

Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**SFA**



**BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bills 829 through 870 (as introduced 11-29-01)

Sponsor: Senator Valde Garcia (S.B. 829, 831, 835, & 838)  
 Senator Burton Leland (S.B. 830)  
 Senator Alma Wheeler Smith (S.B. 832 & 852)  
 Senator Dianne Byrum (S.B. 833)  
 Senator Bill Bullard, Jr. (S.B. 834, 841, 847, 849, & 860)  
 Senator Gary Peters (S.B. 836 & 865)  
 Senator Bob Emerson (S.B. 837 & 840)  
 Senator Harry Gast (S.B. 839)  
 Senator Bev Hammerstrom (S.B. 842 & 862)  
 Senator William Van Regenmorter (S.B. 843, 845, & 857)  
 Senator John J. H. Schwarz, M.D. (S.B. 844)  
 Senator Joe Young, Jr. (S.B. 846, 856, 866, & 867)  
 Senator Ken DeBeaussaert (S.B. 848, 854, & 868)  
 Senator Shirley Johnson (S.B. 850, 858, & 859)  
 Senator Thaddeus G. McCotter (S.B. 851)  
 Senator Walter H. North (S.B. 853 & 855)  
 Senator Dale L. Shugars (S.B. 861)  
 Senator Art Miller, Jr. (S.B. 863)  
 Senator Martha G. Scott (S.B. 864)  
 Senator Mat J. Dunaskiss (S.B. 869)  
 Senator George A. McManus, Jr. (S.B. 870)

Committee: Finance

Date Completed: 1-29-02

## **CONTENT**

### **The bills would amend various statutes to replace references to the Municipal Finance Act with the "Revised Municipal Finance Act".**

(Public Act 34 of 2001 creates the "Revised Municipal Finance Act" to regulate borrowing by municipalities, and their issuance of securities; repeal the Municipal Finance Act; and prescribe the powers and duties of the Department of Treasury to protect the credit of the State and its municipalities. The Act will take effect March 1, 2002. The Municipal Finance Act will be repealed on that day, except for two sections which will be repealed on April 30, 2002.)

Following is a description of each bill. In general, each bill would delete references to the Municipal Finance Act and replace them with references to the Revised Municipal Finance Act. Several of the bills would delete provisions that require local units of government to obtain the prior approval of the

Department of Treasury. (The Revised Municipal Finance Act specifies the conditions under which all municipalities must obtain prior approval to issue notes or bonds.) Further, some statutes currently require a local unit's governing body to determine the rate of interest to be charged on bonds or notes it sells. The bills would delete these provisions. (Under the Revised Municipal Finance Act, municipal securities (bonds, notes, or other instruments of indebtedness) may bear a rate of interest established by a local unit, subject to maximum rates as provided in that Act.) Several of the bills would make additional changes, as described below.

### **Senate Bill 829**

The bill would amend Public Act 55 of 1967, which provides for the management of State funds by the State Treasurer and the State Administrative Board.

### **Senate Bill 830**

The bill would repeal Section 88 of the Executive Organization Act, which transferred the Municipal Finance Commission to the Department of Treasury.

### **Senate Bill 831**

The bill would amend the Management and Budget Act.

### **Senate Bill 832**

The bill would amend Public Act 70 of 1955, which allows cities to issue bonds to finance the acquisition and operation of exhibition areas.

### **Senate Bill 833**

The bill would amend Public Act 99 of 1933, which allows local units of government and school districts to enter into contracts to purchase property.

### **Senate Bill 834**

The bill would amend Public Act 53 of 1994, which allows local units of government to hold pooled investments.

### **Senate Bill 835**

The bill would amend the Tax Increment Finance Authority Act. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions that require bonds issued under the Tax Increment Finance Authority Act to be issued in single series and mature in 30 years or less.

### **Senate Bill 836**

The bill would amend the International Tradeport Development Authority Act. In addition to specifying that the bonds of an authority would be subject to the Revised Municipal Finance Act, the bill would delete a provision that allows an authority's bonds to be sold at public or private sales at a time and price determined by the authority; and delete a provision that allows the bonds to be sold without the approval of the State Treasurer, and states that the bonds do not have to be registered.

In addition, the bill would repeal Section 19 of the International Tradeport Development Authority Act, which authorizes an authority to

enter into insurance contracts, lines of credit, and other obligations to assure timely payment of a bond.

### **Senate Bill 837**

The bill would amend Public Act 280 of 1995, which allows local units of government to accept financial transaction device payments.

### **Senate Bill 838**

The bill would amend Public Act 266 of 1995, which authorizes and regulates the use of credit cards by local units of government and their officers and employees.

### **Senate Bill 839**

The bill would amend the Uniform Budgeting and Accounting Act to eliminate a provision that pertains to reporting requirements for local units of government under the Municipal Finance Act.

### **Senate Bill 840**

The bill would amend the State Revenue Sharing Act to specify that bonds and notes issued under the Act would be subject to the Revised Municipal Finance Act.

### **Senate Bill 841**

The bill would amend the Fiscal Stabilization Act, which allows certain cities and counties to issue bonds to fund an existing or projected operating deficit. In addition to adding references to the Revised Municipal Finance Act, the bill would repeal Sections 6 and 7 of the Fiscal Stabilization Act. Section 6 specifies the terms and conditions under which bonds must be sold under the Act; Section 7 requires a city or county that issues bonds to levy annual property taxes sufficient to pay the principal and interest on the bonds.

### **Senate Bill 842**

The bill would repeal the Michigan Tax Lien Sale and Collateralized Securities Act, which allows Detroit to sell tax liens that are placed on property for which taxes, special assessments, and/or other levies or charges are delinquent; allows the city to create a tax lien entity to purchase the city's tax liens; and allows the entity to issue bonds, secured by the tax liens.

**Senate Bill 843**

The bill would amend the Revised Judicature Act.

**Senate Bill 844**

The bill would repeal the Federal Facility Development Act, which allows certain local units of government to receive money to develop a facility to house certain Federal employees; and to pay for bonds or other debt incurred in the development of a facility.

**Senate Bill 845**

The bill would amend Revised Statute 16 of 1846, which allows a township to provide for energy conservation improvements. In addition to adding references to the Revised Municipal Finance Act, the bill would delete a provision that pertains to interest rates on a township's notes as determined by the township board.

**Senate Bill 846**

The bill would amend Public Act 246 of 1931, which allows certain local units of government to issue bonds for pavements, sidewalks, and elevated structures, to specify that bonds issued under the Act would be subject to the Revised Municipal Finance Act.

**Senate Bill 847**

The bill would amend Public Act 107 of 1941, which allows townships to provide water and sewer services, to specify that notes issued under the Act would be subject to the Revised Municipal Finance Act; and delete provisions pertaining to prior approval.

**Senate Bill 848**

The bill would amend the Township and Village Public Improvement and Public Service Act.

**Senate Bill 849**

The bill would amend Public Act 157 of 1905, which allows townships to acquire parks and recreation facilities.

**Senate Bill 850**

The bill would amend Public Act 188 of 1954, which allows townships to issue bonds to pay for certain improvements. In addition to adding references to the Revised Municipal

Finance Act, the bill would delete provisions that do the following: provide for the collection of special assessments, to the extent they are pledged for bond payments, to be set aside in a special fund; allow a township to levy a property tax, without limitation, for bond payments; and require bonds to be executed by the township supervisor and clerk.

**Senate Bill 851**

The bill would amend the Charter Township Act.

**Senate Bill 852**

The bill would amend Public Act 156 of 1851, which allows counties to issue notes to provide for energy conservation improvements. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions that pertain to interest rates on notes as determined by a county board of commissioners.

**Senate Bill 853**

The bill would amend the General Law Village Act to specify that bonds issued under the Act would be subject to the Revised Municipal Finance Act. Further, the bill would delete provisions that do the following: require that money raised by special assessment to defray the expense of a local improvement be held as a special fund or to repay borrowed money; require that bonds issued by a village council for lighting have a maximum interest rate of 6% per year, and prohibit the bonds from being sold for less than par value; require the prior approval of the Department of Treasury for certain contracts that villages are allowed to enter into for lighting; and require a village council to determine the interest rate on notes (issued for energy conservation improvements) subject to the limitation on rates as provided in the Municipal Finance Act.

**Senate Bill 854**

The bill would amend the Home Rule Village Act. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions pertaining to interest rates on notes issued by a village.

**Senate Bill 855**

The bill would amend the Fourth Class City Act. In addition to adding references to the

Revised Municipal Finance Act, the bill would delete provisions pertaining to obtaining prior approval.

#### **Senate Bill 856**

The bill would amend Public Act 31 of 1948, which provides for the incorporation of local government authorities to acquire buildings, parking lots, and recreational facilities, to specify that all bonds issued under the Act would be subject to the Revised Municipal Finance Act; delete requirements pertaining to the sale of bonds under Public Act 31; and repeal Sections 11c and 11i. Section 11c prescribes the type of bonds that must be issued under the Act and limits their term to 40 years or less; Section 11i pertains to obtaining prior approval.

#### **Senate Bill 857**

The bill would amend Public Act 425 of 1994, which allows local units of government to create an authority with the power to issue bonds to develop a community swimming pool. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions pertaining to refunding bonds and bond discounts. (The Revised Municipal Finance Act regulates refunding and discounts.)

#### **Senate Bill 858**

The bill would amend the Recreational Authorities Act. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions pertaining to prior approval and bond discounts.

#### **Senate Bill 859**

The bill would amend the Urban Cooperation Act to eliminate provisions pertaining to prior approval; and provisions that exempt from taxation bonds issued under the Act.

#### **Senate Bill 860**

The bill would amend the downtown development authority Act. In addition to adding references to the Revised Municipal Finance Act, the bill would eliminate provisions that pertain to obtaining prior approval, and require that bonds issued under the downtown development authority Act be in single series, mature in 30 years or less, and be sold at public or private sale.

#### **Senate Bill 861**

The bill would amend the Local Development Financing Act. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions that require bonds issued under the Local Development Financing Act to be in single series, and mature in 30 years or less.

#### **Senate Bill 862**

The bill would amend the Resort District Rehabilitation Act.

#### **Senate Bill 863**

The bill would amend the Emergency Municipal Loan Act. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions pertaining to prior approval.

#### **Senate Bill 864**

The bill would amend the State Convention Facility Development Act. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions pertaining to prior approval, and refunding bonds.

#### **Senate Bill 865**

The bill would amend the County Development of Solid Waste Management Act. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions that require bonds issued under the amended Act to be serial bonds or term bonds, with a maturity of 40 years or less; and provisions that pertain to interest rates on the bonds.

Under the Act, a county may contract with a public corporation (a county, city, village, township, district, or authority) to acquire or enlarge a solid waste system. In the contract, each public corporation must pledge its full faith and credit to pay its obligations under the contract. If a public corporation has taxing power, it may levy a tax each year to pay contract obligations. The bill specifies that if the contract, or an unlimited tax pledge in support of the contract, were approved by the electors, the contract would be subject to the Revised Municipal Finance Act.

### **Senate Bill 866**

The bill would amend Public Act 298 of 1917, which allows cities and villages to levy a tax and issue bonds for collecting garbage and constructing a garbage disposal plant or system, to specify that bonds issued under the Act would be subject to the Revised Municipal Finance Act; and delete provisions that limit the length of the bonds to five years.

### **Senate Bill 867**

The bill would amend the Garbage Disposal Act. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions pertaining to unspent bond proceeds remaining after completion of a garbage disposal equipment system (which, with the approval of the Department of Treasury, may be used in part to enlarge the system).

### **Senate Bill 868**

The bill would amend Public Act 233 of 1955, which provides for the incorporation of municipal authorities to acquire and operate water and sewer systems. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions pertaining to prior approval and refunding bonds.

Further, the bill specifies that if a contract with a municipal authority and any of its constituent municipalities (providing for a water and/or sewer system), or an unlimited tax pledge in support of a contract, were approved by a municipality's electors, the contract would be subject to the Revised Municipal Finance Act.

### **Senate Bill 869**

The bill would amend the Land Reclamation and Improvement Authority Act. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions pertaining to interest rates on bonds issued under the amended Act; and a provision that requires special assessment collections pledged for the payment of bonds or notes to be set aside in a special fund.

### **Senate Bill 870**

The bill would amend the Drain Code to add references to the Revised Municipal Finance

Act; and to delete provisions pertaining to prior approval.

MCL 12.51 (S.B. 829)  
16.188 (S.B. 830)  
18.1389 (S.B. 831)  
123.655 (S.B. 832)  
123.721 (S.B. 833)  
123.931 (S.B. 834)  
125.1815 (S.B. 835)  
125.2536 (S.B. 836)  
129.221 (S.B. 837)  
129.241 & 129.242 (S.B. 838)  
141.424 (S.B. 839)  
141.917a (S.B. 840)  
141.1004 (S.B. 841)  
211.921-211.941 (S.B. 842)  
600.6097 (S.B. 843)  
3.931-3.940 (S.B. 844)  
41.75b (S.B. 845)  
41.283a (S.B. 846)  
41.338 et al. (S.B. 847)  
41.416c (S.B. 848)  
41.426d (S.B. 849)  
41.735 (S.B. 850)  
42.14a (S.B. 851)  
46.11c (S.B. 852)  
68.36 et al. (S.B. 853)  
78.24b (S.B. 854)  
107.10 & 110.25 (S.B. 855)  
123.961j & 123.961k (S.B. 856)  
123.1069 & 123.1071 (S.B. 857)  
123.1151 (S.B. 858)  
124.507 (S.B. 859)  
125.1662 & 125.1666 (S.B. 860)  
125.2164 (S.B. 861)  
125.2208 & 125.2214 (S.B. 862)  
141.934 (S.B. 863)  
207.631 & 207.632 (S.B. 864)  
45.587 et al. (S.B. 865)  
123.261 (S.B. 866)  
123.364 & 123.367 (S.B. 867)  
124.287 et al. (S.B. 868)  
125.2482 (S.B. 869)  
280.275 et al. (S.B. 870)

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

The bills would have no fiscal impact on State or local government.

Fiscal Analyst: D. Zin

### **S0102\s829sa**

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.