

SENATE BILL No. 855

November 29, 2001, Introduced by Senator NORTH and referred to the Committee on Finance.

A bill to amend 1895 PA 215, entitled "The fourth class city act," by amending sections 10 and 25 (MCL 107.10 and 110.25), section 10 as amended by 1983 PA 45.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10. ~~(1)~~ Repairs, alterations, and extensions may
2 also be provided by the city council by contract for the making
3 and installation ~~thereof~~ OF REPAIRS, ALTERATIONS, AND
4 EXTENSIONS, which contract shall not impose a general obligation
5 on the city, but which may provide for payment ~~therefor~~ out of
6 ~~such~~ THE net revenues, after payment of obligations due, provi-
7 sion for payment of obligations to become due, and payment of
8 legitimate and necessary operating and other expenses, ~~thereof~~,
9 as shall become available from the operation of ~~such~~ THE works
10 after completion of ~~such~~ THE repairs, alterations, or

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1 extensions and for retention of title to materials furnished in
2 the seller until paid for in full. However, a contract made pur-
3 suant to this section shall not be construed to deprive the
4 people of the city of any right vested in them by the constitu-
5 tion or the laws of this state, to constitute the granting of any
6 franchise or its operating equivalent, or to convey title to
7 property to any person not possessed of ~~such~~ THE title prior to
8 the execution of ~~such~~ THE title retaining contract. ~~Unless an~~
9 ~~exception from prior approval is available pursuant to subsection~~
10 ~~(2), a title retaining contract shall be approved by the municipi-~~
11 ~~pal finance commission or its successor agency prior to the exe-~~
12 ~~cution thereof. The municipal finance commission or its succes-~~
13 ~~sor agency shall determine their approval or disapproval upon all~~
14 ~~of the following factors:~~

15 ~~(a) Whether such contract conforms to the provisions of this~~
16 ~~act.~~

17 ~~(b) Whether after payment of legitimate and necessary oper-~~
18 ~~ating and other expenses, and payments due or to become due on~~
19 ~~any existing obligations, the probable revenues pledged to the~~
20 ~~payment of such contract will be sufficient to pay the principal~~
21 ~~and interest on such contract when due.~~

22 ~~(c) Whether the cost of the repairs, alterations, or exten-~~
23 ~~sions to be paid by such contract are excessive.~~

24 ~~(2) The requirement of subsection (1) for obtaining the~~
25 ~~prior approval of the municipal finance commission or its succes-~~
26 ~~sor agency before a title retaining contract may be executed~~
27 ~~shall be subject to sections 10 and 11 of chapter III of the~~

1 ~~municipal finance act, Act No. 202 of the Public Acts of 1943,~~
2 ~~being sections 133.10 and 133.11 of the Michigan Compiled Laws,~~
3 ~~and the department of treasury shall have the same authority as~~
4 ~~provided by section 11 of chapter III of Act No. 202 of the~~
5 ~~Public Acts of 1943 to issue an order providing or denying an~~
6 ~~exception from the prior approval required by subsection (1) for~~
7 ~~a title retaining contract authorized by this section.~~

8 Sec. 25. Loans shall not be made by the council, or by its
9 authority, in any year exceeding the amounts prescribed in this
10 act. For any loans lawfully made, the bonds of the city may be
11 issued, subject to the provisions of ~~Act No. 202 of the Public~~
12 ~~Acts of 1943, as amended, being sections 131.1 to 138.2 of the~~
13 ~~Michigan Compiled Laws~~ THE REVISED MUNICIPAL FINANCE ACT, 2001
14 PA 34, MCL 141.2101 TO 141.2821, the bonds shall be executed in a
15 manner as the council directs. Bonds ~~heretofore~~ PREVIOUSLY
16 issued or indebtedness ~~heretofore~~ PREVIOUSLY incurred by any
17 city are hereby validated.