

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 1276

A bill to provide for the establishment of recreational authorities; to provide powers and duties of an authority; to authorize the assessment of a fee, the levy of a property tax, and the issuance of bonds and notes by an authority; and to provide for the powers and duties of certain government officials.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1. This act shall be known and may be cited as the  
2 "recreational authorities act".

3       Sec. 3. As used in this act:

4       (a) "Articles" means the articles of incorporation of an  
5 authority.

6       (b) "Authority" means a recreational authority established  
7 under section 5.

8       (c) "Board" means the board of directors of the authority.

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1 (d) "Electors of the authority" means the qualified and  
2 registered electors of the participating municipalities who  
3 reside within the territory of the authority.

4 (e) "Largest county" means, of those counties in which a  
5 participating municipality is located, the county having the  
6 greatest population.

7 (f) "Municipality" means a city, county, village, or  
8 township.

9 (g) "Park" means an area of land or water, or both, dedi-  
10 cated to 1 or more of the following uses:

11 (i) Recreational purposes, including but not limited to  
12 landscaped tracts; picnic grounds; playgrounds; athletic fields;  
13 camps; campgrounds; zoological and botanical gardens; boating,  
14 hunting, fishing, and birding areas; swimming areas; and foot,  
15 bicycle, and bridle paths.

16 (ii) Open or scenic space.

17 (iii) Environmental, conservation, nature, or wildlife  
18 areas.

19 (h) "Participating municipality" means a municipality that  
20 is named in articles of incorporation or proposed articles of  
21 incorporation as joining in the original establishment of an  
22 authority, or a municipality that joins an existing authority and  
23 is added to the articles of incorporation, and that has not with-  
24 drawn from the authority.

25 (i) "Swimming pool" includes equipment, structures, areas,  
26 and enclosures intended for the use of individuals using or

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1 operating a swimming pool, such as equipment, dressing, locker,  
2 shower, and toilet rooms.

3 (j) "Territory of the authority" means the combined terri-  
4 tory of the participating municipalities that is served by an  
5 authority.

6 Sec. 5. (1) Two or more municipalities may establish a rec-  
7 reational authority. A recreational authority is an authority  
8 under section 6 of article IX of the state constitution of 1963.

9 (2) To initiate the establishment of an authority, articles  
10 of incorporation shall be prepared. The articles of incorpora-  
11 tion shall include all of the following:

12 (a) The name of the authority.

13 (b) The names of the participating municipalities.

14 (c) A description of the territory of the authority.

15 (d) The size of the board of the authority, which shall be  
16 comprised of an odd number of members; the qualifications, method  
17 of selection, and terms of office of board members; and the fill-  
18 ing of vacancies in the office of board member. If board members  
19 are elected in at large elections by the qualified and registered  
20 electors of the participating municipalities, voting collective-  
21 ly, the election of board members shall be conducted pursuant to  
22 the same procedures that govern an election for a tax under  
23 sections 13 to 17.

24 (e) The purposes for which the authority is established,  
25 which shall be the acquisition, construction, operation, mainte-  
26 nance, or improvement of 1 or more of the following:

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- 1           (i) A public swimming pool.
- 2           (ii) A public recreation center.
- 3           (iii) A public auditorium.
- 4           (iv) A public conference center.
- 5           (v) A public park.
- 6           (f) The procedure and requirements for a municipality to  
7 become a participating municipality in, and for a participating  
8 municipality to withdraw from, an existing authority. For a  
9 municipality to become a participating municipality in an exist-  
10 ing authority, a majority of the electors of the municipality  
11 proposed to be included in the territory of the authority and  
12 voting on the question shall approve a tax that the authority has  
13 been authorized to levy by a vote of the electors of the author-  
14 ity under section 11. A municipality shall not withdraw from an  
15 authority during the period for which the authority has been  
16 authorized to levy a tax by the electors of the authority.
- 17           (g) Any other matters considered advisable.
- 18           (3) The articles shall be adopted and may be amended by an  
19 affirmative vote of a majority of the members serving on the leg-  
20 islative body of each participating municipality. Unless the  
21 articles provide otherwise, the requirements of this subsection  
22 do not apply to an amendment to the articles to allow a munici-  
23 pality to become a participating municipality in, or to allow a  
24 participating municipality to withdraw from, an existing  
25 authority.
- 26           (4) Before the articles or amendments to the articles are  
27 adopted, the articles or amendments to the articles shall be

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1 published not less than once in a newspaper generally circulated  
2 within the participating municipalities. The adoption of arti-  
3 cles or amendments to the articles by a municipality shall be  
4 evidenced by an endorsement on the articles or amendments by the  
5 clerk of the municipality.

6 (5) Upon adoption of the articles or amendments to the arti-  
7 cles by each of the participating municipalities, a printed copy  
8 of the articles or the amended articles shall be filed with the  
9 secretary of state by the clerk of the last participating munici-  
10 pality to adopt the articles or amendments.

11 (6) The authority's articles of incorporation, or amendments  
12 to the articles, take effect upon filing with the secretary of  
13 state.

14 Sec. 7. (1) A vacancy occurs on the board on the happening  
15 of any of the events set forth in section 3 of 1846 RS 15, MCL  
16 201.3. Appointed members of the board, if any, may be removed by  
17 the appointing authority for good cause after a public hearing.  
18 Vacancies shall be filled in the same manner as the original  
19 appointment for the unexpired term.

20 (2) A majority of the members of the board constitutes a  
21 quorum for the purpose of conducting business and exercising the  
22 powers of an authority. Official action may be taken by an  
23 authority upon the vote of a majority of the board members  
24 present, unless the authority adopts bylaws requiring a larger  
25 number.

26 (3) A member of the board shall not receive compensation for  
27 services as a member of the board but is entitled to

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1 reimbursement for reasonable expenses, including expenses for  
2 travel previously authorized by the board, incurred in the dis-  
3 charge of his or her duties.

4 (4) The business that an authority may perform shall be con-  
5 ducted at a public meeting of the authority held in compliance  
6 with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.  
7 Public notice of the time, date, and place of the meeting shall  
8 be given in the manner required by the open meetings act, 1976 PA  
9 267, MCL 15.261 to 15.275.

10 (5) A writing prepared, owned, or used by an authority in  
11 the performance of an official function shall be made available  
12 in compliance with the freedom of information act, 1976 PA 442,  
13 MCL 15.231 to 15.246.

14 (6) At its first meeting, a board shall elect a chairperson,  
15 a secretary, a treasurer, and any other officers it considers  
16 necessary. A board shall meet at least quarterly.

17 (7) A board may adopt bylaws to govern its procedures.

18 Sec. 9. An authority may do 1 or more of the following:

19 (a) Acquire and hold, by purchase, lease with or without  
20 option to purchase, grant, gift, devise, land contract, install-  
21 ment purchase contract, bequest, or other legal means, real and  
22 personal property inside or outside the territory of the  
23 authority. The property may include franchises, easements, or  
24 rights of way on, under, or above any property. The authority  
25 may pay for the property from, or pledge for the payment of the  
26 property, revenue of the authority.

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1 (b) Apply for and accept grants or contributions from  
2 individuals, the federal government or any of its agencies, this  
3 state, a municipality, or other public or private agencies to be  
4 used for any of the purposes of the authority.

5 (c) Hire full-time or part-time employees and retain profes-  
6 sional services.

7 (d) Provide for the maintenance of all of the real and per-  
8 sonal property of the authority.

9 (e) Assess and collect fees for services provided by and  
10 expenses incurred by the authority.

11 (f) Receive revenue as appropriated by the legislature of  
12 this state or a participating municipality.

13 (g) Enter into contracts incidental to or necessary for the  
14 accomplishment of the purposes of the authority.

15 Sec. 11. (1) An authority may levy a tax of not more than 1  
16 mill for a period of not more than 20 years on all of the taxable  
17 property within the territory of the authority for the purposes  
18 of acquiring, constructing, operating, maintaining, and improving  
19 a public swimming pool, public recreation center, public audito-  
20 rium or conference center, or public park. The authority may  
21 levy the tax only upon the approval of a majority of the electors  
22 in each of the participating municipalities of the authority  
23 voting on the tax on November 6, 2001 or, thereafter, at a state-  
24 wide general or primary election. The proposal for a tax shall  
25 be submitted to a vote of the electors of the authority by reso-  
26 lution of the board.

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1           (2) A ballot proposal for a tax shall state the amount and  
2 duration of the millage and the purposes for which the millage  
3 may be used. A proposal for a tax shall not be placed on the  
4 ballot unless the proposal is adopted by a resolution of the  
5 board and certified by the board not later than 60 days before  
6 the election to the county clerk of each county in which all or  
7 part of the territory of the authority is located for inclusion  
8 on the ballot. The proposal shall be certified for inclusion on  
9 the ballot at the next eligible election, as specified by the  
10 board's resolution.

11           (3) If a majority of the electors in each of the participat-  
12 ing municipalities of the authority voting on the question of a  
13 tax approve the proposal, the tax levy is authorized. Not more  
14 than 2 elections may be held in a calendar year on a proposal for  
15 a tax authorized under this act.

16           Sec. 13. (1) The county election commission of each county  
17 in which all or part of a participating municipality is located  
18 shall provide ballots for an election for a tax under section 11  
19 for each participating municipality or part of a participating  
20 municipality located within the county.

21           (2) An election for a tax shall be conducted by the city and  
22 township clerks and election officials of the municipalities  
23 located within the territory of the authority.

24           (3) If an election on a proposal for a tax is to be held in  
25 conjunction with a general election or state primary election and  
26 if a participating village is located within a nonparticipating  
27 township, the township clerk and election officials shall conduct



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1 the election. Not later than 45 days preceding the election, the  
2 village clerk shall provide to the township clerk a list contain-  
3 ing the name, address, and birth date of each qualified and reg-  
4 istered elector of the village residing in the territory of the  
5 authority. Not later than 15 days before the election, the vil-  
6 lage clerk shall provide to the township clerk information  
7 updating the list as of the close of registration. A person  
8 appearing on the list as updated is eligible to vote in the elec-  
9 tion by special ballot.

10       Sec. 15. (1) If an election for a tax under section 11 is  
11 to be held in conjunction with a general election or a state pri-  
12 mary election, the notices of close of registration and election  
13 shall be published as provided for by the state election laws.  
14 Otherwise, the county clerk of the largest county shall publish  
15 the notices of close of registration and election. The notice of  
16 close of registration shall include the ballot language of the  
17 proposal.

18       (2) The results of an election for a tax shall be canvassed  
19 by the board of county canvassers of each county in which a par-  
20 ticipating municipality is located. The board of county canvass-  
21 ers of a county in which a participating municipality is located  
22 and that is not the largest county shall certify the results of  
23 the election to the board of county canvassers of the largest  
24 county. The board of county canvassers of the largest county  
25 shall make the final canvass of an election for a tax based on  
26 the returns of the election inspectors of the participating  
27 municipalities in that county and the certified results of the

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1 board of county canvassers of every other county in which a  
2 participating municipality is located. The board of county can-  
3 vassers of the largest county shall certify the results of the  
4 election to the board of the authority.

5       Sec. 17. (1) A county clerk shall charge the authority and  
6 the authority shall reimburse the county for the actual costs the  
7 county incurs in an election for a tax under section 11 that  
8 occurs on November 6, 2001.

9       (2) If a participating municipality conducts an election for  
10 a tax, the clerk of that participating municipality shall charge  
11 the authority and the authority shall reimburse the participating  
12 municipality for the actual costs the participating municipality  
13 incurs in conducting the election if the election is not held in  
14 conjunction with a regularly scheduled election in that  
15 municipality.

16       (3) In addition to costs reimbursed under subsection (1) or  
17 (2), a county or municipality shall charge the authority and the  
18 authority shall reimburse the county or municipality for actual  
19 costs that the county or municipality incurs and that are exclu-  
20 sively attributable to an election for a tax authorized under  
21 this act.

22       (4) The actual costs that a county or municipality incurs  
23 shall be based on the number of hours of work done in conducting  
24 the election, the rates of compensation of the workers, and the  
25 cost of materials supplied in the election.

26       Sec. 19. The tax shall be collected with county taxes and  
27 distributed by the local tax collecting unit under the provisions

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1 of the general property tax act, 1893 PA 206, MCL 211.1 to  
2 211.157.

3       Sec. 21. (1) An authority may borrow money and issue bonds  
4 or notes to finance the acquisition, construction, and improve-  
5 ment of a public swimming pool, a public recreation center, a  
6 public auditorium, a public conference center, or a public park,  
7 including the acquisition of sites and the acquisition and  
8 installation of furnishings and equipment for these purposes.

9       (2) An authority shall not borrow money or issue bonds or  
10 notes for a sum that, together with the total outstanding bonded  
11 indebtedness of the authority, exceeds 2 mills of the taxable  
12 value of the taxable property within the district as determined  
13 under section 27a of the general property tax act, 1893 PA 206,  
14 MCL 211.27a.

15       (3) Bonds or notes issued by an authority are a debt of the  
16 authority and not of the participating municipalities.

17       (4) Unless an exception from prior approval is available  
18 under sections 10 and 11 of chapter III of the municipal finance  
19 act, 1943 PA 202, MCL 133.10 and 133.11, bonds or notes issued by  
20 a recreational authority under this act shall be approved by the  
21 department of treasury, and are subject to the municipal finance  
22 act, 1943 PA 202, MCL 131.1 to 139.3. Before approving the issu-  
23 ance of a bond or note under this subsection, the department of  
24 treasury shall determine that the amount of the proposed bond or  
25 note is sufficient but not excessive, that any revenue or income  
26 pledged for the payment of the bond or note is sufficient, and

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1 that the bond or note and the proceedings authorizing the bond or  
2 note comply with this act and other applicable law.

3 (5) Bonds or notes issued by a recreational authority under  
4 this act shall not, in whole or in part, appreciate in principal  
5 amount or be sold at a discount of more than 10%.

6 Sec. 23. (1) An authority may issue general obligation  
7 unlimited tax bonds upon approval of a majority of the electors  
8 in each of the participating municipalities of the authority  
9 voting on the question of issuing the bonds. The proposal to  
10 issue general obligation unlimited tax bonds shall be submitted  
11 to a vote of the electors of the authority by resolution of the  
12 board.

13 (2) The language of the ballot proposal shall be in substan-  
14 tially the following form:

15 "Shall [name of authority], formed by [names of  
16 participating municipalities], borrow the sum of

17 not to exceed \_\_\_\_\_ dollars (\$\_\_\_\_\_)  
18 and issue its general obligation unlimited tax  
19 bonds for all or a portion of that amount for  
20 the purpose of \_\_\_\_\_?

21 Yes [ ] No [ ]".

22 (3) The election shall be conducted in the manner provided  
23 in sections 11 to 17 for an election for a tax. Not more than 2  
24 elections on the question of issuing general obligation unlimited  
25 tax bonds may be held in a calendar year.

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1 (4) If an authority issues general obligation unlimited tax  
2 bonds under this section, the board, by resolution, shall autho-  
3 rize and levy the taxes necessary to pay the principal of and  
4 interest on the bonds.

5 Sec. 25. (1) An authority may borrow money and issue its  
6 negotiable bonds and notes for the purpose of refunding outstand-  
7 ing debt obligations of the district by resolution of the board,  
8 without submitting the question to the electors of the  
9 authority.

10 (2) Refunding bonds or the refunding part of a bond issue  
11 shall be considered to be within the 2-mill limitation of section  
12 21(2).

13 (3) An authority may borrow money and issue bonds or notes  
14 for refunding all or part of existing bonded or note indebtedness  
15 only if the net present value of the principal and interest to be  
16 paid on the refunding bonds or notes, excluding the cost of issu-  
17 ance, will be less than the net present value of the principal  
18 and interest to be paid on the bonds or notes being refunded, as  
19 calculated using a method approved by the department of  
20 treasury.

21 Sec. 27. (1) A board shall obtain an annual audit of the  
22 authority, and report on the audit and auditing procedures, in  
23 the manner provided by sections 6 to 13 of the uniform budgeting  
24 and accounting act, 1968 PA 2, MCL 141.426 to 141.433. The audit  
25 shall also be in accordance with generally accepted government  
26 auditing standards as promulgated by the United States general

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1 accounting office and shall satisfy federal regulations relating  
2 to federal grant compliance audit requirements.

3 (2) An authority shall prepare budgets and appropriations  
4 acts in the manner provided by sections 14 to 19 of the uniform  
5 budgeting and accounting act, 1968 PA 2, MCL 141.434 to 141.439.

6 (3) The state treasurer, the attorney general, a prosecuting  
7 attorney, bank, certified public accountant, certified public  
8 accounting firm, or other person shall have the same powers,  
9 duties, and immunities with respect to the authority as provided  
10 for local units in sections 6 to 20 of the uniform budgeting and  
11 accounting act, 1968 PA 2, MCL 141.426 to 141.440.

12 (4) If an authority ends a fiscal year in a deficit condi-  
13 tion, the authority shall file a financial plan to correct the  
14 deficit condition in the same manner as provided in section 21(2)  
15 of the Glenn Steil state revenue sharing act of 1971, 1971 PA  
16 140, MCL 141.921.

17 (5) The board may authorize funds of the authority to be  
18 invested or deposited in any investment or depository authorized  
19 under section 1 of 1943 PA 20, MCL 129.91.

20 Enacting section 1. This act takes effect December 1,  
21 2000.