

THE FOURTH CLASS CITY ACT (EXCERPT)
Act 215 of 1895

110.20 Tax or loan to raise greater amount; vote of electors; maximum amount; limitation on amount of indebtedness; fire, flood, or other calamity requiring emergency fund; exclusions from computation of net indebtedness; deducting resources of sinking fund; validation of bonds or contract or assessment obligations; calculating assessed value equivalent.

Sec. 20.

(1) If a greater amount is required in any year for a lawful purpose than can be raised by the council under the provisions of this chapter, the amount may be raised by tax or loan, or partly by tax and partly by loan. The amount that may be voted or raised by tax, if approved by a majority vote of the electors at an annual or special city election, in any year under the provisions of this act, shall not exceed 2% of the assessed valuation of the real and personal property in the city as shown by the last preceding tax rolls made in the city.

(2) The amount of indebtedness incurred by the issue of bonds or otherwise, including existing indebtedness, shall not exceed 10% of the assessed valuation of the real and personal property within the city subject to taxation as shown by the last preceding assessment roll of the city.

(3) In case of fire, flood, or other calamity requiring an emergency fund for the relief of the inhabitants of the city, or for the repairing or rebuilding of any of its municipal buildings, works, bridges, or streets, the council may borrow money due in not more than 3 years and in an amount not exceeding 1/4 of 1% of the assessed valuation of the city, notwithstanding the loan may increase the indebtedness of the city beyond the limitations fixed by the city charter or in this act.

(4) In computing the net indebtedness the following shall be excluded:

(a) Bonds issued in anticipation of the collection of special assessments even though they are a general obligation of the city.

(b) Motor vehicle highway fund bonds even though they are a general obligation of the city.

(c) Revenue bonds.

(d) Bonds issued or contract or assessment obligations incurred to comply with an order of the water resources commission or a court of competent jurisdiction even though they are a general obligation of the city.

(e) Obligations incurred for water supply, sewage, drainage, or refuse disposal projects necessary to protect the public health by abating pollution even though they are a general obligation of the city.

(f) Mortgage bonds which are secured only by a mortgage on the property and revenues, including a franchise, stating the terms upon which, in case of foreclosure, the purchaser may operate the franchise; which franchise shall not extend for more than 20 years after the date of the sale of the utility and franchise on foreclosure.

(g) Bonds issued to acquire housing for which rent subsidies will be received by the city or an agency of the city under a contract with the United States government and used by the city to operate and maintain the housing and pay principal and interest on the bonds.

(5) The resources of the sinking fund pledged for the retirement of any outstanding bonds shall also be deducted from the amount of indebtedness.

(6) Bonds issued before the effective date of this subsection, or contract or assessment obligations incurred before the effective date of this subsection, are validated.

(7) In computing the net indebtedness determined under subsection (2) there may be added to the assessed value of real and personal property in a city for a fiscal year an amount equal to the assessed value equivalent of certain city revenues as determined under this subsection. The assessed value equivalent shall be calculated by dividing the sum of the following amounts by the city's millage rate for the fiscal year:

(a) The amount paid or the estimated amount required to be paid by the state to the city during the city's fiscal year for the city's use pursuant to section 13 of the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.913. The department of treasury shall certify the amount upon request.

(b) The amount levied by the city for its own use during the city's fiscal year from the specific tax levied under 1974 PA 198, MCL 207.551 to 207.572.

(c) The amount levied by the city for its own use during the city's fiscal year from the specific tax levied under the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668.

History: 1895, Act 215, Eff. Aug. 30, 1895 ;-- CL 1897, 3308 ;-- CL 1915, 3230 ;-- CL 1929, 2154 ;-- CL 1948, 110.20 ;-- Am. 1960, Act 17, Eff. Aug. 17, 1960 ;-- Am. 1969, Act 88, Eff. Mar. 20, 1970 ;-- Am. 1974, Act 345, Imd. Eff. Dec. 21, 1974 ;-- Am. 1979, Act 123, Imd. Eff. Oct. 19, 1979 ;-- Am. 2007, Act 171, Imd. Eff. Dec. 21, 2007