

REPRINT
SUBSTITUTE FOR
SENATE BILL NO. 1077

(As passed the Senate February 28, 2002)

A bill to amend 1974 PA 338, entitled
"Economic development corporations act,"
by amending sections 6a, 7, 8, and 23 (MCL 125.1606a, 125.1607,
125.1608, and 125.1623), section 6a as added and sections 7, 8,
and 23 as amended by 1980 PA 501.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 6a. (1) In order to implement section ~~3(e)(ii)~~
2 3(F)(ii), a corporation incorporated by a city with a population
3 of greater than 750,000 persons may create subsidiary neighbor-
4 hood development corporations within the city in which the parent
5 corporation may operate. A subsidiary neighborhood development
6 corporation created pursuant to this subsection shall have power
7 to conduct business solely for the purpose of a project under
8 section ~~3(e)(ii)~~ 3(F)(ii), but in respect to those projects the
9 subsidiary shall have the same powers of a corporation formed

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1 under this act, except as may be limited by the parent
2 corporation in the articles of incorporation or bylaws of the
3 subsidiary.

4 (2) To the extent the project involves training for disad-
5 vantaged youths, a subsidiary created pursuant to this section
6 shall be exempt from the requirement of the payment of prevailing
7 wage and fringe benefit rates described in section 8(4)(h).

8 (3) Any surplus from the sale of property in the involved
9 project area under section ~~3(e)(ii)~~ 3(F)(ii), after payment of
10 principal and interest or other evidences of indebtedness, shall
11 be deposited in a revolving fund of the corporation creating the
12 subsidiary corporation, which fund shall be restricted to provide
13 revenue for other projects authorized by section ~~3(e)(ii)~~
14 3(F)(ii), within the city.

15 (4) When bonds or notes are sold to implement projects under
16 section ~~3(e)(ii)~~ 3(F)(ii), provision shall be made for the
17 immediate repayment of the bonds or notes at the time all prop-
18 erty in the involved project area is sold.

19 Sec. 7. (1) In order to accomplish the public purposes set
20 forth in section 2 the corporation may:

21 (a) Construct, acquire by gift or purchase, reconstruct,
22 improve, maintain, or repair projects and acquire the necessary
23 land, or an interest in land or portions of the land, for the
24 site of a project.

25 (b) Acquire by gift or purchase the necessary machinery,
26 furnishings, and equipment for a project.

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1 (c) Make secured or unsecured loans, participate in the
2 making of secured or unsecured loans, undertake commitments to
3 make secured or unsecured loans and mortgages, sell loans and
4 mortgages at public or private sale, rewrite loans and mortgages,
5 discharge loans and mortgages, foreclose on a mortgage, or com-
6 mence an action to protect or enforce a right conferred upon it
7 by a law, mortgage, loan, contract, or other agreement.

8 (d) Borrow money and issue its revenue bonds or revenue
9 notes to finance or refinance part or all of the project costs
10 and the costs necessary or incidental to the borrowing of money
11 and issuing of bonds or notes for ~~such~~ THAT purpose, and may
12 secure those bonds and notes by mortgage, assignment, or pledge
13 of any of its money, revenues, income, and properties. Bonds and
14 notes may be issued ~~pursuant to~~ UNDER this act to acquire and
15 install projects, necessary lands, or an interest in the land or
16 A portion ~~thereof~~ OF THE LAND, for the site ~~therefor~~ OF THE
17 PROJECT, and the necessary machinery, furnishings, and equipment
18 for a project notwithstanding that the corporation does not own
19 or propose to own ~~such~~ THE projects, lands, or machinery, fur-
20 nishings, and equipment. The corporation for a municipality
21 ~~which~~ THAT has a population of more than 1,000,000 persons may
22 combine part or all of the project costs of more than 1 project
23 for pollution control facilities in a single financing
24 arrangement. However, the bonds and notes for each project for
25 pollution control facilities shall be secured by a separate
26 agreement and collateral for each project.

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1 (e) Enter into leases, lease purchase agreements,
2 installment sales contracts or loan agreements with any person,
3 firm, or corporation for the use or sale of the project.

4 (f) Mortgage or create security interests in the project, a
5 part of the project, a lease or loan, or the rents, revenues, or
6 sums to be paid during the term of a lease or loan, in favor of
7 holders of bonds or notes issued by the corporation.

8 (g) Sell and convey the project or any part of the project
9 for a price and at a time as the corporation determines.

10 (h) Lend, grant, transfer, or convey funds, described in
11 section 27, as permitted by law, but subject to applicable
12 restrictions affecting the use of those funds.

13 (2) BONDS AND NOTES ISSUED UNDER THIS ACT ARE NOT SUBJECT TO
14 THE REVENUE BOND ACT OF 1933, 1933 PA 94, MCL 141.101 TO 141.140.

15 (3) BONDS AND NOTES ISSUED UNDER THIS ACT ARE NOT SUBJECT TO
16 THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO
17 141.2821.

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

20 Sec. 8. (1) The corporation shall designate the project
21 area to the governing body of the municipality for which the cor-
22 poration is incorporated. The governing body of the municipality
23 for which the corporation is incorporated shall certify its
24 approval of the designation of a project area by resolution.

25 (2) Before acquiring property, or an interest in land, or
26 incurring obligations for a specific project, other than the
27 acquisition of an option, the corporation shall prepare a project

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1 plan and secure the recommendation of the local public agency of
2 the municipality for which the corporation is incorporated,
3 except as provided in section 9(3), the approval of the governing
4 body of each city, village, or township in which all or a part of
5 the project is located, and the approval of the county, if the
6 corporation is an economic development corporation for the
7 county.

8 (3) The corporation shall certify to the governing body of
9 the municipality for which the corporation is incorporated that
10 at the time the project plan is approved by the corporation, the
11 project shall not have the effect of transferring employment of
12 more than 20 full-time persons from a municipality of this state
13 to the municipality in which the project is to be located. This
14 restriction shall not prevent the approval of a project if the
15 governing body of each municipality from which employment is to
16 be transferred consents by resolution to the transfer.

17 (4) The project plan shall contain the following, except
18 that agricultural and forestry enterprise projects need only
19 comply with subsection (9) with respect to project plans:

20 (a) The location and extent of existing streets and other
21 public facilities within the project district area, and shall
22 designate the location, character, and extent of the categories
23 of public and private land uses then existing and proposed for
24 the project area, including residential, recreational, commer-
25 cial, industrial, educational, and other uses and shall include a
26 legal description of the project area.

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1 (b) A description of existing improvements in the project
2 area to be demolished, repaired, or altered, a description of
3 repairs and alterations, and an estimate of the time required for
4 completion.

5 (c) The location, extent, character, and estimated cost of
6 the improvements including rehabilitation contemplated for the
7 project area and an estimate of the time required for
8 completion.

9 (d) A statement of the construction or stages of construc-
10 tion planned, and the estimated time of completion of each
11 stage.

12 (e) A description of the parts of the project area to be
13 left as open space and the use contemplated for the space.

14 (f) A description of portions of the project area ~~which~~
15 THAT the corporation desires to sell, donate, exchange, or lease
16 to or from the municipality, and the proposed terms.

17 (g) A description of desired zoning changes and changes in
18 streets, street levels, intersections, and utilities.

19 (h) A statement of the proposed method of financing the
20 project, including, except as provided in section 6a, a statement
21 by a person described in subparagraph (j) indicating the payment
22 to all persons performing work on the construction project of the
23 prevailing wage and fringe benefit rates for the same or similar
24 work in the locality in which the work is to be performed, and a
25 statement of the ability of the corporation to arrange the
26 financing. The prevailing wage and fringe benefit rates shall be
27 determined ~~pursuant to Act No. 166 of the Public Acts of 1965,~~

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1 ~~as amended, being sections 408.551 to 408.558 of the Michigan~~
2 ~~Compiled Laws~~ UNDER 1965 PA 166, MCL 408.551 TO 408.558. A cor-
3 poration may conclusively rely upon the statement required under
4 this subsection as to compliance with the payment of prevailing
5 wage and fringe benefit rates and any contracts, bonds or notes
6 of any corporation entered into or issued upon reliance on any
7 ~~said~~ statement shall not be subsequently voided by reason of
8 the failure to comply with the requirements of this subsection.

9 (i) A list of persons who will manage or be associated with
10 the management of the project for a period of not less than 1
11 year from the date of approval of the project plan.

12 (j) Designation of the person or persons, natural or corpo-
13 rate, to whom the project is to be leased, sold, or conveyed and
14 for whose benefit the project is being undertaken if that infor-
15 mation is available to the corporation.

16 (k) If there is not an express or implied agreement between
17 the corporation and persons, natural or corporate, that the
18 project will be leased, sold, or conveyed to those persons, the
19 procedures for bidding for the leasing, purchasing, or conveying
20 of the project upon its completion.

21 (l) Estimates of the number of persons residing in the
22 project area, and the number of families and individuals to be
23 displaced. If occupied residences are designated for acquisition
24 and clearance by the corporation, a project plan shall include a
25 survey of the families and individuals to be displaced, including
26 their income and racial composition, a statistical description of
27 the housing supply in the community, including the number of

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1 private and public units in existence or under construction, the
2 condition of those in existence, the number of owner-occupied and
3 renter-occupied units, the annual rate of turnover of the various
4 types of housing and the range of rents and sale prices, an esti-
5 mate of the total demand for housing in the community, and the
6 estimated capacity of private and public housing available to
7 displaced families and individuals.

8 (m) A plan for establishing priority for the relocation of
9 persons displaced by the project in new housing in the project
10 area.

11 (n) Provision for the costs of relocating persons displaced
12 by the project and financial assistance and reimbursement of
13 expenses, including litigation expenses and expenses incident to
14 the transfer of title, in accordance with the standards and pro-
15 visions of the ~~federal~~ uniform relocation assistance and real
16 property acquisition policies act of 1970, ~~42 U.S.C. 4601 to~~
17 ~~4655~~ PUBLIC LAW 91-646, 84 STAT. 1894.

18 (o) A plan for compliance with ~~Act No. 227 of the Public~~
19 ~~Acts of 1972, being sections 213.321 to 213.332 of the Michigan~~
20 ~~Compiled Laws~~ 1972 PA 227, MCL 213.321 TO 213.332.

21 (p) Other material as the corporation, local public agency,
22 or governing body considers pertinent.

23 (5) The corporation shall be considered an instrumentality
24 of a political subdivision for purposes of ~~Act No. 227 of the~~
25 ~~Public Acts of 1972~~ 1972 PA 227, MCL 213.321 TO 213.332.

26 (6) A person shall be given not less than 90 days' written
27 notice to vacate unless modified by court order for good cause.

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1 (7) The corporation shall not operate a project or an
2 enterprise in a project, other than as lessor.

3 (8) The governing body may utilize the corporation to issue
4 obligations PURSUANT TO SECTION 7 to accomplish the public pur-
5 poses of the municipality set forth in section 2, and for that
6 purpose may by resolution direct the corporation to take appro-
7 priate action as set forth in subsections (1) and (2) with
8 respect to a proposed project.

9 (9) In the case of project plans for agricultural and for-
10 estry enterprises, the following information shall be provided in
11 lieu of the requirements of subsections (2) and (4):

12 (a) A statement of intention regarding the objectives of the
13 project.

14 (b) A general description of the kinds of buildings,
15 improvements, storage facilities, restorations, acquisition of
16 machinery, equipment furnishings, leasehold improvements and
17 incidental RELATED costs ~~related thereto~~ to be financed.

18 (c) A statement regarding the length of the project and the
19 maximum amount to be financed over the life of the project.

20 (d) A statement by the corporation that no zoning change or
21 eminent domain proceedings will be necessary to implement the
22 project.

23 (e) A description of the process to be followed in imple-
24 menting the individual transactions ~~which~~ THAT may comprise the
25 project.

26 Sec. 23. (1) For the purpose of defraying all or part of
27 its project costs, refunding or refunding in advance obligations

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1 authorized under this act or obligations authorized under ~~Act~~
2 ~~No. 62 of the Public Acts of 1963, as amended, being sections~~
3 ~~125.1251 to 125.1267 of the Michigan Compiled Laws~~ THE INDUS-
4 TRIAL DEVELOPMENT REVENUE BOND ACT OF 1963, 1963 PA 62,
5 MCL 125.1251 TO 125.1267, by a municipality incorporating a cor-
6 poration under this act, a corporation may borrow money and issue
7 its revenue bonds or revenue notes. Refunding bonds may be
8 issued by the corporation whether the bonds to be refunded have
9 or have not matured, are or are not redeemable on the date of
10 issuance of the refunding bonds, or are or are not subject to
11 redemption before maturity, and may be issued to pay principal,
12 interest, redemption premiums, or any combination thereof of the
13 obligations to be refunded. The bonds may be issued partly to
14 refund bonds and partly for any other purpose authorized by this
15 act. The refunding bonds may be issued in a principal amount
16 greater than the principal amount of the bonds to be refunded as
17 may be necessary to effect the refunding pursuant to the plan of
18 refunding. The bonds or notes shall be exempt from all taxation
19 except inheritance and transfer taxes and the interest on the
20 bonds or notes shall be exempt from all taxation in the state of
21 Michigan, notwithstanding that the interest may be subject to
22 federal income tax.

23 (2) The municipality shall not be liable on notes or bonds
24 of the corporation and the notes and bonds shall not be a debt of
25 the municipality. The notes and bonds shall contain on their
26 face a statement to that effect.

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1 (3) The bonds and notes of the corporation may be invested
2 in by all public officers, state agencies and political
3 subdivisions, insurance companies, banks, savings and loan asso-
4 ciations, investment companies, and fiduciaries and trustees, and
5 may be deposited with and received by all public officers and the
6 agencies and political subdivisions of this state for any purpose
7 for which the deposit of bonds is authorized.

8 (4) The corporation shall report to the governing body of
9 the municipality for which the corporation is incorporated and
10 the ~~office of economic development of the~~ Michigan ~~department~~
11 ~~of commerce~~ ECONOMIC DEVELOPMENT CORPORATION not less than once
12 per year, which report shall fully describe the activities of the
13 corporation including a statement of all revenues and expendi-
14 tures since the previous report.

15 (5) The financial records, accountings, audit reports, and
16 other reports of public money under the control of the corpora-
17 tion shall be public records and open to inspection. The corpo-
18 ration shall publish in a newspaper of general circulation in the
19 incorporating municipality not more than 120 days after the con-
20 clusion of the corporation's operating year a statement of all of
21 its revenues and expenditures for the year and shall distribute
22 copies of the report upon request.