



**House
Legislative
Analysis
Section**

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BONDING REFERENCES

Senate Bill 859 as passed by the Senate
Sponsor: Sen. Shirley Johnson

Senate Bill 987 as passed by the Senate
Sponsor: Sen. Joe Young, Jr.

House Committee: Tax Policy
Senate Committee: Finance

First Analysis (5-9-02)

THE APPARENT PROBLEM:

The Revised Municipal Finance Act took effect March 1, 2002. It was created by Public Act 34 of 2001 (Senate Bill 29). Most of the old Municipal Finance Act was repealed on the same date. The new act will govern nearly all municipal borrowing and it puts in place, among other things, a new bond approval process whereby municipalities may qualify annually with the Department of Treasury and then may issue debt without prior departmental approval. The adoption of the new act, however, requires that a great many other statutes be amended as well. Generally speaking, borrowing by governmental units takes place under a general act, such as the Revised Municipal Finance Act, and a specific act authorizing a particular kind of entity to issue debt for particular purposes. There are perhaps as many as 170 bills needed to make all the various statutes on borrowing conform to the Revised Municipal Finance Act!

THE CONTENT OF THE BILLS:

Each bill would amend a separate act to revise references and make technical modifications to make the act conform to the Revised Municipal Finance Act, which took effect March 1, 2002.

Senate Bill 859 would amend the Urban Cooperation Act (MCL 124.507). Senate Bill 987 would amend the Charter Water Authority Act, and would repeal two sections of the act superseded by the Revised Municipal Finance Act (MCL 121.15 et al.). Bonds issued under either act would be subject to the Revised Municipal Finance Act.

FISCAL IMPLICATIONS:

The House Fiscal Agency reports that the bills should have no state or local fiscal impact. (HFA committee analysis dated 5-7-02)

ARGUMENTS:

For:

These are among a series of bills that tax specialists say are needed to make specific bonding and borrowing provisions throughout the Michigan statutes conform to the Revised Municipal Finance Act, which took effect on March 1, 2002.

POSITIONS:

There are no positions on the bills.

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

Senate Bills 859 and 987 (5-9-02)