

# HOUSE BILL No. 6282

September 17, 2002, Introduced by Reps. Cassis, Newell, Toy, Ruth Johnson, Birkholz, Palmer, Woronchak, Voorhees, Vander Veen, Richardville, Ehardt, Meyer, Van Woerkom, Rocca, Caul, Pappageorge, DeRossett and Kooiman and referred to the Committee on Tax Policy.

A bill to amend 1976 PA 451, entitled  
"The revised school code,"  
by amending sections 1211, 1211d, and 1211e (MCL 380.1211,  
380.1211d, and 380.1211e), section 1211 as amended and section  
1211e as added by 1994 PA 258 and section 1211d as amended by  
1996 PA 69.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1211. (1) Except as otherwise provided in this section  
2 and section 1211c, the board of a school district shall levy not  
3 more than 18 mills for school operating purposes or the number of  
4 mills levied in 1993 for school operating purposes, whichever is  
5 less. A ~~homestead~~ PRINCIPAL RESIDENCE and qualified agricul-  
6 tural property are exempt from the mills levied under this  
7 subsection except for the number of mills by which that exemption  
8 is reduced under this subsection. The board of a school district

1 with a foundation allowance calculated under section 20 of the  
2 state school aid act of 1979, ~~being section 388.1620 of the~~  
3 ~~Michigan Compiled Laws~~ MCL 388.1620, for the 1994-95 state  
4 fiscal year of more than \$6,500.00, may reduce the number of  
5 mills from which a ~~homestead~~ PRINCIPAL RESIDENCE and qualified  
6 agricultural property are exempted under this subsection by up to  
7 the number of mills, as certified under section 1211a, required  
8 to be levied on a ~~homestead~~ PRINCIPAL RESIDENCE and qualified  
9 agricultural property for the school district's combined state  
10 and local revenue per membership pupil for the school fiscal year  
11 ending in 1995 to be equal to the school district's foundation  
12 allowance for the state fiscal year ending in 1995, and the board  
13 also may levy in 1994 or a succeeding year that number of mills  
14 for school operating purposes on a ~~homestead~~ PRINCIPAL  
15 RESIDENCE and qualified agricultural property.

16 (2) Subject to subsection (3), if the department of treasury  
17 determines that the maximum number of mills allowed to be levied  
18 under subsection (1) on all classes of property is not sufficient  
19 for a school district's combined state and local revenue per mem-  
20 bership pupil for the school fiscal year ending in 1995 to be  
21 equal to the school district's foundation allowance for that  
22 school fiscal year, the board of the school district may levy in  
23 1994 or a succeeding year additional mills uniformly on all prop-  
24 erty up to the number of mills required for the school district's  
25 combined state and local revenue per membership pupil for the  
26 school fiscal year ending in 1995 to be equal to the school

1 district's foundation allowance for the state fiscal year ending  
2 in 1995.

3       (3) After 1994, the number of mills a school district may  
4 levy under this section on any class of property shall not exceed  
5 the lesser of the number of mills the school district is certi-  
6 fied by the department of treasury under section 1211a to levy on  
7 that class of property under this section in 1994 or the number  
8 of mills required to be levied on that class of property under  
9 this section to ensure that the increase from the immediately  
10 preceding state fiscal year in the school district's combined  
11 state and local revenue per membership pupil, calculated as if  
12 the school district had levied the maximum number of mills the  
13 school district was allowed to levy under this section regardless  
14 of the number of mills the school district actually levied, does  
15 not exceed the lesser of the dollar amount of the increase in the  
16 basic foundation allowance under section 20 of the state school  
17 aid act of 1979, MCL 388.1620, from the immediately preceding  
18 state fiscal year or the percentage increase in the general price  
19 level in the immediately preceding calendar year. If the number  
20 of mills a school district is allowed to levy under this section  
21 in a year after 1994 is less than the number of mills the school  
22 district was allowed to levy under this section in the immedi-  
23 ately preceding year, any reduction required by this subsection  
24 in the school district's millage rate shall be calculated by  
25 first reducing the number of mills the school district is allowed  
26 to levy under subsection (2) and then increasing the number of

1 mills from which a ~~homestead~~ PRINCIPAL RESIDENCE and qualified  
2 agricultural property are exempted under subsection (1).

3 (4) Millage levied under this section must be approved by  
4 the school electors. For the purposes of this section, millage  
5 approved by the school electors before January 1, 1994 for which  
6 the authorization has not expired is considered to be approved by  
7 the school electors.

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

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

17 (7) A school district shall not levy mills allocated under  
18 the property tax limitation act, ~~Act No. 62 of the Public Acts~~  
19 ~~of 1933, being sections 211.201 to 211.217a of the Michigan~~  
20 ~~Compiled Laws~~ 1933 PA 62, MCL 211.201 TO 211.217A, other than  
21 mills allocated to a school district of the first class for pay-  
22 ment to a public library commission under section 11(4) of ~~Act~~  
23 ~~No. 62 of the Public Acts of 1933, being section 211.211 of the~~  
24 ~~Michigan Compiled Laws~~ THE PROPERTY TAX LIMITATION ACT, 1933 PA  
25 62, MCL 211.211, after 1993.

26 (8) As used in this section:

1 (a) "Combined state and local revenue per membership pupil"  
2 means that term as defined in section 20 of the state school aid  
3 act of 1979, MCL 388.1620.

4 (b) "Foundation allowance" means a school district's founda-  
5 tion allowance as calculated under section 20 of the state school  
6 aid act of 1979, MCL 388.1620.

7 (c) "General price level" means that term as defined in sec-  
8 tion 33 of article IX of the state constitution of 1963.

9 ~~(d) "Homestead" and "qualified agricultural property" mean~~  
10 ~~those terms as defined in section 1211d or in section 7dd of the~~  
11 ~~general property tax act, Act No. 206 of the Public Acts of 1893,~~  
12 ~~being section 211.7dd of the Michigan Compiled Laws. If a term~~  
13 ~~defined in section 1211d is defined in section 7dd of Act No. 206~~  
14 ~~of the Public Acts of 1893 differently than the term is defined~~  
15 ~~in section 1211d, then that term as used in this section means~~  
16 ~~that term as defined in section 7dd of Act No. 206 of the Public~~  
17 ~~Acts of 1893.~~

18 (D) ~~(e)~~ "Membership" means that term as defined in section  
19 6 of the state school aid act of 1979, ~~being section 388.1606 of~~  
20 ~~the Michigan Compiled Laws~~ MCL 388.1606.

21 (E) "PRINCIPAL RESIDENCE" AND "QUALIFIED AGRICULTURAL  
22 PROPERTY" MEAN THOSE TERMS AS DEFINED IN SECTION 1211D OR IN  
23 SECTION 7DD OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL  
24 211.7DD. IF A TERM DEFINED IN SECTION 1211D IS DEFINED IN  
25 SECTION 7DD OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL  
26 211.7DD, DIFFERENTLY THAN THE TERM IS DEFINED IN SECTION 1211D,  
27 THEN THAT TERM AS USED IN THIS SECTION MEANS THAT TERM AS DEFINED

1 IN SECTION 7DD OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL  
2 211.7DD.

3 (f) "School operating purposes" includes expenditures for  
4 furniture and equipment, for alterations necessary to maintain  
5 school facilities in a safe and sanitary condition, for funding  
6 the cost of energy conservation improvements in school facili-  
7 ties, for deficiencies in operating expenses for the preceding  
8 year, and for paying the operating allowance due from the school  
9 district to a joint high school district in which the school dis-  
10 trict is a participating school district under part 3a. Taxes  
11 levied for school operating purposes do not include any of the  
12 following:

13 (i) Taxes levied by a school district for operating a commu-  
14 nity college under part 25.

15 (ii) Taxes levied under section 1212.

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

18 (iv) Taxes levied for operation of a library under section  
19 260 or 1451 or for operation of a library established pursuant to  
20 ~~Act No. 261 of the Public Acts of 1913, being sections 397.261~~  
21 ~~to 397.262 of the Michigan Compiled Laws~~ 1913 PA 261, MCL  
22 397.261 TO 397.262, that were not included in the operating mill-  
23 age reported by the district to the department as of April 1,  
24 1993. However, a district may report to the department not later  
25 than April 1, 1994 the number of mills it levied in 1993 for a  
26 purpose described in this subparagraph that the school district  
27 does not want considered as operating millage and then that

1 number of mills is excluded under this section from taxes levied  
2 for school operating purposes.

3 (v) Taxes paid by a school district of the first class to a  
4 public library commission pursuant to section 11(4) of ~~Act~~  
5 ~~No. 62 of the Public Acts of 1933, being section 211.211 of the~~  
6 ~~Michigan Compiled Laws~~ THE PROPERTY TAX LIMITATION ACT, 1933 PA  
7 62, MCL 211.211.

8 (vi) Taxes levied under FORMER section 1512 for operation of  
9 a community swimming pool. In addition, if a school district  
10 included the millage it levied in 1993 for operation of a commu-  
11 nity swimming pool as part of its operating millage reported to  
12 the department for 1993, the school district may report to the  
13 department not later than June 17, 1994 the number of mills it  
14 levied in 1993 for operation of a community swimming pool that  
15 the school district does not want considered as operating millage  
16 and then that number of mills is excluded under this section from  
17 taxes levied for school operating purposes.

18 Sec. 1211d. ~~(1) Except as otherwise provided in subsection~~  
19 ~~(2), as~~ AS used in this section and in section 1211:

20 ~~-(a) "Homestead" means that portion of a dwelling or unit in~~  
21 ~~a multiple-unit dwelling that is subject to ad valorem taxes and~~  
22 ~~is owned and occupied as a principal residence by an owner of the~~  
23 ~~dwelling or unit. Homestead also includes all of an owner's~~  
24 ~~unoccupied property classified as residential that is adjoining~~  
25 ~~or contiguous to the dwelling subject to ad valorem taxes and~~  
26 ~~that is owned and occupied as a principal residence by the~~  
27 ~~owner. Contiguity is not broken by a road or a right-of-way.~~

~~Homestead also includes any portion of a principal single-family dwelling or a single-family unit in a multiple-unit dwelling used as a residence of an owner that is rented or leased to another person as a residence as long as that portion of the principal residence that is rented or leased is less than 50% of the total square footage of living space in the principal residence.~~

~~Homestead also 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. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders.~~

(A) ~~(b)~~ "Owner" means a person who is 1 of the following:

(i) A person who owns property or who is purchasing property under a land contract.

(ii) A person who is a partial owner of property.

(iii) A person who owns property as a result of being a beneficiary of a will or trust or as a result of intestate succession.

(iv) A person who owns or is purchasing a dwelling on leased land.

(v) A person holding a life lease in property previously sold or transferred to another.

(vi) A grantor who has placed the property in a revocable trust or a qualified personal residence trust.

(B) ~~(c)~~ "Person", for purposes of a ~~homestead~~ PRINCIPAL RESIDENCE, means an individual and, for purposes of qualified



1 agricultural property, means an individual, partnership,  
2 corporation, limited liability company, association, or other  
3 legal entity.

4 (C) ~~-(d)-~~ "Principal residence" ~~means the 1 place where a~~  
5 ~~person has his or her true, fixed, and permanent home to which,~~  
6 ~~whenever absent, he or she intends to return and that shall con-~~  
7 ~~tinue as a principal residence until another principal residence~~  
8 ~~is established~~ AND "QUALIFIED AGRICULTURAL PROPERTY" MEAN THOSE  
9 TERMS AS DEFINED IN SECTION 7DD OF THE GENERAL PROPERTY TAX ACT,  
10 1893 PA 206, MCL 211.7DD.

11 ~~-(e)-~~ "Qualified agricultural property" ~~means unoccupied~~  
12 ~~property and related buildings classified as agricultural, or~~  
13 ~~other unoccupied property and related buildings located on that~~  
14 ~~property devoted primarily to agricultural use as defined in sec-~~  
15 ~~tion 36101 of part 361 (farmland and open space preservation) of~~  
16 ~~the natural resources and environmental protection act, Act~~  
17 ~~No. 451 of the Public Acts of 1994, being section 324.36101 of~~  
18 ~~the Michigan Compiled Laws. Related buildings include a resi-~~  
19 ~~dence occupied by a person employed in or actively involved in~~  
20 ~~the agricultural use and who has not claimed an exemption on a~~  
21 ~~homestead on other property. Property used for commercial stor-~~  
22 ~~age, commercial processing, commercial distribution, commercial~~  
23 ~~marketing, or commercial shipping operations or other commercial~~  
24 ~~or industrial purposes is not qualified agricultural property. A~~  
25 ~~parcel of property is devoted primarily to agriculture use only~~  
26 ~~if more than 50% of the parcel's acreage is devoted to~~  
27 ~~agricultural use. An owner shall not receive an exemption for~~

~~that portion of the total state equalized valuation of the property that is used for a commercial or industrial purpose or a residence that is not a related building.~~

~~(2) If a term defined in this section is defined in section 7dd of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.7dd of the Michigan Compiled Laws, differently than that term is defined in subsection (1), then that term as used in this section and in section 1211 means that term as defined in section 7dd of Act No. 206 of the Public Acts of 1893.~~

Sec. 1211e. (1) Subject to subsection (2), to claim an exemption under section 1211(1) for qualified agricultural property for the 1994 tax year, if an affidavit claiming an exemption on a ~~homestead~~ PRINCIPAL RESIDENCE was not filed for the property by May 1, 1994, an affidavit claiming the exemption on qualified agricultural property shall be filed with the local assessing unit by June 1, 1994. If property is qualified agricultural property and is classified as agricultural property under section 34c of the general property tax act, ~~Act No. 206 of the Public Acts of 1893, being section 211.34c of the Michigan Compiled Laws~~ 1893 PA 206, MCL 211.34C, that property is exempt and an affidavit claiming the exemption does not need to be filed.

(2) If there are provisions in ~~Act No. 206 of the Public Acts of 1893~~ THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.157, that are inconsistent with subsection (1), the provisions of ~~Act No. 206 of the Public Acts of 1893~~ THE

1 GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.157,  
2 prevail.

3 Enacting section 1. This amendatory act does not take  
4 effect unless Senate Bill No. \_\_\_\_\_ or House Bill No. 6283  
5 (request no. 07067'02) of the 91st Legislature is enacted into  
6 law.