

# SENATE BILL No. 1387

June 15, 2010, Introduced by Senators SWITALSKI and JELINEK and referred to the Committee on Appropriations.

A bill to amend 2005 PA 92, entitled "School bond qualification, approval, and loan act," by amending sections 3, 4, 5, 6, 7, 8, 9, 11, 13, 16, and 18 (MCL 388.1923, 388.1924, 388.1925, 388.1926, 388.1927, 388.1928, 388.1929, 388.1931, 388.1933, 388.1936, and 388.1938), section 9 as amended by 2009 PA 50.

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

1           Sec. 3. As used in this act:

2           (a) "Computed millage" means the number of mills in any year,  
3 not less than 7 mills and not more than 13 mills, determined on the  
4 date of issuance of the order qualifying the bonds or on a later  
5 date if requested by the school district and approved by the state  
6 treasurer, that, if levied by the school district, will generate  
7 sufficient annual proceeds to pay principal and interest on all the  
8 school district's qualified bonds plus principal and interest on

1 all **QUALIFIED** loans related to those qualified bonds no later than  
2 the **APPLICABLE FINAL MANDATORY REPAYMENT** date. ~~specified in the~~  
3 ~~note and repayment agreement entered into by the school district~~  
4 ~~under this act.~~ **THE COMPUTED MILLAGE MAY BE REDETERMINED FROM TIME**  
5 **TO TIME BY THE STATE TREASURER BASED ON CHANGES OF CIRCUMSTANCES**  
6 **SUCH AS ADDITIONAL BOND QUALIFICATION, REFUNDINGS, CHANGES IN**  
7 **QUALIFIED LOAN INTEREST RATES, AND TAXABLE VALUES.**

8 (B) **"FINAL MANDATORY REPAYMENT DATE" MEANS THE FINAL MANDATORY**  
9 **REPAYMENT DATE DETERMINED BY THE STATE TREASURER UNDER SECTION 9.**

10 (C) ~~(b)~~-"Qualified bond" means a bond that is qualified under  
11 this act for state loans as provided in section 16 of article IX of  
12 the state constitution of 1963. A qualified bond includes the  
13 interest amount required for payment of a school district's net  
14 interest obligation under an interest rate exchange or swap, hedge,  
15 or other agreement entered into pursuant to the revised municipal  
16 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, but does not  
17 include a termination payment or similar payment related to the  
18 termination or cancellation of an interest rate exchange or swap,  
19 hedge, or other similar agreement. A qualified bond may include a  
20 bond issued to refund loans owed to the state under this act.

21 (D) ~~(e)~~-"Qualified loan" means a loan made under this act or  
22 **FORMER** 1961 PA 108 , ~~MCL 388.951 to 388.963,~~ from this state to a  
23 school district to pay debt service on a qualified bond.

24 (E) ~~(d)~~-"Revolving loan fund" means the school loan revolving  
25 fund created under section 16c of the shared credit rating act,  
26 1985 PA 227, MCL 141.1066c.

27 (F) ~~(e)~~-"School district" means a general powers school

1 district organized under the revised school code, 1976 PA 451, MCL  
2 380.1 to 380.1852, or a school district of the first class as  
3 described in the revised school code, 1976 PA 451, MCL 380.1 to  
4 380.1852, having the power to levy ad valorem property taxes.

5 (G) ~~(f)~~ "State treasurer" means the state treasurer or his or  
6 her duly authorized designee.

7 ~~(g) "Superintendent of public instruction" means the~~  
8 ~~superintendent of public instruction appointed under section 3 of~~  
9 ~~article VIII of the state constitution of 1963.~~

10 (h) "Taxable value" means the value determined under section  
11 27a of the general property tax act, 1893 PA 206, MCL ~~211.1 to~~  
12 ~~211.157-211.27A.~~

13 Sec. 4. (1) A school district may issue and market bonds as  
14 qualified bonds if the state treasurer has issued an order granting  
15 qualification under this act.

16 (2) Except with regard to qualification of new bonds, nothing  
17 in this act shall be construed to alter the terms and conditions  
18 applicable to outstanding qualified bonds issued in accordance with  
19 **FORMER** 1961 PA 108. , ~~MCL 388.951 to 388.963, and the loans~~  
20 ~~associated with those qualified bonds.~~ Unless otherwise amended as  
21 permitted by this act, outstanding qualified loans incurred in  
22 association with outstanding qualified bonds described in this  
23 subsection shall ~~continue to bear interest and~~ **AS PROVIDED IN**  
24 **SECTION 9(8) BUT OTHERWISE SHALL** be due and payable as provided in  
25 the repayment agreements entered into between the school district  
26 and the state before the effective date of this act.

27 (3) The state treasurer may qualify bonds for which the state

1 treasurer has received an application for prequalification on or  
2 before May 25, 2005 without regard to the requirements of section  
3 5(2)(f) if the electors of the school district approve the bonds at  
4 an election held during 2005.

5       Sec. 5. (1) A school district may apply to the state treasurer  
6 for preliminary qualification of a proposed school bond issue by  
7 filing an application in the form and containing the information  
8 required by this act.

9       (2) An application for preliminary qualification of a school  
10 bond shall contain all of the following information:

11       (a) The proposed ballot language to be submitted to the  
12 electors.

13       (b) A description of the project or projects proposed to be  
14 financed.

15       (c) A pro forma debt service projection showing the estimated  
16 mills the school district will levy to provide revenue the school  
17 district will use to pay the qualified bonds, **ANY OUTSTANDING**  
18 **QUALIFIED BONDS, AND ANY OUTSTANDING OR PROJECTED QUALIFIED LOANS**  
19 **OF THE SCHOOL DISTRICT.** For the purpose of the pro forma debt  
20 service projection, the school district may assume for the first 5  
21 years following the date of the application the average growth **OR**  
22 **DECLINE** in taxable value for the 5 years preceding the date of the  
23 application and the lesser of that average growth **OR DECLINE** rate  
24 or 3% for the remaining term of the proposed bonds **UNLESS THE STATE**  
25 **TREASURER HAS ISSUED A GUIDELINE BASED ON CURRENT ECONOMIC OR**  
26 **FISCAL CONDITIONS CONTAINING DIFFERENT ASSUMPTIONS IN WHICH CASE**  
27 **THE ASSUMPTIONS CONTAINED IN SUCH GUIDELINE SHALL BE USED.**

1 (d) Evidence that the rate of utilization of each project to  
 2 be financed will be at least 85% for new buildings and 60% for  
 3 renovated facilities. If the projected enrollment of the district  
 4 would not otherwise support utilization at the rates described in  
 5 this subsection, the school district may include an explanation of  
 6 the actions the school district intends to take to address the  
 7 underutilization, including, if applicable, actions to close school  
 8 buildings or other actions designed to assure continued assured use  
 9 of the facilities being financed.

10 (e) Evidence that the cost per square foot of the project or  
 11 projects will be reasonable in light of economic conditions  
 12 applicable to the geographic area in which the school district is  
 13 located.

14 (f) Evidence that the school district will repay all  
 15 outstanding **QUALIFIED BONDS, THE PROPOSED QUALIFIED BONDS, ALL**  
 16 **OUTSTANDING** qualified loans, ~~at the times described in section 9~~  
 17 **AND ALL QUALIFIED LOANS EXPECTED TO BE INCURRED WITH RESPECT TO ALL**  
 18 **QUALIFIED BONDS OF THE SCHOOL DISTRICT, INCLUDING THE PROPOSED**  
 19 **QUALIFIED BOND ISSUE, NOT LATER THAN THE APPLICABLE FINAL MANDATORY**  
 20 **REPAYMENT DATE.**

21 ~~— (g) The weighted average age of all school buildings in the~~  
 22 ~~school district based on square footage.~~

23 **(G)** ~~(h)~~—The overall utilization rate of all school buildings  
 24 in the school district, excluding special education purposes.

25 ~~— (i) The taxable value per pupil.~~

26 **(H)** ~~(j)~~—The total bonded debt outstanding of the school  
 27 district and the total taxable value of property in the school

1 district for the school district fiscal year in which the  
2 application is filed.

3 (I) ~~(k)~~—A statement describing any environmental or usability  
4 problems to be addressed by the project or projects.

5 (J) ~~(l)~~—An architect's analysis of the overall condition of the  
6 facilities to be renovated or replaced as a part of the project or  
7 projects.

8 (K) ~~(m)~~—An amortization schedule demonstrating that the  
9 weighted average maturity of the qualified bond issue does not  
10 exceed 120% of the average reasonably expected useful life of the  
11 facilities, excluding land and site improvements, being financed or  
12 refinanced with the proceeds of the qualified bonds, determined as  
13 of the later of the date on which the qualified bonds will be  
14 issued or the date on which each facility is expected to be placed  
15 in service.

16 (l) AN AGREEMENT THAT THE SCHOOL DISTRICT WILL KEEP BOOKS AND  
17 RECORDS DETAILING THE INVESTMENT AND EXPENDITURE OF THE PROCEEDS OF  
18 THE QUALIFIED BONDS AND, AT THE REQUEST OF THE STATE TREASURER, THE  
19 SCHOOL DISTRICT WILL PROMPTLY, BUT NOT LATER THAN THE DATE  
20 SPECIFIED IN THE REQUEST, WHICH DATE SHALL BE NOT LESS THAN 5  
21 BUSINESS DAYS AFTER THE DATE OF THE REQUEST, SUBMIT INFORMATION  
22 REQUESTED BY THE STATE TREASURER RELATED TO THE DETAILED  
23 INFORMATION MAINTAINED BY THE SCHOOL DISTRICT AS TO THE INVESTMENT  
24 AND EXPENDITURE OF THE PROCEEDS OF ITS QUALIFIED BONDS.

25 Sec. 6. The state treasurer ~~shall~~ **MAY** prequalify bonds of a  
26 school district if the state treasurer determines all of the  
27 following:

1 (a) The issuance of additional qualified bonds will not  
2 prevent the school district from repaying its outstanding **QUALIFIED**  
3 **BONDS, THE PROPOSED BONDS, ALL OUTSTANDING** qualified loans, ~~on the~~  
4 ~~earlier of the dates described in section 9~~ **AND ALL QUALIFIED LOANS**  
5 **EXPECTED TO BE INCURRED WITH RESPECT TO ALL QUALIFIED BONDS OF THE**  
6 **SCHOOL DISTRICT, INCLUDING THE PROPOSED BOND ISSUE, NOT LATER THAN**  
7 **THE APPLICABLE FINAL MANDATORY REPAYMENT DATE.**

8 (b) The form **AND LANGUAGE** of the ballot **HAS BEEN APPROVED BY**  
9 **THE STATE TREASURER AND** conforms with the requirements of this act.

10 (c) **THE SCHOOL DISTRICT HAS FILED AN APPLICATION COMPLYING**  
11 **WITH THE REQUIREMENTS OF SECTION 5.**

12 (d) **IF THE PROPOSED BOND ISSUE WILL RESULT IN ADDITIONAL**  
13 **QUALIFIED LOANS, THE OUTSTANDING BALANCE OF ALL QUALIFIED LOANS ON**  
14 **THE MOST RECENT MAY 1 OR NOVEMBER 1 DID NOT EXCEED**  
15 **\$1,200,000,000.00.**

16 (e) **THE ISSUANCE OF ADDITIONAL QUALIFIED BONDS WILL NOT HAVE**  
17 **AN ADVERSE FINANCIAL IMPACT ON THE SCHOOL DISTRICT, THIS STATE, OR**  
18 **THE SCHOOL LOAN REVOLVING FUND. IN MAKING THIS DETERMINATION, THE**  
19 **STATE TREASURER SHALL CONSIDER RELEVANT FACTORS, INCLUDING, BUT NOT**  
20 **LIMITED TO, WHETHER THE ISSUANCE OF THE PROPOSED BOND ISSUE WILL**  
21 **CAUSE THE AGGREGATE OUTSTANDING AMOUNT OF QUALIFIED AND**  
22 **NONQUALIFIED BONDS, INCLUDING THE PROPOSED BOND ISSUE, AND**  
23 **CURRENTLY OUTSTANDING QUALIFIED LOANS OF THE SCHOOL DISTRICT TO**  
24 **EXCEED 25% OF THE TAXABLE VALUE OF THE SCHOOL DISTRICT AT THE TIME**  
25 **THE PROPOSED BONDS ARE ISSUED.**

26 Sec. 7. (1) The state treasurer ~~shall~~ **MAY** qualify bonds of a  
27 school district if the state treasurer determines all of the

1 following:

2 (a) A majority of the school district electors have approved  
3 the bonds.

4 (b) The terms of the bond issue comply with applicable  
5 provisions of the revised school code, 1976 PA 451, MCL 380.1 to  
6 380.1852.

7 (c) The school district is in compliance with the revised  
8 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

9 (d) The weighted average maturity of the qualified bond issue  
10 does not exceed 120% of the average reasonably expected useful life  
11 of the facilities, excluding land and site improvements, being  
12 financed or refinanced with the proceeds of the bonds, determined  
13 as of the later of the date on which the qualified bonds will be  
14 issued or the date on which each facility is expected to be placed  
15 in service.

16 (e) The school district has filed any information necessary to  
17 update the contents of the original application to reflect changes  
18 in any of the information approved in the preliminary qualification  
19 process.

20 ~~(f) The school district has paid a qualification fee of not~~  
21 ~~less than \$3,000.00 or the amount determined by the state~~  
22 ~~treasurer, which shall be approximately equal to the amount~~  
23 ~~required to pay the estimated administrative expenses incurred~~  
24 ~~under this act for the fiscal year in which the state treasurer~~  
25 ~~imposes the fee. **THE SCHOOL DISTRICT HAS AGREED THAT THE SCHOOL**~~  
26 **DISTRICT WILL KEEP BOOKS AND RECORDS DETAILING THE INVESTMENT AND**  
27 **EXPENDITURE OF THE PROCEEDS OF THE QUALIFIED BONDS AND, AT THE**

1 REQUEST OF THE STATE TREASURER, THE SCHOOL DISTRICT WILL PROMPTLY,  
2 BUT NOT LATER THAN THE DATE SPECIFIED IN THE REQUEST, WHICH DATE  
3 SHALL BE NOT LESS THAN 5 BUSINESS DAYS AFTER THE DATE OF THE  
4 REQUEST, SUBMIT INFORMATION REQUESTED BY THE STATE TREASURER  
5 RELATED TO THE DETAILED INFORMATION MAINTAINED BY THE SCHOOL  
6 DISTRICT AS TO THE INVESTMENT AND EXPENDITURE OF THE PROCEEDS OF  
7 ITS QUALIFIED BONDS.

8 (2) An order qualifying bonds shall specify the principal and  
9 interest payment dates for all the bonds, the maximum principal  
10 amount of and maximum interest rate on the bonds, the computed  
11 millage, if any, the final **MANDATORY** repayment date, ~~for any loans~~  
12 ~~made with respect to those bonds,~~ and other matters as the state  
13 treasurer shall determine or as are required by this act.

14 (3) If the application for prequalification demonstrates that  
15 the school district will borrow from this state in accordance with  
16 this act, the state treasurer and the school district shall enter  
17 into a loan agreement setting forth the terms and conditions of any  
18 qualified loans to be made to the school district under this act.

19 (4) If a school district does not issue its qualified bonds  
20 within 180 days after the date of the order qualifying bonds, **THE**  
21 **ORDER SHALL NO LONGER BE EFFECTIVE. HOWEVER,** the school district  
22 may reapply for qualification by filing an application and  
23 information necessary to update the contents of the original  
24 application for prequalification or qualification.

25 (5) The state treasurer ~~shall~~ **MAY** qualify refunding bonds  
26 issued to refund qualified **LOANS OR QUALIFIED** bonds if the state  
27 treasurer finds that ~~the~~ **ALL OF THE FOLLOWING ARE MET:**

1           (A) THE refunding bonds comply with the provisions of the  
2 revised municipal finance act, 2001 PA 34, MCL 141.2101 to  
3 141.2821.

4           (B) THAT THE SCHOOL DISTRICT WILL REPAY ALL OUTSTANDING  
5 QUALIFIED BONDS, THE PROPOSED QUALIFIED BONDS, ALL OUTSTANDING  
6 QUALIFIED LOANS, AND ALL QUALIFIED LOANS EXPECTED TO BE INCURRED  
7 WITH RESPECT TO ALL QUALIFIED BONDS OF THE SCHOOL DISTRICT,  
8 INCLUDING THE PROPOSED QUALIFIED BOND ISSUE, NOT LATER THAN THE  
9 APPLICABLE FINAL MANDATORY REPAYMENT DATE.

10           (C) THAT THE REFUNDING WILL BE FINANCIALLY BENEFICIAL TO THIS  
11 STATE.

12           Sec. 8. A ballot submitted to the school electors of a school  
13 district after November 8, 2005 requesting authorization to issue  
14 unlimited tax general obligations that will be guaranteed by this  
15 state in accordance with section 16 of article IX of the state  
16 constitution of 1963 shall inform the electors that if the school  
17 district ~~borrow~~**EXPECTS TO BORROW** from this state to pay debt  
18 service on the bonds, ~~the school district may be required to~~  
19 ~~continue to levy mills beyond the term of the bonds to repay this~~  
20 ~~state~~**THE ESTIMATED TOTAL AMOUNT OF THE PRINCIPAL OF THAT BORROWING**  
21 **AND THE INTEREST TO BE PAID ON THAT BORROWING, THE ESTIMATED**  
22 **DURATION OF THE MILLAGE LEVY, AND THE ESTIMATED COMPUTED MILLAGE**  
23 **RATE FOR THAT LEVY.**

24           Sec. 9. (1) Except as otherwise provided in this act, a school  
25 district may borrow from the state an amount not greater than the  
26 difference between the proceeds of the school district's computed  
27 millage and the amount necessary to pay principal and interest on

1 its qualified bonds, including any necessary allowances for  
2 estimated tax delinquencies.

3 (2) For school districts having qualified loans outstanding as  
4 of July 20, 2005, the state treasurer shall review information  
5 relating to each school district regarding the taxable value of the  
6 school district and the actual debt service of outstanding  
7 qualified bonds as of July 20, 2005 and shall issue an order  
8 establishing the payment date for all those outstanding qualified  
9 loans and any additional qualified loans expected to be incurred by  
10 those school districts related to qualified bonds issued before  
11 July 20, 2005. The payment date shall be not later than 72 months  
12 after the date on which the qualified bonds most recently issued by  
13 the school district are due and payable. **THE PAYMENT DATE**  
14 **ESTABLISHED PURSUANT TO THIS SUBSECTION FOR A SCHOOL DISTRICT IS A**  
15 **FINAL MANDATORY REPAYMENT DATE.**

16 (3) For qualified loans related to qualified bonds issued  
17 after July 20, 2005, the qualified loans shall be due **ON THE DATE**  
18 **DETERMINED BY THE STATE TREASURER, BUT** not later than 72 months  
19 after the date on which the qualified bonds for which the school  
20 borrowed from this state are due and payable. **THE DUE DATE**  
21 **DETERMINED PURSUANT TO THIS SUBSECTION FOR A SCHOOL DISTRICT IS A**  
22 **FINAL MANDATORY REPAYMENT DATE.** This section does not preclude  
23 early repayment of qualified bonds or qualified loans.

24 ~~(4) Except with regard to qualified loans described in~~  
25 ~~subsection (2), each loan made or considered made to a school~~  
26 ~~district under this act shall be for debt service on only a~~  
27 ~~specific qualified bond issue.~~ The state treasurer shall maintain

1 separate accounts for each school district on the books and  
2 accounts of this state noting the qualified bond, the related  
3 qualified loans, the final payment date of the bonds, the final  
4 ~~payment~~ **MANDATORY REPAYMENT** date of the qualified loans, and the  
5 interest rate accrued on the loans.

6 (5) For qualified loans relating to qualified bonds issued  
7 after July 20, 2005, a school district shall continue to levy the  
8 computed ~~mills~~ **MILLAGE** until it has completely repaid all principal  
9 and interest on its qualified loans.

10 (6) For qualified loans relating to qualified bonds issued  
11 before July 20, 2005, a school district shall continue to comply  
12 with the levy and repayment requirements imposed before July 20,  
13 2005. Not less than 90 days after July 20, 2005, the state  
14 treasurer and the school district shall enter into amended and  
15 restated repayment agreements to incorporate the levy and repayment  
16 requirements applicable to qualified loans issued before July 20,  
17 2005.

18 (7) Upon the request of a school district made before June 1  
19 of any year, the state treasurer annually may waive all or a  
20 portion of the millage required to be levied by a school district  
21 to pay principal and interest on its qualified bonds or qualified  
22 loans under this section if the state treasurer finds all of the  
23 following:

24 (a) The school board of the school district has applied to the  
25 state treasurer for permission to levy less than the millage  
26 required to be levied to pay the principal and interest on its  
27 qualified bonds or qualified loans under subsection (1).

1 (b) The application specifies the number of mills the school  
2 district requests permission to levy.

3 (c) The waiver will be financially beneficial to this state,  
4 the school district, or both.

5 (d) The waiver will not reduce the millage levied by the  
6 school district to pay principal and interest on qualified bonds or  
7 qualified loans under this act to less than 7 mills.

8 (e) The board of the school district, by resolution, has  
9 agreed to comply with all conditions that the state treasurer  
10 considers necessary.

11 (8) ~~Except as otherwise provided in this act, ALL~~ qualified  
12 loans shall bear interest at 1 of the following rates:

13 (a) The greater of 3% or the average annual cost of funds  
14 computed by the state treasurer not less often than annually on the  
15 basis of 1 of the following:

16 (i) All notes or bonds issued by the Michigan municipal bond  
17 authority to fund qualified loans or refinance those notes or bonds  
18 plus 0.125%.

19 (ii) If no bonds or notes issued by the Michigan municipal bond  
20 authority are outstanding, all bonds or notes issued by this state  
21 under sections 15 and 16 of article IX of the state constitution of  
22 1963 plus 0.125%.

23 (b) A lesser rate determined by the state treasurer to be  
24 necessary to maintain the exemption from federal income tax of  
25 interest on any ~~qualified loans~~ **BONDS OR NOTES REFERRED TO IN**  
26 **SUBDIVISION (A) (i) OR (ii) .**

27 (9) **A PAYMENT DATE DETERMINED UNDER SUBSECTION (2) OR A DUE**

1 DATE DETERMINED UNDER SUBSECTION (3) IS A FINAL MANDATORY REPAYMENT  
2 DATE. ONCE ESTABLISHED FOR A SCHOOL DISTRICT AS PROVIDED IN THIS  
3 SECTION, A FINAL MANDATORY REPAYMENT DATE SHALL APPLY TO ALL  
4 QUALIFIED LOANS OF THE SCHOOL DISTRICT, WHENEVER MADE, UNTIL 30  
5 DAYS AFTER THE DATE THE SCHOOL DISTRICT HAS NO OUTSTANDING  
6 QUALIFIED BONDS OR QUALIFIED LOANS AND NO OUTSTANDING DEBT INCURRED  
7 TO REFUND QUALIFIED BONDS OR QUALIFIED LOANS. NOTWITHSTANDING THIS  
8 SUBSECTION, THE STATE TREASURER MAY DETERMINE A LATER MANDATORY  
9 REPAYMENT DATE FOR A SCHOOL DISTRICT THAT AGREES TO LEVY A HIGHER  
10 MILLAGE, ACCEPTABLE TO THE STATE TREASURER (NOT TO EXCEED 13  
11 MILLS), THAN ITS EXISTING COMPUTED MILLAGE.

12 Sec. 11. The state treasurer ~~shall~~**MAY** promulgate rules to  
13 implement this act pursuant to the administrative procedures act of  
14 1969, 1969 PA 306, MCL 24.201 to 24.328, **AND MAY ISSUE BULLETINS AS**  
15 **AUTHORIZED BY THIS ACT.**

16 Sec. 13. (1) If a school district owes a balance due to the  
17 revolving loan fund or has been identified as a potential borrower,  
18 the school district shall file an annual loan activity application  
19 with the state treasurer no less than 60 days before certifying its  
20 annual tax levy. The annual loan activity application shall be  
21 submitted in a format prescribed by the state treasurer and shall  
22 provide the taxable value, debt service, and any other information  
23 necessary to determine the proper required millage levy required  
24 under this act. The application shall contain a resolution passed  
25 by the local school board authorizing a designated school district  
26 official to complete all necessary documents to obtain a loan from  
27 the revolving loan fund or for making repayment to the revolving

1 loan fund for the year.

2 (2) If a school district is eligible to borrow for debt  
3 service on qualified bonds, the school district shall file a draw  
4 request with the state treasurer not less than 30 days before each  
5 date on which the school district owes the debt service. The draw  
6 request shall include all of the following:

7 (a) A statement of the debt service owed in the next 6 months.

8 (b) A copy of the most recent bank statement showing the  
9 amount on hand in the debt service accounts for all qualified  
10 bonds.

11 (c) A statement of any revenue received for payment of the  
12 debt service since the date of the bank statement.

13 (d) A statement of any withdrawals made from the debt service  
14 account since the date of the bank statement.

15 (3) Not more than 7 days before the date established by the  
16 state treasurer for making qualified loans, the school district  
17 shall confirm in writing the final qualified loan amount to be  
18 drawn on a certificate in the form prescribed by the state  
19 treasurer.

20 (4) Upon receipt of a qualified loan confirmation described in  
21 subsection (3), the state treasurer shall determine the amount of  
22 the draw, which shall be the difference between the funds on hand  
23 in all debt service accounts and the amount of the debt service,  
24 and shall make a qualified loan in that amount to the school  
25 district no later than 6 days before the date the debt service is  
26 due.

27 (5) When a school district's computed millage is sufficient to

1 pay principal and interest on its qualified bonds, a school  
 2 district shall ~~file a loan activity statement with the state~~  
 3 ~~treasurer no later than 30 days before the date set for payment of~~  
 4 ~~the qualified bonds setting forth all of the following:~~ **NOTIFY THE**  
 5 **STATE TREASURER IN WRITING OF NO NEED TO BORROW NO LATER THAN 30**  
 6 **DAYS BEFORE THE DATE SET FOR PAYMENT OF THE QUALIFIED BONDS.**

7 ~~—— (a) A statement of the debt service owed in the next 6 months.~~

8 ~~—— (b) A copy of the most recent bank statement showing the~~  
 9 ~~amount on hand in the debt service account for the qualified bonds.~~

10 ~~—— (c) A statement of any revenue received for payment of the~~  
 11 ~~debt service since the date of the bank statement.~~

12 ~~—— (d) A statement of any withdrawals made from the debt service~~  
 13 ~~account since the date of the bank statement.~~

14 (6) Within 30 days after receipt of the ~~loan~~ **ANNUAL** activity  
 15 ~~statement~~ **APPLICATION** under subsection ~~(5)~~ **(1)**, the state treasurer  
 16 shall send an invoice to the school district for the amount of  
 17 repayment the school district owes on its outstanding qualified  
 18 loans, which shall be the difference between the debt service  
 19 payable or paid to bondholders and the funds on hand at the school  
 20 district, less a reasonable amount of funds on hand, as determined  
 21 by the state treasurer, to cover minimum balance requirements or  
 22 potential tax disputes. The school district shall remit the amount  
 23 specified in the invoice within 30 days after the dated date of the  
 24 invoice.

25 **Sec. 16. (1) THE STATE TREASURER MAY CHARGE A PREQUALIFICATION**  
 26 **APPLICATION FEE, A QUALIFICATION APPLICATION FEE, AND AN ANNUAL**  
 27 **LOAN ACTIVITY FEE IN THE AMOUNTS DETERMINED BY THE STATE TREASURER**

1 TO BE REQUIRED TO PAY THE ESTIMATED ADMINISTRATIVE EXPENSES  
2 INCURRED UNDER THIS ACT FOR THE FISCAL YEAR IN WHICH THE STATE  
3 TREASURER IMPOSES THE FEE.

4 (2) The state treasurer shall deposit all fees collected under  
5 this act into a separate fund established within the state  
6 treasury, and shall use the proceeds of the fees solely for the  
7 purpose of administering and enforcing this act. The unexpended and  
8 unobligated balance of this fund at the end of each state fiscal  
9 year shall be carried forward over to the succeeding state fiscal  
10 year and shall not lapse to the general fund but shall be available  
11 for reappropriation for the next state fiscal year.

12 Sec. 18. If a school district has completed the projects  
13 approved by the school electors of the school district to be funded  
14 from proceeds of qualified bonds, a school district may use any  
15 remaining proceeds of the qualified bonds as follows:

16 ~~—— (a) To pay for enhancements to the projects approved by the~~  
17 ~~school electors as described in the ballot proposing the qualified~~  
18 ~~bonds.~~

19 (A) ~~(b)~~ To pay debt service on the qualified bonds.

20 (B) ~~(c)~~ To repay this state.

21 (C) IF IN THE OPINION OF THE SCHOOL DISTRICT'S BOND COUNSEL  
22 USE OF THE REMAINING PROCEEDS FOR THE PURPOSES DESCRIBED IN  
23 SUBDIVISIONS (A) AND (B) WOULD ADVERSELY AFFECT THE FEDERAL TAX  
24 TREATMENT OF INTEREST ON THE QUALIFIED BONDS, TO PAY FOR  
25 ENHANCEMENTS TO THE PROJECTS APPROVED BY THE SCHOOL ELECTORS AS  
26 DESCRIBED IN THE BALLOT LANGUAGE PROPOSING THE QUALIFIED BONDS.