

**THE CHARTER TOWNSHIP ACT (EXCERPT)**  
**Act 359 of 1947**

**42.14a Bonds for public improvements; issuance; approval required; exceptions; limitation on net indebtedness; computation of net indebtedness; bonds subject to MCL 141.2101 to 141.2821; computation of net indebtedness.**

Sec. 14a.

(1) The township may borrow money and issue bonds on the credit of the township for the purpose of constructing or otherwise acquiring a public improvement that the township is authorized to construct or otherwise acquire by law.

(2) Bonds must not be issued, except special assessment bonds, bonds for the township portion of local improvements, and bonds that the township board is authorized by specific statute to issue without vote of the electors, unless approved by a majority of the electors voting on the bonds at a general or special election.

(3) The net indebtedness of the township incurred for all public purposes must not exceed 10% of the assessed value of all real and personal property in the township. In computing the net indebtedness, all of the following must be deducted:

(a) Bonds issued in anticipation of the collection of special assessments, even though they are general obligations of the township.

(b) Revenue bonds, even though they are general obligations of the township.

(c) Bonds issued to comply with an order of the former water resources commission, the department of environmental quality, or a court of competent jurisdiction, even though they are a general obligation of the township.

(d) Bonds issued, or contract or assessment obligations incurred, for water supply, sewerage, drainage, solid waste disposal, and steam generation and distribution necessary to protect the public health by abating pollution, even though they are a general obligation of the township.

(e) Bonds issued or contract or assessment obligations incurred for the construction, improvement, or replacement of a combined sewer overflow abatement facility. As used in this subdivision:

(i) "Combined sewer overflow" means a discharge from a combined sewer system that occurs when the flow capacity of the combined sewer system is exceeded.

(ii) "Combined sewer overflow abatement facility" means any works, instrumentalities, or equipment necessary or appropriate to abate combined sewer overflows.

(iii) "Combined sewer system" means a sewer designed and used to convey both storm water runoff and sanitary sewage, and that contains lawfully installed regulators and control devices that allow for delivery of sanitary flow to treatment during dry weather periods and divert storm water and sanitary sewage to surface waters during storm flow periods.

(iv) "Construction" means any action taken in the designing or building of a combined sewer overflow abatement facility. Construction includes, but is not limited to, all of the following:

(A) Engineering services.

(B) Legal services.

(C) Financial services.

(D) Design of plans and specifications.

(E) Acquisition of land or structural components, or both.

(F) Building, erection, alteration, remodeling, or extension of a combined sewer overflow abatement facility.

(G) Township supervision of the project activities described in sub-subparagraphs (A) to (F).

(v) "Improvement" means any action taken to expand, rehabilitate, or restore a combined sewer overflow abatement facility.

(vi) "Replacement" means any action taken to obtain and install equipment, accessories, or appurtenances during the useful life of a combined sewer overflow abatement facility necessary to maintain the capacity and performance for which the equipment, accessories, or appurtenances are designed and constructed.

(4) The resources of the sinking fund or debt retirement fund pledged for retirement of outstanding bonds must also be deducted from the amount of the indebtedness.

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

(6) In computing the net indebtedness for the purposes of subsection (3), there may be added to the assessed value of real and personal property in a township for a fiscal year an amount equal to the assessed value equivalent of certain township revenues as determined under this subsection. The assessed value equivalent must be calculated by dividing the sum of the following amounts by the township's millage rate for the fiscal year:

(a) The amount paid or the estimated amount required to be paid by the state to the township during the township's fiscal year for the township's use under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140,

MCL 141.901 to 141.921, and the amount of any eligible reimbursement to the township under the local community stabilization authority act, 2014 PA 86, MCL 123.1341 to 123.1362, except any amount distributed under section 17(4)(c) of the local community stabilization authority act, 2014 PA 86, MCL 123.1357, in excess of the township's qualified loss. The department of treasury shall certify these amounts upon request. As used in this subdivision, "qualified loss" means that term as defined in section 5 of the local community stabilization authority act, 2014 PA 86, MCL 123.1345.

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

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

**History:** Add. 1953, Act 188, Eff. Oct. 2, 1953 ;-- Am. 1973, Act 82, Imd. Eff. July 31, 1973 ;-- Am. 1979, Act 141, Imd. Eff. Nov. 7, 1979 ;-- Am. 1995, Act 212, Imd. Eff. Nov. 29, 1995 ;-- Am. 2002, Act 230, Imd. Eff. Apr. 29, 2002 ;-- Am. 2018, Act 86, Eff. June 24, 2018