



SENATE BILL No. 1074

(as amended December 18, 2014)

September 16, 2014, Introduced by Senator JANSEN and referred to the Committee on Education.

[A bill to amend 1966 PA 331, entitled
"Community college act of 1966,"
by amending sections 161, 162, 164, and 166 (MCL 389.161, 389.162,
389.164, and 389.166), as added by 2008 PA 359.]

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 161. As used in this chapter:

2 (a) "Agreement" means a written agreement between an employer
3 and a community college district concerning a project and any
4 amendments to that agreement.

5 (b) "Bond" or "bonds" means bonds, notes, or other debt issued
6 by a community college district under this chapter.

7 (c) "Employer" means a person that is engaged in business and

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1 has employees in this state.

2 (d) "New job" means a full-time job in this state that meets
3 all of the following:

4 (i) Except as provided in subparagraph (ii) or (iii), is a new,
5 existing, or expanding business of an employer.

6 (ii) Is not a job of a recalled worker, a replacement job, or
7 any other job that existed in the employer's business within the 1-
8 year period preceding the date of an agreement.

9 (iii) Is not a job that is part of an employer's business
10 operation located in a municipality in this state, if that job
11 existed in a business operation or a substantially similar business
12 operation of the employer formerly located in another municipality
13 in this state, the employer moved that business operation or
14 substantially similar business operation to its current location,
15 and the employer closed or substantially reduced that former
16 business operation or substantially similar business operation.

17 (iv) Results in a net increase in employment in this state for
18 that employer.

19 (v) The wage paid for the job is equal to or exceeds 175% of
20 the state minimum wage<<.

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23 (e) "New jobs credit from withholding" means the credit
24 established in section 163.

25 (f) "New jobs training program" or "program" means the project
26 or projects established by a community college district for the
27 creation of jobs by providing education and training or retraining

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of workers for new jobs.

(g) "Program costs" mean all necessary and incidental costs of providing program services.

(h) "Program services" include, but are not limited to, any of the following:

(i) Training or retraining for new jobs.

(ii) Adult basic education and job-related instruction.

(iii) Developmental, readiness, and remedial education.

(iv) Vocational and skill-assessment services and testing.

(v) Training facilities, equipment, materials, and supplies.

(vi) Administrative expenses for the new jobs training program.

(vii) Subcontracted services with public universities and colleges in this state, private colleges or universities, or any federal, state, or local departments or agencies.

(viii) Contracted or professional services.

(i) "Project" means a training arrangement that is the subject of an agreement entered into between the community college district and an employer to provide program services.

(j) "State minimum wage" means the minimum hourly wage rate <<IN EFFECT AS OF THE DATE THE EMPLOYER AND THE COMMUNITY COLLEGE DISTRICT ENTER INTO THE AGREEMENT TO ESTABLISH THE PROJECT UNDER FORMER 1964 PA 154 OR>>

~~under the minimum wage law of 1964, 1964 PA 154, MCL 408.381 to~~

~~408.398.~~ WORKFORCE OPPORTUNITY WAGE ACT, 2014 PA 138, MCL 408.411 TO

408.424<<, AS APPLICABLE>>.

Sec. 162. (1) ~~Subject to subsection (4), a~~ A community college district may enter into an agreement to establish a project with an employer engaged in business activities anywhere in the state. An agreement shall meet section 163 and all of the following:

(a) Shall provide for program costs that may be paid from a

1 new jobs credit from withholding, to be received or derived from
2 new employment resulting from the project, or from tuition, student
3 fees, or special charges fixed by the board of trustees to defray
4 program costs in whole or in part.

5 (b) Shall contain an estimate of the number of new jobs to be
6 created by the employer.

7 (c) Shall include a provision that fixes, on a quarterly
8 basis, the minimum amount of new jobs credit from withholding to be
9 paid for program costs.

10 (d) Shall provide that if the amount received from the new
11 jobs credit from withholding is insufficient to pay program costs,
12 the employer agrees to provide money, at least quarterly, to make
13 up the shortfall, so that the community college district receives
14 for each quarter the minimum amount of new jobs credit from
15 withholding that is provided in the agreement.

16 (e) Shall include the employer's agreement to mortgage,
17 assign, pledge, or place a lien on any real or personal property as
18 required by the community college district as security for its
19 obligations under the agreement.

20 (f) Shall provide for payment of an administrative fee to the
21 community college district in an amount equal to 15% of the
22 aggregate amount to be paid under the agreement.

23 (g) May contain other provisions the community college
24 district considers appropriate or necessary.

25 (2) Any payments required to be made by an employer under an
26 agreement are a lien on the employer's business property, real and
27 personal, until paid, have equal precedence with property taxes,

1 and shall not be divested by a judicial sale. Property subject to
2 the lien established in this subsection may be sold for sums due
3 and delinquent at a tax sale, with the same forfeitures, penalties,
4 and consequences as for the nonpayment of property taxes. The
5 purchaser at tax sale obtains the property subject to the remaining
6 payments required under the agreement.

7 (3) A community college district shall file a copy of an
8 agreement with the department of treasury promptly after its
9 execution.

10 ~~—— (4) A community college district shall not enter into any new~~
11 ~~agreements after December 31, 2018.~~

12 Sec. 164. (1) ~~Subject to subsection (16), by~~ BY resolution of
13 its board of trustees, a community college district may authorize,
14 issue, and sell its new jobs training revenue bonds in anticipation
15 of payments to be received pursuant to an agreement, subject to the
16 requirements of this chapter, to finance costs of new jobs training
17 programs and to pay costs of issuing those bonds. The bonds shall
18 be payable in the manner and on the terms and conditions
19 determined, or within the parameters specified, by the board in the
20 resolution authorizing issuance of the bonds. The resolution
21 authorizing the bonds shall create a lien on the receipts from new
22 jobs credit from withholding to be received by the community
23 college district pursuant to an agreement or agreements that shall
24 be a statutory lien and shall be a first lien subject only to liens
25 previously created. As additional security, in the resolution
26 authorizing the bonds, the board of trustees may also pledge the
27 limited tax full faith and credit of the district and may authorize

1 and enter into an insurance contract, agreement for lines of
2 credit, letter of credit, commitment to purchase obligations,
3 remarketing agreement, reimbursement agreement, tender agreement,
4 or any other transaction necessary to provide security to assure
5 timely payment of any bonds.

6 (2) Bonds described in subsection (1) shall be authorized by
7 resolution of the board of trustees, and shall bear the date or
8 dates, and shall mature at the time or times, not exceeding 20
9 years from the date of issue, provided in the resolution. The bonds
10 shall bear interest at the rate or rates, fixed or variable or a
11 combination of fixed and variable, be in the denominations, be in
12 the form, either coupon or registered, carry the registration
13 privileges, be executed in the manner, be payable in the medium of
14 payment and at the place or places, and be subject to the terms of
15 redemption provided in the resolution or resolutions. The bonds of
16 the community college district may be sold at a competitive or
17 negotiated sale at par, premium, or discount as determined in the
18 authorizing resolution.

19 (3) A community college district may issue bonds described in
20 subsection (1) with respect to a single project or multiple
21 projects as determined by the board of trustees in the resolution
22 authorizing the issuance of the bonds. The board of trustees may
23 determine to sell the bonds in conjunction with the sale of bonds
24 by another community college district.

25 (4) Any resolution authorizing any bonds under this section,
26 or any issue of bonds of those bonds, may contain provisions
27 concerning any of the following, and those provisions are part of

1 the contract with the holders of the bonds:

2 (a) Pledging all or any part of any fees or available funds of
3 the community college district, or other money received or to be
4 received, to secure the payment of the bonds or of any issue of
5 bonds, and subject to any agreements with bondholders as may then
6 exist.

7 (b) Pledging all or any part of the assets of the community
8 college district, including mortgages and obligations securing the
9 assets, to secure the payment of the bonds or of any issue of
10 bonds, subject to any agreements with bondholders as may then
11 exist.

12 (c) The setting aside of reserves or sinking funds and the
13 regulation and disposition of reserves or sinking funds.

14 (d) Limitations on the purpose to which the proceeds of sale
15 of bonds may be applied and pledging the proceeds to secure the
16 payment of the bonds or of any issue of bonds.

17 (e) Limitations on the issuance of additional bonds; the terms
18 on which additional bonds may be issued and secured; and the
19 refunding of outstanding or other bonds.

20 (f) The procedure, if any, by which the terms of any contract
21 with bondholders may be amended or abrogated, the amount of bonds
22 the holders of which must consent to the amendment or abrogation,
23 and the manner in which bondholders may give that consent.

24 (g) Vesting in a trustee or trustees the property, rights,
25 powers, and duties in trust determined by the board of trustees of
26 the community college district.

27 (h) Any other matters that in any way affect the security or

1 protection of the bonds.

2 (i) Delegating to an officer or other employee of the
3 community college district, or an agent designated by the community
4 college district, the power to cause the issue, sale, and delivery
5 of the bonds within limits on those bonds established by the
6 community college district concerning any of the following:

7 (i) The form of the bonds.

8 (ii) The maximum interest rate or rates of the bonds.

9 (iii) The maturity date or dates of the bonds.

10 (iv) The purchase price of the bonds.

11 (v) The denominations of the bonds.

12 (vi) The redemption premiums of the bonds.

13 (vii) The nature of the security for the bonds.

14 (viii) Any other terms and conditions concerning issuance of the
15 bonds prescribed by the board of trustees of the community college
16 district.

17 (5) All of the following apply to any pledge of money or other
18 assets made by a community college district to secure any bonds or
19 issue of bonds under this section:

20 (a) The pledge is valid and binding from the time when the
21 pledge is made.

22 (b) The money or other assets pledged are immediately subject
23 to the lien of the pledge when received, without any physical
24 delivery of the money or assets or any further act.

25 (c) The lien of the pledge is valid and binding as against all
26 parties having claims of any kind, in tort, contract, or otherwise,
27 against the community college district, whether or not those

1 parties have notice of the lien.

2 (d) The community college district is not required to record
3 the resolution or any other instrument creating the pledge.

4 (6) The board of trustees of a community college district and
5 any person executing bonds subject to this section are not
6 personally liable on the bonds or subject to any personal liability
7 or accountability by reason of the issuance of the bonds.

8 (7) A community college district issuing bonds under this
9 section may purchase bonds of the community college district out of
10 any funds available for that purpose, subject to any agreements
11 with bondholders in effect at that time. Unless the board of the
12 community college district determines by resolution that the
13 payment of a higher price is in the best interests of the community
14 college district, the community college shall not purchase those
15 bonds at a price that exceeds 1 of the following, as applicable:

16 (a) If the bonds are redeemable at the time of purchase, the
17 redemption price applicable at that time plus accrued interest to
18 the next interest payment date on the bonds.

19 (b) If the bonds are not redeemable at the time of purchase,
20 the redemption price applicable on the first date after the
21 purchase on which the bonds are redeemable, plus accrued interest
22 to that date.

23 (8) Bonds issued under this section are not subject to the
24 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
25 141.2821, except that bonds issued under this section are subject
26 to the maximum rate permitted under section 305 of the revised
27 municipal finance act, 2001 PA 34, MCL 141.2305.

1 (9) The issuance of bonds under this section is subject to the
2 agency financing reporting act, 2002 PA 470, MCL 129.171 to
3 129.177.

4 (10) Bonds issued under this section shall not be considered
5 to be within any limitation of outstanding debt limit applicable to
6 the community college district, including any limitation contained
7 in section 122, but shall be considered as authorized in addition
8 to any limitation of outstanding debt limit applicable to the
9 community college district.

10 (11) By resolution of its board of trustees, a community
11 college district may refund all or any part of its outstanding
12 bonds issued under this section by issuing refunding bonds. A
13 community college district may issue refunding bonds whether the
14 outstanding bonds to be refunded have or have not matured, are or
15 are not redeemable on the date of issuance of the refunding bonds,
16 or are or are not subject to redemption before maturity.

17 (12) A community college district may issue refunding bonds
18 under subsection (11) in a principal amount greater than the
19 principal amount of the outstanding bonds to be refunded if
20 necessary to effect the refunding under the refunding plan.

21 (13) A community college district may use the proceeds of
22 refunding bonds issued under subsection (11) to pay interest
23 accrued, or to accrue, to the earliest or any subsequent date of
24 redemption, purchase, or maturity of the outstanding bonds to be
25 refunded, redemption premium, if any, and any commission, service
26 fee, and other expense necessary to be paid in connection with the
27 outstanding bonds to be refunded. A community college district may

1 also use the proceeds of refunding bonds to pay part of the cost of
2 issuance of the refunding bonds, interest on the refunding bonds, a
3 reserve for the payment of principal, interest, and redemption
4 premiums on the refunding bonds, and other necessary incidental
5 expenses, including, but not limited to, placement fees and fees or
6 charges for insurance, letters of credit, lines of credit, or
7 commitments to purchase the outstanding bonds to be refunded.

8 (14) A community college district may apply the proceeds of
9 refunding bonds issued under subsection (11) and other available
10 money to payment of the principal, interest, or redemption
11 premiums, if any, on the refunded outstanding bonds at maturity or
12 on any prior redemption date or may deposit the proceeds or other
13 money in trust to use to purchase and deposit in trust direct
14 obligations of the United States, direct noncallable and
15 nonprepayable obligations that are unconditionally guaranteed by
16 the United States government as to full and timely payment of
17 principal and interest, noncallable and nonprepayable coupons from
18 those obligations that are stripped pursuant to United States
19 treasury programs, and resolution funding corporation bonds and
20 strips, the principal and interest on which when due, together with
21 other available money, will provide funds sufficient to pay
22 principal, interest, and redemption premiums, if any, on the
23 refunded outstanding bonds as the refunded outstanding bonds become
24 due, whether by maturity or on a prior redemption date, as provided
25 in the authorizing resolution.

26 (15) A community college district is authorized to pay all or
27 part of the costs of new jobs training programs out of funds of the

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1 community college district, including self-funding methods. The use
2 of funds of the community college district and self-funding methods
3 to pay the costs of new jobs training programs shall be considered
4 an authorized expenditure of public funds and shall not be
5 construed as an investment.

6 ~~—— (16) A community college district shall not authorize, issue,~~
7 ~~or sell any new jobs training revenue bonds after December 31,~~
8 ~~2018.~~

9 [Sec. 166. The aggregate outstanding obligation of all agreements
10 entered into under this chapter shall not exceed
~~\$50,000,000.00~~\$75,000,000.00 in any calendar year.]