

**GIFTS OF PROPERTY**  
**Act 380 of 1913**

AN ACT to regulate gifts of real and personal property to cities, villages, townships, and counties, and the use of those gifts and other funds; and to validate all gifts made before the enactment of this act.

**History:** 1913, Act 380, Eff. Aug. 14, 1913;—Am. 1985, Act 9, Imd. Eff. Apr. 15, 1985;—Am. 2003, Act 122, Imd. Eff. July 29, 2003.

*The People of the State of Michigan enact:*

**123.871 Gift of real or personal property to city, village, township, or county; public purposes; conditions, limitations, and requirements; validity.**

Sec. 1. Any city, village, township, or county may receive, own, and enjoy any gift of real or personal property, made by grant, devise, bequest, or in any other manner, for public parks, grounds, cemeteries, public buildings, or other public purposes, whether made directly or in trust, subject to the conditions, limitations, and requirements provided in the grant, devise, bequest, or other instrument. A gift shall not be invalid because of an informality in the instrument evidencing the gift, if the intent can be determined from the instrument, or by reason of its contravening a statute or rule against perpetuities. All gifts made prior to August 14, 1913, either by grant, devise, bequest, or in any other manner, are declared valid, though they violate a statute or rule against perpetuities, the same as if this act had been in effect when made.

**History:** 1913, Act 380, Eff. Aug. 14, 1913;—CL 1915, 3301;—CL 1929, 2746;—CL 1948, 123.871;—Am. 1985, Act 9, Imd. Eff. Apr. 15, 1985;—Am. 2002, Act 555, Imd. Eff. July 26, 2002.

**123.872 Loan or grant to assist businesses or for public purposes; assignment of right to repayment; loan revenue bonds; agreement with federal government or agency.**

Sec. 2. (1) To provide a means and method to encourage and assist businesses in locating and expanding in this state, and if not prohibited by the terms of the grant or loan, a city, village, township, or county may receive and use a federal, state, or local grant or a loan from a federal agency as part of an intermediary relending program or the proceeds of a federal, state, or local grant or the proceeds of a loan from a federal agency as part of an intermediary relending program to make a secured or unsecured loan or to make a grant to a private person, to a corporation or other business association, to a city, village, township, or county, or to an instrumentality of a city, village, township, or county. A county may grant or loan funds to a township, village, or city located within that county for the purpose of encouraging and assisting businesses to locate and expand within the county. A grant or loan under this subsection shall not be derived from ad valorem taxes except for ad valorem taxes approved by a vote of the people for economic development. The county shall establish an application process for proposals to receive a grant or loan under this subsection. The awarding of a grant or loan under this subsection shall be made at a public hearing of the county board of commissioners. The grant or loan contract made by a county shall require a report to the county board of commissioners regarding the activities of the recipient and the degree to which the recipient has met the stated public purpose of the funding.

(2) A loan or grant made under subsection (1) may be used for local public improvements or to encourage and assist businesses in locating or expanding in this state, to preserve jobs in this state, to encourage investment in the communities in this state, or for other public purposes.

(3) The right to repayment of a loan made under subsection (1) may be assigned by a city, village, township, or county to an entity, agency, or authority created pursuant to law, or to a private corporation or association created to make and administer loans made under subsection (1).

(4) A city, village, township, or county may receive loans under subsection (1) and issue loan revenue bonds or notes secured by the repayment of loans made under subsection (1). For the purposes specified in subsection (2), bonds or notes issued pursuant to this section shall be approved by the department of treasury before their issuance, but shall not otherwise be subject to the provisions of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. In determining whether the issuance of the bonds or notes shall be approved, the department of treasury shall take into consideration the following:

(a) Whether the bonds or notes conform to the provisions of law.

(b) Whether the probable revenue and properties pledged for payment of the bonds or notes will be sufficient to pay the principal of and interest on the bonds or notes when due.

(c) Whether the amount of the proposed issue is sufficient or excessive for the purpose for which the bonds or notes are to be issued.

(5) The loan revenue bonds or notes shall not be general obligations of the city, village, township, or

county issuing the loan revenue bonds or notes. The loan revenue bonds or notes are declared to be issued for an essential public and governmental purpose, and, together with interest on those bonds or notes and income from those bonds or notes, shall be exempted from all taxes.

(6) A city, village, township, or county receiving a federal loan from a federal agency as part of an intermediary relending program may enter into an agreement with the federal government or an agency of the federal government respecting the repayment of principal and interest on the federal loan.

**History:** Add. 1985, Act 9, Imd. Eff. Apr. 15, 1985;—Am. 2003, Act 122, Imd. Eff. July 29, 2003;—Am. 2009, Act 108, Imd. Eff. Oct. 1, 2009.

### **123.873 Repealed. 2002, Act 555, Imd. Eff. July 26, 2002.**

**Compiler's note:** The repealed section pertained to commingling prohibited.

### **123.874 Transfer of gift to community foundation.**

Sec. 4. (1) A city, village, township, or county may transfer any gift of intangible personal property received pursuant to section 1 or the proceeds of any gift received pursuant to section 1 to a community foundation. If a gift received by a city, village, township, or county pursuant to section 1 was subject to conditions, limitations, or requirements, the transfer must be to a component fund within the community foundation that incorporates conditions, limitations, or requirements that are substantially similar to those the gift was subject to. If a gift was not subject to conditions, limitations, or requirements, the transfer must be to a component fund within the community foundation that imposes conditions, limitations, or requirements on the use of the gift property for 1 or more purposes provided in section 1.

(2) A transfer of a gift in accordance with this section that occurred before the effective date of the amendatory act that added this section is ratified and confirmed and the transfer is considered valid as if it had been made under this subsection.

(3) A community foundation to which a gift is transferred pursuant to this section shall return the gift to the city, village, township, or county that transferred the gift if 1 or more of the following occur:

(a) The community foundation fails to meet all of the requirements for certification as a community foundation set forth in section 261 of the income tax act of 1967, 1967 PA 281, MCL 206.261.

(b) The community foundation is liquidated.

(c) The community foundation substantially violates any condition, limitation, or requirement imposed on the gift.

(4) Except as otherwise provided in subsection (5), a community foundation shall establish a donor advisory board before a gift is transferred to that community foundation under this section. The donor advisory board shall include not less than 1 representative of the city, village, township, or county transferring the gift. The donor advisory board shall do all of the following:

(a) Determine that any condition, limitation, or requirement on the use of the transferred gift is complied with.

(b) Make recommendations for the use of the transferred gift.

(5) A city, village, or township that transfers a gift to a community foundation under this section may waive the establishment of the donor advisory board under subsection (4).

(6) As used in this section:

(a) "Community foundation" means that term as defined in section 261 of the income tax act of 1967, 1967 PA 281, MCL 206.261.

(b) "Component fund" means a component part of a community trust as described in 26 C.F.R. 1.170A-9.

(c) "Gift" does not include a grant from state or federal sources.

**History:** Add. 1998, Act 369, Imd. Eff. Oct. 20, 1998.