

HOUSE BILL No. 5892

April 11, 2002, Introduced by Rep. Meyer and referred to the Committee on Commerce.

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
(MCL 324.101 to 324.90106) by adding part 197.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 197 GREAT LAKES WATER QUALITY BOND IMPLEMENTATION

2 SEC. 19701. AS USED IN THIS PART:

3 (A) "BONDS" MEANS THE BONDS AUTHORIZED UNDER THE GREAT LAKES
4 WATER QUALITY BOND AUTHORIZATION ACT.

5 (B) "DEPARTMENT" MEANS THE DEPARTMENT OF ENVIRONMENTAL
6 QUALITY.

7 (C) "FUND" MEANS THE GREAT LAKES WATER QUALITY BOND FUND
8 CREATED IN SECTION 19706.

9 SEC. 19702. THE LEGISLATURE FINDS AND DECLARES THAT THE
10 ENVIRONMENTAL AND NATURAL RESOURCES PROTECTION PROGRAMS
11 IMPLEMENTED UNDER THIS PART ARE A PUBLIC PURPOSE AND OF PARAMOUNT

1 PUBLIC CONCERN IN THE INTEREST OF THE HEALTH, SAFETY, AND GENERAL
2 WELFARE OF THE CITIZENS OF THIS STATE.

3 SEC. 19703. (1) SUBJECT TO SUBSECTION (2), THE BONDS SHALL
4 BE ISSUED IN 1 OR MORE SERIES, EACH SERIES TO BE IN A PRINCIPAL
5 AMOUNT, TO BE DATED, TO HAVE THE MATURITIES WHICH MAY BE EITHER
6 SERIAL, TERM, OR BOTH, TO BEAR INTEREST AT A RATE OR RATES, TO BE
7 SUBJECT OR NOT SUBJECT TO PRIOR REDEMPTION, AND IF SUBJECT TO
8 PRIOR REDEMPTION WITH OR WITHOUT CALL PREMIUMS, TO BE PAYABLE AT
9 A PLACE OR PLACES, TO HAVE OR NOT HAVE PROVISIONS FOR REGISTRA-
10 TION AS TO PRINCIPAL ONLY OR AS TO BOTH PRINCIPAL AND INTEREST,
11 TO BE IN A FORM AND TO BE EXECUTED IN A MANNER AS SHALL BE DETER-
12 MINED BY RESOLUTION TO BE ADOPTED BY THE STATE ADMINISTRATIVE
13 BOARD AND SUBJECT TO OR GRANTING THOSE COVENANTS, DIRECTIONS,
14 RESTRICTIONS, OR RIGHTS SPECIFIED BY RESOLUTION TO BE ADOPTED BY
15 THE STATE ADMINISTRATIVE BOARD AS NECESSARY TO ENSURE THE MARKET-
16 ABILITY, INSURABILITY, OR TAX EXEMPT STATUS OF THE BONDS. THE
17 STATE ADMINISTRATIVE BOARD SHALL ROTATE THE SERVICES OF LEGAL
18 COUNSEL WHEN ISSUING BONDS.

19 (2) THE STATE ADMINISTRATIVE BOARD MAY REFUND BONDS ISSUED
20 UNDER THIS PART BY THE ISSUANCE OF NEW BONDS, WHETHER OR NOT THE
21 BONDS TO BE REFUNDED HAVE MATURED OR ARE SUBJECT TO PRIOR
22 REDEMPTION. THE STATE ADMINISTRATIVE BOARD MAY ISSUE BONDS
23 PARTLY TO REFUND BONDS ISSUED UNDER THIS PART AND PARTLY FOR ANY
24 OTHER PURPOSE PROVIDED BY THIS PART. THE PRINCIPAL AMOUNT OF ANY
25 REFUNDING BONDS ISSUED PURSUANT TO THIS SECTION SHALL NOT BE
26 COUNTED AGAINST THE LIMITATION ON PRINCIPAL AMOUNT PROVIDED IN
27 THE GREAT LAKES WATER QUALITY BOND AUTHORIZATION ACT.

1 (3) THE STATE ADMINISTRATIVE BOARD MAY APPROVE INSURANCE
2 CONTRACTS, AGREEMENTS FOR LINES OF CREDIT, LETTERS OF CREDIT,
3 COMMITMENTS TO PURCHASE BONDS, AND ANY OTHER TRANSACTION TO PRO-
4 VIDE SECURITY TO ASSURE TIMELY PAYMENT OR PURCHASE OF ANY BOND
5 ISSUED UNDER THIS PART.

6 (4) THE STATE ADMINISTRATIVE BOARD MAY AUTHORIZE THE STATE
7 TREASURER, BUT ONLY WITHIN LIMITATIONS CONTAINED IN THE AUTHORIZ-
8 ING RESOLUTION OF THE BOARD, TO DO 1 OR MORE OF THE FOLLOWING:

9 (A) SELL AND DELIVER AND RECEIVE PAYMENT FOR THE BONDS.

10 (B) DELIVER BONDS PARTLY TO REFUND BONDS AND PARTLY FOR
11 OTHER AUTHORIZED PURPOSES.

12 (C) SELECT WHICH OUTSTANDING BONDS WILL BE REFUNDED, IF ANY,
13 BY THE NEW ISSUE OF BONDS.

14 (D) BUY ISSUED BONDS AT NOT MORE THAN THEIR FACE VALUE.

15 (E) APPROVE INTEREST RATES OR METHODS FOR FIXING INTEREST
16 RATES, PRICES, DISCOUNTS, MATURITIES, PRINCIPAL AMOUNTS, PURCHASE
17 PRICES, PURCHASE DATES, REMARKETING DATES, DENOMINATIONS, DATES
18 OF ISSUANCE, INTEREST PAYMENT DATES, REDEMPTION RIGHTS AT THE
19 OPTION OF THE STATE OR THE OWNER, THE PLACE AND TIME OF DELIVERY
20 AND PAYMENT, AND OTHER MATTERS AND PROCEDURES NECESSARY TO COM-
21 PLETE THE AUTHORIZED TRANSACTIONS.

22 (F) EXECUTE, DELIVER, AND PAY THE COST OF REMARKETING AGREE-
23 MENTS, INSURANCE CONTRACTS, AGREEMENTS FOR LINES OF CREDIT, LET-
24 TERS OF CREDIT, COMMITMENTS TO PURCHASE BONDS OR NOTES, AND ANY
25 OTHER TRANSACTION TO PROVIDE SECURITY TO ASSURE TIMELY PAYMENTS
26 OR PURCHASE OF ANY BOND ISSUED UNDER THIS PART.

1 (5) THE BONDS SHALL BE APPROVED BY THE DEPARTMENT OF
2 TREASURY BEFORE THEIR ISSUANCE BUT ARE NOT OTHERWISE SUBJECT TO
3 THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO
4 141.2821.

5 (6) THE BONDS OR ANY SERIES OF THE BONDS SHALL BE SOLD AT
6 SUCH PRICE AND AT A PUBLICLY ADVERTISED SALE AS DETERMINED BY THE
7 STATE ADMINISTRATIVE BOARD.

8 (7) NOT MORE THAN 10% OF THE BONDS SHALL BE SOLD IN ANY
9 YEAR.

10 SEC. 19704. THE BONDS SHALL BE FULLY NEGOTIABLE UNDER THE
11 UNIFORM COMMERCIAL CODE, 1962 PA 174, MCL 440.1101 TO 440.11102.
12 THE BONDS AND THE INTEREST ON THE BONDS SHALL BE EXEMPT FROM ALL
13 TAXATION BY THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE.

14 SEC. 19705. THE BONDS ARE SECURITIES IN WHICH BANKS, SAV-
15 INGS AND LOAN ASSOCIATIONS, INVESTMENT COMPANIES, CREDIT UNIONS,
16 AND OTHER PERSONS CARRYING ON A BANKING BUSINESS; ALL INSURANCE
17 COMPANIES, INSURANCE ASSOCIATIONS, AND OTHER PERSONS CARRYING ON
18 AN INSURANCE BUSINESS; AND ALL ADMINISTRATORS, EXECUTORS, GUARDI-
19 ANS, TRUSTEES, AND OTHER FIDUCIARIES MAY PROPERLY AND LEGALLY
20 INVEST FUNDS, INCLUDING CAPITAL, BELONGING TO THEM OR WITHIN
21 THEIR CONTROL.

22 SEC. 19706. (1) THE GREAT LAKES WATER QUALITY BOND FUND IS
23 CREATED IN THE STATE TREASURY.

24 (2) THE FUND SHALL CONSIST OF ALL OF THE FOLLOWING:

25 (A) THE PROCEEDS OF SALES OF THE BONDS AND ANY PREMIUM AND
26 ACCRUED INTEREST RECEIVED ON THE DELIVERY OF THE BONDS.

1 (B) ANY INTEREST OR EARNINGS GENERATED BY THE PROCEEDS
2 DESCRIBED IN SUBDIVISION (A).

3 (C) ANY FEDERAL OR OTHER FUNDS RECEIVED.

4 (3) THE DEPARTMENT OF TREASURY MAY ESTABLISH RESTRICTED SUB-
5 ACCOUNTS WITHIN THE FUND AS NECESSARY TO ADMINISTER THE FUND.

6 SEC. 19707. (1) THE TOTAL PROCEEDS OF ALL BONDS SHALL BE
7 DEPOSITED INTO THE FUND.

8 (2) THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE
9 FUND.

10 (3) THE BOND PROCEEDS SHALL BE EXPENDED IN AN APPROPRIATE
11 MANNER THAT MAINTAINS THE TAX EXEMPT STATUS OF THE BONDS.

12 (4) THE UNENCUMBERED BALANCE IN THE FUND AT THE CLOSE OF THE
13 FISCAL YEAR SHALL REMAIN IN THE FUND AND SHALL NOT LAPSE TO THE
14 GENERAL FUND.

15 (5) THE DEPARTMENT SHALL PROVIDE AN ANNUAL ACCOUNTING OF
16 BOND PROCEEDS SPENDING ON A CASH BASIS TO THE DEPARTMENT OF TREA-
17 SURY IN ORDER FOR THE STATE TO COMPLY WITH REQUIREMENTS SET FORTH
18 FOR ISSUING TAX EXEMPT BONDS, INCLUDING ARBITRAGE REBATE
19 CALCULATIONS. THIS ACCOUNTING SHALL BE SUBMITTED TO THE GOVER-
20 NOR, THE STANDING COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND
21 THE SENATE THAT PRIMARILY ADDRESS ISSUES PERTAINING TO THE PRO-
22 TECTION OF NATURAL RESOURCES AND THE ENVIRONMENT, AND THE APPRO-
23 PRIATIONS COMMITTEES IN THE HOUSE OF REPRESENTATIVES AND THE
24 SENATE.

25 SEC. 19708. (1) SUBJECT TO SUBSECTION (2), THE STATE TREA-
26 SURER SHALL TRANSFER MONEY IN THE FUND INTO THE STATE WATER

1 POLLUTION CONTROL REVOLVING FUND CREATED IN SECTION 16A OF THE
2 SHARED CREDIT RATING ACT, 1985 PA 227, MCL 141.1066A.

3 (2) MONEY IN THE FUND MAY BE USED BY THE DEPARTMENT OF TREA-
4 SURY TO PAY FOR THE COST OF ISSUING BONDS.

5 Enacting section 1. This amendatory act does not take
6 effect unless House Bill No. 4625 of the 91st Legislature is
7 enacted into law.

8 Enacting section 2. This amendatory act does not take
9 effect unless the question provided for in the Great Lakes water
10 quality bond authorization act is approved by a majority of the
11 registered electors voting on the question at the November 2002
12 general election.