

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

A BILL

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

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Detroit Growth and
5 Stability Act of 2012”.

6 **SEC. 2. FINDINGS.**

7 The Congress makes the following findings:

8 (1) The City of Detroit is an essential part of
9 the Nation’s economy and, in particular, the Na-
10 tion’s manufacturing sector.

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

4 (3) A bankruptcy or default of the City of De-
5 troit would have broad negative economic con-
6 sequences on the State of Michigan and the Nation.

7 **SEC. 3. DEFINITIONS.**

8 In this Act:

9 (1) The term “city” means the city of Detroit,
10 Michigan.

11 (2) The term “State” means the State of
12 Michigan.

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

17 (4) The term “Secretary” means the Secretary
18 of the Treasury.

19 **SEC. 4. LOANS.**

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

24 (b) MATURITY.—Each such loan shall mature not
25 later than 30 years after the last day of the city’s fiscal

1 year in which it was made, and shall bear interest at an
2 annual rate equal to the current average market yield on
3 outstanding marketable obligations of the United States
4 with remaining periods to maturity comparable to the ma-
5 turities of such loan, as determined by the Secretary at
6 the time of the loan.

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

10 **SEC. 5. SECURITY FOR LOANS.**

11 In connection with any loan made under this Act, the
12 Secretary may require the city and a financing agent and,
13 where the Secretary deems necessary, the State, to provide
14 such security as the Secretary deems appropriate. The
15 Secretary may take such steps as such Secretary deems
16 necessary to realize upon any collateral in which the
17 United States has a security interest pursuant to this sec-
18 tion to enforce any claim the United States may have
19 against the city or any financing agent pursuant to this
20 Act. Notwithstanding any other provision of law, Acts
21 making appropriations may provide for the withholding of
22 any payments from the United States to the city, either
23 directly or through the State, which may be or may be-
24 come due pursuant to any law and offset the amount of
25 such withheld payments against any claim the Secretary

1 may have against the city or any financing agent pursuant
2 to this Act. With respect to debts incurred pursuant to
3 this Act, for the purposes of section 3466 of the Revised
4 statutes (31 U.S.C. 181) the term “person” includes any
5 financing agent.

6 **SEC. 6. LIMITATIONS.**

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

9 **SEC. 7. REMEDIES.**

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

14 **SEC. 8. FUNDING.**

15 (a) ESTABLISHMENT OF FUND.—There is hereby es-
16 tablished in the Treasury a fund to be known as the “City
17 of Detroit Growth and Stability Fund”, which shall be ad-
18 ministered by the Secretary. The fund shall be used for
19 the purpose of making loans pursuant to this Act. There
20 is authorized to be appropriated to such fund the sum of
21 \$500,000,000.

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

1 **SEC. 9. INSPECTION OF DOCUMENTS.**

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

7 **SEC. 10. AUDITS.**

8 No loan may be made under this Act for the benefit
9 of any State or city unless the General Accounting Office
10 is authorized to make such audits as may be deemed ap-
11 propriate by either the Secretary or the General Account-
12 ing Office of all accounts, books, records, and transactions
13 of the State, the political subdivision, if any, involved, and
14 any agency or instrumentality of such State or political
15 subdivision. The General Accounting Office shall report
16 the results of any such audit to the Secretary and to the
17 Congress.

18 **SEC. 11. TERMINATION.**

19 The authority of the Secretary to make any loan
20 under this Act terminates on January 1, 2016. Such ter-
21 mination does not affect the carrying out of any trans-
22 action entered into pursuant to this Act prior to that date,
23 or the taking of any action necessary to preserve or protect
24 the interests of the United States arising out of any loan
25 under this Act.