



HOUSE BILL No. 5070

November 2, 1999, Introduced by Reps. Gielegheem, Martinez, Bogardus, Bovin, Rivet, Prusi, Dennis, Jacobs, Minore, Hale, Schauer, Schermesser, Mans, Cherry, Neumann, Hardman, Garza, Woodward, Spade, Thomas, Lockwood and Lemmons and referred to the Committee on Appropriations.

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 section 2 (MCL 388.952), as amended by 1992 PA 228.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. (1) If the minimum amount ~~which~~ it would other-
2 wise be necessary for a school district to levy in any year to
3 pay principal and interest on its qualified bonds, including any
4 necessary allowances for estimated tax delinquencies, exceeds 13
5 mills or the computed millage under subsection (2), whichever is
6 less, on each dollar of its ~~assessed valuation as last equalized~~

1 ~~by the state~~ TAXABLE VALUE, then the school district may elect
2 to borrow all or any part of the excess from the state. In that
3 event the state shall loan the excess amount to the school dis-
4 trict for the payment of principal and interest. For bond issues
5 sold before October 1, 1991 or bond issues sold exclusively to
6 refund qualified bond issues sold before October 1, 1991, schools
7 shall be allowed to borrow at least the percentage over ~~7~~ 5
8 mills allowed them in the 1990-91 fiscal year. The school dis-
9 trict shall levy not less than 12 mills or its equivalent for
10 operating purposes.

11 (2) The computed millage referred to in subsection (1) is
12 the number of mills as computed by the state treasurer that the
13 school district would have to levy in the year the computation is
14 made and each succeeding year to be able to pay the principal and
15 interest on all of its qualified bonds and loans made to the
16 school district under this act, taking into account loans made to
17 the school district under this act for debt service, by not later
18 than 60 months after the final maturity date of all of its quali-
19 fied bonds outstanding as of the date of the computation, but
20 shall be not less than ~~7~~ 5 mills. The state treasurer shall
21 make the computation based on the following assumptions:

22 (a) An assumed interest rate on loans made under this act
23 equal to the average interest rate on school bond loan fund notes
24 and bonds over the immediately preceding 5-year period.

25 (b) A projected total ~~state equalized valuation~~ TAXABLE
26 VALUE for the school district that assumes a ~~state equalized~~
27 ~~valuation~~ TAXABLE VALUE growth rate or decline rate equal to the

1 school district's average yearly ~~state equalized valuation~~
2 TAXABLE VALUE growth rate or decline rate over the immediately
3 preceding 5-year period.

4 (3) Upon request made by a school district before June 1 of
5 any year, the superintendent of public instruction and the state
6 treasurer annually may jointly issue an order waiving all or a
7 portion of the millage required to be levied by a school district
8 to pay principal and interest on its qualified bonds pursuant to
9 subsection (1) if they find all of the following:

10 (a) The school board of the school district has applied to
11 the department of education for permission to levy less than the
12 millage required to be levied to pay the principal and interest
13 on its qualified bonds pursuant to subsection (1).

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

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

18 (d) The waiver will not reduce the millage levied by the
19 school district to pay principal and interest on qualified bonds
20 under subsection (1) to less than ~~7~~ 5 mills.

21 (e) The school board, by resolution, has agreed to comply
22 with all conditions that the superintendent of public instruction
23 and the state treasurer consider are necessary.