

REPRINT

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5833**

(As Passed the Senate June 9, 2000)

A bill to amend 1961 PA 108, entitled

"An act to provide for loans by the state of Michigan to school districts for the payment of principal and interest upon school bonds; to prescribe the terms and conditions of the loans and the conditions upon which levies for bond principal and interest shall be included in computing the amount to be so loaned by the state; to prescribe the powers and duties of the superintendent of public instruction and the state treasurer in relation to such loans; to provide for the repayment of such loans; to provide incentives for repayment of such loans; to provide for other matters in respect to such loans; and to make an appropriation,"

by amending the title and sections 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9, 9b, 10, 10a, 11, and 12 (MCL 388.951, 388.952, 388.953, 388.954, 388.954a, 388.955, 388.956, 388.957, 388.958, 388.959, 388.959b, 388.960, 388.960a, 388.961, and 388.962), the title and sections 6 and 9 as amended and section 9b as added by 1991 PA 65, sections 2, 4, and 11 as amended by 1992 PA 228, section 3 as amended by 1985 PA 25, section 4a as amended by 1991 PA 22, section 5 as amended by 1983 PA 124, and section 10 as amended

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and section 10a as added by 1989 PA 6, and by adding sections 1a, 9c, 10b, 10c, and 11a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

TITLE

2

An act to PRESCRIBE THE PROCEDURES, TERMS, AND CONDITIONS

3

FOR THE QUALIFICATION OF SCHOOL BONDS; TO provide for loans by

4

the state of Michigan to school districts for the payment of

5

principal and interest upon school bonds; to prescribe the terms

6

and conditions of the loans and the conditions upon which levies

7

for bond principal and interest shall be included in computing

8

the amount to be so loaned by the state; to prescribe ~~the~~

9

CERTAIN powers and duties of the ~~superintendent of public~~

10

~~instruction and the~~ state treasurer in relation to such loans;

11

to provide for the repayment of such loans; ~~to provide incen-~~

12

~~tives for repayment of such loans~~ TO PROVIDE FOR CERTAIN FEES;

13

TO PROVIDE FOR CERTAIN GRANTS; to provide for other matters in

14

respect to such loans; and to make an appropriation.

15

Sec. 1. (1) The purpose of this act is to implement section

16

16 of article ~~9~~ IX of the ~~1963 Michigan~~ STATE constitution ~~,~~

17

~~hereinafter referred to as section 16~~ OF 1963.

18

(2) THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE "SCHOOL

19

BOND QUALIFICATION AND LOAN ACT".

20

(3) AS USED IN THIS ACT:

21

(A) "ADJUSTED TAXABLE VALUE" MEANS THE VALUATION ON WHICH

22

DEBT MILLAGE FOR QUALIFIED BONDS CAN BE LEVIED, AS LAST EQUALIZED

23

BY THE STATE. NOT LATER THAN JUNE 30 OF EACH YEAR, THE STATE

24

TREASURER SHALL ISSUE A TREASURY BULLETIN CONTAINING THE CURRENT

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3

1 ADJUSTMENTS TO EQUALIZED TAXABLE VALUE TO CALCULATE ADJUSTED
2 TAXABLE VALUE.

3 (B) "ADJUSTED TAXABLE VALUE PER MEMBERSHIP PUPIL" MEANS A
4 SCHOOL DISTRICT'S ADJUSTED TAXABLE VALUE FOR THE CALENDAR YEAR
5 ENDING IN THE IMMEDIATELY PRECEDING STATE FISCAL YEAR DIVIDED BY
6 THE SCHOOL DISTRICT'S MEMBERSHIP, AS CALCULATED UNDER THE STATE
7 SCHOOL AID ACT, 1979 PA 94, MCL 388.1601 TO 388.1772, FOR THE
8 SCHOOL YEAR ENDING IN THE IMMEDIATELY PRECEDING STATE FISCAL
9 YEAR.

10 (C) "BOND PURPOSE" MEANS THE PURPOSE FOR THE USE OF BOND
11 PROCEEDS AS STATED IN THE OFFICIAL BALLOT SUBMITTED TO THE SCHOOL
12 ELECTORS OF THE SCHOOL DISTRICT.

13 (D) "CAPITAL EXPENDITURES" MEANS EXPENDITURES FOR WHICH
14 BONDS MAY BE ISSUED BY A SCHOOL DISTRICT UNDER SECTION 1351A OF
15 THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1351A.

16 (E) "COMPLETION OF A PROJECT" MEANS ALL CAPITAL EXPENDITURE
17 ACTIVITIES AS IDENTIFIED WITHIN A SCHOOL DISTRICT'S APPLICATION
18 FOR QUALIFICATION OF BONDS HAVE BEEN COMPLETED TO A DEGREE THAT
19 THE FACILITY HAS BEEN CERTIFIED, IN CONFORMANCE WITH EXISTING
20 INDUSTRY AND LEGAL STANDARDS, AS BEING READY TO BE OCCUPIED OR
21 USED FOR THE PURPOSE FOR WHICH IT IS INTENDED.

22 (F) "GENERAL PRICE LEVEL INDEX" MEANS THAT TERM AS DEFINED
23 IN SECTION 33 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963.

24 (G) "PROJECT" MEANS AN INDIVIDUAL SCHOOL FACILITY OR LOCA-
25 TION IDENTIFIED FOR CAPITAL EXPENDITURES AS DESCRIBED WITHIN A
26 SCHOOL DISTRICT'S APPLICATION FOR QUALIFICATION OF BONDS.

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1 (H) "QUALIFIED BONDS" MEANS GENERAL OBLIGATION BONDS OF A
2 SCHOOL DISTRICT ISSUED ON OR AFTER JANUARY 1, 1964 FOR CAPITAL
3 EXPENDITURES, INCLUDING REFUNDING BONDS, THAT ARE QUALIFIED UNDER
4 THIS ACT FOR STATE LOANS TO SCHOOL DISTRICTS, AS DEFINED IN SEC-
5 TION 16 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963.

6 (I) "QUALIFIED DEBT SERVICE" MEANS DEBT SERVICE ON QUALIFIED
7 BONDS.

8 (J) "QUALIFIED MILLAGE" MEANS MILLAGE LEVIED TO PAY DEBT
9 SERVICE ON QUALIFIED BONDS.

10 (K) "SCHOOL BOND LOAN FUND" MEANS THAT FUND AS CREATED UNDER
11 1961 PA 112, MCL 388.981 TO 388.985.

12 (L) "STATE TREASURER" MEANS THE STATE TREASURER OR HIS OR
13 HER DESIGNEE. THIS DESIGNATION SHALL BE MADE BY THE STATE TREA-
14 SURER AND SHALL BE IN A WRITTEN INSTRUMENT SIGNED BY THE STATE
15 TREASURER AND MAINTAINED IN A PERMANENT FILE. FOR THE PURPOSES
16 OF ALL OTHER PROVISIONS OF THIS ACT, THE SIGNATURE OF THE STATE
17 TREASURER'S DESIGNEE SHALL HAVE THE SAME FORCE AND EFFECT AS THE
18 SIGNATURE OF THE STATE TREASURER.

19 (M) "TAXABLE VALUE PER MEMBERSHIP PUPIL" MEANS A SCHOOL
20 DISTRICT'S TAXABLE VALUE FOR THE CALENDAR YEAR ENDING IN THE
21 IMMEDIATELY PRECEDING STATE FISCAL YEAR DIVIDED BY THE SCHOOL
22 DISTRICT'S MEMBERSHIP, AS CALCULATED UNDER THE STATE SCHOOL AID
23 ACT OF 1979, 1979 PA 94, MCL 388.1601 TO 388.1772, FOR THE SCHOOL
24 YEAR ENDING IN THE IMMEDIATELY PRECEDING STATE FISCAL YEAR.

25 (N) "TOTAL INTEREST" MEANS THE TOTAL INTEREST INCURRED ON
26 BONDS PLUS THE TOTAL INTEREST COST OF ANY SCHOOL BOND LOAN FUND
27 BORROWINGS.

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1 SEC. 1A. THE LEGISLATURE FINDS AND DECLARES ALL OF THE
2 FOLLOWING:

3 (A) THE UTILIZATION OF THE SCHOOL BOND LOAN FUND BY SCHOOL
4 DISTRICTS HAS A MATERIAL IMPACT ON THE CREDIT AND FISCAL INTEG-
5 RITY OF THIS STATE.

6 (B) THE FIDUCIARY RESPONSIBILITY OF THE STATE TREASURER
7 INCLUDES THE PROTECTION OF THE CREDIT OF THIS STATE, THE FISCAL
8 INTEGRITY OF THIS STATE, AND THE FISCAL INTEGRITY OF SCHOOL
9 DISTRICTS.

10 (C) THE ABILITY OF THE STATE TO FULFILL THE REQUIREMENTS OF
11 SECTION 16 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 MUST
12 NOT BE COMPROMISED.

13 Sec. 2. (1) If the minimum amount ~~which~~ it would other-
14 wise be necessary for a school district to levy in any year to
15 pay principal and interest on its qualified bonds, including any
16 necessary allowances for estimated tax delinquencies, exceeds
17 ~~13~~ 7 mills ~~or the computed millage under subsection (2),~~
18 ~~whichever is less,~~ on each dollar of its ~~assessed valuation as~~
19 ~~last equalized by the state~~ ADJUSTED TAXABLE VALUE, then the
20 school district may elect to borrow ~~all or any part~~ NOT MORE
21 THAN 75% of the excess from ~~the~~ THIS state. ~~In that event~~
22 HOWEVER, IF THAT MINIMUM AMOUNT IT WOULD OTHERWISE BE NECESSARY
23 FOR A SCHOOL DISTRICT TO LEVY EXCEEDS 13 MILLS ON EACH DOLLAR OF
24 ITS ADJUSTED TAXABLE VALUE, THEN THE SCHOOL DISTRICT MAY ELECT TO
25 BORROW ALL OR ANY PART OF THE EXCESS FROM THIS STATE. FURTHER,
26 IF THE STATE TREASURER DETERMINES THAT A SCHOOL DISTRICT IS
27 REQUIRED TO LEVY MORE THAN 7 MILLS ON EACH DOLLAR OF ITS ADJUSTED

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1 TAXABLE VALUE IN ORDER FOR THE SCHOOL DISTRICT TO BE ABLE TO PAY
2 THE PRINCIPAL AND INTEREST ON ALL OF ITS QUALIFIED BONDS AND ON
3 LOANS MADE TO THE SCHOOL DISTRICT UNDER THIS ACT BY NOT LATER
4 THAN 60 MONTHS AFTER THE FINAL MATURITY DATE OF ALL OF THE SCHOOL
5 DISTRICT'S THEN OUTSTANDING QUALIFIED BONDS, TAKING INTO ACCOUNT
6 LOANS MADE TO THE SCHOOL DISTRICT UNDER THIS ACT FOR DEBT SERVICE
7 AND ANY LAWFUL SUBSIDIES THE STATE TREASURER REASONABLY EXPECTS
8 THE SCHOOL DISTRICT TO RECEIVE, THEN THE SCHOOL DISTRICT MUST
9 LEVY THAT ADDITIONAL MILLAGE, UP TO 13 MILLS, AS A CONDITION TO
10 RECEIVING A LOAN UNDER THIS ACT. UPON A SHOWING OF COMPELLING
11 JUSTIFICATION BY THE SCHOOL DISTRICT, THE STATE TREASURER MAY
12 EXTEND THE 60-MONTH PERIOD SPECIFIED IN THE PRECEDING SENTENCE TO
13 A LONGER PERIOD NOT TO EXCEED 120 MONTHS OR MAY IN THE FINAL
14 QUALIFICATION OF A BOND ISSUE WAIVE THE MINIMUM MILLAGE REQUIRED
15 BY THIS SUBSECTION TO NO LESS THAN 6 MILLS, OR MAY DO BOTH. IF A
16 SCHOOL DISTRICT MEETS ALL OF THE APPLICABLE REQUIREMENTS AND CON-
17 DITIONS UNDER THIS SUBSECTION, the state shall loan the excess
18 amount to the school district for the payment of principal and
19 interest. ~~For bond issues sold before October 1, 1991 or bond~~
20 ~~issues sold exclusively to refund qualified bond issues sold~~
21 ~~before October 1, 1991, schools shall be allowed to borrow at~~
22 ~~least the percentage over 7 mills allowed them in the 1990-91~~
23 ~~fiscal year. The school district shall levy not less than 12~~
24 ~~mills or its equivalent for operating purposes.~~

25 (2) ~~The computed millage referred to in subsection (1) is~~
26 ~~the number of mills as computed by the state treasurer that the~~
27 ~~school district would have to levy in the year the computation is~~

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1 ~~made and each succeeding year to be able to pay the principal and~~
2 ~~interest on all of its qualified bonds and loans made to the~~
3 ~~school district under this act, taking into account loans made to~~
4 ~~the school district under this act for debt service, by not later~~
5 ~~than 60 months after the final maturity date of all of its quali-~~
6 ~~fied bonds outstanding as of the date of the computation, but~~
7 ~~shall be not less than 7 mills.~~ The state treasurer shall make
8 the ~~computation~~ DETERMINATION UNDER SUBSECTION (1) based on the
9 following assumptions:

10 (a) An assumed interest rate on loans made under this act
11 equal to the PROJECTED average interest rate on school bond loan
12 fund notes and bonds over the ~~immediately preceding~~ NEXT
13 SUCCEEDING 5-year period.

14 (b) A projected total ~~state equalized valuation~~ ADJUSTED
15 TAXABLE VALUE for the school district that assumes ~~a state~~
16 ~~equalized valuation~~ AN ADJUSTED TAXABLE VALUE growth rate or
17 decline rate equal to the school district's average yearly ~~state~~
18 ~~equalized valuation~~ ADJUSTED TAXABLE VALUE growth rate or
19 decline rate over the immediately preceding 5-year period FOR THE
20 NEXT SUCCEEDING 5-YEAR PERIOD AND THEREAFTER AT A GROWTH RATE
21 EQUAL TO THE LESSER OF THAT RATE OR A RATE EQUAL TO THE MOST
22 RECENT AVAILABLE 5-YEAR AVERAGE ANNUAL GENERAL PRICE LEVEL INDEX,
23 PLUS 1%, BUT NOT MORE THAN 5% PER ANNUM.

24 (3) Upon request made by a school district before June 1 of
25 any year, the ~~superintendent of public instruction and the~~
26 state treasurer annually may ~~jointly~~ issue an order waiving all
27 or a portion of the millage required to be levied by a school

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1 district to pay principal and interest on its qualified bonds
2 pursuant to subsection (1) if ~~they find~~ THE STATE TREASURER
3 FINDS all of the following:

4 (a) The school board of the school district has applied to
5 the department of ~~education~~ TREASURY for permission to levy
6 less than the millage required to be levied to pay the principal
7 and interest on its qualified bonds pursuant to subsection (1).

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

10 (c) The waiver will be financially beneficial to the state
11 or to the school district, or both.

12 (d) The waiver will not reduce the millage levied by the
13 school district to pay principal and interest on qualified bonds
14 under subsection (1) to less than 7 mills.

15 (e) The school board, by resolution, has agreed to comply
16 with all conditions that the ~~superintendent of public instruc-~~
17 ~~tion and the~~ state treasurer ~~consider are~~ CONSIDERS
18 necessary.

19 (4) FOR BOND ISSUES APPROVED AT A REGULAR OR SPECIAL ELEC-
20 TION BEFORE JULY 1, 2000, THE AMOUNT A SCHOOL DISTRICT MAY BORROW
21 UNDER THIS ACT SHALL BE DETERMINED IN ACCORDANCE WITH THE PROVI-
22 SIONS OF THIS ACT IN EFFECT BEFORE THE EFFECTIVE DATE OF THE
23 AMENDATORY ACT THAT ADDED THIS SUBSECTION. FOR BOND ISSUES
24 APPROVED AT A REGULAR OR SPECIAL ELECTION ON OR AFTER JULY 1,
25 2000 BUT BEFORE OCTOBER 10, 2000, THE AMOUNT A SCHOOL DISTRICT
26 MAY BORROW UNDER THIS ACT SHALL BE DETERMINED IN ACCORDANCE WITH
27 THE PROVISIONS OF THIS ACT AS IN EFFECT BEFORE THE EFFECTIVE DATE

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1 OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION IF THE SCHOOL
2 DISTRICT FILES AN IRREVOCABLE WRITTEN REQUEST TO HAVE THOSE PRO-
3 VISIONS APPLY WITH THE STATE TREASURER PRIOR TO THE DATE OF THE
4 ELECTION APPROVING THE BOND ISSUE. FOR SCHOOL DISTRICTS WITH A
5 QUALIFIED BOND ISSUE APPROVED AT A REGULAR OR SPECIAL ELECTION ON
6 OR AFTER JULY 1, 2000 FOR WHICH THE SCHOOL DISTRICT DOES NOT FILE
7 A WRITTEN REQUEST UNDER THE PRECEDING SENTENCE OR WITH A QUALI-
8 FIED BOND ISSUE APPROVED AT A REGULAR OR SPECIAL ELECTION ON OR
9 AFTER OCTOBER 10, 2000, THE AMOUNT THE SCHOOL DISTRICT MAY BORROW
10 UNDER THIS ACT WITH RESPECT TO ALL OF THE SCHOOL DISTRICT'S QUAL-
11 IFIED BONDS SHALL BE DETERMINED UNDER THE PROVISIONS OF THIS ACT
12 OTHER THAN THE PRECEDING 2 SENTENCES OF THIS SUBSECTION.

13 Sec. 3. ~~(1) As used in this act, "qualified bonds" means~~
14 ~~general obligation bonds of school districts issued for capital~~
15 ~~expenditures, including refunding bonds, issued as follows:~~

16 ~~(a) Before May 4, 1955.~~

17 ~~(b) On or after May 4, 1955 but before January 1, 1964, only~~
18 ~~if, and to the extent that, the bonds have been qualified pursu-~~
19 ~~ant to section 27 or 28 of article X of the state constitution of~~
20 ~~1908 and implementing acts.~~

21 ~~(c) On or after January 1, 1964, if the bonds are qualified~~
22 ~~pursuant to section 16 of article IX of the state constitution of~~
23 ~~1963 and this act.~~

24 ~~(2) All actions heretofore taken by the superintendent of~~
25 ~~public instruction AND THE STATE TREASURER BEFORE THE 2000 AMEN-~~
26 ~~DATORY ACT THAT AMENDED THIS SECTION in qualifying bonds pursuant~~
27 ~~to sections 27 and 28 of article X of the state constitution of~~

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1 ~~1908 and implementing acts,~~ SECTION 16 OF ARTICLE IX OF THE
2 STATE CONSTITUTION OF 1963 are validated and all certificates of
3 qualification ~~heretofore or hereafter~~ issued by the superinten-
4 dent OF PUBLIC INSTRUCTION OR THE STATE TREASURER are conclusive
5 as to the existence of facts entitling the bonds to be qualified
6 as provided in the certificates and as to the qualification and
7 shall not be subject to attack in any proceeding. ~~Any certifi-~~
8 ~~cate of qualification issued before January 1, 1964, qualifying~~
9 ~~bonds pursuant to section 28 of article X of the state constitu-~~
10 ~~tion of 1908, and the act implementing that section, shall con-~~
11 ~~stitute qualification pursuant to section 16 of article IX of the~~
12 ~~state constitution of 1963 and this act, for any bonds sold or~~
13 ~~delivered to the purchaser of the bonds on or after January 1,~~
14 ~~1964. Any bonds issued between May 4, 1955 and before January 1,~~
15 ~~1964, that were partially qualified shall be considered to be~~
16 ~~100% qualified bonds if they would be 100% qualifiable under this~~
17 ~~act.~~

18 ~~(3) Bonds issued for a purpose described in section 1274a of~~
19 ~~the school code of 1976, Act No. 451 of the Public Acts of 1976,~~
20 ~~being section 380.1274a of the Michigan Compiled Laws, shall be~~
21 ~~considered general obligation bonds of school districts issued~~
22 ~~for capital expenditures.~~

23 Sec. 4. (1) The ~~superintendent of public instruction~~
24 ~~shall~~ STATE TREASURER SHALL NOT issue his or her certificate
25 qualifying an issue of bonds, upon application for a certificate
26 being made by the school district, ~~if the superintendent~~ UNLESS
27 THE STATE TREASURER finds ALL OF the following:

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1 (a) That the last maturity date of the issue of bonds is not
2 less than ~~10~~ 15 years from the issuance date appearing on the
3 bonds ~~subject to the following qualifications and exceptions:~~
4 ~~(i) Except for bonds issued for a purpose described in section~~
5 ~~1274a of the school code of 1976, Act No. 451 of the Public Acts~~
6 ~~of 1976, being section 380.1274a of the Michigan Compiled Laws,~~
7 ~~or as otherwise provided in this subparagraph,~~ if the ratio of
8 debt to ~~valuation~~ ADJUSTED TAXABLE VALUE of the school district
9 exceeds 4%; ~~—~~ THAT the last maturity date of the issue of bonds
10 ~~shall be~~ IS not less than ~~15~~ 25 years from the issuance date
11 appearing on the bonds ~~—~~ if the ratio of debt to ~~valuation~~
12 ADJUSTED TAXABLE VALUE of the school district exceeds 7%; ~~—~~ OR
13 THAT the last maturity date of the issue of bonds ~~shall be~~ IS
14 not less than ~~25~~ 29 years from the issuance date appearing on
15 the bonds ~~—~~ or if the ratio of debt to ~~valuation~~ ADJUSTED
16 TAXABLE VALUE of the school district exceeds 12%. ~~—~~ the last
17 maturity date of the issue of bonds shall be not less than 29
18 years from the issuance date appearing on the bonds. Regardless
19 of the ratio of debt to ~~valuation~~ ADJUSTED TAXABLE VALUE of a
20 school district, the state treasurer may authorize the last matu-
21 rity date of an issue of bonds of that school district to be ~~not~~
22 ~~less than 10~~ A LESSER NUMBER OF years from the issuance date
23 appearing on the bonds if the state treasurer determines it is
24 financially beneficial to ~~the~~ THIS state or to the school
25 district. As used in this section, "ratio of debt to ~~valuation~~
26 ADJUSTED TAXABLE VALUE" means that ratio arrived at by dividing
27 the total tax supported bonded indebtedness of the school

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1 district outstanding as of the date of the filing of the
2 application required by this act, including the bonds proposed to
3 be qualified, by the ~~assessed valuation~~ ADJUSTED TAXABLE VALUE
4 of the school district. ~~as last equalized by the state.~~ The
5 refunding part of any proposed issue of bonds shall not be
6 included in the total indebtedness of the school district for the
7 purposes of this section.

8 ~~(ii) If the bonds are issued for a purpose described in~~
9 ~~section 1274a of Act No. 451 of the Public Acts of 1976, the last~~
10 ~~maturity of the issue of bonds may be less than 10 years from the~~
11 ~~issuance date appearing on the bonds but not less than the number~~
12 ~~of years approved by the superintendent of public instruction in~~
13 ~~the certificate of qualification. The certificate of qualifica=~~
14 ~~tion of the superintendent of public instruction shall contain a~~
15 ~~certification and approval that the bonds are issued for such a~~
16 ~~purpose, which approval shall be final and conclusive and shall~~
17 ~~set forth the minimum number of years for the last maturity of~~
18 ~~the bonds.~~

19 (b) That the yearly principal maturity date ~~is not less~~
20 ~~than 5 months after the major part of the taxes for the bonds~~
21 ~~becomes by law a lien upon the property assessed~~ AND ANY INTER-
22 EST PAYMENT DATES ARE ESTABLISHED USING ONLY THE DATES OF MAY 1
23 AND NOVEMBER 1 AS PAYMENT DATES. THIS REQUIREMENT MAY BE WAIVED
24 BY THE STATE TREASURER IF THE DISTRICT CAN PROVIDE COMPELLING
25 JUSTIFICATION FOR ALTERNATIVE DATES. FOR SUCH A WAIVER TO BE
26 EFFECTIVE, IT MUST BE APPROVED BEFORE THE ISSUANCE OF THE BONDS.

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1 ~~(c) Except as otherwise provided in this subdivision, that~~
2 ~~the amount of principal maturing in any calendar year is not less~~
3 ~~than the amount of principal maturing in any prior calendar year~~
4 ~~and, except for bonds issued for a purpose described in section~~
5 ~~1274a of Act No. 451 of the Public Acts of 1976, if the ratio of~~
6 ~~debt to valuation of the school district exceeds 12%, that the~~
7 ~~first 10 principal maturities do not in the aggregate exceed 25%~~
8 ~~of the total principal amount of the bonds proposed to be~~
9 ~~qualified. Regardless of the amount of principal maturing in any~~
10 ~~calendar year and regardless of the ratio of debt to valuation of~~
11 ~~the school district, the state treasurer may authorize principal~~
12 ~~maturities in any amount if the state treasurer determines it is~~
13 ~~financially beneficial to the state or to the school district.~~
14 ~~At the request of the school district, the state treasurer may~~
15 ~~grant that authorization as part of the procedure of preliminary~~
16 ~~qualification under subdivision (f).~~

17 (C) ~~(d)~~ That the ~~cost~~ COSTS of the project for which the
18 bonds are to be issued, ~~is within reasonable standards of cost~~
19 ~~as established by the state board of education, which standards~~
20 ~~may vary as to different localities in accordance with any vari-~~
21 ~~ance in construction costs between localities~~ INCLUDING, BUT NOT
22 LIMITED TO, TOTAL INTEREST, BOND ISSUANCE COSTS, CONSTRUCTION
23 COSTS, AND PROFESSIONAL FEES, ARE DOCUMENTED IN A FORMAT PRE-
24 SCRIBED BY THE STATE TREASURER AND ARE CERTIFIED TO THE STATE
25 TREASURER TO BE REASONABLE ACCORDING TO COST PARAMETERS ESTAB-
26 LISHED BY THE STATE TREASURER UNDER SUBSECTION (3). IF THE COSTS
27 EXCEED THESE PARAMETERS, THE STATE TREASURER MAY DENY THE

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1 APPLICATION, MAY REQUIRE AN EXPLANATION OF THE VARIANCE, OR MAY
2 REQUIRE THE SCHOOL DISTRICT TO OBTAIN AN INDEPENDENT EVALUATION
3 OF COSTS TO BE COMPLETED BY A CONSULTANT MEETING QUALIFICATIONS
4 SPECIFIED BY THE STATE TREASURER.

5 (D) ~~(e) Except for bonds issued for a purpose described in~~
6 ~~section 1274a of Act No. 451 of the Public Acts of 1976, that~~
7 THAT there exists a need for the project based upon current and
8 probable future enrollment, ~~and~~ that the project is designed to
9 provide school facilities reasonably adequate to meet that need.

10 (E) ~~(f) Subject to subsection (3), if~~ IF a bond issue
11 requires an election, that ~~a~~ THE bond issue ~~that a school dis-~~
12 ~~trict wishes to qualify~~ has been given preliminary qualification
13 ~~prior to~~ BEFORE the official action of the SCHOOL board ~~of~~
14 ~~education~~ calling for the election on the bond issue; THAT THE
15 BALLOT LANGUAGE WAS INCLUDED IN THE PRELIMINARY QUALIFICATION,
16 PROVIDES A CLEAR STATEMENT OF THE PURPOSE FOR WHICH THE PROCEEDS
17 OF THE BONDS WILL BE USED, AND OTHERWISE COMPLIES WITH APPLICABLE
18 LAW; AND THAT THE SCHOOL DISTRICT CERTIFIES TO THE STATE TREA-
19 SURER BEFORE QUALIFICATION THAT THE SCHOOL DISTRICT PROVIDED TO
20 ITS SCHOOL ELECTORS APPROPRIATE DISCLOSURE, IN THE FORM INCLUDED
21 IN THE PRELIMINARY QUALIFICATION, OF THE FISCAL IMPACT OF THE
22 BOND PROPOSAL, INCLUDING THE ESTIMATED ANNUAL MILLAGE RATE TO BE
23 LEVIED WITH AND WITHOUT THE PROPOSED BOND ISSUE, THE ESTIMATED
24 AVERAGE ANNUAL MILLAGE RATE TO BE LEVIED OVER THE TERM OF THE
25 PROPOSED BOND ISSUE IF THE BOND ISSUE IS APPROVED COMPARED TO
26 THAT RATE IF THE BOND ISSUE IS NOT APPROVED, THE MAXIMUM
27 PRINCIPAL AMOUNT TO BE BORROWED, THE NUMBER OF YEARS THE BONDS

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1 ARE EXPECTED TO BE OUTSTANDING, THE ESTIMATED TOTAL INTEREST COST
2 THAT WILL BE INCURRED, AND THE ESTIMATED DURATION AND COST OF ANY
3 SCHOOL BOND LOAN FUND BORROWINGS.

4 ~~(g) If the bonds are issued for a purpose described in sec=
5 tion 1274a of Act No. 451 of the Public Acts of 1976, and if the
6 bonds have not been approved by a majority of the school electors
7 voting on the question, that the school district has demonstrated
8 and the state treasurer has approved the method of payment for,
9 and the ability to pay, the bonds and that the school district
10 has received the prior approval of the department of treasury for
11 the issuance of the bonds under the municipal finance act, Act
12 No. 202 of the Public Acts of 1943, being sections 131.1 to 139.3
13 of the Michigan Compiled Laws.~~

14 (F) THAT THE SCHOOL DISTRICT CAN MEET THE REQUIREMENTS OF
15 SECTION 2 USING THE ASSUMPTIONS CONTAINED IN THAT SECTION AND
16 CONSIDERING ANY LAWFUL SUBSIDY THAT THE SCHOOL DISTRICT MAY REA-
17 SONABLY EXPECT TO BE RECEIVED.

18 (G) THAT THE SCHOOL DISTRICT CERTIFIES TO THE STATE TREA-
19 SURER THAT IT HAS COMPLIED WITH ALL LEGAL REQUIREMENTS APPLICABLE
20 TO ALL PRIOR VOTED BOND ISSUES AND WILL DO SO WITH RESPECT TO THE
21 BOND ISSUE BEING QUALIFIED.

22 (H) IF THE BOND ISSUE REQUIRES AN ELECTION, THAT THE SCHOOL
23 DISTRICT CERTIFIES THAT IT WILL NOT EXPEND PROCEEDS OF THE BOND
24 ISSUE FOR PURPOSES NOT DESCRIBED IN THE BALLOT PROPOSAL APPROVING
25 THE BOND ISSUE UNLESS OTHERWISE PERMITTED BY LAW TO DO SO.

26 (I) THAT QUALIFICATION OF THE ISSUE WILL NOT HAVE AN ADVERSE
27 FINANCIAL IMPACT ON THIS STATE OR THE SCHOOL DISTRICT BASED ON

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1 PARAMETERS ESTABLISHED BY THE STATE TREASURER UNDER SUBSECTION
2 (3). IF THE STATE TREASURER DETERMINES THAT THE BOND ISSUE DOES
3 NOT MEET THIS REQUIREMENT, THE STATE TREASURER MAY APPROVE THAT
4 PART OF THE BOND ISSUE THAT DOES MEET THIS REQUIREMENT.

5 (J) THAT THE SCHOOL DISTRICT AGREES TO COMPLETE EACH PROJECT
6 IN ACCORDANCE WITH THE PLANS FOR THE PROJECT THAT WERE SUBMITTED
7 IN THE SCHOOL DISTRICT'S APPLICATION FOR PRELIMINARY QUALIFICA-
8 TION OF BONDS AND APPROVED IN THE BOND ELECTION, IF APPLICABLE,
9 WITH ONLY THOSE CHANGES AS ARE PERMITTED BY, OR APPROVED BY, THE
10 STATE TREASURER IN ACCORDANCE WITH THE PROCEDURES ESTABLISHED BY
11 THE STATE TREASURER UNDER SUBSECTION (3).

12 (K) THAT, AS OF THE DATE THE APPLICATION IS FILED, THE TOTAL
13 OUTSTANDING PRINCIPAL AMOUNT OF DEBT OF THE SCHOOL DISTRICT,
14 INCLUDING THE BONDS PROPOSED TO BE QUALIFIED, WILL NOT EXCEED 20%
15 OF THE ADJUSTED TAXABLE VALUE OF THE SCHOOL DISTRICT FOR THE MOST
16 RECENT COMPLETED FISCAL YEAR. THIS REQUIREMENT MAY BE WAIVED BY
17 THE STATE TREASURER IF THE SCHOOL DISTRICT CAN PROVIDE COMPELLING
18 JUSTIFICATION FOR THE WAIVER. FOR SUCH A WAIVER TO BE EFFECTIVE,
19 THE WAIVER MUST BE APPROVED BEFORE THE PRELIMINARY QUALIFICATION
20 OF THE BONDS.

21 (L) THAT QUALIFIED BONDS ISSUED FOR AN ASSET WITH A USEFUL
22 LIFE OF LESS THAN 30 YEARS WILL NOT BE ISSUED FOR A TERM THAT IS
23 LONGER THAN THE USEFUL LIFE OF THE ASSET COMPUTED FROM THE DATE
24 THE ASSET IS PLACED IN SERVICE.

25 (M) THAT PRINCIPAL AMORTIZATION OF THE BOND ISSUE WILL BE
26 SCHEDULED SO THAT AMORTIZATION OF BONDS IS COMPLETED []
27 WITH RESPECT TO ALL ASSET CLASSIFICATIONS WITHIN THE FINANCED

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1 PROJECTS AS DETERMINED BY THE STATE TREASURER BASED ON CRITERIA
2 ESTABLISHED BY THE STATE TREASURER UNDER SUBSECTION (3).

3 (N) THAT THE SCHOOL DISTRICT CERTIFIES THROUGH ITS APPLICA-
4 TION FOR FINAL QUALIFICATION THAT IT AGREES TO ALL OF THE
5 FOLLOWING:

6 (i) EXCEPT TO THE EXTENT OTHERWISE REQUIRED TO MAINTAIN THE
7 TAX EXEMPT STATUS OF THE BOND ISSUE OR IS NOT OTHERWISE DETRIMEN-
8 TAL, TO ESTABLISH A COMMON DEBT RETIREMENT FUND FOR ALL ITS
9 EXISTING AND PROPOSED QUALIFIED BOND ISSUES TO THE EXTENT ALLOW-
10 ABLE UNDER STATE AND FEDERAL LAW.

11 (ii) IF MORE THAN 1 QUALIFIED DEBT RETIREMENT FUND IS
12 REQUIRED, TO ALLOCATE THE SCHOOL DISTRICT'S TOTAL DEBT RETIREMENT
13 MILLAGE AMONG THE VARIOUS QUALIFIED DEBT RETIREMENT FUNDS SO AS
14 TO MINIMIZE THE AMOUNT OF FUNDS BORROWED FROM THE SCHOOL BOND
15 LOAN FUND.

16 (iii) TO MAINTAIN ITS BONDED CAPITAL PROJECTS ACCOUNTING
17 RECORDS IN A MANNER THAT PROVIDES FOR THE COMPARISON OF ACTUAL
18 EXPENDITURES TO BUDGETED AMOUNTS AS PRESENTED IN ITS APPLICATION
19 FOR QUALIFICATION OF BONDS.

20 (iv) TO SUBMIT A FINAL REPORT OF BONDING ACTIVITY EXPENDI-
21 TURES, IN A FORMAT AS PRESCRIBED BY THE STATE TREASURER, THAT HAS
22 BEEN AUDITED IN ACCORDANCE WITH SECTION 1351A OF THE REVISED
23 SCHOOL CODE, 1976 PA 451, MCL 380.1351A. IF THIS AUDIT OR ANY
24 OTHER LAWFUL REVIEW BY THE STATE TREASURER IDENTIFIES EXPENDI-
25 TURES THAT WERE IMPROPERLY CHARGED TO A CAPITAL PROJECTS FUND
26 FINANCED FROM QUALIFIED BOND PROCEEDS, THE SCHOOL DISTRICT SHALL

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1 REIMBURSE THE CAPITAL PROJECTS FUND OR ITS SUCCESSOR DEBT

2 RETIREMENT FUND FOR THE AMOUNT OF IMPROPER EXPENDITURES.

3 (v) TO COMPLETE DEBT SERVICE TRANSACTIONS INCLUDING, BUT NOT
4 LIMITED TO, TAX COLLECTION, LOAN APPLICATIONS, AND DEBT SERVICE
5 PAYMENTS, FOR ALL OF ITS QUALIFIED BONDS IN ACCORDANCE WITH PRO-
6 CEDURES PRESCRIBED BY THE STATE TREASURER.

7 (2) ~~For refunding bonds issued to refund bonds issued~~
8 ~~before May 4, 1955, the superintendent of public instruction~~
9 ~~shall issue the certificate of qualification if the superinten=~~
10 ~~dent finds that the refunding bonds comply with the requirements~~
11 ~~set forth in subsection (1)(c).~~ For refunding bonds issued to
12 refund bonds ~~issued on or after May 4, 1955,~~ or issued to
13 refund loans from the state made under the authority of this act,
14 the ~~superintendent~~ STATE TREASURER shall issue the certificate
15 of qualification if the ~~superintendent~~ STATE TREASURER finds
16 that the refunding bonds comply with the requirements set forth
17 in subsection ~~(1)(c)~~ (1)(B), (1)(C), AND (1)(N), TO THE EXTENT
18 THOSE PROVISIONS ARE APPLICABLE TO REFUNDING BONDS, and also that
19 the refunding bonds are being issued to refund loans from the
20 state made under the authority of this act or that the bonds rep-
21 resenting the original indebtedness ~~either~~ were qualified ~~or~~
22 ~~satisfied the requirements for qualification set forth in~~
23 ~~subsection (1)(d) and (e) in effect when issued or would have~~
24 ~~satisfied the requirements set forth in subsection (1)(d) and (e)~~
25 ~~had those requirements been in effect when the bonds were issued~~
26 UNDER THIS ACT. Refunding bonds issued to refund loans from the
27 state made under the authority of this act shall be considered as

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1 refunding bonds for all purposes including section 16 of article
2 IX of the state constitution of 1963.

3 (3) ~~The requirement of subsection (1)(f) does not apply to~~
4 ~~a bond issue that is approved by the school district electors~~
5 ~~between December 31, 1990 and July 1, 1991 and that is in part~~
6 ~~ineligible for qualification. A series of bonds for such a bond~~
7 ~~issue may be qualified by the superintendent of public instruc=~~
8 ~~tion if it is limited to either a project or projects eligible~~
9 ~~for qualification or refunding of obligations issued for a pur=~~
10 ~~pose described in section 1274a of Act No. 451 of the Public Acts~~
11 ~~of 1976, or both. THE STATE TREASURER SHALL DEVELOP, PUBLISH IN~~
12 ~~1 OR MORE TREASURY BULLETINS, REVIEW AT LEAST ANNUALLY, OR REVISE~~
13 ~~AS NEEDED ALL OF THE FOLLOWING:~~

14 (A) COST PARAMETERS AS DESCRIBED IN SUBSECTION (1)(C).

15 (B) PARAMETERS FOR DETERMINING ADVERSE FINANCIAL IMPACT AS
16 DESCRIBED IN SUBSECTION (1)(I).

17 (C) PROCEDURES FOR APPROVAL OF CHANGES IN PROJECTS AS
18 DESCRIBED IN SUBSECTION (1)(J).

19 (D) CRITERIA FOR DETERMINING PROPER AMORTIZATION AS
20 DESCRIBED IN SUBSECTION (1)(M).

21 (E) ANY OTHER CRITERIA RELEVANT TO THIS ACT THAT THE STATE
22 TREASURER CONSIDERS NECESSARY TO EVALUATE COMPLIANCE WITH SUBSEC-
23 TION (1).

24 (4) IN DETERMINING WHETHER A BOND ISSUE OR APPLICATION MEETS
25 THE REQUIREMENTS OF SUBSECTION (1), THE STATE TREASURER SHALL NOT
26 REQUIRE COMPLIANCE WITH ANY REQUIREMENT ESTABLISHED BY THE STATE
27 TREASURER UNDER SUBSECTION (3) THAT IS PUBLISHED LESS THAN 30

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1 DAYS BEFORE THE DATE THE APPLICATION IS RECEIVED BY THE STATE
2 TREASURER.

3 (5) IN DETERMINING WHETHER COMPELLING JUSTIFICATION EXISTS,
4 THE STATE TREASURER SHALL CONSIDER THE HEALTH, SAFETY, AND WEL-
5 FARE OF THE SCHOOL DISTRICT AND SHALL CONSIDER THE ABILITY OF THE
6 SCHOOL DISTRICT TO PROVIDE ADEQUATE EDUCATIONAL PROGRAMS.

7 Sec. 4a. (1) Subject to subsection (2), an unexpended bal-
8 ance of the proceeds of sale of any school district bonds
9 ~~heretofore or hereafter issued,~~ remaining after completion of
10 ~~the project, to the extent of~~ ALL PROJECTS AUTHORIZED IN THAT
11 BOND ISSUE SHALL BE APPLIED FIRST TO REPAYMENT OF ANY AMOUNT OWED
12 TO THE SCHOOL BOND LOAN FUND FOR THAT BOND ISSUE AND THEN TO THE
13 PAYMENT OR PREPAYMENT OF PRINCIPAL ON THAT BOND ISSUE. HOWEVER,
14 IF PERMISSION IS GRANTED IN WRITING BY THE STATE TREASURER, SOME
15 OR ALL OF THE UNEXPENDED BALANCE, NOT TO EXCEED 15% of the amount
16 of the BOND issue, ~~or, for a fourth class school district~~
17 ~~located in a county with a population of not more than 27,000, to~~
18 ~~the extent of 40% of the amount of the issue, with the approval~~
19 ~~of the electors in the case of bonds issued before August 28,~~
20 ~~1964,~~ may be used for ~~school construction, equipment and site~~
21 ~~acquisition and development if that use is approved by the super-~~
22 ~~intendent of public instruction, and any remaining balance shall~~
23 ~~be paid immediately into the bond and interest redemption fund~~
24 ~~established for the bonds and shall be used either for the~~
25 ~~redemption of callable bonds, or, before the first call date~~
26 ~~only, for purchasing the bonds on the open market at not more~~
27 ~~than the fair market value or used to reduce the amount required~~

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1 to be levied to meet current principal and interest on the bonds
2 as they become due. Any unexpended balance of the proceeds of
3 sale of any school district bonds heretofore or hereafter issued,
4 remaining after payment in full of the principal of and interest
5 on the bonds, may be used to increase or continue expenditures
6 for any of the projects or purposes for which the bonds were ini=
7 tially authorized and issued, even though all projects for which
8 the bonds were initially authorized and issued have not been
9 completed. This section shall apply unless allocations of speci=
10 fied amounts for stated projects or purposes were contained in
11 the ballot question by which the bonds were initially authorized,
12 in which case the use must be approved by the superintendent of
13 public instruction. CAPITAL EXPENDITURES.

14 (2) The ~~superintendent of public instruction~~ STATE
15 TREASURER shall not approve ~~a~~ THE use of ~~the~~ AN unexpended
16 balance of the proceeds of any school district bonds FOR ADDI=
17 TIONAL CAPITAL EXPENDITURES as authorized under subsection (1)
18 unless he or she finds that the school district seeking approval
19 has demonstrated a compelling justification for ~~not immediately~~
20 paying all of the unexpended balance into the bond and interest
21 redemption fund established for the bonds. THAT USE.

22 ~~(3) As used in this section, "fourth class school district"~~
23 means a school district organized as a school district of the
24 fourth class under the school code of 1976, Act No. 451 of the
25 Public Acts of 1976, being sections 380.1 to 380.1852 of the
26 Michigan Compiled Laws.

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1 Sec. 5. All certificates of qualification shall be kept in
2 a permanent file in the office of the ~~superintendent of public~~
3 ~~instruction~~ STATE TREASURER and copies ~~thereof~~ OF THESE
4 CERTIFICATES shall be delivered to the school district. ~~and to~~
5 ~~the office of the municipal finance commission or its successor~~
6 ~~agency.~~ Applications A SCHOOL DISTRICT SHALL APPLY for ~~such~~
7 ~~certificates shall be made~~ PRELIMINARY QUALIFICATION AND FOR A
8 CERTIFICATE OF QUALIFICATION on forms prepared and supplied by
9 the ~~superintendent of public instruction and he or she~~ STATE
10 TREASURER. THE STATE TREASURER shall prescribe reasonable rules
11 and regulations in respect ~~thereto~~ TO THE APPLICATIONS. If
12 ~~prior to the issuance of bonds, the~~ A school district does not
13 secure ~~such~~ A certificate of qualification from the
14 ~~superintendent of public instruction~~ STATE TREASURER BEFORE THE
15 ISSUANCE OF BONDS, it shall be ~~deemed~~ CONSIDERED to have waived
16 the right to have ~~such~~ THOSE bonds ~~so~~ qualified.

17 Sec. 6. (1) ~~In~~ FOR any school district THAT OWES AN
18 EXISTING BALANCE DUE TO THE SCHOOL BOND LOAN FUND OR where the
19 amount necessary to be levied in any year for principal and
20 interest on qualified bonds, including any necessary allowance
21 for estimated tax delinquencies but excluding any funds pledged
22 to and available for the payment of the principal and interest,
23 exceeds that amount stipulated in section 2, the school district,
24 on or before 60 days ~~prior to~~ BEFORE the time of the certifica-
25 tion of its tax levy to the assessing officer, shall file with
26 the ~~superintendent of public instruction and the municipal~~
27 ~~finance commission or its successor agency a preliminary~~

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1 ~~application for a loan from the state in the amount of any part~~
2 ~~of such excess over that amount stipulated in section 2 which it~~
3 ~~does not propose to levy in such year~~ STATE TREASURER AN ANNUAL
4 LOAN ACTIVITY APPLICATION THAT PROVIDES AN ESTIMATE OF THE AMOUNT
5 TO BE BORROWED FROM OR REPAYED TO THE SCHOOL BOND LOAN FUND DURING
6 THAT SCHOOL FISCAL YEAR. If the excess over that amount stipu-
7 lated in section 2 is reached or increased by reason of bonds
8 authorized by resolution of the SCHOOL board ~~of education~~ of
9 the school district within the 60-day period, ~~an original or~~
10 ~~amended application shall be filed within that period. An appli-~~
11 ~~cation shall set forth the amount of the last state equalized~~
12 ~~valuation of the school district and, for each of the 5 years~~
13 ~~immediately preceding the application, the amount of principal~~
14 ~~and interest on qualified bonds necessary to be levied upon the~~
15 ~~tax roll of that year, the amount of any moneys on hand pledged~~
16 ~~to and available for the payment of the principal and interest,~~
17 ~~the probable delinquency in tax collections at the times the~~
18 ~~principal and interest will become due, the estimated amount of~~
19 ~~the loan which will be required from the state, and any other~~
20 ~~pertinent facts which may be required to be included in the~~
21 ~~application by the superintendent of public instruction~~ THE DOC-
22 UMENTATION SUBMITTED AT THE TIME OF FINAL QUALIFICATION IS CON-
23 SIDERED TO MEET THIS ACTIVITY APPLICATION REQUIREMENT.

24 (2) THE ANNUAL LOAN ACTIVITY APPLICATION REQUIRED UNDER
25 SUBSECTION (1) SHALL BE SUBMITTED IN A FORMAT PRESCRIBED BY THE
26 STATE TREASURER AND SHALL PROVIDE THE ADJUSTED TAXABLE VALUE,
27 DEBT SERVICE, AND ANY OTHER INFORMATION NECESSARY TO DETERMINE

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1 THE PROPER REQUIRED MILLAGE LEVY AS PRESCRIBED IN SECTION 2. THE
2 APPLICATION SHALL INCLUDE A RESOLUTION PASSED BY THE SCHOOL BOARD
3 AUTHORIZING A DESIGNATED SCHOOL DISTRICT OFFICIAL TO COMPLETE ALL
4 NECESSARY DOCUMENTS TO OBTAIN A LOAN FROM THE SCHOOL BOND LOAN
5 FUND OR FOR MAKING REPAYMENT TO THE SCHOOL BOND LOAN FUND FOR THE
6 YEAR.

7 (3) The ~~superintendent of public instruction~~ STATE
8 TREASURER shall examine ~~the~~ AN ANNUAL LOAN ACTIVITY application
9 and shall ~~request the state treasurer to compute~~ DETERMINE the
10 ~~computed~~ millage REQUIRED under section ~~2(2), if applicable,~~
11 2 as soon as possible and notify the school district of any erro-
12 neous statements or assumptions in the application ~~and~~ within
13 the 60-day period. ~~shall approve or deny the preliminary appli-~~
14 ~~cation in whole or in part and shall notify the school district~~
15 ~~of his or her action.~~ The school district shall include in its
16 tax levy ~~any~~ THE amount ~~otherwise~~ required to be levied for
17 the payment of principal and interest on qualified bonds for
18 which it does not secure approval for a state loan ~~as aforesaid~~
19 UNDER SECTION 2.

20 Sec. 7. (1) If a loan from the state ~~shall become~~ BECOMES
21 necessary for the payment of principal and interest on qualified
22 bonds in accordance with ~~such approved preliminary application~~
23 A SCHOOL DISTRICT'S SCHOOL BOND LOAN FUND ANNUAL LOAN ACTIVITY
24 APPLICATION UNDER SECTION 6, or for any reason pursuant to ~~said~~
25 section 16 of article ~~9~~ IX of the STATE CONSTITUTION OF 1963
26 ~~constitution~~ and this act, then the school district shall file
27 with the ~~superintendent of public instruction~~ a supplemental

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1 ~~application (or an original application, if no preliminary~~
2 ~~application has been filed), setting forth the amount of the tax~~
3 ~~collections to the date of said application, an estimate of prob-~~
4 ~~able collections prior to the time when such principal and inter-~~
5 ~~est will become due and the amount of the loan necessary from the~~
6 ~~state. Such supplemental or original STATE TREASURER AN APPLI-~~
7 ~~CATION FOR A LOAN UNDER THIS ACT AND A CONFIRMATION OF THE FINAL~~
8 ~~LOAN AMOUNT IN THE FORMAT PRESCRIBED BY THE STATE TREASURER.~~
9 THIS application shall be made not less than 30 days ~~prior to~~
10 BEFORE the time when the proceeds of the loan will be necessary
11 in order to pay maturing principal or interest or both. ~~Upon~~
12 ~~receipt of such supplemental or original application, it shall be~~
13 ~~the duty of the superintendent of public instruction, after~~
14 ~~auditing the same, to forward to the state treasurer a statement~~
15 ~~setting forth the amount to be loaned to the school district for~~
16 ~~the payment of principal and interest and the date on or before~~
17 ~~which such loan shall be made. He shall also prepare the proper~~
18 ~~voucher as a basis for the issuance of the necessary warrant in~~
19 ~~accordance with state accounting practices. Upon receipt of such~~
20 ~~statement and warrant, it shall be the duty of the state trea-~~
21 ~~surer to loan to the school district from "the school bond loan~~
22 ~~fund" the amount set forth in the statement of the superintendent~~
23 ~~of public instruction on or before the date specified therein.~~
24 The state treasurer upon the making of said loan shall obtain
25 from the school district a receipt for the amount so loaned,
26 which receipt shall specify THE SCHOOL DISTRICT SHALL FILE A
27 CONFIRMATION OF FINAL LOAN AMOUNT NOT LESS THAN 10 DAYS BEFORE

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1 THE TIME WHEN PROCEEDS OF THE LOAN WILL BE NECESSARY IN ORDER TO
2 PAY MATURING PRINCIPAL OR INTEREST OR BOTH. THE STATE TREASURER
3 MAY WAIVE THE REQUIREMENT FOR SUBMISSION OF THE APPLICATION FOR
4 LOAN FOR A SCHOOL DISTRICT THAT HAS DEMONSTRATED THE CAPABILITY
5 TO MEET THE REQUIREMENTS OF SECTION 2 AND HAS BEEN RESPONSIBLE IN
6 THE DISCHARGE OF ITS DEBTS IN AN ORDERLY AND BUSINESSLIKE
7 MANNER.

8 (2) UPON RECEIPT OF AN APPLICATION FOR LOAN, THE STATE TREA-
9 SURER SHALL EXAMINE DOCUMENTS AND NOTIFY THE SCHOOL DISTRICT OF
10 ANY ERRONEOUS STATEMENTS. UPON RECEIPT OF A CONFIRMATION OF LOAN
11 AMOUNT, THE STATE TREASURER SHALL LOAN TO THE SCHOOL DISTRICT
12 FROM THE SCHOOL BOND LOAN FUND THE AMOUNT DETERMINED BY THE STATE
13 TREASURER IN ACCORDANCE WITH THIS ACT ON OR BEFORE THE DATE SPEC-
14 IFIED THEREIN.

15 (3) WITH RESPECT TO A LOAN MADE TO A SCHOOL DISTRICT UNDER
16 THIS SECTION OR ANY OTHER PROVISION OF THIS ACT, THE SCHOOL DIS-
17 TRICT IS CONSIDERED TO HAVE AGREED TO the terms of repayment in
18 accordance with the provisions of ~~said~~ section 16 of article
19 ~~9~~ IX of the STATE CONSTITUTION OF 1963 ~~constitution~~ and this
20 act. Upon receipt by ~~any~~ THE school district of ~~such~~ THE
21 loan, ~~it shall be the duty of~~ the treasurer ~~thereof to~~ OF THE
22 SCHOOL DISTRICT SHALL cause the ~~same~~ PROCEEDS to be deposited
23 in the debt retirement fund and used solely for the payment of
24 principal and interest on qualified bonds.

25 Sec. 8. (1) If for any reason ~~any~~ A school district will
26 be or is unable to pay the principal and interest on its
27 qualified bonds when due, then the school district shall borrow

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1 and the state shall loan to it an amount sufficient to enable the
2 school district to make the payment. ~~Any~~ A school district
3 ~~which~~ THAT finds that it will be or is unable to pay ~~such~~ THE
4 principal or interest ON ITS QUALIFIED BONDS when due shall
5 ~~forthwith~~ PROMPTLY make application for the necessary loan and
6 the state shall, in time to prevent default in ~~such~~ THE pay-
7 ment, make ~~such~~ THE loan and obtain a receipt ~~therefor as pro-~~
8 ~~vided in section 7 of this act~~ FOR THE LOAN. ~~In the event~~
9 ~~that~~

10 (2) UPON NOTIFICATION ACCEPTABLE TO THE STATE TREASURER FROM
11 THE AGENT OR OFFICER CHARGED WITH MAKING PAYMENT OF BOND PRINCI-
12 PAL OR INTEREST THAT THE SCHOOL DISTRICT HAS NOT DEPOSITED SUFFI-
13 CIENT FUNDS TO PAY THE PRINCIPAL OR INTEREST ON ANY QUALIFIED
14 BOND WHEN DUE, WHETHER OR NOT AN APPLICATION FOR A LOAN TO PAY
15 THE PRINCIPAL OR INTEREST HAS BEEN MADE OR APPROVED, THE STATE
16 TREASURER SHALL PROMPTLY PAY FUNDS TO THAT AGENT OR OFFICER TO BE
17 USED TO PAY THE PRINCIPAL OR INTEREST ON THE QUALIFIED BOND WHEN
18 DUE. IF the principal or interest on any qualified bond is not
19 paid when due upon proper ~~presentation of the bond or interest~~
20 ~~coupon to the agent or~~ NOTIFICATION FROM THE officer charged
21 with making payment, ~~thereof (irrespective of whether OR NOT an~~
22 application for a loan to pay ~~such~~ THE principal or interest
23 has been made or ~~approved)~~ APPROVED, the state treasurer shall
24 ~~forthwith~~ PROMPTLY pay ~~such~~ THE principal or interest TO THE
25 BONDHOLDER upon presentation of the bond or coupon to ~~him~~ THE
26 STATE TREASURER. Any amount ~~so~~ paid by the state treasurer
27 ~~shall be deemed~~ UNDER THIS SUBSECTION IS CONSIDERED a loan made

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1 to the school district pursuant to the requirements of ~~said~~
2 section 16 of article ~~9~~ IX of the STATE CONSTITUTION OF 1963
3 ~~constitution~~ and this act, and the school district shall give a
4 receipt ~~therefor~~ FOR THE AMOUNT LOANED and repay ~~such~~ THE
5 loan in the same manner as ~~hereinbefore~~ provided IN THIS ACT
6 with respect to other loans ~~: Provided, That any~~ UNDER THIS
7 ACT. ANY funds of the school district ~~which~~ THAT are or become
8 available in its hands or in the hands of the paying agent or
9 officer for payment of the principal or interest ~~which~~ THAT has
10 been paid by the state treasurer UNDER THIS SUBSECTION shall
11 ~~forthwith~~ PROMPTLY be remitted to the state treasurer and
12 applied toward repayment of ~~said~~ THE loan UNDER THIS SECTION.

13 Sec. 9. (1) Except as provided in this section, section 2,
14 and section 10a, ~~any~~ A school district having received 1 or
15 more loans from ~~the~~ THE school bond loan ~~funds~~ under sec=
16 tions 27 and 28 of article X of the state constitution of 1908 or
17 section 16 of article IX of the state constitution of 1963 and
18 ~~implementing acts~~ FUND shall continue to levy on its tax rolls
19 not less than ~~13 mills~~ THE MILLAGE RATE LEVIED BY THE SCHOOL
20 DISTRICT DURING THE MOST RECENT YEAR IN WHICH THE SCHOOL DISTRICT
21 WAS RECEIVING A LOAN FROM THE SCHOOL BOND LOAN FUND or the
22 ~~computed~~ millage RATE REQUIRED under section ~~2(2)~~ 2, which-
23 ever is ~~less~~ GREATER, on each dollar of its ~~assessed valuation~~
24 ~~as last equalized by the state~~ ADJUSTED TAXABLE VALUE, exclusive
25 of any levy for unqualified bonds or for school operating pur-
26 poses, until all loans made to the school district by the state
27 are repaid with interest at rates to be annually determined by

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1 the state treasurer. Except as provided in this section, these
2 rates shall represent ~~not more than~~ the PROJECTED average
3 interest rate TO BE paid by the state on obligations issued under
4 ~~sections 27 and 28 of article X of the state constitution of~~
5 ~~1908 and~~ section 16 of article IX of the state constitution of
6 1963 and implementing acts PROJECTED TO BE OUTSTANDING OVER THE
7 NEXT SUCCEEDING 5-YEAR PERIOD, AS DETERMINED BY THE STATE
8 TREASURER, and, except to the extent required to maintain the
9 tax-exempt status of bonds or notes issued by the state pursuant
10 to this act and ~~Act No. 112 of the Public Acts of 1961, being~~
11 ~~sections 388.981 to 388.985 of the Michigan Compiled Laws 1961~~
12 PA 112, MCL 388.981 TO 388.985, not less than that PROJECTED
13 average interest rate, computed to the nearest 1/8 of 1%. The
14 state treasurer shall annually certify to the several borrowing
15 SCHOOL districts the rate of interest to be currently collected.
16 The proceeds of each ~~such~~ levy shall be used first for the pay-
17 ment of the minimum principal and interest requirements on the
18 qualified bonds that ~~shall~~ become due before the next tax col-
19 lection, and any balance INCLUDING ANY ANNUAL EXCESS shall be
20 paid to the state until the principal and interest due the state
21 are paid. THE SCHOOL DISTRICT SHALL CALCULATE THE AMOUNT OF
22 EXCESS, IF ANY, AFTER THE COMPLETION OF EACH SEMIANNUAL DEBT
23 SERVICE PAYMENT AND SHALL REMIT THE UNENCUMBERED PORTION TO THE
24 STATE WITHIN 30 DAYS AFTER THE COMPLETION OF THE SEMIANNUAL DEBT
25 SERVICE PAYMENT. THE INTEREST PAYMENT OR ACCRUAL REQUIRED BY
26 THIS SECTION AND THIS ACT MAY BE REDUCED AS PROVIDED BY ANY
27 LAWFUL SUBSIDY.

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1 (2) Before the adoption of a resolution approving annexation
2 and transfer of a school district to be divided pursuant to
3 part 10a of the ~~school code of 1976, Act No. 451 of the Public~~
4 ~~Acts of 1976, being sections 380.941 to 380.949 of the Michigan~~
5 ~~Compiled Laws~~ REVISED SCHOOL CODE, 1976 PA 451, MCL 380.941 TO
6 380.949, the superintendent of public instruction and the state
7 treasurer may issue a joint order determining that, upon division
8 of a school district pursuant to part 10a of the ~~school code of~~
9 ~~1976~~ REVISED SCHOOL CODE, the divided SCHOOL district or any
10 other school district affected by the division, or all, may cease
11 levying on its tax rolls for all or a portion, as shall be deter-
12 mined in the joint order by the superintendent of public instruc-
13 tion and the state treasurer, of the amount required by subsec-
14 tion (1) for repayment of all or a portion of the principal of or
15 interest on, or both, the loans received before the issuance of
16 the joint order from the school bond loan fund for a number of
17 years to be determined in the joint order by the superintendent
18 of public instruction and the state treasurer, not to exceed 5
19 years, beginning with the first tax levy after the election
20 approving the division or until the bonded indebtedness of the
21 district for which loans have been received has been paid in full
22 or provision for the payment has been made, whichever occurs
23 first. During the period in which the levy is waived pursuant to
24 this subsection, the school district payments due to the state
25 pursuant to subsection (1) from that waived levy shall be
26 waived. After expiration of the period of waiver, each school
27 district shall levy each year for repayment of loans an amount

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1 designated in the order of the ~~superintendent of public~~
2 ~~instruction and the~~ state treasurer, which amount, when added to
3 the amount required for debt service, shall not be more than the
4 amount required by subsection (1) until all loans to the school
5 district by the state are repaid with interest at rates to be
6 determined annually by the state treasurer. A school district
7 determining not to levy for loan repayment during the following
8 year shall notify before December 15 of each year the state trea-
9 surer of its determination not to levy and shall supply the
10 ~~superintendent of public instruction or the~~ state treasurer
11 with any additional related information the ~~superintendent of~~
12 ~~public instruction or the~~ state treasurer ~~shall require~~
13 REQUIRES.

14 (3) During any year in which a school district levy is
15 waived UNDER THIS SECTION, an amount equal to the annual interest
16 for that year on the amount owed by the school district to the
17 school bond loan fund shall be added to the amount of loans to
18 the school district by the state.

19 (4) Any repayment of principal or interest that was waived
20 pursuant to subsection (2) shall be transferred to the general
21 fund. ~~if general fund revenue supplements were required to pay~~
22 ~~obligations issued under sections 27 and 28 of article X of the~~
23 ~~state constitution of 1908 or section 16 of article IX of the~~
24 ~~state constitution of 1963 during the period of the waiver.~~

25 Sec. 9b. To receive a loan under this act, ~~or a general~~
26 ~~fund incentive payment under section 9a,~~ a school district shall
27 agree to take actions and to refrain from taking actions as

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1 necessary to maintain the tax-exempt status of bonds or notes
2 issued by the state pursuant to this act and ~~Act No. 112 of the~~
3 ~~Public Acts of 1961, being sections 388.981 to 388.985 of the~~
4 ~~Michigan Compiled Laws~~ 1961 PA 112, MCL 388.981 TO 388.985. The
5 state treasurer shall take the actions permitted by law that are
6 necessary to maintain the tax-exempt status of obligations issued
7 by school districts to provide the funds to repay a loan made
8 under this act.

9 SEC. 9C. A SCHOOL DISTRICT THAT HAS AN EXISTING BALANCE DUE
10 TO THE SCHOOL BOND LOAN FUND SHALL INCLUDE IN ITS AUDIT REPORT
11 FILED UNDER SECTION 5 OF CHAPTER III OF THE MUNICIPAL FINANCE
12 ACT, 1943 PA 202, MCL 133.5, A REVIEW OF ITS SCHOOL BOND LOAN
13 ACTIVITIES AND QUALIFIED BOND DEBT RETIREMENT ACTIVITIES. THIS
14 REVIEW SHALL PROVIDE AN OPINION ON THE SCHOOL DISTRICT'S COMPLI-
15 ANCE WITH THE REQUIREMENTS OF THIS ACT REGARDING BORROWING AND
16 REPAYMENT OF THE SCHOOL BOND LOAN FUND. THIS OPINION SHALL BE
17 INCLUDED IN THE SCHOOL DISTRICT'S ANNUAL AUDIT REPORT UNDER THIS
18 SECTION.

19 Sec. 10. (1) Except as provided in section 10a, if a school
20 district that has 1 or more loans pursuant to either this act or
21 ~~Act No. 151 of the Public Acts of 1955, as amended, being sec-~~
22 ~~tions 388.931 to 388.938 of the Michigan Compiled Laws~~ 1955
23 PA 151, MCL 388.931 TO 388.938, or both, fails to levy at least
24 the amount specified in section 2 or section 9, as applicable,
25 upon its ~~state equalized valuation~~ ADJUSTED TAXABLE VALUE for
26 debt retirement purposes for qualified bonds and for repayment of
27 a state loan made under this act while any part of the loan is

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1 unpaid, FAILS TO PROPERLY ALLOCATE ITS MILLAGE BETWEEN DEBT
2 SERVICE ACCOUNTS, or defaults in its agreement to repay a loan or
3 any installment of a loan, ~~money~~ THE SCHOOL DISTRICT SHALL
4 INCREASE PAYMENTS TO THE SCHOOL BOND LOAN FUND BY THE AMOUNT OF
5 THE DEFAULT DURING THE NEXT TAX YEAR THROUGH AN INCREASE IN THE
6 ANNUAL DEBT SERVICE MILLAGE LEVY ABOVE THE AMOUNT THAT WOULD HAVE
7 BEEN REQUIRED BY STATUTE TO MEET THAT YEAR'S DEBT SERVICE NEEDS,
8 OR THE PREVIOUS YEAR'S DEBT LEVY, WHICHEVER IS GREATER. THE
9 SCHOOL DISTRICT MAY USE OTHER METHODS OF REIMBURSING THE SCHOOL
10 BOND LOAN FUND INCLUDING A TRANSFER OF GENERAL FUNDS, IF APPROVED
11 BY THE STATE TREASURER. MONEY shall not be distributed to the
12 school district out of the state school aid fund until satisfac-
13 tory arrangements have been made with the ~~superintendent of~~
14 ~~public instruction~~ STATE TREASURER for the payment of the amount
15 in default.

16 (2) IF A SCHOOL DISTRICT FAILS TO PROCESS ANY REPORT, APPLI-
17 CATION, CONFIRMATION, OR REPAYMENT WITHIN STATUTORY DEADLINES,
18 THE SCHOOL DISTRICT SHALL PAY TO THE STATE TREASURER A SPECIAL
19 HANDLING FEE OF \$500.00 FOR THE FIRST OCCURRENCE AND \$1,000.00
20 FOR EACH SUBSEQUENT OCCURRENCE. A SPECIAL HANDLING FEE MAY NOT
21 BE PAID FROM DEBT RETIREMENT ACCOUNTS BUT IS DUE FROM THE SCHOOL
22 DISTRICT'S GENERAL FUND 30 DAYS FROM THE DATE NOTICE IS GIVEN TO
23 THE SCHOOL DISTRICT OF THE AMOUNT DUE. IF A SCHOOL DISTRICT
24 FAILS TO PAY A SPECIAL HANDLING FEE, THE UNPAID SPECIAL HANDLING
25 FEE MAY BE DEDUCTED FROM SUBSEQUENT STATE SCHOOL AID PAYMENTS.
26 THE STATE TREASURER MAY WAIVE COLLECTION OF A SPECIAL HANDLING
27 FEE IF THE SCHOOL DISTRICT CAN PROVIDE COMPELLING JUSTIFICATION.

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1 Sec. 10a. Upon request made by a school district before
2 June 1 of any year, the ~~superintendent of public instruction and~~
3 ~~the~~ state treasurer annually may ~~jointly~~ issue an order waiv-
4 ing all or a portion of the millage required to be levied by ~~a~~
5 THE school district pursuant to section 9(1) if he or she finds
6 all of the following:

7 (a) The school board of the school district has applied to
8 the department of ~~education~~ TREASURY for permission to levy
9 less than the millage required to be levied pursuant to
10 section 9(1).

11 (b) The application UNDER SUBDIVISION (A) specifies the
12 number of mills the school district requests permission to levy.

13 (c) The school board, by resolution, has agreed to transfer
14 from available identified funds of the school district to the
15 school debt retirement fund an amount equal to the amount that
16 would have been raised by the levy of the millage requested to be
17 waived.

18 (d) The school board, by resolution, has agreed that the
19 funds to be transferred to the school debt retirement fund shall
20 be earmarked for the payment of state loans to the school dis-
21 trict and for debt retirement purposes for qualified bonds before
22 taxes are certified for the year the school board is requesting
23 permission to levy less than the millage required to be levied
24 pursuant to section 9(1).

25 (e) The school board, by resolution, has agreed to comply
26 with all conditions that the ~~superintendent of public~~

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1 ~~instruction and the~~ state treasurer ~~consider are~~ CONSIDERS
2 necessary.

3 SEC. 10B. (1) THE STATE TREASURER SHALL AWARD PROJECT
4 GRANTS TO SCHOOL DISTRICTS AS PROVIDED UNDER THIS SECTION IN EACH
5 FISCAL YEAR FOR WHICH AN APPROPRIATION IS MADE OR APPROPRIATED
6 FUNDS ARE AVAILABLE FOR THIS PURPOSE AND MAY AWARD A REVOLVING
7 LOAN FUND GRANT TO THE MICHIGAN MUNICIPAL BOND AUTHORITY AS PRO-
8 VIDED UNDER THIS SECTION IN EACH FISCAL YEAR IN WHICH FUNDS ARE
9 AVAILABLE FOR THAT PURPOSE.

10 (2) TO BE ELIGIBLE FOR A PROJECT GRANT UNDER THIS SECTION, A
11 SCHOOL DISTRICT MUST MEET ALL OF THE FOLLOWING:

12 (A) THE SCHOOL DISTRICT MUST BE DETERMINED BY THE STATE
13 TREASURER TO BE AMONG THE LOWEST 10% OF SCHOOL DISTRICTS IN TAX-
14 ABLE VALUE PER MEMBERSHIP PUPIL FOR THE FISCAL YEAR IN WHICH THE
15 SCHOOL DISTRICT APPLIES FOR THE PROJECT GRANT.

16 (B) THE SCHOOL DISTRICT MUST APPLY TO THE STATE TREASURER
17 FOR A PROJECT GRANT. THIS APPLICATION SHALL BE PART OF THE
18 SCHOOL DISTRICT'S APPLICATION FOR PRELIMINARY QUALIFICATION OF
19 THE BOND ISSUE FINANCING THE PROJECT FOR WHICH THE GRANT IS
20 SOUGHT. THE APPLICATION MUST BE SUBMITTED BY THE SCHOOL DISTRICT
21 AND RECEIVED BY THE STATE TREASURER NOT LATER THAN MARCH 1 OF THE
22 FISCAL YEAR. THE PRELIMINARY QUALIFICATION, IF ANY, SHALL CON-
23 TAIN A PRELIMINARY INDICATION OF THE ELIGIBILITY FOR A PROJECT
24 GRANT AND SIZE OF PROJECT GRANT, IF ANY, UNDER THIS SECTION. IN
25 ADDITION, SCHOOL DISTRICTS THAT DECIDE TO HAVE THE PROVISIONS OF
26 THIS ACT AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
27 ADDED SECTION 2(4) APPLY AND THAT APPROVE BOND ISSUES AT

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1 ELECTIONS HELD ON OR AFTER JULY 1, 2000 AND BEFORE OCTOBER 10,
2 2000 MAY APPLY, IN AN APPLICATION OR AMENDMENT TO AN APPLICATION
3 RECEIVED BY THE STATE TREASURER BEFORE THE ELECTION DATE, FOR AN
4 OPTION IN PROJECT GRANT TO BE AWARDED IN OCTOBER 2000.

5 (C) EXCEPT FOR OPTION IN PROJECT GRANTS, THE SCHOOL DISTRICT
6 MUST OBTAIN APPROVAL FOR THE BOND ISSUE FINANCING THE PROJECT FOR
7 WHICH THE GRANT IS SOUGHT AT A REGULAR OR SPECIAL SCHOOL ELECTION
8 HELD ON THE SECOND MONDAY IN JUNE OF THE FISCAL YEAR IN WHICH THE
9 GRANT IS AWARDED.

10 (3) THE STATE TREASURER SHALL MAKE A WRITTEN PROJECT GRANT
11 AWARD TO EACH ELIGIBLE SCHOOL DISTRICT NOT LATER THAN AUGUST 1 OF
12 THE FISCAL YEAR IN WHICH THE PROJECT GRANT IS AWARDED EXCEPT FOR
13 OPTION IN PROJECT GRANT AWARDS WHICH SHALL BE MADE BEFORE OCTOBER
14 31, 2000. THE WRITTEN GRANT AWARD SHALL SPECIFY THE TOTAL AMOUNT
15 OF THE PROJECT GRANT TO THE SCHOOL DISTRICT. EXCEPT AS OTHERWISE
16 PROVIDED IN THIS SUBSECTION, THE AMOUNT OF THE
17 PROJECT GRANT TO AN ELIGIBLE SCHOOL DISTRICT SHALL BE AN AMOUNT
18 EQUAL TO 12.5% OF THE PRINCIPAL AMOUNT OF THE BOND ISSUE FINANC-
19 ING THE PROJECT FOR WHICH THE GRANT IS AWARDED OR \$5,000,000.00,
WHICHEVER IS LESS. IF FUNDS APPROPRIATED FOR PROJECT GRANTS
UNDER THIS SUBSECTION REMAIN AFTER AUGUST 1 OF THE FISCAL YEAR IN
WHICH THE PROJECT GRANT IS AWARDED, AN ELIGIBLE SCHOOL DISTRICT
THAT RECEIVED A GRANT AWARD UNDER THIS SUBSECTION IS ELIGIBLE TO
RECEIVE AN ADDITIONAL PROJECT GRANT AWARD NOT TO EXCEED 12.5% OF
THE PRINCIPAL AMOUNT OF THE BOND ISSUE FINANCING THE PROJECT,
LESS THE AMOUNT THE ELIGIBLE SCHOOL DISTRICT RECEIVED IN ITS
ORIGINAL PROJECT GRANT UNDER THIS SUBSECTION. HOWEVER, IF THE
AMOUNT APPROPRIATED FOR
20 PROJECT GRANTS UNDER THIS SECTION FOR THE FISCAL YEAR IS NOT SUF-
21 FICIENT TO FULLY FUND ALL OF THE PROJECT GRANTS AS OTHERWISE CAL-
22 CULATED, THEN THE AMOUNT OF EACH RECIPIENT SCHOOL DISTRICT'S
23 PROJECT GRANT AWARD SHALL BE REDUCED ON AN EQUAL PERCENTAGE
24 BASIS.

25 (4) AFTER A PROJECT GRANT IS AWARDED, THE STATE TREASURER
26 SHALL PROMPTLY SET ASIDE THE AMOUNT SPECIFIED IN THE WRITTEN
27 GRANT AWARD FOR THE RECIPIENT SCHOOL DISTRICT. THE STATE

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1 TREASURER SHALL DISBURSE PROJECT GRANT FUNDS TO THE SCHOOL
2 DISTRICT DURING THE PROJECT TO HELP PAY THE COSTS OF THE PROJECT
3 ACCORDING TO REQUISITION PROCEDURES ESTABLISHED BY THE STATE
4 TREASURER. IF THE STATE TREASURER DETERMINES IN WRITING THAT
5 BONDS FINANCING THE PROJECT FOR WHICH A PROJECT GRANT IS AWARDED
6 ARE NOT ISSUED OR DO NOT RECEIVE FINAL QUALIFICATION UNDER THIS
7 ACT IN WHOLE OR IN PART WITHIN 6 MONTHS AFTER THE DATE OF THE
8 AWARD, OR WITHIN A LONGER PERIOD IF SPECIFIED IN THE GRANT AWARD,
9 OR THAT THE PROJECT FOR WHICH THE PROJECT GRANT IS AWARDED IS NOT
10 COMPLETED IN WHOLE OR IN PART WITHIN A TIME PERIOD SPECIFIED IN
11 THE GRANT AWARD, A CORRESPONDING PORTION OF THE PROJECT GRANT
12 SHALL LAPSE AND SHALL NOT BE DISBURSED TO THE SCHOOL DISTRICT.
13 UPON COMPLETION OF THE PROJECT FOR WHICH THE PROJECT GRANT IS
14 AWARDED, ANY PORTION OF THE PROJECT GRANT THAT HAS NOT BEEN REQ-
15 UISITIONED BY THE SCHOOL DISTRICT SHALL LAPSE AND SHALL NOT BE
16 DISBURSED TO THE SCHOOL DISTRICT. ANY FUNDS THAT LAPSE UNDER
17 THIS SUBSECTION SHALL NOT REVERT TO THE GENERAL FUND BUT SHALL
18 REMAIN AVAILABLE TO BE USED TOWARD FULLY FUNDING PROJECT GRANTS
19 FOR THAT FISCAL YEAR THAT HAVE PRORATED PURSUANT TO SUBSECTION
20 (3) OR FOR OTHER PROJECT GRANTS UNDER THIS SECTION.

21 (5) A PROJECT GRANT UNDER THIS SECTION IS CONSIDERED TO BE
22 APPROPRIATED AND ALLOCATED TO THE RECIPIENT SCHOOL DISTRICT IN
23 THE FISCAL YEAR IN WHICH IT IS AWARDED REGARDLESS OF WHEN THE
24 SCHOOL DISTRICT ACTUALLY RECEIVES THE MONEY.

25 (6) NOT LATER THAN AUGUST 15 OF EACH FISCAL YEAR, THE STATE
26 TREASURER SHALL DETERMINE IN WRITING WHETHER THERE ARE ANY FUNDS
27 APPROPRIATED FOR THE PURPOSES OF THIS SECTION THAT HAVE NOT BEEN

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1 AWARDED AS PROJECT GRANTS AND THE AMOUNT OF THOSE FUNDS, AND MAY
2 AWARD THAT AMOUNT AS A REVOLVING FUND GRANT TO THE MICHIGAN
3 MUNICIPAL BOND AUTHORITY TO BE USED FOR AID TO SCHOOL DISTRICTS
4 AS SPECIFIED IN THIS SUBSECTION. IF THE STATE TREASURER DOES NOT
5 AWARD ALL OF THE FUNDS DESCRIBED IN THIS SUBSECTION IN ANY FISCAL
6 YEAR, THE REMAINING FUNDS SHALL NOT LAPSE AND SHALL BE AVAILABLE
7 FOR GRANTS UNDER THIS SUBSECTION IN SUCCEEDING FISCAL YEARS. THE
8 REVOLVING LOAN FUND GRANT AWARD SHALL SPECIFY THAT THE FUNDS
9 AWARDED MAY BE USED BY THE MICHIGAN MUNICIPAL BOND AUTHORITY ONLY
10 FOR THE PURPOSE OF FUNDING A REVOLVING LOAN FUND, OR A RESERVE
11 FUND FOR SUCH A REVOLVING LOAN FUND, TO BE USED TO MAKE INTEREST
12 BEARING LOANS FOR CAPITAL EXPENDITURES TO ANY OF THE FOLLOWING:
13 (A) SCHOOL DISTRICTS DETERMINED BY THE STATE TREASURER TO BE
14 AMONG THE LOWEST 1/3 OF SCHOOL DISTRICTS IN TAXABLE VALUE PER
15 MEMBERSHIP PUPIL FOR THE FISCAL YEAR IN WHICH THE LOAN IS MADE.
16 (B) SCHOOL DISTRICTS IN WHICH AT LEAST 50% OF THE PUPILS IN
17 MEMBERSHIP FOR THE FISCAL YEAR IN WHICH THE LOAN IS MADE MEET THE
18 INCOME ELIGIBILITY CRITERIA FOR FREE OR REDUCED-PRICE LUNCH UNDER
19 THE NATIONAL SCHOOL LUNCH ACT, CHAPTER 281, 60 STAT. 230, AS
20 DETERMINED BY THE DEPARTMENT OF EDUCATION.
21 (7) THE STATE TREASURER MAY ESTABLISH AND CHARGE SCHOOL DIS-
22 TRICTS REASONABLE FEES FOR THE ADMINISTRATION OF THIS SECTION.
23 (8) AS USED IN THIS SECTION:
24 (A) "FISCAL YEAR" MEANS THE STATE FISCAL YEAR COMMENCING
25 OCTOBER 1 AND ENDING SEPTEMBER 30.

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1 (B) "MICHIGAN MUNICIPAL BOND AUTHORITY" MEANS THAT AUTHORITY
2 CREATED IN THE SHARED CREDIT RATING ACT, 1985 PA 227,
3 MCL 141.1051 TO 141.1078.

4 SEC. 10C. (1) BEGINNING WITH 2000-2001, FOR EACH STATE
5 FISCAL YEAR, THE STATE TREASURER SHALL REDUCE THE
6 AMOUNT OF INTEREST OTHERWISE PAYABLE, ACCRUED, OR ACCRUABLE ON
7 LOANS MADE UNDER THIS ACT FOR EACH SCHOOL DISTRICT WITH A LOAN
8 UNDER THIS ACT THAT IS DETERMINED BY THE STATE TREASURER TO BE
9 AMONG THE LOWEST 1/3 OF ALL SCHOOL DISTRICTS IN TAXABLE VALUE PER
10 MEMBERSHIP PUPIL OR IN WHICH AT LEAST 50% OF THE PUPILS IN MEM-
BERSHIP MEET THE INCOME ELIGIBILITY CRITERIA FOR FREE OR
REDUCED-PRICE LUNCH UNDER THE NATIONAL SCHOOL LUNCH ACT, CHAPTER
281, 60 STAT. 230, AS DETERMINED BY THE DEPARTMENT OF EDUCATION.
11 (2) THE REDUCTION FOR EACH ELIGIBLE SCHOOL DISTRICT IN EACH
12 STATE FISCAL YEAR SHALL BE AN AMOUNT, AS COMPUTED BY THE STATE
13 TREASURER, EQUAL TO 50% OF THE INTEREST OTHERWISE PAYABLE,
14 ACCRUED, OR ACCRUABLE DURING THE FISCAL YEAR ON LOANS MADE PURSU-
15 ANT TO THIS ACT.

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HOWEVER, EXCEPT AS OTH-
ERWISE PROVIDED IN THIS SUBSECTION, THE REDUCTION
21 FOR ANY PARTICULAR SCHOOL DISTRICT SHALL NOT EXCEED THE LESSER OF
22 \$1,000,000.00 OR 50% OF THE INTEREST OTHERWISE PAYABLE, ACCRUED,
23 OR ACCRUABLE DURING THE FISCAL YEAR ON LOANS MADE PURSUANT TO
24 THIS ACT. FURTHER, THE AGGREGATE OF ALL OF THESE REDUCTIONS IN
25 ANY FISCAL YEAR SHALL NOT EXCEED THE AMOUNT APPROPRIATED FOR THE
26 PURPOSE OF THIS SECTION, AND THE AMOUNT OF THE REDUCTION FOR EACH

1 ELIGIBLE SCHOOL DISTRICT SHALL BE PRORATED ON AN EQUAL PERCENTAGE
2 BASIS AS NECESSARY TO COMPLY WITH THIS AGGREGATE LIMITATION. IF
3 THE AGGREGATE AMOUNT OF THE REDUCTIONS IN ANY FISCAL YEAR DO NOT
4 EXCEED THE AMOUNT APPROPRIATED FOR THE PURPOSES OF THIS SECTION,
5 AN ELIGIBLE SCHOOL DISTRICT THAT RECEIVED A REDUCTION UNDER THIS
6 SUBSECTION IS ELIGIBLE FOR A FURTHER REDUCTION UNDER THIS SUBSEC-
7 TION EQUAL TO THE DIFFERENCE BETWEEN THE AGGREGATE AMOUNT OF THE
8 REDUCTIONS AND THE AMOUNT APPROPRIATED FOR THE PURPOSES OF THIS
9 SECTION, NOT TO EXCEED 100% OF THE INTEREST OTHERWISE PAYABLE,
10 ACCRUED, OR ACCOUNTABLE DURING THE FISCAL YEAR ON LOANS MADE PUR-
11 SUANT TO THIS ACT, LESS THE AMOUNT OF THE ORIGINAL REDUCTION THE
12 ELIGIBLE SCHOOL DISTRICT RECEIVED UNDER THIS SUBSECTION.

13 (3) THE AMOUNT OF A SCHOOL DISTRICT'S REDUCTION UNDER THIS
14 SECTION SHALL BE CREDITED AGAINST THE AMOUNTS OF INTEREST OTHER-
15 WISE PAYABLE, ACCRUED, OR ACCRUABLE BY THE SCHOOL DISTRICT ON
16 LOANS MADE PURSUANT TO THIS ACT.

17 Sec. 11. (1) ~~Any~~ A school district applying for prelimi-
18 nary qualification of bonds or final qualification of refunding
19 bonds under this act shall pay a fee for the preliminary qualifi-
20 cation of bonds ~~or~~ AND final qualification of BONDS, INCLUDING
21 refunding bonds, which fee shall be used toward defraying the
22 administrative expenses in connection with this act, WITH 1961
23 PA 112, MCL 388.981 TO 388.985, and ~~Act No. 151 of the Public~~
24 ~~Acts of 1955, as amended, being sections 388.931 to 388.938 of~~
25 ~~the Michigan Compiled Laws~~ WITH 1955 PA 151, MCL 388.931 TO
26 388.938. ~~The fee~~ A NONREFUNDABLE FEE OF \$500.00 SHALL ACCOM-
27 PANY AN APPLICATION FOR PRELIMINARY QUALIFICATION.

18 (2) THE FEE FOR FINAL QUALIFICATION shall be paid to the
19 ~~superintendent of public instruction~~ STATE TREASURER within 30
20 days after the money obtained through the sale of the preliminary
21 qualified bonds or finally qualified refunding bonds has been
22 received by the treasurer of the SCHOOL board ~~of education~~ of
23 the school district. ~~The superintendent of public instruction~~
24 ~~shall promulgate necessary rules in accordance with the adminis-~~
25 ~~trative procedures act of 1969, Act No. 306 of the Public Acts of~~
26 ~~1969, being sections 24.201 to 24.328 of the Michigan Compiled~~
27 ~~Laws.~~ The amount of the fee FOR FINAL QUALIFICATION to be

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1 charged to the school district shall be determined by the
2 ~~superintendent of public instruction~~ STATE TREASURER. The
3 amount of the fee shall vary according to the amount of the bond
4 issue, ~~except that it shall not be less than \$100.00, and the~~
5 BASED ON A SCHEDULE PUBLISHED BY THE STATE TREASURER. THE total
6 amount to be charged to all school districts in any 1 fiscal year
7 shall be approximately equal to the estimated administrative
8 expenses in connection with this act for the same fiscal year.

9 (3) Upon failure of any school district to pay the prelimi-
10 nary qualification fee or final qualification ~~of refunding~~
11 ~~bonds~~ fee within the time specified, the ~~superintendent of~~
12 ~~public instruction~~ STATE TREASURER may withhold the amount of
13 the fee from the payment of state school aid money next due the
14 SCHOOL district.

15 SEC. 11A. ALL FEES COLLECTED UNDER THIS ACT SHALL BE DEPOS-
16 ITED INTO A SEPARATE FUND ESTABLISHED WITHIN THE STATE TREASURY
17 AND SHALL BE RESTRICTED TO ADMINISTERING AND ENFORCING THIS ACT.
18 THE UNEXPENDED AND UNOBLIGATED BALANCE OF THIS FUND AT THE END OF
19 THE FISCAL YEAR SHALL BE CARRIED FORWARD OVER TO THE SUCCEEDING
20 FISCAL YEAR AND SHALL NOT REVERT TO THE GENERAL FUND BUT SHALL BE
21 AVAILABLE FOR REAPPROPRIATION FOR THE NEXT FISCAL YEAR.

22 Sec. 12. ~~Any~~ A person who ~~shall~~ knowingly ~~make any~~
23 MAKES A false statement or ~~conceal any~~ CONCEALS A material
24 information for the purpose of obtaining QUALIFICATION OF A BOND
25 ISSUE UNDER THIS ACT OR FOR THE PURPOSE OF OBTAINING a loan under
26 ~~the provisions of~~ this act, or ~~use~~ WHO KNOWINGLY USES ALL OR
27 PART OF the proceeds of a loan ~~or any portion thereof~~ OBTAINED

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1 UNDER THIS ACT for any purpose not authorized by this act ~~shall~~
2 ~~be~~ IS guilty of a felony.

3 Enacting section 1. Sections 4b, 4c, and 9a of 1961 PA 108,
4 MCL 388.954b, 388.954c, and 388.959a, are repealed.

5 Enacting section 2. This amendatory act does not take
6 effect unless Senate Bill No. 1044 of the 90th Legislature is
7 enacted into law and appropriates money to fund sections 10b and
8 10c of 1961 PA 108, MCL 388.960b and 388.960c.