

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

House Bill 5850 (Substitute S-2 as reported by the Committee of the Whole)  
Sponsor: Representative Charles LaSata  
House Committee: Tax Policy  
Senate Committee: Finance

### **CONTENT**

The bill would amend the Municipal Health Facilities Corporations Act to replace references to the Municipal Finance Act with references to the Revised Municipal Finance Act, and to do the following:

- Provide that notes issued under Section 401 of the Municipal Health Facilities Corporations Act would not be subject to the Revised Municipal Finance Act, but would be subject to the Agency Financing Reporting Act. (Section 401 allows a municipal health facilities corporation to issue notes that mature within 18 months in order to meet operation and maintenance expenses of certain health facilities and services.)
- Specify that notes issued under Section 401 that pledged the full faith and credit of the corporation would be subject to the Revised Municipal Finance Act.
- Provide that the issuance of corporate obligations would be subject to the Agency Financing Reporting Act. (Corporate obligations, under the Act, are bonds, notes (except notes issued under Section 401), or other evidences of indebtedness of a municipal health facilities corporation.)
- Specify that corporate obligations for which a local unit of government pledged its full faith and credit to guarantee payment would be subject to the Revised Municipal Finance Act.

(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 on March 1, 2002. Senate Bill 1201 (S-1), as passed by the Senate, would create the "Agency Financing Reporting Act" to require an agency to file a statement of intent with the Department of Treasury before issuing a security, and to file certain information with the Department after issuing a security. In addition to State agencies, the Act would apply to municipalities issuing debt exempt from the Revised Municipal Finance Act or the Revenue Bond Act.)

MCL 331.1401 et al.

Legislative Analyst: George Towne

### **FISCAL IMPACT**

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

Date Completed: 5-13-02

Fiscal Analyst: David Zin

