
Senate Fiscal Agency
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SFA

BILL ANALYSIS

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House Bill 5404 (Substitute H-1 as passed by the House)
House Bills 5405 and 5406 (as passed by the House)
House Bill 5407 (Substitute H-1 as passed by the House)
House Bill 5408 (Substitute H-1 as passed by the House)
House Bills 5409, 5410, and 5411 (as passed by the House)
Sponsor: Representative Jason Allen (H.B. 5404)
Representative Michael Bishop (H.B. 5405)
Representative Larry DeVuyst (H.B. 5406)
Representative Judson Gilbert II (H.B. 5407)
Representative Jim Howell (H.B. 5408)
Representative James Koetje (H.B. 5409)
Representative Mary Ann Middaugh (H.B. 5410)
Representative Mickey Mortimer (H.B. 5411)

House Committee: Commerce

Senate Committee: Finance

CONTENT

All of the bills, except House Bills 5405 and 5406, would amend various sections of the Revised School Code to replace references to the Municipal Finance Act with references to the Revised Municipal Finance Act. House Bill 5405 would amend a statute dealing with qualified school bonds, and House Bill 5406 would repeal a law providing for emergency loans to schools.

(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 The Municipal Finance Act will be repealed on that day, except for two sections that will be repealed on April 30, 2002. The Revised Municipal Finance Act applies to school districts, as well as other local units of government.)

House Bill 5404 (H-1) would amend Section 442 of the Revised School Code, which allows a first class school district to borrow money and issue bonds. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions in Section 442 that limit bond issues to a term of 30 years or less. (The Revised Municipal Finance Act establishes maximum term limits for bonds, depending upon the purpose of the bonds.)

House Bill 5405 would amend Public Act 108 of 1961, which implements Article 9, Section 16 of the State Constitution (which allows the State to issue full faith and credit bonds to make loans to school districts to help them make payments on their "qualified" bonds). Under the Act, a school district must receive the prior approval of the Department of Treasury to have its bonds considered as qualified bonds. The bill would delete the provision pertaining to prior approval. (The Revised Municipal Finance Act specifies the conditions under which all municipalities must obtain prior approval to issue notes or bonds.)

House Bill 5406 would repeal Public Act 12 of 1973, which created a State emergency loan

revolving fund to make emergency loans to school districts. (The loan provisions of the Act expired June 30, 1974.)

House Bill 5407 (H-1) would amend Section 629 of the Revised School Code, which allows an intermediate school district (ISD) to borrow money and issue bonds for certain purposes. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions in Section 629 that limit bonds issues to a term of 30 years or less.

House Bill 5408 (H-1) would amend Section 687 of the Revised School Code, which allows an ISD to issue bonds to pay for vocational-technical education centers. In addition to adding references to the Revised Municipal Finance Act, the bill would delete a provision in Section 687 that limits bond issues to a term of 30 years or less. Further, the bill would delete provisions that pertain to refunding bonds. (The Revised Municipal Finance Act regulates refunding.)

House Bill 5409 would amend Section 1215 of the Revised School Code, which provides for the accounting of a school district's funds, to replace references to the Municipal Finance Act with references to the Revised Municipal Finance Act.

House Bill 5410 would amend Section 1216 of the Revised School Code, which pertains to the uses of tax money by a school district, to replace references to the Municipal Finance Act with references to the Revised Municipal Finance Act.

House Bill 5411 would amend Section 1225 of the Revised School Code, which prescribes the borrowing powers of school districts and ISDs. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions pertaining to prior approval.

MCL 380.442 (S.B. 5404)
388.954 (S.B. 5405)
388.251 et al. (S.B. 5406)
380.629 (H.B. 5407)
380.687 (H.B. 5408)
380.1215 (H.B. 5409)
380.1216 (H.B. 5410)
380.1225 (H.B. 5411)

Legislative Analyst: George Towne

FISCAL IMPACT

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

Date Completed: 2-6-02

Fiscal Analyst: Jay Wortley

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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.