

Senate Fiscal Agency
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House Bill 5412 (as passed by the House)
House Bill 5413 (Substitute H-1 as passed by the House)
House Bill 5414 (Substitute H-1 as passed by the House)
House Bill 5415 (Substitute H-1 as passed by the House)
House Bills 5416 and 5417 (as passed by the House)
House Bill 5418 (Substitute H-1 as passed by the House)
House Bill 5419 (as passed by the House)
Sponsor: Representative Gerald Van Woerkam (H.B. 5412)
Representative Steve Vear (H.B. 5413)
Representative Samuel Buzz Thomas (H.B. 5414)
Representative Chris Kolb (H.B. 5415)
Representative LaMar Lemmons III (H.B. 5416)
Representative Alexander C. Lipsey (H.B. 5417)
Representative Joseph Rivet (H.B. 5418)
Representative Mary D. Waters (H.B. 5419)

House Committee: Commerce

CONTENT

All of the bills, except House Bill 5419, would amend various sections of the Revised School Code to replace references to the Municipal Finance Act with references to the Revised Municipal Finance Act. House Bill 5419 would amend the State School Aid 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 The Municipal Finance Act will be repealed on that day, except for two sections that will be repealed on April 30, 2002. The Revised Municipal Finance Act applies to school districts, as well as other local units of government.)

House Bill 5412 would amend Section 289 of the Revised School Code, which provides for an annual estimate of the taxes necessary for a school district's fiscal year.

House Bill 5413 (H-1) would amend Section 1351, which allows a school district to bond for certain facilities. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions that pertain to refunding bonds and the maximum term limit for bonds. (The Revised Municipal Finance Act regulates refunding, and establishes maximum term limits for bonds, depending upon the purpose of the bonds.)

House Bill 5414 would amend Section 1351a, which places certain restrictions on the use of bonds by a school district. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions that pertain to refunding bonds, and limit the term of a bond.

House Bill 5415 (H-1) would amend Section 1356, which concerns the operating or projected operating deficit of a school district. In addition to adding references to the Revised Municipal



Finance Act, the bill would delete provisions that do the following: prescribe a maximum interest rate on bonds and a payment schedule; require a school district to obtain the prior approval of the Department of Treasury to issue bonds; and require bonds to be sold at public sale, or private sale if authorized by the Department. (All of these matters are regulated under the Revised Municipal Finance Act.)

House Bill 5416 would amend Section 1362, which requires a school board to place certain conditions on bonds, to delete a provision that refers to the maximum interest rate allowed.

House Bill 5417 would amend Section 1363, which pertains to taxes collected by school districts to pay indebtedness.

House Bill 5418 (H-1) would amend Section 1713, which allows an intermediate school district to issue bonds and notes. In addition to adding references to the Revised Municipal Finance Act, the bill would delete provisions pertaining to refunding bonds, and limiting the term of a bond to 30 years or less.

House Bill 5419 would amend Section 17a of the State School Aid Act, which refers to a plan developed under the Municipal Finance Act for financing outstanding obligations.

MCL 380.1227 (S.B. 5412)
380.1351 (S.B. 5413)
380.1351a (S.B. 5414)
380.1356 (H.B. 5415)
380.1362 (H.B. 5416)
380.1363 (H.B. 5417)
380.1731 (H.B. 5418)
388.1617a (H.B. 5419)

Legislative Analyst: George Towne

FISCAL IMPACT

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

Date Completed: 2-11-02

Fiscal Analyst: Jay Wortley