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Senate Bill 821 (as enacted)
Sponsor: Senator Wayne A. Schmidt
Senate Committee: Local Government
House Committee: Local Government and Municipal Finance

PUBLIC ACT 102 of 2022

Date Completed: 3-27-23

CONTENT

The bill amended 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 is 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 approve their issuance and prescribe the procedures for submitting the question to the electors.**
- **Require an authority that issues 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 withdraws from the authority, until the principal and interest on those bonds is 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, exceeds 5% of the State equalized valuation of the taxable property within the jurisdictional limits of the authority.**

The bill took effect on June 14, 2022.

The Act allows any two or more municipalities to incorporate an authority for the purpose of providing emergency services to the incorporating municipalities and prescribes the duties and powers of an authority created for those purposes. Under the bill, an authority may enter into a contract or agreement for the purchase of 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 is less. Purchased property may serve as collateral in support of the purchase, contract, or agreement.

The bill allows an authority to borrow money and issue its negotiable bonds or notes to finance any of the following for authority purposes:

- The acquisition, construction, and furnishing of buildings or facilities or portions of buildings or facilities.
- The acquisition of necessary property.

-- The acquisition and installation of necessary equipment.

An authority may issue general obligation unlimited tax bonds if a majority of the electors in the authority's jurisdictional limits approve their issuance. A proposal to issue general obligation unlimited tax bonds must be submitted to a vote of the electors of the authority by resolution of the authority board. The resolution must contain the ballot proposal's language. The election for a bond proposal must be conducted and canvassed in the same manner as an election on a millage proposal and in accordance with the Michigan Elect Law. The election results must be certified to the governing body of the authority promptly after the date of the election. Only one election may be held in the jurisdictional limits of an authority in a calendar year for approval of a bond issue.

If an authority issues general obligation unlimited tax bonds, the board, by resolution, must authorize and levy the taxes necessary to pay the principal of and interest on the bonds. An authority may issue limited tax bonds or notes by resolution of the board without submitting the question to the electors in the jurisdictional limits of the authority.

Bonds or notes issued by an authority are a debt of the authority and not of the incorporating municipalities. If an incorporating municipality withdraws from an authority, taxes imposed or levied for payment of bonds approved before the adoption of the resolution to withdraw must continue to be levied within the district as if the municipality did not withdrawn from the authority until the principal of and interest on those bonds are paid in full.

An authority may not borrow money or issue bonds or notes for a sum that, together with the total outstanding bonded indebtedness of the authority, exceeds 5.0% of the State equalized valuation of the taxable property within the jurisdictional limits of the authority. All bonds or notes issued by an authority are subject to the Revised Municipal Finance Act.

MCL 124.609 et al.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill will 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 depends on decisions made by that local unit. The bill allows an authority to issue bonds and notes and levy taxes to pay the principal and interest of those instruments; from that view, there will be no fiscal impact on the authority. The fiscal impact on an eligible authority will depend on what projects are financed through the debt instruments, and the alternatives available to the projects.

Fiscal Analyst: Ryan Bergan

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