



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 6069 (Substitute S-2 as reported)
Sponsor: Representative Rick Baxter
House Committee: Education
Senate Committee: Education

CONTENT

The bill would amend the Revised School Code to extend the maximum term of certain notes issued by a school board from 12 months to 372 days.

The Code permits the board of a local or intermediate school district, in anticipation of school aid payments, to issue notes to secure funds for school operations or to pay previous loans obtained for school operations under the Code or any other statute. Currently, the notes must mature within 12 months of being issued. Under the bill, the notes would have to mature within 372 days.

MCL 380.1225

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill would have no fiscal impact on State government. There will be a minimal cost to school districts if this legislation is not adopted. Currently, the repayment for a note could become due before a district receives its final annual State aid payment under the 12-month repayment plan. Extending repayment by seven days as proposed by the bill would allow districts an extra week to repay their notes, thus avoiding potential penalties and additional interest estimated at \$225,000 statewide for 2005-06.

Date Completed: 6-15-06

Fiscal Analyst: Joe Carrasco