BONDS OR NOTES FOR CAPITAL IMPROVEMENTS
Act 121 of 1969

AN ACT to authorize counties, cities, townships and villages to issue bonds or notes, and pledge deferred income from sale of capital assets, due and payable but which has not been received, for the payment of principal and interest thereon; and to authorize the county, city, township or village to pledge its full faith and credit for the payment of the bonds or notes.

History: 1969, Act 121, Imd. Eff. July 29, 1969.

The People of the State of Michigan enact:

141.381 Issuance of bonds and notes; resolution; purpose; pledges; use of proceeds; debt limitation; general obligations.

Sec. 1. Any county, city, township or village, by resolution adopted by a majority vote of the members elect of its legislative body may authorize the issuance of bonds or notes of the county, city, township or village for the purpose of raising funds to be used for capital improvements and pledge as security for the payment of the principal and interest on the bonds or notes part or all of the deferred income from the sale of its capital assets. Moneys realized from issuance of bonds or notes secured by pledge of the deferred income from sale of capital assets shall be used solely for capital improvements. The county, city, township or village may also pledge its full faith and credit for the prompt payment of principal and interest on any bonds or notes issued pursuant to this act. In no case may the county, city, township or village involved borrow in excess of 80% of the face value of the assets pledged. The bonds or notes shall be valid and binding general obligations of the county, city, township or village notwithstanding any invalidity or illegality in the contract of sale of capital assets pledged for payment thereof.

History: 1969, Act 121, Imd. Eff. July 29, 1969.

141.382 Form and execution of bonds or notes; principal and interest; maximum due in one year; due dates; tax exemptions.

Sec. 2. The bonds or notes authorized to be issued under this act shall be issued in the name of the county, city, township, or village and shall be executed in the manner provided by resolution of its legislative body. Bonds or notes issued under this act shall be negotiable instruments with the last maturity due not later than the year in which the final payment is due according to the contract of sale of capital assets. The maximum principal and interest falling due in any year shall not exceed income to be received during that year from the contract of sale of capital assets pledged for the payment of the bonds or notes plus any income due in prior years that will not be required for payment of principal or interest, or both, in prior years. The due date of principal and the first interest payment in each year shall be not less than 30 days subsequent to the estimated time of receipt of the payments on the contract for sale of capital assets pledged. The bonds and coupons and notes shall be exempt from taxation by this state or by any taxing authority within this state.

History: 1969, Act 121, Imd. Eff. July 29, 1969;—Am. 2002, Act 195, Imd. Eff. Apr. 29, 2002.

141.383 Bonds or notes subject to MCL 141.2101 to 141.2821.

Sec. 3. The bonds or notes shall be subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

History: 1969, Act 121, Imd. Eff. July 29, 1969;—Am. 1983, Act 52, Imd. Eff. May 16, 1983;—Am. 2002, Act 195, Imd. Eff. Apr. 29, 2002.

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