

**A SUMMARY OF HOUSE BILL 4824 AS INTRODUCED 5-24-01**

House Bill 4824 would amend the Revised School Code to allow school electors and school district officials to create sinking funds for any purpose for which money can be borrowed and bonds can be issued under section 1351a of the code.

Currently, to create a sinking fund, the board of a school district may levy a tax of 5 mills or less on the state equalized valuation of the district for period not to exceed 20 years, with the approval of school electors. Sinking funds can be used for the purchase of real estate for sites for school buildings, and for the construction or repair of school buildings.

In contrast, section 1351a of the code, which restricts the purposes for borrowing money and issuing bonds, specifies a list of purposes, as follows. A school district may borrow money and issue bonds of the district:

-to defray all or a part of the cost of purchasing, erecting, completing, remodeling, or equipping or re-equipping (except for equipping or re-equipping for technology) school buildings (including library buildings, structures, athletic fields, playgrounds, or other facilities, or parts of or additions to those facilities);

-furnishing or re-furnishing new or remodeled school buildings;

-acquiring, preparing, developing, or improving sites, or parts of or additions to sites, for school buildings (including library buildings, structures, athletic fields, playgrounds, or other facilities);

-purchasing school buses;

-acquiring, installing, or equipping or re-equipping school buildings for technology;

-refunding all or part of existing bonded indebtedness if the net present value of the principal and interest to be paid on the refunding bonds (excluding the cost of issuance), will be less than the net present value of the principal and interest to be paid on the bonds being refunded, as calculated using a method approved by the Department of Treasury; or,

-accomplishing a combination of these purposes.

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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.