

Act No. 330
Public Acts of 2002
Approved by the Governor
May 23, 2002
Filed with the Secretary of State
May 23, 2002
EFFECTIVE DATE: May 23, 2002

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

Introduced by Rep. Shulman

ENROLLED HOUSE BILL No. 5840

AN ACT to amend 1952 PA 175, entitled "An act to authorize incorporated cities and villages to borrow money and issue bonds in anticipation of future payments from the motor vehicle highway fund, for any purpose or purposes for which said funds may be used and for the purpose of refunding such bonds; authorizing the pledging of the faith and credit of the issuing city or village, upon proper resolution of its governing body, as additional security for the payment of said bonds; and to prescribe procedures and conditions relative to the issuance of such bonds," by amending sections 1 and 3 (MCL 247.701 and 247.703), section 1 as amended by 1998 PA 506 and section 3 as amended by 1988 PA 152; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

Sec. 1. (1) Subject to subsections (2) and (3), any incorporated city or village in this state is authorized to borrow money and issue its bonds for the purposes enumerated in section 13 of 1951 PA 51, MCL 247.663, and to refund bonds issued under this act or in part to refund bonds issued under this act and in part for the purposes enumerated in section 13 of 1951 PA 51, MCL 247.663, without a vote of the electors. Any bonds issued under this act are subject to the requirements of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, and all procedures for issuing bonds under this act shall conform to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. Any refunding bonds issued under this act may include the amount of any premium to be paid upon the calling of the bonds to be refunded or, if the bonds are not callable, any premium necessary to be paid in order to secure the surrender of the bonds to be refunded, but, in either case, the amount of the premium included shall not exceed 3% of the principal amount of the bonds to be refunded. Nothing in this section shall be construed to provide for the refunding of noncallable unmatured bonds without the consent of the holder or holders of those bonds. Refunding bonds may be sold at any time to refund any outstanding bonds.

(2) A city or village shall not issue or refund a bond under this act if the bond or authorizing resolution does 1 or more of the following:

(a) Provides that the proceeds of the bond are used for operational expenses of the city or village, other than engineering or design expenses related to the project for which the bond was issued.

(b) Provides that the weighted average maturity of the bond exceeds the useful life of the asset.

(c) Provides that the bond, in whole or in part, appreciates in principal amount or is sold at a discount in an amount greater than 10%.

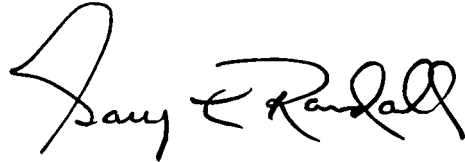
Sec. 3. (1) The principal of and interest upon the bonds shall be payable primarily from the proceeds of revenues derived from state collected taxes returned to the city or village for road purposes pursuant to law. As additional security for the payment of the bonds, a city or village, upon proper resolution of its governing body, is authorized to pledge its full faith and credit for the payment of the bonds. If a pledge of its full faith and credit is made and the

revenues pledged to the payment of the bonds are at any time insufficient for the payment, the city or village shall be obligated to pay the bonds and coupons to the same extent as other general obligation bonds of the city or village, and shall be reimbursed from subsequent revenues received by the city or village from the state collected taxes returned to the city or village for road purposes pursuant to law.

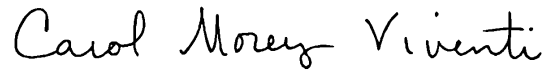
(2) Nothing contained in this act shall be construed to violate or impair contract rights existing in the holders of outstanding bonds issued under the provisions of 1941 PA 205, MCL 252.51 to 252.64, but pledges of the revenues or taxes made by a city or village under the provisions of that act shall retain their priority of lien or charge against the revenues as contemplated by the provisions of that act and as provided in the contract or resolution authorizing the issuance of bonds under that act.

Enacting section 1. Section 6 of 1952 PA 175, MCL 247.706, is repealed.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved _____

Governor.