

THE REVENUE BOND ACT OF 1933 (EXCERPT)
Act 94 of 1933

141.107b Delinquent tax revolving fund; continuation under MCL 211.87b; borrowing money and issuing revenue notes; order; delinquent tax revenue as security; segregated fund or account; requirements applicable to notes; limited tax full-faith and credit obligations of county; insufficient tax proceeds; pledge of county's general fund as security; conditions; other provisions; exemption from tax; payment; registration; powers of county treasurer; security under trust or escrow agreement; exemption from MCL 141.2101 to 141.2821.

Sec. 7b.

(1) A county treasurer in any county that has continued a delinquent tax revolving fund under section 87b of the general property tax act, 1893 PA 206, MCL 211.87b, and that has authorized the issuance of notes under this act pursuant to section 87f of the general property tax act, 1893 PA 206, MCL 211.87f, may by order of the county treasurer and without a vote of the electors borrow money and issue its revenue notes on behalf of itself and the local units of government secured by delinquent tax revenues from the county's delinquent tax revolving fund.

(2) In the order authorizing the borrowing and issuance of notes, the delinquent tax revenues from which the borrowing is to be repaid shall be pledged as security for the payment of the principal and interest on the notes. Money and other property held in the delinquent tax revolving fund, including collections on the delinquent tax revenues, shall be kept separate from and shall not be commingled with any other money in the custody of the county treasurer. The segregated fund or account shall be established as a part of the delinquent tax revolving fund and shall be accounted for separately on the books of the county treasurer.

(3) The proceeds of the notes shall be placed in and used as the whole or part of the delinquent tax revolving fund established under section 87b of the general property tax act, 1893 PA 206, MCL 211.87b, after the expenses of borrowing have been deducted.

(4) The notes issued pursuant to this section shall comply with all of the following:

(a) Be in an aggregate principal amount not exceeding the aggregate amount of all of the following:

(i) The delinquent tax revenues pledged, exclusive of interest.

(ii) At the option of the county treasurer, and to the extent authorized under section 87f of the general property tax act, 1893 PA 206, MCL 211.87f, a note reserve fund in an amount not to exceed 15% of each borrowing.

(iii) The cost of issuance.

(b) Bear interest not exceeding 14.5% per annum.

(c) Be in those denominations, and mature on the date not exceeding 6 years after their date of issue, as the county treasurer by order determines.

(d) May be issued at an original issue discount not to exceed 2% of the face value of the note issued.

(e) The order authorizing issuance of the notes may provide that all or part of the notes shall be subject to prepayment and, if subject to prepayment, shall provide the amount of call premium payable, if any, the number of days' notice of prepayment that shall be given, and whether the notice shall be written or published, or both. Otherwise, the notes shall not be subject to prepayment.

(f) The sale and award of notes shall be conducted and made by the county treasurer at a public or private sale. If a public sale is held, the notes shall be advertised for sale once not less than 5 days before sale in a publication printed in the English language and circulated in this state that carries as a part of its regular service notices of the sales of municipal bonds and that has been designated in the resolution as a publication complying with these qualifications. The notice of sale shall be in the form designated by the county treasurer. The notes may be sold subject to the option of the county treasurer, and the county treasurer may withhold a part of the issue from delivery if, in his or her opinion, sufficient funds are available before delivery of the notes to make full delivery unnecessary to the purposes of the borrowing.

(5) If the county board of commissioners provides by resolution, the notes may also be limited tax full-faith and credit obligations of the county subject to the state constitution of 1963 as to the levying of any taxes not authorized by the voters or by law unless the county has held an election pursuant to section 87d of the general property tax act, 1893 PA 206, MCL 211.87d, if the county's voters have approved the proposition found in section 87d(1) of the general property tax act, 1893 PA 206, MCL 211.87d, permitting the county to pledge the county's unlimited taxing power for the purpose of providing money for the delinquent tax revolving fund. If the proceeds of the taxes pledged are not sufficient to pay the principal and interest of the notes when due, the county shall impose a general ad valorem tax without limitation as to rate or amount on all taxable property in the county to pay the principal and interest and may reimburse itself from delinquent taxes collected.

(6) If the county board of commissioners provides by resolution, the notes may be secured additionally by a pledge of the county's general fund and are subject to all the following:

(a) The notes shall be designated general obligation limited tax notes.

(b) The notes shall be the full faith and credit obligations of the county issuing them. If the proceeds of the taxes and interest and, when pledged, county property tax administration fees, or note reserve fund are not sufficient to pay the principal and interest, when due, the county shall pay the principal and interest from its general funds or any additional tax which may be levied within its constitutional and statutory debt limits, and the county may subsequently reimburse itself from delinquent taxes collected. The county's obligation to pay from its general funds shall be its first budget obligation and shall be provided for in the borrowing resolution in the following language:

"This note issue, in addition, shall be a general obligation of the county of _____, secured by its full faith and credit, which shall include this county's limited tax obligation, within applicable constitutional and statutory limits, and its general funds. The county budget shall provide that if the pledged delinquent taxes and any other pledged amounts are not collected in sufficient amounts to meet the payments of principal and interest due on these notes, the county, before paying any other budgeted amounts, will promptly advance from its general funds sufficient money to pay that principal and interest."

(7) Notwithstanding any other provisions of this section, all the following apply:

(a) Interest on the notes may be payable at any time provided in the order, and may be set, reset, or calculated as provided in the order.

(b) Notes issued under this section may have 1 or more of the following attributes:

(i) Made the subject of a put or agreement to repurchase by the county treasurer.

(ii) Secured by a letter of credit issued by a bank under an agreement entered into by the county treasurer or by any other collateral that the county treasurer's order may authorize.

(iii) Callable as set forth in the order.

(iv) Reissued by the county treasurer once reacquired by the county treasurer under any put or repurchase agreement.

(c) The county treasurer may by order do 1 or more of the following:

(i) Authorize the issuance of renewal notes.

(ii) Refund or refund in advance notes by the issuance of new notes, whether the notes to be refunded have or have not matured.

(iii) Issue notes partly to refund notes and partly for any other purposes authorized by this act.

(iv) Buy and sell any notes issued under this section.

(d) Renewal, refunding, or advance refunding notes shall comply with all of the following:

(i) Shall be sold and the proceeds applied to the purchase redemption or payment of the notes to be renewed or refunded.

(ii) Shall not be subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(iii) May be sold or resold at a public or private sale.

(iv) May pledge the delinquent taxes pledged in the issue to be refunded in advance after the original issue is defeased by the advance refunding issue.

(e) Notes may be issued and secured by a second lien on delinquent tax revenues, interest, and property tax administration fees already the subject of a first lien because of the issuance of a prior note issue.

(f) Any notes issued may be secured in whole or in part under a trust or escrow agreement, which agreement may also govern the issuance of renewal notes, refunding notes, and advance refunding notes. The agreement may authorize the trustee or escrow agent to make investments of any type authorized in the agreement.

(8) The notes issued under this section and interest on the notes shall be payable in lawful money of the United States of America and shall be exempt from all taxation by this state or a taxing authority in this state.

(9) The notes issued under this section may be made payable at a bank or trust company, or may be made registrable as to principal or as to principal and interest under the terms and conditions specified in the authorizing resolution or by the county treasurer when awarding the notes.

(10) To the extent authorized under section 87f of the general property tax act, 1893 PA 206, MCL 211.87f, a county treasurer shall have all the powers granted by this act to a public corporation and shall exercise those powers by order. A copy of that order shall be maintained in the records of the county treasurer, and a second copy shall be filed with the county clerk on December 31 each year for all such orders issued that year.

(11) Notwithstanding 1966 PA 293, MCL 45.501 to 45.521, a county operating under a home rule charter shall not be restricted by the provisions of the home rule charter in connection with the powers granted to the county treasurer to issue notes by this section. The treasurer of a county described in this subsection, notwithstanding any charter provisions to the contrary, shall have all of the powers granted to county treasurers by this section.

(12) If the treasurer so authorizes in the order authorizing the notes, any notes issued may be secured in whole or in part under a trust or escrow agreement. That agreement may authorize the trustee or escrow agent to make investments of any type authorized in the agreement.

(13) Notes issued under this act are exempt from the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

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