

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5836

A bill to amend 1967 PA 204, entitled
"Metropolitan transportation authorities act of 1967,"
by amending section 16 (MCL 124.416), as amended by 1983 PA 31.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 16. (1) The authority may borrow money and issue bonds
2 to finance and to carry out its powers and duties. The bonds
3 shall be payable from and may be issued in anticipation of pay-
4 ment of the proceeds of any of the methods of financing described
5 in section 14 or elsewhere in this act or as may be provided by
6 law. A political subdivision within the geographical boundaries
7 of the authority may contract to make payments, appropriations,
8 or contributions to the authority of the proceeds of taxes, spe-
9 cial assessments, or charges imposed and collected by the
10 political subdivision or out of any other funds legally available
11 and may pledge its full faith and credit in support of its

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1 contractual obligation to the authority. The contractual
2 obligation shall not constitute an indebtedness of a political
3 subdivision within a statutory or charter debt limitation. If
4 the authority has issued bonds in anticipation of payments,
5 appropriations, or contributions to be made to the authority pur-
6 suant to contract by a political subdivision having the power to
7 levy and collect ad valorem taxes, the political subdivision may
8 obligate itself by the contract, and thereupon may levy a tax on
9 all taxable property in the political subdivision, which tax as
10 to rate or amount will be as provided in section 6 of article IX
11 of the state constitution of 1963 for contract obligations in
12 anticipation of which bonds are issued, to provide sufficient
13 money to fulfill its contractual obligation to the authority.

14 (2) The bonds of the authority shall be issued and sold in
15 compliance with ~~Act No. 202 of the Public Acts of 1943, as~~
16 ~~amended, being sections 131.1 to 139.3 of the Michigan Compiled~~
17 ~~Laws~~ THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101
18 TO 141.2821, except that the bonds may be issued for any period
19 of years, not exceeding 40 years. ~~The bonds may be:~~

20 ~~(a) Serial bonds or term bonds, or a combination of both~~
21 ~~serial and term bonds.~~

22 ~~(b) Issued for a consideration other than cash.~~

23 ~~(c) For an amount which includes interest capitalized for a~~
24 ~~period not exceeding 3 years subsequent to the date of the~~
25 ~~bonds.~~

26 ~~(d) Sold at public sale, as provided in Act No. 202 of the~~
27 ~~Public Acts of 1943, as amended, or at private sale.~~

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1 (3) A public corporation ~~or a private corporation, firm, or~~
2 ~~individual~~ may advance money or deliver property to the author-
3 ity to finance or to carry out its powers and duties. The
4 authority may agree to repay the advances or pay for the property
5 within a period not exceeding 10 years, from the proceeds of its
6 bonds or from other funds legally available ~~therefor~~ FOR THAT
7 PURPOSE, with or without interest as may be agreed at the time of
8 advance or of repayment. The obligation of the authority to make
9 the repayment or payment may be evidenced by a contract or note
10 or notes, which contract or note may pledge the full faith and
11 credit of the authority. ~~, but the contract or note shall not be~~
12 ~~an obligation within the meaning of Act No. 202 of the Public~~
13 ~~Acts of 1943, as amended.~~

14 (4) A political subdivision desiring to enter into a con-
15 tract under subsection (1) shall authorize, by resolution of its
16 governing body, the execution of the contract, which resolution
17 shall be published in a newspaper of general circulation within
18 the political subdivision, and the contract may be executed with-
19 out a vote of the electors on the contract upon the expiration of
20 90 days after the date of the publication unless, within the
21 90-day period, a petition signed by not less than 5% of the reg-
22 istered electors residing within the limits of the political sub-
23 division is filed with the clerk of the political subdivision
24 requesting a referendum upon the execution of the contract, and
25 in that event the contract shall not be executed until approved
26 by the vote of a majority of the electors of the political
27 subdivision qualified to vote and voting on the contract at a

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1 general or special election to be held not more than 90 days
2 after the filing of the petition.

3 (5) If the bonds or notes sold by the authority involve the
4 pledge or use of state collected or administered funds, the
5 authority shall seek the approval of the state transportation
6 commission. ~~and, unless an exemption from prior approval is~~
7 ~~available pursuant to subsection (7), the approval of the municipi-~~
8 ~~pal finance commission or its successor agency according to Act~~
9 ~~No. 94 of the Public Acts of 1933, as amended, being sections~~
10 ~~141.101 to 141.139 of the Michigan Compiled Laws.~~

11 (6) Notwithstanding any other provision of this section, an
12 authority shall not issue bonds, nor use the revenues of the sale
13 of bonds, for the construction, reconstruction, maintenance, or
14 operation of a subway unless approved by concurrent resolution by
15 the legislature.

16 ~~(7) The requirement of subsection (5) for obtaining the~~
17 ~~prior approval of the municipal finance commission or its succes-~~
18 ~~or agency before issuing bonds or notes involving the pledge or~~
19 ~~use of state collected or administered funds shall be subject to~~
20 ~~sections 10 and 11 of chapter III of Act No. 202 of the Public~~
21 ~~Acts of 1943, being sections 133.10 and 133.11 of the Michigan~~
22 ~~Compiled Laws, and the department of treasury shall have the same~~
23 ~~authority as provided by section 11 of chapter III of Act No. 202~~
24 ~~of the Public Acts of 1943 to issue an order providing or denying~~
25 ~~an exception from the prior approval required by subsection (5)~~
26 ~~for bonds or notes, authorized by this act, involving the pledge~~
27 ~~or use of state collected or administered funds.~~

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1 (7) NOTES ISSUED AND CONTRACTS ENTERED INTO UNDER THIS
2 SECTION ARE NOT SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT,
3 2001 PA 34, MCL 141.2101 TO 141.2821.