

HOUSE BILL No. 5838

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

A bill to amend 1956 PA 111, entitled

"An act to provide for the acquisition, construction, establishment, opening, altering, improving and maintaining of highways; authorizing contracts between townships and boards of county road commissioners for the same; authorizing townships to finance their share of the cost of the same from its contingent fund, special assessments, and bonds or short term notes issued in anticipation of the receipt of sales tax moneys or general obligation bonds; and to prescribe procedures and conditions relative to the issuance of said bonds or short term notes,"

by amending sections 4 and 5 (MCL 247.354 and 247.355), section 4 as amended by 1983 PA 109.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4. (1) Bonds issued under this act in anticipation of
2 sales tax ~~money~~ REVENUE to be returned to the township shall be
3 ~~serial bonds with annual maturities, the aggregate of which~~
4 ~~shall not exceed 15, the first of which shall fall due not more~~
5 ~~than 2 years from the date of issuance, and no maturity after 2~~
6 ~~years from date of issuance shall be less than 1/3 of the amount~~

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~~1 of any subsequent maturity. Short term notes issued under this~~
~~2 act in anticipation of sales tax money to be returned to the~~
~~3 township shall have a due date not more than 9 months after date~~
~~4 of issuance. The said bonds or short term notes shall bear~~
~~5 interest at a rate or rates not exceeding 5% per annum, may be~~
~~6 made redeemable on such terms and conditions as shall be provided~~
~~7 by the bond or short term note authorizing resolution, and may be~~
~~8 made registrable as to principal only under such terms and condi-~~
~~9 tions as may be determined by the township board. The principal~~
~~10 of and interest on said bonds or short term notes shall be pay-~~
~~11 able primarily from the proceeds of revenues derived from sales~~
~~12 tax money~~ REVENUE collected by the state and returned to the
~~13 township pursuant to~~ UNDER section 10 of article IX of the
~~14 state constitution of 1963.~~

15 (2) As additional security for the payment of ~~said~~ THE
 16 bonds, the township board may submit to the qualified electors of
 17 the township the question of pledging the full faith and credit
 18 of the township for the payment of ~~said~~ THE bonds, as provided
 19 in section 5; and if a majority of the qualified electors voting
 20 on the issue ~~shall favor~~ APPROVE the ~~same~~ QUESTION, the town-
 21 ship board may pledge the full faith and credit of the township
 22 for the payment of ~~said~~ THE bonds, in which event, if the sales
 23 tax ~~money is~~ PROCEEDS ARE not sufficient ~~therefor, said~~ TO
 24 PAY THE bonds and the interest ~~thereon~~ ON THE BONDS, THEY shall
 25 be payable from any money in the contingent fund of the township
 26 or from ad valorem taxes ~~which~~ THAT the township shall levy
 27 without limitation as to rate or amount.

1 (3) The township board in ~~said~~ THE resolution shall make
2 an irrevocable pledge and appropriation of an amount sufficient
3 for payment of the principal of and interest upon ~~said~~ THE
4 bonds or short term notes from revenues derived from sales tax
5 ~~money~~ REVENUE collected by the state and returned to the town-
6 ship ~~pursuant to~~ UNDER section 10 of article IX of the state
7 constitution of 1963. The township board may not pledge for
8 annual debt service requirements in any future calendar year on
9 ~~said~~ THE bonds or short term notes an amount in excess of 50%
10 of the average revenues derived from sales tax ~~money~~ REVENUES
11 collected by the state and returned to the township ~~pursuant to~~
12 UNDER section 10 of article IX of the state constitution of 1963
13 in the 3 calendar years ~~next~~ IMMEDIATELY preceding the
14 borrowing. Nothing contained in this section shall be construed
15 as a prohibition against successive borrowings ~~so long as~~ IF
16 the total amount of revenues pledged for annual debt service
17 requirements ~~shall~~ DOES not exceed the applicable percentage
18 described in this section.

19 ~~(4) Unless an exception from prior approval is available~~
20 ~~pursuant to subsection (5), the municipal finance commission or~~
21 ~~its successor agency may approve or deny, in whole or in part,~~
22 ~~such borrowing and the issuing of said bonds or short term notes~~
23 ~~therefor, in accordance with Act No. 202 of the Public Acts of~~
24 ~~1943, as amended, being sections 131.1 to 139.3 of the Michigan~~
25 ~~Compiled Laws.~~

26 ~~(5) The authorization of subsection (4) for the municipal~~
27 ~~finance commission or its successor agency to approve or deny the~~

~~1 issuance of bonds or notes under this act shall be subject to
2 sections 10 and 11 of chapter III of Act No. 202 of the Public
3 Acts of 1943, being sections 133.10 and 133.11 of the Michigan
4 Compiled Laws, and the department of treasury shall have the same
5 authority as provided by section 11 of chapter III of Act No. 202
6 of the Public Acts of 1943 to issue an order providing or denying
7 an exception from the prior approval authorized by subsection (4)
8 for bonds or notes authorized by this act.~~

9 (4) BONDS AND NOTES ISSUED UNDER THIS ACT ARE SUBJECT TO THE
10 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO
11 141.2821.

12 Sec. 5. General obligation bonds issued under this act
13 shall be issued only after their issuance has been authorized by
14 a majority vote of the qualified electors of the township voting
15 on the proposition of issuing the bonds at a general or special
16 township election and only after the qualified electors of the
17 township have voted an increase in the tax rate limitation
18 imposed by section 6 of article ~~9~~ IX of the state constitution
19 of 1963, in an amount and for a period of time necessary to
20 permit the collection of taxes in an amount sufficient to meet
21 the principal and interest requirements on the proposed bonds. A
22 township may not issue general obligation bonds under this act
23 for an amount greater than 10% of the total assessed valuation of
24 the township. ~~—, as last equalized by the state, nor shall the~~
25 ~~last maturity of the bonds fall due more than 20 years from the~~
26 ~~date of issuance thereof.~~ The general obligation bonds shall be
27 issued and sold subject to ~~and in accordance with Act No. 202~~

~~1 of the Public Acts of 1943, as amended, being sections 131.1 to~~
~~2 138.2 of the Michigan Compiled Laws~~ THE REVISED MUNICIPAL
3 FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821.