

# HOUSE BILL No. 4965

June 17, 1991, Introduced by Reps. Nye, Oxender, Keith, Emerson, Hoekman, Fitzgerald, Bartnik, Griffin, London, Martin, Jondahl, Bender, Dalman, Munsell, DeLange, Walberg, Scott, Middleton, Van Singel, Hoffman, Profit, Gilmer, Gnodtke, Dolan, Harder, Perry Bullard and Strand and referred to the Committee on Taxation.

A bill to amend sections 144, 251, 335, 341, 432, 442, 624, 625, 629, 687, 690, 860, 1211, 1215, 1351, 1356, 1364, 1416, and 1451 of Act No. 451 of the Public Acts of 1976, entitled as amended

"The school code of 1976,"

sections 144, 251, 335, and 442 as amended by Act No. 22 of the Public Acts of 1985, section 624 as amended by Act No. 87 of the Public Acts of 1981, section 625 as amended by Act No. 78 of the Public Acts of 1984, section 629 as amended by Act No. 107 of the Public Acts of 1990, section 690 as amended by Act No. 5 of the Public Acts of 1985, section 1211 as amended by Act No. 431 of the Public Acts of 1982, section 1351 as amended by Act No. 352 of the Public Acts of 1990, and section 1356 as amended by Act No. 118 of the Public Acts of 1983, being sections 380.144, 380.251, 380.335, 380.341, 380.432, 380.442, 380.624, 380.625,

380.629, 380.687, 380.690, 380.860, 380.1211, 380.1215, 380.1351, 380.1356, 380.1364, 380.1416, and 380.1451 of the Michigan Compiled Laws; and to repeal certain parts of the act.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Section 1. Sections 144, 251, 335, 341, 432, 442, 624, 625,  
2 629, 687, 690, 860, 1211, 1215, 1351, 1356, 1364, 1416, and 1451  
3 of Act No. 451 of the Public Acts of 1976, sections 144, 251,  
4 335, and 442 as amended by Act No. 22 of the Public Acts of 1985,  
5 section 624 as amended by Act No. 87 of the Public Acts of 1981,  
6 section 625 as amended by Act No. 78 of the Public Acts of 1984,  
7 section 629 as amended by Act No. 107 of the Public Acts of 1990,  
8 section 690 as amended by Act No. 5 of the Public Acts of 1985,  
9 section 1211 as amended by Act No. 431 of the Public Acts of  
10 1982, section 1351 as amended by Act No. 352 of the Public Acts  
11 of 1990, and section 1356 as amended by Act No. 118 of the Public  
12 Acts of 1983, being sections 380.144, 380.251, 380.335, 380.341,  
13 380.432, 380.442, 380.624, 380.625, 380.629, 380.687, 380.690,  
14 380.860, 380.1211, 380.1215, 380.1351, 380.1356, 380.1364,  
15 380.1416, and 380.1451 of the Michigan Compiled Laws, are amended  
16 to read as follows:

17       Sec. 144. (1) The board of a school district operating a K  
18 to 12 program may:

19       (a) Borrow, subject to the municipal finance act, Act  
20 No. 202 of the Public Acts of 1943, as amended, being sections  
21 131.1 to 139.3 of the Michigan Compiled Laws, for temporary  
22 school purposes sums of money on terms the board ~~deems~~  
23 CONSIDERS desirable, and give notes of the school district for

1 temporary school purposes. A loan shall not be made for a sum  
2 which exceeds the amount ~~which~~ THAT has been voted by the board  
3 or the school electors of the district.

4 (b) Borrow, subject to Act No. 202 of the Public Acts of  
5 1943, as amended, sums of money to purchase sites for buildings,  
6 playgrounds, athletic fields, or agricultural farms; to purchase  
7 or erect and equip a building which the board is authorized to  
8 purchase and erect; or to make a permanent improvement which the  
9 board is authorized to make. The board may accomplish this by  
10 the issuance and sale of bonds of the school district in the form  
11 and on the terms the board ~~deems~~ CONSIDERS advisable.

12 (2) A loan shall not be made and bonds shall not be issued  
13 for a term longer than 30 years or ~~, except as otherwise pro-~~  
14 ~~vided in this subsection, for a sum which, together with the~~  
15 ~~total outstanding bonded indebtedness of the school district,~~  
16 ~~exceeds 5% of the state equalized valuation of the taxable prop-~~  
17 ~~erty within the district,~~ unless the proposition of making the  
18 loans or of issuing bonds is submitted to a vote of the school  
19 electors of the district at an annual or special school election  
20 and approved by the majority of the school electors voting on the  
21 question. ~~Regardless of the amount of outstanding bonded~~  
22 ~~indebtedness of the school district~~ HOWEVER, a vote of the  
23 school electors is not necessary in order to issue bonds for a  
24 purpose described in section 1274a. Bonds which require the  
25 approval of the school electors may be issued for the purposes  
26 stated in this section in an amount equal to that provided by  
27 part 17.

1       Sec. 251. (1) The board may:

2       (a) Borrow, subject to the municipal finance act, Act  
3 No. 202 of the Public Acts of 1943, as amended, being sections  
4 131.1 to 139.3 of the Michigan Compiled Laws, for temporary  
5 school purposes sums of money on terms the board ~~deems~~  
6 CONSIDERS desirable and give notes of the school district for  
7 temporary school purposes. A loan shall not be made for a sum  
8 which exceeds the amount ~~which~~ THAT has been voted by the board  
9 or the school electors of the district.

10       (b) Borrow, subject to Act No. 202 of the Public Acts of  
11 1943, as amended, sums of money the board ~~deems~~ CONSIDERS nec-  
12 essary to purchase sites for buildings, playgrounds, athletic  
13 fields, or agricultural farms; to purchase or erect and equip a  
14 building which the board is authorized to purchase and erect; or  
15 to make a permanent improvement which the board is authorized to  
16 make. The board may accomplish this by the issuance and sale of  
17 bonds of the school district in the form and on terms the board  
18 ~~deems~~ CONSIDERS advisable, or by other evidences of indebted-  
19 ness which the district is authorized to issue.

20       (2) A loan shall not be made and bonds shall not be issued  
21 for a term longer than 30 years or ~~, except as otherwise pro-~~  
22 ~~vided in this subsection, for a sum which, together with the~~  
23 ~~total outstanding bonded indebtedness of the school district,~~  
24 ~~exceeds 5% of the state equalized valuation of the taxable prop-~~  
25 ~~erty within the district,~~ unless the proposition of making the  
26 loan or of issuing bonds is submitted first to a vote of the  
27 school electors of the district at an annual or special school

1 election and approved by the majority of the school electors  
2 voting on the proposition. ~~Regardless of the amount of out-~~  
3 ~~standing bonded indebtedness of the school district~~ HOWEVER, a  
4 vote of the school electors is not necessary in order to issue  
5 bonds for a purpose described in section 1274a. Loans may be  
6 made or bonds may be issued for the purposes stated in this sec-  
7 tion in amounts prescribed in part 17.

8 Sec. 335. (1) The board may:

9 (a) Borrow, subject to the municipal finance act, Act  
10 No. 202 of the Public Acts of 1943, as amended, being sections  
11 131.1 to 139.3 of the Michigan Compiled Laws, for temporary  
12 school purposes sums of money on terms the board ~~deems~~  
13 CONSIDERS desirable and give notes of the district for temporary  
14 school purposes.

15 (b) Borrow, subject to Act No. 202 of the Public Acts of  
16 1943, as amended, sums of money the board ~~deems~~ CONSIDERS nec-  
17 essary to purchase sites for buildings, playgrounds, athletic  
18 fields, or agricultural farms, to purchase or erect and equip  
19 buildings which the board is authorized to purchase and erect,  
20 and to make permanent improvements which the board is authorized  
21 to make. The board may accomplish this by the issuance and sale  
22 of bonds of the school district in the form or on terms the board  
23 ~~deems~~ CONSIDERS advisable or by any other reasonable means.

24 (2) A loan shall not be made and bonds shall not be issued  
25 for a term longer than 30 years ~~nor, except as otherwise pro-~~  
26 ~~vided in this subsection, for a sum which, together with the~~  
27 ~~total outstanding bonded indebtedness of the school district,~~

1 ~~exceeds 5% of the state equalized valuation of the taxable~~  
2 ~~property within the district,~~ OR unless the proposition of  
3 making the loans or of issuing bonds is submitted to a vote of  
4 the school electors of the district at a general or special  
5 school election and approved by the majority of the school elec-  
6 tors voting on the question. ~~Regardless of the amount of out-~~  
7 ~~standing bonded indebtedness of the school district~~ HOWEVER, a  
8 vote of the school electors is not necessary in order to issue  
9 bonds for a purpose described in section 1274a. Loans may be  
10 made or bonds may be issued for the purposes stated in this sec-  
11 tion in an amount equal to that provided by part 17.

12       Sec. 341. (1) The board shall prepare annual estimates of  
13 the amount of LOCAL INCOME taxes necessary for its needs for the  
14 ensuing fiscal year. The estimates shall specify the amount  
15 required for the "general fund", the amount required for the  
16 "building and sites fund", and the amount required for the "debt  
17 retirement fund", in accordance with THE MUNICIPAL FINANCE ACT,  
18 Act No. 202 of the Public Acts of 1943, as amended, BEING SEC-  
19 TIONS 131.1 TO 139.3 OF THE MICHIGAN COMPILED LAWS, and outstand-  
20 ing bonding resolutions.

21       (2) The board may include in the "building and sites fund"  
22 an amount not exceeding in 1 year .01% of the state equalized  
23 valuation to establish and maintain a school district insurance  
24 reserve fund from which school buildings or other school property  
25 damaged or destroyed by fire, lightning, or otherwise, may be  
26 repaired, rebuilt, or replaced by other buildings or property to  
27 be used in its place. ~~Taxes~~ LOCAL INCOME TAXES shall not be

1 levied for this purpose while the insurance reserve fund exceeds  
2 or equals .1% of the state equalized valuation. The board shall  
3 carry the insurance reserves forward as an encumbered reserve and  
4 may add thereto in the manner prescribed in this section.

5 Insurance reserve funds may be invested in the manner provided in  
6 section 1223. Income shall be considered a part of the "general  
7 fund". If an emergency is declared by a 2/3 vote of the members  
8 elected to and serving on the board, the insurance reserve funds  
9 may be borrowed for the emergency, but the funds shall be  
10 returned to the insurance reserve fund from the collection of  
11 LOCAL INCOME taxes in the next ensuing fiscal year.

12 (3) The board shall adopt a budget in the same manner and  
13 form as required for its estimates and determine the amount of  
14 LOCAL INCOME tax levy necessary for the budget. The board shall  
15 certify the amount to the city and township before the date  
16 required by law.

17 (4) The proper officials of the city and township shall  
18 apportion the school LOCAL INCOME taxes in the district in the  
19 same manner as the other taxes of the city or township are  
20 apportioned. The amount apportioned shall be ~~assessed,~~ levied,  
21 collected, and returned for each portion of the school district  
22 in the same manner as LOCAL INCOME taxes of the city or township  
23 in which the portion of the school district is located. The  
24 LOCAL INCOME tax levied by the board, in the discretion of the  
25 legislative body of the city or township, may be stated sepa-  
26 rately on each tax bill.

1       Sec. 432. (1) The first class school district board  
2 annually shall prepare estimates of the amount of LOCAL INCOME  
3 taxes necessary for its needs for the ensuing fiscal year. The  
4 estimates shall specify the amount required for the "general  
5 fund", the amount required for the "building and site fund", and  
6 the amount required for the "debt retirement fund". If the board  
7 causes the appropriation for the "building and site fund" to be  
8 raised by the issuance of bonds instead of raising the appropria-  
9 tion by taxation, provision shall be made for the retirement of  
10 the bonds in a debt retirement fund.

11       (2) The board shall adopt a budget in the same manner and  
12 form as required for its estimates and determine the amount of  
13 LOCAL INCOME tax levy necessary for that budget and shall certify  
14 on or before the date required by law the amount to the city.

15       (3) The proper officials of the city shall apportion the  
16 school LOCAL INCOME taxes in the same manner as the other taxes  
17 of the city are apportioned, and the amount apportioned shall be  
18 ~~assessed,~~ levied, collected, and returned for the school dis-  
19 trict in the same manner as LOCAL INCOME taxes of the city. The  
20 LOCAL INCOME tax levied by the board, in the discretion of the  
21 legislative body of the city, may be stated separately on each  
22 tax bill.

23       Sec. 442. (1) The first class school district board may:

24       (a) Borrow, subject to the municipal finance act, Act  
25 No. 202 of the Public Acts of 1943, as amended, being sections  
26 131.1 to 139.3 of the Michigan Compiled Laws, for temporary



1 school purposes sums of money and give notes of the district for  
2 temporary school purposes.

3 (b) Borrow, subject to Act No. 202 of the Public Acts of  
4 1943, as amended, sums of money for the purpose of purchasing  
5 sites for buildings, playgrounds, or athletic fields and purchas-  
6 ing or erecting and equipping a building or making a permanent  
7 improvement which it is authorized to make. The board may accom-  
8 plish this by the issuance and sale of bonds of the school dis-  
9 trict on terms the board ~~deems~~ CONSIDERS advisable, or by other  
10 reasonable means. The board shall designate officers to execute  
11 the bonds on behalf of the school district. The designated offi-  
12 cers may include the chief fiscal officer.

13 (2) A loan shall not be made and bonds shall not be issued  
14 for a term longer than 30 years ~~nor, except as otherwise pro-~~  
15 ~~vided in this subsection, for a sum which, together with the~~  
16 ~~total outstanding bonded indebtedness of the school district,~~  
17 ~~exceeds 5% of the state equalized valuation of the taxable prop-~~  
18 ~~erty within the district,~~ OR unless the proposition of making  
19 the loans or of issuing bonds is submitted to a vote of the  
20 school electors of the district at a general or special school  
21 election and approved by the majority of the school electors  
22 voting on the question. ~~Regardless of the amount of outstanding~~  
23 ~~bonded indebtedness of the school district~~ HOWEVER, a vote of  
24 the school electors is not necessary in order to issue bonds for  
25 a purpose described in section 1274a. Loans may be made or bonds  
26 may be issued for the purposes stated in this section in an  
27 amount equal to that provided by part 17.

1       Sec. 624. (1) The intermediate school board shall prepare  
2 an annual general fund operating budget. ~~which shall be in the~~  
3 ~~form prescribed by the county tax allocation board.~~

4       (2) Not later than March 1 of each year, the board shall  
5 submit the budget to a meeting of 1 board member named from each  
6 constituent district to represent the district. At the meeting  
7 the president of the intermediate school board shall preside, and  
8 the intermediate secretary shall keep the minutes. The represen-  
9 tatives of constituent district boards, by a majority vote of  
10 those present and voting, shall determine the maximum amount of  
11 the intermediate school district general fund operating budget,  
12 but shall not make final determinations as to line items in the  
13 budget. After the meeting, the intermediate school board shall  
14 file its budget with the county clerks of the counties in which  
15 it is situated. ~~, except in counties which have established~~  
16 ~~separate tax limitation millage rates pursuant to sections 5a to~~  
17 ~~5m of Act No. 62 of the Public Acts of 1933, as amended, being~~  
18 ~~sections 211.205a to 211.205m of the Michigan Compiled Laws.~~ The  
19 maximum amount of the budget shall not exceed that approved by  
20 the majority of the school board representatives of constituent  
21 districts. ~~Each county clerk receiving the budget shall deliver~~  
22 ~~it to the tax allocation board in the same manner as other school~~  
23 ~~district budgets are handled.~~

24       ~~(3) The tax allocation board shall receive the budget from~~  
25 ~~its county clerk, shall treat it as other school district budgets~~  
26 ~~are treated, and shall allocate a tax rate to the intermediate~~  
27 ~~school district. Not later than September 1 of each year, or not~~

1 ~~later than 5 days after an election if taxes are authorized at~~  
 2 ~~the election held pursuant to section 36(2) of Act No. 206 of~~  
 3 ~~the Public Acts of 1893, as amended, being section 211.36 of the~~  
 4 ~~Michigan Compiled Laws, the secretary of the intermediate school~~  
 5 ~~board shall file a certified copy of the resolution of the inter-~~  
 6 ~~mediate school board certifying the taxes to be levied on the~~  
 7 ~~taxable property within the intermediate school district with the~~  
 8 ~~clerk of each city and township in which the district is~~  
 9 ~~situated.~~

10 (3) ~~(4)~~ As used in this section, "general fund operating  
 11 budget" means the budget which includes revenues from ~~the inter-~~  
 12 ~~mediate school district's share of the 15 mills as determined by~~  
 13 ~~the tax allocation board or by referendum~~ A LOCAL INCOME TAX  
 14 LEVIED BY THE INTERMEDIATE SCHOOL DISTRICT, PAYMENTS RECEIVED  
 15 FROM LOCAL SCHOOL DISTRICTS, and state school aid. Disbursements  
 16 from the general fund operating budget shall apply to those  
 17 expenditures required for the operation of all district programs  
 18 except cooperative education, special education, and vocational  
 19 education, and may apply to any expenditures from the general  
 20 fund to assist with the costs of cooperative education, special  
 21 education, and vocational education.

22 Sec. 625. (1) Intermediate school district LOCAL INCOME  
 23 taxes shall be ~~spread on the tax roll and shall be~~ APPROVED AND  
 24 collected pursuant to this act and the ~~general property tax act,~~  
 25 ~~Act No. 206 of the Public Acts of 1893, being sections 211.1 to~~  
 26 ~~211.157 of the Michigan Compiled Laws~~ LOCAL INCOME TAX ACT.

1       (2) Taxes collected under this part by a city or township  
2 treasurer shall be paid to the treasurer of the intermediate  
3 school board pursuant to ~~section 43 of Act No. 206 of the Public~~  
4 ~~Acts of 1893, being section 211.43 of the Michigan Compiled Laws,~~  
5 ~~or to the county treasurer in the same manner as other county~~  
6 ~~taxes are paid and similar accounts and records shall be kept~~  
7 THE LOCAL INCOME TAX ACT. The county treasurer shall pay the  
8 funds received under this part to the treasurer of the intermedi-  
9 ate school board. County treasurers of counties in which frac-  
10 tions of intermediate school districts are situated shall pay  
11 those funds collected under this part to the treasurer of the  
12 intermediate school board.

13       ~~(3) Intermediate school district taxes shall be assessed,~~  
14 ~~levied, and collected as provided in this act and Act No. 206 of~~  
15 ~~the Public Acts of 1893, as amended, being sections 211.1 to~~  
16 ~~211.157 of the Michigan Compiled Laws. Budgets shall be submit-~~  
17 ~~ted and intermediate school districts shall be governed by Act~~  
18 ~~No. 62 of the Public Acts of 1933, as amended, being sections~~  
19 ~~211.201 to 211.217a of the Michigan Compiled Laws.~~

20       ~~(4) Except as provided in subsection (5), the intermediate~~  
21 ~~school board shall receive from the county treasurer the same~~  
22 ~~reports of delinquent taxes due school districts as the treasurer~~  
23 ~~is required by law to file with township and city clerks and~~  
24 ~~shall compute from that report the amount of delinquent school~~  
25 ~~taxes due each constituent district in the intermediate school~~  
26 ~~district. The county treasurer at the time of making monthly~~  
27 ~~settlements with the township and city treasurers of the county~~

~~1 shall file with the secretary of each intermediate school  
2 district board having territory in the county a statement of all  
3 delinquent school taxes which are included in the amounts sent by  
4 the county treasurer to the township and city treasurers of the  
5 county, together with the descriptions upon which the delinquent  
6 school taxes have been paid. Each intermediate school board,  
7 upon receipt of these statements, shall compute the amounts of  
8 delinquent school taxes and interest thereon included in the  
9 statement due each constituent district of the intermediate  
10 school district. Within 30 days after receiving the statement of  
11 the county treasurer, the intermediate school board shall give  
12 notice to the secretary of each constituent district board of the  
13 amount of delinquent school tax and interest thereon that belongs  
14 to the constituent district and which was included in the amount  
15 sent by the county treasurer to the treasurer of the township or  
16 city in which the constituent district is located.~~

~~17 (5) The procedure for reporting delinquent taxes does not  
18 apply in a county which has created a delinquent tax revolving  
19 fund under section 87b of Act No. 206 of the Public Acts of 1893,  
20 as amended.~~

21 Sec. 629. (1) An intermediate school board may borrow,  
22 subject to the municipal finance act, Act No. 202 of the Public  
23 Acts of 1943, as amended, being sections 131.1 to 139.3 of the  
24 Michigan Compiled Laws, sums of money on terms the intermediate  
25 school board considers necessary for 1 or more of the following  
26 purposes:

1 (a) For temporary purposes for which the intermediate school  
2 board may give notes of the intermediate school district. The  
3 intermediate school board shall not borrow a sum that exceeds the  
4 amount that has been voted by the intermediate school board or  
5 the school electors of the district.

6 (b) To purchase sites for buildings; to purchase, erect,  
7 complete, remodel, improve, furnish, refurnish, equip, or reequip  
8 buildings and facilities the board is authorized to acquire,  
9 including, but not limited to, general administrative, vocation-  
10 al, or special education buildings or facilities, or parts of  
11 those buildings or facilities, or additions to those buildings or  
12 facilities, and prepare, develop, or improve sites for those  
13 buildings or facilities; to purchase and install interactive  
14 audiovisual and telecommunications systems together with  
15 antennas, transmitters, receivers, and other related equipment;  
16 and to issue and sell bonds of the intermediate school district  
17 in the form and on the terms the board considers advisable.

18 (2) An intermediate school board shall not borrow money or  
19 issue bonds for a term longer than 30 years or ~~, except as oth-~~  
20 ~~erwise provided in this subsection, for a sum which, together~~  
21 ~~with the total outstanding bonded indebtedness of the intermedi-~~  
22 ~~ate school district, exceeds 1/9 of 1% of the state equalized~~  
23 ~~valuation of the taxable property within the district, unless~~  
24 the proposition of borrowing the money or issuing bonds is sub-  
25 mitted first to a vote of the school electors of the intermediate  
26 school district held under sections 661 and 662 and approved by  
27 the majority of the registered school electors voting on the

1 question. ~~Regardless of the amount of outstanding bonded~~  
2 ~~indebtedness of the intermediate school district~~ HOWEVER, a vote  
3 of the school electors is not necessary in order to issue bonds  
4 for a purpose described in section 1274a. Money may be borrowed  
5 and bonds may be issued for the purposes stated in this section  
6 in an amount equal to that provided by part 17. ~~Bonds autho-~~  
7 ~~rized by vote of the school electors for special education facil-~~  
8 ~~ities under part 30 and for area vocational technical education~~  
9 ~~facilities under sections 681 to 690 shall not be included in~~  
10 ~~computing the 1/9 of 1% bonded indebtedness.~~

11       Sec. 687. (1) An intermediate school board in which an  
12 area vocational-technical education program is established, by a  
13 majority vote of the intermediate school electors voting on the  
14 question at an annual or at a special election called for that  
15 purpose, may borrow money and issue bonds of the intermediate  
16 school district subject to THE MUNICIPAL FINANCE ACT, Act No.  
17 202 of the Public Acts of 1943, as amended, BEING SECTIONS 131.1  
18 TO 139.3 OF THE MICHIGAN COMPILED LAWS, to defray all or part of  
19 the cost of purchasing, erecting, completing, remodeling, improv-  
20 ing, furnishing, refurnishing, equipping, or reequipping area  
21 vocational-technical buildings and other facilities, or parts  
22 thereof or additions thereto; acquiring, preparing, developing,  
23 or improving sites, or parts thereof or additions thereto, for  
24 area vocational-technical buildings and other facilities; refund-  
25 ing all or part of existing bonded indebtedness; or accomplishing  
26 a combination of the foregoing purposes. An intermediate school  
27 district shall not issue bonds under this part ~~for an amount~~

1 ~~greater than 1.5% of the total assessed valuation of the~~  
2 ~~intermediate school district, nor shall the bonded indebtedness~~  
3 ~~of an intermediate school district~~ THAT extend beyond a period  
4 of 30 years for money borrowed.

5 ~~(2) Refunding bonds or the refunding part of a bond issue~~  
6 ~~shall not be deemed to be within the 1.5% limitation but shall be~~  
7 ~~deemed to be authorized in addition thereto. A bond qualified~~  
8 ~~under section 16 of article 9 of the state constitution of 1963~~  
9 ~~and implementing legislation shall not be included for purposes~~  
10 ~~of calculating the foregoing 1.5% limitation.~~

11 (2) ~~(3)~~ An intermediate school board may submit a proposal  
12 to issue bonds of the intermediate school district, authorized  
13 under this section, to the intermediate school electors at the  
14 same election at which the intermediate school electors vote on  
15 the establishment of an area vocational-technical education  
16 program. If these questions are presented to the school electors  
17 at the same election, the board shall include the bond proposal  
18 in the 60-day notice given the boards of constituent districts.  
19 The establishment of an area vocational-technical education pro-  
20 gram shall become effective if approved by a majority of the  
21 intermediate school electors voting on the question. The author-  
22 ity to issue bonds is effective only if a majority of the inter-  
23 mediate school electors approve both the establishment of the  
24 area vocational-technical education program and the issuance of  
25 bonds.



1       (3) ~~-(4)-~~ The ballot used in submitting the question of  
2 borrowing money and issuing bonds under this section shall be in  
3 substantially the following form:

4       "Shall \_\_\_\_\_ (here state the legal name of the interme-  
5 diate school district designating the name of a district of not  
6 less than 18,000 pupils or first or second class school district  
7 which has elected not to come under this act as far as an area  
8 vocational-technical education program is concerned) state of  
9 Michigan, borrow the sum of not to exceed \$\_\_\_\_\_ and issue  
10 its bonds therefor, for the purpose of \_\_\_\_\_?"

11       Yes (    )

12       No   (    )"

13       Sec. 690. (1) A school district of not less than 18,000  
14 pupils, a first or second class school district, or a school dis-  
15 trict offering or making available to its pupils a comprehensive  
16 vocational education program approved by the state board, may  
17 elect not to come under an area vocational-technical education  
18 program as defined in section 3(2) by resolution adopted by its  
19 board not later than 30 days after receipt of notice that the  
20 question of establishing the area vocational-technical education  
21 program will be submitted to the school electors of the  
22 district.

23       (2) A school district electing not to come under the area  
24 vocational-technical education program may thereafter elect to  
25 come under the program if at a special or annual election a  
26 majority of the registered school electors voting approve the

1 operation of the area vocational-technical education program and  
2 ~~the annual~~ ANY LOCAL INCOME tax rate for that purpose in effect  
3 in the other constituent districts of the intermediate school  
4 district.

5 (3) Except as provided in this subsection, in an intermedi-  
6 ate school district where the school electors have voted upon and  
7 failed to approve the ballot question set forth in section 681, a  
8 combination of 2 or more contiguous constituent districts, by  
9 resolution of their boards, may elect to establish an area  
10 vocational-technical education program, if approved by resolution  
11 of the intermediate district board and designated by the state  
12 board. The requirement of contiguity of constituent districts  
13 does not apply if 1 or more of the districts that constitute the  
14 basis of contiguity declare their intent, by board resolution,  
15 not to be part of the proposed area vocational-technical educa-  
16 tion program. At any time within 6 months after the enactment of  
17 the resolution establishing the program in a local school dis-  
18 trict, school electors equal in number to not less than 5% of the  
19 votes cast in the most recent school election may petition their  
20 local school district board to submit the resolution to the elec-  
21 torate, in a form and manner to be prescribed by the state board,  
22 and the district's participation in the program shall be termi-  
23 nated if not approved by a majority of the school electors voting  
24 on the question.

25 (4) Area vocational-technical education programs established  
26 pursuant to this section shall receive any appropriate state  
27 funding or any federal funding allocated by the state board on

1 exactly the same basis as area vocational-technical education  
2 programs and centers established by intermediate school  
3 districts. Constituent districts establishing an approved area  
4 vocational-technical education program pursuant to this section  
5 may designate, by board resolution, specific amounts of ~~either~~  
6 ~~authorized operating millage or operating millage~~ LOCAL INCOME  
7 TAXES being requested from the school electors to be utilized  
8 solely for the area vocational-technical education program, in a  
9 manner to be prescribed by the state board. ~~and the specified~~  
10 ~~amount of millage shall be regarded as area vocational technical~~  
11 ~~education millage rather than local school district operating~~  
12 ~~millage in all computations made by the state board to determine~~  
13 ~~state aid.~~ The revenue obtained from the millage designated,  
14 together with appropriate state and federal funds, may be  
15 expended for the same purposes specified for intermediate dis-  
16 trict programs in sections 684 and 685, including contracts with  
17 the intermediate school district, another local school district,  
18 or a community college for area vocational-technical education  
19 programs, facilities, and services. When constituent districts  
20 establish area vocational-technical education programs pursuant  
21 to this section, buildings, sites, and equipment may be jointly  
22 acquired, owned, or leased.

23 (5) A contiguous school district desiring to become part of  
24 an area vocational-technical education program established pursu-  
25 ant to this section may do so with the approval of each partici-  
26 pating school district, the intermediate school district, and the  
27 state board. Constituent districts operating an approved area

1 vocational-technical education program pursuant to this section  
2 may subsequently elect not to participate, or may thereafter  
3 elect to participate, in an intermediate school district  
4 vocational-technical education program in exactly the same manner  
5 prescribed in this section for school districts of not less than  
6 18,000 pupils, a first or second class school district, or a  
7 school district offering or making available to its pupils a com-  
8 prehensive vocational education program approved by the state  
9 board.

10       Sec. 860. (1) If the petitions filed with an intermediate  
11 superintendent under section 853 request submission of the ques-  
12 tion of assuming the bonded indebtedness of 1 or more of the  
13 school districts proposing consolidation ~~, or the question of~~  
14 ~~increasing the constitutional limitation on taxes of the consoli-~~  
15 ~~dated school district for operating purposes~~ to the school elec-  
16 tors at the consolidation election, the intermediate superinten-  
17 dent shall include the question or questions in the notice of the  
18 election propositions filed with each of the election units under  
19 section 857.

20       (2) A request for including assumption by the consolidated  
21 school district of the bonded indebtedness of 1 or more of the  
22 districts proposing consolidation shall be stated on the petition  
23 after the names of the school districts to be consolidated in  
24 substantially the following form:

25       "We petition that the question of assumption and payment by  
26 the proposed consolidated school district of the bonded indebted-  
27 ness of \_\_\_\_\_ be submitted to

1 (name of school district or districts)  
 2 the electors at the same election in which the proposed consoli-  
 3 dation is submitted". ~~, and if applicable,~~  
 4 ~~"We petition that the question of increasing the constitu-~~  
 5 ~~tional limitation on taxes which may be assessed against all~~  
 6 ~~property in the proposed consolidated school district by \_\_\_\_\_~~  
 7 ~~mills for a period of \_\_\_\_\_ years, 19\_\_\_\_ to 19\_\_\_\_, inclusive, for~~  
 8 ~~operating purposes, be submitted to the electors at the same~~  
 9 ~~election with the question of consolidating the above listed~~  
 10 ~~districts".~~

11 (3) If the school electors approve the consolidation of  
 12 school districts and the assumption of the bonded indebtedness of  
 13 an original district, the consolidated school district shall  
 14 assume the obligation of the bonded indebtedness. The consoli-  
 15 dated school district shall pay the bonded indebtedness by  
 16 spreading debt retirement LOCAL INCOME taxes uniformly over the  
 17 ~~territory~~ RESIDENTS of the consolidated district. Section 864  
 18 shall apply to the debt retirement tax levies, the continuing  
 19 obligations of the original school districts, and the rights and  
 20 remedies of a bondholder.

21 Sec. 1211. (1) The board of a school district ~~shall~~ MAY  
 22 vote to ~~levy taxes~~ SEEK VOTER APPROVAL OF A SCHOOL DISTRICT  
 23 LOCAL INCOME TAX UNDER THE LOCAL INCOME TAX ACT AS necessary for  
 24 school operating purposes to conduct the educational programs  
 25 authorized by the board.

26 (2) As used in this section, "school operating purposes"  
 27 includes expenditures for furniture and equipment, for

1 alterations necessary to maintain school facilities in a safe and  
2 sanitary condition, for funding the cost of energy conservation  
3 improvements in school facilities, and for deficiencies in oper-  
4 ating expenses for the preceding year.

5       Sec. 1215. (1) Operating ~~taxes~~ REVENUE FROM LOCAL INCOME  
6 TAXES AND STATE SCHOOL AID shall be accounted for under the title  
7 of "general fund". The state board may establish other fund des-  
8 ignations to clarify further the expenditure classifications for  
9 which general fund ~~moneys~~ MONEY may be used.

10       (2) Library money shall be accounted for under the title of  
11 "library fund".

12       (3) Building and site money shall be accounted for under the  
13 title of "building and site fund".

14       (4) Taxes collected for retiring bonded indebtedness shall  
15 be accounted for as required by chapter 7 of THE MUNICIPAL  
16 FINANCE ACT, Act No. 202 of the Public Acts of 1943, as amended,  
17 being sections 137.1 to 137.3 of the Michigan Compiled Laws.

18       Sec. 1351. (1) A school district may borrow money and issue  
19 bonds of the district to defray all or a part of the cost of pur-  
20 chasing, erecting, completing, remodeling, improving, furnishing,  
21 refurnishing, equipping, or reequipping school buildings, includ-  
22 ing library buildings, structures, athletic fields, playgrounds,  
23 or other facilities, or parts of or additions to those facili-  
24 ties; acquiring, preparing, developing, or improving sites, or  
25 parts of or additions to sites, for school buildings, including  
26 library buildings, structures, athletic fields, playgrounds, or  
27 other facilities; purchasing school buses; participating in the

1 administrative costs of an urban renewal program through which  
2 the school district desires to acquire a site or addition to a  
3 site for school purposes; refunding all or part of existing  
4 bonded indebtedness; or accomplishing a combination of the pur-  
5 poses set forth in this subsection. In addition, until  
6 December 31, 1991 a school district may borrow money and issue  
7 bonds to defray all or part of the cost of purchasing textbooks.

8 (2) Except as otherwise provided in this subsection, a  
9 school district shall not borrow money or issue bonds ~~for a sum~~  
10 ~~that, together with the total outstanding bonded indebtedness of~~  
11 ~~the district, exceeds 5% of the state equalized valuation of the~~  
12 ~~taxable property within the district,~~ unless the proposition of  
13 borrowing the money or issuing the bonds is submitted to a vote  
14 of the school electors of the district at an annual or special  
15 election and approved by the majority of the school electors  
16 voting on the question. ~~Regardless of the amount of outstanding~~  
17 ~~bonded indebtedness of the school district, a~~ A vote of the  
18 school electors is not necessary in order to issue bonds for a  
19 purpose described in section 1274a.

20 (3) ~~A school district shall not issue bonds under this part~~  
21 ~~for an amount greater than 15% of the total assessed valuation of~~  
22 ~~the district, except as provided in section 1356.~~ The bonded  
23 indebtedness of a district shall not extend beyond a period of 30  
24 years. ~~Refunding bonds or the refunding part of a bond issue~~  
25 ~~shall not be considered to be within the 15% limitation but shall~~  
26 ~~be considered to be authorized in addition to the 15%~~  
27 ~~limitation. A bond qualified under section 16 of article IX of~~

~~1 the state constitution of 1963 and implementing legislation shall~~  
~~2 not be included for purposes of calculating the 15% limitation.~~

3 Bonds issued pursuant to this section are subject to the munici-  
 4 pal finance act, Act No. 202 of the Public Acts of 1943, being  
 5 sections 131.1 to 139.3 of the Michigan Compiled Laws, except  
 6 that bonds issued for a purpose described in section 1274a may be  
 7 sold at a public or publicly negotiated sale at the time or  
 8 times, at the price or prices, and at a discount as determined by  
 9 the board of the school district.

10 (4) Bonds or notes issued by a school district or intermedi-  
 11 ate school district pursuant to sections 144, 251, 335, 442, or  
 12 629 for the purposes authorized by this section and section 1274a  
 13 shall be full faith and credit tax limited obligations of the  
 14 district pledging the general funds, ~~voted and allocated tax~~  
 15 ~~levies~~ STATE SCHOOL AID REVENUE UNDER THE STATE SCHOOL AID ACT  
 16 OF 1979, LOCAL INCOME TAX LEVIED UNDER THE LOCAL INCOME TAX ACT,  
 17 or any other money available for such a purpose and shall not  
 18 allow or provide for the levy of additional ~~millage~~ LOCAL  
 19 INCOME TAX for payment of the bond or note without a vote of the  
 20 qualified electorate of the district.

21 (5) If a bond proposal for bonds to be used in whole or part  
 22 to defray all or part of the cost of purchasing textbooks has  
 23 been approved by a majority of the school electors voting on the  
 24 question before ~~the effective date of the amendatory act that~~  
 25 ~~added this subsection~~ DECEMBER 26, 1990, and the bonds otherwise  
 26 meet the requirements of this section, the issuance of those  
 27 bonds for a period not to exceed 5 years is ratified and



1 confirmed and the bonds are considered to be issued under this  
2 section.

3       Sec. 1356. (1) Notwithstanding section 1351, a school dis-  
4 trict which has an operating or projected operating deficit in  
5 excess of \$100.00 per membership pupil may borrow and issue its  
6 negotiable interest bearing notes or bonds for the purpose of  
7 funding the deficit in accordance with this section. This  
8 authority shall be in addition to and not in derogation of any  
9 power granted to a school district by any other provision of this  
10 act.

11       (2) Before a board of a school district issues notes or  
12 bonds under this section, it shall provide, by resolution, for  
13 the submission of the following certified and substantiated  
14 information to the municipal finance commission or its successor  
15 agency for school districts:

16       (a) There exists or will exist an operating deficit in the  
17 school district in excess of \$100.00 per membership pupil.

18       (b) During or prior to the fiscal year in which the applica-  
19 tion is made, the school district has made every available effort  
20 to offset the deficit, including submission of a question to the  
21 school electors of the district to increase the rate of ~~ad~~  
22 ~~valorem property~~ LOCAL INCOME taxes levied in the school dis-  
23 trict UNDER THE LOCAL INCOME TAX ACT.

24       (c) The school district has a plan that has been approved by  
25 the school board, which plan outlines actions to be taken to bal-  
26 ance future expenditures with anticipated revenues.

1 (d) The maximum interest rate as described in  
2 subsection (6).

3 (3) The existence of the operating or projected operating  
4 deficit and the amount thereof shall be determined by the depart-  
5 ment of treasury, using normal school accounting practices. If a  
6 financial audit is required to arrive at a conclusive determina-  
7 tion as to the amount of the deficit, the state treasurer shall  
8 charge all necessary expenses, including per diem and travel  
9 expenses, to the school district, and the school district shall  
10 make payment to the state treasurer for these expenses. The  
11 determination by the department of treasury shall be final and  
12 conclusive as to the existence of an operating or projected oper-  
13 ating deficit, the amount thereof, and the amount thereof per  
14 membership pupil.

15 (4) The notes or bonds may be issued in 1 or more series by  
16 resolution adopted by the school board, which resolution in each  
17 case shall make reference to the determination of the department  
18 of treasury. The amount of a note or bond issued shall not  
19 exceed the amount of the operating deficit as shown by the  
20 determination. The school district shall levy sufficient LOCAL  
21 INCOME taxes annually, in addition to ~~all~~ ANY other taxes,  
22 without limitation as to rate or amount in order to meet payments  
23 of principal and interest on the notes or bonds coming due before  
24 the next collection of taxes.

25 (5) The school district shall pledge as secondary security  
26 for the notes or bonds future state school aid payments, if any,  
27 and other funds of the district legally available as security.

1       (6) The notes or bonds shall mature serially with annual  
2 maturities not more than 10 years from their date and shall bear  
3 interest, payable annually or semiannually, at a rate or rates  
4 not exceeding a rate determined by the school board in the school  
5 district's borrowing resolution. The first principal installment  
6 on the notes or bonds shall be due not more than 18 months from  
7 the date of the notes or bonds, and a principal installment on  
8 the notes shall not be less than 1/3 of the principal amount of a  
9 subsequent principal installment. The notes or bonds may be made  
10 subject to redemption prior to maturity with or without premium  
11 in a manner and at times provided in the resolution authorizing  
12 the issuance of the notes or bonds.

13       (7) Notes or bonds issued under this section shall be valid  
14 and binding general obligations of the school district, it being  
15 the intent and purpose that the notes or bonds and the interest  
16 on the notes or bonds be promptly paid when due from the first  
17 money available to the district not pledged for other indebted-  
18 ness and except to the extent that the use is restricted by the  
19 state constitution of 1963 or the laws of the United States.

20       (8) Unless an exception from prior approval is available  
21 pursuant to subsection (11), before a school district issues  
22 notes or bonds under this section, the school district shall make  
23 sworn application to the municipal finance commission or its suc-  
24 cessor agency for school districts on forms to be furnished by  
25 the municipal finance commission or its successor agency for  
26 school districts for permission to do so and shall attach to the  
27 application the determination of the department of treasury and a

1 certified copy of the resolution authorizing the notes or bonds.  
2 Unless an exception from prior approval is available pursuant to  
3 subsection (11), notes or bonds shall not be issued under this  
4 section until the district has first secured approval of the  
5 municipal finance commission or its successor agency for school  
6 districts to the issuance. In determining whether a proposed  
7 issue of notes or bonds shall be approved, the municipal finance  
8 commission or its successor agency for school districts shall  
9 take into consideration whether the notes or bonds conform to  
10 this section and whether the amounts pledged for the payment of  
11 the notes or bonds will be sufficient to pay the principal and  
12 interest as the notes or bonds become due. If prior approval is  
13 required, the municipal finance commission or its successor  
14 agency for school districts may require the district to reduce  
15 the amount of the note or bond issue or to alter the schedule of  
16 repayment. Chapter II of the municipal finance act, Act No. 202  
17 of the Public Acts of 1943, as amended, being sections 132.1 to  
18 132.3 of the Michigan Compiled Laws, shall govern with respect to  
19 the notes or bonds authorized by this section.

20 (9) The notes or bonds shall be sold at not less than par  
21 and at public sale after notice by publication at least 7 days  
22 before the sale in a publication printed in the English language  
23 and circulated in this state, which publication carries as part  
24 of its regular service notices of sale of municipal bonds and  
25 which is approved by the department of treasury as a publication  
26 complying with the foregoing qualifications or at private sale as  
27 authorized by the department of treasury. The proceeds of sale

1 of notes authorized under this section, after payment of the  
2 costs of issuance of the notes or bonds and interest on the notes  
3 or bonds for a period not to exceed 9 months, shall be used  
4 solely for the purpose of paying necessary operating expenses of  
5 the school district, including the payment of principal of and  
6 interest on notes or bonds of the school district issued for  
7 operating purposes under this or any other act.

8 (10) A board of a school district which borrows pursuant to  
9 subsections (1) to (9) shall submit its budget for review and  
10 approval to the department of education. The department of edu-  
11 cation shall take necessary steps, subject to the school  
12 district's contracts and statutory obligations, to assure that  
13 the expenditures of a school district which receives money under  
14 this part shall not exceed revenues on an annual basis and that  
15 the school district maintains a balanced budget.

16 (11) The requirement of subsection (8) for obtaining the  
17 prior approval of the municipal finance commission or its succes-  
18 sor agency before issuing bonds or notes under this section shall  
19 be subject to sections 10 and 11 of chapter III of Act No. 202 of  
20 the Public Acts of 1943, being sections 133.10 and 133.11 of the  
21 Michigan Compiled Laws, and the department of treasury shall have  
22 the same authority as provided by section 11 of chapter III of  
23 Act No. 202 of the Public Acts of 1943 to issue an order provid-  
24 ing or denying an exception from the prior approval required by  
25 subsection (8) for bonds or notes authorized by this section.

26 Sec. 1364. ~~The board of~~ IF a school district ~~which~~ THAT  
27 borrows money IS NOT REASONABLY LIKELY TO HAVE SUFFICIENT STATE

1 SCHOOL AID REVENUE UNDER THE STATE SCHOOL AID ACT OF 1979 TO PAY  
2 THE PRINCIPAL AND INTEREST ON THE AMOUNT BORROWED, THE BOARD OF  
3 THE SCHOOL DISTRICT shall impose ~~an annual tax on the taxable~~  
4 ~~property in the district~~ A LOCAL INCOME TAX UNDER THE LOCAL  
5 INCOME TAX ACT for the purpose of paying the principal borrowed,  
6 or a part thereof, and the interest thereon, to be levied and  
7 collected as other ~~school~~ LOCAL INCOME taxes are levied and  
8 collected.

9       Sec. 1416. If nonresident pupils, their parents, or guardi-  
10 ans pay school INCOME taxes UNDER THE LOCAL INCOME TAX ACT in a  
11 school district and the pupils are admitted to schools in the  
12 district, the amount of the total current school INCOME taxes  
13 shall be credited on the pupils' tuition and transportation in a  
14 sum not to exceed the amount of the tuition and transportation.  
15 The pupils, their parents, or guardians shall be required to pay  
16 tuition and transportation only for the difference. ~~therein.~~

17       Sec. 1451. (1) A school district other than a primary  
18 school district, by a majority vote of the school electors at an  
19 annual or special election, may establish a public library.

20       (2) The school electors of a school district in which a  
21 library is established may vote a district INCOME tax UNDER THE  
22 LOCAL INCOME TAX ACT for the support of the public library at an  
23 annual or special election of the district. The board of the  
24 school district may vote ~~a tax~~ TO USE PART OF ITS STATE SCHOOL  
25 AID REVENUE OR LOCAL INCOME TAX REVENUE for the maintenance and  
26 support of the public library.

1 (3) A tax authorized or voted under this part shall be  
2 levied and collected in the same manner as other ~~school~~  
3 ~~district~~ LOCAL INCOME taxes are levied and collected.

4 Section 2. Sections 681 to 683, 692, 966, 1212 to 1214,  
5 1218, 1611 to 1615, and 1722 to 1729 of Act No. 451 of the Public  
6 Acts of 1976, being sections 380.681 to 380.683, 380.692,  
7 380.966, 380.1212 to 380.1214, 380.1218, 380.1611 to 380.1615,  
8 and 380.1722 to 380.1729 of the Michigan Compiled Laws, are  
9 repealed.

10 Section 3. This amendatory act shall not take effect unless  
11 all of the following bills of the 86th Legislature are enacted  
12 into law:

13 (a) Senate Bill No. \_\_\_\_\_ or House Bill No. 4972  
14 (request no. 01586'91).

15 (b) Senate Bill No. \_\_\_\_\_ or House Bill No. 4966  
16 (request no. 01148'91).

17 (c) Senate Bill No. \_\_\_\_\_ or House Bill No. \_\_\_\_\_  
18 (request no. 01149'91).

19 (d) Senate Bill No. \_\_\_\_\_ or House Bill No. 4964  
20 (request no. 01150'91).

21 (e) Senate Bill No. \_\_\_\_\_ or House Bill No. \_\_\_\_\_  
22 (request no. 01151'91).

23 (f) Senate Bill No. \_\_\_\_\_ or House Bill No. 4967  
24 (request no. 01152'91).

25 (g) Senate Bill No. \_\_\_\_\_ or House Bill No. 4971  
26 (request no. 01587'91).

1 (h) Senate Bill No. \_\_\_\_\_ or House Bill No. 4969

2 (request no. 01587'91 a).