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Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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House Bill 5832 (as reported without amendment)  
Sponsor: Representative Ron Jelinek  
House Committee: Education  
Senate Committee: Education

### **CONTENT**

The bill would amend Public Act 112 of 1961, which provides for the financing of the School Bond Loan Fund through the issuance of bonds and notes, to include commercial paper as a financing instrument available to the State Administrative Board for making loans to school districts; authorize the Board to issue bonds, notes, or commercial paper in order to refund bonds, notes, or commercial paper issued under the Act; and, require the State Treasurer, instead of the Superintendent of Public Instruction, to certify an amount needed to provide funds for loans to school districts.

In addition, the bill would permit the State Administrative Board to authorize and approve insurance contracts; agreements for lines of credit; letters of credit; commitments to purchase bonds, notes, or commercial paper; and, any other transaction to assure timely payment or purchase of any bonds, notes, or commercial paper under the Act. The Board also could authorize and approve an interest rate exchange or swap, hedge, or similar agreement in connection with the issuance of bonds, notes, or commercial paper or in connection with outstanding bonds, notes, commercial paper, or other obligations.

The bill also would permit the Board to authorize the State Treasurer to sell, deliver, and receive payment for bonds, notes, or commercial paper issued under the Act; deliver these financial instruments partly to refund bonds, notes, or commercial paper and partly for other authorized purposes; select which outstanding bonds, notes, or commercial paper would be refunded; buy bonds, notes, or commercial paper issued under the Act; approve interest rates or methods of determining interest rates, prices, discounts, maturities, etc.; execute, deliver, and pay the cost of remarketing agreements, insurance contracts, agreements for lines of credit, etc., and any other transaction to assure timely payments or purchase of bonds, notes, or commercial paper issued under the Act; and, determine the details of, execute, and pay the cost of an interest rate exchange, swap, hedge, or similar agreement.

MCL 388.981 et al.

Legislative Analyst: L. Arasim

### **FISCAL IMPACT**

The bill would have not fiscal impact on State or local government.

Date Completed: 6-7-00

Fiscal Analyst: J. Carrasco