Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 488 (as reported with amendment)
Sponsor: Senator Joanne G. Emmons
Committee: Finance

CONTENT

The bill would amend the Recreation Bond Implementation Act to authorize the State Administrative Board to refund bonds issued under the Act by the issuance of new bonds. The bill also would authorize the Board to approve transactions to provide security for bonds, and specifies actions that the Board could authorize the State Treasurer to take concerning the issuance of bonds.

Specifically, the bill provides that the State Administrative Board could refund bonds issued under the Act by the issuance of new bonds, whether or not the bonds to be refunded had matured or were subject to prior redemption. The Board could issue bonds partly to refund bonds issued under the Act and partly for any other purpose provided by the Act. The Board also could authorize and approve insurance contracts, agreements for lines of credit, letters of credit, commitments to purchase bonds, and any other transaction to provide security to assure timely payment or purchase of any bond issued under the Act.

The bill provides that the principal amount of any refunding bonds issued under the provisions of the bill would not be counted against the limitation on principal amount imposed by the voters November 8, 1988. (The Recreation Bond Authorization Act, approved by the voters, allows the State to borrow up to $140 million and issue full faith and credit bonds to finance State and local recreation projects.)

Further, refunding bonds would not be subject to the restrictions prescribed in Section 7 of the Recreation Bond Implementation Act, which requires that the proceeds of the recreation bonds be deposited in the Recreation Bond Fund, created under the Act.

MCL 318.573 Legislative Analyst: G. Towne

FISCAL IMPACT

The Department of Treasury estimates that by refunding the existing recreation and environmental protection bonds and issuing new ones at a lower rate of interest, the State would save $4.7 million in debt service, on a cash basis, over the life of the bonds.

Date Completed: 5-10-95 Fiscal Analyst: J. Wortley

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