

SENATE BILL No. 770

October 20, 2011, Introduced by Senators PAPPAGEORGE, WALKER, PAVLOV, KAHN, SCHUITMAKER, COLBECK, BOOHER, MARLEAU and PROOS and referred to the Committee on Appropriations.

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:

Sec. 3. As used in this act:

(a) "Computed millage" means the number of mills in any year,
not less than 7 mills and not more than 13 mills, determined on the
date of issuance of the order qualifying the bonds or on a later
date if requested by the school district and approved by the state
treasurer, that, if levied by the school district, will generate
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.~~ **FOR SCHOOL DISTRICTS THAT ISSUE QUALIFIED BONDS AFTER THE**
6 **EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED SUBDIVISION (B),**
7 **AND BASED ON CHANGES OF CIRCUMSTANCES, INCLUDING, BUT NOT LIMITED**
8 **TO, ADDITIONAL BOND QUALIFICATION, REFUNDINGS, CHANGES IN QUALIFIED**
9 **LOAN INTEREST RATES, AND CHANGES IN TAXABLE VALUES, THE SCHOOL**
10 **DISTRICT SHALL AT THE REQUEST OF THE STATE TREASURER AND, IN**
11 **ADDITION, NOT LESS THAN ANNUALLY, DETERMINE WHETHER A HIGHER**
12 **COMPUTED MILLAGE IS NECESSARY TO GENERATE SUFFICIENT ANNUAL LEVY**
13 **PROCEEDS TO PAY PRINCIPAL AND INTEREST ON ALL OF THE SCHOOL**
14 **DISTRICT'S QUALIFIED BONDS AND PRINCIPAL AND INTEREST ON ALL**
15 **QUALIFIED LOANS RELATED TO THOSE QUALIFIED BONDS NOT LATER THAN THE**
16 **FINAL MANDATORY REPAYMENT DATE. IF THE SCHOOL DISTRICT DETERMINES**
17 **THAT A HIGHER COMPUTED MILLAGE IS REQUIRED, THE SCHOOL DISTRICT**
18 **SHALL PROMPTLY NOTIFY THE STATE TREASURER IN WRITING AND THE HIGHER**
19 **MILLAGE SHALL BECOME THE COMPUTED MILLAGE AND THE SCHOOL DISTRICT**
20 **SHALL LEVY THE HIGHER COMPUTED MILLAGE RATE OR 13 MILLS, WHICHEVER**
21 **IS LESS.**

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

24 (C) "MICHIGAN FINANCE AUTHORITY" MEANS THE MICHIGAN FINANCE
25 AUTHORITY CREATED UNDER EXECUTIVE REORGANIZATION ORDER NO. 2010-2,
26 MCL 12.194.

27 (D) ~~(b)~~ "Qualified bond" means a bond that is qualified under

1 this act for state loans as provided in section 16 of article IX of
2 the state constitution of 1963. A qualified bond includes the
3 interest amount required for payment of a school district's net
4 interest obligation under an interest rate exchange or swap, hedge,
5 or other agreement entered into pursuant to the revised municipal
6 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, but does not
7 include a termination payment or similar payment related to the
8 termination or cancellation of an interest rate exchange or swap,
9 hedge, or other similar agreement. A qualified bond may include a
10 bond issued to refund loans owed to the state under this act.

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

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

17 (G) ~~(e)~~ "School district" means a general powers school
18 district organized under the revised school code, 1976 PA 451, MCL
19 380.1 to 380.1852, or a school district of the first class as
20 described in the revised school code, 1976 PA 451, MCL 380.1 to
21 380.1852, having the power to levy ad valorem property taxes.

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

24 ~~(g) "Superintendent of public instruction" means the~~
25 ~~superintendent of public instruction appointed under section 3 of~~
26 ~~article VIII of the state constitution of 1963.~~

27 (I) ~~(h)~~ "Taxable value" means the value determined under

1 section 27a of the general property tax act, 1893 PA 206, MCL ~~211.1~~
2 ~~to 211.157.211.27A.~~

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

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

17 (3) The state treasurer may qualify bonds for which the state
18 treasurer has received an application for prequalification on or
19 before May 25, 2005 without regard to the requirements of section
20 5(2)(f) if the electors of the school district approve the bonds at
21 an election held during 2005.

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

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

1 (a) The proposed ballot language to be submitted to the
2 electors.

3 (b) A description of the project or projects proposed to be
4 financed.

5 (c) A pro forma debt service projection showing the estimated
6 mills the school district will levy to provide revenue the school
7 district will use to pay the qualified bonds, **ANY OUTSTANDING**
8 **QUALIFIED BONDS, AND ANY OUTSTANDING OR PROJECTED QUALIFIED LOANS**
9 **OF THE SCHOOL DISTRICT.** For the purpose of the pro forma debt
10 service projection, the school district may assume for the first 5
11 years following the date of the application the average growth **OR**
12 **DECLINE** in taxable value for the 5 years preceding the date of the
13 application and the lesser of that average growth **OR DECLINE** rate
14 or 3% for the remaining term of the proposed bonds **UNLESS THE STATE**
15 **TREASURER HAS ISSUED A GUIDELINE BASED ON CURRENT ECONOMIC OR**
16 **FISCAL CONDITIONS CONTAINING DIFFERENT ASSUMPTIONS IN WHICH CASE**
17 **THE ASSUMPTIONS CONTAINED IN SUCH GUIDELINE SHALL BE USED.**

18 (d) Evidence that the rate of utilization of each project to
19 be financed will be at least 85% for new buildings and 60% for
20 renovated facilities. If the projected enrollment of the district
21 would not otherwise support utilization at the rates described in
22 this subsection, the school district may include an explanation of
23 the actions the school district intends to take to address the
24 underutilization, including, if applicable, actions to close school
25 buildings or other actions designed to assure continued assured use
26 of the facilities being financed.

27 (e) Evidence that the cost per square foot of the project or

1 projects will be reasonable in light of economic conditions
2 applicable to the geographic area in which the school district is
3 located.

4 (f) Evidence that the school district will repay all
5 outstanding **QUALIFIED BONDS, THE PROPOSED QUALIFIED BONDS, ALL**
6 **OUTSTANDING** qualified loans, ~~at the times described in section~~
7 ~~9-AND ALL QUALIFIED LOANS EXPECTED TO BE INCURRED WITH RESPECT TO~~
8 **ALL QUALIFIED BONDS OF THE SCHOOL DISTRICT, INCLUDING THE PROPOSED**
9 **QUALIFIED BOND ISSUE, NOT LATER THAN THE APPLICABLE FINAL MANDATORY**
10 **REPAYMENT DATE.**

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

13 (G) ~~(h)~~ The overall utilization rate of all school buildings
14 in the school district, excluding special education purposes.

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

16 (H) ~~(j)~~ The total bonded debt outstanding of the school
17 district and the total taxable value of property in the school
18 district for the school district fiscal year in which the
19 application is filed.

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

22 (J) ~~(l)~~ An architect's analysis of the overall condition of the
23 facilities to be renovated or replaced as a part of the project or
24 projects.

25 (K) ~~(m)~~ An amortization schedule demonstrating that the
26 weighted average maturity of the qualified bond issue does not
27 exceed 120% of the average reasonably expected useful life of the

1 facilities, excluding land and site improvements, being financed or
2 refinanced with the proceeds of the qualified bonds, determined as
3 of the later of the date on which the qualified bonds will be
4 issued or the date on which each facility is expected to be placed
5 in service.

6 (I) AN AGREEMENT THAT THE SCHOOL DISTRICT WILL KEEP BOOKS AND
7 RECORDS DETAILING THE INVESTMENT AND EXPENDITURE OF THE PROCEEDS OF
8 THE QUALIFIED BONDS AND, AT THE REQUEST OF THE STATE TREASURER, THE
9 SCHOOL DISTRICT WILL PROMPTLY, BUT NOT LATER THAN THE DATE
10 SPECIFIED IN THE REQUEST, WHICH DATE SHALL BE NOT LESS THAN 5
11 BUSINESS DAYS AFTER THE DATE OF THE REQUEST, SUBMIT INFORMATION
12 REQUESTED BY THE STATE TREASURER RELATED TO THE DETAILED
13 INFORMATION MAINTAINED BY THE SCHOOL DISTRICT AS TO THE INVESTMENT
14 AND EXPENDITURE OF THE PROCEEDS OF ITS QUALIFIED BONDS.

15 Sec. 6. The state treasurer ~~shall~~ MAY prequalify bonds of a
16 school district if the state treasurer determines all of the
17 following:

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

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

27 (C) THE SCHOOL DISTRICT HAS FILED AN APPLICATION COMPLYING

1 WITH THE REQUIREMENTS OF SECTION 5.

2 (D) IF THE PROPOSED BOND ISSUE WILL RESULT IN ADDITIONAL
3 QUALIFIED LOANS, THE OUTSTANDING BALANCE OF ALL QUALIFIED LOANS ON
4 THE MOST RECENT MAY 1 OR NOVEMBER 1 DID NOT EXCEED
5 \$1,500,000,000.00.

6 (E) THE ISSUANCE OF ADDITIONAL QUALIFIED BONDS WILL NOT HAVE
7 AN ADVERSE FINANCIAL IMPACT ON THE SCHOOL DISTRICT, THIS STATE, OR
8 THE SCHOOL LOAN REVOLVING FUND. IN MAKING THIS DETERMINATION, THE
9 STATE TREASURER SHALL CONSIDER RELEVANT FACTORS, INCLUDING, BUT NOT
10 LIMITED TO, WHETHER THE ISSUANCE OF THE PROPOSED BOND ISSUE WILL
11 CAUSE THE AGGREGATE OUTSTANDING AMOUNT OF QUALIFIED AND
12 NONQUALIFIED BONDS, INCLUDING THE PROPOSED BOND ISSUE, AND
13 CURRENTLY OUTSTANDING QUALIFIED LOANS OF THE SCHOOL DISTRICT TO
14 EXCEED 25% OF THE TAXABLE VALUE OF THE SCHOOL DISTRICT AT THE TIME
15 THE PROPOSED BONDS ARE ISSUED.

16 Sec. 7. (1) The state treasurer ~~shall~~**MAY** qualify bonds of a
17 school district if the state treasurer determines all of the
18 following:

19 (a) A majority of the school district electors have approved
20 the bonds.

21 (b) The terms of the bond issue comply with applicable
22 provisions of the revised school code, 1976 PA 451, MCL 380.1 to
23 380.1852.

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

26 (d) The weighted average maturity of the qualified bond issue
27 does not exceed 120% of the average reasonably expected useful life

1 of the facilities, excluding land and site improvements, being
2 financed or refinanced with the proceeds of the bonds, determined
3 as of the later of the date on which the qualified bonds will be
4 issued or the date on which each facility is expected to be placed
5 in service.

6 (e) The school district has filed any information necessary to
7 update the contents of the original application to reflect changes
8 in any of the information approved in the preliminary qualification
9 process.

10 ~~(f) The school district has paid a qualification fee of not~~
11 ~~less than \$3,000.00 or the amount determined by the state~~
12 ~~treasurer, which shall be approximately equal to the amount~~
13 ~~required to pay the estimated administrative expenses incurred~~
14 ~~under this act for the fiscal year in which the state treasurer~~
15 ~~imposes the fee.~~ **THE SCHOOL DISTRICT HAS AGREED THAT THE SCHOOL**
16 **DISTRICT WILL KEEP BOOKS AND RECORDS DETAILING THE INVESTMENT AND**
17 **EXPENDITURE OF THE PROCEEDS OF THE QUALIFIED BONDS AND, AT THE**
18 **REQUEST OF THE STATE TREASURER, THE SCHOOL DISTRICT WILL PROMPTLY,**
19 **BUT NOT LATER THAN THE DATE SPECIFIED IN THE REQUEST, WHICH DATE**
20 **SHALL BE NOT LESS THAN 5 BUSINESS DAYS AFTER THE DATE OF THE**
21 **REQUEST, SUBMIT INFORMATION REQUESTED BY THE STATE TREASURER**
22 **RELATED TO THE DETAILED INFORMATION MAINTAINED BY THE SCHOOL**
23 **DISTRICT AS TO THE INVESTMENT AND EXPENDITURE OF THE PROCEEDS OF**
24 **ITS QUALIFIED BONDS.**

25 (2) An order qualifying bonds shall specify the principal and
26 interest payment dates for all the bonds, the maximum principal
27 amount of and maximum interest rate on the bonds, the computed

1 millage, if any, the final **MANDATORY** repayment date, ~~for any loans~~
2 ~~made with respect to those bonds,~~ and other matters as the state
3 treasurer shall determine or as are required by this act.

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

9 (4) If a school district does not issue its qualified bonds
10 within 180 days after the date of the order qualifying bonds, **THE**
11 **ORDER SHALL NO LONGER BE EFFECTIVE. HOWEVER,** the school district
12 may reapply for qualification by filing an application and
13 information necessary to update the contents of the original
14 application for prequalification or qualification.

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

18 (A) **THE** refunding bonds comply with the provisions of the
19 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
20 141.2821.

21 (B) **THAT THE SCHOOL DISTRICT WILL REPAY ALL OUTSTANDING**
22 **QUALIFIED BONDS, THE PROPOSED QUALIFIED BONDS, ALL OUTSTANDING**
23 **QUALIFIED LOANS, AND ALL QUALIFIED LOANS EXPECTED TO BE INCURRED**
24 **WITH RESPECT TO ALL QUALIFIED BONDS OF THE SCHOOL DISTRICT,**
25 **INCLUDING THE PROPOSED QUALIFIED BOND ISSUE, NOT LATER THAN THE**
26 **APPLICABLE FINAL MANDATORY REPAYMENT DATE.**

27 (C) **THAT THE REFUNDING WILL BE FINANCIALLY BENEFICIAL TO THIS**

1 **STATE.**

2 Sec. 8. A ballot submitted to the school electors of a school
3 district after November 8, 2005 requesting authorization to issue
4 unlimited tax general obligations that will be guaranteed by this
5 state in accordance with section 16 of article IX of the state
6 constitution of 1963 shall inform the electors that if the school
7 district ~~borrow~~**EXPECTS TO BORROW** from this state to pay debt
8 service on the bonds, ~~the school district may be required to~~
9 ~~continue to levy mills beyond the term of the bonds to repay this~~
10 ~~state.~~**THE ESTIMATED TOTAL AMOUNT OF THE PRINCIPAL OF THAT BORROWING**
11 **AND THE INTEREST TO BE PAID ON THAT BORROWING, THE ESTIMATED**
12 **DURATION OF THE MILLAGE LEVY, AND THE ESTIMATED COMPUTED MILLAGE**
13 **RATE FOR THAT LEVY. THE BALLOT SHALL ALSO INFORM THE ELECTORS THAT**
14 **THE ESTIMATED COMPUTED MILLAGE RATE MAY CHANGE BASED ON CHANGES IN**
15 **CERTAIN CIRCUMSTANCES.**

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

22 (2) For school districts having qualified loans outstanding as
23 of July 20, 2005, the state treasurer shall review information
24 relating to each school district regarding the taxable value of the
25 school district and the actual debt service of outstanding
26 qualified bonds as of July 20, 2005 and shall issue an order
27 establishing the payment date for all those outstanding qualified

1 loans and any additional qualified loans expected to be incurred by
 2 those school districts related to qualified bonds issued before
 3 July 20, 2005. The payment date shall be not later than 72 months
 4 after the date on which the qualified bonds most recently issued by
 5 the school district are due and payable. **THE PAYMENT DATE**
 6 **ESTABLISHED PURSUANT TO THIS SUBSECTION FOR A SCHOOL DISTRICT IS A**
 7 **FINAL MANDATORY REPAYMENT DATE.**

8 (3) For qualified loans related to qualified bonds issued
 9 after July 20, 2005, the qualified loans shall be due **ON THE DATE**
 10 **DETERMINED BY THE STATE TREASURER, BUT** not later than 72 months
 11 after the date on which the qualified bonds for which the school
 12 borrowed from this state are due and payable. **THE DUE DATE**
 13 **DETERMINED PURSUANT TO THIS SUBSECTION FOR A SCHOOL DISTRICT IS A**
 14 **FINAL MANDATORY REPAYMENT DATE.** This section does not preclude
 15 early repayment of qualified bonds or qualified loans.

16 ~~(4) Except with regard to qualified loans described in~~
 17 ~~subsection (2), each loan made or considered made to a school~~
 18 ~~district under this act shall be for debt service on only a~~
 19 ~~specific qualified bond issue.~~ The state treasurer shall maintain
 20 separate accounts for each school district on the books and
 21 accounts of this state noting the qualified bond, the related
 22 qualified loans, the final payment date of the bonds, the final
 23 ~~payment~~ **MANDATORY REPAYMENT** date of the qualified loans, and the
 24 interest rate accrued on the loans.

25 (5) For qualified loans relating to qualified bonds issued
 26 after July 20, 2005, a school district shall continue to levy the
 27 computed ~~mills~~ **MILLAGE** until it has completely repaid all principal

1 and interest on its qualified loans.

2 (6) For qualified loans relating to qualified bonds issued
3 before July 20, 2005, a school district shall continue to comply
4 with the levy and repayment requirements imposed before July 20,
5 2005. Not less than 90 days after July 20, 2005, the state
6 treasurer and the school district shall enter into amended and
7 restated repayment agreements to incorporate the levy and repayment
8 requirements applicable to qualified loans issued before July 20,
9 2005.

10 (7) Upon the request of a school district made before June 1
11 of any year, the state treasurer annually may waive all or a
12 portion of the millage required to be levied by a school district
13 to pay principal and interest on its qualified bonds or qualified
14 loans under this section if the state treasurer finds all of the
15 following:

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

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

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

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

27 (e) The board of the school district, by resolution, has

1 agreed to comply with all conditions that the state treasurer
2 considers necessary.

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

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

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

14 ~~—— (ii) If no bonds or notes issued by the Michigan municipal bond~~
15 ~~authority are outstanding, all bonds or notes issued by this state~~
16 ~~under sections 15 and 16 of article IX of the state constitution of~~
17 ~~1963 plus 0.125%.~~

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

22 (C) **A HIGHER RATE DETERMINED BY THE STATE TREASURER TO BE**
23 **NECESSARY TO PREVENT THE IMPAIRMENT OF ANY CONTRACT OF THIS STATE**
24 **OR THE MICHIGAN FINANCE AUTHORITY IN EXISTENCE ON THE EFFECTIVE**
25 **DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBDIVISION.**

26 (9) **A PAYMENT DATE DETERMINED UNDER SUBSECTION (2) OR A DUE**
27 **DATE DETERMINED UNDER SUBSECTION (3) IS A FINAL MANDATORY REPAYMENT**

1 DATE. ONCE ESTABLISHED FOR A SCHOOL DISTRICT AS PROVIDED IN THIS
2 SECTION, A FINAL MANDATORY REPAYMENT DATE SHALL APPLY TO ALL
3 QUALIFIED LOANS OF THE SCHOOL DISTRICT, WHENEVER MADE, UNTIL 30
4 DAYS AFTER THE DATE THE SCHOOL DISTRICT HAS NO OUTSTANDING
5 QUALIFIED BONDS OR QUALIFIED LOANS AND NO OUTSTANDING DEBT INCURRED
6 TO REFUND QUALIFIED BONDS OR QUALIFIED LOANS. NOTWITHSTANDING THIS
7 SUBSECTION, THE STATE TREASURER MAY DETERMINE A LATER MANDATORY
8 REPAYMENT DATE FOR A SCHOOL DISTRICT THAT AGREES TO LEVY A HIGHER
9 MILLAGE, ACCEPTABLE TO THE STATE TREASURER, NOT TO EXCEED 13 MILLS,
10 THAN ITS EXISTING COMPUTED MILLAGE.

11 Sec. 11. The state treasurer ~~shall~~**MAY** promulgate rules to
12 implement this act pursuant to the administrative procedures act of
13 1969, 1969 PA 306, MCL 24.201 to 24.328, **AND MAY ISSUE BULLETINS AS**
14 **AUTHORIZED BY THIS ACT.**

15 Sec. 13. (1) If a school district owes a balance due to the
16 revolving loan fund or has been identified as a potential borrower,
17 the school district shall file an annual loan activity application
18 with the state treasurer no less than 60 days before certifying its
19 annual tax levy. The annual loan activity application shall be
20 submitted in a format prescribed by the state treasurer and shall
21 provide the taxable value, debt service, and any other information
22 necessary to determine the proper required millage levy required
23 under this act. The application shall contain a resolution passed
24 by the local school board authorizing a designated school district
25 official to complete all necessary documents to obtain a loan from
26 the revolving loan fund or for making repayment to the revolving
27 loan fund for the year.

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

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

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

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

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

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

19 (4) Upon receipt of a qualified loan confirmation described in
20 subsection (3), the state treasurer shall determine the amount of
21 the draw, which shall be the difference between the funds on hand
22 in all debt service accounts and the amount of the debt service,
23 and shall make a qualified loan in that amount to the school
24 district no later than 6 days before the date the debt service is
25 due.

26 (5) When a school district's computed millage is sufficient to
27 pay principal and interest on its qualified bonds, a school

district shall ~~file a loan activity statement with the state~~
~~treasurer no later than 30 days before the date set for payment of~~
~~the qualified bonds setting forth all of the following:~~ **NOTIFY THE**
STATE TREASURER IN WRITING OF NO NEED TO BORROW NO LATER THAN 30
DAYS BEFORE THE DATE SET FOR PAYMENT OF THE QUALIFIED BONDS.

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

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

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

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

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

Sec. 16. **(1) THE STATE TREASURER MAY CHARGE A PREQUALIFICATION**
APPLICATION FEE, A QUALIFICATION APPLICATION FEE, AND AN ANNUAL
LOAN ACTIVITY FEE IN THE AMOUNTS DETERMINED BY THE STATE TREASURER
TO BE REQUIRED TO PAY THE ESTIMATED ADMINISTRATIVE EXPENSES

1 INCURRED UNDER THIS ACT FOR THE FISCAL YEAR IN WHICH THE STATE
2 TREASURER IMPOSES THE FEE.

3 (2) The state treasurer shall deposit all fees collected under
4 this act into a separate fund established within the state
5 treasury, and shall use the proceeds of the fees solely for the
6 purpose of administering and enforcing this act. The unexpended and
7 unobligated balance of this fund at the end of each state fiscal
8 year shall be carried forward over to the succeeding state fiscal
9 year and shall not lapse to the general fund but shall be available
10 for reappropriation for the next state fiscal year.

11 Sec. 18. If a school district has completed the projects
12 approved by the school electors of the school district to be funded
13 from proceeds of qualified bonds, a school district may use any
14 remaining proceeds of the qualified bonds as follows:

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

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

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

20 (C) IF IN THE OPINION OF THE SCHOOL DISTRICT'S BOND COUNSEL
21 USE OF THE REMAINING PROCEEDS FOR THE PURPOSES DESCRIBED IN
22 SUBDIVISIONS (A) AND (B) WOULD ADVERSELY AFFECT THE FEDERAL TAX
23 TREATMENT OF INTEREST ON THE QUALIFIED BONDS, TO PAY FOR
24 ENHANCEMENTS TO THE PROJECTS APPROVED BY THE SCHOOL ELECTORS AS
25 DESCRIBED IN THE BALLOT LANGUAGE PROPOSING THE QUALIFIED BONDS.

26 Enacting section 1. This amendatory act does not take effect
27 unless all of the following bills of the 96th Legislature are

1 enacted into law:

2 (a) Senate Bill No. 771.

3

4 (b) Senate Bill No. 772.

5