

SENATE BILL No. 983

December 13, 2001, Introduced by Senator SMITH and referred to the Committee on Finance.

A bill to amend 1949 PA 208, entitled

"An act to authorize cities, villages and townships of this state to designate neighborhood areas for the purpose of planning and carrying out local public improvements for the prevention of blight within such areas; to authorize assistance in carrying out plans for local improvements by the acquisition and disposal of real property in such areas; to provide for the combining of neighborhood improvements that benefit the entire neighborhood into 1 improvement project; to provide for the establishment of local assessment districts coterminous with the neighborhood boundaries; to prescribe the methods of financing the exercise of these powers, and to declare the effect of this act,"

by amending sections 6a and 6b (MCL 125.946a and 125.946b), as amended by 1983 PA 38.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

SENATE BILL No. 983

1 Sec. 6a. ~~(1)~~ A municipality may issue bonds or notes from
2 time 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 any advances or loans made for surveys and plans

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1 for any project authorized by this act. ~~, and may issue~~
2 ~~refunding bonds or notes for the payment or retirement of bonds~~
3 ~~or notes previously issued by it either before or after~~
4 ~~September 27, 1957.~~ The bonds or notes shall be made payable, as
5 to both principal and interest, solely from the income, proceeds,
6 revenues and funds of the municipality derived from or held in
7 connection with its undertaking and carrying out of any projects
8 under this act. Payment of the bonds or notes, both as to prin-
9 cipal and interest, may be further secured by a pledge of any
10 loan, grant, or contribution due or to become due from the fed-
11 eral government or other source, in aid of any projects of the
12 municipality under this act. Bonds or notes issued under this
13 section shall not constitute an indebtedness within the meaning
14 of any constitutional, statutory, or charter debt limitation or
15 restriction, and shall not be subject to the provisions of any
16 ~~other law or~~ charter relating to the authorization, issuance,
17 or sale of bonds or notes and may be issued without vote of the
18 electors of the municipality. Bonds or notes issued under the
19 provisions of this section are declared to be issued for an
20 essential public and governmental purpose, and, together with
21 interest ~~thereon~~ ON THE BONDS AND NOTES and income ~~therefrom~~
22 ON THE BONDS AND NOTES, shall be exempted from all taxes. ~~Bonds~~
23 ~~or notes issued under this section shall not require as a condi-~~
24 ~~tion precedent to their issuance approval of the municipal~~
25 ~~finance commission or its successor agency.~~ Bonds or notes
26 issued under this section ~~shall be authorized by resolution or~~
27 ~~ordinance of the legislative body of the municipality and may be~~

~~1 issued in 1 or more series and shall bear such dates, be payable
2 at such times, bear interest at such rates, not exceeding 6% per
3 annum, be in such denominations, be in such form either with or
4 without coupons, carry such registration privileges, have such
5 rank or priority, be executed in such manner, be payable in such
6 medium of payment, at such places, be subject to such terms of
7 redemption, with or without premium, be secured in such manner,
8 and have such other characteristics, as may be provided by the
9 resolution or ordinance~~ ARE SUBJECT TO THE REVISED MUNICIPAL
10 FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821. ~~The bonds or
11 notes may be sold at not less than par at public sale held after
12 notice published prior to the sale in a newspaper having a gen-
13 eral circulation in the municipality and in such other medium of
14 publication as the municipality may determine or may be exchanged
15 for other bonds or notes on the basis of par. The bonds or notes
16 may be sold to the federal government at private sale at not less
17 than par, and, if less than all of the authorized principal
18 amount of the bonds or notes is sold to the federal government,
19 the balance may be sold at private sale at not less than par at
20 an interest cost to the municipality of not to exceed the inter=
21 est cost to the municipality of the portion of the bonds or notes
22 sold to the federal government.~~

23 Sec. 6b. (1) For the purpose of providing funds to pay all
24 or part of the cost of any project undertaken under this act or
25 the net project cost of any project undertaken under this act
26 with federal financial assistance, municipalities may provide by
27 resolution duly adopted by its legislative body and without vote

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1 of the electors of the municipality for borrowing money and
2 issuing general obligation bonds of the municipality, ~~therefor,~~
3 which bonds shall pledge the full faith and credit of the
4 municipality. ~~The term "cost of any project" as used in this~~
5 ~~section shall be construed to mean any or all of the following~~
6 ~~items: Cost of land acquisition, demolition of buildings, land~~
7 ~~and site improvements, plans, surveys, appraisals and all other~~
8 ~~costs relating to the acquisition, improvement, financing, and~~
9 ~~disposal of any project or any part thereof under the terms of~~
10 ~~this act. The term "net project cost" as used in this section~~
11 ~~shall have the meaning ascribed thereto in section 110 (f) of~~
12 ~~title 1 of the housing act of 1949, 42 U.S.C. 1460.~~

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

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1 urban blight constitutes a serious menace to public health,
2 welfare, and safety of municipalities and their inhabitants and
3 that the financing of projects designed to prevent urban blight
4 is necessary for the public health, welfare, and safety. The
5 bonds authorized to be issued under this section are declared to
6 be issued for an essential public and governmental purpose. The
7 maximum principal amount of bonds that may be authorized
8 ~~pursuant to~~ UNDER this section in any year shall not exceed an
9 amount equal to the limitation on the maximum rate of taxation
10 for ~~such~~ THE year for the municipality authorized by law less
11 the taxes actually levied for the year exclusive of debt service
12 tax levies and less budget bonds for the year issued or autho-
13 rized to be issued, and less any bonds authorized in ~~such~~ THE
14 year to be issued ~~pursuant to~~ UNDER sections 7a and 7b of ~~Act~~
15 ~~No. 344 of the Public Acts of 1945, as amended, being sections~~
16 ~~125.77a and 125.77b of the Michigan Compiled Laws 1945 PA 344,~~
17 MCL 125.77A AND 125.77B. Any bonds authorized to be issued pur-
18 suant to this section shall be sold not later than 3 full fiscal
19 years from the end of the fiscal year in which the bonds are
20 authorized to be issued. The maximum amount of bonds issued pur-
21 suant to this section that may be outstanding at any one time
22 shall not, together with other outstanding indebtedness of the
23 municipality, exceed the maximum limitations on bonded indebted-
24 ness of the municipality imposed by law. ~~Except as herein oth-~~
25 ~~erwise provided, the bonds shall not be subject to the provisions~~
26 ~~of any other law or charter provision relating to their issuance~~
27 ~~or sale.~~

1 ~~(3) The legislative body of any municipality issuing bonds~~
2 ~~pursuant to this section in the resolution authorizing issuance~~
3 ~~thereof shall estimate the period of usefulness of the planned~~
4 ~~improvements to be installed in the development area after the~~
5 ~~project is completed and the estimate shall constitute the esti-~~
6 ~~mate of the period of usefulness required by section 3 of chapter~~
7 ~~V of the municipal finance act, Act No. 202 of the Public Acts of~~
8 ~~1943, as amended, being section 135.3 of the Michigan Compiled~~
9 ~~Laws. The proceeds of sale of any bonds issued pursuant to this~~
10 ~~section may be used to pay part or all of the principal and~~
11 ~~interest on any notes or bonds issued pursuant to this act.~~

12 (3) AS USED IN THIS SECTION:

13 (A) "COST OF ANY PROJECT" MEANS THE COST OF LAND ACQUISSI-
14 TION, DEMOLITION OF BUILDINGS, LAND AND SITE IMPROVEMENTS, PLANS,
15 SURVEYS, APPRAISALS, AND ALL OTHER COSTS RELATING TO THE ACQUISSI-
16 TION, IMPROVEMENT, FINANCING, AND DISPOSAL OF ANY PROJECT OR ANY
17 PART OF A PROJECT.

18 (B) "NET PROJECT COST" MEANS THAT TERM AS DEFINED IN FORMER
19 SECTION 110(f) OF TITLE 1 OF THE HOUSING ACT OF 1949.