

Act No. 312
Public Acts of 1993
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**STATE OF MICHIGAN
87TH LEGISLATURE
REGULAR SESSION OF 1993**

Introduced by Reps. Keith, O'Neill, Sikkema, Dalman, Jondahl, Munsell, Gubow, Pitoniak, Bobier, Nye, Oxender, Dobb, Gilmer, Weeks, Martin, Bender, Horton, Byrum, Ciaramitaro, Emerson, Middleton, DeMars, Hoffman, Agee, Profit, Scott, Alley, Brown, Baade, Stille, Hollister, Owen, Dolan, Wetters, Leland, DeLange, Harder, Walberg, Shepich, Curtis, Gernaat and Gire

ENROLLED HOUSE BILL No. 4279

AN ACT to amend sections 1211, 1212, 1356, and 1451 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. 236 of the Public Acts of 1992 and section 1356 as amended by Act No. 118 of the Public Acts of 1983, being sections 380.1211, 380.1212, 380.1356, and 380.1451 of the Michigan Compiled Laws; and to add sections 624a, 681a, 705, 705a, 705b, 1211a, 1211b, 1211c, 1351a, 1451a, 1602a, and 1727a.

The People of the State of Michigan enact:

Section 1. Sections 1211, 1212, 1356, and 1451 of Act No. 451 of the Public Acts of 1976, section 1211 as amended by Act No. 236 of the Public Acts of 1992 and section 1356 as amended by Act No. 118 of the Public Acts of 1983, being sections 380.1211, 380.1212, 380.1356, and 380.1451 of the Michigan Compiled Laws, are amended and sections 624a, 681a, 705, 705a, 705b, 1211a, 1211b, 1211c, 1351a, 1451a, 1602a, and 1727a are added to read as follows:

Sec. 624a. Except as provided in section 705, if the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, beginning January 1, 1994 and each year after 1994, the board of an intermediate school district may levy ad valorem property taxes for operating purposes at a rate not to exceed the maximum number of mills allocated to that intermediate school district in 1993 as provided for under the property tax limitation act, Act No. 62 of the Public Acts of 1933, being sections 211.201 to 211.217a of the Michigan Compiled Laws.

Sec. 681a. Beginning January 1, 1994 and each year after 1994, if the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, the board of an intermediate school district may levy ad valorem property taxes for area vocational-technical

education program purposes under sections 681 to 690 at a rate not to exceed the number of mills levied for those purposes by the intermediate school district in 1993.

Sec. 705. (1) Beginning in 1997 and each year after 1997, if the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, a regional enhancement property tax may be levied by an intermediate school district at a rate not to exceed 3 mills to enhance other state and local funding for local school district operations if approved by a majority of the intermediate school electors voting on the question.

(2) If a resolution requesting that the question of a regional enhancement property tax be submitted to the voters is adopted within a 180-day period and transmitted to the intermediate school board by 1 or more boards of its constituent school districts representing a majority of the combined membership of the constituent school districts as of the most recent pupil membership count day and if those resolutions all contain an identical specified number of mills to be levied under this section and an identical specified number of years for which the tax shall be levied, the question of levying a regional enhancement property tax by the intermediate school district shall be placed on the ballot by the intermediate school district at the next annual school election held in each of the constituent districts. However, if the question is to be submitted at an annual school election and a constituent district does not hold its annual election on the second Monday in June, the intermediate school board shall call a special election in that constituent district to be held on the same day as the annual school election. If the question is to be submitted to the school electors of an intermediate school district having a population of more than 1,400,000, the intermediate school board shall call a special election to be held at the next state primary or general election. However, if the resolution requirement is met more than 180 days before the next annual school district elections to be held on the second Monday in June, and if requested in the resolutions, the intermediate school board shall submit the question of levying a regional enhancement property tax within the intermediate school district on the ballot at a special election under section 662 called by the intermediate school board for that purpose not earlier than 90 days or later than 120 days after the resolution requirements are met.

(3) Not later than 10 days after receipt by the intermediate school district of the revenue from the regional enhancement property tax, the intermediate school district shall calculate and pay to each of its constituent school districts an amount of the revenue calculated by dividing the total amount of the revenue by the combined membership of the constituent school districts within the intermediate district, as of the most recent pupil membership count day, and multiplying that quotient by the constituent school district's membership, as of the most recent pupil membership count day for which a final department-audited pupil count is available.

(4) Regional enhancement property tax under this section may be levied for a term not to exceed 20 years, as specified in the ballot question, and may be renewed for the same term with the approval of a majority of the intermediate school electors voting on the question.

Sec. 705a. (1) Beginning in 1994, if the sales tax is levied at a rate of 4% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, a regional enhancement property tax may be levied by an intermediate school district as provided in this section to enhance other state and local funding for local school district operations.

(2) A regional enhancement property tax may be levied if approved by a majority of the intermediate school electors voting on the question.

(3) If a resolution requesting that the question of a regional enhancement property tax be submitted to the voters is adopted within a 180-day period and transmitted to the intermediate school board by 1 or more boards of its constituent school districts representing a majority of the combined membership of the constituent school districts as of the most recent pupil membership count day and if those resolutions all contain an identical specified number of mills to be levied under this section and an identical specified number of years for which the tax shall be levied, the question of levying a regional enhancement property tax by the intermediate school district shall be placed on the ballot by the intermediate school district at the next annual school election held in each of the constituent districts. However, if the question is to be submitted at an annual school election and a constituent district does not hold its annual election on the second Monday in June, the intermediate school board shall call a special election in that constituent district to be held on the same day as the annual school election. If the question is to be submitted to the school electors of an intermediate school district having a population of more than 1,400,000, the intermediate school board shall call a special election to be held at the next state primary or general election. However, if the resolution requirement is met more than 180 days before the next annual school district elections to be held on the second Monday in June, and if requested in the resolutions, the intermediate school board shall submit the question of levying a regional enhancement property tax within the intermediate school district on the ballot at a special election under section 662 called by the intermediate school board for that purpose not earlier than 90 days or later than 120 days after the resolution requirements are met.

(4) The rate of a regional enhancement property tax levied under this section shall be the rate specified in the resolutions described in subsection (3) and approved by the intermediate school electors under subsection (2), not to exceed the following applicable maximum rate, as certified by the department of treasury under subsection (7):

(a) For an intermediate school district that in the year in which the taxes are approved is the intermediate school district having the highest state equalized valuation per pupil among all of the intermediate school districts, at a rate not to exceed 2 mills.

(b) For an intermediate school district not subject to subdivision (a), at a rate not to exceed the number of mills that would have to be levied in the intermediate school district in the year in which the tax is approved for the revenue from the tax within that intermediate school district to be equal to the potential revenue of a tax levied under this section at a rate of 2 mills within the intermediate school district having the highest state equalized valuation per pupil among all of the intermediate school districts in the year in which the tax is approved.

(5) Not later than 10 days after receipt by the intermediate school district of the revenue from the regional enhancement property tax, the intermediate school district shall calculate and pay to each of its constituent school districts an amount of the revenue calculated by dividing the total amount of the revenue by the combined membership of the constituent school districts within the intermediate district, as of the most recent pupil membership count day, and multiplying that quotient by the constituent school district's membership, as of the most recent pupil membership count day for which a final department-audited pupil count is available.

(6) Regional enhancement property tax under this section may be levied for a term not to exceed 20 years, as specified in the ballot question, and may be renewed for the same term with the approval of a majority of the intermediate school electors voting on the question.

(7) Not later than September 1 of each year, the department of treasury shall certify the maximum number of mills that may be levied under this section within an intermediate district in a particular year. The department shall provide to the department of treasury all information necessary for the department of treasury to make a certification under this section.

(8) The adoption by constituent school district boards of the necessary resolutions under subsection (3) constitutes the creation of a regional enhancement authority for the purposes of section 6 of article IX of the state constitution of 1963.

(9) As used in this section, "state equalized valuation per pupil" means the total state equalized valuation of all property within an intermediate school district for the calendar year in which the certification under subsection (7) is made, divided by the combined total membership of the constituent school districts within the intermediate school district as of the most recent pupil membership count day for which a final department-audited pupil count is available.

Sec. 705b. (1) If the sales tax is levied at a rate of 4% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, the board of a school district by resolution may provide for the submission of the question of levying an enhancement property tax to the school district electors to enhance other state and local funding for school district operations.

(2) The rate of the enhancement property tax shall not exceed the maximum rate of the regional enhancement property tax allowed for the intermediate school district in which the school district is located under section 705a minus the number of mills of the regional enhancement property tax levied by the intermediate school district.

(3) If more than 1 school district in the same intermediate school district levies an enhancement property tax under subsection (1), the revenue shall be shared between the school districts on a per pupil basis as determined by the intermediate school district based on millage approved prior to December 31 to be levied the following year. A school district shall share the revenue from the number of mills that equals the number of enhancement property tax mills levied in any other district or districts but the revenue from any mills in excess of what is levied in any other district shall be retained by the levying school district.

(4) Each local school district required to share revenue under subsection (3) shall remit the amounts required by the section to the intermediate school district not later than 10 days after receipt by the school district. The intermediate school district shall distribute the taxes received to the applicable school districts within 10 days after receipt as provided in section 705a.

Sec. 1211. (1) Except as provided in subsection (3) and section 1211c, if the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, beginning in 1994 and each year after 1994, in order to be eligible to receive funds under the state school aid act of 1979, the board of a school district shall levy not more than 18 mills for school operating purposes or the number of mills levied in 1993 for school operating purposes, whichever is less. Homestead property is exempt from the mills levied under this subsection.

(2) Except as provided in subsection (3) and sections 705b and 1211b, if the sales tax is levied at a rate of 4% under Act No. 167 of the Public Acts of 1933, the board of a school district, with the approval of the school electors or as allocated to the school district pursuant to the property tax limitation act, Act No. 62 of the Public Acts of 1933, being sections 211.201 to 211.217a of the Michigan Compiled Laws, shall levy ad valorem property taxes for school operating purposes to conduct the educational programs authorized by the board at a rate not to exceed 12 mills.

(3) Beginning in 1994 and each year after 1994, the board of a school district with a foundation allowance calculated under section 20(3) of the state school aid act for the 1994-95 state fiscal year of more than \$6,500.00, may levy, with the

approval of the school electors, a supplemental property tax for school operating purposes to conduct the educational programs authorized by the board at a rate not to exceed the number of mills, as certified under section 1211a, required for the school district's combined state and local revenue per membership pupil for the school fiscal year ending in 1995 to equal the school district's foundation allowance. The rate of the supplemental property tax levied after 1994 shall not exceed the number of mills necessary to ensure that the combined revenue from the school district's foundation allowance for the current state fiscal year and from the supplemental property tax for the calendar year ending in the current state fiscal year results in a percentage increase from that combined revenue for the immediately preceding state fiscal year equal to the percentage increase in the basic foundation allowance from the immediately preceding state fiscal year, or the number of mills of the supplemental property tax the school district is eligible to levy in 1994, whichever is less. All or part of the millage levied under this section may be renewed with the approval of the school electors. However, if the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, the mills under this section shall be levied only on homestead property until the number of mills levied under this section equals 18 mills at which time the number of mills levied in excess of 18 under this section are levied uniformly on all property. Additionally, if the department of treasury determines that the percentage increase from 1 state fiscal year to the next in a school district's combined state and local revenue per membership pupil for a particular state fiscal year after 1994-95 exceeds the percentage increase in the general price level in the immediately preceding calendar year or that the dollar amount of the increase from 1 state fiscal year to the next in a school district's combined state and local revenue per membership pupil for a particular state fiscal year after 1994-95 exceeds the dollar amount of the increase in the foundation allowance under section 20 of the state school aid act of 1979, being section 388.1620 of the Michigan Compiled Laws, from the immediately preceding state fiscal year, the number of mills the school district may levy under this section shall be reduced to limit the percentage increase in the school district's combined state and local revenue per membership pupil to the lesser of the same percentage as the percentage increase in the general price level in the immediately preceding calendar year or the percentage that would yield the same dollar amount increase in the school district's combined state and local revenue per membership pupil from the immediately preceding state fiscal year as the dollar amount of the increase in the foundation allowance under section 20 of the state school aid act of 1979 from the immediately preceding state fiscal year.

(4) For the purposes of this section, millage approved by the school electors before January 1, 1994 for which the authorization has not expired is considered to be approved by the school electors.

(5) If a school district levies millage for school operating purposes that is in excess of the limits of this section, the amount of the resulting excess tax revenue shall be deducted from the school district's next regular tax levy.

(6) If a school district levies millage for school operating purposes that is less than the limits of this section, the board of the school district may levy at the school district's next regular tax levy an additional number of mills not to exceed the additional millage needed to make up the shortfall.

(7) If the sales tax is levied at a rate of 6% under Act No. 167 of the Public Acts of 1933, a school district shall not levy mills allocated under the property tax limitation act, Act No. 62 of the Public Acts of 1933, being sections 211.201 to 211.217a of the Michigan Compiled Laws, other than mills allocated to a school district of the first class for payment to a public library commission under section 11(4) of Act No. 62 of the Public Acts of 1933, being section 211.211 of the Michigan Compiled Laws, after 1993.

(8) As used in this section:

(a) "Combined state and local revenue per membership pupil" means that term as defined in section 20 of the state school aid act of 1979.

(b) "General price level" means that term as defined in section 33 of article IX of the state constitution of 1963.

(c) "Homestead property" means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. If the principal residence is located on property classified as agricultural or is adjacent to property classified as agricultural owned by the owner of the principal residence, homestead property includes all unoccupied property classified as agricultural owned by the owner of the principal residence that is not leased or rented by the owner to another person. Homestead includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws, and property owned by a cooperative housing corporation occupied as a principal residence by tenant stockholders. For purposes of this subsection, owner includes but is not limited to a land contract grantee.

(d) "Membership" means that term as defined in section 6 of the state school aid act of 1979, being section 388.1606 of the Michigan Compiled Laws.

(e) "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 paying the operating allowance due from the school district to a joint high school district in which the school district is a participating school district under part 3a. Taxes levied for school operating purposes do not include any of the following:

(i) Taxes levied by a school district for operating a community college under part 25.

(ii) Taxes levied under section 1212.

(iii) Taxes levied under section 1356(4) for eliminating an operating deficit.

(iv) Taxes levied for operation of a library under section 260 or 1451 or for operation of a library established pursuant to Act No. 261 of the Public Acts of 1913, being sections 397.261 to 397.262 of the Michigan Compiled Laws, that were not included in the operating millage reported by the district to the department as of April 1, 1993. However, a district may report to the department not later than April 1, 1994 the number of mills it levied in 1993 for a purpose described in this subparagraph that the school district does not want considered as operating millage and then that number of mills is excluded under this section from taxes levied for school operating purposes.

(v) Taxes paid by a school district of the first class to a public library commission pursuant to section 11(4) of the property tax limitation act, Act No. 62 of the Public Acts of 1933, being section 211.211 of the Michigan Compiled Laws.

Sec. 1211a. Not later than June 15, 1994, the department of treasury shall certify each school district's combined state and local revenue per membership pupil, as defined in section 1211 for the school fiscal year ending in 1994, and the number of mills the school district may levy beginning in 1994 under section 1211. The department of education shall provide to the department of treasury all information necessary for the department of treasury to make the certifications under this section. Not later than July 1, 1994, a school district may appeal the determinations made by the department of treasury for the district under this section. An appeal under this subsection shall be made to the superintendent of public instruction, who may assign the appeal to a hearing officer. The superintendent of public instruction shall offer any appealing school district an appeal conference to attempt to resolve the issues raised in the appeal without a hearing. If the appeal conference does not resolve the issues, the superintendent of public instruction or hearing officer may conduct a hearing. Based upon the appeal, the information submitted by the school district, and the information provided by the department of treasury, the hearing officer shall submit a proposed decision to the superintendent of public instruction either affirming the determinations made by the department of treasury or directing the department of treasury to make specific adjustments. Not later than 30 days after receiving the proposed decision, or not later than 30 days after hearing the appeal, the superintendent of public instruction shall issue a final decision either affirming the determinations made by the department of treasury or directing the department of treasury to make specific adjustments and provide a copy to the school district.

Sec. 1211b. If the sales tax is levied at a rate of 4% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, the board of a school district may vote to establish the school district as a charter authority exempt from the provisions of section 6 of article IX of the state constitution of 1963. The tax limitations of the charter authority are the limitations that require voter approval under section 1211 without regard to section 705a. The board shall seek approval by a majority of the school district electors voting on the question to levy ad valorem property taxes at a rate not to exceed the rate authorized by section 1211.

Sec. 1211c. For taxes levied in 1994 through 1996, if the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, a school district may levy not to exceed 3 mills for operating purposes if approved by the school electors at an election held after 1993.

Sec. 1212. (1) If approved by the school electors of the school district, the board of a school district may levy a tax of not to exceed 5 mills on the state equalized valuation of the school district each year for a period of not to exceed 20 years, for the purpose of creating a sinking fund to be used for the purchase of real estate for sites for, and the construction or repair of, school buildings. The sinking fund tax levy is subject to the 15 mill tax limitation provisions of section 6 of article IX of the state constitution of 1963 and the property tax limitation act, Act No. 62 of the Public Acts of 1933, as amended, being sections 211.201 to 211.217a of the Michigan Compiled Laws. A school district that levies a sinking fund tax under this section shall have an independent audit of its sinking fund conducted annually, including a review of the uses of the sinking fund, and shall submit the audit report to the department of treasury. If the department of treasury determines from the audit report that the sinking fund has been used for a purpose other than those authorized for the sinking fund under this section, the school district shall repay the misused funds to the sinking fund from the school district's operating funds and shall not levy a sinking fund tax under this section after the date the department of treasury makes that determination.

(2) The proposition of levying a sinking fund tax shall be submitted to the school electors of the school district at an annual or special meeting or election.

(3) The question of levying taxes for the purpose of creating a sinking fund shall be by ballot in substantially the following form:

"Shall _____ levy _____ mills
(legal name of school district)

to create a sinking fund for the purpose of _____

for a period of _____ years?

Yes ()

No ()".

(4) For the purposes of this section, millage approved by the school electors before December 1, 1993 for which the authorization has not expired is considered to be approved by the school electors.

Sec. 1351a. If the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, a school district may not borrow money and issue bonds of the district under section 1351(1). However, a school district may borrow money and issue bonds of the district to defray all or a part of the cost of purchasing, erecting, completing, or renovating school buildings, including library buildings, structures, athletic fields, playgrounds, or other facilities, or additions to those facilities; furnishing or refurbishing new or completely renovated school buildings; acquiring, preparing, developing, or improving sites, or parts of or additions to sites, for school buildings, including library buildings, structures, athletic fields, playgrounds, or other facilities; school buses; participating in the administrative refunding all or part of existing bonded indebtedness; or accomplishing a combination of the purposes set forth in this subsection.

Sec. 1356. (1) Notwithstanding section 1351, a school district that has an operating or projected operating deficit in excess of \$100.00 per membership pupil may borrow and issue its negotiable interest bearing notes or bonds for the purpose of funding the deficit in accordance with this section. This authority is in addition to and not in derogation of any power granted to a school district by any other provision of this act. However, except for the purpose of funding an operating or projected operating deficit resulting from a state tax tribunal order or a court order, a school district shall not initiate the procedures to borrow money or issue notes or bonds under this section after January 1, 1994.

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

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

(b) During or before the fiscal year in which the application is made, the school district has made every available effort to offset the deficit, including submission of a question to the school electors of the district to increase the rate of ad valorem property taxes levied in the school district.

(c) The school district has a plan approved by the school board that outlines actions to be taken to balance future expenditures with anticipated revenues.

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

(3) The existence of the operating or projected operating deficit and the amount of the operating or projected operating deficit shall be determined by the department of treasury, using normal school accounting practices. If a financial audit is required to arrive at a conclusive determination as to the amount of the deficit, the state treasurer shall charge all necessary expenses for the audit, including per diem and travel expenses, to the school district, and the school district shall make payment to the state treasurer for these expenses. The determination by the department of treasury is final and conclusive as to the existence of an operating or projected operating deficit, the amount of the deficit, and the amount of the deficit per membership pupil.

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

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

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

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

(8) Unless an exception from prior approval is available pursuant to subsection (11), before a school district issues notes or bonds under this section, the school district shall make sworn application to the municipal finance commission or its successor agency for school districts on forms to be furnished by the municipal finance commission or its successor agency for school districts for permission to do so and shall attach to the application the determination of the department of treasury and a certified copy of the resolution authorizing the notes or bonds. Unless an exception from prior approval is available pursuant to subsection (11), notes or bonds shall not be issued under this section until the

district has first secured approval for the issuance from the municipal finance commission or its successor agency for school districts. In determining whether a proposed issue of notes or bonds shall be approved, the municipal finance commission or its successor agency for school districts shall take into consideration whether the notes or bonds conform to this section and whether the amounts pledged for the payment of the notes or bonds will be sufficient to pay the principal and interest as the notes or bonds become due. If prior approval is required, the municipal finance commission or its successor agency for school districts may require the district to reduce the amount of the note or bond issue or to alter the schedule of repayment. Chapter II of the municipal finance act, Act No. 202 of the Public Acts of 1943, as amended, being sections 132.1 to 132.3 of the Michigan Compiled Laws, governs with respect to the notes or bonds authorized by this section.

(9) The notes or bonds shall be sold at not less than par and at public sale after notice by publication at least 7 days before the sale in a publication printed in the English language and circulated in this state that carries as part of its regular service notices of sale of municipal bonds and is approved by the department of treasury as a publication complying with the foregoing qualifications, or at private sale as authorized by the department of treasury. The proceeds of the sale of notes authorized under this section, after payment of the costs of issuance of the notes or bonds and interest on the notes or bonds for a period not to exceed 9 months, shall be used solely for the purpose of paying necessary operating expenses of the school district, including the payment of principal of and interest on notes or bonds of the school district issued for operating purposes under this or any other act.

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

(11) The requirement of subsection (8) for obtaining the prior approval of the municipal finance commission or its successor agency before issuing bonds or notes under this section is subject to sections 10 and 11 of chapter III of Act No. 202 of the Public Acts of 1943, being sections 133.10 and 133.11 of the Michigan Compiled Laws, and the department of treasury has the same authority as provided by section 11 of chapter III of Act No. 202 of the Public Acts of 1943 to issue an order providing or denying an exception from the prior approval required by subsection (8) for bonds or notes authorized by this section.

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

(2) The school electors of a school district in which a library is established may vote a district tax for the support of the public library at an annual or special election of the district. The board of the school district may vote a tax for the maintenance and support of the public library. If the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, the board of a school district shall not hold an election to levy mills under this section after December 31, 1993.

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

(4) The millage allowed under this section may be levied without a vote of the school electors of the school district until the millage authorization expires. Except as provided in section 1451a, the rate of a tax authorized or voted under this section shall not exceed the number of mills levied by the school district under this section in 1993 that were not included in the operating millage reported by the school district to the department as of April 1, 1993 or the number of mills levied by the school district under this section in 1993 that the school district does not want considered as operating millage reported by the school district as of April 1, 1994, whichever is greater.

Sec. 1451a. If the sales tax is levied at a rate of 4% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, with the approval of the school electors of the school district, the board of a school district may renew the millage authorized under section 260 or 1451 and Act No. 261 of the Public Acts of 1913, being sections 397.261 to 397.262 of the Michigan Compiled Laws, or levy additional millage for the operation of the library, or both.

Sec. 1602a. (1) The board of a school district operating a community college under this part may levy taxes for the operation of the community college at a millage rate not to exceed the number of mills determined by the department to equal the number of mills authorized under section 1211 as of the effective date of the amendatory act that added this section for operating the community college and reported to the department for the purpose of compiling the activity classification structure data under section 204 of Act No. 163 of the Public Acts of 1993. The millage allowed under this subsection may be levied without a vote of the school electors of the school district until the millage authorization expires.

(2) With the approval of the school electors of the school district, the board of a school district may renew the millage authorized under subsection (1) or levy additional millage for the operation of the community college, or both.

Sec. 1727a. Beginning in 1994 and each year after 1994, if the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, the board of an intermediate school district may levy ad valorem property taxes for special education purposes under sections 1722 to 1729 at a rate not to exceed the number of mills of those taxes levied in the intermediate school district in 1993. All or part of the millage levied under this section may be renewed as provided in this article.

Section 2. This amendatory act shall not take effect unless Senate Joint Resolution S is submitted to the voters and the following bills are enacted into law:

- (a) House Bill No. 5109.
- (b) House Bill No. 5110.
- (c) House Bill No. 5116.
- (d) House Bill No. 5009.
- (e) House Bill No. 5010.
- (f) House Bill No. 5118.
- (g) House Bill No. 5097.
- (h) House Bill No. 5123.
- (i) House Bill No. 5102.
- (j) House Bill No. 5103.
- (k) House Bill No. 5104.
- (l) House Bill No. 5106.
- (m) House Bill No. 5111.
- (n) House Bill No. 5115.
- (o) House Bill No. 5112.
- (p) House Bill No. 5120.
- (q) House Bill No. 5129.
- (r) House Bill No. 5224.

This act is ordered to take immediate effect.

Co-Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.