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House Bill 4146 (Substitute H-2 as reported without amendment)

Sponsor: Representative Chris Ward

House Committee: Local Government and Urban Policy

Senate Committee: Local, Urban and State Affairs

Date Completed: 7-14-03

RATIONALE

The Recreational Authorities Act allows two or more municipalities to establish a recreational authority; a municipality is a county, city, village, or township. An authority may be established to acquire, construct, operate, maintain, or improve a public swimming pool, recreation center, auditorium, conference center, or park. An authority may issue bonds and notes to finance public recreation facilities or sites, and, with voter approval, may levy a tax of up to one mill for a period of up to 20 years on all the taxable property within the authority's territory.

In many areas around the State, school district boundaries include portions of more than one county, village, township, and/or city. Because a school district is not considered a "municipality" under the Act, however, school districts may not form recreational authorities. Also, since the territory of an authority includes the combined territory of the participating municipalities, municipalities may not form a recreational authority whose territory is limited to a school district. It has been suggested that the Act should allow the formation of a recreational authority based on school district boundaries.

CONTENT

The bill would amend the Recreational Authorities Act to do the following:

- Allow two or more districts to establish a recreational authority, and define "district" as a portion of a municipality having boundaries coterminous with those of a precinct used for general elections.**
- Limit the duration of a tax levied to pay an authority's bonds or notes**

without voter approval.

- Require a bond proposal to indicate the expected tax increase.**

To establish an authority, the Act requires articles of incorporation to be prepared. The articles must be adopted, and may be amended, by an affirmative vote of the legislative body of each participating municipality. The bill provides that if a participating municipality were a district, the articles would have to be adopted, and could be amended, by an affirmative vote of a majority of the members serving on the legislative body of the entire municipality.

The Act allows an authority to borrow money and issue bonds or notes to finance public recreational facilities or sites. With voter approval, an authority may issue general obligation unlimited tax bonds. The bill provides that a tax levied to pay a bond or note obligation by an authority could not exceed five years without the approval of a majority of the electors in each of the participating municipalities of the authority. Further, the bill provides that the language of a ballot proposal to approve the issuance of bonds would have to include the following statement: "This is expected to result in an increase of _____ in the tax levied on property valued at _____ for a period of _____ years."

Under the Act, "park" is defined as an area of land or water, or both, dedicated to specified recreational purposes. The bill would add living historical farms to the list of recreational purposes.

MCL 123.1133 et al.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The Act provides an avenue for local units to work together for the benefit of their communities. For example, a city and a township may share the operation of a ballpark, swimming pool, or conference center. In many cases, a single municipality might not have a large enough tax base to afford a project on its own. Under the Act, rather than competing for support, two or more municipalities may pool their resources and create a recreational facility. In addition, they may issue bonds and notes and, with voter approval, collect tax revenue to finance the facility.

The bill would give local units even more flexibility to create recreational authorities through regional cooperation. In many areas in the State, people develop a sense of community around their school districts, even though a school district may encompass all or portions of several local units of government. It would make sense to allow local units to form a recreational authority based on the boundaries of a school district (which are the same as the boundaries of a precinct used for general elections), particularly since many recreational programs and facilities are run by school districts through their community education programs.

Legislative Analyst: George Towne

FISCAL IMPACT

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

Fiscal Analyst: David Zin

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