

THE HOME RULE CITY ACT (EXCERPT)
Act 279 of 1909

117.4a Borrowing money and issuing bonds; net indebtedness; limitation; computation; borrowing in case of fire, flood, or other calamity; incurring obligation for construction, renovation, or modernization of hospital; bonds as obligation of special assessment district and city; validation of bonds issued and obligations incurred before July 31, 1973.

Sec. 4a.

(1) Each city in its charter may provide for the borrowing of money on the credit of the city and issuing bonds for the borrowing of money, for any purpose within the scope of the powers of the city.

(2) Notwithstanding a charter provision to the contrary, the net indebtedness incurred for all public purposes must not exceed the greater of the following:

(a) Ten percent of the assessed value of all the real and personal property in the city.

(b) Fifteen percent of the assessed value of all the real and personal property in the city if that portion of the total amount of indebtedness incurred that exceeds 10% is or has been used solely for the construction or renovation of hospital facilities.

(3) In case of fire, flood, or other calamity, the legislative body may borrow for the relief of the inhabitants of the city and for the preservation of municipal property, a sum not to exceed $\frac{3}{8}$ of 1% of the assessed value of all the real and personal property in the city, due in not more than 5 years, even if the loan would cause the indebtedness of the city to exceed the limit established by this section.

(4) In computing the net indebtedness, all of the following must be excluded:

(a) Bonds issued in anticipation of the payment of special assessments, even though they are also a general obligation of the city.

(b) Mortgage bonds that are secured only by a mortgage on the property or franchise of a public utility.

(c) Bonds issued to refund money advanced or paid on special assessments for water main extensions.

(d) Motor vehicle highway fund bonds, even though they are also a general obligation of the city.

(e) Revenue bonds.

(f) Bonds issued or contract or assessment obligations incurred to comply with an order of the water resources commission or a court of competent jurisdiction.

(g) Obligations incurred before January 9, 1973 for water supply, sewage, drainage, or refuse disposal, or resource recovery projects, or incurred after January 8, 1973 for projects necessary to protect the public health by abating pollution. A certification by the county, district, or state health department is sufficient proof that the project is necessary to protect the public health by abating pollution.

(h) Bonds issued to acquire housing for which rent subsidies will be received by the city or an agency of the city under a contract with the United States government and used by the city to operate and maintain the housing and pay principal and interest on the bonds.

(i) Obligations entered into under an intergovernmental self-insurance contract under section 5 of 1951 PA 35, MCL 124.5, or issued to pay premiums or to establish funds to self-insure for losses under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(j) Bonds issued or assessments or contract 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. This term 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) City 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.

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

(6) An obligation for the construction, renovation, or modernization of a hospital under subsection (2)(b) must not be incurred after July 1, 1978 unless the construction, renovation, or modernization has been approved in accordance with any applicable act or unless the obligation is to refinance a previous obligation.

(7) Each city may provide in its charter for the borrowing of money and issuing bonds for the borrowing of money in anticipation of the payment of special assessments, which bonds may be an obligation of the special assessment district or may be both an obligation of the special assessment district and a general obligation of the city.

(8) Bonds issued and obligations incurred before July 31, 1973 are validated.

(9) In computing the net indebtedness for the purposes of subsection (2), there may be added to the assessed value of real and personal property in a city for a fiscal year an amount equal to the assessed value equivalent of certain city revenues as determined under this subsection. The assessed value equivalent must be calculated by dividing the sum of the following amounts by the city's millage rate for the fiscal year:

(a) The amount paid or the estimated amount required to be paid by the state to the city during the city's fiscal year for the city'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 city 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 city'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 city for its own use during the city's fiscal year from the specific tax levied under 1974 PA 198, MCL 207.551 to 207.572.

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

History: Add. 1921, Act 353, Eff. Aug. 18, 1921 ;-- Am. 1927, Act 351, Eff. Sept. 5, 1927 ;-- Am. 1929, Act 126, Eff. Aug. 28, 1929 ;-- CL 1929, 2231 ;-- Am. 1932, 1st Ex. Sess., Act 14, Imd. Eff. Apr. 29, 1932 ;-- CL 1948, 117.4a ;-- Am. 1972, Act 374, Imd. Eff. Jan. 9, 1973 ;-- Am. 1973, Act 81, Imd. Eff. July 31, 1973 ;-- Am. 1977, Act 263, Imd. Eff. Dec. 8, 1977 ;-- Am. 1978, Act 634, Imd. Eff. Jan. 8, 1979 ;-- Am. 1988, Act 268, Imd. Eff. July 15, 1988 ;-- Am. 1992, Act 256, Imd. Eff. Dec. 7, 1992 ;-- Am. 1994, Act 324, Imd. Eff. Oct. 12, 1994 ;-- Am. 2002, Act 201, Imd. Eff. Apr. 29, 2002 ;-- Am. 2018, Act 89, Eff. June 24, 2018