

HOUSE BILL No. 5507

January 28, 1998, Introduced by Reps. Brown, Kelly, Thomas and Tesanovich and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending section 11i (MCL 388.1611i), as added by 1997 PA
142.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11i. (1) In addition to any other authority granted
2 under law, an eligible district or intermediate district may
3 borrow from the Michigan municipal bond authority created under
4 the shared credit rating act, 1985 PA 227, MCL 141.1051 to
5 141.1077, an amount equal to 1/2 of the amount listed for the
6 district or intermediate district in section 11h, in anticipation
7 of the receipt of the payments appropriated under section 11g,
8 and may authorize by resolution of its governing body and issue
9 its bonds to evidence its obligations to the Michigan municipal
10 bond authority on the terms and with those provisions as are

1 provided by resolution of the board of the district or
2 intermediate district and as are acceptable to the Michigan
3 municipal bond authority if the bonds are accompanied by an opin-
4 ion of bond counsel acceptable to the Michigan municipal bond
5 authority to the effect that the interest on the bonds is
6 excluded from gross income for federal income tax purposes. For
7 the purposes of this section, an eligible district or intermedi-
8 ate district is a district or intermediate district, other than a
9 district or intermediate district that receives a lump sum pay-
10 ment under section 11f(2), that qualifies to receive funds under
11 sections 11f and 11g and that notifies the department of treasury
12 not later than 5 p.m. eastern daylight time on June 30, 1998, in
13 the form and manner prescribed by the department of treasury,
14 that the district or intermediate district will borrow money and
15 issue bonds under this section. A district or intermediate dis-
16 trict may pledge and assign to the Michigan municipal bond
17 authority, as security for the bonds, all of the payments appro-
18 priated to it under section 11g but may not otherwise pledge or
19 assign those payments. Bonds issued under this section are not
20 subject to the municipal finance act, 1943 PA 202, MCL 131.1 to
21 139.3.

22 (2) Proceeds of bonds issued under this section shall be
23 made available to districts and intermediate districts on or
24 after November 15, 1998. Each district and intermediate district
25 shall use proceeds of bonds issued by it under this section only
26 for a purpose for which bonds may be issued under section 1351a
27 of the revised school code, MCL 380.1351a. HOWEVER, IF THE

1 DISTRICT OR INTERMEDIATE DISTRICT HAS BEEN OPERATING WITH A
2 GENERAL FUND OPERATING DEFICIT FOR THE 2-YEAR PERIOD ENDING JUNE
3 30, 1998, THE DISTRICT OR INTERMEDIATE DISTRICT ALSO MAY APPLY
4 THOSE PROCEEDS TO THE GENERAL FUND OPERATING DEFICIT.

5 (3) Bonds issued under this section do not constitute a gen-
6 eral obligation or debt of a district or intermediate district
7 within the meaning of any constitutional or statutory debt
8 limitation.

9 (4) This section shall be construed as cumulative authority
10 for the exercise of the powers granted in this section and shall
11 not be construed to repeal any existing law. The purpose of this
12 section is to create full and complete additional and alternate
13 methods for the exercise of existing powers, and the powers con-
14 ferred by this section are not affected or limited by any other
15 statute or by any charter or incorporating document.

16 (5) A pledge made by a district or intermediate district
17 under this section is valid and binding from the time the pledge
18 is made. The revenue or other money pledged under this section
19 and thereafter received by a district or intermediate district is
20 immediately subject to the lien of the pledge without physical
21 delivery of the revenue or money or any further act. The lien of
22 such a pledge is valid and binding against a party having a claim
23 of any kind in tort, contract, or otherwise against the district
24 or intermediate district, irrespective of whether that party has
25 notice of the pledge. The resolution or any other instrument by
26 which a pledge is created is not required to be filed or recorded

1 in order to establish and perfect a lien or security interest in
2 the property pledged.

3 (6) Bonds issued under this section are not in any way a
4 debt or liability of this state; do not create or constitute any
5 indebtedness, liability, or obligation of this state; are not and
6 do not constitute a pledge of the faith and credit of this state;
7 and shall contain on their face a statement to that effect.