



# HOUSE BILL No. 5342

February 15 1994, Introduced by Reps Hammerstrom Kukuk Brackenridge Crissman Jamian Jersevic Galloway Voorhees Dolan Bodem Porreca Bullard DeLange Harder Wetters, Byrum Dobronski and Llewellyn and referred to the Committee on Local Government

A bill 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 256 of the Public Acts of 1992, being section 117 4a of the Michigan Compiled Laws

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Section 4a of Act No 279 of the Public Acts of  
2 1909, as amended by Act No 256 of the Public Acts of 1992 being  
3 section 117 4a of the Michigan Compiled Laws, is amended to read  
4 as follows

5 Sec 4a (1) Each city in its charter may provide for the  
6 borrowing of money on the credit of the city and issuing bonds

1 for the borrowing of money for any purpose within the scope of  
2 the powers of the city

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

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

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

13 (3) In case of fire, flood, or other calamity, the legisla-  
14 tive body may borrow for the relief of the inhabitants of the  
15 city and for the preservation of municipal property, a sum not to  
16 exceed  $\frac{3}{8}$  of 1% of the assessed value of all the real and per-  
17 sonal property in the city, due in not more than 5 years, even if  
18 the loan would cause the indebtedness of the city to exceed the  
19 limit established by this section

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

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

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

1 (c) Bonds issued to refund money advanced or paid on special  
2 assessments for water main extensions

3 (d) Motor vehicle highway fund bonds, even though they are  
4 also a general obligation of the city

5 (e) Revenue bonds

6 (f) Bonds issued or contract or assessment obligations  
7 incurred to comply with an order of the water resources commis-  
8 sion or a court of competent jurisdiction

9 (g) Obligations incurred before January 9, 1973 for water  
10 supply, sewage, drainage, or refuse disposal, or resource recov-  
11 ery projects, or incurred after January 8 1973 for projects nec-  
12 essary to protect the public health by abating pollution A cer-  
13 tification by the county, district, or state health department  
14 shall be sufficient proof that the project is necessary to pro-  
15 tect the public health by abating pollution

16 (h) Bonds issued to acquire housing for which rent subsidies  
17 will be received by the city or an agency of the city under a  
18 contract with the United States government and used by the city  
19 to operate and maintain the housing and pay principal and inter-  
20 est on the bonds

21 (i) Obligations entered into under an intergovernmental  
22 self-insurance contract pursuant to section 5 of Act No 35 of  
23 the Public Acts of 1951, being section 124 5 of the Michigan  
24 Compiled Laws, or issued to pay premiums or to establish funds to  
25 self-insure for losses pursuant to the municipal finance act, Act  
26 No 202 of the Public Acts of 1943, being sections 131 1 to 139 3  
27 of the Michigan Compiled Laws

1 (j) Bonds issued OR ASSESSMENTS OR CONTRACT OBLIGATIONS  
2 INCURRED for the construction, improvement or replacement of a  
3 combined sewer overflow abatement facility As used in this  
4 subdivision

5 (i) "Combined sewer overflow" means a discharge from a com-  
6 bined sewer system that occurs when the flow capacity of the com-  
7 bined sewer system is exceeded

8 (ii) "Combined sewer overflow abatement facility" means any  
9 works, instrumentalities or equipment necessary or appropriate  
10 to abate combined sewer overflows

11 (iii) "Combined sewer system" means a sewer designed and  
12 used to convey both storm water runoff and sanitary sewage and  
13 which contains lawfully installed regulators and control devices  
14 that allow for delivery of sanitary flow to treatment during dry  
15 weather periods and divert storm water and sanitary sewage to  
16 surface waters during storm flow periods

17 (iv) "Construction" means any action ~~undertaken~~ TAKEN in  
18 the designing or building of a combined sewer overflow abatement  
19 facility This term includes, but is not limited to, all of the  
20 following

21 (A) Engineering services

22 (B) Legal services

23 (C) Financial services

24 (D) Design of plans and specifications

25 (E) Acquisition of land or structural components, or both

26 (F) Building, erection, alteration, remodeling, or extension  
27 of a combined sewer overflow abatement facility

1 (G) City supervision of the project activities described in  
2 sub-subparagraphs (A) to (F)

3 (v) Improvement' means any action ~~undertaken~~ TAKEN to  
4 expand, rehabilitate, or restore a combined sewer overflow abate-  
5 ment facility

6 (vi) Replacement means any ~~actions~~ ACTION taken to  
7 obtain and install equipment, accessories, or appurtenances  
8 during the useful life of a combined sewer overflow abatement  
9 facility necessary to maintain the capacity and performance for  
10 which the equipment, accessories, or appurtenances are designed  
11 and constructed

12 (5) The resources of the sinking fund pledged for the  
13 retirement of any outstanding bonds shall also be deducted from  
14 the amount of the indebtedness

15 (6) An obligation for the construction renovation or mod-  
16 ernization of a hospital pursuant to subsection (2)(b) shall not  
17 be incurred after July 1, 1978 unless the construction, renova-  
18 tion, or modernization has been approved in accordance with any  
19 applicable act or unless the obligation is to refinance a previ-  
20 ous obligation

21 (7) Each city may provide in its charter for the borrowing  
22 of money and issuing bonds for the borrowing of money in antici-  
23 pation of the payment of special assessments, which bonds may be  
24 an obligation of the special assessment district or may be both  
25 an obligation of the special assessment district and a general  
26 obligation of the city

1 (8) Bonds issued and obligations incurred before July 31,  
2 1973 are validated

3 (9) In computing the net indebtedness for the purposes of  
4 subsection (2), there may be added to the assessed value of real  
5 and personal property in a city for a fiscal year an amount equal  
6 to the assessed value equivalent of certain city revenues as  
7 determined under this subsection The assessed value equivalent  
8 shall be calculated by dividing the sum of the following amounts  
9 by the city's millage rate for the fiscal year

10 (a) The amount paid or the estimated amount required to be  
11 paid by the state to the city during the city's fiscal year for  
12 the city's use pursuant to sections 134 and 136(1) (2), and (3)  
13 of the single business tax act, Act No 228 of the Public Acts of  
14 1975, being sections 208 134 and 208 136 of the Michigan Compiled  
15 Laws The department of treasury shall certify the amount upon  
16 request

17 (b) The amount levied by the city for its own use during the  
18 city's fiscal year from the specific tax levied under Act No 198  
19 of the Public Acts of 1974, as amended, being sections 207 551 to  
20 207 571 of the Michigan Compiled Laws

21 (c) The amount levied by the city for its own use during the  
22 city's fiscal year from the specific tax levied under the commer-  
23 cial redevelopment act, Act No 255 of the Public Acts of 1978,  
24 being sections 207 651 to 207 668 of the Michigan Compiled Laws