



House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

CMH AUTHORITIES: ALLOW TO ISSUE BONDS

House Bill 5093
Sponsor: Rep. Susan Tabor
Committee: Health Policy

Complete to 8-25-00

A SUMMARY OF HOUSE BILL 5093 AS INTRODUCED 11-3-99

The bill would amend the Mental Health Code to allow a community mental health authority to borrow money and issue bonds in its own name to purchase, lease, or operate real or personal property in order to carry out provisions of the code. Under the bill, the bonds or notes would have to be secured solely by the revenue derived from gifts, grants, or bequests to the authority; interest earned on funds held by the authority; and revenue derived from providing mental health services, whether from a recipient of services, private insurer, HMO, or state or federal medical assistance program. The bonds or notes would not be general obligations of the county or counties that established the CMH authority. Bonds or notes issued under the bill would be issued for an essential public and governmental purpose, and, together with interest and income on the bonds or notes, would be exempt from all taxes. Though the bonds or notes would have to be approved by the Department of Treasury before being issued, they would not be subject to the provisions of the Municipal Finance Act. The department would have to consider the following in determining whether or not to approve the bonds or notes:

- whether the bonds or notes conformed to the laws of Michigan;
- whether the probable revenue and properties pledged for the payment of the bonds or notes would be sufficient to pay the principal and interest when due; and
- whether the amount of the proposed issue was sufficient or excessive for the purpose for which the bonds or notes were issued.

MCL 330.1205

Analyst: S. Stutzky

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