

## RECREATIONAL AUTHORITIES ACT REVISIONS

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4578 with proposed amendment**  
**Sponsor: Rep. Phil Potvin**  
**House Committee: Local Government**

Analysis available at  
<http://www.legislature.mi.gov>

**Senate Bill 481 (proposed substitute H-1)**  
**Sponsor: Sen. Darwin L. Booher**  
**Senate Committee: Local Government**  
**House Committee: Local Government**  
**Complete to 3-22-16**

### SUMMARY:

House Bill 4578 would amend the Recreational Authorities Act (RAA) to include school districts. Currently under the law, the term "municipality" used in the act is defined to mean a city, county, village, or township. The bill would expand this definition to include a school district as well.

MCL 123.1133

Senate Bill 481 would clarify the purposes for which millages under the RAA may be used. It would retain the RAA's language stating that a millage may be used "for the purposes of acquiring, constructing, operating, maintaining, and improving a public swimming pool, public recreation center, public auditorium or conference center, or public park."

However, it would also add that the proceeds of the millage may not be used for either of the following purposes:

- Any general fund purposes by any participating municipality, unless they are directly related to managing the operation of the business of the authority under a contract between the authority and that participating municipality.
- Any school operating purposes, as defined in Sec. 20 of the School Aid Act, MCL 388.1620, by any participating municipality that is a school district.

The bill also says that if authority voters approve a tax, the authority must consider offering preferences or benefits for residents of participating municipalities, including discounted admission fees or membership fees, discounts for school children, and access to educational programs.

MCL 123.1141

These two bills are tie-barred together, meaning that neither could take effect unless both are enacted.

## **BACKGROUND INFORMATION:**

The Recreational Authorities Act allows two or more municipalities or districts to join together to create a recreational authority in order to provide recreational facilities and services. The act authorizes such an authority to acquire, construct, operate, maintain, or improve public swimming pools, recreation centers, auditoriums, conference centers, parks, museums, and public historic farms.

Under the act, a recreational authority can levy a tax of up to one mill for up to 20 years, if the tax is approved by a majority of the voters in each of the participating municipalities at a statewide general or primary election. The tax is collected with county taxes and distributed by the local tax collecting unit under the provisions the General Property Tax Act. An authority also has the ability to borrow money and issue bonds or notes, up to specified limits. An authority is governed by a board selected or elected as determined the articles of incorporation.

## **FISCAL IMPACT:**

House Bill 4578 would have no fiscal impact on state revenue or expenditures. If voters within a school district and local municipality approve of additional millage increases for a recreational authority, local tax revenue would increase due to an expanded base.

Senate Bill 481 would have no fiscal impact on state revenue or expenditures. If voters within a school district and local municipality approve of additional millage increases for a recreational authority, local tax revenue would increase due to an expanded base. The bill would prohibit the following uses for the revenues: school operating purposes as stated in Sec. 20 in the School Aid Act (MCL 388.1620); and general fund purposes by any participating municipality, unless the revenue is used directly to manage the operation of the authority pursuant to a contract between the authority and the participating municipality.

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