
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 1167 through 1182 (as reported without amendment)
Sponsor: Senator Gary Peters (S.B. 1167, 1172, 1173, & 1179-1182)
Senator John J. H. Schwarz, M.D. (S.B. 1168)
Senator Alma Wheeler Smith (S.B. 1169 & 1171)
Senator Dianne Byrum (S.B. 1170 & 1174-1176)
Senator Bill Bullard, Jr. (S.B. 1177 & 1178)

Committee: Finance

CONTENT

The bills would amend various acts to replace references to the Municipal Finance Act with references to the "Revised Municipal Finance Act". Further, all of the bills provide that bonds and notes issued under the various acts would be subject to the "Agency Financing Reporting Act". (Senate Bill 1201 would create that Act to require State agencies that issued securities, and any municipality that issued securities that were exempt from the Revised Municipal Finance Act or the Revenue Bond Act, to file with the Department of Treasury a statement of intent to issue securities, before doing so.)

(Public Act 34 of 2001 created 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 took effect March 1, 2002. The Municipal Finance Act was repealed on that day, except for two sections that will be repealed on April 30, 2002.)

Senate Bill 1167 would amend Public Act 266 of 1967, which provides for the issuance of notes by the State to meet certain obligations, to specify that bonds, notes, and loans issued under the Act would not be subject to the Revised Municipal Finance Act.

Senate Bill 1168 would amend the Vietnam Veteran Era Bonus Act to specify that bonds and notes issued under the Act would not be subject to the Revised Municipal Finance Act.

Senate Bill 1169 would amend the State Housing Development Authority Act. In addition to adding references to the Revised Municipal Finance Act, the bill would eliminate current provisions that require the State Housing Development Authority to obtain prior approval from the Department of Treasury to issue bonds.

Senate Bill 1170 would amend the Michigan Strategic Fund Act.

Senate Bill 1171 would amend the Michigan Family Farm Development Act. In addition to adding a reference to the Revised Municipal Finance Act, the bill would eliminate provisions that pertain to prior approval, and specify that bonds and notes issued under the Family Farm Development Act would not be subject to the Revised Municipal Finance Act.

Senate Bill 1172 would amend Public Act 47 of 1945, which allows two or more local units to join together to incorporate a hospital authority and build and operate a community hospital. In addition to adding references to the Revised Municipal Finance Act, the bill would repeal Section 8q of Public Act 47, which requires a hospital authority to obtain the prior approval of the Department of Treasury to issue bonds.

Senate Bill 1173 would amend the Hospital Finance Authority Act to provide that, except as otherwise provided in the Act, bonds and notes issued under the Act would not be subject to the Revised Municipal Finance Act. Further, the bill would repeal Section 46 of the Hospital Finance Authority Act, which requires the State Hospital Finance Authority or a local authority to obtain the approval of the Department of Treasury prior to issuing bonds or notes.

Senate Bill 1174 would amend the Higher Education Facilities Authority Act. Senate Bill 1175 would amend the Higher Education Loan Authority Act. In addition to adding a reference to the Revised Municipal Finance Act, the bill would eliminate provisions that pertain to prior approval. Senate Bill 1176 would amend Public Act 289 of 1976, which provides for the establishment and financing of student loan programs.

Senate Bill 1177 would amend the State Building Authority Act to specify that bonds and notes issued under the Act would not be subject to the Revised Municipal Finance Act, and eliminate provisions that pertain to prior approval. Currently, interest on obligations issued under the State Building Authority Act may not exceed 18% or a higher rate if permitted by the Municipal Finance Act. The bill provides, instead, that interest could not exceed a rate permitted in the Revised Municipal Finance Act.

Senate Bill 1178 would amend the Shared Credit Rating Act.

Senate Bill 1179 would amend Section 19603 of the Natural Resources and Environmental Protection Act (NREPA), which places certain requirements on the issuance of bonds for the Clean Michigan Initiative Bond Fund. In addition to adding a reference to the Revised Municipal Finance Act, the bill would remove current provisions that require the Department of Treasury to approve bonds before they are issued under Section 19603; and that require the bonds to be sold at a publicly advertised sale.

Senate Bills 1180 and 1181 would amend Sections 50510 and 71503 of the NREPA, which contain certain requirements for bonds issued by the Michigan Forest Finance Authority to fund forest management programs, and for bonds issued for the Recreation Bond Fund (to finance State and local public recreation projects). In addition to adding a reference to the Revised Municipal Finance Act, Senate Bill 1181 would eliminate a requirement in Section 71503 that the bonds be approved by the Department of Treasury before issuance. Senate Bill 1182 would amend Section 76703 of the NREPA, which prescribes certain requirements for bonds issued by the Mackinac Island State Park Commission.

MCL 17.454 (S.B. 1167)	390.1155 (S.B. 1175)
35.1035 (S.B. 1168)	390.1352 (S.B. 1176)
125.1422 & 125.1425 (S.B. 1169)	830.418 (S.B. 1177)
125.2023 & 125.2047 (S.B. 1170)	141.1059 (S.B. 1178)
285.263 (S.B. 1171)	324.19603 (S.B. 1179)
331.8 et al. (S.B. 1172)	324.50510 (S.B. 1180)
331.42 et al. (S.B. 1173)	324.71503 (S.B. 1181)
390.926 (S.B. 1174)	324.76703 (S.B. 1182)

Legislative Analyst: George Towne

FISCAL IMPACT

The fiscal impact of these bills is indeterminate at this time. All of the bills would subject various financing authorities to the proposed Agency Financing Reporting Act. However, the bills are not tie-barred to that Act.

Date Completed: 3-18-02

Fiscal Analyst: David 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.