SUBSTITUTE FOR

SENATE BILL NO. 771

A bill to amend 1961 PA 112, entitled

"An act to authorize and provide for the issuance, sale, and refunding of bonds, notes, or commercial paper of the state; to provide funds for making loans to school districts for payment of principal and interest on certain school bonds; to provide for use of moneys repaid to the state by school districts; and to make an appropriation,"

by amending sections 1, 2, and 4 (MCL 388.981, 388.982, and 388.984), section 1 as amended by 2000 PA 245 and sections 2 and 4 as amended by 2005 PA 94.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. (1) The people of this state by virtue of the provisions of section 16 of article IX of the state constitution of 1963 having authorized the state to borrow from time to time such amounts as shall be required, pledge its faith and credit, and issue its notes or bonds for the purpose of making loans to school districts as provided in that constitutional provision and legislation enacted to implement that constitutional provision, the state administrative board is authorized and directed to borrow on the full faith and credit of the state from time to time such sums of money as may be necessary for these purposes, including such sums as may be necessary to reimburse funds advanced or loaned by this state **OR THE MICHIGAN FINANCE AUTHORITY** to the school bond loan fund **OR THE SCHOOL LOAN REVOLVING FUND ESTABLISHED UNDER SECTION 16C OF THE SHARED CREDIT RATING ACT, 1985 PA 227, MCL 141.1066C,** to make loans to school districts or to refund bonds, notes, or commercial paper issued under this act or to pay the principal of and interest on any notes or renewals of notes issued pursuant to the provisions of section 5 to provide temporary financing of sums used for the purpose of making loans to school districts. The amount to be borrowed from time to time shall be not less than an amount certified in writing by the state treasurer as being in his or her opinion necessary to provide funds for the purposes of this act.

(2) The bonds, notes, or commercial paper issued under this act shall be designated school loan bonds, notes, or commercial paper, respectively, and may be issued in series from time to time as money is needed for purposes of this act, with different dates of issuance for each series. The state administrative board may from time to time determine, and by resolution prescribe, the date of issue of each series, the amount of bonds, notes, or commercial paper to be included in each series, the maturities of the bonds, notes, or commercial paper so included, the maximum rate or rates of interest on the bonds, notes, or commercial paper, the dates of

payment of interest, the place or places of payment of principal and interest, and provisions relative to registration of bonds, notes, or commercial paper, if any. The bonds, notes, or commercial paper, or any portion thereof, may be made subject to redemption before maturity upon such terms as may be prescribed before the issuance of the bonds, notes, or commercial paper by resolution of the state administrative board.

(3) The bonds, notes, or commercial paper issued under this act shall be executed for and on behalf of this state by the state treasurer or a deputy state treasurer, and a facsimile of the seal of the state treasurer shall be printed or impressed on or affixed to the bonds, notes, or commercial paper. Interest coupons, if any, evidencing accrued interest to the respective dates of maturity of the bonds, notes, or commercial paper shall bear the facsimile signature of the state treasurer.

(4) The bonds, notes, or commercial paper issued under this act shall be sold by the state administrative board at a price determined by or pursuant to a resolution of the state administrative board. The sales shall be public or private sales, as determined by the state administrative board.

(5) The state administrative board may authorize payment of the costs of issuance from the proceeds of the bonds, notes, or commercial paper issued under this act, including, but not limited to, fees for placement and fees and charges for insurance, letters of credit, purchase of sale agreements or commitments, or agreements to provide security to assure timely payment of the bonds, notes, or commercial paper.

(6) As used in this act, except for this subsection, "state treasurer" means the state treasurer or his or her designee. This designation shall be in a written instrument signed by the state treasurer and maintained in a permanent file. The signature of any designee shall have the same force and effect as the signature of the state treasurer for all purposes of all other provisions of this act.

(7) AS USED IN THIS ACT, "MICHIGAN FINANCE AUTHORITY" MEANS THE MICHIGAN FINANCE AUTHORITY CREATED UNDER MCL 12.194.

Sec. 2. The proceeds of sale of refunding bonds, notes, or commercial paper issued under this act shall be applied as determined by the state administrative board. **THE PROCEEDS OF SALE OF BONDS, NOTES, OR COMMERCIAL PAPER ISSUED UNDER THIS ACT FOR THE PURPOSE OF REIMBURSING THIS STATE OR THE MICHIGAN FINANCE AUTHORITY SHALL BE APPLIED AS DETERMINED BY THE STATE ADMINISTRATIVE BOARD.** The proceeds of sale of other bonds, notes, or commercial paper issued under this act shall be deposited in the school loan revolving fund ~~created in~~ **ESTABLISHED UNDER** section 16c of the shared credit rating act, 1985 PA 227, MCL 141.1066c, and shall be paid out in no other manner or for any other purpose than provided in section 16 of article IX of the state constitution of 1963 and laws enacted pursuant to that section.

Sec. 4. Any money repaid by school districts on loans made from the school loan revolving fund ~~created in~~ **ESTABLISHED UNDER** section 16c of the shared credit rating act, 1985 PA 227, MCL 141.1066c, **OTHER THAN LOANS OR REPAYMENTS THAT HAVE BEEN ASSIGNED TO THIS STATE BY THE MICHIGAN FINANCE AUTHORITY,** shall be deposited in the school loan revolving fund. Unless amounts on deposit in the school loan revolving fund are insufficient for the purpose of making loans to school districts, the state treasurer may satisfy the requirements of section 16 of article IX of the state constitution of 1963 and laws enacted pursuant to that section by causing loans to be made from the school loan revolving fund. The state treasurer may assign repayments on loans previously made from the school bond loan fund before ~~the effective date of the amendatory act amending this section~~ **JULY 20, 2005** to require the deposit of proceeds of sale to the school loan revolving fund. **THE STATE TREASURER MAY ACCEPT THE ASSIGNMENT TO THIS STATE OF LOANS OR REPAYMENTS ON LOANS MADE FROM OR PAYABLE TO THE SCHOOL LOAN REVOLVING FUND.**

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

(a) Senate Bill No. 770.

(b) Senate Bill No. 772.