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Senate Bill 987 (Substitute S-1 as reported)
Sponsor: Senator Joe Young, Jr.
Committee: Finance

CONTENT

The bill would amend the Charter Water Authority Act to specify that bonds issued by any authority under the Act would be subject to the Revised Municipal Finance Act, and delete provisions in the Charter Water Authority Act pertaining to refunding bonds, prior approval, and public sale requirements.

The bill also would repeal Sections 14 and 17 of the Act. Section 14 requires bonds issued under the Act to be serial bonds, and contains interest rate and term length requirements. Section 17 provides that when bonds are issued under the Act, an authority must establish in a specified financial institution a separate debt retirement fund account.

Currently, the Act allows an authority to levy a property tax to make bond payments. The rate of the tax for cities, villages, and townships that comprise the authority is based and assessed on the State equalized valuation of those municipalities. The bill provides that the tax rate would be based upon the taxable value of those municipalities.

(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 The Municipal Finance Act will be repealed on that day, except for two sections that will be repealed on April 30, 2002.)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 121.15 & 121.16

Legislative Analyst: George Towne

FISCAL IMPACT

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

Date Completed: 2-28-02

Fiscal Analyst: David Zin