



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 704 (as enrolled)
 Sponsor: Senator Walter H. North
 Committee: Financial Services

Date Completed: 4-26-96

RATIONALE

Public Act 35 of 1951, among other things, authorizes municipal corporations to form self-insurance pools and, for this purpose, defines "municipal corporation" to include a "public transportation corporation". "Public transportation corporation", under Public Act 35, means a nonprofit corporation organized pursuant to the Nonprofit Corporation Act, whose primary purpose is providing public transportation services. Reportedly, many nonprofit corporations in Michigan that receive some funding under the Michigan Transportation Fund Act provide various types of services, including public transportation, but do not qualify as public transportation corporations under Public Act 35 because their primary purpose is not the provision of transportation services. Since these organizations are not considered to be public transportation corporations, they do not qualify as municipal corporations, and, hence, are not authorized to form self-insurance pools with other municipal corporations. Some people feel that a nonprofit corporation that was funded, at least in part, by the Michigan Transportation Fund for the provision of a specialized assistance program should be included as a public transportation program, and, thereby, be authorized to form a self-insurance pool.

CONTENT

The bill would amend Public Act 35 of 1951, which authorizes intergovernmental contracts between municipalities, to expand the Act's definition of "public transportation corporation". The bill would include in the definition a nonprofit corporation that received funding from the specialized services assistance program under the Michigan Transportation Fund Act.

MCL 124.1

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Reportedly, there are 47 nonprofit corporations in Michigan that receive some funding under the Michigan Transportation Fund Act's specialized services assistance program, but do not meet the definition of "public transportation corporation" in Public Act 35 because public transit is not their primary purpose. Since that Act includes public transportation corporations in its definition of "municipal corporation", for purposes of authorizing participation in self-insurance pools, these entities are not specifically authorized to pool together or with other municipal corporations in order to self-insure. These organizations, some of which are located in Michigan's northern Lower Peninsula and eastern Upper Peninsula and are known as "Friendship Centers", apparently satisfy a variety of human service delivery needs. Even though their primary purpose is not public transit, they should be included in the definition of public transportation corporation, so that they can join municipal self-insurance pools.

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: R. Ross

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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.