



Senate Bills 850 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 Shirley Johnson (S.B. 850, 858, & 859)
Senator Thaddeus G. McCotter (S.B. 851)
Senator Alma Wheeler Smith (S.B. 852)
Senator Walter H. North (S.B. 853 & 855)
Senator Ken DeBeaussaert (S.B. 854)
Senator Joe Young, Jr. (S.B. 856)
Senator William Van Regenmorter (S.B. 857)

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 The Municipal Finance Act will be repealed on that day, except for two sections which will be repealed on April 30, 2002.)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 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 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: 2-7-02

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.