

Act No. 108
Public Acts of 1991
Approved by the Governor
October 9, 1991
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**STATE OF MICHIGAN
86TH LEGISLATURE
REGULAR SESSION OF 1991**

Introduced by Reps. Keith and O'Neill

Reps. Alley, Anthony, Baade, Bandstra, Barns, Bender, Bennane, Byrum, Clack, Clarke, DeBeaussiaert, DeMars, Griffin, Gubow, Harder, Harrison, Hertel, Hillegonds, Hoffman, Hunter, Kosteva, Leland, Middaugh, Murphy, Muxlow, Nye, Oxender, Pitoniak, Randall, Saunders, Scott, Stallworth, Strand, Van Singel, Wallace, Wozniak and Joe Young, Sr. named co-sponsors

ENROLLED HOUSE BILL No. 4267

AN ACT to amend sections 1211 and 1216 of Act No. 451 of the Public Acts of 1976, entitled as amended "An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and classify the laws relating to elementary and secondary education; to provide for the classification, organization, regulation, and maintenance of schools, school districts, and intermediate school districts; to prescribe rights, powers, duties, and privileges of schools, school districts, and intermediate school districts; to provide for the regulation of school teachers and school administrators; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal certain acts and parts of acts," section 1211 as amended by Act No. 431 of the Public Acts of 1982, being sections 380.1211 and 380.1216 of the Michigan Compiled Laws; and to add part 7a.

The People of the State of Michigan enact:

Section 1. Sections 1211 and 1216 of Act No. 451 of the Public Acts of 1976, section 1211 as amended by Act No. 431 of the Public Acts of 1982, being sections 380.1211 and 380.1216 of the Michigan Compiled Laws, are amended and part 7a is added to read as follows:

PART 7A

SCHOOL DISTRICT COMMERCIAL AND INDUSTRIAL

PROPERTY TAX BASE SHARING

Sec. 751. (1) As used in this part:

(a) "Adjusted gross income per membership pupil" means for a school fiscal year the result obtained by dividing the school district's adjusted gross income for the most recent calendar year for which the data is available as of June 1 before the beginning of the school fiscal year, as certified by the department of treasury, by the school district's membership for the immediately preceding school year, as determined by the department.

(b) "Commercial and industrial property" means property classified as commercial real or personal, industrial real or personal, or utility personal under section 34c of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.34c of the Michigan Compiled Laws, and property subject to a specific local tax.

(c) "Commercial and industrial SEV" means the SEV for commercial and industrial property less the quotient of the amount of school operating taxes captured by and retained under a tax increment financing plan divided by the school district operating millage rate. For property subject to a specific local tax, the SEV for commercial and industrial property is the quotient of the specific local tax levied divided by the ad valorem millage rate. Commercial and industrial SEV shall be adjusted as provided in section 121 of the state school aid act of 1979, being section 388.1721 of the Michigan Compiled Laws.

(d) "Commercial and industrial SEV growth" means the positive difference between a school district's commercial and industrial SEV in the school fiscal year in which the calculation is made, reduced by the SEV for the immediately preceding school fiscal year of any property that has become commercial or industrial property because of a change in classification, and the school district's commercial and industrial SEV for the 1990-1991 school fiscal year.

(e) "In-formula district" means a school district that receives membership aid under section 21(1) of the state school aid act of 1979, being section 388.1621 of the Michigan Compiled Laws, unless the school district is eligible to file a statement under section 17(6) of the state school aid act of 1979, being section 388.1617 of the Michigan Compiled Laws, for the state fiscal year.

(f) "Out-of-formula district" means a school district with 500 or more pupils that does not receive membership aid under section 21(1) of the state school aid act of 1979 or that is eligible to file a statement under section 17(6) of the state school aid act of 1979 for the state fiscal year.

(g) "Region" means region one or region two.

(h) "Region one" means the area of the state comprised of the following counties: Alcona, Alger, Alpena, Antrim, Arenac, Baraga, Bay, Charlevoix, Cheboygan, Chippewa, Clare, Clinton, Crawford, Delta, Dickinson, Emmet, Genesee, Gladwin, Gogebic, Gratiot, Houghton, Huron, Iosco, Iron, Isabella, Kalkaska, Keweenaw, Lake, Lapeer, Luce, Mackinac, Macomb, Marquette, Mecosta, Menominee, Missaukee, Montmorency, Oakland, Ogemaw, Ontonagon, Osceola, Oscoda, Otsego, Presque Isle, Roscommon, St. Clair, Sanilac, Schoolcraft, Tuscola, and Wexford.

(i) "Region two" means the area of the state comprised of the following counties: Allegan, Barry, Benzie, Berrien, Branch, Calhoun, Cass, Eaton, Grand Traverse, Hillsdale, Ingham, Ionia, Jackson, Kalamazoo, Kent, Leelanau, Lenawee, Livingston, Manistee, Mason, Midland, Monroe, Montcalm, Muskegon, Newaygo, Oceana, Ottawa, Saginaw, St. Joseph, Shiawassee, Van Buren, Washtenaw, and Wayne.

(j) "Regional controller" means the treasurer or chief financial officer of the most populous intermediate school district in a region.

(k) "School district" means a school district and a local act school district or special act school district.

(l) "School operating millage" means millage levied for school operating purposes as described in section 7 of the state school aid act of 1979, being section 388.1607 of the Michigan Compiled Laws. For a school district that operates a community college under part 25, school operating millage does not include millage allocated by a resolution of the board of the school district to the operation of the community college.

(m) "SEV" means state equalized valuation as determined under the general property tax act, Act No. 206 of the Public Acts of 1893, being sections 211.1 to 211.157 of the Michigan Compiled Laws. For property subject to a specific local tax, SEV is the quotient of the specific local tax levied divided by the ad valorem millage rate. SEV shall be adjusted as provided in section 121 of the state school aid act of 1979.

(n) "Specific local tax" means a tax levied under Act No. 198 of the Public Acts of 1974, being sections 207.551 to 207.571 of the Michigan Compiled Laws, the commercial redevelopment act, Act No. 255 of the Public Acts of 1978, being sections 207.651 to 207.668 of the Michigan Compiled Laws, the technology park development act, Act No. 385 of the Public Acts of 1984, being sections 207.701 to 207.718 of the Michigan Compiled Laws, or Act No. 189 of the Public Acts of 1953, being sections 211.181 to 211.182 of the Michigan Compiled Laws.

(o) "State average adjusted gross income per membership pupil" means for a school fiscal year the sum of the adjusted gross income of all school districts for the most recent calendar year for which the data is available as of June 1 before the beginning of the school fiscal year, as certified by the department of treasury, divided by the total state pupil membership for the immediately preceding school year, as determined by the department.

(p) "State average total SEV per pupil" means the sum of the total SEV of all school districts as of July 1 of the school fiscal year in which the calculation is made divided by the total state pupil membership for the immediately preceding school year, as determined by the department.

(q) "Tax increment financing plan" means a financing plan adopted under the local development financing act, Act No. 281 of the Public Acts of 1986, being sections 125.2151 to 125.2174 of the Michigan Compiled Laws, the tax increment finance authority act, Act No. 450 of the Public Acts of 1980, being sections 125.1801 to 125.1830 of the Michigan Compiled Laws, or Act No. 197 of the Public Acts of 1975, being sections 125.1651 to 125.1681 of the Michigan Compiled Laws.

(r) "Total SEV growth" means the positive difference between a school district's total SEV in the school fiscal year in which the calculation is made and the school district's total SEV for the 1990-1991 school fiscal year.

(s) "Total SEV per pupil" means the result obtained by dividing a school district's total SEV by the school district's membership for the immediately preceding school year, as determined by the department.

(2) For the purposes of this part, a school district is considered to be located in the region in which the property constituting the majority of the school district's SEV is located.

(3) For the purposes of this section, the most populous intermediate school district in region one is Oakland intermediate school district and in region two is Wayne intermediate school district.

Sec. 752. (1) In order to receive any state school aid under the state school aid act of 1979, beginning with the school fiscal year that begins on July 1, 1991, and for each succeeding school fiscal year, a school district shall do all of the following:

(a) Not later than September 30 for the 1991-1992 school fiscal year and not later than September 1 for each succeeding school fiscal year, the school district shall file with the regional controller for the region in which the school district is located a statement of anticipated state school aid status that certifies whether the school district expects to be an in-formula district or an out-of-formula district for the next succeeding state fiscal year.

(b) Subject to subsections (3) through (8), not later than November 15 for the 1991-1992 school fiscal year and not later than October 15 for each succeeding school fiscal year, each school district that has not certified under subdivision (a) that it expected to be an in-formula district shall pay to the regional controller for the region in which the school district is located an amount equal to a percentage of the commercial and industrial SEV growth in that school district multiplied by the school district's total school operating millage that is levied in the summer. The percentage of commercial and industrial SEV growth used to calculate the amount a school district is to pay under this subdivision shall be 1% for every 1% that the school district's adjusted gross income per membership pupil exceeds 75% of the state average adjusted gross income per membership pupil, up to a maximum of 50% of commercial and industrial SEV growth. For a school district with total SEV per pupil that is 2.5 times the state average total SEV per pupil or more, the percentage used shall be 50%.

(c) Subject to subsections (3) through (8), not later than March 15 each school fiscal year, each school district that has been determined by the department as of March 1 to be an out-of-formula district for that state fiscal year shall pay to the regional controller for the region in which the school district is located an amount equal to a percentage of the commercial and industrial SEV growth in that school district multiplied by the school district's total school operating millage levied for the school fiscal year in which the calculation is made, less any amount the school district paid pursuant to subdivision (b). The percentage of commercial and industrial SEV growth used to calculate the amount a school district is to pay under this subdivision shall be 1% for every 1% that the school district's adjusted gross income per membership pupil exceeds 75% of the state average adjusted gross income per membership pupil, up to a maximum of 50%. For a school district with total SEV per pupil that is 2.5 times the state average total SEV per pupil or more, the percentage used shall be 50%. In addition, a school district that certified under subdivision (a) that it expected to be an in-formula district but was subsequently determined by the department to be an out-of-formula district shall pay to the regional controller for the region an amount equal to any amount the school district had received from the regional controller under subsection (2)(a) plus interest earned on that amount.

(2) A regional controller shall do all of the following:

(a) Not later than December 15 for the 1991-1992 school fiscal year and not later than November 15 for each succeeding school fiscal year, the regional controller shall calculate an amount of aid per in-formula district pupil by dividing the total amount of the payments received under subsection (1)(b) and under subsection (6) for that time period in the region plus the interest earned on that money under subsection (9) by the total number of pupils in membership as determined by the department as of November 1 in all of the school districts in the region that have certified under subsection (1)(a) an expectation to be an in-formula district and shall pay each of those school districts an amount equal to the amount of aid per in-formula district pupil multiplied by the school district's membership as determined by the department as of November 1.

(b) Not later than April 15 of each school fiscal year, the regional controller shall calculate the total amount of aid per in-formula district pupil by dividing the total amount of the payments received under subsection (1)(b) and under subsections (1)(c) and (6) for that time period in the region plus the interest earned on that

money under subsection (9) by the total number of pupils in membership in all of the in-formula districts in the region as determined by the department as of April 1 and shall pay each in-formula district in the region an amount equal to the total amount of aid per in-formula district pupil multiplied by the school district's membership as determined by the department as of April 1, less the amount paid to the in-formula district under subdivision (a). In addition, if a school district in the region certified under subsection (1)(a) that it expected to be an out-of-formula district or was determined under subsection (1)(c) to be an out-of-formula district but was determined by the department as of April 1 to be an in-formula district, the regional controller shall adjust the calculation made under this subsection by subtracting from the total amount of the payments received under subsection (1)(c) an amount equal to the sum of the amount the school district delivered pursuant to subsection (1)(b) plus the amount the school district should have received under subdivision (a) and shall pay that sum to the school district.

(c) Not later than 15 days after making payments to in-formula districts under subdivision (a) or (b), the regional controller shall report to the department and to the state treasurer the total amount of the payment received from each school district under subsections (1)(b), (1)(c), and (6) for that time period and the total amount of the payment made to each school district under subdivisions (a) and (b) for that time period. The department shall audit the reported payments not later than August 31.

(3) If the department determines that the total amount of aid per in-formula district pupil paid under subsection (2)(a) and (b) in a region in a state fiscal year varied by more than 10% from the state average amount of aid per in-formula district pupil paid under subsection (2)(a) and (b) in that state fiscal year, the department shall submit a report certifying that variance to the legislature and the governor not later than June 1 or the next business day after June 1. Unless the legislature enacts legislation before July 1 that redefines the boundaries of each region to reduce the variance to 10% or less, beginning in the next succeeding school fiscal year and for each subsequent school fiscal year and subject to subsections (4) through (8), each out-of-formula district shall make payments to the chief financial officer of the Oakland intermediate school district and that individual shall make payments to each in-formula district as if the entire state were a single region under this part and he or she were the regional controller.

(4) If a school district that is not subject to subsection (5) levies 40 or more school operating mills at the time a payment is due under subsection (1) or (3), the amount that school district is required to pay under subsection (1) or (3) shall be calculated by using either the percentage specified in subsection (1) of the school district's commercial and industrial SEV growth or the percentage under this subsection of the school district's total SEV growth, whichever is less. The percentage of total SEV growth used to calculate the amount a school district is to pay shall be 1/2% for every 1% that the school district's adjusted gross income per membership pupil exceeds 75% of the state average adjusted gross income per membership pupil, up to a maximum of 25%.

(5) If a school district levies school operating mills for a school fiscal year in which a payment is due under subsection (1) or (3) at a rate that is 20% or more above the state average school operating millage rate for the immediately preceding state fiscal year as certified by the department and has a deduction against its school aid allocation of \$0.00 under section 21(5), (6), (7), and (8) of the state school aid act of 1979, being section 388.1621 of the Michigan Compiled Laws, the amount the school district is required to pay under subsection (1) or (3) shall be calculated using the percentage under this subsection of the school district's commercial and industrial SEV growth. The percentage of commercial and industrial SEV growth used to calculate the amount a school district is to pay shall be 1/2% for every 1% that the school district's adjusted gross income per membership pupil exceeds 75% of the state average adjusted gross income per membership pupil, up to a maximum of 25%.

(6) If a school district files a statement with the department before the due date of any payment required under subsection (1) or (3) that claims that payment by the school district of the required amount would result in the school district's resources being diminished to a per pupil amount less than the gross membership allowance under section 21(1) of the state school aid act of 1979, being section 388.1621 of the Michigan Compiled Laws, the amount the school district is required to pay is reduced to the amount that the school district is able to pay without that result. A claim made under this subsection is subject to audit by the department. If the department determines that a school district that claimed and received a reduction under this subsection was not entitled to the reduction, the department shall deduct the dollar amount of the reduction from the school district's next state school aid payment and shall pay that amount to the regional controller for the region in which the school district is located to be included in the amount paid out in the next payments the regional controller makes under subsection (2)(a) or (b).

(7) In the 1992-1993 school fiscal year only, the amount that a school district is required to pay under subsection (1) or (3) shall not exceed the amount the school district was required to pay under subsection (1) in the 1991-1992 school fiscal year.

(8) If an adjustment in a school district's SEV pursuant to section 121 of the state school aid act of 1979, being section 388.1721 of the Michigan Compiled Laws, results in a school district having paid more than it was required to pay under subsection (1), the following apply to correct the overpayment:

(a) If the adjustment is made before January 1 of a school fiscal year, the following apply:

(i) The amount the school district is required to pay for that school fiscal year under subsection (1)(c) shall be reduced by the amount of the overpayment.

(ii) If the reduction under subparagraph (i) is not sufficient to correct the overpayment, the regional controller for the region in which the school district is located shall deduct the remaining amount of the overpayment from the total amount the regional controller has available for making payments for that school fiscal year under subsection (2)(b) and shall pay the remaining amount of the overpayment to the school district not later than April 15 of that school fiscal year. The regional controller shall reduce the amounts paid to in-formula districts for that school fiscal year under subsection (2)(b) accordingly.

(b) If the adjustment is made after January 1 of a school fiscal year, the following apply:

(i) The amount the school district is required to pay for the next succeeding school fiscal year under subsection (1)(b) shall be reduced by the amount of the overpayment.

(ii) If the reduction under subparagraph (i) is not sufficient to correct the overpayment, the regional controller for the region in which the school district is located shall deduct the remaining amount of the overpayment from the total amount the regional controller has available for making payments for the next succeeding school fiscal year under subsection (2)(a) and shall pay the remaining amount of the overpayment to the school district not later than November 15 of the next succeeding school fiscal year. The regional controller shall reduce the amounts paid to in-formula districts for the next succeeding school fiscal year under subsection (2)(a) accordingly.

(9) Money paid to a regional controller under subsections (1) and (6) or to the chief financial officer of the Oakland intermediate school district under subsection (3) is the property of the in-formula districts in the region from the time it is received by the regional controller or chief financial officer. However, the regional controller or chief financial officer may invest that money in the same manner in which the intermediate school district invests its funds under section 622 until the regional controller or chief financial officer pays out the money pursuant to subsection (2) or (3).

(10) This section does not apply to a school district organized as a primary district that is an out-of-formula district.

Sec. 753. (1) Beginning with the school fiscal year that begins on July 1, 1991 and for each succeeding school fiscal year, if section 752 is not in effect, a school district shall not levy operating millage greater than the millage allocated to the school district under section 5i or 11 of the property tax limitation act, Act No. 62 of the Public Acts of 1933, being sections 211.205i and 211.211 of the Michigan Compiled Laws, unless the school district does all of the following:

(a) Not later than September 30 for the 1991-1992 school fiscal year and not later than September 1 for each succeeding school fiscal year, the school district shall file with the regional controller for the region in which the school district is located a statement of anticipated state school aid status that certifies whether the school district expects to be an in-formula district or an out-of-formula district for the next succeeding state fiscal year.

(b) Subject to subsections (4) through (9), not later than November 15 for the 1991-1992 school fiscal year and not later than October 15 for each succeeding school fiscal year, each school district that has not certified under subdivision (a) that it expected to be an in-formula district shall pay to the regional controller for the region in which the school district is located an amount equal to a percentage of the commercial and industrial SEV growth in that school district multiplied by the school district's total school operating millage that is levied in the summer. The percentage of commercial and industrial SEV growth used to calculate the amount a school district is to pay under this subdivision shall be 1% for every 1% that the school district's adjusted gross income per membership pupil exceeds 75% of the state average adjusted gross income per membership pupil, up to a maximum of 50% of commercial and industrial SEV growth. For a school district with total SEV per pupil that is 2.5 times the state average total SEV per pupil or more, the percentage used shall be 50%.

(c) Subject to subsections (4) through (9), not later than March 15 of each school fiscal year, each school district that has been determined by the department of education as of March 1 to be an out-of-formula district for that state fiscal year shall pay to the regional controller for the region in which the school district is located an amount equal to a percentage of the commercial and industrial SEV growth in that school district multiplied by the school district's total school operating millage levied for the school fiscal year in which the calculation is made, less any amount the school district paid pursuant to subdivision (b). The percentage of commercial and industrial SEV growth used to calculate the amount a school district is to pay under this subdivision shall be 1% for every 1% that the school district's adjusted gross income per membership pupil exceeds 75% of the state average adjusted gross income per membership pupil, up to a maximum of 50%. For a school district with total SEV per pupil that is 2.5 times the state average total SEV per pupil or more, the percentage used shall be 50%. In addition, a school district that certified under subdivision (a) that it expected

to be an in-formula district but was subsequently determined by the department to be an out-of-formula district shall pay to the regional controller an amount equal to any amount the school district had received from the regional controller under subsection (3)(a) plus interest earned on that amount.

(2) An out-of-formula district that does not levy operating millage greater than the millage allocated to the district under section 5i or 11 of Act No. 62 of the Public Acts of 1933 may contribute amounts equal to the amounts described in subsection (1) or (4) in the manner described in subsection (1) or (4).

(3) A regional controller shall do all of the following:

(a) Not later than December 15 for the 1991-1992 school fiscal year and not later than November 15 for each succeeding school fiscal year, the regional controller shall calculate an amount of aid per in-formula district pupil by dividing the total amount of the payments received under subsection (1)(b) and under subsections (2) and (7) for that time period in the region plus the interest earned on that money under subsection (10) by the total number of pupils in membership as determined by the department as of November 1 in all of the school districts in the region that have certified under subsection (1)(a) an expectation to be an in-formula district and shall pay each of those school districts an amount equal to the amount of aid per in-formula district pupil multiplied by the school district's membership as determined by the department as of November 1.

(b) Not later than April 15 of each school fiscal year, the regional controller shall calculate the total amount of aid per in-formula district pupil by dividing the total amount of the payments received under subsection (1)(b) and under subsections (1)(c), (2), and (7) for that time period in the region plus the interest earned on that money under subsection (10) by the total number of pupils in membership in all of the in-formula districts in the region as determined by the department as of April 1 and shall pay each in-formula district in the region an amount equal to the total amount of aid per in-formula district pupil multiplied by the school district's membership as determined by the department as of April 1, less the amount paid to the in-formula district under subdivision (a). In addition, if a school district in the region certified under subsection (1)(a) that it expected to be an out-of-formula district or was determined under subsection (1)(c) to be an out-of-formula district but was determined by the department as of April 1 to be an in-formula district, the regional controller shall adjust the calculation made under this subsection by subtracting from the total amount of the payments received under subsection (1)(c) an amount equal to the sum of the amount the school district delivered pursuant to subsection (1)(b) plus the amount the school district should have received under subdivision (a) and shall pay that sum to the school district.

(c) Not later than 15 days after making payments to in-formula districts under subdivision (a) or (b), the regional controller shall report to the department and to the state treasurer the total amount of the payment received from each school district under subsection (1)(b) or (c) and subsections (2) and (7) for that time period and the total amount of the payment made to each school district under subdivisions (a) and (b) for that time period. The department shall audit the reported payments not later than August 31.

(4) If the department determines that the total amount of aid per in-formula district pupil paid under subsection (3)(a) and (b) in a region in a state fiscal year varied by more than 10% from the state average amount of aid per in-formula district pupil paid under subsection (3)(a) and (b) in that state fiscal year, the department shall submit a report certifying that variance to the legislature and the governor not later than June 1 or the next business day after June 1. Unless the legislature enacts legislation before July 1 that redefines the boundaries of each region to reduce the variance to 10% or less, beginning in the next succeeding school fiscal year and for each subsequent school fiscal year and subject to subsections (5) through (9), each out-of-formula district shall make payments to the chief financial officer of the Oakland intermediate school district and that individual shall make payments to each in-formula district as if the entire state were a single region under this part and he or she were the regional controller. A school district described in subsection (2) may make payments under this subsection.

(5) If a school district that is not subject to subsection (6) levies 40 or more school operating mills at the time a payment is due under subsection (1) or (4), the amount that school district is required to pay under subsection (1) or (4) shall be calculated by using either the percentage specified in subsection (1) of the school district's commercial and industrial SEV growth or the percentage under this subsection of the school district's total SEV growth, whichever is less. The percentage of total SEV growth used to calculate the amount a school district is to pay shall be 1/2% for every 1% that the school district's adjusted gross income per membership pupil exceeds 75% of the state average adjusted gross income per membership pupil, up to a maximum of 25%.

(6) If a school district levies school operating mills for a school fiscal year in which a payment is due under subsection (1) or (4) at a rate that is 20% or more above the state average school operating millage rate for the immediately preceding state fiscal year as certified by the department and has a deduction against its school aid allocation of \$0.00 under section 21(5), (6), (7), and (8) of the state school aid act of 1979, being section 388.1621 of the Michigan Compiled Laws, the amount the school district is required to pay under subsection (1) or (4) shall be calculated using the percentage under this subsection of the school district's commercial and industrial SEV growth. The percentage of commercial and industrial SEV growth used to calculate the amount a school district is to pay shall be 1/2% for every 1% that the school district's adjusted gross income per

membership pupil exceeds 75% of the state average adjusted gross income per membership pupil, up to a maximum of 25%.

(7) If a school district files a statement with the department before the due date of any payment required under subsection (1) or (4) that claims that payment by the school district of the required amount would result in the school district's resources being diminished to a per pupil amount less than the gross membership allowance under section 21(1) of the state school aid act of 1979, being section 388.1621 of the Michigan Compiled Laws, the amount the school district is required to pay is reduced to the amount that the school district is able to pay without that result. A claim made under this subsection is subject to audit by the department. If the department determines that a school district that claimed and received a reduction under this subsection was not entitled to the reduction, the department shall deduct the dollar amount of the reduction from the school district's next state school aid payment and shall pay that amount to the regional controller for the region in which the school district is located to be included in the amount to be paid out in the next payments the regional controller makes under subsection (3)(a) or (b).

(8) In the 1992-1993 school fiscal year only, the amount that a school district is required to pay under subsection (1) or (4) shall not exceed the amount the school district was required to pay under subsection (1) in the 1991-1992 school fiscal year.

(9) If an adjustment in a school district's SEV pursuant to section 121 of the state school aid act of 1979, being section 388.1721 of the Michigan Compiled Laws, results in a school district having paid more than it was required to pay under subsection (1), the following apply to correct the overpayment:

(a) If the adjustment is made before January 1 of a school fiscal year, the following apply:

(i) The amount the school district is required to pay for that school fiscal year under subsection (1)(c) shall be reduced by the amount of the overpayment.

(ii) If the reduction under subparagraph (i) is not sufficient to correct the overpayment, the regional controller for the region in which the school district is located shall deduct the remaining amount of the overpayment from the total amount the regional controller has available for making payments for that school fiscal year under subsection (3)(b) and shall pay the remaining amount of the overpayment to the school district not later than April 15 of that school fiscal year. The regional controller shall reduce the amounts paid to in-formula districts for that school fiscal year under subsection (3)(b) accordingly.

(b) If the adjustment is made after January 1 of a school fiscal year, the following apply:

(i) The amount the school district is required to pay for the next succeeding school fiscal year under subsection (1)(b) shall be reduced by the amount of the overpayment.

(ii) If the reduction under subparagraph (i) is not sufficient to correct the overpayment, the regional controller for the region in which the school district is located shall deduct the remaining amount of the overpayment from the total amount the regional controller has available for making payments for the next succeeding school fiscal year under subsection (3)(a) and shall pay the remaining amount of the overpayment to the school district not later than April 15 of the next succeeding school fiscal year. The regional controller shall reduce the amounts paid to in-formula districts for the next succeeding school fiscal year under subsection (3)(a) accordingly.

(10) Money paid to a regional controller under subsections (1), (2), and (7) or to the chief financial officer of the Oakland intermediate school district under subsection (4) is the property of the in-formula districts in the region from the time it is received by the regional controller or chief financial officer. However, the regional controller or chief financial officer may invest that money in the same manner in which the intermediate school district invests its funds under section 622 until the controller or chief financial officer pays out the money pursuant to subsection (3) or (4).

(11) This section does not apply to a school district organized as a primary district that is an out-of-formula district.

(12) This section is not in effect in a school fiscal year in which section 752 is in effect.

Sec. 754. If a school district accepts a state school aid payment and does not comply with section 752 or a school district does not comply with section 753, the attorney general shall bring an action in a court of competent jurisdiction to compel compliance and to recover payments due under 1 or both of those sections or to recover state school aid payments accepted by a school district that does not comply with section 752.

Sec. 755. (1) In the 1991-1992 state fiscal year, the total amount of a deduction applied against a school district's state school aid allocation under section 21(5), (6), (7), and (8) of the state school aid act of 1979, being section 388.1621 of the Michigan Compiled Laws, shall be not more than that deduction for the school district in the 1990-1991 state fiscal year reduced by an amount equal to \$1.00 for every \$2.00 that the school district has paid in tax base sharing payments under section 752 or 753 in the school fiscal year ending in the state fiscal year.

(2) In the 1992-1993 state fiscal year, the total amount of a deduction applied against a school district's state school aid allocation under section 21(5), (6), (7), and (8) of the state school aid act of 1979 shall be not more than that deduction for the school district in the 1990-1991 state fiscal year reduced by an amount equal to \$2.00 for every \$1.00 that the school district has paid in tax base sharing payments under section 752 or 753 in the school fiscal year ending in the 1992-1993 state fiscal year.

(3) Beginning in the 1993-1994 state fiscal year and in each succeeding state fiscal year, the total amount of a deduction applied against a school district's state school aid allocation under section 21(5), (6), (7), and (8) of the state school aid act of 1979 shall be not more than that deduction for the school district in the 1990-1991 state fiscal year reduced by an amount equal to the amount that the school district has paid in tax base sharing payments under section 752 or 753 in the school fiscal year ending in the state fiscal year for which the deduction is applied.

(4) This section applies only in a state fiscal year in which either section 752 or 753 is in effect.

Sec. 756. The legislature shall not use the amount of money distributed to school districts as a result of commercial and industrial tax base sharing under this part to diminish the amount of general fund money it appropriates under the state school aid act of 1979.

Sec. 1211. (1) Subject to section 753, the board of a school district shall vote to levy taxes necessary for school operating purposes to conduct the educational programs authorized by the board. A vote under this subsection to levy operating millage greater than the millage allocated to the school district under section 5i or 11 of the property tax limitation act, Act No. 62 of the Public Acts of 1933, being sections 211.205i and 211.211 of the Michigan Compiled Laws, shall be considered a vote to comply with section 753.

(2) As used in this section, "school operating purposes" includes expenditures for furniture and equipment, for alterations necessary to maintain school facilities in a safe and sanitary condition, for funding the cost of energy conservation improvements in school facilities, for deficiencies in operating expenses for the preceding year, and for making payments required or permitted to be paid under section 752 or 753.

Sec. 1216. Except as provided in part 7a and in section 1a of chapter 7 of the municipal finance act, Act No. 202 of the Public Acts of 1943, being section 137.1a of the Michigan Compiled Laws, money raised by tax shall not be used for a purpose other than that for which it was raised without the consent of a majority of the school electors of the district voting on the question at an annual or special meeting or election.

Section 2. The legislature finds that this amendatory act will further the maintenance and support of the system of free public elementary and secondary schools as defined by law pursuant to section 2 of Article VIII of the state constitution of 1963.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved.....

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Governor.