

**RECREATIONAL AUTHORITIES:
FLEXIBILITY IN MEMBERSHIP**

**House Bill 4146 (Substitute H-2)
First Analysis (6-25-03)**

**Sponsor: Rep. Chris Ward
Committee: Local Government and
Urban Policy**

THE APPARENT PROBLEM:

The recently enacted Recreational Authorities Act, (Public Act 321 of 2000) allows two or more counties, cities, villages, or townships to join together to create a recreational authority in order to provide recreational facilities and services. The act authorizes such an authority to acquire, construct, operate, maintain, or improve public swimming pools, recreation centers, auditoriums, conference centers, and parks. By “parks”, the act means areas of land or water dedicated to recreational purposes; open or scenic space; and environmental, conservation, nature, or wildlife areas. Among the recreational purposes cited in the act are athletic fields; picnic grounds; zoological and botanical gardens; camps; campgrounds; landscaped tracts; swimming areas; boating, hunting, fishing, and birding areas; and foot, bicycle, and bridle paths.

Under the act, a recreational authority can levy a tax of up to one mill for up to 20 years, if the tax is approved by a majority of the voters in each of the participating municipalities at a statewide general or primary election. The tax is collected with county taxes and distributed by the local tax collecting unit under the provisions the General Property Tax Act. An authority also has the ability to borrow money and issue bonds or notes, up to specified limits. An authority is governed by a board selected or elected as determined the articles of incorporation.

Currently, the law applies only to counties, cities, villages, and townships, and so recreational authorities are organized by these municipal boundaries. It allows these local units to do collectively what each could do individually and provides a simpler mechanism than would otherwise exist through alternative laws governing multi-jurisdictional cooperation. (For example, Livingston County has 16 townships, two cities, and two villages. Under the law, each one of these governments has the ability to form a recreation department, and then ask the voters to approve an

extra voted millage. In all, the county could have many park and recreation departments—and it is likely that some would duplicate nearby programs and services.)

However, school districts are not included under the act’s definition of “municipality”. When officials in Livingston County attempted to set-up a regional recreational authority in order to respond in what they believed to be a cost-conscious way to their residents’ calls in a local survey for more recreational opportunities, they ran into difficulties. They learned that many of the county’s current recreation programs are organized along school district boundaries, and also that nearly every municipality in the county was served by more than one school district. The officials’ inability to organize the recreation authority along school district boundaries because of Public Act 321 proved to be a major stumbling block in their efforts at regional planning. And they point out that many rural areas face the same problem. Consequently, legislation has been proposed that would allow greater flexibility in the design of the boundaries of regional recreational authorities.

THE CONTENT OF THE BILL:

The bill would amend the Recreational Authorities Act to allow two or more municipalities “or districts” to establish a recreational authority. Currently under the law, only two or more municipalities can establish a recreational authority. (The term “municipality” applies to a county, city, village, or township.)

The bill would define “district” to mean a portion of a municipality having boundaries coterminous with those of a precinct used for general elections. It would define “participating municipality” to mean a municipality “or district” that is named in articles of incorporation (or proposed articles of incorporation)

as joining in the original establishing of an authority, or a municipality or district that joins an existing authority and is added to the articles of incorporation, and that has not withdrawn from the authority.

The act's current requirements regarding the creation of an authority, a new entity joining an existing authority, or an entity withdrawing from an authority would apply to "districts" as they do now to municipalities. However, the requirements regarding the adoption and amendment of an authority's articles of incorporation would apply differently. Generally, the articles of incorporation of an authority can be adopted and amended only by the affirmative vote of the legislative body of each participating municipality. However, the bill would specify that when a participating municipality is a district, the articles would have to be adopted and amended by an affirmative vote of a majority of the members serving on the legislative body of the entire municipality (in which the district, or precinct, is located).

As is now the case for municipalities, in order for a district to become a participating municipality in an existing authority, a majority of the electors of the municipality or district proposed to be included in the territory of the authority and voting on the question would have to approve any tax that the authority had already been authorized to levy by a vote of the electors of the authority. The bill also specifies that a municipality or district could not withdraw from an authority during the period for which the authority had been authorized to levy the tax. Articles and amendments are required to be published at least once in a newspaper generally circulated within the participating municipalities. Finally, the adoption of articles or amendments to articles by a municipality or district would have to be evidenced by an endorsement on the articles or amendments by the clerk of the municipality.

Vote required on bonds. In addition, the bill specifies that a tax levied to pay a bond or note obligation by a recreational authority could not exceed five years without the approval of a majority of the electors in each of the participating municipalities of the authority.

Ballot for G. O. Bonds. Currently, to issue general obligation unlimited tax bonds, an authority must gain the approval of a majority of voters in each of the participating municipalities. House Bill 4146 also requires that the following language be added to the ballot proposal: "This is expected to result in an increase of [the appropriate amount] in the tax levied

on property valued at [the appropriate value] for a period of [the appropriate number] years."

Definition of "recreational purposes". The bill would include "living historical farms" within the listing of "recreational purposes" contained within the definition of "park". Currently under the law, a "park" is defined to mean an area of land or water, or both, dedicated to one or more of the following uses: recreational purposes, including but not limited to landscaped tracts; picnic grounds; playgrounds; athletic fields; camps, campgrounds; zoological and botanical gardens; boating, hunting, fishing, and birding areas; swimming areas; and foot, bicycle, and bridle paths; open or scenic space; and, environmental, conservation, nature, or wildlife areas.

MCL 123.1133 et al.

FISCAL IMPLICATIONS:

The House Fiscal Agency notes the bill would have an indeterminate amount of local fiscal impact because school districts would be given new authority to tax. Under the bill, a recreational authority that was constituted by school districts would be given taxing authority to levy up to one mill on all of the taxable property within the territory of the recreation authority, with the approval of voters. (6-19-03)

ARGUMENTS:

For:

Essentially, the bill aims to allow more flexibility in the geographic boundaries of recreational authorities under the Recreational Authorities Act. It would allow, for example, such authorities to be organized using school district lines. (Potentially, a school district can be in several municipalities but be coterminous with none of them.) Many recreational programs and facilities currently are made available through community education programs rather than (or in addition to) municipal parks and recreation programs, so this makes sense. The act as written envisions two or more local units of government joining together to create a recreational authority; this bill would be consistent with that purpose.

Against:

Under the Recreational Authorities Act, authorities are given powers to tax and to issue debt to acquire, construct, and operate a wide array of facilities. Is it wise to add school districts to the act and expand

their powers in this way, outside of the usual laws governing school districts?

Response:

An authority could only include a school district with the approval of the municipalities in which it is located; a tax can only be levied with the approval of voters in each municipality; and the amount of debt is limited and long-term debt requires voter approval. There are a number of safeguards in the act and a good deal of involvement by elected officials and the public.

POSITIONS:

The Michigan Municipal League supports the bill.
(6-17-03)

Hartland Community Education of Hartland Consolidated Schools supports the bill. (6-19-03)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.