

REPRINT
SUBSTITUTE FOR
SENATE BILL NO. 1059

(As passed the Senate February 28, 2002)

A bill to amend 1963 PA 62, entitled
"Industrial development revenue bond act of 1963,"
by amending sections 4 and 9 (MCL 125.1254 and 125.1259), section
9 as amended by 1980 PA 90.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4. (1) For the purpose of defraying the cost of the
2 industrial building, the site ~~therefor~~ FOR THE BUILDING, and
3 industrial machinery and equipment, a municipality may borrow
4 money and issue its negotiable bonds ~~therefor~~ FOR THAT
5 PURPOSE. The bonds shall be serial bonds or term bonds or a com-
6 bination ~~thereof~~ OF THESE and if serial bonds they shall be
7 payable either semiannually or annually with the first maturity
8 date not more than 5 years from the date ~~thereof~~ OF ISSUANCE.
9 The last maturity date of the bonds, whether term or serial,
10 shall be not more than 40 years from the date ~~thereof~~ OF

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1 ISSUANCE. A maturity date shall not fall due after the estimated
2 period of usefulness of the industrial building, or, if the
3 industrial machinery and equipment ~~therein shall~~ represent more
4 than 2/3 of the total cost of the project, after the average
5 estimated period of usefulness of said industrial machinery and
6 equipment. The bonds shall bear a rate of interest as specified
7 therein not to exceed the maximum rate permitted by ~~Act No. 202~~
8 ~~of the Public Acts of 1943, as amended, being sections 131.1 to~~
9 ~~138.2 of the Michigan Compiled Laws~~ THE REVISED MUNICIPAL
10 FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821, payable semi-
11 annually, except that the first coupon may be for any number of
12 months not exceeding 10. The bonds and coupons shall be substan-
13 tially in the form provided in the authorizing resolution and
14 shall be executed in the manner prescribed ~~therein~~ IN THIS ACT,
15 which as to coupons may be by facsimile signature. The bonds and
16 coupons shall be payable in lawful money of the United States,
17 and shall be exempt from taxation by ~~the~~ THIS state or by any
18 taxing authority within ~~the~~ THIS state. The principal and
19 interest of the bonds shall be payable from the net revenues
20 derived from the industrial building and site and industrial
21 machinery and equipment, from the proceeds of the sale of bonds
22 issued to refund outstanding bonds, from the investment earnings
23 of the proceeds, or from any combination of these sources. A
24 bond or coupon issued pursuant to this act shall not be a general
25 obligation of the issuer nor constitute a debt of the issuer
26 within the meaning of the constitutional or statutory
27 limitation. Bonds may be made registerable as to principal or

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1 principal and interest under terms and conditions as may be
2 determined by the governing body of the municipality.

3 (2) BONDS ISSUED UNDER THIS ACT ARE NOT SUBJECT TO THE REVE-
4 NUE BOND ACT OF 1933, 1933 PA 94, MCL 141.101 TO 141.140.

5 (3) BONDS AND NOTES ISSUED UNDER THIS ACT ARE NOT SUBJECT TO
6 THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO
7 141.2821.

8 (4) THE ISSUANCE OF BONDS AND NOTES UNDER THIS ACT IS
9 SUBJECT TO THE AGENCY FINANCING REPORTING ACT.

10 Sec. 9. (1) If the governing body finds that the bonds
11 originally authorized will be insufficient to accomplish the pur-
12 pose desired, additional bonds, only in the amount necessary to
13 complete the project as originally approved, may be authorized
14 and issued in the same manner as the original bonds. Additional
15 bonds may be issued to defray the cost of 1 or more of the
16 following:

17 (a) An item of cost contained in section 10.

18 (b) Interest ~~which~~ THAT has accrued, may accrue, or has
19 been paid during the construction period of the project and for 6
20 months after the construction period on money borrowed or ~~which~~
21 THAT is estimated to be borrowed pursuant to this act.

22 (c) Interest on previously issued bonds.

23 (2) At the time of issuing additional bonds, the governing
24 body may provide that the additional bonds for additions, exten-
25 sions, and permanent improvements, be placed in escrow and nego-
26 tiated from time to time as the proceeds for those purposes are

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1 necessary. When negotiated, bonds placed in escrow shall have
2 equal standing with bonds of the same issue.

3 (3) The municipality may issue bonds at any time to refund,
4 in whole or in part, outstanding bonds issued pursuant to this
5 act, including the payment of interest accrued, or to accrue, to
6 the earliest or any subsequent date of redemption, purchase, or
7 maturity of the bonds, redemption premium, if any, and any com-
8 mission, service fees, and other expenses necessary to be paid in
9 connection therewith, whether the bonds to be refunded have
10 matured or are redeemable or shall thereafter mature or become
11 redeemable. If considered advisable by the municipality, the
12 municipality may issue bonds partly to refund outstanding bonds
13 and partly for any other purpose contemplated by this act. Bonds
14 issued to refund outstanding bonds may be issued in a principal
15 amount greater than, the same as, or lesser ~~that~~ THAN the prin-
16 cipal amount of the bonds to be refunded, ~~any~~ AND may bear
17 interest rates that are higher than, the same as, or lower ~~that~~
18 THAN the interest rates of the bonds to be refunded. The inter-
19 est rates, however, shall not exceed the maximum rate of interest
20 permitted by ~~Act No. 202 of the Public Acts of 1943, as amended,~~
21 ~~being sections 131.1 to 138.2 of the Michigan Compiled Laws~~ THE
22 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO
23 141.2821.

24 (4) The principal, interest, and redemption premiums, if
25 any, on bonds issued by a municipality pursuant to this section
26 to refund outstanding bonds shall be payable from 1 or more of
27 the following:

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1 (a) The net revenues derived from the facilities
2 constructed, acquired, reconstructed, remodeled, or repaired with
3 the proceeds of the bonds to be refunded.

4 (b) The proceeds of the refunding bonds.

5 (c) Investment earnings on the proceeds of the refunding
6 bonds.