

Legislative Analysis



Consolidated School District Bonds

Phone: (517) 373-8080
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House Bill 4517

Sponsor: Rep. Rutledge

Committee: Appropriations

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

Complete to 6-9-15

SUMMARY:

House Bill 4517 would amend the Revised School Code (MCL 380.863) to provide revisions for school bonds incurred by a former district that has since been consolidated with another district.

Currently, when two or more districts consolidate, if the newly formed district does not assume the bonded debt of its original districts, the original district retains its identity as an assessing unit for the purpose of collecting revenue and repaying that bond. The new consolidated district has the authority to refund (refinance) the bond, with the approval of the electors, but only if it spreads the remaining debt uniformly over the entire new district.

HB 4517 would allow a consolidated school district, which did not assume the bonded debt of its original school districts, to refund the bond of the original school district and continue to limit the debt levy to the territory of the original school district. The original school district would still remain as an assessing unit for the purposes of the paying for the refunding bond.

FISCAL IMPACT:

The bill would have no fiscal impact for the State and could create savings for local school district taxpayers. Given that voters in one original district may not be willing to approve the assumption of debt from the other original district in a consolidation, this bill would allow a consolidated district the option to refund a bond to take advantage of better interest rates and to reduce the number of mills required to service existing debt in the territory of the original district.

Fiscal Analyst: Bethany Wicksall
Samuel Christensen

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