



**House
Legislative
Analysis
Section**

House Office Building, 9 South
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**NREPA: REFERENCES TO THE
REVISED MUN. FINANCE ACT**

**House Bill 5623 as introduced
Sponsor: Rep. Sue Tabor**

**House Bill 5624 as introduced
Sponsor: Rep. Larry Julian**

**House Bill 5625 as introduced
Sponsor: Rep. Gene DeRossett**

**House Bill 5626 as introduced
Sponsor: Rep. Stephen Ehardt**

**House Bill 5627 as introduced
Sponsor: Rep. David Mead**

**House Bill 5628 as introduced
Sponsor: Rep. Scott Hummel**

**House Bill 5629 as introduced
Sponsor: Rep. Michael C. Murphy**

**House Bill 5630 as introduced
Sponsor: Rep. Bill McConico**

**House Bill 5631 as introduced
Sponsor: Rep. Mary D. Waters**

**House Bill 5632 as introduced
Sponsor: Rep. Derrick Hale**

**House Bill 5633 as introduced
Sponsor: Rep. Steve Pestka**

**House Bill 5634 as introduced
Sponsor: Rep. Irma Clark**

**Committee: Tax Policy
First Analysis (3-7-02)**

THE APPARENT PROBLEM:

The Revised Municipal Finance Act took effect March 1, 2002. It was created by Public Act 34 of 2001 (Senate Bill 29). Most of the old Municipal Finance Act was repealed on the same date. The new act governs nearly all municipal borrowing and it puts in place, among other things, a new bond approval process whereby municipalities may qualify annually with the Department of Treasury and then may issue debt without prior departmental approval. The adoption of the new act, however, requires that a great many other statutes be amended as well. Generally speaking, borrowing by governmental units takes place under a general act, such as the Revised Municipal Finance Act, and a specific act authorizing a particular kind of entity to issue debt for particular purposes. There are perhaps as many as 170 bills needed to make all the various statutes on borrowing conform to the Revised Municipal Finance Act!

THE CONTENT OF THE BILLS:

Each of the bills would amend a different section of the Natural Resources and Environmental Protection Act (NREPA) to specify that bonds issued under the act and other borrowings would have to comply with the Revised Municipal Finance Act.

House Bill 5623 (MCL 324.4307) addresses local bonds for sewage systems, solid waste facilities, and waterworks systems. House Bill 5624 (MCL 324.4504) deals with state water pollution bonds. House Bill 5625 (MCL 324.4709) addresses sewage disposal and water supply districts. House Bill 5626 (MCL 324.30705), House Bill 5627 (MCL 324.30716), and House Bill 5628 (MCL 324.30717) deal with special assessment districts for inland lakes. House Bill 5629 (MCL 324.30922) deals with the improvement of an inland lake by a lake board. House Bill 5630 (MCL 324.33707) addresses borrowing by local units from the federal government for flood control, drainage, or beach erosion control.

House Bills 5623-5634 (3-7-02)

House Bill 5631 (MCL 324.34141) and House Bill 5632 (MCL 324.34146) deals with irrigation special assessment districts. House Bill 5633 (MCL 324.50162) addresses forest improvements. House Bill 5634 (MCL 324.74112) deals with state park improvement bonds.

FISCAL IMPLICATIONS:

The House Fiscal Agency reports that the bill would have no fiscal impact on the state or local units of government. (HFA analysis dated 3-5-02)

ARGUMENTS:

For:

These are among a series of bills that tax specialists say are needed to make specific bonding and borrowing provisions throughout the Michigan statutes conform to the Revised Municipal Finance Act, which took effect on March 1, 2002.

Against:

A representative of the Michigan Taxpayers United argued that bond issues should be subject to voter approval because they represent a form of tax increase.

Response:

The bills are not intended to expand government bonding authority.

POSITIONS:

There are no positions at present.

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.