



STATE OF MICHIGAN
JOCELYN BENSON, SECRETARY OF STATE
DEPARTMENT OF STATE
LANSING

February 15, 2022

NOTICE OF FILING

ADMINISTRATIVE RULES

To: Secretary of the Senate
Clerk of the House of Representatives
Joint Committee on Administrative Rules
Michigan Office of Administrative Hearings and Rules (Administrative Rules #20-104-TY)
Legislative Service Bureau (Secretary of State Filing #22-02-04)
Department of Treasury

In accordance with the requirements of Section 46 of Act No. 306 of the Public Acts of 1969, being MCL 24.246, and paragraph 16 of Executive Order 1995-6, this is to advise you that the Michigan Office of Administrative Hearings and Rules filed Administrative Rule #2020-104-TY (Secretary of State Filing #22-02-04) on this date at 1:51 P.M. for the Department of Treasury entitled, "School Bond Qualification, Approval, and Loan Rules."

These rules take effect immediately upon filing with the Secretary of State unless adopted under section 33, 44, or 45a(9) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.233, 24.244, or 24.245a. Rules adopted under these sections become effective 7 days after filing with the Secretary of State.

Sincerely,

Jocelyn Benson
Secretary of State

Sue Sayer /CK

Sue Sayer, Departmental Supervisor
Office of the Great Seal

Enclosure



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

ORLENE HAWKS
DIRECTOR

February 15, 2022

The Honorable Jocelyn Benson
Secretary of State
Office of the Great Seal
Richard H. Austin Building – 1st Floor
430 W. Allegan
Lansing, MI 48909

Dear Secretary Benson:

Re: Administrative Rules – Michigan Office of Administrative Hearings and Rules
Administrative Rules #: 2020-104 TY

The Michigan Office of Administrative Hearings and Rules received administrative rules, dated May 25, 2021 for the Department of Treasury **“School Bond Qualification, Approval, And Loan Rules”**. We are transmitting these rules to you pursuant to the requirements of Section 46 of Act No. 306 of the Public Acts of 1969, being MCL 24.246, and paragraph 16 of Executive Order 1995-6.

Sincerely,

A handwritten signature in black ink, appearing to be "W. J. Benson", written over a faint horizontal line.

Michigan Office of Administrative Hearings and Rules



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

ORLENE HAWKS
DIRECTOR

LEGAL CERTIFICATION OF RULES

I certify that I have examined the attached administrative rules, dated May 25, 2021, in which the Department of Treasury proposes to modify a portion of the Michigan Administrative Code entitled "School Bond Qualification, Approval, And Loan Rules" by:


- ◆ Amending R 388.2, R 388.3, R 388.11, R 388.12, and R 388.13.
- ◆ Rescinding R 388.6, R 388.10 and R 388.20.

The Legislative Service Bureau has approved the proposed rules as to form, classification, and arrangement.

I approve the rules as to legality pursuant to the Administrative Procedures Act, MCL 24.201 *et seq.* and Executive Order No. 2019-6. In certifying the rules as to legality, I have determined that they are within the scope of the authority of the agency, do not violate constitutional rights, and are in conformity with the requirements of the Administrative Procedures Act.

Dated: November 23, 2021

Michigan Office of Administrative Hearings and Rules

By: 
Katie Wienczewski,
Attorney



Since 1941

Legal Division

Kevin H. Studebaker, Director

CERTIFICATE OF APPROVAL

On behalf of the Legislative Service Bureau, and as required by section 45 of the Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.245, I have examined the proposed rules of the Department of Treasury dated May 25, 2021, amending R 388.2, R 388.3, R 388.11, R 388.12, and R 388.13 and rescinding R 388.6, R 388.10, and R 388.20 of the Department's rules entitled "School Bond Qualification, Approval, and Loan Rules." I approve the rules as to form, classification, and arrangement.

Dated: November 23, 2021

LEGISLATIVE SERVICE BUREAU

By

Elizabeth R. Edberg,
Legal Counsel



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

By authority conferred on the state treasurer by section 11 of the school bond qualification, approval, and loan act, 2005 PA 92, MCL 388.1931, and section 33 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.233 all as amended, the Department of Treasury formally adopts:

R 388.2, R 388.3, R 388.11, R 388.12, and R 388.13 of the Michigan Administrative Code are amended, and R 388.6, R 388.10 and R 388.20 of the Code are rescinded.

Date: December 14, 2021

Adopted By: *Rachael Eubanks*, State Treasurer

DEPARTMENT OF TREASURY

STATE TREASURER

SCHOOL BOND QUALIFICATION, APPROVAL, AND LOAN RULES

Filed with the secretary of state on February 15, 2022

These rules take effect immediately upon filing with the secretary of state unless adopted under section 33, 44, or 45a(9) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.233, 24.244, or 24.245a. Rules adopted under these sections become effective 7 days after filing with the secretary of state.

(By authority conferred on the state treasurer by section 11 of the school bond qualification, approval, and loan act, 2005 PA 92, MCL 388.1931, and section 33 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.233

R 388.2, R 388.3, R 388.11, R 388.12, and R 388.13 of the Michigan Administrative Code are amended, and R 388.6, R 388.10 and R 388.20 of the Code are rescinded, as follows:

PART 2. SCHOOL BOND QUALIFICATION

R 388.2 Preliminary qualification; application.

Rule 2. (1) A completed preliminary qualification application shall include a submission to the department that complies with section 5 of the act, MCL 388.1925, any other applicable law, and any other guidance published by the department including, but not limited to, global instructions, policies, procedures, guidelines, or rules. The application shall include the following:

(a) The proposed ballot language to be submitted to the electors shall include all language required by the following statutes:

- (i) Section 1361 of the revised school code, 1976 PA 451, MCL 380.1361
- (ii) Section 24f of the general property tax act, 1893 PA 206, MCL 211.24f
- (iii) Section 8 of the act, MCL 388.1928.
- (iv) Any other applicable law.

(b) A description of the project or projects to be financed including all of the following:

(i) A cost analysis providing summary totals that can be matched to budget estimates as reported by the school district.

(ii) For new construction, all of the following shall be included:

- (A) The estimated number of rooms.
- (B) The types of rooms expected to be constructed.
- (C) The estimated square footage of the project or projects.
- (D) The estimated cost per square foot.

(iii) For remodeling and site work, all of the following shall be included:

- (A) The planned use of the space.
- (B) The type of work expected to be performed.

financial schedules that document net present value savings of the refunding bond issue.

Notwithstanding the repayment requirements of these rules, all bonds qualified under the act and article IX of the state constitution of 1963 shall be considered qualified upon issuance of the order qualifying bonds by the state treasurer until final maturity.

PART 3. SCHOOL LOAN REVOLVING FUND LOANS

R 388.6 Rescinded.

R 388.10 Rescinded.

R 388.11 Interest rates on qualified loans.

Rule 11. (1) All qualified loans shall bear interest as defined in section 9(8) of the act, MCL 388.1929.

(2) The department shall recalculate the interest rate on all qualified loans at least quarterly.

(3) Interest on all qualified loans shall be compounded annually on September 30.

R 388.12 Repayment; invoices.

Rule 12. (1) The department shall issue an invoice to the school district at least once a year when the information contained in a loan activity statement demonstrates that the revenue generated by a school district's levy of the computed millage will exceed the annual debt service on the bonds.

(2) The school district shall remit the amount specified in the invoice to the department not later than the next succeeding May 15 after the dated date of the invoice.

(3) The school district shall promptly submit to the department an explanation of any difference between the invoiced payment due and the payment remitted.

PART 4. NONCOMPLIANCE

R 388.13 Noncompliance; remedies.

Rule 13. (1) The following situations constitute noncompliance:

A school district that owes the state loan repayments relating to qualified bonds fails to levy at least the computed millage upon its taxable value for debt retirement purposes for qualified bonds or qualified loans under the act.

A school district fails to honor its agreement to repay a qualified loan or any installment of a qualified loan.

A school district fails to file or correctly file required documentation as defined in the act or these rules.

In addition to any other remedies provided by the act or other state law, in the

event of noncompliance, the school district shall file or correct the required documentation.

Failure of a school district to comply with application due dates or failure of a school district to process any report, application, confirmation, or repayment as required under the act or in these rules may result in 1 or both of the following:

The department may issue a notification to the school board requiring a written response of remedy.

The department may withhold a school district's state aid funds until the school district complies with all requirements.

None of the following situations constitutes noncompliance:

Taxpayer delinquencies.

Failure of projected pupil or tax base growth rates to meet initial projections.

Decline in the school district tax base.

PART 10. USE OF REMAINING PROCEEDS

R 388.20 Rescinded.

FILED WITH SECRETARY OF STATE

ON 2/15/22 AT 1:51 P.M.