

**SUBSTITUTE FOR  
SENATE BILL NO. 977**

A bill to amend 1957 PA 185, entitled

"An act to authorize the establishing of a department and board of public works in counties; to prescribe the powers and duties of any municipality subject to the provisions of this act; to authorize the incurring of contract obligations and the issuance and payment of bonds or notes; to provide for a pledge by a municipality of its full faith and credit and the levy of taxes without limitation as to rate or amount to the extent necessary; to validate obligations issued; and to prescribe a procedure for special assessments and condemnation,"

by amending sections 11, 12, and 25 (MCL 123.741, 123.742, and 123.755).

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 11. (1) The acquirement of a water supply, sewage dis-  
2   posal or refuse system, or the making of ~~a~~ lake improvements or  
3   erosion control systems, or the improvement, enlargement, or  
4   extension ~~thereof~~ OF ANY OF THESE may be financed ~~in any~~ BY 1  
5   OR MORE of the following methods: ~~, or any combination thereof:~~

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1 (a) By the issuance of revenue bonds under the ~~provisions~~  
2 of ~~Act No. 94 of the Public Acts of 1933, as amended, being~~  
3 ~~sections 141.101 to 141.139 of the Michigan Compiled Laws~~  
4 REVENUE BOND ACT OF 1933, 1933 PA 94, MCL 141.101 TO 141.140, or  
5 any other applicable act.

6 (b) By the issuance of bonds in anticipation of payments to  
7 become due under contracts ~~whereby~~ WHERE 1 or more municipali-  
8 ties agree to pay to the county operating under this act certain  
9 sums toward the cost of the acquisition, improvement, enlarge-  
10 ment, or extension of a project ~~which~~ THAT may be made under  
11 this act.

12 (c) By the issuance of bonds in anticipation of the payment  
13 of special assessments made by the board of public works.

14 (d) By ~~moneys~~ MONEY advanced by a county operating under  
15 this act under agreements with a municipality or municipalities  
16 for the repayment of the ~~same~~ MONEY.

17 (e) By ~~moneys~~ MONEY advanced, from time to time, ~~prior~~  
18 ~~to~~ BEFORE or during construction of a project ~~,~~ by a public  
19 ~~or private~~ corporation, ~~firm, or individual,~~ in which event  
20 the county operating under this act shall reimburse the ~~person,~~  
21 ~~firm, or~~ corporation, with interest not to exceed 8% per annum  
22 or without interest as may be agreed, when funds are available  
23 ~~therefor~~ FOR THAT PURPOSE. The obligation of the county to  
24 make the reimbursement may be evidenced by a contract or note,  
25 ~~which~~ THE contract or note may be made payable out of the pay-  
26 ments to be made by municipalities, under contracts as described  
27 in section 12 or 15, or out of the proceeds of bonds issued

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1 ~~pursuant to~~ UNDER this act by the county or out of any other  
2 available funds. ~~, but the~~ THE contract or note ~~shall not be~~  
3 ~~deemed to be an obligation within the meaning of the provisions~~  
4 ~~of Act No. 202 of the Public Acts of 1943, as amended, being sec-~~  
5 ~~tions 131.1 to 138.2 of the Michigan Compiled Laws~~ IS NOT  
6 SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34,  
7 MCL 141.2101 TO 141.2821.

8 (2) Bonds issued under this act shall be authorized by an  
9 ordinance or a resolution approved by the board of public works  
10 and adopted by the county board of commissioners of the county  
11 operating under this act. The county board of commissioners is  
12 authorized by a 3/5 vote of its members elect, to pledge the full  
13 faith and credit of the county for the prompt payment of the  
14 principal of and interest on any bonds issued pursuant to this  
15 act. The county's full faith and credit may be pledged to the  
16 payment of principal and interest on revenue bonds issued  
17 ~~pursuant to~~ UNDER subsection (1)(a). If it becomes necessary  
18 for the county operating under this act to advance any ~~moneys~~  
19 MONEY, other than its share of the cost of the project, for the  
20 payment of principal and interest, then it shall be entitled to  
21 reimbursement from any surplus from time to time existing in the  
22 fund from which the principal and interest are primarily  
23 payable. If the faith and credit of the county is pledged for  
24 the payment of principal of and interest on any bonds issued  
25 ~~pursuant to~~ UNDER this act, the county may, in the case of  
26 insufficiency of funds primarily pledged for the payment, pay the  
27 ~~same~~ FUNDS from its general fund or levy taxes without

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1 limitation as to rate or amount ~~therefor~~ in addition to any  
2 other taxes that the county is authorized to levy but not in  
3 excess of the rate or amount necessary to make up the  
4 deficiency. The bonds shall be issued in the name of the county  
5 and shall be executed by the ~~chairman~~ CHAIRPERSON of the county  
6 board of commissioners and its county clerk, who shall also cause  
7 their facsimile signatures to be affixed to the interest coupons  
8 to be attached to the bonds. The county clerk shall also affix  
9 to the bonds the seal of the county. Bonds issued under this act  
10 ~~shall be~~ ARE negotiable instruments and shall ~~be serial bonds~~  
11 ~~payable annually, with the first maturity due not more than 5~~  
12 ~~years and the last maturity~~ MATURE not more than 40 years from  
13 the date ~~thereof~~ OF ISSUE. ~~The foregoing provisions~~ THIS  
14 SUBSECTION shall apply to special assessment bonds as well as  
15 other bonds. ~~Annual maturity payable after 5 years from the~~  
16 ~~date of the bonds shall not be less than 1/4 of the amount of any~~  
17 ~~subsequent maturity on the same series of bonds. The bonds shall~~  
18 ~~bear interest at not more than the maximum rate permitted by Act~~  
19 ~~No. 202 of the Public Acts of 1943, as amended, payable semiannu-~~  
20 ~~ally except that the first coupon may be for any number of months~~  
21 ~~not exceeding 10.~~ BONDS ISSUED UNDER THIS SECTION ARE SUBJECT TO  
22 THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO  
23 141.2821. The bonds and coupons shall be made payable in lawful  
24 money of the United States of America and shall be exempt from  
25 all taxation by ~~the~~ THIS state or by any taxing authority  
26 within ~~the~~ THIS state. The county board of commissioners may

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1 authorize the board of public works to sell the bonds in  
2 accordance with the laws of this state.

3       Sec. 12. (1) A county operating under this act and any 1 or  
4 more municipalities including the county itself may enter into a  
5 contract or contracts for the acquisition, improvement, enlarge-  
6 ment, or extension of a water supply, a sewage disposal, or a  
7 refuse system, or the making of lake improvements or erosion con-  
8 trol systems and for the payment of the ~~cost thereof~~ COSTS by  
9 the contracting municipalities, with interest, over a period not  
10 exceeding 40 years.

11       (2) In the contract each contracting municipality may pledge  
12 its full faith and credit for the payment of its obligations  
13 under the contract. If the municipality has taxing power, it may  
14 each year levy a tax in an amount ~~which~~ THAT will be sufficient  
15 for the prompt payment of all or part of the contract obligations  
16 due before the following year's tax collection. If the contract  
17 or an unlimited tax pledge in support of the contract has been  
18 approved by the electors, the tax may be in addition to any tax  
19 ~~which~~ THAT the municipality may otherwise be authorized to levy  
20 and may be imposed without limitation as to rate or amount but  
21 shall not be in excess of the rate or amount necessary to pay the  
22 contract obligation. THE CONTRACT IS NOT SUBJECT TO THE REVISED  
23 MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821. For  
24 the payment of contractual obligations incurred ~~pursuant to~~  
25 UNDER this act, a township shall levy a tax only on the taxable  
26 property in the unincorporated areas of the township unless the  
27 township and a village have agreed that a part of the capacity in

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1 the county system allocated to the township by contract pursuant  
2 to this act will be used to serve areas in a village located  
3 wholly or partly within the township and the village has not  
4 itself agreed to purchase the capacity in the county system. If  
5 a contracting municipality at the time of its annual tax levy has  
6 on hand in cash any amount pledged to the payment of the current  
7 obligations for which the tax levy is to be made, then the annual  
8 tax levy may be reduced by that amount. For the purpose of  
9 obtaining the credit, funds may be raised by a municipality ~~in~~  
10 ~~any~~ BY USING 1 OR MORE of the following methods:

11 (a) By service charges to users of the system or lake  
12 improvements.

13 (b) By special assessment upon lands benefited.

14 (c) By the exaction of charges for the connection of proper-  
15 ties, directly or indirectly, to the system or for the availabil-  
16 ity of the system to serve properties, directly or indirectly, or  
17 at a present or future time.

18 (d) By setting aside any state collected funds disbursed to  
19 the municipality and usable therefor.

20 (e) By setting aside any other available money.

21 (3) For the purpose of obtaining the credit, municipalities  
22 contracting for the acquisition, improvement, enlargement, or  
23 extension of an erosion control system shall levy special assess-  
24 ments upon all lands benefited to cover not less than 3/4 of the  
25 total project cost contracted for by the local unit. A munici-  
26 pality may agree to raise all or any part of its contract  
27 obligation by any of the methods provided in this section ~~which~~

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1 THAT are available. The powers in this act granted to any  
2 municipality shall be exercised by its governing body. A con-  
3 tract entered into before May 12, 1959, which complies with this  
4 act, is validated.

5 Sec. 25. (1) The board of public works may provide that the  
6 assessments made on any roll shall be payable in 1 or more annual  
7 installments, not exceeding 30. The board may vary the principal  
8 amount of each installment but an installment shall not be less  
9 than 1/4 of the amount of a subsequent installment. Annual  
10 installments need not be extended upon the special assessment  
11 roll until after confirmation.

12 (2) All unpaid installments shall bear interest from the  
13 date fixed by the board of public works, payable annually, at a  
14 rate to be set by the board at the time the special assessment is  
15 established, which shall not exceed any of the following:

16 (a) If bonds are not issued, 8% per annum.

17 (b) If bonds are issued, the maximum rate permitted to be  
18 charged under ~~section 9 of chapter 3 of Act No. 202 of the~~  
19 ~~Public Acts of 1943, being section 133.9 of the Michigan Compiled~~  
20 ~~Laws~~ THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101  
21 TO 141.2821.

22 (3) Installments of special assessments shall be spread as  
23 provided in this act, 1 each year, upon the tax rolls upon which  
24 county taxes are spread. The board of public works shall specify  
25 the first year of this spread, which shall not be later than the  
26 year following that in which the roll was confirmed. The board

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1 may provide the times and conditions upon which installments of  
2 special assessments may be paid in advance of their due dates.

3 (4) BONDS ISSUED UNDER THIS ACT ARE SUBJECT TO THE REVISED  
4 MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821.