

Act No. 444
Public Acts of 2002
Approved by the Governor
June 17, 2002
Filed with the Secretary of State
June 17, 2002
EFFECTIVE DATE: June 17, 2002

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

Introduced by Senator Bullard

ENROLLED SENATE BILL No. 841

AN ACT to amend 1981 PA 80, entitled "An act to authorize certain cities and counties to issue general obligation bonds or obligations to fund an operating deficit or projected operating deficit; to prescribe the powers and duties of the state administrative board; to provide for the levy of ad valorem property taxes to pay the principal and interest on the bonds or obligations; to prescribe certain conditions related to the bonds or obligations; and to provide remedies for enforcement of this act," by amending sections 4 and 7 (MCL 141.1004 and 141.1007), as amended by 1987 PA 279.

The People of the State of Michigan enact:

Sec. 4. (1) Before a city may make application to the board for approval to issue bonds or obligations under this act, the legislative body of the city shall determine by resolution that all of the following conditions exist:

(a) The city had an accumulated operating deficit as of the end of the last completed fiscal year or is projected to have an accumulated operating deficit at the end of the current fiscal year. The determination of the existence of an accumulated operating deficit or a projected accumulated operating deficit shall be made in accordance with generally accepted accounting principles.

(b) The amount of the deficit exceeds the amount that the city may borrow from the emergency municipal loan fund pursuant to the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942.

(c) The amount of the deficit is more than the city can fund by issuing tax anticipation notes under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(2) Before a county may make application to the board for approval to issue bonds or obligations under this act, the legislative body of the county shall determine by resolution that the county had an accumulated operating deficit as of the end of the last completed fiscal year or is projected to have an accumulated operating deficit at the end of the current fiscal year. The determination of the existence of an accumulated operating deficit or a projected accumulated operating deficit shall be made in accordance with generally accepted accounting principles.

(3) If the legislative body of a city or county determines that all of the conditions described in subsection (1) or (2) exist, respectively, it shall also in the same resolution make the following determinations:

(a) The amount of the accumulated operating deficit that was incurred or is projected to exist at the end of the current fiscal year.

(b) The maximum amount of bonds or obligations necessary to fund the deficit and provide funds for the purposes described in section 5.

(4) Before adopting a resolution authorizing the issuance of the bonds or obligations, the city or county shall apply to the secretary of the board for an order approving issuance of the bonds or obligations by the city or county and shall attach to the application a copy of the resolution described in this section.

(5) The board shall require that the city or county provide the board with a statement signed by the chief executive officer of the city or county, if a charter county, or the chairperson of the board of county commissioners, which statement indicates how the city or county intends to avoid future deficits. The statement is a condition that shall be met as part of the application by the city or county to the board for issuance of bonds or obligations under this act.

(6) Within 7 days after receipt of a full and complete application as determined by the board, the board shall issue an order approving issuance of bonds or obligations by the city or county in an amount not exceeding the amount determined to be necessary by the legislative body of the city or county under subsection (3) or denying the application.

(7) After approval of the board, the determinations and findings made by the legislative body of the city or county pursuant to this section are conclusive.

(8) The maximum amount of bonds or obligations that are unlimited or limited tax bonds or obligations that may be issued by a city or county under this act shall not exceed 3% of the state equalized valuation of real and personal property located within the territorial boundaries of the city or county, respectively, or the maximum principal amount of all bonds or obligations that may be issued by a city or county under this act shall not exceed \$125,000,000.00. The limitations provided by this subsection do not include bonds or obligations or portions of bonds or obligations used to pay for any of the following:

- (a) Amounts set aside for a reserve for payment of principal, interest, and redemption premiums.
- (b) Expected costs of issuance of the bonds or obligations.
- (c) The amount of any discount.
- (d) Bonds or obligations issued to refund outstanding bonds or obligations.

(9) Except as provided in section 7, the issuance of bonds or obligations under this act are not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. The issuance of bonds or obligations described in this subsection is subject to the agency financing reporting act.

Sec. 7. A city or county that issues bonds or obligations that are unlimited or limited tax bonds or obligations under this act shall annually levy sufficient ad valorem property taxes for payment of principal and interest coming due on the bonds or obligations prior to the next collection of taxes as required by the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. In determining the amount of the annual levy necessary for the payment of the principal and interest, credit may be taken for other revenues available and pledged for payment of the bonds or obligations. If the bonds or obligations have been approved by a majority vote of the qualified electors of the city or county voting on the question, the levy of taxes for payment of principal and interest on the bonds or obligations is not subject to limitation as to rate or amount, and taxes for the payment of the principal and interest are in addition to all other taxes that the city or county may otherwise be authorized to levy.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate.

Ray E. Randall

Clerk of the House of Representatives.

Approved _____

Governor.