

# SENATE BILL No. 855

November 29, 2001, Introduced by Senator NORTH and referred to the Committee on Finance.

A bill to amend 1895 PA 215, entitled "The fourth class city act," by amending sections 10 and 25 (MCL 107.10 and 110.25), section 10 as amended by 1983 PA 45.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 10. ~~(1)~~ Repairs, alterations, and extensions may  
2 also be provided by the city council by contract for the making  
3 and installation ~~thereof~~ OF REPAIRS, ALTERATIONS, AND  
4 EXTENSIONS, which contract shall not impose a general obligation  
5 on the city, but which may provide for payment ~~therefor~~ out of  
6 ~~such~~ THE net revenues, after payment of obligations due, provi-  
7 sion for payment of obligations to become due, and payment of  
8 legitimate and necessary operating and other expenses, ~~thereof,~~  
9 as shall become available from the operation of ~~such~~ THE works  
10 after completion of ~~such~~ THE repairs, alterations, or

SENATE BILL No. 855

1 extensions and for retention of title to materials furnished in  
2 the seller until paid for in full. However, a contract made pur-  
3 suant to this section shall not be construed to deprive the  
4 people of the city of any right vested in them by the constitu-  
5 tion or the laws of this state, to constitute the granting of any  
6 franchise or its operating equivalent, or to convey title to  
7 property to any person not possessed of ~~such~~ THE title prior to  
8 the execution of ~~such~~ THE title retaining contract. ~~Unless an~~  
9 ~~exception from prior approval is available pursuant to subsection~~  
10 ~~(2), a title retaining contract shall be approved by the municipi-~~  
11 ~~pal finance commission or its successor agency prior to the exe-~~  
12 ~~cution thereof. The municipal finance commission or its succes-~~  
13 ~~or agency shall determine their approval or disapproval upon all~~  
14 ~~of the following factors:~~

15       ~~(a) Whether such contract conforms to the provisions of this~~  
16 ~~act.~~

17       ~~(b) Whether after payment of legitimate and necessary oper-~~  
18 ~~ating and other expenses, and payments due or to become due on~~  
19 ~~any existing obligations, the probable revenues pledged to the~~  
20 ~~payment of such contract will be sufficient to pay the principal~~  
21 ~~and interest on such contract when due.~~

22       ~~(c) Whether the cost of the repairs, alterations, or exten-~~  
23 ~~sions to be paid by such contract are excessive.~~

24       ~~(2) The requirement of subsection (1) for obtaining the~~  
25 ~~prior approval of the municipal finance commission or its succes-~~  
26 ~~or agency before a title retaining contract may be executed~~  
27 ~~shall be subject to sections 10 and 11 of chapter III of the~~

1 ~~municipal finance act, Act No. 202 of the Public Acts of 1943,~~  
2 ~~being sections 133.10 and 133.11 of the Michigan Compiled Laws,~~  
3 ~~and the department of treasury shall have the same authority as~~  
4 ~~provided by section 11 of chapter III of Act No. 202 of the~~  
5 ~~Public Acts of 1943 to issue an order providing or denying an~~  
6 ~~exception from the prior approval required by subsection (1) for~~  
7 ~~a title retaining contract authorized by this section.~~

8       Sec. 25. Loans shall not be made by the council, or by its  
9 authority, in any year exceeding the amounts prescribed in this  
10 act. For any loans lawfully made, the bonds of the city may be  
11 issued, subject to the provisions of ~~Act No. 202 of the Public~~  
12 ~~Acts of 1943, as amended, being sections 131.1 to 138.2 of the~~  
13 ~~Michigan Compiled Laws~~ THE REVISED MUNICIPAL FINANCE ACT, 2001  
14 PA 34, MCL 141.2101 TO 141.2821, the bonds shall be executed in a  
15 manner as the council directs. Bonds ~~heretofore~~ PREVIOUSLY  
16 issued or indebtedness ~~heretofore~~ PREVIOUSLY incurred by any  
17 city are hereby validated.