

HOUSE BILL No. 5837

April 9, 2002, Introduced by Rep. Julian and referred to the Committee on Tax Policy.

A bill to amend 1986 PA 196, entitled
"Public transportation authority act,"
by amending section 23 (MCL 124.473).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 23. (1) A public authority may borrow money and issue
2 notes and bonds to acquire, construct, or purchase public trans-
3 portation facilities and to otherwise finance and carry out its
4 powers and duties. The notes and bonds may pledge, be payable
5 from, and may be issued in anticipation of payment of the pro-
6 ceeds of any of the methods of financing described in section 17
7 or elsewhere in this act or as may be provided by law.

8 (2) The public authority may issue bonds or notes at any
9 time to retire, fund, or refund, in whole or in part, outstanding
10 bonds or notes issued pursuant to this act, or for transportation
11 purposes under any other act including the payment of interest

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1 accrued, or to accrue, to the earliest or any subsequent date of
2 redemption, purchase, or maturity of the bonds or notes, redemp-
3 tion premium, if any, and any commission, service fees, and other
4 expenses necessary to be paid in connection with the bonds or
5 notes, whether the bonds or notes to be refunded have matured or
6 are redeemable or shall at a later date mature or become
7 redeemable. If considered advisable by the public authority, the
8 public authority may issue bonds or notes partly to refund out-
9 standing bonds or notes and partly for any other purpose contem-
10 plated by this act. ~~Bonds or notes issued to refund outstanding~~
11 ~~bonds or notes may be issued in a principal amount greater than,~~
12 ~~the same as, or lesser than the principal amount of the bonds or~~
13 ~~notes to be refunded, and may bear interest rates that are higher~~
14 ~~than, the same as, or lower than the interest rates of the bonds~~
15 ~~or notes to be refunded. The principal, interest, and redemption~~
16 ~~premiums, if any, on bonds or notes issued by a public authority~~
17 ~~pursuant to this section to refund outstanding bonds or notes~~
18 ~~shall be payable from 1 or more of the following:~~

19 ~~(a) The revenues pledged for payment of the bonds or notes~~
20 ~~to be refunded.~~

21 ~~(b) The proceeds of the refunding bonds or notes.~~

22 ~~(c) Investment earnings on the proceeds of the refunding~~
23 ~~bonds or notes.~~

24 ~~(d) Debt service reserve or the funds held for repayment of~~
25 ~~the bonds or notes to be refunded.~~

26 ~~(e) Any other revenue described in this section.~~

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1 (3) The bonds and notes issued pursuant to section 22 or
2 this section may be issued pursuant to, and shall be subject to
3 the ~~municipal finance act, Act No. 202 of the Public Acts of~~
4 ~~1943, being sections 131.1 to 139.3 of the Michigan Compiled~~
5 ~~Laws~~ REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO
6 141.2821.

7 (4) The public authority, by resolution of its board, shall
8 provide for the issuance of the notes or bonds for the purpose of
9 paying part or all of the cost of the public transportation
10 facilities or authorized programs, which cost may include an
11 allowance for legal, engineering, architectural, and consulting
12 services; interest on the bonds or notes becoming due before the
13 collection of the first revenue available for the payment of the
14 interest as determined by the authority; a debt service reserve;
15 and other necessary incidental expenses. Principal of, and
16 interest and redemption premiums on, the bonds or notes issued
17 under this section shall be payable solely from revenue, the
18 other sources described in this section, or otherwise described
19 in this act. Any interest shall be payable on the dates as
20 determined in the resolution authorizing the issuance of the
21 bonds or notes. The board of the public authority, in the reso-
22 lution authorizing the issuance of the bonds or notes shall
23 determine the principal amount of the bonds or notes to be
24 issued, the registration provisions, the bond or note denomina-
25 tions, the bond or note designations, the rights of prior redemp-
26 tion of the bonds or notes at the option of the public authority
27 or the holders of the bonds or notes, the maximum rate of

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1 interest, the method of execution of the bonds or notes, and any
2 other provisions respecting the bonds or notes, the rights of the
3 holders of the bonds or notes, the security for the bonds or
4 notes, and the procedures for disbursement of the bond or note
5 proceeds and for the investment of the proceeds of bonds or notes
6 and money for the payment of bonds or notes. The board OF THE
7 PUBLIC AUTHORITY in the resolution authorizing the issuance of
8 bonds or notes may provide for the assignment of the revenues
9 pledged to 1 of the paying agents for the bonds or notes or to a
10 trustee, as ~~hereinafter~~ provided in this act. The board OF THE
11 PUBLIC AUTHORITY, in the resolution or resolutions authorizing
12 the bonds or notes, may provide for the terms and conditions upon
13 which the holders of the bonds or notes, or any portion of the
14 bond or noteholders or any trustee for the bond or noteholders,
15 shall be entitled to the appointment of a receiver. The resolu-
16 tion authorizing the bonds or notes may provide for the appoint-
17 ment of a trustee for the bond or noteholders, may give to the
18 trustee the appropriate rights, duties, remedies, and powers,
19 with or without the execution of a deed of trust or mortgage,
20 necessary and appropriate to secure the bonds or notes.

21 (5) All bonds and notes and the interest coupons attached to
22 the bonds or notes are declared to be fully negotiable and to
23 have all of the qualities incident to negotiable instruments
24 under the uniform commercial code, ~~Act No. 174 of the Public~~
25 ~~Acts of 1962, being sections 440.1101 to 440.11102 of the~~
26 ~~Michigan Compiled Laws~~ 1962 PA 174, MCL 440.1101 TO 440.11102,

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1 subject only to the provisions for registration of the bonds or
2 notes which may appear on the bonds or notes.

3 (6) The property of the authority, its income and operation,
4 and any vendor, vendee, lessor, and lessee interest in any prop-
5 erty sold or leased pursuant to section 24 shall be exempt from
6 all taxation by this state or any of its political subdivisions
7 and all bonds and notes of the authority, the interest on the
8 bonds and notes, and their transfer shall be exempt from all tax-
9 ation by this state or any of its political subdivisions. —
10 ~~except for estate, gift, and inheritance taxes.~~ The THIS state
11 covenants with the purchasers and all subsequent holders and
12 transferees of notes and bonds issued by the authority under this
13 act, in consideration of the acceptance of and payment for the
14 notes and bonds, that the notes and bonds of the fund, issued
15 pursuant to this act, the interest on the notes and bonds, the
16 transfer ~~thereof~~ OF THE BONDS OR NOTES, and all its fees,
17 charges, gifts, grants, revenues, receipts, and other money
18 received or to be received and pledged to pay or secure the pay-
19 ment of the notes or bonds shall at all times be free and exempt
20 from all state or local taxation as provided by the laws of ~~the~~
21 THIS state. —, ~~except for estate, gift, and inheritance taxes.~~

22 (7) The public authority may issue additional bonds or notes
23 with respect to the pledge of the revenues with previously issued
24 bonds or notes of the public authority for the purpose and under
25 the terms and conditions provided in the resolution authorizing
26 the previous issue of bonds. The public authority may enter into
27 agreements with the holders of the bonds or notes or with others

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1 for the bonds or notes to be delivered to the public authority or
2 others before the stated maturities of the bonds or notes.

3 (8) ~~The~~ THIS state, a political subdivision, or a private
4 corporation, partnership, or individual may advance money or
5 deliver property to the public authority to finance or to carry
6 out its powers and duties. The public authority may agree to
7 repay the advances or pay for the property within a period not
8 exceeding 40 years, from the proceeds of its bonds or notes or
9 from other funds legally available for use, with or without
10 interest as may be agreed at the time of advance or of
11 repayment. The obligation of the public authority to make the
12 repayment or payment may be evidenced by a contract or note or
13 notes, which contract or note may pledge the full faith and
14 credit of the public authority, but the contract or note shall
15 not be an obligation within the meaning of the ~~municipal finance~~
16 ~~act, Act No. 202 of the Public Acts of 1943~~ REVISED MUNICIPAL
17 FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821. A political
18 subdivision, subject to applicable constitutional limitations and
19 procedures, may pledge its full faith and credit for the payment
20 of bonds or notes of the public authority upon adoption of a res-
21 olution or a majority vote of the members elected to and serving
22 on its governing body so providing. ~~An obligation of a public~~
23 ~~authority incurred pursuant to this section or a pledge of full~~
24 ~~faith and credit by a political subdivision shall not be entered~~
25 ~~into or made without the approval of the department of treasury.~~