

# HOUSE BILL No. 5024

May 28, 2009, Introduced by Reps. Haines, Crawford, Knollenberg, Rick Jones, Agema, Elsenheimer, Rogers, Kowall, Daley, Marleau, Opsommer and Green and referred to the Committee on Commerce.

A bill to amend 1985 PA 106, entitled  
"State convention facility development act,"  
by amending sections 3, 8, 9, 10, and 12 (MCL 207.623, 207.628,  
207.629, 207.630, and 207.632), as amended by 2008 PA 553.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 3. As used in this act:

2       (a) "Accommodations" means the room or other space provided to  
3       transient guests for dwelling, lodging, or sleeping, including  
4       furnishings and other accessories, in a facility that is not a  
5       campground, hospital, nursing home, emergency shelter, or community  
6       mental health or community substance abuse treatment facility.  
7       Accommodations do not include food or beverages.

8       (b) "Commissioner" means the state treasurer.

(c) "Convention facility" means 1 or more facilities owned or leased by a local governmental unit that are any combination of a convention hall, auditorium, meeting rooms, and exhibition areas that are separate and distinct and contiguous to each other, and related adjacent public areas generally available to members of the public for lease on a short-term basis for holding conventions, meetings, exhibits, and similar events and the necessary site or sites, together with appurtenant properties necessary and convenient for use in connection with the facility.

(d) "Convention hotel" means a facility used in the business of providing accommodations that has more than 80 rooms for providing accommodations to transient guests and that complies with all of the following:

(i) Located within a county having a population according to the most recent decennial census of 700,000 or more.

(ii) Located within a county that is 1 or more of the following:

(A) A county that has a **PUBLICLY OWNED OR LEASED** convention facility with ~~350,000~~**200,000** square feet or more of total exhibit space.

(B) A county that has ~~2,000~~**1,000** or more rooms to provide accommodations for transient guests.

(e) "Local governmental unit" means a county, township, city, village, **BUILDING AUTHORITY**, or a metropolitan authority formed under the regional convention facility authority act.

(f) "Person" means a natural person, partnership, fiduciary, association, corporation, or other entity.

1 (g) "Room charge" means the charge imposed for the use or  
2 occupancy of accommodations, excluding charges for food, beverages,  
3 telephone services, the use tax imposed under the use tax act, 1937  
4 PA 94, MCL 205.91 to 205.111, or like services paid in connection  
5 with the charge. Room charge does not include reimbursement of the  
6 assessment imposed by the community convention or tourism marketing  
7 act, 1980 PA 395, MCL 141.871 to 141.880, the convention and  
8 tourism marketing act, 1980 PA 383, MCL 141.881 to 141.889, or this  
9 act.

10 (h) "Transient guest" means a natural person staying less than  
11 30 consecutive days.

12 Sec. 8. (1) The collections from the tax imposed by section 4  
13 shall be deposited in the state treasury, to the credit of the  
14 convention facility development fund, which is hereby created  
15 within the state treasury. Collections from the additional tax  
16 imposed under section 1207 of the Michigan liquor control code of  
17 1998, 1998 PA 58, MCL 436.2207, funds appropriated from the 21st  
18 century jobs trust fund under subsection (4), and amounts  
19 designated under section 5(b)(iii) of the health and safety fund act,  
20 1987 PA 264, MCL 141.475, shall also be deposited to the credit of  
21 the convention facility development fund.

22 (2) The convention facility development fund shall be  
23 distributed for certain state purposes and to local governmental  
24 units for use only for 1 or more of the following purposes:

25 (a) Acquiring, constructing, improving, enlarging, renewing,  
26 replacing, or leasing a convention facility.

27 (b) In conjunction with an activity listed in subdivision (a),

1 repairing, furnishing, and equipping the convention facility.

2 (c) Refinancing an activity listed in subdivision (a) or (b).

3 (d) General fund expenditures.

4 (e) In the case of a local governmental unit that is a  
5 metropolitan authority, for any purpose authorized under the  
6 regional convention facility authority act, **2008 PA 554, MCL**  
7 **141.1351 TO 141.1379.**

8 (3) A contract made by a local governmental unit for the  
9 purposes included in subsection (2)(a) or (b) concerning a  
10 convention facility funded by distributions pursuant to section 9  
11 shall contain a fixed price or guaranteed maximum price for the  
12 total cost of activities conducted for these purposes pursuant to  
13 that contract.

14 (4) For the fiscal year ending September 30, 2009,  
15 \$9,000,000.00 is appropriated from the 21st century jobs trust fund  
16 described in section 2 of the Michigan trust fund act, 2000 PA 489,  
17 MCL 12.252, to an authority created under the regional convention  
18 facility authority act, **2008 PA 554, MCL 141.1351 TO 141.1379**, for  
19 the purpose of developing a qualified convention facility as  
20 defined under that act. **IF THE TRANSFER OF A QUALIFIED CONVENTION**  
21 **FACILITY TO A REGIONAL CONVENTION AUTHORITY IS DISAPPROVED BY THE**  
22 **LEGISLATIVE BODY OF A QUALIFIED CITY UNDER SECTION 19(1) OF THE**  
23 **REGIONAL CONVENTION FACILITY AUTHORITY ACT, 2008 PA 554, MCL**  
24 **141.1369, THEN FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009, THAT**  
25 **\$9,000,000.00 IS APPROPRIATED FROM THE 21ST CENTURY JOBS TRUST FUND**  
26 **DESCRIBED IN SECTION 2 OF THE MICHIGAN TRUST FUND ACT, 2000 PA 489,**  
27 **MCL 12.252, TO A BUILDING AUTHORITY FOR A COUNTY HAVING A**

1 POPULATION OF NOT LESS THAN 1,000,000 AND NOT MORE THAN 1,500,000  
2 ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS  
3 SENTENCE FOR THE PURPOSE OF DEVELOPING A CONVENTION FACILITY AS  
4 DEFINED IN THIS ACT.

5 Sec. 9. (1) Except as provided in subsection (4) OR (6), on or  
6 before the thirtieth day of each month, the state treasurer shall  
7 make a distribution from the convention facility development fund  
8 to a qualified local governmental unit. The distribution shall be  
9 an amount equal to the sum of the collections from the excise tax  
10 levied for accommodations under this act for the previous month  
11 from the convention hotels in the county in which the convention  
12 facility is or is to be located and in any county in which  
13 convention hotels are located that is contiguous to the county in  
14 which the convention facility is located, or is to be located, the  
15 additional tax imposed under section 1207 of the Michigan liquor  
16 control code of 1998, 1998 PA 58, MCL 436.2207, for the previous  
17 month received in the fund, and any distribution received under  
18 section 5(b)(iii) of the health and safety fund act, 1987 PA 264, MCL  
19 141.475, and from the 21st century jobs trust fund under section  
20 8(4). However, distributions for any state fiscal year to any  
21 qualified local governmental unit under this section shall not  
22 exceed an amount equal to the amount pledged, assigned, or  
23 dedicated by the qualified local governmental unit pursuant to  
24 section 11 for the payment during that state fiscal year of bonds,  
25 obligations, or other evidences of indebtedness incurred for the  
26 purposes specified in this act or the regional convention facility  
27 authority act, 2008 PA 554, MCL 141.1351 TO 141.1379, plus

1 operating deficit cost expenditures under section 10, plus any  
2 amount necessary to maintain a fully funded debt reserve or other  
3 reserves intended to secure the principal and interest on the  
4 bonds, obligations, or other evidences of indebtedness as contained  
5 in the resolution or ordinance authorizing their issuance.

6 (2) Notwithstanding the distributions provided by subsection  
7 (1), if a local governmental unit becomes a qualified local  
8 governmental unit entitled to receive distributions from the tax  
9 imposed under section 1207 of the Michigan liquor control code of  
10 1998, 1998 PA 58, MCL 436.2207, or from the tax imposed by this act  
11 in counties in which the convention facility is located or in a  
12 county in which a convention hotel is located that is contiguous to  
13 the county in which the convention facility is located, and from  
14 any distribution under section 5(b)(iii) of the health and safety  
15 fund act, 1987 PA 264, MCL 141.475, no other qualified local  
16 governmental unit is entitled to distributions pursuant to this  
17 section for which that qualified local governmental unit has  
18 previously become entitled, until such time as that qualified local  
19 governmental unit ownership or leasehold interest described in  
20 subsection ~~(3)~~-(4) is transferred to another local governmental  
21 unit. If that transfer renders the transferee a qualified local  
22 governmental unit, the transferee shall, immediately upon that  
23 transfer, be entitled to the distributions to a qualified local  
24 governmental unit provided in subsection (1) and the priority  
25 provided to a qualified local governmental unit in this subsection,  
26 notwithstanding that the amount of the distributions may increase  
27 as a result of that transfer.

(3) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (2), IF THE TRANSFER OF A QUALIFIED CONVENTION FACILITY TO A REGIONAL CONVENTION AUTHORITY IS DISAPPROVED BY THE LEGISLATIVE BODY OF A QUALIFIED CITY UNDER SECTION 19(1) OF THE REGIONAL CONVENTION FACILITY AUTHORITY ACT, 2008 PA 554, MCL 141.1369, THEN A DISTRIBUTION FROM THE CONVENTION FACILITY DEVELOPMENT FUND OF PROCEEDS RECEIVED UNDER SECTION 5(B)(iii) OF THE HEALTH AND SAFETY FUND ACT, 1987 PA 264, MCL 141.475, SHALL BE MADE TO A BUILDING AUTHORITY FOR A COUNTY HAVING A POPULATION OF NOT LESS THAN 1,000,000 AND NOT MORE THAN 1,500,000 ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION FOR THE PURPOSE OF DEVELOPING, LEASING, OR OPERATING A CONVENTION FACILITY AS DEFINED IN THIS ACT AND NO OTHER QUALIFIED LOCAL GOVERNMENTAL UNIT IS ENTITLED TO ANY DISTRIBUTION OF PROCEEDS RECEIVED UNDER SECTION 5(B)(iii) OF THE HEALTH AND SAFETY FUND ACT, 1987 PA 264, MCL 141.475.

(4) ~~(3)~~—As used in this act, "qualified local governmental unit" means, **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION**, a city, village, township, county, or authority that is located in, or includes within its territory or jurisdiction, a county in which convention hotels are located and that either is the owner or lessee of a convention facility with 350,000 square feet or more of total exhibit space on July 30, 1985 or, if such a convention facility does not exist, will be the owner or lessee of a convention facility with 350,000 square feet or more of total exhibit space through the application of distributions under this section to the purchase or lease of a convention facility. **IF THE**

1 TRANSFER OF A QUALIFIED CONVENTION FACILITY TO A REGIONAL  
2 CONVENTION AUTHORITY IS DISAPPROVED BY THE LEGISLATIVE BODY OF A  
3 QUALIFIED CITY UNDER SECTION 19(1) OF THE REGIONAL CONVENTION  
4 FACILITY AUTHORITY ACT, 2008 PA 554, MCL 141.1369, THEN FOR  
5 PURPOSES OF ANY DISTRIBUTION FROM THE CONVENTION FACILITY  
6 DEVELOPMENT OF PROCEEDS UNDER SECTION 5(B)(iii) OF THE HEALTH AND  
7 SAFETY FUND ACT, 1987 PA 264, MCL 141.475, QUALIFIED LOCAL  
8 GOVERNMENTAL UNIT MEANS A BUILDING AUTHORITY FOR A COUNTY HAVING A  
9 POPULATION OF NOT LESS THAN 1,000,000 AND NOT MORE THAN 1,500,000  
10 ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS  
11 SENTENCE.

12 (5) ~~(4)~~—Before the 2015-2016 fiscal year, collections from the  
13 excise tax levied for accommodations under this act and collections  
14 from the tax imposed under section 1207 of the Michigan liquor  
15 control code of 1998, 1998 PA 58, MCL 436.2207, shall not be paid  
16 to a qualified local governmental unit for the repayment of bonds,  
17 obligations, or other evidences of indebtedness incurred after  
18 2007.

19 (6) IF A BUILDING AUTHORITY BECOMES A QUALIFIED LOCAL  
20 GOVERNMENTAL UNIT UNDER SUBSECTION (4), COLLECTIONS FROM  
21 DISTRIBUTIONS UNDER SECTION 5(B)(iii) OF THE HEALTH AND SAFETY FUND  
22 ACT, 1987 PA 264, MCL 141.475, SHALL BE PAID BY THE STATE TREASURER  
23 ON OR BEFORE THE THIRTIETH DAY OF EACH MONTH TO THAT QUALIFIED  
24 LOCAL GOVERNMENTAL UNIT.

25 Sec. 10. (1) Any money remaining in the convention facility  
26 development fund that is not used for the bonds, obligations, or  
27 other evidences of indebtedness described in section 9 shall be

1 distributed pursuant to subsection (2).

2 (2) Money in the convention facility development fund shall be  
3 distributed as provided in subsection (4) in the following order of  
4 priority in the following amounts:

5 (a) For each of the following fiscal years, the following  
6 amounts shall be distributed to a metropolitan authority created  
7 under the regional convention facility authority act, **2008 PA 554,**  
8 **MCL 141.1351 TO 141.1379,** for the operational deficit costs of a  
9 qualified convention facility operated by the authority under that  
10 act:

11 (i) \$9,400,000.00 for the fiscal year ending September 30,  
12 2009.

13 (ii) \$11,000,000.00 each fiscal year for the fiscal years  
14 ending September 30, 2010 and September 30, 2011.

15 (iii) \$9,000,000.00 each fiscal year for the fiscal years ending  
16 September 30, 2012 and September 30, 2013.

17 (iv) \$8,000,000.00 each fiscal year for the fiscal years ending  
18 September 30, 2014 and September 30, 2015.

19 (v) \$7,000,000.00 for the fiscal year ending September 30,  
20 2016.

21 (vi) \$6,000,000.00 for the fiscal year ending September 30,  
22 2017.

23 (vii) \$5,000,000.00 each fiscal year for the fiscal years  
24 ending September 30, 2018 and September 30, 2019.

25 (viii) \$5,000,000.00 for the fiscal year ending September 30,  
26 2020.

27 (ix) \$5,000,000.00 for the fiscal year ending September 30,

1 2021.

2 (x) \$5,000,000.00 for the fiscal year ending September 30,  
3 2022.

4 (xi) \$5,000,000.00 for the fiscal year ending September 30,  
5 2023.

6 (b) For fiscal years ending before October 1, 2009, an amount  
7 equal to the difference, if any, between the tax imposed under this  
8 act in the preceding state fiscal year that is designated under  
9 section 9 to a qualified local governmental unit and the tax  
10 imposed under this act that is designated under section 9 in the  
11 state fiscal year immediately preceding the preceding state fiscal  
12 year for the same local governmental unit shall be distributed to  
13 that local governmental unit. This subdivision does not apply  
14 unless a tax has been imposed under this act in the entire 2 state  
15 fiscal years immediately preceding the state fiscal year in which a  
16 distribution under this subdivision is made. Any amount distributed  
17 under this subdivision shall be used by the local governmental unit  
18 only for the retirement of outstanding bonds, obligations, or other  
19 evidences of indebtedness incurred for which distributions under  
20 section 9 are pledged. A distribution under this subdivision shall  
21 not be made to the extent that the obligations, bonds, or other  
22 evidences of indebtedness cannot be retired or are not outstanding.

23 (c) For fiscal years ending before October 1, 2015, an amount  
24 equal to that portion of the liquor tax collected under section  
25 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL  
26 436.2207, from licensees in counties in which convention hotels are  
27 not located shall be distributed to those counties in which

1 convention hotels are not located in the same proportion that the  
2 amount of tax collected under section 1207 of the Michigan liquor  
3 control code of 1998, 1998 PA 58, MCL 436.2207, in the preceding  
4 state fiscal year from the licensees in a county bears to the total  
5 tax collections under section 1207 of the Michigan liquor control  
6 code of 1998, 1998 PA 58, MCL 436.2207, in the preceding state  
7 fiscal year from all counties in which convention hotels are not  
8 located.

9 (d) For fiscal years ending before October 1, 2015, the  
10 remaining money available after distributions under subdivisions  
11 (a), (b), and (c) shall be distributed to each county in the  
12 following amounts:

13 (i) The amount of money available to be distributed under this  
14 subdivision multiplied by the percentage of collections in the  
15 preceding state fiscal year under section 1207 of the Michigan  
16 liquor control code of 1998, 1998 PA 58, MCL 436.2207, from  
17 licensees in counties in which convention hotels are not located  
18 shall be distributed to each county in which convention hotels are  
19 not located in the same proportion that the amount of tax collected  
20 pursuant to section 1207 of the Michigan liquor control code of  
21 1998, 1998 PA 58, MCL 436.2207, in the preceding state fiscal year  
22 from licensees in that county bears to the total tax collections  
23 from section 1207 of the Michigan liquor control code of 1998, 1998  
24 PA 58, MCL 436.2207, in the preceding state fiscal year from all  
25 counties in which convention hotels are not located.

26 (ii) The amount of money available to be distributed under this  
27 subdivision multiplied by the percentage of collections in the

1 preceding state fiscal year under section 1207 of the Michigan  
2 liquor control code of 1998, 1998 PA 58, MCL 436.2207, from  
3 licensees in counties in which convention hotels are located shall  
4 be distributed to each county in which convention hotels are  
5 located in the same proportion that the amount of tax collected  
6 pursuant to section 1207 of the Michigan liquor control code of  
7 1998, 1998 PA 58, MCL 436.2207, in the preceding state fiscal year  
8 from licensees in that county bears to the total tax collections  
9 from section 1207 of the Michigan liquor control code of 1998, 1998  
10 PA 58, MCL 436.2207, in the preceding state fiscal year from all  
11 counties in which convention hotels are located. However, in the  
12 calculation of the proportion represented by a county's share of  
13 distributions under this subparagraph, the amount of the tax  
14 collected from licensees in the qualified local governmental unit  
15 that received distributions under section 9 in fiscal year 2007-  
16 2008 shall not be included.

17 (e) For the fiscal year ending September 30, 2016, an amount  
18 equal to the product of the total amount of tax collected under  
19 section 1207 of the Michigan liquor control code of 1998, 1998 PA  
20 58, MCL 436.2207, and distributed to all counties in the 2014-2015  
21 fiscal year multiplied by 1.01 shall be distributed to all counties  
22 as provided in this subdivision. For fiscal years beginning after  
23 September 30, 2016, an amount equal to the product of the amount of  
24 liquor tax distributions in the immediately preceding fiscal year  
25 multiplied by 1.01, not to exceed the total amount of tax collected  
26 under section 1207 of the Michigan liquor control code of 1998,  
27 1998 PA 58, MCL 436.2207, shall be distributed to counties.

1 Distributions to each county under this subdivision shall be  
2 calculated as follows:

3 (i) The amount of money available to be distributed under this  
4 subdivision multiplied by the percentage of collections in the  
5 immediately preceding state fiscal year under section 1207 of the  
6 Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207,  
7 from licensees in counties in which convention hotels are not  
8 located shall be distributed to each county in which convention  
9 hotels are not located in the same proportion that the amount of  
10 tax collected pursuant to section 1207 of the Michigan liquor  
11 control code of 1998, 1998 PA 58, MCL 436.2207, in the immediately  
12 preceding state fiscal year from licensees in that county bears to  
13 the total tax collections from section 1207 of the Michigan liquor  
14 control code of 1998, 1998 PA 58, MCL 436.2207, in the immediately  
15 preceding state fiscal year from all counties in which convention  
16 hotels are not located.

17 (ii) The amount of money available to be distributed under this  
18 subdivision multiplied by the percentage of collections in the  
19 immediately preceding state fiscal year under section 1207 of the  
20 Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207,  
21 from licensees in counties in which convention hotels are located  
22 shall be distributed to each county in which convention hotels are  
23 located in the same proportion that the amount of tax collected  
24 pursuant to section 1207 of the Michigan liquor control code of  
25 1998, 1998 PA 58, MCL 436.2207, in the immediately preceding state  
26 fiscal year from licensees in that county bears to the total tax  
27 collections from section 1207 of the Michigan liquor control code

1 of 1998, 1998 PA 58, MCL 436.2207, in the immediately preceding  
2 state fiscal year from all counties in which convention hotels are  
3 located. However, in the calculation of the proportion represented  
4 by a county's share of distributions under this subparagraph, the  
5 amount of the tax collected from licensees in the qualified local  
6 governmental unit that received distributions under section 9 in  
7 the 2007-2008 state fiscal year shall not be included.

8 (f) Beginning with the fiscal year ending on September 30,  
9 2016, and each fiscal year thereafter, if the revenue in the  
10 convention facility development fund exceeds the amounts  
11 distributed under section 9 and the distributions under subdivision  
12 (e), the excess shall be distributed to a qualified local  
13 governmental unit that is a metropolitan authority to be used by  
14 that qualified local governmental unit only for the retirement of  
15 outstanding bonds, obligations, or other evidences of indebtedness  
16 incurred for which distributions under section 9 are pledged and  
17 for a qualified governmental unit that is a metropolitan authority  
18 or next for the payment of any unfunded operational deficit costs  
19 incurred during the prior fiscal year by a metropolitan authority  
20 created under the regional convention facility authority act for  
21 the operation of a qualified convention facility under that act.

22 (3) A distribution to a county pursuant to this section shall  
23 be included for purposes of the calculations required to be made by  
24 section 24e of the general property tax act, 1893 PA 206, MCL  
25 211.24e. If the governing body of a taxing unit approves the  
26 additional millage rate under section 24e of the general property  
27 tax act, 1893 PA 206, MCL 211.24e, which is due to distributions

1 pursuant to this section, then an amount equal to 50% of the  
2 distribution under this section shall be used for substance abuse  
3 treatment within the taxing unit.

4 (4) Beginning October 1, 2007 and each year thereafter, from  
5 the revenue collected during the previous quarter, after  
6 distributing the monthly payments under section 9(1), the state  
7 treasurer shall make quarterly distributions under subsection  
8 (2)(b) and (c) or under subsection (2)(e). From the revenue  
9 collected in the last quarter of the state fiscal year, the state  
10 treasurer shall make the distribution under subsection (2)(a) prior  
11 to any distributions under subsection (2)(b) and (c) or (e).

12 Sec. 12. (1) Subject to approval pursuant to section 11, a  
13 local governmental unit may assign or pledge all or a portion of  
14 the distribution of taxes that the local governmental unit is  
15 eligible to receive under this act for payment of bonds,  
16 obligations, or other evidences of indebtedness for the purposes  
17 specified in section 8(2). If a local governmental unit assigns,  
18 pledges, or, pursuant to section 11(3), dedicates all or a portion  
19 of the distribution of taxes that the local governmental unit is  
20 eligible to receive under this act for payment of bonds,  
21 obligations, or other evidences of indebtedness incurred for the  
22 purposes specified in this act, the state treasurer may transmit to  
23 the duly appointed trustee or trustees for the bonds, obligations,  
24 or other evidences of indebtedness, if any, the payment of the  
25 distribution assigned, pledged, or dedicated by the local  
26 governmental unit.

27 (2) A local governmental unit that becomes a qualified local

1 governmental unit before May 1, 2008 shall not issue bonds,  
2 obligations, or other evidences of indebtedness to which  
3 distributions under section 9 are pledged in a principal amount  
4 greater than \$180,000,000.00. This limit does not apply to  
5 refunding bonds, obligations, or other evidences of indebtedness  
6 issued pursuant to section 11(2) or to bonds, obligations, or other  
7 evidences of indebtedness to which distributions of taxes from the  
8 convention facility development fund are dedicated under section  
9 11(3). A ~~local governmental unit~~ **REGIONAL AUTHORITY** that becomes a  
10 qualified local governmental unit after December 1, 2008 shall not  
11 issue bonds, obligations, or other evidences of indebtedness to  
12 which distributions under section 9 are pledged in order to finance  
13 a total cost for all projects undertaken by the qualified local  
14 governmental unit that exceeds \$299,000,000.00. **A BUILDING**  
15 **AUTHORITY THAT BECOMES A QUALIFIED LOCAL GOVERNMENTAL UNIT AFTER**  
16 **MAY 1, 2009 SHALL NOT ISSUE BONDS, OBLIGATIONS, OR OTHER EVIDENCES**  
17 **OF INDEBTEDNESS TO WHICH DISTRIBUTIONS UNDER SECTION 9 ARE PLEDGED**  
18 **IN ORDER TO FINANCE A TOTAL COST FOR ALL PROJECTS UNDERTAKEN BY THE**  
19 **QUALIFIED LOCAL GOVERNMENTAL UNIT THAT EXCEEDS \$135,000,000.00.** The  
20 cost of a project in addition to construction and acquisition costs  
21 may include an allowance for legal, engineering, architectural, and  
22 consulting services. The following shall not be considered costs of  
23 a project and may be financed with the proceeds of bonds,  
24 obligations, or other evidences of indebtedness for which section 9  
25 distributions are pledged:

26 (a) Interest on revenue obligations issued to finance the  
27 project becoming due before the collection of the first revenues

1 available for the payment of those revenue obligations.

2 (b) A reserve for the payment of principal, interest, and  
3 redemption premiums on the revenue obligations of the qualified  
4 local governmental unit, and other necessary incidental expenses  
5 including, but not limited to, placement fees, fees or charges for  
6 insurance, letters of credit, lines of credit, remarketing  
7 agreements, or commitments to purchase obligations issued pursuant  
8 to this act.

9 (c) Fees or charges associated with an agreement to manage  
10 payment, revenue, or interest rate exposure.

11 (d) Any other fees or charges for any other security provided  
12 to assure timely payment of the obligations.

13 (e) Refunding bonds.