

SUBSTITUTE FOR
HOUSE BILL NO. 4815

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 7, 11, 11g, 17a, 20, and 22a (MCL 388.1607,
388.1611, 388.1611g, 388.1617a, 388.1620, and 388.1622a), section 7
as amended by 1996 PA 300, section 11 as amended by 2012 PA 465,
sections 11g, 20, and 22a as amended by 2012 PA 201, and section
17a as amended by 2012 PA 2, and by adding section 20g.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7. Costs for school operating purposes include all
2 expenditures necessary to carry out the powers **AND THE FINANCIAL**
3 **OBLIGATIONS** of the district or intermediate district under the
4 revised school code.

5 Sec. 11. (1) ~~Subject to subsection (3), for~~ **FOR** the fiscal

1 year ending September 30, 2013, there is appropriated for the
 2 public schools of this state and certain other state purposes
 3 relating to education the sum of ~~\$10,961,245,600.00~~
 4 **\$10,928,614,200.00** from the state school aid fund and the sum of
 5 \$282,400,000.00 from the general fund. **FOR THE FISCAL YEAR ENDING**
 6 **SEPTEMBER 30, 2014, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF**
 7 **THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION**
 8 **THE SUM OF \$11,211,382,300.00 FROM THE STATE SCHOOL AID FUND, THE**
 9 **SUM OF \$156,000,000.00 FROM THE MPSERS RETIREMENT OBLIGATION REFORM**
 10 **RESERVE FUND CREATED UNDER SECTION 147B, AND THE SUM OF**
 11 **\$234,900,000.00 FROM THE GENERAL FUND.** In addition, all other
 12 available federal funds, except those otherwise appropriated under
 13 section 11p, are appropriated for the fiscal year ending September
 14 30, 2013 **AND FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2014.**

15 (2) The appropriations under this section shall be allocated
 16 as provided in this article. Money appropriated under this section
 17 from the general fund shall be expended to fund the purposes of
 18 this article before the expenditure of money appropriated under
 19 this section from the state school aid fund.

20 (3) Any general fund allocations under this article that are
 21 not expended by the end of the state fiscal year are transferred to
 22 the school aid stabilization fund created under section 11a.

23 Sec. 11g. (1) From the appropriation in section 11, there is
 24 allocated for this section an amount not to exceed ~~\$39,000,000.00~~
 25 **\$39,500,000.00** for the fiscal year ending September 30, ~~2013, 2014~~
 26 ~~and for each succeeding fiscal year through~~ the fiscal year ending
 27 September 30, 2015, after which these payments will cease. These

1 allocations are for paying the amounts described in subsection (3)
2 to districts and intermediate districts, other than those receiving
3 a lump-sum payment under section 11f(2), that were not plaintiffs
4 in the consolidated cases known as Durant v State of Michigan,
5 Michigan supreme court docket no. 104458-104492 and that, on or
6 before March 2, 1998, submitted to the state treasurer a waiver
7 resolution described in section 11f. The amounts paid under this
8 section represent offers of settlement and compromise of any claim
9 or claims that were or could have been asserted by these districts
10 and intermediate districts, as described in this section.

11 (2) This section does not create any obligation or liability
12 of this state to any district or intermediate district that does
13 not submit a waiver resolution described in section 11f. This
14 section and any other provision of this article are not intended to
15 admit liability or waive any defense that is or would be available
16 to this state or its agencies, employees, or agents in any
17 litigation or future litigation with a district or intermediate
18 district regarding these claims or potential claims.

19 (3) The amount paid each fiscal year to each district or
20 intermediate district under this section shall be 1 of the
21 following:

22 (a) If the district or intermediate district does not borrow
23 money and issue bonds under section 11i, 1/30 of the total amount
24 listed in section 11h for the district or intermediate district
25 through the fiscal year ending September 30, 2013.

26 (b) If the district or intermediate district borrows money and
27 issues bonds under section 11i, an amount in each fiscal year

1 calculated by the department of treasury that is equal to the debt
2 service amount in that fiscal year on the bonds issued by that
3 district or intermediate district under section 11i and that will
4 result in the total payments made to all districts and intermediate
5 districts in each fiscal year under this section being no more than
6 the amount appropriated under this section in each fiscal year.

7 (4) The entire amount of each payment under this section each
8 fiscal year shall be paid on May 15 of the applicable fiscal year
9 or on the next business day following that date. If a district or
10 intermediate district borrows money and issues bonds under section
11 11i, the district or intermediate district shall use funds received
12 under this section to pay debt service on bonds issued under
13 section 11i. If a district or intermediate district does not borrow
14 money and issue bonds under section 11i, the district or
15 intermediate district shall use funds received under this section
16 only for the following purposes, in the following order of
17 priority:

18 (a) First, to pay debt service on voter-approved bonds issued
19 by the district or intermediate district before the effective date
20 of this section.

21 (b) Second, to pay debt service on other limited tax
22 obligations.

23 (c) Third, for deposit into a sinking fund established by the
24 district or intermediate district under the revised school code.

25 (5) To the extent payments under this section are used by a
26 district or intermediate district to pay debt service on debt
27 payable from millage revenues, and to the extent permitted by law,

1 the district or intermediate district may make a corresponding
2 reduction in the number of mills levied for debt service.

3 (6) A district or intermediate district may pledge or assign
4 payments under this section as security for bonds issued under
5 section 11i, but shall not otherwise pledge or assign payments
6 under this section.

7 (7) IF A DISTRICT ELIGIBLE FOR PAYMENTS UNDER THIS SECTION IS
8 DISSOLVED UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12,
9 THE PAYMENT OTHERWISE DUE TO THE DISSOLVED DISTRICT UNDER THIS
10 SECTION SHALL BE PAID INSTEAD TO THE INTERMEDIATE DISTRICT OF THE
11 DISSOLVED DISTRICT. THE INTERMEDIATE DISTRICT OF THE DISSOLVED
12 DISTRICT SHALL PERFORM ANY FUNCTIONS AND RESPONSIBILITIES OF THE
13 BOARD AND OTHER OFFICERS OF THE DISSOLVED DISTRICT NECESSARY UNDER
14 THIS SECTION ON BEHALF OF THE DISSOLVED DISTRICT. AS USED IN THIS
15 SUBSECTION, "DISSOLVED DISTRICT" AND "RECEIVING DISTRICT" MEAN
16 THOSE TERMS AS DEFINED IN SECTION 20.

17 Sec. 17a. (1) The department may withhold all or part of any
18 payment that a district or intermediate district is entitled to
19 receive under this act to the extent the withholdings are a
20 component part of a plan, developed and implemented pursuant to the
21 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
22 141.2821, or other statutory authority, for financing an
23 outstanding obligation upon which the district or intermediate
24 district defaulted. Amounts withheld shall be used to pay, on
25 behalf of the district or intermediate district, unpaid amounts or
26 subsequently due amounts, or both, of principal and interest on the
27 outstanding obligation upon which the district or intermediate

1 district defaulted.

2 (2) The state treasurer may withhold all or part of any
3 payment that a district or intermediate district is entitled to
4 receive under this act to the extent authorized or required under
5 section 15 of the school bond qualification, approval, and loan
6 act, 2005 PA 92, MCL 388.1935.

7 (3) Under an agreement entered into by a district or
8 intermediate district assigning all or a portion of the payment
9 that it is eligible to receive under this act to the Michigan
10 finance authority or to the trustee of a pooled arrangement or
11 pledging the amount for payment of an obligation it incurred with
12 the Michigan finance authority or with the trustee of a pooled
13 arrangement, the state treasurer shall transmit to the Michigan
14 finance authority or a trustee designated by the Michigan finance
15 authority or to the trustee of a pooled arrangement the amount of
16 the payment that is assigned or pledged under the agreement.

17 (4) If a district or intermediate district for which an
18 emergency manager has been appointed pursuant to the ~~local~~
19 ~~government and school district fiscal accountability act, 2011 PA~~
20 ~~4, MCL 141.1501 to 141.1531,~~ **LOCAL FINANCIAL STABILITY AND CHOICE**
21 **ACT, 2012 PA 436, MCL 141.1541 TO 141.1575,** or that has an approved
22 deficit elimination plan under section 102, enters into or has
23 entered into an agreement described in subsection (3) pursuant to
24 section 1225(2) of the revised school code, MCL 380.1225, whether
25 the obligation was issued before or after the effective date of
26 this subsection, the portion of state school aid paid or to be paid
27 on behalf of the district or intermediate district directly to the

1 Michigan finance authority, or to a trustee designated by the
2 Michigan finance authority, for the sole purpose of paying the
3 principal of and interest on the obligation is subject to a lien
4 and trust that is a statutory lien and trust, paramount and
5 superior to all other liens and interests of any kind, for the sole
6 purpose of paying the principal of and interest on the obligation.
7 The statutory lien and trust applies to the state school aid
8 received or to be received by the Michigan finance authority, or
9 trustee designated by the Michigan finance authority, on behalf of
10 the district or intermediate district, immediately upon the later
11 of the effective date of this subsection or the time when the state
12 school aid is allocated to the district or intermediate district,
13 but is subject to any subsequent reduction of the state school aid
14 allocation by operation of law or executive order. The lien and
15 trust imposed by this section with respect to state school aid has
16 a priority as established in the agreement, except that the
17 agreement shall not impair any existing lien and trust previously
18 created pursuant to this section, including any lien and trust
19 applicable to a multi-year repayment agreement under section 1225
20 of the revised school code, ~~1976 PA 451~~, MCL 380.1225. Except as
21 otherwise provided in this subsection, the lien and trust created
22 under this subsection for the benefit of holders of the obligation
23 issued pursuant to this section is valid and binding against a
24 party having a claim of any kind in tort, contract, or otherwise
25 against the district or intermediate district that has issued the
26 obligation secured by a pledge of state school aid pursuant to this
27 section, regardless of whether that party has notice of the pledge.

1 A pledge made pursuant to this section for the benefit of the
2 holders of obligations or others is perfected without delivery,
3 recording, or notice. The state school aid paid or to be paid on
4 behalf of a district or intermediate district to the Michigan
5 finance authority, or trustee designated by the Michigan finance
6 authority, shall be held in trust for the sole benefit of the
7 holders of the obligation issued pursuant to this section or
8 section 1225 **OF THE REVISED SCHOOL CODE, MCL 380.1225**, and is
9 exempt from being levied upon, taken, sequestered, or applied
10 toward paying the debts or liabilities of the district or
11 intermediate district other than for payment of the obligation to
12 which the lien applies. However, nothing in this subsection alters
13 the ability of the state treasurer to withhold state school aid
14 from a district or intermediate district as provided by law.

15 (5) Notwithstanding the payment dates prescribed by this act
16 for distributions under this act, the state treasurer may advance
17 all or part of a payment that is dedicated for distribution or for
18 which the appropriation authorizing the payment has been made if
19 and to the extent, under the terms of an agreement entered into by
20 a district or intermediate district and the Michigan finance
21 authority, the payment that the district or intermediate district
22 is eligible to receive has been assigned to or pledged for payment
23 of an obligation it incurred with the Michigan finance authority.

24 (6) This section does not require the state to make an
25 appropriation to any school district or intermediate school
26 district and shall not be construed as creating an indebtedness of
27 the state, and any agreement made pursuant to this section shall

1 contain a statement to that effect.

2 (7) As used in this section, "trustee of a pooled arrangement"
3 means the trustee of a trust approved by the state treasurer and,
4 subject to the conditions and requirements of that approval,
5 established for the purpose of offering for sale, as part of a
6 pooled arrangement, certificates representing undivided interests
7 in notes issued by districts or intermediate districts under
8 section 1225 of the revised school code, ~~1976 PA 451,~~ MCL 380.1225.

9 (8) If a trustee applies to the state treasurer for approval
10 of a trust for the purposes of this section, the state treasurer
11 shall approve or disapprove the trust within 10 days after receipt
12 of the application.

13 Sec. 20. (1) For ~~2011-2012, and for 2012-2013,~~ **2013-2014**, the
14 basic foundation allowance is ~~\$8,019.00.~~ **\$8,049.00.**

15 (2) The amount of each district's foundation allowance shall
16 be calculated as provided in this section, using a basic foundation
17 allowance in the amount specified in subsection (1).

18 (3) Except as otherwise provided in this section, the amount
19 of a district's foundation allowance shall be calculated as
20 follows, using in all calculations the total amount of the
21 district's foundation allowance as calculated before any proration:

22 (a) For a district that had a foundation allowance for the
23 immediately preceding state fiscal year that was at least equal to
24 the sum of \$7,108.00 plus the total dollar amount of all
25 adjustments made from 2006-2007 to the immediately preceding state
26 fiscal year in the lowest foundation allowance among all districts,
27 but less than the basic foundation allowance for the immediately

1 preceding state fiscal year, the district shall receive a
2 foundation allowance in an amount equal to the sum of the **GREATER**
3 **OF \$6,966.00 OR THE** district's foundation allowance for the
4 immediately preceding state fiscal year plus the difference between
5 twice the dollar amount of the adjustment from the immediately
6 preceding state fiscal year to the current state fiscal year made
7 in the basic foundation allowance and [(the dollar amount of the
8 adjustment from the immediately preceding state fiscal year to the
9 current state fiscal year made in the basic foundation allowance
10 minus ~~\$20.00~~—**\$10.00**) times (the difference between the district's
11 foundation allowance for the immediately preceding state fiscal
12 year and the sum of \$7,108.00 plus the total dollar amount of all
13 adjustments made from 2006-2007 to the immediately preceding state
14 fiscal year in the lowest foundation allowance among all districts)
15 divided by the difference between the basic foundation allowance
16 for the current state fiscal year and the sum of \$7,108.00 plus the
17 total dollar amount of all adjustments made from 2006-2007 to the
18 immediately preceding state fiscal year in the lowest foundation
19 allowance among all districts]. For 2011-2012, for a district that
20 had a foundation allowance for the immediately preceding state
21 fiscal year that was at least equal to the sum of \$7,108.00 plus
22 the total dollar amount of all adjustments made from 2006-2007 to
23 the immediately preceding state fiscal year in the lowest
24 foundation allowance among all districts, but less than the basic
25 foundation allowance for the immediately preceding state fiscal
26 year, the district shall receive a foundation allowance in an
27 amount equal to the district's foundation allowance for 2010-2011,

1 minus \$470.00. Except as otherwise provided in subdivision (h), for
2 ~~2012-2013, 2013-2014~~, for a district that had a foundation
3 allowance for the immediately preceding state fiscal year that was
4 at least equal to the sum of \$7,108.00 plus the total dollar amount
5 of all adjustments made from 2006-2007 to the immediately preceding
6 state fiscal year in the lowest foundation allowance among all
7 districts, but less than the basic foundation allowance for the
8 immediately preceding state fiscal year, the district shall receive
9 a foundation allowance in an amount equal to the district's
10 foundation allowance for the immediately preceding state fiscal
11 year. However, the foundation allowance for a district that had
12 less than the basic foundation allowance for the immediately
13 preceding state fiscal year shall not exceed the basic foundation
14 allowance for the current state fiscal year.

15 (b) Except as otherwise provided in this subsection, for a
16 district that in the immediately preceding state fiscal year had a
17 foundation allowance in an amount at least equal to the amount of
18 the basic foundation allowance for the immediately preceding state
19 fiscal year, the district shall receive a foundation allowance for
20 2011-2012 in an amount equal to the district's foundation allowance
21 for 2010-2011, minus \$470.00. For ~~2012-2013, 2013-2014~~, except as
22 otherwise provided in this subsection, for a district that in the
23 immediately preceding state fiscal year had a foundation allowance
24 in an amount at least equal to the amount of the basic foundation
25 allowance for the immediately preceding state fiscal year, the
26 district shall receive a foundation allowance ~~for 2012-2013~~ in an
27 amount equal to the district's foundation allowance for the

1 immediately preceding state fiscal year.

2 (c) Except as otherwise provided in subdivision (d), for a
3 district that in the 1994-95 state fiscal year had a foundation
4 allowance greater than \$6,500.00, the district's foundation
5 allowance is an amount equal to the sum of the district's
6 foundation allowance for the immediately preceding state fiscal
7 year plus the lesser of the increase in the basic foundation
8 allowance for the current state fiscal year, as compared to the
9 immediately preceding state fiscal year, or the product of the
10 district's foundation allowance for the immediately preceding state
11 fiscal year times the percentage increase in the United States
12 consumer price index in the calendar year ending in the immediately
13 preceding fiscal year as reported by the May revenue estimating
14 conference conducted under section 367b of the management and
15 budget act, 1984 PA 431, MCL 18.1367b. Except as otherwise provided
16 in subdivision (d), for 2011-2012, for a district that in the 1994-
17 1995 state fiscal year had a foundation allowance greater than
18 \$6,500.00, the district's foundation allowance is an amount equal
19 to the district's foundation allowance for the 2010-2011 fiscal
20 year minus \$470.00. For ~~2012-2013~~, **2013-2014**, except as otherwise
21 provided in subdivision (d), for a district that in the 1994-1995
22 state fiscal year had a foundation allowance greater than
23 \$6,500.00, the district's foundation allowance is an amount equal
24 to the district's foundation allowance for the immediately
25 preceding state fiscal year.

26 (d) For a district that in the 1994-95 state fiscal year had a
27 foundation allowance greater than \$6,500.00 and that had a

1 foundation allowance for the 2009-2010 state fiscal year, as
2 otherwise calculated under this section, that was less than the
3 basic foundation allowance, the district's foundation allowance for
4 2011-2012 and each succeeding fiscal year shall be considered to be
5 an amount equal to the basic foundation allowance.

6 (e) For a district that has a foundation allowance that is not
7 a whole dollar amount, the district's foundation allowance shall be
8 rounded up to the nearest whole dollar.

9 (f) For a district that received a payment under section 22c
10 as that section was in effect for 2001-2002, the district's 2001-
11 2002 foundation allowance shall be considered to have been an
12 amount equal to the sum of the district's actual 2001-2002
13 foundation allowance as otherwise calculated under this section
14 plus the per pupil amount of the district's equity payment for
15 2001-2002 under section 22c as that section was in effect for 2001-
16 2002.

17 (g) For a district that received a payment under section 22c
18 as that section was in effect for 2006-2007, the district's 2006-
19 2007 foundation allowance shall be considered to have been an
20 amount equal to the sum of the district's actual 2006-2007
21 foundation allowance as otherwise calculated under this section
22 plus the per pupil amount of the district's equity payment for
23 2006-2007 under section 22c as that section was in effect for 2006-
24 2007.

25 (h) For 2012-2013, for a district that had a foundation
26 allowance for the 2011-2012 state fiscal year of less than
27 \$6,966.00, the district's foundation allowance is an amount equal

1 to \$6,966.00.

2 (4) Except as otherwise provided in this subsection, the state
3 portion of a district's foundation allowance is an amount equal to
4 the district's foundation allowance or the basic foundation
5 allowance for the current state fiscal year, whichever is less,
6 minus the difference between the sum of the product of the taxable
7 value per membership pupil of all property in the district that is
8 nonexempt property times the district's certified mills and, for a
9 district with certified mills exceeding 12, the product of the
10 taxable value per membership pupil of property in the district that
11 is commercial personal property times the certified mills minus 12
12 mills and the quotient of the ad valorem property tax revenue of
13 the district captured under tax increment financing acts divided by
14 the district's membership excluding special education pupils. For a
15 district described in subsection (3)(c), the state portion of the
16 district's foundation allowance is an amount equal to \$6,962.00
17 plus the difference between the district's foundation allowance for
18 the current state fiscal year and the district's foundation
19 allowance for 1998-99, minus the difference between the sum of the
20 product of the taxable value per membership pupil of all property
21 in the district that is nonexempt property times the district's
22 certified mills and, for a district with certified mills exceeding
23 12, the product of the taxable value per membership pupil of
24 property in the district that is commercial personal property times
25 the certified mills minus 12 mills and the quotient of the ad
26 valorem property tax revenue of the district captured under tax
27 increment financing acts divided by the district's membership

1 excluding special education pupils. For a district that has a
2 millage reduction required under section 31 of article IX of the
3 state constitution of 1963, the state portion of the district's
4 foundation allowance shall be calculated as if that reduction did
5 not occur. **FOR A RECEIVING DISTRICT, IF SCHOOL OPERATING TAXES**
6 **CONTINUE TO BE LEVIED ON BEHALF OF A DISSOLVED DISTRICT THAT HAS**
7 **BEEN ATTACHED IN WHOLE OR IN PART TO THE RECEIVING DISTRICT TO**
8 **SATISFY DEBT OBLIGATIONS OF THE DISSOLVED DISTRICT UNDER SECTION 12**
9 **OF THE REVISED SCHOOL CODE, MCL 380.12, THE TAXABLE VALUE PER**
10 **MEMBERSHIP PUPIL OF PROPERTY IN THE RECEIVING DISTRICT USED FOR THE**
11 **PURPOSES OF THIS SUBSECTION, DOES NOT INCLUDE THE TAXABLE VALUE OF**
12 **PROPERTY WITHIN THE GEOGRAPHIC AREA OF THE DISSOLVED DISTRICT.**

13 (5) The allocation calculated under this section for a pupil
14 shall be based on the foundation allowance of the pupil's district
15 of residence. For a pupil enrolled pursuant to section 105 or 105c
16 in a district other than the pupil's district of residence, the
17 allocation calculated under this section shall be based on the
18 lesser of the foundation allowance of the pupil's district of
19 residence or the foundation allowance of the educating district.
20 For a pupil in membership in a K-5, K-6, or K-8 district who is
21 enrolled in another district in a grade not offered by the pupil's
22 district of residence, the allocation calculated under this section
23 shall be based on the foundation allowance of the educating
24 district if the educating district's foundation allowance is
25 greater than the foundation allowance of the pupil's district of
26 residence.

27 (6) Except as otherwise provided in this subsection, for

1 pupils in membership, other than special education pupils, in a
2 public school academy, the allocation calculated under this section
3 is an amount per membership pupil other than special education
4 pupils in the public school academy equal to the foundation
5 allowance of the district in which the public school academy is
6 located or the state maximum public school academy allocation,
7 whichever is less. However, a public school academy that had an
8 allocation under this subsection before 2009-2010 that was equal to
9 the sum of the local school operating revenue per membership pupil
10 other than special education pupils for the district in which the
11 public school academy is located and the state portion of that
12 district's foundation allowance shall not have that allocation
13 reduced as a result of the 2010 amendment to this subsection.
14 Notwithstanding section 101, for a public school academy that
15 begins operations after the pupil membership count day, the amount
16 per membership pupil calculated under this subsection shall be
17 adjusted by multiplying that amount per membership pupil by the
18 number of hours of pupil instruction provided by the public school
19 academy after it begins operations, as determined by the
20 department, divided by the minimum number of hours of pupil
21 instruction required under section 101(3). The result of this
22 calculation shall not exceed the amount per membership pupil
23 otherwise calculated under this subsection.

24 (7) Except as otherwise provided in this subsection, for
25 pupils attending an achievement school and in membership in the
26 education achievement system, other than special education pupils,
27 the allocation calculated under this section is an amount per

1 membership pupil other than special education pupils equal to the
2 foundation allowance of the district in which the achievement
3 school is located, not to exceed the basic foundation allowance.
4 Notwithstanding section 101, for an achievement school that begins
5 operation after the pupil membership count day, the amount per
6 membership pupil calculated under this subsection shall be adjusted
7 by multiplying that amount per membership pupil by the number of
8 hours of pupil instruction provided by the achievement school after
9 it begins operations, as determined by the department, divided by
10 the minimum number of hours of pupil instruction required under
11 section 101(3). The result of this calculation shall not exceed the
12 amount per membership pupil otherwise calculated under this
13 subsection. For the purposes of this subsection, if a public school
14 is transferred from a district to the state school reform/redesign
15 district or the achievement authority under section 1280c of the
16 revised school code, **MCL 380.1280C**, that public school is
17 considered to be an achievement school within the education
18 achievement system and not a school that is part of a district, and
19 a pupil attending that public school is considered to be in
20 membership in the education achievement system and not in
21 membership in the district that operated the school before the
22 transfer.

23 (8) Subject to subsection (4), for a district that is formed
24 or reconfigured after June 1, 2002 by consolidation of 2 or more
25 districts or by annexation, the resulting district's foundation
26 allowance under this section beginning after the effective date of
27 the consolidation or annexation shall be **THE LESSER OF THE SUM OF**

1 the average of the foundation allowances of each of the original or
2 affected districts, calculated as provided in this section,
3 weighted as to the percentage of pupils in total membership in the
4 resulting district who reside in the geographic area of each of the
5 original or affected districts **PLUS \$100.00 OR THE HIGHEST**
6 **FOUNDATION ALLOWANCE AMONG THE ORIGINAL OR AFFECTED DISTRICTS. THIS**
7 **SUBSECTION DOES NOT APPLY TO A RECEIVING DISTRICT UNLESS THERE IS A**
8 **SUBSEQUENT CONSOLIDATION OR ANNEXATION THAT AFFECTS THE DISTRICT.**

9 (9) Each fraction used in making calculations under this
10 section shall be rounded to the fourth decimal place and the dollar
11 amount of an increase in the basic foundation allowance shall be
12 rounded to the nearest whole dollar.

13 (10) State payments related to payment of the foundation
14 allowance for a special education pupil are not calculated under
15 this section but are instead calculated under section 51a.

16 (11) To assist the legislature in determining the basic
17 foundation allowance for the subsequent state fiscal year, each
18 revenue estimating conference conducted under section 367b of the
19 management and budget act, 1984 PA 431, MCL 18.1367b, shall
20 calculate a pupil membership factor, a revenue adjustment factor,
21 and an index as follows:

22 (a) The pupil membership factor shall be computed by dividing
23 the estimated membership in the school year ending in the current
24 state fiscal year, excluding intermediate district membership, by
25 the estimated membership for the school year ending in the
26 subsequent state fiscal year, excluding intermediate district
27 membership. If a consensus membership factor is not determined at

1 the revenue estimating conference, the principals of the revenue
2 estimating conference shall report their estimates to the house and
3 senate subcommittees responsible for school aid appropriations not
4 later than 7 days after the conclusion of the revenue conference.

5 (b) The revenue adjustment factor shall be computed by
6 dividing the sum of the estimated total state school aid fund
7 revenue for the subsequent state fiscal year plus the estimated
8 total state school aid fund revenue for the current state fiscal
9 year, adjusted for any change in the rate or base of a tax the
10 proceeds of which are deposited in that fund and excluding money
11 transferred into that fund from the countercyclical budget and
12 economic stabilization fund under the management and budget act,
13 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
14 total school aid fund revenue for the current state fiscal year
15 plus the estimated total state school aid fund revenue for the
16 immediately preceding state fiscal year, adjusted for any change in
17 the rate or base of a tax the proceeds of which are deposited in
18 that fund. If a consensus revenue factor is not determined at the
19 revenue estimating conference, the principals of the revenue
20 estimating conference shall report their estimates to the house and
21 senate subcommittees responsible for school aid appropriations not
22 later than 7 days after the conclusion of the revenue conference.

23 (c) The index shall be calculated by multiplying the pupil
24 membership factor by the revenue adjustment factor. ~~However, for~~
25 ~~2011-2012, the index shall be 0.93575 and for 2012-2013, the index~~
26 ~~shall be 1.00.~~ If a consensus index is not determined at the
27 revenue estimating conference, the principals of the revenue

1 estimating conference shall report their estimates to the house and
2 senate subcommittees responsible for school aid appropriations not
3 later than 7 days after the conclusion of the revenue conference.

4 ~~—— (12) For a district in which 7.75 mills levied in 1992 for~~
5 ~~school operating purposes in the 1992-93 school year were not~~
6 ~~renewed in 1993 for school operating purposes in the 1993-94 school~~
7 ~~year, the district's combined state and local revenue per~~
8 ~~membership pupil shall be recalculated as if that millage reduction~~
9 ~~did not occur and the district's foundation allowance shall be~~
10 ~~calculated as if its 1994-95 foundation allowance had been~~
11 ~~calculated using that recalculated 1993-94 combined state and local~~
12 ~~revenue per membership pupil as a base. A district is not entitled~~
13 ~~to any retroactive payments for fiscal years before 2000-2001 due~~
14 ~~to this subsection. A district receiving an adjustment under this~~
15 ~~subsection shall not receive as a result of this adjustment an~~
16 ~~amount that exceeds 50% of the amount the district received as a~~
17 ~~result of this adjustment for 2010-2011. This adjustment shall not~~
18 ~~be made after 2011-2012.~~

19 ~~—— (13) For a district in which an industrial facilities~~
20 ~~exemption certificate that abated taxes on property with a state~~
21 ~~equalized valuation greater than the total state equalized~~
22 ~~valuation of the district at the time the certificate was issued or~~
23 ~~\$700,000,000.00, whichever is greater, was issued under 1974 PA~~
24 ~~198, MCL 207.551 to 207.572, before the calculation of the~~
25 ~~district's 1994-95 foundation allowance, the district's foundation~~
26 ~~allowance for 2002-2003 is an amount equal to the sum of the~~
27 ~~district's foundation allowance for 2002-2003, as otherwise~~

1 ~~calculated under this section, plus \$250.00. A district receiving~~
 2 ~~an adjustment under this subsection shall not receive as a result~~
 3 ~~of this adjustment an amount that exceeds 50% of the amount the~~
 4 ~~district received as a result of this adjustment for 2010-2011.~~
 5 ~~This adjustment shall not be made after 2011-2012.~~

6 (12) ~~(14)~~ For a district that received a grant under former
 7 section 32e for 2001-2002, the district's foundation allowance for
 8 2002-2003 and each succeeding fiscal year shall be adjusted to be
 9 an amount equal to the sum of the district's foundation allowance,
 10 as otherwise calculated under this section, plus the quotient of
 11 100% of the amount of the grant award to the district for 2001-2002
 12 under former section 32e divided by the number of pupils in the
 13 district's membership for 2001-2002 who were residents of and
 14 enrolled in the district. **ALL OF THE FOLLOWING APPLY TO DISTRICTS**
 15 **RECEIVING A FOUNDATION ALLOWANCE ADJUSTMENT UNDER THIS SUBSECTION:**

16 (A) Except as otherwise provided in this ~~subsection,~~
 17 **SUBDIVISION**, a district qualifying for a foundation allowance
 18 adjustment under this subsection shall use the funds resulting from
 19 this adjustment for at least 1 of grades K to 3 for purposes
 20 allowable under former section 32e as in effect for 2001-2002. For
 21 an individual school or schools operated by a district qualifying
 22 for a foundation allowance **ADJUSTMENT** under this subsection that
 23 have been determined by the department to meet the adequate yearly
 24 progress standards of the federal no child left behind act of 2001,
 25 Public Law 107-110, in both mathematics and English language arts
 26 at all applicable grade levels for all applicable subgroups, the
 27 district may submit to the department an application for

flexibility in using the funds resulting from this adjustment that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to reduce class size, but that may be different from the purposes otherwise allowable under this ~~subsection~~. **SUBDIVISION.** The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to reduce class size. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.

(B) A district receiving an adjustment under this subsection shall not receive as a result of this adjustment an amount that exceeds 68.5% of the amount the district received as a result of this adjustment for 2010-2011.

(C) **NOTWITHSTANDING SUBSECTION (8), FOR A DISTRICT THAT IS FORMED OR RECONFIGURED BY CONSOLIDATION OF 2 OR MORE DISTRICTS, 1 OF WHICH RECEIVED AN ADJUSTMENT UNDER THIS SUBSECTION FOR 2012-2013, THE RESULTING DISTRICT'S FOUNDATION ALLOWANCE FOR 2013-2014 AND EACH SUCCEEDING FISCAL YEAR SHALL BE ADJUSTED TO BE AN AMOUNT EQUAL TO THE SUM OF THE RESULTING DISTRICT'S FOUNDATION ALLOWANCE AS CALCULATED UNDER SUBSECTION (8) EXCLUDING ANY ADJUSTMENT CALCULATED UNDER THIS SUBSECTION PLUS [(THE ORIGINAL DISTRICT'S**

1 ADJUSTMENT UNDER THIS SUBSECTION IN 2012-2013 TIMES THE NUMBER OF
2 PUPILS IN THE ORIGINAL DISTRICT'S MEMBERSHIP FOR 2012-2013) DIVIDED
3 BY THE NUMBER OF PUPILS IN THE RESULTING DISTRICT'S MEMBERSHIP FOR
4 2013-2014].

5 (D) BEGINNING IN 2013-2014, FOR A DISTRICT THAT RECEIVED AN
6 ADJUSTMENT FOR THE IMMEDIATELY PRECEDING FISCAL YEAR AND THAT HAD A
7 FOUNDATION ALLOWANCE AS ADJUSTED BY THIS SUBSECTION FOR THE
8 IMMEDIATELY PRECEDING FISCAL YEAR EQUAL TO \$6,966.00, THE DISTRICT
9 SHALL NOT RECEIVE AN ADJUSTMENT UNDER THIS SECTION FOR THE CURRENT
10 FISCAL YEAR.

11 ~~—— (15) For a district that levied 1.9 mills in 1993 to finance~~
12 ~~an operating deficit, the district's foundation allowance shall be~~
13 ~~calculated as if those mills were included as operating mills in~~
14 ~~the calculation of the district's 1994-1995 foundation allowance. A~~
15 ~~district is not entitled to any retroactive payments for fiscal~~
16 ~~years before 2006-2007 due to this subsection. A district receiving~~
17 ~~an adjustment under this subsection shall not receive more than~~
18 ~~\$800,000.00 for a fiscal year as a result of this adjustment. A~~
19 ~~district receiving an adjustment under this subsection shall not~~
20 ~~receive as a result of this adjustment an amount that exceeds 50%~~
21 ~~of the amount the district received as a result of this adjustment~~
22 ~~for 2010-2011. This adjustment shall not be made after 2011-2012.~~

23 ~~—— (16) For a district that levied 2.23 mills in 1993 to finance~~
24 ~~an operating deficit, the district's foundation allowance shall be~~
25 ~~calculated as if those mills were included as operating mills in~~
26 ~~the calculation of the district's 1994-1995 foundation allowance. A~~
27 ~~district is not entitled to any retroactive payments for fiscal~~

~~years before 2006-2007 due to this subsection. A district receiving an adjustment under this subsection shall not receive more than \$500,000.00 for a fiscal year as a result of this adjustment. A district receiving an adjustment under this subsection shall not receive as a result of this adjustment an amount that exceeds 50% of the amount the district received as a result of this adjustment for 2010-2011. This adjustment shall not be made after 2011-2012.~~

(13) ~~(17)~~ Payments to districts, public school academies, or the education achievement system shall not be made under this section. Rather, the calculations under this section shall be used to determine the amount of state payments under section 22b.

(14) ~~(18)~~ If an amendment to section 2 of article VIII of the state constitution of 1963 allowing state aid to some or all nonpublic schools is approved by the voters of this state, each foundation allowance or per pupil payment calculation under this section may be reduced.

(15) ~~(19)~~ As used in this section:

(a) "Certified mills" means the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94.

(b) "Combined state and local revenue" means the aggregate of the district's state school aid received by or paid on behalf of the district under this section and the district's local school operating revenue.

(c) "Combined state and local revenue per membership pupil" means the district's combined state and local revenue divided by the district's membership excluding special education pupils.

1 (d) "Current state fiscal year" means the state fiscal year
2 for which a particular calculation is made.

3 (E) "DISSOLVED DISTRICT" MEANS A DISTRICT THAT LOSES ITS
4 ORGANIZATION, HAS ITS TERRITORY ATTACHED TO 1 OR MORE OTHER
5 DISTRICTS, AND IS DISSOLVED AS PROVIDED UNDER SECTION 12 OF THE
6 REVISED SCHOOL CODE, MCL 380.12.

7 (F) ~~(e)~~—"Immediately preceding state fiscal year" means the
8 state fiscal year immediately preceding the current state fiscal
9 year.

10 (G) ~~(f)~~—"Local school operating revenue" means school
11 operating taxes levied under section 1211 of the revised school
12 code, MCL 380.1211. FOR A RECEIVING DISTRICT, IF SCHOOL OPERATING
13 TAXES ARE TO BE LEVIED ON BEHALF OF A DISSOLVED DISTRICT THAT HAS
14 BEEN ATTACHED IN WHOLE OR IN PART TO THE RECEIVING DISTRICT TO
15 SATISFY DEBT OBLIGATIONS OF THE DISSOLVED DISTRICT UNDER SECTION 12
16 OF THE REVISED SCHOOL CODE, MCL 380.12, LOCAL SCHOOL OPERATING
17 REVENUE DOES NOT INCLUDE SCHOOL OPERATING TAXES LEVIED WITHIN THE
18 GEOGRAPHIC AREA OF THE DISSOLVED DISTRICT.

19 (H) ~~(g)~~—"Local school operating revenue per membership pupil"
20 means a district's local school operating revenue divided by the
21 district's membership excluding special education pupils.

22 (I) ~~(h)~~—"Maximum public school academy allocation", except as
23 otherwise provided in this subdivision, means the maximum per-pupil
24 allocation as calculated by adding the highest per-pupil allocation
25 among all public school academies for the immediately preceding
26 state fiscal year plus the difference between twice the dollar
27 amount of the adjustment from the immediately preceding state

1 fiscal year to the current state fiscal year made in the basic
 2 foundation allowance and [(the dollar amount of the adjustment from
 3 the immediately preceding state fiscal year to the current state
 4 fiscal year made in the basic foundation allowance minus ~~\$20.00~~
 5 **\$10.00**) times (the difference between the highest per-pupil
 6 allocation among all public school academies for the immediately
 7 preceding state fiscal year and the sum of \$7,108.00 plus the total
 8 dollar amount of all adjustments made from 2006-2007 to the
 9 immediately preceding state fiscal year in the lowest per-pupil
 10 allocation among all public school academies) divided by the
 11 difference between the basic foundation allowance for the current
 12 state fiscal year and the sum of \$7,108.00 plus the total dollar
 13 amount of all adjustments made from 2006-2007 to the immediately
 14 preceding state fiscal year in the lowest per-pupil allocation
 15 among all public school academies]. ~~For 2011-2012 and 2012-2013,~~
 16 ~~maximum public school academy allocation means \$7,110.00.~~

17 (J) ~~(i)~~ "Membership" means the definition of that term under
 18 section 6 as in effect for the particular fiscal year for which a
 19 particular calculation is made.

20 (K) ~~(j)~~ "Nonexempt property" means property that is not a
 21 principal residence, qualified agricultural property, qualified
 22 forest property, supportive housing property, industrial personal
 23 property, or commercial personal property.

24 (I) ~~(k)~~ "Principal residence", "qualified agricultural
 25 property", "qualified forest property", "supportive housing
 26 property", "industrial personal property", and "commercial personal
 27 property" mean those terms as defined in section 1211 of the

1 revised school code, MCL 380.1211.

2 (M) "RECEIVING DISTRICT" MEANS A DISTRICT TO WHICH ALL OR PART
3 OF THE TERRITORY OF A DISSOLVED DISTRICT IS ATTACHED UNDER SECTION
4 12 OF THE REVISED SCHOOL CODE, MCL 380.12.

5 (N) ~~(H)~~ "School operating purposes" means the purposes included
6 in the operation costs of the district as prescribed in sections 7
7 and 18 AND PURPOSES AUTHORIZED UNDER SECTION 1211 OF THE REVISED
8 SCHOOL CODE, MCL 380.1211.

9 (O) ~~(M)~~ "School operating taxes" means local ad valorem
10 property taxes levied under section 1211 of the revised school
11 code, MCL 380.1211, and retained for school operating purposes.

12 (P) ~~(N)~~ "Tax increment financing acts" means 1975 PA 197, MCL
13 125.1651 to 125.1681, the tax increment finance authority act, 1980
14 PA 450, MCL 125.1801 to 125.1830, the local development financing
15 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
16 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
17 or the corridor improvement authority act, 2005 PA 280, MCL
18 125.2871 to 125.2899.

19 (Q) ~~(O)~~ "Taxable value per membership pupil" means taxable
20 value, as certified by the department of treasury, for the calendar
21 year ending in the current state fiscal year divided by the
22 district's membership excluding special education pupils for the
23 school year ending in the current state fiscal year.

24 SEC. 20G. (1) FROM THE GENERAL FUND MONEY APPROPRIATED UNDER
25 SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED
26 \$2,200,000.00 FOR 2013-2014 FOR GRANTS TO ELIGIBLE DISTRICTS FOR
27 TRANSITION COSTS RELATED TO THE ENROLLMENT OF PUPILS WHO WERE

1 PREVIOUSLY ENROLLED IN A DISTRICT THAT WAS DISSOLVED UNDER SECTION
 2 12 OF THE REVISED SCHOOL CODE, MCL 380.12. IT IS THE INTENT OF THE
 3 LEGISLATURE TO CONTINUE THIS TRANSITION FUNDING FOR A TOTAL OF 4
 4 FISCAL YEARS FOLLOWING THE DISSOLUTION OF A DISTRICT.

5 (2) A RECEIVING SCHOOL DISTRICT, AS THAT TERM IS DEFINED IN
 6 SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12, IS AN ELIGIBLE
 7 DISTRICT UNDER THIS SECTION.

8 (3) THE AMOUNT ALLOCATED TO EACH ELIGIBLE DISTRICT UNDER THIS
 9 SECTION IS AN AMOUNT EQUAL TO THE PRODUCT OF THE NUMBER OF
 10 MEMBERSHIP PUPILS ENROLLED IN THE ELIGIBLE DISTRICT WHO WERE
 11 PREVIOUSLY ENROLLED IN THE DISSOLVED DISTRICT IN THE SCHOOL YEAR
 12 IMMEDIATELY PRECEDING THE DISSOLUTION, OR WHO RESIDE IN THE
 13 GEOGRAPHIC AREA OF THE DISSOLVED DISTRICT AND ARE ENTERING
 14 KINDERGARTEN, TIMES 10.0% OF THE LESSER OF THE FOUNDATION ALLOWANCE
 15 OF THE ELIGIBLE DISTRICT AS CALCULATED UNDER SECTION 20 OR THE
 16 BASIC FOUNDATION ALLOWANCE UNDER SECTION 20(1).

17 Sec. 22a. (1) From the appropriation in section 11, ~~there is~~
 18 ~~allocated an amount not to exceed \$5,776,000,000.00 for 2011-2012~~
 19 ~~and there is allocated an amount not to exceed \$5,712,000,000.00~~
 20 ~~for 2012-2013 \$5,630,000,000.00 FOR 2012-2013 AND THERE IS~~
 21 **ALLOCATED AN AMOUNT NOT TO EXCEED \$5,536,700,000.00 FOR 2013-2014**
 22 for payments to districts and qualifying public school academies to
 23 guarantee each district and qualifying public school academy an
 24 amount equal to its 1994-95 total state and local per pupil revenue
 25 for school operating purposes under section 11 of article IX of the
 26 state constitution of 1963. Pursuant to section 11 of article IX of
 27 the state constitution of 1963, this guarantee does not apply to a

1 district in a year in which the district levies a millage rate for
2 school district operating purposes less than it levied in 1994.
3 However, subsection (2) applies to calculating the payments under
4 this section. Funds allocated under this section that are not
5 expended in the state fiscal year for which they were allocated, as
6 determined by the department, may be used to supplement the
7 allocations under sections 22b and 51c in order to fully fund those
8 calculated allocations for the same fiscal year.

9 (2) To ensure that a district receives an amount equal to the
10 district's 1994-95 total state and local per pupil revenue for
11 school operating purposes, there is allocated to each district a
12 state portion of the district's 1994-95 foundation allowance in an
13 amount calculated as follows:

14 (a) Except as otherwise provided in this subsection, the state
15 portion of a district's 1994-95 foundation allowance is an amount
16 equal to the district's 1994-95 foundation allowance or \$6,500.00,
17 whichever is less, minus the difference between the sum of the
18 product of the taxable value per membership pupil of all property
19 in the district that is nonexempt property times the district's
20 certified mills and, for a district with certified mills exceeding
21 12, the product of the taxable value per membership pupil of
22 property in the district that is commercial personal property times
23 the certified mills minus 12 mills and the quotient of the ad
24 valorem property tax revenue of the district captured under tax
25 increment financing acts divided by the district's membership. For
26 a district that has a millage reduction required under section 31
27 of article IX of the state constitution of 1963, the state portion

1 of the district's foundation allowance shall be calculated as if
2 that reduction did not occur. **FOR A RECEIVING DISTRICT, IF SCHOOL**
3 **OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF A DISSOLVED DISTRICT**
4 **THAT HAS BEEN ATTACHED IN WHOLE OR IN PART TO THE RECEIVING**
5 **DISTRICT TO SATISFY DEBT OBLIGATIONS OF THE DISSOLVED DISTRICT**
6 **UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12, TAXABLE**
7 **VALUE PER MEMBERSHIP PUPIL OF ALL PROPERTY IN THE RECEIVING**
8 **DISTRICT THAT IS NONEXEMPT PROPERTY AND TAXABLE VALUE PER**
9 **MEMBERSHIP PUPIL OF PROPERTY IN THE RECEIVING DISTRICT THAT IS**
10 **COMMERCIAL PERSONAL PROPERTY DO NOT INCLUDE PROPERTY WITHIN THE**
11 **GEOGRAPHIC AREA OF THE DISSOLVED DISTRICT; AD VALOREM PROPERTY TAX**
12 **REVENUE OF THE RECEIVING DISTRICT CAPTURED UNDER TAX INCREMENT**
13 **FINANCING ACTS DOES NOT INCLUDE AD VALOREM PROPERTY TAX REVENUE**
14 **CAPTURED WITHIN THE GEOGRAPHIC BOUNDARIES OF THE DISSOLVED DISTRICT**
15 **UNDER TAX INCREMENT FINANCING ACTS; AND CERTIFIED MILLS DO NOT**
16 **INCLUDE THE CERTIFIED MILLS OF THE DISSOLVED DISTRICT.**

17 (b) For a district that had a 1994-95 foundation allowance
18 greater than \$6,500.00, the state payment under this subsection
19 shall be the sum of the amount calculated under subdivision (a)
20 plus the amount calculated under this subdivision. The amount
21 calculated under this subdivision shall be equal to the difference
22 between the district's 1994-95 foundation allowance minus \$6,500.00
23 and the current year hold harmless school operating taxes per
24 pupil. If the result of the calculation under subdivision (a) is
25 negative, the negative amount shall be an offset against any state
26 payment calculated under this subdivision. If the result of a
27 calculation under this subdivision is negative, there shall not be

1 a state payment or a deduction under this subdivision. The taxable
 2 values per membership pupil used in the calculations under this
 3 subdivision are as adjusted by ad valorem property tax revenue
 4 captured under tax increment financing acts divided by the
 5 district's membership. **FOR A RECEIVING DISTRICT, IF SCHOOL**
 6 **OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF A DISSOLVED DISTRICT**
 7 **THAT HAS BEEN ATTACHED IN WHOLE OR IN PART TO THE RECEIVING**
 8 **DISTRICT TO SATISFY DEBT OBLIGATIONS OF THE DISSOLVED DISTRICT**
 9 **UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12, AD VALOREM**
 10 **PROPERTY TAX REVENUE CAPTURED UNDER TAX INCREMENT FINANCING ACTS DO**
 11 **NOT INCLUDE AD VALOREM PROPERTY TAX REVENUE CAPTURED WITHIN THE**
 12 **GEOGRAPHIC BOUNDARIES OF THE DISSOLVED DISTRICT UNDER TAX INCREMENT**
 13 **FINANCING ACTS.**

14 (3) Beginning in 2003-2004, for pupils in membership in a
 15 qualifying public school academy, there is allocated under this
 16 section to the authorizing body that is the fiscal agent for the
 17 qualifying public school academy for forwarding to the qualifying
 18 public school academy an amount equal to the 1994-95 per pupil
 19 payment to the qualifying public school academy under section 20.

20 (4) A district or qualifying public school academy may use
 21 funds allocated under this section in conjunction with any federal
 22 funds for which the district or qualifying public school academy
 23 otherwise would be eligible.

24 (5) ~~For~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, FOR** a
 25 district that is formed or reconfigured after June 1, 2000 by
 26 consolidation of 2 or more districts or by annexation, the
 27 resulting district's 1994-95 foundation allowance under this

1 section beginning after the effective date of the consolidation or
2 annexation shall be the average of the 1994-95 foundation
3 allowances of each of the original or affected districts,
4 calculated as provided in this section, weighted as to the
5 percentage of pupils in total membership in the resulting district
6 in the state fiscal year in which the consolidation takes place who
7 reside in the geographic area of each of the original districts. If
8 an affected district's 1994-95 foundation allowance is less than
9 the 1994-95 basic foundation allowance, the amount of that
10 district's 1994-95 foundation allowance shall be considered for the
11 purpose of calculations under this subsection to be equal to the
12 amount of the 1994-95 basic foundation allowance. **THIS SUBSECTION**
13 **DOES NOT APPLY TO A RECEIVING DISTRICT UNLESS THERE IS A SUBSEQUENT**
14 **CONSOLIDATION OR ANNEXATION THAT AFFECTS THE DISTRICT.**

15 ~~—— (6) Subject to conditions set forth in this subsection, from~~
16 ~~the allocation in subsection (1), there is allocated for 2011-2012~~
17 ~~only an amount not to exceed \$6,000,000.00 for payments to~~
18 ~~districts that meet the eligibility requirements under this~~
19 ~~subsection, for the reduction in school operating revenues~~
20 ~~resulting from a settlement or other disposition of appeals~~
21 ~~described in subdivision (a). A payment may only be made under this~~
22 ~~subsection if a settlement agreement is signed by all applicable~~
23 ~~parties. Payments made under this subsection shall be in accordance~~
24 ~~with the settlement agreement. All of the following apply to~~
25 ~~payments under this subsection:~~

26 ~~—— (a) To be eligible for a payment under this subsection, a~~
27 ~~district shall be determined by the department and the department~~

1 ~~of treasury to meet all of the following:~~

2 ~~—— (i) The district does not receive any state portion of its~~
3 ~~foundation allowance, as calculated under section 20(4).~~

4 ~~—— (ii) Before January 1, 2011, the owner of a natural gas powered~~
5 ~~power plant located in a renaissance zone within the district's~~
6 ~~geographic boundaries for 2009 and 2010 appealed to the Michigan~~
7 ~~tax tribunal an order of the state tax commission for tax years~~
8 ~~2009 and 2010 pursuant to section 154 of the general property tax~~
9 ~~act, 1893 PA 206, MCL 211.154, and appealed to the state tax~~
10 ~~commission the 2011 classification and valuation of the power~~
11 ~~plant.~~

12 ~~—— (iii) The district received a reduced amount of local school~~
13 ~~operating revenue for tax years 2009, 2010, and 2011 as a result of~~
14 ~~the exemptions of industrial personal property and commercial~~
15 ~~personal property under section 1211 of the revised school code,~~
16 ~~MCL 380.1211.~~

17 ~~—— (iv) A settlement agreement has been signed to resolve the~~
18 ~~Michigan tax tribunal appeal described in subparagraph (ii) and a~~
19 ~~memorandum of understanding that stipulates terms of the settlement~~
20 ~~has been executed by the parties.~~

21 ~~—— (b) A payment made under this subsection shall be in addition~~
22 ~~to renaissance zone reimbursement amounts paid in the 2009-2010 and~~
23 ~~2010-2011 state fiscal years under section 26a to districts~~
24 ~~eligible for payment under this subsection. The 2009-2010 and 2010-~~
25 ~~2011 state fiscal year payments under section 26a to a district~~
26 ~~receiving a payment under this subsection shall not be reduced as a~~
27 ~~result of the reduction to the district's 2009 and 2010 taxable~~

~~value of real property under the appeals described in subdivision~~
~~(a) (ii).~~

(6) ~~(7)~~—As used in this section:

(a) "1994-95 foundation allowance" means a district's 1994-95 foundation allowance calculated and certified by the department of treasury or the superintendent under former section 20a as enacted in 1993 PA 336 and as amended by 1994 PA 283.

(b) "Certified mills" means the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94.

(c) "Current state fiscal year" means the state fiscal year for which a particular calculation is made.

(d) "Current year hold harmless school operating taxes per pupil" means the per pupil revenue generated by multiplying a district's 1994-95 hold harmless millage by the district's current year taxable value per membership pupil. **FOR A RECEIVING DISTRICT, IF SCHOOL OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF A DISSOLVED DISTRICT THAT HAS BEEN ATTACHED IN WHOLE OR IN PART TO THE RECEIVING DISTRICT TO SATISFY DEBT OBLIGATIONS OF THE DISSOLVED DISTRICT UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12, TAXABLE VALUE PER MEMBERSHIP PUPIL DOES NOT INCLUDE THE TAXABLE VALUE OF PROPERTY WITHIN THE GEOGRAPHIC AREA OF THE DISSOLVED DISTRICT.**

(E) "DISSOLVED DISTRICT" MEANS A DISTRICT THAT LOSES ITS ORGANIZATION, HAS ITS TERRITORY ATTACHED TO 1 OR MORE OTHER DISTRICTS, AND IS DISSOLVED AS PROVIDED UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12.

1 (F) ~~(e)~~—"Hold harmless millage" means, for a district with a
 2 1994-95 foundation allowance greater than \$6,500.00, the number of
 3 mills by which the exemption from the levy of school operating
 4 taxes on a homestead, qualified agricultural property, qualified
 5 forest property, supportive housing property, industrial personal
 6 property, and commercial personal property could be reduced as
 7 provided in section 1211 of the revised school code, MCL 380.1211,
 8 and the number of mills of school operating taxes that could be
 9 levied on all property as provided in section 1211(2) of the
 10 revised school code, MCL 380.1211, as certified by the department
 11 of treasury for the 1994 tax year. **FOR A RECEIVING DISTRICT, IF**
 12 **SCHOOL OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF A DISSOLVED**
 13 **DISTRICT THAT HAS BEEN ATTACHED IN WHOLE OR IN PART TO THE**
 14 **RECEIVING DISTRICT TO SATISFY DEBT OBLIGATIONS OF THE DISSOLVED**
 15 **DISTRICT UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12,**
 16 **SCHOOL OPERATING TAXES DO NOT INCLUDE SCHOOL OPERATING TAXES LEVIED**
 17 **WITHIN THE GEOGRAPHIC AREA OF THE DISSOLVED DISTRICT.**

18 (G) ~~(f)~~—"Homestead", "qualified agricultural property",
 19 "qualified forest property", "supportive housing property",
 20 "industrial personal property", and "commercial personal property"
 21 mean those terms as defined in section 1211 of the revised school
 22 code, MCL 380.1211.

23 (H) ~~(g)~~—"Membership" means the definition of that term under
 24 section 6 as in effect for the particular fiscal year for which a
 25 particular calculation is made.

26 (I) ~~(h)~~—"Nonexempt property" means property that is not a
 27 principal residence, qualified agricultural property, qualified

1 forest property, supportive housing property, industrial personal
2 property, or commercial personal property.

3 (J) ~~(i)~~—"Qualifying public school academy" means a public
4 school academy that was in operation in the 1994-95 school year and
5 is in operation in the current state fiscal year.

6 (K) "RECEIVING DISTRICT" MEANS A DISTRICT TO WHICH ALL OR PART
7 OF THE TERRITORY OF A DISSOLVED DISTRICT IS ATTACHED UNDER SECTION
8 12 OF THE REVISED SCHOOL CODE, MCL 380.12.

9 (I) ~~(j)~~—"School operating taxes" means local ad valorem
10 property taxes levied under section 1211 of the revised school
11 code, MCL 380.1211, and retained for school operating purposes **AS**
12 **DEFINED IN SECTION 20.**

13 (M) ~~(k)~~—"Tax increment financing acts" means 1975 PA 197, MCL
14 125.1651 to 125.1681, the tax increment finance authority act, 1980
15 PA 450, MCL 125.1801 to 125.1830, the local development financing
16 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
17 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
18 or the corridor improvement authority act, 2005 PA 280, MCL
19 125.2871 to 125.2899.

20 (N) ~~(l)~~—"Taxable value per membership pupil" means each of the
21 following divided by the district's membership:

22 (i) For the number of mills by which the exemption from the
23 levy of school operating taxes on a homestead, qualified
24 agricultural property, qualified forest property, supportive
25 housing property, industrial personal property, and commercial
26 personal property may be reduced as provided in section 1211 of the
27 revised school code, MCL 380.1211, the taxable value of homestead,

1 qualified agricultural property, qualified forest property,
2 supportive housing property, industrial personal property, and
3 commercial personal property for the calendar year ending in the
4 current state fiscal year. **FOR A RECEIVING DISTRICT, IF SCHOOL**
5 **OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF A DISSOLVED DISTRICT**
6 **THAT HAS BEEN ATTACHED IN WHOLE OR IN PART TO THE RECEIVING**
7 **DISTRICT TO SATISFY DEBT OBLIGATIONS OF THE DISSOLVED DISTRICT**
8 **UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12, MILLS DO**
9 **NOT INCLUDE MILLS WITHIN THE GEOGRAPHIC AREA OF THE DISSOLVED**
10 **DISTRICT.**

11 (ii) For the number of mills of school operating taxes that may
12 be levied on all property as provided in section 1211(2) of the
13 revised school code, MCL 380.1211, the taxable value of all
14 property for the calendar year ending in the current state fiscal
15 year. **FOR A RECEIVING DISTRICT, IF SCHOOL OPERATING TAXES ARE TO BE**
16 **LEVIED ON BEHALF OF A DISSOLVED DISTRICT THAT HAS BEEN ATTACHED IN**
17 **WHOLE OR IN PART TO THE RECEIVING DISTRICT TO SATISFY DEBT**
18 **OBLIGATIONS OF THE DISSOLVED DISTRICT UNDER SECTION 12 OF THE**
19 **REVISED SCHOOL CODE, MCL 380.12, SCHOOL OPERATING TAXES DO NOT**
20 **INCLUDE SCHOOL OPERATING TAXES LEVIED WITHIN THE GEOGRAPHIC AREA OF**
21 **THE DISSOLVED DISTRICT.**

22 Enacting section 1. In accordance with section 30 of article I
23 of the state constitution of 1963, total state spending on school
24 aid under article I of the state school aid act of 1979, 1979 PA
25 94, MCL 388.1601 to 388.1772, as amended by enrolled House Bill No.
26 4228 of the 97th Legislature and this amendatory act, from state
27 sources for fiscal year 2013-2014 is estimated at

1 \$11,602,282,300.00 and state appropriations for school aid to be
2 paid to local units of government for fiscal year 2013-2014 are
3 estimated at \$11,442,024,700.00.

4 Enacting section 2. This amendatory act takes effect October
5 1, 2013.

6 Enacting section 3. This amendatory act does not take effect
7 unless House Bill No. 4813 of the 97th Legislature is enacted into
8 law.