Act No. 6
Public Acts of 1989
Approved by the Governor
April 19, 1989
Filed with the Secretary of State
April 20, 1989

STATE OF MICHIGAN
85TH LEGISLATURE
REGULAR SESSION OF 1989

Introduced by Senator Gast

ENROLLED SENATE BILL No. 20

AN ACT to amend sections 9 and 10 of Act No. 108 of the Public Acts of 1961, entitled as amended "An act to provide for loans by the state of Michigan to school districts for the payment of principal and interest upon school bonds; to prescribe the terms and conditions thereof, and the conditions upon which levies for bond principal and interest shall be included in computing the amount to be so loaned by the state; to prescribe the powers and duties of the superintendent of public instruction and the state treasurer in relation to such loans; to provide for the repayment of such loans; and to provide for other matters in respect to such loans," section 9 as amended by Act No. 155 of the Public Acts of 1984, being sections 388.959 and 388.960 of the Michigan Compiled Laws; and to add section 10a.

The People of the State of Michigan enact:

Section 1. Sections 9 and 10 of Act No. 108 of the Public Acts of 1961, section 9 as amended by Act No. 155 of the Public Acts of 1984, being sections 388.959 and 388.960 of the Michigan Compiled Laws, are amended and section 10a is added to read as follows:

Sec. 9. (1) Except as provided in this section and section 10a, any school district having received 1 or more loans from "the school bond loan funds" under sections 27 and 28 of article X of the state constitution of 1908 or section 16 of article IX of the state constitution of 1963 and implementing acts shall continue to levy on its tax rolls not less than 7 mills on each dollar of its assessed valuation as last equalized by the state, exclusive of any levy for unqualified bonds or for school operating purposes, until all loans made to the school district by the state are repaid with interest at rates to be annually determined by the state administrative board. Except as provided in this section, these rates shall represent the average interest rate paid by the state on obligations issued under sections 27 and 28 of article X of the state constitution of 1908 and section 16 of article IX of the state constitution of 1963 and implementing acts, computed to the nearest 1/8 of 1%. The state treasurer shall annually certify to the several borrowing districts the rate of interest to be currently collected. The proceeds of each such levy shall be used first for the payment of the minimum principal and interest requirements on the qualified bonds that shall become due before the next tax collection, and any balance shall be paid to the state until the principal and interest due the state are paid.

(2) Before the adoption of a resolution approving annexation and transfer of a school district to be divided pursuant to part 10a of the school code of 1976, Act No. 451 of the Public Acts of 1976, being sections 380.941 to 380.949 of the Michigan Compiled Laws, the superintendent of public instruction and the state treasurer may issue a joint order determining that, upon division of a school district pursuant to part 10a of the school code of 1976, the divided district or any other school district affected by the division, or all, may cease levying on its tax rolls for all or a portion, as shall be determined in the joint order by the superintendent of public instruction and the state treasurer, of the amount required by subsection (1) for repayment of all or a portion of the principal of or interest on, or both, the loans received before the issuance of the joint order from the school bond loan fund for a number of years to be determined in the joint order by the superintendent of public instruction and the state treasurer, not to exceed 5 years, beginning with the first tax levy after the election approving the division or until the bonded indebtedness of the district for which loans have been received has been paid in full or provision for the payment has been made, whichever occurs first. During the period in which the levy is waived pursuant to this subsection, the school district payments due to the state pursuant to subsection (1) from that waived levy shall be waived. After expiration of the period of waiver, each school district shall levy each year for repayment of loans an amount designated in the order of the superintendent of public instruction and the state treasurer, which amount, when added to the amount required for debt service, shall not be more than the amount required by subsection (1) until all loans to the school district by the state are repaid with interest at rates to be determined annually by the state administrative board. A school district determining not to levy for loan repayment during the following year shall notify before December 15 of each year the state treasurer of its determination not to levy and shall supply the superintendent of public instruction or the state treasurer with any additional related information the superintendent of public instruction or the state treasurer shall require.

(3) During any year in which a school district levy is waived, an amount equal to the annual interest for that year on the amount owed by the school district to the school bond loan fund shall be added to the amount of loans to the school district by the state.

(4) Any repayment of principal or interest that was waived pursuant to subsection (2) shall be transferred to the general fund if general fund revenue supplements were required to pay obligations issued under sections 27 and 28 of article X of the state constitution of 1908 or section 16 of article IX of the state constitution of 1963 during the period of the waiver.

Sec. 10. Except as provided in section 10a, if a school district that has 1 or more loans pursuant to either this act or Act No. 151 of the Public Acts of 1955, as amended, being sections 388.931 to 388.938 of the Michigan Compiled Laws, or both, fails to levy at least the amount specified in section 2 or section 9, as applicable, upon its state equalized valuation for debt retirement purposes for qualified bonds and for repayment of a state loan made under this act while any part of the loan is unpaid, or defaults in its agreement to repay a loan or any installment of a loan, money shall not be distributed to the school district out of the state school aid fund until satisfactory arrangements have been made with the superintendent of public instruction for the payment of the amount in default.

Sec. 10a. Upon request made by a school district before June 1 of any year, the superintendent of public instruction and the state treasurer annually may jointly issue an order waiving all or a portion of the millage required to be levied by a school district pursuant to section 9(1) if he or she finds all of the following:

(a) The school board of the school district has applied to the department of education for permission to levy less than the millage required to be levied pursuant to section 9(1).

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

(c) The school board, by resolution, has agreed to transfer from available identified funds of the school district to the school debt retirement fund an amount equal to the amount that would have been raised by the levy of the millage requested to be waived.

(d) The school board, by resolution, has agreed that the funds to be transferred to the school debt retirement fund shall be earmarked for the payment of state loans to the school district and for debt retirement purposes for qualified bonds before taxes are certified for the year the school board is requesting permission to levy less than the millage required to be levied pursuant to section 9(1).

(e) The school board, by resolution, has agreed to comply with all conditions that the superintendent of public instruction and the state treasurer consider are necessary.

Section 2. This amendatory act shall take effect upon the expiration of 30 days after the date of its enactment.

This act is ordered to take immediate effect.

Secretary of the Senate.

Clerk of the House of Representatives.

Approved

Governor.