

HOUSE BILL No. 5370

October 31, 2001, Introduced by Reps. Vander Roest, George, Lipsey, Stewart, Kuipers, Schauer, Pappageorge and Mead and referred to the Committee on Commerce.

A bill to amend 1913 PA 380, entitled

"An act to regulate gifts of real and personal property to cities, villages, townships, and counties, and the use of the those gifts; and to validate all such gifts made before the enactment of this act,"

by amending the title and section 2 (MCL 123.872), as amended by 1985 PA 9.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE

2 An act to regulate gifts of real and personal property to
3 cities, villages, townships, and counties, and the use of ~~the~~
4 those gifts AND OTHER FUNDS; and to validate all such gifts made
5 before the enactment of this act.

6 Sec. 2. (1) To provide a means and method to encourage and
7 assist businesses in locating and expanding in this state, and if
8 not prohibited by the terms of the grant, a city, village,

03288'01

KDD

1 township, or county may use a federal, state, or local grant or
2 the proceeds of a federal, state, or local grant to make a
3 secured or unsecured loan or to make a grant to a private person,
4 to a corporation or other business association, to a city, vil-
5 lage, township, or county, or to an instrumentality of a city,
6 village, township, or county. A COUNTY MAY MAKE A GRANT FROM ITS
7 GENERAL FUND TO AN ORGANIZATION THAT IS EXEMPT FROM TAXATION
8 UNDER SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE OF 1986 TO
9 ESTABLISH A REVOLVING LOAN FUND TO MAKE LOANS TO A PRIVATE
10 PERSON, CORPORATION, OR OTHER BUSINESS ASSOCIATION FOR THE PUR-
11 POSES DESCRIBED IN THIS SECTION.

12 (2) A loan or grant made ~~pursuant to~~ UNDER subsection (1)
13 may be used for local public improvements or to encourage and
14 assist businesses in locating or expanding in this state, to pre-
15 serve jobs in this state, to encourage investment in the communi-
16 ties in this state, or for other public purposes.

17 (3) The right to repayment of a loan made under subsection
18 (1) may be assigned by a city, village, township, or county to an
19 entity, agency, or authority created pursuant to law, or to a
20 private corporation or association created to make and administer
21 loans made under subsection (1).

22 (4) A city, village, township, or county may receive loans
23 ~~pursuant to~~ UNDER subsection (1) and issue loan revenue bonds
24 secured by the repayment of loans made under subsection (1). For
25 the purposes specified in subsection (2), bonds issued pursuant
26 to this section shall be approved by the department of treasury
27 before their issuance, but shall not otherwise be subject to the

1 provisions of the municipal finance act, ~~Act No. 202 of the~~
2 ~~Public Acts of 1943, being sections 131.1 to 139.3 of the~~
3 ~~Michigan Compiled Laws~~ 1943 PA 202, MCL 131.1 TO 139.3. In
4 determining whether the issuance of the bonds shall be approved,
5 the department of treasury shall take into consideration the
6 following:

7 (a) Whether the bonds conform to the provisions of law.

8 (b) Whether the probable revenue and properties pledged for
9 payment of the bonds will be sufficient to pay the principal of
10 and interest on the bonds when due.

11 (c) Whether the amount of the proposed issue is sufficient
12 or excessive for the purpose for which the bonds are to be
13 issued.

14 (5) The loan revenue bonds shall not be general obligations
15 of the city, village, township, or county issuing the loan reve-
16 nue bonds. The loan revenue bonds are declared to be issued for
17 an essential public and governmental purpose, and, together with
18 interest on those bonds and income from those bonds, shall be
19 exempted from all taxes.