

# HOUSE BILL No. 6419

September 6, 2006, Introduced by Reps. Gaffney, Vagnozzi and David Law and referred to the Committee on Appropriations.

A bill to amend 1976 PA 451, entitled  
"The revised school code,"  
by amending section 1211 (MCL 380.1211), as amended by 2003 PA 126.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1211. (1) Except as otherwise provided in this section,  
2 ~~and section 1211e,~~ 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 principal residence and qualified agricultural property are  
6 exempt from the mills levied under this subsection except for the  
7 number of mills by which that exemption is reduced under this  
8 subsection. The board of a school district with a foundation  
9 allowance calculated under section 20 of the state school aid act

1 of 1979, MCL 388.1620, for the 1994-95 state fiscal year of more  
2 than \$6,500.00, may reduce the number of mills from which a  
3 principal residence and qualified agricultural property are  
4 exempted under this subsection by up to the number of mills, as  
5 certified under section 1211a, required to be levied on a principal  
6 residence and qualified agricultural property for the school  
7 district's combined state and local revenue per membership pupil  
8 for the school fiscal year ending in 1995 to be equal to the school  
9 district's foundation allowance for the state fiscal year ending in  
10 1995, and the board also may levy in 1994 or a succeeding year that  
11 number of mills for school operating purposes on a principal  
12 residence and qualified agricultural property. **IN ADDITION,**  
13 **BEGINNING IN 2006, FOR A SCHOOL DISTRICT THAT HAD A FOUNDATION**  
14 **ALLOWANCE FOR THE 1994-95 STATE FISCAL YEAR OF MORE THAN \$6,500.00,**  
15 **THE BOARD OF THE SCHOOL DISTRICT MAY REDUCE THE NUMBER OF MILLS**  
16 **FROM WHICH A PRINCIPAL RESIDENCE AND QUALIFIED AGRICULTURAL**  
17 **PROPERTY ARE EXEMPTED UNDER THIS SUBSECTION BY UP TO THE NUMBER OF**  
18 **MILLS, AS CERTIFIED BY THE DEPARTMENT OF TREASURY, REQUIRED TO BE**  
19 **LEVIED ON A PRINCIPAL RESIDENCE AND QUALIFIED AGRICULTURAL PROPERTY**  
20 **FOR THE SCHOOL DISTRICT'S COMBINED STATE AND LOCAL REVENUE PER**  
21 **MEMBERSHIP PUPIL FOR EACH SCHOOL FISCAL YEAR TO BE EQUAL TO THE**  
22 **GREATER OF THE FOLLOWING:**

23 (A) THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE FOR THE  
24 IMMEDIATELY PRECEDING STATE FISCAL YEAR PLUS THE DOLLAR INCREASE IN  
25 THE BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR AS  
26 COMPARED TO THE IMMEDIATELY PRECEDING STATE FISCAL YEAR.

27 (B) AN AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION ALLOWANCE FOR

1 THE IMMEDIATELY PRECEDING STATE FISCAL YEAR OR THE DISTRICT'S  
2 COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL FOR THE  
3 IMMEDIATELY PRECEDING STATE FISCAL YEAR, WHICHEVER IS GREATER,  
4 ADJUSTED BY AN AMOUNT DETERMINED BY THE STATE TREASURER AT THE END  
5 OF THE CALENDAR YEAR ENDING IN THE IMMEDIATELY PRECEDING STATE  
6 FISCAL YEAR TO REFLECT THE CUMULATIVE ANNUAL PERCENTAGE CHANGE IN  
7 THE GENERAL PRICE LEVEL.

8 (2) Subject to subsection (3), if the department of treasury  
9 determines that the maximum number of mills allowed to be levied  
10 under subsection (1) on all classes of property is not sufficient  
11 for a school district's combined state and local revenue per  
12 membership pupil for the school fiscal year ending in 1995 to be  
13 equal to the school district's foundation allowance for that school  
14 fiscal year, the board of the school district may levy in 1994 or a  
15 succeeding year additional mills uniformly on all property up to  
16 the number of mills required for the school district's combined  
17 state and local revenue per membership pupil for the school fiscal  
18 year ending in 1995 to be equal to the school district's foundation  
19 allowance for the state fiscal year ending in 1995. IN ADDITION,  
20 BEGINNING IN 2006, FOR A SCHOOL DISTRICT THAT HAD A FOUNDATION  
21 ALLOWANCE FOR THE 1994-95 STATE FISCAL YEAR OF MORE THAN \$6,500.00,  
22 THE BOARD OF THE SCHOOL DISTRICT MAY LEVY FOR THAT YEAR ADDITIONAL  
23 MILLS UNIFORMLY ON ALL PROPERTY UP TO THE NUMBER OF MILLS, AS  
24 CERTIFIED BY THE DEPARTMENT OF TREASURY, REQUIRED FOR THE SCHOOL  
25 DISTRICT'S COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL  
26 FOR EACH SCHOOL FISCAL YEAR TO BE EQUAL TO THE GREATER OF THE  
27 FOLLOWING:

1 (A) THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE FOR THE  
2 IMMEDIATELY PRECEDING STATE FISCAL YEAR PLUS THE DOLLAR INCREASE IN  
3 THE BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR AS  
4 COMPARED TO THE IMMEDIATELY PRECEDING STATE FISCAL YEAR.

5 (B) AN AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION ALLOWANCE FOR  
6 THE IMMEDIATELY PRECEDING STATE FISCAL YEAR OR THE DISTRICT'S  
7 COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL FOR THE  
8 IMMEDIATELY PRECEDING STATE FISCAL YEAR, WHICHEVER IS GREATER,  
9 ADJUSTED BY AN AMOUNT DETERMINED BY THE STATE TREASURER AT THE END  
10 OF THE CALENDAR YEAR ENDING IN THE IMMEDIATELY PRECEDING STATE  
11 FISCAL YEAR TO REFLECT THE CUMULATIVE ANNUAL PERCENTAGE CHANGE IN  
12 THE GENERAL PRICE LEVEL.

13 (3) After 1994, EXCEPT AS OTHERWISE PROVIDED IN THIS  
14 SUBSECTION, the number of mills a school district may levy under  
15 this section on any class of property shall not exceed the lesser  
16 of the number of mills the school district is certified by the  
17 department of treasury under section 1211a to levy on that class of  
18 property under this section in 1994 or the number of mills required  
19 to be levied on that class of property under this section to ensure  
20 that the increase from the immediately preceding state fiscal year  
21 in the school district's combined state and local revenue per  
22 membership pupil, calculated as if the school district had levied  
23 the maximum number of mills the school district was allowed to levy  
24 under this section regardless of the number of mills the school  
25 district actually levied, does not exceed the lesser of the dollar  
26 amount of the increase in the basic foundation allowance ~~under~~  
27 ~~section 20 of the state school aid act of 1979, MCL 388.1620, from~~

1 the immediately preceding state fiscal year or the percentage  
2 increase in the general price level in the immediately preceding  
3 calendar year. HOWEVER, BEGINNING IN 2006, FOR A SCHOOL DISTRICT  
4 THAT HAD A FOUNDATION ALLOWANCE FOR THE 1994-95 STATE FISCAL YEAR  
5 OF MORE THAN \$6,500.00, THE NUMBER OF MILLS THE BOARD OF THE SCHOOL  
6 DISTRICT MAY LEVY UNDER THIS SECTION ON ANY CLASS OF PROPERTY SHALL  
7 NOT EXCEED THE GREATER OF THE NUMBER OF MILLS THE SCHOOL DISTRICT  
8 IS CERTIFIED BY THE DEPARTMENT OF TREASURY UNDER SECTION 1211A TO  
9 LEVY ON THAT CLASS OF PROPERTY UNDER THIS SECTION IN 1994 OR THE  
10 NUMBER OF MILLS, AS CERTIFIED BY THE DEPARTMENT OF TREASURY,  
11 REQUIRED TO BE LEVIED ON THAT CLASS OF PROPERTY UNDER THIS SECTION  
12 TO ENSURE THAT THE SCHOOL DISTRICT'S COMBINED STATE AND LOCAL  
13 REVENUE PER MEMBERSHIP PUPIL FOR EACH SCHOOL FISCAL YEAR IS EQUAL  
14 TO THE GREATER OF THE FOLLOWING:

15 (A) THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE FOR THE  
16 IMMEDIATELY PRECEDING STATE FISCAL YEAR PLUS THE DOLLAR INCREASE IN  
17 THE BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR AS  
18 COMPARED TO THE IMMEDIATELY PRECEDING STATE FISCAL YEAR.

19 (B) AN AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION ALLOWANCE FOR  
20 THE IMMEDIATELY PRECEDING STATE FISCAL YEAR OR THE DISTRICT'S  
21 COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL FOR THE  
22 IMMEDIATELY PRECEDING STATE FISCAL YEAR, WHICHEVER IS GREATER,  
23 ADJUSTED BY AN AMOUNT DETERMINED BY THE STATE TREASURER AT THE END  
24 OF THE CALENDAR YEAR ENDING IN THE IMMEDIATELY PRECEDING STATE  
25 FISCAL YEAR TO REFLECT THE CUMULATIVE ANNUAL PERCENTAGE CHANGE IN  
26 THE GENERAL PRICE LEVEL.

27 (4) If the number of mills a school district is allowed to

1 levy under this section in a year after 1994 is less than the  
2 number of mills the school district was allowed to levy under this  
3 section in the immediately preceding year, any reduction required  
4 by ~~this~~ subsection (3) in the school district's millage rate  
5 shall be calculated by first reducing the number of mills the  
6 school district is allowed to levy under subsection (2) and then  
7 increasing the number of mills from which a principal residence and  
8 qualified agricultural property are exempted under subsection (1).

9 (5) ~~-(4)-~~ Millage levied under this section must be approved  
10 by the school electors. For the purposes of this section, millage  
11 approved by the school electors before January 1, 1994 for which  
12 the authorization has not expired is considered to be approved by  
13 the school electors.

14 (6) ~~-(5)-~~ If a school district levies millage for school  
15 operating purposes that is in excess of the limits of this section,  
16 the amount of the resulting excess tax revenue shall be deducted  
17 from the school district's next regular tax levy.

18 (7) ~~-(6)-~~ If a school district levies millage for school  
19 operating purposes that is less than the limits of this section,  
20 the board of the school district may levy at the school district's  
21 next regular tax levy an additional number of mills not to exceed  
22 the additional millage needed to make up the shortfall.

23 (8) ~~-(7)-~~ A school district shall not levy mills allocated  
24 under the property tax limitation act, 1933 PA 62, MCL 211.201 to  
25 211.217a, other than mills allocated to a school district of the  
26 first class for payment to a public library commission under  
27 section 11(4) of the property tax limitation act, 1933 PA 62, MCL

1 211.211, after 1993.

2 (9) ~~-(8)-~~ As used in this section:

3 (A) "BASIC FOUNDATION ALLOWANCE" MEANS THE BASIC FOUNDATION  
4 ALLOWANCE AS SPECIFIED IN SECTION 20 OF THE STATE SCHOOL AID ACT OF  
5 1979, MCL 388.1620.

6 (B) ~~-(a)-~~ "Combined state and local revenue per membership  
7 pupil" means that term as defined in section 20 of the state school  
8 aid act of 1979, MCL 388.1620.

9 (C) ~~-(b)-~~ "Foundation allowance" means a school district's  
10 foundation allowance as calculated under section 20 of the state  
11 school aid act of 1979, MCL 388.1620.

12 (D) ~~-(e)-~~ "General price level" means that term as defined in  
13 section 33 of article IX of the state constitution of 1963.

14 (E) ~~-(d)-~~ "Membership" means that term as defined in section 6  
15 of the state school aid act of 1979, MCL 388.1606.

16 (F) ~~-(e)-~~ "Owner", "person", "principal residence", and  
17 "qualified agricultural property" mean those terms as defined in  
18 section 7dd of the general property tax act, 1893 PA 206, MCL  
19 211.7dd.

20 (G) ~~-(f)-~~ "School operating purposes" includes expenditures  
21 for furniture and equipment, for alterations necessary to maintain  
22 school facilities in a safe and sanitary condition, for funding the  
23 cost of energy conservation improvements in school facilities, for  
24 deficiencies in operating expenses for the preceding year, and for  
25 paying the operating allowance due from the school district to a  
26 joint high school district in which the school district is a  
27 participating school district under former part 3a. Taxes levied

1 for school operating purposes do not include any of the following:

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

4 (ii) Taxes levied under section 1212.

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

7 (iv) Taxes levied for operation of a library under section 1451  
8 or for operation of a library established pursuant to 1913 PA 261,  
9 MCL 397.261 to 397.262, that were not included in the operating  
10 millage reported by the district to the department as of April 1,  
11 1993. However, a district may report to the department not later  
12 than April 1, 1994 the number of mills it levied in 1993 for a  
13 purpose described in this subparagraph that the school district  
14 does not want considered as operating millage and then that number  
15 of mills is excluded under this section from taxes levied for  
16 school operating purposes.

17 (v) Taxes paid by a school district of the first class to a  
18 public library commission pursuant to section 11(4) of the property  
19 tax limitation act, 1933 PA 62, MCL 211.211.

20 (vi) Taxes levied under former section 1512 for operation of a  
21 community swimming pool. In addition, if a school district included  
22 the millage it levied in 1993 for operation of a community swimming  
23 pool as part of its operating millage reported to the department  
24 for 1993, the school district may report to the department not  
25 later than June 17, 1994 the number of mills it levied in 1993 for  
26 operation of a community swimming pool that the school district  
27 does not want considered as operating millage and then that number



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

3 Enacting section 1. This amendatory act does not take effect  
4 unless Senate Bill No.\_\_\_\_ or House Bill No. 6420(request no.  
5 04956'05 a) of the 93rd Legislature is enacted into law.