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Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 988 (as reported without amendment)  
Sponsor: Senator Alan Sanborn  
Committee: Finance

### **CONTENT**

The bill would amend the Safe Drinking Water Financial Assistance Act to specify that bonds or notes issued under the Act would be subject to the Revised Municipal Finance Act, and delete provisions that do the following: allow for refunding bonds; allow a governmental unit to establish interest rates, prices, and discounts on bonds; allow bonds to be secured with a pledge or assignment of school aid payments, revenue sharing, or other State payments; and allow certain tax pledges for bond payments.

The Safe Drinking Water Financial Assistance Act provides that, subject to Section 5, the issuance of bonds or notes is not subject to any right of referendum. The bill would eliminate this provision. (Section 5 states that the Act does not authorize a governmental unit to levy taxes in excess of constitutional, statutory, or charter limitations without approval of the electors.)

(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 The Municipal Finance Act will be repealed on that day, except for two sections that will be repealed on April 30, 2002.)

MCL 141.1453 & 141.1454

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

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

Date Completed: 2-6-02

Fiscal Analyst: D. Zin