
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 979 (Substitute S-1 as reported)
Senate Bill 980 (Substitute S-1 as reported)
Senate Bill 981 (Substitute S-1 as reported)
Senate Bills 982 through 986 (as reported without amendment)
Sponsor: Senator Thaddeus G. McCotter (S.B. 979-981)
 Senator Burton Leland (S.B. 982)
 Senator Alma Wheeler Smith (S.B. 983 & 985)
 Senator Walter H. North (S.B. 984)
 Senator Art Miller, Jr. (S.B. 986)
Committee: Finance

CONTENT

The bills would amend various statutes to replace references to the Municipal Finance Act with references to the "Revised Municipal Finance Act".

Several of the bills would delete provisions that require local units of government to obtain the prior approval of the Department of Treasury. (The Revised Municipal Finance Act specifies the conditions under which all municipalities must obtain prior approval to issue notes or bonds.) Further, some statutes currently require a local unit's governing body to determine the rate of interest to be charged on bonds or notes it sells. The bills would delete these provisions. (Under the Revised Municipal Finance Act, municipal securities (bonds, notes, or other instruments of indebtedness) may bear a rate of interest established by a local unit, subject to maximum rates as provided in that Act.) Several of the bills would make additional changes, as described below.

(Public Act 34 of 2001 creates the "Revised Municipal Finance Act" to regulate borrowing by municipalities, and their issuance of securities; repeal the Municipal Finance Act; and prescribe the powers and duties of the Department of Treasury to protect the credit of the State and its municipalities. The Act will take effect March 1, 2002. The Municipal Finance Act will be repealed on that day, except for two sections that will be repealed on April 30, 2002.)

Senate Bills 979 (S-1), 980 (S-1), and 981 (S-1) would amend the County Zoning Act, the Township Zoning Act, and the City and Village Zoning Act, respectively, to add references to the Revised Municipal Finance Act in provisions that deal with borrowing authority. In addition, the bills would delete provisions pertaining to refunding bonds. (The Revised Municipal Finance Act regulates refunding.)

Senate Bill 982 would amend Public Act 18 of the Extra Session of 1933, which allows local units to issue bonds for housing projects. Section 17 of the Act allows bonds to be issued to defray the costs of purchasing, constructing, improving, enlarging, or repairing a housing project. Section 47 allows bonds to be issued to provide funds for expenses involved in the development of a housing project. The bill specifies that bonds issued under Section 17 or Section 47 would be subject to the Revised Municipal Finance Act. The bill also would delete provisions in Sections 17 and 47 pertaining to interest rates, maturity dates, and refunding bonds.

In addition, the bill would repeal Sections 22, 23, and 24 of Public Act 18. Section 22 provides for the deposit of bond proceeds in special bank accounts. Section 23 prescribes the powers of a local unit or commission that issues bonds under the Act. Section 24 prescribes requirements for signatures on bonds.

Senate Bill 983 would amend Public Act 208 of 1949, which allows local units to issue bonds for neighborhood improvements, to specify that bonds issued under the Act would be subject to the Revised Municipal Finance Act. Further, the bill would delete provisions pertaining to refunding bonds, prior approval, public sale requirements, and interest and maturity requirements.

Senate Bill 984 would amend Public Act 118 of 1923, which allows counties to issue bonds for public improvements, to specify that bonds issued under the Act would be subject to the Revised Municipal Finance Act. Further, the bill would delete provisions that pertain to interest rates, require bonds to be payable in 30 years or less, and allow a county to levy taxes without limitation to pay for the bonds.

Senate Bill 985 would amend Public Act 57 of 1957, which allows cities and villages to establish a local improvement revolving fund with money from taxes and bonds, to specify that bonds issued under the Act would be subject to the Revised Municipal Finance Act. Further, the bill would delete provisions that require bonds issued under Public Act 57 to be serial bonds and mature in 30 years or less.

Senate Bill 986 would amend Public Act 205 of 1964, which allows municipalities to purchase fire fighting equipment under contracts or chattel mortgages, and make payments on the contracts or mortgages for no more than six years. Currently, the Act provides that the contracts or mortgages are not subject to the Municipal Finance Act. The bill provides that the contracts or mortgages would not be subject to the Revised Municipal Finance Act, but would be subject to Public Act 99 of 1933, which allows cities, villages, townships, and school districts to enter into installment contracts and agreements for the purchase of land, property, and equipment for public purposes.

MCL 125.233 (S.B. 979)
125.303 (S.B. 980)
125.595 (S.B. 981)
125.667 et al. (S.B. 982)
125.946a & 125.946b (S.B. 983)
141.61 (S.B. 984)
141.371 & 141.373 (S.B. 985)
141.451 (S.B. 986)

Legislative Analyst: G. Towne

FISCAL IMPACT

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

Date Completed: 2-6-02

Fiscal Analyst: D. Zin

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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.