incurred to comply with an order of the water resources commission or a court of competent jurisdiction.
- (g) Obligations incurred before January 9, 1973 for water supply, sewage, drainage, or refuse disposal, or resource recovery projects, or incurred after January 8, 1973 for projects necessary to protect the public health by abating pollution. A certification by the county, district, or state health department shall be sufficient proof that the project is necessary to protect the public health by abating pollution.
- (h) Bonds issued to acquire housing for which rent subsidies will be received by the city or an agency of the city under a contract with the United States government and used by the city to operate and maintain the housing and pay principal and interest on the bonds.
- (i) Obligations entered into under an intergovernmental self-insurance contract pursuant to section 5 of Act No. 35 of the Public Acts of 1951, being section 124.5 of the Michigan Compiled Laws, or issued to pay premiums or to establish funds to self-insure for losses pursuant to the municipal finance act, Act No. 202 of the Public Acts of 1943, being sections 131.1 to 139.3 of the Michigan Compiled Laws.
- (j) Bonds issued for the construction, improvement, or replacement of a combined sewer overflow abatement facility. As used in this subdivision:
 - (i) "Combined sewer overflow" means a discharge from a combined sewer system that occurs when the flow capacity of the combined sewer system is exceeded.
 - (ii) "Combined sewer overflow abatement facility" means any works, instrumentalities, or equipment necessary or appropriate to abate combined sewer overflows.
 - (iii) "Combined sewer system" means a sewer designed and used to convey both storm water runoff and sanitary sewage, and which contains lawfully installed regulators and control devices that allow for delivery of sanitary flow to treatment during dry weather periods and divert storm water and sanitary sewage to surface waters during storm flow periods.
 - (iv) "Construction" means any action undertaken in the designing or building of a combined sewer overflow abatement facility. This term includes, but is not limited to, all of the following:
 - (A) Engineering services.
 - (B) Legal services.
 - (C) Financial services.
 - (D) Design of plans and specifications.
 - (E) Acquisition of land or structural components, or both.
 - (F) Building, erection, alteration, remodeling, or extension of a combined sewer overflow abatement facility.
 - (G) City supervision of the project activities described in sub-subparagraphs (A) to (F).
 - (v) "Improvement" means any action undertaken to expand, rehabilitate, or restore a combined sewer overflow abatement facility.
 - (vi) "Replacement" means any actions taken to obtain and install equipment, accessories, or appurtenances during the useful life of a combined sewer overflow abatement facility necessary to maintain the capacity and performance for which the equipment, accessories, or appurtenances are designed and constructed.
- (5) The resources of the sinking fund pledged for the retirement of any outstanding bonds shall also be deducted from the amount of the indebtedness.
- (6) An obligation for the construction, renovation, or modernization of a hospital pursuant to subsection (2)(b) shall not be incurred after July 1, 1978 unless the construction, renovation, or modernization has been approved in accordance with any applicable act or unless the obligation is to refinance a previous obligation.
- (7) Each city may provide in its charter for the borrowing of money and issuing bonds for the borrowing of money in anticipation of the payment of special assessments, which bonds may be an obligation of the special assessment district or may be both an obligation of the special assessment district and a general obligation of the city.
- (8) Bonds issued and obligations incurred before July 31, 1973 are validated.
- (9) In computing the net indebtedness for the purposes of subsection (2), there may be added to the assessed value of real and personal property in a city for a fiscal year an amount equal to the assessed value equivalent of certain city revenues as determined under this subsection. The assessed value equivalent shall be calculated by dividing the sum of the following amounts by the city's millage rate for the fiscal year:

(a) The amount paid or the estimated amount required to be paid by the state to the city during the city's fiscal year for the city's use pursuant to sections 134 and 136(1), (2), and (3) of the single business tax act, Act No. 228 of the Public Acts of 1975, being sections 208.134 and 208.136 of the Michigan Compiled Laws. The department of treasury shall certify the amount upon request.

(b) The amount levied by the city for its own use during the city's fiscal year from the specific tax levied under Act No. 198 of the Public Acts of 1974, as amended, being sections 207.551 to 207.571 of the Michigan Compiled Laws.

(c) The amount levied by the city for its own use during the city's fiscal year from the specific tax levied under the commercial redevelopment act, Act No. 255 of the Public Acts of 1978, being sections 207.651 to 207.668 of the Michigan Compiled Laws.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved.....

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Governor.