

HOUSE BILL No. 4744

March 31, 2009, Introduced by Reps. Booher, Horn, Caul, Wayne Schmidt, Calley, Hansen, Lahti and Kowall and referred to the Committee on Intergovernmental and Regional Affairs.

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 those gifts and other funds; and to validate all gifts made before the enactment of this act,"

by amending section 2 (MCL 123.872), as amended by 2003 PA 122.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. (1) To provide a means and method to encourage and
2 assist businesses in locating and expanding in this state, and if
3 not prohibited by the terms of the grant **OR LOAN**, a city, village,
4 township, or county may **RECEIVE AND** use a federal, state, or local
5 grant **OR LOAN** or the proceeds of a federal, state, or local grant
6 **OR LOAN** to make a secured or unsecured loan or to make a grant to a
7 private person, to a corporation or other business association, to
8 a city, village, township, or county, or to an instrumentality of a

1 city, village, township, or county. A county may grant or loan
2 funds to a township, village, or city located within that county
3 for the purpose of encouraging and assisting businesses to locate
4 and expand within the county. A grant or loan under this subsection
5 shall not be derived from ad valorem taxes except for ad valorem
6 taxes approved by a vote of the people for economic development.
7 The county shall establish an application process for proposals to
8 receive a grant or loan under this subsection. The awarding of a
9 grant or loan under this subsection shall be made at a public
10 hearing of the county board of commissioners. The grant or loan
11 contract **MADE BY A COUNTY** shall require a report to the county
12 board of commissioners regarding the activities of the recipient
13 and the degree to which the recipient has met the stated public
14 purpose of the funding.

15 (2) A loan or grant made under subsection (1) may be used for
16 local public improvements or to encourage and assist businesses in
17 locating or expanding in this state, to preserve jobs in this
18 state, to encourage investment in the communities in this state, or
19 for other public purposes.

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

25 (4) A city, village, township, or county may receive loans
26 under subsection (1) and issue loan revenue bonds **OR NOTES** secured
27 by the repayment of loans made under subsection (1). For the

1 purposes specified in subsection (2), bonds **OR NOTES** issued
2 pursuant to this section shall be approved by the department of
3 treasury before their issuance, but shall not otherwise be subject
4 to the provisions of the revised municipal finance act, 2001 PA 34,
5 MCL 141.2101 to 141.2821. In determining whether the issuance of
6 the bonds **OR NOTES** shall be approved, the department of treasury
7 shall take into consideration the following:

8 (a) Whether the bonds **OR NOTES** conform to the provisions of
9 law.

10 (b) Whether the probable revenue and properties pledged for
11 payment of the bonds **OR NOTES** will be sufficient to pay the
12 principal of and interest on the bonds **OR NOTES** when due.

13 (c) Whether the amount of the proposed issue is sufficient or
14 excessive for the purpose for which the bonds **OR NOTES** are to be
15 issued.

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

22 (6) **A CITY, VILLAGE, TOWNSHIP, OR COUNTY RECEIVING A FEDERAL**
23 **LOAN MAY ENTER INTO AN AGREEMENT WITH THE FEDERAL GOVERNMENT OR AN**
24 **AGENCY OF THE FEDERAL GOVERNMENT RESPECTING THE REPAYMENT OF**
25 **PRINCIPAL AND INTEREST ON THE FEDERAL LOAN.**