

BORROWING FROM MOTOR VEHICLE HIGHWAY FUND (EXCERPT)
Act 175 of 1952

247.701 Borrowing money and issuing bonds; purposes; bonds subject to revised municipal finance act; refunding bonds; sale; refund prohibited under certain conditions.

Sec. 1.

(1) Subject to subsections (2) and (3), any incorporated city or village in this state is authorized to borrow money and issue its bonds for the purposes enumerated in section 13 of 1951 PA 51, MCL 247.663, and to refund bonds issued under this act or in part to refund bonds issued under this act and in part for the purposes enumerated in section 13 of 1951 PA 51, MCL 247.663, without a vote of the electors. Any bonds issued under this act are subject to the requirements of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, and all procedures for issuing bonds under this act shall conform to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. Any refunding bonds issued under this act may include the amount of any premium to be paid upon the calling of the bonds to be refunded or, if the bonds are not callable, any premium necessary to be paid in order to secure the surrender of the bonds to be refunded, but, in either case, the amount of the premium included shall not exceed 3% of the principal amount of the bonds to be refunded. Nothing in this section shall be construed to provide for the refunding of noncallable unmatured bonds without the consent of the holder or holders of those bonds. Refunding bonds may be sold at any time to refund any outstanding bonds.

(2) A city or village shall not issue or refund a bond under this act if the bond or authorizing resolution does 1 or more of the following:

(a) Provides that the proceeds of the bond are used for operational expenses of the city or village, other than engineering or design expenses related to the project for which the bond was issued.

(b) Provides that the weighted average maturity of the bond exceeds the useful life of the asset.

(c) Provides that the bond, in whole or in part, appreciates in principal amount or is sold at a discount in an amount greater than 10%.

History: 1952, Act 175, Imd. Eff. Apr. 25, 1952 ;-- Am. 1964, Act 37, Eff. Aug. 28, 1964 ;-- Am. 1983, Act 117, Imd. Eff. July 18, 1983 ;-- Am. 1998, Act 506, Imd. Eff. Jan. 8, 1999 ;-- Am. 2002, Act 330, Imd. Eff. May 23, 2002