



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4080 (Substitute H-1 as reported without amendment)

Sponsor: Representative Beth Griffin

House Committee: Local Government

Senate Committee: Local Government

CONTENT

The bill would amend the Revised School Code to do the following:

- Include energy conservation and operational improvements to school facilities or infrastructure among permitted conservation improvement projects in local school districts and intermediate school districts.
- Allow such projects to be financed from an installment contract or lease-purchase agreement.
- Provide that payments under a lease-purchase agreement would be a current operating expense.
- Allow a school board to make payments under a lease-purchase agreement from any legally available funds or from a combination of energy or operational savings, capital contributions, future replacement costs avoided, or billable revenue enhancements that resulted from energy conservation and operational improvements.
- Provide that a lease-purchase agreement would terminate immediately and absolutely at the close of the fiscal year in which it was executed or renewed, or when appropriated and otherwise unobligated funds were no longer available to satisfy the obligations of the board under the agreement.
- Add to the list of permitted energy conservation improvements: ventilating upgrades; information technology improvements associated with an energy conservation and operational improvement to school facilities; and municipal utility improvements associated with an energy conservation and operational improvement to school facilities.
- Revise the information that a school board must report to the State Treasurer if energy conservation improvements are made.

MCL 380.1274

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have no fiscal impact on the State and an indeterminate impact on local units of government. Since school districts would vary in selecting and entering into installment contracts or lease-purchase agreements, it is impossible to determine an overall effect on local school districts. However, districts that did select these instruments in order to provide for energy conservation and operational improvements to facilities would experience energy and facility cost savings. Districts also would experience savings by using lease-purchase agreements as opposed to traditional leases, since lease-purchase agreements are tax-exempt.

Date Completed: 3-29-17

Fiscal Analyst: Cory Savino

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Bill Analysis @ www.senate.michigan.gov/sfa

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