



SENATE BILL No. 537

March 25, 1993, Introduced by Senator SMITH and referred to the Committee on Finance.

A bill to amend sections 2, 8, 9, 11, and 12 of Act No. 106 of the Public Acts of 1985, entitled "State convention facility development act," being sections 207.622, 207.628, 207.629, 207.631, and 207.632 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2, 8, 9, 11, and 12 of Act No. 106 of
2 the Public Acts of 1985, being sections 207.622, 207.628,
3 207.629, 207.631, and 207.632 of the Michigan Compiled Laws, are
4 amended to read as follows:

5 Sec. 2. The legislature of ~~the~~ THIS state finds ~~and~~
6 ~~declares~~ that there exists in this state a continuing need for
7 programs to promote tourism and convention business in order to
8 assist in the prevention of unemployment and the alleviation of
9 the conditions of unemployment, to preserve existing jobs, and to

1 create new jobs to meet the employment demands of population
 2 growth. ~~In order to~~ TO achieve these purposes, it is necessary
 3 to assist and encourage local units of government to acquire,
 4 construct, improve, enlarge, renew, replace, repair, furnish, and
 5 equip convention facilities and the real property on which they
 6 are located AND TO REFINANCE THESE ACTIVITIES.

7 Sec. 8. (1) The collections from the tax imposed ~~pursuant~~
 8 ~~to~~ BY section 4 shall be deposited in the state treasury, to the
 9 credit of the convention facility development fund, which is
 10 hereby created within the state treasury. Collections from the
 11 additional tax on spirits imposed pursuant to the TOURISM AND
 12 convention facility promotion tax act, ACT NO. 107 OF THE PUBLIC
 13 ACTS OF 1985, BEING SECTIONS 436.141 TO 436.148 OF THE MICHIGAN
 14 COMPILED LAWS, shall also be deposited to the credit of the con-
 15 vention facility development fund.

16 (2) The convention facility development fund shall be dis-
 17 tributed to local governmental units for use only for ~~the pur-~~
 18 ~~pose of acquiring,~~ 1 OR MORE OF THE FOLLOWING PURPOSES:

19 (A) ACQUIRING, constructing, improving, enlarging, renewing,
 20 replacing, or leasing a convention facility. ~~, or in-~~

21 (B) IN conjunction with ~~these activities~~ AN ACTIVITY
 22 LISTED IN SUBDIVISION (A), repairing, furnishing, and equipping
 23 the convention facility.

24 (C) REFINANCING AN ACTIVITY LISTED IN SUBDIVISION (A) OR
 25 (B).

26 (3) ~~Any~~ A contract made by a local governmental unit for
 27 the purposes included in ~~this section~~ SUBSECTION (2)(A) OR (B)

1 concerning a convention facility funded by distributions pursuant
2 to section 9 shall contain a guaranteed maximum price for the
3 total cost of activities conducted for these purposes pursuant to
4 that contract.

5 Sec. 9. (1) On or before the thirtieth day of each month,
6 the state treasurer shall make a distribution from the convention
7 facility development fund to a qualified local governmental
8 unit. The distribution shall be an amount equal to the sum of
9 the collections from the excise tax levied for accommodations
10 pursuant to this act for the previous month from the convention
11 hotels in the county in which the convention facility is or is to
12 be located and in any county in which convention hotels are
13 located that is contiguous to the county in which the convention
14 facility is located, or is to be located, and the additional
15 liquor tax received pursuant to the TOURISM AND convention facil-
16 ity promotion tax act, ACT NO. 107 OF THE PUBLIC ACTS OF 1985,
17 BEING SECTIONS 436.141 TO 436.148 OF THE MICHIGAN COMPILED LAWS,
18 for the previous month received in the fund. However, distribu-
19 tions for any state fiscal year to any qualified local governmen-
20 tal unit shall not exceed an amount equal to the amount pledged,
21 ASSIGNED, OR DEDICATED by the qualified local governmental unit
22 PURSUANT TO SECTION 11 for the payment during that state fiscal
23 year of bonds, obligations, or other evidences of indebtedness
24 incurred for the purposes specified in this act, plus any amount
25 necessary to maintain a fully funded debt reserve or other
26 reserves intended to secure the principal and interest on the
27 bonds, obligations, or other evidences of indebtedness as

1 contained in the resolution or ordinance authorizing their
2 issuance.

3 (2) Notwithstanding the distributions provided by subsection
4 (1), if a local governmental unit becomes a qualified local gov-
5 ernmental unit entitled to receive distributions from the tax
6 imposed by the TOURISM AND convention facility promotion tax act,
7 ACT NO. 107 OF THE PUBLIC ACTS OF 1985, or from the tax imposed
8 by this act in counties in which the convention facility is
9 located or in a county in which a convention hotel is located
10 that is contiguous to the county in which the convention facility
11 is located, no other qualified local governmental unit ~~shall be~~
12 IS entitled to distributions pursuant to this section for which
13 that qualified local governmental unit has previously become
14 entitled.

15 (3) ~~A~~ AS USED IN THIS ACT, "qualified local governmental
16 unit" ~~shall be~~ MEANS a city, village, township, county, or
17 authority that is located in a county in which convention hotels
18 are located and that either is the owner or lessee of a conven-
19 tion facility with 350,000 square feet or more of total exhibit
20 space on ~~the effective date of this act~~ JULY 30, 1985 or, if
21 such a convention facility does not exist, will be the owner or
22 lessee of a convention facility with 350,000 square feet or more
23 of total exhibit space through the application of distributions
24 under this section to the purchase or lease of a convention
25 facility.

26 Sec. 11. (1) Before a local governmental unit may assign or
27 pledge all or a portion of the distribution of taxes that the

1 local governmental unit is eligible to receive under this act for
2 payment of bonds, obligations, or other evidences of indebted-
3 ness, the local governmental unit shall submit the plans for the
4 proposed project and financing to the state treasurer for
5 approval. The state treasurer shall make findings regarding
6 whether the proposed project is reasonable, whether the revenues
7 and other funds will be sufficient to fund the proposed project
8 ~~—~~ and any other projects necessary for the completion of the
9 proposed project, and whether the proposed project and financing
10 comply with ~~the provisions of~~ this act. The state treasurer
11 shall notify the local governmental unit of the findings
12 ~~pursuant to this section~~ and shall approve or disapprove the
13 proposed project within 30 days after submission of the plans for
14 the proposed project and financing. The findings of the state
15 treasurer ~~pursuant to this section~~ shall be reviewed by the
16 state administrative board and shall be considered conclusive.

17 (2) IF REFUNDING BONDS, OBLIGATIONS, OR OTHER EVIDENCES OF
18 INDEBTEDNESS DESCRIBED IN SUBSECTION (3) ARE TO BE ISSUED PURSU-
19 ANT TO THE MUNICIPAL FINANCE ACT, ACT NO. 202 OF THE PUBLIC ACTS
20 OF 1943, BEING SECTIONS 131.1 TO 139.3 OF THE MICHIGAN COMPILED
21 LAWS, SUBSECTION (1) DOES NOT APPLY. INSTEAD, THE STATE TREA-
22 SURER SHALL MAKE FINDINGS REGARDING AND APPROVE THE REFUNDING
23 BONDS, OBLIGATIONS, OR OTHER EVIDENCES OF INDEBTEDNESS PURSUANT
24 TO ACT NO. 202 OF THE PUBLIC ACTS OF 1943.

25 (3) PURSUANT TO THIS ACT OR ACT NO. 202 OF THE PUBLIC ACTS
26 OF 1943, A LOCAL GOVERNMENTAL UNIT MAY ISSUE REFUNDING BONDS,
27 OBLIGATIONS, OR OTHER EVIDENCES OF INDEBTEDNESS TO REFUND ALL OR

1 A PORTION OF THE BONDS, OBLIGATIONS, OR OTHER EVIDENCES OF
2 INDEBTEDNESS ISSUED FOR PURPOSES SPECIFIED IN THIS ACT IF THE
3 AGGREGATE PRESENT VALUE OF THE PRINCIPAL AND INTEREST TO BE PAID
4 ON THE REFUNDING BONDS, OBLIGATIONS, OR OTHER EVIDENCES OF
5 INDEBTEDNESS WILL BE LESS THAN THE AGGREGATE PRESENT VALUE OF THE
6 PRINCIPAL AND INTEREST TO BE PAID ON THE BONDS, OBLIGATIONS, OR
7 OTHER EVIDENCES OF INDEBTEDNESS BEING REFUNDED. IF REFUNDING
8 BONDS, OBLIGATIONS, OR OTHER EVIDENCES OF INDEBTEDNESS ARE
9 ISSUED, AN ASSIGNMENT OR PLEDGE OF DISTRIBUTIONS OF TAXES FROM
10 THE CONVENTION FACILITY DEVELOPMENT FUND FOR THE PAYMENT OF PRIN-
11 CIPAL OR INTEREST ON THE REFUNDED BONDS, OBLIGATIONS, OR OTHER
12 EVIDENCES SHALL APPLY, AFTER THE ISSUANCE OF THE REFUNDING BONDS,
13 ONLY TO THE REFUNDING BONDS, OBLIGATIONS, OR OTHER EVIDENCES OF
14 INDEBTEDNESS AND TO ANY BONDS, OBLIGATIONS, OR OTHER EVIDENCES OF
15 INDEBTEDNESS THAT WERE NOT REFUNDED AND TO WHICH THE ASSIGNMENT
16 OR PLEDGE PREVIOUSLY APPLIED.

17 (4) A LOCAL GOVERNMENTAL UNIT THAT REFUNDS BONDS, OBLIGA-
18 TIONS, OR OTHER EVIDENCES OF INDEBTEDNESS PURSUANT TO
19 SUBSECTION (3) MAY DEDICATE DISTRIBUTIONS OF TAXES FROM THE CON-
20 VENTION FACILITY DEVELOPMENT FUND TO THE PAYMENT OF PRINCIPAL,
21 INTEREST, OR CREDIT SUPPORT FEES OR OTHER COSTS OF ISSUANCE OR OF
22 THE MAINTENANCE OF ANY REQUIRED RESERVES FOR GENERAL OBLIGATION
23 BONDS, OBLIGATIONS, OR OTHER EVIDENCES OF INDEBTEDNESS ISSUED OR
24 TO BE ISSUED FOR PURPOSES SPECIFIED IN THIS ACT BUT NOT PURSUANT
25 TO THE AUTHORITY GRANTED IN THIS ACT OR MAY REIMBURSE ITSELF FOR
26 SUCH PAYMENTS FROM SUCH DISTRIBUTIONS. HOWEVER, DISTRIBUTIONS TO

1 A LOCAL GOVERNMENTAL UNIT PURSUANT TO THIS SUBSECTION IN ANY
2 STATE FISCAL YEAR SHALL NOT EXCEED THE LESSER OF THE FOLLOWING:

3 (A) PRINCIPAL, INTEREST, OR CREDIT SUPPORT FEES OR OTHER
4 COSTS OF ISSUANCE OR OF THE MAINTENANCE OF REQUIRED RESERVES PAY-
5 ABLE IN THE STATE FISCAL YEAR ON THE BONDS, OBLIGATIONS, OR OTHER
6 EVIDENCES OF INDEBTEDNESS TO WHICH THE DISTRIBUTIONS ARE
7 DEDICATED.

8 (B) THE DIFFERENCE BETWEEN THE AMOUNT THAT WOULD HAVE BEEN
9 DISTRIBUTED TO THE LOCAL GOVERNMENTAL UNIT HAD IT NOT ISSUED
10 REFUNDING BONDS PURSUANT TO SUBSECTION (3) AND THE AMOUNT OF DIS-
11 TRIBUTION OF TAXES TO WHICH AN ASSIGNMENT OR PLEDGE APPLIES UNDER
12 SUBSECTION (3).

13 (5) AFTER SEPTEMBER 30, 1999, TAXES SHALL NOT BE DISTRIBUTED
14 FROM THE CONVENTION FACILITY DEVELOPMENT FUND PURSUANT TO
15 SUBSECTION (4).

16 (6) ~~-(2)-~~ If bonds, obligations, or other evidences of
17 indebtedness are to be issued for the purposes set forth in sec-
18 tion 8(2), for which all or a portion of the distribution of
19 taxes that the local governmental unit is eligible to receive are
20 pledged OR ASSIGNED as set forth in subsection (1) OR
21 SUBSECTIONS (2) AND (3), and if as a direct result of the acquir-
22 ing, constructing, improving, enlarging, renewing, replacing, or
23 in conjunction with these activities, repairing, furnishing,
24 equipping, or leasing of a convention facility financed from the
25 proceeds of THE bonds, obligations, or other evidences of indebt-
26 edness, it is necessary for the state to expend money from the
27 state trunk line fund ~~—, or—~~ from the proceeds of bonds issued by

1 ~~the~~ THIS state payable from deposits into the state trunk line
2 fund, or ~~to make~~ FROM direct appropriations for the costs of
3 relocating, constructing, or reconstructing highways, roads,
4 streets, ~~and~~ OR bridges, and costs ancillary thereto, then
5 ~~prior to~~ BEFORE the issuance of the bonds, obligations, or
6 other evidences of indebtedness, ~~described in subsection (1),~~
7 the state treasurer shall determine ~~, which determination, for~~
8 ~~the purposes of the validity of the bonds, obligations, or other~~
9 ~~evidences of indebtedness, shall be conclusive as to the matters~~
10 ~~stated therein,~~ that the total amount of ~~said~~ THESE costs to
11 be paid from the state trunk line fund, ~~or~~ FROM the proceeds of
12 bonds or notes payable from deposits into the state trunk line
13 fund, or from direct appropriations of ~~the~~ THIS state, ~~for~~
14 ~~this purpose~~ excluding any of the cost to be reimbursed to ~~the~~
15 THIS state ~~from~~ BY the federal government, ~~from~~ any local
16 unit of government or authority or agency thereof, or ~~from~~ any
17 other person or entity, shall not exceed 25% of the total cost of
18 the relocation, construction, or reconstruction of highways,
19 roads, streets, and bridges, and costs ancillary thereto,
20 directly resulting from the convention facility project purposes
21 described in section 8(2). FOR PURPOSES OF THE VALIDITY OF THE
22 BONDS, OBLIGATIONS, OR OTHER EVIDENCES OF INDEBTEDNESS, THE
23 DETERMINATION OF THE STATE TREASURER IS CONCLUSIVE AS TO THE MAT-
24 TERS STATED IN THE DETERMINATION. If ~~subsequent to the date of~~
25 AFTER THE determination by the state treasurer ~~, as required by~~
26 ~~this subsection, these~~ THE TOTAL costs of relocating,
27 constructing, and reconstructing highways, roads, streets, and

1 bridges, and costs ancillary thereto, increase, ~~the~~ THIS state
 2 shall not expend from the state trunk line fund, ~~or~~ FROM the
 3 proceeds from bonds payable from deposits in the state trunk line
 4 fund, or ~~by any~~ FROM direct appropriations of ~~the~~ THIS state,
 5 ~~for this purpose,~~ any additional funds ~~which~~ THAT cause the
 6 total expenditure by ~~the~~ THIS state from these sources, after
 7 any reimbursement, to exceed 25% of the total cost, as increased,
 8 of the relocation, construction, and reconstruction, including
 9 ancillary costs. An expenditure by ~~the~~ THIS state in violation
 10 of ~~the provisions of~~ this subsection ~~shall~~ DOES not invali-
 11 date or otherwise adversely affect any ~~then~~ previously issued
 12 bonds, obligations, or other evidences of indebtedness described
 13 in ~~subsection (1)~~ THIS SECTION or any security therefor.

14 Sec. 12. (1) Subject to approval pursuant to section 11, a
 15 local governmental unit may assign or pledge all or a portion of
 16 the distribution of taxes that the local governmental unit is
 17 eligible to receive under this act for payment of bonds, obliga-
 18 tions, or other evidences of indebtedness for the purposes speci-
 19 fied in section 8(2). If a local governmental unit assigns, ~~or~~
 20 pledges, OR, PURSUANT TO SECTION 11(4), DEDICATES all or a por-
 21 tion of the distribution of taxes that the local governmental
 22 unit is eligible to receive under this act for payment of bonds,
 23 obligations, or other evidences of indebtedness incurred for the
 24 purposes specified in this act, the state treasurer may transmit
 25 to the duly appointed trustee OR TRUSTEES for the bonds, obliga-
 26 tions, or other evidences of indebtedness, if any, the payment of

1 the distribution ~~which is~~ assigned, ~~or~~ pledged, OR DEDICATED
2 by the local governmental unit.

3 (2) A local governmental unit shall not issue bonds, obliga-
4 tions, or other evidences of indebtedness to which distributions
5 under section 9 are pledged in a principal amount greater than
6 \$180,000,000.00. THIS LIMIT DOES NOT APPLY TO REFUNDING BONDS,
7 OBLIGATIONS, OR OTHER EVIDENCES OF INDEBTEDNESS ISSUED PURSUANT
8 TO SECTION 11(3) OR TO BONDS, OBLIGATIONS, OR OTHER EVIDENCES OF
9 INDEBTEDNESS TO WHICH DISTRIBUTIONS OF TAXES FROM THE CONVENTION
10 FACILITY DEVELOPMENT FUND ARE DEDICATED UNDER SECTION 11(4).