

HOSPICE CARE Available as long as your doctor certifies you are terminally ill and you elect to receive these services	All but very limited coinsurance for outpatient drugs and inpatient respite care	\$0	Balance
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## PLAN J

## MEDICARE (PART B)—MEDICAL SERVICES—PER CALENDAR YEAR

\*Once you have been billed \$100 of Medicare-Approved amounts for covered services (which are noted with an asterisk), your Part B Deductible will have been met for the calendar year.

\*\*This high deductible plan pays the same or offers the same benefits as plan J after you have paid a calendar year (\$1,580) deductible. Benefits from the high deductible plan J will not begin until out-of-pocket expenses are \$1,580. Out-of-pocket expenses for this deductible are expenses that would ordinarily be paid by the policy. This includes medicare deductibles for part A and part B, but does not include the plan's separate foreign travel emergency deductible.

SERVICES	MEDICARE PAYS	AFTER YOU PAY \$1,580 DEDUCTIBLE**, PLAN PAYS	IN ADDITION TO \$1,580 DEDUCTIBLE**, YOU PAY
MEDICAL EXPENSES— In or out of the hospital and outpatient hospital treatment, such as Physician's services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment, First \$100 of Medicare Approved Amounts*	\$0	\$100 (Part B Deductible)	\$0
Remainder of Medicare Approved Amounts	80%	20%	\$0
Part B Excess Charges (Above Medicare Approved Amounts)	\$0	100%	\$0
BLOOD First 3 pints	\$0	All Costs	\$0
Next \$100 of Medicare Approved Amounts*	\$0	\$100 (Part B Deductible)	\$0
Remainder of Medicare Approved Amounts	80%	20%	\$0

CLINICAL LABORATORY SERVICES— Blood tests for diagnostic services	100%	\$0	\$0
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(continued)

PARTS A & B

HOME HEALTH CARE Medicare Approved Services			
—Medically necessary skilled care services and medical supplies	100%	\$0	\$0
—Durable medical equipment			
First \$100 of Medicare Approved Amounts*	\$0	\$100 (Part B Deductible)	\$0
Remainder of Medicare Approved Amounts	80%	20%	\$0
AT-HOME RECOVERY SERVICES— Not covered by Medicare Home care certified by your doctor, for personal care beginning during recovery from an injury or sickness for which Medicare approved a Home Care Treatment Plan			
—Benefit for each visit	\$0	Actual Charges to \$40 a visit	Balance
—Number of visits covered (must be received within 8 weeks of last visit)	\$0	Up to the number of Medicare Approved visits, not to exceed 7 each week	
Medicare Approved —Calendar year maximum	\$0	\$1,600	

(continued)

## OTHER BENEFITS—NOT COVERED BY MEDICARE

FOREIGN TRAVEL— Not covered by Medicare Medically necessary emergency care services beginning during the first 60 days of each trip outside the USA First \$250 each calendar year Remainder of Charges	\$0 \$0	\$0 80% to a lifetime maximum benefit of \$50,000	\$250 20% and amounts over the \$50,000 lifetime maximum
EXTENDED OUTPATIENT PRESCRIPTION DRUGS— Not covered by Medicare First \$250 each calendar year Next \$6,000 each calendar year  Over \$6,000 each calendar year	\$0 \$0 \$0	\$0 50%—\$3,000 calendar year maximum benefit \$0	\$250 50%  All Costs
PREVENTIVE MEDICAL CARE BENEFIT— Not covered by Medicare Annual physical and preventive tests and services such as: fecal occult blood test, digital rectal exam, mammogram, hearing screening, dipstick urinalysis, diabetes screening, thyroid function test, influenza shot, tetanus and diphtheria booster and education, administered or ordered by your doctor when not covered by Medicare First \$120 each calendar year Additional charges	\$0 \$0	\$120 \$0	\$0 All costs

**500.3819 Minimum standards; suspension of benefits and premiums; notice; reinstatement.**

Sec. 3819. (1) An insurance policy shall not be titled, advertised, solicited, or issued for delivery in this state as a medicare supplement policy if the policy does not meet the minimum standards prescribed in this section. These minimum standards are in addition to all other requirements of this chapter.

(2) The following standards apply to medicare supplement policies:

(a) A medicare supplement policy shall not deny a claim for losses incurred more than 6 months from the effective date of coverage because it involved a preexisting condition. The policy or certificate shall not define a preexisting condition more restrictively than to mean a condition for which medical advice was given or treatment was recommended by or received from a physician within 6 months before the effective date of coverage.

(b) A medicare supplement policy shall not indemnify against losses resulting from sickness on a different basis than losses resulting from accidents.

(c) A medicare supplement policy shall provide that benefits designed to cover cost sharing amounts under medicare will be changed automatically to coincide with any changes in the applicable medicare deductible amount and copayment percentage factors. Premiums may be modified to correspond with such changes.

(d) A medicare supplement policy shall be guaranteed renewable. Termination shall be for nonpayment of premium or material misrepresentation only.

(e) Termination of a medicare supplement policy shall not reduce or limit the payment of benefits for any continuous loss that commenced while the policy was in force, but the extension of benefits beyond the period during which the policy was in force may be predicated upon the continuous total disability of the insured, limited to the duration of the policy benefit period, if any, or payment of the maximum benefits.

(f) A medicare supplement policy shall not provide for termination of coverage of a spouse solely because of the occurrence of an event specified for termination of coverage of the insured, other than the nonpayment of premium.

(3) A medicare supplement policy shall provide that benefits and premiums under the policy shall be suspended at the request of the policyholder or certificate holder for a period not to exceed 24 months in which the policyholder or certificate holder has applied for and is determined to be entitled to medical assistance under medicaid, but only if the policyholder or certificate holder notifies the insurer of such assistance within 90 days after the date the individual becomes entitled to the assistance. Upon receipt of timely notice, the insurer shall return to the policyholder or certificate holder that portion of the premium attributable to the period of medicaid eligibility, subject to adjustment for paid claims. If a suspension occurs and if the policyholder or certificate holder loses entitlement to medical assistance under medicaid, the policy shall be automatically reinstated effective as of the date of termination of the assistance if the policyholder or certificate holder provides notice of loss of medicaid medical assistance within 90 days after the date of the loss and pays the premium attributable to the period effective as of the date of termination of the assistance. Each medicare supplement policy shall provide that benefits and premiums under the policy shall be suspended at the request of the policyholder if the policyholder is entitled to benefits under section 226(b) of title II of the social security act, and is covered under a group health plan as defined in section 1862(b)(1)(A)(v) of the social security act. If suspension occurs and if the policyholder or certificate holder loses coverage under the group health plan, the policy shall be automatically reinstated effective as of the date of loss of coverage if the policyholder provides notice of loss of

coverage within 90 days after the date of the loss and pays the premium attributable to the period, effective as of the date of termination of enrollment in the group health plan. All of the following apply to the reinstatement of a medicare supplement policy under this subsection:

(a) The reinstatement shall not provide for any waiting period with respect to treatment of preexisting conditions.

(b) Reinstated coverage shall be substantially equivalent to coverage in effect before the date of the suspension.

(c) Classification of premiums for reinstated coverage shall be on terms at least as favorable to the policyholder or certificate holder as the premium classification terms that would have applied to the policyholder or certificate holder had the coverage not been suspended.

**500.3829 Denying or conditioning issuance based on health status, claims experience, receipt of health care, or medical condition of applicant prohibited; condition; exclusion of benefits based on preexisting conditions; reduction; creditable coverage.**

Sec. 3829. (1) An insurer shall not deny or condition the issuance or effectiveness of a medicare supplement policy available for sale in this state, or discriminate in the pricing of such a policy, because of the health status, claims experience, receipt of health care, or medical condition of an applicant if an application for the policy is submitted during the 6-month period beginning with the first month in which an individual who is 65 years of age or older first enrolled for benefits under medicare part B. Each medicare supplement policy currently available from an insurer shall be made available to all applicants who qualify under this section without regard to age.

(2) If an applicant qualifies under subsection (1), submits an application during the time period provided in subsection (1), and as of the date of application has had a continuous period of creditable coverage of not less than 6 months, the insurer shall not exclude benefits based on a preexisting condition. If the applicant qualifies under subsection (1), submits an application during the time period in subsection (1), and as of the date of application has had a continuous period of creditable coverage that is less than 6 months, the insurer shall reduce the period of any preexisting condition exclusion by the aggregate of the period of creditable coverage applicable to the applicant as of the enrollment date. The secretary shall specify the manner of the reduction under this subsection.

(3) Except as provided in subsection (2) and section 3833, subsection (1) does not prevent the exclusion of benefits under a policy, during the first 6 months, based on a preexisting condition for which the policyholder or certificate holder received treatment or was otherwise diagnosed during the 6 months before the coverage became effective.

(4) “Creditable coverage” does not include any of the following:

(a) One or more of the following:

(i) Coverage only for accident or disability income insurance, or any combination of accident or disability income insurance.

(ii) Coverage issued as a supplement to liability insurance.

(iii) Liability insurance, including general liability insurance and automobile liability insurance.

(iv) Workers’ compensation or similar insurance.

(v) Automobile medical payment insurance.

(vi) Credit-only insurance.

(vii) Coverage for on-site medical clinics.

(viii) Other similar insurance coverage, specified in federal regulations, under which benefits for medical care are secondary or incidental to other insurance benefits.

(b) The following benefits if they are provided under a separate policy, certificate, or contract of insurance or are otherwise not an integral part of the plan:

(i) Limited scope dental or vision benefits.

(ii) Benefits for long-term care, nursing home care, home health care, community-based care, or any combination of long-term care, nursing home care, home health care, or community-based care.

(iii) Such other similar, limited benefits as are specified in federal regulations.

(c) The following benefits if offered as independent, noncoordinated benefits:

(i) Coverage only for a specified disease or illness.

(ii) Hospital indemnity or other fixed indemnity insurance.

(d) The following if it is offered as a separate policy, certificate, or contract of insurance:

(i) Medicare supplemental policy as defined under section 1882(g)(1) of part D of medicare, 42 U.S.C. 1395ss.

(ii) Coverage supplemental to the coverage provided under chapter 55 of title 10 of the United States Code, 10 U.S.C. 1071 to 1109.

(iii) Similar supplemental coverage provided to coverage under a group health plan.

### **500.3830 Eligible person; requirements.**

Sec. 3830. (1) An eligible person is an individual described in subsection (2) who applies to enroll under a medicare supplement policy during the period described in subsection (3), and who submits evidence of the date of termination or disenrollment with the application for a medicare supplement policy. For an eligible person, an insurer shall not deny or condition the issuance or effectiveness of a medicare supplement policy described in subsections (5), (6), and (7) that is offered and is available for issuance to new enrollees by the insurer, shall not discriminate in the pricing of the medicare supplement policy because of health status, claims experience, receipt of health care, or medical condition, and shall not impose an exclusion of benefits based on a preexisting condition under the medicare supplement policy.

(2) An eligible person under this section is an individual that meets any of the following:

(a) Is enrolled under an employee welfare benefit plan that provides health benefits that supplement the benefits under medicare and the plan terminates or the plan ceases to provide all those supplemental health benefits to the individual.

(b) Is enrolled with a medicare+choice organization under a medicare+choice plan under part C of medicare, and any of the following circumstances apply, or the individual is 65 years of age or older and is enrolled with a PACE provider under section 1894 of the social security act, and there are circumstances similar to those described below that would permit discontinuance of the individual's enrollment with the provider if the individual were enrolled in a medicare+choice plan:

(i) The certification of the organization or plan has been terminated.

(ii) The organization has terminated or otherwise discontinued providing the plan in the area in which the individual resides.

(iii) The individual is no longer eligible to elect the plan because of a change in the individual's place of residence or other change in circumstances specified by the secretary, but not including termination of the individual's enrollment on the basis described in section 1851(g)(3)(b) of the social security act, where the individual has not paid premiums on a timely basis or has engaged in disruptive behavior as specified in standards established under section 1856 of the social security act, or the plan is terminated for all individuals within a residence area.

(iv) The individual demonstrates, in accordance with guidelines established by the secretary, that the organization offering the plan substantially violated a material provision of the organization's contract in relation to the individual, including the failure to provide an enrollee on a timely basis medically necessary care for which benefits are available under the plan or the failure to provide covered care in accordance with applicable quality standards, or the organization, or agent or other entity acting on the organization's behalf, materially misrepresented the plan's provisions in marketing the plan to the individual.

(v) The individual meets other exceptional conditions as the secretary may provide.

(c) Is enrolled with an eligible organization under a contract under section 1876 of the social security act, a similar organization operating under demonstration project authority, effective for periods before April 1, 1999, an organization under an agreement under section 1833(a)(1)(A) of the social security act, health care prepayment plan, or an organization under a medicare select policy, and the enrollment ceases under the same circumstances that would permit discontinuance of an individual's election of coverage under subdivision (b).

(d) Is enrolled under a medicare supplement policy and the enrollment ceases because of any of the following:

(i) The insolvency of the insurer or bankruptcy of the noninsurer organization or of other involuntary termination of coverage or enrollment under the policy.

(ii) The insurer substantially violated a material provision of the policy.

(iii) The insurer, or an agent or other entity acting on the insurer's behalf, materially misrepresented the policy's provisions in marketing the policy to the individual.

(e) Was enrolled under a medicare supplement policy and terminates enrollment and subsequently enrolls, for the first time, with any medicare+choice organization under a medicare+choice plan under part C of medicare, any eligible organization under a contract under section 1876 of the social security act, medicare cost, any similar organization operating under demonstration project authority, any PACE provider under section 1894 of the social security act, or a medicare select policy; and the subsequent enrollment is terminated by the enrollee during any period within the first 12 months of the subsequent enrollment during which the enrollee is permitted to terminate the subsequent enrollment under section 1851(e) of the social security act.

(f) Upon first becoming eligible for benefits under part A of medicare at age 65, enrolls in a medicare+choice plan under part C of medicare, or with a PACE provider under section 1894 of the social security act, and disenrolls from the plan or program by not later than 12 months after the effective date of enrollment.

(3) The guaranteed issue time periods under this section are as follows:

(a) For an individual described in subsection (2)(a), the guaranteed issue time period begins on the date the individual receives a notice of termination or cessation of all supplemental health benefits or, if a notice is not received, notice that a claim has been

denied because of a termination or cessation, and ends 63 days after the date of the applicable notice.

(b) For an individual described in subsection (2)(b), (c), (e), or (f) whose enrollment is terminated involuntarily, the guaranteed issue time period begins on the date that the individual receives a notice of termination and ends 63 days after the date the applicable coverage is terminated.

(c) For an individual described in subsection (2)(d)(i), the guaranteed issue time period begins on the earlier of the date that the individual receives a notice of termination, a notice of the issuer's bankruptcy or insolvency, or other such similar notice, if any, or the date that the applicable coverage is terminated, and ends on the date that is 63 days after the date the coverage is terminated.

(d) For an individual described in subsection (2)(b), (d)(ii), (d)(iii), (e), or (f) who disenrolls voluntarily, the guaranteed issue time period begins on the date that is 60 days before the effective date of the disenrollment and ends on the date that is 63 days after the effective date.

(e) For an individual described in subsection (2) but not described in subdivisions (a) to (d), the guaranteed issue time period begins on the effective date of disenrollment and ends on the date that is 63 days after the effective date.

(4) For an individual described in subsection (2)(e) whose enrollment with an organization or provider described in subsection (2)(e) is involuntarily terminated within the first 12 months of enrollment, and who, without an intervening enrollment, enrolls with another such organization or provider, the subsequent enrollment shall be considered an initial enrollment described in subsection (2)(e). For an individual described in subsection (2)(f) whose enrollment within a plan or in a program described in subsection (2)(f) is involuntarily terminated within the first 12 months of enrollment, and who, without an intervening enrollment, enrolls in another such plan or program, the subsequent enrollment shall be considered an initial enrollment described in subsection (2)(f). For purposes of subsections (2)(e) and (f), an enrollment of an individual with an organization or provider described in subsection (2)(e), or with a plan or provider described in subsection (2)(f), shall not be considered to be an initial enrollment after the 2-year period beginning on the date on which the individual first enrolled with such an organization, provider, or plan.

(5) The medicare supplement policy to which an eligible person is entitled under subsection (2)(a), (b), (c), and (d) is a medicare supplement policy that has a benefit package classified as plan A, B, C, or F offered by any insurer.

(6) The medicare supplement policy to which an eligible person is entitled under subsection (2)(e) is the same medicare supplement policy in which the individual was most recently previously enrolled, if available from the same insurer, or, if not so available, a policy described in subsection (5).

(7) The medicare supplement policy to which an eligible person is entitled under subsection (2)(f) shall include any medicare supplement policy offered by any insurer.

### **500.3830a Termination of contract or agreement; notice to individual.**

Sec. 3830a. (1) At the time of an event described in section 3830(2) because of which an individual loses coverage or benefits due to the termination of a contract or agreement, policy, or plan, the organization that terminates the contract or agreement, the insurer terminating the policy, or the administrator of the plan being terminated, respectively, shall notify the individual of his or her rights under section 3830 and of the obligations of insurers of medicare supplement policies under section 3830(1). The notice shall be communicated contemporaneously with the notification of termination.



(2) At the time of an event described in section 3830(2) because of which an individual ceases enrollment under a contract or agreement, policy, or plan, the organization that offers the contract or agreement, regardless of the basis for the cessation of enrollment, the insurer offering the policy, or the administrator of the plan, respectively, shall notify the individual of his or her rights under section 3830 and of the obligations of insurers of medicare supplement policies under section 3830(1). The notice shall be communicated within 10 working days of the insurer receiving notification of disenrollment.

**Repeal of § 500.3837.**

Enacting section 1. Section 3837 of the insurance code of 1956, 1956 PA 218, MCL 500.3837, is repealed.

This act is ordered to take immediate effect.

Approved May 10, 2002.

Filed with Secretary of State May 10, 2002.

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**[No. 305]**

**(SB 685)**

AN ACT to amend 2001 PA 142, entitled “An act to consolidate prior acts naming certain Michigan highways; to provide for the naming of certain highways; to prescribe certain duties of the state transportation department; and to repeal acts and parts of acts and certain resolutions,” (MCL 250.1001 to 250.1100) by adding section 64.

*The People of the State of Michigan enact:*

**250.1064 “94th Combat Infantry Division Memorial Highway.”**

Sec. 64. That portion of highway I-94 in Calhoun county beginning at exit 92 and continuing east to the M-66 exit shall be named the “94th Combat Infantry Division Memorial Highway”.

This act is ordered to take immediate effect.

Approved May 11, 2002.

Filed with Secretary of State May 13, 2002.

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**[No. 306]**

**(SB 856)**

AN ACT to amend 1948 (1st Ex Sess) PA 31, entitled “An act to provide for the incorporation of authorities to acquire, furnish, equip, own, improve, enlarge, operate, and maintain buildings, automobile parking lots or structures, recreational facilities, stadiums, and the necessary site or sites therefor, together with appurtenant properties and facilities necessary or convenient for the effective use thereof, for the use of any county, city, village, or township, or for the use of any combination of 2 or more counties, cities, villages, or townships, or for the use of any school district and any city, village, or township wholly or partially within the district’s boundaries, or for the use of any school district and any combination of 2 or more cities, villages, or townships wholly or partially within the

district's boundaries, or for the use of any intermediate school district and any constituent school district or any city, village, or township, wholly or partially within the intermediate school district's boundaries; to provide for compensation of authority commissioners; to permit transfers of property to authorities; to authorize the execution of contracts, leases, and subleases pertaining to authority property and the use of authority property; to authorize incorporating units to impose taxes without limitation as to rate or amount and to pledge their full faith and credit for the payment of contract of lease obligations in anticipation of which bonds are issued by an authority; to provide for the issuance of bonds by such authorities; to validate action taken and bonds issued; to provide other powers, rights, and duties of authorities and incorporating units, including those for the disposal of authority property; and to prescribe penalties and provide remedies," by amending section 11j (MCL 123.961j), as amended by 1983 PA 29; and to repeal acts and parts of acts.

*The People of the State of Michigan enact:*

**123.961j Bonds subject to revised municipal finance act; tax exemption.**

Sec. 11j. (1) All bonds authorized under this act are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(2) The principal and interest on bonds issued under this act are exempt from taxation by this state and by any other taxing authority within this state.

**Repeal of §§ 123.961c, 123.961i, and 123.961k.**

Enacting section 1. Sections 11c, 11i, and 11k of 1948 (1st Ex Sess) PA 31, MCL 123.961c, 123.961i, and 123.961k, are repealed.

This act is ordered to take immediate effect.

Approved May 11, 2002.

Filed with Secretary of State May 13, 2002.

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**[No. 307]**

**(SB 1068)**

AN ACT to repeal 1919 PA 325, entitled "An act to authorize and empower cities to own and acquire land, by gift, purchase, condemnation, or otherwise, for the erection of memorials to soldiers and sailors; to authorize the erection of such memorials and determine the character thereof; to provide for the appropriation of money for the acquisition, erection and maintenance thereof, for the assessment, levy and collection of taxes, the borrowing of money, and the issuing of bonds therefor, and for the custody, control and management of such memorials," (MCL 35.871 to 35.873).

*The People of the State of Michigan enact:*

**Repeal of §§ 35.871 to 35.873.**

Enacting section 1. 1919 PA 325, MCL 35.871 to 35.873, is repealed.

This act is ordered to take immediate effect.

Approved May 11, 2002.

Filed with Secretary of State May 13, 2002.

**[No. 308]****(SB 1069)**

AN ACT to amend 1951 PA 33, entitled “An act to provide police and fire protection for townships and for certain areas in townships, certain incorporated villages, and cities under 15,000 population; to authorize contracting for fire and police protection; to authorize the purchase of fire and police equipment, and the maintenance and operation of the equipment; to provide for defraying the cost of the equipment; to authorize the creation of special assessment districts and the levying and collecting of special assessments; to authorize the issuance of special assessment bonds in anticipation of the collection of special assessments and the advancement of the amount necessary to pay such bonds, and to provide for reimbursement for such advances by reassessment if necessary; to authorize the collection of fees for certain emergency services in townships and other municipalities; to authorize the creation of administrative boards and to prescribe their powers and duties; to provide for the appointment of traffic officers and to prescribe their powers and duties; and to repeal certain acts and parts of acts,” by amending section 1 (MCL 41.801), as amended by 1998 PA 545.

*The People of the State of Michigan enact:*

**41.801 Purchase of police and fire motor vehicles, apparatus, equipment, and housing; appropriation; special assessment; bonds; election; estimate of cost and expenses; special assessment district; hearing; publication or posting of notice; distribution of special assessment levy; transfer or loan of money from general fund; repayment; exercise of powers; assessment after December 31, 1998; “taxable value” defined; finding of invalid assessment; bonds subject to municipal finance act.**

Sec. 1. (1) The township board of a township, or the township boards of adjoining townships acting jointly, whether or not the townships are located in the same county, may purchase police and fire motor vehicles, apparatus, equipment, and housing and for that purpose may provide by resolution for the appropriation of general or contingent funds. Before January 1, 1999, the appropriation for fire motor vehicles, apparatus, equipment, and housing in a 1-year period shall not exceed 10 mills of the assessed valuation of the area in their respective townships for which fire protection is to be furnished. After December 31, 1998, the appropriation for fire motor vehicles, apparatus, equipment, and housing in a 1-year period shall not exceed 10 mills of the taxable value of the area in their respective townships for which fire protection is to be furnished. Before January 1, 1999, the appropriation for police motor vehicles, apparatus, equipment, and housing in a 1-year period shall not exceed 10 mills of the assessed valuation of the area in their respective townships for which police protection is to be furnished. After December 31, 1998, the appropriation for police motor vehicles, apparatus, equipment, and housing in a 1-year period shall not exceed 10 mills of the taxable value of the area in their respective townships for which police protection is to be furnished.

(2) The township board of a township, or the township boards of adjoining townships acting jointly, whether or not the townships are located in the same county, may provide annually by resolution for the appropriation of general or contingent funds for maintenance and operation of police and fire departments.

(3) The township board, or the township boards of adjoining townships acting jointly, may provide that the sums prescribed in subsection (2) for purchasing and housing equipment, for the operation of the equipment, or both, may be defrayed by special assessment on the lands and premises in the township or townships to be benefited and may issue bonds in anticipation of the collection of these special assessments. The question of raising money by special assessment may be submitted to the electors of the township or townships by the township board, or township boards acting jointly, at a general election or special election called for that purpose by the township board or township boards. The question of raising money by special assessment shall be submitted by the township board, or township boards acting jointly, if in the affected township, or in each of the affected townships, the owners of 10% of the land to be made into a special assessment district petition the township board or boards.

(4) If a special assessment district is proposed under subsection (3), the township board, or township boards acting jointly, shall estimate the cost and expenses of the police and fire motor vehicles, apparatus, equipment, and housing and police and fire protection, and fix a day for a hearing on the estimate and on the question of creating a special assessment district and defraying the expenses of the special assessment district by special assessment on the property to be especially benefited. The hearing shall be a public meeting held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and place of the meeting shall be given in the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. In addition, the township board, or township boards acting jointly, shall publish in a newspaper of general circulation in the proposed district a notice stating the time, place, and purpose of the meeting. If there is not a newspaper of general circulation in the proposed district, notices shall be posted in not less than 3 of the most public places in the proposed district. This notice shall be published or posted not less than 5 days before the hearing. On the day appointed for the hearing, the township board, or township boards acting jointly, shall be in session to hear objections that may be offered against the estimate and the creation of the special assessment district. Before January 1, 1999, if the township board, or township boards acting jointly, determine to create a special assessment district, they shall determine the boundaries by resolution, determine the amount of the special assessment levy, and direct the supervisor or supervisors to spread the assessment levy on all of the lands and premises in the district that are to be especially benefited by the police and fire protection, according to benefits received, to defray the expenses of police and fire protection. After December 31, 1998, if the township board, or township boards acting jointly, determine to create a special assessment district, they shall determine the boundaries by resolution, determine the amount of the special assessment levy, and direct the supervisor or supervisors to spread the assessment levy on the taxable value of all of the lands and premises in the district that are to be especially benefited by the police and fire protection, according to benefits received, to defray the expenses of police and fire protection. The township board, or township boards acting jointly, shall hold a hearing on objections to the distribution of the special assessment levy. This hearing shall be held in the same manner and with the same notice as provided in this section. The township board, or township boards acting jointly, shall annually determine the amount to be assessed in the district for police and fire protection, shall direct the supervisor or supervisors to distribute the special assessment levy, and shall hold a hearing on the estimated costs and expenses of police and fire protection and on the distribution of the levy. The assessment may be made either in a special assessment roll or in a column provided in the regular tax roll. The assessment shall be distributed and shall become due

and be collected at the same time as other township taxes are assessed, levied, and collected, and shall be returned in the same manner for nonpayment. However, if the collections received from the special assessment levied to defray the cost or portion intended to be defrayed for police and fire protection are, at any time, insufficient to meet the obligations or expenses incurred for the maintenance and operation of the police and fire departments, the township board of the township, or township boards acting jointly, may, by resolution, authorize the transfer or loan of sufficient money from the general fund of the township or townships, to the special assessment police and fire department fund. This money shall be repaid to the general fund of the township or townships out of special assessment funds when collected.

(5) The powers granted by this act with respect to police and fire protection may be exercised with respect to police protection alone, fire protection alone, or police and fire protection in combination.

(6) After December 31, 1998, an ad valorem special assessment levied under this act shall be levied on the taxable value of the property assessed.

(7) As used in this section, “taxable value” means that value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(8) If the levy of an ad valorem special assessment on the property’s taxable value is found to be invalid by a court of competent jurisdiction, the levy of the ad valorem special assessment shall be levied on the property’s state equalized value.

(9) Bonds issued under this act are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

This act is ordered to take immediate effect.

Approved May 11, 2002.

Filed with Secretary of State May 13, 2002.

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**[No. 309]**

**(SB 1070)**

AN ACT to repeal 1911 PA 228, entitled “An act to authorize the boards of supervisors of the several counties in this state to borrow money, and issue bonds therefor, for the purchase of land and improve the same by the erection of buildings and other improvements thereon or for the purpose of improving and erecting buildings upon lands already purchased and held by said county to be used for the purpose of holding thereon fairs and exhibitions of an agricultural character,” (MCL 46.111).

*The People of the State of Michigan enact:*

**Repeal of §§ 46.111.**

Enacting section 1. 1911 PA 228, MCL 46.111, is repealed.

This act is ordered to take immediate effect.

Approved May 11, 2002.

Filed with Secretary of State May 13, 2002.

**[No. 310]****(SB 1071)**

AN ACT to repeal 1911 PA 26, entitled “An act to legalize the proceedings taken by any village in the state of Michigan, incorporated under Act No. 3 of the Public Acts of 1895, as amended, authorizing the issuance of bonds for the purpose of securing an additional water supply and extending the municipal lighting plant of any such village,” (MCL 79.1 to 79.2).

*The People of the State of Michigan enact:*

**Repeal of §§ 79.1 to 79.2.**

Enacting section 1. 1911 PA 26, MCL 79.1 to 79.2, is repealed.

This act is ordered to take immediate effect.

Approved May 11, 2002.

Filed with Secretary of State May 13, 2002.

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**[No. 311]****(SB 1072)**

AN ACT to repeal 1925 PA 209, entitled “An act to authorize any incorporated village having a population of 1,000 or less, which may be the county seat of any county in this state, to borrow money, and issue bonds therefor, for the purpose of buying or building a courthouse or jail or both for said county in such village, upon approval of the electors of said village,” (MCL 79.41 to 79.43).

*The People of the State of Michigan enact:*

**Repeal of §§ 79.41 to 79.43.**

Enacting section 1. 1925 PA 209, MCL 79.41 to 79.43, is repealed.

This act is ordered to take immediate effect.

Approved May 11, 2002.

Filed with Secretary of State May 13, 2002.

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**[No. 312]****(SB 1075)**

AN ACT to amend 1923 PA 150, entitled “An act to authorize and empower counties, cities, villages and townships or any combination of them, to singly or jointly acquire by gift, devise or public condemnation a site or sites and/or construct, erect, lease, sub-lease and maintain public buildings for the purpose of housing within the same building or buildings city, county, village or township offices, and/or for any other public uses and

purposes, which may include a memorial hall for war veterans of the United States of America and for public assemblage,” by amending section 5 (MCL 123.925).

*The People of the State of Michigan enact:*

**123.925 Public buildings; veterans’ memorial hall; rent contracts; bonds; referendum, issuance; applicability of section to counties with certain population; bonds subject to revised municipal finance act.**

Sec. 5. (1) A county, city, village, or township for itself and any other of the units of government may acquire, construct, lease, or maintain a building or buildings to house any of their offices, or facilities for any other public use and purpose of the units of government, which building may be or include a memorial hall for war veterans of the United States of America and for public assemblage and to acquire a site or sites for those purposes. However, no county, city, village, or township shall for joint purposes and uses acquire a site or sites or erect any building or buildings unless the unit of government has entered into a contract or contracts for the rental of a portion of the site or sites and quarters or space with each of the other participating units of government in the amount or amounts and for the period or periods of time and in the form as will provide revenues from payments to it of a reasonably proportionate or equitable share of the total cost in relation to the portion, space, use, and public benefits provided in the contract or contracts for the lessee or lessees. The contract or contracts shall be executed following approval by a majority vote of the members elected to and serving in the legislative body of each unit of government participating in and a party to the contract. The contract is not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(2) The county, city, village, or township that singly acquires a site or sites or acquires, constructs, or leases a building or buildings for the purposes authorized in this section may obtain funds for those purposes by gift or by means of general obligation bonds or by the issuance of self-liquidating revenue bonds to be paid from the revenues derived in pursuance of a contract or contracts as provided in subsection (1) and under the provisions of the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140. In the event that the revenues to be derived under the contract or contracts shall be only sufficient to permit the issuance of revenue bonds for a portion of the cost of the site or sites or building or buildings, authority is hereby granted to issue revenue bonds to the extent to which the revenue shall permit. However, the entire improvement or improvements on which revenue bonds are issued shall be subject to the provisions of the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140. However, as a prerequisite to the lease or purchase of any property, the lease, purchase, or construction of any building or buildings or the issuance of any revenue or general obligation bonds under the provision of this section, the board of commissioners of the county involved shall submit the question to the qualified electors of the county at the next general election or at a special election to be called by the board of commissioners of the county. However, if the majority vote of the qualified electors in the largest city of the county and a majority vote of the qualified electors in all the rest of the county shall vote in favor of the question, the provisions of this section shall then become operative. However, no self-liquidating revenue bonds shall be sold unless prior to the sale an advertisement is made of the date of the sale, the number and amount of bonds, and other matters covering the revenue bonds. However, sealed bids shall be taken on the day of the sale of the bonds from any and all persons who may bid, and the bonds shall be sold to the highest bidder at the sale. The proceeds derived from the sale of any and all the bonds shall be used only for the purpose of

acquiring a site or constructing building or buildings, as authorized in this act, and shall be used for no other purpose.

(3) The provisions of this section shall apply only to counties having a population of 300,000 or over according to the latest federal census. However, the provisions of this section shall not apply in a county unless and until the board of supervisors of the county shall adopt a resolution approved by a 2/3 vote of the members elected to and serving on the board.

(4) General obligation bonds issued under this act are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

This act is ordered to take immediate effect.

Approved May 11, 2002.

Filed with Secretary of State May 13, 2002.

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**[No. 313]**

**(SB 1081)**

AN ACT to repeal 1931 PA 316, entitled “An act to authorize cities and villages to construct, own, equip, operate, maintain and improve works for the disposal of sewage; to authorize charges against owners of premises for the use of such works and to provide for the collection of the same; to authorize cities and villages to issue revenue bonds payable solely from the revenues of such works; and to make such bonds exempt from taxation and to make them lawful investments of sinking funds; to authorize contracts for the use of such works by private corporations and by other cities and villages and political subdivisions and charges against owners of premises therein served thereby,” (MCL 123.201 to 123.220).

*The People of the State of Michigan enact:*

**Repeal of §§ 123.201 to 123.220.**

Enacting section 1. 1931 PA 316, MCL 123.201 to 123.220, is repealed.

This act is ordered to take immediate effect.

Approved May 11, 2002.

Filed with Secretary of State May 13, 2002.

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**[No. 314]**

**(SB 1083)**

AN ACT to repeal 1941 PA 66, entitled “An act validating all proceedings heretofore had by the governing body of any city in this state having a water front bordering on any navigable waters which has heretofore provided for the acquisition, improvement and repair of water front facilities and improvements and for the issuance of revenue bonds in payment of the cost thereof; validating provisions which may have been made by such cities for the operation and control of such facilities and improvements; granting to such



cities the right to license ferries and similar commercial craft and to impose fees and charges for the use of public piers, wharves, docks and landing places therein and to regulate and license the construction, operation, maintenance and business of owning private piers, wharves, docks and landing places of boats, ferries and craft on and adjacent to any lands bordering on such navigable waters with power to cancel such licenses and to make rules and regulations governing the construction, operation and maintenance thereof; validating any agreements which may have been entered into for the leasing of any part of such facilities or improvements; authorizing the issuance of such bonds; and granting supervision and regulation by such cities of all lands located therein which border on such navigable waters, including lands owned by the state of Michigan,” (MCL 123.601 to 123.604).

*The People of the State of Michigan enact:*

**Repeal of §§ 123.601 to 123.604.**

Enacting section 1. 1941 PA 66, MCL 123.601 to 123.604, is repealed.

This act is ordered to take immediate effect.

Approved May 11, 2002.

Filed with Secretary of State May 13, 2002.

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**[No. 315]**

**(HB 4799)**

AN ACT to amend 1909 PA 279, entitled “An act to provide for the incorporation of cities and for revising and amending their charters; to provide for certain powers and duties; to provide for the levy and collection of taxes by cities, borrowing of money, and issuance of bonds or other evidences of indebtedness; to validate actions taken, bonds issued, and obligations heretofore incurred; to prescribe penalties and provide remedies; and to repeal acts and parts of acts on specific dates,” (MCL 117.1 to 117.38) by adding section 5j.

*The People of the State of Michigan enact:*

**117.5j Sewer separation; authorization; ordinance; special assessment.**

Sec. 5j. A city, in order to protect the public health, may adopt an ordinance to provide for the separation of storm water drainage and footing drains from sanitary sewers on privately owned property. The legislative body of a city may determine that the sewer separation authorized by this section is for a public purpose and is a public improvement and may also determine that the whole or any part of the expense of these public improvements may be defrayed by special assessment upon lands benefited by the public improvement or by any other lawful charge. A special assessment authorized by this section shall be considered to benefit only lands where the separation of storm water drainage and footing drains from sanitary sewers occurs.

This act is ordered to take immediate effect.

Approved May 14, 2002.

Filed with Secretary of State May 14, 2002.

**[No. 316]****(SB 451)**

AN ACT to amend 1956 PA 218, entitled “An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for regulation over worker’s compensation self-insurers; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities of this state; to repeal acts and parts of acts; and to provide penalties for the violation of this act,” by amending section 2006 (MCL 500.2006).

*The People of the State of Michigan enact:*

**500.2006 Payment of benefits on timely basis; payment of interest in alternative; failure to pay claims or interest as unfair trade practice; liability for claim pursuant to judgment; proof of loss; inability to pay claim; interest requirements; failure of reinsurer to pay benefits on timely basis; effect of inconsistency with certain acts; exceptions; processing and payment procedures; notices; violations; fines; definitions.**

Sec. 2006. (1) A person must pay on a timely basis to its insured, an individual or entity directly entitled to benefits under its insured’s contract of insurance, or a third party tort

claimant the benefits provided under the terms of its policy, or, in the alternative, the person must pay to its insured, an individual or entity directly entitled to benefits under its insured's contract of insurance, or a third party tort claimant 12% interest, as provided in subsection (4), on claims not paid on a timely basis. Failure to pay claims on a timely basis or to pay interest on claims as provided in subsection (4) is an unfair trade practice unless the claim is reasonably in dispute.

(2) A person shall not be found to have committed an unfair trade practice under this section if the person is found liable for a claim pursuant to a judgment rendered by a court of law, and the person pays to its insured, individual or entity directly entitled to benefits under its insured's contract of insurance, or third party tort claimant interest as provided in subsection (4).

(3) An insurer shall specify in writing the materials that constitute a satisfactory proof of loss not later than 30 days after receipt of a claim unless the claim is settled within the 30 days. If proof of loss is not supplied as to the entire claim, the amount supported by proof of loss shall be considered paid on a timely basis if paid within 60 days after receipt of proof of loss by the insurer. Any part of the remainder of the claim that is later supported by proof of loss shall be considered paid on a timely basis if paid within 60 days after receipt of the proof of loss by the insurer. If the proof of loss provided by the claimant contains facts that clearly indicate the need for additional medical information by the insurer in order to determine its liability under a policy of life insurance, the claim shall be considered paid on a timely basis if paid within 60 days after receipt of necessary medical information by the insurer. Payment of a claim shall not be untimely during any period in which the insurer is unable to pay the claim when there is no recipient who is legally able to give a valid release for the payment, or where the insurer is unable to determine who is entitled to receive the payment, if the insurer has promptly notified the claimant of that inability and has offered in good faith to promptly pay the claim upon determination of who is entitled to receive the payment.

(4) If benefits are not paid on a timely basis the benefits paid shall bear simple interest from a date 60 days after satisfactory proof of loss was received by the insurer at the rate of 12% per annum, if the claimant is the insured or an individual or entity directly entitled to benefits under the insured's contract of insurance. If the claimant is a third party tort claimant, then the benefits paid shall bear interest from a date 60 days after satisfactory proof of loss was received by the insurer at the rate of 12% per annum if the liability of the insurer for the claim is not reasonably in dispute, the insurer has refused payment in bad faith and the bad faith was determined by a court of law. The interest shall be paid in addition to and at the time of payment of the loss. If the loss exceeds the limits of insurance coverage available, interest shall be payable based upon the limits of insurance coverage rather than the amount of the loss. If payment is offered by the insurer but is rejected by the claimant, and the claimant does not subsequently recover an amount in excess of the amount offered, interest is not due. Interest paid pursuant to this section shall be offset by any award of interest that is payable by the insurer pursuant to the award.

(5) If a person contracts to provide benefits and reinsures all or a portion of the risk, the person contracting to provide benefits is liable for interest due to an insured, an individual or entity directly entitled to benefits under its insured's contract of insurance, or a third party tort claimant under this section where a reinsurer fails to pay benefits on a timely basis.

(6) If there is any specific inconsistency between this section and sections 3101 to 3177 or the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941, the provisions of this section do not apply. Subsections (7) to (14) do not apply to an entity

regulated under the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941. Subsections (7) to (14) do not apply to the processing and paying of medicaid claims that are covered under section 111i of the social welfare act, 1939 PA 280, MCL 400.111i.

(7) Subsections (1) to (6) do not apply and subsections (8) to (14) do apply to health plans when paying claims to health professionals and health facilities that are not pharmacies and that do not involve claims arising out of sections 3101 to 3177 or the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941.

(8) Each health professional and health facility in billing for services rendered and each health plan in processing and paying claims for services rendered shall use the following timely processing and payment procedures:

(a) A clean claim shall be paid within 45 days after receipt of the claim by the health plan. A clean claim that is not paid within 45 days shall bear simple interest at a rate of 12% per annum.

(b) A health plan shall notify the health professional or health facility within 30 days after receipt of the claim by the health plan of all known reasons that prevent the claim from being a clean claim.

(c) A health professional and a health facility have 45 days, and any additional time the health plan permits, after receipt of a notice under subdivision (b) to correct all known defects. The 45-day time period in subdivision (a) is tolled from the date of receipt of a notice to a health professional or health facility under subdivision (b) to the date of the health plan's receipt of a response from the health professional or health facility.

(d) If a health professional's or health facility's response under subdivision (c) makes the claim a clean claim, the health plan shall pay the health professional or health facility within the 45-day time period under subdivision (a), excluding any time period tolled under subdivision (c).

(e) If a health professional's or health facility's response under subdivision (c) does not make the claim a clean claim, the health plan shall notify the health professional or health facility of an adverse claim determination and of the reasons for the adverse claim determination within the 45-day time period under subdivision (a), excluding any time period tolled under subdivision (c).

(f) A health professional or health facility shall bill a health plan within 1 year after the date of service or the date of discharge from the health facility in order for a claim to be a clean claim.

(g) A health professional or health facility shall not resubmit the same claim to the health plan unless the time frame in subdivision (a) has passed or as provided in subdivision (c).

(9) Notices required under subsection (8) shall be made in writing or electronically.

(10) If a health plan determines that 1 or more services listed on a claim are payable, the health plan shall pay for those services and shall not deny the entire claim because 1 or more other services listed on the claim are defective. This subsection does not apply if a health plan and health professional or health facility have an overriding contractual reimbursement arrangement.

(11) A health plan shall not terminate the affiliation status or the participation of a health professional or health facility with a health maintenance organization provider panel or otherwise discriminate against a health professional or health facility because the health professional or health facility claims that a health plan has violated subsections (7) to (10).

(12) A health professional, health facility, or health plan alleging that a timely processing or payment procedure under subsections (7) to (11) has been violated may file a complaint with the commissioner on a form approved by the commissioner and has a right to a determination of the matter by the commissioner or his or her designee. This subsection does not prohibit a health professional, health facility, or health plan from seeking court action. A health plan described in subsection (14)(c)(iv) is subject only to the procedures and penalties provided for in subsection (13) and section 402 of the nonprofit health care corporation reform act, 1980 PA 350, MCL 550.1402, for a violation of a timely processing or payment procedure under subsections (7) to (11).

(13) In addition to any other penalty provided for by law, the commissioner may impose a civil fine of not more than \$1,000.00 for each violation of subsections (7) to (11) not to exceed \$10,000.00 in the aggregate for multiple violations.

(14) As used in subsections (7) to (13):

(a) “Clean claim” means a claim that does all of the following:

(i) Identifies the health professional or health facility that provided service sufficiently to verify, if necessary, affiliation status and includes any identifying numbers.

(ii) Sufficiently identifies the patient and health plan subscriber.

(iii) Lists the date and place of service.

(iv) Is a claim for covered services for an eligible individual.

(v) If necessary, substantiates the medical necessity and appropriateness of the service provided.

(vi) If prior authorization is required for certain patient services, contains information sufficient to establish that prior authorization was obtained.

(vii) Identifies the service rendered using a generally accepted system of procedure or service coding.

(viii) Includes additional documentation based upon services rendered as reasonably required by the health plan.

(b) “Health facility” means a health facility or agency licensed under article 17 of the public health code, 1978 PA 368, MCL 333.20101 to 333.22260.

(c) “Health plan” means all of the following:

(i) An insurer providing benefits under an expense-incurred hospital, medical, surgical, vision, or dental policy or certificate, including any policy or certificate that provides coverage for specific diseases or accidents only, or any hospital indemnity, medicare supplement, long-term care, or 1-time limited duration policy or certificate, but not to payments made to an administrative services only or cost-plus arrangement.

(ii) A MEWA regulated under chapter 70 that provides hospital, medical, surgical, vision, dental, and sick care benefits.

(iii) A health maintenance organization licensed or issued a certificate of authority in this state.

(iv) A health care corporation for benefits provided under a certificate issued under the nonprofit health care corporation reform act, 1980 PA 350, MCL 550.1101 to 550.1704, but not to payments made pursuant to an administrative services only or cost-plus arrangement.

(d) “Health professional” means a health professional licensed or registered under article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838.

**Effective date; applicability of amendatory act to all health claims with dates of service on and after October 1, 2002.**

Enacting section 1. This amendatory act takes effect on October 1, 2002 and applies to all health care claims with dates of service on and after October 1, 2002.

This act is ordered to take immediate effect.

Approved May 17, 2002.

Filed with Secretary of State May 17, 2002.

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**[No. 317]****(SB 452)**

AN ACT to amend 1980 PA 350, entitled “An act to provide for the incorporation of nonprofit health care corporations; to provide their rights, powers, and immunities; to prescribe the powers and duties of certain state officers relative to the exercise of those rights, powers, and immunities; to prescribe certain conditions for the transaction of business by those corporations in this state; to define the relationship of health care providers to nonprofit health care corporations and to specify their rights, powers, and immunities with respect thereto; to provide for a Michigan caring program; to provide for the regulation and supervision of nonprofit health care corporations by the commissioner of insurance; to prescribe powers and duties of certain other state officers with respect to the regulation and supervision of nonprofit health care corporations; to provide for the imposition of a regulatory fee; to regulate the merger or consolidation of certain corporations; to prescribe an expeditious and effective procedure for the maintenance and conduct of certain administrative appeals relative to provider class plans; to provide for certain administrative hearings relative to rates for health care benefits; to provide for certain causes of action; to prescribe penalties and to provide civil fines for violations of this act; and to repeal certain acts and parts of acts,” by amending section 403 (MCL 550.1403).

*The People of the State of Michigan enact:*

**550.1403 Payment of benefits; interest; claim form; exception.**

Sec. 403. (1) A health care corporation, on a timely basis, shall pay to a member benefits as are entitled and provided under the applicable certificate. When not paid on a timely basis, benefits payable to a member shall bear simple interest from a date 60 days after a satisfactory claim form was received by the health care corporation, at a rate of 12% interest per annum. The interest shall be paid in addition to, and at the time of payment of, the claim. Section 2006(7) to (14) of the insurance code of 1956, 1956 PA 218, MCL 500.2006, applies to a health care corporation.

(2) A health care corporation shall specify in writing the materials that constitute a satisfactory claim form not later than 30 days after receipt of a claim, unless the claim is settled within 30 days. If a claim form is not supplied as to the entire claim, the amount supported by the claim form shall be considered to be paid on a timely basis if paid within 60 days after receipt of the claim form by the corporation. This subsection does not apply to a health care corporation when paying a claim under section 2006(7) to (14) of the insurance code of 1956, 1956 PA 218, MCL 500.2006.

**Effective date; applicability of amendatory act to all health care claims with dates of service on and after October 1, 2002.**

Enacting section 1. This amendatory act takes effect on October 1, 2002 and applies to all health care claims with dates of service on and after October 1, 2002.

**Conditional effective date.**

Enacting section 2. This amendatory act does not take effect unless Senate Bill No. 451 of the 91st Legislature is enacted into law.

This act is ordered to take immediate effect.

Approved May 17, 2002.

Filed with Secretary of State May 17, 2002.

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**Compiler's note:** Senate Bill No. 451, referred to in enacting section 2, was filed with the Secretary of State May 17, 2002, and became P.A. 2002, No. 316, Eff. Oct. 1, 2002.

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**[No. 318]****(SB 934)**

AN ACT to amend 1945 PA 327, entitled "An act relating to aeronautics in this state; providing for the development and regulation thereof; creating a state aeronautics commission; prescribing powers and duties; providing for the licensing, or registration, or supervision and control of all aircraft, airports and landing fields, schools of aviation, flying clubs, airmen, aviation instructors, airport managers, manufacturers, dealers, and commercial operation in intrastate commerce; providing for rules pertaining thereto; prescribing a privilege tax for the use of the aeronautical facilities on the lands and waters of this state; providing for the acquisition, development, and operation of airports, landing fields, and other aeronautical facilities by the state, by political subdivisions, or by public airport authorities; providing for the incorporation of public airport authorities and providing for the powers, duties, and obligations of public airport authorities; providing for the transfer of airport management to public airport authorities, including the transfer of airport liabilities, employees, and operational jurisdiction; providing jurisdiction of crimes, torts, and contracts; providing police powers for those entrusted to enforce this act; providing for civil liability of owners, operators, and others; making hunting from aircraft unlawful; providing for repair station operators lien; providing for appeals from rules or orders issued by the commission; providing for the transfer from the Michigan board of aeronautics to the aeronautics commission all properties and funds held by the board of aeronautics; providing for a state aeronautics fund and making an appropriation therefor; prescribing penalties; and making uniform the law with reference to state development and regulation of aeronautics," (MCL 259.1 to 259.208) by adding section 85a.

*The People of the State of Michigan enact:*

**259.85a Enrollment of applicant in flight school; criminal history and records check; fingerprints; enrollment as conditional student; contract as void; application at more than 1 flight school; consent to criminal history and records check; form and manner of request; report; "criminal history record information".**

Sec. 85a. (1) Beginning the effective date of the amendatory act that added this section and subject to subsections (2) and (4), as a condition of enrollment of an applicant in a

flight school, the flight school shall request from the criminal records division of the department of state police a criminal history check and a criminal records check through the federal bureau of investigation on the applicant and, before enrolling the applicant, shall have received from the department of state police the report described in subsection (7). A flight school shall require the applicant to submit his or her fingerprints to the department of state police for the criminal history and criminal records checks. The flight school may charge the flight school applicant a fee for the criminal history check and the criminal records check. The department of state police may charge a fee for the criminal history check and the criminal records check.

(2) The flight school may enroll the applicant as a conditional student under this subsection without first receiving the report described in subsection (7) if all of the following apply:

(a) The flight school requests the criminal history and criminal records checks required under subsection (1) before conditionally enrolling the applicant.

(b) The applicant signs a statement that identifies all crimes for which he or she has been convicted, if any, and agreeing that, if the report described in subsection (7) is not the same as the applicant's statement, his or her enrollment contract is void. If the statement of convictions includes any of the circumstances described in section 85(24), the enrollment contract is void.

(3) If an applicant is enrolled as a conditional student under subsection (2) and the report described in subsection (7) is not the same as the applicant's statement under subsection (2), the flight school shall void the applicant's enrollment contract. If the contract is voided under this subsection, the applicant's enrollment is terminated and the flight school is not liable for the termination or any money paid toward enrollment.

(4) If an applicant for enrollment is being considered for enrollment by more than 1 flight school and if the applicant agrees in writing to allow a flight school to share the report described in subsection (7) with another flight school, the flight school may satisfy the requirements of subsection (1) by obtaining a copy of the report described in subsection (7) from another flight school.

(5) An applicant described in subsection (1) shall give written consent at the time of application for the criminal records division of the department of state police to conduct the criminal history and criminal records check required under this section.

(6) A flight school shall make a request to the criminal records division of the department of state police for a criminal history and criminal records check required under this section on a form and in a manner prescribed by the criminal records division of the department of state police.

(7) Within 30 days after receiving a proper request by a flight school for a criminal history and criminal records check on an applicant under this section, the criminal records division of the department of state police shall conduct and initiate the criminal history and criminal records check and, after conducting the criminal history and criminal records check and within that time period, provide a report of the results of the criminal history and criminal records check to the flight school. The report shall contain any criminal history record information on the applicant maintained by the criminal records division of the department of state police and include information regarding the criminal records check of the records of the federal bureau of investigation.

(8) Criminal history record information received from the criminal records division of the department of state police under subsection (7) shall be used by a flight school only for the purpose of evaluating an applicant's qualifications for enrollment in the position for



which he or she has applied and for the purposes of subsection (3). A flight school shall not disclose the report or its contents to any person who is not directly involved in evaluating the applicant's qualifications for enrollment. However, for the purposes of subsection (4), a person described in this subsection may provide a copy of the report under subsection (7) concerning the individual to an appropriate representative of another flight school. A person who violates this subsection is guilty of a misdemeanor punishable by imprisonment for not more than 90 days or a fine of not more than \$500.00, or both.

(9) As used in this section, "criminal history record information" means that term as defined in section 1a of 1925 PA 289, MCL 28.241a.

**Effective date.**

Enacting section 1. This amendatory act takes effect May 1, 2002.

**Conditional effective date.**

Enacting section 2. This amendatory act does not take effect unless Senate Bill No. 1006 of the 91st Legislature is enacted into law.

This act is ordered to take immediate effect.

Approved May 22, 2002.

Filed with Secretary of State May 22, 2002.

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**Compiler's note:** Senate Bill No. 1006, referred to in enacting section 2, was filed with the Secretary of State May 1, 2002, and became P.A. 2002, No. 258, Eff. May 22, 2002.

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**[No. 319]**

**(HB 5138)**

AN ACT to designate an official historical society of this state.

*The People of the State of Michigan enact:*

**2.411 Official historical society of state.**

Sec. 1. The historical society of Michigan is designated the official historical society of this state.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 320]**

**(SB 1043)**

AN ACT to amend 1927 PA 175, entitled "An act to revise, consolidate, and codify the laws relating to criminal procedure and to define the jurisdiction, powers, and duties of courts, judges, and other officers of the court under the provisions of this act; to provide laws relative to the rights of persons accused of criminal offenses and ordinance violations; to provide for the arrest of persons charged with or suspected of criminal offenses and

ordinance violations; to provide for bail of persons arrested for or accused of criminal offenses and ordinance violations; to provide for the examination of persons accused of criminal offenses; to regulate the procedure relative to grand juries, indictments, informations, and proceedings before trial; to provide for trials of persons complained of or indicted for criminal offenses and ordinance violations and to provide for the procedure in those trials; to provide for judgments and sentences of persons convicted of criminal offenses and ordinance violations; to establish a sentencing commission and to prescribe its powers and duties; to provide for procedure relating to new trials and appeals in criminal and ordinance violation cases; to provide a uniform system of probation throughout this state and the appointment of probation officers; to prescribe the powers, duties, and compensation of probation officers; to provide penalties for the violation of the duties of probation officers; to provide for procedure governing proceedings to prevent crime and proceedings for the discovery of crime; to provide for fees of officers, witnesses, and others in criminal and ordinance violation cases; to set forth miscellaneous provisions as to criminal procedure in certain cases; to provide penalties for the violation of certain provisions of this act; and to repeal all acts and parts of acts inconsistent with or contravening any of the provisions of this act," by amending section 16x of chapter XVII (MCL 777.16x), as amended by 2000 PA 473.

*The People of the State of Michigan enact:*

CHAPTER XVII

**777.16x §§ 750.478a(2) to 750.512; felonies to which chapter applicable.**

Sec. 16x. This chapter applies to the following felonies enumerated in chapter 750 of the Michigan Compiled Laws:

M.C.L.	Category	Class	Description	Stat Max
750.478a(2)	Pub ord	H	Unauthorized process to obstruct a public officer or employee	2
750.478a(3)	Pub ord	G	Unauthorized process to obstruct a public officer or employee — subsequent offense	4
750.479(2)	Person	G	Assaulting or obstructing certain officials	2
750.479(3)	Person	G	Assaulting or obstructing certain officials causing injury	4
750.479(4)	Person	D	Assaulting or obstructing certain officials causing serious impairment	10
750.479(5)	Person	B	Assaulting or obstructing certain officials causing death	20
750.479a(2)	Pub saf	G	Fleeing and eluding — fourth degree	2
750.479a(3)	Pub saf	E	Fleeing and eluding — third degree	5
750.479a(4)	Person	D	Fleeing and eluding — second degree	10
750.479a(5)	Person	C	Fleeing and eluding — first degree	15
750.479b(1)	Person	F	Disarming peace officer — nonfirearm	4

750.479b(2)	Person	D	Disarming peace officer — firearm	10
750.480	Pub trst	F	Public officers — refusing to turn over books/money to successor	4
750.483a(2)(b)	Person	D	Retaliating for reporting crime punishable by more than 10 years	10
750.483a(4)(b)	Person	D	Interfering with police investi- gation by committing crime or threatening to kill or injure	10
750.483a(6)(a)	Pub ord	F	Tampering with evidence	4
750.483a(6)(b)	Pub ord	D	Tampering with evidence in case punishable by more than 10 years	10
750.488	Pub trst	H	Public officers — state official — retaining fees	2
750.490	Pub trst	H	Public money — safekeeping	2
750.491	Pub trst	H	Public records — removal/ mutilation/destruction	2
750.492a(1)(a)	Pub trst	G	Medical record — intentional place false information — health care provider	4
750.492a(2)	Pub trst	G	Medical record — health care provider alter conceal injury/death	4
750.495a(2)	Person	F	Concealing objects in trees or wood products — causing injury	4
750.495a(3)	Person	C	Concealing objects in trees or wood products — causing death	15
750.505	Pub ord	E	Common law offenses	5
750.511	Person	A	Blocking or wrecking railroad track	Life
750.512	Property	E	Uncoupling railroad cars	10

### Effective date.

Enacting section 1. This amendatory act takes effect July 15, 2002.

### Conditional effective date.

Enacting section 2. This amendatory act does not take effect unless all of the following bills of the 91st Legislature are enacted into law:

- (a) Senate Bill No. 1038.
- (b) Senate Bill No. 1039.
- (c) Senate Bill No. 1040.
- (d) Senate Bill No. 1042.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

#### Compiler's note: The bills referred to in enacting section 2 were enacted into law as follows:

Senate Bill No. 1038 was filed with the Secretary of State May 9, 2002, and became P.A. 2002, No. 290, Imd. Eff. May 9, 2002. Senate Bill No. 1039 was filed with the Secretary of State May 9, 2002, and became P.A. 2002, No. 291, Imd. Eff. May 9, 2002. Senate Bill No. 1040 was filed with the Secretary of State May 9, 2002, and became P.A. 2002, No. 292, Imd. Eff. May 9, 2002. Senate Bill No. 1042 was filed with the Secretary of State May 9, 2002, and became P.A. 2002, No. 293, Imd. Eff. May 9, 2002.

**[No. 321]****(SB 1049)**

AN ACT to amend 1927 PA 175, entitled “An act to revise, consolidate, and codify the laws relating to criminal procedure and to define the jurisdiction, powers, and duties of courts, judges, and other officers of the court under the provisions of this act; to provide laws relative to the rights of persons accused of criminal offenses and ordinance violations; to provide for the arrest of persons charged with or suspected of criminal offenses and ordinance violations; to provide for bail of persons arrested for or accused of criminal offenses and ordinance violations; to provide for the examination of persons accused of criminal offenses; to regulate the procedure relative to grand juries, indictments, informations, and proceedings before trial; to provide for trials of persons complained of or indicted for criminal offenses and ordinance violations and to provide for the procedure in those trials; to provide for judgments and sentences of persons convicted of criminal offenses and ordinance violations; to establish a sentencing commission and to prescribe its powers and duties; to provide for procedure relating to new trials and appeals in criminal and ordinance violation cases; to provide a uniform system of probation throughout this state and the appointment of probation officers; to prescribe the powers, duties, and compensation of probation officers; to provide penalties for the violation of the duties of probation officers; to provide for procedure governing proceedings to prevent crime and proceedings for the discovery of crime; to provide for fees of officers, witnesses, and others in criminal and ordinance violation cases; to set forth miscellaneous provisions as to criminal procedure in certain cases; to provide penalties for the violation of certain provisions of this act; and to repeal all acts and parts of acts inconsistent with or contravening any of the provisions of this act,” by amending section 16n of chapter XVII (MCL 777.16n), as added by 1998 PA 317.

*The People of the State of Michigan enact:*

## CHAPTER XVII

**777.16n §§ 750.241 to 750.263; felonies to which chapter applicable.**

Sec. 16n. This chapter applies to the following felonies enumerated in chapter 750 of the Michigan Compiled Laws:

<b>M.C.L.</b>	<b>Category</b>	<b>Class</b>	<b>Description</b>	<b>Stat Max</b>
750.241(2)	Pub saf	F	Obstructing public service facility personnel in civil disturbance	4
750.248	Property	E	Forgery	14
750.248a	Property	F	Uttering and publishing financial transaction device	4
750.249	Property	E	Uttering and publishing forged records	14
750.249a	Property	H	Molds or dies to forge financial transaction device	4
750.250	Property	E	Forgery of treasury notes	7
750.251	Property	E	Forgery of bank bills	7
750.252	Property	E	Possessing counterfeit notes	7
750.253	Property	G	Uttering counterfeit notes	5
750.254	Property	E	Possession of counterfeit notes or bills	5

750.255	Property	E	Possession of counterfeiting tools	10
750.260	Property	E	Counterfeiting coins or possession of 5 or more counterfeit coins	Life
750.261	Property	E	Possession of 5 or fewer counterfeit coins	10
750.262	Property	E	Manufacture or possession of tools to counterfeit coins	10
750.263(3)	Property	E	Delivery, use, or display of items with counterfeit mark — subsequent offense or over \$1,000 or 100 items	5
750.263(4)	Property	E	Manufacturing items with counterfeit mark	5

**Effective date.**

Enacting section 1. This amendatory act takes effect July 15, 2002.

**Conditional effective date.**

Enacting section 2. This amendatory act does not take effect unless Senate Bill No. 1048 of the 91st Legislature is enacted into law.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**Compiler's note:** Senate Bill No. 1048, referred to in enacting section 2, was filed with the Secretary of State May 9, 2002, and became P.A. 2002, No. 296, Imd. Eff. May 9, 2002.

**[No. 322]****(SB 1019)**

AN ACT to amend 1962 PA 213, entitled "An act to encourage the raising of started pullets; to provide for the inspection and certification as to the age, condition and health of started pullets; to define certain terms; to provide authority to establish and collect fees; to impose certain responsibilities on the department of agriculture; to grant authority to make rules and regulations to carry out the purpose of this act; and to prescribe penalties for violation thereof," by repealing section 4 (MCL 287.174).

*The People of the State of Michigan enact:*

**Repeal of § 287.174.**

Enacting section 1. Section 4 of 1962 PA 213, MCL 287.174, is repealed.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

**[No. 323]****(SB 1025)**

AN ACT to repeal 1865 PA 165, entitled “An act making it obligatory upon banks and bankers in this state to stamp counterfeit, altered and worthless bank bills,” (MCL 487.651 to 487.652).

*The People of the State of Michigan enact:*

**Repeal of §§ 487.651 to 487.652.**

Enacting section 1. 1865 PA 165, MCL 487.651 to 487.652, is repealed.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 324]****(HB 5547)**

AN ACT to amend 1935 PA 59, entitled “An act to provide for the public safety; to create the Michigan state police, and provide for the organization thereof; to transfer thereto the offices, duties and powers of the state fire marshal, the state oil inspector, the department of the Michigan state police as heretofore organized, and the department of public safety; to create the office of commissioner of the Michigan state police; to provide for an acting commissioner and for the appointment of the officers and members of said department; to prescribe their powers, duties, and immunities; to provide the manner of fixing their compensation; to provide for their removal from office; and to repeal Act No. 26 of the Public Acts of 1919, being sections 556 to 562, inclusive, of the Compiled Laws of 1929, and Act No. 123 of the Public Acts of 1921, as amended, being sections 545 to 555, inclusive, of the Compiled Laws of 1929,” by repealing section 10 (MCL 28.10).

*The People of the State of Michigan enact:*

**Repeal of § 28.10.**

Enacting section 1. Section 10 of 1935 PA 59, MCL 28.10, is repealed.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 325]****(HB 4603)**

AN ACT to amend 1986 PA 255, entitled “An act to regulate the sale and providing of certain funeral goods or funeral services; to regulate the use of funds received by sellers

and providers of funeral goods or services; to prescribe powers and duties of the departments of licensing and regulation, mental health, and social services and certain other state and local officers; to provide for the promulgation of rules and establishment of fees; and to provide certain penalties and remedies,” by amending section 19 (MCL 328.229).

*The People of the State of Michigan enact:*

**328.229 Irrevocable prepaid funeral contract approved by family independence agency or department of community health; rules.**

Sec. 19. (1) A prepaid funeral contract may be made with an applicant for or recipient of assistance under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, or a patient or a legal guardian of a patient in a community health care facility under the jurisdiction of the department of community health. If the family independence agency or department of community health determines that the contract is a fully paid guaranteed price contract, which when added to the amount of a death benefit from an insurance policy or annuity contract, the proceeds of which have been assigned pursuant to section 2080(6) of the insurance code of 1956, 1956 PA 218, MCL 500.2080, as payment for funeral goods or funeral services for the contract beneficiary that are not more than that amount allowed under section 2080(6)(g) of the insurance code of 1956, 1956 PA 218, MCL 500.2080, plus \$2,000.00, exclusive of income, and that the state will not be liable for the funeral goods or funeral services, excluding an outside receptacle when required by the chosen cemetery, of the applicant for or recipient of assistance or patient allowable under contracts under this act, the prepaid funeral contract shall be made irrevocable at the request of the applicant for or recipient of assistance, or the patient or a legal guardian of a patient. Nothing in this section shall be construed as increasing the amount of excludable burial assets for family independence agency or medicaid program eligibility above that allowed under existing family independence agency standards, including any increases therein. The family independence agency or department of community health shall advise the applicant for or recipient of assistance, or the patient or a legal guardian of a patient that additional funeral goods or funeral services subject to contract under this act will not be paid by the family independence agency or department of community health but shall not specify or require approval of particular funeral goods or funeral services selected by the applicant for or recipient of assistance, or patient or a legal guardian of a patient.

(2) A prepaid funeral contract approved by the family independence agency or department of community health shall not be revoked or canceled by the contract seller, contract provider, contract buyer, or their successors, or the estate of the contract beneficiary either before or after the death of the contract beneficiary. This subsection does not prevent those legally entitled to make arrangements for a contract beneficiary from reallocating the amount paid under the prepaid contract to different funeral services and funeral goods. A contract seller or provider shall assign an irrevocable prepaid funeral contract to another provider upon the written request of the contract beneficiary, his or her successor, or those legally entitled to make arrangements for the contract beneficiary so long as the written request is received before a provider's obligations have been performed. An irrevocable contract shall not be considered in determining the eligibility of an applicant or recipient for assistance given under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b. An irrevocable prepaid funeral contract made under this section is not subject to the cancellation provision of section 13 or to the provisions of section 15(5).

(3) Notwithstanding any other provisions of this act, funds paid in connection with an irrevocable prepaid funeral contract may, at the option of the provider, be held and deposited in the manner prescribed for a nonguaranteed price contract.

(4) The family independence agency and department of community health may promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to provide for the uniform administration of this section.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 326]**

**(HB 5822)**

AN ACT to amend 1993 PA 159, entitled “An act to provide for the establishment of a base conversion authority; to prescribe the powers and duties of the base conversion authority; and to provide for conversion of certain bases to civilian uses,” by amending section 8 (MCL 3.578).

*The People of the State of Michigan enact:*

**3.578 Conversion base authority; powers.**

Sec. 8. The authority may do all of the following:

(a) Employ law enforcement officers, fire protection personnel, maintenance personnel, and other employees as necessary to protect and maintain real and personal property located on the base or contract for the procurement of any of these services.

(b) Enter into contracts with the United States department of defense for the maintenance and security of buildings, grounds, water and sewage systems, heating and cooling systems, and other systems or property at the base until final disposition of the systems or property.

(c) Sell, lease, convey, exchange, transfer, assign, subdivide, pledge by mortgage or deed of trust, or otherwise dispose of any real or personal property under its control or an interest in the property.

(d) Rent, maintain, manage, operate, improve, demolish, and repair property under its control.

(e) Plan, propose, and implement plans of development necessary to achieve the purposes of this act.

(f) Receive funds from a local governmental unit, other state agencies, the federal government or an agency of the federal government, or a private individual or group, foundations or other private entities and spend those funds to the extent permitted under the powers granted to it pursuant to this section.

(g) Issue notes or bonds of the authority if necessary to implement plans of development necessary to achieve the purposes of this act. Bonds or notes issued by the authority are not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. The issuance of bonds and notes under this act is subject to the agency financing reporting act.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.



**[No. 327]****(HB 5823)**

AN ACT to amend 1994 PA 451, entitled “An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, and assessments; to provide certain appropriations; to prescribe penalties and provide remedies; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts,” by amending section 4302 (MCL 324.4302).

*The People of the State of Michigan enact:*

**324.4302 Waterworks systems, sewers, and disposal plants; mortgage bonds.**

Sec. 4302. (1) The waterworks system, intercepting sewers, pumping stations, sewage disposal plant and system, transfer station, and garbage and refuse processing or disposal plant and system, are public utilities within the meaning of any constitutional or statutory provisions for the purpose of acquiring, purchasing, owning, operating, constructing, equipping, and maintaining the waterworks system, intercepting sewers, pumping stations, sewage disposal plant and system, transfer station, and garbage and refuse processing or disposal plant and system. A local unit of government may issue full faith and credit bonds or mortgage bonds for the purposes described in this part beyond the general limits of the bonded indebtedness prescribed by law except as provided in this section. The mortgage bonds as provided in this section shall not impose any general liability upon the local unit of government but shall be secured only on the property and revenues of the utility as provided in this section, including a franchise, stating the terms upon which the purchaser may operate the utility in case of foreclosure. The franchise shall not extend for a longer period than 20 years from the date of the sale on foreclosure. The total amount of mortgage bonds shall not exceed 60% of the original cost of the utility except as provided in this section. Bonds shall not be issued as general obligations of the local unit of government except upon a 3/5 affirmative vote of the qualified electors of the local unit of government and except as provided in this section, not in excess of 3% of the assessed valuation of the real and personal property of the local unit of government as shown by the last preceding tax roll. Bonds shall not be issued as full faith and credit bonds or mortgage bonds of the utility except upon a 3/5 affirmative vote of the legislative body of the local unit of government.

(2) Revenue bonds issued under this section are subject to the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140.

(3) Except for revenue bonds described in subsection (2), all other bonds and notes issued under this section are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

**[No. 328]****(HB 5836)**

AN ACT to amend 1967 PA 204, entitled “An act to create metropolitan transportation authorities; to define their powers and duties, including the creation of transportation districts; to provide for the withdrawal of counties from the authorities; to require the state to guarantee payment of certain claims against certain transportation authorities and to give the state a lien in satisfaction of payment; to permit the creation of certain councils; and to prescribe penalties and provide remedies,” by amending section 16 (MCL 124.416), as amended by 1983 PA 31.

*The People of the State of Michigan enact:*

**124.416 Bonds; contractual obligations; issuance and sale; advancing money or delivering property to authority; resolution authorizing execution of contract; petition; referendum; approval of certain bonds or notes; subway; notes not subject to revised municipal finance act.**

Sec. 16. (1) The authority may borrow money and issue bonds to finance and to carry out its powers and duties. The bonds shall be payable from and may be issued in anticipation of payment of the proceeds of any of the methods of financing described in section 14 or elsewhere in this act or as may be provided by law. A political subdivision within the geographical boundaries of the authority may contract to make payments, appropriations, or contributions to the authority of the proceeds of taxes, special assessments, or charges imposed and collected by the political subdivision or out of any other funds legally available and may pledge its full faith and credit in support of its contractual obligation to the authority. The contractual obligation shall not constitute an indebtedness of a political subdivision within a statutory or charter debt limitation. If the authority has issued bonds in anticipation of payments, appropriations, or contributions to be made to the authority pursuant to contract by a political subdivision having the power to levy and collect ad valorem taxes, the political subdivision may obligate itself by the contract, and thereupon may levy a tax on all taxable property in the political subdivision, which tax as to rate or amount will be as provided in section 6 of article IX of the state constitution of 1963 for contract obligations in anticipation of which bonds are issued, to provide sufficient money to fulfill its contractual obligation to the authority.

(2) The bonds of the authority shall be issued and sold in compliance with the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, except that the bonds may be issued for any period of years, not exceeding 40 years.

(3) A public corporation may advance money or deliver property to the authority to finance or to carry out its powers and duties. The authority may agree to repay the advances or pay for the property within a period not exceeding 10 years, from the proceeds of its bonds or from other funds legally available for that purpose, with or without interest as may be agreed at the time of advance or of repayment. The obligation of the authority to make the repayment or payment may be evidenced by a contract or note or notes, which contract or note may pledge the full faith and credit of the authority.

(4) A political subdivision desiring to enter into a contract under subsection (1) shall authorize, by resolution of its governing body, the execution of the contract, which resolution shall be published in a newspaper of general circulation within the political subdivision, and the contract may be executed without a vote of the electors on the contract upon the expiration of 90 days after the date of the publication unless, within the

90-day period, a petition signed by not less than 5% of the registered electors residing within the limits of the political subdivision is filed with the clerk of the political subdivision requesting a referendum upon the execution of the contract, and in that event the contract shall not be executed until approved by the vote of a majority of the electors of the political subdivision qualified to vote and voting on the contract at a general or special election to be held not more than 90 days after the filing of the petition.

(5) If the bonds or notes sold by the authority involve the pledge or use of state collected or administered funds, the authority shall seek the approval of the state transportation commission.

(6) Notwithstanding any other provision of this section, an authority shall not issue bonds, nor use the revenues of the sale of bonds, for the construction, reconstruction, maintenance, or operation of a subway unless approved by concurrent resolution by the legislature.

(7) Notes issued and contracts entered into under this section are not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 329]**

**(HB 5839)**

AN ACT to amend 1951 PA 51, entitled "An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions

of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts,” by amending section 10n (MCL 247.660n), as added by 1987 PA 234.

*The People of the State of Michigan enact:*

**247.660n Comprehensive transportation fund; distribution of funds; notes.**

Sec. 10n. (1) Funds from the comprehensive transportation fund may be distributed to a trustee, or to the Michigan municipal bond authority as created under the shared credit rating act, 1985 PA 227, MCL 141.1051 to 141.1076, that is authorized to receive the funds under a borrowing resolution adopted by an eligible authority. The issuance of the notes of an eligible authority in anticipation of payment of proceeds from the comprehensive transportation fund shall be authorized by a borrowing resolution of the eligible authority under the metropolitan transportation authorities act of 1967, 1967 PA 204, MCL 124.401 to 124.426. The issuance of the notes under this section is not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, and shall be subject to the prior approval of the state transportation commission. Failure of the commission to take action within 35 days after receipt of notification from the eligible authority of intent to issue the notes, constitutes approval by the state transportation commission. The eligible authority may only issue the notes in anticipation of funds to be received during its current fiscal year at any time before the eligible authority’s receipt of the funds from the comprehensive transportation fund. The principal amount of notes for which the funds to be received from the comprehensive transportation fund are pledged shall not exceed 85% of the amount remaining to be received by the eligible authority from the comprehensive transportation fund in the current fiscal year. The pledge of 100% of the funds the eligible authority expects to receive from the comprehensive transportation fund shall be secured by a direct transfer of the pledge funds from the comprehensive transportation fund to the trustee or the Michigan municipal bond authority that is authorized to receive the funds by the borrowing resolution adopted by the eligible authority. The notes of the eligible authority shall not be in any way a debt or a liability of the state and shall not create or constitute any indebtedness, liability, or obligations of the state or be or constitute a pledge of the full faith and credit of the state. Each note shall contain on its face a statement to the effect that the eligible authority is obligated to pay the principal of and the interest on the note only from funds of or due to the eligible authority and that this state is not obligated to pay that principal or interest and that neither the faith in credit nor the taxing power of this state is pledged to the payment of the principal of or the interest on the note. The notes shall mature not more than 13 months from the date of issuance, shall bear interest at a fixed or variable rate or rates of interest per annum, and, in addition to other security required by this section, may be secured by letter or line of credit issued by a financial institution or as provided in the borrowing resolution.

(2) The issuance of notes under this section is subject to the agency financing reporting act.

This act is ordered to take immediate effect.  
Approved May 23, 2002.  
Filed with Secretary of State May 23, 2002.

**[No. 330]****(HB 5840)**

AN ACT to amend 1952 PA 175, entitled “An act to authorize incorporated cities and villages to borrow money and issue bonds in anticipation of future payments from the motor vehicle highway fund, for any purpose or purposes for which said funds may be used and for the purpose of refunding such bonds; authorizing the pledging of the faith and credit of the issuing city or village, upon proper resolution of its governing body, as additional security for the payment of said bonds; and to prescribe procedures and conditions relative to the issuance of such bonds,” by amending sections 1 and 3 (MCL 247.701 and 247.703), section 1 as amended by 1998 PA 506 and section 3 as amended by 1988 PA 152; and to repeal acts and parts of acts.

*The People of the State of Michigan enact:*

**247.701 Borrowing money and issuing bonds; purposes; bonds subject to revised municipal finance act; refunding bonds; sale; refund prohibited under certain conditions.**

Sec. 1. (1) Subject to subsections (2) and (3), any incorporated city or village in this state is authorized to borrow money and issue its bonds for the purposes enumerated in section 13 of 1951 PA 51, MCL 247.663, and to refund bonds issued under this act or in part to refund bonds issued under this act and in part for the purposes enumerated in section 13 of 1951 PA 51, MCL 247.663, without a vote of the electors. Any bonds issued under this act are subject to the requirements of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, and all procedures for issuing bonds under this act shall conform to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. Any refunding bonds issued under this act may include the amount of any premium to be paid upon the calling of the bonds to be refunded or, if the bonds are not callable, any premium necessary to be paid in order to secure the surrender of the bonds to be refunded, but, in either case, the amount of the premium included shall not exceed 3% of the principal amount of the bonds to be refunded. Nothing in this section shall be construed to provide for the refunding of noncallable unmatured bonds without the consent of the holder or holders of those bonds. Refunding bonds may be sold at any time to refund any outstanding bonds.

(2) A city or village shall not issue or refund a bond under this act if the bond or authorizing resolution does 1 or more of the following:

(a) Provides that the proceeds of the bond are used for operational expenses of the city or village, other than engineering or design expenses related to the project for which the bond was issued.

(b) Provides that the weighted average maturity of the bond exceeds the useful life of the asset.

(c) Provides that the bond, in whole or in part, appreciates in principal amount or is sold at a discount in an amount greater than 10%.

**247.703 Bonds; principal and interest; payment; additional security; existing contract rights; priority.**

Sec. 3. (1) The principal of and interest upon the bonds shall be payable primarily from the proceeds of revenues derived from state collected taxes returned to the city or village for road purposes pursuant to law. As additional security for the payment of the bonds, a

city or village, upon proper resolution of its governing body, is authorized to pledge its full faith and credit for the payment of the bonds. If a pledge of its full faith and credit is made and the revenues pledged to the payment of the bonds are at any time insufficient for the payment, the city or village shall be obligated to pay the bonds and coupons to the same extent as other general obligation bonds of the city or village, and shall be reimbursed from subsequent revenues received by the city or village from the state collected taxes returned to the city or village for road purposes pursuant to law.

(2) Nothing contained in this act shall be construed to violate or impair contract rights existing in the holders of outstanding bonds issued under the provisions of 1941 PA 205, MCL 252.51 to 252.64, but pledges of the revenues or taxes made by a city or village under the provisions of that act shall retain their priority of lien or charge against the revenues as contemplated by the provisions of that act and as provided in the contract or resolution authorizing the issuance of bonds under that act.

**Repeal of § 247.706.**

Enacting section 1. Section 6 of 1952 PA 175, MCL 247.706, is repealed.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 331]**

**(HB 5844)**

AN ACT to amend 1941 PA 205, entitled “An act to provide for the construction, establishment, opening, use, discontinuing, vacating, closing, altering, improvement, and maintenance of limited access highways and facilities ancillary to those highways; to permit the acquiring of property and property rights and the closing or other treatment of intersecting roads for these purposes; to provide for the borrowing of money and for the issuing of bonds or notes payable from special funds for the acquisition, construction or improvement of such highways; and to provide for the receipt and expenditure of funds generated from the facilities,” by amending sections 8 and 14 (MCL 252.58 and 252.64); and to repeal acts and parts of acts.

*The People of the State of Michigan enact:*

**252.58 Limited access highways; contributions and pledges of funds; payment.**

Sec. 8. For the purpose of carrying out the provisions of this act, and to enable limited access highways to be constructed, the state transportation commission is authorized to make annual contributions to the cost of construction of limited access highways as provided in this act, and to make an irrevocable pledge of funds of the state transportation department derived from taxes imposed upon gasoline or other motor fuels, and on motor vehicles registered in this state for the purpose of meeting its annual obligations under the contract or contracts. The annual contributions of the state transportation department for any such project shall be payable in manner designated by the contract or contracts over a fixed period of not exceeding 30 years.

**252.64 Scope of act.**

Sec. 14. (1) This act, without reference to any other statute or to any charter, shall be considered full authority for the purposes provided in this act and shall be construed as an additional and alternative method for the financing of limited access highways, any provisions of the general laws of this state or of any charter to the contrary notwithstanding.

(2) A contract entered into under this act is not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

**Repeal of §§ 252.61, 252.62, and 252.63.**

Enacting section 1. Sections 11, 12, and 13 of 1941 PA 205, MCL 252.61, 252.62, and 252.63, are repealed.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 332]****(HB 5855)**

AN ACT to amend 1917 PA 5, entitled “An act authorizing organized townships and incorporated villages in the state of Michigan to borrow money and to issue bonds therefor for the purpose of establishing free public libraries, purchasing sites and constructing buildings thereon,” by amending section 4 (MCL 397.324); and to repeal acts and parts of acts.

*The People of the State of Michigan enact:*

**397.324 Library bonds; vote; issuance; subject to revised municipal finance act.**

Sec. 4. If at an election a majority of the qualified electors present and voting upon the proposition vote in favor of the loan, the bonds shall be issued by the township board of the township or the village council or board of trustees of the village, as the case may be. Bonds issued under this act are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

**Repeal of § 397.325.**

Enacting section 1. Section 5 of 1917 PA 5, MCL 397.325, is repealed.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 333]****(HB 5845)**

AN ACT to repeal 1931 PA 235, entitled “An act authorizing cities to borrow money and to issue bonds for the purpose of defraying part or all of the city’s share of the cost

and expense of separating grades for railroads and public highways and streets where such railroads intersect such highways and streets, including part or all of the city's share of the cost and expense of the elevation or depression of such railroads, highways and streets, and including the defraying of part or all of the city's share of the damages resulting to abutting property by reason of such separation of grades, or the elevation or depression of such railroads, public highways or streets," (MCL 253.91).

*The People of the State of Michigan enact:*

**Repeal of § 253.91.**

Enacting section 1. 1931 PA 235, MCL 253.91, is repealed.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 334]**

**(HB 5821)**

AN ACT to amend 1976 PA 451, entitled "An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, and intermediate school districts; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, and intermediate school districts; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and parts of acts," by amending section 445 (MCL 380.445).

*The People of the State of Michigan enact:*

**380.445 Bonds for sites, buildings, and improvements; resolution; approval of school electors; form of bonds; filing notice and draft; laws governing election; electors qualified to vote; bonds subject to revised municipal finance act.**

Sec. 445. (1) The first class school district board by resolution may submit the proposition of issuing bonds for the purpose of purchasing sites for buildings, playgrounds, or athletic fields and purchasing or erecting and equipping a building or making permanent improvements that it is authorized to make to the school electors of the school district at a city, state, or special election called for that purpose.

(2) If a majority of the school electors voting on the question approve the issuance of bonds, the board may issue the bonds of the district.



(3) The board shall determine the form of the bonds, the manner in which they shall be executed by the president and secretary of the district, the sums payable and the times of payment, and other terms and conditions the board considers necessary.

(4) If the board determines to issue bonds under this section, sections 432 and 444 shall not apply to the issuance of the bonds and the bonds may be issued in an amount equal to that provided by part 17.

(5) The secretary of the board shall file with the city clerk a written notice of the adoption of the resolution with a draft of the form of the bonding proposition to be submitted to the school electors of the school district. The notice shall be under the seal of the board and filed with the city clerk at least 60 days before the date fixed by the board for the election.

(6) The laws of this state pertaining to elections in a city shall govern the practicable submission of the proposition to the school electors. Electors qualified to vote on the bonding proposition shall be registered school electors of the city in which the first class school district is located and otherwise qualified to vote on bonding propositions under the constitution and laws of this state.

(7) Bonds issued under this act are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 335]**

**(HB 5837)**

AN ACT to amend 1986 PA 196, entitled “An act to authorize the formation of public transportation authorities with certain general powers and duties; to provide for the withdrawal of certain local entities from public transportation authorities; to authorize certain local entities to levy property taxes for public transportation service and public transportation purposes; to protect the rights of employees of existing public transportation systems; to provide for the issuance of bonds and notes; to provide for the pledge of taxes, revenues, assessments, tax levies, and other funds for bond or note payment; to provide for the powers and duties of certain state agencies; to validate taxes authorized before July 10, 1986, elections held before July 10, 1986, and bonds and notes issued before July 10, 1986; to provide for transfer of certain tax revenue and certain powers, rights, duties, and obligations; to authorize condemnation proceedings; to grant certain powers to certain local entities; to validate and ratify the organization, existence, and membership of public transportation authorities created before July 10, 1986 and the actions taken by those public transportation authorities and by the members of those public transportation authorities; and to prescribe penalties and provide remedies,” by amending section 23 (MCL 124.473).

*The People of the State of Michigan enact:*

**124.473 Notes and bonds; additional provisions; tax exemption; advancing money or delivering property to carry out powers and duties; repayment or payment.**

Sec. 23. (1) A public authority may borrow money and issue notes and bonds to acquire, construct, or purchase public transportation facilities and to otherwise finance

and carry out its powers and duties. The notes and bonds may pledge, be payable from, and may be issued in anticipation of payment of the proceeds of any of the methods of financing described in section 17 or elsewhere in this act or as may be provided by law.

(2) The public authority may issue bonds or notes at any time to retire, fund, or refund, in whole or in part, outstanding bonds or notes issued pursuant to this act, or for transportation purposes under any other act including the payment of interest accrued, or to accrue, to the earliest or any subsequent date of redemption, purchase, or maturity of the bonds or notes, redemption premium, if any, and any commission, service fees, and other expenses necessary to be paid in connection with the bonds or notes, whether the bonds or notes to be refunded have matured or are redeemable or shall at a later date mature or become redeemable. If considered advisable by the public authority, the public authority may issue bonds or notes partly to refund outstanding bonds or notes and partly for any other purpose contemplated by this act.

(3) The bonds and notes issued pursuant to section 22 or this section may be issued pursuant to, and shall be subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(4) The public authority, by resolution of its board, shall provide for the issuance of the notes or bonds for the purpose of paying part or all of the cost of the public transportation facilities or authorized programs, which cost may include an allowance for legal, engineering, architectural, and consulting services; interest on the bonds or notes becoming due before the collection of the first revenue available for the payment of the interest as determined by the authority; a debt service reserve; and other necessary incidental expenses. Principal of, and interest and redemption premiums on, the bonds or notes issued under this section shall be payable solely from revenue, the other sources described in this section, or otherwise described in this act. Any interest shall be payable on the dates as determined in the resolution authorizing the issuance of the bonds or notes. The board of the public authority, in the resolution authorizing the issuance of the bonds or notes shall determine the principal amount of the bonds or notes to be issued, the registration provisions, the bond or note denominations, the bond or note designations, the rights of prior redemption of the bonds or notes at the option of the public authority or the holders of the bonds or notes, the maximum rate of interest, the method of execution of the bonds or notes, and any other provisions respecting the bonds or notes, the rights of the holders of the bonds or notes, the security for the bonds or notes, and the procedures for disbursement of the bond or note proceeds and for the investment of the proceeds of bonds or notes and money for the payment of bonds or notes. The board of the public authority in the resolution authorizing the issuance of bonds or notes may provide for the assignment of the revenues pledged to 1 of the paying agents for the bonds or notes or to a trustee, as provided in this act. The board of the public authority, in the resolution or resolutions authorizing the bonds or notes, may provide for the terms and conditions upon which the holders of the bonds or notes, or any portion of the bond or noteholders or any trustee for the bond or noteholders, shall be entitled to the appointment of a receiver. The resolution authorizing the bonds or notes may provide for the appointment of a trustee for the bond or noteholders, may give to the trustee the appropriate rights, duties, remedies, and powers, with or without the execution of a deed of trust or mortgage, necessary and appropriate to secure the bonds or notes.

(5) All bonds and notes and the interest coupons attached to the bonds or notes are declared to be fully negotiable and to have all of the qualities incident to negotiable instruments under the uniform commercial code, 1962 PA 174, MCL 440.1101 to 440.11102, subject only to the provisions for registration of the bonds or notes which may appear on the bonds or notes.

(6) The property of the authority, its income and operation, and any vendor, vendee, lessor, and lessee interest in any property sold or leased pursuant to section 24 shall be exempt from all taxation by this state or any of its political subdivisions and all bonds and notes of the authority, the interest on the bonds and notes, and their transfer shall be exempt from all taxation by this state or any of its political subdivisions. This state covenants with the purchasers and all subsequent holders and transferees of notes and bonds issued by the authority under this act, in consideration of the acceptance of and payment for the notes and bonds, that the notes and bonds of the fund, issued pursuant to this act, the interest on the notes and bonds, the transfer of the bonds or notes, and all its fees, charges, gifts, grants, revenues, receipts, and other money received or to be received and pledged to pay or secure the payment of the notes or bonds shall at all times be free and exempt from all state or local taxation as provided by the laws of this state.

(7) The public authority may issue additional bonds or notes with respect to the pledge of the revenues with previously issued bonds or notes of the public authority for the purpose and under the terms and conditions provided in the resolution authorizing the previous issue of bonds. The public authority may enter into agreements with the holders of the bonds or notes or with others for the bonds or notes to be delivered to the public authority or others before the stated maturities of the bonds or notes.

(8) This state, a political subdivision, or a private corporation, partnership, or individual may advance money or deliver property to the public authority to finance or to carry out its powers and duties. The public authority may agree to repay the advances or pay for the property within a period not exceeding 40 years, from the proceeds of its bonds or notes or from other funds legally available for use, with or without interest as may be agreed at the time of advance or of repayment. The obligation of the public authority to make the repayment or payment may be evidenced by a contract or note or notes, which contract or note may pledge the full faith and credit of the public authority, but the contract or note shall not be an obligation within the meaning of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. A political subdivision, subject to applicable constitutional limitations and procedures, may pledge its full faith and credit for the payment of bonds or notes of the public authority upon adoption of a resolution or a majority vote of the members elected to and serving on its governing body so providing.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 336]**

**(HB 5838)**

AN ACT to amend 1956 PA 111, entitled “An act to provide for the acquisition, construction, establishment, opening, altering, improving and maintaining of highways; authorizing contracts between townships and boards of county road commissioners for the same; authorizing townships to finance their share of the cost of the same from its contingent fund, special assessments, and bonds or short term notes issued in anticipation of the receipt of sales tax moneys or general obligation bonds; and to prescribe procedures and conditions relative to the issuance of said bonds or short term notes,” by amending sections 4 and 5 (MCL 247.354 and 247.355), section 4 as amended by 1983 PA 109.

*The People of the State of Michigan enact:*

**247.354 Bonds issued in anticipation of sales tax money; additional security; irrevocable pledge and appropriation; annual debt service requirements; limitation; successive borrowings; bonds and notes subject to revised municipal finance act.**

Sec. 4. (1) Bonds issued under this act in anticipation of sales tax revenue to be returned to the township shall be payable primarily from the proceeds of revenues derived from sales tax revenue collected by the state and returned to the township under section 10 of article IX of the state constitution of 1963.

(2) As additional security for the payment of the bonds, the township board may submit to the qualified electors of the township the question of pledging the full faith and credit of the township for the payment of the bonds, as provided in section 5; and if a majority of the qualified electors voting on the issue approve the question, the township board may pledge the full faith and credit of the township for the payment of the bonds, in which event, if the sales tax proceeds are not sufficient to pay the bonds and the interest on the bonds, they shall be payable from any money in the contingent fund of the township or from ad valorem taxes that the township shall levy without limitation as to rate or amount.

(3) The township board in the resolution shall make an irrevocable pledge and appropriation of an amount sufficient for payment of the principal of and interest upon the bonds or short term notes from revenues derived from sales tax revenue collected by the state and returned to the township under section 10 of article IX of the state constitution of 1963. The township board may not pledge for annual debt service requirements in any future calendar year on the bonds or short term notes an amount in excess of 50% of the average revenues derived from sales tax revenues collected by the state and returned to the township under section 10 of article IX of the state constitution of 1963 in the 3 calendar years immediately preceding the borrowing. Nothing contained in this section shall be construed as a prohibition against successive borrowings if the total amount of revenues pledged for annual debt service requirements does not exceed the applicable percentage described in this section.

(4) Bonds and notes issued under this act are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

**247.355 General obligation bonds.**

Sec. 5. General obligation bonds issued under this act shall be issued only after their issuance has been authorized by a majority vote of the qualified electors of the township voting on the proposition of issuing the bonds at a general or special township election and only after the qualified electors of the township have voted an increase in the tax rate limitation imposed by section 6 of article IX of the state constitution of 1963, in an amount and for a period of time necessary to permit the collection of taxes in an amount sufficient to meet the principal and interest requirements on the proposed bonds. A township may not issue general obligation bonds under this act for an amount greater than 10% of the total assessed valuation of the township. The general obligation bonds shall be issued and sold subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

**[No. 337]****(HB 5841)**

AN ACT to amend 1963 PA 55, entitled “An act to provide for the incorporation of public authorities to acquire, own, and operate or cause to be operated mass transportation systems; to require the state to guarantee payment of certain claims against certain transportation authorities and to give the state a lien in satisfaction of payment; to prescribe the rights, powers, and duties of those public authorities; to provide for the issuance of bonds; to provide for the levy and collection of certain taxes; and to authorize contracts between those authorities and either public or private corporations to carry out the operation of those mass transportation systems,” by amending section 7 (MCL 124.357), as amended by 1983 PA 137.

*The People of the State of Michigan enact:*

**124.357 Self-liquidating revenue bonds; issuance; source of payment; property tax; limitation; election; resolution; submitting proposition to electors; conduct; canvass; costs; tax rate; levy and collection.**

Sec. 7. (1) For the purpose of acquiring, improving, enlarging, or extending a mass transportation system, the authority may issue self-liquidating revenue bonds under the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140, or any other act providing for the issuance of self-liquidating revenue bonds. The bonds shall not be a general obligation of the authority, but shall be payable solely from the revenue of the mass transportation system. However, if the authority issues self-liquidating revenue bonds with a pledge of the full faith and credit of the municipality, those revenue bonds are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(2) An authority formed under this act may levy a tax on all of the taxable property within the political subdivisions that comprise the authority for public transportation purposes as authorized by this act.

(3) The tax authorized in subsection (2) shall not exceed 5 mills of the state equalized valuation on each dollar of assessed valuation in the political subdivisions that comprise the applicable authority.

(4) The tax authorized under subsection (2) shall not be levied except upon the approval of a majority of the registered electors residing in the political subdivisions that comprise the authority affected and qualified to vote and voting on the tax at a general or special election. The election may be called by resolution of the board of the authority. The recording officer of the authority shall file a copy of the resolution of the board calling the election with the clerk of each affected county, city, or township not less than 60 days before the date of the election. The resolution calling the election shall contain a statement of the proposition to be submitted to the electors. Each county, city, and township clerk and all other county, city, and township officials shall undertake those steps to properly submit the proposition to the electors of the county, city, and township at the election specified in the resolutions of the authority. The election shall be conducted and canvassed in accordance with the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992, except that if the authority is located in more than 1 county, the election shall be canvassed by the state board of canvassers. The results of the election shall be certified to the board of the authority promptly after the date of the election. The authority shall not call more than 1 election within a calendar year under this section for the approval of the tax authorized by subsection (2) without the approval of the legislative bodies of a majority of

the member political subdivisions of the authority. If the election is a special election, the authority in which the election is held shall pay the costs of the election. If the election is a general election, the authority in which the election is held shall pay the increased costs of the election due to the placement of the proposition on the ballot by the authority or an amount negotiated between the authority and the appropriate political subdivisions.

(5) The taxes authorized by this section may be levied at a rate and for a period of not more than 5 years as determined by the authority in the resolution calling the election and as shall be set forth in the proposition submitted to the electors.

(6) The tax rate authorized by this section shall be levied and collected as are all ad valorem property taxes in this state and the recording officer of the authority shall at the appropriate times certify to the proper tax assessing or collecting officers of each tax collecting county, city, and township the amount of taxes to be levied and collected each year by each county, city, and township. The board of the authority shall determine on which tax roll, if there is more than 1, of the county, city, or township that the taxes authorized by this section shall be collected. Each tax assessing and collecting officer and each county treasurer shall levy and collect the taxes certified by the authority and pay the taxes to the authority by the time provided in section 43 of the general property tax act, 1893 PA 206, MCL 211.43. The tax rate authorized by this section may be first levied by the authority as a part of the first tax roll of the appropriate counties, cities, and townships occurring after the election described in subsection (4). The tax may be levied and collected on the June or December tax roll immediately following the date of election, if the tax is certified to the proper tax assessing officials not later than May 15 or November 15, respectively, of the year in which the election is held.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 338]**

**(HB 5842)**

AN ACT to amend 1911 PA 28, entitled “An act to authorize the board of supervisors of any county to raise by taxation or borrow money for the purpose of purchasing real estate for sites for, and constructing or repairing public buildings and bridges; to limit the amount that can be raised or borrowed for such purpose by such boards in certain cases; to authorize such boards to submit the question of raising or borrowing money for such purposes to the electors of their certain counties; to provide for the manner of submission; and to repeal Act No. 41 of the Public Acts of 1909, entitled “An act limiting the amount which may be raised in any county in any 1 year by the board of supervisors,” approved April twenty-first, 1909,” by amending section 1 (MCL 141.71).

*The People of the State of Michigan enact:*

**141.71 Tax for sites, construction, or repair of public buildings or bridges; limitations; bonds subject to revised municipal finance act.**

Sec. 1. (1) The county board of commissioners of a county may, subject to the limitations provided in the property tax limitation act, 1933 PA 62, MCL 211.201 to 211.217a, in any 1 year levy a tax for purchase of real estate for sites for, and the construction or

repair of public buildings or bridges. The foregoing limitations shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidences of indebtedness or for the payment of assessments or contract obligations in anticipation of which bonds are issued, which taxes may be imposed without limitation as to rate or amount and in addition to any other taxes, even though the bonds or other evidences of indebtedness were issued for the foregoing purposes.

(2) Bonds issued under this act are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 339]**

**(HB 5843)**

AN ACT to amend 1909 PA 283, entitled “An act to revise, consolidate, and add to the laws relating to the establishment, opening, discontinuing, vacating, closing, altering, improvement, maintenance, and use of the public highways and private roads; the condemnation of property and gravel therefor; the building, repairing and preservation of bridges; maintaining public access to waterways under certain conditions; setting and protecting shade trees, drainage, and cutting weeds and brush within this state; providing for the election or appointment and defining the powers, duties, and compensation of state, county, township, and district highway officials; and to prescribe penalties and provide remedies,” by amending section 22 (MCL 224.22).

*The People of the State of Michigan enact:*

**224.22 Bond issue; submission to electors; notice; vote; expenditure of proceeds; contract indebtedness or bonds subject to revised municipal finance act.**

Sec. 22. If the board of supervisors of the county by a majority vote of all the members elected to and serving resolve to contract indebtedness or issue bonds to raise money for the construction and maintenance of county roads, the question shall be submitted to a vote of the electors of the county at a general or a special election called for that purpose. Notice of the submission of the resolution to a vote of the electors and, in case a special election is called, notice of the calling of the special election shall be given in the same manner and for the same length of time as provided by law. If a majority of the electors voting on the resolution vote in favor of the resolution, it shall be considered to have carried. The manner of stating the question upon the ballots shall be prescribed by the resolution of the board of supervisors. All money raised by the board of supervisors for the construction and maintenance of county roads shall be expended under the direction of the board of county road commissioners. Contract indebtedness incurred or bonds issued under this act are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

**[No. 340]****(HB 5846)**

AN ACT to repeal 1927 PA 109, entitled “An act to authorize cities to raise by loan, or borrow money for the construction, improvement, repair and maintenance of bridges and to issue bonds of the said cities to secure repayment thereof and validating proceedings heretofore taken authorizing the issuance of such bonds,” (MCL 254.81 to 254.83).

*The People of the State of Michigan enact:*

**Repeal of §§ 254.81 to 254.83.**

Enacting section 1. 1927 PA 109, MCL 254.81 to 254.83, is repealed.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 341]****(HB 5847)**

AN ACT to repeal 1911 PA 6, entitled “An act to authorize any city within this state, bordering upon any navigable stream which is the boundary line between this state and any other state, in conjunction with any city bordering upon said navigable stream in said other state, to construct and maintain bridges across said stream between said cities,” (MCL 254.91 to 254.94).

*The People of the State of Michigan enact:*

**Repeal of §§ 254.91 to 254.94.**

Enacting section 1. 1911 PA 6, MCL 254.91 to 254.94, is repealed.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

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**[No. 342]****(HB 5848)**

AN ACT to amend 1945 PA 327, entitled “An act relating to aeronautics in this state; providing for the development and regulation thereof; creating a state aeronautics commission; prescribing powers and duties; providing for the licensing, or registration, or supervision and control of all aircraft, airports and landing fields, schools of aviation, flying clubs, airmen, aviation instructors, airport managers, manufacturers, dealers, and commercial operation in intrastate commerce; providing for rules pertaining thereto; prescribing a privilege tax for the use of the aeronautical facilities on the lands and waters of this state; providing for the acquisition, development, and operation of airports, landing fields, and other aeronautical facilities by the state, by political subdivisions, or by public airport



authorities; providing for the incorporation of public airport authorities and providing for the powers, duties, and obligations of public airport authorities; providing for the transfer of airport management to public airport authorities, including the transfer of airport liabilities, employees, and operational jurisdiction; providing jurisdiction of crimes, torts, and contracts; providing police powers for those entrusted to enforce this act; providing for civil liability of owners, operators, and others; making hunting from aircraft unlawful; providing for repair station operators lien; providing for appeals from rules or orders issued by the commission; providing for the transfer from the Michigan board of aeronautics to the aeronautics commission all properties and funds held by the board of aeronautics; providing for a state aeronautics fund and making an appropriation therefor; prescribing penalties; and making uniform the law with reference to state development and regulation of aeronautics," by amending section 131 (MCL 259.131).

*The People of the State of Michigan enact:*

**259.131 Aeronautical facilities; general obligation bonds; revenue bonds; additional security; "revenues" defined.**

Sec. 131. (1) The legislative body of any political subdivision in this state may submit to the qualified electors of the political subdivision at any regular or special election called for that purpose the question of the issuance of general obligation bonds of the political subdivision, the proceeds of which shall be used for the acquisition, construction, operation, maintenance, and equipping of airports and landing fields, including buildings, structures, or facilities relating to them and the necessary land for them. A majority vote of the qualified voters voting on the question shall authorize the issuance of the general obligation bonds. General obligation bonds issued under this act are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(2) Revenue bonds may be issued for the purposes set forth in subsection (1), and the legislative body of the political subdivision may pledge as security for the bonds all or any portion of the landing fees, concession fees, rents, charges, or any other revenues derived from the operation of the airport. The revenue bonds shall be issued in accordance with the applicable provisions of the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140. However, the fees, rents, or charges pledged that are fixed and established under the provisions of a lease or contract shall not be subject to revision or change except in the manner provided in the lease or contract. As additional security for the payment of the principal of and interest on any revenue bonds issued under the provisions of this section, any issuing political subdivision may, by resolution adopted by a majority vote of its governing body, agree that if the funds pledged for the payment of the revenue bonds are not sufficient to pay the principal and interest on the bonds as they become due, the political subdivision shall advance sufficient money out of its general funds for the payment of the principal and interest, if the proceeds of the revenue bonds are used exclusively within the territorial limits of the county in which the political subdivision is located, and the treasurer of the political subdivision shall promptly make the advancement. The political subdivision shall be reimbursed for any money advanced out of funds pledged for the payment of the revenue bonds subsequently paid or collected.

(3) Except for the additional security that may be agreed upon by resolution of the governing body as provided in this section, the principal of and interest on the revenue bonds shall be payable solely from the revenues described in this section. As used in this section, "revenues" means net revenues after operating expenses.

This act is ordered to take immediate effect.

Approved May 23, 2002.

Filed with Secretary of State May 23, 2002.

**[No. 343]****(HB 5849)**

AN ACT to amend 1974 PA 258, entitled “An act to codify, revise, consolidate, and classify the laws relating to mental health; to prescribe the powers and duties of certain state and local agencies and officials and certain private agencies and individuals; to regulate certain agencies and facilities providing mental health services; to provide for certain charges and fees; to establish civil admission procedures for individuals with mental illness or developmental disabilities; to establish guardianship procedures for individuals with developmental disability; to establish procedures regarding individuals with mental illness or developmental disability who are in the criminal justice system; to provide for penalties and remedies; and to repeal acts and parts of acts,” by amending section 205 (MCL 330.1205), as amended by 2000 PA 228.

*The People of the State of Michigan enact:*

**330.1205 Community mental health authority.**

Sec. 205. (1) A county community mental health agency or a community mental health organization that is certified by the department under section 232a may become a community mental health authority as provided in this section through an enabling resolution adopted by the board of commissioners of each creating county after at least 3 public hearings held in accordance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The resolution is considered adopted if it is approved by a majority of the commissioners elected and serving in each county creating the authority. The enabling resolution is not effective until it has been filed with the secretary of state and with the county clerk of each county creating the authority. If any provision of the enabling resolution conflicts with this act, this act supersedes the conflicting provision.

(2) All of the following shall be stated in the enabling resolution:

(a) The purpose and the power to be exercised by the community mental health authority shall be to comply with and carry out the provisions of this act.

(b) The duration of the existence of the community mental health authority and the method by which the community mental health authority may be dissolved or terminated by itself or by the county board or boards of commissioners. These provisions shall comply with section 220.

(c) The manner in which any net financial assets originally made available to the authority by the participating county or counties will be returned or distributed if the authority is dissolved or terminated. All other remaining assets, net of liabilities, shall be transferred to the community mental health services program or programs that replace the authority.

(d) The liability of the community mental health authority for costs associated with real or personal property purchased or leased by the county for use by the community mental health services program to the extent necessary to discharge the financial liability if desired by the county or counties.

(e) The manner of employing, compensating, transferring, or discharging necessary personnel subject to the provisions of applicable civil service and merit systems, and the following restrictions:

(i) Employees of a community mental health authority are public employees. A community mental health authority and its employees are subject to 1947 PA 336, MCL 423.201 to 423.217.