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SFA



BILL ANALYSIS

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Senate Bill 1276 (Substitute S-1 as reported by the Committee of the Whole)

Sponsor: Senator Shirley Johnson

Committee: Local, Urban and State Affairs

CONTENT

The bill would create the "Recreational Authorities Act" to do the following:

- Allow two or more municipalities, or one municipality if it were a "district", to establish a recreational authority for the acquisition, construction, operation, maintenance, and improvement of a swimming pool, public recreation center, public auditorium, public conference center, and/or public park.
- Provide for the authority's board membership and duties.
- Allow the authority to levy a tax of up to one mill with voter approval in each of the participating municipalities.
- Allow the authority to borrow money and issue bonds or notes.
- Require voter approval in each of the participating municipalities for the authority to issue general obligation unlimited tax bonds.
- Allow the authority to borrow money and issue bonds or notes for refunding existing indebtedness only if the net present value of the principal and interest to be paid on those bonds or notes were less than the net present value of the principal and interest to be paid on the bonds or notes being refunded.
- Require the authority's board to obtain an annual audit of the authority.

("Municipality" would mean a city, village, county, township, or district. "District" would refer to a school district that served at least one municipality with a population of at least 15,000, if the territory of the district were located in at least two counties, each of which had at least 10% of the school district's population.)

The bill would take effect December 1, 2000.

Legislative Analyst: N. Nagata

FISCAL IMPACT

The fiscal impact of this bill primarily would be on the local units of government that would choose to create a recreation authority; however, the fiscal impact cannot be estimated because there is no way to know how many cities, villages, townships, counties, or qualified school districts would actually create these recreation authorities. In addition, for those local governments that would choose to create a recreation authority, there is no way to know the size or scope of the parks and other facilities that would be created, or the type or amount of funds that would be needed to create and maintain these areas and facilities. A potential impact on State government would result only if new property taxes were levied to finance these authorities, which would increase the cost of the State's homestead property tax credit.

Date Completed: 6-7-00

Fiscal Analyst: J. Wortley

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Analysis available @ <http://www.michiganlegislature.org>

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