

**THE DRAIN CODE OF 1956 (EXCERPT)**  
**Act 40 of 1956**

**280.434 Drain project; construction or studies; borrowing money or accepting advances; reimbursement; contract or note as evidence of obligation; full faith and credit; source of payments; applicability of section.**

Sec. 434. (1) A drainage district may borrow money or accept an advance of work, material, or money from a public or private corporation, partnership, association, individual, or the federal government or any agency of the federal government for any of the following for any project under this act:

(a) Payment of costs in connection with the maintenance and repair of a drain or the construction of any part of a drain project, including costs of easement and land acquisition, engineering fees, financing costs, and legal fees.

(b) Payment of or financing costs of a feasibility, practicability, environmental assessment, or impact study of a drain project, including engineering or legal fees.

(2) The drainage district shall pay or provide reimbursement for the obligations under subsection (1), with or without interest as may be agreed, when funds are available. The obligation of the drainage district to make the repayment or reimbursement may be evidenced by a contract or note. The contract or note may pledge the full faith and credit of the drainage district and may be made payable out of any of the following:

(a) Drain assessments made against public corporations at large, or against lands in the drainage district.

(b) The proceeds of drain orders, notes, or bonds issued by the drainage district pursuant to this act.

(c) Any other available funds.

(3) A contract or note described in subsection (2) is not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, unless the principal amount of the obligation is more than \$600,000.00. However, if the principal amount of the obligation is \$600,000.00 or less, then the contract or note is subject to the agency financing reporting act, 2002 PA 470, MCL 129.171 to 129.177. However, projects in which advances or loans are made by any public corporation, the federal government, or any agency of the federal government are not subject to either the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, or the agency financing reporting act, 2002 PA 470, MCL 129.171 to 129.177.

(4) A county board of commissioners by a majority vote of 2/3 of its members may pledge the full faith and credit of the county for the payment of a contract or note of the drainage district.

**History:** Add. 1970, Act 112, Imd. Eff. July 23, 1970;—Am. 1974, Act 185, Imd. Eff. July 2, 1974;—Am. 1976, Act 71, Imd. Eff. Apr. 7, 1976;—Am. 1980, Act 297, Imd. Eff. Oct. 19, 1980;—Am. 2002, Act 406, Imd. Eff. June 3, 2002;—Am. 2020, Act 291, Eff. Mar. 24, 2021.

**Popular name:** Act 40