

# SENATE BILL No. 1265

May 2, 2002, Introduced by Senator EMMONS and referred to the Committee on Finance.

A bill to amend 1951 PA 51, entitled

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive

transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts,"

by amending section 18c (MCL 247.668c).

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 18c. (1) A county may borrow money and issue bonds to  
 2 pay all or any portion of the cost of the construction or recon-  
 3 struction of highways, including limited access highways, which  
 4 by law a county road commission is authorized to construct or  
 5 reconstruct, or participate with any other county road commis-  
 6 sion, city, or village in the construction or reconstruction of,  
 7 including the construction or the enlargement, reconstruction, or  
 8 relocation of existing highways and the acquisition of necessary  
 9 rights-of-way for those highways, and all work incidental to the  
 10 construction or reconstruction, which bonds shall be issued only  
 11 upon the written recommendation or approval of the county road  
 12 commission, and the adoption of a resolution by a majority vote  
 13 of the county board of commissioners of the county. The resolu-  
 14 tion shall briefly describe the contemplated highway construction  
 15 project, the estimated cost of the project, and the amount,  
 16 maximum rate of interest, and maturity dates of the bonds to be  
 17 issued and the form of the bonds. The resolution shall contain

1 an irrevocable appropriation providing for the payment of the  
2 principal and interest of the bonds from the money received or to  
3 be received by the county road commission from the Michigan  
4 transportation fund, except to the extent the money has been  
5 pledged by contract in accordance with ~~Act No. 205 of the Public~~  
6 ~~Acts of 1941, as amended~~ 1941 PA 205, MCL 252.51 TO 252.64,  
7 before July 1, 1957, for the construction or financing of limited  
8 access highways, and except to the extent the moneys have been  
9 pledged before July 1, 1957, for the payment of notes issued  
10 under ~~Act No. 143 of the Public Acts of 1943, as amended, being~~  
11 ~~sections 141.251 to 141.254 of the Michigan Compiled Laws~~ 1943  
12 PA 143, MCL 141.251 TO 141.254. A contractual pledge made before  
13 July 1, 1957, in accordance with the provisions of ~~Act No. 205~~  
14 ~~of the Public Acts of 1941, as amended~~ 1941 PA 205, MCL 252.51  
15 TO 252.64, and a pledge made before July 1, 1957, for the payment  
16 of promissory notes under ~~Act No. 143 of the Public Acts of~~  
17 ~~1943, as amended~~ 1943 PA 143, MCL 141.251 TO 141.254, shall have  
18 and retain its priority of lien or charge against the money dis-  
19 tributed by law to the county road commission from the Michigan  
20 transportation fund, as contemplated by those acts, and as pro-  
21 vided in the contract or resolution authorizing the issuance of  
22 bonds or notes under those acts. A pledge made after June 30,  
23 1957, by a county road commission under ~~Act No. 205 of the~~  
24 ~~Public Acts of 1941, as amended, or Act No. 143 of the Public~~  
25 ~~Acts of 1943, as amended~~ 1941 PA 205, MCL 252.51 TO 252.64, OR  
26 1943 PA 143, MCL 141.251 TO 141.254, shall have equal standing  
27 and priority with a pledge made after June 30, 1957, by the

1 county road commission under this act. The total aggregate  
2 amount of bonds that may be issued by a county under this section  
3 shall not exceed the amount ~~as~~ THAT will be serviced as to  
4 their maximum annual principal and interest requirements by an  
5 amount equal to 20% of the moneys received by the county road  
6 commission of the county from the Michigan transportation fund  
7 during the fiscal year ~~next~~ IMMEDIATELY preceding the issuance  
8 of the bonds. Bonds may be issued under this section as separate  
9 issues or series with different dates of issuance but the aggre-  
10 gate of the bonds shall be subject to the limitations set forth  
11 in this act. As additional security for the payment of the  
12 bonds, a county, upon adoption of a resolution by a majority of  
13 the members of its county board of commissioners, may agree on  
14 behalf of the county that if the funds pledged for the payment of  
15 the bonds are at any time insufficient to pay the principal and  
16 interest on the bonds as the same become due, the county trea-  
17 surer shall be obligated to advance sufficient money from the  
18 general fund of the county to make up the deficiency, and reim-  
19 bursement shall be made from the first subsequent revenues  
20 received by the county road commission from the Michigan trans-  
21 portation fund not pledged or required to be set aside and used  
22 for the payment of the principal and interest on bonds, notes, or  
23 other evidences of indebtedness.

24 (2) The total annual amount that may be pledged by a county  
25 road commission for the payment of principal and interest on  
26 bonds issued pursuant to this section, or the payment of  
27 contributions as required by a contract entered into in

1 accordance with section 18d, which contributions are pledged for  
2 the payment of bonds, together with total maximum debt service  
3 requirements for payment of notes issued under ~~Act No. 143 of~~  
4 ~~the Public Acts of 1943, as amended~~ 1943 PA 143, MCL 141.251 TO  
5 141.254, shall not exceed 50% of the total amount received by the  
6 county road commission from the Michigan transportation fund  
7 during the last completed fiscal year ending on June 30 before  
8 the issuance of a bond or note or the execution of a contract.

9 (3) BONDS ISSUED UNDER THIS SECTION ARE NOT SUBJECT TO THE  
10 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO  
11 141.2821.