

SENATE BILL No. 1077

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

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

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.

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.

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

15 Sec. 8. (1) The corporation shall designate the project
16 area to the governing body of the municipality for which the cor-
17 poration is incorporated. The governing body of the municipality
18 for which the corporation is incorporated shall certify its
19 approval of the designation of a project area by resolution.

20 (2) Before acquiring property, or an interest in land, or
21 incurring obligations for a specific project, other than the
22 acquisition of an option, the corporation shall prepare a project
23 plan and secure the recommendation of the local public agency of
24 the municipality for which the corporation is incorporated,
25 except as provided in section 9(3), the approval of the governing
26 body of each city, village, or township in which all or a part of
27 the project is located, and the approval of the county, if the

1 corporation is an economic development corporation for the
2 county.

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

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

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

22 (b) A description of existing improvements in the project
23 area to be demolished, repaired, or altered, a description of
24 repairs and alterations, and an estimate of the time required for
25 completion.

26 (c) The location, extent, character, and estimated cost of
27 the improvements including rehabilitation contemplated for the

1 project area and an estimate of the time required for
2 completion.

3 (d) A statement of the construction or stages of construc-
4 tion planned, and the estimated time of completion of each
5 stage.

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

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

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

13 (h) A statement of the proposed method of financing the
14 project, including, except as provided in section 6a, a statement
15 by a person described in subparagraph (j) indicating the payment
16 to all persons performing work on the construction project of the
17 prevailing wage and fringe benefit rates for the same or similar
18 work in the locality in which the work is to be performed, and a
19 statement of the ability of the corporation to arrange the
20 financing. The prevailing wage and fringe benefit rates shall be
21 ~~determined pursuant to Act No. 166 of the Public Acts of 1965,~~
22 ~~as amended, being sections 408.551 to 408.558 of the Michigan~~
23 ~~Compiled Laws~~ UNDER 1965 PA 166, MCL 408.551 TO 408.558. A cor-
24 poration may conclusively rely upon the statement required under
25 this subsection as to compliance with the payment of prevailing
26 wage and fringe benefit rates and any contracts, bonds or notes
27 of any corporation entered into or issued upon reliance on any

1 ~~said~~ statement shall not be subsequently voided by reason of
2 the failure to comply with the requirements of this subsection.

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

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

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

15 (l) Estimates of the number of persons residing in the
16 project area, and the number of families and individuals to be
17 displaced. If occupied residences are designated for acquisition
18 and clearance by the corporation, a project plan shall include a
19 survey of the families and individuals to be displaced, including
20 their income and racial composition, a statistical description of
21 the housing supply in the community, including the number of pri-
22 vate and public units in existence or under construction, the
23 condition of those in existence, the number of owner-occupied and
24 renter-occupied units, the annual rate of turnover of the various
25 types of housing and the range of rents and sale prices, an esti-
26 mate of the total demand for housing in the community, and the

1 estimated capacity of private and public housing available to
2 displaced families and individuals.

3 (m) A plan for establishing priority for the relocation of
4 persons displaced by the project in new housing in the project
5 area.

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

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

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

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

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

23 (7) The corporation shall not operate a project or an enter-
24 prise in a project, other than as lessor.

25 (8) The governing body may utilize the corporation to issue
26 obligations PURSUANT TO SECTION 7 to accomplish the public
27 purposes of the municipality set forth in section 2, and for that

1 purpose may by resolution direct the corporation to take
2 appropriate action as set forth in subsections (1) and (2) with
3 respect to a proposed project.

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

7 (a) A statement of intention regarding the objectives of the
8 project.

9 (b) A general description of the kinds of buildings,
10 improvements, storage facilities, restorations, acquisition of
11 machinery, equipment furnishings, leasehold improvements and
12 incidental RELATED costs ~~related thereto~~ to be financed.

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

15 (d) A statement by the corporation that no zoning change or
16 eminent domain proceedings will be necessary to implement the
17 project.

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

21 Sec. 23. (1) For the purpose of defraying all or part of
22 its project costs, refunding or refunding in advance obligations
23 authorized under this act or obligations authorized under ~~Act~~
24 ~~No. 62 of the Public Acts of 1963, as amended, being sections~~
25 ~~125.1251 to 125.1267 of the Michigan Compiled Laws~~ THE INDUS-
26 TRIAL DEVELOPMENT REVENUE BOND ACT OF 1963, 1963 PA 62, MCL
27 125.1251 TO 125.1267, by a municipality incorporating a

1 corporation under this act, a corporation may borrow money and
2 issue its revenue bonds or revenue notes. ~~Refunding bonds may~~
3 ~~be issued by the corporation whether the bonds to be refunded~~
4 ~~have or have not matured, are or are not redeemable on the date~~
5 ~~of issuance of the refunding bonds, or are or are not subject to~~
6 ~~redemption before maturity, and may be issued to pay principal,~~
7 ~~interest, redemption premiums, or any combination thereof of the~~
8 ~~obligations to be refunded. The bonds may be issued partly to~~
9 ~~refund bonds and partly for any other purpose authorized by this~~
10 ~~act. The refunding bonds may be issued in a principal amount~~
11 ~~greater than the principal amount of the bonds to be refunded as~~
12 ~~may be necessary to effect the refunding pursuant to the plan of~~
13 ~~refunding.~~ REVENUE BONDS ISSUED UNDER THIS ACT ARE SUBJECT TO
14 THE REVENUE BOND ACT OF 1933, 1933 PA 94, MCL 141.101 TO 141.140.
15 The bonds or notes shall be exempt from all taxation except
16 inheritance and transfer taxes and the interest on the bonds or
17 notes shall be exempt from all taxation in the state of Michigan,
18 notwithstanding that the interest may be subject to federal
19 income tax.

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

24 (3) The bonds and notes of the corporation may be invested
25 in by all public officers, state agencies and political subdivi-
26 sions, insurance companies, banks, savings and loan associations,
27 investment companies, and fiduciaries and trustees, and may be

1 deposited with and received by all public officers and the
2 agencies and political subdivisions of this state for any purpose
3 for which the deposit of bonds is authorized.

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

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