

SENATE BILL No. 592

September 27, 2017, Introduced by Senators SHIRKEY, STAMAS and BRANDENBURG
and referred to the Committee on Finance.

A bill to amend 1909 PA 278, entitled
"The home rule village act,"
by amending section 26 (MCL 78.26), as amended by 2011 PA 139.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 26. (1) A village shall not do any of the following:

2 (a) Submit to the electors a charter or a revision of a
3 charter more often than once in every 2 years or file it with the
4 village clerk less than 90 days before the election. This
5 subdivision does not apply to the submission and resubmission of
6 charters to villages that may be incorporated under this act until
7 they have first adopted a charter.

8 (b) Call more than 2 special elections within 1 year. This
9 prohibition does not apply to elections that may be held in the
10 submission and resubmission of charters to villages that may be

1 incorporated under this act until they have first adopted a
2 charter.

3 (c) Change the salary or emoluments of a public official after
4 his or her election or appointment, or during his or her term of
5 office, if the office is held for a fixed term, or shorten or
6 extend the term of a public official from the period for which he
7 or she was elected or appointed, unless he or she is removed for
8 cause.

9 (d) Adopt a charter or amendment to a charter, unless approved
10 by a majority of the electors voting on the charter or amendment at
11 a general or special election.

12 (e) Authorize an issue of bonds unless approved at an election
13 by a majority of the electors of the village voting on the issuance
14 of the bonds. This subdivision does not apply to special assessment
15 bonds, bonds for the village portion of local improvements, not to
16 exceed 40% of the cost of the improvement, refunding bonds, bonds
17 for relief from fire, flood, or calamity, or for payment of
18 judgments, or bonds that the legislative body is authorized by
19 specific statute to issue without vote of the electors.

20 (f) Adopt a scheme for exemption from municipal taxation.

21 (g) Repudiate a debt by a change in its charter or by
22 consolidation with any other municipality.

23 (h) Incur indebtedness by the issue of bonds, or otherwise, in
24 a sum that, including existing indebtedness, exceeds 10% of the
25 assessed valuation of the real and personal property within the
26 village subject to taxation, as shown by the last assessment roll
27 of the village. Bonds issued in anticipation of the collection of

1 special assessments, even though they are a general obligation of
2 the village, motor vehicle highway fund bonds, revenue bonds, and
3 bonds issued, or contract or assessment obligations incurred, to
4 comply with an order of the department of environmental quality or
5 a court of competent jurisdiction, even though they are a general
6 obligation of the village, bonds issued, or contract or assessment
7 obligations incurred, for water supply, sewerage, drainage, or
8 refuse disposal projects necessary to protect the public health by
9 abating pollution, even though they are a general obligation of the
10 village, and bonds issued or assessments or contract obligations
11 incurred for the construction, improvement, or replacement of a
12 combined sewer overflow abatement facility are not included in this
13 limitation. Money on hand in a sinking fund limited to the payment
14 of indebtedness may be treated as a reduction of the indebtedness
15 to that extent. If, because of fire, flood, or other calamity, an
16 emergency fund is required for the relief of the inhabitants of the
17 village or for the repairing or rebuilding of any of its municipal
18 buildings, works, bridges, or streets, the legislative body of the
19 village may borrow money due in not more than 3 years and in an
20 amount not exceeding 1/4 of 1% of the assessed valuation of the
21 village, notwithstanding that the loan may increase the
22 indebtedness of the village beyond the limitations fixed by its
23 charter or in this subdivision. If a village is authorized to
24 acquire or operate a public utility, it may issue mortgage bonds
25 for that purpose beyond the general limit of bonded indebtedness
26 prescribed by law. The mortgage bonds issued beyond the limit of
27 general indebtedness prescribed by law ~~shall~~**MUST** not impose a

1 liability upon the village, but ~~shall~~**MUST** be secured only upon the
2 property and revenues of the public utility, including a franchise,
3 stating the terms upon which, in case of foreclosure, the purchaser
4 may operate the public utility. The franchise ~~shall~~**MUST** not extend
5 for a period longer than 20 years from the date of the sale of the
6 public utility and franchise on foreclosure. Bonds issued, or
7 contract or assessment obligations incurred, before July 31, 1973
8 are validated. As used in this subdivision:

9 (i) "Combined sewer overflow" means a discharge from a
10 combined sewer system that occurs when the flow capacity of the
11 combined sewer system is exceeded.

12 (ii) "Combined sewer overflow abatement facility" means works,
13 instrumentalities, or equipment necessary or appropriate to abate
14 combined sewer overflows.

15 (iii) "Combined sewer system" means a sewer designed and used
16 to convey both storm water runoff and sanitary sewage, and ~~which~~
17 **THAT** contains lawfully installed regulators and control devices
18 that allow for delivery of sanitary flow to treatment during dry
19 weather periods and divert storm water and sanitary sewage to
20 surface waters during storm flow periods.

21 (iv) "Construction" means any action taken in the designing or
22 building of a combined sewer overflow abatement facility.
23 Construction includes, but is not limited to, all of the following:

24 (A) Engineering services.

25 (B) Legal services.

26 (C) Financial services.

27 (D) Design of plans and specifications.

1 (E) Acquisition of land or structural components.

2 (F) Building, erection, alteration, remodeling, or extension
3 of a combined sewer overflow abatement facility.

4 (G) Village supervision of the project activities described in
5 sub-subparagraphs (A) to (F).

6 (v) "Improvement" means any action undertaken to expand,
7 rehabilitate, or restore a combined sewer overflow abatement
8 facility.

9 (vi) "Replacement" means action taken to obtain and install
10 equipment, accessories, or appurtenances during the useful life of
11 a combined sewer overflow abatement facility necessary to maintain
12 the capacity and performance for which the equipment, accessories,
13 or appurtenances are designed and constructed.

14 (i) Lay or collect taxes for municipal purposes except as
15 otherwise provided by law, at a rate in excess of 2% of the
16 assessed value of all real and personal property in the village.

17 (j) Issue bonds without creating a sinking fund for the
18 payment of the bonds, except special assessment bonds that are a
19 charge upon a special district created for the payment of the
20 bonds, and serial bonds payable annually.

21 **(2) IN COMPUTING THE NET INDEBTEDNESS FOR THE PURPOSES OF**
22 **SUBSECTION (1) (H), THERE MAY BE ADDED TO THE ASSESSED VALUE OF REAL**
23 **AND PERSONAL PROPERTY IN A VILLAGE FOR A FISCAL YEAR AN AMOUNT**
24 **EQUAL TO THE ASSESSED VALUE EQUIVALENT OF CERTAIN VILLAGE REVENUES**
25 **AS DETERMINED UNDER THIS SUBSECTION. THE ASSESSED VALUE EQUIVALENT**
26 **MUST BE CALCULATED BY DIVIDING THE SUM OF THE FOLLOWING AMOUNTS BY**
27 **THE VILLAGE'S MILLAGE RATE FOR THE FISCAL YEAR:**

1 (A) THE AMOUNT PAID OR THE ESTIMATED AMOUNT REQUIRED TO BE
2 PAID BY THE STATE TO THE VILLAGE DURING THE VILLAGE'S FISCAL YEAR
3 FOR THE VILLAGE'S USE UNDER THE GLENN STEIL STATE REVENUE SHARING
4 ACT OF 1971, 1971 PA 140, MCL 141.901 TO 141.921, AND THE AMOUNT OF
5 ANY ELIGIBLE REIMBURSEMENT TO THE VILLAGE UNDER THE LOCAL COMMUNITY
6 STABILIZATION AUTHORITY ACT, 2014 PA 86, MCL 123.1341 TO 123.1362,
7 EXCEPT ANY AMOUNT DISTRIBUTED UNDER SECTION 17(4)(C) OF THE LOCAL
8 COMMUNITY STABILIZATION AUTHORITY ACT, 2014 PA 86, MCL 123.1357, IN
9 EXCESS OF THE VILLAGE'S QUALIFIED LOSS. THE DEPARTMENT OF TREASURY
10 SHALL CERTIFY THESE AMOUNTS UPON REQUEST. AS USED IN THIS
11 SUBDIVISION, "QUALIFIED LOSS" MEANS THAT TERM AS DEFINED IN SECTION
12 5 OF THE LOCAL COMMUNITY STABILIZATION AUTHORITY ACT, 2014 PA 86,
13 MCL 123.1345.

14 (B) THE AMOUNT LEVIED BY THE VILLAGE FOR ITS OWN USE DURING
15 THE VILLAGE'S FISCAL YEAR FROM THE SPECIFIC TAX LEVIED UNDER 1974
16 PA 198, MCL 207.551 TO 207.572.

17 (C) THE AMOUNT LEVIED BY THE VILLAGE FOR ITS OWN USE DURING
18 THE VILLAGE'S FISCAL YEAR FROM THE SPECIFIC TAX LEVIED UNDER THE
19 COMMERCIAL REDEVELOPMENT ACT, 1978 PA 255, MCL 207.651 TO 207.668.

20 (3) ~~(2) Beginning on the effective date of the amendatory act~~
21 ~~that added this subsection, SEPTEMBER 13, 2011, a village shall not~~
22 ~~adopt a village charter or ordinance that includes any minimum~~
23 ~~staffing requirement for village employees. Except as otherwise~~
24 ~~provided in this subsection, any ANY provision in a village charter~~
25 ~~or ordinance adopted on or after the effective date of the~~
26 ~~amendatory act that added this subsection SEPTEMBER 13, 2011 that~~
27 contains a minimum staffing requirement for village employees is

1 void and unenforceable.

2 Enacting section 1. This amendatory act takes effect 90 days

3 after the date it is enacted into law.