

SENATE BILL No. 593

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

A bill to amend 1909 PA 279, entitled
"The home rule city act,"
by amending section 4a (MCL 117.4a), as amended by 2002 PA 201.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4a. (1) Each city in its charter may provide for the
2 borrowing of money on the credit of the city and issuing bonds for
3 the borrowing of money, for any purpose within the scope of the
4 powers of the city.

5 (2) Notwithstanding a charter provision to the contrary, the
6 net indebtedness incurred for all public purposes ~~shall~~**MUST** not
7 exceed the greater of the following:

8 (a) Ten percent of the assessed value of all the real and
9 personal property in the city.

10 (b) Fifteen percent of the assessed value of all the real and

1 personal property in the city if that portion of the total amount
2 of indebtedness incurred ~~which~~**THAT** exceeds 10% is or has been used
3 solely for the construction or renovation of hospital facilities.

4 (3) In case of fire, flood, or other calamity, the legislative
5 body may borrow for the relief of the inhabitants of the city and
6 for the preservation of municipal property, a sum not to exceed 3/8
7 of 1% of the assessed value of all the real and personal property
8 in the city, due in not more than 5 years, even if the loan would
9 cause the indebtedness of the city to exceed the limit established
10 by this section.

11 (4) In computing the net indebtedness, all of the following
12 ~~shall~~**MUST** be excluded:

13 (a) Bonds issued in anticipation of the payment of special
14 assessments, even though they are also a general obligation of the
15 city.

16 (b) Mortgage bonds that are secured only by a mortgage on the
17 property or franchise of a public utility.

18 (c) Bonds issued to refund money advanced or paid on special
19 assessments for water main extensions.

20 (d) Motor vehicle highway fund bonds, even though they are
21 also a general obligation of the city.

22 (e) Revenue bonds.

23 (f) Bonds issued or contract or assessment obligations
24 incurred to comply with an order of the water resources commission
25 or a court of competent jurisdiction.

26 (g) Obligations incurred before January 9, 1973 for water
27 supply, sewage, drainage, or refuse disposal, or resource recovery

1 projects, or incurred after January 8, 1973 for projects necessary
2 to protect the public health by abating pollution. A certification
3 by the county, district, or state health department ~~shall be~~ **IS**
4 sufficient proof that the project is necessary to protect the
5 public health by abating pollution.

6 (h) Bonds issued to acquire housing for which rent subsidies
7 will be received by the city or an agency of the city under a
8 contract with the United States government and used by the city to
9 operate and maintain the housing and pay principal and interest on
10 the bonds.

11 (i) Obligations entered into under an intergovernmental self-
12 insurance contract **UNDER** section 5 of 1951 PA 35, MCL 124.5, or
13 issued to pay premiums or to establish funds to self-insure for
14 losses under the revised municipal finance act, 2001 PA 34, MCL
15 141.2101 to 141.2821.

16 (j) Bonds issued or assessments or contract obligations
17 incurred for the construction, improvement, or replacement of a
18 combined sewer overflow abatement facility. As used in this
19 subdivision:

20 (i) "Combined sewer overflow" means a discharge from a
21 combined sewer system that occurs when the flow capacity of the
22 combined sewer system is exceeded.

23 (ii) "Combined sewer overflow abatement facility" means any
24 works, instrumentalities, or equipment necessary or appropriate to
25 abate combined sewer overflows.

26 (iii) "Combined sewer system" means a sewer designed and used
27 to convey both storm water runoff and sanitary sewage, and ~~which~~

1 **THAT** contains lawfully installed regulators and control devices
2 that allow for delivery of sanitary flow to treatment during dry
3 weather periods and divert storm water and sanitary sewage to
4 surface waters during storm flow periods.

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

8 (A) Engineering services.

9 (B) Legal services.

10 (C) Financial services.

11 (D) Design of plans and specifications.

12 (E) Acquisition of land or structural components, or both.

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

15 (G) City supervision of the project activities described in
16 sub-subparagraphs (A) to (F).

17 (v) "Improvement" means any action taken to expand,
18 rehabilitate, or restore a combined sewer overflow abatement
19 facility.

20 (vi) "Replacement" means any action taken to obtain and
21 install equipment, accessories, or appurtenances during the useful
22 life of a combined sewer overflow abatement facility necessary to
23 maintain the capacity and performance for which the equipment,
24 accessories, or appurtenances are designed and constructed.

25 (5) The resources of the sinking fund pledged for the
26 retirement of any outstanding bonds ~~shall~~**MUST** also be deducted
27 from the amount of the indebtedness.

1 (6) An obligation for the construction, renovation, or
2 modernization of a hospital under subsection (2)(b) ~~shall~~**MUST** not
3 be incurred after July 1, 1978 unless the construction, renovation,
4 or modernization has been approved in accordance with any
5 applicable act or unless the obligation is to refinance a previous
6 obligation.

7 (7) Each city may provide in its charter for the borrowing of
8 money and issuing bonds for the borrowing of money in anticipation
9 of the payment of special assessments, which bonds may be an
10 obligation of the special assessment district or may be both an
11 obligation of the special assessment district and a general
12 obligation of the city.

13 (8) Bonds issued and obligations incurred before July 31, 1973
14 are validated.

15 (9) In computing the net indebtedness for the purposes of
16 subsection (2), there may be added to the assessed value of real
17 and personal property in a city for a fiscal year an amount equal
18 to the assessed value equivalent of certain city revenues as
19 determined under this subsection. The assessed value equivalent
20 ~~shall~~**MUST** be calculated by dividing the sum of the following
21 amounts by the city's millage rate for the fiscal year:

22 (a) The amount paid or the estimated amount required to be
23 paid by the state to the city during the city's fiscal year for the
24 city's use under the Glenn Steil state revenue sharing act of 1971,
25 1971 PA 140, MCL 141.901 to 141.921, **AND THE AMOUNT OF ANY ELIGIBLE**
26 **REIMBURSEMENT TO THE CITY UNDER THE LOCAL COMMUNITY STABILIZATION**
27 **AUTHORITY ACT, 2014 PA 86, MCL 123.1341 TO 123.1362, EXCEPT ANY**

1 AMOUNT DISTRIBUTED UNDER SECTION 17(4)(C) OF THE LOCAL COMMUNITY
2 STABILIZATION AUTHORITY ACT, 2014 PA 86, MCL 123.1357, IN EXCESS OF
3 THE CITY'S QUALIFIED LOSS. The department of treasury shall certify
4 ~~the amount~~ THESE AMOUNTS upon request. AS USED IN THIS SUBDIVISION,
5 "QUALIFIED LOSS" MEANS THAT TERM AS DEFINED IN SECTION 5 OF THE
6 LOCAL COMMUNITY STABILIZATION AUTHORITY ACT, 2014 PA 86, MCL
7 123.1345.

8 (b) The amount levied by the city for its own use during the
9 city's fiscal year from the specific tax levied under 1974 PA 198,
10 MCL 207.551 to 207.572.

11 (c) The amount levied by the city for its own use during the
12 city's fiscal year from the specific tax levied under the
13 commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668.

14 Enacting section 1. This amendatory act takes effect 90 days
15 after the date it is enacted into law.