



HOUSE BILL No. 5316

February 8, 2000, Introduced by Reps. Jellema, Caul, Gilbert, Scranton, Stamas, Byl, DeWeese, Bovin, Tesanovich, Ehardt, Mans, Prusi, Pestka, Callahan, LaSata, Mortimer, Kuipers and Birkholz and referred to the Committee on Local Government and Urban Policy.

A bill to authorize certain governmental units to issue notes or bonds for planning for the acquisition, construction, improvement, or installation of safe drinking water facilities; to provide security for the payment of the principal of and interest on the notes or bonds; and to prescribe the powers and duties of certain governmental units.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "safe drinking water financial assistance act".

3 Sec. 2. As used in this act:

4 (a) "Assistance" means that term as it is defined in part 54
5 of the natural resources and environmental protection act, 1994
6 PA 451, MCL 324.5401 to 324.5418.

1 (b) "Community water supply" means that term as it is
2 defined in part 54 of the natural resources and environmental
3 protection act, 1994 PA 451, MCL 324.5401 to 324.5418.

4 (c) "Department" means the department of environmental
5 quality.

6 (d) "Governmental unit" means a governmental unit as defined
7 in section 3 of the shared credit rating act, 1985 PA 227,
8 MCL 141.1053, that is eligible for reimbursement of project plan-
9 ning costs under section 5404(3)(b) of the natural resources and
10 environmental protection act, 1994 PA 451, MCL 324.5404.

11 (e) "Noncommunity water supply" means that term as it is
12 defined in part 54 of the natural resources and environmental
13 protection act, 1994 PA 451, MCL 324.5401 to 324.5418.

14 (f) "Water supplier" means that term as it is defined in
15 part 54 of the natural resources and environmental protection
16 act, 1994 PA 451, MCL 324.5401 to 324.5418.

17 Sec. 3. Subject to this act, a governmental unit may issue
18 notes or bonds and use the proceeds of the notes or bonds for
19 planning for the acquisition, construction, improvement, or
20 installation of real or personal property comprising all or a
21 portion of a community water supply or noncommunity water supply
22 or for the refunding or advance refunding of notes or bonds pre-
23 viously issued under this act, and for the payment of the costs
24 of issuing the notes or bonds. For any governmental unit, the
25 aggregate principal amount of all notes and bonds issued under
26 this act less the principal amount used by the governmental unit
27 to purchase notes or bonds issued by another governmental unit

1 under this act shall not exceed \$100,000.00. Subject to
2 section 5, the issuance of notes or bonds under this act is not
3 subject to any right of referendum, notwithstanding any other
4 statutory or charter provision to the contrary. The notes or
5 bonds issued under this act shall be sold to the Michigan municipi-
6 pal bond authority or to another governmental unit if the other
7 governmental unit purchases the notes or bonds with proceeds of
8 notes or bonds issued under this act and sold to the Michigan
9 municipal bond authority. The notes or bonds issued under this
10 act are not subject to the municipal finance act, 1943 PA 202,
11 MCL 131.1 to 139.3. Subject to this act, each governmental unit
12 is authorized to use proceeds of notes or bonds issued by it
13 under this act and sold to the Michigan municipal bond authority
14 to purchase notes or bonds issued under this act by any other
15 governmental unit.

16 Sec. 4. Notes or bonds issued under this act shall be
17 authorized by a resolution of the governing body of the govern-
18 mental unit, which may pledge the full faith and credit of the
19 governmental unit to the payment of the principal of and interest
20 on the notes or bonds. The governmental unit may establish
21 interest rates or methods for establishing interest rates,
22 prices, discounts, maturities, principal amounts, denominations,
23 dates of issuance, interest payment dates, optional or mandatory
24 redemption or tender rights, obligations to be exercised by the
25 governmental unit or the holders of the notes or bonds, the place
26 of delivery and payment, and other matters and procedures
27 necessary or desirable in connection with the issuance of the

1 notes or bonds. A governmental unit may secure the notes or
2 bonds with additional security as determined by the governing
3 body of the governmental unit, including, but not limited to, a
4 pledge or assignment of any school aid payments, revenue sharing
5 payments or similar payments to be received from the state, a
6 letter of credit, a line of credit, or an insurance contract.
7 Subject to section 5, the governing body of the governmental unit
8 authorizing the issuance of notes or bonds under this act may
9 provide in the authorizing resolution that it is the duty of each
10 officer and official of the governmental unit that issues notes
11 or bonds authorized by this act, who is charged with such duty,
12 to include in the annual taxes levied an amount such that the
13 estimated collections thereof shall be sufficient to pay when due
14 all payments of the principal of and interest on the notes or
15 bonds due prior to the collection of the following year's taxes
16 after taking into account money on hand or expected to be on hand
17 for such payments from all sources. The governing body of the
18 governmental unit shall include in its budget and pay such sum or
19 sums that may be necessary each year to pay the principal of and
20 the interest on the notes or bonds when and as the notes or bonds
21 become due, including overdue installments or maturities. The
22 resolution of the governing body of the governmental unit autho-
23 rizing the issuance of notes or bonds under this act may autho-
24 rize the governmental unit to enter into loan agreements, secur-
25 ity agreements, pledge agreements, mortgages, assignments, or
26 other agreements determined to be necessary to the issuance of
27 the notes or bonds and may authorize the governmental unit to use

1 proceeds of the notes or bonds sold to the Michigan municipal
2 bond authority to purchase notes or bonds issued under this act
3 by any other governmental unit.

4 Sec. 5. This act shall be construed as cumulative authority
5 for the exercise of the powers granted under this act. The pur-
6 pose of this act is to create full and complete additional and
7 alternate methods for the exercise of these powers, and the
8 powers conferred by this act shall not be affected or limited by
9 any other statute or by any charter or incorporating document,
10 except as otherwise provided in this act. However, this act does
11 not authorize the governing body of any governmental unit to levy
12 taxes in excess of constitutional, statutory, or charter limita-
13 tions without the approval of its electors, as provided by law.

14 Enacting section 1. This act takes effect October 1, 2000.