

**MICHIGAN MUNICIPAL DISTRIBUTABLE AID BOND ACT (EXCERPT)**  
**Act 97 of 1981**

\*\*\*\*\* 141.1030 THIS SECTION IS REPEALED BY ACT 300 OF 2002 EFFECTIVE JANUARY 1, 2010  
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**141.1030 Pledge and lien on distributable aid.**

Sec. 10. (1) The pledge and lien on distributable aid created by this act in favor of the holder of a distributable aid obligation may be on a parity with any pledge or application of distributable aid as security for obligations of a municipality under a contract or proceedings authorized by law after July 14, 1981 permitting the pledge or application of distributable aid regardless of whether that contract or proceedings are subsequently declared invalid, illegal, unenforceable, disaffirmed, or otherwise terminated in whole or in part. However, any obligations to be incurred on a parity basis shall meet the requirements for participation eligibility under section 5, and the distributable aid respecting these obligations shall be paid, retained, or otherwise treated in accordance with section 6, and these obligations shall be entitled to all the benefits of this act.

(2) The pledge and lien on distributable aid created by this act in favor of the holder of a distributable aid obligation shall be superior to a pledge or lien on the distributable aid created by 1957 PA 185, MCL 123.731 to 123.786; the drain code of 1956, 1956 PA 40, MCL 280.1 to 280.630; and the county public improvement act of 1939, 1939 PA 342, MCL 46.171 to 46.188. The pledge and lien on distributable aid created by this act in favor of the holders of distributable aid obligations shall be superior to a pledge or lien on the distributable aid created after July 15, 1981, under 1955 PA 233, MCL 124.281 to 124.294; and the municipal finance act, 1943 PA 202, MCL 131.1 to 139.3, or any other law.

(3) A municipality may pledge and assign distributable aid for other obligations of the municipality authorized by law after July 14, 1981. However, the maximum debt service on these other outstanding obligations, together with the maximum debt service on outstanding distributable aid obligations in any fiscal year, shall not exceed the amount permitted under section 5 of this act.

(4) The restrictions prescribed by this act do not apply to obligations secured by either of the following:

(a) A pledge of distributable aid pursuant to statutory authorization that expressly permits a general pledge of distributable aid subject only to constitutional limitation.

(b) A pledge of distributable aid pursuant to statutory authorization that expressly excludes the pledge or the obligation from the provisions of this act.

(5) Beginning March 1, 2002, a municipality shall not issue or refund an obligation under this act.

**History:** 1981, Act 97, Imd. Eff. July 15, 1981;—Am. 1987, Act 281, Eff. Apr. 11, 1988;—Am. 2002, Act 300, Imd. Eff. May 9, 2002.