MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY ACT (EXCERPT)
Act 226 of 2005

129.271 Duties of state before payment or discharge of bonds and ancillary facilities.

Sec. 11. (1) This state hereby pledges and agrees with the authority, and the owners of the bonds and benefited parties, that until all bonds and ancillary facilities, together with the interest on the bonds and ancillary facilities and all costs and expenses in connection with any action or proceedings by or on behalf of owners of bonds or benefited parties, are fully paid and discharged, that this state will do all of the following:

(a) Irrevocably direct the escrow agent under the master settlement agreement to transfer the TSRs directly to the authority or its assignee.

(b) Enforce the authority's rights to receive the TSRs to the full extent permitted by the terms of the master settlement agreement.

(c) Not amend the master settlement agreement in any manner that would materially impair the rights of the owners of the bonds or of the benefited parties.

(d) Not limit or alter the rights of the authority to fulfill the terms of its agreements with owners of the bonds or benefited parties.

(e) Not in any way impair the rights and remedies of owners of the bonds or benefited parties or the security for the bonds or ancillary facilities, provided, that nothing in this act shall be construed to preclude this state's regulation of smoking, and the taxation and regulation of the sale of cigarettes or other tobacco products.

(f) Not fail to enforce the qualifying statute.

(g) Not amend, supersede, or repeal the qualifying statute in any way that would materially adversely affect the amount of any payment to, or materially impair the rights of, the authority, owners of the bonds, or the benefited parties.

(2) The state budget director is authorized and directed to include the pledge and agreement made under this section in sale agreements and the authority is authorized and directed to include the pledge and agreement in any contract with the owners of the bonds and benefited parties.

(3) Prior to the date that is 1 year and 1 day after the authority no longer has any bonds or ancillary facilities outstanding, the authority shall have no authority to file a voluntary petition under chapter 9 of the federal bankruptcy code or such corresponding chapter or sections as may, from time to time, be in effect, and neither any public officer or any organization, entity, or other person shall authorize the authority to be or become a debtor under chapter 9 of the federal bankruptcy code or any successor or corresponding chapter or sections during that period. This state hereby covenants with the owners of the bonds and benefited parties that this state will not limit or alter the denial of the authority under this subsection during the period referred to in this subsection. The authority is authorized and directed to include this covenant as an agreement of this state in any contract with the owners of the bonds and benefited parties.

History: 2005, Act 226, Imd. Eff. Nov. 21, 2005.