

SENATE BILL No. 583

October 27, 2015, Introduced by Senator BRANDENBURG and referred to the Committee on Finance.

A bill to amend 1933 PA 94, entitled
"The revenue bond act of 1933,"
by amending the title and section 3 (MCL 141.103), the title as
amended by 1998 PA 196 and section 3 as amended by 2002 PA 465, and
by adding sections 7b, 21a, 22a, and 24a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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TITLE

An act to authorize public corporations, **OR OFFICERS OF**
CERTAIN PUBLIC CORPORATIONS, to purchase, acquire, construct,
improve, enlarge, extend, or repair public improvements within or
without their corporate limits, and to own, operate, and maintain
the same; **TO AUTHORIZE THE CREATION, OPERATION, AND FINANCING OF**
CERTAIN DELINQUENT TAX SYSTEMS; to authorize the condemnation of

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1 property for such public improvements; to provide for the
2 imposition and collection of charges, fees, rentals, or rates for
3 the services, facilities, and commodities furnished by such public
4 improvements; to provide for the issuance of bonds **OR NOTES** and
5 refunding bonds **OR NOTES** payable from the revenues of public
6 improvements **OR FROM DELINQUENT TAX SYSTEMS**; to provide for a
7 pledge by public corporations of their full faith and credit and
8 the levy of taxes without limitation as to rate or amount to the
9 extent necessary for the payment of the bonds **OR NOTES**, or for
10 advancing money from general funds for payment of bonds **OR NOTES**;
11 to provide for payment, retirement, and security of such bonds; to
12 provide for the imposition of special assessment bonds for the
13 purpose of refunding outstanding revenue bonds; to prescribe the
14 powers and duties of the department of treasury and of the
15 municipal finance commission or its successor agency relative to
16 such bonds **OR NOTES** and relative to private activity bonds issued
17 by a state or local governmental entity; to provide for other
18 matters in respect to such public improvements and bonds **OR NOTES**
19 and to validate action taken and bonds issued; and to prescribe
20 penalties and provide remedies.

21 Sec. 3. As used in this act:

22 (a) "Public corporation" means a county, city, village,
23 township, school district, port district, or metropolitan district
24 of the state or a combination of these if authorized by law to act
25 jointly; an authority created by or under an act of the
26 legislature; or a municipal health facilities corporation or
27 subsidiary municipal health facilities corporation incorporated as

provided in the municipal health facilities corporations act, 1987
PA 230, MCL 331.1101 to 331.1507.

(b) "Public improvements" means only the following
improvements: housing facilities; garbage disposal plants; rubbish
disposal plants; incinerators; transportation systems, including
plants, works, instrumentalities, and properties used or useful in
connection with those systems; sewage disposal systems, including
sanitary sewers, combined sanitary and storm sewers, plants, works,
instrumentalities, and properties used or useful in connection with
the collection, treatment, or disposal of sewage or industrial
wastes; storm water systems, including storm sewers, plants, works,
instrumentalities, and properties used or useful in connection with
the collection, treatment, or disposal of storm water; water supply
systems, including plants, works, instrumentalities, and properties
used or useful in connection with obtaining a water supply, the
treatment of water, or the distribution of water; utility systems
for supplying light, heat, or power, including plants, works,
instrumentalities, and properties used or useful in connection with
those systems; approved cable television systems, approved cable
communication systems, or telephone systems, including plants,
works, instrumentalities, and properties used or useful in
connection with those systems; automobile parking facilities,
including within or as part of the facilities areas or buildings
that may be rented or leased to private enterprises serving the
public; yacht basins; harbors; docks; wharves; terminal facilities;
elevated highways; bridges over, tunnels under, and ferries across
bodies of water; community buildings; public wholesale markets for

1 farm and food products; stadiums; convention halls; auditoriums;
2 dormitories; hospitals and other health care facilities; buildings
3 devoted to public use; museums; parks; recreational facilities;
4 reforestation projects; aeronautical facilities; and marine
5 railways; or any right or interest in or equipment for these
6 improvements. The term "public improvement" means the whole or a
7 part of any of these improvements or of any combination of these
8 improvements or any interest or participation in these
9 improvements, as determined by the governing body. The definition
10 contained in this subdivision does not broaden or enlarge the
11 extent of a particular public improvement made by a public
12 corporation.

13 (c) "Borrower" means a public corporation exercising the power
14 to issue bonds as provided in this act **OR A COUNTY TREASURER**
15 **EXERCISING THE POWER TO ISSUE NOTES AS PROVIDED IN THIS ACT.**

16 (d) "Governing body" means for a county, the board of
17 commissioners; for a city, the body having legislative powers; for
18 a village, the body having legislative powers; for a township, the
19 township board; for a school district, the board of education; for
20 a port district, the port commission; for a metropolitan district,
21 the legislative body of the district; for a municipal health
22 facilities corporation, the board of trustees; for a nonprofit
23 subsidiary municipal health facilities corporation, the nonprofit
24 subsidiary board; and for an authority, the body in which is lodged
25 general governing powers. If the charter of a public corporation or
26 applicable law provides that a separate board has general
27 management over a public improvement, "governing body" means, with

1 respect to that public improvement, the separate board, subject to
2 review by the legislative body of the public corporation as the
3 charter or law may provide. Unless the charter or law specifically
4 provides otherwise, the separate board shall adopt the bond
5 authorizing ordinance, but shall not pledge full faith and credit.

6 (e) "Rates" means the charges, fees, rentals, and rates that
7 may be fixed and imposed for the services, facilities, and
8 commodities furnished by a public improvement.

9 (f) "Revenues" means the income derived from the rates charged
10 for the services, facilities, and commodities furnished by a public
11 improvement. Revenues include, to the extent provided in the
12 authorizing ordinance, earnings on investment of funds of the
13 public improvement and other revenues derived from or pledged to
14 operation of the public improvement.

15 (g) "Net revenues" means the revenues of a public improvement
16 remaining after deducting the reasonable expenses of
17 administration, operation, and maintenance of the public
18 improvement.

19 (h) "Project cost" or "costs" means the costs of purchasing,
20 acquiring, constructing, improving, enlarging, extending, or
21 repairing a public improvement, including any engineering,
22 architectural, legal, accounting, financial, and other expenses
23 incident to the public improvement. Project costs include interest
24 on the bonds, and other obligations of the borrower issued to pay
25 project costs, during the period of construction and until full
26 revenues are developed. Project costs include a reserve or addition
27 to a reserve for payment of principal and interest on the bonds and

1 the amount required for operation and maintenance until sufficient
2 revenues have developed.

3 (i) "Ordinance" means an ordinance, resolution, or other
4 appropriate legislative enactment of the governing body of a public
5 corporation.

6 (j) "Approved cable television system" or "approved cable
7 communication system" means a cable television or communication
8 system to which 1 of the following applies:

9 (i) A municipality acquires or establishes the system either
10 before January 1, 1987 or before a system is established in that
11 municipality by a private person.

12 (ii) A municipality acquires or establishes the system after a
13 system is established in that municipality by a private person and
14 after approval by a majority of the electors in the affected area
15 of that municipality voting on the question of the sale of revenue
16 bonds to finance the acquisition or establishment of the municipal
17 system.

18 (K) "COUNTY TREASURER" MEANS AN ELECTED COUNTY TREASURER OR A
19 COUNTY TREASURER APPOINTED UNDER SECTION 5 OF 1923 PA 199, MCL
20 201.35, OF A COUNTY.

21 (L) "DELINQUENT TAX REVENUES" MEANS THE DELINQUENT TAXES,
22 INTEREST, PENALTIES AND FEES, AND CHARGEBACKS OF UNCOLLECTED
23 DELINQUENT TAXES DUE OR TO BECOME DUE TO LOCAL UNITS OF GOVERNMENT
24 TO BE COLLECTED BY A COUNTY TREASURER AS AGENT FOR THE LOCAL UNIT
25 OF GOVERNMENT IN CONNECTION WITH A DELINQUENT TAX SYSTEM AND
26 PLEDGED TO ANY BORROWING BY A COUNTY TREASURER UNDER SECTION 7B.
27 DELINQUENT TAX REVENUES DO NOT INCLUDE FEES, CHARGES, AND OTHER

1 AMOUNTS DUE AND PAYABLE TO THE COUNTY TREASURER UNDER SECTION
2 87C(3) OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.87C.

3 (M) "DELINQUENT TAX SYSTEM" MEANS THE DELINQUENT TAX REVOLVING
4 FUND IN ANY COUNTY CREATED AND DESIGNATED UNDER SECTION 87B OF THE
5 GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.87B, AND CONTINUED
6 UNDER SECTION 87F OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
7 211.87F.

8 (N) "ORDER" MEANS THE LEGISLATIVE ENACTMENT OF A COUNTY
9 TREASURER'S POWERS UNDER THIS ACT.

10 SEC. 7B. (1) A COUNTY TREASURER IN ANY COUNTY THAT HAS
11 CONTINUED A DELINQUENT TAX REVOLVING FUND UNDER SECTION 87B OF THE
12 GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.87B, MAY BY ORDER OF
13 THE COUNTY TREASURER AND WITHOUT A VOTE OF THE ELECTORS BORROW
14 MONEY AND ISSUE ITS REVENUE NOTES ON BEHALF OF ITSELF AND THE LOCAL
15 UNITS OF GOVERNMENT SECURED BY DELINQUENT TAX REVENUES FROM THE
16 COUNTY'S DELINQUENT TAX REVOLVING FUND.

17 (2) IN THE ORDER AUTHORIZING THE BORROWING AND ISSUANCE OF
18 NOTES, THE DELINQUENT TAX REVENUES FROM WHICH THE BORROWING IS TO
19 BE REPAID SHALL BE PLEDGED AS SECURITY FOR THE PAYMENT OF THE
20 PRINCIPAL AND INTEREST ON THE NOTES AND FOR NO OTHER PURPOSE, AND
21 THESE AMOUNTS SHALL NOT BE USED FOR ANY OTHER PURPOSE UNTIL THE
22 NOTES ARE PAID IN FULL, INCLUDING INTEREST. MONEY AND OTHER
23 PROPERTY HELD IN THE DELINQUENT TAX REVOLVING FUND, INCLUDING
24 COLLECTIONS ON THE DELINQUENT TAX REVENUES, SHALL BE KEPT SEPARATE
25 FROM AND SHALL NOT BE COMMINGLED WITH ANY OTHER MONEY IN THE
26 CUSTODY OF THE COUNTY TREASURER. THE SEGREGATED FUND OR ACCOUNT
27 SHALL BE ESTABLISHED AS A PART OF THE DELINQUENT TAX REVOLVING FUND

1 AND SHALL BE ACCOUNTED FOR SEPARATELY ON THE BOOKS OF THE COUNTY
2 TREASURER.

3 (3) THE PROCEEDS OF THE NOTES SHALL BE PLACED IN AND USED AS
4 THE WHOLE OR PART OF THE DELINQUENT TAX REVOLVING FUND ESTABLISHED
5 UNDER SECTION 87B OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
6 211.87B, AFTER THE EXPENSES OF BORROWING HAVE BEEN DEDUCTED.

7 (4) THE NOTES ISSUED PURSUANT TO THIS SECTION SHALL COMPLY
8 WITH ALL OF THE FOLLOWING:

9 (A) BE IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING THE
10 AGGREGATE AMOUNT OF ALL OF THE FOLLOWING:

11 (i) THE DELINQUENT TAX REVENUES PLEDGED, EXCLUSIVE OF
12 INTEREST.

13 (ii) AT THE OPTION OF THE COUNTY TREASURER, A NOTE RESERVE
14 FUND IN AN AMOUNT NOT TO EXCEED 15% OF EACH BORROWING.

15 (iii) THE COST OF ISSUANCE.

16 (B) BEAR INTEREST NOT EXCEEDING 14.5% PER ANNUM.

17 (C) BE IN THOSE DENOMINATIONS, AND MATURE ON THE DATE NOT
18 EXCEEDING 6 YEARS AFTER THEIR DATE OF ISSUE, AS THE COUNTY
19 TREASURER BY ORDER DETERMINES.

20 (D) MAY BE ISSUED AT AN ORIGINAL ISSUE DISCOUNT NOT TO EXCEED
21 2% OF THE FACE VALUE OF THE NOTE ISSUED.

22 (E) THE ORDER AUTHORIZING ISSUANCE OF THE NOTES MAY PROVIDE
23 THAT ALL OR PART OF THE NOTES SHALL BE SUBJECT TO PREPAYMENT AND,
24 IF SUBJECT TO PREPAYMENT, SHALL PROVIDE THE AMOUNT OF CALL PREMIUM
25 PAYABLE, IF ANY, THE NUMBER OF DAYS' NOTICE OF PREPAYMENT THAT
26 SHALL BE GIVEN, AND WHETHER THE NOTICE SHALL BE WRITTEN OR
27 PUBLISHED, OR BOTH. OTHERWISE, THE NOTES SHALL NOT BE SUBJECT TO

1 PREPAYMENT.

2 (F) THE SALE AND AWARD OF NOTES SHALL BE CONDUCTED AND MADE BY
3 THE COUNTY TREASURER AT A PUBLIC OR PRIVATE SALE. IF A PUBLIC SALE
4 IS HELD, THE NOTES SHALL BE ADVERTISED FOR SALE ONCE NOT LESS THAN
5 5 DAYS BEFORE SALE IN A PUBLICATION PRINTED IN THE ENGLISH LANGUAGE
6 AND CIRCULATED IN THIS STATE THAT CARRIES AS A PART OF ITS REGULAR
7 SERVICE NOTICES OF THE SALES OF MUNICIPAL BONDS AND THAT HAS BEEN
8 DESIGNATED IN THE RESOLUTION AS A PUBLICATION COMPLYING WITH THESE
9 QUALIFICATIONS. THE NOTICE OF SALE SHALL BE IN THE FORM DESIGNATED
10 BY THE COUNTY TREASURER. THE NOTES MAY BE SOLD SUBJECT TO THE
11 OPTION OF THE COUNTY TREASURER, AND THE COUNTY TREASURER MAY
12 WITHHOLD A PART OF THE ISSUE FROM DELIVERY IF, IN HIS OR HER
13 OPINION, SUFFICIENT FUNDS ARE AVAILABLE BEFORE DELIVERY OF THE
14 NOTES TO MAKE FULL DELIVERY UNNECESSARY TO THE PURPOSES OF THE
15 BORROWING.

16 (5) IF THE COUNTY BOARD OF COMMISSIONERS PROVIDES BY
17 RESOLUTION, THE NOTES MAY ALSO BE LIMITED TAX FULL-FAITH AND CREDIT
18 OBLIGATIONS OF THE COUNTY SUBJECT TO THE STATE CONSTITUTION OF 1963
19 AS TO THE LEVYING OF ANY TAXES NOT AUTHORIZED BY THE VOTERS OR BY
20 LAW UNLESS THE COUNTY HAS HELD AN ELECTION PURSUANT TO SECTION 87D
21 OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.87D, IF THE
22 COUNTY'S VOTERS HAVE APPROVED THE PROPOSITION FOUND IN SECTION
23 87D(1) OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.87D,
24 PERMITTING THE COUNTY TO PLEDGE THE COUNTY'S UNLIMITED TAXING POWER
25 FOR THE PURPOSE OF PROVIDING MONEY FOR THE DELINQUENT TAX REVOLVING
26 FUND. IF THE PROCEEDS OF THE TAXES PLEDGED ARE NOT SUFFICIENT TO
27 PAY THE PRINCIPAL AND INTEREST OF THE NOTES WHEN DUE, THE COUNTY

1 SHALL IMPOSE A GENERAL AD VALOREM TAX WITHOUT LIMITATION AS TO RATE
2 OR AMOUNT ON ALL TAXABLE PROPERTY IN THE COUNTY TO PAY THE
3 PRINCIPAL AND INTEREST AND MAY REIMBURSE ITSELF FROM DELINQUENT
4 TAXES COLLECTED.

5 (6) IF THE COUNTY BOARD OF COMMISSIONERS PROVIDES BY
6 RESOLUTION, THE NOTES MAY BE SECURED ADDITIONALLY BY A PLEDGE OF
7 THE COUNTY'S GENERAL FUND.

8 (7) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS SECTION, ALL
9 THE FOLLOWING APPLY:

10 (A) INTEREST ON THE NOTES MAY BE PAYABLE AT ANY TIME PROVIDED
11 IN THE ORDER, AND MAY BE SET, RESET, OR CALCULATED AS PROVIDED IN
12 THE ORDER.

13 (B) NOTES ISSUED UNDER THIS SECTION MAY HAVE 1 OR MORE OF THE
14 FOLLOWING ATTRIBUTES:

15 (i) MADE THE SUBJECT OF A PUT OR AGREEMENT TO REPURCHASE BY
16 THE COUNTY TREASURER.

17 (ii) SECURED BY A LETTER OF CREDIT ISSUED BY A BANK UNDER AN
18 AGREEMENT ENTERED INTO BY THE COUNTY TREASURER OR BY ANY OTHER
19 COLLATERAL THAT THE COUNTY TREASURER'S ORDER MAY AUTHORIZE.

20 (iii) CALLABLE AS SET FORTH IN THE ORDER.

21 (iv) REISSUED BY THE COUNTY TREASURER ONCE REACQUIRED BY THE
22 COUNTY TREASURER UNDER ANY PUT OR REPURCHASE AGREEMENT.

23 (C) THE COUNTY TREASURER MAY BY ORDER DO 1 OR MORE OF THE
24 FOLLOWING:

25 (i) AUTHORIZE THE ISSUANCE OF RENEWAL NOTES.

26 (ii) REFUND OR REFUND IN ADVANCE NOTES BY THE ISSUANCE OF NEW
27 NOTES, WHETHER THE NOTES TO BE REFUNDED HAVE OR HAVE NOT MATURED.

1 (iii) ISSUE NOTES PARTLY TO REFUND NOTES AND PARTLY FOR ANY
2 OTHER PURPOSES AUTHORIZED BY THIS ACT.

3 (iv) BUY AND SELL ANY NOTES ISSUED UNDER THIS SECTION.

4 (D) RENEWAL, REFUNDING, OR ADVANCE REFUNDING NOTES SHALL
5 COMPLY WITH ALL OF THE FOLLOWING:

6 (i) SHALL BE SOLD AND THE PROCEEDS APPLIED TO THE PURCHASE
7 REDEMPTION OR PAYMENT OF THE NOTES TO BE RENEWED OR REFUNDED.

8 (ii) SHALL NOT BE SUBJECT TO THE REVISED MUNICIPAL FINANCE
9 ACT, 2001 PA 34, MCL 141.2101 TO 141.2821.

10 (iii) MAY BE SOLD OR RESOLD AT A PUBLIC OR PRIVATE SALE.

11 (iv) MAY PLEDGE THE DELINQUENT TAXES PLEDGED IN THE ISSUE TO
12 BE REFUNDED IN ADVANCE AFTER THE ORIGINAL ISSUE IS DEFEASED BY THE
13 ADVANCE REFUNDING ISSUE.

14 (E) NOTES MAY BE ISSUED AND SECURED BY A SECOND LIEN ON
15 DELINQUENT TAX REVENUES, INTEREST, AND PROPERTY TAX ADMINISTRATION
16 FEES ALREADY THE SUBJECT OF A FIRST LIEN BECAUSE OF THE ISSUANCE OF
17 A PRIOR NOTE ISSUE.

18 (F) ANY NOTES ISSUED MAY BE SECURED IN WHOLE OR IN PART UNDER
19 A TRUST OR ESCROW AGREEMENT, WHICH AGREEMENT MAY ALSO GOVERN THE
20 ISSUANCE OF RENEWAL NOTES, REFUNDING NOTES, AND ADVANCE REFUNDING
21 NOTES. THE AGREEMENT MAY AUTHORIZE THE TRUSTEE OR ESCROW AGENT TO
22 MAKE INVESTMENTS OF ANY TYPE AUTHORIZED IN THE AGREEMENT.

23 (8) THE NOTES ISSUED UNDER THIS SECTION AND INTEREST ON THE
24 NOTES SHALL BE PAYABLE IN LAWFUL MONEY OF THE UNITED STATES OF
25 AMERICA AND SHALL BE EXEMPT FROM ALL TAXATION BY THIS STATE OR A
26 TAXING AUTHORITY IN THIS STATE.

27 (9) THE NOTES ISSUED UNDER THIS SECTION MAY BE MADE PAYABLE AT

1 A BANK OR TRUST COMPANY, OR MAY BE MADE REGISTRABLE AS TO PRINCIPAL
2 OR AS TO PRINCIPAL AND INTEREST UNDER THE TERMS AND CONDITIONS
3 SPECIFIED IN THE AUTHORIZING RESOLUTION OR BY THE COUNTY TREASURER
4 WHEN AWARDING THE NOTES.

5 (10) A COUNTY TREASURER SHALL HAVE ALL THE POWERS GRANTED BY
6 THIS ACT TO A PUBLIC CORPORATION AND SHALL EXERCISE THOSE POWERS BY
7 ORDER. A COPY OF THAT ORDER SHALL BE MAINTAINED IN THE RECORDS OF
8 THE COUNTY TREASURER, AND A SECOND COPY SHALL BE FILED WITH THE
9 COUNTY CLERK ON DECEMBER 31 EACH YEAR FOR ALL SUCH ORDERS ISSUED
10 THAT YEAR.

11 (11) NOTWITHSTANDING 1966 PA 293, MCL 45.501 TO 45.521, A
12 COUNTY OPERATING UNDER A HOME RULE CHARTER SHALL NOT BE RESTRICTED
13 BY THE PROVISIONS OF THE HOME RULE CHARTER IN CONNECTION WITH THE
14 POWERS GRANTED TO THE COUNTY TREASURER TO ISSUE NOTES BY THIS
15 SECTION. THE TREASURER OF A COUNTY DESCRIBED IN THIS SUBSECTION,
16 NOTWITHSTANDING ANY CHARTER PROVISIONS TO THE CONTRARY, SHALL HAVE
17 ALL OF THE POWERS GRANTED TO COUNTY TREASURERS BY THIS SECTION.

18 (12) IF THE TREASURER SO AUTHORIZES IN THE ORDER AUTHORIZING
19 THE NOTES, ANY NOTES ISSUED MAY BE SECURED IN WHOLE OR IN PART
20 UNDER A TRUST OR ESCROW AGREEMENT. THAT AGREEMENT MAY AUTHORIZE THE
21 TRUSTEE OR ESCROW AGENT TO MAKE INVESTMENTS OF ANY TYPE AUTHORIZED
22 IN THE AGREEMENT.

23 (13) NOTES ISSUED UNDER THIS ACT ARE EXEMPT FROM THE REVISED
24 MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821.

25 SEC. 21A. (1) DELINQUENT TAX REVENUES SHALL BE FIXED BEFORE
26 THE ISSUANCE OF THE NOTES AND SHALL BE SUFFICIENT TO PROVIDE FOR
27 ALL OF THE FOLLOWING:

1 (A) THE PAYMENT OF THE EXPENSES OF COLLECTION OF DELINQUENT
2 TAXES, THE ADMINISTRATION AND OPERATION OF THE DELINQUENT TAX
3 SYSTEM, AND THE PAYMENT OF COSTS OF ISSUANCE FOR THE NOTES.

4 (B) THE PAYMENT OF THE INTEREST ON AND THE PRINCIPAL OF NOTES
5 PAYABLE FROM THE DELINQUENT TAX REVENUES WHEN THE NOTES BECOME DUE
6 AND PAYABLE.

7 (C) THE CREATION OF ANY RESERVE FOR THE NOTES AS REQUIRED IN
8 THE ORDER AUTHORIZING THE ISSUANCE OF THOSE NOTES.

9 (D) OTHER EXPENDITURES AND FUNDS FOR THE DELINQUENT TAX SYSTEM
10 AS THE ORDER MAY REQUIRE.

11 (2) THE COUNTY TREASURER SHALL COVENANT AND AGREE IN THE ORDER
12 AUTHORIZING THE ISSUANCE OF THE NOTES AND ON THE FACE OF EACH NOTE
13 TO COLLECT AT ALL TIMES THE AMOUNTS PLEDGED TO REPAY THE NOTES
14 WHICH SHALL BE SUFFICIENT TO PROVIDE FOR THE AMOUNTS DESCRIBED IN
15 SUBSECTION (1). THE AMOUNTS PLEDGED THAT ARE FIXED AND ESTABLISHED
16 PURSUANT TO THE ORDER SHALL NOT BE SUBJECT TO REVISION OR CHANGE.

17 (3) NOTES ISSUED AND SOLD UNDER THIS SECTION SHALL BE SECURED
18 BY A STATUTORY LIEN ON THE DELINQUENT TAXES AND ON ALL OTHER
19 PROPERTY AND ASSETS AND ANY REVENUES DERIVED FROM THE DELINQUENT
20 TAXES AND OTHER PROPERTY OR ASSETS. THE LIEN SHALL AUTOMATICALLY
21 ATTACH WITHOUT FURTHER ACTION OR AUTHORIZATION BY THE COUNTY
22 TREASURER. THE LIEN ON THE DELINQUENT TAXES AND ALL OTHER PROPERTY
23 AND ASSETS AND ANY REVENUES DERIVED FROM THE DELINQUENT TAXES AND
24 OTHER PROPERTY OR ASSETS SHALL BE VALID AND BINDING FROM THE TIME
25 THE NOTES ARE EXECUTED AND DELIVERED. THE LIEN SHALL AUTOMATICALLY
26 ATTACH AND BE EFFECTIVE, BINDING, AND ENFORCEABLE AGAINST THE
27 COUNTY, THE COUNTY TREASURER, ITS SUCCESSORS, TRANSFEREES, AND

1 CREDITORS, AND ALL OTHERS ASSERTING RIGHTS IN THE SECURED PROPERTY,
2 IRRESPECTIVE OF WHETHER THOSE PARTIES HAVE NOTICE OF THE LIEN AND
3 WITHOUT THE NEED FOR ANY PHYSICAL DELIVERY, RECORDATION, FILING, OR
4 FURTHER ACT. IN ADDITION, THE AMOUNTS COLLECTED WHICH ARE SUBJECT
5 TO THE LIEN SHALL BE HELD IN TRUST FOR THE OWNERS OF THE NOTES
6 AUTHORIZED BY THIS SECTION.

7 SEC. 22A. (1) IN THE AUTHORIZING ORDER, THE COUNTY TREASURER
8 SHALL ALSO PROVIDE THAT THE DELINQUENT TAX REVENUES OF THE
9 DELINQUENT TAX SYSTEM ARE ALL SUBJECT TO A STATUTORY LIEN AND SHALL
10 BE KEPT SEPARATE FROM AND SHALL NOT BE COMMINGLED WITH ANY OTHER
11 MONEY IN THE CUSTODY OF THE COUNTY TREASURER. THE DELINQUENT TAX
12 REVENUES OF THE DELINQUENT TAX SYSTEM SHALL BE PAID IN THE
13 FOLLOWING ORDER OF RECORDED PRIORITY:

14 (A) AFTER PROVISION FOR THE PAYMENT FOR THE NEXT SUCCEEDING
15 PERIOD OF ALL CURRENT EXPENSES OF ADMINISTRATION AND OPERATION OF
16 THE DELINQUENT TAX SYSTEM, THE CURRENT EXPENSES FOR THAT PERIOD
17 SHALL BE PAID BY COLLECTION OF THE DELINQUENT TAXES, INTEREST,
18 PENALTIES, FEES, AND CHARGEBACKS AS MAY BE NECESSARY TO PRESERVE
19 AND OPERATE THE DELINQUENT TAX SYSTEM.

20 (B) THERE SHALL BE NEXT SET ASIDE A SUM SUFFICIENT TO PROVIDE
21 FOR THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST UPON ALL NOTES
22 PAYABLE FROM THOSE REVENUES, AS AND WHEN THE NOTES BECOME DUE AND
23 PAYABLE. THIS ACCOUNT SHALL BE DESIGNATED NOTE AND INTEREST
24 REDEMPTION ACCOUNT AND SHALL BE SUBJECT TO THE STATUTORY LIEN. IN
25 THE EVENT THAT THE DELINQUENT TAX REVENUES OF ANY OPERATING YEAR
26 OVER AND ABOVE THOSE NECESSARY FOR THE OPERATION AND MAINTENANCE
27 EXPENSES SHALL BE INSUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST

1 ON THE NOTES MATURING IN ANY OPERATING YEAR, THEN AN ADDITIONAL
2 AMOUNT SUFFICIENT TO PAY THE PRINCIPAL AND INTEREST SHALL BE SET
3 ASIDE OUT OF THE DELINQUENT TAX REVENUES OF THE NEXT SUCCEEDING
4 OPERATING YEAR, AFTER PROVISION FOR THE EXPENSES OF OPERATION AND
5 MAINTENANCE. IN RESPECT TO THE ALLOCATION AND USE OF MONEY IN THE
6 NOTE AND INTEREST REDEMPTION ACCOUNT, DUE RECOGNITION SHALL BE
7 GIVEN AS TO PRIORITY RIGHTS, IF ANY, BETWEEN DIFFERENT ISSUES OR
8 SERIES OF OUTSTANDING NOTES. THE COUNTY TREASURER MAY PROVIDE BY
9 ORDER THAT A REASONABLE EXCESS AMOUNT SHALL BE SET ASIDE IN THE
10 NOTE AND INTEREST REDEMPTION ACCOUNT FROM TIME TO TIME SO AS TO
11 PRODUCE AND PROVIDE A RESERVE TO MEET ANY POSSIBLE FUTURE
12 DEFICIENCIES, WHICH RESERVE SHALL ALSO BE SUBJECT TO THE STATUTORY
13 LIEN.

14 (C) NEXT, THERE SHALL BE SET ASIDE, IN THE MANNER AND PRIORITY
15 PROVIDED BY THE ORDER, THE SUM OR SUMS NECESSARY FOR THE ADDITIONAL
16 ACCOUNTS AS MAY BE REQUIRED.

17 (D) NO REVENUES PLEDGED TO THE REPAYMENT OF ANY NOTES ARE THE
18 PROPERTY OF THE COUNTY OR THE COUNTY TREASURER UNTIL THOSE NOTES
19 AND THE INTEREST DUE ON THOSE NOTES ARE REPAYED IN FULL.

20 (2) REVENUES REMAINING, AFTER SATISFACTION OF SUBSECTION (1),
21 AT THE END OF ANY OPERATING YEAR SHALL BE CONSIDERED SURPLUS AND
22 SHALL BE DISPOSED OF BY THE COUNTY TREASURER AS PROVIDED IN SECTION
23 87B OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.87B.

24 SEC. 24A. MONEY IN THE SEVERAL ACCOUNTS OF THE DELINQUENT TAX
25 SYSTEM SHALL BE DEPOSITED AS DESIGNATED BY THE COUNTY TREASURER OF
26 THE COUNTY. MONEY IN THE SEVERAL ACCOUNTS OF THE DELINQUENT TAX
27 SYSTEM, EXCEPT MONEY IN THE NOTE AND INTEREST REDEMPTION ACCOUNT

1 AND MONEY DERIVED FROM THE PROCEEDS OF SALE OF THE NOTES EACH OF
2 WHICH SHALL BE KEPT IN A SEPARATE DEPOSIT ACCOUNT, MAY BE KEPT IN 1
3 DEPOSIT ACCOUNT, PROVIDED, HOWEVER, THAT ONLY DELINQUENT TAX
4 REVENUES OF THE DELINQUENT TAX SYSTEMS SHALL BE HELD IN OR CREDITED
5 TO THAT DEPOSIT ACCOUNT AND THOSE FUNDS AND OTHER PROPERTY SHALL
6 NOT BE COMMINGLED WITH ANY OTHER MONEY OF OR IN THE CUSTODY OF THE
7 COUNTY TREASURER. IN THAT CASE, THE MONEY IN THE COMBINED DEPOSIT
8 ACCOUNTS SHALL BE ALLOCATED ON THE BOOKS AND RECORDS OF THE COUNTY
9 TREASURER TO THE VARIOUS ACCOUNTS IN THE MANNER PROVIDED IN THE
10 AUTHORIZING ORDER. THE COUNTY TREASURER OF THE COUNTY MAY PROVIDE
11 THAT THE MONEY IN THE SEVERAL ACCOUNTS OF THE DELINQUENT TAX SYSTEM
12 BE KEPT IN SEPARATE DEPOSITORY ACCOUNTS. THE MONEY IN THE NOTE AND
13 INTEREST REDEMPTION ACCOUNT SHALL BE ACCOUNTED FOR SEPARATELY.