

# HOUSE BILL No. 5625

February 12, 2002, Introduced by Rep. DeRossett and referred to the Committee on Tax Policy.

A bill to amend 1994 PA 451, entitled  
"Natural resources and environmental protection act,"  
by amending section 4709 (MCL 324.4709).

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 4709. (1) The district may enter into contracts with  
2 any municipality located within its territorial limits providing  
3 for the acquisition, construction, improvement, enlargement,  
4 extension, operation, and financing of a sewage disposal system  
5 or water supply system. A contract shall provide for the alloca-  
6 tion and payment of the share of the total cost to be borne by  
7 the municipality in annual installments for a period not exceed-  
8 ing 40 years. Each contracting municipality may pledge its full  
9 faith and credit for the payment of the obligation in the manner  
10 and times specified in the contract. ~~If a contracting~~  
11 ~~municipality pledges its full faith and credit, the municipality~~

~~1 shall include in its annual tax levy a sufficient amount so that~~  
~~2 the estimated collections will be sufficient to promptly pay when~~  
~~3 due the portion of the obligation falling due before the time of~~  
~~4 the following year's tax collection.~~ The district shall make a  
5 reasonable charge for its services ~~which~~ THAT it renders to the  
6 users in order to cover the retirement of outstanding indebted-  
7 ness, costs of operation, maintenance, and replacement of its  
8 plants and reserves for capital improvements. If there is excess  
9 money in the treasury of the district after all of the contingen-  
10 cies have been met, the excess shall be rebated to the contract-  
11 ing municipalities in proportion to the total amount that the  
12 municipality paid for services it has received from the  
13 district. No limitation in any statute or charter shall prevent  
14 the levy and collection by each of the contracting municipalities  
15 of the full amount of taxes necessary for the payment of the con-  
16 tractual obligation. ~~If, at the time of making the annual tax~~  
~~17 levy, there are other funds on hand earmarked for the payment of~~  
~~18 the contractual obligation, then credit therefor may be taken~~  
~~19 upon the annual levy for the payment of the obligation.~~ These  
20 funds may be raised by each contracting municipality by the use  
21 of 1 or more of the following methods:

22       (a) The levy of special assessments on property benefited by  
23 the sewage disposal system or water supply system. The proce-  
24 dures relative to the levying and collection of the special  
25 assessments shall conform as near as may be to applicable charter  
26 or statutory provisions.

1 (b) The levy and collection of rates or charges to users and  
2 beneficiaries of the service or services furnished by the sewage  
3 disposal system or water supply system.

4 (c) From money received, or to be received, derived from the  
5 imposition of taxes by this state, unless the money for this pur-  
6 pose is expressly prohibited by the STATE constitution of ~~this~~  
7 ~~state~~ 1963.

8 (d) From any other fund or funds that may be validly used  
9 for the purpose. The contract may provide for any and all mat-  
10 ters relating to the acquisition, construction, operation, and  
11 financing of the sewage disposal system or water supply system as  
12 are considered necessary, including authorization to the district  
13 to issue bonds secured by the full faith and credit pledges of  
14 the contracting municipalities, as authorized in this part. The  
15 contract may provide for appropriate remedies in case of default,  
16 including, but not limited to, the right of the municipalities to  
17 authorize the county treasurer or other official charged with the  
18 disbursement of funds derived from the state sales tax levy under  
19 the general sales tax act, ~~Act No. 167 of the Public Acts of~~  
20 ~~1933, being sections 205.51 to 205.78 of the Michigan Compiled~~  
21 ~~Laws~~ 1933 PA 167, MCL 205.51 TO 205.78, to withhold sufficient  
22 funds to make up any default or deficiency in funds.

23 (2) A municipality desiring to enter into a contract with  
24 the district under this section shall authorize, by resolution of  
25 its governing body, the execution of the contract. The resolu-  
26 tion shall be published in 1 or more newspapers of general  
27 circulation within the municipality, and the contract may be

1 executed without a vote of the electors upon the expiration of 30  
2 days after the date of the publication unless, within the 30-day  
3 period, a petition signed by not less than 10% of the registered  
4 electors residing within the limits of the municipality is filed  
5 with the clerk of the municipality requesting a referendum upon  
6 the execution of the contract. If this occurs, the contract  
7 shall not be executed until approval by the vote of a majority of  
8 the electors of the municipality qualified to vote and voting  
9 ~~thereon~~ at a general or special election to be held not more  
10 than 90 days after the filing of the petition. A special elec-  
11 tion called for this purpose shall not be included in any statu-  
12 tory or charter limitation as to the number of special elections  
13 to be called within any period of time. Signatures on any peti-  
14 tion shall be verified by some person under oath, as the actual  
15 signatures of the persons whose names are signed on the petition,  
16 and the clerk of the municipality has the same power to reject  
17 signatures as city clerks under section 25 of ~~Act No. 279 of the~~  
18 ~~Public Acts of 1909, being section 117.25 of the Michigan~~  
19 ~~Compiled Laws~~ THE HOME RULE CITY ACT, 1909 PA 279, MCL 117.25.  
20 The number of registered electors in a municipality is determined  
21 by the registration books as of the date of the filing of the  
22 petition.

23 (3) To obtain funds to acquire, construct, improve, enlarge,  
24 or extend the sewage disposal system or water supply system  
25 authorized by this part, the district, after the execution of the  
26 contract or contracts authorized by this part, upon ordinance or  
27 resolution adopted by the district, may issue its negotiable

1 bonds secured by the full faith and credit pledges made by each  
2 contracting municipality pursuant to authorization contained in  
3 this part and the contracts entered into pursuant to this part.  
4 ~~The bonds shall be serial bonds with annual maturities, the~~  
5 ~~first of which shall fall due not more than 4 years from the date~~  
6 ~~of issuance, and the last of which shall fall due not more than~~  
7 ~~40 years from the date of issuance, and a maturity after 4 years~~  
8 ~~from date of issuance shall be not less than 1/4 the amount of~~  
9 ~~any subsequent maturity.~~ Except as otherwise provided in this  
10 part, bonds shall be issued and sold and subject to all other  
11 applicable provisions of the municipal finance act, Act No. 202  
12 of the Public Acts of 1943, being sections 131.1 to 139.3 of the  
13 Michigan Compiled Laws ARE SUBJECT TO THE REVISED MUNICIPAL  
14 FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821. The ordinance  
15 or resolution authorizing the issuance of the bonds shall include  
16 the terms of the contracts.