

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 1008 (as reported without amendment)
Senate Bill 1009 (Substitute S-1 as reported)
Sponsor: Senator Joel D. Gougeon (Senate Bill 1008)
Senator Shirley Johnson (Senate Bill 1009)
Committee: Families, Mental Health and Human Services

CONTENT

Senate Bills 1008 and 1009 (S-1) would amend Public Act 266 of 1995 and the Mental Health Code, respectively, to authorize a community mental health (CMH) authority to secure loans, make credit card transactions, establish a line of credit, and purchase or lease land, property, and equipment.

Senate Bill 1008 would amend Public Act 266 of 1995, which authorizes and regulates local units' use of credit cards, to include a CMH authority created under the Mental Health Code in the Act's definitions of "governing body" and "local unit".

Senate Bill 1009 (S-1) would amend the Mental Health Code to allow a CMH authority to borrow money for facilities, equipment, or refinancing existing debts secured by the authority's assets as collateral; enter into any contract or agreement for the purchase of land, property, or equipment for public purposes or for refinancing an outstanding contract or agreement to be paid for in installments; and lease facilities, equipment, or other property.

The obligations, contracts or agreements, and leases could not be for longer than the useful life of the loan collateral, property or equipment purchased, or leased facility, equipment, or other property, and would have to be authorized by a resolution approved by a majority of the CMH board. The obligations, contracts or agreements, and leases would not be subject to the Municipal Finance Act.

In addition, a CMH authority could obtain a line of credit to secure funds for authority operations or to pay previous loans obtained for authority operations under the Code or any other statute. The line of credit would have to be authorized by a resolution approved by a majority of the CMH board, and the authority could not borrow against the line of credit an amount greater than the average of two months' revenue from contracted sources as determined by the CMH authority.

MCL 129.241 (S.B. 1008)
330.1205 (S.B. 1009)

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bills would expand the ability of local CMH authorities to borrow money to purchase facilities and equipment, to purchase land, property, and equipment, and to lease facilities and equipment. As the State has moved to a capitated payment system for CMH, the bills would not offset State or local finances.

Date Completed: 2-22-00

Fiscal Analyst: S. Angelotti