

**SUBSTITUTE FOR
HOUSE BILL NO. 5414**

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending section 1351a (MCL 380.1351a), as amended by 1997
PA 152.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1351a. (1) Beginning with bonds issued after May 1,
2 1994, a school district ~~may~~ SHALL not borrow money and issue
3 bonds of the district under section 1351(1). However, a school
4 district may borrow money and issue bonds of the district to
5 defray all or a part of the cost of purchasing, erecting, com-
6 pleting, remodeling, or equipping or reequipping, except for
7 equipping or reequipping for technology, school buildings,
8 including library buildings, structures, athletic fields,
9 playgrounds, or other facilities, or parts of or additions to
10 those facilities; furnishing or refurnishing new or remodeled

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1 school buildings; acquiring, preparing, developing, or improving
2 sites, or parts of or additions to sites, for school buildings,
3 including library buildings, structures, athletic fields, play-
4 grounds, or other facilities; purchasing school buses; acquiring,
5 installing, or equipping or reequipping school buildings for
6 technology; ~~refunding all or part of existing bonded indebted-~~
7 ~~ness if the net present value of the principal and interest to be~~
8 ~~paid on the refunding bonds, excluding the cost of issuance, will~~
9 ~~be less than the net present value of the principal and interest~~
10 ~~to be paid on the bonds being refunded, as calculated using a~~
11 ~~method approved by the department of treasury;~~ or accomplishing
12 a combination of the purposes set forth in this subsection.
13 Section 1351(2) to (4) applies to bonds issued under this
14 section.

15 (2) The proceeds of bonds issued under this section or under
16 section 11i of the state school aid act of 1979, 1979 PA 94, MCL
17 388.1611i, shall be used for capital expenditures and to pay
18 costs of bond issuance, and shall not be used for maintenance
19 costs. Except as otherwise provided in this subsection, a school
20 district that issues bonds under this section or under section
21 11i of the state school aid act of 1979, 1979 PA 94, MCL
22 388.1611i, shall have an independent audit, using generally
23 accepted accounting principles, of its bonding activities under
24 these sections conducted within 120 days after completion of all
25 projects financed by the proceeds of the bonds and shall submit
26 the audit report to the department of treasury. For bonds issued
27 under section 11i of the state school aid act of 1979, 1979 PA

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1 94, MCL 388.1611i, the independent audit required under this
2 subsection may be conducted and submitted with the annual report
3 required under ~~section 5 of chapter III of the municipal finance~~
4 ~~act, 1943 PA 202, MCL 133.5~~ THE REVISED MUNICIPAL FINANCE ACT,
5 2001 PA 34, MCL 141.2101 TO 141.2821.

6 ~~(3) Bonds issued under this section or under section 11i of~~
7 ~~the state school aid act of 1979, MCL 388.1611i, for an asset~~
8 ~~with a useful life of less than 30 years shall not be issued for~~
9 ~~a term that is longer than the useful life of the asset.~~

10 (3) ~~(4)~~ A school district shall not borrow money and issue
11 notes or bonds under this section to defray all or part of the
12 costs of any of the following:

13 (a) Upgrades to operating system or application software.

14 (b) Media, including diskettes, compact discs, video tapes,
15 and disks, unless used for the storage of initial operating
16 system software or customized application software included in
17 the definition of technology under this section.

18 (c) Training, consulting, maintenance, service contracts,
19 software upgrades, troubleshooting, or software support.

20 (4) ~~(5)~~ A resident of a school district has standing to
21 bring suit against the school district to enforce the provisions
22 of this section in a court having jurisdiction.

23 (5) ~~(6)~~ As used in this section, "technology" means any of
24 the following:

25 (a) Hardware and communication devices that transmit,
26 receive, or compute information for pupil instructional
27 purposes.

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1 (b) The initial purchase of operating system software or
2 customized application software, or both, accompanying the pur-
3 chase of hardware and communication devices under
4 subdivision (a).

5 (c) The costs of design and installation of the hardware,
6 communication devices, and initial operating system software or
7 customized application software authorized under this
8 subsection.