



SENATE BILL No. 1111

April 20, 1994, Introduced by Senators EMMONS, SCHWARZ
and VAN REGENMORTER and referred to the Committee on
Finance

A bill to amend sections 1211 1211b, 1262, and 1351a of Act
No 451 of the Public Acts of 1976, entitled as amended
"The school code of 1976,"
section 1211 as amended and section 1211b as added by Act No 312
of the Public Acts of 1993, section 1262 as amended by Act
No 147 of the Public Acts of 1983, and section 1351a as added by
Act No 312 of the Public Acts of 1993, being sections 380 1211
380 1211b, 380 1262, and 380 1351a of the Michigan Compiled
Laws

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Sections 1211, 1211b, 1262, and 1351a of Act
2 No 451 of the Public Acts of 1976, section 1211 as amended and
3 section 1211b as added by Act No 312 of the Public Acts of 1993,
4 section 1262 as amended by Act No 147 of the Public Acts of
5 1983, and section 1351a as added by Act No 312 of the Public

1 Acts of 1993, being sections 380 1211, 380 1211b, 380 1262, and
2 380 1351a of the Michigan Compiled Laws, are amended to read as
3 follows

4 Sec 1211 (1) Except as provided in subsection ~~-(3)-~~ (2)
5 and section 1211c, ~~if the sales tax is levied at a rate of 6%~~
6 ~~under the general sales tax act, Act No 167 of the Public Acts~~
7 ~~of 1933, being sections 205 51 to 205 78 of the Michigan Compiled~~
8 ~~Laws, beginning in 1994 and each year after 1994, in order to be~~
9 eligible to receive funds under the state school aid act of 1979,
10 the board of a school district shall levy not more than 18 mills
11 for school operating purposes or the number of mills levied in
12 1993 for school operating purposes, whichever is less Homestead
13 property is exempt from the mills levied under this subsection

14 ~~-(2) Except as provided in subsection (3) and sections 705b~~
15 ~~and 1211b, if the sales tax is levied at a rate of 4% under Act~~
16 ~~No 167 of the Public Acts of 1933 the board of a school dis-~~
17 ~~trict with the approval of the school electors or as allocated~~
18 ~~to the school district pursuant to the property tax limitation~~
19 ~~act Act No 62 of the Public Acts of 1933 being sections~~
20 ~~211 201 to 211 217a of the Michigan Compiled Laws, shall levy ad~~
21 ~~valorem property taxes for school operating purposes to conduct~~
22 ~~the educational programs authorized by the board at a rate not to~~
23 ~~exceed 12 mills--~~

24 (2) ~~-(3) Beginning in 1994 and each year after 1994, the~~
25 THE board of a school district with a foundation allowance calcu-
26 lated under section 20(3) of the state school aid act OF 1979,
27 BEING SECTION 388 1620 OF THE MICHIGAN COMPILED LAWS, for the

1 1994-95 state fiscal year of more than \$6,500 00 may levy, with
 2 the approval of the school electors, a supplemental property tax
 3 for school operating purposes to conduct the educational programs
 4 authorized by the board at a rate not to exceed the number of
 5 mills, as certified under section 1211a, required for the school
 6 district's combined state and local revenue per membership pupil
 7 for the school fiscal year ending in 1995 to equal the school
 8 district's foundation allowance The rate of the supplemental
 9 property tax levied after 1994 shall not exceed the number of
 10 mills necessary to ensure that the combined revenue from the
 11 school district's foundation allowance for the current state
 12 fiscal year and from the supplemental property tax for the calen-
 13 dar year ending in the current state fiscal year results in a
 14 percentage increase from that combined revenue for the immedi-
 15 ately preceding state fiscal year equal to the percentage
 16 increase in the basic foundation allowance from the immediately
 17 preceding state fiscal year, or the number of mills of the sup-
 18 plemental property tax the school district is eligible to levy in
 19 1994 whichever is less All or part of the millage levied under
 20 this ~~section~~ SUBSECTION may be renewed with the approval of the
 21 school electors However, ~~if the sales tax is levied at a rate~~
 22 ~~of 6% under the general sales tax act, Act No 167 of the Public~~
 23 ~~Acts of 1933, being sections 205 51 to 205 78 of the Michigan~~
 24 ~~Compiled Laws~~ the mills under this ~~section~~ SUBSECTION shall
 25 be levied only on homestead property until the number of mills
 26 levied under this ~~section~~ SUBSECTION equals 18 mills at which
 27 time the number of mills levied in excess of 18 under this

~~1 section~~ SUBSECTION are levied uniformly on all property
2 Additionally, if the department of treasury determines that the
3 percentage increase from 1 state fiscal year to the next in a
4 school district's combined state and local revenue per membership
5 pupil for a particular state fiscal year after 1994-95 exceeds
6 the percentage increase in the general price level in the immedi-
7 ately preceding calendar year or that the dollar amount of the
8 increase from 1 state fiscal year to the next in a school
9 district's combined state and local revenue per membership pupil
10 for a particular state fiscal year after 1994-95 exceeds the
11 dollar amount of the increase in the BASIC foundation allowance
12 under section 20 of the state school aid act of 1979 being
13 section 388 1620 of the Michigan Compiled Laws, from the immedi-
14 ately preceding state fiscal year, the number of mills the school
15 district may levy under this ~~section~~ SUBSECTION shall be
16 reduced to limit the percentage increase in the school district's
17 combined state and local revenue per membership pupil to the
18 lesser of the same percentage as the percentage increase in the
19 general price level in the immediately preceding calendar year or
20 the percentage that would yield the same dollar amount increase
21 in the school district's combined state and local revenue per
22 membership pupil from the immediately preceding state fiscal year
23 as the dollar amount of the increase in the BASIC foundation
24 allowance under section 20 of the state school aid act of 1979
25 from the immediately preceding state fiscal year
26 (3) ~~(4)~~ For the purposes of this section, millage approved
27 by the school electors before January 1, 1994 for which the

1 authorization has not expired is considered to be approved by the
2 school electors

3 (4) ~~—(5)—~~ If a school district levies millage for school
4 operating purposes that is in excess of the limits of this sec-
5 tion, the amount of the resulting excess tax revenue shall be
6 deducted from the school district's next regular tax levy

7 (5) ~~—(6)—~~ If a school district levies millage for school
8 operating purposes that is less than the limits of this section,
9 the board of the school district may levy at the school
10 district's next regular tax levy an additional number of mills
11 not to exceed the additional millage needed to make up the
12 shortfall

13 (6) ~~—(7) If the sales tax is levied at a rate of 6% under~~
14 ~~Act No 167 of the Public Acts of 1933, a~~ A school district
15 shall not levy mills allocated under the property tax limitation
16 act, Act No 62 of the Public Acts of 1933, being
17 sections 211 201 to 211 217a of the Michigan Compiled Laws, other
18 than mills allocated to a school district of the first class for
19 payment to a public library commission under section 11(4) of Act
20 No 62 of the Public Acts of 1933 being section 211 211 of the
21 Michigan Compiled Laws, after 1993

22 (7) ~~—(8)—~~ As used in this section

23 (a) "Combined state and local revenue per membership pupil"
24 means that term as defined in section 20 of the state school aid
25 act of 1979, BEING SECTION 388 1620 OF THE MICHIGAN COMPILED
26 LAWS

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

3 (c) "Homestead property" means a dwelling or unit in a
4 multiple-unit dwelling subject to ad valorem property taxes that
5 is owned and occupied as a principal residence by the owner of
6 the dwelling or unit If the principal residence is located on
7 property classified as agricultural or is adjacent to property
8 classified as agricultural owned by the owner of the principal
9 residence, homestead property includes all unoccupied property
10 classified as agricultural owned by the owner of the principal
11 residence that is not leased or rented by the owner to another
12 person Homestead includes a life care facility registered under
13 the living care disclosure act, Act No 440 of the Public Acts of
14 1976, being sections 554 801 to 554 844 of the Michigan Compiled
15 Laws and property owned by a cooperative housing corporation
16 occupied as a principal residence by tenant stockholders For
17 purposes of this subsection owner includes but is not limited to
18 a land contract grantee

19 (d) "Membership" means that term as defined in section 6 of
20 the state school aid act of 1979 being section 388 1606 of the
21 Michigan Compiled Laws

22 (e) "School operating purposes" includes expenditures for
23 furniture and equipment, for alterations necessary to maintain
24 school facilities in a safe and sanitary condition, for funding
25 the cost of energy conservation improvements in school facilities,
26 for deficiencies in operating expenses for the preceding
27 year, and for paying the operating allowance due from the school

1 district to a joint high school district in which the school
 2 district is a participating school district under part 3a Taxes
 3 levied for school operating purposes do not include any of the
 4 following

5 (1) Taxes levied by a school district for operating a commu-
 6 nity college under part 25

7 (11) Taxes levied under section 1212

8 (111) Taxes levied under section 1356(4) for eliminating an
 9 operating deficit

10 (1v) Taxes levied for operation of a library under section
 11 260 or 1451 or for operation of a library established pursuant to
 12 Act No 261 of the Public Acts of 1913 being sections 397 261 to
 13 397 262 of the Michigan Compiled Laws, that were not included in
 14 the operating millage reported by the district to the department
 15 as of April 1, 1993 However, a district may report to the
 16 department not later than April 1 1994 the number of mills it
 17 levied in 1993 for a purpose described in this subparagraph that
 18 the school district does not want considered as operating millage
 19 and then that number of mills is excluded under this section from
 20 taxes levied for school operating purposes

21 (v) Taxes paid by a school district of the first class to a
 22 public library commission pursuant to section 11(4) of the prop-
 23 erty tax limitation act, Act No 62 of the Public Acts of 1933,
 24 being section 211 211 of the Michigan Compiled Laws

25 Sec 1211b (1) ~~If the sales tax is levied at a rate of 4%~~
 26 ~~under the general sales tax act Act No 167 of the Public Acts~~
 27 ~~of 1933 being sections 205 51 to 205 78 of the Michigan Compiled~~

~~1 Laws, the board of a school district may vote to establish the~~
~~2 school district as a charter authority exempt from the provisions~~
~~3 of section 6 of article IX of the state constitution of 1963~~
~~4 The tax limitations of the charter authority are the limitations~~
~~5 that require voter approval under section 1211 without regard to~~
~~6 section 705a The board shall seek approval by a majority of the~~
~~7 school district electors voting on the question to levy ad~~
~~8 valorem property taxes at a rate not to exceed the rate autho-~~
~~9 rized by section 1211~~ AN OWNER OF PROPERTY MAY CLAIM AN EXEMP-
10 TION FOR HOMESTEAD PROPERTY UNDER SECTION 1211(1) BY FILING
11 BEFORE MAY 1 EVERY 2 YEARS AN AFFIDAVIT WITH THE LOCAL TAX COL-
12 LECTING UNIT IN WHICH THE PROPERTY IS LOCATED STATING THAT THE
13 PROPERTY IS OWNED AND OCCUPIED AS A HOMESTEAD BY THAT OWNER OF
14 THE PROPERTY ON THE DATE THAT THE AFFIDAVIT IS SIGNED THE AFFI-
15 DAVIT SHALL BE ON A FORM PRESCRIBED AND PROVIDED BY THE DEPART-
16 MENT OF TREASURY

17 (2) UPON RECEIPT OF AN AFFIDAVIT FILED UNDER SUBSECTION (1),
18 THE LOCAL TAX COLLECTING UNIT SHALL EXEMPT THE PROPERTY FROM COL-
19 LECTION OF THE TAX UNDER THIS ACT FOR THE PERIOD OF EXEMPTION
20 UNDER THIS ACT OR UNTIL THE CALENDAR YEAR FOLLOWING THE YEAR IN
21 WHICH PROPERTY IS TRANSFERRED OR THE OWNER RESCINDS THE CLAIM FOR
22 EXEMPTION ON A FORM PRESCRIBED AND PROVIDED BY THE DEPARTMENT OF
23 TREASURY THE OWNER THAT CLAIMED AN EXEMPTION OF THE PROPERTY
24 SHALL RESCIND THE CLAIM FOR EXEMPTION ON A FORM PRESCRIBED AND
25 PROVIDED BY THE DEPARTMENT OF TREASURY WHEN THAT PROPERTY IS NO
26 LONGER USED AS A HOMESTEAD BY THAT OWNER

1 (3) THE LOCAL TAX COLLECTING UNIT SHALL FORWARD ALL
2 AFFIDAVITS TO THE DEPARTMENT OF TREASURY THE DEPARTMENT OF
3 TREASURY SHALL DETERMINE IF THE PROPERTY IS THE HOMESTEAD OF THE
4 OWNER THAT CLAIMED THE EXEMPTION IF THE DEPARTMENT OF TREASURY
5 DETERMINES THAT THE PROPERTY IS NOT THE HOMESTEAD OF THAT OWNER,
6 THE DEPARTMENT SHALL SEND A NOTICE TO THE LOCAL TAX COLLECTING
7 UNIT AND TO THAT OWNER OF THE PROPERTY THE LOCAL TAX COLLECTING
8 UNIT SHALL THEN PLACE THE PROPERTY BACK ON THE TAX ROLL FOR THE
9 COLLECTION OF THE TAX THE NOTICE TO THE OWNER SHALL INCLUDE A
10 STATEMENT THAT THE DETERMINATION WAS MADE THAT THE PROPERTY WAS
11 NOT THE HOMESTEAD OF THE OWNER THAT CLAIMED THE EXEMPTION AND
12 THAT THE OWNER MAY APPEAL THE DETERMINATION DIRECTLY TO THE TAX
13 TRIBUNAL, WITHOUT AN APPEAL TO THE BOARD OF REVIEW, WITHIN 35
14 DAYS AFTER THE DATE OF THE NOTICE

15 (4) IF THE HOMESTEAD IS PART OF A UNIT IN A MULTIPLE-UNIT
16 DWELLING OR A DWELLING UNIT IN A MULTIPLE-UNIT STRUCTURE, AN
17 OWNER SHALL CLAIM A PORTION OF THE TOTAL STATE EQUALIZED VALUA-
18 TION THAT IS TO BE CONSIDERED THE HOMESTEAD OF THE OWNER THAT
19 CLAIMED THE EXEMPTION AND THE DEPARTMENT OF TREASURY SHALL PRE-
20 SCRIBE THE MANNER IN WHICH THE CALCULATION SHALL BE MADE

21 (5) IF A PERSON CLAIMS AN EXEMPTION TO WHICH THE PERSON IS
22 NOT ENTITLED THE DEPARTMENT OF TREASURY SHALL ASSESS THE TAX
23 WITH PENALTIES AND INTEREST ACCORDING TO THE PROVISIONS OF ACT
24 NO 122 OF THE PUBLIC ACTS OF 1941, BEING SECTIONS 205 1 TO
25 205 31 OF THE MICHIGAN COMPILED LAWS

26 Sec 1262 (1) The board of a school district or a local
27 act school district may acquire real or personal property for use

1 for school purposes by purchase, land contract, lease, with or
2 without option to purchase, or title retaining contract THE
3 BOARD MAY ENTER INTO CONTRACTS FOR THE PURCHASE OF TELECOMMUNICA-
4 TION AND TECHNOLOGY RELATED SERVICES FOR SCHOOL PURPOSES TO BE
5 PAID FOR IN INSTALLMENTS OVER A PERIOD NOT TO EXCEED THE TERM OF
6 THE CONTRACT The board may pay for the property OR SERVICES out
7 of funds of the district which are or may become lawfully avail-
8 able for these purposes and shall record ~~the~~ ANY expenditure
9 FOR PROPERTY as a capital cost AND ANY EXPENDITURE FOR THE PUR-
10 CHASE OF SERVICES AS AN OPERATING EXPENSE The outstanding bal-
11 ance of all contractual agreements, exclusive of interest, shall
12 not exceed 1-1/4 of the state equalized valuation of real and
13 personal property in the district

14 (2) The board of a school district or an intermediate school
15 district may enter into an executory land contract or agreement
16 for the sale of real property not required for school purposes if
17 the contract or agreement requires the full purchase price to be
18 paid in installments within not more than 10 years after the date
19 of the contract or within not more than 20 years after the date
20 of the contract if the sale is to another unit of government A
21 contract or agreement described in this subsection and entered
22 into before the effective date of this subsection is validated
23 and made legal and enforceable

24 (3) The board of a school district or a local act school
25 district may sell, exchange, or lease real or personal property
26 of the school district which is no longer required for school

1 purposes, and give proper deeds, bills of sale, or other
2 instruments passing title to the property

3 (4) Proceeds from the sale of real property on which there
4 is no bonded debt shall be credited to any account of the school
5 district However, if bonded debt exists on the property sold,
6 the sale proceeds shall be credited to the debt retirement
7 account If the sale proceeds exceed the existing bonded debt,
8 including interest, on the property sold, the board shall credit
9 the residual to any other account of the school district

10 Sec 1351a (1) ~~If the sales tax is levied at a rate of 6%~~
11 ~~under the general sales tax act, Act No 167 of the Public Acts~~
12 ~~of 1933, being sections 205 51 to 205 78 of the Michigan Compiled~~
13 ~~Laws~~ BEGINNING WITH BOND ISSUES APPROVED AFTER MAY 1, 1994, a
14 school district may not borrow money and issue bonds of the dis-
15 trict under section 1351(1) However a school district may
16 borrow money and issue bonds of the district to defray all or a
17 part of the cost of purchasing, erecting, completing, or
18 ~~renovating~~ REMODELING school buildings, including library
19 buildings structures athletic fields playgrounds or other
20 facilities, or PARTS OF OR additions to those facilities
21 EQUIPPING, REEQUIPPING, furnishing, or refurnishing new or
22 ~~completely renovated~~ REMODELED school buildings acquiring
23 preparing, developing, or improving sites, or parts of or addi-
24 tions to sites, for school buildings, including library build-
25 ings, structures, athletic fields, playgrounds or other facili-
26 ties PURCHASING school buses ~~participating in the~~
27 ~~administrative~~ ACQUIRING, INSTALLING, OR EQUIPPING OR

1 REEQUIPPING SCHOOL BUILDINGS FOR TECHNOLOGY refunding all or
2 part of existing bonded indebtedness IF THE AGGREGATE PRESENT
3 VALUE OF THE PRINCIPAL AND INTEREST TO BE PAID ON THE REFUNDING
4 BONDS WILL BE LESS THAN THE AGGREGATE PRESENT VALUE OF THE PRIN-
5 CIPAL AND INTEREST TO BE PAID ON THE BONDS BEING REFUNDED, AS
6 CALCULATED USING A METHOD APPROVED BY THE DEPARTMENT OF TREASURY
7 or accomplishing a combination of the purposes set forth in this
8 subsection SECTION 1351(2) TO (4) APPLIES TO BONDS ISSUED UNDER
9 THIS SECTION

10 (2) THE PROCEEDS OF BONDS ISSUED UNDER THIS SECTION SHALL BE
11 USED FOR CAPITAL EXPENDITURES AND TO PAY COSTS OF BOND ISSUANCE,
12 AND SHALL NOT BE USED FOR MAINTENANCE COSTS A SCHOOL DISTRICT
13 THAT ISSUES BONDS UNDER THIS SECTION SHALL HAVE AN INDEPENDENT
14 AUDIT, USING GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, OF ITS
15 BONDING ACTIVITIES CONDUCTED WITHIN 120 DAYS AFTER COMPLETION OF
16 ALL PROJECTS FINANCED BY THE PROCEEDS OF THE BONDS AND SHALL
17 SUBMIT THE AUDIT REPORT TO THE DEPARTMENT OF TREASURY

18 (3) BONDS ISSUED UNDER THIS SECTION FOR AN ASSET WITH A
19 USEFUL LIFE OF LESS THAN 30 YEARS SHALL NOT BE ISSUED FOR A TERM
20 THAT IS LONGER THAN THE USEFUL LIFE OF THE ASSET

21 (4) A RESIDENT OF A SCHOOL DISTRICT HAS STANDING TO BRING
22 SUIT AGAINST THE SCHOOL DISTRICT TO ENFORCE THE PROVISIONS OF
23 THIS SECTION IN A COURT HAVING JURISDICTION

24 (5) AS USED IN THIS SECTION, "TECHNOLOGY" MEANS ELECTRONIC
25 DEVICES, AND THE INITIAL PURCHASE OF ACCOMPANYING OPERATING SYS-
26 TEMS AND SOFTWARE, THAT DELIVER OR TRANSMIT EDUCATIONAL DATA OR
27 RESOURCE INFORMATION FOR PUPIL INSTRUCTIONAL PURPOSES