
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 4827 (Substitute H-1 as reported by the Committee of the Whole)
Sponsor: Representative Patricia Birkholz
House Committee: Education

CONTENT

The bill would amend Public Act 99 of 1933 (which authorizes villages, townships, and cities to enter into installment contracts for the purchase of property and equipment) to include school districts under the Act, and to permit a school district specifically to enter into an installment contract for the purchase of telecommunication and related services.

Currently, a village, township, or city may enter into a contract for the purchase of land, property, or equipment for public purposes, to be paid in installments over a period that may not exceed 15 years or the useful life of the property. The bill would include school districts in this provision, and would require this action to be approved by a resolution adopted by the governing body of the village, township, city, or school district. The bill specifies that for school buses, the determined useful life could not exceed six years.

The bill would permit the governing body of a school district to enter into a contract for the purchase of telecommunication and related services for school purposes to be paid for in installments over a period not to exceed the useful life of the service or the term of the contract, whichever was shorter. If the governing body borrowed funds to pay for the services, however, the total cost of principal, interest, and fees, and expenses of borrowed funds, could not exceed the total amount of the original service installment contract.

MCL 123.721 et al.

Legislative Analyst: S. Margules

FISCAL IMPACT

The bill would have no fiscal impact on State government. The optional method provided by the bill for schools to pay for acquisition of real and personal property or telecommunications and related services would have an unknown fiscal impact on school districts.

Date Completed: 7-2-97

Fiscal Analyst: E. Pratt