



# HOUSE BILL No. 5056

September 19, 1995, Introduced by Reps. Kaza and Pitoniak and referred to the Committee on Urban Policy.

A bill to amend Act No. 202 of the Public Acts of 1943, entitled as amended "Municipal finance act," as amended, being sections 131.1 to 139.3 of the Michigan Compiled Laws, by adding section 16 to chapter III.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1 Section 1. Act No. 202 of the Public Acts of 1943, as  
2 amended, being sections 131.1 to 139.3 of the Michigan Compiled  
3 Laws, is amended by adding section 16 to chapter III to read as  
4 follows:

5 CHAPTER III

6 SEC. 16. (1) A DISTRESSED URBAN AREA THAT IS AUTHORIZED TO  
7 ISSUE BONDS MAY ISSUE THE BONDS DENOMINATED IN A FOREIGN  
8 CURRENCY, UNLESS PROHIBITED BY LAW OR CHARTER.

1 (2) THE ISSUANCE OF BONDS DENOMINATED IN A FOREIGN CURRENCY  
2 IS SUBJECT TO PREVAILING MARKET CONDITIONS. A DISTRESSED URBAN  
3 AREA SHALL NOT ISSUE BONDS DENOMINATED IN A FOREIGN CURRENCY IF  
4 PREVAILING MARKET CONDITIONS DO NOT WARRANT ISSUANCE OF THE  
5 BONDS.

6 (3) THE DENOMINATION OF BONDS IN A FOREIGN CURRENCY SHALL BE  
7 DISCLOSED BY THE UNDERWRITER IN WRITING TO A PROSPECTIVE PUR-  
8 CHASER BEFORE SALE OF THE BONDS TO THAT PURCHASER. A SALE OF  
9 BONDS IN VIOLATION OF THIS SUBSECTION IS VOIDABLE AT THE OPTION  
10 OF THE PURCHASER.

11 (4) NOT LATER THAN 10 CALENDAR DAYS AFTER DELIVERY TO A PUR-  
12 CHASER OF A BOND DENOMINATED IN A FOREIGN CURRENCY, THE DIS-  
13 TRESSED URBAN AREA SHALL FILE WITH THE DEPARTMENT NOTICE OF THE  
14 ISSUANCE OF THE BONDS SPECIFYING THE PRINCIPAL SUM OF THE BONDS  
15 AND THE FOREIGN CURRENCY IN WHICH THE BONDS ARE DENOMINATED. THE  
16 FILING OF THE NOTICE REQUIRED UNDER THIS SUBSECTION MAY BE COM-  
17 BINED WITH A FILING UNDER SECTION 10 OF THIS CHAPTER, IF ANY.  
18 FAILURE TO FILE WITH THE DEPARTMENT THE NOTICE REQUIRED UNDER  
19 THIS SUBSECTION DOES NOT AFFECT THE VALIDITY OF THE BONDS OR  
20 THEIR SALE.

21 (5) THIS SECTION APPLIES WHETHER OR NOT THE BONDS ARE  
22 INCLUDED WITHIN THE DEFINITION OF "OBLIGATIONS" UNDER THIS ACT.

23 (6) AS USED IN THIS SECTION, "DISTRESSED URBAN AREA" MEANS A  
24 CITY THAT HAS BEEN DESIGNATED AN EMPOWERMENT ZONE OR ENTERPRISE  
25 COMMUNITY BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN  
26 DEVELOPMENT.