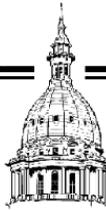




Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

## BILL ANALYSIS



Telephone: (517) 373-5383  
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Senate Bills 488 and 489  
Sponsor: Senator Joanne G. Emmons  
Committee: Finance

Date Completed: 5-9-95

**SUMMARY OF SENATE BILLS 488 and 489 as introduced 5-2-95:**

**Senate Bills 488 and 489 would amend the Recreation Bond Implementation Act and the Environmental Protection Bond Implementation Act, respectively, to authorize the State Administrative Board to refund bonds issued under the Act by the issuance of new bonds. The bills also would authorize the Board to approve transactions to provide security for bonds, and specify actions that the Board could authorize the State Treasurer to take concerning the issuance of bonds.**

Specifically, each 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.

Currently, each Act states that the State Administrative Board by resolution may authorize the State Treasurer to provide for the sale of the bonds at a discount, investment and reinvestment of bond sales proceeds, other details for the bonds, the costs of issuance, and the security for the bonds. The bills provide, instead, that the Board could authorize the State Treasurer, but only within limitations contained in the Board's authorizing resolution, to do one or more of the following:

- Sell and deliver and receive payment of the bonds.
- Deliver bonds partly to refund bonds and partly for other authorized purposes.
- Select which outstanding bonds would be refunded, if any, by the new issue of bonds.
- Buy bonds so issued at not more than their face value.
- Approve interest rates or methods for fixing interest rates, prices, discounts, maturities, principal amounts, purchase prices, purchase dates, remarketing dates, denominations, dates of issuance, interest payment dates, redemption rights at the option of the State or the owner, the place and time of delivery and payment, and other matters and procedures necessary to complete the authorized transactions.
- Execute, deliver, and pay the cost of remarketing agreements, insurance contracts, agreements for lines of credit, letters of credit, commitments to purchase bonds or notes, and any other transaction to provide security to assure timely payments or purchase of any bond issued under the Act.

MCL 318.573 (S.B. 488)  
299.673 (S.B. 489)

Legislative Analyst: S. Margules

**FISCAL IMPACT**

The Department of Treasury estimates that by refunding the existing 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.

Fiscal Analyst: J. Wortley

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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.