

# HOUSE BILL No. 6181

May 18, 2010, Introduced by Reps. McDowell, Slezak, Denby, Rogers, Marleau, Walsh and Daley and referred to the Committee on Intergovernmental and Regional Affairs.

A bill to create the delinquent special assessment revolving loan fund; to provide for the administration of the fund; to prescribe requirements for loans from the fund; to prescribe duties of certain state and local officials; and to make appropriations.

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

1           Sec. 1. This act shall be known and may be cited as the  
2 "delinquent special assessment revolving loan fund".

3           Sec. 3. As used in this act:

4           (a) "Department" means the department of treasury.

5           (b) "Eligible local governmental unit" means a city, village,  
6 township, or county that meets all of the following requirements:

7           (i) Has issued bonds, or has pledged its full faith and credit  
8 for bonds, for infrastructure improvements financed by a special

1 assessment.

2 (ii) Is unable to make necessary payments on those bonds  
3 because special assessment payments on properties benefited by the  
4 infrastructure improvements have been delinquent for a period of 6  
5 months or more.

6 (c) "Fund" means the delinquent special assessment revolving  
7 loan fund created in section 5.

8 Sec. 5. (1) The delinquent special assessment revolving loan  
9 fund is created within the state treasury.

10 (2) The state treasurer may receive money or other assets from  
11 any source for deposit into the fund. The state treasurer shall  
12 direct the investment of the fund. The state treasurer shall credit  
13 to the fund interest and earnings from fund investments.

14 (3) Money in the fund at the close of the fiscal year shall  
15 remain in the fund and shall not lapse to the general fund.

16 (4) The department of treasury shall be the administrator of  
17 the fund for auditing purposes.

18 (5) The department of treasury shall expend money from the  
19 fund only for loans to eligible local tax governmental units to  
20 permit necessary bond payments for infrastructure improvements as  
21 provided in this act.

22 Sec. 7. (1) An eligible local governmental unit may apply for  
23 a loan from the delinquent special assessment revolving loan fund  
24 as provided in this section. If a county has pledged its full faith  
25 and credit for bonds issued by a city, village, or township, any  
26 loan application submitted by a city, village, or township under  
27 this section shall first be approved by that county.

1           (2) An application for a loan from the fund shall be in a form  
2 prescribed by the department.

3           (3) The department shall review an application for a loan from  
4 the fund submitted by an eligible local governmental unit and shall  
5 notify the eligible local governmental unit in writing within 30  
6 days of receipt of the application whether the loan has been  
7 approved or disapproved.

8           (4) The department shall consider loan applications under this  
9 act on a first-come, first-served basis.

10          Sec. 9. (1) A loan under this act shall not exceed an amount  
11 equal to 1 year's bond payment.

12          (2) A loan under this act shall be for a period not to exceed  
13 5 years after the bond expires.

14          (3) Interest on a loan under this act shall be at a rate  
15 prescribed by the department of treasury. The department shall not  
16 charge a rate of interest greater than that rate necessary to  
17 ensure that the fund remains actuarially sound.

18          Sec. 11. As a condition for any loan under this act, the  
19 eligible local governmental unit shall require any property  
20 connecting to the infrastructure improvements for which the bond  
21 was issued to pay to the eligible local governmental unit the full  
22 amount of all delinquent and all future special assessment payments  
23 levied on that property for the infrastructure improvements for  
24 which the bond was issued.

25          Sec. 13. If an eligible local governmental unit does not make  
26 payments to this state as prescribed under the terms of the loan,  
27 any amount delinquent shall be withheld from any payments made to

1 the eligible local governmental unit under the Glenn Steil state  
2 revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921.

3 Sec. 15. There is appropriated from the general fund to the  
4 department for deposit into the delinquent special assessment  
5 revolving loan fund the sum of \$5,000,000.00 for the purpose of  
6 making loans to eligible local governmental units as prescribed in  
7 this act.