

COMMUNITY COLLEGE DISTRICT REORGANIZATION

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House Bill 5400

Sponsor: Rep. Lorence Wenke

Committee: Higher Education and Career Preparation

Complete to 2-24-06

A SUMMARY OF HOUSE BILL 5400 AS INTRODUCED 11-2-05

House Bill 5400 would amend the Community College Act to provide procedures to reorganize community college districts, expanding the geographic area they served.

Currently under the law, each of Michigan's 28 community colleges is established to serve students in a particular geographic region or district of the state. The elected trustees of the colleges set a tax rate to be levied on the value of property within that district (a rate established in mills), and if the voters approve the rate (which can be no higher than 5 mills), the tax revenue that is collected helps fund the operation of the local community college.

Conditions for reorganization

House Bill 5400 would require a community college district to reorganize before January 1, 2011, if all of the following conditions were met:

- The reorganization would result in the expansion of the existing boundaries of the community college district.
- A petition was submitted to the board of trustees requesting the reorganization, that petition having been signed by a number of registered voters at least equal to the number of signatures required to nominate a candidate for the board of trustees.
- The board of trustees adopted a resolution to establish a reorganized district.
- The board of trustees submitted the resolution to the state board of education and obtained the approval of the state board.
- The reorganization was approved by a majority of the voters residing in the proposed district.

Resolution

The resolution adopted by the board of trustees would have to identify 1) the boundaries of the proposed district, 2) any bonded indebtedness for which taxes are levied that would be assumed by the proposed district, 3) the proposed maximum annual tax rate, and 4) the way the reorganized district would ensure access to college services throughout the geographic area of the proposed district.

Boundaries

The boundaries of a proposed district could not include any territory that is now included in another existing community college district. The boundaries would be required to include the existing district and any area contiguous to it, or a county that was not contiguous but contained a federal military installation at which classes had been offered for at least 20 years. Further, if practical, the boundaries of the proposed district would have to conform to county, school district, or intermediate school district boundaries.

Elections

If the State Board of Education approved of the reorganization, the board of trustees of that district would have to notify the filing officials of the local units of government in which a portion of the proposed district was located, and each would have to include the proposition on the ballot at either 1) the next general state election (if filed at least 77 days but not more than 6 months before the election), or if filed more than 6 months before a general election, then at a special election which would be the next regular election day that was not less than 77 days after the approval was filed. If this option were used, the community college district would have to pay the incremental cost of the special election.

Ballot question

House Bill 5400 specifies the question that would be presented to voters on the ballot, as follows:

Shall the _____community college district, comprised of _____[school district or districts/county or counties/intermediate school district or districts] as of _____[date], be reorganized as a community college district subject to the provisions of chapter 6 of part 1 of 1966 PA 331 to be comprised of all or a portion of _____[county or counties/school district or districts/intermediate school district or district], and shall the maximum annual tax rate for the reorganized community college district be _____mills (\$_____ per \$1,000.00 of state equalized valuation) for the year _____ and thereafter, to be used for all purposes authorized by law?

Board of trustees; terms of office; tax levies

Under the bill, a reorganized community college district would be governed by a seven-member board of trustees, elected at-large and on a non-partisan basis. The board of trustees that served before reorganization would be required to serve the remainder of their terms. At the expiration of a member's term, the member's successor would be elected for a term of six years. Terms of office would start and end on the same date as did the previous terms, unless otherwise specified in the resolution. If authorized by the resolution, the election held to approve the reorganization of the district could include the election of the first board of trustees. Of the members elected, three would be elected for six-year terms; two for four-year terms; and two for two-year terms. Thereafter, the members' successors would serve six-year terms.

The bill specifies that the board of trustees could levy ad valorem property taxes at a rate authorized by resolution and approved by the voters. In addition, the board could levy mills allocated in accord with the Property Tax Limitation Act. Together, the levy could not exceed five mills.

Prior bonded indebtedness

House Bill 5400 specifies that all indebtedness of the community college district before reorganization, except voted bonded indebtedness for which taxes are levied, would be assumed by the reorganized community college district. The identity of the former district (before reorganization) would remain as a separate assessing unit, until that indebtedness had been retired. However, the board of trustees and officers of the reorganized district would constitute the board and officers as they existed before reorganization. The debt retirement funds that were not assumed could not be commingled with the debt retirement funds of the reorganized district. The board of trustees of the reorganized district would be required to perform all duties required by law and the original terms of issue and sale, related to the voted bonded indebtedness.

Authority of successor district

The reorganized district would be considered the successor district to the district that adopted the resolution. Any state appropriation to the community college before reorganization would be distributed to its successor.

All assets, property, rights, obligations, collective bargaining agreements, and duties of a community college district that adopted a resolution to reorganize would be those of the reorganized district upon approval of the resolution by the voters.

Rights of employees

All employees of a community college district that adopted a resolution to reorganize would become employees of the successor district and remain in their same positions. The employees would retain any annual leave, sick leave, seniority, longevity, or other benefit accumulated before reorganization. However, this subsection would not limit the right of a district to terminate, discipline, or take any other action related to an employee consistent with law and any applicable collective bargaining agreement. Further, a college bargaining representative of a group of employees before reorganization would continue to be the representative after they became employees of the successor district. However, this subsection would not limit the right of employees to assert that a collective bargaining representative was no longer their representative.

Annexation

House Bill 5400 specifies that with approval of the State Board of Education, the board of trustees of a reorganized community college district could annex, by resolution, a contiguous county, contiguous intermediate school district, contiguous school district, the remaining portion of a contiguous county, ISD, or school district that had territory within the reorganized district; or a county that was not contiguous but contained a federal military installation at which classes had been offered for at least 20 years. However, if any portion of an area to be annexed lay within another community college district, that

part of the territory could not become part of the district, and voters residing there would not be eligible to vote on the annexation proposal.

Finally, the bill would eliminate outdated provisions of the act concerning the summer collection of property taxes that expired in 1992.

FISCAL IMPACT:

This bill has no fiscal impact on the State of Michigan or local governmental units, except community college districts. If there is a special election for the reorganization proposal, local governments would be reimbursed for the incremental costs of the election by the community college district. The fiscal impact on community college districts is indeterminate since it is unknown how many districts might successfully reorganize under the provisions of this bill.

House Bill 5400 would facilitate the expansion of present community college districts to include new geographical areas that are not currently part of a district. The district may levy property taxes on the new geographical area. As introduced, the bill would provide increased property tax revenue to the reorganized district from the millage being levied upon the expanded area. If the reorganization proposition proposes a lower millage rate than the one presently levied, this revenue increase may be offset by an indeterminate amount.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.