

SFA

BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909

• (517) 373-5383

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Mich. State Law Library

Senate Bill 141

Sponsor: Senator Harmon Cropsey

Committee: Local Government and Veterans

Date Completed: 2-22-89

SUMMARY OF SENATE BILL 141 as introduced 2-14-89:

The bill would amend the District Library Financing Act to add conditions to those already in the Act that a district library would have to meet before it could borrow money or issue bonds or notes, including submitting the question to voters in the library district; and, would permit a district library to issue limited tax bonds or notes and negotiable bonds or notes, under certain circumstances, without a vote of the district's electors. The bill is tie-barred to Senate Bill 140 which would create the "District Library Establishment Act".

Under the bill, a district library board would be prohibited from borrowing money or issuing bonds or notes for a sum that, together with the total outstanding bonded indebtedness of the district library, exceeded 5% of the State equalized valuation of the district's taxable property and could not issue general obligation unlimited tax bonds unless all of the following conditions were met:

- The board adopted a resolution that submitted to the district's electors the question of borrowing the money or issuing the bonds or notes.
- The question of borrowing the money or issuing the bonds or notes was certified by the board and the election was conducted in the manner provided for an election for district-wide tax in the proposed District Library Establishment Act.
- A majority of the qualified electors of the district voting on the question approved the issuance of the bonds.

Refunding bonds or part of a bond issue would not be considered to be within the 5% limitation, as specified in the bill, but would be considered to be authorized in addition to the 5% limitation.

Except as otherwise provided in the bill, a district library could issue limited tax bonds or notes by resolution of the board, or, could borrow money and issue its negotiable bonds and notes for refunding outstanding debt obligations of the district, without submitting the questions to the district's electors.

The bill also would repeal provisions that set limits on the amount of money a

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district library can borrow or the amount of bonds that a district can issue (MCL 397.286).

MCL 397.282 et al.

Legislative Analyst: L. Arasim

FISCAL IMPACT

Senate Bill 141 would have no fiscal impact on State government. The impact on local library boards would depend on the size and durations of bonds issued under provisions of this Act.

Fiscal Analyst: G. Olson

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.