

**SUBSTITUTE FOR
SENATE BILL NO. 770**

A bill to amend 2005 PA 92, entitled
"School bond qualification, approval, and loan act,"
by amending sections 3, 4, 5, 6, 7, 8, 9, 11, 13, 16, and 18 (MCL
388.1923, 388.1924, 388.1925, 388.1926, 388.1927, 388.1928,
388.1929, 388.1931, 388.1933, 388.1936, and 388.1938), section 9 as
amended by 2009 PA 50.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. As used in this act:

2 (a) "Computed millage" means the number of mills in any year,
3 not less than 7 mills and not more than 13 mills, determined on the
4 date of issuance of the order qualifying the bonds or on a later
5 date if requested by the school district and approved by the state
6 treasurer, that, if levied by the school district, will generate
7 sufficient annual proceeds to pay principal and interest on all the

1 school district's qualified bonds plus principal and interest on
2 all **QUALIFIED** loans related to those qualified bonds no later than
3 the **FINAL MANDATORY REPAYMENT** date. ~~specified in the note and~~
4 ~~repayment agreement entered into by the school district under this~~
5 ~~act.~~ **BASED ON CHANGES OF CIRCUMSTANCES, INCLUDING, BUT NOT LIMITED**
6 **TO, ADDITIONAL BOND QUALIFICATION, REFUNDINGS, CHANGES IN QUALIFIED**
7 **LOAN INTEREST RATES, CHANGES IN TAXABLE VALUES, AND ASSUMPTIONS**
8 **CONTAINED IN ANY THEN CURRENTLY EFFECTIVE GUIDELINES ISSUED BY THE**
9 **STATE TREASURER PURSUANT TO SECTION 5(2)(C), THE SCHOOL DISTRICT**
10 **SHALL NOT LESS THAN ANNUALLY, BEGINNING ON OCTOBER 1, 2012,**
11 **DETERMINE WHETHER A HIGHER OR LOWER COMPUTED MILLAGE IS NECESSARY**
12 **TO GENERATE SUFFICIENT ANNUAL LEVY PROCEEDS TO PAY PRINCIPAL AND**
13 **INTEREST ON ALL OF THE SCHOOL DISTRICT'S QUALIFIED BONDS AND**
14 **PRINCIPAL AND INTEREST ON ALL QUALIFIED LOANS RELATED TO THOSE**
15 **QUALIFIED BONDS NOT LATER THAN THE FINAL MANDATORY REPAYMENT DATE.**
16 **IF THE SCHOOL DISTRICT DETERMINES THAT A HIGHER OR LOWER COMPUTED**
17 **MILLAGE IS REQUIRED, THE SCHOOL DISTRICT SHALL PROMPTLY NOTIFY THE**
18 **STATE TREASURER IN WRITING AND THE HIGHER OR LOWER MILLAGE SHALL**
19 **BECOME THE COMPUTED MILLAGE AND THE SCHOOL DISTRICT SHALL LEVY THE**
20 **HIGHER OR LOWER COMPUTED MILLAGE RATE OR 13 MILLS, WHICHEVER IS**
21 **LESS, PROVIDED THAT A LOWER COMPUTED MILLAGE SHALL NOT BE**
22 **IMPLEMENTED IF IT WOULD CAUSE THE COMPUTED MILLAGE RATE TO FALL**
23 **BELOW THE COMPUTED MILLAGE ESTABLISHED PURSUANT TO THE MOST RECENT**
24 **ORDER QUALIFYING BONDS, AND IN NO CASE BELOW 7 MILLS, AND PROVIDED**
25 **FURTHER THAT IF THE STATE TREASURER REASONABLY DETERMINES THAT A**
26 **SCHOOL DISTRICT HAS FAILED TO ACCURATELY REDETERMINE ITS COMPUTED**
27 **MILLAGE AS PROVIDED ABOVE, THE STATE TREASURER MAY MAKE THAT**

1 REDETERMINATION AND IN THAT CASE SHALL NOTIFY THE SCHOOL DISTRICT
2 IN WRITING OF THE COMPUTED MILLAGE DETERMINED BY THE STATE
3 TREASURER AND THE REDETERMINED COMPUTED MILLAGE SHALL BE LEVIED BY
4 THE SCHOOL DISTRICT.

5 (B) "FINAL MANDATORY REPAYMENT DATE" MEANS THE FINAL MANDATORY
6 REPAYMENT DATE DETERMINED BY THE STATE TREASURER UNDER SECTION 9.

7 (C) "MICHIGAN FINANCE AUTHORITY" MEANS THE MICHIGAN FINANCE
8 AUTHORITY CREATED UNDER EXECUTIVE REORGANIZATION ORDER NO. 2010-2,
9 MCL 12.194.

10 (D) ~~(b)~~—"Qualified bond" means a bond that is qualified under
11 this act for state loans as provided in section 16 of article IX of
12 the state constitution of 1963. A qualified bond includes the
13 interest amount required for payment of a school district's net
14 interest obligation under an interest rate exchange or swap, hedge,
15 or other agreement entered into pursuant to the revised municipal
16 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, but does not
17 include a termination payment or similar payment related to the
18 termination or cancellation of an interest rate exchange or swap,
19 hedge, or other similar agreement. A qualified bond may include a
20 bond issued to refund loans owed to the state under this act.

21 (E) ~~(e)~~—"Qualified loan" means a loan made under this act or
22 ~~FORMER~~ 1961 PA 108, ~~MCL 388.951 to 388.963,~~ from this state to a
23 school district to pay debt service on a qualified bond.

24 (F) ~~(d)~~—"Revolving loan fund" means the school loan revolving
25 fund created under section 16c of the shared credit rating act,
26 1985 PA 227, MCL 141.1066c.

27 (G) ~~(e)~~—"School district" means a general powers school

1 district organized under the revised school code, 1976 PA 451, MCL
 2 380.1 to 380.1852, or a school district of the first class as
 3 described in the revised school code, 1976 PA 451, MCL 380.1 to
 4 380.1852, having the power to levy ad valorem property taxes.

5 (H) ~~(f)~~ "State treasurer" means the state treasurer or his or
 6 her duly authorized designee.

7 ~~(g) "Superintendent of public instruction" means the~~
 8 ~~superintendent of public instruction appointed under section 3 of~~
 9 ~~article VIII of the state constitution of 1963.~~

10 (I) ~~(h)~~ "Taxable value" means the value determined under
 11 section 27a of the general property tax act, 1893 PA 206, MCL ~~211.1~~
 12 ~~to 211.157. 211.27A.~~

13 Sec. 4. (1) A school district may issue and market bonds as
 14 qualified bonds if the state treasurer has issued an order granting
 15 qualification under this act.

16 (2) Except with regard to qualification of new bonds, nothing
 17 in this act shall be construed to alter the terms and conditions
 18 applicable to outstanding qualified bonds issued in accordance with
 19 **FORMER** 1961 PA 108. , ~~MCL 388.951 to 388.963, and the loans~~
 20 ~~associated with those qualified bonds.~~ Unless otherwise amended as
 21 permitted by this act, outstanding qualified loans incurred in
 22 association with outstanding qualified bonds described in this
 23 subsection shall ~~continue to bear interest and~~ **AS PROVIDED IN**
 24 **SECTION 9(8) BUT OTHERWISE SHALL** be due and payable as provided in
 25 the repayment agreements entered into between the school district
 26 and the state before the effective date of this act.

27 (3) The state treasurer may qualify bonds for which the state

1 treasurer has received an application for prequalification on or
 2 before May 25, 2005 without regard to the requirements of section
 3 5(2)(f) if the electors of the school district approve the bonds at
 4 an election held during 2005.

5 Sec. 5. (1) A school district may apply to the state treasurer
 6 for preliminary qualification of a proposed school bond issue by
 7 filing an application in the form and containing the information
 8 required by this act.

9 (2) An application for preliminary qualification of a school
 10 bond shall contain all of the following information:

11 (a) The proposed ballot language to be submitted to the
 12 electors.

13 (b) A description of the project or projects proposed to be
 14 financed.

15 (c) A pro forma debt service projection showing the estimated
 16 mills the school district will levy to provide revenue the school
 17 district will use to pay the qualified bonds, **ANY OUTSTANDING**
 18 **QUALIFIED BONDS, AND ANY OUTSTANDING OR PROJECTED QUALIFIED LOANS**
 19 **OF THE SCHOOL DISTRICT.** For the purpose of the pro forma debt
 20 service projection, the school district may assume for the first 5
 21 years following the date of the application the average growth **OR**
 22 **DECLINE** in taxable value for the 5 years **OR SUCH OTHER PERIOD OF**
 23 **TIME REQUESTED BY THE SCHOOL DISTRICT IF APPROVED BY THE STATE**
 24 **TREASURER** preceding the date of the application and the ~~lesser of~~
 25 ~~that average growth OR DECLINE rate or 3% FOR THE 20 YEARS~~
 26 **IMMEDIATELY PRECEEDING THE DATE OF THE APPLICATION BUT NOT MORE**
 27 **THAN 3% OR LESS THAN 0% GROWTH RATE,** for the remaining term of the

1 proposed bonds **UNLESS THE STATE TREASURER HAS ISSUED A GUIDELINE**
2 **BASED ON CURRENT ECONOMIC OR FISCAL CONDITIONS CONTAINING DIFFERENT**
3 **ASSUMPTIONS IN WHICH CASE THE ASSUMPTIONS CONTAINED IN SUCH**
4 **GUIDELINE SHALL BE USED.**

5 (d) Evidence that the rate of utilization of each project to
6 be financed will be at least 85% for new buildings and 60% for
7 renovated facilities. If the projected enrollment of the district
8 would not otherwise support utilization at the rates described in
9 this subsection, the school district may include an explanation of
10 the actions the school district intends to take to address the
11 underutilization, including, if applicable, actions to close school
12 buildings or other actions designed to assure continued assured use
13 of the facilities being financed.

14 (e) Evidence that the cost per square foot of the project or
15 projects will be reasonable in light of economic conditions
16 applicable to the geographic area in which the school district is
17 located.

18 (f) Evidence that the school district will repay all
19 outstanding **QUALIFIED BONDS, THE PROPOSED QUALIFIED BONDS, ALL**
20 **OUTSTANDING** qualified loans, ~~at the times described in section~~
21 ~~9-AND ALL QUALIFIED LOANS EXPECTED TO BE INCURRED WITH RESPECT TO~~
22 **ALL QUALIFIED BONDS OF THE SCHOOL DISTRICT, INCLUDING THE PROPOSED**
23 **QUALIFIED BOND ISSUE, NOT LATER THAN THE APPLICABLE FINAL MANDATORY**
24 **REPAYMENT DATE.**

25 ~~(g) The weighted average age of all school buildings in the~~
26 ~~school district based on square footage.~~

27 (G) ~~(h)~~The overall utilization rate of all school buildings

1 in the school district, excluding special education purposes.

2 ~~—— (i) The taxable value per pupil.~~

3 (H) ~~(j)~~—The total bonded debt outstanding of the school
4 district and the total taxable value of property in the school
5 district for the school district fiscal year in which the
6 application is filed.

7 (I) ~~(k)~~—A statement describing any environmental or usability
8 problems to be addressed by the project or projects.

9 (J) ~~(l)~~—An architect's analysis of the overall condition of the
10 facilities to be renovated or replaced as a part of the project or
11 projects.

12 (K) ~~(m)~~—An amortization schedule demonstrating that the
13 weighted average maturity of the qualified bond issue does not
14 exceed 120% of the average reasonably expected useful life of the
15 facilities, excluding land and site improvements, being financed or
16 refinanced with the proceeds of the qualified bonds, determined as
17 of the later of the date on which the qualified bonds will be
18 issued or the date on which each facility is expected to be placed
19 in service.

20 (l) AN AGREEMENT THAT THE SCHOOL DISTRICT WILL KEEP BOOKS AND
21 RECORDS DETAILING THE INVESTMENT AND EXPENDITURE OF THE PROCEEDS OF
22 THE QUALIFIED BONDS AND, AT THE REQUEST OF THE STATE TREASURER, THE
23 SCHOOL DISTRICT WILL PROMPTLY, BUT NOT LATER THAN THE DATE
24 SPECIFIED IN THE REQUEST, WHICH DATE SHALL BE NOT LESS THAN 5
25 BUSINESS DAYS AFTER THE DATE OF THE REQUEST, SUBMIT INFORMATION
26 REQUESTED BY THE STATE TREASURER RELATED TO THE DETAILED
27 INFORMATION MAINTAINED BY THE SCHOOL DISTRICT AS TO THE INVESTMENT

1 AND EXPENDITURE OF THE PROCEEDS OF ITS QUALIFIED BONDS.

2 Sec. 6. The state treasurer shall prequalify bonds of a school
3 district if the state treasurer determines all of the following:

4 (a) The issuance of additional qualified bonds will not
5 prevent the school district from repaying its outstanding **QUALIFIED**
6 **BONDS, THE PROPOSED BONDS, ALL OUTSTANDING** qualified loans, ~~on the~~
7 ~~earlier of the dates described in section 9.~~ **AND ALL QUALIFIED LOANS**
8 **EXPECTED TO BE INCURRED WITH RESPECT TO ALL QUALIFIED BONDS OF THE**
9 **SCHOOL DISTRICT, INCLUDING THE PROPOSED BOND ISSUE, NOT LATER THAN**
10 **THE APPLICABLE FINAL MANDATORY REPAYMENT DATE.**

11 (b) The form **AND LANGUAGE** of the ballot **HAS BEEN APPROVED BY**
12 **THE STATE TREASURER AND** conforms with the requirements of this act.

13 (c) **THE SCHOOL DISTRICT HAS FILED AN APPLICATION COMPLYING**
14 **WITH THE REQUIREMENTS OF SECTION 5.**

15 (d) **IF THE PROPOSED BOND ISSUE IS APPROVED BY THE VOTERS AFTER**
16 **SEPTEMBER 30, 2012 AND WILL RESULT IN ADDITIONAL QUALIFIED LOANS,**
17 **THE OUTSTANDING BALANCE OF ALL QUALIFIED LOANS ON THE MOST RECENT**
18 **MAY 1 OR NOVEMBER 1 DID NOT EXCEED \$1,800,000,000.00.**

19 (e) **THE ISSUANCE OF ADDITIONAL QUALIFIED BONDS APPROVED BY**
20 **VOTERS AFTER SEPTEMBER 30, 2012 WILL NOT HAVE AN ADVERSE FINANCIAL**
21 **IMPACT ON THE SCHOOL DISTRICT, THIS STATE, OR THE SCHOOL LOAN**
22 **REVOLVING FUND. IN MAKING THIS DETERMINATION, THE STATE TREASURER**
23 **SHALL CONSIDER RELEVANT FACTORS, INCLUDING, BUT NOT LIMITED TO,**
24 **WHETHER THE ISSUANCE OF THE PROPOSED BOND ISSUE WILL CAUSE THE**
25 **AGGREGATE OUTSTANDING AMOUNT OF QUALIFIED AND NONQUALIFIED BONDS,**
26 **INCLUDING THE PROPOSED BOND ISSUE, AND CURRENTLY OUTSTANDING**
27 **QUALIFIED LOANS OF THE SCHOOL DISTRICT TO EXCEED 25% OF THE TAXABLE**

1 VALUE OF THE SCHOOL DISTRICT AT THE TIME THE PROPOSED BONDS ARE
2 ISSUED.

3 Sec. 7. (1) The state treasurer shall qualify bonds of a
4 school district if the state treasurer determines all of the
5 following:

6 (a) A majority of the school district electors have approved
7 the bonds.

8 (b) The terms of the bond issue comply with applicable
9 provisions of the revised school code, 1976 PA 451, MCL 380.1 to
10 380.1852.

11 (c) The school district is in compliance with the revised
12 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

13 (d) The weighted average maturity of the qualified bond issue
14 does not exceed 120% of the average reasonably expected useful life
15 of the facilities, excluding land and site improvements, being
16 financed or refinanced with the proceeds of the bonds, determined
17 as of the later of the date on which the qualified bonds will be
18 issued or the date on which each facility is expected to be placed
19 in service.

20 (e) The school district has filed any information necessary to
21 update the contents of the original application to reflect changes
22 in any of the information approved in the preliminary qualification
23 process.

24 ~~(f) The school district has paid a qualification fee of not~~
25 ~~less than \$3,000.00 or the amount determined by the state~~
26 ~~treasurer, which shall be approximately equal to the amount~~
27 ~~required to pay the estimated administrative expenses incurred~~

1 ~~under this act for the fiscal year in which the state treasurer~~
2 ~~imposes the fee.~~ **THE SCHOOL DISTRICT HAS AGREED THAT THE SCHOOL**
3 **DISTRICT WILL KEEP BOOKS AND RECORDS DETAILING THE INVESTMENT AND**
4 **EXPENDITURE OF THE PROCEEDS OF THE QUALIFIED BONDS AND, AT THE**
5 **REQUEST OF THE STATE TREASURER, THE SCHOOL DISTRICT WILL PROMPTLY,**
6 **BUT NOT LATER THAN THE DATE SPECIFIED IN THE REQUEST, WHICH DATE**
7 **SHALL BE NOT LESS THAN 5 BUSINESS DAYS AFTER THE DATE OF THE**
8 **REQUEST, SUBMIT INFORMATION REQUESTED BY THE STATE TREASURER**
9 **RELATED TO THE DETAILED INFORMATION MAINTAINED BY THE SCHOOL**
10 **DISTRICT AS TO THE INVESTMENT AND EXPENDITURE OF THE PROCEEDS OF**
11 **ITS QUALIFIED BONDS.**

12 (2) An order qualifying bonds shall specify the principal and
13 interest payment dates for all the bonds, the maximum principal
14 amount of and maximum interest rate on the bonds, the computed
15 millage, if any, the final **MANDATORY** repayment date, ~~for any loans~~
16 ~~made with respect to those bonds,~~ and other matters as the state
17 treasurer shall determine or as are required by this act.

18 (3) If the application for prequalification demonstrates that
19 the school district will borrow from this state in accordance with
20 this act, the state treasurer and the school district shall enter
21 into a loan agreement setting forth the terms and conditions of any
22 qualified loans to be made to the school district under this act.

23 (4) If a school district does not issue its qualified bonds
24 within 180 days after the date of the order qualifying bonds, **THE**
25 **ORDER SHALL NO LONGER BE EFFECTIVE. HOWEVER,** the school district
26 may reapply for qualification by filing an application and
27 information necessary to update the contents of the original

1 application for prequalification or qualification.

2 (5) The state treasurer shall qualify refunding bonds issued
3 to refund qualified **LOANS OR QUALIFIED** bonds if the state treasurer
4 finds that ~~the~~ **ALL OF THE FOLLOWING ARE MET:**

5 (A) **THE** refunding bonds comply with the provisions of the
6 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
7 141.2821.

8 (B) **THAT THE SCHOOL DISTRICT WILL REPAY ALL OUTSTANDING**
9 **QUALIFIED BONDS, THE PROPOSED QUALIFIED BONDS, ALL OUTSTANDING**
10 **QUALIFIED LOANS, AND ALL QUALIFIED LOANS EXPECTED TO BE INCURRED**
11 **WITH RESPECT TO ALL QUALIFIED BONDS OF THE SCHOOL DISTRICT,**
12 **INCLUDING THE PROPOSED QUALIFIED BOND ISSUE, NOT LATER THAN THE**
13 **APPLICABLE FINAL MANDATORY REPAYMENT DATE.**

14 (C) **THAT THE REFUNDING WILL BE FINANCIALLY BENEFICIAL TO THIS**
15 **STATE.**

16 Sec. 8. A ballot submitted to the school electors of a school
17 district after November 8, 2005 requesting authorization to issue
18 unlimited tax general obligations that will be guaranteed by this
19 state in accordance with section 16 of article IX of the state
20 constitution of 1963 shall inform the electors that if the school
21 district ~~borrow~~ **EXPECTS TO BORROW** from this state to pay debt
22 service on the bonds, ~~the school district may be required to~~
23 ~~continue to levy mills beyond the term of the bonds to repay this~~
24 ~~state.~~ **THE ESTIMATED TOTAL AMOUNT OF THE PRINCIPAL OF THAT BORROWING**
25 **AND THE INTEREST TO BE PAID ON THAT BORROWING, THE ESTIMATED**
26 **DURATION OF THE MILLAGE LEVY, AND THE ESTIMATED COMPUTED MILLAGE**
27 **RATE FOR THAT LEVY. THE BALLOT SHALL ALSO INFORM THE ELECTORS THAT**

1 **THE ESTIMATED COMPUTED MILLAGE RATE MAY CHANGE BASED ON CHANGES IN**
2 **CERTAIN CIRCUMSTANCES.**

3 Sec. 9. (1) Except as otherwise provided in this act, a school
4 district may borrow from the state an amount not greater than the
5 difference between the proceeds of the school district's computed
6 millage and the amount necessary to pay principal and interest on
7 its qualified bonds, including any necessary allowances for
8 estimated tax delinquencies.

9 (2) For school districts having qualified loans outstanding as
10 of July 20, 2005, the state treasurer shall review information
11 relating to each school district regarding the taxable value of the
12 school district and the actual debt service of outstanding
13 qualified bonds as of July 20, 2005 and shall issue an order
14 establishing the payment date for all those outstanding qualified
15 loans and any additional qualified loans expected to be incurred by
16 those school districts related to qualified bonds issued before
17 July 20, 2005. The payment date shall be not later than 72 months
18 after the date on which the qualified bonds most recently issued by
19 the school district are due and payable. **THE PAYMENT DATE**
20 **ESTABLISHED PURSUANT TO THIS SUBSECTION FOR A SCHOOL DISTRICT IS A**
21 **FINAL MANDATORY REPAYMENT DATE.**

22 (3) For qualified loans related to qualified bonds issued
23 after July 20, 2005, the qualified loans shall be due **ON THE DATE**
24 **DETERMINED BY THE STATE TREASURER, BUT** not later than 72 months
25 after the date on which the qualified bonds for which the school
26 borrowed from this state are due and payable. **THE DUE DATE**
27 **DETERMINED PURSUANT TO THIS SUBSECTION FOR A SCHOOL DISTRICT IS A**

1 **FINAL MANDATORY REPAYMENT DATE.** This section does not preclude
2 early repayment of qualified bonds or qualified loans.

3 ~~(4) Except with regard to qualified loans described in~~
4 ~~subsection (2), each loan made or considered made to a school~~
5 ~~district under this act shall be for debt service on only a~~
6 ~~specific qualified bond issue.~~ The state treasurer shall maintain
7 separate accounts for each school district on the books and
8 accounts of this state noting the qualified bond, the related
9 qualified loans, the final payment date of the bonds, the final
10 ~~payment~~ **MANDATORY REPAYMENT** date of the qualified loans, and the
11 interest rate accrued on the loans.

12 (5) For qualified loans relating to qualified bonds issued
13 after July 20, 2005, a school district shall continue to levy the
14 computed ~~mills~~ **MILLAGE** until it has completely repaid all principal
15 and interest on its qualified loans.

16 (6) For qualified loans relating to qualified bonds issued
17 before July 20, 2005, a school district shall continue to comply
18 with the levy and repayment requirements imposed before July 20,
19 2005. Not less than 90 days after July 20, 2005, the state
20 treasurer and the school district shall enter into amended and
21 restated repayment agreements to incorporate the levy and repayment
22 requirements applicable to qualified loans issued before July 20,
23 2005.

24 (7) Upon the request of a school district made before June 1
25 of any year, the state treasurer annually may waive all or a
26 portion of the millage required to be levied by a school district
27 to pay principal and interest on its qualified bonds or qualified

1 loans under this section if the state treasurer finds all of the
2 following:

3 (a) The school board of the school district has applied to the
4 state treasurer for permission to levy less than the millage
5 required to be levied to pay the principal and interest on its
6 qualified bonds or qualified loans under subsection (1).

7 (b) The application specifies the number of mills the school
8 district requests permission to levy.

9 (c) The waiver will be financially beneficial to this state,
10 the school district, or both.

11 (d) The waiver will not reduce the millage levied by the
12 school district to pay principal and interest on qualified bonds or
13 qualified loans under this act to less than 7 mills.

14 (e) The board of the school district, by resolution, has
15 agreed to comply with all conditions that the state treasurer
16 considers necessary.

17 (8) ~~Except as otherwise provided in this act, ALL~~ qualified
18 loans shall bear interest at 1 of the following rates:

19 (a) The greater of 3% or the average annual cost of funds **USED**
20 **TO MAKE QUALIFIED LOANS PLUS 0.125%, BUT NOT LESS THAN THE COST OF**
21 **FUNDS ON OUTSTANDING QUALIFIED NOTES AND BONDS ISSUED BY THE**
22 **MICHIGAN FINANCE AUTHORITY TO FINANCE LOANS** computed by the state
23 treasurer not less often than annually. ~~on the basis of 1 of the~~
24 ~~following:~~

25 ~~—— (i) All notes or bonds issued by the Michigan municipal bond~~
26 ~~authority to fund qualified loans or refinance those notes or bonds~~
27 ~~plus 0.125%.~~

1 ~~—— (ii) If no bonds or notes issued by the Michigan municipal bond~~
2 ~~authority are outstanding, all bonds or notes issued by this state~~
3 ~~under sections 15 and 16 of article IX of the state constitution of~~
4 ~~1963 plus 0.125%.~~

5 (b) A lesser rate determined by the state treasurer to be
6 necessary to maintain the exemption from federal income tax of
7 interest on any ~~qualified loans.~~ **BONDS OR NOTES ISSUED TO FUND**
8 **QUALIFIED LOANS.**

9 (c) **A HIGHER RATE DETERMINED BY THE STATE TREASURER TO BE**
10 **NECESSARY TO PREVENT THE IMPAIRMENT OF ANY CONTRACT OF THIS STATE**
11 **OR THE MICHIGAN FINANCE AUTHORITY IN EXISTENCE ON THE EFFECTIVE**
12 **DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBDIVISION.**

13 (9) **A PAYMENT DATE DETERMINED UNDER SUBSECTION (2) OR A DUE**
14 **DATE DETERMINED UNDER SUBSECTION (3) IS A FINAL MANDATORY REPAYMENT**
15 **DATE. ONCE ESTABLISHED FOR A SCHOOL DISTRICT AS PROVIDED IN THIS**
16 **SECTION, A FINAL MANDATORY REPAYMENT DATE SHALL APPLY TO ALL**
17 **QUALIFIED LOANS OF THE SCHOOL DISTRICT, WHENEVER MADE, UNTIL 30**
18 **DAYS AFTER THE DATE THE SCHOOL DISTRICT HAS NO OUTSTANDING**
19 **QUALIFIED BONDS OR QUALIFIED LOANS AND NO OUTSTANDING DEBT INCURRED**
20 **TO REFUND QUALIFIED BONDS OR QUALIFIED LOANS. NOTWITHSTANDING THIS**
21 **SUBSECTION, THE STATE TREASURER MAY DETERMINE A LATER MANDATORY**
22 **REPAYMENT DATE FOR A SCHOOL DISTRICT THAT AGREES TO LEVY A HIGHER**
23 **MILLAGE, ACCEPTABLE TO THE STATE TREASURER, NOT TO EXCEED 13 MILLS,**
24 **THAN ITS EXISTING COMPUTED MILLAGE.**

25 Sec. 11. The state treasurer ~~shall~~ **MAY** promulgate rules to
26 implement this act pursuant to the administrative procedures act of
27 1969, 1969 PA 306, MCL 24.201 to 24.328, **AND MAY ISSUE BULLETINS AS**

1 **AUTHORIZED BY THIS ACT.**

2 Sec. 13. (1) If a school district owes a balance due to the
3 revolving loan fund or has been identified as a potential borrower,
4 the school district shall file an annual loan activity application
5 with the state treasurer no less than 60 days before certifying its
6 annual tax levy. The annual loan activity application shall be
7 submitted in a format prescribed by the state treasurer and shall
8 provide the taxable value, debt service, and any other information
9 necessary to determine the proper required millage levy required
10 under this act. The application shall contain a resolution passed
11 by the local school board authorizing a designated school district
12 official to complete all necessary documents to obtain a loan from
13 the revolving loan fund or for making repayment to the revolving
14 loan fund for the year.

15 (2) If a school district is eligible to borrow for debt
16 service on qualified bonds, the school district shall file a draw
17 request with the state treasurer not less than 30 days before each
18 date on which the school district owes the debt service. The draw
19 request shall include all of the following:

20 (a) A statement of the debt service owed in the next 6 months.

21 (b) A copy of the most recent bank statement showing the
22 amount on hand in the debt service accounts for all qualified
23 bonds.

24 (c) A statement of any revenue received for payment of the
25 debt service since the date of the bank statement.

26 (d) A statement of any withdrawals made from the debt service
27 account since the date of the bank statement.

1 (3) Not more than 7 days before the date established by the
 2 state treasurer for making qualified loans, the school district
 3 shall confirm in writing the final qualified loan amount to be
 4 drawn on a certificate in the form prescribed by the state
 5 treasurer.

6 (4) Upon receipt of a qualified loan confirmation described in
 7 subsection (3), the state treasurer shall determine the amount of
 8 the draw, which shall be the difference between the funds on hand
 9 in all debt service accounts and the amount of the debt service,
 10 and shall make a qualified loan in that amount to the school
 11 district no later than 6 days before the date the debt service is
 12 due.

13 (5) When a school district's computed millage is sufficient to
 14 pay principal and interest on its qualified bonds, a school
 15 district shall ~~file a loan activity statement with the state~~
 16 ~~treasurer no later than 30 days before the date set for payment of~~
 17 ~~the qualified bonds setting forth all of the following:~~ **NOTIFY THE**
 18 **STATE TREASURER IN WRITING OF NO NEED TO BORROW NO LATER THAN 30**
 19 **DAYS BEFORE THE DATE SET FOR PAYMENT OF THE QUALIFIED BONDS.**

20 ~~—— (a) A statement of the debt service owed in the next 6 months.~~

21 ~~—— (b) A copy of the most recent bank statement showing the~~
 22 ~~amount on hand in the debt service account for the qualified bonds.~~

23 ~~—— (c) A statement of any revenue received for payment of the~~
 24 ~~debt service since the date of the bank statement.~~

25 ~~—— (d) A statement of any withdrawals made from the debt service~~
 26 ~~account since the date of the bank statement.~~

27 (6) Within 30 days after receipt of the loan ~~loan~~ **ANNUAL** activity

1 ~~statement~~ **APPLICATION** under subsection ~~(5)~~ **(1)**, the state treasurer
2 shall send an invoice to the school district for the amount of
3 repayment the school district owes on its outstanding qualified
4 loans, which shall be the difference between the debt service
5 payable or paid to bondholders and the funds on hand at the school
6 district, less a reasonable amount of funds on hand, as determined
7 by the state treasurer, to cover minimum balance requirements or
8 potential tax disputes. The school district shall remit the amount
9 specified in the invoice within 30 days after the dated date of the
10 invoice.

11 Sec. 16. **(1) THE STATE TREASURER MAY CHARGE A PREQUALIFICATION**
12 **APPLICATION FEE, A QUALIFICATION APPLICATION FEE, AND AN ANNUAL**
13 **LOAN ACTIVITY FEE IN THE AMOUNTS DETERMINED BY THE STATE TREASURER**
14 **TO BE REQUIRED TO PAY THE ESTIMATED ADMINISTRATIVE EXPENSES**
15 **INCURRED UNDER THIS ACT FOR THE FISCAL YEAR IN WHICH THE STATE**
16 **TREASURER IMPOSES THE FEE.**

17 **(2)** The state treasurer shall deposit all fees collected under
18 this act into a separate fund established within the state
19 treasury, and shall use the proceeds of the fees solely for the
20 purpose of administering and enforcing this act. The unexpended and
21 unobligated balance of this fund at the end of each state fiscal
22 year shall be carried forward over to the succeeding state fiscal
23 year and shall not lapse to the general fund but shall be available
24 for reappropriation for the next state fiscal year.

25 Sec. 18. If a school district has completed the projects
26 approved by the school electors of the school district to be funded
27 from proceeds of qualified bonds, a school district may use any

1 remaining proceeds of the qualified bonds as follows:

2 ~~—— (a) To pay for enhancements to the projects approved by the~~
3 ~~school electors as described in the ballot proposing the qualified~~
4 ~~bonds.~~

5 (A) ~~(b)~~ To pay debt service on the qualified bonds.

6 (B) ~~(c)~~ To repay this state.

7 (C) IF IN THE OPINION OF THE SCHOOL DISTRICT'S BOND COUNSEL
8 USE OF THE REMAINING PROCEEDS FOR THE PURPOSES DESCRIBED IN
9 SUBDIVISIONS (A) AND (B) WOULD ADVERSELY AFFECT THE FEDERAL TAX
10 TREATMENT OF INTEREST ON THE QUALIFIED BONDS, TO PAY FOR
11 ENHANCEMENTS TO THE PROJECTS APPROVED BY THE SCHOOL ELECTORS AS
12 DESCRIBED IN THE BALLOT LANGUAGE PROPOSING THE QUALIFIED BONDS.

13 Enacting section 1. This amendatory act does not take effect
14 unless all of the following bills of the 96th Legislature are
15 enacted into law:

16 (a) Senate Bill No. 771.

17 (b) Senate Bill No. 772.