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Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 868 (Substitute S-1 as reported)  
Sponsor: Senator Ken DeBeaussiaert  
Committee: Finance

### **CONTENT**

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) to add references to the Revised Municipal Finance Act. In addition, the bill would delete provisions pertaining to prior approval and refunding bonds. (The Revised Municipal Finance Act specifies the conditions under which all municipalities must obtain prior approval to issue notes or bonds; and prescribes the requirements for refunding bonds.)

In addition, Public Act 233 of 1955 allows municipal authorities to enter contracts for water and sewer systems, that provide for the allocation and payment of the total costs for a period of up to 40 years. The bill provides that such a contract would not be subject to 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 The Municipal Finance Act will be repealed on that day, except for two sections that will be repealed on April 30, 2002.)

MCL 124.287 et al.

Legislative Analyst: George Towne

### **FISCAL IMPACT**

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

Date Completed: 2-27-02

Fiscal Analyst: David Zin