

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 539

A bill to amend 2008 PA 549, entitled  
"Michigan promise zone authority act,"  
by amending the title and sections 5, 7, 9, 11, 17, and 19 (MCL  
390.1665, 390.1667, 390.1669, 390.1671, 390.1677, and 390.1679),  
sections 5, 7, 11, and 17 as amended by 2013 PA 210, and by adding  
sections 4 and 4a; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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TITLE

An act **TO AUTHORIZE THE CREATION OF PROMISE ZONES**; to  
authorize the creation of promise **ZONE** authorities and the  
implementation of promise zone development plans; to prescribe the  
powers and duties of promise zone authorities; to provide for the  
capture and disbursement of certain tax revenue; and to prescribe  
powers and duties of certain state and local officials.

1           SEC. 4. (1) IF A GOVERNING BODY DETERMINES THAT IT IS  
2   NECESSARY FOR THE BEST INTERESTS OF THE PUBLIC TO PROMOTE ACCESS TO  
3   POSTSECONDARY EDUCATION, THE GOVERNING BODY MAY, BY RESOLUTION,  
4   DECLARE ITS INTENTION TO ESTABLISH A PROMISE ZONE.

5           (2) A GOVERNING BODY SHALL SET A DATE FOR A PUBLIC HEARING ON  
6   THE ADOPTION OF A PROPOSED RESOLUTION ESTABLISHING A PROMISE ZONE.  
7   NOTICE OF THE PUBLIC HEARING SHALL BE PUBLISHED TWICE IN A  
8   NEWSPAPER OF GENERAL CIRCULATION IN THE ELIGIBLE ENTITY, AT LEAST  
9   20 AND NOT MORE THAN 40 DAYS BEFORE THE DATE OF THE HEARING. NOTICE  
10   OF THE HEARING SHALL BE POSTED IN AT LEAST 20 CONSPICUOUS AND  
11   PUBLIC PLACES IN THE ELIGIBLE ENTITY AT LEAST 20 DAYS BEFORE THE  
12   HEARING. THE NOTICE SHALL STATE THE DATE, TIME, AND PLACE OF THE  
13   HEARING AND SHALL DESCRIBE THE PROPOSED PROMISE ZONE, THE DETAILS  
14   OF THE PROMISE OF FINANCIAL ASSISTANCE, AND THE CRITERIA FOR  
15   ELIGIBILITY TO RECEIVE THAT FINANCIAL ASSISTANCE.

16          (3) NOT LESS THAN 30 DAYS AFTER THE PUBLIC HEARING, IF THE  
17   GOVERNING BODY OF AN ELIGIBLE ENTITY INTENDS TO PROCEED WITH THE  
18   ESTABLISHMENT OF A PROMISE ZONE, IT SHALL SUBMIT AN APPLICATION TO  
19   THE DEPARTMENT OF TREASURY SEEKING APPROVAL TO ESTABLISH THE  
20   PROMISE ZONE.

21          (4) THE DEPARTMENT OF TREASURY SHALL REVIEW AN APPLICATION  
22   SUBMITTED UNDER SUBSECTION (3) AND SHALL DETERMINE IF THE GOVERNING  
23   BODY OF THE ELIGIBLE ENTITY THAT SUBMITTED THE APPLICATION IS  
24   ELIGIBLE TO ESTABLISH A PROMISE ZONE UNDER THIS ACT. IF SO, THE  
25   DEPARTMENT OF TREASURY SHALL CERTIFY THE ELIGIBILITY OF THAT  
26   GOVERNING BODY TO ESTABLISH A PROMISE ZONE. THE DEPARTMENT OF  
27   TREASURY SHALL REVIEW THE APPLICATIONS SUBMITTED UNDER SUBSECTION

1 (3) ON A FIRST-COME, FIRST-SERVED BASIS AND SHALL NOT CERTIFY MORE  
2 THAN 10 GOVERNING BODIES OF ELIGIBLE ENTITIES AS ELIGIBLE TO  
3 ESTABLISH A PROMISE ZONE UNDER THIS ACT.

4 (5) IF THE DEPARTMENT OF TREASURY CERTIFIES THAT THE GOVERNING  
5 BODY OF THE ELIGIBLE ENTITY IS ELIGIBLE TO CREATE A PROMISE ZONE,  
6 THE GOVERNING BODY SHALL, BY RESOLUTION, ESTABLISH A PROMISE ZONE.

7 (6) WITHIN 90 DAYS AFTER A GOVERNING BODY APPROVES A  
8 RESOLUTION TO ESTABLISH A PROMISE ZONE, A LOCAL SCHOOL DISTRICT MAY  
9 BY RESOLUTION ELECT NOT TO PARTICIPATE IN THE ESTABLISHMENT OF A  
10 PROMISE ZONE BY THE GOVERNING BODY OF THE ELIGIBLE ENTITY IN WHICH  
11 THE LOCAL SCHOOL DISTRICT IS LOCATED. THE RESOLUTION SHALL INCLUDE  
12 A PROVISION THAT THE LOCAL SCHOOL DISTRICT WILL ESTABLISH A  
13 SEPARATE PROMISE ZONE UNDER THIS ACT. IF THE LOCAL SCHOOL DISTRICT  
14 DOES NOT ESTABLISH A PROMISE ZONE WITHIN A REASONABLE PERIOD OF  
15 TIME, THE DEPARTMENT OF TREASURY MAY INCLUDE THAT LOCAL SCHOOL  
16 DISTRICT IN THE PROMISE ZONE ESTABLISHED BY THE ELIGIBLE ENTITY IN  
17 WHICH THE LOCAL SCHOOL DISTRICT IS LOCATED.

18 (7) IF A GOVERNING BODY OF AN ELIGIBLE ENTITY BY RESOLUTION  
19 DISSOLVES A PROMISE ZONE ESTABLISHED UNDER SUBSECTION (5), THE  
20 DEPARTMENT OF TREASURY'S CERTIFICATION AUTHORIZING THAT PROMISE  
21 ZONE UNDER SUBSECTION (4) IS TERMINATED AND DOES NOT COUNT TOWARD  
22 THE LIMIT OF 10 CERTIFICATIONS UNDER SUBSECTION (4).

23 SEC. 4A. (1) A CITY, TOWNSHIP, COUNTY, LOCAL SCHOOL DISTRICT,  
24 OR INTERMEDIATE SCHOOL DISTRICT THAT IS NOT AN ELIGIBLE ENTITY MAY  
25 CREATE A PROMISE ZONE UNDER THIS ACT BUT SHALL NOT CAPTURE REVENUE  
26 FROM THE STATE EDUCATION TAX UNDER THIS ACT. THE GOVERNING BODY OF  
27 A CITY, TOWNSHIP, COUNTY, LOCAL SCHOOL DISTRICT, OR INTERMEDIATE

1 SCHOOL DISTRICT THAT IS NOT AN ELIGIBLE ENTITY SHALL NOT BE  
2 CONSIDERED UNDER SECTION 4 IN DETERMINING THE NUMBER OF GOVERNING  
3 BODIES OF ELIGIBLE ENTITIES ELIGIBLE TO ESTABLISH A PROMISE ZONE  
4 UNDER THIS ACT.

5 (2) THIS SECTION SHALL NOT PREVENT AN ELIGIBLE ENTITY LOCATED  
6 WITHIN A CITY, TOWNSHIP, COUNTY, LOCAL SCHOOL DISTRICT, OR  
7 INTERMEDIATE SCHOOL DISTRICT THAT IS NOT AN ELIGIBLE ENTITY FROM  
8 CREATING A PROMISE ZONE UNDER THIS ACT AND CAPTURING REVENUE FROM  
9 THE STATE EDUCATION TAX UNDER THIS ACT.

10 Sec. 5. (1) ~~If the department of treasury certifies the~~  
11 ~~eligibility of a governing body to establish a promise zone and the~~  
12 A governing body, by resolution, establishes a promise zone under  
13 ~~the Michigan promise zone act, 2008 PA 550, MCL 390.1641 to~~  
14 ~~390.1649, SECTION 4(5),~~ the governing body shall, by resolution,  
15 create a promise zone authority.

16 (2) An authority is a public body corporate that may sue and  
17 be sued in any court of this state. An authority possesses all the  
18 powers necessary to carry out its purpose. The enumeration of a  
19 power in this act shall not be construed as a limitation on the  
20 general powers of an authority.

21 (3) An authority shall be under the supervision and control of  
22 a board. All of the following apply to the board of an authority:

23 (a) The board shall consist of 11 members, as follows:

24 (i) Nine locally appointed members. The chief executive  
25 officer of the eligible entity, with the advice and consent of the  
26 governing body, shall appoint the 9 initial locally appointed  
27 members of the board described in this subparagraph. If a vacancy

1 occurs in an office of a locally appointed member appointed under  
2 this subparagraph, the board shall appoint a new member to fill  
3 that vacancy. As used in this subparagraph, for a local school  
4 district or an intermediate school district, "chief executive  
5 officer" means the superintendent of that local school district or  
6 intermediate school district.

7 (ii) One member appointed by the senate majority leader.

8 (iii) One member appointed by the speaker of the house of  
9 representatives.

10 (b) Not more than 3 members of the board shall be government  
11 officials.

12 (c) One member of the board shall be a representative of the  
13 public school community.

14 (d) The term of office of a member of the board is 4 years.  
15 However, of the members first appointed, an equal number of the  
16 members, as near as is practicable, shall be appointed for 1 year,  
17 2 years, 3 years, and 4 years.

18 (e) A member of the board shall hold office until the member's  
19 successor is appointed.

20 (f) Members of the board shall serve without compensation, but  
21 may be reimbursed for actual and necessary expenses.

22 (g) The chairperson of the board shall be elected by the  
23 board.

24 (4) Before assuming the duties of office, a member shall  
25 qualify by taking and subscribing to the constitutional oath of  
26 office.

27 (5) The proceedings and rules of the board are subject to the

1 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board  
2 shall adopt rules governing its procedure and the holding of  
3 regular meetings, subject to the approval of the governing body.  
4 Special meetings may be held if called in the manner provided in  
5 the rules of the board.

6 (6) After having been given notice and an opportunity to be  
7 heard, a member of the board may be removed for cause by the  
8 governing body.

9 (7) A writing prepared, owned, used, in the possession of, or  
10 retained by the board in the performance of an official function is  
11 subject to the freedom of information act, 1976 PA 442, MCL 15.231  
12 to 15.246.

13 Sec. 7. (1) A promise zone authority created under section 5  
14 shall prepare a promise zone development plan.

15 (2) A promise zone development plan shall include, but is not  
16 limited to, all of the following:

17 (a) A complete description of the proposed promise of  
18 financial assistance. The proposed promise of financial assistance  
19 shall include, but is not limited to, a promise of financial  
20 assistance to all eligible students residing within the promise  
21 zone and who graduate from a public high school or nonpublic high  
22 school located within that promise zone, in an amount established  
23 by the board to reflect the amount available for disbursement to  
24 eligible students and included in the annual budget under section  
25 15. The amount of proposed promise of financial assistance shall,  
26 at a minimum, equal or exceed the amount the board determines is  
27 sufficient to pay for the qualified educational expenses for an

1 eligible student to obtain an associate degree at a community or  
2 junior college in this state, and shall not exceed the amount the  
3 board determines is sufficient to pay for the qualified educational  
4 expenses for an eligible student to obtain a bachelor's degree or  
5 its equivalent at a public postsecondary institution in this state  
6 or combination of public postsecondary institutions in this state,  
7 subject to any limitations authorized under this section. The  
8 proposed promise of financial assistance may also, at most, provide  
9 funding for an eligible student to attend a private college in this  
10 state in an amount that does not exceed the average amount of  
11 qualified educational expenses to obtain a bachelor's degree at all  
12 public universities in this state. The proposed promise of  
13 financial assistance may also authorize the expenditure of funds  
14 for educational improvement activities designed to increase  
15 readiness for postsecondary education at public schools located in  
16 the promise zone.

17 (b) A complete description of any limitation on the promise of  
18 financial assistance, including, but not limited to, any of the  
19 following:

20 (i) If the promise of financial assistance will be prorated  
21 based on the number of years the student has resided within the  
22 promise zone.

23 (ii) If the promise of financial assistance will be restricted  
24 to students who have resided within or attended a public high  
25 school or nonpublic high school within the promise zone for a  
26 minimum number of years.

27 (iii) If the promise of financial assistance is predicated on

1 the student maintaining a minimum college grade point average and  
2 carrying a minimum college credit hour classload.

3 (iv) If the promise of financial assistance is restricted to  
4 attendance at 1 or more public or private postsecondary  
5 institutions in this state.

6 (v) If the promise of financial assistance is limited to  
7 students whose cumulative high school grade point average exceeds a  
8 specified minimum. However, a board may revise, establish, or  
9 eliminate a high school grade point average requirement for  
10 students after it submits a promise zone development plan to the  
11 department of treasury and is not required to amend the plan or  
12 obtain approval from the department of treasury for that change.

13 (vi) If the promise of financial assistance is limited to  
14 students who comply with requirements established by the board in  
15 order to improve student progress toward degree completion.

16 (vii) If the promise of financial assistance in a promise zone  
17 that encompasses more than 2 school districts is limited to  
18 students who reside in and graduate from high schools located  
19 within the boundaries of fewer than all of its constituent school  
20 districts.

21 (c) A requirement that graduates of a public high school or  
22 nonpublic high school exhaust all other known and available  
23 restricted grants for qualified educational expenses for  
24 postsecondary education provided by a federal, state, or local  
25 governmental entity, as determined by the board.

26 (d) How the funds necessary to accomplish the promise of  
27 financial assistance will be raised. Any amount received under the

1 state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896,  
2 shall not be included as a method of raising the necessary funds.  
3 The promise zone development plan shall be financed from 1 or more  
4 of the following sources:

5 (i) Donations.

6 (ii) Revenues.

7 (iii) Money obtained from other sources approved by the  
8 governing body or otherwise authorized by law.

9 (e) An actuarial model of how much the proposed plan is  
10 estimated to cost, based on actuarial formulas developed by the  
11 department of treasury.

12 (F) A COMPLETE DESCRIPTION OF THE CRITERIA AND PROCEDURES BY  
13 WHICH THE PERFORMANCE OF STUDENTS RECEIVING FINANCIAL ASSISTANCE  
14 PURSUANT TO THE PROPOSED PLAN WILL BE ASSESSED AND REPORTED. THIS  
15 ASSESSMENT AND REPORTING METHODOLOGY SHALL INCLUDE, BUT IS NOT  
16 LIMITED TO, THE SUBMISSION OF A WRITTEN REPORT BY NO LATER THAN  
17 OCTOBER 31 OF EACH YEAR TO THE DEPARTMENT OF TREASURY. THIS ANNUAL  
18 REPORT SHALL INCLUDE THE FOLLOWING INFORMATION, WHICH MAY BE  
19 OBTAINED, IN WHOLE OR IN PART, FROM ANY RELIABLE SOURCE THAT  
20 COMPLIES WITH APPLICABLE LAWS REGARDING STUDENT PRIVACY:

21 (i) THE NUMBER OF STUDENTS WHO RECEIVED FINANCIAL ASSISTANCE  
22 PURSUANT TO THE AUTHORITY'S APPROVED PROMISE ZONE DEVELOPMENT PLAN  
23 DURING THE PRIOR ACADEMIC YEAR.

24 (ii) OF THOSE STUDENTS ACCOUNTED FOR UNDER SUBPARAGRAPH (i) ,  
25 THE NUMBER WHO SUCCESSFULLY COMPLETED THE FOLLOWING:

26 (A) A CERTIFICATE OR ASSOCIATE PROGRAM.

27 (B) A BACHELOR'S PROGRAM.

1           (iii) OF THOSE STUDENTS ACCOUNTED FOR UNDER SUBPARAGRAPH (i) ,  
2 THE NUMBER WHO WITHDREW FROM CLASSES DURING THE PRIOR ACADEMIC  
3 YEAR.

4           (iv) OF THOSE STUDENTS ACCOUNTED FOR UNDER SUBPARAGRAPH (i)  
5 WHO INITIALLY REACHED SUCCESSFUL COMPLETION OF MORE THAN THE  
6 EQUIVALENT OF 23 SEMESTER CREDITS DURING THE PRIOR ACADEMIC YEAR,  
7 THE AVERAGE TIME TO SUCCESSFULLY COMPLETE THE EQUIVALENT OF 24  
8 SEMESTER CREDITS.

9           (v) THE 6-YEAR GRADUATION RATE FOR RECIPIENTS OF FINANCIAL  
10 ASSISTANCE PURSUANT TO THE AUTHORITY'S APPROVED PROMISE ZONE  
11 DEVELOPMENT PLAN.

12           (3) The proposed promise of financial assistance under  
13 subsection (2) shall not include funding for attendance at a public  
14 or private postsecondary institution not located in this state.

15           (4) The board shall submit the promise zone development plan  
16 to the department of treasury ~~promptly after its adoption.~~ **WITHIN 5**  
17 **YEARS AFTER THE ELIGIBILITY TO ESTABLISH THE PROMISE ZONE WAS**  
18 **CERTIFIED BY THE DEPARTMENT OF TREASURY UNDER SECTION 4(4) . IF A**  
19 **PROMISE ZONE DEVELOPMENT PLAN IS NOT SUBMITTED WITHIN THIS TIME**  
20 **FRAME, THE DEPARTMENT OF TREASURY MAY DISSOLVE THE PROMISE ZONE.**

21 The promise zone development plan shall be published on the website  
22 of the eligible entity that established the promise zone.

23           (5) The department of treasury shall review the promise zone  
24 development plan submitted under subsection (4). Not more than 60  
25 days after receipt of a promise zone development plan submitted  
26 under subsection (4), the department of treasury shall either  
27 approve the promise zone development plan or provide a written

1 notice of deficiencies. If the department of treasury does not  
2 approve a promise zone development plan submitted under subsection  
3 (4) or provide a written notice of deficiencies within 60 days, the  
4 promise zone development plan shall be considered approved. If a  
5 promise zone development plan is approved, the department of  
6 treasury shall certify that the promise zone development plan meets  
7 all requirements under this act and is sustainable.

8 (6) The department of treasury shall review any proposed  
9 amendments to a promise zone development plan. Not more than 60  
10 days after receipt of proposed amendments to a promise zone  
11 development plan, the department of treasury shall either approve  
12 the proposed amendments or provide a written notice of  
13 deficiencies. If the department of treasury does not approve  
14 proposed amendments or provide a written notice of deficiencies  
15 within 60 days, the proposed amendments shall be considered  
16 approved. If proposed amendments are approved, the department of  
17 treasury shall certify that the amendments meet all requirements  
18 under this act.

19 (7) A PROMISE ZONE DEVELOPMENT PLAN APPROVED UNDER THIS ACT  
20 BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS  
21 SUBSECTION SHALL BE AMENDED AS NECESSARY TO MEET THE ASSESSMENT AND  
22 REPORTING REQUIREMENTS DESCRIBED IN SUBSECTION (2)(F). THAT  
23 AMENDMENT SHALL INCLUDE A FIRST ANNUAL REPORTING DEADLINE NOT LATER  
24 THAN OCTOBER 31, 2017. THAT AMENDMENT SHALL BE SUBMITTED BY THE  
25 BOARD TO THE DEPARTMENT OF TREASURY WITHIN 60 DAYS AFTER THE  
26 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION AND  
27 IS SUBJECT TO THE REVIEW PROCESS SET FORTH IN SUBSECTION (6).

1       Sec. 9. (1) **THE ESTABLISHMENT OF A PROMISE ZONE DOES NOT**  
2 **CREATE A CAUSE OF ACTION IN LAW OR IN EQUITY AGAINST THIS STATE, AN**  
3 **ELIGIBLE ENTITY, OR A PROMISE ZONE AUTHORITY.**

4       (2) The establishment of a promise zone development plan does  
5 not create a cause of action in law or in equity against this  
6 state, an eligible entity, or a promise zone authority, if the  
7 proposed promise of financial assistance set forth in the promise  
8 zone development plan is not paid to an eligible student.

9       Sec. 11. (1) The board may employ a director. All of the  
10 following apply to a director employed by a board under this  
11 subsection:

12       (a) The board shall establish the director's compensation.

13       (b) The director serves at the pleasure of the board.

14       (c) A member of the board is not eligible to hold the position  
15 of director.

16       (d) Before beginning his or her duties, the director shall  
17 take and subscribe to the constitutional oath and furnish a bond in  
18 an amount determined in the resolution establishing the authority,  
19 payable to the authority for use and benefit of the authority,  
20 approved by the board, and filed with the clerk of the eligible  
21 entity. The premium on the bond shall be considered an operating  
22 expense of the authority, payable from money available to the  
23 authority for expenses of operation.

24       (e) The director is the chief executive officer of the  
25 authority.

26       (2) Subject to the approval of the board, the director shall  
27 supervise and is responsible for implementing the promise zone

1 development plan and the performance of the functions of the  
2 authority in the manner authorized under this act. The director  
3 shall attend the meetings of the board and shall provide to the  
4 board, the governing body, and the chief executive officer of the  
5 eligible entity a regular report covering the activities and  
6 financial condition of the authority. If the director is absent or  
7 disabled, the board may designate a qualified person as acting  
8 director to perform the duties of the office. Before beginning his  
9 or her duties, the acting director shall take and subscribe to the  
10 oath, and furnish a bond, as required of the director under  
11 subsection (1)(d). The director shall furnish the board with any  
12 information or reports governing the operation of the authority  
13 that the board requires.

14 (3) The board may employ and fix the compensation of a  
15 treasurer, who shall keep the financial records of the authority  
16 and who, together with the director, shall approve all vouchers for  
17 the expenditure of money of the authority. The treasurer shall  
18 perform all duties delegated to him or her by the board and shall  
19 furnish a bond in an amount prescribed by the board.

20 (4) The board may employ and fix the compensation of a  
21 secretary, who shall maintain custody of the official seal and of  
22 records, books, documents, or other papers the treasurer is not  
23 required to maintain. The secretary shall attend meetings of the  
24 board and keep a record of its proceedings and shall perform other  
25 duties delegated by the board.

26 (5) The board may retain legal counsel to advise the board in  
27 the proper performance of its duties.

1 (6) The board may employ any other personnel that the board  
2 considers necessary.

3 (7) The authority shall immediately deposit any money it  
4 receives to the credit of the authority, subject to disbursement  
5 under this act.

6 (8) Beginning in the first fiscal year in which it receives  
7 revenue from the state from the capture of state education tax  
8 revenue under section 17, the authority may use not more than 15%  
9 of the amount of that revenue to pay for administrative costs.

10 (9) Within 120 days after the end of each fiscal year, the  
11 board shall submit audited financial statements of the authority  
12 for that fiscal year to the department of education. The board  
13 shall include with the financial statements a certification by the  
14 board that the board and authority are in compliance with this act  
15 ~~, with the requirements of the Michigan promise zone act, 2008 PA~~  
16 ~~550, MCL 390.1641 to 390.1649,~~ and with the authority's approved  
17 promise zone development plan.

18 Sec. 17. (1) The authority shall determine the base year for  
19 calculating the amount of incremental growth for the capture of the  
20 state education tax as provided in this section. The base year is  
21 the amount of revenue received from the collection of the state  
22 education tax in the promise zone in the year immediately preceding  
23 the year in which an authority makes its initial payment of  
24 qualified educational expenses in accordance with the promise of  
25 financial assistance or the amount of revenue received from the  
26 collection of the state education tax in the promise zone in any 1  
27 of the 5 immediately succeeding years, whichever is less.

1           (2) If the authority continues to make annual payments in  
2 accordance with the promise of financial assistance, in the year  
3 immediately succeeding the base year determined in subsection (1)  
4 and each year thereafter, this state shall capture 1/2 of the  
5 increase in revenue, if any, from the collection of the state  
6 education tax. This state shall not capture any revenue from the  
7 collection of the state education tax under this act if that  
8 revenue is subject to capture under any other law of this state.  
9 Proceeds from the capture of the state education tax under this  
10 section shall be deposited in the state treasury and credited to a  
11 restricted fund to be used solely for the purposes of this act.

12           (3) If the authority continues to make annual payments of  
13 qualified educational expenses in accordance with the promise of  
14 financial assistance, 2 years after the authority's initial payment  
15 of financial assistance and each year thereafter, this state shall  
16 pay to the authority the state education tax captured under  
17 subsection (2). If the boundaries of 2 or more promise zones  
18 created under this act overlap, payments under this section shall  
19 only be made to the first authority eligible for payment under this  
20 subsection. **IF THE BOUNDARIES OF A PROMISE ZONE ARE CHANGED BY**  
21 **MERGER OR OTHERWISE, THE DEPARTMENT OF TREASURY MAY ADJUST THE**  
22 **CALCULATION OF THE TAX REVENUE CAPTURE UNDER THIS SECTION TO**  
23 **REFLECT THAT CHANGE.**

24           (4) If at any time the authority does not make annual payments  
25 of qualified educational expenses in accordance with the promise  
26 for financial assistance, any amount captured from that promise  
27 zone in the restricted fund created under subsection (2) shall be

1 paid into the school aid fund established in section 11 of article  
2 IX of the state constitution of 1963.

3 (5) For purposes of this section, payments under this section  
4 shall not be included in determining payments for financial  
5 assistance in the immediately preceding year.

6 Sec. 19. (1) The department of treasury shall oversee the  
7 operations of any promise zone authority or board created under  
8 this act. If the department of treasury determines that the actions  
9 of a promise zone authority or board are not in accordance with the  
10 promise zone development plan, the department of treasury may  
11 assume operational control of that promise zone authority or board.

12 **IF A PROMISE ZONE AUTHORITY DOES NOT BEGIN MAKING ANNUAL PAYMENTS**  
13 **OF QUALIFIED EDUCATIONAL EXPENSES IN ACCORDANCE WITH THE PROMISE OF**  
14 **FINANCIAL ASSISTANCE WITHIN 2 YEARS OF OBTAINING APPROVAL OF ITS**  
15 **PROMISE ZONE DEVELOPMENT PLAN UNDER SECTION 7, THE DEPARTMENT MAY**  
16 **DISSOLVE THE PROMISE ZONE.**

17 (2) An authority that has completed the purposes for which it  
18 was organized shall be dissolved by resolution of the governing  
19 body. The property and assets of the authority remaining after the  
20 satisfaction of the obligations of the authority belong to the  
21 eligible entity **AND SHALL BE USED SOLELY FOR PURPOSES OF PROMOTING**  
22 **ACCESS TO POSTSECONDARY EDUCATION PURSUANT TO RESOLUTION OF THE**  
23 **GOVERNING BODY OF THE ELIGIBLE ENTITY.**

24 Enacting section 1. The Michigan promise zone act, 2008 PA  
25 550, MCL 390.1641 to 390.1649, is repealed.