

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 977

A bill to amend 1957 PA 185, entitled

"An act to authorize the establishing of a department and board of public works in counties; to prescribe the powers and duties of any municipality subject to the provisions of this act; to authorize the incurring of contract obligations and the issuance and payment of bonds or notes; to provide for a pledge by a municipality of its full faith and credit and the levy of taxes without limitation as to rate or amount to the extent necessary; to validate obligations issued; and to prescribe a procedure for special assessments and condemnation,"

by amending sections 11, 12, and 25 (MCL 123.741, 123.742, and 123.755).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) The acquirement of a water supply, sewage dis-
2 posal or refuse system, or the making of ~~a~~ lake improvements or
3 erosion control systems, or the improvement, enlargement, or
4 extension ~~thereof~~ OF ANY OF THESE may be financed ~~in any~~ BY 1
5 OR MORE of the following methods: ~~, or any combination thereof:~~

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1 (a) By the issuance of revenue bonds under the ~~provisions~~
2 of Act No. 94 of the Public Acts of 1933, as amended, being
3 sections 141.101 to 141.139 of the Michigan Compiled Laws
4 REVENUE BOND ACT OF 1933, 1933 PA 94, MCL 141.101 TO 141.140, or
5 any other applicable act.

6 (b) By the issuance of bonds in anticipation of payments to
7 become due under contracts ~~whereby~~ WHERE 1 or more municipali-
8 ties agree to pay to the county operating under this act certain
9 sums toward the cost of the acquisition, improvement, enlarge-
10 ment, or extension of a project ~~which~~ THAT may be made under
11 this act.

12 (c) By the issuance of bonds in anticipation of the payment
13 of special assessments made by the board of public works.

14 (d) By ~~moneys~~ MONEY advanced by a county operating under
15 this act under agreements with a municipality or municipalities
16 for the repayment of the ~~same~~ MONEY.

17 (e) By ~~moneys~~ MONEY advanced, from time to time, ~~prior~~
18 ~~to~~ BEFORE or during construction of a project ~~,~~ by a public
19 ~~or private~~ corporation, ~~firm, or individual,~~ in which event
20 the county operating under this act shall reimburse the ~~person,~~
21 ~~firm, or~~ corporation, with interest not to exceed 8% per annum
22 or without interest as may be agreed, when funds are available
23 ~~therefor~~ FOR THAT PURPOSE. The obligation of the county to
24 make the reimbursement may be evidenced by a contract or note,
25 ~~which~~ THE contract or note may be made payable out of the pay-
26 ments to be made by municipalities, under contracts as described
27 in section 12 or 15, or out of the proceeds of bonds issued

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1 ~~pursuant to~~ UNDER this act by the county or out of any other
2 available funds. ~~, but the~~ THE contract or note ~~shall not be~~
3 ~~deemed to be an obligation within the meaning of the provisions~~
4 ~~of Act No. 202 of the Public Acts of 1943, as amended, being sec-~~
5 ~~tions 131.1 to 138.2 of the Michigan Compiled Laws~~ IS NOT
6 SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34,
7 MCL 141.2101 TO 141.2821.

8 (2) Bonds issued under this act shall be authorized by an
9 ordinance or a resolution approved by the board of public works
10 and adopted by the county board of commissioners of the county
11 operating under this act. The county board of commissioners is
12 authorized by a 3/5 vote of its members elect, to pledge the full
13 faith and credit of the county for the prompt payment of the
14 principal of and interest on any bonds issued pursuant to this
15 act. The county's full faith and credit may be pledged to the
16 payment of principal and interest on revenue bonds issued
17 ~~pursuant to~~ UNDER subsection (1)(a). If it becomes necessary
18 for the county operating under this act to advance any ~~moneys~~
19 MONEY, other than its share of the cost of the project, for the
20 payment of principal and interest, then it shall be entitled to
21 reimbursement from any surplus from time to time existing in the
22 fund from which the principal and interest are primarily
23 payable. If the faith and credit of the county is pledged for
24 the payment of principal of and interest on any bonds issued
25 ~~pursuant to~~ UNDER this act, the county may, in the case of
26 insufficiency of funds primarily pledged for the payment, pay the
27 ~~same~~ FUNDS from its general fund or levy taxes without

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1 limitation as to rate or amount ~~therefor~~ in addition to any
2 other taxes that the county is authorized to levy but not in
3 excess of the rate or amount necessary to make up the
4 deficiency. The bonds shall be issued in the name of the county
5 and shall be executed by the ~~chairman~~ CHAIRPERSON of the county
6 board of commissioners and its county clerk, who shall also cause
7 their facsimile signatures to be affixed to the interest coupons
8 to be attached to the bonds. The county clerk shall also affix
9 to the bonds the seal of the county. Bonds issued under this act
10 ~~shall be~~ ARE negotiable instruments and shall be serial bonds
11 payable annually, with the first maturity due not more than 5
12 years and the last maturity not more than 40 years from the date
13 ~~thereof~~ OF ISSUE. ~~The foregoing provisions~~ THIS SUBSECTION
14 shall apply to special assessment bonds as well as other bonds.
15 Annual maturity payable after 5 years from the date of the bonds
16 shall not be less than 1/4 of the amount of any subsequent matu-
17 rity on the same series of bonds. The bonds shall bear interest
18 at not more than the maximum rate permitted by ~~Act No. 202 of~~
19 ~~the Public Acts of 1943, as amended~~ THE REVISED MUNICIPAL
20 FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821, payable semi-
21 annually except that the first coupon may be for any number of
22 months not exceeding 10. The bonds and coupons shall be made
23 payable in lawful money of the United States of America and shall
24 be exempt from all taxation by ~~the~~ THIS state or by any taxing
25 authority within ~~the~~ THIS state. The county board of commis-
26 sioners may authorize the board of public works to sell the bonds
27 in accordance with the laws of this state.

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1 Sec. 12. (1) A county operating under this act and any 1 or
2 more municipalities including the county itself may enter into a
3 contract or contracts for the acquisition, improvement, enlarge-
4 ment, or extension of a water supply, a sewage disposal, or a
5 refuse system, or the making of lake improvements or erosion con-
6 trol systems and for the payment of the ~~cost thereof~~ COSTS by
7 the contracting municipalities, with interest, over a period not
8 exceeding 40 years.

9 (2) In the contract, each contracting municipality may
10 pledge its full faith and credit for the payment of its obliga-
11 tions under the contract. If the municipality has taxing power,
12 it may each year levy a tax in an amount ~~which~~ THAT will be
13 sufficient for the prompt payment of all or part of the contract
14 obligations due before the following year's tax collection. If
15 the contract or an unlimited tax pledge in support of the con-
16 tract has been approved by the electors, the tax may be in addi-
17 tion to any tax ~~which~~ THAT the municipality may otherwise be
18 authorized to levy and may be imposed without limitation as to
19 rate or amount but shall not be in excess of the rate or amount
20 necessary to pay the contract obligation. THE CONTRACT IS NOT
21 SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34,
22 MCL 141.2101 TO 141.2821. For the payment of contractual obliga-
23 tions incurred ~~pursuant to~~ UNDER this act, a township shall
24 levy a tax only on the taxable property in the unincorporated
25 areas of the township unless the township and a village have
26 agreed that a part of the capacity in the county system allocated
27 to the township by contract pursuant to this act will be used to

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1 serve areas in a village located wholly or partly within the
2 township and the village has not itself agreed to purchase the
3 capacity in the county system. If a contracting municipality at
4 the time of its annual tax levy has on hand in cash any amount
5 pledged to the payment of the current obligations for which the
6 tax levy is to be made, then the annual tax levy may be reduced
7 by that amount. For the purpose of obtaining the credit, funds
8 may be raised by a municipality ~~in any~~ BY USING 1 OR MORE of
9 the following methods:

10 (a) By service charges to users of the system or lake
11 improvements.

12 (b) By special assessment upon lands benefited.

13 (c) By the exaction of charges for the connection of proper-
14 ties, directly or indirectly, to the system or for the availabil-
15 ity of the system to serve properties, directly or indirectly, or
16 at a present or future time.

17 (d) By setting aside any state collected funds disbursed to
18 the municipality and usable therefor.

19 (e) By setting aside any other available money.

20 (3) For the purpose of obtaining the credit, municipalities
21 contracting for the acquisition, improvement, enlargement, or
22 extension of an erosion control system shall levy special assess-
23 ments upon all lands benefited to cover not less than 3/4 of the
24 total project cost contracted for by the local unit. A munici-
25 pality may agree to raise all or any part of its contract obliga-
26 tion by any of the methods provided in this section ~~which~~ THAT
27 are available. The powers in this act granted to any

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1 municipality shall be exercised by its governing body. A
2 contract entered into before May 12, 1959, which complies with
3 this act, is validated.

4 Sec. 25. (1) The board of public works may provide that the
5 assessments made on any roll shall be payable in 1 or more annual
6 installments, not exceeding 30. The board may vary the principal
7 amount of each installment but an installment shall not be less
8 than 1/4 of the amount of a subsequent installment. Annual
9 installments need not be extended upon the special assessment
10 roll until after confirmation.

11 (2) All unpaid installments shall bear interest from the
12 date fixed by the board of public works, payable annually, at a
13 rate to be set by the board at the time the special assessment is
14 established, which shall not exceed any of the following:

15 (a) If bonds are not issued, 8% per annum.

16 (b) If bonds are issued, the maximum rate permitted to be
17 charged under ~~section 9 of chapter 3 of Act No. 202 of the~~
18 ~~Public Acts of 1943, being section 133.9 of the Michigan Compiled~~
19 ~~Laws~~ THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101
20 TO 141.2821.

21 (3) Installments of special assessments shall be spread as
22 provided in this act, 1 each year, upon the tax rolls upon which
23 county taxes are spread. The board of public works shall specify
24 the first year of this spread, which shall not be later than the
25 year following that in which the roll was confirmed. The board
26 may provide the times and conditions upon which installments of
27 special assessments may be paid in advance of their due dates.

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1 (4) BONDS ISSUED UNDER THIS SECTION ARE SUBJECT TO THE
2 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO
3 141.2821.