

BONUS BONDS (EXCERPT)
Act 4 of 1947

35.901 Veterans' bonds; issuance by state administrative board; interest; denominations; maturity; registration; reconversion; cancellation; execution by state treasurer; public sale; temporary bonds; proceeds to constitute veterans' military pay fund; state purchase.

Sec. 1. The people of Michigan by constitutional amendment having authorized the state to borrow not to exceed \$270,000,000.00, pledge its faith and credit and issue its serial notes or serial bonds for the purpose of paying to each person, or if deceased to the surviving husband or wife, child or children, or to the surviving dependent mother, father, person standing in loco parentis, brothers and sisters, in the order named, of any person who served in the military, naval, marine or coast guard forces of the United States, including women serving in auxiliary branches, between September 16, 1940, and June 30, 1946, who served honorably and faithfully during that period, who was a resident of this state at the time of entering the service and for a period of at least 6 months prior to entering the service, and whose service continued for more than 60 days during said period, the sum of \$10.00 for each month, or major fraction of a month, of service during that period in any state of the United States, and the District of Columbia, and the sum of \$15.00 for each month, or major fraction of a month, of service during that period outside any state of the United States, and the District of Columbia, but not to exceed a total payment of \$500.00 to any 1 person and the payment to the surviving husband or wife, child or children, or to the surviving dependent mother, father, person standing in loco parentis, brothers and sisters, in the order named, of each person who has died or who shall hereafter die from service connected causes incurred between September 16, 1940, and June 30, 1946, a sum equal to the difference between what he or she has received and the sum of \$500.00, the state administrative board is hereby authorized and directed, to borrow upon the full faith and credit of this state money in the sum of not to exceed \$270,000,000.00, to issue serial bonds or serial notes of the state in a like amount, and to expend from the veterans' military pay fund created in this act a sufficient amount to cover the reasonable cost of the printing and the other expense incident to the issuance of the serial bonds or notes. The bonds shall be known as veterans' bonds and shall bear interest at a rate or rates not exceeding 2 1/2 per centum per annum, payable semi-annually, shall be in the denomination of \$1,000.00 each or any multiple of that amount, shall be payable to bearer and shall mature serially in annual installments of not less than \$10,800,000.00 each, beginning 1 year from their date and ending not later than 1968. The bonds may at the discretion of the state administrative board be issued at 1 time in 1 series or from time to time in 2 or more separate series with different dates of issuance for each series, and the state administrative board may from time to time determine and by resolution prescribe, the date of issue of each series, the amount of bonds to be included in the series, the maturities of the bonds so included, the maximum rate or rates of interest on the bonds so included not to exceed 2 1/2 per centum per annum, and the place or places of payment of the bonds. The bonds or any part of the bonds may be made callable prior to maturity upon the terms as may be prescribed prior to the issuance of the bonds by resolution of the state administrative board. Upon the terms and conditions as may be prescribed by resolution of the state administrative board, the bonds may be made registerable as to either principal only or as to both principal and interest or may be converted into registered bonds of the denominations as the state administrative board may authorize, which registered bonds may be reconverted into registered bonds of other denominations or reconverted into coupon bonds. All bonds so presented for conversion or reconversion or payment shall be deposited with the state treasurer, who is hereby authorized and directed forthwith to cancel by perforation and preserve the bond.

(2) The bonds shall be executed for and on behalf of the state of Michigan by the state treasurer and the secretary of state or their deputies and the seal of the state shall be affixed to the bonds by the secretary of state. Interest coupons evidencing accrued interest to the respective dates of maturity of the bonds shall bear the facsimile signature of the state treasurer. The state treasurer shall provide a bond register which shall be kept in the office of the state treasurer, in which register shall be recorded the date of each bond, its number, the person or persons to whom originally issued, and the dates of its respective maturity and cancellation.

(3) The bonds authorized in this act to be issued shall be sold by the state administrative board, at not less than par and accrued interest. The sale or sales shall be public sales held from time to time at the discretion of said state administrative board after notice by publication at least 7 days before each sale, in a publication printed in the English language and circulated in the state of Michigan, which carries as a part of its regular service, notices of the sale of municipal bonds. The bonds sold at each sale shall be awarded to the bidder whose bid in the opinion of the state administrative board would result in the lowest interest cost to the state. The state administrative board shall have the right to reject any or all bids.

(4) Pending the execution and delivery of the veterans' bonds, there are hereby authorized to be executed and delivered temporary bonds which upon the execution of the veterans' bonds shall be exchangeable for

veterans' bonds of like date, tenor, denomination, interest rate and maturity. The temporary bonds shall be printed from type, on steel engraved borders, shall be numbered T1 consecutively upwards, starting with the temporary bonds of earliest maturity, shall be signed and sealed in the same manner as the definitive veterans' bonds, and shall be issued with not more than 2 interest coupons attached to them.

(5) The temporary bonds may be registered in the names of the respective holders on books kept by the state treasurer, as to both principal and interest, but not as to principal alone, the registration being noted by the state treasurer, on any bond so registered, in the registration blank to be printed on the back of the bond, after which no transfer shall be valid unless made on said books at the request of the registered holder of the bond or attorney duly authorized, and similarly noted in the registration blank, but any such temporary bond so registered may be discharged from registration by being transferred to bearer, after which it shall be transferable by delivery, and it may be again registered as before.

(6) In case any temporary bond shall be mutilated, the holder of the bond may obtain a duplicate temporary bond in the same manner and under the same terms as provided for the obtaining of duplicate definitive veterans' bonds.

(7) Except as otherwise specifically provided in this section, all the terms and conditions for the issuance of, and covenants for the security of the holders of, the veterans' bonds, shall apply to such temporary bonds.

(8) The proceeds of the sale of bonds shall be deposited in the state treasury, and shall constitute a fund to be known as "The veterans' military pay fund," hereby created in the state treasury as a special trust fund, and shall be paid out in no other manner or for any other purpose than provided by law: Provided, That if at any time it shall appear to the finance and budget committee of the state administrative board that there is money in the veterans' military pay fund that will not be needed for the payment of veterans' claims under the terms and provisions of the veterans' military pay act, 1947 PA 12, MCL 35.921 to 35.932, the committee may authorize the state treasurer to purchase Michigan veterans' bonds upon the open market and cancel the bonds if the bonds may be purchased at par or below, and may authorize the state treasurer to cancel any Michigan veterans' bonds theretofore purchased and then contained in said veterans' military pay fund, or said committee may transfer such funds to the veterans' bond redemption fund provided for in this act.

History: 1947, Act 4, Imd. Eff. Feb. 6, 1947;—Am. 1948, Ex. Sess., Act 3, Imd. Eff. Apr. 22, 1948;—CL 1948, 35.901;—Am. 2002, Act 172, Imd. Eff. Apr. 23, 2002.

Compiler's note: For provisions of Act 12 of 1947, referred to in the last paragraph, see MCL 35.921 et seq. For provisions of Act 4 of 1947, referred to in the last paragraph, see MCL 35.901 et seq.