

SUBSTITUTE FOR
HOUSE BILL NO. 5229

A bill to amend 2011 PA 258, entitled
"Municipal partnership act,"
by amending section 7 (MCL 124.117).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7. (1) Subject to **this subsection and** subsection (3), the
2 joint endeavor may levy a tax of not more than 5 mills on all
3 taxable property in the areas served by the joint endeavor for the
4 purpose of providing revenue to the joint endeavor. **If a tax is**
5 **levied by a joint endeavor for public transit services, the**
6 **contract providing for the joint endeavor must include the method**
7 **by which the public transit services of the joint endeavor will be**
8 **provided throughout the service area of the joint endeavor. A tax**
9 **levied by a joint endeavor for transportation purposes must not be**



1 **used for any purpose related to an international bridge.**

2 (2) A proposal for a tax ~~shall~~**must** not be placed on the
3 ballot unless the proposal is adopted by a resolution of the
4 governing body of each ~~local government participating in the joint~~
5 ~~endeavor~~**participant.**

6 (3) If a joint endeavor levies a millage under this section,
7 ~~each year the joint endeavor shall, as necessary, decrease the~~
8 ~~number of mills the joint endeavor levies to ensure that, with~~
9 ~~respect to each participating local government in the joint~~
10 ~~endeavor, the number of mills levied by a participating local~~
11 ~~government plus the number of mills levied by the joint endeavor~~
12 ~~will not exceed the maximum number of mills that the participating~~
13 ~~local government is constitutionally and statutorily authorized to~~
14 ~~levy under each~~**the number of mills levied by the joint endeavor is**
15 **subject to the limitations applicable to and any reductions**
16 **required under sections 6 and 25 to 31 of article IX of the state**
17 **constitution of 1963. The number of mills levied by the joint**
18 **endeavor counts toward the constitutional or statutory tax rate**
19 **limitation applicable to mills levied by the joint endeavor, but**
20 **does not count toward the constitutional or statutory tax rate**
21 **limitation applicable to mills levied by any participant. The**
22 **number of mills levied by a participant remains subject to any**
23 **limitation applicable under any of the following:**

24 (a) Section 6 of article IX of the state constitution of 1963.

25 (b) The property tax limitation act, 1933 PA 62, MCL 211.201
26 to 211.217a.

27 (c) Section 14(1)(m) of 1966 PA 293, MCL 45.514.

28 (d) Section 3(g) of the home rule city act, 1909 PA 279, MCL
29 117.3.



1 (e) Section 27(2) of the charter township act, 1947 PA 359,
2 MCL 42.27.

3 (f) Section 26(1)(i) of the home rule village act, 1909 PA
4 278, MCL 78.26.

5 (g) Section 1(2) of chapter IX of the general law village act,
6 1895 PA 3, MCL 69.1.

7 (h) Any other applicable millage limit enacted after ~~the~~
8 ~~effective date of this act.~~ **December 14, 2011.**

9 (4) If only a portion of a local government is located in the
10 service area of a joint endeavor, as described in the contract for
11 the joint endeavor, only those electors residing in that portion of
12 the local government located in the service area of the joint
13 endeavor are eligible to vote on the ballot proposal for a tax and
14 that tax ~~shall~~ **must** only be levied against the property within that
15 service area.

16 (5) The proposal for a tax under this act may be submitted to
17 a vote of the electors ~~served by~~ **residing within the service area**
18 **of** the joint endeavor only at an even year general November
19 election.

20 (6) A ballot proposal for a tax ~~shall~~ **must** comply with the
21 requirements of section 24f of the general property tax act, 1893
22 PA 206, MCL 211.24f. In addition, **if the tax levy will result in**
23 **any reduction of taxes levied by a participant,** the ballot ~~shall~~
24 **proposal must also** state the manner in which the tax levy will
25 result in any reduction of taxes levied by ~~each local government~~
26 ~~participating in the joint endeavor.~~ **that participant. If a contract**
27 **to form a joint endeavor permits a tax levy to be used to repay**
28 **revenue bonds as provided under subsection (10), the ballot**
29 **proposal must also state that revenue from the tax levy may be used**



1 **to repay the revenue bonds.**

2 (7) The joint endeavor may levy a new tax or the increase of
 3 an existing tax only if a majority of the electors in each ~~local~~
 4 ~~government served by the joint endeavor~~ **participant** voting on the
 5 tax approve the tax. The joint endeavor may levy the renewal of an
 6 existing tax only if a majority of the electors ~~served by the joint~~
 7 ~~endeavor~~ **residing within the service area of the joint endeavor**
 8 voting on the renewal of the existing tax approve the tax.

9 (8) A tax authorized to be levied by a joint endeavor under
 10 this act ~~shall~~ **must** be levied and collected at the same time and in
 11 the same manner as provided by the general property tax act, 1893
 12 PA 206, MCL 211.1 to 211.155.

13 (9) **A tax levied by a joint endeavor for transportation**
 14 **purposes and any specific tax attributable to that tax must not be**
 15 **attributed or transmitted to or retained or captured by any other**
 16 **governmental entity for purposes not authorized by this act or the**
 17 **contract providing for the joint endeavor.**

18 (10) A contract for a joint endeavor under this act may
 19 provide for the joint endeavor, or a participant or a public agency
 20 that is a party to the contract, to do 1 or more of the following:

21 (a) Borrow money and issue revenue bonds on behalf of the
 22 joint endeavor to purchase, acquire, construct, improve, enlarge,
 23 extend, or repair 1 or more public improvements for purposes
 24 consistent with the purposes of the joint endeavor and for related
 25 project costs.

26 (b) Pledge revenue received or to be received by the joint
 27 endeavor, participant, or public agency pursuant to the contract,
 28 including revenue from a tax levied by the joint endeavor under
 29 this section for the repayment of the revenue bonds.



1 (c) Provide for the repayment of the revenue bonds upon terms
2 and conditions specified in a resolution authorizing the revenue
3 bonds, the principal and interest of which must be payable only
4 from proceeds described in the resolution.

5 (d) Provide for the creation of a lien upon the revenue
6 pledged in favor of the holders of the revenue bonds upon terms and
7 conditions specified in a resolution authorizing the revenue bonds.

8 (11) All of the following apply to revenue bonds described
9 under subsection (10):

10 (a) The resolution authorizing the revenue bonds must include
11 a statement that the bonds are revenue bonds.

12 (b) The resolution authorizing the revenue bonds must include
13 a statement briefly describing the public improvements to be
14 purchased, acquired, constructed, improved, enlarged, extended, or
15 repaired.

16 (c) The resolution authorizing the revenue bonds must delegate
17 for a period of time to a designated officer, employee, or agent
18 the power to issue, sell, and deliver revenue bonds within the
19 limits on the revenue bonds established in the resolution relating
20 to any of the following:

21 (i) Form.

22 (ii) Maximum interest rate.

23 (iii) Maturity date.

24 (iv) Purchase price.

25 (v) Denomination.

26 (vi) Redemption dates and premiums, if any.

27 (vii) Nature of the security.

28 (viii) Selection of an applicable interest rate index.



1 (ix) Other terms and conditions prescribed with respect to the
2 issuance of the revenue bonds.

3 (d) The resolution authorizing the revenue bonds may include 1
4 or more of the following:

5 (i) Specification of other details or matters necessary or
6 advisable to provide for the prompt and orderly retirement of the
7 revenue bonds and the interest on the revenue bonds at maturity.

8 (ii) Provision for the deposit of revenues pledged for the
9 payment of the revenue bonds into a separate account for the
10 purpose of paying principal and interest on the revenue bonds, the
11 project costs, and any other bonds issued that are secured by those
12 revenues.

13 (iii) Authorization to refund the revenue bonds, in whole or in
14 part, for refunding or restructuring by issuing new revenue bonds
15 if the refunding would be expedient, whether or not the revenue
16 bonds to be refunded have matured, including any identification of
17 parameters under which the refunding bonds can be issued.

18 (e) The revenue bonds must not mature more than 30 years from
19 the date of the original issuance.

20 (f) If the contract for a joint endeavor provides for the
21 creation of a lien pursuant to subsection (10) (d), the lien is a
22 statutory lien upon the revenues pledged to pay the principal of,
23 interest on, and project costs of the revenue bonds, to and in
24 favor of the holders of the revenue bonds and any interest coupons
25 on the revenue bonds. The statutory lien is a first lien upon that
26 revenue, except that if a prior lien exists, the new lien is
27 subject to the prior lien. A statutory lien created under this
28 section is effected and perfected without delivery, recording, or
29 notice. The pledged revenue remains subject to the statutory lien



1 until the payment in full of the principal of, interest upon, and
2 project costs of the revenue bonds unless the authorizing
3 resolution provides for earlier discharge of the lien by
4 substitution of other security. A statutory lien does not permit
5 the holder of a bond or coupon to compel the sale of a public
6 improvement.

7 (g) The revenue bonds may be sold to the Michigan finance
8 authority created by Executive Reorganization Order No. 2010-2, MCL
9 12.194.

10 (h) The revenue bonds are subject to the revised municipal
11 finance act, 2001 PA 34, MCL 141.2101 to 141.2821. The revenue
12 bonds are not subject to the revenue bond act of 1933, 1933 PA 94,
13 MCL 141.101 to 141.140.

14 (12) As used in this section:

15 (a) "Participant" means a local government that is a party to
16 a contract providing for a joint endeavor under this act.

17 (b) "Project cost" means that term as defined in section 3 of
18 the revenue bond act of 1933, 1933 PA 94, MCL 141.103.

19 (c) "Public improvements" means that term as defined in
20 section 3 of the revenue bond act of 1933, 1933 PA 94, MCL 141.103.

