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HOLLAND COMMUNITY POOL

House Bill 5956 as enrolled
Public Act 425 of 1994
Second Analysis (1-12-95)

Sponsor: Rep. Jessie Dalman
House Committee: Education
Senate Committee: Finance (Discharged)

THE APPARENT PROBLEM:

When the Holland Community Pool was developed 25 years ago, it was as a community facility, with the Holland school district acting as the pool's fiscal agent. Although operated and maintained by the school district, the pool has always had its own operating millage, separate from the school district's general operating millage, and until 1993 the pool's operating millage wasn't even reported as part of the school operating millage. The pool was purposely constructed on its own site, separate from the district's schools, and is used by both public and private schools and the general public. The public school programs are operated at no cost to the respective school budgets, while there is a minimal user fee schedule (which was increased only once in the past 25 years) for community organizations and city residents. The elementary schools -- including the Holland Public Schools, the Holland Christian Schools, the Baptist elementary school, and the Catholic elementary school -- use the pool for instructional programs, while the secondary schools -- both the Holland public and private Christian schools -- use it for secondary competitive swimming and diving programs. The pool is used by individual city residents, as well as the senior citizen center and the community hospital.

Because the community swimming pool budget had always been kept separate from the general school budget, the Holland school district did not report the millage to the state as school operating millage. However, with the passage of school finance reform in December, 1993, the Holland school superintendent reportedly feared that the district would lose its ability to levy the pool millage unless the millage was part of the district's operating millage. Earlier this year, in response to this circumstance, legislation was enacted to allow the Holland School District to levy millage for the community pool separate from its school operating millage. This was done to prevent it from counting

toward the basic grant the school district was to receive under the new state school financing system. Otherwise, the district would have been financially harmed. The legislation was described as a temporary measure, with the promise that new legislation creating a special swimming pool authority would be prepared to take care of the situation. The promised new legislation has been introduced.

THE CONTENT OF THE BILL:

House Bill 5956 would create an act to permit two or more municipalities to establish a community swimming pool authority in situations where all or part of the territory of each municipality was located within a single school district that served a municipality with a population of at least 15,000, and whose territory was located in at least two counties, each of which had at least 15 percent of the municipality's population. (These criteria are understood to describe the Holland School District.) The geographical boundaries of the authority would coincide with the boundaries of the school district. The legislative body of each municipality would have to adopt a resolution establishing participation in the authority. Money for an authority would be deposited in a Community Swimming Pool Fund, controlled by the authority's board of directors.

Generally, a community swimming pool authority would have the powers necessary to own or operate a community swimming pool. Its powers would include those generally granted to public authorities, including the power to purchase and lease real and personal property inside or outside the district's boundaries, to pay or pledge payment from authority revenue, to borrow money and issue notes, and to issue negotiable revenue bonds and general obligation unlimited tax bonds and to pay for them by levying taxes. Bonds or notes could not, in

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whole or in part, appreciate in principal amount or be sold at a discount of more than ten percent. An authority could levy up to one mill of property tax on all of the taxable property within the boundaries of the authority (the school district) for the purpose of owning or operating a community swimming pool. The tax levy would have to be approved by the voters, and would be for a period of up to five years.

The following limitations would apply to a community swimming pool authority's power to borrow money, to issue negotiable revenue bonds and general obligation tax bonds, and to levy taxes:

- An authority could not borrow money or issue bonds or notes for a sum that, when added to its total outstanding bonded indebtedness, exceeded five percent of the SEV of the taxable property within its boundaries. However, refunding bonds could be authorized outside of the five percent limitation provided certain specified conditions were met.
- An authority could not issue general obligation unlimited tax bonds unless its board adopted a resolution that submitted the question of issuing the bonds to the voters, and the electors approved the issuance of the bonds in an election that was conducted according to the provisions of the bill.

Under the bill, each participating municipality in a district would appoint members to its community swimming pool authority's board of directors as follows: the municipality with the greatest population would appoint four members for staggered terms; and other participating municipalities would appoint one member each for four-year terms. The superintendent of the affected school district would serve as an ex officio member without the right to vote. However, members of a municipality's legislative body or the school district's board of education would not be eligible for membership.

A participating municipality could withdraw from an authority provided that it fulfilled certain requirements, including the adoption of a resolution to withdraw on a specified date, and payment of all obligations to the authority or to its creditors.

FISCAL IMPLICATIONS:

Earlier legislation keeping the swimming pool millage separate from the school operating millage in Holland increased the school district's local revenue by \$400,000, according to the Senate Fiscal Agency. (6-14-94)

ARGUMENTS:

For:

The bill would provide promised legislation creating a special pool authority in Holland to fund the community swimming pool. This provides long-term recognition of the value of the facility to the whole community. The community has indicated its support for the tax levy that supports the pool, most recently by approving the 1993 renewal of millage by a six-to-one margin. Without this arrangement, furthermore, the school district could lose operating revenue under the new school financing system.