



Senate Bill 836 (Substitute S-1 as reported)  
Senate Bills 837 through 840 (as reported without amendment)  
Senate Bill 841 (Substitute S-1 as reported)  
Senate Bill 842 (as reported without amendment)  
Senate Bill 843 and 844 (Substitutes S-1 as reported)  
Senate Bills 845 through 855 (as reported without amendment)  
Senate Bill 856 (Substitute S-1 as reported)  
Senate Bills 857 and 858 (as reported without amendment)  
Senate Bill 859 (Substitute S-1 as reported)  
Sponsor: Senator Gary Peters (S.B. 836)  
Senator Bob Emerson (S.B. 837 & 840)  
Senator Valde Garcia (S.B. 838)  
Senator Harry Gast (S.B. 839)  
Senator Bill Bullard, Jr. (S.B. 841, 847, & 849)  
Senator Bev Hammerstrom (S.B. 842)  
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)  
Senator Ken DeBeaussaert (S.B. 848 & 854)  
Senator Shirley Johnson (S.B. 850, 858, & 859)  
Senator Thaddeus G. McCotter (S.B. 851)  
Senator Alma Wheeler Smith (S.B. 832 & 852)  
Senator Walter H. North (S.B. 853 & 855)

Committee: Finance

## **CONTENT**

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

Several of the bills also would delete provisions that require local units of government to obtain the approval of the Department of Treasury before issuing bonds. (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.

(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 The Municipal Finance Act will be repealed on that day, except for two sections which will be repealed on April 30, 2002.)

Senate Bill 836 (S-1) 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 provisions that: allow an authority's bonds to be sold at public or private sales at a time and price determined by the authority; allow the bonds to be sold without the approval of the State Treasurer, and state that the bonds do not have to be registered; and allow an authority to issue obligations for the payment, funding, or refunding of the principal and interest on bonds.

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 would amend Public Act 280 of 1995, which allows local units of government to accept financial transaction device payments. Senate Bill 838 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 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 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 (S-1) 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 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 (S-1) would amend the Revised Judicature Act. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions pertaining to the maximum interest rate of bonds or certificates of indebtedness issued by a municipality to pay a judgment rendered against it.

Senate Bill 844 (S-1) would repeal two statutes and a section of the Income Tax Act that provided for the development and funding of a Federal facility. 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. The bill also would repeal the Federal Data Facility Act, which established the Federal Data Facility Fund and allows certain local units to receive money from the Fund to pay for bonds used to develop a Federal facility. Further, the bill would repeal Section 483 of the Income Tax Act, which dedicates the State income taxes of employees of a Federal facility to the Fund.

Senate Bill 845 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 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 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 would amend the Township and Village Public Improvement and Public Service Act. Senate Bill 849 would amend Public Act 157 of 1905, which allows townships to acquire parks and recreation facilities. Senate Bill 850 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: 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 would amend the Charter Township Act. Senate Bill 852 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 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 may 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 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 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 (S-1) 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, 11i, and 11k. 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. Section 11k pertains to refunding bonds of an authority.

Senate Bill 857 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 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 (S-1) would amend the Urban Cooperation Act to eliminate provisions pertaining to prior approval; provisions that exempt from taxation bonds issued under the Act; and a provision that allows a separate legal or administrative entity, created under the Act, to incur debt, liabilities, or obligations that do not constitute the debts, liabilities, or obligations

of any of the parties to an interlocal agreement entered into under the Act.

MCL 125.2536 et al. (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 et al. (S.B. 841)  
211.921-211.941 (S.B. 842)  
600.6097 (S.B. 843)  
3.931-3.940 et al. (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 et al. (S.B. 856)  
123.1069 & 123.1071 (S.B. 857)  
123.1151 (S.B. 858)  
124.507 (S.B. 859)

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

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

Date Completed: 1-30-02

Fiscal Analyst: D. Zin

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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.