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Senate Bill 1201 (as introduced 3-12-02)

Sponsor: Senator Bill Bullard, Jr.

Committee: Finance

Date Completed: 3-19-02

CONTENT

The bill would create the "Agency Financing Reporting Act" to require an "agency" to file a statement of intent with the Department of Treasury before issuing a security, and to file certain information with the Department after issuing a security.

The bill would define "agency" as the State, a State authority, agency, funds commission, board, or department of the State. An agency also would include a municipality issuing debt exempt from the provisions of the Revised Municipal Finance Act or the Revenue Bond Act. A "security" would be an evidence of debt such as a bond, note, contract, obligation, refunding obligation, certificate of indebtedness, or other similar instrument issued by an agency, which pledged payment of the debt by the agency from an identified source of revenue. A security would not include items that are not considered securities under the Revised Municipal Finance Act. A "municipality" would be a county, township, city, village, school district, intermediate school district, community college district, metropolitan district, port district, drainage district, district library, or another local governmental authority in Michigan that had the power to issue a security.

The bill provides that before issuing a security, an agency would have to file with the Department a statement of intent to issue a security, on a form and in a manner prescribed by the Department. Within 15 business days of completing the issuance of any security, an agency would have to file with the Department, as prescribed by the Department, all of the following:

- A copy of the security.
- A proof of publication of the notice of sale, if applicable.
- A copy of the award resolution including a detail of the annual interest rate and call features on the security, if any.
- A copy of the legal opinion regarding the legality and tax status of the security.
- A copy of the notice of rating of the security received from a recognized rating agency, if any.
- A copy of the resolution or ordinance authorizing the issuance of the security.
- A copy of the official statement, if any.

The bill specifies that failure to comply with the filing requirements would not invalidate any of the securities reported under the proposed Act.

Legislative Analyst: George Towne

FISCAL IMPACT

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

Fiscal Analyst: Jessica Runnels

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.