

HOUSE BILL No. 5836

April 9, 2002, Introduced by Rep. Scranton and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 204, entitled
"Metropolitan transportation authorities act of 1967,"
by amending section 16 (MCL 124.416), as amended by 1983 PA 31.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 16. (1) The authority may borrow money and issue bonds
2 to finance and to carry out its powers and duties. The bonds
3 shall be payable from and may be issued in anticipation of pay-
4 ment of the proceeds of any of the methods of financing described
5 in section 14 or elsewhere in this act or as may be provided by
6 law. A political subdivision within the geographical boundaries
7 of the authority may contract to make payments, appropriations,
8 or contributions to the authority of the proceeds of taxes, spe-
9 cial assessments, or charges imposed and collected by the
10 political subdivision or out of any other funds legally available
11 and may pledge its full faith and credit in support of its

1 contractual obligation to the authority. The contractual
2 obligation shall not constitute an indebtedness of a political
3 subdivision within a statutory or charter debt limitation. If
4 the authority has issued bonds in anticipation of payments,
5 appropriations, or contributions to be made to the authority pur-
6 suant to contract by a political subdivision having the power to
7 levy and collect ad valorem taxes, the political subdivision may
8 obligate itself by the contract, and thereupon may levy a tax on
9 all taxable property in the political subdivision, which tax as
10 to rate or amount will be as provided in section 6 of article IX
11 of the state constitution of 1963 for contract obligations in
12 anticipation of which bonds are issued, to provide sufficient
13 money to fulfill its contractual obligation to the authority.

14 (2) The bonds of the authority shall be issued and sold in
15 compliance with ~~Act No. 202 of the Public Acts of 1943, as~~
16 ~~amended, being sections 131.1 to 139.3 of the Michigan Compiled~~
17 ~~Laws~~ THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101
18 TO 141.2821, except that the bonds may be issued for any period
19 of years, not exceeding 40 years. ~~The bonds may be:~~

20 ~~(a) Serial bonds or term bonds, or a combination of both~~
21 ~~serial and term bonds.~~

22 ~~(b) Issued for a consideration other than cash.~~

23 ~~(c) For an amount which includes interest capitalized for a~~
24 ~~period not exceeding 3 years subsequent to the date of the~~
25 ~~bonds.~~

26 ~~(d) Sold at public sale, as provided in Act No. 202 of the~~
27 ~~Public Acts of 1943, as amended, or at private sale.~~

1 ~~(3) A public corporation or a private corporation, firm, or~~
2 ~~individual may advance money or deliver property to the authority~~
3 ~~to finance or to carry out its powers and duties. The authority~~
4 ~~may agree to repay the advances or pay for the property within a~~
5 ~~period not exceeding 10 years, from the proceeds of its bonds or~~
6 ~~from other funds legally available therefor, with or without~~
7 ~~interest as may be agreed at the time of advance or of~~
8 ~~repayment. The obligation of the authority to make the repayment~~
9 ~~or payment may be evidenced by a contract or note or notes, which~~
10 ~~contract or note may pledge the full faith and credit of the~~
11 ~~authority, but the contract or note shall not be an obligation~~
12 ~~within the meaning of Act No. 202 of the Public Acts of 1943, as~~
13 ~~amended.~~

14 (3) ~~-(4)-~~ A political subdivision desiring to enter into a
15 contract under subsection (1) shall authorize, by resolution of
16 its governing body, the execution of the contract, which resolu-
17 tion shall be published in a newspaper of general circulation
18 within the political subdivision, and the contract may be exe-
19 cuted without a vote of the electors on the contract upon the
20 expiration of 90 days after the date of the publication unless,
21 within the 90-day period, a petition signed by not less than 5%
22 of the registered electors residing within the limits of the
23 political subdivision is filed with the clerk of the political
24 subdivision requesting a referendum upon the execution of the
25 contract, and in that event the contract shall not be executed
26 until approved by the vote of a majority of the electors of the
27 political subdivision qualified to vote and voting on the

1 contract at a general or special election to be held not more
2 than 90 days after the filing of the petition.

3 (4) ~~-(5)-~~ If the bonds or notes sold by the authority
4 involve the pledge or use of state collected or administered
5 funds, the authority shall seek the approval of the state trans-
6 portation commission. ~~and, unless an exemption from prior~~
7 ~~approval is available pursuant to subsection (7), the approval of~~
8 ~~the municipal finance commission or its successor agency accord-~~
9 ~~ing to Act No. 94 of the Public Acts of 1933, as amended, being~~
10 ~~sections 141.101 to 141.139 of the Michigan Compiled Laws.~~

11 (5) ~~-(6)-~~ Notwithstanding any other provision of this sec-
12 tion, an authority shall not issue bonds, nor use the revenues of
13 the sale of bonds, for the construction, reconstruction, mainte-
14 nance, or operation of a subway unless approved by concurrent
15 resolution by the legislature.

16 ~~-(7) The requirement of subsection (5) for obtaining the~~
17 ~~prior approval of the municipal finance commission or its succes-~~
18 ~~sor agency before issuing bonds or notes involving the pledge or~~
19 ~~use of state collected or administered funds shall be subject to~~
20 ~~sections 10 and 11 of chapter III of Act No. 202 of the Public~~
21 ~~Acts of 1943, being sections 133.10 and 133.11 of the Michigan~~
22 ~~Compiled Laws, and the department of treasury shall have the same~~
23 ~~authority as provided by section 11 of chapter III of Act No. 202~~
24 ~~of the Public Acts of 1943 to issue an order providing or denying~~
25 ~~an exception from the prior approval required by subsection (5)~~
26 ~~for bonds or notes, authorized by this act, involving the pledge~~
27 ~~or use of state collected or administered funds.~~