FIRST DRAFT

A bill to provide for the issuance of revenue bonds for industrial development.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. This act shall be known and may be cited as the "industrial building revenue bond act of 1963".

Sec. 2. As used in this act:

(a) "Industrial building" means any building or structure suitable for and intended for use as a factory, mill, shop, processing plant, assembly plant or fabricating plant, to be rented or leased to an industrial concern by the municipality.

(b) "Municipality" means any county, city, incorporated village, township, school district or port district.

(c) "Governing body" means the board, by whatever name known, charged with governing the municipality.

Sec. 3. Any municipality may

(a) Construct, acquire by gift or purchase, reconstruct, improve, maintain or repair industrial buildings within or without the municipality, acquire sites therefor and enlarge or remodel industrial buildings.

(b) Issue revenue bonds to finance the costs of the acquisition, purchase, construction, reconstruction, or remodeling of industrial buildings and the acquisition and improvement of sites.

(c) Enter into lease or lease purchase agreements with any person, firm or corporation for the industrial building. The agreement shall provide that the rents to be charged for the use of the industrial building shall be fixed and revised from time to time so as to produce income and revenues sufficient to provide...
✓(d) Mortgage the industrial building in favor of the holders of the bonds issued therefor.

✓(e) Sell and convey the industrial building, including without limitation the sale and conveyance thereof subject to a mortgage, for such price and at such time as the governing body may determine, but no sale or conveyance of any industrial building shall be made in any manner as to impair the rights or interests of the holders of any bonds issued for the industrial building.

Sec. 4. For the purpose of defraying the cost of the industrial building, any municipality may borrow money and issue its negotiable bonds therefor. The bonds shall be serial bonds payable either semiannually or annually with the first installment not more than 5 years from the date thereof and the last installment not longer than the estimated period of usefulness of the industrial building, but in no event shall the last installment be more than 40 years from the date thereof. The bonds shall bear such rate of interest as specified therein, payable semiannually, except that the first coupon may be for any number of months not exceeding 10. The bonds and coupons shall be substantially in the form provided in the authorizing resolution and shall be executed in the manner prescribed therein, which as to coupons may be by facsimile signature. The bonds and coupons shall be payable in lawful money of the United States, and shall be exempt from taxation by the state or by any taxing authority within the state. The principal and interest of the bonds shall be payable solely from the net revenues derived from the industrial building. No bond or coupon issued pursuant to this act shall be a general obligation of the issuer nor constitute a debt of the issuer within the meaning of any constitutional or statutory limitation. Bonds may be made registerable as to principal or principal and interest under such terms and conditions as may be determined by the governing body of the municipality.

Sec. 5. (1) Any resolution authorizing the issuance of bonds under this act may contain covenants as to
(c) The maintenance and repair of the industrial building.

(d) The insurance to be carried thereon and the use and disposition of insurance moneys.

(e) The terms and conditions upon which the holder of the bonds, or any portion thereof or any trustees therefor, shall be entitled to the appointment of a receiver by the circuit court, which court shall have jurisdiction in such proceedings, and which receiver may enter and take possession of the industrial building and lease and maintain it, prescribe rentals and collect, receive and apply all income and revenues thereafter arising therefrom in the same manner and to the same extent as the municipality might do.

(2) Any resolution authorizing the issuance of bonds under this act may provide that the principal of and interest on any bonds issued shall be secured by a mortgage or deed of trust covering the industrial building for which the bonds are issued and may include any improvements or extensions thereafter made. The mortgage or deed of trust may contain such covenants and agreements to properly safeguard the bonds as may be provided for in the resolution authorizing the bonds but not inconsistent with this act and shall be executed in the manner provided in the resolution.

(3) The provisions of this act and any resolution and any mortgage or deed of trust shall continue in effect until the principal of and the interest on the bonds has been fully paid and the duties of the municipality and its governing body and officers under this act and any resolution and any mortgage or deed of trust shall be enforceable by any bondholder by mandamus, foreclosure of the mortgage or deed of trust or other appropriate action in any court of competent jurisdiction.

(4) The resolution authorizing the bond shall provide that the bonds shall contain a recital that they are issued pursuant to this act, which recital shall be conclusive evidence of their validity and of the regularity of their issuance.

Sec. 6. The bonds may provide that they may be called for redemption prior to maturity, on interest payment dates not earlier than 1 year from the date of issue.
any circuit court having jurisdiction of the action may appoint a receiver to administer the industrial building on behalf of the municipality, with power to charge and collect rents sufficient to provide for the payment of any bonds outstanding against the building, and for the payment of operating expenses and to apply the income and revenue in conformity with this act and the resolution made hereunder.

Sec. 8. (1) If a surplus is accumulated in the operating and maintenance funds equal to the cost of maintaining and operating the industrial building during the remainder of the calendar, operating or fiscal year, and during the succeeding year, any excess may be transferred at any time by the governing body to the depreciation account to be used for improvements, extensions or additions to the building.

(2) The funds accumulating to the depreciation account shall be expended in balancing depreciation in the industrial building or in making new constructions, extensions or additions thereto. Any such accumulations may be invested as the governing body may designate, and if invested, the income from the investment shall be carried into the depreciation account.

Sec. 9. (1) If the governing body finds that the bonds authorized will be insufficient to accomplish the purpose desired, additional bonds, only in the amount necessary to complete the project as originally approved, may be authorized and issued in the same manner.

(2) At the time of issuing the bonds, the governing body may provide for additional bonds for extensions and permanent improvements, to be placed in escrow and negotiated from time to time as proceeds for that purpose may be necessary. When negotiated, bonds placed in escrow shall have equal standing with bonds for the same issue.

(3) The municipality may issue new bonds to provide funds for the payment of any outstanding bonds in accordance with the procedure prescribed in this act.
inspection, fiscal and legal expenses and interest which it is estimated will accrue during the construction period and for 6 months thereafter on money borrowed or which it is estimated will be borrowed pursuant to this act.

Sec. 11. When any real property acquired pursuant to this act is leased to a private person, firm or corporation, the lessee shall be subject to taxation in the same amount and to the same extent as though the lessee were the owner of the property. Taxes shall be assessed to the lessee of the real property and collected in the same manner as taxes assessed to owners of real property, except that the taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee to the taxing unit and shall be recoverable by direct action of assumpsit.

Sec. 12. The governing body may issue bonds pursuant to this act without submitting the proposition to the electors of the municipality for approval unless within 30 days from the adoption of the resolution, a petition, signed by not less than 10% of the registered electors of the municipality is filed with the clerk of the municipality requesting a referendum upon the question of the issuance of the bonds, then the bonds shall not be issued until approved by a majority of the electors of the municipality voting thereon at a general or special election.