

# SENATE BILL No. 118

February 19, 1991, Introduced by Senator FAUST and referred to the Committee on Finance.

A bill to amend section 5 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 117.5 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 5 of Act No. 279 of the Public Acts of  
2 1909, as amended by Act No. 268 of the Public Acts of 1988, being  
3 section 117.5 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5       Sec. 5. A city does not have power TO DO THE FOLLOWING:

1 (a) ~~To increase~~ INCREASE the rate of taxation now fixed by  
2 law, unless the authority to do so is given by a majority of the  
3 electors of the city voting at the election at which the proposi-  
4 tion is submitted, but the increase in any case shall not, ~~be~~  
5 ~~such as to~~ EXCEPT AS PROVIDED BY LAW, cause the rate to exceed  
6 2% ~~, except as provided by law,~~ of the assessed value of the  
7 real and personal property in the city.

8 (b) ~~To submit~~ SUBMIT to the electors a charter more often  
9 than once in every 2 years, ~~nor~~ OR unless the charter is filed  
10 with the city clerk 60 days before the election. ~~, but~~  
11 HOWEVER, this provision ~~shall~~ DOES not apply to the submission  
12 and resubmission of charters of cities ~~which~~ THAT may be incor-  
13 porated under this act until ~~they shall have~~ THOSE CITIES first  
14 ~~adopted~~ ADOPT a charter. ~~Where~~ IF a city submits to the  
15 electors a charter ~~and the charter~~ THAT is adopted by the elec-  
16 tors ~~, and the city has operated under the charter, which~~ AND  
17 THAT charter has not, at the time it is adopted, been on file  
18 with the city clerk 60 days, ~~then~~ the legislative body of the  
19 city, upon ~~its~~ giving the notice of election as provided in the  
20 charter, may resubmit THE CHARTER to the electors ~~, at a spe-~~  
21 cial or general election. ~~, the charter, which, if~~ IF adopted  
22 by the electors, THE CHARTER shall be considered operative and  
23 effective as of the date of the first submission and adoption.  
24 The charter shall not be resubmitted unless 60 days have elapsed  
25 between the date of the filing of the charter and the date of the  
26 election at which the charter is resubmitted.

1 (c) ~~To call~~ CALL more than 2 special elections within 1  
 2 year. This prohibition does not apply to elections ~~which~~ THAT  
 3 may be held in the submission and resubmission of charters of  
 4 cities ~~which~~ THAT may be incorporated under this act until they  
 5 have first adopted a charter, and does not apply to elections  
 6 ~~which~~ THAT may be held in the resubmission of a charter once  
 7 adopted as provided in subdivision (b).

8 (d) ~~To decrease~~ DECREASE the salary of a municipal judge  
 9 after his or her election or appointment, or during the judge's  
 10 term of office, notwithstanding any charter provision to the  
 11 contrary. ~~nor shall the~~ THE FIXED term of a public official  
 12 SHALL NOT be shortened or extended beyond the period for which  
 13 the official is elected or appointed, unless he or she resigns or  
 14 is removed for cause. ~~, where the office is held for a fixed~~  
 15 ~~term.~~

16 (e) ~~To adopt~~ ADOPT a charter or an amendment to the  
 17 charter unless approved by a majority of the electors voting  
 18 ~~thereon; to~~ ON THE CHARTER OR AN AMENDMENT TO THE CHARTER; sell  
 19 a park, cemetery, or any part of a park or cemetery, except where  
 20 the park is not required under an official master plan of the  
 21 city; ~~to~~ engage in a business enterprise requiring an invest-  
 22 ment of money in excess of 10 cents per capita; or ~~to~~ authorize  
 23 an issue of bonds except bonds issued in anticipation of the col-  
 24 lection of taxes actually levied and uncollected or for which an  
 25 appropriation has been made; bonds ~~which~~ THAT the city is  
 26 authorized by its charter to issue as part of its budget system,  
 27 to an amount ~~which~~ THAT in any year, together with the taxes

1 levied for the same year, will not exceed the limit of taxation  
2 authorized by law; special assessment bonds; bonds for the city's  
3 portion of local improvements; refunding bonds; emergency bonds  
4 as defined by this act; and bonds ~~which~~ THAT the legislative  
5 body is SPECIFICALLY authorized by ~~specific~~ statute to issue  
6 without vote of the electors, unless approved by a majority of  
7 the electors voting thereon at a general or special election. In  
8 addition to the foregoing, a city ~~which~~ THAT now has, or  
9 ~~which~~ THAT may hereafter have, a population of 750,000 persons  
10 or more may issue bonds, upon resolution of its governing body,  
11 without prior approval of the electors, ~~which~~ THAT the city is  
12 authorized by its charter to issue as part of its budget system,  
13 to an amount ~~which~~ THAT in any year, together with the ad  
14 valorem taxes levied for the same year, exclusive of debt service  
15 taxes or taxes levied pursuant to other laws, will not exceed  
16 2-1/2% of the assessed value of the real and personal property in  
17 the city, this limitation to supersede and take the place of any  
18 contrary language in any existing city charter. For the purposes  
19 of this subdivision only, the assessed value of real and personal  
20 property in any such city shall include the assessed value equiv-  
21 alent of money received during the city's fiscal year from the  
22 department of treasury pursuant to sections 134, and 136(1), (2),  
23 and (3) of THE SINGLE BUSINESS TAX ACT, Act No. 228 of the Public  
24 Acts of 1975, being sections 208.134 and 208.136 of the Michigan  
25 Compiled Laws. The assessed value equivalent shall be calculated  
26 by dividing the money received by the city's millage rate for the  
27 fiscal year. Notwithstanding the former provisions of this

1 subdivision requiring approval by 3/5 of the electors voting  
2 ~~thereon~~ ON THE QUESTION as a prerequisite to the exercise of  
3 certain powers, these powers may be exercised if approved by a  
4 majority of the electors voting ~~thereon~~ ON THE QUESTION at a  
5 general or special election held on or after April 1, 1966.

6 (f) ~~To make~~ MAKE a contract with, or give an official  
7 position to, one who is in default to the city.

8 (g) ~~To issue~~ ISSUE bonds without providing a sinking fund  
9 to pay them at maturity, except as provided in section 4g(1), but  
10 sinking funds shall not be required ~~in the case of~~ FOR serial  
11 bonds ~~which~~ THAT fall due annually. Bonds, whether authorized  
12 under this act or any other act, except refunding bonds, revenue  
13 bonds, motor vehicle highway fund bonds, rehabilitation bonds,  
14 judgment bonds, bonds or other obligations issued to fund an  
15 operating deficit of a city, bonds or other obligations to pay  
16 premiums or to establish funds to self-insure for losses as  
17 authorized by the municipal finance act, Act No. 202 of the  
18 Public Acts of 1943, being sections 131.1 to 139.3 of the  
19 Michigan Compiled Laws, bonds the issuance of which has been  
20 approved by the voters, BONDS ISSUED PURSUANT TO THE TRADE SHOW  
21 FACILITY DEVELOPMENT ACT, and bonds issued to comply with an  
22 order of a court of competent jurisdiction shall not be issued by  
23 a city unless notice of the issuance of the bonds is published  
24 once in a newspaper of general circulation in the city at least  
25 45 days before the issuance of the bonds, within which period a  
26 petition may be filed with the legislative body signed by not  
27 less than 10% or 15,000 of the registered electors in the city,

1 whichever is less, in which event the legislative body shall  
2 submit the question of the issuance of the bonds to the electors  
3 of the city, at a regular or special election in the city. The  
4 bonds shall not be issued unless a majority vote of the electors  
5 voting on the issuance vote in favor of issuing the bonds. The  
6 notice of intent to issue bonds shall state the maximum amount of  
7 the bond issue, the purpose of the bond issuance, source of pay-  
8 ment, right of referendum on the issuance of the bonds, and other  
9 information as the legislative body determines to be necessary to  
10 adequately inform the electors and all other interested persons  
11 of the nature of the issue and of their rights with respect to  
12 the issue. If a notice of intent has been published before July  
13 31, 1973, in substantial compliance with this section, and the  
14 referendum period formerly provided by this section has expired,  
15 but the bonds have not been issued, the notice and the publica-  
16 tion of the notice are hereby validated and, if no petition for a  
17 referendum on issuance of the bonds has been or is signed and  
18 filed within the time period formerly provided by this section,  
19 the bonds may be issued without submitting the proposition for  
20 approval to the electors, or if a petition has been or is so  
21 signed and filed, the bonds may be issued if approved at an elec-  
22 tion as provided in this subdivision.

23 (h) ~~To repudiate~~ REPUDIATE a debt by a change in its  
24 charter or by consolidation with any other municipality.

25 (i) ~~To submit~~ SUBMIT a franchise to the electors at a spe-  
26 cial election, unless the expense of holding the election, as

1 determined by the legislative body, is paid in advance to the  
2 city treasurer by the grantee in the franchise.

3       Section 2. This amendatory act shall not take effect unless  
4 Senate Bill No. 117  
5                   of the 86th Legislature is enacted into law.