

SENATE BILL No. 1067

February 5, 2002, Introduced by Senator SCOTT and referred to the Committee on Finance.

A bill to amend 1971 PA 182, entitled

"An act to permit a city or village owning and operating a public utility to borrow money for a term not to exceed 5 years for the purpose of purchasing, acquiring, constructing, improving, enlarging, extending or repairing the facilities of the public utility; to issue notes or other evidences of indebtedness therefor; to repay such borrowing from the revenues of the utility; to permit the pledging or assignment of bonds or other securities or evidences of debt held as investments for said public utility to secure such borrowings; and to provide other powers, rights and duties,"

by amending sections 1 and 2 (MCL 460.461 and 460.462), section 2 as amended by 1983 PA 121.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) A city or village owning and operating a public
2 utility, without vote of its electors and upon approval of its
3 legislative body, may borrow money and issue and sell its notes
4 or other evidences of indebtedness ~~therefor~~ in ~~such~~ THE form
5 and on ~~such~~ THE terms ~~as~~ it deems advisable for the purpose

1 of purchasing equipment or fuel, or both, or of purchasing,
2 acquiring, constructing, improving, enlarging, extending, or
3 repairing the facilities of the public utility. Loans shall not
4 be made or notes or other evidences of indebtedness ~~therefor~~
5 issued for a term exceeding 5 years. Notes or other evidences of
6 indebtedness relating to fuels or supplies shall not exceed a
7 term of 18 months.

8 (2) Notes or other evidences of indebtedness issued
9 ~~pursuant to~~ UNDER this act shall not be general obligations of
10 the city or village but shall be secured by and payable from the
11 unencumbered revenues of the utility and other pledges and
12 assignments authorized in this act. The city or village may
13 pledge or assign bonds or other securities or evidences of debt
14 held by it as investments for the public utility as security for
15 the loan and to guarantee ~~the~~ ITS repayment. ~~thereof.~~

16 (3) BONDS, NOTES, OR OTHER EVIDENCES OF INDEBTEDNESS ARE
17 SUBJECT TO THE REVENUE BOND ACT OF 1933, 1933 PA 94, MCL 141.101
18 TO 141.140.

19 Sec. 2. ~~If the funds to be borrowed are to be used for~~
20 ~~providing interim financing for projects on which long-term~~
21 ~~financing in the form of bonds or other evidences of debt are to~~
22 ~~be sold, the approval of the long-term financing by the municipal~~
23 ~~finance commission or its successor agency as authorized by the~~
24 ~~municipal finance act, Act No. 202 of the Public Acts of 1943, as~~
25 ~~amended, being sections 131.1 to 139.3 of the Michigan Compiled~~
26 ~~Laws, or the existence of an unexpired exception from prior~~
27 ~~approval of the municipal finance commission or its successor~~

1 ~~agency for the issuance of those bonds or evidences of debt for~~
2 ~~which the funds borrowed pursuant to this act are providing~~
3 ~~interim financing, is required before making the loan authorized~~
4 ~~under section 1, but any borrowing herein authorized is not oth-~~
5 ~~erwise subject to that act.~~ Section 5(g) of ~~Act No. 279 of the~~
6 ~~Public Acts of 1909, as amended, being section 117.5 of the~~
7 ~~Michigan Compiled Laws~~ THE HOME RULE CITY ACT, 1909 PA 279, MCL
8 117.5, relative to notice of intention to issue AN obligation,
9 does not apply to any borrowing ~~hereunder~~ UNDER THIS ACT.