

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 853

A bill to amend 1895 PA 3, entitled
"The general law village act,"
by amending section 36 of chapter VIII, sections 5, 21, and 25 of
chapter IX, and sections 4 and 5 of chapter XII (MCL 68.36, 69.5,
69.21, 69.25, 72.4, and 72.5), section 36 of chapter VIII as
amended by 1989 PA 28 and sections 5, 21, and 25 of chapter IX
and sections 4 and 5 of chapter XII as amended by 1998 PA 254.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 CHAPTER VIII

2 Sec. 36. (1) The council of a village may provide by reso-
3 lution for energy conservation improvements to be made to village
4 facilities and may pay for the improvements from operating funds
5 of the village or from the savings that result from the energy
6 conservation improvements. Energy conservation improvements may
7 include, but are not limited to, heating system improvements,

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1 fenestration improvements, roof improvements, the installation of
2 any insulation, the installation or repair of heating or air con-
3 ditioning controls, and entrance or exit way closures.

4 (2) The council of a village may acquire 1 or more of the
5 energy conservation improvements described in subsection (1) by
6 installment contract or may borrow money and issue notes for the
7 purpose of securing funds for the improvements or may enter into
8 contracts in which the cost of the energy conservation improve-
9 ments is paid from a portion of the savings that result from the
10 energy conservation improvements. These contractual agreements
11 may provide that the cost of the energy conservation improvements
12 are paid only if the energy savings are sufficient to cover their
13 cost. An installment contract or notes issued pursuant to this
14 subsection shall extend for a period of time not to exceed 10
15 years. Notes issued pursuant to this subsection shall be full
16 faith and credit, tax limited obligations of the village, payable
17 from tax levies and the general fund as pledged by the council of
18 the village. The notes ~~shall be~~ ARE subject to the ~~municipal~~
19 ~~finance act, Act No. 202 of the Public Acts of 1943, being sec-~~
20 ~~tions 131.1 to 139.3 of the Michigan Compiled Laws~~ REVISED
21 MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821.
22 ~~The notes shall bear interest at a rate determined by the coun-~~
23 ~~cil of the village, not to exceed the rate provided in section 1a~~
24 ~~of chapter III of the municipal finance act, Act No. 202 of the~~
25 ~~Public Acts of 1943, being section 133.1a of the Michigan~~
26 ~~Compiled Laws.~~ This subsection does not limit in any manner the
27 borrowing or bonding authority of a village as provided by law.

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(3) If energy conservation improvements are made as provided in this section, the village council shall report the following information to the ~~Michigan public service commission~~ DEPARTMENT OF TREASURY within 60 days of the completion of the improvements:

(a) Name of each facility to which an improvement is made and a description of the conservation improvement.

(b) Actual energy consumption during the 12-month period before completion of the improvement.

(c) Project costs and expenditures.

(d) Estimated annual energy savings.

(4) If energy conservation improvements are made as provided in this section, the village council shall report to the ~~Michigan public service commission~~ DEPARTMENT OF TREASURY, by July 1 of each of the 5 years after the improvements are completed, only the actual annual energy consumption of each facility to which improvements are made. The forms for the reports required by this section shall be furnished by the ~~Michigan public service commission~~ DEPARTMENT OF TREASURY.

CHAPTER IX

Sec. 5. The council may raise by special assessment upon the lands in sewer districts and special assessment districts, for the purpose of defraying the cost and expense of grading, paving, and graveling streets, and for constructing drains and sewers, and for making other local improvements, charged upon the lands in the district in proportion to frontage or benefits, such sums as they shall consider necessary to defray the costs of the

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1 improvements. ~~Money raised by special assessments to defray the~~
2 ~~expense of any such local improvement shall be held as a special~~
3 ~~fund to pay the expense, or to repay money borrowed for the~~
4 ~~improvement.~~

5 Sec. 21. Subject to the ~~municipal finance act, 1943~~
6 ~~PA 202, MCL 131.1 to 139.3~~ REVISED MUNICIPAL FINANCE ACT, 2001
7 PA 34, MCL 141.2101 TO 141.2821, the council may borrow money,
8 and give notes of the village, in anticipation of 1 or more of
9 the following:

10 (a) The receipt of revenue sharing payments under the GLENN
11 STEIL state revenue sharing act of 1971, 1971 PA 140, MCL 141.901
12 to 141.921.

13 (b) The collection of taxes.

14 Sec. 25. A loan may not be made by the council or by its
15 authority in any year, exceeding the amounts prescribed in this
16 act. For a loan lawfully made, the bonds of the village may be
17 issued subject to the ~~municipal finance act, 1943 PA 202,~~
18 ~~MCL 131.1 to 139.3~~ REVISED MUNICIPAL FINANCE ACT, 2001 PA 34,
19 MCL 141.2101 TO 141.2821. ~~Interest on the bonds shall not~~
20 ~~exceed the maximum rate permitted by The bonds shall the~~
21 ~~municipal finance act, 1943 PA 202, MCL 131.1 to 139.3.~~ The
22 bonds shall be executed in the manner directed by the council.
23 Bonds issued or indebtedness incurred by a village before January
24 30, 1974 are validated.

25 CHAPTER XII

26 Sec. 4. (1) A village may borrow a sum of money not
27 exceeding 5% of the taxable value of the property in the village

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1 as shown by the last preceding tax roll, to be used exclusively
2 for the purpose of purchasing or constructing and maintaining
3 lighting works as provided in this chapter. The council may fix
4 the time and place of the payment of the principal and interest
5 of the debt contracted under the provisions of this chapter, and
6 issue bonds of the village ~~therefor, but the rate of interest~~
7 ~~shall not exceed 6% per annum, and the bonds shall not be sold~~
8 ~~for less than their par value~~ FOR THOSE PURPOSES. BONDS ISSUED
9 UNDER THIS SECTION ARE SUBJECT TO THE REVISED MUNICIPAL FINANCE
10 ACT, 2001 PA 34, MCL 141.2101 TO 141.2821.

11 (2) The total amount expended for the purchase or construc-
12 tion of the lighting works shall not exceed the amount of the
13 estimate of expense ~~therefor~~ provided for in section 3 of this
14 chapter.

15 Sec. 5. (1) After lighting works have been purchased or
16 constructed in the village as provided in this chapter, the coun-
17 cil may raise and expend money to repair, alter, or extend the
18 lighting works without submitting the question to the electors of
19 the village. However, the sum to be so raised, in any 1 year,
20 shall be included in, and shall not increase the total amount
21 that the council is authorized to raise under section 1 of
22 chapter IX.

23 (2) Instead of raising ~~such~~ THE funds by tax, the council
24 may, by a contract that does not impose a general obligation on
25 the village, provide for repairs, alterations, or extensions of
26 the lighting works. The contract shall provide for payment of
27 the contract out of the net revenues which, after payment of

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1 obligations due, provision for payment of obligations to become
2 due, and payment of legitimate and necessary operating and other
3 expenses are available from the operation of the lighting works
4 after completion of the repairs, alterations, or extensions. The
5 contract shall provide for the retention of title to materials
6 furnished in the seller until paid for in full. However, a con-
7 tract made under this section does not deprive the people of the
8 village of any right vested in them by the constitution or the
9 laws of this state, grant a franchise or its operating equiva-
10 lent, or convey title to property to any person not possessed of
11 such title before the execution of the title retaining contract.

12 ~~Unless an exception from prior approval is available under~~
13 ~~subsection (4), a title retaining contract shall be approved by~~
14 ~~the department of treasury or its successor agency before becom-~~
15 ~~ing binding upon the village. The department of treasury or its~~
16 ~~successor agency shall determine its approval or disapproval upon~~
17 ~~all of the following factors:~~

18 ~~(a) Whether the contract conforms to this act.~~

19 ~~(b) Whether after payment of legitimate and necessary oper-~~
20 ~~ating and other expenses, and payments due or to become due on~~
21 ~~any existing obligations, the probable revenues pledged to the~~
22 ~~payment of the contract will be sufficient to pay the principal~~
23 ~~and interest on the contract when due.~~

24 ~~(c) Whether the cost of the repairs, alterations, or exten-~~
25 ~~sions to be paid by the contract are excessive.~~

26 (3) Instead of raising funds to repair, alter, or extend the
27 lighting works by tax as provided by section 1 of chapter IX, or

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1 using funds available from the operation of the lighting works,
2 as provided in this section, the council may borrow money and
3 issue bonds in the manner provided in section 3 of this chapter
4 for the acquisition or construction of lighting works, except
5 that approval of the proposal requires the affirmative vote of
6 3/5 of the electors voting on the question.

7 ~~-(4) The requirement of subsection (2) for obtaining the~~
8 ~~prior approval of the department of treasury or its successor~~
9 ~~agency before a title retaining contract may become binding is~~
10 ~~subject to sections 10 and 11 of chapter III of the municipal~~
11 ~~finance act, 1943 PA 202, MCL 133.10 and 133.11, and the depart-~~
12 ~~ment of treasury shall have the same authority as provided by~~
13 ~~section 11 of chapter III of the municipal finance act, 1943~~
14 ~~PA 202, MCL 133.11, to issue an order providing or denying an~~
15 ~~exception from the prior approval required by subsection (2) for~~
16 ~~a title retaining contract authorized by this section.~~