



**House
Legislative
Analysis
Section**

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BONDS: ROCKFORD SCHOOLS

Senate Bill 260 as passed by the Senate
First Analysis (12-7-88)

Sponsor: Sen. Norman D. Shinkle
Senate Committee: Finance
House Committee: Taxation

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S.B. 260 (12-7-88)

THE APPARENT PROBLEM:

A provision in the Municipal Finance Act limiting the term of refinancing bonds to six months threatens the plans of the Rockford School District to issue both new bonds and refinancing bonds at the same time in order engage in a \$40 million building project. The bonds contemplated are to be issued for a longer term. The provision in the act is said to be unnecessary and inconsistent with other bonding acts.

THE CONTENT OF THE BILL:

The bill would repeal a section of the Municipal Finance Act that says "a school district shall not issue a bond, the purpose of which is in part to refund existing indebtedness, unless the obligations to be refunded can be redeemed within six months of the date of sale of the proposed issue of bonds." The bill would also extend the maximum maturation date for a tax anticipation note from 13 months to 36 months.

MCL 134.3b

FISCAL IMPLICATIONS:

There is no information at present.

ARGUMENTS:

For:

The bill would remove an impediment to an important bond issue contemplated by the Rockford public schools.

POSITIONS:

A representative of the Rockford public schools testified in favor of the bill before the House Taxation Committee. (12-6-88)