

SENATE BILL No. 1059

February 5, 2002, Introduced by Senator Emmons and referred to the Committee on Finance.

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; and to repeal acts and parts of acts.

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,

1 shall be not more than 40 years from the date ~~thereof~~ OF
2 ISSUANCE. A maturity date shall not fall due after the estimated
3 period of usefulness of the industrial building, or, if the
4 industrial machinery and equipment ~~therein shall~~ represent more
5 than 2/3 of the total cost of the project, after the average
6 estimated period of usefulness of said industrial machinery and
7 equipment. ~~The bonds shall bear a rate of interest as specified~~
8 ~~therein not to exceed the maximum rate permitted by Act No. 202~~
9 ~~of the Public Acts of 1943, as amended, being sections 131.1 to~~
10 ~~138.2 of the Michigan Compiled Laws, payable semiannually, except~~
11 ~~that the first coupon may be for any number of months not exceed-~~
12 ~~ing 10.~~ The bonds and coupons shall be substantially in the form
13 provided in the authorizing resolution and shall be executed in
14 the manner prescribed ~~therein~~ IN THIS ACT, which as to coupons
15 may be by facsimile signature. The bonds and coupons shall be
16 payable in lawful money of the United States, and shall be exempt
17 from taxation by ~~the~~ THIS state or by any taxing authority
18 within ~~the~~ THIS state. The principal and interest of the bonds
19 shall be payable from the net revenues derived from the indus-
20 trial building and site and industrial machinery and equipment,
21 from the proceeds of the sale of bonds issued to refund outstand-
22 ing bonds, from the investment earnings of the proceeds, or from
23 any combination of these sources. A bond or coupon issued pursu-
24 ant to this act shall not be a general obligation of the issuer
25 nor constitute a debt of the issuer within the meaning of the
26 constitutional or statutory limitation. Bonds may be made
27 registerable as to principal or principal and interest under

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

3 (2) REVENUE BONDS ISSUED UNDER THIS ACT ARE SUBJECT TO THE
4 REVENUE BOND ACT OF 1933, 1933 PA 94, MCL 141.101 TO 141.140.

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

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

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

17 (c) Interest on previously issued bonds.

18 (2) At the time of issuing additional bonds, the governing
19 body may provide that the additional bonds for additions, exten-
20 sions, and permanent improvements, be placed in escrow and nego-
21 tiated from time to time as the proceeds for those purposes are
22 necessary. When negotiated, bonds placed in escrow shall have
23 equal standing with bonds of the same issue.

24 (3) The municipality may issue bonds at any time to refund,
25 in whole or in part, outstanding bonds issued pursuant to this
26 act, including the payment of interest accrued, or to accrue, to
27 the earliest or any subsequent date of redemption, purchase, or

1 maturity of the bonds, redemption premium, if any, and any
2 commission, service fees, and other expenses necessary to be paid
3 in connection ~~therewith~~ WITH THE BONDS, whether the bonds to be
4 refunded have matured or are redeemable or shall thereafter
5 mature or become redeemable. If considered advisable by the
6 municipality, the municipality may issue bonds partly to refund
7 outstanding bonds and partly for any other purpose contemplated
8 by this act. Bonds issued to refund outstanding bonds may be
9 issued in a principal amount greater than, the same as, or lesser
10 ~~that~~ THAN the principal amount of the bonds to be refunded,
11 ~~any~~ AND may bear interest rates that are higher than, the same
12 as, or lower ~~that~~ THAN the interest rates of the bonds to be
13 refunded. ~~The interest rates, however, shall not exceed the~~
14 ~~maximum rate of interest permitted by Act No. 202 of the Public~~
15 ~~Acts of 1943, as amended, being sections 131.1 to 138.2 of the~~
16 ~~Michigan Compiled Laws.~~

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

21 (a) The net revenues derived from the facilities con-
22 structed, acquired, reconstructed, remodeled, or repaired with
23 the proceeds of the bonds to be refunded.

24 (b) The proceeds of the refunding bonds.

25 (c) Investment earnings on the proceeds of the refunding
26 bonds.

1 Enacting section 1. Sections 13 and 14 of the industrial
2 development revenue bond act of 1963, 1963 PA 62, MCL 125.1263
3 and 125.1264, are repealed.