

SENATE BILL No. 1063

February 5, 2002, Introduced by Senator EMMONS and referred to the Committee on Finance.

A bill to amend 1981 PA 97, entitled
"Michigan municipal distributable aid bond act,"
by amending section 10 (MCL 141.1030), as amended by 1987 PA 281;
and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10. (1) The pledge and lien on distributable aid cre-
2 ated by this act in favor of the holder of a distributable aid
3 obligation may be on a parity with any pledge or application of
4 distributable aid as security for obligations of a municipality
5 under a contract or proceedings authorized by law after July 14,
6 1981 permitting the pledge or application of distributable aid
7 regardless of whether that contract or proceedings are subse-
8 quently declared invalid, illegal, unenforceable, disaffirmed, or
9 otherwise terminated in whole or in part. However, any
10 obligations to be incurred on a parity basis shall meet the

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1 requirements for participation eligibility under section 5, and
2 the distributable aid respecting these obligations shall be paid,
3 retained, or otherwise treated in accordance with section 6, and
4 these obligations shall be entitled to all the benefits of this
5 act.

6 (2) The pledge and lien on distributable aid created by this
7 act in favor of the holder of a distributable aid obligation
8 shall be superior to a pledge or lien on the distributable aid
9 created by ~~Act No. 185 of the Public Acts of 1957, as amended,~~
10 ~~being sections 123.731 to 123.786 of the Michigan Compiled Laws~~
11 ~~1957 PA 185, MCL 123.731 TO 123.786; the drain code of 1956, Act~~
12 ~~No. 40 of the Public Acts of 1956, as amended, being sections~~
13 ~~280.1 to 280.630 of the Michigan Compiled Laws~~ 1956 PA 40, MCL
14 280.1 TO 280.630; and the county public improvement act of 1939,
15 ~~Act No. 342 of the Public Acts of 1939, as amended, being sec-~~
16 ~~tions 46.171 to 46.188 of the Michigan Compiled Laws~~ 1939 PA
17 342, MCL 46.171 TO 46.188. The pledge and lien on distributable
18 aid created by this act in favor of the holders of distributable
19 aid obligations shall be superior to a pledge or lien on the dis-
20 tributable aid created after July 15, 1981, under ~~Act No. 233 of~~
21 ~~the Public Acts of 1955, as amended, being sections 124.281 to~~
22 ~~124.294 of the Michigan Compiled Laws~~ 1955 PA 233, MCL 124.281
23 TO 124.294; and the municipal finance act, ~~Act No. 202 of the~~
24 ~~Public Acts of 1943, as amended, being sections 131.1 to 139.3 of~~
25 ~~the Michigan Compiled Laws~~ 1943 PA 202, MCL 131.1 TO 139.3, or
26 any other law.

1 (3) A municipality may pledge and assign distributable aid
2 for other obligations of the municipality authorized by law after
3 July 14, 1981. However, the maximum debt service on these other
4 outstanding obligations, together with the maximum debt service
5 on outstanding distributable aid obligations in any fiscal year,
6 shall not exceed the amount permitted under section 5 of this
7 act.

8 (4) The restrictions prescribed by this act do not apply to
9 obligations secured by either of the following:

10 (a) A pledge of distributable aid pursuant to statutory
11 authorization that expressly permits a general pledge of distri-
12 butable aid subject only to constitutional limitation.

13 (b) A pledge of distributable aid pursuant to statutory
14 authorization that expressly excludes the pledge or the obliga-
15 tion from the provisions of this act.

16 (5) BEGINNING MARCH 1, 2002, A MUNICIPALITY SHALL NOT ISSUE
17 OR REFUND AN OBLIGATION UNDER THIS ACT.

18 Enacting section 1. The Michigan municipal distributable
19 aid bond act, 1981 PA 97, MCL 141.1021 to 141.1030, is repealed
20 effective January 1, 2010.