

SHARED CREDIT RATING ACT (EXCERPT)
Act 227 of 1985

141.1073 Municipal obligations generally.

Sec. 23.

(1) A governmental unit may borrow money and issue municipal obligations in accordance with the laws of this state. The security for municipal obligations shall be that provided by the laws authorizing their issuance. In addition, a governmental unit may pledge for the payment of a municipal obligation purchased by the authority the municipality's full faith and credit as determined by its governing body. In addition, the authority may require a governmental unit to pledge, and the governmental unit may pledge, for the payment of the municipal obligation purchased by the authority money received or to be received by the governmental unit whether derived from imposition of taxes by the state or from other sources and returned or to be returned to the governmental unit as provided by law except for money the use of which is prohibited for such purposes by the state constitution of 1963. The authority and a governmental unit may enter into an agreement providing for the payment of taxes, which taxes are collected by the state and returned to the governmental unit as provided by law, to the authority or to a trustee, and those taxes may be pledged by the governmental unit for the payment of the municipal obligations of the governmental unit purchased by the authority. If the authority and the governmental unit enter into such an agreement, the state treasurer shall pay the pledged money in accordance with the provisions of the agreement.

(2) Notwithstanding the provisions of a charter or statute applicable to or constituting a limitation on the maximum rate of interest per annum payable on bonds or notes, or as to annual interest cost of money borrowed or received upon issuance of bonds or notes, a governmental unit may contract to pay no interest or interest which may be a variable rate on money borrowed from the authority and evidenced by the municipal obligations of that governmental unit purchased by the authority. A governmental unit may contract with the authority with respect to the loan or purchase. The contract shall contain the terms and conditions of the loan or purchase. The contract may also provide for agreements by the governmental unit with respect to the governmental unit's fiscal, budget, debt and cash management, and accounting matters as the authority requests.

(3) A governmental unit may pay fees and charges required to be paid to the authority for the authority's services.

(4) Notwithstanding the provisions of a law or statute applicable to or constituting a limitation on the sale of municipal obligations, a governmental unit may sell municipal obligations to the authority without limitation as to denomination, and the municipal obligations may be fully registered, registrable as to principal, or in bearer form; may bear interest at the rate or rates all in accordance with the provisions of this section; may be evidenced in the manner; may contain other provisions not inconsistent with this act; and may be sold to the authority without advertisement at private negotiated sale at par or at a discount and accrued interest as shall be provided in the proceedings of the governing body of the governmental unit pursuant to which the municipal obligations are authorized to be issued.

(5) Any provision of this act allowing a governmental unit to pledge its full faith and credit for payment of the principal of and interest on municipal obligations purchased by the authority does not grant any additional authority, beyond that granted by other statute or by charter, for that governmental unit to pledge its full faith and credit without a vote of the people.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 1987, Act 280, Eff. Apr. 11, 1988 ;-- Am. 1988, Act 316, Eff. Sept. 1, 1988