



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 1239 (as reported with amendment)
Sponsor: Senator Dave Hildenbrand
Committee: Education

(as passed by the Senate)

CONTENT

The bill would amend the Revised School Code to allow a strict discipline academy (SDA) to borrow money and issue bonds in accordance with the Code and the Revised Municipal Finance Act, for the purposes of capital expenditure.

The bonds would be full faith and credit obligations of the SDA, pledging the general funds or any other money available for such a purpose. The borrowing of money and issuance of bonds by a strict discipline academy would be exempt from various provisions under the Code applicable to local education agencies.

(Strict discipline academies are a form of public school academy, or charter school, whose enrollment is limited to specific categories of pupils. These include pupils who have been expelled for particular criminal offenses, such as possession of a dangerous weapon, criminal sexual conduct, or a bomb threat; pupils placed in an SDA by a court or by a juvenile facility under the direction of a court; and, under certain circumstances, pupils who have been suspended for more than 10 days.)

MCL 380.1311b & 380.1311h

Legislative Analyst: Cameron S. Mock

FISCAL IMPACT

State: The bill would have no fiscal impact on the State.

Local: Under current law, all types of public school academies (PSAs), except for strict discipline academies, are allowed to bond for capital needs. This bill would add SDAs to the other types of PSAs that are allowed to bond. The fiscal impact on strict discipline academies as a result of this legislation would depend upon how the ability to bond for capital needs would compare to the existing ability of an SDA to meet capital needs. For example, if bonding were cheaper or more expensive than current methods of meeting capital needs, then there would be a fiscal impact on the SDA. It should be noted that the bill would not provide taxing authority to pay the debt service on the bonds, so the SDAs would have to pay debt service out of their general operating funds.

Date Completed: 9-25-12

Fiscal Analyst: Kathryn Summers