

**SUBSTITUTE FOR
HOUSE BILL NO. 5727**

A bill to amend 1971 PA 140, entitled
"Glenn Steil state revenue sharing act of 1971,"
by amending section 17a (MCL 141.917a), as amended by 1987 PA
283.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 17a. (1) To the extent required by the emergency
2 municipal loan act, ~~Act No. 243 of the Public Acts of 1980,~~
3 ~~being sections 141.931 to 141.942 of the Michigan Compiled Laws~~
4 1980 PA 243, MCL 141.931 TO 141.942, a municipality granted a
5 loan ~~pursuant to~~ UNDER the emergency municipal loan act, ~~Act~~
6 ~~No. 243 of the Public Acts of 1980~~ 1980 PA 243, MCL 141.931 TO
7 141.942, shall have withheld from any payment the city, village,
8 township, or county is eligible to receive, an amount equivalent
9 to any delinquent payments due on the loan.

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1 (2) The state treasurer may withhold all or part of any
2 payment that a city, village, township, or county is eligible to
3 receive under this act to the extent the withholdings are a com-
4 ponent part of a plan, developed and implemented ~~pursuant to~~
5 ~~chapter IX of the municipal finance act, Act No. 202 of the~~
6 ~~Public Acts of 1943, being sections 139.1 to 139.3 of the~~
7 ~~Michigan Compiled Laws~~ UNDER THE REVISED MUNICIPAL FINANCE ACT,
8 2001 PA 34, MCL 141.2101 TO 141.2821, for financing an outstand-
9 ing obligation upon which the municipality defaulted. Amounts
10 withheld shall be used to pay, on behalf of the city, village,
11 township, or county, unpaid amounts or subsequently due amounts,
12 or both, of principal and interest on the outstanding obligation
13 upon which the city, village, township, or county defaulted.

14 (3) The state treasurer may withhold all or part of any pay-
15 ment that a city or village is eligible to receive under this
16 act, after payment of all money owing to the city or village
17 under this act ~~which~~ THAT, prior to the date of a withholding
18 under this subsection, has been pledged for the payment of debt
19 service on bonds or notes or for the payment of contractual obli-
20 gations pledged for the payment of debt service on bonds or
21 notes, in an amount necessary to repay loans made to the city or
22 village pursuant to section 11(6) of ~~Act No. 51 of the Public~~
23 ~~Acts of 1951, being section 247.661 of the Michigan Compiled~~
24 ~~Laws~~ 1951 PA 51, MCL 247.661, after any deduction authorized by
25 section 11(8) of ~~Act No. 51 of the Public Acts of 1951~~ 1951 PA
26 51, MCL 247.661, has been applied for the repayment of the loan.

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1 (4) Under an agreement entered into by a city, village,
2 township, or county assigning all or a portion of the payment
3 that it is eligible to receive under this act to the Michigan
4 municipal bond authority or pledging that amount for payment of
5 an obligation it incurred with the Michigan municipal bond
6 authority, the state treasurer shall transmit to the Michigan
7 municipal bond authority or a trustee designated by the authority
8 the amount of the payment ~~which~~ THAT is assigned or pledged
9 under the agreement. Notwithstanding the payment dates pre-
10 scribed by this act for distributions under this act, the state
11 treasurer may advance all or part of a payment ~~which~~ THAT is
12 dedicated for distribution or for which the appropriation autho-
13 rizing the payment has been made if and to the extent, under the
14 terms of an agreement entered into by a city, village, township,
15 or county and the Michigan municipal bond authority, the payment
16 ~~which~~ THAT the city, village, township, or county is eligible
17 to receive has been assigned to or pledged for payment of an
18 obligation it incurred with the Michigan municipal bond
19 authority. This subsection does not require the state to make an
20 appropriation to any city, village, county, or township and shall
21 not be construed as creating an indebtedness of the state. Any
22 agreement made pursuant to this subsection shall contain a state-
23 ment to that effect.

24 (5) The state treasurer shall withhold all or part of a pay-
25 ment that a city, village, township, or county is eligible to
26 receive under this act to satisfy a payment due and owing to the
27 state or to a state department or agency from the city, village,

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1 township, or county unless ~~and to the extent subsection (4)~~
2 ~~requires otherwise or unless the city, village, township, or~~
3 ~~county has pledged payments under this act for payment on an~~
4 ~~obligation issued by the municipality as approved by the state~~
5 ~~treasurer.~~ 1 OR MORE OF THE FOLLOWING APPLY:

6 (A) THE PAYMENT IS REQUIRED TO SATISFY AN OBLIGATION UNDER
7 AN AGREEMENT DESCRIBED IN SUBSECTION (4).

8 (B) THE BOND RATING ON ANY OBLIGATION ISSUED BY THE MICHIGAN
9 MUNICIPAL BOND AUTHORITY THAT PLEDGES PAYMENTS THAT COULD BE
10 RECEIVED UNDER AN AGREEMENT DESCRIBED IN SUBSECTION (4) WOULD BE
11 REDUCED OR WITHDRAWN BECAUSE OF THE ACTION.

12 (C) PAYMENTS UNDER THIS ACT HAVE BEEN PLEDGED FOR THE PAY-
13 MENT ON AN OBLIGATION ISSUED BY A CITY, VILLAGE, OR COUNTY THAT
14 HAS BEEN APPROVED BY THE STATE TREASURER.

15 (6) THE STATE TREASURER MAY WITHHOLD ALL OR PART OF A PAY-
16 MENT THAT A CITY, VILLAGE, TOWNSHIP, OR COUNTY IS ELIGIBLE TO
17 RECEIVE UNDER THIS ACT TO SATISFY A PAYMENT DUE AND OWING TO A
18 LOCAL PUBLIC PENSION AND RETIREMENT SYSTEM OR THE MUNICIPAL
19 EMPLOYEES RETIREMENT SYSTEM ESTABLISHED UNDER THE MUNICIPAL
20 EMPLOYEES RETIREMENT ACT OF 1984, 1984 PA 427, MCL 38.1501 TO
21 38.1555, FROM THE CITY, VILLAGE, TOWNSHIP, OR COUNTY UNLESS 1 OR
22 MORE OF THE FOLLOWING APPLY:

23 (A) THE PAYMENT IS REQUIRED TO SATISFY AN OBLIGATION UNDER
24 AN AGREEMENT DESCRIBED IN SUBSECTION (4).

25 (B) THE BOND RATING ON ANY OBLIGATION ISSUED BY THE MICHIGAN
26 MUNICIPAL BOND AUTHORITY THAT PLEDGES PAYMENTS THAT COULD BE

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1 RECEIVED UNDER AN AGREEMENT DESCRIBED IN SUBSECTION (4) WOULD BE
2 REDUCED OR WITHDRAWN BECAUSE OF THE ACTION.

3 (C) PAYMENTS UNDER THIS ACT HAVE BEEN PLEDGED FOR THE PAY-
4 MENT ON AN OBLIGATION ISSUED BY A CITY, VILLAGE, OR COUNTY THAT
5 HAS BEEN APPROVED BY THE STATE TREASURER.