



# HOUSE BILL No. 5833

May 23, 2000, Introduced by Rep. Jelinek and referred to the Committee on Education.

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

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

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 CURRENT STATE FISCAL YEAR DIVIDED BY THE SCHOOL  
6 DISTRICT'S MEMBERSHIP, AS CALCULATED UNDER THE STATE SCHOOL AID  
7 ACT, 1979 PA 94, MCL 388.1601 TO 388.1772, FOR THE SCHOOL YEAR  
8 ENDING IN THE CURRENT STATE FISCAL YEAR.

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

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

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

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

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

26 (H) "QUALIFIED BONDS" MEANS GENERAL OBLIGATION BONDS OF A  
27 SCHOOL DISTRICT ISSUED ON OR AFTER JANUARY 1, 1964 FOR CAPITAL

1 EXPENDITURES, INCLUDING REFUNDING BONDS, THAT ARE QUALIFIED UNDER  
2 THIS ACT FOR STATE LOANS TO SCHOOL DISTRICTS, AS DEFINED IN SEC-  
3 TION 16 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963.

4 (I) "QUALIFIED DEBT SERVICE" MEANS DEBT SERVICE ON QUALIFIED  
5 BONDS.

6 (J) "QUALIFIED MILLAGE" MEANS MILLAGE LEVIED TO PAY DEBT  
7 SERVICE ON QUALIFIED BONDS.

8 (K) "SCHOOL BOND LOAN FUND" MEANS THAT FUND AS CREATED UNDER  
9 1961 PA 112, MCL 388.981 TO 388.985.

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

17 (M) "TAXABLE VALUE PER MEMBERSHIP PUPIL" MEANS A SCHOOL  
18 DISTRICT'S TAXABLE VALUE FOR THE CALENDAR YEAR ENDING IN THE CUR-  
19 RENT STATE FISCAL YEAR DIVIDED BY THE SCHOOL DISTRICT'S MEMBER-  
20 SHIP, AS CALCULATED UNDER THE STATE SCHOOL AID ACT, 1979 PA 94,  
21 MCL 388.1601 TO 388.1772, FOR THE SCHOOL YEAR ENDING IN THE CUR-  
22 RENT STATE FISCAL YEAR.

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

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

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

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

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

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

1 LOANS MADE TO THE SCHOOL DISTRICT UNDER THIS ACT BY NOT LATER  
2 THAN 60 MONTHS AFTER THE FINAL MATURITY DATE OF ALL OF THE SCHOOL  
3 DISTRICT'S THEN OUTSTANDING QUALIFIED BONDS, TAKING INTO ACCOUNT  
4 LOANS MADE TO THE SCHOOL DISTRICT UNDER THIS ACT FOR DEBT SERVICE  
5 AND ANY LAWFUL SUBSIDIES THE STATE TREASURER REASONABLY EXPECTS  
6 THE SCHOOL DISTRICT TO RECEIVE, THEN THE SCHOOL DISTRICT MUST  
7 LEVY THAT ADDITIONAL MILLAGE, UP TO 13 MILLS, AS A CONDITION TO  
8 RECEIVING A LOAN UNDER THIS ACT. UPON A SHOWING OF COMPELLING  
9 JUSTIFICATION BY THE SCHOOL DISTRICT, THE STATE TREASURER MAY  
10 EXTEND THE 60-MONTH PERIOD SPECIFIED IN THE PRECEDING SENTENCE TO  
11 A LONGER PERIOD NOT TO EXCEED 120 MONTHS. IF A SCHOOL DISTRICT  
12 MEETS ALL OF THE APPLICABLE REQUIREMENTS AND CONDITIONS UNDER  
13 THIS SUBSECTION, the state shall loan the excess amount to the  
14 school district for the payment of principal and interest. ~~For~~  
15 ~~bond issues sold before October 1, 1991 or bond issues sold~~  
16 ~~exclusively to refund qualified bond issues sold before~~  
17 ~~October 1, 1991, schools shall be allowed to borrow at least the~~  
18 ~~percentage over 7 mills allowed them in the 1990-91 fiscal year.~~  
19 ~~The school district shall levy not less than 12 mills or its~~  
20 ~~equivalent for operating purposes.~~

21 (2) ~~The computed millage referred to in subsection (1) is~~  
22 ~~the number of mills as computed by the state treasurer that the~~  
23 ~~school district would have to levy in the year the computation is~~  
24 ~~made and each succeeding year to be able to pay the principal and~~  
25 ~~interest on all of its qualified bonds and loans made to the~~  
26 ~~school district under this act, taking into account loans made to~~  
27 ~~the school district under this act for debt service, by not later~~

1 ~~than 60 months after the final maturity date of all of its~~  
2 ~~qualified bonds outstanding as of the date of the computation,~~  
3 ~~but shall be not less than 7 mills.~~ The state treasurer shall  
4 make the ~~computation~~ DETERMINATION UNDER SUBSECTION (1) based  
5 on the following assumptions:

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

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

20 (3) Upon request made by a school district before June 1 of  
21 any year, the ~~superintendent of public instruction and the~~  
22 state treasurer annually may ~~jointly~~ issue an order waiving all  
23 or a portion of the millage required to be levied by a school  
24 district to pay principal and interest on its qualified bonds  
25 pursuant to subsection (1) if ~~they find~~ THE STATE TREASURER  
26 FINDS all of the following:

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

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

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

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

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

16 (4) FOR BOND ISSUES ISSUED BEFORE THE EFFECTIVE DATE OF THE  
 17 AMENDATORY ACT THAT ADDED THIS SUBSECTION, A SCHOOL DISTRICT MAY  
 18 BORROW UNDER THIS ACT AT LEAST THE AMOUNT IT WOULD HAVE BEEN  
 19 ALLOWED TO BORROW UNDER THE PROVISIONS OF THIS ACT AS IN EFFECT  
 20 IMMEDIATELY BEFORE THAT DATE.

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

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

25 ~~(b) On or after May 4, 1955 but before January 1, 1964, only~~  
 26 ~~if, and to the extent that, the bonds have been qualified~~



1 ~~pursuant to section 27 or 28 of article X of the state~~  
2 ~~constitution of 1908 and implementing acts.~~

3 ~~(c) On or after January 1, 1964, if the bonds are qualified~~  
4 ~~pursuant to section 16 of article IX of the state constitution of~~  
5 ~~1963 and this act.~~

6 ~~(2) All actions heretofore taken by the superintendent of~~  
7 ~~public instruction BEFORE THE 2000 AMENDATORY ACT THAT AMENDED~~  
8 ~~THIS SECTION in qualifying bonds pursuant to sections 27 and 28~~  
9 ~~of article X of the state constitution of 1908 and implementing~~  
10 ~~acts, SECTION 16 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963~~  
11 ~~are validated and all certificates of qualification heretofore~~  
12 ~~or hereafter issued by the superintendent OF PUBLIC INSTRUCTION~~  
13 ~~OR THE STATE TREASURER are conclusive as to the existence of~~  
14 ~~facts entitling the bonds to be qualified as provided in the cer-~~  
15 ~~tificates and as to the qualification and shall not be subject to~~  
16 ~~attack in any proceeding. Any certificate of qualification~~  
17 ~~issued before January 1, 1964, qualifying bonds pursuant to sec-~~  
18 ~~tion 28 of article X of the state constitution of 1908, and the~~  
19 ~~act implementing that section, shall constitute qualification~~  
20 ~~pursuant to section 16 of article IX of the state constitution of~~  
21 ~~1963 and this act, for any bonds sold or delivered to the pur-~~  
22 ~~chaser of the bonds on or after January 1, 1964. Any bonds~~  
23 ~~issued between May 4, 1955 and before January 1, 1964, that were~~  
24 ~~partially qualified shall be considered to be 100% qualified~~  
25 ~~bonds if they would be 100% qualifiable under this act.~~

26 ~~(3) Bonds issued for a purpose described in section 1274a of~~  
27 ~~the school code of 1976, Act No. 451 of the Public Acts of 1976,~~

1 ~~being section 380.1274a of the Michigan Compiled Laws, shall be~~  
2 ~~considered general obligation bonds of school districts issued~~  
3 ~~for capital expenditures.~~

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

9       (a) That the last maturity date of the issue of bonds is not  
10 less than ~~10~~ 15 years from the issuance date appearing on the  
11 bonds ~~subject to the following qualifications and exceptions:~~  
12 ~~(i) Except for bonds issued for a purpose described in section~~  
13 ~~1274a of the school code of 1976, Act No. 451 of the Public Acts~~  
14 ~~of 1976, being section 380.1274a of the Michigan Compiled Laws,~~  
15 ~~or as otherwise provided in this subparagraph,~~ if the ratio of  
16 debt to ~~valuation~~ ADJUSTED TAXABLE VALUE of the school district  
17 exceeds 4%; ~~—~~, THAT the last maturity date of the issue of bonds  
18 ~~shall be~~ IS not less than ~~15~~ 25 years from the issuance date  
19 appearing on the bonds ~~—~~ if the ratio of debt to ~~valuation~~  
20 ADJUSTED TAXABLE VALUE of the school district exceeds 7%; ~~—~~, OR  
21 THAT the last maturity date of the issue of bonds ~~shall be~~ IS  
22 not less than ~~25~~ 29 years from the issuance date appearing on  
23 the bonds ~~—~~ or if the ratio of debt to ~~valuation~~ ADJUSTED  
24 TAXABLE VALUE of the school district exceeds 12%. ~~—~~, the last  
25 maturity date of the issue of bonds shall be not less than 29  
26 years from the issuance date appearing on the bonds. Regardless  
27 of the ratio of debt to ~~valuation~~ ADJUSTED TAXABLE VALUE of a

1 school district, the state treasurer may authorize the last  
2 maturity date of an issue of bonds of that school district to be  
3 ~~not less than 10~~ A LESSER NUMBER OF years from the issuance  
4 date appearing on the bonds if the state treasurer determines it  
5 is financially beneficial to ~~the~~ THIS state or to the school  
6 district. As used in this section, "ratio of debt to ~~valuation~~  
7 ADJUSTED TAXABLE VALUE" means that ratio arrived at by dividing  
8 the total tax supported bonded indebtedness of the school dis-  
9 trict outstanding as of the date of the filing of the application  
10 required by this act, including the bonds proposed to be quali-  
11 fied, by the ~~assessed valuation~~ ADJUSTED TAXABLE VALUE of the  
12 school district. ~~as last equalized by the state.~~ The refunding  
13 part of any proposed issue of bonds shall not be included in the  
14 total indebtedness of the school district for the purposes of  
15 this section.

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

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

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

25 (C) ~~(d)~~ That the ~~cost~~ COSTS of the project for which the  
26 bonds are to be issued, ~~is within reasonable standards of cost~~  
27 ~~as established by the state board of education, which standards~~

1 ~~may vary as to different localities in accordance with any~~  
2 ~~variance in construction costs between localities~~ INCLUDING, BUT  
3 NOT LIMITED TO, TOTAL INTEREST, BOND ISSUANCE COSTS, CONSTRUCTION  
4 COSTS, AND PROFESSIONAL FEES, ARE DOCUMENTED IN A FORMAT PRE-  
5 SCRIBED BY THE STATE TREASURER AND ARE CERTIFIED TO THE STATE  
6 TREASURER TO BE REASONABLE ACCORDING TO COST PARAMETERS ESTAB-  
7 LISHED BY THE STATE TREASURER UNDER SUBSECTION (3). IF THE COSTS  
8 EXCEED THESE PARAMETERS, THE STATE TREASURER MAY DENY THE APPLI-  
9 CATION, MAY REQUIRE AN EXPLANATION OF THE VARIANCE, OR MAY  
10 REQUIRE THE SCHOOL DISTRICT TO OBTAIN AN INDEPENDENT EVALUATION  
11 OF COSTS TO BE COMPLETED BY A CONSULTANT MEETING QUALIFICATIONS  
12 SPECIFIED BY THE STATE TREASURER.

13 (D) ~~(e) Except for bonds issued for a purpose described in~~  
14 ~~section 1274a of Act No. 451 of the Public Acts of 1976, that~~  
15 THAT there exists a need for the project based upon current and  
16 probable future enrollment, ~~and~~ that the project is designed to  
17 provide school facilities reasonably adequate to meet that need  
18 IN AN EFFICIENT AND EFFECTIVE MANNER BASED ON CRITERIA AS ESTAB-  
19 LISHED BY THE STATE TREASURER, AND THAT THIS NEED IS DOCUMENTED  
20 BY THE SCHOOL DISTRICT IN A STUDY OF THE SCHOOL DISTRICT'S FACIL-  
21 ITIES FILED WITH THE STATE TREASURER AS PART OF THE APPLICATION.

22 (E) ~~(f) Subject to subsection (3), if~~ IF a bond issue  
23 requires an election, that ~~a~~ THE bond issue ~~that a school dis-~~  
24 ~~trict wishes to qualify~~ has been given preliminary qualification  
25 ~~prior to~~ BEFORE the official action of the SCHOOL board ~~of~~  
26 ~~education~~ calling for the election on the bond issue; THAT THE  
27 BALLOT LANGUAGE WAS INCLUDED IN THE PRELIMINARY QUALIFICATION,

1 PROVIDES A CLEAR STATEMENT OF THE PURPOSE FOR WHICH THE PROCEEDS  
2 OF THE BONDS WILL BE USED, AND OTHERWISE COMPLIES WITH APPLICABLE  
3 LAW; AND THAT THE SCHOOL DISTRICT CERTIFIES TO THE STATE TREA-  
4 SURER BEFORE QUALIFICATION THAT THE SCHOOL DISTRICT PROVIDED TO  
5 ITS SCHOOL ELECTORS APPROPRIATE DISCLOSURE, IN THE FORM INCLUDED  
6 IN THE PRELIMINARY QUALIFICATION, OF THE FISCAL IMPACT OF THE  
7 BOND PROPOSAL, INCLUDING THE ESTIMATED ANNUAL MILLAGE RATE TO BE  
8 LEVIED WITH AND WITHOUT THE PROPOSED BOND ISSUE, THE MAXIMUM  
9 PRINCIPAL AMOUNT TO BE BORROWED, THE NUMBER OF YEARS THE BONDS  
10 ARE EXPECTED TO BE OUTSTANDING, THE ESTIMATED TOTAL INTEREST COST  
11 THAT WILL BE INCURRED, AND THE ESTIMATED DURATION AND COST OF ANY  
12 SCHOOL BOND LOAN FUND BORROWINGS.

13 ~~-(g) If the bonds are issued for a purpose described in sec-~~  
14 ~~tion 1274a of Act No. 451 of the Public Acts of 1976, and if the~~  
15 ~~bonds have not been approved by a majority of the school electors~~  
16 ~~voting on the question, that the school district has demonstrated~~  
17 ~~and the state treasurer has approved the method of payment for,~~  
18 ~~and the ability to pay, the bonds and that the school district~~  
19 ~~has received the prior approval of the department of treasury for~~  
20 ~~the issuance of the bonds under the municipal finance act, Act~~  
21 ~~No. 202 of the Public Acts of 1943, being sections 131.1 to 139.3~~  
22 ~~of the Michigan Compiled Laws.~~

23 (F) THAT THE SCHOOL DISTRICT CAN MEET THE REQUIREMENTS OF  
24 SECTION 2 USING THE ASSUMPTIONS CONTAINED IN THAT SECTION AND  
25 CONSIDERING ANY LAWFUL SUBSIDY THAT THE SCHOOL DISTRICT MAY REA-  
26 SONABLY EXPECT TO BE RECEIVED.

1 (G) THAT THE SCHOOL DISTRICT CERTIFIES TO THE STATE  
2 TREASURER THAT IT HAS COMPLIED WITH ALL LEGAL REQUIREMENTS  
3 APPLICABLE TO ALL PRIOR VOTED BOND ISSUES AND WILL DO SO WITH  
4 RESPECT TO THE BOND ISSUE BEING QUALIFIED.

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

9 (I) THAT QUALIFICATION OF THE ISSUE WILL NOT HAVE AN ADVERSE  
10 FINANCIAL IMPACT ON THIS STATE OR THE SCHOOL DISTRICT BASED ON  
11 PARAMETERS ESTABLISHED BY THE STATE TREASURER UNDER SUBSECTION  
12 (3). IF THE STATE TREASURER DETERMINES THAT THE BOND ISSUE DOES  
13 NOT MEET THIS REQUIREMENT, THE STATE TREASURER MAY APPROVE THAT  
14 PART OF THE BOND ISSUE THAT DOES MEET THIS REQUIREMENT.

15 (J) THAT THE SCHOOL DISTRICT AGREES TO COMPLETE EACH PROJECT  
16 IN ACCORDANCE WITH THE PLANS FOR THE PROJECT THAT WERE SUBMITTED  
17 IN THE SCHOOL DISTRICT'S APPLICATION FOR PRELIMINARY QUALIFICA-  
18 TION OF BONDS AND APPROVED IN THE BOND ELECTION, IF APPLICABLE,  
19 WITH ONLY THOSE CHANGES AS ARE PERMITTED BY, OR APPROVED BY, THE  
20 STATE TREASURER IN ACCORDANCE WITH THE PROCEDURES ESTABLISHED BY  
21 THE STATE TREASURER UNDER SUBSECTION (3).

22 (K) THAT, AS OF THE DATE THE APPLICATION IS FILED, THE TOTAL  
23 OUTSTANDING PRINCIPAL AMOUNT OF DEBT OF THE SCHOOL DISTRICT,  
24 INCLUDING THE BONDS PROPOSED TO BE QUALIFIED, WILL NOT EXCEED 20%  
25 OF THE ADJUSTED TAXABLE VALUE OF THE SCHOOL DISTRICT FOR THE MOST  
26 RECENT COMPLETED FISCAL YEAR. THIS REQUIREMENT MAY BE WAIVED BY  
27 THE STATE TREASURER IF THE SCHOOL DISTRICT CAN PROVIDE COMPELLING

1 JUSTIFICATION FOR THE WAIVER. FOR SUCH A WAIVER TO BE EFFECTIVE,  
2 THE WAIVER MUST BE APPROVED BEFORE THE PRELIMINARY QUALIFICATION  
3 OF THE BONDS.

4 (l) THAT QUALIFIED BONDS ISSUED FOR AN ASSET WITH A USEFUL  
5 LIFE OF LESS THAN 30 YEARS WILL NOT BE ISSUED FOR A TERM THAT IS  
6 LONGER THAN THE USEFUL LIFE OF THE ASSET COMPUTED FROM THE DATE  
7 THE ASSET IS PLACED IN SERVICE.

8 (M) THAT PRINCIPAL AMORTIZATION OF THE BOND ISSUE WILL BE  
9 SCHEDULED SO THAT AMORTIZATION OF BONDS IS COMPLETED CONCURRENTLY  
10 WITH RESPECT TO ALL ASSET CLASSIFICATIONS WITHIN THE FINANCED  
11 PROJECTS AS DETERMINED BY THE STATE TREASURER BASED ON CRITERIA  
12 ESTABLISHED BY THE STATE TREASURER UNDER SUBSECTION (3).

13 (N) THAT THE SCHOOL DISTRICT CERTIFIES THROUGH ITS APPLICA-  
14 TION FOR FINAL QUALIFICATION THAT IT AGREES TO ALL OF THE  
15 FOLLOWING:

16 (i) EXCEPT TO THE EXTENT OTHERWISE REQUIRED TO MAINTAIN THE  
17 TAX EXEMPT STATUS OF THE BOND ISSUE, TO ESTABLISH A COMMON DEBT  
18 RETIREMENT FUND FOR ALL ITS EXISTING AND PROPOSED QUALIFIED BOND  
19 ISSUES TO THE EXTENT ALLOWABLE UNDER STATE AND FEDERAL LAW.

20 (ii) IF MORE THAN 1 QUALIFIED DEBT RETIREMENT FUND IS  
21 REQUIRED, TO ALLOCATE THE SCHOOL DISTRICT'S TOTAL DEBT RETIREMENT  
22 MILLAGE AMONG THE VARIOUS QUALIFIED DEBT RETIREMENT FUNDS SO AS  
23 TO MINIMIZE THE AMOUNT OF FUNDS BORROWED FROM THE SCHOOL BOND  
24 LOAN FUND.

25 (iii) TO MAINTAIN ITS BONDED CAPITAL PROJECTS ACCOUNTING  
26 RECORDS IN A MANNER THAT PROVIDES FOR THE COMPARISON OF ACTUAL



1 EXPENDITURES TO BUDGETED AMOUNTS AS PRESENTED IN ITS APPLICATION  
2 FOR QUALIFICATION OF BONDS.

3 (iv) TO SUBMIT A FINAL REPORT OF BONDING ACTIVITY EXPENDI-  
4 TURES, IN A FORMAT AS PRESCRIBED BY THE STATE TREASURER, THAT HAS  
5 BEEN AUDITED IN ACCORDANCE WITH SECTION 1351A OF THE REVISED  
6 SCHOOL CODE, 1976 PA 451, MCL 380.1351A. IF THIS AUDIT OR ANY  
7 OTHER LAWFUL REVIEW BY THE STATE TREASURER IDENTIFIES EXPENDI-  
8 TURES THAT WERE IMPROPERLY CHARGED TO A CAPITAL PROJECTS FUND  
9 FINANCED FROM QUALIFIED BOND PROCEEDS, THE SCHOOL DISTRICT SHALL  
10 REIMBURSE THE CAPITAL PROJECTS FUND OR ITS SUCCESSOR DEBT RETIRE-  
11 MENT FUND FOR THE AMOUNT OF IMPROPER EXPENDITURES.

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

16 (2) ~~For refunding bonds issued to refund bonds issued~~  
17 ~~before May 4, 1955, the superintendent of public instruction~~  
18 ~~shall issue the certificate of qualification if the superinten-~~  
19 ~~dent finds that the refunding bonds comply with the requirements~~  
20 ~~set forth in subsection (1)(c).~~ For refunding bonds issued to  
21 refund bonds ~~issued on or after May 4, 1955,~~ or issued to  
22 refund loans from the state made under the authority of this act,  
23 the ~~superintendent~~ STATE TREASURER shall issue the certificate  
24 of qualification if the ~~superintendent~~ STATE TREASURER finds  
25 that the refunding bonds comply with the requirements set forth  
26 in subsection ~~(1)(c)~~ (1)(B), (C), AND (N), TO THE EXTENT THOSE  
27 PROVISIONS ARE APPLICABLE TO REFUNDING BONDS, and also that the

1 refunding bonds are being issued to refund loans from the state  
2 made under the authority of this act or that the bonds represent-  
3 ing the original indebtedness ~~either~~ were qualified ~~or satis-~~  
4 ~~fied the requirements for qualification set forth in~~  
5 ~~subsection (1)(d) and (e) in effect when issued or would have~~  
6 ~~satisfied the requirements set forth in subsection (1)(d) and (e)~~  
7 ~~had those requirements been in effect when the bonds were issued-~~  
8 UNDER THIS ACT. Refunding bonds issued to refund loans from the  
9 state made under the authority of this act shall be considered as  
10 refunding bonds for all purposes including section 16 of article  
11 IX of the state constitution of 1963.

12 (3) ~~The requirement of subsection (1)(f) does not apply to~~  
13 ~~a bond issue that is approved by the school district electors~~  
14 ~~between December 31, 1990 and July 1, 1991 and that is in part~~  
15 ~~ineligible for qualification. A series of bonds for such a bond~~  
16 ~~issue may be qualified by the superintendent of public instruc-~~  
17 ~~tion if it is limited to either a project or projects eligible~~  
18 ~~for qualification or refunding of obligations issued for a pur-~~  
19 ~~pose described in section 1274a of Act No. 451 of the Public Acts~~  
20 ~~of 1976, or both.~~ THE STATE TREASURER SHALL DEVELOP AND PUBLISH  
21 IN 1 OR MORE TREASURY BULLETINS ALL OF THE FOLLOWING:

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

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

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

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

3 (E) ANY OTHER CRITERIA THE STATE TREASURER CONSIDERS NECES-  
4 SARY TO EVALUATE COMPLIANCE WITH SUBSECTION (1).

5 (4) IN DETERMINING WHETHER A BOND ISSUE OR APPLICATION MEETS  
6 THE REQUIREMENTS OF SUBSECTION (1), THE STATE TREASURER SHALL NOT  
7 REQUIRE COMPLIANCE WITH ANY REQUIREMENT ESTABLISHED BY THE STATE  
8 TREASURER UNDER SUBSECTION (3) THAT IS PUBLISHED LESS THAN 30  
9 DAYS BEFORE THE DATE THE APPLICATION IS RECEIVED BY THE STATE  
10 TREASURER.

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

~~1 established for the bonds and shall be used either for the~~  
~~2 redemption of callable bonds, or, before the first call date~~  
~~3 only, for purchasing the bonds on the open market at not more~~  
~~4 than the fair market value or used to reduce the amount required~~  
~~5 to be levied to meet current principal and interest on the bonds~~  
~~6 as they become due. Any unexpended balance of the proceeds of~~  
~~7 sale of any school district bonds heretofore or hereafter issued,~~  
~~8 remaining after payment in full of the principal of and interest~~  
~~9 on the bonds, may be used to increase or continue expenditures~~  
~~10 for any of the projects or purposes for which the bonds were ini-~~  
~~11 tially authorized and issued, even though all projects for which~~  
~~12 the bonds were initially authorized and issued have not been~~  
~~13 completed. This section shall apply unless allocations of speci-~~  
~~14 fied amounts for stated projects or purposes were contained in~~  
~~15 the ballot question by which the bonds were initially authorized,~~  
~~16 in which case the use must be approved by the superintendent of~~  
~~17 public instruction~~ CAPITAL EXPENDITURES.

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

26       ~~(3) As used in this section, "fourth class school district"~~  
 27 ~~means a school district organized as a school district of the~~

~~1 fourth class under the school code of 1976, Act No. 451 of the~~  
~~2 Public Acts of 1976, being sections 380.1 to 380.1852 of the~~  
~~3 Michigan Compiled Laws.~~

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

20       Sec. 6. (1) ~~In~~ FOR any school district THAT OWES AN  
 21 EXISTING BALANCE DUE TO THE SCHOOL BOND LOAN FUND OR where the  
 22 amount necessary to be levied in any year for principal and  
 23 interest on qualified bonds, including any necessary allowance  
 24 for estimated tax delinquencies but excluding any funds pledged  
 25 to and available for the payment of the principal and interest,  
 26 exceeds that amount stipulated in section 2, the school district,  
 27 on or before 60 days ~~prior to~~ BEFORE the time of the

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

1       (2) THE ANNUAL LOAN ACTIVITY APPLICATION REQUIRED UNDER  
 2 SUBSECTION (1) SHALL BE SUBMITTED IN A FORMAT PRESCRIBED BY THE  
 3 STATE TREASURER AND SHALL PROVIDE THE ADJUSTED TAXABLE VALUE,  
 4 DEBT SERVICE, AND ANY OTHER INFORMATION NECESSARY TO DETERMINE  
 5 THE PROPER REQUIRED MILLAGE LEVY AS PRESCRIBED IN SECTION 2. THE  
 6 APPLICATION SHALL INCLUDE A RESOLUTION PASSED BY THE SCHOOL BOARD  
 7 AUTHORIZING A DESIGNATED SCHOOL DISTRICT OFFICIAL TO COMPLETE ALL  
 8 NECESSARY DOCUMENTS TO OBTAIN A LOAN FROM THE SCHOOL BOND LOAN  
 9 FUND OR FOR MAKING REPAYMENT TO THE SCHOOL BOND LOAN FUND FOR THE  
 10 YEAR.

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

24       Sec. 7. (1) If a loan from the state ~~shall become~~ BECOMES  
 25 necessary for the payment of principal and interest on qualified  
 26 bonds in accordance with ~~such approved preliminary application~~  
 27 A SCHOOL DISTRICT'S SCHOOL BOND LOAN FUND ANNUAL LOAN ACTIVITY

1 APPLICATION UNDER SECTION 6, or for any reason pursuant to ~~said~~  
2 section 16 of article ~~9~~ IX of the STATE CONSTITUTION OF 1963  
3 ~~constitution~~ and this act, then the school district shall file  
4 with the ~~superintendent of public instruction a supplemental~~  
5 ~~application (or an original application, if no preliminary appli=~~  
6 ~~cation has been filed), setting forth the amount of the tax col=~~  
7 ~~lections to the date of said application, an estimate of probable~~  
8 ~~collections prior to the time when such principal and interest~~  
9 ~~will become due and the amount of the loan necessary from the~~  
10 ~~state. Such supplemental or original~~ STATE TREASURER AN APPLI-  
11 CATION FOR A LOAN UNDER THIS ACT AND A CONFIRMATION OF THE FINAL  
12 LOAN AMOUNT IN THE FORMAT PRESCRIBED BY THE STATE TREASURER.  
13 THIS application shall be made not less than 30 days ~~prior to~~  
14 BEFORE the time when the proceeds of the loan will be necessary  
15 in order to pay maturing principal or interest or both. ~~Upon~~  
16 ~~receipt of such supplemental or original application, it shall be~~  
17 ~~the duty of the superintendent of public instruction, after~~  
18 ~~auditing the same, to forward to the state treasurer a statement~~  
19 ~~setting forth the amount to be loaned to the school district for~~  
20 ~~the payment of principal and interest and the date on or before~~  
21 ~~which such loan shall be made. He shall also prepare the proper~~  
22 ~~voucher as a basis for the issuance of the necessary warrant in~~  
23 ~~accordance with state accounting practices. Upon receipt of such~~  
24 ~~statement and warrant, it shall be the duty of the state trea=~~  
25 ~~surer to loan to the school district from "the school bond loan~~  
26 ~~fund" the amount set forth in the statement of the superintendent~~  
27 ~~of public instruction on or before the date specified therein.~~



~~1 The state treasurer upon the making of said loan shall obtain~~  
~~2 from the school district a receipt for the amount so loaned,~~  
~~3 which receipt shall specify~~ THE SCHOOL DISTRICT SHALL FILE A  
4 CONFIRMATION OF FINAL LOAN AMOUNT NOT LESS THAN 10 DAYS BEFORE  
5 THE TIME WHEN PROCEEDS OF THE LOAN WILL BE NECESSARY IN ORDER TO  
6 PAY MATURING PRINCIPAL OR INTEREST OR BOTH. THE STATE TREASURER  
7 MAY WAIVE THE REQUIREMENT FOR SUBMISSION OF THE APPLICATION FOR  
8 LOAN FOR A SCHOOL DISTRICT THAT HAS DEMONSTRATED THE CAPABILITY  
9 TO MEET THE REQUIREMENTS OF SECTION 2 AND HAS BEEN RESPONSIBLE IN  
10 THE DISCHARGE OF ITS DEBTS IN AN ORDERLY AND BUSINESSLIKE  
11 MANNER.

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

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

1 in the debt retirement fund and used solely for the payment of  
2 principal and interest on qualified bonds.

3       Sec. 8. (1) If for any reason ~~any~~ A school district will  
4 be or is unable to pay the principal and interest on its quali-  
5 fied bonds when due, then the school district shall borrow and  
6 the state shall loan to it an amount sufficient to enable the  
7 school district to make the payment. ~~Any~~ A school district  
8 ~~which~~ THAT finds that it will be or is unable to pay ~~such~~ THE  
9 principal or interest ON ITS QUALIFIED BONDS when due shall  
10 ~~forthwith~~ PROMPTLY make application for the necessary loan and  
11 the state shall, in time to prevent default in ~~such~~ THE pay-  
12 ment, make ~~such~~ THE loan and obtain a receipt ~~therefor as pro-~~  
13 ~~vided in section 7 of this act~~ FOR THE LOAN. ~~In the event~~  
14 ~~that~~

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

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

18       Sec. 9. (1) Except as provided in this section, section 2,  
 19 and section 10a, ~~any~~ A school district having received 1 or  
 20 more loans from ~~"the~~ THE school bond loan ~~funds" under sec-~~  
 21 ~~tions 27 and 28 of article X of the state constitution of 1908 or~~  
 22 ~~section 16 of article IX of the state constitution of 1963 and~~  
 23 ~~implementing acts~~ FUND shall continue to levy on its tax rolls  
 24 not less than ~~13 mills~~ THE MILLAGE RATE LEVIED BY THE SCHOOL  
 25 DISTRICT DURING THE MOST RECENT YEAR IN WHICH THE SCHOOL DISTRICT  
 26 WAS RECEIVING A LOAN FROM THE SCHOOL BOND LOAN FUND or the  
 27 ~~computed~~ millage RATE REQUIRED under section ~~2(2)~~ 2,

1 whichever is ~~less~~ GREATER, on each dollar of its ~~assessed~~  
2 ~~valuation as last equalized by the state~~ ADJUSTED TAXABLE VALUE,  
3 exclusive of any levy for unqualified bonds or for school operat-  
4 ing purposes, until all loans made to the school district by the  
5 state are repaid with interest at rates to be annually determined  
6 by the state treasurer. Except as provided in this section,  
7 these rates shall represent ~~not more than~~ the PROJECTED average  
8 interest rate TO BE paid by the state on obligations issued under  
9 ~~sections 27 and 28 of article X of the state constitution of~~  
10 ~~1908 and~~ section 16 of article IX of the state constitution of  
11 1963 and implementing acts PROJECTED TO BE OUTSTANDING OVER THE  
12 NEXT SUCCEEDING 5-YEAR PERIOD, AS DETERMINED BY THE STATE  
13 TREASURER, and, except to the extent required to maintain the  
14 tax-exempt status of bonds or notes issued by the state pursuant  
15 to this act and ~~Act No. 112 of the Public Acts of 1961, being~~  
16 ~~sections 388.981 to 388.985 of the Michigan Compiled Laws 1961~~  
17 PA 112, MCL 388.981 TO 388.985, not less than that PROJECTED  
18 average interest rate, computed to the nearest 1/8 of 1%. The  
19 state treasurer shall annually certify to the several borrowing  
20 SCHOOL districts the rate of interest to be currently collected.  
21 The proceeds of each ~~such~~ levy shall be used first for the pay-  
22 ment of the minimum principal and interest requirements on the  
23 qualified bonds that ~~shall~~ become due before the next tax col-  
24 lection, and any balance INCLUDING ANY ANNUAL EXCESS shall be  
25 paid to the state until the principal and interest due the state  
26 are paid. THE SCHOOL DISTRICT SHALL CALCULATE THE AMOUNT OF  
27 EXCESS, IF ANY, AFTER THE COMPLETION OF EACH SEMIANNUAL DEBT

1 SERVICE PAYMENT AND SHALL REMIT THE UNENCUMBERED PORTION TO THE  
2 STATE WITHIN 30 DAYS AFTER THE COMPLETION OF THE SEMIANNUAL DEBT  
3 SERVICE PAYMENT. THE INTEREST PAYMENT OR ACCRUAL REQUIRED BY  
4 THIS SECTION AND THIS ACT MAY BE REDUCED AS PROVIDED BY ANY  
5 LAWFUL SUBSIDY.

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

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

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

24 (4) Any repayment of principal or interest that was waived  
25 pursuant to subsection (2) shall be transferred to the general  
26 fund. ~~if general fund revenue supplements were required to pay~~  
27 ~~obligations issued under sections 27 and 28 of article X of the~~

~~1 state constitution of 1908 or section 16 of article IX of the  
2 state constitution of 1963 during the period of the waiver.~~

3       Sec. 9b. To receive a loan under this act, ~~or a general~~  
4 ~~fund incentive payment under section 9a,~~ a school district shall  
5 agree to take actions and to refrain from taking actions as nec-  
6 essary to maintain the tax-exempt status of bonds or notes issued  
7 by the state pursuant to this act and ~~Act No. 112 of the Public~~  
8 ~~Acts of 1961, being sections 388.981 to 388.985 of the Michigan~~  
9 ~~Compiled Laws~~ 1961 PA 112, MCL 388.981 TO 388.985. The state  
10 treasurer shall take the actions permitted by law that are neces-  
11 sary to maintain the tax-exempt status of obligations issued by  
12 school districts to provide the funds to repay a loan made under  
13 this act.

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

24       Sec. 10. (1) Except as provided in section 10a, if a school  
25 district that has 1 or more loans pursuant to either this act or  
26 ~~Act No. 151 of the Public Acts of 1955, as amended, being~~  
27 ~~sections 388.931 to 388.938 of the Michigan Compiled Laws~~ 1955

1 PA 151, MCL 388.931 TO 388.938, or both, fails to levy at least  
2 the amount specified in section 2 or section 9, as applicable,  
3 upon its ~~state equalized valuation~~ ADJUSTED TAXABLE VALUE for  
4 debt retirement purposes for qualified bonds and for repayment of  
5 a state loan made under this act while any part of the loan is  
6 unpaid, FAILS TO PROPERLY ALLOCATE ITS MILLAGE BETWEEN DEBT SERV-  
7 ICE ACCOUNTS, or defaults in its agreement to repay a loan or any  
8 installment of a loan, ~~money~~ THE SCHOOL DISTRICT SHALL INCREASE  
9 PAYMENTS TO THE SCHOOL BOND LOAN FUND BY THE AMOUNT OF THE  
10 DEFAULT DURING THE NEXT TAX YEAR THROUGH AN INCREASE IN THE  
11 ANNUAL DEBT SERVICE MILLAGE LEVY ABOVE THE AMOUNT THAT WOULD HAVE  
12 BEEN REQUIRED BY STATUTE TO MEET THAT YEAR'S DEBT SERVICE NEEDS,  
13 OR THE PREVIOUS YEAR'S DEBT LEVY, WHICHEVER IS GREATER. THE  
14 SCHOOL DISTRICT MAY USE OTHER METHODS OF REIMBURSING THE SCHOOL  
15 BOND LOAN FUND INCLUDING A TRANSFER OF GENERAL FUNDS, IF APPROVED  
16 BY THE STATE TREASURER. MONEY shall not be distributed to the  
17 school district out of the state school aid fund until satisfac-  
18 tory arrangements have been made with the ~~superintendent of~~  
19 ~~public instruction~~ STATE TREASURER for the payment of the amount  
20 in default.

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



1 THE SCHOOL DISTRICT OF THE AMOUNT DUE. IF A SCHOOL DISTRICT  
2 FAILS TO PAY A SPECIAL HANDLING FEE, THE UNPAID SPECIAL HANDLING  
3 FEE MAY BE DEDUCTED FROM SUBSEQUENT STATE SCHOOL AID PAYMENTS.  
4 THE STATE TREASURER MAY WAIVE COLLECTION OF A SPECIAL HANDLING  
5 FEE IF THE SCHOOL DISTRICT CAN PROVIDE COMPELLING JUSTIFICATION.

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

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

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

18 (c) The school board, by resolution, has agreed to transfer  
19 from available identified funds of the school district to the  
20 school debt retirement fund an amount equal to the amount that  
21 would have been raised by the levy of the millage requested to be  
22 waived.

23 (d) The school board, by resolution, has agreed that the  
24 funds to be transferred to the school debt retirement fund shall  
25 be earmarked for the payment of state loans to the school dis-  
26 trict and for debt retirement purposes for qualified bonds before  
27 taxes are certified for the year the school board is requesting

1 permission to levy less than the millage required to be levied  
2 pursuant to section 9(1).

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

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

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

16 (A) THE SCHOOL DISTRICT MUST BE DETERMINED BY THE STATE  
17 TREASURER TO BE AMONG THE LOWEST 10% OF SCHOOL DISTRICTS IN TAX-  
18 ABLE VALUE FOR THE FISCAL YEAR IN WHICH THE SCHOOL DISTRICT  
19 APPLIES FOR THE PROJECT GRANT.

20 (B) THE SCHOOL DISTRICT MUST APPLY TO THE STATE TREASURER  
21 FOR A PROJECT GRANT. THIS APPLICATION SHALL BE PART OF THE  
22 SCHOOL DISTRICT'S APPLICATION FOR PRELIMINARY QUALIFICATION OF  
23 THE BOND ISSUE FINANCING THE PROJECT FOR WHICH THE GRANT IS  
24 SOUGHT. THE APPLICATION MUST BE SUBMITTED BY THE SCHOOL DISTRICT  
25 AND RECEIVED BY THE STATE TREASURER NOT LATER THAN MARCH 1 OF THE  
26 FISCAL YEAR.

1 (C) THE SCHOOL DISTRICT MUST OBTAIN APPROVAL FOR THE BOND  
2 ISSUE FINANCING THE PROJECT FOR WHICH THE GRANT IS SOUGHT AT A  
3 REGULAR OR SPECIAL SCHOOL ELECTION HELD ON THE SECOND MONDAY IN  
4 JUNE OF THE FISCAL YEAR IN WHICH THE GRANT IS AWARDED.

5 (3) THE STATE TREASURER SHALL MAKE A WRITTEN PROJECT GRANT  
6 AWARD TO EACH ELIGIBLE SCHOOL DISTRICT NOT LATER THAN AUGUST 1 OF  
7 THE FISCAL YEAR IN WHICH THE PROJECT GRANT IS AWARDED. THE WRIT-  
8 TEN GRANT AWARD SHALL SPECIFY THE TOTAL AMOUNT OF THE PROJECT  
9 GRANT TO THE SCHOOL DISTRICT. THE AMOUNT OF THE PROJECT GRANT TO  
10 AN ELIGIBLE SCHOOL DISTRICT SHALL BE AN AMOUNT EQUAL TO 12.5% OF  
11 THE PRINCIPAL AMOUNT OF THE BOND ISSUE FINANCING THE PROJECT FOR  
12 WHICH THE GRANT IS AWARDED OR \$5,000,000.00, WHICHEVER IS LESS.  
13 HOWEVER, IF THE AMOUNT APPROPRIATED FOR PROJECT GRANTS UNDER THIS  
14 SECTION FOR THE FISCAL YEAR IS NOT SUFFICIENT TO FULLY FUND ALL  
15 OF THE PROJECT GRANTS AS OTHERWISE CALCULATED, THEN THE AMOUNT OF  
16 EACH RECIPIENT SCHOOL DISTRICT'S PROJECT GRANT AWARD SHALL BE  
17 REDUCED ON AN EQUAL PERCENTAGE BASIS.

18 (4) AFTER A PROJECT GRANT IS AWARDED, THE STATE TREASURER  
19 SHALL PROMPTLY SET ASIDE THE AMOUNT SPECIFIED IN THE WRITTEN  
20 GRANT AWARD FOR THE RECIPIENT SCHOOL DISTRICT. THE STATE TREA-  
21 SURER SHALL DISBURSE PROJECT GRANT FUNDS TO THE SCHOOL DISTRICT  
22 DURING THE PROJECT TO HELP PAY THE COSTS OF THE PROJECT ACCORDING  
23 TO REQUISITION PROCEDURES ESTABLISHED BY THE STATE TREASURER. IF  
24 THE STATE TREASURER DETERMINES IN WRITING THAT BONDS FINANCING  
25 THE PROJECT FOR WHICH A PROJECT GRANT IS AWARDED ARE NOT ISSUED  
26 OR DO NOT RECEIVE FINAL QUALIFICATION UNDER THIS ACT IN WHOLE OR  
27 IN PART WITHIN 6 MONTHS AFTER THE DATE OF THE AWARD, OR WITHIN A

1 LONGER PERIOD IF SPECIFIED IN THE GRANT AWARD, OR THAT THE  
2 PROJECT FOR WHICH THE PROJECT GRANT IS AWARDED IS NOT COMPLETED  
3 IN WHOLE OR IN PART WITHIN A TIME PERIOD SPECIFIED IN THE GRANT  
4 AWARD, A CORRESPONDING PORTION OF THE PROJECT GRANT SHALL LAPSE  
5 AND SHALL NOT BE DISBURSED TO THE SCHOOL DISTRICT. UPON COMPLE-  
6 TION OF THE PROJECT FOR WHICH THE PROJECT GRANT IS AWARDED, ANY  
7 PORTION OF THE PROJECT GRANT THAT HAS NOT BEEN REQUISITIONED BY  
8 THE SCHOOL DISTRICT SHALL LAPSE AND SHALL NOT BE DISBURSED TO THE  
9 SCHOOL DISTRICT. ANY FUNDS THAT LAPSE UNDER THIS SUBSECTION  
10 SHALL NOT REVERT TO THE GENERAL FUND BUT SHALL REMAIN AVAILABLE  
11 TO BE USED FOR OTHER PROJECT GRANTS UNDER THIS SECTION.

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

16 (6) NOT LATER THAN AUGUST 15 OF EACH FISCAL YEAR, THE STATE  
17 TREASURER SHALL DETERMINE IN WRITING WHETHER THERE ARE ANY FUNDS  
18 APPROPRIATED FOR THE PURPOSES OF THIS SECTION THAT HAVE NOT BEEN  
19 AWARDED AS PROJECT GRANTS AND THE AMOUNT OF THOSE FUNDS, AND  
20 SHALL AWARD THAT AMOUNT AS A REVOLVING FUND GRANT TO THE MICHIGAN  
21 MUNICIPAL BOND AUTHORITY TO BE USED FOR AID TO SCHOOL DISTRICTS  
22 AS SPECIFIED IN THIS SUBSECTION. THE REVOLVING LOAN FUND GRANT  
23 AWARD SHALL SPECIFY THAT THE FUNDS AWARDED MAY BE USED BY THE  
24 MICHIGAN MUNICIPAL BOND AUTHORITY ONLY FOR THE PURPOSE OF FUNDING  
25 A REVOLVING LOAN FUND, OR A RESERVE FUND FOR SUCH A REVOLVING  
26 LOAN FUND, TO BE USED TO MAKE LOANS FOR CAPITAL PURPOSES TO ANY  
27 OF THE FOLLOWING:

1 (A) SCHOOL DISTRICTS DETERMINED BY THE STATE TREASURER TO BE  
2 AMONG THE LOWEST 1/3 OF SCHOOL DISTRICTS IN TAXABLE VALUE PER  
3 MEMBERSHIP PUPIL FOR THE FISCAL YEAR IN WHICH THE LOAN IS MADE.

4 (B) PUBLIC SCHOOL ACADEMIES ESTABLISHED UNDER PART 6A OF THE  
5 REVISED SCHOOL CODE, 1976 PA 451, MCL 380.501 TO 380.507.

6 (C) SCHOOL DISTRICTS IN WHICH AT LEAST 50% OF THE PUPILS IN  
7 MEMBERSHIP FOR THE FISCAL YEAR IN WHICH THE LOAN IS MADE MEET THE  
8 INCOME ELIGIBILITY CRITERIA FOR FREE OR REDUCED-PRICE LUNCH UNDER  
9 THE NATIONAL SCHOOL LUNCH ACT, CHAPTER 281, 60 STAT. 230, AS  
10 DETERMINED BY THE DEPARTMENT OF EDUCATION.

11 (7) THE STATE TREASURER MAY ESTABLISH AND CHARGE SCHOOL DIS-  
12 TRICTS REASONABLE FEES FOR THE ADMINISTRATION OF THIS SECTION.

13 (8) THERE IS APPROPRIATED FROM THE STATE SCHOOL AID FUND FOR  
14 THE PURPOSES OF THIS SECTION THE AMOUNT OF \$20,000,000.00 FOR THE  
15 2000-2001 FISCAL YEAR. THE LEGISLATURE SHALL APPROPRIATE FUNDS  
16 FOR SUBSEQUENT FISCAL YEARS FOR THE PURPOSES OF THIS SECTION.

17 (9) AS USED IN THIS SECTION:

18 (A) "FISCAL YEAR" MEANS THE STATE FISCAL YEAR COMMENCING  
19 OCTOBER 1 AND ENDING SEPTEMBER 30.

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

23 (C) "STATE SCHOOL AID FUND" MEANS THAT FUND CREATED IN SEC-  
24 TION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963.

25 SEC. 10C. (1) BEGINNING WITH 2000-2001, FOR EACH STATE  
26 FISCAL YEAR, THE STATE TREASURER SHALL COMPUTE A REDUCTION IN THE  
27 AMOUNT OF INTEREST OTHERWISE PAYABLE, ACCRUED, OR ACCRUABLE ON

1 LOANS MADE UNDER THIS ACT FOR EACH SCHOOL DISTRICT WITH A LOAN  
2 UNDER THIS ACT THAT IS DETERMINED BY THE STATE TREASURER TO BE  
3 AMONG THE LOWEST 1/3 OF ALL SCHOOL DISTRICTS IN TAXABLE VALUE PER  
4 MEMBERSHIP PUPIL.

5 (2) THE REDUCTION FOR EACH ELIGIBLE SCHOOL DISTRICT IN EACH  
6 STATE FISCAL YEAR SHALL BE AN AMOUNT, AS COMPUTED BY THE STATE  
7 TREASURER, EQUAL TO THE PRODUCT OF THE DIFFERENCE BETWEEN THE  
8 SCHOOL DISTRICT'S ADJUSTED TAXABLE VALUE PER MEMBERSHIP PUPIL AND  
9 THE ADJUSTED TAXABLE VALUE PER MEMBERSHIP PUPIL OF THE SCHOOL  
10 DISTRICT WITH THE LOWEST ADJUSTED TAXABLE VALUE PER MEMBERSHIP  
11 PUPIL NOT AMONG THE LOWEST 1/3 OF ALL SCHOOL DISTRICTS, TIMES THE  
12 NUMBER OF MEMBERSHIP PUPILS OF THE SCHOOL DISTRICT TIMES THE  
13 MILLAGE RATE LEVIED BY THE SCHOOL DISTRICT TO PAY DEBT SERVICE ON  
14 BONDS QUALIFIED UNDER THIS ACT AND LOANS MADE UNDER THIS ACT.  
15 HOWEVER, THE REDUCTION FOR ANY PARTICULAR SCHOOL DISTRICT SHALL  
16 NOT EXCEED THE LESSER OF \$1,000,000.00 OR 100% OF THE INTEREST  
17 OTHERWISE PAYABLE, ACCRUED, OR ACCRUABLE DURING THE FISCAL YEAR  
18 ON LOANS MADE PURSUANT TO THIS ACT. FURTHER, THE AGGREGATE OF  
19 ALL OF THESE REDUCTIONS IN ANY FISCAL YEAR SHALL NOT EXCEED  
20 \$10,000,000.00, AND THE AMOUNT OF THE REDUCTION FOR EACH ELIGIBLE  
21 SCHOOL DISTRICT SHALL BE PRO RATED ON AN EQUAL PERCENTAGE BASIS  
22 AS NECESSARY TO COMPLY WITH THIS AGGREGATE LIMITATION.

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

1 (4) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, A  
2 SCHOOL DISTRICT SHALL NOT RECEIVE A REDUCTION UNDER THIS SECTION  
3 IN ANY STATE FISCAL YEAR IN WHICH THE SCHOOL DISTRICT ELECTS TO  
4 BORROW ADDITIONAL AMOUNTS PURSUANT TO SECTION 2(4).

5 (5) AS USED IN THIS SECTION, "LOAN" MEANS A LOAN TO PAY DEBT  
6 SERVICE ON BONDS APPROVED AT AN ELECTION HELD AFTER THE EFFECTIVE  
7 DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION. IF A  
8 SCHOOL DISTRICT HAS ISSUED BONDS APPROVED UNDER THIS ACT THAT  
9 WERE APPROVED AT AN ELECTION HELD BEFORE THAT DATE, THE REDUCTION  
10 SHALL BE PRORATED BASED ON THE RESPECTIVE DEBT SERVICE DUE IN THE  
11 FISCAL YEAR FOR WHICH THE CALCULATION IS MADE ON ALL QUALIFIED  
12 BONDS OF ALL SCHOOL DISTRICTS THAT WERE APPROVED AT AN ELECTION  
13 HELD BEFORE THAT DATE.

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

25 (2) THE FEE FOR FINAL QUALIFICATION shall be paid to the  
26 ~~superintendent of public instruction~~ STATE TREASURER within 30  
27 days after the money obtained through the sale of the preliminary

1 qualified bonds or finally qualified refunding bonds has been  
2 received by the treasurer of the SCHOOL board ~~of education~~ of  
3 the school district. ~~The superintendent of public instruction~~  
4 ~~shall promulgate necessary rules in accordance with the adminis-~~  
5 ~~trative procedures act of 1969, Act No. 306 of the Public Acts of~~  
6 ~~1969, being sections 24.201 to 24.328 of the Michigan Compiled~~  
7 ~~Laws.~~ The amount of the fee FOR FINAL QUALIFICATION to be  
8 charged to the school district shall be determined by the  
9 ~~superintendent of public instruction~~ STATE TREASURER. The  
10 amount of the fee shall vary according to the amount of the bond  
11 issue, ~~except that it shall not be less than \$100.00, and the~~  
12 BASED ON A SCHEDULE PUBLISHED BY THE STATE TREASURER. THE total  
13 amount to be charged to all school districts in any 1 fiscal year  
14 shall be approximately equal to the estimated administrative  
15 expenses in connection with this act for the same fiscal year.

16 (3) Upon failure of any school district to pay the prelimi-  
17 nary qualification fee or final qualification ~~of refunding~~  
18 ~~bonds~~ fee within the time specified, the ~~superintendent of~~  
19 ~~public instruction~~ STATE TREASURER may withhold the amount of  
20 the fee from the payment of state school aid money next due the  
21 SCHOOL district.

22 SEC. 11A. ALL FEES COLLECTED UNDER THIS ACT SHALL BE DEPOS-  
23 ITED INTO A SEPARATE FUND ESTABLISHED WITHIN THE STATE TREASURY  
24 AND SHALL BE RESTRICTED TO ADMINISTERING AND ENFORCING THIS ACT.  
25 THE UNEXPENDED AND UNOBLIGATED BALANCE OF THIS FUND AT THE END OF  
26 THE FISCAL YEAR SHALL BE CARRIED FORWARD OVER TO THE SUCCEEDING



1 FISCAL YEAR AND SHALL NOT REVERT TO THE GENERAL FUND BUT SHALL BE  
2 AVAILABLE FOR REAPPROPRIATION FOR THE NEXT FISCAL YEAR.

3       Sec. 12. ~~Any~~ A person who ~~shall~~ knowingly ~~make any~~  
4 MAKES A false statement or ~~conceal any~~ CONCEALS A material  
5 information for the purpose of obtaining QUALIFICATION OF A BOND  
6 ISSUE UNDER THIS ACT OR FOR THE PURPOSE OF OBTAINING a loan under  
7 ~~the provisions of~~ this act, or ~~use~~ WHO KNOWINGLY USES ALL OR  
8 PART OF the proceeds of a loan ~~or any portion thereof~~ OBTAINED  
9 UNDER THIS ACT for any purpose not authorized by this act ~~shall~~  
10 ~~be~~ IS guilty of a felony.

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