

Act No. 404
Public Acts of 2002
Approved by the Governor
June 3, 2002
Filed with the Secretary of State
June 3, 2002
EFFECTIVE DATE: June 3, 2002

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

Introduced by Senator Emerson

ENROLLED SENATE BILL No. 840

AN ACT to amend 1971 PA 140, entitled "An act to provide for the distribution of certain state revenues to cities, villages, townships, and counties; to impose certain duties and confer certain powers on this state, political subdivisions of this state, and the officers of both; to create reserve funds; and to establish a revenue sharing task force and provide for its powers and duties," by amending section 17a (MCL 141.917a), as amended by 1987 PA 283.

The People of the State of Michigan enact:

Sec. 17a. (1) To the extent required by the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942, a municipality granted a loan pursuant to the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942, shall have withheld from any payment the city, village, township, or county is eligible to receive, an amount equivalent to any delinquent payments due on the loan.

(2) The state treasurer may withhold all or part of any payment that a city, village, township, or county is eligible to receive under this act to the extent the withholdings are a component part of a plan, developed and implemented under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, for financing an outstanding obligation upon which the municipality defaulted. Amounts withheld shall be used to pay, on behalf of the city, village, township, or county, unpaid amounts or subsequently due amounts, or both, of principal and interest on the outstanding obligation upon which the city, village, township, or county defaulted.

(3) The state treasurer may withhold all or part of any payment that a city or village is eligible to receive under this act, after payment of all money owing to the city or village under this act that, prior to the date of a withholding under this subsection, has been pledged for the payment of debt service on bonds or notes or for the payment of contractual obligations pledged for the payment of debt service on bonds or notes, in an amount necessary to repay loans made to the city or village under section 11(6) of 1951 PA 51, MCL 247.661, after any deduction authorized by section 11(8) of 1951 PA 51, MCL 247.661, has been applied for the repayment of the loan.

(4) Under an agreement entered into by a city, village, township, or county assigning all or a portion of the payment that it is eligible to receive under this act to the Michigan municipal bond authority or pledging that amount for payment of an obligation it incurred with the Michigan municipal bond authority, the state treasurer shall transmit to the Michigan municipal bond authority or a trustee designated by the authority the amount of the payment that is assigned or pledged under the agreement. Notwithstanding the payment dates prescribed by this act for distributions under this act, the state treasurer may advance all or part of a payment that is dedicated for distribution or for which the appropriation authorizing the payment has been made if and to the extent, under the terms of an agreement entered into by a city, village, township, or county and the Michigan municipal bond authority, the payment that the city, village, township, or county is eligible to receive has been assigned to or pledged for payment of an obligation it incurred with the Michigan municipal bond authority. This subsection does not require the state to make an appropriation to any city,

village, county, or township and shall not be construed as creating an indebtedness of the state. Any agreement made pursuant to this subsection shall contain a statement to that effect.

(5) The state treasurer shall withhold all or part of a payment that a city, village, township, or county is eligible to receive under this act to satisfy a payment due and owing to the state or to a state department or agency from the city, village, township, or county unless and to the extent subsection (4) requires otherwise or unless the city, village, township, or county has pledged payments under this act for payment on an obligation issued by the municipality.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate.

Sam E. Randall

Clerk of the House of Representatives.

Approved _____

Governor.