

SUBSTITUTE FOR
SENATE BILL NO. 978

A bill to amend 1945 PA 344, entitled

"An act to authorize counties, cities, villages and townships of this state to adopt plans to prevent blight and to adopt plans for the rehabilitation of blighted areas; to authorize assistance in carrying out such plans by the acquisition of real property, the improvement of such real property and the disposal of real property in such areas; to prescribe the methods of financing the exercise of these powers; and to declare the effect of this act,"

by amending sections 7a and 7b (MCL 125.77a and 125.77b), section 7a as amended by 1983 PA 32 and section 7b as amended by 1986 PA 320.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7a. A municipality may issue bonds or notes from time
2 to time in its discretion to finance the undertaking of any
3 project authorized by this act including, ~~without limiting the~~
4 ~~generality thereof~~ BUT NOT LIMITED TO, the payment of principal
5 and interest on advances or loans made for surveys and plans for
6 projects authorized by this act. ~~, and may issue refunding bonds~~

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1 ~~or notes for the payment or retirement of bonds or notes~~
2 ~~previously issued by it either before or after the effective date~~
3 ~~of this section.~~ The bonds or notes shall be made payable, as to
4 both principal and interest, solely from the income, proceeds,
5 revenues, and funds of the municipality derived from or held in
6 connection with its undertaking and carrying out of projects
7 under this act. Payment of the bonds or notes both as to princi-
8 pal and interest, may be further secured by a pledge of any loan,
9 grant, or contribution due or to become due from the federal gov-
10 ernment or other source ~~—~~ in aid of projects of the municipal-
11 ity under this act. Bonds or notes issued under this section
12 shall not constitute an indebtedness within the meaning of con-
13 stitutional, statutory, or charter debt limitations or restric-
14 tions, and ~~shall not be subject to other laws or charters relat-~~
15 ~~ing to the authorization, issuance, or sale of bonds or notes~~
16 ~~and~~ may be issued without vote of the electors of the
17 municipality. Bonds or notes issued under this section are
18 declared to be issued for an essential public and governmental
19 purpose, and, together with interest thereon and income there-
20 from, shall be exempted from all taxes. ~~Bonds or notes issued~~
21 ~~under this section shall not require as a condition precedent to~~
22 ~~their issuance approval of the municipal finance commission or~~
23 ~~its successor agency.~~ Bonds or notes issued under this section
24 shall be authorized by resolution or ordinance of the legislative
25 body of the municipality. ~~and may be issued in 1 or more series~~
26 ~~and shall bear such dates, be payable at such times, bear~~
27 ~~interest at such rates, not exceeding the maximum rate permitted~~

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1 ~~by the municipal finance act, Act No. 202 of the Public Acts of~~
2 ~~1943, as amended, being sections 131.1 to 139.3 of the Michigan~~
3 ~~Compiled Laws, be in such denominations, be in such form either~~
4 ~~with or without coupons, carry such registration privileges, have~~
5 ~~such rank or priority, be executed in such manner, be payable in~~
6 ~~such medium of payment, at such places, and be subject to such~~
7 ~~terms of redemption, with or without premium, be secured in such~~
8 ~~manner, and have such other characteristics as may be provided by~~
9 ~~the resolution or ordinance. The bonds or notes may be sold at~~
10 ~~not less than par at public sale held after notice published~~
11 ~~prior to the sale in a newspaper having a general circulation in~~
12 ~~the municipality and in such other medium of publication as the~~
13 ~~municipality may determine or may be exchanged for other bonds or~~
14 ~~notes on the basis of par. The bonds or notes may be sold to the~~
15 ~~federal government at private sale at not less than par, and, if~~
16 ~~less than all of the authorized principal amount of the bonds or~~
17 ~~notes is sold to the federal government, the balance may be sold~~
18 ~~at private sale at not less than par at an interest cost to the~~
19 ~~municipality of not to exceed the interest cost to the municipal-~~
20 ~~ity of the portion of the bonds or notes sold to the federal~~
21 ~~government.~~ BONDS AND NOTES ISSUED UNDER THIS SECTION ARE
22 SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL
23 141.2101 TO 141.2821.

24 Sec. 7b. (1) For the purpose of providing funds to pay all
25 or part of the cost of any project undertaken under this act or
26 the net project cost of any project undertaken under this act
27 with federal financial assistance, a municipality may provide by

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1 resolution duly adopted by its legislative body and without vote
2 of the electors of the municipality for borrowing money and issu-
3 ing general obligation bonds of the municipality, which bonds
4 shall pledge the full faith and credit of the municipality.

5 (2) As used in this section:

6 (a) "Cost of any project" means any or all of the following
7 items: Cost of land acquisition, demolition of buildings, land
8 and site improvements, plans, surveys, appraisals, and all other
9 costs relating to the acquisition, rehabilitation, financing, and
10 disposal of any project or any part of a project under the terms
11 of this act.

12 (b) "Net project cost" means that term as defined in FORMER
13 section 110 of the housing act of 1949, 42 U.S.C. 1460.

14 (3) The bonds may be issued and sold from time to time
15 during the progress of any project undertaken under this act, in
16 which event the maximum amount of bonds ~~so~~ issued shall not
17 exceed the estimated cost of any project undertaken under this
18 act or the estimated net cost of any project undertaken under
19 this act with federal assistance. The legislative body in the
20 resolution authorizing issuance of the bonds shall set forth the
21 estimate or the bonds may be issued when any project has been
22 completed. Bonds issued under this section shall be designated
23 "rehabilitation bonds". All bonds issued under this section
24 ~~shall be~~ ARE subject to the ~~municipal finance act, Act No. 202~~
25 ~~of the Public Acts of 1943, as amended, being sections 131.1 to~~
26 ~~139.3 of the Michigan Compiled Laws~~ REVISED MUNICIPAL FINANCE
27 ACT, 2001 PA 34, MCL 141.2101 TO 141.2821. It being the

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1 determination of this legislature that urban blight constitutes a
2 serious menace to public health, welfare, and safety of munici-
3 palities and their inhabitants and that the financing of projects
4 designed to prevent or eliminate urban blight is necessary for
5 the public health, welfare, and safety, the bonds authorized to
6 be issued under this section are declared to be issued for an
7 essential public and governmental purpose. The maximum principal
8 amount of bonds that may be authorized ~~pursuant to~~ UNDER this
9 section in any year shall not exceed an amount equal to 5% of the
10 assessed value of the real and personal property in the munici-
11 pality less the taxes actually levied for the year exclusive of
12 debt service tax levies and taxes levied ~~pursuant to~~ UNDER
13 other laws, and less budget bonds authorized for the year issued
14 or authorized to be issued and less any bonds authorized in
15 ~~such~~ THE year to be issued ~~pursuant to~~ UNDER sections 6a and
16 6b of ~~Act No. 208 of the Public Acts of 1949, as amended, being~~
17 ~~sections 125.946a and 125.946b of the Michigan Compiled Laws~~
18 1949 PA 208, MCL 125.946A AND 125.946B. For the purposes of this
19 section, the assessed value of real and personal property in
20 ~~such a~~ THE municipality shall include the assessed value equiv-
21 alent of money received during the municipality's fiscal year
22 ~~from the department of treasury pursuant to sections 134,~~
23 ~~136(1), 136(2), and 136(3) of the single business tax act, Act~~
24 ~~No. 228 of the Public Acts of 1975, being sections 208.134 and~~
25 ~~208.136 of the Michigan Compiled Laws. The assessed value equiv-~~
26 ~~alent shall be calculated by dividing the money received by the~~
27 ~~municipality's millage rate for the fiscal year.~~ UNDER THE GLENN

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1 STEIL STATE REVENUE SHARING ACT OF 1971, 1971 PA 140, MCL 141.901
2 TO 141.921. All actions ~~heretofore~~ PREVIOUSLY taken by a munic-
3 ipality authorizing the issuance of bonds and all bonds
4 ~~heretofore~~ PREVIOUSLY issued by a municipality are ~~hereby~~
5 validated. Any bonds authorized to be issued ~~pursuant to~~ UNDER
6 this section shall be sold not later than 3 full fiscal years
7 from the end of the fiscal year in which the bonds are authorized
8 to be issued. The maximum amount of bonds issued ~~pursuant to~~
9 UNDER this section that may be outstanding at any one time shall
10 not, together with other outstanding indebtedness of the munic-
11 ipality, exceed the maximum limitations on bonded indebtedness of
12 the municipality imposed by law.

13 (4) Except as otherwise provided in this act, the bonds
14 shall not be subject to the provisions of any other law or
15 charter provision relating to their issuance or sale.

16 (5) The legislative body of any municipality issuing bonds
17 ~~pursuant to~~ UNDER this section in the resolution authorizing
18 issuance of the bonds shall estimate the period of usefulness of
19 the planned improvements to be installed in the development area
20 after the project is completed. ~~and the estimate shall consti-~~
21 ~~tute the estimate of the period of usefulness required by section~~
22 ~~3 of chapter V of the municipal finance act, Act No. 202 of the~~
23 ~~Public Acts of 1943, as amended, being section 135.3 of the~~
24 ~~Michigan Compiled Laws. The proceeds of sale of any bonds issued~~
25 ~~pursuant to this section may be used to pay part or all of the~~
26 ~~principal and interest on any notes or bonds issued pursuant to~~
27 ~~this act.~~