
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 977 (Substitute S-2 as reported)
Senate Bill 978 (Substitute S-1 as reported)
Sponsor: Senator Ken DeBeaussiaert (S.B. 977)
Senator Burton Leland (S.B. 978)
Committee: Finance

CONTENT

Senate Bill 977 (S-2) would amend Public Act 185 of 1957, which allows counties to issue bonds to finance public works, to specify that bonds issued under the Act would be subject to the Revised Municipal Finance Act. Further, the bill would delete provisions that pertain to interest rate requirements, and that require bonds to be in series. (The Revised Municipal Finance Act prescribes interest rate and other bonding requirements.)

Under Public Act 185, a county and one or more municipalities may enter into a contract for the acquisition or improvement of certain public works, and the electors may approve an unlimited tax pledge in support of the contract. The bill provides that if a contract or an unlimited tax pledge in support of a contract were approved by the electors, the contract would not be subject to the Revised Municipal Finance Act. Further, the bill provides that contracts of a county for financing the acquisition of public works under Public Act 185 would not be subject to the Revised Municipal Finance Act.

Senate Bill 978 (S-1) would amend Public Act 344 of 1945, which allows local units to issue bonds for the rehabilitation of blighted areas, to provide that bonds issued under the Act would be subject to the Revised Municipal Finance Act.

Currently, Section 7a of Public Act 344 allows a municipality to issue bonds or notes to finance any project authorized by the Act, and allows the bonds or notes to be issued without a vote of the electors and without a constitutional, statutory, or charter limitation. The bill specifies that bonds and notes issued under Section 7a would be subject to the Revised Municipal Finance Act. The bill would delete provisions that pertain to refunding bonds, prior approval, interest rates of the bonds and notes, public sale requirements, and sales to the Federal government of bonds and notes issued under Section 7a.

(Public Act 34 of 2001 creates the "Revised Municipal Finance Act" to regulate borrowing by municipalities, and their issuance of securities; repeal the Municipal Finance Act; and prescribe the powers and duties of the Department of Treasury to protect the credit of the State and its municipalities. The Act will take effect March 1, 2002. The Municipal Finance Act will be repealed on that day, except for two sections that will be repealed on April 30, 2002.)

MCL 123.741 et al. (S.B. 977)
125.77a & 125.77b (S.B. 978)

Legislative Analyst: George Towne

FISCAL IMPACT

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

Date Completed: 2-27-02

Fiscal Analyst: David Zin