

# SENATE BILL No. 974

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

A bill to amend 1939 PA 342, entitled  
"County public improvement act of 1939,"  
by amending sections 5a and 5c (MCL 46.175a and 46.175c), section  
5c as amended by 1983 PA 183.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 5a. As an additional or alternative method of acquir-  
2 ing and constructing any of the improvements or facilities autho-  
3 rized by this act, the county, acting through its county agency,  
4 and any unit of government may enter into contracts providing for  
5 the acquisition, construction, and financing of improvements or  
6 facilities in the manner ~~herein~~ authorized IN THIS ACT. The  
7 contracts shall provide for the allocation and payment of the  
8 share of the total cost ~~thereof~~ to be borne by each unit of  
9 government in annual installments, ~~for a period of not exceeding~~  
10 ~~40 years,~~ and each contracting unit of government is authorized

1 to pledge its full faith and credit for the payment of the  
 2 obligation in the manner and times specified in the contracts. A  
 3 CONTRACT DESCRIBED IN THIS SECTION IS SUBJECT TO SECTION 517 OF  
 4 THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2517. For  
 5 the purpose of making payment of its pledged share of the cost of  
 6 ~~such~~ THE improvements or facilities, any contracting unit of  
 7 government may use any, or all, or any combination of the follow-  
 8 ing methods of raising funds: ~~necessary therefor:~~

9 (a) The levy of a tax on taxable property by a unit of gov-  
 10 ernment having the power to tax, which tax may be imposed without  
 11 limitation as to rate or amount and in addition to any taxes that  
 12 the unit of government may be authorized to levy but not more  
 13 than the rate or amount sufficient ~~therefor~~ FOR THOSE  
 14 PURPOSES.

15 (b) The levy of special assessments on property benefited by  
 16 ~~such~~ THE improvements, the procedures relative to the making  
 17 and collection of ~~such~~ THE special assessments to conform as  
 18 near as may be to applicable charter or statutory provisions.  
 19 ~~therefor.~~

20 (c) The levy and collection of rates or charges to users and  
 21 beneficiaries of the service furnished by the improvement.

22 (d) From ~~moneys~~ MONEY received or to be received derived  
 23 from the imposition of taxes by ~~the~~ THIS state, except as the  
 24 use of the money for ~~such~~ THAT purpose is expressly prohibited  
 25 by the state constitution OF 1963.

26 (e) From any other funds ~~which~~ THAT may be validly used  
 27 for ~~such~~ THAT purpose. The contracts may provide for any and

1 all matters relating to the acquisition, construction, and  
2 financing of the improvements or facilities as are ~~deemed~~  
3 CONSIDERED necessary, including the authority to the county  
4 agency to issue bonds secured by the full faith and credit con-  
5 tractual pledges of the contracting unit of government, as autho-  
6 rized by section 5c. The contracts may provide for appropriate  
7 remedies in case of default, including, but not limited to, the  
8 right of the contracting unit of government to authorize the  
9 state treasurer or other official charged with the disbursement  
10 of unrestricted state funds returnable to the governmental units  
11 ~~pursuant to~~ UNDER the ~~Michigan~~ STATE constitution OF 1963, to  
12 withhold sufficient funds to make up any default or deficiency in  
13 funds.

14       Sec. 5c. (1) For the purpose of obtaining funds for the  
15 acquisition and construction of the improvements or facilities  
16 authorized by this act, the county after the execution of the  
17 contract or contracts authorized by sections 5a and 5b, upon res-  
18 olution adopted by its county board of commissioners, may issue  
19 its negotiable bonds secured by the full faith and credit pledges  
20 made by each contracting unit of government pursuant to authori-  
21 zation contained in this act and the contract or contracts  
22 entered into pursuant to sections 5a and 5b. The bonds shall not  
23 be delivered until the contract or contracts become effective as  
24 provided in section 5b. The bonds shall be issued in the name of  
25 the county and shall be executed in such manner as provided in  
26 the resolution authorizing the bonds. ~~Bonds issued hereunder~~  
27 ~~shall be negotiable instruments and shall be serial bonds payable~~

~~1 annually, with the first maturity due not more than 5 years and  
2 the last maturity not more than 40 years from the date thereof.  
3 An annual maturity payable after 5 years from the date of the  
4 bonds shall not be less than 1/5 of the amount of any subsequent  
5 maturity on the same series of bonds. The bonds shall bear  
6 interest payable semiannually except that the first coupon may be  
7 for any number of months not exceeding 10. The bonds and coupons  
8 shall be made payable in lawful money of the United States of  
9 America and shall be exempt from all taxation whatsoever by the  
10 state or by any taxing authority within the state. The county  
11 board of commissioners may authorize the county agency to sell  
12 any such bonds in accordance with the laws of the state at a  
13 price and bearing interest at a rate not more than the maximum  
14 permitted by the municipal finance act, Act No. 202 of the Public  
15 Acts of 1943, as amended, being sections 131.1 to 139.3 of the  
16 Michigan Compiled Laws. The bonds may be sold at a discount not  
17 to exceed 10% of the principal amount thereof. Any contract or  
18 contracts entered into pursuant to sections 5a and 5b may provide  
19 that interest on the bonds to be issued shall be paid from the  
20 proceeds of sale of the bonds for a period not exceeding the  
21 estimated construction period and 1 year thereafter in which  
22 event the resolution adopted by the county board of commissioners  
23 may provide for the payment of the interest from the proceeds of  
24 sale of the bonds and the resolution shall specify the interest  
25 payments which are to be paid from the proceeds of sale of the  
26 bonds. The bonds shall not pledge the full faith and credit of  
27 the issuing county except as hereinafter provided. As additional~~

~~1 security for the payment of the principal of and interest on any~~  
~~2 bonds issued under the provisions of this section, any issuing~~  
~~3 county may, upon proper resolution adopted by a majority vote of~~  
~~4 the members=elect of its county board of commissioners, pledge~~  
~~5 the full faith and credit of the county for the prompt payment of~~  
~~6 the principal of and interest on such bonds and, if necessary,~~  
~~7 may impose taxes without limitation as to rate or amount and in~~  
~~8 addition to any other taxes the county may be authorized to levy~~  
~~9 for the payment of such principal and interest and in addition to~~  
~~10 any taxes that the unit of government may be authorized to levy~~  
~~11 but not more than the rate or amount sufficient therefor.~~ In the  
~~12 event the county is required to advance any money by reason of~~  
~~13 such~~ A pledge on account of the delinquency of any contracting  
~~14 unit of government and if PROVIDED IN the contract, shall so~~  
~~15 provide,~~ the county treasurer shall notify the state treasurer  
~~16 to deduct the amount of money so~~ advanced by the county from  
~~17 any unrestricted moneys~~ MONEY in the state treasurer's posses-  
~~18 sion belonging to the unit of government and to pay such~~ THE  
~~19 amount to the county. The moneys~~ MONEY shall be paid into the  
~~20 general fund of the county. The right of deduction to receive~~  
~~21 payment from the state treasurer given to the county by this~~  
~~22 statute shall not operate to limit the county's right to pursue~~  
~~23 any other legal remedies for the reimbursement of moneys~~ MONEY  
~~24 advanced hereunder~~ UNDER THIS SECTION. The board of commis-  
~~25 sioners of any county which~~ THAT has advanced any money and  
~~26 which~~ THAT has not been reimbursed ~~therefor~~ may order a unit  
~~27 of government having taxing power and its officers to levy upon~~

1 its next tax roll an amount sufficient to make the reimbursement  
2 on or before the date when its taxes become delinquent and the  
3 unit of government and its tax levying and collecting officials  
4 shall levy and collect ~~such~~ THE taxes and reimburse the  
5 county. The resolution authorizing the issuance of the bonds  
6 shall ~~have embodied therein~~ CONTAIN the terms of the contract  
7 or contracts authorized by sections 5a and 5b. Sections 5a, 5b,  
8 and 5c shall be construed as an additional and alternative method  
9 for the acquisition, construction, and financing of the improve-  
10 ments or facilities contemplated by this act, and shall not  
11 affect the other provisions of this act relating ~~thereto~~ TO THE  
12 ACQUISITION, CONSTRUCTION, OR FINANCING OF IMPROVEMENTS OR  
13 FACILITIES. Any improvements and facilities contemplated by this  
14 act may be acquired, constructed, and financed in part under the  
15 provisions of sections 5a, 5b, and 5c and in part under other  
16 sections of this act. This act shall not validate any drain  
17 orders or bonds issued prior to April 30, 1954.

18 ~~-(2) Unless an exception from prior approval is available~~  
19 ~~pursuant to subsection (3), bonds shall not be issued under this~~  
20 ~~section until the municipal finance commission or its successor~~  
21 ~~agency approves the issuance of same and in determining whether a~~  
22 ~~proposed issue of bonds shall be approved, the municipal finance~~  
23 ~~commission or its successor agency shall take into consideration~~  
24 ~~whether the bonds conform to the provisions of this act.~~

25 (2) ~~-(3) The requirement of subsection (2) for obtaining the~~  
26 ~~prior approval of the municipal finance commission or its~~  
27 ~~successor agency before issuing bonds under this section shall be~~

~~1 subject to sections 10 and 11 of chapter III of Act No. 202 of~~  
~~2 the Public Acts of 1943, being sections 133.10 and 133.11 of the~~  
~~3 Michigan Compiled Laws, and the department of treasury shall have~~  
~~4 the same authority as provided by section 11 of chapter III of~~  
~~5 Act No. 202 of the Public Acts of 1943 to issue an order provid-~~  
~~6 ing or denying an exception from the prior approval required by~~  
~~7 subsection (2) for bonds authorized by this act.~~ BONDS ISSUED  
8 UNDER THIS ACT ARE SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT,  
9 2001 PA 34, MCL 141.2101 TO 141.2821.