

SENATE BILL No. 968

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

A bill to amend 1969 PA 121, entitled

"An act to authorize counties, cities, townships and villages to issue bonds or notes, and pledge deferred income from sale of capital assets, due and payable but which has not been received, for the payment of principal and interest thereon; and to authorize the county, city, township or village to pledge its full faith and credit for the payment of the bonds or notes,"

by amending sections 2 and 3 (MCL 141.382 and 141.383), section 3 as amended by 1983 PA 52.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. The bonds or notes authorized to be issued under
2 ~~the provisions of~~ this act shall be issued in the name of the
3 county, city, township, or village and shall be executed in the
4 manner provided by resolution of its legislative body. Bonds or
5 notes issued ~~hereunder~~ UNDER THIS ACT shall be negotiable
6 instruments ~~and shall be serial bonds or notes~~ with the last
7 maturity due not later than the year in which the final payment

1 is due according to the contract of sale of capital assets. The
2 maximum principal and interest falling due in any year shall not
3 exceed income to be received during that year from the contract
4 of sale of capital assets pledged for the payment of the bonds or
5 notes plus any income ~~therefrom~~ due in prior years ~~which~~ THAT
6 will not be required for payment of principal or interest, or
7 both, in prior years. The due date of principal and the first
8 interest payment in each year shall be not less than 30 days sub-
9 sequent to the estimated time of receipt of the payments on the
10 contract for sale of capital assets pledged. ~~The bonds or notes~~
11 ~~shall bear interest at not more than 6% per annum payable annu-~~
12 ~~ally or semiannually. The bonds or notes may be made subject to~~
13 ~~prior redemption on the terms and conditions determined by the~~
14 ~~legislative body of the county, city, township or village. The~~
15 ~~bonds and coupons and notes shall be made payable in lawful~~
16 ~~money of the United States and shall be exempt from taxation by~~
17 ~~the~~ THIS state or by any taxing authority within ~~the~~ THIS
18 state.

19 Sec. 3. ~~(1)~~ The bonds or notes shall be ~~sold at public~~
20 ~~sale for not less than par and notice of sale of the bonds or~~
21 ~~notes shall be published in a financial newspaper circulating in~~
22 ~~this state which carries as part of its regular service notices~~
23 ~~of sale of municipal bonds at least 7 full days before the date~~
24 ~~of sale. Unless an exception from prior approval is available~~
25 ~~pursuant to subsection (2), the issuance of the bonds or notes~~
26 ~~shall be subject to approval of the municipal finance commission~~
27 ~~or its successor agency but, except as provided by subsection~~

1 ~~(2), the bonds or notes shall not otherwise be subject to the~~
2 ~~municipal finance act, Act No. 202 of the Public Acts of 1943, as~~
3 ~~amended, being sections 131.1 to 139.3 of the Michigan Compiled~~
4 ~~Laws. SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34,~~
5 ~~MCL 141.2101 TO 141.2821.~~

6 ~~-(2) The requirement of subsection (1) for obtaining the~~
7 ~~prior approval of the municipal finance commission or its succes-~~
8 ~~sor agency before issuing bonds or notes under this act shall be~~
9 ~~subject to sections 10 and 11 of chapter III of Act No. 202 of~~
10 ~~the Public Acts of 1943, being sections 133.10 and 133.11 of the~~
11 ~~Michigan Compiled Laws, and the department of treasury shall have~~
12 ~~the same authority as provided by section 11 of chapter III of~~
13 ~~Act No. 202 of the Public Acts of 1943 to issue an order provid-~~
14 ~~ing or denying an exception from the prior approval required by~~
15 ~~subsection (1) for bonds or notes authorized by this act.~~