

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 1397 (as introduced 8-13-02)  
Sponsor: Senator Joanne G. Emmons  
Committee: Finance

Date Completed: 9-16-02

### **CONTENT**

The bill would amend Part 195 (Environmental Protection Bond Implementation) of the Natural Resources and Environmental Protection Act to do the following:

- Specify that bonds issued under Part 193 (Environmental Protection Bond Authorization) would not be subject to the Revised Municipal Finance Act, but would be subject to the Agency Financing Reporting Act.
- Eliminate requirements that the bonds be approved by the Department of Treasury prior to issuance.
- Allow the State Administrative Board (which administers the bonds issued under Part 193), "[f]or the purpose of more effectively managing its debt service", to enter into an interest rate exchange or swap, hedge, or similar agreement with respect to its bonds or notes, on the terms and payable from the sources and with the security, if any, as determined by a resolution of the Board.

MCL 324.19503

### **BACKGROUND**

The bonds issued under Part 193 are general obligation bonds approved by the voters in 1988 to finance environmental protection programs and to clean up contamination.

Public Act 34 of 2001 created the Revised Municipal Finance Act to regulate borrowing by municipalities and their issuance of securities, and repealed the Municipal Finance Act. Public Act 470 of 2002 created the Agency Financing Reporting Act, which requires State agencies, and municipalities issuing debt exempt from the Revised Municipal Finance Act, to report certain information to the Department of Treasury after issuing debt.

Legislative Analyst: George Towne

### **FISCAL IMPACT**

The bill would have no significant fiscal impact on the State and no fiscal impact on local government.

Fiscal Analyst: David Zin

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