

# HOUSE BILL No. 4300

March 5, 2015, Introduced by Rep. Nesbitt and referred to the Committee on Energy Policy.

A bill to amend 1909 PA 279, entitled  
"The home rule city act,"  
by amending section 4f (MCL 117.4f), as amended by 2000 PA 156.

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

1           Sec. 4f. Each city may in its charter provide for any of the  
2 following:

3           (a) For the purchase or condemnation of franchises, if any  
4 exist, and of the property used in the operation of companies or  
5 individuals engaged in the road, cemetery, hospital, almshouse,  
6 electric light, gas, heat, water, and power business, and in cities  
7 having more than 25,000 inhabitants, for the purchase of the  
8 franchise, if any exist, and the property of street railway and  
9 tram railway companies. A city may in its charter allow for a  
10 contract, upon the terms, including terms of present or deferred  
11 payment, and upon the conditions and in the manner as the city

1 considers proper, to purchase, operate, and maintain any existing  
2 public utility property for supplying water, heat, light, power, or  
3 transportation to the city and the city's inhabitants. The contract  
4 does not bind the city unless the proposition for the contract  
5 receives the affirmative vote of 3/5 of the electors voting at a  
6 regular or special election. For the purchase of a transportation  
7 utility, the charter amendment and the contract to purchase may  
8 provide for a sinking fund, into which shall be paid, from the  
9 earnings of the utility, sums sufficient to purchase the utility  
10 and perform the obligations of the contract. Within a reasonable  
11 time after the acquisition of a public transportation utility, a  
12 system of civil service for the selection and retention of its  
13 employees shall be established. If a vote is taken to amend a city  
14 charter to allow an acquisition under this subdivision, a vote may  
15 also be taken at the same election to approve a particular  
16 contract. The vote upon the charter amendment and upon the purchase  
17 contract shall be by separate ballots. If a transportation utility  
18 is acquired under this subdivision, state taxes and local taxes on  
19 any portion of the property lying outside of the city limits shall  
20 be paid as if privately owned. The powers under this subdivision  
21 are in addition to any other powers provided for under this  
22 section.

23 (b) For owning, constructing, and operating transportation  
24 facilities within the city limits, and its adjacent and adjoining  
25 suburbs within a distance of 10 miles from any portion of the city  
26 limits.

27 (c) For the purchase and condemnation of private property for

1 any public use or purpose within the scope of its powers; for the  
2 acquirement, ownership, establishment, construction, and operation,  
3 either within or outside its corporate limits, of public utilities  
4 for supplying water, light, heat, power, and transportation to the  
5 city and the city's inhabitants, for domestic, commercial, and  
6 municipal purposes; for the sale of heat, power, and light outside  
7 its corporate limits in an amount as determined by the governing  
8 body of the utility supplying the heat, power, or light except that  
9 electric delivery service is limited to the area of any village or  
10 township that was contiguous to the city as of June 20, 1974, and  
11 to the area of any other village or township being served as of  
12 June 20, 1974 and retail sales of electric generation service are  
13 limited to the area of any city, village, or township that was  
14 contiguous to the city, village, or township as of June 20, 1974,  
15 and to the area of any other city, village, or township being  
16 served as of June 20, 1974 unless the municipal utility is in  
17 compliance with section ~~10y(4)~~**10Y** of 1939 PA 3, MCL 460.10y; for  
18 the sale and delivery of water outside of its corporate limits in  
19 the amount as may be determined by the legislative body of the  
20 city; and for the operation of transportation lines outside the  
21 city and within 10 miles from its corporate limits. A city shall  
22 not render electric delivery service for heat, power, or light to  
23 customers outside its corporate limits already receiving that  
24 service from another utility unless that utility consents in  
25 writing, and shall not render retail electric generation service to  
26 customers outside its corporate limits receiving that service from  
27 another supplier except in compliance with section 10y of 1939 PA

1 3, MCL 460.10y. The acquirement of a utility together with all  
2 properties, franchises, and rights necessary for its establishment,  
3 ownership, construction, operation, improvement, extension, and  
4 maintenance, whether the properties, franchises, and rights are  
5 situated within or outside the corporate limits of the city, may be  
6 either by purchase or condemnation. If the acquirement is by  
7 condemnation, 1911 PA 149, MCL 213.21 to 213.25, may be used for  
8 instituting and prosecuting the condemnation proceedings. A public  
9 utility is not acquired unless the proposition to do so first  
10 receives the affirmative vote of 3/5 of the electors of the city  
11 voting at a regular or special municipal election. For purposes of  
12 this subdivision:

13 (i) "Electric delivery service" ~~has the same meaning as~~  
14 ~~"delivery service" under section 10y of 1939 PA 3, MCL~~  
15 ~~460.10y.~~ **MEANS PROVIDING ELECTRIC TRANSMISSION OR DISTRIBUTION TO A**  
16 **RETAIL CUSTOMER.**

17 (ii) "Electric generation service" means the sale of electric  
18 power and related ancillary services.

19 (d) For the acquiring, establishment, operation, extension,  
20 and maintenance of sewage disposal systems, sewers, and plants,  
21 either within or outside the corporate limits of the city, as a  
22 utility, including the right to acquire necessary property by  
23 purchase, gift, or condemnation, and including the fixing and  
24 collecting of charges exclusively for service covering the cost of  
25 the service. This subdivision allows a return on the fair value of  
26 the property devoted to the service, excluding the valuations of  
27 the portions of the system that were paid for by special

1 assessment, which may be made as a lien upon the property served  
2 and if not paid when due, collected in the same manner as other  
3 city taxes.

4 Enacting section 1. This amendatory act takes effect 90 days  
5 after the date it is enacted into law.

6 Enacting section 2. This amendatory act does not take effect  
7 unless Senate Bill No. \_\_\_\_ or House Bill No. 4298 (request no.  
8 01467'15) of the 98th Legislature is enacted into law.