

\*\*\*\*\* Act 26 of 1982 THIS ACT DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**EMERGENCY FINANCIAL ASSISTANCE FOR CERTAIN SCHOOL DISTRICTS**  
**Act 26 of 1982**

AN ACT to provide for emergency financial assistance for certain school districts; to prescribe certain powers and duties of intermediate school boards, local school boards, the state board of education, the state treasurer, and the auditor general; to create an emergency loan revolving fund; to make an appropriation; and to prescribe penalties.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

*The People of the State of Michigan enact:*

\*\*\*\*\* 388.811 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.811 Definitions.**

Sec. 1. As used in this act:

- (a) "Board" means the governing body of a local school district.
- (b) "Constituent district" means a local school district the territory of which is entirely within and is an integral part of an intermediate school district.
- (c) "Department" means the department of education created and operating under sections 300 to 305 of the executive organization act of 1965, Act No. 380 of the Public Acts of 1965, being sections 16.400 to 16.405 of the Michigan Compiled Laws.
- (d) "Intermediate school board" means the board of an intermediate school district.
- (e) "Intermediate school district" means a school district established under part 7 of the school code of 1976, Act No. 451 of the Public Acts of 1976, as amended, being sections 380.601 to 380.703 of the Michigan Compiled Laws.
- (f) "School district" means a school district of the third class organized under part 4 of the school code of 1976, Act No. 451 of the Public Acts of 1976, as amended, being sections 380.201 to 380.260 of the Michigan Compiled Laws, and located entirely within a county having a population of 1,500,000 or more.
- (g) "State board" means the state board of education.
- (h) "State committee" means the state committee for the reorganization of school districts created by Act No. 289 of the Public Acts of 1964, as amended, being sections 388.681 to 388.693 of the Michigan Compiled Laws, and continued under section 10a of Act No. 239 of the Public Acts of 1967, being sections 388.720a of the Michigan Compiled Laws.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.812 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.812 Procedures.**

Sec. 2. The procedures provided by this act may be used notwithstanding provisions of law to the contrary.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.813 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.813 Emergency loan; eligibility criteria; certification; certified audit.**

Sec. 3. (1) When taxes levied for operating purposes against property constituting at least 30% of the valuation of a school district are delinquent and are delayed by bankruptcy proceedings, the school district shall be eligible for an emergency loan under this act.

(2) A school district which is eligible for an emergency loan based upon a certification by the department of treasury shall certify that the school district meets the criteria of subsection (1). The legislature may request the auditor general to undertake a certified audit in order to ascertain that the school district meets the criteria of subsection (1).

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.814 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.814 Emergency loan; application; recommendation; warrant.**

Sec. 4. The board of a school district meeting the criteria of section 3 may apply to the department for an

emergency loan. If, after review, the department finds that the school district meets the criteria of section 3, a recommendation for an emergency loan shall be submitted to the state treasurer, who shall draw warrants in favor of the treasurer of the school district for the amounts payable to the school district according to the recommendation and deliver the warrants to the treasurer of the school district. Warrants shall be in the amounts and payable at such times as the department and the state department of treasury jointly shall consider necessary through continuing review of the school district's budgetary position.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.815 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.815 Notes; issuance; maturity; interest rate; payment; review and approval of balanced budget; repayment; monthly expenditure report.**

Sec. 5. The board of a school district receiving an emergency loan under this act shall issue notes in the amount of the emergency loan, made payable to the state, in equal annual installments, having a maturity date of not more than 10 years, plus interest beginning with the first fiscal year after receipt of the loan. The interest for the first year shall be at 14.35% per annum. Each succeeding year's interest rate shall be equal to the rate paid by the state for its general obligation short term notes in the prior state fiscal year. The notes shall be payable out of operating funds of the school district. The board shall submit its budget for review and approval to the department. This budget shall be a balanced budget and each year's budget shall include 1 of 10 equal payments required to amortize the original face amount of the loan received under this act, including the interest for that year. However, when the delinquent or delayed taxes described in section 3(1) become available, in full or in part, to the school district, the tax money shall be used solely for repayment of the outstanding balance of the loan to the extent necessary to repay the loan in full. The school district shall submit a monthly expenditure report to the department during the period when the loan is outstanding.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.816 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.816 Expenditures not to exceed revenue; maintaining balanced budget.**

Sec. 6. The department shall take steps necessary to assure that the expenditures of a school district which receives an emergency loan under this act shall not exceed revenues on an annual basis and that the school district maintains a balanced budget.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.817 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.817 Reorganization of school district not levying minimum mills; recommendation.**

Sec. 7. A school district not levying a minimum of 30 mills for operating purposes in the calendar year for which it receives an emergency loan shall be reorganized by the state board following recommendation by the state committee.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.818 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.818 Reorganization of school district certified as not able to balance budget; recommendation.**

Sec. 8. If, upon application for an emergency loan, a board certifies that the school district will not be able to balance its budget, the school district shall be reorganized by the state board following recommendation by the state committee.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.819 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.819 Reorganization of school district not balancing budget in following fiscal year; recommendation.**

Sec. 9. A school district receiving an emergency loan under this act shall balance its budget in the fiscal year immediately following the fiscal year for which it receives an emergency loan or, following recommendation by the state committee, shall be reorganized by the state board.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.820 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.820 Reorganization of school district defaulting in repayment of loan; recommendation.**

Sec. 10. A school district receiving an emergency loan under this act which defaults in repayment of the loan shall be reorganized by the state board following recommendation by the state committee.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.821 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.821 Reorganization of school district; hearing; notice; recommendations.**

Sec. 11. Before the reorganization of a school district under this act, the state committee shall hold a hearing in the school district to be reorganized. Notice of the time and place of the hearing shall be given the voters of all districts involved in the proposed reorganization. The intermediate school board affected by the proposed reorganization of a constituent district shall make recommendations regarding the proposed reorganization to the state committee.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.822 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.822 Existence of conditions warranting reorganization of school district; determination; transmitting report with recommendations.**

Sec. 12. Within 20 days after receipt of a transcript of the hearing and recommendations of the intermediate school board, the state committee shall determine if conditions exist warranting reorganization of the school district under this act. Upon a determination by the state committee that conditions in a school district warrant reorganization, the state committee shall transmit its report with recommendations to the state board.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.823 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.823 Report and recommendations of state committee; publication; objections or comments; consideration of report; determination as to indorsement.**

Sec. 13. The state board shall publish the report and recommendations of the state committee and shall invite objections or comments to be filed with the state board within 20 days following publication of the report. The state board then shall consider the report of the state committee, together with the comments and objections filed, and make a determination as to indorsement of the finding of the state committee.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.824 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.824 Reorganization of school district with 1 or more contiguous districts to provide equitable educational opportunity; effective date; finality.**

Sec. 14. The state board, upon indorsement of the finding of the state committee that reorganization of a school district is warranted, shall reorganize the school district with 1 or more districts contiguous to it in a manner which will provide the most equitable educational opportunity for the students of the reorganized school district, and shall determine the effective date of reorganization. Action by the state board shall be final.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.825 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.825 Bonded indebtedness of reorganized school district; territory of school district as assessing unit; board of trustees; officers; refinancing of original bonds; responsibility; certifying and ordering levy of taxes.**

Sec. 15. If a school district reorganized under this act at the time of reorganization has a bonded indebtedness, the school district's identity shall not be lost, and its territory shall remain as an assessing unit for purposes of the bonded indebtedness until the indebtedness is retired or the outstanding bonds are refunded by the reorganized district. The board of the reorganized school district or the boards of districts receiving school buildings with an existing bonded debt shall constitute the board of trustees for the original school district having a bonded indebtedness, and the officers of the reorganized or successor district shall be

the officers for the original school district. If the original bonds of the reorganized school district are refinanced, the state board shall make the final determination as to placement of the responsibility with the 1 or more boards receiving the buildings as to their responsibility in acting as the board of trustees for the original school district. The board of each district assigned the responsibility as the board of trustees for the bonded indebtedness of the reorganized school district shall certify and order the levy of taxes for the bonded indebtedness in the name of the original school district.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.826 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.826 Assumption and payment of bonded indebtedness; approval of electors; final responsibility; certifying and ordering levy of taxes; holding election.**

Sec. 16. Beginning 3 years after the effective date of the reorganization of a school district under this act, a district receiving a building having an existing bonded indebtedness and assuming the responsibilities set forth in section 15 may assume the obligation of the bonded indebtedness of the school building attached to its district under this act and pay the bonded indebtedness from the proceeds of a debt retirement tax levy spread uniformly over the territory of the district when the electors of the reorganized or successor district approve an increase in the limitation on taxes for that purpose and the school electors of the recipient district approve the assumption of the bonded indebtedness. Assumption of the bonded indebtedness of an original school district does not release the territory of the original school district from the final responsibility of paying the obligation or rescind the increase in the limitation on taxes pledged to the bond issue or available to it in the original school district. When the bonded indebtedness of an original school district is assumed as provided in this section, the board of the reorganized or successor district shall certify and order the levy of taxes for the bonded indebtedness equivalent in terms of money to those required by the terms under which the indebtedness was originally incurred and carry out the original bond contract. The election to assume the bonded indebtedness of a reorganized district may be held at any time after 3 years following the effective date of reorganization when a proposal is placed before the school electors to increase the bonded indebtedness of the recipient district.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.827 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.827 Compliance with MCL 380.1284; removal of board member.**

Sec. 17. (1) The board of a school district receiving an emergency loan under this act shall comply with section 1284 of the school code of 1976, Act No. 451 of the Public Acts of 1976, being section 380.1284 of the Michigan Compiled Laws.

(2) Each member of a board which does not comply with subsection (1) is subject to removal from office under section 10 of article 5 of the state constitution of 1963.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.828 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.828 School emergency loan revolving fund; creation; purpose; warrant; transfer of repayments to general fund; appropriation.**

Sec. 18. (1) The school emergency loan revolving fund is created in the state treasury from which emergency loans shall be made to school districts as provided in this act. The state treasurer shall issue a warrant on the fund for the amount of the loan. The treasurer shall transfer repayments of the loan to the general fund.

(2) There is appropriated from the general fund to the school emergency loan revolving fund the sum of \$2,200,000.00.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.

\*\*\*\*\* 388.829 THIS SECTION DOES NOT APPLY AFTER JUNE 30, 1994: See 388.829 \*\*\*\*\*

**388.829 Applicability of loan provisions and act.**

Sec. 19. (1) The loan provisions of this act shall not apply after June 30, 1983.

(2) This act shall not apply after June 30, 1994.

**History:** 1982, Act 26, Imd. Eff. Mar. 4, 1982.