

HOUSE BILL No. 4650

March 25, 1991, Introduced by Rep. Griffin and referred to the Committee on Corporations and Finance.

A bill to authorize local units of government to enter into reimbursement agreements, give evidences of indebtedness and pledge revenues and their limited tax general obligations in connection with reimbursement agreements, create certain liens, and fix the charges for certain services; and to validate certain reimbursement agreements and evidences of indebtedness of local units of government.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act, "local unit of government"
2 means a county, township, city, village, school district, inter-
3 mediate school district, community college district, metropolitan
4 district established under the metropolitan district act, Act
5 No. 312 of the Public Acts of 1929, being sections 119.1 to
6 119.18 of the Michigan Compiled Laws, metropolitan council
7 established under the metropolitan council act, Act No. 292 of

1 the Public Acts of 1989, being sections 124.651 to 124.685 of the
2 Michigan Compiled Laws, port district established under Act
3 No. 234 of the Public Acts of 1925, being sections 120.1 to
4 120.35 of the Michigan Compiled Laws, port authority established
5 under the Hertel-Law-T. Stopczynski port authority act, Act
6 No. 639 of the Public Acts of 1978, being sections 120.101 to
7 120.130 of the Michigan Compiled Laws, drainage district estab-
8 lished under the drain code of 1956, Act No. 40 of the Public
9 Acts of 1956, being sections 280.1 to 280.630 of the Michigan
10 Compiled Laws, or another local governmental entity.

11 Sec. 2. To secure performance or payment of an obligation
12 imposed upon a local unit of government by a statute, regulation,
13 or agreement, the local unit of government may enter a reimburse-
14 ment agreement supporting the issuance of a letter of credit,
15 surety bond, or third-party guarantee and give a note or other
16 evidence of indebtedness to secure its obligation under the reim-
17 bursement agreement.

18 Sec. 3. A local unit of government that enters into a reim-
19 bursement agreement under section 2 may pledge its revenues and,
20 if the local unit of government has ad valorem taxing power, its
21 full faith and credit limited tax general obligation for payment
22 of sums due under the reimbursement agreement and any note or
23 other evidence of indebtedness given in connection with the reim-
24 bursement agreement. The reimbursement agreement and any note or
25 other evidence of indebtedness given in connection with the reim-
26 bursement agreement is not subject to the local unit of

1 government's statutory, charter, or constitutional debt
2 limitations.

3 Sec. 4. A local unit of government that enters a reimburse-
4 ment agreement under section 2 may pledge the revenues of a
5 public improvement or enterprise for payment of its obligations
6 under the reimbursement agreement and the note or other evidence
7 of indebtedness and create a lien on those revenues. The lien is
8 a statutory lien and may be made subject to existing or future
9 liens created to secure revenue bonds or other evidences of
10 indebtedness according to their terms. The local unit of govern-
11 ment may agree to fix rates or charges for the services provided
12 by the public improvement or enterprise sufficient to enable it
13 to do all of the following:

14 (a) Operate and maintain the public improvement or
15 enterprise.

16 (b) Meet all other obligations incurred with respect to the
17 public improvement or enterprise.

18 (c) Pay its obligations under the reimbursement agreement
19 and the note or other evidence of indebtedness authorized by sec-
20 tion 2.

21 Sec. 5. An otherwise valid reimbursement agreement, note,
22 or other evidence of indebtedness of the type authorized by this
23 act entered into by a local unit of government before the effec-
24 tive date of this act is validated.