

**SUBSTITUTE FOR  
SENATE BILL NO. 744**

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
(MCL 388.1601 to 388.1772) by adding section 27.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1        SEC. 27. (1) IN ADDITION TO THE FUNDS APPROPRIATED UNDER  
2 SECTION 11, THERE IS APPROPRIATED FROM THE STATE SCHOOL AID FUND  
3 FOR THE 1999-2000 FISCAL YEAR AN AMOUNT NOT TO EXCEED  
4 \$30,000,000.00 FOR INFRASTRUCTURE PAYMENTS TO DISTRICTS UNDER  
5 THIS SECTION, TO BE ADMINISTERED BY THE DEPARTMENT OF TREASURY.  
6 IT IS THE INTENT OF THE LEGISLATURE TO CONTINUE TO APPROPRIATE AT  
7 LEAST THIS AMOUNT ANNUALLY FOR THE PURPOSES DESCRIBED IN THIS  
8 SECTION.

9        (2) THE DEPARTMENT OF TREASURY SHALL ALLOCATE THE MONEY  
10 APPROPRIATED UNDER THIS SECTION TO THE DISTRICTS THE DEPARTMENT

**SB 744, As Passed Senate, October 14, 1999**

Senate Bill No. 744

2

1 OF TREASURY HAS DETERMINED TO BE ELIGIBLE FOR FUNDING AS PROVIDED  
2 IN THIS SECTION.

3 (3) TO INITIALLY BE ELIGIBLE FOR FUNDING UNDER THIS SECTION,  
4 A DISTRICT MUST MEET ALL OF THE FOLLOWING:

5 (A) THE DISTRICT MUST APPLY TO THE DEPARTMENT OF TREASURY  
6 FOR A DETERMINATION OF ELIGIBILITY UNDER SUBDIVISION (B).

7 (B) THE DISTRICT MUST BE DETERMINED BY THE DEPARTMENT OF  
8 TREASURY EITHER TO BE AMONG THE LOWEST 1/3 OF DISTRICTS IN THIS  
9 STATE IN TAXABLE VALUE PER MEMBERSHIP PUPIL, USING THE MOST  
10 RECENT DATA AVAILABLE AS OF THE DATE OF THE APPLICATION UNDER  
11 SUBDIVISION (A), OR TO HAVE AT LEAST 50% OF THE DISTRICT'S MEM-  
12 BERSHIP CONSIST OF PUPILS MEETING THE INCOME ELIGIBILITY CRITERIA  
13 FOR AT-RISK FUNDING UNDER SECTION 31A, AS DETERMINED UNDER THAT  
14 SECTION USING THE MOST RECENT DATA AVAILABLE AS OF THE DATE OF  
15 THE APPLICATION UNDER SUBDIVISION (A). THE DEPARTMENT OF TREA-  
16 SURY SHALL MAKE THIS DETERMINATION AND NOTIFY THE DISTRICT OF  
17 THIS DETERMINATION IN WRITING WITHIN 30 DAYS AFTER RECEIVING THE  
18 APPLICATION UNDER SUBDIVISION (A).

19 (C) THE SCHOOL ELECTORS OF THE DISTRICT MUST APPROVE THE  
20 ISSUANCE OF QUALIFIED BONDS OF THE DISTRICT AT AN ELECTION HELD  
21 EITHER BETWEEN SEPTEMBER 1, 1999 AND JANUARY 1, 2000 OR WITHIN 90  
22 DAYS AFTER THE DISTRICT RECEIVES THE NOTIFICATION OF THE DETERMI-  
23 NATION OF ELIGIBILITY UNDER SUBDIVISIONS (A) AND (B).

24 (D) THE TOTAL NUMBER OF MILLS THE DISTRICT WILL LEVY FOR THE  
25 PAYMENT OF PRINCIPAL AND INTEREST ON ITS QUALIFIED BONDS, INCLUD-  
26 ING BOTH EXISTING MILLAGE AND THE MILLAGE APPROVED AT THE  
27 ELECTION DESCRIBED IN SUBDIVISION (C), IS AT LEAST 7 MILLS.

**SB 744, As Passed Senate, October 14, 1999**

Senate Bill No. 744 as amended October 13, 1999

3

1 (4) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AFTER A  
2 DISTRICT IS DETERMINED UNDER SUBSECTION (3) TO INITIALLY BE ELI-  
3 GIBLE FOR FUNDING UNDER THIS SECTION AND RECEIVES ITS FIRST ALLO-  
4 CATION UNDER THIS SECTION, THE DISTRICT CONTINUES TO BE ELIGIBLE  
5 FOR FUNDING UNDER THIS SECTION EACH SUBSEQUENT FISCAL YEAR IN  
6 WHICH THE DISTRICT MEETS 1 OR BOTH OF THE ELIGIBILITY CRITERIA  
7 UNDER SUBSECTION (3)(B), USING THE MOST RECENT DATA AVAILABLE,  
8 AND IN WHICH THE DISTRICT IS LEVYING AT LEAST A TOTAL OF 7 MILLS  
9 FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON ITS QUALIFIED BONDS,  
10 UNTIL THE AMOUNT OF THE ALLOCATION TO THE DISTRICT, AS DETERMINED  
11 UNDER SUBSECTION (5), IS ZERO.

12 (5) THE AMOUNT ALLOCATED UNDER THIS SECTION EACH FISCAL YEAR  
13 TO AN ELIGIBLE DISTRICT SHALL BE AN AMOUNT EQUAL TO 50% OF THE  
14 SUM OF THE AMOUNT OF THE INTEREST THE DISTRICT IS CONTRACTUALLY  
15 OBLIGATED TO PAY DURING THAT FISCAL YEAR ON QUALIFIED BONDS OF  
16 THE DISTRICT AUTHORIZED IN THE ELECTION DESCRIBED IN SUBSECTION  
17 (3)(C) PLUS THE AMOUNT OF THE INTEREST OWED TO THE SCHOOL BOND  
18 LOAN FUND FOR THAT FISCAL YEAR FOR LOANS TO THE DISTRICT TO PAY  
19 FOR THE DEBT SERVICE THE DISTRICT IS CONTRACTUALLY OBLIGATED TO  
20 PAY DURING THAT FISCAL YEAR ON QUALIFIED BONDS OF THE DISTRICT  
21 AUTHORIZED IN THE ELECTION DESCRIBED IN SUBSECTION (3)(C).

22 HOWEVER, EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (6), THE AMOUNT  
23 ALLOCATED TO A PARTICULAR DISTRICT UNDER THIS SECTION FOR A FISCAL YEAR SHALL NOT EXCEED \$2,000,000.00.

(6) IN A FISCAL YEAR IN WHICH THE TOTAL AMOUNT OF ALL ALLOCATIONS TO DISTRICTS UNDER THIS SECTION, AS CALCULATED USING THE MAXIMUM AMOUNT PRESCRIBED IN SUBSECTION (5), IS LESS THAN THE TOTAL AMOUNT APPROPRIATED UNDER THIS SECTION FOR THAT FISCAL YEAR, THE MAXIMUM AMOUNT ALLOCATED TO A PARTICULAR DISTRICT UNDER THIS SECTION IS \$3,000,000.00 INSTEAD OF THE MAXIMUM PRESCRIBED IN SUBSECTION (5). HOWEVER, THE MAXIMUM AMOUNT PRESCRIBED IN SUBSECTION (5) MAY ONLY BE EXCEEDED IF THE ALLOCATIONS TO ALL DISTRICTS WITH ALLOCATIONS LESS THAN THAT MAXIMUM ARE FULLY FUNDED. IF THE AMOUNT AVAILABLE FOR PAYING ADDITIONAL AMOUNTS ALLOWED UNDER THIS SUBSECTION IS NOT SUFFICIENT TO FULLY FUND ALL DISTRICTS THAT EXCEED THE MAXIMUM AMOUNT PRESCRIBED IN SUBSECTION (5), THEN THE ADDITIONAL AMOUNTS ALLOWED THOSE DISTRICTS UNDER THIS SUBSECTION SHALL BE PRORATED ON AN EQUAL PERCENTAGE BASIS.

24 (7) IN MAKING ALLOCATIONS TO DISTRICTS UNDER THIS SECTION  
25 FOR A PARTICULAR FISCAL YEAR, THE DEPARTMENT OF TREASURY FIRST  
26 SHALL FULLY FUND THE AMOUNT OF THE ALLOCATION TO EACH DISTRICT  
27 THAT RECEIVED AN ALLOCATION FOR THE IMMEDIATELY PRECEDING FISCAL

**SB 744, As Passed Senate, October 14, 1999**

04092'99 \* (S-3)

Senate Bill No. 744 as amended October 13, 1999

4

1 YEAR AND CONTINUES TO BE ELIGIBLE UNDER SUBSECTION (4), AND THEN  
2 SHALL USE THE REMAINING FUNDS APPROPRIATED UNDER THIS SECTION TO  
3 FULLY FUND AS MANY DISTRICTS AS POSSIBLE THAT ARE DETERMINED  
4 UNDER SUBSECTION (3) TO INITIALLY BE ELIGIBLE FOR FUNDING DURING  
5 THAT FISCAL YEAR, GIVING PRIORITY BASED ON THE DATE OF THE ELEC-  
6 TION AT WHICH THE BONDS WERE APPROVED.

7 (8) IN ADDITION TO THE OTHER REQUIREMENTS IN THIS SECTION,  
8 IN ORDER TO RECEIVE MONEY UNDER THIS SECTION, A DISTRICT SHALL  
9 SUBMIT TO THE DEPARTMENT OF TREASURY, IN THE FORM AND MANNER PRE-  
10 SCRIBED BY THE DEPARTMENT OF TREASURY, ALL INFORMATION THE  
11 DEPARTMENT OF TREASURY REQUESTS TO ADMINISTER THIS SECTION. THIS  
12 INCLUDES, BUT IS NOT LIMITED TO, INFORMATION REQUESTED BY THE  
13 DEPARTMENT OF TREASURY TO DETERMINE THAT A DISTRICT IS INITIALLY  
14 QUALIFIED FOR AN ALLOCATION UNDER THIS SECTION AND INFORMATION  
15 REQUESTED BY THE DEPARTMENT OF TREASURY EACH FISCAL YEAR TO  
16 DETERMINE CONTINUED ELIGIBILITY AND THE AMOUNT OF THE DISTRICT'S  
17 ALLOCATION.

18 (9) IF DURING A FISCAL YEAR A DISTRICT THAT RECEIVES MONEY  
19 UNDER THIS SECTION BORROWS MONEY FROM ANY SOURCE FOR REPAYMENT OF  
20 THE QUALIFIED BONDS FOR WHICH THE DISTRICT IS RECEIVING FUNDING  
21 UNDER THIS SECTION SO THAT THE AMOUNT BORROWED, TOGETHER WITH THE  
22 AMOUNT OF THE ALLOCATION TO THE DISTRICT UNDER THIS SECTION FOR  
23 THAT FISCAL YEAR, IS IN EXCESS OF THE AMOUNT THE DISTRICT IS CON-  
24 TRACTUALLY OBLIGATED TO PAY ON DEBT SERVICE FOR THE QUALIFIED  
25 BONDS FOR WHICH THE DISTRICT IS RECEIVING FUNDING UNDER THIS SEC-  
26 TION, THE DISTRICT SHALL REPORT THAT EXCESS AMOUNT TO THE  
27 DEPARTMENT OF TREASURY TO TAKE INTO ACCOUNT IN ADMINISTERING THE

04092'99 \* (S-3)

**SB 744, As Passed Senate, October 14, 1999**

Senate Bill No. 744 as amended October 13, 1999

5

1 SCHOOL BOND LOAN FUND. IF THE DEPARTMENT OF TREASURY DETERMINES  
2 THAT A DISTRICT HAS VIOLATED THIS SUBSECTION, THAT DISTRICT IS  
3 INELIGIBLE FOR FURTHER FUNDING UNDER THIS SECTION AFTER THE  
4 FISCAL YEAR IN WHICH THE VIOLATION OCCURRED.

5 (10) IF DURING A FISCAL YEAR A DISTRICT THAT RECEIVES MONEY  
6 UNDER THIS SECTION LEVIES DEBT MILLAGE THAT PRODUCES REVENUE  
7 THAT, TOGETHER WITH THE AMOUNT OF THE ALLOCATION TO THE DISTRICT  
8 UNDER THIS SECTION FOR THAT FISCAL YEAR, IS IN EXCESS OF THE  
9 AMOUNT THE DISTRICT IS CONTRACTUALLY OBLIGATED TO PAY ON DEBT  
10 SERVICE FOR THE QUALIFIED BONDS FOR WHICH THE DISTRICT IS RECEIV-  
11 ING FUNDING UNDER THIS SECTION, THE DISTRICT SHALL REPORT THAT  
12 EXCESS AMOUNT TO THE DEPARTMENT OF TREASURY TO TAKE INTO ACCOUNT  
13 IN ADMINISTERING THE SCHOOL BOND LOAN FUND. IF THE DEPARTMENT OF  
14 TREASURY DETERMINES THAT A DISTRICT HAS VIOLATED THIS SUBSECTION,  
15 THAT DISTRICT IS INELIGIBLE FOR FURTHER FUNDING UNDER THIS SEC-  
16 TION AFTER THE FISCAL YEAR IN WHICH THE VIOLATION OCCURRED.

17 (11) BEGINNING IN 2000-2001, NOT LATER THAN DECEMBER 1 OF  
18 EACH FISCAL YEAR THE DEPARTMENT OF TREASURY SHALL SUBMIT TO THE  
19 SENATE AND HOUSE APPROPRIATIONS COMMITTEES AND TO THE SENATE AND  
20 HOUSE FISCAL AGENCIES A REPORT CONCERNING FUNDING UNDER THIS SEC-  
21 TION FOR THE PRECEDING FISCAL YEAR. THE REPORT SHALL INCLUDE AT  
22 LEAST ALL OF THE FOLLOWING INFORMATION:

23 (A) IDENTIFICATION OF EACH OF THE DISTRICTS THAT APPLIED FOR  
24 FUNDING UNDER THIS SECTION FOR THE PRECEDING FISCAL YEAR.

25 (B) IDENTIFICATION OF EACH OF THE DISTRICTS THAT RECEIVED  
26 FUNDING UNDER THIS SECTION FOR THE PRECEDING FISCAL YEAR.

**SB 744, As Passed Senate, October 14, 1999**

Senate Bill No. 744 as amended October 13, 1999

6

1 (C) FOR EACH DISTRICT THAT RECEIVED FUNDING UNDER THIS  
2 SECTION FOR THE PRECEDING FISCAL YEAR, ALL OF THE FOLLOWING:

3 (i) THE DATE OF THE ELECTION DESCRIBED IN SUBSECTION (3)(C)  
4 AND THE TOTAL AMOUNT OF THE BOND ISSUE AUTHORIZED AT THAT  
5 ELECTION.

6 (ii) THE TOTAL AMOUNT OF INTEREST THE DISTRICT WAS CONTRAC-  
7 Tually OBLIGATED TO PAY DURING THAT FISCAL YEAR ON QUALIFIED  
8 BONDS OF THE DISTRICT AUTHORIZED AT THAT ELECTION.

9 (iii) THE TOTAL AMOUNT OF FUNDING THE DISTRICT RECEIVED  
10 UNDER THIS SECTION FOR THAT FISCAL YEAR.

11 (D) FOR EACH DISTRICT THAT APPLIED FOR, BUT DID NOT RECEIVE,  
12 FUNDING UNDER THIS SECTION FOR THE PRECEDING FISCAL YEAR, ALL OF  
13 THE FOLLOWING AS APPLICABLE:

14 (i) THE DATE OF THE ELECTION DESCRIBED IN SUBSECTION (3)(C)  
15 AND THE TOTAL AMOUNT OF THE BOND ISSUE AUTHORIZED AT THAT  
16 ELECTION.

17 (ii) THE TOTAL AMOUNT OF INTEREST THE DISTRICT WAS CONTRAC-  
18 Tually OBLIGATED TO PAY DURING THAT FISCAL YEAR ON QUALIFIED  
19 BONDS OF THE DISTRICT AUTHORIZED AT THAT ELECTION.

20 (12) AS USED IN THIS SECTION:

21 (A) "DEBT SERVICE" MEANS THE PRINCIPAL AND INTEREST OWED BY  
22 A DISTRICT ON OUTSTANDING QUALIFIED BONDS FOR WHICH THE DISTRICT  
23 IS ELIGIBLE TO RECEIVE AN ALLOCATION UNDER THIS SECTION.

24 (B) "DISTRICT" DOES NOT INCLUDE A PUBLIC SCHOOL ACADEMY OR  
25 UNIVERSITY SCHOOL.

26 (C) "QUALIFIED BONDS" MEANS THAT TERM AS DEFINED IN SECTION  
27 3 OF 1961 PA 108, MCL 388.953.

**SB 744, As Passed Senate, October 14, 1999**

Senate Bill No. 744

7

1 (D) "SCHOOL BOND LOAN FUND" MEANS THAT FUND AS CREATED UNDER  
2 1961 PA 112, MCL 388.981 TO 388.985.

3 (E) "TAXABLE VALUE PER MEMBERSHIP PUPIL" MEANS THE  
4 DISTRICT'S TAXABLE VALUE, AS CERTIFIED BY THE DEPARTMENT OF TREA-  
5 SURY, FOR THE CALENDAR YEAR ENDING IN THE CURRENT STATE FISCAL  
6 YEAR DIVIDED BY THE DISTRICT'S MEMBERSHIP FOR THE SCHOOL YEAR  
7 ENDING IN THE CURRENT STATE FISCAL YEAR.