Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 821 (as reported without amendment)
Sponsor: Senator Wayne A. Schmidt
Committee: Local Government

CONTENT

The bill would amend Public Act 57 of 1988, which allows municipalities to incorporate authorities for the provision of emergency services, to do the following:

-- Allow an authority to purchase real or personal property for public purposes, to be paid for in installments over a period of up to 15 years or the useful life of the property acquired, whichever was less.
-- Allow an authority to borrow and issue negotiable bonds or notes to finance certain acquisitions for authority purposes.
-- Allow an authority to issue general obligation unlimited tax bonds if electors within the authority jurisdiction approved their issuance and prescribe the procedures for submitting the question to the electors.
-- Require an authority that issued bonds to authorize the levy of taxes necessary to pay the principal of and interest on the bonds.
-- Allow an authority to issue limited tax bonds or notes by resolution of its board without submitting the question to the electors.
-- Require taxes or levies imposed for the payment of a bond to continue, even if an incorporating municipality withdrew from the authority, until the principal and interest on those bonds was paid in full.
-- Prohibit an authority from borrowing money or issuing bonds or notes for a sum that, together with the total outstanding bonded indebtedness of the authority, exceeded 5% of the State equalized valuation of the taxable property within the jurisdictional limits of the authority.

MCL 124.609 et al. Legislative Analyst: Dana Adams

FISCAL IMPACT

The bill would have no fiscal impact on the State and no fiscal impact on local governments other than eligible authorities. The bill's provisions are permissive, so the fiscal impact on any local unit would depend on decisions made by that local unit. The bill would allow an authority to issue bonds and notes and levy taxes to pay the principal and interest of those instruments; from that view, there would be no fiscal impact on the authority. The fiscal impact on an eligible authority would depend on what projects were financed through the debt instruments, and the alternatives available to the projects.

Date Completed: 2-2-22 Fiscal Analyst: Ryan Bergan