

# Legislative Analysis

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## DDA: "OTHER PROTECTED OBLIGATIONS"

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### House Bill 5901

Sponsor: Rep. Tom Meyer

Committee: Commerce

Complete to 4-21-06

## A SUMMARY OF HOUSE BILL 5901 AS INTRODUCED 3-21-06

House Bill 5901 would amend the Downtown Development Authority Act to expand the definition of "other protected obligation."

Since the passage of Proposal A to fund public schools in 1994, downtown development authorities have been generally prohibited from capturing taxes that are used to fund school districts, except in cases specified in the law where obligations (e.g., bonding arrangements) had been entered into before or during the implementation of Proposal A. These are known as "eligible obligations" and "other protected obligations." The law sets forth several narrow definitions of "other protected obligation."

House Bill 5901 would include within the definition of "other protected obligation" *an obligation incurred by an authority on October 1, 2001, that was used to finance streetscape capital projects.*

MCL 125.1651

## FISCAL IMPACT:

This bill amends the Downtown Development Authority Act to add an additional class to the list of "other protected obligations" that allows a DDA to capture school taxes. The fiscal impact is potentially a decrease in School Aid Fund Revenue of slightly less than \$100,000.00.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.