



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 222 (as passed by the Senate)
Sponsor: Senator John J. Gleason
Committee: Local, Urban and State Affairs

Date Completed: 9-2-09

RATIONALE

The Recreational Authorities Act allows two or more municipalities or districts to establish a recreational authority for the purpose of acquiring, constructing, operating, maintaining, or improving a public swimming pool, recreation center, auditorium, conference center, park, museum, and/or historic farm. Among other things, a recreational authority may levy a millage within its territory and issue bonds and notes to finance its facilities. Some people have suggested that including a school district among the entities that may form an authority could result in cost savings and enhanced recreational programs.

- Receive revenue as appropriated by the Legislature or a participating municipality.
- Assess and collect fees for services it provides and expenses it incurs.
- Levy a tax of up to one mill for a period of up to 20 years on all taxable property within the territory of the authority upon the approval of a majority of the electors in each of the participating municipalities of the authority.
- Borrow money and issue bonds or notes.
- Issue general obligation unlimited tax bonds upon the approval of a majority of the electors in each of the participating municipalities of the authority.)

CONTENT

The bill would amend the Recreational Authorities Act to allow a school district to establish a recreational authority with one or more municipalities.

The Act defines "municipality" as a city, county, village, or township. Under the bill, "municipality" would include a school district.

(The Act allows an authority to do all of the following, among other things:

- Purchase or lease real and personal property.
- Apply for grants or contributions from individuals, the Federal government, the State, a municipality, or another public or private agency.
- Hire employees and retain professional services.

MCL 123.1133

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

During tough economic times, it is important for local governments to identify ways in which cooperative arrangements can reduce costs, provide added revenue, and deliver enhanced services. Many of the types of facilities that are central to recreation programs, such as swimming pools and auditoriums, are owned by schools; thus, partnerships with local governments in which responsibility for funding and service delivery would seem natural.

Opposing Argument

The State should not create another avenue to increase the debt or tax burden on

residents and employers, especially during a time of economic hardship. Furthermore, it is ill-advised to focus resources on the enhancement of programs not related directly to school instruction rather than on comprehensive reform of the education system. When budgets are so limited, improving student achievement, administrative efficiency, and spending transparency should be the first priority. Peripheral programs should be considered after core education issues have been addressed and a more accurate picture of funding needs is available.

Response: The bill would not require a school district to form a recreational authority but simply would allow it. In addition, any millage or general obligation bond issuance would be subject to approval by local voters.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

This legislation could provide some funding flexibility to school districts that chose to create or join recreational authorities and levy up to one mill (with voter approval), if the school districts otherwise would have used their own general funds to pay for a swimming pool, recreation center, auditorium or conference center, or park, all of which must be public facilities under the Recreational Authorities Act.

For school districts opting to create or participate in an authority, the bill would increase both revenue and expenditure by an unknown amount. The actual amount of any change would depend upon the costs associated with each authority and the millages approved under the Act.

The bill would have no fiscal impact on State government.

Fiscal Analyst: Kathryn Summers

A0910\s222a

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.