

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 574

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending section 705 (MCL 380.705), as amended by 2016 PA 192.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 705. (1) Beginning in 1997, and in each year after 1997,
2 a regional enhancement property tax may be levied by an
3 intermediate school district at a rate not to exceed 3 mills to
4 enhance other state and local funding for ~~local~~**INTERMEDIATE SCHOOL**
5 **DISTRICT**, school district, **OR PUBLIC SCHOOL ACADEMY** operations, **AS**
6 **PROVIDED IN THIS SECTION**, if approved by a majority of the
7 intermediate school electors voting on the question.

8 (2) If a resolution requesting that the question of a regional
9 enhancement property tax be submitted to the voters is adopted
10 within a 180-day period and transmitted to the intermediate school
11 board by 1 or more boards **OR BOARDS OF DIRECTORS** of its constituent

1 districts representing a majority of the combined membership of the
2 constituent districts as of the most recent pupil membership count
3 day and if those resolutions all contain an identical specified
4 number of mills to be levied under this section and an identical
5 specified number of years for which the tax shall be levied, the
6 question of levying a regional enhancement property tax by the
7 intermediate school district shall be placed on the ballot by the
8 intermediate school district at the next regular school election
9 held in each of the constituent districts **THAT ARE SCHOOL**

10 **DISTRICTS.** If the question is to be submitted to the intermediate
11 school electors of an intermediate school district having a
12 population of more than 1,400,000, the intermediate school board
13 shall call a special election to be held at the next state primary
14 or general election. If the resolution requirement is met more than
15 180 days before the next regular school district elections, and if
16 requested in the resolutions, the intermediate school board shall
17 submit the question of levying a regional enhancement property tax
18 within the intermediate school district on the ballot at a special
19 election called by the intermediate school board for that purpose
20 not earlier than 90 days after the resolution requirements are met.

21 (3) Not later than 10 days after receipt by the intermediate
22 school district of the revenue from the regional enhancement
23 property tax, the intermediate school district shall calculate and
24 pay to each of its constituent districts an amount of the revenue
25 calculated by dividing the total amount of the revenue by the
26 combined membership of the constituent districts within the
27 intermediate school district, as of the most recent pupil

1 membership count day, and multiplying that quotient by the
2 constituent district's membership, as of the most recent pupil
3 membership count day for which a final department-audited pupil
4 count is available. If a constituent district has entered into an
5 agreement with ~~another~~**A** school district or public entity to
6 perform the functions and responsibilities of the constituent
7 district for operating a public school of the constituent district,
8 then for the purposes of this subsection the pupils in membership
9 in that public school shall be considered to be in membership in
10 the constituent district and a proportionate share of the revenue
11 payable to the constituent district under this section shall be
12 transferred by the constituent district to the school district or
13 public entity performing the functions and responsibilities of the
14 constituent district for operating the public school. The
15 proportionate share of that revenue to be paid to that school
16 district or public entity shall be determined according to the
17 percentage of the constituent district's membership that is
18 enrolled in the particular public school for the state fiscal year
19 corresponding to the tax year. Revenue from a regional enhancement
20 property tax under this section shall not be allocated or paid to a
21 constituent district that does not operate a public school directly
22 but retains a limited separate identity for purposes of section 12,
23 12b, 863, 903, or 947.

24 **(4) IF A PUBLIC SCHOOL ACADEMY IS RECEIVING REVENUE FROM A**
25 **REGIONAL ENHANCEMENT PROPERTY TAX UNDER AN AGREEMENT DESCRIBED IN**
26 **SUBSECTION (3), THE PUBLIC SCHOOL ACADEMY SHALL RECEIVE THAT**
27 **REVENUE UNTIL THE TERM OF THE INITIALLY LEVIED REGIONAL ENHANCEMENT**

1 PROPERTY TAX EXPIRES, AS SPECIFIED IN THE BALLOT QUESTION, AS LONG
 2 AS THE RECEIPT OF THAT REVENUE REMAINS CONSISTENT WITH THE
 3 AGREEMENT. AFTER THE TERM OF THE INITIALLY LEVIED REGIONAL
 4 ENHANCEMENT PROPERTY TAX EXPIRES OR THE PUBLIC SCHOOL ACADEMY IS NO
 5 LONGER ENTITLED TO RECEIVE REVENUE FROM THE REGIONAL ENHANCEMENT
 6 PROPERTY TAX UNDER THE AGREEMENT DESCRIBED IN SUBSECTION (3), THE
 7 PUBLIC SCHOOL ACADEMY SHALL NOT RECEIVE REVENUE FROM ANY REGIONAL
 8 ENHANCEMENT PROPERTY TAX THAT IS SUBSEQUENTLY LEVIED OR RENEWED
 9 UNLESS THAT PUBLIC SCHOOL ACADEMY MEETS THE REQUIREMENTS OF
 10 SUBSECTION (7) TO RECEIVE REVENUE FROM A REGIONAL ENHANCEMENT
 11 PROPERTY TAX AS A CONSTITUENT DISTRICT.

12 (5) ~~(4)~~—Regional enhancement property tax under this section
 13 may be levied for a term not to exceed 20 years, as specified in
 14 the ballot question, and may be renewed for the same term **AND FOR**
 15 **THE PURPOSES DESCRIBED IN SUBSECTION (1)** with the approval of a
 16 majority of the intermediate school electors voting on the
 17 question.

18 (6) ~~(5)~~—The question of levying a regional enhancement
 19 property tax under this section shall be presented to the
 20 intermediate school electors as a separate question.

21 (7) **FOR THE PURPOSES OF THIS SECTION, EXCEPT AS OTHERWISE**
 22 **PROVIDED IN THIS SECTION, A PUBLIC SCHOOL ACADEMY IS CONSIDERED TO**
 23 **BE A SINGLE CONSTITUENT DISTRICT OF AN INTERMEDIATE SCHOOL DISTRICT**
 24 **IF THE PUBLIC SCHOOL ACADEMY OPERATES AT LEAST 1 SITE THAT IS**
 25 **LOCATED IN THAT INTERMEDIATE SCHOOL DISTRICT AND THE PUBLIC SCHOOL**
 26 **ACADEMY COUNTS IN MEMBERSHIP PUPILS ENROLLED AT THE SITE OR SITES**
 27 **LOCATED IN THAT INTERMEDIATE SCHOOL DISTRICT ON THE PUPIL**

Senate Bill No. 574 as amended January 18, 2018

MEMBERSHIP COUNT DAY USED TO CALCULATE THE COMBINED MEMBERSHIP OF THE INTERMEDIATE SCHOOL DISTRICT'S CONSTITUENT DISTRICTS UNDER SUBSECTION (2). A PUBLIC SCHOOL ACADEMY THAT IS A SCHOOL OF EXCELLENCE OPERATING AS A CYBER SCHOOL, AS DEFINED IN SECTION 551, IS CONSIDERED TO BE A SINGLE CONSTITUENT DISTRICT OF AN INTERMEDIATE SCHOOL DISTRICT ONLY IF THE ADMINISTRATIVE OFFICE OF THAT CYBER SCHOOL IS LOCATED WITHIN THE INTERMEDIATE SCHOOL DISTRICT, [100%] OF THE PUPILS ENROLLED IN THE CYBER SCHOOL RESIDE WITHIN THE INTERMEDIATE SCHOOL DISTRICT, AND THE CYBER SCHOOL COUNTS IN MEMBERSHIP PUPILS ENROLLED IN THE CYBER SCHOOL ON

THE PUPIL MEMBERSHIP COUNT DAY USED TO CALCULATE THE COMBINED MEMBERSHIP OF THE INTERMEDIATE SCHOOL DISTRICT'S CONSTITUENT DISTRICTS UNDER SUBSECTION (2). [HOWEVER, A PUBLIC SCHOOL ACADEMY IS NOT ELIGIBLE TO BE CONSIDERED A CONSTITUENT DISTRICT UNDER THIS SUBSECTION IF THE PUBLIC SCHOOL ACADEMY'S 2 MOST RECENT ANNUAL FINANCIAL AUDITS REQUIRED UNDER SECTION 503(6)(G), 523(2)(G), 553(5)(G), OR 1311E(5)(H) INDICATE SUCCESSIVE UNRESOLVED MATERIAL FINDINGS. IN ADDITION, IN ORDER TO BE CONSIDERED A CONSTITUENT DISTRICT UNDER THIS SUBSECTION, THE PUBLIC SCHOOL ACADEMY MUST PROVIDE THE DEPARTMENT DOCUMENTATION ESTABLISHING THAT THE PUBLIC SCHOOL ACADEMY HAS A SPECIAL EDUCATION PROGRAM THAT IS IN COMPLIANCE WITH STATE AND FEDERAL LAW.]

(8) EXCEPT FOR A SCHOOL OF EXCELLENCE OPERATING AS A CYBER SCHOOL, AS DEFINED IN SECTION 551, A PUBLIC SCHOOL ACADEMY THAT RECEIVES REVENUE FROM A REGIONAL ENHANCEMENT PROPERTY TAX DUE TO THE OPERATION OF SUBSECTION (7) SHALL USE THAT MONEY ONLY FOR EXPENDITURES THAT DIRECTLY BENEFIT A SITE OPERATED BY THE PUBLIC SCHOOL ACADEMY THAT IS LOCATED IN THE INTERMEDIATE SCHOOL DISTRICT IN WHICH THE REGIONAL ENHANCEMENT PROPERTY TAX WAS APPROVED.

(9) FOR A REGIONAL ENHANCEMENT PROPERTY TAX THAT WAS INITIALLY AUTHORIZED AND LEVIED BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION, BOTH OF THE FOLLOWING APPLY:

(A) SUBJECT TO SUBSECTION (4), A PUBLIC SCHOOL ACADEMY IS NOT ELIGIBLE TO BE CONSIDERED A CONSTITUENT DISTRICT AND TO RECEIVE REVENUE FROM THAT REGIONAL ENHANCEMENT PROPERTY TAX DUE TO THE OPERATION OF SUBSECTION (7) UNTIL THAT REGIONAL ENHANCEMENT

1 PROPERTY TAX IS RENEWED.

2 (B) AN INTERMEDIATE SCHOOL DISTRICT IS NOT ELIGIBLE TO BE
3 CONSIDERED A CONSTITUENT DISTRICT AND TO RECEIVE REVENUE FOR PUPILS
4 COUNTED IN MEMBERSHIP BY THE INTERMEDIATE SCHOOL DISTRICT FROM THAT
5 REGIONAL ENHANCEMENT PROPERTY TAX DUE TO THE OPERATION OF
6 SUBSECTION (10) UNTIL THAT REGIONAL ENHANCEMENT PROPERTY TAX IS
7 RENEWED.

8 (10) FOR A REGIONAL ENHANCEMENT PROPERTY TAX THAT IS INITIALLY
9 AUTHORIZED AND LEVIED OR RENEWED AFTER THE EFFECTIVE DATE OF THE
10 AMENDATORY ACT THAT ADDED THIS SUBSECTION, FOR THE PURPOSES OF THIS
11 SECTION, AN INTERMEDIATE SCHOOL DISTRICT IS CONSIDERED TO BE A
12 SINGLE CONSTITUENT DISTRICT OF THE INTERMEDIATE SCHOOL DISTRICT IF
13 IT ENROLLS PUPILS WHO ARE COUNTED IN MEMBERSHIP BY THE INTERMEDIATE
14 SCHOOL DISTRICT AND NOT COUNTED IN MEMBERSHIP BY ANOTHER
15 INTERMEDIATE SCHOOL DISTRICT, SCHOOL DISTRICT, OR PUBLIC SCHOOL
16 ACADEMY.

17 Enacting section 1. This amendatory act takes effect 90 days
18 after the date it is enacted into law.