

SUBSTITUTE FOR  
HOUSE BILL NO. 4993

A bill to amend 1846 RS 16, entitled  
"Of the powers and duties of townships, the election and duties of  
township officers, and the division of townships,"  
by amending section 75b (MCL 41.75b), as amended by 2002 PA 226.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 75b. (1) A township board may provide for **THE ACQUISITION**  
2 **OR FINANCING OF** energy conservation improvements to be made to  
3 township facilities **OR INFRASTRUCTURE** and may pay for the  
4 improvements **OR THE FINANCING OR REFUNDING OF THE IMPROVEMENTS** from  
5 operating funds of the township or from the savings that result  
6 from the energy conservation improvements. Energy conservation  
7 improvements may include, but are not limited to, heating,  
8 **VENTILATING, OR AIR-CONDITIONING** system improvements, fenestration  
9 improvements, roof improvements, the installation of any  
10 insulation, the installation or repair of heating, **VENTILATING,** or

1 ~~air conditioning~~ **AIR-CONDITIONING** controls, and ~~entrance or exit~~  
2 way closures, **INFORMATION TECHNOLOGY IMPROVEMENTS ASSOCIATED WITH**  
3 **AN ENERGY CONSERVATION IMPROVEMENT, AND MUNICIPAL UTILITY**  
4 **IMPROVEMENTS ASSOCIATED WITH AN ENERGY CONSERVATION IMPROVEMENT.**

5 (2) The township board may acquire, **FINANCE, OR REFUND** 1 or  
6 more of the energy conservation improvements described in  
7 subsection (1) by installment contract, **WHICH MAY INCLUDE A LEASE-**  
8 **PURCHASE AGREEMENT DESCRIBED IN SUBSECTION (5),** or may borrow money  
9 and issue notes for the purpose of securing funds for the  
10 improvements or may enter into contracts in which the cost of the  
11 energy conservation improvements is paid from a portion of the  
12 savings that result from the energy conservation improvements.  
13 These contractual agreements may provide that the cost of the  
14 energy conservation improvements are paid only if the energy  
15 savings are sufficient to cover their cost. An installment  
16 contract, **A LEASE-PURCHASE AGREEMENT DESCRIBED IN SUBSECTION (5),**  
17 or notes issued pursuant to this subsection shall extend for a  
18 period of time not to exceed ~~10~~**20** years **FROM THE DATE OF**  
19 **INSTALLATION OF THE ENERGY CONSERVATION IMPROVEMENT.** Notes issued  
20 pursuant to this subsection shall be full faith and credit, tax  
21 limited obligations of the township, payable from tax levies and  
22 the general fund as pledged by the township board. The notes are  
23 subject to the revised municipal finance act, 2001 PA 34, MCL  
24 141.2101 to 141.2821. **A LEASE-PURCHASE AGREEMENT ISSUED PURSUANT TO**  
25 **THIS SUBSECTION SHALL NOT BE SUBJECT TO THE REVISED MUNICIPAL**  
26 **FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821, AND SHALL NOT BE**  
27 **A MUNICIPAL SECURITY OR A DEBT AS THOSE TERMS ARE DEFINED IN THAT**

1 **ACT.** This subsection does not limit in any manner the borrowing or  
2 bonding authority of a township as provided by law.

3 (3) If energy conservation improvements are made as provided  
4 in this section, the township board shall report the following  
5 information to the Michigan public service commission within 60  
6 days of the completion of the improvements:

7 (a) Name of each facility to which an improvement is made and  
8 a description of the conservation improvement.

9 (b) Actual energy consumption during the 12-month period  
10 before completion of the improvement.

11 (c) Project costs and expenditures.

12 (d) Estimated annual energy savings.

13 (4) If energy conservation improvements are made as provided  
14 in this section, the township board shall report to the Michigan  
15 public service commission, by July 1 of each of the 5 years after  
16 the improvements are completed, only the actual annual energy  
17 consumption of each facility to which improvements are made. The  
18 forms for the reports required by this section shall be furnished  
19 by the Michigan public service commission.

20 (5) **AN INSTALLMENT CONTRACT DESCRIBED IN THIS SECTION MAY**  
21 **INCLUDE A LEASE-PURCHASE AGREEMENT, WHICH MAY BE A MULTIYEAR**  
22 **CONTRACTUAL OBLIGATION THAT PROVIDES FOR AUTOMATIC RENEWAL UNLESS**  
23 **POSITIVE ACTION IS TAKEN BY THE LEGISLATIVE BODY TO TERMINATE THAT**  
24 **CONTRACT. PAYMENTS UNDER A LEASE-PURCHASE AGREEMENT SHALL BE A**  
25 **CURRENT OPERATING EXPENSE SUBJECT TO ANNUAL APPROPRIATIONS OF FUNDS**  
26 **BY THE LEGISLATIVE BODY AND SHALL OBLIGATE THE LEGISLATIVE BODY**  
27 **ONLY FOR THOSE SUMS PAYABLE DURING THE FISCAL YEAR OF CONTRACT**

1 EXECUTION OR ANY RENEWAL YEAR THEREAFTER. THE LEGISLATIVE BODY MAY  
2 MAKE PAYMENTS UNDER A LEASE-PURCHASE AGREEMENT FROM ANY LEGALLY  
3 AVAILABLE FUNDS OR FROM A COMBINATION OF ENERGY OR OPERATIONAL  
4 SAVINGS, CAPITAL CONTRIBUTIONS, FUTURE REPLACEMENT COSTS AVOIDED,  
5 OR BILLABLE REVENUE ENHANCEMENTS THAT RESULT FROM ENERGY  
6 CONSERVATION IMPROVEMENTS, PROVIDED THAT THE LEGISLATIVE BODY HAS  
7 DETERMINED THAT THOSE FUNDS ARE SUFFICIENT TO COVER, IN AGGREGATE  
8 OVER THE FULL TERM OF THE CONTRACTUAL AGREEMENT, THE COST OF THE  
9 ENERGY CONSERVATION IMPROVEMENTS. THE LEASE-PURCHASE AGREEMENT WILL  
10 TERMINATE IMMEDIATELY AND ABSOLUTELY AND WITHOUT FURTHER OBLIGATION  
11 ON THE PART OF THE LEGISLATIVE BODY AT THE CLOSE OF THE FISCAL YEAR  
12 IN WHICH IT WAS EXECUTED OR RENEWED OR AT SUCH TIME AS APPROPRIATED  
13 AND OTHERWISE UNOBLIGATED FUNDS ARE NO LONGER AVAILABLE TO SATISFY  
14 THE OBLIGATIONS OF THE LEGISLATIVE BODY UNDER THE LEASE-PURCHASE  
15 AGREEMENT. DURING THE TERM OF THE LEASE-PURCHASE AGREEMENT, THE  
16 LEGISLATIVE BODY SHALL BE THE VESTED OWNER OF THE ENERGY  
17 CONSERVATION IMPROVEMENTS AND MAY GRANT A SECURITY INTEREST IN THE  
18 ENERGY CONSERVATION IMPROVEMENTS TO THE PROVIDER OF THE LEASE-  
19 PURCHASE AGREEMENT. UPON THE TERMINATION OF THE LEASE-PURCHASE  
20 AGREEMENT AND THE SATISFACTION OF THE OBLIGATIONS OF THE  
21 LEGISLATIVE BODY, THE PROVIDER OF THE LEASE-PURCHASE AGREEMENT  
22 SHALL RELEASE ITS SECURITY INTEREST IN THE ENERGY CONSERVATION  
23 IMPROVEMENTS.

24 Enacting section 1. This amendatory act takes effect 90 days  
25 after the date it is enacted into law.