

HOUSE BILL No. 5839

April 9, 2002, Introduced by Rep. Newell and referred to the Committee on Tax Policy.

A bill to amend 1951 PA 51, entitled

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive

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transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts,"

by amending section 10n (MCL 247.660n) as added by 1987 PA 234.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10n. Funds from the comprehensive transportation fund
2 may be distributed to a trustee, or to the Michigan municipal
3 bond authority as created under the shared credit rating act,
4 ~~Act No. 227 of the Public Acts of 1985, being sections 141.1051~~
5 ~~to 141.1077 of the Michigan Compiled Laws~~ 1985 PA 227,
6 MCL 141.1051 TO 141.1076, that is authorized to receive the funds
7 ~~pursuant to~~ UNDER a borrowing resolution adopted by an eligible
8 authority. The issuance of the notes of an eligible authority in
9 anticipation of payment of proceeds from the comprehensive trans-
10 portation fund shall be authorized by a borrowing resolution of
11 the eligible authority ~~pursuant to~~ UNDER the metropolitan
12 transportation authorities act of 1967, ~~Act No. 204 of the~~
13 ~~Public Acts of 1967, being sections 124.401 to 124.425 of the~~
14 ~~Michigan Compiled Laws~~ 1967 PA 204, MCL 124.401 TO 124.426. The
15 issuance of the notes under this section ~~shall be~~ IS NOT
16 subject to ~~section 11 of chapter III of the municipal finance~~
17 ~~act, Act No. 202 of the Public Acts of 1943, being section 133.11~~

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1 ~~of the Michigan Compiled Laws~~ THE REVISED MUNICIPAL FINANCE ACT,
2 2001 PA 34, MCL 141.2101 TO 141.2821, and shall be subject to the
3 prior approval of the state transportation commission. Failure
4 of the commission to take action within 35 days after receipt of
5 notification from the eligible authority of intent to issue the
6 notes, constitutes approval by the state transportation
7 commission. The eligible authority may only issue the notes in
8 anticipation of funds to be received during its current fiscal
9 year at any time before the eligible authority's receipt of the
10 funds from the comprehensive transportation fund. The principal
11 amount of notes for which the funds to be received from the com-
12 prehensive transportation fund are pledged shall not exceed 85%
13 of the amount remaining to be received by the eligible authority
14 from the comprehensive transportation fund in the current fiscal
15 year. The pledge of 100% of the funds the eligible authority
16 expects to receive from the comprehensive transportation fund
17 shall be secured by a direct transfer of the pledge funds from
18 the comprehensive transportation fund to the trustee or the
19 Michigan municipal bond authority that is authorized to receive
20 the funds by the borrowing resolution adopted by the eligible
21 authority. The notes of the eligible authority shall not be in
22 any way a debt or a liability of the state and shall not create
23 or constitute any indebtedness, liability, or obligations of the
24 state or be or constitute a pledge of the full faith and credit
25 of the state. Each note shall contain on its face a statement to
26 the effect that the eligible authority is obligated to pay the
27 principal of and the interest on the note only from funds of or

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1 due to the eligible authority and that ~~the~~ THIS state is not
2 obligated to pay that principal or interest and that neither the
3 faith in credit nor the taxing power of ~~the~~ THIS state is
4 pledged to the payment of the principal of or the interest on the
5 note. The notes shall mature not more than 13 months from the
6 date of issuance, shall bear interest at a fixed or variable rate
7 or rates of interest per annum, and, in addition to other secur-
8 ity required by this section, may be secured by letter or line of
9 credit issued by a financial institution or as provided in the
10 borrowing resolution.