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NREPA: REFERENCES TO THE REVISED MUN. FINANCE ACT

**House Bill 5623 as enrolled
Public Act 213 of 2002
Sponsor: Rep. Sue Tabor**

**House Bill 5624 as enrolled
Public Act 248 of 2002
Sponsor: Rep. Larry Julian**

**House Bill 5625 as enrolled
Public Act 214 of 2002
Sponsor: Rep. Gene DeRossett**

**House Bill 5626 as enrolled
Public 215 of 2002
Sponsor: Rep. Stephen Ehardt**

**House Bill 5627 as enrolled
Public Act 516 of 2002
Sponsor: Rep. David Mead**

**House Bill 5628 as enrolled
Public Act 217 of 2002
Sponsor: Rep. Scott Hummel**

**House Bill 5629 as enrolled
Public Act 218 of 2002
Sponsor: Michael E. Murphy**

**House Bill 5630 as enrolled
Public Act 219 of 2002
Sponsor: Rep. Bill McConico**

**House Bill 5631 as enrolled
Public Act 220 of 2002
Sponsor: Rep. Mary D. Waters**

**House Bill 5632 as enrolled
Public Act 221 of 2002
Sponsor: Rep. Steve Pestka**

**House Bill 5633 as enrolled
Public Act 222 of 2002
Rep. Derrick Hale**

**House Bill 5634 as enrolled
Public Act 249 of 2002
Sponsor: Rep. Irma Clark**

**House Committee: Tax Policy
Senate Committee: Finance
Second Analysis (6-7-02)**

House Bills 5623-5634 (6-7-02)

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 Most of the old Municipal Finance Act was repealed on the same date.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) in most cases to specify that bonds issued under the act and other borrowings would have to comply with the Revised Municipal Finance Act. However, in the case of House Bills 5624 and 5634, they would specify that certain state-issued

bonds would not be subject to the Revised Municipal Finance Act but instead would be subject to the Agency Financing Reporting Act (to be created by Senate Bill 1201).

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 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 bills 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. In some cases, bonds would be subject instead to a new act, the Agency Financing Reporting Act, typically bonds issued by or under the auspices of the state government

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.