

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4573**

A bill to amend 1966 PA 331, entitled
"Community college act of 1966,"
by amending sections 161, 162, and 164 (MCL 389.161, 389.162, and
389.164), sections 161 and 162 as amended by 2015 PA 130 and
section 164 as amended by 2018 PA 376.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 161. As used in this chapter:

2 (a) "Agreement" means a written agreement between an employer
3 and a community college district concerning a project and any
4 amendments to that agreement.

5 (b) "Bond" or "bonds" means bonds, notes, or other debt issued
6 by a community college district under this chapter.

7 (c) "Employer" means a person that is engaged in business and

1 has employees in this state.

2 (d) "New job" means a full-time job in this state that meets
3 all of the following:

4 (i) Except as provided in subparagraph (ii) or (iii), is a new,
5 existing, or expanding business of an employer.

6 (ii) Is not a job of a recalled worker, a replacement job, or
7 any other job that existed in the employer's business within the 1-
8 year period preceding the date of an agreement.

9 (iii) Is not a job that is part of an employer's business
10 operation located in a municipality in this state, if that job
11 existed in a business operation or a substantially similar business
12 operation of the employer formerly located in another municipality
13 in this state, the employer moved that business operation or
14 substantially similar business operation to its current location,
15 and the employer closed or substantially reduced that former
16 business operation or substantially similar business operation.

17 (iv) Results in a net increase in employment in this state for
18 that employer.

19 (v) The wage paid for the job **at the time of the contract** is
20 ~~equal to or exceeds 175% of the state minimum wage.~~ **at least the**
21 **county ALICE rate. As used in this subdivision, "county ALICE rate"**
22 **means an amount equal to the minimum hourly wage rate necessary to**
23 **pay the minimal estimate of the total household essentials for a**
24 **household of 1 adult and 1 child in the county in which a job is**
25 **primarily performed, based on the most recent household survival**
26 **budget data provided by United for ALICE at unitedforalice.org.**

27 (e) "New jobs credit from withholding" means the credit
28 described in section 163.

29 (f) "New jobs training program" or "program" means the project

1 or projects established by a community college district for the
 2 creation of jobs by providing education and training or retraining
 3 of workers for new jobs.

4 (g) "Program costs" means all necessary and incidental costs
 5 of providing program services.

6 (h) "Program services" includes, but is not limited to, any of
 7 the following:

8 (i) Training or retraining for new jobs.

9 (ii) Adult basic education and job-related instruction.

10 (iii) Developmental, readiness, and remedial education.

11 (iv) Vocational and skill-assessment services and testing.

12 (v) Training facilities, equipment, materials, and supplies.

13 (vi) Administrative expenses for the new jobs training program.

14 (vii) Subcontracted services with public universities and
 15 colleges in this state, private colleges or universities, or any
 16 federal, state, or local departments or agencies.

17 (viii) Contracted or professional services.

18 (i) "Project" means a training arrangement that is the subject
 19 of an agreement entered into between the community college district
 20 and an employer to provide program services.

21 (j) "State minimum wage" means the minimum hourly wage rate in
 22 effect as of the date the employer and the community college
 23 district enter into the agreement to establish the project under
 24 former 1964 PA 154 or under the workforce opportunity wage act,
 25 2014 PA 138, MCL 408.411 to 408.424, as applicable.

26 Sec. 162. (1) A community college district may enter into an
 27 agreement to establish a project with an employer engaged in
 28 business activities anywhere in the state. An agreement ~~shall~~**must**
 29 meet section 163 and all of the following:

1 (a) ~~Shall~~**Must** provide for program costs that may be paid from
2 a new jobs credit from withholding, to be received or derived from
3 new employment resulting from the project, or from tuition, student
4 fees, or special charges fixed by the board of trustees to defray
5 program costs in whole or in part.

6 (b) ~~Shall~~**Must** contain an estimate of the number of new jobs
7 to be created by the employer.

8 (c) ~~Shall~~**Must** include a provision that fixes, on a quarterly
9 basis, the minimum amount of new jobs credit from withholding to be
10 paid for program costs.

11 (d) ~~Shall~~**Must** provide that if the amount received from the
12 new jobs credit from withholding is insufficient to pay program
13 costs, the employer agrees to provide money, at least quarterly, to
14 make up the shortfall, so that the community college district
15 receives for each quarter the minimum amount of new jobs credit
16 from withholding that is provided in the agreement.

17 (e) ~~Shall~~**Must** include the employer's agreement to mortgage,
18 assign, pledge, or place a lien on any real or personal property as
19 required by the community college district as security for its
20 obligations under the agreement.

21 (f) ~~Shall~~**Must** provide for payment of an administrative fee to
22 the community college district in an amount equal to 15% of the
23 aggregate amount to be paid under the agreement.

24 (g) May contain other provisions the community college
25 district considers appropriate or necessary.

26 (2) Any payments required to be made by an employer under an
27 agreement are a lien on the employer's business property, real and
28 personal, until paid, have equal precedence with property taxes,
29 and ~~shall~~**are** not ~~be~~ divested by a judicial sale. Property subject

1 to the lien established in this subsection may be sold for sums due
 2 and delinquent at a tax sale, with the same forfeitures, penalties,
 3 and consequences as for the nonpayment of property taxes. The
 4 purchaser at tax sale obtains the property subject to the remaining
 5 payments required under the agreement.

6 (3) A community college district shall file a copy of an
 7 agreement with the department of treasury promptly after its
 8 execution.

9 (4) A community college district shall not enter into any new
 10 agreements after December 31, ~~2023~~**2033**.

11 Sec. 164. (1) Subject to subsection (16), by resolution of its
 12 board of trustees, a community college district may authorize,
 13 issue, and sell its new jobs training revenue bonds in anticipation
 14 of payments to be received pursuant to an agreement, subject to the
 15 requirements of this chapter, to finance costs of new jobs training
 16 programs and to pay costs of issuing those bonds. The bonds ~~shall~~
 17 **must** be payable in the manner and on the terms and conditions
 18 determined, or within the parameters specified, by the board in the
 19 resolution authorizing issuance of the bonds. The resolution
 20 authorizing the bonds ~~shall create~~**creates** a lien on the receipts
 21 from new jobs credit from withholding to be received by the
 22 community college district pursuant to an agreement or agreements
 23 that ~~shall be~~**is** a statutory lien and ~~shall be~~**is** a first lien
 24 subject only to liens previously created. As additional security,
 25 in the resolution authorizing the bonds, the board of trustees may
 26 also pledge the limited tax full faith and credit of the district
 27 and may authorize and enter into an insurance contract, agreement
 28 for lines of credit, letter of credit, commitment to purchase
 29 obligations, remarketing agreement, reimbursement agreement, tender

1 agreement, or any other transaction necessary to provide security
2 to assure timely payment of any bonds.

3 (2) Bonds described in subsection (1) ~~shall~~**must** be authorized
4 by resolution of the board of trustees, and ~~shall~~**must** bear the
5 date or dates, and ~~shall~~**must** mature at the time or times, not
6 exceeding 20 years from the date of issue, provided in the
7 resolution. The bonds ~~shall~~**must** bear interest at the rate or
8 rates, fixed or variable or a combination of fixed and variable, be
9 in the denominations, be in the form, either coupon or registered,
10 carry the registration privileges, be executed in the manner, be
11 payable in the medium of payment and at the place or places, and be
12 subject to the terms of redemption provided in the resolution or
13 resolutions. The bonds of the community college district may be
14 sold at a competitive or negotiated sale at par, premium, or
15 discount as determined in the authorizing resolution.

16 (3) A community college district may issue bonds described in
17 subsection (1) with respect to a single project or multiple
18 projects as determined by the board of trustees in the resolution
19 authorizing the issuance of the bonds. The board of trustees may
20 determine to sell the bonds in conjunction with the sale of bonds
21 by another community college district.

22 (4) Any resolution authorizing any bonds under this section,
23 or any issue of bonds of those bonds, may contain provisions
24 concerning any of the following, and those provisions are part of
25 the contract with the holders of the bonds:

26 (a) Pledging all or any part of any fees or available funds of
27 the community college district, or other money received or to be
28 received, to secure the payment of the bonds or of any issue of
29 bonds, and subject to any agreements with bondholders as may then

1 exist.

2 (b) Pledging all or any part of the assets of the community
3 college district, including mortgages and obligations securing the
4 assets, to secure the payment of the bonds or of any issue of
5 bonds, subject to any agreements with bondholders as may then
6 exist.

7 (c) The setting aside of reserves or sinking funds and the
8 regulation and disposition of reserves or sinking funds.

9 (d) Limitations on the purpose to which the proceeds of sale
10 of bonds may be applied and pledging the proceeds to secure the
11 payment of the bonds or of any issue of bonds.

12 (e) Limitations on the issuance of additional bonds; the terms
13 on which additional bonds may be issued and secured; and the
14 refunding of outstanding or other bonds.

15 (f) The procedure, if any, by which the terms of any contract
16 with bondholders may be amended or abrogated, the amount of bonds
17 the holders of which must consent to the amendment or abrogation,
18 and the manner in which bondholders may give that consent.

19 (g) Vesting in a trustee or trustees the property, rights,
20 powers, and duties in trust determined by the board of trustees of
21 the community college district.

22 (h) Any other matters that in any way affect the security or
23 protection of the bonds.

24 (i) Delegating to an officer or other employee of the
25 community college district, or an agent designated by the community
26 college district, the power to cause the issue, sale, and delivery
27 of the bonds within limits on those bonds established by the
28 community college district concerning any of the following:

29 (i) The form of the bonds.

- 1 (ii) The maximum interest rate or rates of the bonds.
2 (iii) The maturity date or dates of the bonds.
3 (iv) The purchase price of the bonds.
4 (v) The denominations of the bonds.
5 (vi) The redemption premiums of the bonds.
6 (vii) The nature of the security for the bonds.
7 (viii) Any other terms and conditions concerning issuance of the
8 bonds prescribed by the board of trustees of the community college
9 district.

10 (5) All of the following apply to any pledge of money or other
11 assets made by a community college district to secure any bonds or
12 issue of bonds under this section:

13 (a) The pledge is valid and binding from the time when the
14 pledge is made.

15 (b) The money or other assets pledged are immediately subject
16 to the lien of the pledge when received, without any physical
17 delivery of the money or assets or any further act.

18 (c) The lien of the pledge is valid and binding as against all
19 parties having claims of any kind, in tort, contract, or otherwise,
20 against the community college district, whether or not those
21 parties have notice of the lien.

22 (d) The community college district is not required to record
23 the resolution or any other instrument creating the pledge.

24 (6) The board of trustees of a community college district and
25 any person executing bonds subject to this section are not
26 personally liable on the bonds or subject to any personal liability
27 or accountability by reason of the issuance of the bonds.

28 (7) A community college district issuing bonds under this
29 section may purchase bonds of the community college district out of

1 any funds available for that purpose, subject to any agreements
2 with bondholders in effect at that time. Unless the board of the
3 community college district determines by resolution that the
4 payment of a higher price is in the best interests of the community
5 college district, the community college shall not purchase those
6 bonds at a price that exceeds 1 of the following, as applicable:

7 (a) If the bonds are redeemable at the time of purchase, the
8 redemption price applicable at that time plus accrued interest to
9 the next interest payment date on the bonds.

10 (b) If the bonds are not redeemable at the time of purchase,
11 the redemption price applicable on the first date after the
12 purchase on which the bonds are redeemable, plus accrued interest
13 to that date.

14 (8) Bonds issued under this section are not subject to the
15 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
16 141.2821, except that bonds issued under this section are subject
17 to the maximum rate permitted under section 305 of the revised
18 municipal finance act, 2001 PA 34, MCL 141.2305.

19 (9) The issuance of bonds under this section is subject to the
20 agency financing reporting act, 2002 PA 470, MCL 129.171 to
21 129.177.

22 (10) Bonds issued under this section ~~shall~~**must** not be
23 considered to be within any limitation of outstanding debt limit
24 applicable to the community college district, including any
25 limitation contained in section 122, but ~~shall~~**must** be considered
26 as authorized in addition to any limitation of outstanding debt
27 limit applicable to the community college district.

28 (11) By resolution of its board of trustees, a community
29 college district may refund all or any part of its outstanding

1 bonds issued under this section by issuing refunding bonds. A
2 community college district may issue refunding bonds whether the
3 outstanding bonds to be refunded have or have not matured, are or
4 are not redeemable on the date of issuance of the refunding bonds,
5 or are or are not subject to redemption before maturity.

6 (12) A community college district may issue refunding bonds
7 under subsection (11) in a principal amount greater than the
8 principal amount of the outstanding bonds to be refunded if
9 necessary to effect the refunding under the refunding plan.

10 (13) A community college district may use the proceeds of
11 refunding bonds issued under subsection (11) to pay interest
12 accrued, or to accrue, to the earliest or any subsequent date of
13 redemption, purchase, or maturity of the outstanding bonds to be
14 refunded, redemption premium, if any, and any commission, service
15 fee, and other expense necessary to be paid in connection with the
16 outstanding bonds to be refunded. A community college district may
17 also use the proceeds of refunding bonds to pay part of the cost of
18 issuance of the refunding bonds, interest on the refunding bonds, a
19 reserve for the payment of principal, interest, and redemption
20 premiums on the refunding bonds, and other necessary incidental
21 expenses, including, but not limited to, placement fees and fees or
22 charges for insurance, letters of credit, lines of credit, or
23 commitments to purchase the outstanding bonds to be refunded.

24 (14) A community college district may apply the proceeds of
25 refunding bonds issued under subsection (11) and other available
26 money to payment of the principal, interest, or redemption
27 premiums, if any, on the refunded outstanding bonds at maturity or
28 on any prior redemption date or may deposit the proceeds or other
29 money in trust to use to purchase and deposit in trust direct

1 obligations of the United States, direct noncallable and
2 nonprepayable obligations that are unconditionally guaranteed by
3 the United States government as to full and timely payment of
4 principal and interest, noncallable and nonprepayable coupons from
5 those obligations that are stripped pursuant to United States
6 Treasury programs, and resolution funding corporation bonds and
7 strips, the principal and interest on which when due, together with
8 other available money, will provide funds sufficient to pay
9 principal, interest, and redemption premiums, if any, on the
10 refunded outstanding bonds as the refunded outstanding bonds become
11 due, whether by maturity or on a prior redemption date, as provided
12 in the authorizing resolution.

13 (15) A community college district is authorized to pay all or
14 part of the costs of new jobs training programs out of funds of the
15 community college district, including self-funding methods. The use
16 of funds of the community college district and self-funding methods
17 to pay the costs of new jobs training programs ~~shall~~**must** be
18 considered an authorized expenditure of public funds and ~~shall~~**must**
19 not be construed as an investment.

20 (16) A community college district shall not authorize, issue,
21 or sell any new jobs training revenue bonds after December 31,
22 ~~2023~~**2033**.