

Administrative Rule Analysis



SCHOOL BOND QUALIFICATION, APPROVAL, AND LOAN RULES

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Department: Treasury
Agency: Bureau of State and Authority Finance
Rule Set No.: ORR 2013-106 TY

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BACKGROUND & SUMMARY OF PROPOSED RULES SUBMITTED TO JCAR

The proposed rules changes would update the rules for the School Bond Qualification and Loan Program to align them with statutory changes made under PAs 437, 438, and 439 of 2012 (Senate Bills 770, 771, and 772). For a complete summary of the enacting legislation, see the House Fiscal Agency analysis¹. The proposed rules would clarify and update the process regarding final mandatory repayment dates, annual millage recalculations, interest rate calculations, and the issuance of refunding bonds under certain circumstances.

FISCAL IMPACT OF PROPOSED RULES

The proposed rules would have no fiscal impact on the State or local units of government over and above the impact of the statutory changes made in 2012.

PAs 437, 438, and 439 created both State School Aid Fund savings and local costs, to be paid through recalculated millage rates. This was accomplished primarily by locking in a district's final mandatory repayment date and requiring an annual millage recalculation in order to ensure that a district repays its loan by that date, thus enabling the School Loan Revolving Fund to function as a revolving fund as intended and limit the growing debt service which is currently paid by the School Aid Fund.

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¹ <http://www.legislature.mi.gov/documents/2011-2012/billanalysis/House/pdf/2011-HLA-0770-7713A03F.pdf>