

SENATE BILL NO. 618

September 01, 2021, Introduced by Senator VICTORY and referred to the Committee on Appropriations.

A bill to amend 2005 PA 92, entitled
"School bond qualification, approval, and loan act,"
by amending section 9 (MCL 388.1929), as amended by 2012 PA 437.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9. (1) Except as otherwise provided in this act, a school
2 district may borrow from the state an amount not greater than the
3 difference between the proceeds of the school district's computed
4 millage and the amount necessary to pay principal and interest on
5 its qualified bonds, including any necessary allowances for

1 estimated tax delinquencies.

2 (2) For school districts having qualified loans outstanding as
3 of July 20, 2005, the state treasurer shall review information
4 relating to each school district regarding the taxable value of the
5 school district and the actual debt service of outstanding
6 qualified bonds as of July 20, 2005 and shall issue an order
7 establishing the payment date for all those outstanding qualified
8 loans and any additional qualified loans expected to be incurred by
9 those school districts related to qualified bonds issued before
10 July 20, 2005. The payment date shall be not later than 72 months
11 after the date on which the qualified bonds most recently issued by
12 the school district are due and payable. The payment date
13 established pursuant to this subsection for a school district is a
14 final mandatory repayment date.

15 (3) For qualified loans related to qualified bonds issued
16 after July 20, 2005, the qualified loans shall be due 72 months
17 after the date on which the qualified bonds for which the school
18 borrowed from this state are due and payable. The due date
19 determined pursuant to this subsection for a school district is a
20 final mandatory repayment date. This section does not preclude
21 early repayment of qualified bonds or qualified loans.

22 (4) The state treasurer shall maintain separate accounts for
23 each school district on the books and accounts of this state noting
24 the qualified bond, the related qualified loans, the final payment
25 date of the bonds, the final mandatory repayment date of the
26 qualified loans, and the interest rate accrued on the loans.

27 (5) For qualified loans relating to qualified bonds issued
28 after July 20, 2005, a school district shall continue to levy the
29 computed millage until it has completely repaid all principal and

1 interest on its qualified loans.

2 (6) For qualified loans relating to qualified bonds issued
3 before July 20, 2005, a school district shall continue to comply
4 with the levy and repayment requirements imposed before July 20,
5 2005. Not less than 90 days after July 20, 2005, the state
6 treasurer and the school district shall enter into amended and
7 restated repayment agreements to incorporate the levy and repayment
8 requirements applicable to qualified loans issued before July 20,
9 2005.

10 (7) Upon the request of a school district made before June 1
11 of any year, the state treasurer annually may waive all or a
12 portion of the millage required to be levied by a school district
13 to pay principal and interest on its qualified bonds or qualified
14 loans under this section if the state treasurer finds all of the
15 following:

16 (a) The school board of the school district has applied to the
17 state treasurer for permission to levy less than the millage
18 required to be levied to pay the principal and interest on its
19 qualified bonds or qualified loans under subsection (1).

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

22 (c) The waiver will be financially beneficial to this state,
23 the school district, or both.

24 (d) The waiver will not reduce the millage levied by the
25 school district to pay principal and interest on qualified bonds or
26 qualified loans under this act to less than 7 mills.

27 (e) The board of the school district, by resolution, has
28 agreed to comply with all conditions that the state treasurer
29 considers necessary.

1 (8) All qualified loans shall bear interest at 1 of the
2 following rates:

3 (a) The ~~greater of 3% or the average annual cost of funds used~~
4 ~~to make qualified loans plus 0.125%, but not less than the cost of~~
5 ~~funds on outstanding qualified notes and bonds issued by the~~
6 ~~Michigan finance authority to finance loans~~ computed by the state
7 treasurer not less often than annually.

8 (b) A lesser rate determined by the state treasurer to be
9 necessary to maintain the exemption from federal income tax of
10 interest on any bonds or notes issued to fund qualified loans.

11 (c) A higher rate determined by the state treasurer to be
12 necessary to prevent the impairment of any contract of this state
13 or the Michigan finance authority in existence on ~~the effective~~
14 ~~date of the amendatory act that added this subdivision.~~ **March 28,**
15 **2013.**

16 (9) A payment date determined under subsection (2) or a due
17 date determined under subsection (3) is a final mandatory repayment
18 date. Once established for a school district as provided in this
19 section, a final mandatory repayment date shall apply to all
20 qualified loans of the school district, whenever made, until 30
21 days after the date the school district has no outstanding
22 qualified loans and no outstanding debt incurred to refund
23 qualified loans. Notwithstanding this subsection, the state
24 treasurer may determine a later mandatory repayment date for a
25 school district that agrees to levy a higher millage, acceptable to
26 the state treasurer, not to exceed 13 mills, than its existing
27 computed millage.