

SENATE BILL No. 1355

September 8, 2004, Introduced by Senators BRATER, BIRKHOLZ, SCHAUER, TOY, PATTERSON, McMANUS, VAN WOERKOM, JOHNSON, JELINEK, BROWN, GEORGE, GILBERT, BASHAM, SCOTT, CHERRY, BARCIA, OLSHOVE, JACOBS, LELAND, SWITALSKI, CLARKE, PRUSI, BERNERO, CLARK-COLEMAN, HARDIMAN, ALLEN and KUIPERS and referred to the Committee on Natural Resources and Environmental Affairs.

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending sections 1901, 1903, and 1907 (MCL 324.1901, 324.1903, and 324.1907), sections 1901 and 1907 as added by 1995 PA 60 and section 1903 as amended by 2002 PA 52, and by adding sections 1921, 1922, 1923, 1924, and 1925.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 19 NATURAL RESOURCES TRUST FUND

Sec. 1901. As used in this part:

(a) "Board" means the Michigan natural resources trust fund board established in section 1905.

(b) "Bond proceeds" means the proceeds received from the issuance of the bonds and notes.

(c) "Bonds and notes" means the bonds and notes authorized by the board under this part.

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1 **(d)** ~~—(b)—~~ "Economic development revenue bonds (oil and gas
2 revenues), series 1982A, dated December 1, 1982" includes bonds
3 refunding these bonds, provided that any refunding bonds mature
4 no later than September 1, 1994.

5 **(e)** ~~—(e)—~~ "Local unit of government" means a county, city,
6 township, village, school district, the Huron-Clinton
7 metropolitan authority, or any authority composed of counties,
8 cities, townships, villages, or school districts, or any
9 combination thereof, which authority is legally constituted to
10 provide public recreation.

11 **(f)** ~~—(d)—~~ "Total expenditures" means the amounts actually
12 expended from the trust fund as authorized by section 1903(1) and
13 (2).

14 **(g)** ~~—(e)—~~ "Trust fund" means the Michigan natural resources
15 trust fund established in section 35 of article IX of the state
16 constitution of 1963.

17 Sec. 1903. (1) Subject to the limitations of this part and
18 of section 35 of article IX of the state constitution of 1963,
19 the interest and earnings of the trust fund in any 1 state fiscal
20 year may be expended in subsequent state fiscal years only for
21 the following purposes:

22 (a) The acquisition of land or rights in land for
23 recreational uses or protection of the land because of its
24 environmental importance or its scenic beauty.

25 (b) The development of public recreation facilities.

26 (c) The administration of the fund, including payments in
27 lieu of taxes on state owned land purchased through the trust

1 fund and the costs associated with the issuance and repayment of
2 bonds and notes as provided in section 1921.

3 (2) In addition to the money described in subsection (1),
4 33-1/3% of the money, exclusive of interest and earnings,
5 received by the trust fund in any state fiscal year may be
6 expended in subsequent state fiscal years for the purposes
7 described in subsection (1). However, the authorization for the
8 expenditure of money provided in this subsection does not apply
9 after the state fiscal year in which the total amount of money in
10 the trust fund, exclusive of interest and earnings and amounts
11 authorized for expenditure under this section, exceeds
12 \$500,000,000.00.

13 (3) An expenditure from the trust fund may be made in the
14 form of a grant to a local unit of government, subject to the
15 following conditions:

16 (a) The grant is used for the purposes described in
17 subsection (1) and meets the requirements of either subdivision
18 (b) or (c).

19 (b) A grant for the purposes described in subsection (1)(a)
20 is matched by the local unit of government or public authority
21 with at least 25% of the total cost of the project.

22 (c) A grant for the purposes described in subsection (1)(b)
23 is matched by the local unit of government with 25% or more of
24 the total cost of the project.

25 (4) Not less than 25% of the total amounts made available for
26 expenditure from the trust fund from any state fiscal year shall
27 be expended for acquisition of land and rights in land, and not

1 more than 25% of the total amounts made available for expenditure
2 from the trust fund from any state fiscal year shall be expended
3 for development of public recreation facilities.

4 **(5) Amounts available for expenditure from bond proceeds**
5 **shall be expended for the purposes described in subsection (1).**

6 ~~(6)~~ If property that was acquired with money from the
7 trust fund is subsequently sold or transferred by the state to a
8 nongovernmental entity, the state shall forward to the state
9 treasurer for deposit into the trust fund an amount of money
10 equal to the following:

11 (a) If the property was acquired solely with trust fund
12 money, the greatest of the following:

13 (i) The net proceeds of the sale.

14 (ii) The fair market value of the property at the time of the
15 sale or transfer.

16 (iii) The amount of money that was expended from the trust
17 fund to acquire the property.

18 (b) If the property was acquired with a combination of trust
19 fund money and other restricted funding sources governed by
20 federal or state law, an amount equal to the percentage of the
21 funds contributed by the trust fund for the acquisition of the
22 property multiplied by the greatest of subdivision (a) (i), (ii),
23 or (iii).

24 Sec. 1907. (1) The board shall determine which lands and
25 rights in land within the state should be acquired and which
26 public recreation facilities should be developed with money from
27 the trust fund and shall submit to the legislature in January of

1 each year a list of those lands and rights in land and those
2 public recreation facilities that the board has determined should
3 be acquired or developed with trust fund money, compiled in order
4 of priority.

5 (2) This list shall be accompanied by estimates of total
6 costs for the proposed acquisitions and developments.

7 (3) The board shall supply with each list a statement of the
8 guidelines used in listing and assigning the priority of these
9 proposed acquisitions and developments.

10 (4) **The board shall establish criteria and make**
11 **determinations for expenditure of bond proceeds based upon**
12 **section 1903(5).**

13 (5) ~~(4)~~ The legislature shall approve by law the lands and
14 rights in land and the public recreation facilities to be
15 acquired or developed each year with money from the trust fund.

16 **Sec. 1921. (1) The board may authorize and issue bonds and**
17 **notes payable from revenues of the trust fund. However, it is**
18 **the intent of the legislature that the bonds and notes shall be**
19 **authorized and issued in amounts such that the bonds or notes**
20 **payable can be repaid from not more than 50% of the allowable**
21 **annual expenditures from the trust fund.**

22 (2) **Bond proceeds shall be used only for the purposes**
23 **specifically authorized by this part.**

24 **Sec. 1922. (1) The bonds and notes are not a debt or**
25 **liability of the state and do not create or constitute any**
26 **indebtedness, liability, or obligations of the state or**
27 **constitute a pledge of the faith and credit of the state. All**

1 bonds and notes shall be payable solely from revenues or funds
2 pledged or available for their payment as authorized in this
3 part. Each bond and note shall contain on its face a statement
4 to the effect that the board is obligated to pay the principal of
5 and the interest on the bond or note only from revenues or funds
6 of the trust fund pledged for the payment of principal and
7 interest and that the state is not obligated to pay that
8 principal or interest and that neither the faith and credit nor
9 the taxing power of the state is pledged to the payment of the
10 principal of or the interest on the bond or note.

11 (2) This part does not authorize any indebtedness or
12 liability on behalf of or payable by the state.

13 Sec. 1923. (1) The board may issue from time to time bonds
14 or notes in principal amounts the board considers necessary to
15 provide funds for the purposes authorized by this part and for
16 all of the following:

17 (a) The payment, funding, or refunding of the principal of,
18 interest on, or redemption premiums on bonds or notes whether the
19 bonds or notes or interest to be funded or refunded have or have
20 not become due.

21 (b) The establishment or increase of reserves to secure or to
22 pay bonds or notes or interest on those bonds or notes.

23 (c) The payment of interest on the bonds or notes for a
24 period as the board determines.

25 (2) The bonds or notes shall not be a general obligation of
26 the board but shall be payable solely from the revenues or funds,
27 or both, pledged to the payment of the principal of and interest

1 on the bonds or notes as provided in the resolution authorizing
2 the bond or note.

3 (3) The bonds or notes:

4 (a) Shall be authorized by resolution of the board.

5 (b) Shall bear the date or dates of issuance.

6 (c) May be issued as either tax-exempt bonds or notes or
7 taxable bonds or notes for federal income tax purposes.

8 (d) Shall be serial bonds, term bonds, or term and serial
9 bonds.

10 (e) Shall mature at such time or times not exceeding 30 years
11 from the date of issuance.

12 (f) May provide for sinking fund payments.

13 (g) May provide for redemption at the option of the board for
14 any reason or reasons.

15 (h) May provide for redemption at the option of the
16 bondholder for any reason or reasons.

17 (i) Shall bear interest at a fixed or variable rate or rates
18 of interest per annum or at no interest.

19 (j) Shall be registered bonds, coupon bonds, or both.

20 (k) May contain a conversion feature.

21 (l) May be transferable.

22 (m) Shall be in the form, denomination or denominations, and
23 with the other provisions and terms as is determined necessary or
24 beneficial by the board.

25 (4) If a member of the board whose signature or facsimile of
26 his or her signature appears on the note, bond, or coupon ceases
27 to be a member of the board before the delivery of that note or

1 bond, the signature shall continue to be valid and sufficient for
2 all purposes, as if the member had remained in office until the
3 delivery.

4 (5) The bonds or notes may be sold at a public or private
5 sale at the time or times, at the price or prices, and at a
6 discount as the state treasurer determines. The bonds and notes
7 are not subject to the revised municipal finance act, 2001 PA 34,
8 MCL 141.2101 to 141.2821. The bonds or notes are not required to
9 be filed under the uniform securities act, 1964 PA 265, MCL
10 451.501 to 451.818.

11 (6) The issuance of bonds and notes under this section is
12 subject to the agency financing reporting act, 2002 PA 470, MCL
13 129.171 to 129.177.

14 (7) For the purpose of more effectively managing its debt
15 service, the board may enter into an interest rate exchange or
16 swap, hedge, or similar agreement with respect to the bonds or
17 notes on the terms and payable from the sources and with the
18 security, if any, as determined by a resolution of the board.

19 Sec. 1924. (1) The board may provide for the issuance of
20 bonds or notes in the amounts the board considers necessary for
21 the purpose of refunding bonds or notes then outstanding,
22 including the payment of any redemption premium and interest
23 accrued or to accrue to the earliest or subsequent date of
24 redemption, purchase, or maturity of these bonds or notes. The
25 proceeds of bonds or notes issued for the purpose of refunding
26 outstanding bonds or notes may be applied by the board to the
27 purchase or retirement at maturity or redemption of outstanding

1 bonds or notes either on the earliest or subsequent redemption
2 date, and pending such applications, may be placed in escrow to
3 be applied to the purchase or retirement at maturity or
4 redemption on the date or dates determined by the board. Pending
5 such application and subject to agreements with noteholders or
6 bondholders, the escrowed proceeds may be invested and reinvested
7 in the manner the board determines, maturing at the date or times
8 as appropriate to assure the prompt payment of the principal,
9 interest, and redemption premium, if any, on the outstanding
10 bonds or notes to be refunded. After the terms of the escrow
11 have been fully satisfied and carried out, the balance of the
12 proceeds and interest, income, and profits, if any, earned or
13 realized on the investment of the proceeds shall be returned to
14 the board for use by the board in any lawful manner.

15 (2) In the resolution authorizing bonds or notes to refund
16 bonds or notes, the board may provide that the bonds or notes to
17 be refunded shall be considered paid when there has been
18 deposited in escrow, money or investment obligations that would
19 provide payments of principal and interest adequate to pay the
20 principal and interest on the bonds to be refunded, as that
21 principal and interest becomes due whether by maturity or prior
22 redemption and that, upon the deposit of the money or investment
23 obligations, the obligations to the holders of the bonds or notes
24 to be refunded shall be terminated except as to the rights to the
25 money or investment obligations deposited in trust.

26 Sec. 1925. (1) The board may authorize and approve an
27 insurance contract, an agreement for a line of credit, a letter

1 of credit, a commitment to purchase notes or bonds, an agreement
2 to remarket bonds or notes, and any other transaction to provide
3 security to assure timely payment of a bond or note.

4 (2) The board may authorize payment from the proceeds of the
5 notes or bonds, or other funds available, of the cost of issuance
6 including, but not limited to, fees for placement, charges for
7 insurance, letters of credit, lines of credit, remarketing
8 agreements, reimbursement agreements, or purchase or sales
9 agreements or commitments, or agreements to provide security to
10 assure timely payment of notes or bonds.

11 Enacting section 1. This amendatory act does not take
12 effect unless Senate Bill No. 1356
13 of the 92nd Legislature is enacted into
14 law.