

SENATE BILL No. 20

January 11, 1989, Introduced by Senator GAST and referred to the
Committee on Education and Mental Health.

A bill 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:

1 Section 1. Sections 9 and 10 of Act No. 108 of the Public
2 Acts of 1961, section 9 as amended by Act No. 155 of the Public
3 Acts of 1984, being sections 388.959 and 388.960 of the Michigan

1 Compiled Laws, are amended and section 10a is added to read as
2 follows:

3 Sec. 9. (1) Except as provided in this section AND
4 SECTION 10A, any school district having received ~~a loan or~~ 1 OR
5 MORE loans from "the school bond loan funds" under sections 27
6 and 28 of article X of the state constitution of 1908 or section
7 16 of article IX of the state constitution of 1963 and implement-
8 ing acts shall continue to levy on its tax rolls not less than 7
9 mills on each dollar of its assessed valuation as last equalized
10 by the state, exclusive of any levy for unqualified bonds or for
11 school operating purposes, until all loans made to the school
12 district by the state are repaid with interest at rates to be
13 annually determined by the state administrative board. Except as
14 provided in this section, these rates shall represent the average
15 interest rate paid by the state on obligations issued under sec-
16 tions 27 and 28 of article X of the state constitution of 1908
17 and section 16 of ARTICLE IX of the state constitution of 1963
18 and implementing acts, computed to the nearest 1/8 of 1%. The
19 state treasurer shall annually certify to the several borrowing
20 districts the rate of interest to be currently collected. The
21 proceeds of each such levy shall be used first for the payment of
22 the minimum principal and interest requirements on the qualified
23 bonds ~~which~~ THAT shall become due ~~prior to the time of~~ BEFORE
24 the next tax collection, and any balance shall be paid to the
25 state until the principal and interest due the state ~~shall have~~
26 ~~been~~ ARE paid.

1 (2) ~~Prior to~~ BEFORE the adoption of a resolution approving
2 annexation and transfer of a school district to be divided
3 pursuant to part 10a of the school code of 1976, Act No. 451 of
4 the Public Acts of 1976, being sections 380.941 to 380.949 of the
5 Michigan Compiled Laws, the superintendent of public instruction
6 and the state treasurer may issue a joint order determining that,
7 upon division of a school district pursuant to part 10a of the
8 school code of 1976, the divided district or any other school
9 district affected by the division, or all, may cease levying on
10 its tax rolls for all or a portion, as shall be determined in the
11 joint order by the superintendent of public instruction and the
12 state treasurer, of the amount required by subsection (1) for
13 repayment of all or a portion of the principal of or interest on,
14 or both, the loans received ~~prior to~~ BEFORE the issuance of the
15 joint order from the school bond loan fund for a number of years
16 to be determined in the joint order by the superintendent of
17 public instruction and the state treasurer, not to exceed 5
18 years, beginning with the first tax levy after the election
19 approving the division or until the bonded indebtedness of the
20 district for which loans have been received has been paid in full
21 or provision for the payment has been made, whichever occurs
22 first. During the period in which the levy is waived pursuant to
23 this subsection, the school district payments due to the state
24 pursuant to subsection (1) from that waived levy shall be
25 waived. After expiration of the period of waiver, each school
26 district shall levy each year for repayment of loans an amount
27 designated in the order of the superintendent of public

1 instruction and the state treasurer, which amount, ~~however,~~
2 when added to the amount required for debt service, shall not be
3 more than the amount required by subsection (1) until all loans
4 to the school district by the state are repaid with interest at
5 rates to be determined annually by the state administrative
6 board. A school district determining not to levy for loan repay-
7 ment during the following year shall notify ~~prior to~~ BEFORE
8 December 15 of each year the state treasurer of its determination
9 not to levy and shall supply the superintendent of public
10 instruction or the state treasurer with any additional RELATED
11 information ~~with respect thereto as~~ the superintendent of
12 public instruction or the state treasurer shall require.

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

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

24 Sec. 10. ~~In case any~~ EXCEPT AS PROVIDED IN SECTION 10A,
25 IF A school district ~~obtaining a loan or~~ THAT HAS 1 OR MORE
26 loans pursuant to either this act or Act No. 151 of the Public
27 Acts of 1955, as amended, being sections 388.931 to 388.938 of

1 the MICHIGAN Compiled Laws, ~~of 1948,~~ or both, ~~such acts, shall~~
2 ~~fail~~ FAILS to levy at least ~~that~~ THE amount ~~stipulated~~
3 SPECIFIED in section 2 OR SECTION 9, AS APPLICABLE, upon its
4 state equalized valuation for debt retirement purposes for quali-
5 fied bonds and for repayment of ~~any~~ A state loan ~~or loans~~
6 made under ~~the provisions of~~ this act while any part of ~~such~~
7 THE loan ~~or loans~~ is unpaid, or ~~shall default~~ DEFAULTS in its
8 agreement to repay ~~the~~ A loan ~~or loans~~ or any installment
9 ~~thereof, no~~ OF A LOAN, money shall NOT be distributed to ~~such~~
10 THE school district ~~out of the primary school interest fund or~~
11 out of the state school aid fund until satisfactory arrangements
12 have been made with the superintendent of public instruction for
13 the payment of the amount in default.

14 SEC. 10A. UPON REQUEST MADE BY A SCHOOL DISTRICT BEFORE
15 JUNE 1 OF ANY YEAR, THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND
16 THE STATE TREASURER ANNUALLY MAY JOINTLY ISSUE AN ORDER WAIVING
17 ALL OR A PORTION OF THE MILLAGE REQUIRED TO BE LEVIED BY A SCHOOL
18 DISTRICT PURSUANT TO SECTION 9(1) IF HE OR SHE FINDS ALL OF THE
19 FOLLOWING:

20 (A) THE SCHOOL BOARD OF THE SCHOOL DISTRICT HAS APPLIED TO
21 THE DEPARTMENT OF EDUCATION FOR PERMISSION TO LEVY LESS THAN THE
22 MILLAGE REQUIRED TO BE LEVIED PURSUANT TO SECTION 9(1).

23 (B) THE APPLICATION SPECIFIES THE NUMBER OF MILLS THE SCHOOL
24 DISTRICT REQUESTS PERMISSION TO LEVY.

25 (C) THE SCHOOL BOARD, BY RESOLUTION, HAS AGREED TO TRANSFER
26 FROM AVAILABLE IDENTIFIED FUNDS OF THE SCHOOL DISTRICT TO THE
27 SCHOOL DEBT RETIREMENT FUND AN AMOUNT EQUAL TO THE AMOUNT THAT

1 WOULD HAVE BEEN RAISED BY THE LEVY OF THE MILLAGE REQUESTED TO BE
2 WAIVED.

3 (D) THE SCHOOL BOARD, BY RESOLUTION, HAS AGREED THAT THE
4 FUNDS TO BE TRANSFERRED TO THE SCHOOL DEBT RETIREMENT FUND SHALL
5 BE EARMARKED FOR THE PAYMENT OF STATE LOANS TO THE SCHOOL DIS-
6 TRICT AND FOR DEBT RETIREMENT PURPOSES FOR QUALIFIED BONDS BEFORE
7 TAXES ARE CERTIFIED FOR THE YEAR THE SCHOOL BOARD IS REQUESTING
8 PERMISSION TO LEVY LESS THAN THE MILLAGE REQUIRED TO BE LEVIED
9 PURSUANT TO SECTION 9(1).

10 (E) THE SCHOOL BOARD, BY RESOLUTION, HAS AGREED TO COMPLY
11 WITH ALL CONDITIONS THAT THE SUPERINTENDENT OF PUBLIC INSTRUCTION
12 AND THE STATE TREASURER CONSIDER ARE NECESSARY.