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112TH CONGRESS
2D SESSION

H. R. 4308

To authorize the Secretary of the Treasury to provide growth and stability funding for the city of Detroit.

IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 2012

Mr. CLARKE of Michigan (for himself, Mr. CONYERS, Mr. CLEAVER, Ms. HANABUSA, and Ms. NORTON) introduced the following bill; which was referred to the Committee on Oversight and Government Reform

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A BILL

To authorize the Secretary of the Treasury to provide growth and stability funding for the city of Detroit.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Detroit Growth and Stability Act of 2012’’.

SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) The City of Detroit is an essential part of the Nation’s economy and, in particular, the Nation’s manufacturing sector.

(2) Absent decisive action from the Federal Government, the City of Detroit risks bankruptcy and loan default.

(3) A bankruptcy or default of the City of Detroit would have broad negative economic consequences on the State of Michigan and the Nation.

SEC. 3. DEFINITIONS.

In this Act:

(1) The term ''city'' means the city of Detroit, Michigan.

(2) The term ''State'' means the State of Michigan.

(3) The term ''financing agent'' means any agency duly authorized by State law, and approved by the city, to act on behalf or in the interest of the city with respect to the city's financial affairs.

(4) The term ''Secretary'' means the Secretary of the Treasury.

SEC. 4. LOANS.

(a) IN GENERAL.—Upon written request of a financing agent, the Secretary may make loans to such agent subject to the provisions of this Act and the city and such agent shall be jointly and severally liable thereon.

(b) MATURITY.—Each such loan shall mature not later than 30 years after the last day of the city's fiscal year in which it was made, and shall bear interest at an annual rate equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the maturities of such loan, as determined by the Secretary at the time of the loan.

(c) PREPAYMENT.—The Secretary may not charge any prepayment penalties with respect to any loan made under this Act.

SEC. 5. SECURITY FOR LOANS.

In connection with any loan made under this Act, the Secretary may require the city and a financing agent and, where the Secretary deems necessary, the State, to provide such security as the Secretary deems appropriate. The Secretary may take such steps as such Secretary deems necessary to realize upon any collateral in which the United States has a security interest pursuant to this section to enforce any claim the United States may have against the city or any financing agent pursuant to this Act. Notwithstanding any other provision of law, Acts making appropriations may provide for the withholding of any payments from the United States to the city, either directly or through the State, which may be or may become due pursuant to any law and offset the amount of such withheld payments against any claim the Secretary may have against the city or any financing agent pursuant to this Act. With respect to debts incurred pursuant to this Act, for the purposes of section 3466 of the Revised statutes (31 U.S.C. 181) the term ‘‘person’’ includes any financing agent.

SEC. 6. LIMITATIONS.

At no time shall the amount of loans outstanding under this Act exceed in the aggregate $500,000,000.

SEC. 7. REMEDIES.

The remedies of the Secretary prescribed in this Act shall be cumulative and not in limitation of or substitution for any other remedies available to the Secretary or the United States.

SEC. 8. FUNDING.

(a) ESTABLISHMENT OF FUND.—There is hereby established in the Treasury a fund to be known as the ‘‘City of Detroit Growth and Stability Fund’’, which shall be administered by the Secretary. The fund shall be used for the purpose of making loans pursuant to this Act. There is authorized to be appropriated to such fund the sum of $500,000,000.

(b) ADMINISTRATIVE COSTS.—There are authorized to be appropriated such sums as may be necessary to pay the expenses of administration of this Act.

SEC. 9. INSPECTION OF DOCUMENTS.

At any time a request for a loan is pending or a loan is outstanding under this Act, the Secretary is authorized to inspect and copy all accounts, books, records, memorandums, correspondence, and other documents of the city or any financing agent relating to its financial affairs.

SEC. 10. AUDITS.

No loan may be made under this Act for the benefit of any State or city unless the General Accounting Office is authorized to make such audits as may be deemed appropriate by either the Secretary or the General Accounting Office of all accounts, books, records, and transactions of the State, the political subdivision, if any, involved, and any agency or instrumentality of such State or political subdivision. The General Accounting Office shall report the results of any such audit to the Secretary and to the Congress.

SEC. 11. TERMINATION.

The authority of the Secretary to make any loan under this Act terminates on January 1, 2016. Such termination does not affect the carrying out of any transaction entered into pursuant to this Act prior to that date, or the taking of any action necessary to preserve or protect the interests of the United States arising out of any loan under this Act.

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