



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5019 (Substitute H-4 as reported with amendments)
Sponsor: Representative Robert Brackenridge
House Committee: Local Government
Senate Committee: Local, Urban and State Affairs

CONTENT

The bill would create a new act to authorize and regulate the use of credit cards by local units of government and their officers and employees; and prohibit a local unit from entering into a credit card arrangement unless its governing body adopted a written policy including those provisions prescribed in the bill. The total credit limit of all credit cards issued by a local unit could not exceed 5% of the local unit's total budget for the fiscal year, excluding special assessment funds, public improvement or building and site funds, enterprise funds, intragovernmental service funds, and funds for which the local unit acted as a trustee or agent. A local unit could include in its budget the balance due on any credit card, annual fees, and interest.

Under the bill, a local unit could enter into a "credit card arrangement", that is, "an unsecured extension of credit for purchasing goods or services from the credit card issuer or any other person that is made to the holder of a credit card and that is accessed with a credit card". The arrangement, or the use of credit cards under the bill, would not be subject to the provisions of the Municipal Finance Act or to provisions of law or charter concerning the issuance of debt by a local unit. The bill would prohibit a local unit from being a party to a credit card arrangement unless its governing body adopted by resolution a written policy that met certain provisions, as specified in the bill.

A credit card arrangement entered into by a local unit before the effective date of the bill would be valid but could not be used for credit card transactions on or after the bill's effective date unless the requirements of the bill were complied with. The bill would take effect six months after the date of its enactment.

Legislative Analyst: L. Arasim

FISCAL IMPACT

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

Date Completed: 12-1-95

Fiscal Analyst: R. Ross
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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.