

HOUSE BILL No. 4496

April 21, 2015, Introduced by Reps. Victory, Jacobsen, Hughes, Howrylak, Hooker, Pagel, McCready, Inman and Forlini and referred to the Committee on Financial Liability Reform.

A bill to amend 2005 PA 92, entitled
"School bond qualification, approval, and loan act,"
by amending section 3 (MCL 388.1923), as amended by 2012 PA 437.

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 school district's qualified bonds plus principal and interest on all qualified loans related to those qualified bonds no later than the final mandatory repayment date. Based on changes of circumstances, including, but not limited to, additional bond

1 qualification, refundings, changes in qualified loan interest
2 rates, changes in taxable values, and assumptions contained in any
3 then currently effective guidelines issued by the state treasurer
4 pursuant to section 5(2)(c), the school district shall not less
5 than annually, beginning on October 1, 2013, using methods
6 prescribed in this act, recalculate the computed millage necessary
7 to generate sufficient annual levy proceeds to pay principal and
8 interest on all of the school district's qualified bonds and
9 principal and interest on all qualified loans related to those
10 qualified bonds not later than the final mandatory repayment date.
11 If the school district determines that the recalculated computed
12 millage is lower than its current millage levy rate, the school
13 district shall promptly notify the state treasurer in writing of
14 the recalculated computed millage. Immediately thereafter, the
15 school district shall decrease its millage levy rate to the
16 recalculated computed millage, but not below the computed millage
17 established pursuant to the most recent order qualifying bonds,
18 **OTHER THAN AN ORDER QUALIFYING REFUNDING BONDS**, for that school
19 district, or to the minimum levy prescribed by law for receipt of
20 qualified loans, whichever rate is higher. If the school district
21 determines that the recalculated computed millage is higher than
22 its current millage levy rate, the school district shall promptly
23 notify the state treasurer in writing of the recalculated computed
24 millage. Immediately thereafter, the school district shall increase
25 its millage levy rate to the recalculated computed millage, subject
26 to 1 of the following exceptions, and subject to any maximum
27 millage levy rate otherwise prescribed for by law:

1 (i) For each school district's first recalculated computed
2 millage required as of October 1, 2013, increase its millage levy
3 by a percentage amount equal to the equivalent percentage of
4 taxable value change for that school district over the immediately
5 preceding 5 years, but not higher than the recalculated computed
6 millage.

7 (ii) For each school district's subsequent recalculated
8 computed millage beginning October 1, 2014 and each year
9 thereafter, increase its millage levy by a percentage amount equal
10 to the percentage of taxable value decline for the immediately
11 preceding year ending September 30, but not to a rate higher than
12 the recalculated computed millage.

13 (iii) If it is determined that a district's current computed
14 millage is sufficient to pay all qualified loans by the mandatory
15 final loan repayment date, no recalculation of the computed millage
16 is required.

17 (b) "Final mandatory repayment date" means the final mandatory
18 repayment date determined by the state treasurer under section 9.

19 (c) "Michigan finance authority" means the Michigan finance
20 authority created under Executive Reorganization Order No. 2010-2,
21 MCL 12.194.

22 (d) "Qualified bond" means a bond that is qualified under this
23 act for state loans as provided in section 16 of article IX of the
24 state constitution of 1963. A qualified bond includes the interest
25 amount required for payment of a school district's net interest
26 obligation under an interest rate exchange or swap, hedge, or other
27 agreement entered into pursuant to the revised municipal finance

1 act, 2001 PA 34, MCL 141.2101 to 141.2821, but does not include a
2 termination payment or similar payment related to the termination
3 or cancellation of an interest rate exchange or swap, hedge, or
4 other similar agreement. A qualified bond may include a bond issued
5 to refund loans owed to the state under this act.

6 (e) "Qualified loan" means a loan made under this act or
7 former 1961 PA 108 from this state to a school district to pay debt
8 service on a qualified bond.

9 (f) "Revolving loan fund" means the school loan revolving fund
10 created under section 16c of the shared credit rating act, 1985 PA
11 227, MCL 141.1066c.

12 (g) "School district" means a general powers school district
13 organized under the revised school code, 1976 PA 451, MCL 380.1 to
14 380.1852, or a school district of the first class as described in
15 the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, having
16 the power to levy ad valorem property taxes.

17 (h) "State treasurer" means the state treasurer or his or her
18 duly authorized designee.

19 (i) "Taxable value" means the value determined under section
20 27a of the general property tax act, 1893 PA 206, MCL 211.27a.