

REVISED MUNICIPAL FINANCE ACT (EXCERPT)
Act 34 of 2001

141.2407 Anticipation of revenue sharing payments; issuance of short-term municipal securities; payment of operating expenditures; authorizing resolution; set aside of amounts for payment of principal and interest.

Sec. 407. (1) A municipality may, by resolution of its governing body, and without a vote of the electors, issue short-term municipal securities in anticipation of revenue sharing payments under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, for its next succeeding fiscal year, or for a current fiscal year, in accordance with the provisions of this part.

(2) When a municipality issues municipal securities in anticipation of the receipt of revenue sharing payments under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, for the current or next succeeding fiscal year, the proceeds of the municipal securities shall be used only for the payment of operating expenditures. The principal amount of the municipal securities issued in accordance with this section shall not exceed 50% of the total payments received in the last preceding fiscal year of the municipality, as certified by the department. The authorizing resolution shall provide that from the first receipts of the payments for that fiscal year in anticipation of which the municipality issued the municipal security, there shall be set aside in a special fund to be used for the payment of principal and interest on the municipal security a portion of each dollar that is not less than 125% of the percentage that the principal amount of the municipal security bears to the amount of payments remaining to be collected, until the amount set aside is sufficient for the payment of principal and interest on the municipal security. The amount set aside shall be used only for the payment of the principal and interest on the municipal security until the municipal security is paid as to both principal and interest.

History: 2001, Act 34, Eff. Mar. 1, 2002.