

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

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House Bill 5821 (as reported without amendment)  
House Bill 5822 (Substitute S-1 as reported by the Committee of the Whole)  
House Bill 5823 (Substitute S-1 as reported by the Committee of the whole)  
Sponsor: Representative Ron Jelinek (H.B. 5821)  
Representative Brian Palmer (H.B. 5822)  
Representative Clark Bisbee (H.B. 5823)  
House Committee: Tax Policy  
Senate Committee: Finance

### **CONTENT**

The bills would amend various statutes to specify that bonds issued under those statutes would be subject to the Revised Municipal Finance Act, the Agency Financing Reporting Act, or the Revenue Bond Act.

House Bill 5821 would amend the Revised School Code to provide that bonds issued under the Code would be subject to the Revised Municipal Finance Act. (Public Act 34 of 2001 created 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 took effect on March 1, 2002. )

House Bill 5822 (S-1) would amend Public Act 159 of 1993, which allowed the Governor to create by executive order a base conversion authority for a Federal military installation, to provide that bonds or notes issued by an authority would not be subject to the Revised Municipal Finance Act, but would be subject to the Agency Financing Reporting Act. (Senate Bill 1201 (S-1), as passed by the Senate, would create the "Agency Financing Reporting Act" to require State agencies and certain municipalities to file a statement of intent with the Department of Treasury before issuing a security, and to file certain information with the Department after issuing a security.)

House Bill 5823 (S-1) would amend Part 43 of the Natural Resources and Environmental Protection Act, which pertains to public utilities that are water and sewer systems, transfer stations, or garbage and refuse processing systems, to provide that revenue bonds issued by a local unit for such purposes would be subject to the Revenue Bond Act, while all other bonds and notes would be subject to the Revised Municipal Finance Act. (The Revenue Bond Act allows public corporations to issue revenue bonds, and pay for the bonds with revenue generated by fees and charges for public improvements, as well as taxes and special assessments.)

MCL 380.445 (H.B. 5821)  
3.578 (H.B. 5822)  
324.4302 (H.B. 5823)

Legislative Analyst: George Towne

### **FISCAL IMPACT**

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

Date Completed: 5-6-02

Fiscal Analyst: David Zin