

SENATE BILL NO. 744

September 28, 1999, Introduced by Senators STILLE, BENNETT, GOSCHKA, HAMMERSTROM, ROGERS, EMERSON, CHERRY, BYRUM, JOHNSON and SHUGARS and referred to the Committee on Finance.

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

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 TO BE AMONG THE LOWEST 1/3 OF DISTRICTS IN THIS STATE IN
9 TAXABLE VALUE PER MEMBERSHIP PUPIL, USING THE MOST RECENT DATA
10 AVAILABLE AS OF THE DATE OF THE APPLICATION UNDER SUBDIVISION
11 (A). THE DEPARTMENT OF TREASURY SHALL MAKE THIS DETERMINATION
12 AND NOTIFY THE DISTRICT OF THIS DETERMINATION IN WRITING WITHIN
13 30 DAYS AFTER RECEIVING THE APPLICATION UNDER SUBDIVISION (A).

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

19 (D) THE DISTRICT MUST BE LEVYING AT LEAST A TOTAL OF 7 MILLS
20 FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON ITS QUALIFIED
21 BONDS.

22 (4) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AFTER A
23 DISTRICT IS DETERMINED UNDER SUBSECTION (3) TO INITIALLY BE ELI-
24 GIBLE FOR FUNDING UNDER THIS SECTION AND RECEIVES ITS FIRST ALLO-
25 CATION UNDER THIS SECTION, THE DISTRICT CONTINUES TO BE ELIGIBLE
26 FOR FUNDING UNDER THIS SECTION EACH SUBSEQUENT FISCAL YEAR IN
27 WHICH THE DISTRICT IS AMONG THE LOWEST 1/3 OF DISTRICTS IN THIS

1 STATE IN TAXABLE VALUE PER MEMBERSHIP PUPIL, USING THE MOST
2 RECENT DATA AVAILABLE, AND IN WHICH THE DISTRICT IS LEVYING AT
3 LEAST A TOTAL OF 7 MILLS FOR THE PAYMENT OF PRINCIPAL AND INTER-
4 EST ON ITS QUALIFIED BONDS, UNTIL THE AMOUNT OF THE ALLOCATION TO
5 THE DISTRICT, AS DETERMINED UNDER SUBSECTION (5), IS ZERO.

6 (5) THE AMOUNT ALLOCATED UNDER THIS SECTION EACH FISCAL YEAR
7 TO AN ELIGIBLE DISTRICT SHALL BE AN AMOUNT EQUAL TO 50% OF THE
8 SUM OF THE AMOUNT OF THE INTEREST THE DISTRICT IS CONTRACTUALLY
9 OBLIGATED TO PAY DURING THAT FISCAL YEAR ON QUALIFIED BONDS OF
10 THE DISTRICT AUTHORIZED IN THE ELECTION DESCRIBED IN SUBSECTION
11 (3)(C) PLUS THE AMOUNT OF THE INTEREST OWED TO THE SCHOOL BOND
12 LOAN FUND FOR THAT FISCAL YEAR FOR LOANS TO THE DISTRICT TO PAY
13 FOR THE DEBT SERVICE THE DISTRICT IS CONTRACTUALLY OBLIGATED TO
14 PAY DURING THAT FISCAL YEAR ON QUALIFIED BONDS OF THE DISTRICT
15 AUTHORIZED IN THE ELECTION DESCRIBED IN SUBSECTION (3)(C).
16 HOWEVER, THE AMOUNT ALLOCATED TO A PARTICULAR DISTRICT UNDER THIS
17 SECTION FOR A FISCAL YEAR SHALL NOT EXCEED \$2,000,000.00.

18 (6) IN MAKING ALLOCATIONS TO DISTRICTS UNDER THIS SECTION
19 FOR A PARTICULAR FISCAL YEAR, THE DEPARTMENT OF TREASURY FIRST
20 SHALL FULLY FUND THE AMOUNT OF THE ALLOCATION TO EACH DISTRICT
21 THAT RECEIVED AN ALLOCATION FOR THE IMMEDIATELY PRECEDING FISCAL
22 YEAR AND CONTINUES TO BE ELIGIBLE UNDER SUBSECTION (4), AND THEN
23 SHALL USE THE REMAINING FUNDS APPROPRIATED UNDER THIS SECTION TO
24 FULLY FUND AS MANY DISTRICTS AS POSSIBLE THAT ARE DETERMINED
25 UNDER SUBSECTION (3) TO INITIALLY BE ELIGIBLE FOR FUNDING DURING
26 THAT FISCAL YEAR, GIVING PRIORITY BASED ON THE DATE OF THE
27 ELECTION AT WHICH THE BONDS WERE APPROVED.

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

12 (8) IF DURING A FISCAL YEAR A DISTRICT THAT RECEIVES MONEY
13 UNDER THIS SECTION BORROWS MONEY FROM ANY SOURCE FOR REPAYMENT OF
14 THE QUALIFIED BONDS FOR WHICH THE DISTRICT IS RECEIVING FUNDING
15 UNDER THIS SECTION SO THAT THE AMOUNT BORROWED, TOGETHER WITH THE
16 AMOUNT OF THE ALLOCATION TO THE DISTRICT UNDER THIS SECTION FOR
17 THAT FISCAL YEAR, IS IN EXCESS OF THE AMOUNT THE DISTRICT IS CON-
18 TRACTUALLY OBLIGATED TO PAY ON DEBT SERVICE FOR THE QUALIFIED
19 BONDS FOR WHICH THE DISTRICT IS RECEIVING FUNDING UNDER THIS SEC-
20 TION, THE DISTRICT SHALL USE THAT MONEY ONLY FOR THE EARLY
21 RETIREMENT OF THE QUALIFIED BONDS FOR WHICH THE DISTRICT IS
22 RECEIVING FUNDING UNDER THIS SECTION. IF THE DEPARTMENT OF TREA-
23 SURY DETERMINES THAT A DISTRICT HAS VIOLATED THIS SUBSECTION,
24 THAT DISTRICT IS INELIGIBLE FOR FURTHER FUNDING UNDER THIS SEC-
25 TION AFTER THE FISCAL YEAR IN WHICH THE VIOLATION OCCURRED.

26 (9) IF DURING A FISCAL YEAR A DISTRICT THAT RECEIVES MONEY
27 UNDER THIS SECTION LEVIES DEBT MILLAGE THAT PRODUCES REVENUE

1 THAT, TOGETHER WITH THE AMOUNT OF THE ALLOCATION TO THE DISTRICT
2 UNDER THIS SECTION FOR THAT FISCAL YEAR, IS IN EXCESS OF THE
3 AMOUNT THE DISTRICT IS CONTRACTUALLY OBLIGATED TO PAY ON DEBT
4 SERVICE FOR THE QUALIFIED BONDS FOR WHICH THE DISTRICT IS RECEIV-
5 ING FUNDING UNDER THIS SECTION, THE DISTRICT SHALL USE THAT REVE-
6 NUE ONLY FOR THE EARLY RETIREMENT OF THE QUALIFIED BONDS FOR
7 WHICH THE DISTRICT IS RECEIVING FUNDING UNDER THIS SECTION. IF
8 THE DEPARTMENT OF TREASURY DETERMINES THAT A DISTRICT HAS VIO-
9 LATED THIS SUBSECTION, THAT DISTRICT IS INELIGIBLE FOR FURTHER
10 FUNDING UNDER THIS SECTION AFTER THE FISCAL YEAR IN WHICH THE
11 VIOLATION OCCURRED.

12 (10) AS USED IN THIS SECTION:

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

16 (B) "DISTRICT" DOES NOT INCLUDE A PUBLIC SCHOOL ACADEMY OR
17 UNIVERSITY SCHOOL.

18 (C) "QUALIFIED BONDS" MEANS THAT TERM AS DEFINED IN SECTION
19 3 OF 1961 PA 108, MCL 388.953.

20 (D) "SCHOOL BOND LOAN FUND" MEANS THAT FUND AS CREATED UNDER
21 1961 PA 112, MCL 388.981 TO 388.985.

22 (E) "TAXABLE VALUE PER MEMBERSHIP PUPIL" MEANS THAT TERM AS
23 DEFINED IN SECTION 20.