

SUBSTITUTE FOR
SENATE BILL NO. 1324

A bill to provide for the procedure for allocation, reallocation, and waiver of federal bond limitations under certain bond programs; and to prescribe certain powers and duties of certain state agencies and public officers.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. Unless prohibited by applicable federal law, the state
2 treasurer shall allocate and reallocate any federal law bond
3 limitation allocated, reallocated, or waived to the state of
4 Michigan for any of the following in accordance with the federal
5 law establishing the bond limitation:

- 6 (a) Qualified school construction bonds.
7 (b) Recovery zone economic development bonds.

1 (c) Recovery zone facility bonds.

2 (d) Qualified energy conservation bonds.

3 Sec. 2. (1) Except as otherwise provided in this section,
4 unless prohibited by applicable federal law, the state treasurer
5 may provide for the waiver, deemed waiver, or reallocation to the
6 state of Michigan of any federal bond limitations specified in
7 section 1 allocated to projects, municipalities, or other entities
8 within this state. The state treasurer shall not consider any
9 federal bond limitation specified in section 1 a deemed waiver
10 before September 1, 2010.

11 (2) Subject to subsections (3) and (8), beginning September 1,
12 2010, the state treasurer may consider up to 2/3 of any bond
13 limitation specified in section 1(a), (b), or (c) a deemed waiver
14 unless the municipality or other entity that was allocated the bond
15 limitation does all of the following:

16 (a) The municipality or other entity adopts a resolution
17 describing the project and indicating the intent to issue bonds for
18 the project.

19 (b) The municipality or other entity provides communications
20 from a third party nationally recognized bond counsel attesting to
21 the eligibility of the project.

22 (c) If applicable, the municipality or other entity provides
23 communications from a third party that is responsible for payment
24 of the bonds.

25 (3) Except as otherwise provided in subsection (8), if the
26 final deadline for issuing bonds is extended by federal law enacted
27 after the effective date of this act, then the state treasurer

1 shall not consider any federal bond limitation specified under
2 section 1(a) and (b) for which the deadline has been extended a
3 deemed waiver prior to 180 days prior to the last day provided for
4 issuing those bonds and may consider up to 2/3 of any federal bond
5 limitation specified in section 1(a) and (b) a deemed waiver after
6 180 days prior to the deadline for issuing those bonds unless the
7 municipality or other entity that was allocated the bond limitation
8 does all of the following:

9 (a) The municipality or other entity adopts a resolution
10 describing the project and indicating the intent to issue bonds for
11 the project.

12 (b) The municipality or other entity provides communications
13 from a third party nationally recognized bond counsel attesting to
14 the eligibility of the project.

15 (c) If applicable, the municipality or other entity provides
16 communications from a third party that is responsible for payment
17 of the bonds.

18 (4) Subject to subsection (7), if a deemed waiver has occurred
19 under subsection (1) prior to the enactment of any federal law to
20 which the provisions of this section would otherwise apply, any
21 deemed waiver amounts that have not been reallocated shall be
22 returned to the municipality or other entity and the provisions of
23 subsections (3), (5), and (6) shall apply to the reallocated
24 amounts.

25 (5) A municipality or other entity to which a deemed waiver
26 applies may obtain a reallocation of the amount deemed waived if it
27 subsequently demonstrates a viable project to the state treasurer

1 and the amount deemed waived remains available for allocation.

2 (6) The state treasurer shall make an effort to reallocate
3 bond limitations that have been waived voluntarily before
4 reallocating bond limitations that have been deemed waived under
5 subsections (2) and (3).

6 (7) Except as otherwise provided in subsection (8), once a
7 recovery zone facility bond limitation allocation has been deemed
8 waived, regardless of whether the federal law establishing that
9 bond limitation is extended, the state treasurer shall reallocate
10 that bond limitation under this act.

11 (8) Notwithstanding any other provision of this section, if
12 federal law provides that a municipality shall be treated as having
13 waived any portion of an allocation made for bonds described under
14 section 1(b) or (c) that has not been allocated to bonds issued
15 before a date other than the date or dates specified in this
16 section, then the state treasurer may reallocate those bond
17 limitations that are treated as having been waived. However, the
18 provisions of subsections (5) and (6) shall still apply.

19 Sec. 3. In determining any allocation or reallocation under
20 this act, the state treasurer shall, to the extent practicable,
21 give priority to projects within a region in which an original
22 allocation existed or a remaining allocation exists and which
23 reflect a consensus or preference among entities to which original
24 allocations were provided. However, an entity to which an
25 allocation or reallocation is provided shall not issue bonds
26 related to an allocation or reallocation for a project that
27 benefits a person who has been convicted of a felony if the

1 conviction will have a material impact on the ability of the person
2 to participate in the project.

3 Sec. 4. Any allocation or reallocation of bond limitation for
4 qualified school construction bonds, recovery zone economic
5 development bonds, recovery zone facility bonds, or qualified
6 energy conservation bonds made by the Michigan department of
7 education, the Michigan department of energy, labor, and economic
8 growth, or the state treasurer prior to the effective date of this
9 act is hereby ratified and confirmed.

10 Sec. 5. As used in this act, "municipality or other entity"
11 means a county, city, school district, or other entity that has
12 received a federal bond limitation allocation.