

SENATE BILL No. 864

November 29, 2001, Introduced by Senator SCOTT and referred to the Committee on Finance.

A bill to amend 1985 PA 106, entitled
"State convention facility development act,"
by amending sections 11 and 12 (MCL 207.631 and 207.632), as
amended by 1993 PA 58.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. ~~-(1) Before a local governmental unit may assign~~
2 ~~or pledge all or a portion of the distribution of taxes that the~~
3 ~~local governmental unit is eligible to receive under this act for~~
4 ~~payment of bonds, obligations, or other evidences of indebted-~~
5 ~~ness, the local governmental unit shall submit the plans for the~~
6 ~~proposed project and financing to the state treasurer for~~
7 ~~approval. The state treasurer shall make findings regarding~~
8 ~~whether the proposed project is reasonable, whether the revenues~~
9 ~~and other funds will be sufficient to fund the proposed project~~
10 ~~and any other projects necessary for the completion of the~~

~~1 proposed project, and whether the proposed project and financing
2 comply with this act. The state treasurer shall notify the local
3 governmental unit of the findings and shall approve or disapprove
4 the proposed project within 30 days after submission of the plans
5 for the proposed project and financing. The findings of the
6 state treasurer shall be reviewed by the state administrative
7 board and shall be considered conclusive.~~

8 (1) ~~-(2) If refunding~~ REFUNDING bonds, obligations, or
9 other evidences of indebtedness described in subsection ~~-(3)~~ (2)
10 are ~~to be~~ issued pursuant SUBJECT to the ~~municipal finance~~
11 act, Act No. 202 of the Public Acts of 1943, being sections 131.1
12 to 139.3 of the Michigan Compiled Laws, subsection (1) does not
13 apply. ~~Instead, the state treasurer shall make findings regard-~~
14 ~~ing and approve the refunding bonds, obligations, or other evi-~~
15 ~~dences of indebtedness pursuant to Act No. 202 of the Public Acts~~
16 ~~of 1943~~ REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101
17 TO 141.2821.

18 (2) ~~-(3)~~ Pursuant to ~~this act or Act No. 202 of the Public~~
19 ~~Acts of 1943~~ THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL
20 141.2101 TO 141.2821, a local governmental unit may issue refund-
21 ing bonds, obligations, or other evidences of indebtedness to
22 refund all or a portion of the bonds, obligations, or other evi-
23 dences of indebtedness issued for purposes specified in this act.
24 ~~if the aggregate present value of the principal and interest to~~
25 ~~be paid on the refunding bonds, obligations, or other evidences~~
26 ~~of indebtedness will be less than the aggregate present value of~~
27 ~~the principal and interest to be paid on the bonds, obligations,~~

1 ~~or other evidences of indebtedness being refunded.~~ If refunding
2 bonds, obligations, or other evidences of indebtedness are
3 issued, an assignment or pledge of distributions of taxes from
4 the convention facility development fund for the payment of prin-
5 cipal or interest on the refunded bonds, obligations, or other
6 evidences shall apply, after the issuance of the refunding bonds,
7 only to the refunding bonds, obligations, or other evidences of
8 indebtedness and to any bonds, obligations, or other evidences of
9 indebtedness that were not refunded and to which the assignment
10 or pledge previously applied.

11 (3) ~~—(4)—~~ A local governmental unit that refunds bonds,
12 obligations, or other evidences of indebtedness pursuant to sub-
13 section ~~—(3)—~~ (2) may dedicate distributions of taxes from the
14 convention facility development fund to the payment of principal,
15 interest, or credit support fees or other costs of issuance or of
16 the maintenance of any required reserves for general obligation
17 bonds, obligations, or other evidences of indebtedness issued or
18 to be issued for purposes specified in this act but not pursuant
19 to the authority granted in this act or may reimburse itself for
20 such payments from such distributions. However, distributions to
21 a local governmental unit pursuant to this subsection in any
22 state fiscal year shall not exceed the lesser of the following:

23 (a) Principal, interest, or credit support fees or other
24 costs of issuance or of the maintenance of required reserves pay-
25 able in the state fiscal year on the bonds, obligations, or other
26 evidences of indebtedness to which the distributions are
27 dedicated.

1 (b) The difference between the amount that would have been
2 distributed to the local governmental unit had it not issued
3 refunding bonds pursuant to subsection ~~-(3)-~~ (2) and the amount
4 of distribution of taxes to which an assignment or pledge applies
5 under subsection ~~-(3)-~~ (2).

6 (4) ~~-(5)-~~ After September 30, 1999, taxes shall not be dis-
7 tributed from the convention facility development fund pursuant
8 to subsection ~~-(4)-~~ (3).

9 (5) ~~-(6)-~~ If bonds, obligations, or other evidences of
10 indebtedness are to be issued for the purposes set forth in sec-
11 tion 8(2), for which all or a portion of the distribution of
12 taxes that the local governmental unit is eligible to receive are
13 pledged or assigned as set forth in subsection (1) or
14 ~~subsections~~ (2), ~~and (3),~~ and if as a direct result of the
15 acquiring, constructing, improving, enlarging, renewing, replac-
16 ing, or in conjunction with these activities, repairing, furnish-
17 ing, equipping, or leasing of a convention facility financed from
18 the proceeds of the bonds, obligations, or other evidences of
19 indebtedness, it is necessary for the state to expend money from
20 the state trunk line fund from the proceeds of bonds issued by
21 this state payable from deposits into the state trunk line fund,
22 or from direct appropriations for the costs of relocating, con-
23 structing, or reconstructing highways, roads, streets, or
24 bridges, and costs ancillary thereto, then before the issuance of
25 the bonds, obligations, or other evidences of indebtedness, the
26 state treasurer shall determine that the total amount of these
27 costs to be paid from the state trunk line fund, from the

1 proceeds of bonds or notes payable from deposits into the state
2 trunk line fund, or from direct appropriations of this state,
3 excluding any of the cost to be reimbursed to this state by the
4 federal government, any local unit of government or authority or
5 agency thereof, or any other person or entity, shall not exceed
6 25% of the total cost of the relocation, construction, or recon-
7 struction of highways, roads, streets, and bridges, and costs
8 ancillary ~~thereto~~ TO THOSE COSTS, directly resulting from the
9 convention facility project purposes described in section 8(2).
10 For purposes of the validity of the bonds, obligations, or other
11 evidences of indebtedness, the determination of the state trea-
12 surer is conclusive as to the matters stated in the
13 determination. If after the determination by the state treasurer
14 the total costs of relocating, constructing, and reconstructing
15 highways, roads, streets, and bridges, and costs ancillary there-
16 to, increase, this state shall not expend from the state trunk
17 line fund, from the proceeds from bonds payable from deposits in
18 the state trunk line fund, or from direct appropriations of this
19 state, any additional funds that cause the total expenditure by
20 this state from these sources, after any reimbursement, to exceed
21 25% of the total cost, as increased, of the relocation, construc-
22 tion, and reconstruction, including ancillary costs. An expendi-
23 ture by this state in violation of this subsection does not
24 invalidate or otherwise adversely affect any previously issued
25 bonds, obligations, or other evidences of indebtedness described
26 in this section or any security therefor.

1 Sec. 12. (1) Subject to approval pursuant to section 11, a
2 local governmental unit may assign or pledge all or a portion of
3 the distribution of taxes that the local governmental unit is
4 eligible to receive under this act for payment of bonds, obliga-
5 tions, or other evidences of indebtedness for the purposes speci-
6 fied in section 8(2). If a local governmental unit assigns,
7 pledges, or, pursuant to section ~~11(4)~~ 11(3), dedicates all or
8 a portion of the distribution of taxes that the local governmen-
9 tal unit is eligible to receive under this act for payment of
10 bonds, obligations, or other evidences of indebtedness incurred
11 for the purposes specified in this act, the state treasurer may
12 transmit to the duly appointed trustee or trustees for the bonds,
13 obligations, or other evidences of indebtedness, if any, the pay-
14 ment of the distribution assigned, pledged, or dedicated by the
15 local governmental unit.

16 (2) A local governmental unit shall not issue bonds, obliga-
17 tions, or other evidences of indebtedness to which distributions
18 under section 9 are pledged in a principal amount greater than
19 \$180,000,000.00. This limit does not apply to refunding bonds,
20 obligations, or other evidences of indebtedness issued pursuant
21 to section ~~11(3)~~ 11(2) or to bonds, obligations, or other evi-
22 dences of indebtedness to which distributions of taxes from the
23 convention facility development fund are dedicated under section
24 ~~11(4)~~ 11(3).