

HOUSE BILL No. 4148

January 26, 2011, Introduced by Reps. Denby, Hughes and Rogers and referred to the Committee on Local, Intergovernmental, and Regional Affairs.

A bill to create the delinquent special assessment revolving loan fund; to provide for the administration of the fund; to prescribe requirements for loans from the fund; to prescribe duties of certain state and local officials; and to make appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "delinquent special assessment revolving loan fund".

3 Sec. 3. As used in this act:

4 (a) "Department" means the department of treasury.

5 (b) "Eligible local governmental unit" means a city, village,
6 township, or county that meets all of the following requirements:

7 (i) Has issued bonds, or has pledged its full faith and credit
8 for bonds, for infrastructure improvements financed by a special
9 assessment.

1 (ii) Is unable to make necessary payments on those bonds
2 because special assessment payments on properties benefited by the
3 infrastructure improvements have been delinquent for a period of 6
4 months or more.

5 (c) "Fund" means the delinquent special assessment revolving
6 loan fund created in section 5.

7 Sec. 5. (1) The delinquent special assessment revolving loan
8 fund is created within the state treasury.

9 (2) The state treasurer may receive money or other assets from
10 any source for deposit into the fund. The state treasurer shall
11 direct the investment of the fund. The state treasurer shall credit
12 to the fund interest and earnings from fund investments.

13 (3) Money in the fund at the close of the fiscal year shall
14 remain in the fund and shall not lapse to the general fund.

15 (4) The department of treasury shall be the administrator of
16 the fund for auditing purposes.

17 (5) The department of treasury shall expend money from the
18 fund only for loans to eligible local tax governmental units to
19 permit necessary bond payments for infrastructure improvements as
20 provided in this act.

21 Sec. 7. (1) An eligible local governmental unit may apply for
22 a loan from the delinquent special assessment revolving loan fund
23 as provided in this section. If a county has pledged its full faith
24 and credit for bonds issued by a city, village, or township, any
25 loan application submitted by a city, village, or township under
26 this section shall first be approved by that county.

27 (2) An application for a loan from the fund shall be in a form

1 prescribed by the department.

2 (3) The department shall review an application for a loan from
3 the fund submitted by an eligible local governmental unit and shall
4 notify the eligible local governmental unit in writing within 30
5 days of receipt of the application whether the loan has been
6 approved or disapproved.

7 (4) The department shall consider loan applications under this
8 act on a first-come, first-served basis.

9 Sec. 9. (1) A loan under this act shall not exceed an amount
10 equal to 1 year's bond payment.

11 (2) A loan under this act shall be for a period not to exceed
12 5 years after the bond expires.

13 (3) Interest on a loan under this act shall be at a rate
14 prescribed by the department of treasury. The department shall not
15 charge a rate of interest greater than that rate necessary to
16 ensure that the fund remains actuarially sound.

17 Sec. 11. As a condition for any loan under this act, the
18 eligible local governmental unit shall require any property
19 connecting to the infrastructure improvements for which the bond
20 was issued to pay to the eligible local governmental unit the full
21 amount of all delinquent and all future special assessment payments
22 levied on that property for the infrastructure improvements for
23 which the bond was issued.

24 Sec. 13. If an eligible local governmental unit does not make
25 payments to this state as prescribed under the terms of the loan,
26 any amount delinquent shall be withheld from any payments made to
27 the eligible local governmental unit under the Glenn Steil state

1 revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921.

2 Sec. 15. There is appropriated from the general fund to the
3 department for deposit into the delinquent special assessment
4 revolving loan fund the sum of \$5,000,000.00 for the purpose of
5 making loans to eligible local governmental units as prescribed in
6 this act.