

Act No. 300
Public Acts of 2002
Approved by the Governor
May 8, 2002
Filed with the Secretary of State
May 9, 2002
EFFECTIVE DATE: May 9, 2002

**STATE OF MICHIGAN
91ST LEGISLATURE
REGULAR SESSION OF 2002**

Introduced by Senator Emmons

ENROLLED SENATE BILL No. 1063

AN ACT to amend 1981 PA 97, entitled "An act to permit the state to approve and make eligible for participation under this act local bonds or other obligations upon application of a county, city, village, township, or charter township; to prescribe the powers and duties of certain state agencies; to provide for the application of certain state shared revenues for payment on distributable aid obligations; and to prescribe certain other matters relating to the bonds and other obligations and state shared revenues," 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:

Sec. 10. (1) The pledge and lien on distributable aid created by this act in favor of the holder of a distributable aid obligation may be on a parity with any pledge or application of distributable aid as security for obligations of a municipality under a contract or proceedings authorized by law after July 14, 1981 permitting the pledge or application of distributable aid regardless of whether that contract or proceedings are subsequently declared invalid, illegal, unenforceable, disaffirmed, or otherwise terminated in whole or in part. However, any obligations to be incurred on a parity basis shall meet the requirements for participation eligibility under section 5, and the distributable aid respecting these obligations shall be paid, retained, or otherwise treated in accordance with section 6, and these obligations shall be entitled to all the benefits of this act.

(2) The pledge and lien on distributable aid created by this act in favor of the holder of a distributable aid obligation shall be superior to a pledge or lien on the distributable aid created by 1957 PA 185, MCL 123.731 to 123.786; the drain code of 1956, 1956 PA 40, MCL 280.1 to 280.630; and the county public improvement act of 1939, 1939 PA 342, MCL 46.171 to 46.188. The pledge and lien on distributable aid created by this act in favor of the holders of distributable aid obligations shall be superior to a pledge or lien on the distributable aid created after July 15, 1981, under 1955 PA 233, MCL 124.281 to 124.294; and the municipal finance act, 1943 PA 202, MCL 131.1 to 139.3, or any other law.

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

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

(a) A pledge of distributable aid pursuant to statutory authorization that expressly permits a general pledge of distributable aid subject only to constitutional limitation.

(b) A pledge of distributable aid pursuant to statutory authorization that expressly excludes the pledge or the obligation from the provisions of this act.

(5) Beginning March 1, 2002, a municipality shall not issue or refund an obligation under this act.

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

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate.

Jay E. Randall

Clerk of the House of Representatives.

Approved

.....
Governor.