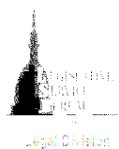


HOUSE BILL NO. 5473

February 06, 2020, Introduced by Reps. Calley, Brann, Rendon, Afendoulis, O'Malley, Green, Bollin and Yaroch and referred to the Committee on Transportation.

A bill to amend 1951 PA 51, entitled

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to promote safe and efficient travel for motor vehicle drivers, bicyclists, pedestrians, and other legal users of roads, streets, and highways; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety



JJR



05792'20 *

purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, local bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts,"

by amending section 18b (MCL 247.668b), as amended by 2002 PA 498.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 18b. (1) The state transportation commission may borrow
- 2 money and issue notes or bonds for the following purposes:
- 3 (a) To pay all or any portion of or to make loans, grants, or
- 4 contract payments to pay all or any portion of any capital costs
- 5 for the purposes described in section 9 of article IX of the state
- 6 constitution of 1963.



1 (b) To pay the principal or the principal and interest on
2 notes and, if the state transportation commission considers
3 refunding to be expedient, to refund bonds payable from money in
4 the state trunk line fund or the comprehensive transportation fund
5 or received or to be received from the motor vehicle highway fund
6 or the Michigan transportation fund regardless of when the refunded
7 bonds were issued, by the issuance of new bonds, whether or not the
8 bonds to be refunded have matured or are subject to prior
9 redemption or are to be paid, redeemed, or surrendered at the time
10 of issuance of the refunding bonds; and to issue new bonds partly
11 to refund bonds or pay notes then outstanding and partly for any
12 other transportation purpose authorized by this act.

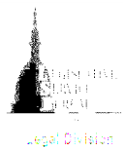
13 (c) To pay all costs relating to the issuance of the bonds or
14 notes described in this section, including, but not limited to,
15 legal, engineering, accounting, and consulting services, interest
16 on bonds or notes for such period as determined by the state
17 transportation commission in the resolution authorizing the bonds
18 or notes and a reserve for payment of principal, interest, and
19 redemption premiums on the bonds or notes in an amount determined
20 by the state transportation commission in the resolution
21 authorizing the bonds or notes.

22 (2) The refunding bonds described in subsection (1)(b) shall
23 be sold and the proceeds and the earnings or profits from the
24 investment of those proceeds applied in whole or in part to the
25 purchase, redemption, or payment of the principal or the principal
26 and interest of the bonds to be refunded and the refunding bonds
27 issued by the state transportation commission under subsection
28 (1)(b) and the costs described in subsection (1)(c). Refunding
29 notes or bonds shall be considered to be issued for the same

1 purpose or purposes for which the notes or bonds to be refunded
2 were issued.

3 (3) The notes or bonds authorized by this section shall be
4 issued only after authorization by resolution of the state
5 transportation commission, which resolution shall contain the
6 following:

7 (a) An irrevocable pledge providing for the payment of the
8 principal and interest on the notes or bonds from money ~~which~~**that**
9 is restricted as to use by section 9 of article IX of the state
10 constitution of 1963 and ~~which~~**that** is deposited or to be deposited
11 in the comprehensive transportation fund, in the case of bonds or
12 notes issued for comprehensive transportation purposes as defined
13 by law, or in the state trunk line fund, in the case of bonds or
14 notes issued for transportation purposes described in the second
15 paragraph of section 9 of article IX of the state constitution of
16 1963, or in the case of notes or bonds, if the resolution
17 authorizing the notes or bonds provides, from money received or to
18 be received by the state transportation department from the
19 proceeds of bonds or renewal notes to be issued after the date of
20 the resolution or from money received or to be received from the
21 proceeds of the grants described in subsection (9). If the
22 resolution authorizing the bonds or notes so provides, a portion of
23 the principal or interest on the bonds or notes may be secured by
24 an irrevocable pledge of money deposited in the comprehensive
25 transportation fund or the state trunk line fund, and the balance
26 of the principal and interest secured by an irrevocable pledge of
27 the proceeds of bonds or renewal notes or money received or to be
28 received from the proceeds of the grants described in subsection
29 (9).



1 (b) A brief statement describing the projects for which the
2 notes or bonds are to be issued and in the case of notes or bonds
3 to pay notes or refund bonds, a description of the notes or bonds
4 to be paid or refunded. For purposes of this section and section
5 18k, in connection with bonds issued to fund the loan program
6 established under section ~~11(6) to (11)~~, **11**, the loan program shall
7 constitute the project, and it shall not be necessary to specify
8 the particular item or costs of a particular item to be financed
9 from any particular loan made under the loan program.

10 (c) The estimated cost of the projects or refunding or
11 refinancing.

12 (d) The detail of the notes or bonds including the date of
13 issue, maturity date or dates of the bonds or notes, the maximum
14 interest rate, the dates of payment of interest, the paying agents,
15 the transfer agent or agents, the provisions for registration, the
16 redemption provisions, and the manner of execution or, as provided
17 in subsection (11) (d), the limitations within which such detail may
18 be determined by the person designated by the commission.

19 (4) If after the issuance of notes or bonds, the state
20 transportation commission determines that a project for which the
21 notes or bonds are to be issued should be changed, the state
22 transportation commission, by resolution, adopted after the 30
23 days' notice of intention to adopt the resolution has been given to
24 the appropriations committees of the senate and the house of
25 representatives, shall amend the resolution authorizing the bonds
26 or notes to change the description of the project or projects or to
27 substitute a different project or projects for the project for
28 which the notes or bonds were issued and shall make other revisions
29 in the resolution authorizing the notes or bonds with respect to

1 cost as may be necessary to permit the change in or substitution of
2 a project or projects.

3 (5) Before October 1, 1979, the total amount of bonds and
4 notes issued pursuant to this section for comprehensive
5 transportation purposes as defined by law shall not exceed an
6 amount as will be serviced as to maximum principal and interest
7 requirements by a sum equal to the amount deposited to the credit
8 of the general transportation fund for the fiscal year ending
9 September 30, 1977. After September 30, 1979, the total amount of
10 bonds and notes issued pursuant to this section for comprehensive
11 transportation purposes as defined by law shall not exceed an
12 amount as will be serviced, out of state funds only, as to maximum
13 annual principal and interest requirements by an amount equal to
14 ~~50%~~ 10% of the total amount of money from taxes, the use of which
15 money is restricted by section 9 of article IX of the state
16 constitution of 1963, and which money is deposited in the state
17 treasury to the credit of the comprehensive transportation fund
18 during the state fiscal year immediately preceding the issuance of
19 the bonds or notes.

20 (6) The total amount of bonds and notes issued pursuant to
21 this section for transportation purposes described in the second
22 paragraph of section 9 of article IX of the state constitution of
23 1963 shall not exceed an amount as will be serviced as to the
24 maximum principal and interest requirements by a sum equal to ~~50%~~
25 10% of the total of the amount of money received from taxes, the
26 use of which is restricted by section 9 of article IX of the state
27 constitution of 1963 and which is deposited in the state treasury
28 to the credit of the state trunk line fund during the state fiscal
29 year immediately preceding the issuance of the bonds or notes.



1 (7) The principal or principal and interest or the portion of
2 principal or interest of bonds or notes ~~which~~**that** are issued in
3 anticipation of the issuance of bonds or renewal notes or of
4 federal grants as provided in subsection (9) and ~~which~~**that** do not
5 pledge for their payment money in the state trunk line fund or the
6 comprehensive transportation fund or money received or to be
7 received by the state transportation department from the Michigan
8 transportation fund or the motor vehicle highway fund shall not be
9 considered to be principal and interest requirements subject to the
10 limitation set forth in subsections (5) and (6). The principal of
11 and interest on notes or bonds refunded or for the refunding of
12 which refunding bonds have been sold, whether the bonds to be
13 refunded are to be retired at the time of delivery of the refunding
14 bonds or not, shall not be considered to be principal and interest
15 requirements subject to the limitation set forth in subsections (5)
16 and (6).

17 (8) In computing the maximum annual principal and interest
18 requirements under subsection (6), the total outstanding maximum
19 annual contributions required to be made by the state highway
20 commission and the state transportation commission pursuant to
21 contracts entered into under the authorization of section 18d,
22 which contributions are pledged to the payment of bonds issued
23 under section 18d, shall be included in the amount.

24 (9) The state transportation commission may borrow money and
25 issue notes or bonds in anticipation of the receipt of grants from
26 the United States of America or any agency or instrumentality
27 thereof and may pledge for the payment of the principal, interest,
28 and redemption premiums on such notes or bonds 1 or more of the
29 following:



1 (a) The proceeds of any grant and any investment earnings or
2 gain on the grant.

3 (b) If ~~deemed~~**considered** advisable by the state transportation
4 commission, money ~~which is~~ restricted as to use by section 9 of
5 article IX of the state constitution of 1963, and ~~which is~~
6 deposited or to be deposited in the comprehensive transportation
7 fund, in the case of bonds or notes issued for comprehensive
8 transportation purposes as defined by law, or in the state trunk
9 line fund, in the case of bonds or notes issued for transportation
10 purposes described in the second paragraph of section 9 of article
11 IX of the state constitution of 1963.

12 (c) If ~~deemed~~**considered** advisable by the state transportation
13 commission, money received or to be received by the state from the
14 sale of the bonds or notes described in this section to be issued
15 after the issuance of the notes or bonds described in this
16 subsection and any investment earnings or gain thereon.

17 (10) Bonds or notes may be issued under this section as
18 separate issues or series with different dates of issuance, but the
19 aggregate of the bonds or notes ~~shall be~~**is** subject to the
20 limitations set forth in this section.

21 (11) The state transportation commission in determining to
22 issue bonds or notes may do 1 or more of the following:

23 (a) Authorize and enter into insurance contracts, agreements
24 for lines of credit, letters of credit, commitments to purchase
25 obligations, remarketing agreements, reimbursement agreements, and
26 any other transactions to provide security to ~~assure~~**ensure** timely
27 payment of any bonds or notes.

28 (b) Authorize payment from the proceeds of the bonds or notes
29 or other funds available, of the cost of issuance, including, but



1 not limited to, fees for placement, fees or charges for insurance,
2 letters of credit, lines of credit, remarketing agreements,
3 reimbursement agreements, or purchase or sales agreements or
4 commitments, or other agreements to provide security to ~~assure~~
5 **ensure** timely payment of bonds or notes.

6 (c) Authorize principal and interest to be payable from 1 or
7 more of the following:

8 (i) Money described in subsection (3)(a).

9 (ii) Proceeds of bonds or notes.

10 (iii) Earning on proceeds of bonds or notes or other funds held
11 for payment of bonds or notes.

12 (iv) Proceeds of any other security provided to ~~assure~~**ensure**
13 timely payment of the bonds or notes.

14 (v) Proceeds of federal grants and other money described in
15 subsection (9).

16 (vi) Any combination of the sources described in subparagraphs
17 (i) to (v).

18 (d) Authorize or provide for a person designated by the state
19 transportation commission, but only within limitations ~~which~~**that**
20 shall be contained in the authorization resolution of the state
21 transportation commission, to do 1 or more of the following:

22 (i) Sell and deliver and receive payment for bonds or notes.

23 (ii) Refund bonds or notes by the delivery of new bonds or
24 notes, whether or not the bonds or notes to be refunded have
25 matured or are subject to redemption ~~prior to~~**before** maturity on
26 the date of delivery of the refunding bonds or notes.

27 (iii) Deliver bonds or notes partly to refund bonds or notes and
28 partly for any other authorized purposes.



1 (iv) Buy, hold without cancellation, or sell bonds or notes so
2 issued.

3 (v) Approve interest rates or methods for fixing interest
4 rates, prices, discounts, maturities, principal amounts,
5 denominations, dates of issuance, interest payment dates, optional
6 or mandatory redemption or tender rights and obligations to be
7 exercised by the state transportation commission or the holder, the
8 place of delivery and payment, and other matters and procedures
9 necessary to complete the transactions authorized.

10 (e) In connection with outstanding bonds, notes, or other
11 obligations issued under this act, or in connection with the
12 issuance or proposed issuance of bonds, notes, or other
13 indebtedness, the state transportation commission may authorize by
14 resolution the execution and delivery of agreements providing for
15 interest rate exchanges or swaps, hedges, or similar agreements.
16 The obligations of this state under the agreements, including
17 termination payments, may be made payable from and secured by a
18 pledge of the same sources of funds as the bonds, notes, or other
19 obligations in connection with which the agreements are entered
20 into, or from any other sources of funds available as a payment
21 source of bonds, notes, or other obligations issued under this act.
22 In calculating debt service on bonds, notes, and other obligations,
23 the payments and receipts under the agreements authorized by this
24 subsection, without regard to termination payments, and the payment
25 obligations under the bonds, notes, or other obligations in
26 connection with which the agreements are entered into, shall be
27 aggregated and treated as a single obligation.

28 (f) Bonds and notes issued under this act are not subject to
29 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to

1 141.2821.

2 (g) The issuance of bonds and notes under this section is
3 subject to the agency financing reporting act, **2002 PA 470, MCL**
4 **129.171 to 129.177.**

5 If additionally secured as provided in this subsection, the
6 bonds or notes, notwithstanding other provisions of this act, may
7 be made payable or subject to purchase on demand or ~~prior to~~**before**
8 maturity at the option of the holder at the time and in the manner
9 as determined by the state transportation commission or the
10 designated person as provided in the resolution authorizing the
11 bonds or notes. Any bonds or notes authorized by this section may
12 bear no interest or interest at a rate or rates ~~which~~**that** may be
13 variable but ~~which shall be~~**that are** subject to the limitations
14 provided in section 18e as provided in the resolution authorizing
15 the obligations. If bonds or notes are subject to payment or
16 purchase on demand or ~~prior to~~**before** maturity at the option of the
17 holder, and the obligation of the state to make payment or effect
18 purchases on demand or ~~prior to~~**before** maturity, at the option of
19 the holder is limited to the proceeds of 1 or more of the
20 additional security devices described in this subsection and is not
21 payable from constitutionally restricted funds deposited in the
22 comprehensive transportation fund or the state trunk line fund, for
23 purposes of computing maximum annual principal and interest
24 requirements under subsections (5) and (6), the principal and
25 interest on the bonds or notes subject to payment or purchase on
26 demand or prior redemption at the option of the holder shall be
27 disregarded and the maximum annual principal and interest
28 requirements ~~which~~**that** would arise with respect to the repayment
29 of the proceeds of the additional security device shall be



1 substituted therefor.

