

HOUSE BILL No. 5328

December 6, 1989, Introduced by Reps. Keith, DeBeaussaert and Gire and referred to the Committee on Education.

A bill to amend section 4 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,"

as amended by Act No. 244 of the Public Acts of 1987, being section 388.954 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 4 of Act No. 108 of the Public Acts of
2 1961, as amended by Act No. 244 of the Public Acts of 1987, being
3 section 388.954 of the Michigan Compiled Laws, is amended to read
4 as follows:

1 Sec. 4. (1) The superintendent of public instruction shall
2 issue his or her certificate qualifying an issue of bonds, upon
3 application for a certificate being ~~only~~ made by the school
4 district, if the superintendent finds the following:

5 (a) That the last maturity date of the issue of bonds is not
6 less than 10 years from the issuance date appearing on the bonds
7 subject to the following qualifications and exceptions:

8 (i) Except for bonds issued for a purpose described in sec-
9 tion 1274a of the school code of 1976, Act No. 451 of the Public
10 Acts of 1976, being section 380.1274a of the Michigan Compiled
11 Laws, or as otherwise provided in this subparagraph, if the ratio
12 of debt to valuation of the school district exceeds 4%, the last
13 maturity date of the issue of bonds shall be not less than 15
14 years from the issuance date appearing on the bonds; if the ratio
15 of debt to valuation of the school district exceeds 7%, the last
16 maturity date of the issue of bonds shall be not less than 25
17 years from the issuance date appearing on the bonds; or if the
18 ratio of debt to valuation of the school district exceeds 12%,
19 the last maturity date of the issue of bonds shall be not less
20 than 29 years from the issuance date appearing on the bonds.

21 Regardless of the ratio of debt to valuation of a school dis-
22 trict, the state treasurer may authorize the last maturity date
23 of an issue of bonds of that school district to be not less than
24 10 years from the issuance date appearing on the bonds if the
25 state treasurer determines it is financially beneficial to the
26 state or to the school district. As used in this section, "ratio
27 of debt to valuation" means that ratio arrived at by dividing the

1 total tax supported bonded indebtedness of the school district
2 outstanding as of the date of the filing of the application
3 required by this act, including the bonds proposed to be quali-
4 fied, by the assessed valuation of the school district as last
5 equalized by the state. ~~, provided that the~~ THE refunding part
6 of any proposed issue of bonds shall not be included in the total
7 indebtedness of the school district for the purposes of this
8 section.

9 (ii) If the bonds are issued for a purpose described in sec-
10 tion 1274a of Act No. 451 of the Public Acts of 1976, the last
11 maturity of the issue of bonds may be less than 10 years from the
12 issuance date appearing on the bonds but not less than the number
13 of years approved by the superintendent of public instruction in
14 the certificate of qualification. The certificate of qualifica-
15 tion of the superintendent of public instruction shall contain a
16 certification and approval that the bonds are issued for such a
17 purpose, which approval shall be final and conclusive and shall
18 set forth the minimum number of years for the last maturity of
19 the bonds.

20 (b) That the yearly principal maturity date is not less than
21 5 months after the major part of the taxes for the bonds becomes
22 by law a lien upon the property assessed.

23 (c) Except as otherwise provided in this subdivision, that
24 the amount of principal maturing in any calendar year is not less
25 than the amount of principal maturing in any prior calendar year
26 and, except for bonds issued for a purpose described in section
27 1274a of Act No. 451 of the Public Acts of 1976, if the ratio of

1 debt to valuation of the school district exceeds 12%, that the
2 first 10 principal maturities do not in the aggregate exceed 25%
3 of the total principal amount of the bonds proposed to be
4 qualified. Regardless of the amount of principal maturing in any
5 calendar year and regardless of the ratio of debt to valuation of
6 the school district, the state treasurer may authorize principal
7 maturities in any amount if the state treasurer determines it is
8 financially beneficial to the state or to the school district.

9 AT THE REQUEST OF THE SCHOOL DISTRICT, THE STATE TREASURER MAY
10 GRANT THAT AUTHORIZATION AS PART OF THE PROCEDURE OF PRELIMINARY
11 QUALIFICATION UNDER SUBDIVISION (F).

12 (d) That the cost of the project for which the bonds are to
13 be issued is within reasonable standards of cost as established
14 by the state board of education, which standards may vary as to
15 different localities in accordance with any variance in construc-
16 tion costs between localities.

17 (e) Except for bonds issued for a purpose described in sec-
18 tion 1274a of Act No. 451 of the Public Acts of 1976, that there
19 exists a need for the project based upon current and probable
20 future enrollment and that the project is designed to provide
21 school facilities reasonably adequate to meet that need.

22 (f) If a bond issue requires an election, that a bond issue
23 ~~which~~ THAT a school district wishes to qualify has been given
24 preliminary qualification prior to the official action of the
25 board of education calling for the election on the bond issue.

26 (g) If the bonds are issued for a purpose described in
27 section 1274a of Act No. 451 of the Public Acts of 1976, and if

1 the bonds have not been approved by a majority of the school
2 electors voting on the question, that the school district has
3 demonstrated and the state treasurer has approved the method of
4 payment for, and the ability to pay, the bonds and that the
5 school district has received the prior approval of the department
6 of treasury for the issuance of the bonds under the municipal
7 finance act, Act No. 202 of the Public Acts of 1943, being sec-
8 tions 131.1 to 139.3 of the Michigan Compiled Laws.

9 (2) For refunding bonds issued to refund bonds issued before
10 May 4, 1955, the superintendent of public instruction shall issue
11 the certificate of qualification if the superintendent finds that
12 the refunding bonds comply with the requirements set forth in
13 subsection (1)(c). For refunding bonds issued to refund bonds
14 issued on or after May 4, 1955, or issued to refund loans from
15 the state made under the authority of this act, the superinten-
16 dent shall issue the certificate of qualification if the superin-
17 tendent finds that the refunding bonds comply with the require-
18 ments set forth in subsection (1)(c) and also that the refunding
19 bonds are being issued to refund loans from the state made under
20 the authority of this act or that the bonds representing the
21 original indebtedness either were qualified or satisfied the
22 requirements for qualification in effect when issued or would
23 have satisfied the requirements set forth in subsection
24 (1)(d), (e), and (f) had those requirements been in effect when
25 the bonds were issued. Refunding bonds issued to refund loans
26 from the state made under the authority of this act shall be

1 considered as refunding bonds for all purposes including
2 section 16 of article IX of the state constitution of 1963.