

BUILDING AUTHORITIES (EXCERPT)
Act 31 of 1948 (1st Ex. Sess.)

123.958a Agreement in contract of lease to pay cash rental, costs, and expenses; general obligations; tax levy; other funds; setoff or abatement of cash rentals.

Sec. 8a. (1) The incorporating unit or units contracting under this act shall in the contract of lease agree to pay to the authority, as cash rental for the property, periodic amounts or their designated shares of periodic amounts that are sufficient to enable the authority to pay the principal of and the interest on the authorized bonds when due either at maturity of the bonds, or, in the case of term bonds, by the required prior redemption or maturity of the bonds. The incorporating unit or units may also agree to pay the costs and expenses of operation and maintenance of the property and the operating expenses of the authority including expenses incidental to the issuance and payment of the bonds. The obligations set forth in this subsection shall, unless specifically stated to the contrary in the contract of lease, be general obligations of the incorporating unit or units.

(2) If bonds are issued by the authority in anticipation of a full faith and credit contractual general obligation of the incorporating unit or units to pay the cash rental, as provided in this section, then the incorporating unit or units shall levy each year ad valorem taxes that are necessary for the payment of the cash rental in anticipation of which bonds are issued. These taxes may be levied without limitation as to rate or amount and shall be in addition to any other taxes that the incorporating unit or units may otherwise be authorized to levy, but not in an amount or at a rate exceeding that necessary to pay the contractual obligation. If the incorporating unit or units, at the time prescribed by law for the making of a tax levy, have other funds on hand that have been set aside and earmarked for payment of its obligations for which a tax levy would otherwise have to be made, then the tax levy shall be reduced by the amount of the other funds.

(3) The incorporating unit or units may raise and provide other funds from any lawful source, including but not limited to money received from the state or other governmental entity for use to pay rental to the authority, from the sublease or contract for the use of the property by any person, firm, or corporation, or from revenues earned by the incorporating unit from operation of the property. The contract of lease may provide the obligation of the incorporating unit for the payment of the cash rental shall not be subject to setoff by the incorporating unit nor shall there be an abatement of the cash rentals for any cause including, but not limited to, casualty that results in the property being untenable.

History: Add. 1973, Act 110, Imd. Eff. Aug. 19, 1973;—Am. 1978, Act 365, Imd. Eff. July 22, 1978;—Am. 1992, Act 278, Imd. Eff. Dec. 18, 1992.