

RECREATIONAL AUTHORITIES ACT REVISIONS

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House Bill 4578 (H-1) as reported from House committee
Sponsor: Rep. Phil Potvin
House Committee: Local Government

Analysis available at
<http://www.legislature.mi.gov>

Senate Bill 481 (H-1) as reported from House committee
Sponsor: Sen. Darwin L. Booher
Senate Committee: Local Government *(Enacted as Public Acts 173 & 174 of 2016)*
House Committee: Local Government
Complete to 3-24-16

BRIEF SUMMARY: These bills would add "school district" to the list of municipalities to which the Recreational Authorities Act (RAA) applies, and specifies that a millage levied for a recreational authority may not be used for certain purposes, including school operating purposes. It would also provide that municipalities consider offering discounts for use of the recreational authority and its programs to residents of the municipality.

FISCAL IMPACT: Both House Bill 4578 and Senate Bill 481 would have no fiscal impact on state revenue or expenditures. If voters within a school district and local municipality approve of additional millage increases for a recreational authority, local tax revenue would increase due to an expanded base. The bill would prohibit the following uses for the revenues: school operating purposes as stated in Sec. 20 in the School Aid Act (MCL 388.1620); and general fund purposes by any participating municipality, unless the revenue is used directly to manage the operation of the authority pursuant to a contract between the authority and the participating municipality.

THE APPARENT PROBLEM:

The Recreational Authorities Act allows municipalities to join together to create recreational authorities, which can provide recreational opportunities to the residents of those municipalities, with the support of voters. However, the bill sponsors noted that excluding school districts from the list of entities able to participate leaves a potential resource untapped.

THE CONTENT OF THE BILL:

House Bill 4578 would amend the Recreational Authorities Act to include school districts. Currently under the law, the term "municipality" used in the act is defined to mean a city, county, village, or township. The bill would expand this definition to include a school district as well. (MCL 123.1133)

Senate Bill 481 would clarify the purposes for which millages under the RAA may be used. It would retain the RAA's language stating that a millage may be used "for the purposes of

acquiring, constructing, operating, maintaining, and improving a public swimming pool, public recreation center, public auditorium or conference center, or public park."

However, it would also add that the proceeds of the millage may not be used for either of the following purposes:

- Any general fund purposes by any participating municipality, unless they are directly related to managing the operation of the business of the authority under a contract between the authority and that participating municipality.
- Any school operating purposes, as defined in Sec. 20 of the School Aid Act, MCL 388.1620, by any participating municipality that is a school district.

The bill also says that if authority voters approve a tax, the authority must consider offering preferences or benefits for residents of participating municipalities, including discounted admission fees or membership fees, discounts for school children, and access to educational programs. (MCL 123.1141)

These two bills are tie-barred together, meaning that neither could take effect unless both are enacted. They would take effect 90 days after enactment.

BACKGROUND INFORMATION:

The Recreational Authorities Act, enacted in 2000, allows two or more municipalities or districts to join together to create a recreational authority in order to provide recreational facilities and services. The act authorizes such an authority to acquire, construct, operate, maintain, or improve public swimming pools, recreation centers, auditoriums, conference centers, parks, museums, and public historic farms.

Under the act, a recreational authority can levy a tax of up to one mill for up to 20 years, if the tax is approved by a majority of the voters in each of the participating municipalities at a statewide general or primary election. The tax is collected with county taxes and distributed by the local tax collecting unit under the provisions the General Property Tax Act. An authority also has the ability to borrow money and issue bonds or notes, up to specified limits. An authority is governed by a board selected or elected as determined the articles of incorporation.

ARGUMENTS:

For:

Supporters of these bills stated that school participation in recreational authorities would provide another tool in the toolbox to provide valuable services to communities. School buildings are sitting vacant and, with this legislation, those buildings could be used as recreational facilities. As the baby boomer generation reaches retirement age, there is an increased need for activities and facilities geared toward senior citizens.

Reportedly, including school districts on the list of municipalities eligible to enter into recreational authorities would also open those authorities up to increased grant opportunities.

Response:

Parties who typically oppose this type of proposal indicated that these bills are tailored more strictly to separate recreational purposes from school purposes, which they found encouraging.

POSITIONS:

House Bill 4578

The Michigan Association of School Administrators supports this bill. (9-30-15)

Oakland Schools supports this bill. (9-30-15)

House Bill 4578 and Senate Bill 481

The Big Rapids Public Schools support the bills. (9-30-15)

The City of Big Rapids supports the bills. (9-30-15)

The Michigan Township Association supports these bills. (3-23-16)

The Michigan Municipal League supports these bills. (3-23-16)

The Michigan Association of School Boards supports the bills. (3-23-16)

The Michigan Chamber of Commerce indicated neutrality on the bills. (3-23-16)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.