BONUS BONDS
Act 4 of 1947

AN ACT to authorize and provide for the borrowing of $270,000,000.00 to make payments to persons who served in the military, naval, marine or coast guard forces of the United States, including women serving in auxiliary branches thereof, or to their next of kin or estates, and the issuance of certain serial bonds and serial notes for such indebtedness; to create a veterans' military pay fund and a veterans' bond redemption fund; to pledge the full faith and credit of the state; to provide for the payment of principal and interest on such serial obligations; to make appropriations therefor; and to make such serial notes and serial bonds exempt from taxation.

History: 1947, Act 4, Imd. Eff. Feb. 6, 1947;—Am. 1951, Act 121, Imd. Eff. June 1, 1951.

The People of the State of Michigan enact:

35.901 Veterans' bonds; issuance by state administrative board; interest; denominations; maturity; registration; reconversion; cancellation; execution by state treasurer; public sale; temporary bonds; proceeds to constitute veterans' military pay fund; state purchase.

Sec. 1. The people of Michigan by constitutional amendment having authorized the state to borrow not to exceed $270,000,000.00, pledge its faith and credit and issue its serial notes or serial bonds for the purpose of paying to each person, or if deceased to the surviving husband or wife, child or children, or to the surviving dependent mother, father, person standing in loco parentis, brothers and sisters, in the order named, of any person who served in the military, naval, marine or coast guard forces of the United States, including women serving in auxiliary branches, between September 16, 1940, and June 30, 1946, who served honorably and faithfully during that period, who was a resident of this state at the time of entering the service and for a period of at least 6 months prior to entering the service, and whose service continued for more than 60 days during said period, the sum of $10.00 for each month, or major fraction of a month, of service during that period in any state of the United States, and the District of Columbia, and the sum of $15.00 for each month, or major fraction of a month, of service during that period outside any state of the United States, and the District of Columbia, but not to exceed a total payment of $500.00 to any 1 person and the payment to the surviving husband or wife, child or children, or to the surviving dependent mother, father, person standing in loco parentis, brothers and sisters, in the order named, of each person who has died or who shall hereafter die from service connected causes incurred between September 16, 1940, and June 30, 1946, a sum equal to the difference between what he or she has received and the sum of $500.00, the state administrative board is hereby authorized and directed, to borrow upon the full faith and credit of this state money in the sum of not to exceed $270,000,000.00, to issue serial bonds or serial notes of the state in a like amount, and to expend from the veterans' military pay fund created in this act a sufficient amount to cover the reasonable cost of the printing and the other expense incident to the issuance of the serial bonds or notes. The bonds shall be known as veterans' bonds and shall bear interest at a rate or rates not exceeding 2 1/2 per centum per annum, payable semi-annually, shall be in the denomination of $1,000.00 each or any multiple of that amount, shall be payable to bearer and shall mature serially in annual installments of not less than $10,800,000.00 each, beginning 1 year from their date and ending not later than 1968. The bonds may at the discretion of the state administrative board be issued at 1 time in 1 series or from time to time in 2 or more separate series with different dates of issuance for each series, and the state administrative board may from time to time determine and by resolution prescribe, the date of issue of each series, the amount of bonds to be included in the series, the maturities of the bonds so included, the maximum rate or rates of interest on the bonds so included not to exceed 2 1/2 per centum per annum, and the place or places of payment of the bonds. The bonds or any part of the bonds may be made callable prior to maturity upon the terms as may be prescribed prior to the issuance of the bonds by resolution of the state administrative board. Upon the terms and conditions as may be prescribed by resolution of the state administrative board, the bonds may be made registerable as to either principal only or as to both principal and interest or may be converted into registered bonds of the denominations as the state administrative board may authorize, which registered bonds may be reconverted into registered bonds of other denominations or reconverted into coupon bonds. All bonds so presented for conversion or reconversion or payment shall be deposited with the state treasurer, who is hereby authorized and directed forthwith to cancel by perforation and preserve the bond.

(2) The bonds shall be executed for and on behalf of the state of Michigan by the state treasurer and the secretary of state or their deputies and the seal of the state shall be affixed to the bonds by the secretary of state. Interest coupons evidencing accrued interest to the respective dates of maturity of the bonds shall bear

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the facsimile signature of the state treasurer. The state treasurer shall provide a bond register which shall be kept in the office of the state treasurer, in which register shall be recorded the date of each bond, its number, the person or persons to whom originally issued, and the dates of its respective maturity and cancellation.

(3) The bonds authorized in this act to be issued shall be sold by the state administrative board, at not less than par and accrued interest. The sale or sales shall be public sales held from time to time at the discretion of said state administrative board after notice by publication at least 7 days before each sale, in a publication printed in the English language and circulated in the state of Michigan, which carries as a part of its regular service, notices of the sale of municipal bonds. The bonds sold at each sale shall be awarded to the bidder whose bid in the opinion of the state administrative board would result in the lowest interest cost to the state. The state administrative board shall have the right to reject any or all bids.

(4) Pending the execution and delivery of the veterans' bonds, there are hereby authorized to be executed and delivered temporary bonds which upon the execution of the veterans' bonds shall be exchangeable for veterans' bonds of like date, tenor, denomination, interest rate and maturity. The temporary bonds shall be printed from type, on steel engraved borders, shall be numbered T1 consecutively upwards, starting with the temporary bonds of earliest maturity, shall be signed and sealed in the same manner as the definitive veterans' bonds, and shall be issued with not more than 2 interest coupons attached to them.

(5) The temporary bonds may be registered in the names of the respective holders on books kept by the state treasurer, as to both principal and interest, but not as to principal alone, the registration being noted by the state treasurer, on any bond so registered, in the registration blank to be printed on the back of the bond, after which no transfer shall be valid unless made on said books at the request of the registered holder of the bond or attorney duly authorized, and similarly noted in the registration blank, but any such temporary bond so registered may be discharged from registration by being transferred to bearer, after which it shall be transferable by delivery, and it may be again registered as before.

(6) In case any temporary bond shall be mutilated, the holder of the bond may obtain a duplicate temporary bond in the same manner and under the same terms as provided for the obtaining of duplicate definitive veterans' bonds.

(7) Except as otherwise specifically provided in this section, all the terms and conditions for the issuance of, and covenants for the security of the holders of, the veterans' bonds, shall apply to such temporary bonds.

(8) The proceeds of the sale of bonds shall be deposited in the state treasury, and shall constitute a fund to be known as "The veterans' military pay fund," hereby created in the state treasury as a special trust fund, and shall be paid out in no other manner or for any other purpose than provided by law: Provided, That if at any time it shall appear to the finance and budget committee of the state administrative board that there is money in the veterans' military pay fund that will not be needed for the payment of veterans' claims under the terms and provisions of the veterans' military pay act, 1947 PA 12, MCL 35.921 to 35.932, the committee may authorize the state treasurer to purchase Michigan veterans' bonds upon the open market and cancel the bonds if the bonds may be purchased at par or below, and may authorize the state treasurer to cancel any Michigan veterans' bonds theretofore purchased and then contained in said veterans' military pay fund, or said committee may transfer such funds to the veterans' bond redemption fund provided for in this act.

History: 1947, Act 4, Imd. Eff. Feb. 6, 1947;—Am. 1948, Ex. Sess., Act 3, Imd. Eff. Apr. 22, 1948;—CL 1948, 35.901;—Am. 2002, Act 172, Imd. Eff. Apr. 23, 2002.

Compiler's note: For provisions of Act 12 of 1947, referred to in the last paragraph, see MCL 35.921 et seq. For provisions of Act 4 of 1947, referred to in the last paragraph, see MCL 35.901 et seq.

35.901a Veterans' bonds; use of proceeds, provisions applicable.

Sec. 1a. The proceeds of the bond issue authorized under the provisions of this act shall also be used to pay to the surviving husband or wife, child or children, or to the surviving mother or father, or surviving dependent person standing in loco parentis, dependent brothers and dependent sisters, in the order named, of any person who has heretofore died or who shall hereafter die from service connected causes and who served in the military, naval, marine or coast guard forces of the United States, including women serving in auxiliary branches thereof, between June 27, 1950, and the termination of the state of national emergency, which state of national emergency was proclaimed on December 16, 1950, who served honorably and faithfully therein during such period, who was a resident of this state at the time of entering such service and for a period of at least 6 months prior to entering therein, the sum of $500.00: Provided, That the termination of the national emergency for the purpose of this section shall be determined by act of the legislature of this state, and the liability of the state for the purposes herein set forth shall not exceed the total amount that may be borrowed under the provisions of this act: Provided further, That payments made under the authority of this section shall be made pursuant to all applicable provisions of Act No. 12 of the Public Acts of 1947, as amended, but only as herein authorized.

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History: Add. 1951, Act 121, Imd. Eff. June 1, 1951.

35.902 Veterans' bonds; appropriation for payment of principal and interest; redemption fund; surplus; expenses.

Sec. 2. For the prompt payment of the principal and interest upon each bond issued under this act, the proceeds of a tax to be levied as provided in section 23 of article 10 of the state constitution and the faith and credit of the state are pledged, and there is hereby appropriated each year during the life of these bonds, from the general fund, the sum, which the amount of the principal and interest payments for each year may exceed the proceeds of such tax: Provided, That for the fiscal year ending June 30, 1957, such appropriation shall be the sum by which the amount of the principal and interest payments for such year exceeds the remaining balance of cash and United States securities in the veterans' military pay fund at June 30, 1957, which is hereby transferred to the veterans' bond redemption fund. Any veterans' military pay fund bonds purchased by the veterans' military pay fund and which are a part of the investments of this fund are hereby cancelled.

There is hereby created in the state treasury a special fund to be known as "The veterans' bond redemption fund" in which shall be deposited all tax receipts and other sums of money appropriated and authorized to be deposited therein by the legislature.

On the effective date of this act, the amount by which the assets exceed the liabilities in the veterans' bond redemption fund shall be transferred to the general fund of the state.

The expenses of administration of this act, including paying agent fees, shall be paid from the general fund in accordance with the accounting laws of the state and there is hereby appropriated annually from the general fund an amount sufficient to pay such expenses and fees.

History: 1947, Act 4, Imd. Eff. Feb. 6, 1947;—CL 1948, 35.902;—Am. 1953, Act 28, Imd. Eff. Apr. 10, 1953;—Am. 1957, Act 175, Imd. Eff. June 4, 1957;—Am. 1958, Act 18, Imd. Eff. Mar. 21, 1958.

Compiler's note: In this section, "section 23 of article 10 of the state constitution" refers to the Constitution of 1908. See now Const. 1963, Art. IX, §§ 8, 10, and 11.

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35.903 Serial notes; issuance by state administrative board; maturity, redemption, interest, sale, denominations; proceeds credited to veterans' military pay fund.

Sec. 3. To provide immediate funds, prior to the sale of the heretofore authorized bonds, for the payment to persons who served in the military, naval, marine or coast guard forces of the United States, including women serving in auxiliary branches thereof, between September 16, 1940, and June 30, 1946, or to their next of kin or estates, the state administrative board is hereby authorized and empowered, on behalf of the state of Michigan to borrow, from time to time, upon the full faith and credit of this state such sums of money, not exceeding $270,000,000.00, as may be necessary therefor. As evidence of such loan or loans the state administrative board may by resolution direct and cause to be issued serial notes of the state of Michigan, and to renew the same: Provided, however, That all such serial notes shall mature within 3 years after the effective date of this act. Such notes or any renewals thereof shall be made redeemable at the option of the state administrative board upon any interest payment date. They shall bear semi-annual interest at such a rate as may be prescribed by the state administrative board, not exceeding 1 1/2 per centum per annum and shall be in the form prescribed by the state administrative board. They shall be offered for sale at such times and in such manner as said board may direct. Every sale of serial notes shall be made at the best price obtainable; and in no case shall they be sold for less than par and accrued interest. Such notes shall be signed by the state treasurer and the secretary of state, or their deputies, and shall be issued in denominations of not less than $5,000.00 each. The proceeds of the sale of serial notes shall be credited to "The veterans' military pay fund" in the state treasury, and shall be paid out in no other manner for any other purpose than provided by law. The principal of serial notes shall be payable out of "The veterans' military pay fund," and the interest thereon shall be payable from "The veterans' bond redemption fund," or if such funds are insufficient to meet these payments, such principal and interest shall be payable from the general fund of the state, and any amounts necessary to meet the principal of and interest upon the serial notes issued hereunder are hereby appropriated from the general fund.

History: 1947, Act 4, Imd. Eff. Feb. 6, 1947;—CL 1948, 35.903.

35.904 Serial bonds and notes; exemption from taxation.

Sec. 4. All serial bonds and serial notes issued under the provisions of this act, and interest thereon, shall be exempt from all taxation by the state or by any municipality or political subdivision thereof.

History: 1947, Act 4, Imd. Eff. Feb. 6, 1947;—CL 1948, 35.904.

35.905 Serial bonds and notes; mutilation, replacement.

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Sec. 5. In case any bond or note issued under the provisions of this act shall become mutilated the state administrative board may, upon such terms and conditions as it may prescribe, provide for the issuance of a new bond or note with like terms, in exchange and substitution therefor. Such new bond or note shall be executed in the manner herein provided.

History: 1947, Act 4, Imd. Eff. Feb. 6, 1947;—CL 1948, 35.905.

35.906 Declaration of immediate necessity of act.

Sec. 6. An emergency existing for the reasons, among others, that it is necessary immediately to relieve distress among veterans and their dependents and to enable the state to borrow money for that purpose at the lowest possible interest cost, this act is declared to be necessary for the preservation of the public peace, health and safety.

History: 1947, Act 4, Imd. Eff. Feb. 6, 1947;—CL 1948, 35.906.

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