

Senate Fiscal Agency
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Senate Bill 1062 (Substitute S-1 as reported)
Senate Bills 1063 and 1064 (as reported without amendment)
Sponsor: Senator Valde Garcia (S.B. 1062)
 Senator Joanne G. Emmons (S.B. 1063)
 Senator Alan Sanborn (S.B. 1064)
Committee: Finance

CONTENT

The bills would amend three statutes that allow bonding by local units to require compliance with the Revised Municipal Finance Act.

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 The Municipal Finance Act will be repealed on that day, except for two sections that will be repealed on April 30, 2002.)

Senate Bill 1062 (S-1) would amend Public Act 380 of 1913, which allows a local unit to use a Federal, State, or local grant to make a loan to a private person, corporation, or other business association, and issue revenue bonds secured by repayment of the loans. The bill provides that bonds issued under the Act would be subject to the Revised Municipal Finance Act. The bill also would delete provisions in Public Act 380 that pertain to prior approval. (The Revised Municipal Finance Act specifies the conditions under which local units must obtain prior approval to issue bonds.)

Senate Bill 1063 would amend the Michigan Municipal Distributable Aid Bond Act to prohibit a municipality from issuing or refunding an obligation under the Act beginning on March 1, 2002. The bill would repeal the Act on January 1, 2010.

Senate Bill 1064 would amend the Local Government Fiscal Responsibility Act. Currently, the Act requires the State Treasurer to conduct a preliminary review to determine the existence of a local government financial problem if a local unit has violated the Municipal Finance Act. The bill would require a review if a local unit violated the Revised Municipal Finance Act or the Revenue Bond Act.

Further, the Superintendent of Public Instruction currently may determine that a school district has a serious financial problem if he or she finds a school district in violation of the Municipal Finance Act. The bill would require a determination if a school district were found in violation of the Revised Municipal Finance Act or the Revenue Bond Act.

MCL 123.872 (S.B. 1062)
141.1030 et al. (S.B. 1063)
141.1212 et al. (S.B. 1064)

Legislative Analyst: George Towne

FISCAL IMPACT

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

Date Completed: 2-13-02

Fiscal Analyst: David Zin

