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Senate Bill 965 (Substitute S-3 as reported by the Committee of the Whole)
Sponsor: Senator Bob Emerson
Committee: Finance

CONTENT

The bill would amend the Revenue Bond Act to specify the conditions under which a public corporation could issue bonds under the Act; and provide that bonds issued under the Act for which a municipality pledged its full faith and credit also would be subject to the Revised Municipal Finance Act, except for Part VI and Section 503 of that Act. (Part VI prescribes the requirements a municipality must follow to issue securities refunding all or part of its outstanding securities. Section 503 prescribes regulations for single issue bonds, including requirements for maturity dates and mandatory redemption dates.)

Under the Revenue Bond Act, a public corporation may issue bonds or notes for public improvements. (A "public corporation" is a municipality, school district, port district, or metropolitan district or a combination of these entities, or an authority created by the Legislature.) The bill provides that if a public corporation were issuing bonds that met the requirements of qualified status under Section 303(3) of the Revised Municipal Finance Act, it would have to comply with Section 319(1) of that Act. (Section 303(3) prescribes various requirements that a municipality must meet in order to qualify to issue municipal securities without further approval from the Department of Treasury. Section 319(1) requires a municipality that has issued a municipal security to file various documents with the Department.) If a public corporation issued bonds that did not meet the qualified status requirements of Section 303(3), it would have to meet the requirements of Section 303(7) and (8), and Section 319(2) of the Revised Municipal Finance Act. (Section 303(7) provides that if a municipality has not been granted qualified status, it must obtain the prior approval of the Department to issue a municipal security, and must meet specified criteria to obtain prior approval. Section 303(8) requires the Department to issue approval of a security if a municipality meets the requirements of 303(7), or issue a notice of deficiency that prevents the issue if the municipality does not meet the requirements. Section 319(2) requires a municipality that has issued securities approved under Section 303(7) to file various documents with the Department.)

The bill also would eliminate provisions in the Revenue Bond Act pertaining to the sale of bonds at public sale, and add provisions pertaining to the sale of bonds at competitive or negotiated sale as required under the Revised Municipal Finance Act.

MCL 141.103 et al.

Legislative Analyst: George Towne

FISCAL IMPACT

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

Date Completed: 3-12-02

Fiscal Analyst: David Zin