

**SUBSTITUTE FOR
SENATE BILL NO. 142**

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 1272d, 1351a, and 1613 (MCL 380.1272d,
380.1351a, and 380.1613), section 1272d as amended by 1993
PA 335, section 1351a as amended by 2002 PA 65, and section 1613
as added by 1982 PA 333, and by adding section 1292 and part 17a;
and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1272d. The department of education shall do all of the
2 following:

3 (a) Prescribe a uniform reporting system for the collection,
4 compilation, and analysis of data relative to the administration
5 of this section and section 1272a.

6 (b) Pay a school district for each free meal served pursuant
7 to section 1272b(c) an amount calculated by subtracting the

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1 federal reimbursement rate for a free meal from the actual cost
2 of the meal, but not to exceed 5 cents per meal.

3 (c) Pay a school district for each reduced price meal served
4 pursuant to section 1272b(c) an amount calculated by subtracting
5 the sum of the federal reimbursement rate for a reduced price
6 meal and the fee charged from the actual average cost of the
7 meal, but not to exceed 2 cents per meal. ~~-(d) For 1982-83 and~~
8 ~~thereafter, payments~~ PAYMENTS TO A SCHOOL DISTRICT required by
9 ~~subdivisions (b) and (c) to a school district~~ THIS SUBDIVISION
10 AND SUBDIVISION (B) shall be credited to the state's matching
11 share required by section 7 of the national school lunch act,
12 CHAPTER 281, 60 STAT. 232, 42 U.S.C. 1756.

13 (D) ~~-(e)-~~ Designate a reimbursable cost per breakfast equal
14 to the lesser of the school district's actual costs or 100% of
15 the cost of a breakfast served by an efficiently operated break-
16 fast program, as determined by the department. The department
17 shall allocate, and the legislature shall appropriate as part of
18 the annual department appropriations and allocations, all reason-
19 able and necessary direct and indirect costs of an efficiently
20 operated breakfast program or the school district's actual costs,
21 whichever is less, incurred by a school district in the operation
22 of a breakfast program, which costs would not have been incurred
23 without the operation of a breakfast program, to any extent that
24 they exceed state and federal breakfast subsidies and permissible
25 pupil breakfast fees. These costs shall be reimbursed on a
26 per-breakfast-served basis and may include, but shall not be
27 limited to, compensation for needed additional personnel and

1 supervision of both participating and nonparticipating pupils.
2 In a school year in which the total amount of reimbursements
3 under this ~~subsection~~ SUBDIVISION, as determined by the depart-
4 ment, are not appropriated, the requirements of section 1272a(2)
5 shall not apply to the affected school district.

6 SEC. 1292. (1) THE DEPARTMENT OF INFORMATION TECHNOLOGY IS
7 ENCOURAGED TO PREPARE AND IMPLEMENT A STATE PLAN FOR CREATION OF A
8 MICHIGAN INFORMATION NETWORK LINKING EACH LOCAL SCHOOL DISTRICT;
9 INTERMEDIATE SCHOOL DISTRICT; PUBLIC SCHOOL ACADEMY; COMMUNITY
10 COLLEGE; INDEPENDENT NONPROFIT COLLEGE OR UNIVERSITY LOCATED IN
11 THIS STATE; STATE PUBLIC UNIVERSITY; AND EACH STATE, LOCAL, OR
12 REGIONAL LIBRARY ON AN EQUAL BASIS BY FIBER OPTIC OR COAXIAL
13 CABLE OR OTHER COMPARABLE SYSTEM ALLOWING A WORLD-CLASS STATEWIDE
14 INTERACTIVE VIDEO AND DATA ACCESS AND EXCHANGE SYSTEM.

15 (2) ALL EDUCATIONAL ENTITIES IN THIS STATE ARE ENCOURAGED TO
16 PARTICIPATE IN THE MICHIGAN INFORMATION NETWORK DESCRIBED IN
17 SUBSECTION (1) AND IN SIMILAR NETWORKS OR SYSTEMS AND ARE ENCOUR-
18 AGED TO USE COMPUTER, TELECOMMUNICATIONS, AND OTHER INTERACTIVE
19 TECHNOLOGY TO DEVELOP AND USE DISTANCE LEARNING FOR EDUCATIONAL
20 PURPOSES.

21 Sec. 1351a. (1) Beginning with bonds issued after May 1,
22 1994, a school district shall not borrow money and issue bonds of
23 the district under section 1351(1). However, a school district
24 may borrow money and issue bonds of the district to defray all or
25 a part of the cost of purchasing, erecting, completing, remodel-
26 ing, or equipping or reequipping, except for equipping or
27 reequipping for technology, school buildings, including library

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1 buildings, structures, athletic fields, playgrounds, or other
2 facilities, or parts of or additions to those facilities; fur-
3 nishing or refurnishing new or remodeled school buildings;
4 acquiring, preparing, developing, or improving sites, or parts of
5 or additions to sites, for school buildings, including library
6 buildings, structures, athletic fields, playgrounds, or other
7 facilities; purchasing school buses; acquiring, installing, or
8 equipping or reequipping school buildings for technology; MAKING
9 REPAYMENTS TO THE MICHIGAN SCHOOL INFRASTRUCTURE IMPROVEMENT BOND
10 FUND UNDER PART 17A; or accomplishing a combination of the pur-
11 poses set forth in this subsection. Section 1351(2) to (4)
12 applies to bonds issued under this section.

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

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1 required under the revised municipal finance act, 2001 PA 34,
2 MCL 141.2101 to 141.2821.

(3) BONDS ISSUED BY SCHOOL DISTRICTS UNDER THIS SECTION AND SOLD TO THIS STATE UNDER PART 17A. ARE NOT SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT. 2001 PA 34. MCL 141.2101 TO 141.2821, BUT ARE SUBJECT TO THE AGENCY FINANCING REPORTING ACT.

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

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

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

11 (c) Training, consulting, maintenance, service contracts,
12 software upgrades, troubleshooting, or software support.

13 (5) A resident of a school district has standing to bring
14 suit against the school district to enforce the provisions of
15 this section in a court having jurisdiction.

16 (6) As used in this section, "technology" means any of the
17 following:

18 (a) Hardware and communication devices that transmit,
19 receive, or compute information for pupil instructional
20 purposes.

21 (b) The initial purchase of operating system software or
22 customized application software, or both, accompanying the pur-
23 chase of hardware and communication devices under
24 subdivision (a).

25 (c) The costs of design and installation of the hardware,
26 communication devices, and initial operating system software or

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1 customized application software authorized under this

2 subsection.

3 PART 17A. MICHIGAN SCHOOL INFRASTRUCTURE IMPROVEMENT BOND
4 IMPLEMENTATION

5 SEC. 1381. AS USED IN THIS PART:

6 (A) "ACQUISITION, CONSTRUCTION, OR MAJOR RENOVATION OF
7 SCHOOL BUILDINGS" MEANS PURCHASING, ERECTING, COMPLETING, OR
8 EQUIPPING OR REEQUIPPING SCHOOL BUILDINGS OR PARTS OF OR ADDI-
9 TIONS TO SCHOOL BUILDINGS, OR A RENOVATION OF AN EXISTING SCHOOL
10 BUILDING THAT AFFECTS AT LEAST 50% OF THE SQUARE FOOTAGE OF THE
11 SCHOOL BUILDING.

12 (B) "FUND" MEANS THE MICHIGAN SCHOOL INFRASTRUCTURE IMPROVE-
13 MENT BOND FUND CREATED IN SECTION 1386.

14 (C) "INFRASTRUCTURE BONDS" MEANS THE BONDS AUTHORIZED UNDER
15 THE MICHIGAN SCHOOL INFRASTRUCTURE IMPROVEMENT BOND AUTHORIZATION
16 ACT.

17 (D) "TAXABLE VALUE PER PUPIL" MEANS A SCHOOL DISTRICT'S TAX-
18 ABLE VALUE, AS CERTIFIED BY THE DEPARTMENT OF TREASURY, FOR THE
19 CALENDAR YEAR ENDING IN THE MOST RECENT STATE FISCAL YEAR FOR
20 WHICH AN AUDITED MEMBERSHIP COUNT IS AVAILABLE DIVIDED BY THE
21 SCHOOL DISTRICT'S MEMBERSHIP FOR THE SCHOOL YEAR ENDING IN THE
22 MOST RECENT STATE FISCAL YEAR FOR WHICH AN AUDITED MEMBERSHIP
23 COUNT IS AVAILABLE, AS DETERMINED UNDER SECTION 6(4) OF THE STATE
24 SCHOOL AID ACT OF 1979, 1979 PA 94, MCL 388.1606.

25 SEC. 1382. THE LEGISLATURE FINDS AND DECLARES THAT THE
26 SCHOOL INFRASTRUCTURE IMPROVEMENT PROGRAMS IMPLEMENTED UNDER THIS
27 PART ARE A PUBLIC PURPOSE AND OF PARAMOUNT PUBLIC CONCERN IN THE

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1 INTEREST OF THE HEALTH, SAFETY, AND GENERAL WELFARE OF THE
2 CITIZENS OF THIS STATE.

3 SEC. 1383. (1) SUBJECT TO SUBSECTION (2), THE INFRASTRUC-
4 TURE BONDS SHALL BE ISSUED IN 1 OR MORE SERIES, EACH SERIES TO BE
5 IN A PRINCIPAL AMOUNT, TO BE DATED, TO HAVE THE MATURITIES WHICH
6 MAY BE EITHER SERIAL, TERM, OR BOTH, TO BEAR INTEREST AT A RATE
7 OR RATES, TO BE SUBJECT OR NOT SUBJECT TO PRIOR REDEMPTION, AND
8 IF SUBJECT TO PRIOR REDEMPTION WITH OR WITHOUT CALL PREMIUMS, TO
9 BE PAYABLE AT A PLACE OR PLACES, TO HAVE OR NOT HAVE PROVISIONS
10 FOR REGISTRATION AS TO PRINCIPAL ONLY OR AS TO BOTH PRINCIPAL AND
11 INTEREST, TO BE IN A FORM AND TO BE EXECUTED IN A MANNER AS SHALL
12 BE DETERMINED BY RESOLUTION TO BE ADOPTED BY THE STATE ADMINIS-
13 TRATIVE BOARD AND SUBJECT TO OR GRANTING THOSE COVENANTS, DIREC-
14 TIONS, RESTRICTIONS, OR RIGHTS SPECIFIED BY RESOLUTION TO BE
15 ADOPTED BY THE STATE ADMINISTRATIVE BOARD AS NECESSARY TO ENSURE
16 THE MARKETABILITY, INSURABILITY, OR TAX EXEMPT STATUS OF THE
17 INFRASTRUCTURE BONDS. THE STATE ADMINISTRATIVE BOARD SHALL
18 ROTATE THE SERVICES OF LEGAL COUNSEL WHEN ISSUING INFRASTRUCTURE
19 BONDS.

20 (2) THE STATE ADMINISTRATIVE BOARD MAY REFUND INFRASTRUCTURE
21 BONDS ISSUED UNDER THIS PART BY THE ISSUANCE OF NEW INFRASTRUC-
22 TURE BONDS, WHETHER OR NOT THE INFRASTRUCTURE BONDS TO BE
23 REFUNDED HAVE MATURED OR ARE SUBJECT TO PRIOR REDEMPTION. THE
24 STATE ADMINISTRATIVE BOARD MAY ISSUE INFRASTRUCTURE BONDS PARTLY
25 TO REFUND INFRASTRUCTURE BONDS ISSUED UNDER THIS PART AND PARTLY
26 FOR ANY OTHER PURPOSE PROVIDED BY THIS PART. THE PRINCIPAL
27 AMOUNT OF ANY REFUNDING BONDS ISSUED PURSUANT TO THIS SECTION

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1 SHALL NOT BE COUNTED AGAINST THE LIMITATION ON PRINCIPAL AMOUNT
2 PROVIDED IN THE MICHIGAN SCHOOL INFRASTRUCTURE IMPROVEMENT BOND
3 AUTHORIZATION ACT.

4 (3) THE STATE ADMINISTRATIVE BOARD MAY AUTHORIZE AND APPROVE
5 INSURANCE CONTRACTS, AGREEMENTS FOR LINES OF CREDIT, LETTERS OF
6 CREDIT, COMMITMENTS TO PURCHASE INFRASTRUCTURE BONDS, AND ANY
7 OTHER TRANSACTION TO PROVIDE SECURITY TO ASSURE TIMELY PAYMENT OR
8 PURCHASE OF ANY INFRASTRUCTURE BOND ISSUED UNDER THIS PART. THE
9 STATE ADMINISTRATIVE BOARD MAY AUTHORIZE AND APPROVE AN INTEREST
10 RATE EXCHANGE OR SWAP, HEDGE, OR SIMILAR AGREEMENT IN CONNECTION
11 WITH THE ISSUANCE OF INFRASTRUCTURE BONDS UNDER THIS PART, PAY-
12 ABLE FROM THE SAME SOURCE AS THE INFRASTRUCTURE BONDS.

13 (4) THE STATE ADMINISTRATIVE BOARD MAY AUTHORIZE THE STATE
14 TREASURER, BUT ONLY WITHIN LIMITATIONS CONTAINED IN THE AUTHORIZ-
15 ING RESOLUTION OF THE BOARD, TO DO 1 OR MORE OF THE FOLLOWING:

16 (A) SELL AND DELIVER AND RECEIVE PAYMENT FOR THE INFRASTRUC-
17 TURE BONDS.

18 (B) DELIVER INFRASTRUCTURE BONDS PARTLY TO REFUND INFRA-
19 STRUCTURE BONDS AND PARTLY FOR OTHER AUTHORIZED PURPOSES.

20 (C) SELECT WHICH OUTSTANDING INFRASTRUCTURE BONDS WILL BE
21 REFUNDED, IF ANY, BY THE NEW ISSUE OF INFRASTRUCTURE BONDS.

22 (D) BUY ISSUED INFRASTRUCTURE BONDS.

23 (E) APPROVE INTEREST RATES OR METHODS FOR DETERMINING INTER-
24 EST RATES, INCLUDING FIXED OR VARIABLE RATES, PRICES, DISCOUNTS,
25 MATURITIES, PRINCIPAL AMOUNTS, PURCHASE PRICES, PURCHASE DATES,
26 REMARKETING DATES, DENOMINATIONS, DATES OF ISSUANCE, INTEREST
27 PAYMENT DATES, REDEMPTION RIGHTS AT THE OPTION OF THE STATE OR

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1 THE OWNER, THE PLACE AND TIME OF DELIVERY AND PAYMENT, AND OTHER
2 MATTERS AND PROCEDURES NECESSARY TO COMPLETE THE AUTHORIZED
3 TRANSACTIONS.

4 (F) EXECUTE, DELIVER, AND PAY THE COST OF REMARKETING AGREE-
5 MENTS, INSURANCE CONTRACTS, AGREEMENTS FOR LINES OF CREDIT, LET-
6 TERS OF CREDIT, COMMITMENTS TO PURCHASE INFRASTRUCTURE BONDS OR
7 NOTES, AND ANY OTHER TRANSACTION TO PROVIDE SECURITY TO ASSURE
8 TIMELY PAYMENTS OR PURCHASE OF ANY INFRASTRUCTURE BOND ISSUED
9 UNDER THIS PART.

10 (G) DETERMINE THE DETAILS OF, EXECUTE, DELIVER, AND PAY THE
11 COST OF ANY INTEREST RATE EXCHANGE OR SWAP, HEDGE, OR SIMILAR
12 AGREEMENT.

13 (5) THE INFRASTRUCTURE BONDS SHALL NOT BE SUBJECT TO THE
14 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO
15 141.2821. ISSUANCE OF THE INFRASTRUCTURE BONDS SHALL BE SUBJECT
16 TO THE AGENCY FINANCING REPORTING ACT.

17 (6) THE INFRASTRUCTURE BONDS OR ANY SERIES OF THE INFRA-
18 STRUCTURE BONDS SHALL BE SOLD AT PUBLIC OR PRIVATE SALE AT SUCH
19 PRICE AS DETERMINED BY OR PURSUANT TO A RESOLUTION OF THE STATE
20 ADMINISTRATIVE BOARD.

21 (7) THE FIRST INFRASTRUCTURE BOND ISSUANCE SHALL BE STRUC-
22 TURED IN SUCH A MANNER THAT DEBT PAYMENTS DO NOT BEGIN BEFORE
23 OCTOBER 1, 2003.

24 SEC. 1384. THE INFRASTRUCTURE BONDS SHALL BE FULLY NEGOTIA-
25 BLE UNDER THE UNIFORM COMMERCIAL CODE, 1962 PA 174, MCL 440.1101
26 TO 440.11102. THE INFRASTRUCTURE BONDS AND THE INTEREST ON THE

1 INFRASTRUCTURE BONDS SHALL BE EXEMPT FROM ALL TAXATION BY THE
2 STATE OR ANY POLITICAL SUBDIVISION OF THE STATE.

3 SEC. 1385. THE INFRASTRUCTURE BONDS ARE SECURITIES IN WHICH
4 BANKS, SAVINGS AND LOAN ASSOCIATIONS, STATE AUTHORITIES, INVEST-
5 MENT COMPANIES, CREDIT UNIONS, AND OTHER PERSONS CARRYING ON A
6 BANKING BUSINESS; ALL INSURANCE COMPANIES, INSURANCE ASSOCIA-
7 TIONS, AND OTHER PERSONS CARRYING ON AN INSURANCE BUSINESS; AND
8 ALL ADMINISTRATORS, EXECUTORS, GUARDIANS, TRUSTEES, AND OTHER
9 FIDUCIARIES MAY PROPERLY AND LEGALLY INVEST FUNDS, INCLUDING CAP-
10 ITAL, BELONGING TO THEM OR WITHIN THEIR CONTROL.

11 SEC. 1386. (1) THE MICHIGAN SCHOOL INFRASTRUCTURE IMPROVE-
12 MENT BOND FUND IS CREATED IN THE STATE TREASURY.

13 (2) THE FUND SHALL CONSIST OF ALL OF THE FOLLOWING:

14 (A) THE PROCEEDS OF SALES OF THE INFRASTRUCTURE BONDS SOLD
15 AT PUBLIC OR PRIVATE SALE AND ANY PREMIUM AND ACCRUED INTEREST
16 RECEIVED ON THE DELIVERY OF THE INFRASTRUCTURE BONDS.

17 (B) ANY INTEREST OR EARNINGS GENERATED BY THE PROCEEDS
18 DESCRIBED IN SUBDIVISION (A).

19 (C) REPAYMENTS OF BONDS PURCHASED FROM SCHOOL DISTRICTS
20 AND REPAYMENTS OF LOANS TO PUBLIC SCHOOL ACADEMIES UNDER THIS
21 PART.

22 (3) THE DEPARTMENT OF TREASURY MAY ESTABLISH RESTRICTED SUB-
23 ACCOUNTS WITHIN THE FUND AS NECESSARY TO ADMINISTER THE FUND.

24 SEC. 1387. (1) THE TOTAL PROCEEDS OF ALL INFRASTRUCTURE
25 BONDS SOLD AT PUBLIC OR PRIVATE SALE SHALL BE DEPOSITED INTO THE
26 FUND.

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(2) THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE
FUND.

(3) THE INFRASTRUCTURE BOND PROCEEDS SHALL BE EXPENDED IN AN
APPROPRIATE MANNER THAT MAINTAINS THE TAX EXEMPT STATUS OF ANY
INFRASTRUCTURE BONDS ISSUED AS TAX EXEMPT BONDS.

(4) THE UNENCUMBERED BALANCE IN THE FUND AT THE CLOSE OF THE
FISCAL YEAR SHALL REMAIN IN THE FUND AND SHALL NOT LAPSE TO THE
GENERAL FUND.

(5) THE DEPARTMENT OF TREASURY SHALL SUBMIT AN ANNUAL
ACCOUNTING OF INFRASTRUCTURE BOND PROCEEDS SPENDING ON A CASH
BASIS TO THE GOVERNOR, THE STANDING COMMITTEES OF THE HOUSE OF
REPRESENTATIVES AND THE SENATE THAT PRIMARILY ADDRESS ISSUES PER-
TAINING TO EDUCATION, AND THE APPROPRIATIONS COMMITTEES IN THE
HOUSE OF REPRESENTATIVES AND THE SENATE.

SEC. 1388. (1) SUBJECT TO SUBSECTIONS (2), (3), AND (4), MONEY IN
THE FUND SHALL BE USED ONLY FOR THE FOLLOWING PURPOSES:

(A) TO PAY FOR THE COST OF ISSUING INFRASTRUCTURE BONDS AND
THE COSTS INCURRED UNDER SECTION 1383(3).

(B) TO PURCHASE INTEREST-FREE BONDS FROM SCHOOL DISTRICTS UNDER
SECTION 1389.

(C) TO MAKE INTEREST-FREE LOANS TO PUBLIC SCHOOL ACADEMIES
UNDER SECTION 1390.

(2) FOR THE FIRST 3 YEARS AFTER MONEY IS AVAILABLE IN THE FUND,
20% OF THE MONEY IN THE FUND SHALL BE RESTRICTED TO BE USED ONLY

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1 FOR PURCHASING BONDS UNDER SECTION 1389 FROM SCHOOL DISTRICTS DESCRIBED
2 IN
3 SECTION 1389(2)(A).

(3) FOR THE FIRST 3 YEARS AFTER MONEY IS AVAILABLE IN THE FUND,
\$40,000,000.00 OF THE MONEY IN THE FUND SHALL BE SET ASIDE IN A
RESTRICTED SUBACCOUNT TO BE USED ONLY FOR THE PURPOSES OF SECTION 1390.

3 (4) THE MAXIMUM PERCENTAGE OF THE MONEY IN THE FUND THAT MAY
4 BE USED FOR A PARTICULAR SCHOOL DISTRICT IS 10%.

5 SEC. 1389. (1) EXCEPT AS OTHERWISE PROVIDED IN SECTIONS
6 1390 AND 1391, THE MONEY IN THE FUND SHALL BE USED TO PURCHASE INTEREST-
7 FREE BONDS FROM SCHOOL DISTRICTS UNDER THIS SECTION. TO
8 QUALIFY FOR STATE PURCHASE OF ITS BONDS UNDER THIS SECTION, A SCHOOL
9 DISTRICT SHALL
10 MEET ALL OF THE FOLLOWING:

10 (A) THE SCHOOL DISTRICT BORROWS MONEY AND ISSUES ITS BONDS
11 UNDER SECTION 1351A FOR THE ACQUISITION, CONSTRUCTION, OR MAJOR
12 RENOVATION OF 1 OR MORE SCHOOL BUILDINGS OF THE SCHOOL DISTRICT.

(B) IF THE SCHOOL DISTRICT IS A SCHOOL DISTRICT DESCRIBED IN
SUBSECTION (2)(B) TO (E). THAT IS SELLING ONLY A PORTION OF THE BONDS
DESCRIBED IN SUBDIVISION (A) TO THIS STATE. THE SCHOOL DISTRICT SHALL
ISSUE 2 BONDS: 1 BOND THAT MAY BE PURCHASED BY THIS STATE IN AN AMOUNT
NOT TO EXCEED THE PERCENTAGE UNDER SUBSECTION (2)(B) TO (E) AND 1 BOND
THAT WILL BE SOLD ON THE BOND MARKET IN AN AMOUNT EQUAL TO THE REMAINING
PERCENTAGE.

13 (C) THE BONDS DESCRIBED IN SUBDIVISION (A) ARE APPROVED BY
14 THE SCHOOL ELECTORS OF THE SCHOOL DISTRICT AT AN ELECTION HELD

15 AFTER JUNE 1, 2002. IF APPLICABLE, THE BALLOT QUESTION FOR APPROVAL OF
16 THE BONDS SHALL STATE THAT 2 SEPARATE BONDS ARE BEING ISSUED, AS
17 DESCRIBED IN SUBDIVISION (B).

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23 (2) SUBJECT TO SUBSECTION (3), THE AMOUNT OF THE BOND THIS STATE MAY

24 PURCHASE FROM UNDER THIS SECTION SHALL BE DETERMINED
25 BASED ON THE SCHOOL DISTRICT'S TAXABLE VALUE PER PUPIL, AS
26 FOLLOWS:

(A) IF THE SCHOOL DISTRICT'S TAXABLE VALUE PER PUPIL IS IN
THE LOWEST 20% AMONG SCHOOL DISTRICTS IN THIS STATE, THE AMOUNT

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1 OF THE BOND THE STATE MAY PURCHASE FROM THE SCHOOL DISTRICT SHALL BE AN
AMOUNT EQUAL TO 100%

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2 OF THE AMOUNT OF THE BOND ISSUE DESCRIBED IN SUBSECTION (1)(A).

3 (B) IF THE SCHOOL DISTRICT'S TAXABLE VALUE PER PUPIL IS IN
4 THE LOWEST 40% AMONG SCHOOL DISTRICTS IN THIS STATE BUT NOT IN
5 THE LOWEST 20%. THE AMOUNT OF THE BOND THIS STATE MAY PURCHASE FROM THE
6 SCHOOL DISTRICT SHALL
7 BE AN AMOUNT EQUAL TO 75% OF THE COMBINED TOTAL AMOUNT OF THE 2 BOND
8 ISSUES DESCRIBED IN SUBSECTION (1).

9 (C) IF THE SCHOOL DISTRICT'S TAXABLE VALUE PER PUPIL IS IN
10 THE LOWEST 60% AMONG SCHOOL DISTRICTS IN THIS STATE BUT NOT IN
11 THE LOWEST 40%. THE AMOUNT OF THE BOND THIS STATE MAY PURCHASE FROM THE
12 SCHOOL DISTRICT SHALL
13 BE AN AMOUNT EQUAL TO 50% OF THE AMOUNT OF THE BOND ISSUE.

14 (D) IF THE SCHOOL DISTRICT'S TAXABLE VALUE PER PUPIL IS IN
15 THE LOWEST 80% AMONG SCHOOL DISTRICTS IN THIS STATE BUT NOT IN
16 THE LOWEST 60%, THE AMOUNT THE SCHOOL DISTRICT MAY BORROW SHALL
17 BE AN AMOUNT EQUAL TO 25% OF THE COMBINED TOTAL AMOUNT OF THE 2 BOND
18 ISSUES DESCRIBED IN SUBSECTION (1).

19 (E) IF THE SCHOOL DISTRICT'S TAXABLE VALUE PER PUPIL IS IN
20 THE HIGHEST 20% AMONG SCHOOL DISTRICTS IN THIS STATE, THE AMOUNT
21 OF THE BOND THIS STATE MAY PURCHASE FROM THE SCHOOL DISTRICT SHALL BE AN
22 AMOUNT EQUAL TO 10% OF
23 THE COMBINED TOTAL OF THE 2 BOND ISSUES DESCRIBED IN SUBSECTION (1).

24 (3) THE AMOUNT OF THE BOND THIS STATE MAY PURCHASE FROM A SCHOOL
25 DISTRICT UNDER SUBSECTION

26 (2) SHALL BE INCREASED BY 10 PERCENTAGE POINTS FOR A SCHOOL DIS-
TRICT DESCRIBED IN SUBSECTION (2)(B) TO (E) IF AT LEAST 50% OF
THE PUPILS IN MEMBERSHIP IN THE SCHOOL DISTRICT FOR THE FISCAL
YEAR IN WHICH THE APPLICATION IS MADE FOR THE INTEREST SUBSIDY
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.

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(4) TO SELL A BOND TO THIS STATE UNDER THIS SECTION, A SCHOOL DISTRICT SHALL SUBMIT AN APPLICATION TO THE DEPARTMENT OF TREASURY,

TOGETHER WITH INFORMATION REQUIRED BY THE DEPARTMENT OF TREASURY,

IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT OF TREASURY.

(5) BEFORE PURCHASING A BOND FROM A SCHOOL DISTRICT UNDER THIS SECTION, THE DEPARTMENT OF TREASURY SHALL DETERMINE THE TERMS OF THE BOND. ALL OF THE FOLLOWING APPLY TO THE TERMS OF THE BOND:

(A) THE BOND SHALL BE INTEREST-FREE.

(B) THE BOND PROCEEDS MAY BE USED ONLY FOR THE ACQUISITION, CONSTRUCTION, OR MAJOR RENOVATION OF 1 OR MORE SCHOOL BUILDINGS.

(C) EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION (D), THE BOND SHALL HAVE A TERM OF NOT MORE THAN 30 YEARS.

(D) SUBJECT TO SUBDIVISION (E), IF THE SCHOOL DISTRICT'S TAXABLE VALUE PER PUPIL IS IN THE LOWEST 1% AMONG SCHOOL DISTRICTS IN THIS STATE, THE BOND SHALL HAVE A TERM EQUAL TO THE NUMBER OF YEARS NEEDED TO REPAY THE BOND FROM THE REVENUE FROM LEVYING 4 MILLS FOR REPAYMENT OF THE BOND, AS DETERMINED BY THE DEPARTMENT OF TREASURY.

(E) TO QUALIFY FOR A BOND TERM DESCRIBED IN SUBDIVISION (D), A SCHOOL DISTRICT SHALL DO BOTH OF THE FOLLOWING:

(i) LEVY 4 MILLS FOR THE REPAYMENT OF THE BOND. THESE MILLS SHALL BE LEVIED IN THE SAME MANNER AS OTHER DEBT MILLAGE UNDER THIS ACT AND THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.157.

(ii) OBTAIN THE PRIOR APPROVAL OF THE STATE TREASURER FOR THE PROJECT FOR WHICH THE BOND PROCEEDS WILL BE USED. WHICH MUST BE FOR THE ACQUISITION, CONSTRUCTION, OR MAJOR RENOVATION OF 1 OR MORE SCHOOL BUILDINGS.

(6) THE STATE TREASURER SHALL DEPOSIT ALL MONEY RECEIVED FOR THE REPAYMENT OF A BOND PURCHASED BY THIS STATE UNDER THIS SECTION INTO THE FUND.

(7) ALL CALCULATIONS NECESSARY UNDER THIS SECTION SHALL BE AS CALCULATED BY THE DEPARTMENT OF TREASURY.

SEC. 1390. (1) FOR THE FIRST 3 YEARS AFTER MONEY IS AVAILABLE IN THE FUND, THE MONEY IN THE RESTRICTED SUBACCOUNT UNDER SECTION 1388(3) SHALL BE USED TO MAKE INTEREST-FREE LOANS TO PUBLIC SCHOOL ACADEMIES UNDER THIS SECTION FOR ACQUISITION, CONSTRUCTION,

OR MAJOR RENOVATION OF SCHOOL BUILDINGS. AFTER THIS 3-YEAR PERIOD, MONEY IN THE FUND MAY BE USED FOR THE PURPOSES OF THIS SECTION. A LOAN UNDER THIS

SECTION MAY BE USED ONLY FOR ACQUISITION, CONSTRUCTION, OR MAJOR RENOVATION OF A BUILDING OWNED BY THE PUBLIC SCHOOL ACADEMY.

(2) THE MAXIMUM AMOUNT A PUBLIC SCHOOL ACADEMY MAY BORROW UNDER THIS SECTION IS \$581.00 PER PUPIL IN MEMBERSHIP IN THE

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22 PUBLIC SCHOOL ACADEMY FOR THE MOST RECENT STATE FISCAL YEAR FOR
23 WHICH AN AUDITED MEMBERSHIP COUNT IS AVAILABLE, AS DETERMINED
24 UNDER SECTION 6(4) OF THE STATE SCHOOL AID ACT OF 1979, 1979
25 PA 94, MCL 388.1606.

26 (3) TO QUALIFY FOR A LOAN UNDER THIS SECTION, A PUBLIC
27 SCHOOL ACADEMY SHALL SUBMIT AN APPLICATION TO THE DEPARTMENT OF

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1 TREASURY, TOGETHER WITH INFORMATION REQUIRED BY THE DEPARTMENT OF
2 TREASURY, IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT OF
3 TREASURY. THE APPLICATION SHALL INCLUDE AT LEAST A RESOLUTION OF
4 THE PUBLIC SCHOOL ACADEMY'S BOARD OF DIRECTORS REQUESTING THE
5 LOAN AND DOCUMENTATION SATISFACTORY TO THE DEPARTMENT OF TREASURY
6 DEMONSTRATING THE PUBLIC SCHOOL ACADEMY'S OWNERSHIP OF THE
7 BUILDING.

8 (4) BEFORE RELEASING A LOAN, THE DEPARTMENT OF TREASURY
9 SHALL ENTER INTO A LOAN AGREEMENT WITH THE LOAN RECIPIENT. THE
10 LOAN AGREEMENT SHALL SPECIFY AT LEAST THE TERM OF THE LOAN AND
11 MANNER OF REPAYMENT.

(5) LOANS TO PUBLIC SCHOOL ACADEMICS UNDER THIS SECTION ARE NOT
SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO
141.2821, BUT ARE SUBJECT TO THE AGENCY FINANCING REPORTING ACT.

12 (6) THE STATE TREASURER SHALL DEPOSIT ALL MONEY RECEIVED FOR
13 THE REPAYMENT OF A LOAN INTO THE FUND.

(7) THE LOAN SHALL BE SECURED BY THE REAL AND PERSONAL PROPERTY
OWNED BY THE PUBLIC SCHOOL ACADEMY.

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1 [REDACTED]
2 [REDACTED]
3 Sec. 1613. (1) By adoption of a resolution of its board
4 ~~before February 1, 1983, or~~ before January 1 in any year,
5 ~~thereafter,~~ a school district or intermediate school district
6 may determine to impose a summer property tax levy, which resolu-
7 tion by its terms may be applicable until revoked by the board of
8 the school district or intermediate school district or for levies
9 in any year specified ~~therein~~ IN THE RESOLUTION. For each year
10 such a resolution applies, the school district or intermediate
11 school district that has adopted the resolution shall request,
12 ~~before February 1, 1983 or~~ before January 1 ~~in any~~ OF THE
13 APPLICABLE year, ~~thereafter,~~ each city and township in which it
14 is located to agree to collect the summer levy in that year of
15 either the total or 1/2, as specified in the resolution, of the
16 school property taxes. Notice of the meeting of the respective
17 school district board or intermediate school district board at
18 which this resolution will be offered for adoption shall be pub-
19 lished by the district, not less than 6 days before holding the
20 meeting, in a newspaper of general circulation in the school dis-
21 trict or intermediate school district. This notice shall specify
22 the time, date, and place of the public meeting, shall be not
23 less than 8 vertical inches and 4 horizontal inches, shall be in
24 not less than 12-point type, shall be preceded by a headline in
25 not less than 18-point type stating "Notice of a public meeting
26 to institute a summer property tax levy", shall contain a concise
27 statement of the contents and purpose of the proposed resolution,

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1 and shall not be placed in that portion of the newspaper reserved
2 for legal notices and classified advertisements. Upon receipt of
3 the request, the governing body of the city or township shall
4 negotiate the reasonable expenses for collection of the school
5 district's or intermediate school district's summer property tax
6 levy that the city or township may bill under section 1611 or
7 1612. If a city or township and the school district or interme-
8 diate school district reach an agreement within 30 days of
9 receipt of the district's request for the collection of the
10 district's summer property tax levy, including an agreement to
11 the amount of reasonable expenses that the city or township may
12 bill under section 1611 or 1612, section 1611 shall govern the
13 other terms of a city's agreement and section 1612 shall govern
14 the other terms of a township's agreement.

15 (2) If a city or township and the school district or inter-
16 mediate school district fail to reach an agreement pursuant to
17 subsection (1) for the collection of the summer property tax levy
18 of a school district or intermediate school district subject to
19 subsection (3), the school district or intermediate school dis-
20 trict then may negotiate, until April 1, a proposed agreement
21 with the county treasurer to collect its summer property tax levy
22 against property located in that city or township. If a proposed
23 agreement with the county treasurer has not been reached by April
24 1, the school district or intermediate school district may deter-
25 mine to serve as the property tax collecting unit and collect its
26 own summer property tax levy against property in that city or
27 township.

1 (3) If, pursuant to subsection (2), the school district or
2 intermediate school district has determined to collect its own
3 summer property tax levy or has reached a proposed agreement with
4 a county treasurer on the collection of its summer property tax
5 levy against property located in a city or township with which an
6 agreement to collect this levy could not be made pursuant to sub-
7 section (1), the school district shall notify by April 15 that
8 city or township of the terms of the statement required by sub-
9 section (4)(b) and the city or township shall have 15 days in
10 which to exercise an option to collect the school district's or
11 intermediate school district's summer property tax levy pursuant
12 to the terms of section 1611 or 1612.

13 (4) Collection of all or part of a school district's or
14 intermediate school district's property tax levy by a county
15 treasurer or by the school district or intermediate school dis-
16 trict shall comply with all of the following:

17 (a) Collection shall be either 1/2 or the total of the prop-
18 erty tax levy against the properties, as specified for that year
19 in the resolution of the district.

20 (b) The actual cost of the collection ~~which~~ the school
21 district or intermediate school district has agreed to incur
22 itself or to pay the county treasurer that is in addition to any
23 fees imposed pursuant to subdivision (g), and the aggregate
24 amount of costs of collection the district has agreed to incur or
25 the county treasurer may receive from district payments and from
26 fees and charges imposed pursuant to subdivision (g), shall be
27 stated in writing and reported to the state treasurer.

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1 (c) Before June 30 the county treasurer or, if the district
2 is collecting its own summer property tax levy, the treasurer of
3 the school district or intermediate school district shall spread
4 the taxes being collected in terms of millages on the assessment
5 roll, assess the amount of tax levied in proportion to the state
6 equalized valuation, and prepare a tax roll ~~which~~ THAT commands
7 the appropriate treasurer to collect on July 1 the taxes indi-
8 cated as due on the tax roll.

9 (d) Taxes authorized to be collected shall become a lien
10 against the property on which assessed, and due from the owner of
11 that property, on July 1.

12 (e) Taxes shall be collected on or before September 14 and
13 all taxes and interest imposed pursuant to subdivision (f) unpaid
14 before March 1 shall be returned as delinquent on March 1. Taxes
15 delinquent under this subdivision shall be collected pursuant to
16 ~~Act No. 206 of the Public Acts of 1893, as amended~~ THE GENERAL
17 PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.157.

18 (f) Interest shall be added to taxes collected after
19 September 14 at that rate imposed by section 59 of ~~Act No. 206~~
20 ~~of the Public Acts of 1893, being section 211.59 of the Michigan~~
21 ~~Compiled Laws~~ THE GENERAL PROPERTY TAX ACT, 1893 PA 206,
22 MCL 211.59, on delinquent property tax levies which became a lien
23 in the same year.

24 (g) All or a portion of fees or charges, or both, authorized
25 under section 44 of ~~Act No. 206 of the Public Acts of 1893,~~
26 ~~being section 211.44 of the Michigan Compiled Laws~~ THE GENERAL
27 PROPERTY TAX ACT, 1893 PA 206, MCL 211.44, may be imposed on

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1 taxes paid before March 1 and shall be retained by the treasurer
2 actually performing the collection of the summer property tax
3 levy of the school district or intermediate school district,
4 regardless of whether all or part of these fees or charges, or
5 both, have been waived by the township or city.

6 (5) An agreement for the collection of a summer property tax
7 levy of a school district or intermediate school district with a
8 county treasurer shall include a schedule for delivering collec-
9 tions to the school district or intermediate school district.

10 (6) To the extent applicable and consistent with the
11 requirements of this section, the ~~provisions of Act No. 206 of~~
12 ~~the Public Acts of 1893, shall apply~~ GENERAL PROPERTY TAX ACT,
13 1893 PA 206, MCL 211.1 TO 211.157, APPLIES to proceedings in
14 relation to the assessment, spreading, and collection of taxes
15 pursuant to this section. Additionally, in relation to the
16 assessment, spreading, and collection of taxes pursuant to this
17 section, the county treasurer or, if the district is collecting
18 its own summer property tax levy, the treasurer of the school
19 district or intermediate school district ~~shall have~~ HAS powers
20 and duties similar to those prescribed by ~~Act No. 206 of the~~
21 ~~Public Acts of 1893~~ THE GENERAL PROPERTY TAX ACT, 1893 PA 206,
22 MCL 211.1 TO 211.157, for township supervisors, township clerks,
23 and township treasurers. However, this section ~~shall not be~~
24 ~~considered to~~ DOES NOT transfer any authority over the assess-
25 ment of property.

26 (7) If a county treasurer or the treasurer of a school
27 district or intermediate school district collects the summer

1 property tax levy of the SCHOOL DISTRICT OR INTERMEDIATE SCHOOL
2 district, the township or city shall deliver by June 1 a certi-
3 fied copy of the assessment roll containing ~~state-equalized~~
4 ~~valuations~~ TAXABLE VALUES for each parcel of taxable property in
5 the township or city to the treasurer collecting the summer prop-
6 erty tax levy of the school district or intermediate school
7 district. The county treasurer or the treasurer of a school dis-
8 trict or intermediate school district receiving this certified
9 copy of the assessment roll shall remit the necessary cost inci-
10 dent to the reproduction of the assessment roll to the township
11 or city.

12 (8) A county treasurer or treasurer of a school district or
13 intermediate school district collecting taxes pursuant to this
14 section shall be bonded for tax collection in the same amount and
15 in the same manner as a township treasurer would be for undertak-
16 ing the duties prescribed by this section.

17 (9) An agreement for the collection of a summer property tax
18 levy between a school district or intermediate school district
19 and a county may cover summer collections for 2 years. If an
20 agreement covers summer collections for 2 years, the resolution
21 and request required by subsection (1), the notice required by
22 subsection ~~-(2)-~~ (3), and the option to reconsider provided by
23 subsection (3) ~~-shall-~~ DO not apply for summer collections in the
24 second year.

25 (10) If collections are made pursuant to this section by a
26 county treasurer or by the treasurer of a school district or
27 intermediate school district, all payments from a school district

1 or intermediate school district for collecting its summer
2 property tax levy and all revenues generated from collection fees
3 shall be deposited, when received or collected, in a current
4 school tax collection fund, which fund shall be used by the
5 county treasurer or treasurer of the school district or interme-
6 diate school district to pay for the cost of collecting the
7 district's summer property tax levy. The current school tax col-
8 lection fund shall be segregated from all other funds and once
9 the current school tax collection fund has been established money
10 shall not be withdrawn except upon an order, check, or draft of
11 the collecting treasurer for the purpose of paying 1 or more of
12 the following costs:

13 (a) The cost of special deputy treasurers and equipment
14 directly involved in the collection of current property taxes.

15 (b) The cost of all services determined necessary by the
16 collecting treasurer to collect the summer property tax levy of
17 the school district or intermediate school district.

18 (c) The contract payments to any person, firm, or corpora-
19 tion employed by the collecting treasurer to assist in the col-
20 lection of the current property taxes.

21 (11) All surplus money in a current school tax collection
22 fund shall be invested by the collecting treasurer in any invest-
23 ment authorized by ~~Act No. 20 of the Public Acts of 1943, being~~
24 ~~sections 129.91 to 129.93 of the Michigan Compiled Laws~~ 1943
25 PA 20, MCL 129.91 TO 129.96. The county treasurer and the trea-
26 surer of a school district or intermediate school district shall
27 publish, on March 1 of the year after the treasurer first

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1 collects the summer property tax levy of a school district or
2 intermediate school district and each year thereafter, an annual
3 report on the status of the fund for the last year ending
4 December 31. The report shall show the total charges, expenses,
5 and year-end surplus.

6 (12) Money in the current school tax collection fund shall
7 not be transferred to the general fund of the county, school dis-
8 trict, or intermediate school district or made the subject of
9 appropriation by the county, school district, or intermediate
10 school district. Any surplus in a current school tax collection
11 fund shall be used by the county treasurer, school district trea-
12 surer, or intermediate school district treasurer to reduce the
13 following costs for the next summer property tax levy of a school
14 district or intermediate school district that is collected by the
15 county treasurer, school district treasurer, or intermediate
16 school district treasurer:

17 (a) The costs of collection, in excess of fees and charges,
18 incurred or paid pursuant to subsection (4)(b).

19 (b) The fees and charges imposed pursuant to subsection
20 (4)(g).

21 (13) A city treasurer, township treasurer, county treasurer,
22 school district treasurer, or intermediate school district trea-
23 surer that collects pursuant to this section, section 1611, or
24 section 1612 the summer property tax levy of a school district or
25 intermediate school district against property eligible for a
26 deferral of summer property taxes under section 51 of ~~Act~~
27 ~~No. 206 of the Public Acts of 1893, being section 211.51 of the~~

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1 ~~Michigan Compiled Laws~~ THE GENERAL PROPERTY TAX ACT, 1893
2 PA 206, MCL 211.51, and, if not otherwise eligible for deferral
3 ~~thereunder~~ UNDER THAT SECTION, against property classified as
4 agricultural real property if the gross receipts of the agricul-
5 tural or horticultural operations in the previous year or the
6 average gross receipts of such operations in the previous 3 years
7 are not less than the household income of the owner in the previ-
8 ous year, shall defer the collection of these summer property
9 taxes without penalty or interest until the following February 15
10 upon a filing by the taxpayer of an intent to defer with the
11 property tax collecting treasurer in the same manner as provided
12 by section 51 of ~~Act No. 206 of the Public Acts of 1893~~ THE
13 GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.51. The treasurer
14 of a city, township, school district, intermediate school dis-
15 trict, or county who collects the summer property tax levy of a
16 school district or intermediate school district also shall comply
17 with the publication and assistance requirements of section 51 of
18 ~~Act No. 206 of the Public Acts of 1893~~ THE GENERAL PROPERTY TAX
19 ACT, 1893 PA 206, MCL 211.51, with respect to property eligible
20 for a deferral under this subsection.

21 Enacting section 1. Sections 1291[1] and 1615 of the
22 revised school code, 1976 PA 451, MCL 380.1291[1] and 380.1615,
23 are repealed.

24 Enacting section 2. This amendatory act does not take
25 effect unless Senate Bill No. 1137 is enacted into law.

26 Enacting section 3. This amendatory act does not take
27 effect unless the question provided for in the Michigan school

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1 infrastructure improvement bond authorization act is approved by
2 a majority of the registered electors voting on the question at
3 the November 2002 general election.