



HOUSE BILL No. 4990

October 12, 1999, Introduced by Reps. Pappageorge, Raczkowski, Ruth Johnson, Rocca, Richner, Geiger, Gosselin, Kukuk, Faunce, Kowall, Toy, Bishop, O'Neill, DeHart, Schermesser, Green, Julian and Patterson and referred to the Committee on Economic Development.

A bill to amend 1985 PA 106, entitled
"State convention facility development act,"
by amending section 11 (MCL 207.631), as amended by 1993 PA 58.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) Before a local governmental unit may assign or
2 pledge all or a portion of the distribution of taxes that the
3 local governmental unit is eligible to receive under this act for
4 payment of bonds, obligations, or other evidences of indebted-
5 ness, the local governmental unit shall submit the plans for the
6 proposed project and financing to the state treasurer for
7 approval. The state treasurer shall make findings regarding
8 whether the proposed project is reasonable, whether the revenues
9 and other funds will be sufficient to fund the proposed project
10 and any other projects necessary for the completion of the
11 proposed project, and whether the proposed project and financing

1 comply with this act. The state treasurer shall notify the local
2 governmental unit of the findings and shall approve or disapprove
3 the proposed project within 30 days after submission of the plans
4 for the proposed project and financing. The findings of the
5 state treasurer shall be reviewed by the state administrative
6 board and shall be considered conclusive.

7 (2) If refunding bonds, obligations, or other evidences of
8 indebtedness described in subsection (3) are to be issued pursu-
9 ant to the municipal finance act, ~~Act No. 202 of the Public Acts~~
10 ~~of 1943, being sections 131.1 to 139.3 of the Michigan Compiled~~
11 ~~Laws~~ 1943 PA 202, MCL 131.1 TO 139.3, subsection (1) does not
12 apply. Instead, the state treasurer shall make findings regard-
13 ing and approve the refunding bonds, obligations, or other evi-
14 dences of indebtedness pursuant to ~~Act No. 202 of the Public~~
15 ~~Acts of 1943~~ THE MUNICIPAL FINANCE ACT, 1943 PA 202, MCL 131.1
16 TO 139.3.

17 (3) Pursuant to this act or ~~Act No. 202 of the Public Acts~~
18 ~~of 1943~~ THE MUNICIPAL FINANCE ACT, 1943 PA 202, MCL 131.1 TO
19 139.3, a local governmental unit may issue refunding bonds, obli-
20 gations, or other evidences of indebtedness to refund all or a
21 portion of the bonds, obligations, or other evidences of indebt-
22 edness issued for purposes specified in this act if the aggregate
23 present value of the principal and interest to be paid on the
24 refunding bonds, obligations, or other evidences of indebtedness
25 will be less than the aggregate present value of the principal
26 and interest to be paid on the bonds, obligations, or other
27 evidences of indebtedness being refunded. If refunding bonds,

1 obligations, or other evidences of indebtedness are issued, an
2 assignment or pledge of distributions of taxes from the conven-
3 tion facility development fund for the payment of principal or
4 interest on the refunded bonds, obligations, or other evidences
5 shall apply, after the issuance of the refunding bonds, only to
6 the refunding bonds, obligations, or other evidences of indebted-
7 ness and to any bonds, obligations, or other evidences of indebt-
8 edness that were not refunded and to which the assignment or
9 pledge previously applied.

10 (4) A local governmental unit that refunds bonds, obliga-
11 tions, or other evidences of indebtedness pursuant to
12 subsection (3) may dedicate distributions of taxes from the con-
13 vention facility development fund to the payment of principal,
14 interest, or credit support fees or other costs of issuance or of
15 the maintenance of any required reserves for general obligation
16 bonds, obligations, or other evidences of indebtedness issued or
17 to be issued for purposes specified in this act but not pursuant
18 to the authority granted in this act or may reimburse itself for
19 such payments from such distributions. However, distributions to
20 a local governmental unit pursuant to this subsection in any
21 state fiscal year shall not exceed the lesser of the following:

22 (a) Principal, interest, or credit support fees or other
23 costs of issuance or of the maintenance of required reserves pay-
24 able in the state fiscal year on the bonds, obligations, or other
25 evidences of indebtedness to which the distributions are
26 dedicated.

1 (b) The difference between the amount that would have been
2 distributed to the local governmental unit had it not issued
3 refunding bonds pursuant to subsection (3) and the amount of dis-
4 tribution of taxes to which an assignment or pledge applies under
5 subsection (3).

6 (5) After September 30, 1999, taxes shall not be distributed
7 from the convention facility development fund pursuant to
8 subsection (4).

9 (6) If bonds, obligations, or other evidences of indebted-
10 ness are to be issued for the purposes set forth in section 8(2),
11 for which all or a portion of the distribution of taxes that the
12 local governmental unit is eligible to receive are pledged or
13 assigned as set forth in subsection (1) or subsections (2) and
14 (3), and if as a direct result of the acquiring, constructing,
15 improving, enlarging, renewing, replacing, or in conjunction with
16 these activities, repairing, furnishing, equipping, or leasing of
17 a convention facility financed from the proceeds of the bonds,
18 obligations, or other evidences of indebtedness, it is necessary
19 for the state to expend money from the state trunk line fund from
20 the proceeds of bonds issued by this state payable from deposits
21 into the state trunk line fund, or from direct appropriations for
22 the costs of relocating, constructing, or reconstructing high-
23 ways, roads, streets, or bridges, and costs ancillary thereto,
24 then before the issuance of the bonds, obligations, or other evi-
25 dences of indebtedness, the state treasurer shall determine that
26 the total amount of these costs to be paid from the state trunk
27 line fund, from the proceeds of bonds or notes payable from

1 deposits into the state trunk line fund, or from direct
2 appropriations of this state, excluding any of the cost to be
3 reimbursed to this state by the federal government, any local
4 unit of government or authority or agency thereof, or any other
5 person or entity, shall not exceed 25% of the total cost of the
6 relocation, construction, or reconstruction of highways, roads,
7 streets, and bridges, and costs ancillary thereto, directly
8 resulting from the convention facility project purposes described
9 in section 8(2). For purposes of the validity of the bonds,
10 obligations, or other evidences of indebtedness, the determina-
11 tion of the state treasurer is conclusive as to the matters
12 stated in the determination. If after the determination by the
13 state treasurer the total costs of relocating, constructing, and
14 reconstructing highways, roads, streets, and bridges, and costs
15 ancillary thereto, increase, this state shall not expend from the
16 state trunk line fund, from the proceeds from bonds payable from
17 deposits in the state trunk line fund, or from direct appropria-
18 tions of this state, any additional funds that cause the total
19 expenditure by this state from these sources, after any reim-
20 bursement, to exceed 25% of the total cost, as increased, of the
21 relocation, construction, and reconstruction, including ancillary
22 costs. An expenditure by this state in violation of this subsec-
23 tion does not invalidate or otherwise adversely affect any previ-
24 ously issued bonds, obligations, or other evidences of indebted-
25 ness described in this section or any security therefor.

26 BEGINNING JANUARY 1, 2000, EXCEPT FOR REFUNDING BONDS UNDER
27 SUBSECTION (3), A LOCAL GOVERNMENTAL UNIT SHALL NOT ISSUE ANY

1 BONDS, OBLIGATIONS, OR OTHER EVIDENCES OF INDEBTEDNESS UNDER THIS
2 ACT.