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## BILL ANALYSIS



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Senate Bill 481 (Substitute S-1)  
Sponsor: Senator Darwin L. Booher  
Committee: Local Government

Date Completed: 11-6-15

**CONTENT**

**The bill would amend the Recreational Authorities Act to do the following:**

- **Allow a school district to be a participating municipality in a recreational authority.**
- **Provide that a tax levied by an authority could be used only for the purposes specified in the Act and could not be used by the authority for any general fund or school operating purposes.**
- **Allow a tax levied by an authority to be used by a participating municipality for managing the operation of an authority's business pursuant to a contract.**
- **Require an authority to consider offering preferences or benefits to the residents of participating municipalities if it levied a tax.**

The bill would take effect 90 days after its enactment.

**School District**

The Act allows two or more municipalities or districts to establish a recreational authority, for the purpose of acquiring, constructing, operating, maintaining, or improving one or more of the following:

- A public swimming pool.
- A public recreation center.
- A public auditorium.
- A public conference center.
- A public park.
- A public museum.
- A public historic farm.

The Act defines "municipality" as a city, county, village, or township. The bill would include a school district in that definition. (The Act defines "district" as a portion of a municipality having boundaries coterminous with those of a precinct used for general elections.)

**Levy of Taxes**

The Act allows an authority to levy a tax of not more than one mill for up to 20 years on all of the taxable property within the authority's territory 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. The authority may levy the tax

only upon the approval of a majority of the electors in each of the participating municipalities voting on the tax at a statewide general or primary election.

The bill specifies that the proceeds of a tax levied under the Act could be used by the authority only for the purposes described in the Act and could not be used by the authority for any general fund purposes of a participating municipality or any school operating purposes of a participating municipality that was a school district.

The proceeds could be used, however, for general fund purposes by a participating municipality if the proceeds used were directly related to managing the operation of the business of the authority pursuant to a contract between the authority and that participating municipality.

#### Preferences or Benefits

The bill specifies that, if a majority of electors voting on the question of a tax levy in each of a recreational authority's municipalities approved the tax, the authority would have to consider offering preferences or benefits for the residents of the participating municipalities. The preferences or benefits could include any of the following:

- Discounted admission fees.
- Discounted membership fees.
- Discounts for school children.
- Access to educational programs.

MCL 123.1133 et al.

Legislative Analyst: Patrick Affholter

#### **FISCAL IMPACT**

To the extent that including a school district as a municipality that can establish (with another municipality) or join a recreational authority would increase the frequency of recreational authority formation or expand the territory of an existing authority, the bill could result in an increase in recreational authority property tax revenue and spending. Approval of the school district voters would be required for a school district to join an existing authority or participate in founding a new recreation authority. The levy of recreation authority millage requires approval by a majority of the electors in each of the participating municipalities. The millage rate for a recreational authority is limited to one mill for a period of up to 20 years. The bill specifies that the revenue from a recreation authority millage could not be used for any general fund purposes of a participating municipality, except for direct costs of managing the recreational authority pursuant to a contract. The bill also would prohibit the use of the revenue from a recreational authority for school operating purposes.

The bill would have no fiscal impact on State government.

Fiscal Analyst: Elizabeth Pratt

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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.