

SUBSTITUTE FOR
HOUSE BILL NO. 4300

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), the title as
amended and section 2 as added by 1985 PA 9.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

TITLE

2

3 An act to regulate gifts of real and personal property to

4 cities, villages, townships, and counties, and the use of ~~the~~

5 those gifts **and other funds**; and to validate all ~~such~~ gifts

6 made before the enactment of this act.

7 Sec. 2. (1) To provide a means and method to encourage and

8 assist businesses in locating and expanding in this state, and if

9 not prohibited by the terms of the grant, a city, village,

1 the proceeds of a federal, state, or local grant to make a
2 secured or unsecured loan or to make a grant to a private person,
3 to a corporation or other business association, to a city,
4 village, township, or county, or to an instrumentality of a city,
5 village, township, or county. **A county may grant or loan funds**
6 **to a township, village, or city located within that county for**
7 **the purpose of encouraging and assisting businesses to locate and**
8 **expand within the county. A grant or loan under this subsection**
9 **shall not be derived from ad valorem taxes except for ad valorem**
10 **taxes approved [by a vote of the people] for economic development. The**
11 **county shall**

12 **establish an application process for proposals to receive a grant**
13 **or loan under this subsection. The awarding of a grant or loan**
14 **under this subsection shall be made at a public hearing of the**
15 **county board of commissioners. The grant or loan contract shall**
16 **require a report to the county board of commissioners regarding**
17 **the activities of the recipient and the degree to which the**
18 **recipient has met the stated public purpose of the funding.**

19 (2) A loan or grant made ~~pursuant to~~ **under** subsection (1)
20 may be used for local public improvements or to encourage and
21 assist businesses in locating or expanding in this state, to
22 preserve jobs in this state, to encourage investment in the
23 communities in this state, or for other public purposes.

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

1 (4) A city, village, township, or county may receive loans
2 ~~pursuant to~~ **under** subsection (1) and issue loan revenue bonds
3 secured by the repayment of loans made under subsection (1). For
4 the purposes specified in subsection (2), bonds issued pursuant
5 to this section shall be approved by the department of treasury
6 before their issuance, but shall not otherwise be subject to the
7 provisions of the **revised** municipal finance act, ~~Act No. 202 of~~
8 ~~the Public Acts of 1943, being sections 131.1 to 139.3 of the~~
9 ~~Michigan Compiled Laws~~ **2001 PA 34, MCL 141.2101 to 141.2821**. In
10 determining whether the issuance of the bonds shall be approved,
11 the department of treasury shall take into consideration the
12 following:

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

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

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

19 **(5)** The loan revenue bonds shall not be general obligations
20 of the city, village, township, or county issuing the loan
21 revenue bonds. The loan revenue bonds are declared to be issued
22 for an essential public and governmental purpose, and, together
23 with interest on those bonds and income from those bonds, shall
24 be exempted from all taxes.