

# Legislative Analysis

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## SCHOOL RECREATIONAL AUTHORITIES

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**House Bill 4700 (Substitute H-1)**

**Sponsor: Rep. Kate Segal**

**Committee: Education**

**First Analysis (4-23-09)**

**BRIEF SUMMARY:** The bill would allow school district officials to set up recreational authorities, in cooperation with other local government officials.

**FISCAL IMPACT:** As written, the bill would have no significant impact on state revenue or expenditures. To the extent that voters approve additional millage increases, local tax revenue would increase for recreational authorities.

### **THE APPARENT PROBLEM:**

Unlike school districts, cities, counties, villages, and townships may establish recreational authorities to operate or improve public facilities: for example, a swimming pool, a recreation center, an auditorium, a conference center, a park, a museum, or an historic farm.

An authority may acquire real and personal property, both inside and outside its territory, either by purchase, lease, grant, gift, or other legal means. An authority may also apply for grants, hire full-time or part-time employees, maintain its property, assess and collect fees for services, receive revenue as appropriated by the legislature, and enter into contracts in order to accomplish its purposes.

Voters who live within the boundaries of an authority must vote their approval, before authority officials can levy a tax of up to one mill (for up to 20 years) on all of the taxable property within the territory of the authority. Authority officials may also borrow money and issue bonds or notes to finance the acquisition, construction, and improvement of the facilities they manage.

For more than a decade, the City of Albion has operated a highly vaunted recreational program that offers athletic opportunities for many school-aged students, as well as tutoring in order to keep students academically eligible for team sports competition. Despite a close working relationship with the school system, including the use of many school sports facilities, the city and school district cannot, together, create a recreational authority. Were the city and school district officials able to jointly create a recreational authority and levy one mill within its borders, they would raise about \$190,000 to fund their program.

Legislation has been introduced to allow school boards of education to establish recreational authorities with other municipal partners.

### ***THE CONTENT OF THE BILL:***

House Bill 4700 (Substitute H-1) would amend the Recreational Authorities Act (MCL 123.1133) to allow school district officials to set up recreational authorities.

Now the law allows cities, counties, villages, and townships to join together and create a recreational authority. House Bill 4700 would retain this provision, but add a "school district" to the list of local governmental units that can create a recreational authority.

The bill defines "school district" to mean a school district that posts all of its spending information on the school district website and updates that information at least quarterly.

### ***ARGUMENTS:***

#### ***For:***

Proponents of this legislation point-out that state-level officials in both the executive and legislative branches of the government have strongly encouraged local officials to form partnerships to deliver their services. This bill allows--but does not require--that kind of cooperation when providing recreational services. According to former school and township officials near Brighton in Livingston county who could not join together because of this law, recreational authorities enable "partnerships of equals" between local officials whose agencies both procure and provide services. In that way, the rights, responsibilities, and accountability for funding and service delivery are *equally* shared. The local agencies whose leaders legally partner in cross-jurisdictional authorities, do so for the benefit of clients in their respective but often over-lapping geographic regions. Consequently, proponents argue that this legislation will reduce duplication, save taxpayers money, and help local government officials balance their budgets in lean economic times.

#### ***Against:***

Opponents of the bill say that we should not be enacting laws to create yet other debt instruments for schools, thereby expanding the taxpayers' total debt exposure. They say schools should not increase taxes, especially for non-instructional items, before they achieve meaningful educational reform focused on student achievement, administrative efficiency, and spending transparency. They argue that during these challenging economic times, job providers in Michigan simply cannot endure the assessment of higher property taxes, and that this legislation is ill-conceived and will have a negative impact on businesses in many communities across Michigan.

### ***POSITIONS:***

The Michigan Association of School Administrators supports the bill. (4-2-09)

The Michigan Association of School Boards supports the bill. (4-2-09)

The Albion Public Schools support the bill. (4-2-09)

The City of Albion supports the bill. (4-2-09)

The Michigan Municipal League supports the bill. (4-2-09)

The Michigan Townships Association supports the bill. (4-2-09)

The Department of Treasury is neutral on the bill. (4-2-09)

The Michigan Chamber of Commerce opposes the bill. (4-23-09)

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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.