

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 1415 (as introduced 10-3-00)
Sponsor: Senator Shirley Johnson
Committee: Natural Resources and Environmental Affairs

Date Completed: 10-24-00

CONTENT

The bill would amend Public Act 179 of 1947, the garbage disposal and dog pound authority law, to require the dissolution of an authority under certain circumstances; require the dissolved authority to cease activity, settle its accounts, and sell all of its property; and require the dissolved authority to distribute its remaining assets to its members. The bill specifies that it would not prevent the incorporation of a new authority by some or all of the members of the dissolved authority.

The Act provides for the incorporation of municipal authorities for the collection and/or disposal of garbage, and for the operation of a dog pound. Under the bill, an authority would have to dissolve if all of the following applied:

- The legislative bodies of two or more members each adopted a resolution stating that the authority was no longer serving the purposes for which it was created and directing that it be dissolved under the bill.
- The authority was composed of 10 or more members.
- The population residing within the territory of the authority was at least 250,000.
- The authority had no outstanding revenue bonds.

(The term "member" would mean a municipality that incorporated or became part of the authority under the Act and whose participation in the authority had not been terminated by an act of the Legislature.)

Within six months after the above requirements were satisfied, the authority would have to cease the activities for which it was incorporated. Within six months after ceasing these activities, the authority would have to settle its accounts and sell all of its property. A member of the authority could purchase real property of the authority located within the member's territory at a price equal to the lesser of its fair market value or the highest price offered for the property in an arm's length, bona fide offer by a third party. The fair market value of the real property would have to be determined by a licensed appraiser acceptable to the authority and the member.

The authority would have to distribute its remaining assets to its members. Each member would have to receive a distribution proportional to the amount of the municipal solid waste, including recyclable materials, from that member collected by the authority, a member, or a person under contract with the authority or a member, during the last full calendar year before the requirements for dissolution were satisfied.

Upon distribution of its assets, the authority would be dissolved, and all liabilities owed to the authority by its members would be terminated. To the extent of the authority's assets, claims of its secured creditors would not be impaired by the bill.

Proposed MCL 123.311

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would have no fiscal impact on the State.

The fiscal impact on local units of government is unknown. The bill could result in reduced expenditures

in those local units participating in the affected joint authority, assuming the activities are no longer needed or could be handled in a alternative manner that would be more cost-effective. The bill also could result in increased local unit expenditures if the dissolution resulted in the loss of an economy of scale in operations, or caused one or more local units to bear a greater burden of the combined expense of operating the authority and its facilities. Both circumstances also could occur, with the result that the bill would increase expenditures in some local units while lowering them in others.

The number of local units participating in the joint authority is unknown, as is the amount currently spent maintaining the authority.

Fiscal Analyst: D. Zin