

**SUBSTITUTE FOR
SENATE BILL NO. 173**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 11, 11r, 20, 20g, and 22a (MCL 388.1611,
388.1611r, 388.1620, 388.1620g, and 388.1622a), sections 11 and 22a
as amended by 2015 PA 5 and sections 20 and 20g as amended and
section 11r as added by 2014 PA 196.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) For the fiscal year ending September 30, 2015,
2 there is appropriated for the public schools of this state and
3 certain other state purposes relating to education the sum of
4 ~~\$11,827,097,400.00~~ **\$11,827,822,400.00** from the state school aid
5 fund, the sum of \$18,000,000.00 from the MPSERS retirement
6 obligation reform reserve fund created under section 147b, and the

1 sum of \$33,700,000.00 from the general fund. In addition, all other
2 available federal funds are appropriated for the fiscal year ending
3 September 30, 2015.

4 (2) The appropriations under this section shall be allocated
5 as provided in this article. Money appropriated under this section
6 from the general fund shall be expended to fund the purposes of
7 this article before the expenditure of money appropriated under
8 this section from the state school aid fund.

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

12 Sec. 11r. (1) From the appropriation in section 11, there is
13 allocated an amount not to exceed ~~\$4,000,000.00~~ **\$2,400,000.00** to be
14 deposited into the distressed districts emergency grant fund
15 created under this section for the purpose of funding grants under
16 this section.

17 (2) The distressed districts emergency grant fund is created
18 as a separate account within the state school aid fund. The state
19 treasurer may receive money or other assets from any source for
20 deposit into the distressed districts emergency grant fund. The
21 state treasurer shall direct the investment of the distressed
22 districts emergency grant fund and shall credit to the distressed
23 districts emergency grant fund interest and earnings from the fund.

24 (3) Subject to subsection (4), a district is eligible to
25 receive a grant from the distressed districts emergency grant fund
26 if either of the following applies:

27 (a) The district has adopted a resolution authorizing the

1 voluntary dissolution of the district approved by the state
2 treasurer under section 12 of the revised school code, MCL 380.12,
3 but the dissolution has not yet taken effect under that section.

4 (b) The district is a receiving district under section 12 of
5 the revised school code, MCL 380.12, and the district enrolls
6 pupils who were previously enrolled in a district that was
7 dissolved under section 12 of the revised school code, MCL 380.12,
8 in the immediately preceding school year.

9 (4) A district receiving funds under section 20g is not
10 eligible to receive funds under this section.

11 (5) The amount of a grant under this section shall be
12 determined by the state treasurer after consultation with the
13 superintendent of public instruction, but shall not exceed the
14 estimated amount of remaining district costs in excess of available
15 revenues, including, but not limited to, payroll, benefits,
16 retirement system contributions, pupil transportation, food
17 services, special education, building security, and other costs
18 necessary to allow the district to operate schools directly and
19 provide public education services until the end of the current
20 school fiscal year. For a district that meets the eligibility
21 criteria under subsection (3)(b), the amount of the grant shall be
22 determined in the same manner as transition costs under section
23 20g.

24 (6) Before disbursing funds under this section, the state
25 treasurer shall notify the house and senate appropriations
26 subcommittees on school aid and the house and senate fiscal
27 agencies. The notification shall include, but not be limited to,

1 the district receiving funds under this section, the amount of the
2 funds awarded under this section, an explanation of the district
3 conditions that necessitate funding under this section, and the
4 intended use of funds disbursed under this section.

5 (7) Money in the distressed districts emergency grant fund at
6 the close of a fiscal year shall remain in the distressed districts
7 emergency grant fund and shall not lapse to the state school aid
8 fund or to the general fund.

9 Sec. 20. (1) For 2014-2015, both of the following apply:

10 (a) The basic foundation allowance is \$8,099.00.

11 (b) The minimum foundation allowance is \$7,126.00.

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

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

19 (a) Except as otherwise provided in this subdivision, for a
20 district that had a foundation allowance for the immediately
21 preceding state fiscal year that was equal to the minimum
22 foundation allowance for the immediately preceding state fiscal
23 year, but less than the basic foundation allowance for the
24 immediately preceding state fiscal year, the district shall receive
25 a foundation allowance in an amount equal to the sum of the
26 district's foundation allowance for the immediately preceding state
27 fiscal year plus the difference between twice the dollar amount of

1 the adjustment from the immediately preceding state fiscal year to
2 the current state fiscal year made in the basic foundation
3 allowance and [(the difference between the basic foundation
4 allowance for the current state fiscal year and basic foundation
5 allowance for the immediately preceding state fiscal year minus
6 \$10.00) times (the difference between the district's foundation
7 allowance for the immediately preceding state fiscal year and the
8 minimum foundation allowance for the immediately preceding state
9 fiscal year) divided by the difference between the basic foundation
10 allowance for the current state fiscal year and the minimum
11 foundation allowance for the immediately preceding state fiscal
12 year]. However, the foundation allowance for a district that had
13 less than the basic foundation allowance for the immediately
14 preceding state fiscal year shall not exceed the basic foundation
15 allowance for the current state fiscal year. For the purposes of
16 this subdivision, for 2014-2015, the minimum foundation allowance
17 for the immediately preceding state fiscal year shall be considered
18 to be \$7,076.00. For 2014-2015, for a district that had a
19 foundation allowance for the immediately preceding state fiscal
20 year that was at least equal to the minimum foundation allowance
21 for the immediately preceding state fiscal year but less than the
22 basic foundation allowance for the immediately preceding state
23 fiscal year, the district shall receive a foundation allowance in
24 an amount equal to the district's foundation allowance for 2013-
25 2014 plus \$50.00.

26 (b) Except as otherwise provided in this subsection, for a
27 district that in the immediately preceding state fiscal year had a

1 foundation allowance in an amount equal to the amount of the basic
2 foundation allowance for the immediately preceding state fiscal
3 year, the district shall receive a foundation allowance for 2014-
4 2015 in an amount equal to the basic foundation allowance for 2014-
5 2015.

6 (c) For a district that had a foundation allowance for the
7 immediately preceding state fiscal year that was greater than the
8 basic foundation allowance for the immediately preceding state
9 fiscal year, the district's foundation allowance is an amount equal
10 to the sum of the district's foundation allowance for the
11 immediately preceding state fiscal year plus the lesser of the
12 increase in the basic foundation allowance for the current state
13 fiscal year, as compared to the immediately preceding state fiscal
14 year, or the product of the district's foundation allowance for the
15 immediately preceding state fiscal year times the percentage
16 increase in the United States consumer price index in the calendar
17 year ending in the immediately preceding fiscal year as reported by
18 the May revenue estimating conference conducted under section 367b
19 of the management and budget act, 1984 PA 431, MCL 18.1367b.

20 (d) For a district that has a foundation allowance that is not
21 a whole dollar amount, the district's foundation allowance shall be
22 rounded up to the nearest whole dollar.

23 (e) For a district that received a payment under section 22c
24 as that section was in effect for 2013-2014, the district's 2013-
25 2014 foundation allowance shall be considered to have been an
26 amount equal to the sum of the district's actual 2013-2014
27 foundation allowance as otherwise calculated under this section

1 plus the per pupil amount of the district's equity payment for
2 2013-2014 under section 22c as that section was in effect for 2013-
3 2014.

4 (4) Except as otherwise provided in this subsection, the state
5 portion of a district's foundation allowance is an amount equal to
6 the district's foundation allowance or the basic foundation
7 allowance for the current state fiscal year, whichever is less,
8 minus the local portion of the district's foundation allowance
9 divided by the district's membership excluding special education
10 pupils. For a district described in subsection (3)(c), the state
11 portion of the district's foundation allowance is an amount equal
12 to \$6,962.00 plus the difference between the district's foundation
13 allowance for the current state fiscal year and the district's
14 foundation allowance for 1998-99, minus the local portion of the
15 district's foundation allowance divided by the district's
16 membership excluding special education pupils. For a district that
17 has a millage reduction required under section 31 of article IX of
18 the state constitution of 1963, the state portion of the district's
19 foundation allowance shall be calculated as if that reduction did
20 not occur. For a receiving district, if school operating taxes
21 continue to be levied on behalf of a dissolved district that has
22 been attached in whole or in part to the receiving district to
23 satisfy debt obligations of the dissolved district under section 12
24 of the revised school code, MCL 380.12, the taxable value per
25 membership pupil of property in the receiving district used for the
26 purposes of this subsection does not include the taxable value of
27 property within the geographic area of the dissolved district.

1 (5) The allocation calculated under this section for a pupil
2 shall be based on the foundation allowance of the pupil's district
3 of residence. For a pupil enrolled pursuant to section 105 or 105c
4 in a district other than the pupil's district of residence, the
5 allocation calculated under this section shall be based on the
6 lesser of the foundation allowance of the pupil's district of
7 residence or the foundation allowance of the educating district.
8 For a pupil in membership in a K-5, K-6, or K-8 district who is
9 enrolled in another district in a grade not offered by the pupil's
10 district of residence, the allocation calculated under this section
11 shall be based on the foundation allowance of the educating
12 district if the educating district's foundation allowance is
13 greater than the foundation allowance of the pupil's district of
14 residence.

15 (6) Except as otherwise provided in this subsection, for
16 pupils in membership, other than special education pupils, in a
17 public school academy, the allocation calculated under this section
18 is an amount per membership pupil other than special education
19 pupils in the public school academy equal to the foundation
20 allowance of the district in which the public school academy is
21 located or the state maximum public school academy allocation,
22 whichever is less. However, a public school academy that had an
23 allocation under this subsection before 2009-2010 that was equal to
24 the sum of the local school operating revenue per membership pupil
25 other than special education pupils for the district in which the
26 public school academy is located and the state portion of that
27 district's foundation allowance shall not have that allocation

1 reduced as a result of the 2010 amendment to this subsection.
2 Notwithstanding section 101, for a public school academy that
3 begins operations after the pupil membership count day, the amount
4 per membership pupil calculated under this subsection shall be
5 adjusted by multiplying that amount per membership pupil by the
6 number of hours of pupil instruction provided by the public school
7 academy after it begins operations, as determined by the
8 department, divided by the minimum number of hours of pupil
9 instruction required under section 101(3). The result of this
10 calculation shall not exceed the amount per membership pupil
11 otherwise calculated under this subsection.

12 (7) Except as otherwise provided in this subsection, for
13 pupils attending an achievement school and in membership in the
14 education achievement system, other than special education pupils,
15 the allocation calculated under this section is an amount per
16 membership pupil other than special education pupils equal to the
17 foundation allowance of the district in which the achievement
18 school is located, not to exceed the basic foundation allowance.
19 Notwithstanding section 101, for an achievement school that begins
20 operation after the pupil membership count day, the amount per
21 membership pupil calculated under this subsection shall be adjusted
22 by multiplying that amount per membership pupil by the number of
23 hours of pupil instruction provided by the achievement school after
24 it begins operations, as determined by the department, divided by
25 the minimum number of hours of pupil instruction required under
26 section 101(3). The result of this calculation shall not exceed the
27 amount per membership pupil otherwise calculated under this

1 subsection. For the purposes of this subsection, if a public school
2 is transferred from a district to the state school reform/redesign
3 district or the achievement authority under section 1280c of the
4 revised school code, MCL 380.1280c, that public school is
5 considered to be an achievement school within the education
6 achievement system and not a school that is part of a district, and
7 a pupil attending that public school is considered to be in
8 membership in the education achievement system and not in
9 membership in the district that operated the school before the
10 transfer.

11 (8) Subject to subsection (4), for a district that is formed
12 or reconfigured after June 1, 2002 by consolidation of 2 or more
13 districts or by annexation, the resulting district's foundation
14 allowance under this section beginning after the effective date of
15 the consolidation or annexation shall be the lesser of the sum of
16 the average of the foundation allowances of each of the original or
17 affected districts, calculated as provided in this section,
18 weighted as to the percentage of pupils in total membership in the
19 resulting district who reside in the geographic area of each of the
20 original or affected districts plus \$100.00 or the highest
21 foundation allowance among the original or affected districts. This
22 subsection does not apply to a receiving district unless there is a
23 subsequent consolidation or annexation that affects the district.

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

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

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

10 (a) The pupil membership factor shall be computed by dividing
11 the estimated membership in the school year ending in the current
12 state fiscal year, excluding intermediate district membership, by
13 the estimated membership for the school year ending in the
14 subsequent state fiscal year, excluding intermediate district
15 membership. If a consensus membership factor is not determined at
16 the revenue estimating conference, the principals of the revenue
17 estimating conference shall report their estimates to the house and
18 senate subcommittees responsible for school aid appropriations not
19 later than 7 days after the conclusion of the revenue conference.

20 (b) The revenue adjustment factor shall be computed by
21 dividing the sum of the estimated total state school aid fund
22 revenue for the subsequent state fiscal year plus the estimated
23 total state school aid fund revenue for the current state fiscal
24 year, adjusted for any change in the rate or base of a tax the
25 proceeds of which are deposited in that fund and excluding money
26 transferred into that fund from the countercyclical budget and
27 economic stabilization fund under the management and budget act,

1 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
2 total school aid fund revenue for the current state fiscal year
3 plus the estimated total state school aid fund revenue for the
4 immediately preceding state fiscal year, adjusted for any change in
5 the rate or base of a tax the proceeds of which are deposited in
6 that fund. If a consensus revenue factor is not determined at the
7 revenue estimating conference, the principals of the revenue
8 estimating conference shall report their estimates to the house and
9 senate subcommittees responsible for school aid appropriations not
10 later than 7 days after the conclusion of the revenue conference.

11 (c) The index shall be calculated by multiplying the pupil
12 membership factor by the revenue adjustment factor. If a consensus
13 index is not determined at the revenue estimating conference, the
14 principals of the revenue estimating conference shall report their
15 estimates to the house and senate subcommittees responsible for
16 school aid appropriations not later than 7 days after the
17 conclusion of the revenue conference.

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

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

27 (14) As used in this section:

1 (a) "Certified mills" means the lesser of 18 mills or the
2 number of mills of school operating taxes levied by the district in
3 1993-94.

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

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

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

13 (e) "Dissolved district" means a district that loses its
14 organization, has its territory attached to 1 or more other
15 districts, and is dissolved as provided under section 12 of the
16 revised school code, MCL 380.12.

17 (f) "Immediately preceding state fiscal year" means the state
18 fiscal year immediately preceding the current state fiscal year.

19 (g) "Local portion of the district's foundation allowance"
20 means an amount that is equal to the difference between (the sum of
21 the product of the taxable value per membership pupil of all
22 property in the district that is nonexempt property times the
23 district's certified mills and, for a district with certified mills
24 exceeding 12, the product of the taxable value per membership pupil
25 of property in the district that is commercial personal property
26 times the certified mills minus 12 mills) and (the quotient of the
27 product of the captured assessed valuation under tax increment

1 financing acts times the district's certified mills divided by the
2 district's membership excluding special education pupils).

3 (h) "Local school operating revenue" means school operating
4 taxes levied under section 1211 of the revised school code, MCL
5 380.1211. For a receiving district, if school operating taxes are
6 to be levied on behalf of a dissolved district that has been
7 attached in whole or in part to the receiving district to satisfy
8 debt obligations of the dissolved district under section 12 of the
9 revised school code, MCL 380.12, local school operating revenue
10 does not include school operating taxes levied within the
11 geographic area of the dissolved district.

12 (i) "Local school operating revenue per membership pupil"
13 means a district's local school operating revenue divided by the
14 district's membership excluding special education pupils.

15 (j) "Maximum public school academy allocation", except as
16 otherwise provided in this subdivision, means the maximum per-pupil
17 allocation as calculated by adding the highest per-pupil allocation
18 among all public school academies for the immediately preceding
19 state fiscal year plus the difference between twice the amount of
20 the difference between the basic foundation allowance for the
21 current state fiscal year and the basic foundation for the
22 immediately preceding state fiscal year and [(the amount of the
23 difference between the basic foundation allowance for the current
24 state fiscal year and the basic foundation for the immediately
25 preceding state fiscal year minus \$10.00) times (the difference
26 between the highest per-pupil allocation among all public school
27 academies for the immediately preceding state fiscal year and the

1 minimum foundation allowance for the immediately preceding state
2 fiscal year) divided by the difference between the basic foundation
3 allowance for the current state fiscal year and the minimum
4 foundation allowance for the immediately preceding state fiscal
5 year]. For the purposes of this subdivision, for 2014-2015, the
6 minimum foundation allowance for the immediately preceding state
7 fiscal year shall be considered to be \$7,076.00. For 2014-2015, the
8 maximum public school academy allocation is \$7,218.00.

9 (k) "Membership" means the definition of that term under
10 section 6 as in effect for the particular fiscal year for which a
11 particular calculation is made.

12 (l) "Nonexempt property" means property that is not a principal
13 residence, qualified agricultural property, qualified forest
14 property, supportive housing property, industrial personal
15 property, or commercial personal property.

16 (m) "Principal residence", "qualified agricultural property",
17 "qualified forest property", "supportive housing property",
18 "industrial personal property", and "commercial personal property"
19 mean those terms as defined in section 1211 of the revised school
20 code, MCL 380.1211.

21 (n) "Receiving district" means a district to which all or part
22 of the territory of a dissolved district is attached under section
23 12 of the revised school code, MCL 380.12.

24 (o) "School operating purposes" means the purposes included in
25 the operation costs of the district as prescribed in sections 7 and
26 18 and purposes authorized under section 1211 of the revised school
27 code, MCL 380.1211.

1 (p) "School operating taxes" means local ad valorem property
2 taxes levied under section 1211 of the revised school code, MCL
3 380.1211, and retained for school operating purposes.

4 (q) "Tax increment financing acts" means 1975 PA 197, MCL
5 125.1651 to 125.1681, the tax increment finance authority act, 1980
6 PA 450, MCL 125.1801 to 125.1830, the local development financing
7 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
8 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
9 or the corridor improvement authority act, 2005 PA 280, MCL
10 125.2871 to 125.2899.

11 (r) "Taxable value per membership pupil" means taxable value,
12 as certified by the county treasurer and reported to the
13 department, for the calendar year ending in the current state
14 fiscal year divided by the district's membership excluding special
15 education pupils for the school year ending in the current state
16 fiscal year. **HOWEVER, FOR A RECEIVING DISTRICT THAT IS LOCATED IN A**
17 **COUNTY WITH A POPULATION OF LESS THAN 250,000 AND THAT HAS NOT**
18 **RENEWED ITS AUTHORIZATION TO LEVY MILLS FOR SCHOOL OPERATING**
19 **PURPOSES UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, MCL**
20 **380.1211, SINCE RECEIVING PROPERTY FROM A DISSOLVED DISTRICT, UNTIL**
21 **THE EARLIER OF DECEMBER 2016 OR THE SUCCESSFUL RENEWAL OF THAT**
22 **AUTHORIZATION, THE CALCULATION OF TAXABLE VALUE PER MEMBERSHIP**
23 **PUPIL SHALL EXCLUDE THE TAXABLE VALUE OF PROPERTY ATTRIBUTABLE TO**
24 **TERRITORY OF THE DISSOLVED DISTRICT THAT WAS ATTACHED TO THE**
25 **RECEIVING DISTRICT UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL**
26 **380.12.**

27 Sec. 20g. (1) From the money appropriated under section 11,

1 there is allocated an amount not to exceed \$2,200,000.00 for 2014-
2 2015 for grants to eligible districts that first received payments
3 under this section in 2013-2014 for transition costs related to the
4 enrollment of pupils who were previously enrolled in a district
5 that was dissolved under section 12 of the revised school code, MCL
6 380.12, allocated as provided under subsection (3). Payments under
7 this section shall continue for a total of 4 fiscal years following
8 the dissolution of a district, after which the payments shall
9 cease.

10 (2) A receiving school district, as that term is defined in
11 section 12 of the revised school code, MCL 380.12, is an eligible
12 district under ~~this section~~. **SUBSECTION (1).**

13 (3) The amount allocated to each eligible district under ~~This~~
14 ~~section~~ **SUBSECTION (1)** is an amount equal to the product of the
15 number of membership pupils enrolled in the eligible district who
16 were previously enrolled in the dissolved school district in the
17 school year immediately preceding the dissolution, or who reside in
18 the geographic area of the dissolved school district and are
19 entering kindergarten, times 10.0% of the lesser of the foundation
20 allowance of the eligible district as calculated under section 20
21 or the basic foundation allowance under section 20(1).

22 **(4) FROM THE STATE SCHOOL AID MONEY APPROPRIATED UNDER SECTION**
23 **11, THERE IS ALLOCATED FOR 2014-2015 TO A QUALIFYING INTERMEDIATE**
24 **DISTRICT AN AMOUNT NOT TO EXCEED \$725,000.00 TO BE USED SOLELY FOR**
25 **PAYING OUTSTANDING OPERATING DEBT OF A DISSOLVED SCHOOL DISTRICT,**
26 **AS DETERMINED BY THE DEPARTMENT. AN INTERMEDIATE DISTRICT IS A**
27 **QUALIFYING INTERMEDIATE DISTRICT IF IT IS CHARGED WITH PERFORMING**

FUNCTIONS AND SATISFYING RESPONSIBILITIES OF A DISSOLVED SCHOOL DISTRICT UNDER SECTION 12(3) OF THE REVISED SCHOOL CODE, MCL 380.12, IF THE AUTHORIZATION FOR THAT DISSOLVED SCHOOL DISTRICT TO LEVY MILLS FOR SCHOOL OPERATING PURPOSES UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211, WAS NOT RENEWED AFTER THE SCHOOL DISTRICT WAS DISSOLVED AND IF THE INTERMEDIATE DISTRICT IS LOCATED IN A COUNTY WITH A POPULATION OF LESS THAN 250,000. THE AMOUNT ALLOCATED UNDER THIS SUBSECTION SHALL BE CONSIDERED TO BE A PART OF AND COUNTED AGAINST THE \$2,500,000.00 THAT WAS AVAILABLE FOR THAT INTERMEDIATE DISTRICT UNDER THIS SECTION AS IT WAS IN EFFECT FOR THE 2013-2014 FISCAL YEAR DUE TO A DISSOLVED SCHOOL DISTRICT LOCATED IN THE QUALIFYING INTERMEDIATE DISTRICT.

(5) AN INTERMEDIATE DISTRICT RECEIVING FUNDS UNDER SUBSECTION (4) SHALL USE THOSE FUNDS TO PAY THE OUTSTANDING OPERATING DEBT OF THE DISSOLVED SCHOOL DISTRICT, AS DETERMINED BY THE DEPARTMENT, NOT LATER THAN 30 DAYS AFTER RECEIPT OF THOSE FUNDS.

(6) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER SUBSECTION (4) SHALL BE PAID ON A SCHEDULE PRESCRIBED BY THE DEPARTMENT.

(7) ~~(4)~~ As used in this section, "dissolved school district" means a school district that has been declared dissolved under section 12 of the revised school code, 1976 PA 451, MCL 380.12.

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$5,380,000,000.00~~ \$5,381,600,000.00 for 2014-2015 for payments to districts and qualifying public school academies to guarantee each district and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating

1 purposes under section 11 of article IX of the state constitution
2 of 1963. Pursuant to section 11 of article IX of the state
3 constitution of 1963, this guarantee does not apply to a district
4 in a year in which the district levies a millage rate for school
5 district operating purposes less than it levied in 1994. However,
6 subsection (2) applies to calculating the payments under this
7 section. Funds allocated under this section that are not expended
8 in the state fiscal year for which they were allocated, as
9 determined by the department, may be used to supplement the
10 allocations under sections 22b and 51c in order to fully fund those
11 calculated allocations for the same fiscal year.

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

17 (a) Except as otherwise provided in this subsection, the state
18 portion of a district's 1994-95 foundation allowance is an amount
19 equal to the district's 1994-95 foundation allowance or \$6,500.00,
20 whichever is less, minus the difference between the sum of the
21 product of the taxable value per membership pupil of all property
22 in the district that is nonexempt property times the district's
23 certified mills and, for a district with certified mills exceeding
24 12, the product of the taxable value per membership pupil of
25 property in the district that is commercial personal property times
26 the certified mills minus 12 mills and the quotient of the ad
27 valorem property tax revenue of the district captured under tax

1 increment financing acts divided by the district's membership. For
2 a district that has a millage reduction required under section 31
3 of article IX of the state constitution of 1963, the state portion
4 of the district's foundation allowance shall be calculated as if
5 that reduction did not occur. 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, taxable
10 value per membership pupil of all property in the receiving
11 district that is nonexempt property and taxable value per
12 membership pupil of property in the receiving district that is
13 commercial personal property do not include property within the
14 geographic area of the dissolved district; ad valorem property tax
15 revenue of the receiving district captured under tax increment
16 financing acts does not include ad valorem property tax revenue
17 captured within the geographic boundaries of the dissolved district
18 under tax increment financing acts; and certified mills do not
19 include the certified mills of the dissolved district.

20 (b) For a district that had a 1994-95 foundation allowance
21 greater than \$6,500.00, the state payment under this subsection
22 shall be the sum of the amount calculated under subdivision (a)
23 plus the amount calculated under this subdivision. The amount
24 calculated under this subdivision shall be equal to the difference
25 between the district's 1994-95 foundation allowance minus \$6,500.00
26 and the current year hold harmless school operating taxes per
27 pupil. If the result of the calculation under subdivision (a) is

1 negative, the negative amount shall be an offset against any state
2 payment calculated under this subdivision. If the result of a
3 calculation under this subdivision is negative, there shall not be
4 a state payment or a deduction under this subdivision. The taxable
5 values per membership pupil used in the calculations under this
6 subdivision are as adjusted by ad valorem property tax revenue
7 captured under tax increment financing acts divided by the
8 district's membership. For a receiving district, if school
9 operating taxes are to be levied on behalf of a dissolved district
10 that has been attached in whole or in part to the receiving
11 district to satisfy debt obligations of the dissolved district
12 under section 12 of the revised school code, MCL 380.12, ad valorem
13 property tax revenue captured under tax increment financing acts do
14 not include ad valorem property tax revenue captured within the
15 geographic boundaries of the dissolved district under tax increment
16 financing acts.

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

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

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

1 district that is formed or reconfigured after June 1, 2000 by
2 consolidation of 2 or more districts or by annexation, the
3 resulting district's 1994-95 foundation allowance under this
4 section beginning after the effective date of the consolidation or
5 annexation shall be the average of the 1994-95 foundation
6 allowances of each of the original or affected districts,
7 calculated as provided in this section, weighted as to the
8 percentage of pupils in total membership in the resulting district
9 in the state fiscal year in which the consolidation takes place who
10 reside in the geographic area of each of the original districts. If
11 an affected district's 1994-95 foundation allowance is less than
12 the 1994-95 basic foundation allowance, the amount of that
13 district's 1994-95 foundation allowance shall be considered for the
14 purpose of calculations under this subsection to be equal to the
15 amount of the 1994-95 basic foundation allowance. This subsection
16 does not apply to a receiving district unless there is a subsequent
17 consolidation or annexation that affects the district.

18 (6) Payments under this section are subject to section 25f.

19 (7) As used in this section:

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

24 (b) "Certified mills" means the lesser of 18 mills or the
25 number of mills of school operating taxes levied by the district in
26 1993-94.

27 (c) "Current state fiscal year" means the state fiscal year

1 for which a particular calculation is made.

2 (d) "Current year hold harmless school operating taxes per
3 pupil" means the per pupil revenue generated by multiplying a
4 district's 1994-95 hold harmless millage by the district's current
5 year taxable value per membership pupil. For a receiving district,
6 if school operating taxes are to be levied on behalf of a dissolved
7 district that has been attached in whole or in part to the
8 receiving district to satisfy debt obligations of the dissolved
9 district under section 12 of the revised school code, MCL 380.12,
10 taxable value per membership pupil does not include the taxable
11 value of property within the geographic area of the dissolved
12 district.

13 (e) "Dissolved district" means a district that loses its
14 organization, has its territory attached to 1 or more other
15 districts, and is dissolved as provided under section 12 of the
16 revised school code, MCL 380.12.

17 (f) "Hold harmless millage" means, for a district with a 1994-
18 95 foundation allowance greater than \$6,500.00, the number of mills
19 by which the exemption from the levy of school operating taxes on a
20 homestead, qualified agricultural property, qualified forest
21 property, supportive housing property, industrial personal
22 property, ~~and commercial personal property,~~ **AND PROPERTY OCCUPIED**
23 **BY A PUBLIC SCHOOL ACADEMY** could be reduced as provided in section
24 1211 of the revised school code, MCL 380.1211, and the number of
25 mills of school operating taxes that could be levied on all
26 property as provided in section 1211(2) of the revised school code,
27 MCL 380.1211, as certified by the department of treasury for the

1 1994 tax year. For a receiving district, if school operating taxes
2 are to be levied on behalf of a dissolved district that has been
3 attached in whole or in part to the receiving district to satisfy
4 debt obligations of the dissolved district under section 12 of the
5 revised school code, MCL 380.12, school operating taxes do not
6 include school operating taxes levied within the geographic area of
7 the dissolved district.

8 (g) "Homestead", "qualified agricultural property", "qualified
9 forest property", "supportive housing property", "industrial
10 personal property", and "commercial personal property" mean those
11 terms as defined in section 1211 of the revised school code, MCL
12 380.1211.

13 (h) "Membership" means the definition of that term under
14 section 6 as in effect for the particular fiscal year for which a
15 particular calculation is made.

16 (i) "Nonexempt property" means property that is not a
17 principal residence, qualified agricultural property, qualified
18 forest property, supportive housing property, industrial personal
19 property, ~~or~~ commercial personal property, **OR PROPERTY OCCUPIED BY**
20 **A PUBLIC SCHOOL ACADEMY.**

21 (j) "Qualifying public school academy" means a public school
22 academy that was in operation in the 1994-95 school year and is in
23 operation in the current state fiscal year.

24 (k) "Receiving district" means a district to which all or part
25 of the territory of a dissolved district is attached under section
26 12 of the revised school code, MCL 380.12.

27 (l) "School operating taxes" means local ad valorem property

1 taxes levied under section 1211 of the revised school code, MCL
2 380.1211, and retained for school operating purposes as defined in
3 section 20.

4 (m) "Tax increment financing acts" means 1975 PA 197, MCL
5 125.1651 to 125.1681, the tax increment finance authority act, 1980
6 PA 450, MCL 125.1801 to 125.1830, the local development financing
7 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
8 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
9 or the corridor improvement authority act, 2005 PA 280, MCL
10 125.2871 to 125.2899.

11 (n) "Taxable value per membership pupil" means each of the
12 following divided by the district's membership:

13 (i) For the number of mills by which the exemption from the
14 levy of school operating taxes on a homestead, qualified
15 agricultural property, qualified forest property, supportive
16 housing property, industrial personal property, ~~and~~ commercial
17 personal property, **AND PROPERTY OCCUPIED BY A PUBLIC SCHOOL ACADEMY**
18 may be reduced as provided in section 1211 of the revised school
19 code, MCL 380.1211, the taxable value of homestead, qualified
20 agricultural property, qualified forest property, supportive
21 housing property, industrial personal property, ~~and~~ commercial
22 personal property, **AND PROPERTY OCCUPIED BY A PUBLIC SCHOOL ACADEMY**
23 for the calendar year ending in the current state fiscal year. For
24 a receiving district, if school operating taxes are to be levied on
25 behalf of a dissolved district that has been attached in whole or
26 in part to the receiving district to satisfy debt obligations of
27 the dissolved district under section 12 of the revised school code,

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1 MCL 380.12, mills do not include mills within the geographic area
2 of the dissolved district.

3 (ii) For the number of mills of school operating taxes that may
4 be levied on all property as provided in section 1211(2) of the
5 revised school code, MCL 380.1211, the taxable value of all
6 property for the calendar year ending in the current state fiscal
7 year. For a receiving district, if school operating taxes are to be
8 levied on behalf of a dissolved district that has been attached in
9 whole or in part to the receiving district to satisfy debt
10 obligations of the dissolved district under section 12 of the
11 revised school code, MCL 380.12, school operating taxes do not
12 include school operating taxes levied within the geographic area of
13 the dissolved district.

14 Enacting section 1. In accordance with section 30 of article
15 IX of the state constitution of 1963, total state spending on
16 school aid in article I under 2014 PA 196, 2015 PA 5, and this
17 amendatory act from state sources for fiscal year 2014-2015 is
18 estimated at <<\$11,879,522,400.00>> and state appropriations for school
19 aid to be paid to local units of government for fiscal year 2014-
20 2015 are estimated at <<\$11,720,874,600.00>>.