

Legislative Analysis



LOCAL GOVERNMENTS AS LOANING AGENTS

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House Bill 4744

Sponsor: Rep. Darwin Booher

Committee: Intergovernmental and Regional Affairs

Complete to 6-15-09

A SUMMARY OF HOUSE BILL 4744 AS INTRODUCED 3-31-09

House Bill 4744 would amend Public Act 380 of 1913 (MCL 123.872), which regulates funds given to local units of government, to clarify that a city, village, township, or county that receives a federal **loan** may enter into an agreement with the federal government (or an agency of the federal government) respecting the repayment of principal and interest on the federal loan.

Currently, the law specifies that a city, village, township, or county can use a federal, state, or local **grant** to make a secured or unsecured loan, or to make a grant to people, corporations, business associations, or other units of government, in order to encourage and assist businesses to locate and expand in Michigan (if that is not prohibited by the terms of the grant). House Bill 4744 would retain this provision of the law, but extend it to include **loans** (in addition to grants).

Further, the law now allows these local units to receive loans and issue loan revenue bonds secured by the repayment of loans, if the purposes for the bonds have been approved by the Department of Treasury before their issuance. The law also describes criteria the department must follow when reviewing the bonds before approving them. House Bill 4774 would retain these provisions but extend them to include notes (in addition to bonds).

FISCAL IMPACT:

A fiscal analysis is in process.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.