

HOUSE BILL No. 6283

June 23, 2010, Introduced by Rep. Melton and referred to the Committee on Education.

A bill to amend 2008 PA 549, entitled
"Michigan promise zone authority act,"
by amending sections 3, 5, 7, 15, and 17 (MCL 390.1663, 390.1665,
390.1667, 390.1675, and 390.1677).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. As used in this act:

2 (a) "Authority" means a promise zone authority created under
3 this act.

4 (b) "Board" means the governing body of an authority.

5 (c) "Eligible entity" means a city, township, county, local
6 school district, or intermediate school district, in which the
7 percentage of families with children under age 18 that are living
8 at or below the federal poverty level is greater than or equal to

1 the state average of families with children under age 18 living at
2 or below the federal poverty level, as determined by the department
3 of treasury.

4 (d) "Federal poverty level" means the poverty guidelines
5 published annually in the federal register by the United States
6 department of health and human services under its authority to
7 revise the poverty line under section 673(2) of subtitle B of title
8 VI of the omnibus budget reconciliation act of 1981, Public Law 97-
9 35, 42 USC 9902.

10 (e) "Governing body" means the elected body of an eligible
11 entity having legislative powers.

12 (f) "Nonpublic high school" means a high school operated by a
13 nonpublic school that includes grades 9 to 12 or 10 to 12 and that
14 awards a high school diploma. ~~Nonpublic high school also includes a~~
15 ~~general education development test.~~

16 (g) "Nonpublic school" means that term as defined in section 5
17 of the revised school code, 1976 PA 451, MCL 380.5.

18 (h) "Promise of financial assistance" means a commitment by an
19 eligible entity to provide financial resources for public or
20 private postsecondary education to eligible students living in a
21 promise zone and who have graduated from a public high school or
22 nonpublic high school located within that promise zone.

23 (i) "Promise zone" means that area created by a governing body
24 under this act.

25 (j) "Promise zone development plan" means that plan developed
26 by an authority under this act that will ensure that the financial
27 resources are available to adequately fund the promise of financial

1 assistance.

2 (k) "Public high school" means a public school that includes
3 grades 9 to 12 or 10 to 12 and that awards a high school diploma.

4 (l) "Public school" means that term as defined in section 5 of
5 the revised school code, 1976 PA 451, MCL 380.5.

6 (m) "School district" means that term as defined in the
7 revised school code, 1976 PA 451, MCL 380.1 to 380.1852.

8 (n) "State education tax" means the tax levied under the state
9 education tax act, 1993 PA 331, MCL 211.901 to 211.906.

10 Sec. 5. (1) If the department of treasury certifies the
11 eligibility of a governing body to establish a promise zone and the
12 governing body, by resolution, establishes a promise zone under the
13 Michigan promise zone act, the governing body shall, by resolution,
14 create a promise zone authority.

15 (2) An authority is a public body corporate that may sue and
16 be sued in any court of this state. An authority possesses all the
17 powers necessary to carry out its purpose. The enumeration of a
18 power in this act shall not be construed as a limitation upon the
19 general powers of an authority.

20 (3) An authority shall be under the supervision and control of
21 a board consisting of 11 members. Nine members shall be appointed
22 by the chief executive officer of the eligible entity with the
23 advice and consent of the governing body. One member shall be
24 appointed by the senate majority leader. One member shall be
25 appointed by the speaker of the house of representatives. Not more
26 than 3 members shall be ~~government~~**ELECTED** officials **OR EMPLOYEES**
27 **OF THE GOVERNING BODY**. One member shall be a representative of the

1 public school community. Of the members first appointed, an equal
 2 number of the members, as near as is practicable, shall be
 3 appointed for 1 year, 2 years, 3 years, and 4 years. A member shall
 4 hold office until the member's successor is appointed. After the
 5 initial appointment, each member shall serve for a term of 4 years.
 6 An appointment to fill a vacancy shall be made by the chief
 7 executive officer of the eligible entity for the unexpired term
 8 only. Members of the board shall serve without compensation, but
 9 may be reimbursed for actual and necessary expenses. The
 10 chairperson of the board shall be elected by the board. As used in
 11 this subsection: ~~for~~

12 (A) **FOR** a local school district or an intermediate school
 13 district, "chief executive officer" means the superintendent of the
 14 local school district or intermediate school district.

15 (B) **"ELECTED OFFICIAL" MEANS AN INDIVIDUAL WHO HOLDS AN**
 16 **ELECTIVE FEDERAL OFFICE OR AN ELECTIVE OFFICE IN ANY STATE OR LOCAL**
 17 **GOVERNMENT.**

18 (4) Before assuming the duties of office, a member **OF AN**
 19 **AUTHORITY** shall qualify by taking and subscribing to the
 20 constitutional oath of office.

21 (5) The proceedings and rules of ~~the~~ **A** board are subject to
 22 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
 23 shall adopt rules governing its procedure and the holding of
 24 regular meetings. ~~subject to the approval of the governing body.~~
 25 Special meetings may be held if called in the manner provided in
 26 the rules of the board.

27 (6) After ~~having been given~~ **PROVIDING THE MEMBER WITH** notice

1 and an opportunity to be heard, a ~~member of the board may be~~
2 ~~removed for cause by the governing body~~ **BOARD BY A MAJORITY VOTE OF**
3 **ITS MEMBERS THEN IN OFFICE MAY REMOVE A MEMBER OF THE BOARD FOR**
4 **CAUSE.**

5 (7) A writing prepared, owned, used, in the possession of, or
6 retained by ~~the~~ **A** board in the performance of an official function
7 is subject to the freedom of information act, 1976 PA 442, MCL
8 15.231 to 15.246.

9 Sec. 7. (1) A promise zone authority created under section 5
10 shall prepare a promise zone development plan.

11 (2) ~~The~~ **A** promise zone development plan shall include, but is
12 not limited to, all of the following:

13 (a) A complete description of the proposed promise of
14 financial assistance. The proposed promise of financial assistance
15 shall include, but is not limited to, a promise of financial
16 assistance to all students residing within the promise zone and who
17 graduate from a public high school or nonpublic high school located
18 within that promise zone. The proposed promise of financial
19 assistance shall, at a minimum, provide funding sufficient to
20 provide an eligible student the tuition necessary to obtain an
21 associate degree or its equivalent at a community or junior college
22 in this state or combination of community or junior colleges in
23 this state and, at most, provide funding sufficient to provide an
24 eligible student the tuition necessary to obtain a bachelor's
25 degree or its equivalent at a public postsecondary institution in
26 this state or combination of public postsecondary institutions in
27 this state, subject to any limitations authorized under this

1 section. The proposed promise of financial assistance may also, at
 2 most, provide funding for an eligible student to attend a private
 3 college in this state in an amount not to exceed the average
 4 tuition necessary to obtain a bachelor's degree at all public
 5 universities in this state. The proposed promise of financial
 6 assistance may also authorize the expenditure of funds for
 7 educational improvement activities designed to increase readiness
 8 for postsecondary education at public schools located in the
 9 promise zone.

10 (b) A complete description of any limitation on the promise of
 11 financial assistance. ~~if~~ **HOWEVER, THE APPROVAL OF THE DEPARTMENT**
 12 **OF TREASURY IS REQUIRED FOR AN AUTHORITY TO INCLUDE ANY LIMITATION**
 13 **ON THE PROMISE OF FINANCIAL ASSISTANCE IN THE PROMISE ZONE**
 14 **DEVELOPMENT PLAN, UNLESS THAT LIMITATION IS 1 OF THE FOLLOWING:**

15 (i) IF the promise of financial assistance will be prorated
 16 based on the number of years the student has resided within the
 17 promise zone. ~~if~~

18 (ii) IF the promise of financial assistance will be restricted
 19 to students who have resided within or attended a public high
 20 school or nonpublic high school within the promise zone for a
 21 minimum number of years. ~~if~~

22 (iii) IF the promise of financial assistance is predicated on
 23 the student maintaining a minimum college grade point average and
 24 carrying a minimum college credit hour classload. ~~or if~~

25 (iv) IF THE PROMISE OF FINANCIAL ASSISTANCE IS LIMITED TO
 26 STUDENTS WHOSE CUMULATIVE HIGH SCHOOL GRADE POINT AVERAGE EXCEEDED
 27 A CERTAIN MINIMUM. HOWEVER, A LIMITATION DESCRIBED IN THIS

1 SUBPARAGRAPH MAY NOT INCLUDE A MINIMUM CUMULATIVE HIGH SCHOOL GRADE
2 POINT AVERAGE OF MORE THAN 2.5.

3 (v) IF the promise of financial assistance is restricted to
4 attendance at 1 or more public or private postsecondary
5 institutions in this state.

6 (c) A requirement that graduates of a public high school or
7 nonpublic high school exhaust all other known and available
8 restricted grants for tuition and fees for postsecondary education
9 provided by a federal, state, or local governmental entity, as
10 determined by the board.

11 (d) How the funds necessary to accomplish the promise of
12 financial assistance will be raised. Any amount received under the
13 state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772,
14 shall not be included as a method of raising the necessary funds.
15 The promise zone development plan shall be financed from 1 or more
16 of the following sources:

17 (i) Donations.

18 (ii) Revenues.

19 (iii) Money obtained from other sources ~~approved by the~~
20 ~~governing body~~ or otherwise authorized by law.

21 (e) An actuarial model of how much the proposed plan is
22 estimated to cost, based on actuarial formulas developed by the
23 department of treasury.

24 (3) ~~The-A~~ proposed promise of financial assistance under
25 subsection (2) shall not include funding for attendance at a public
26 or private postsecondary institution not located in this state.

27 (4) ~~The-A~~ board shall submit ~~the-A~~ promise zone development

1 plan **PREPARED UNDER THIS SECTION** to the department of treasury
2 promptly after its adoption. The promise zone development plan
3 shall be published on the website of the eligible entity that
4 established the promise zone.

5 (5) The department of treasury shall review ~~the~~^A promise zone
6 development plan submitted under subsection (4). Not more than 60
7 days after receipt of a promise zone development plan submitted
8 under subsection (4), the department of treasury shall either
9 approve the promise zone development plan or provide a written
10 notice of deficiencies. If the department of treasury does not
11 approve a promise zone development plan submitted under subsection
12 (4) or provide a written notice of deficiencies within 60 days, the
13 promise zone development plan shall be considered approved. If a
14 promise zone development plan is approved, the department of
15 treasury shall certify that the promise zone development plan meets
16 all requirements under this act and is sustainable.

17 (6) The department of treasury shall review any proposed
18 amendments to a promise zone development plan. Not more than 60
19 days after receipt of proposed amendments to a promise zone
20 development plan, the department of treasury shall either approve
21 the proposed amendments or provide a written notice of
22 deficiencies. If the department of treasury does not approve
23 proposed amendments or provide a written notice of deficiencies
24 within 60 days, the proposed amendments shall be considered
25 approved. If proposed amendments are approved, the department of
26 treasury shall certify that the amendments meet all requirements
27 under this act.

1 Sec. 15. The director of ~~the~~**AN** authority shall submit a
2 budget to the board for the operation of the authority for each
3 fiscal year before the beginning of the fiscal year. The budget
4 shall be prepared in the manner and contain the information
5 required of municipal departments. ~~After review by the board, the~~
6 ~~budget shall be submitted to the governing body. The governing body~~
7 ~~must approve the budget before the board may adopt the budget.~~
8 ~~Unless authorized by the governing body, funds of the eligible~~
9 ~~entity shall not be included in the budget of the authority.~~

10 Sec. 17. (1) ~~The~~**AN** authority shall determine the base year
11 for calculating the amount of incremental growth for the capture of
12 the state education tax as provided in this section. ~~The~~**HOWEVER,**
13 **THE INITIAL** base year is the ~~amount of revenue received from the~~
14 ~~collection of the state education tax in the promise zone in the~~
15 **CALENDAR** year immediately preceding the year in which an authority
16 makes its initial tuition payment ~~in accordance with~~**UNDER** the
17 ~~promise of financial assistance or the amount of revenue received~~
18 ~~from the collection of the state education tax in the promise zone~~
19 ~~in any 1 of the 3 immediately succeeding years, whichever is less~~
20 **ZONE DEVELOPMENT PLAN, AND THE AUTHORITY MAY ONLY CHANGE THE BASE**
21 **YEAR TO 1 OF THE 3 IMMEDIATELY SUCCEEDING CALENDAR YEARS.**

22 (2) If ~~the~~**AN** authority continues to make annual payments ~~in~~
23 ~~accordance with the promise of financial assistance, in the year~~
24 ~~immediately succeeding the base year determined in subsection (1)~~
25 ~~and each year thereafter, this state shall capture 1/2 of the~~
26 ~~increase in revenue, if any, from the collection of the state~~
27 ~~education tax. This state~~**UNDER THE PROMISE ZONE DEVELOPMENT PLAN,**

1 EACH YEAR THE DEPARTMENT SHALL DETERMINE THE AMOUNT BY WHICH THE
2 STATE EDUCATION TAX REVENUE FROM THE PROMISE ZONE EXCEEDS THE
3 REVENUE IN THE BASE YEAR DETERMINED UNDER SUBSECTION (1) FOR EACH
4 TAX COLLECTING UNIT THAT COLLECTS STATE EDUCATION TAX IN THE
5 PROMISE ZONE AND SHALL AUTHORIZE THE AUTHORITY TO CAPTURE 1/2 OF
6 THAT AMOUNT FROM THE PROCEEDS OF THE STATE EDUCATION TAX IN EACH OF
7 THOSE TAX COLLECTING UNITS.

8 (3) AN AUTHORITY shall not capture any revenue from the
9 collection of the state education tax under ~~this act~~ SUBSECTION (2)
10 if that revenue is subject to capture under any other law of this
11 state. ~~Proceeds from the capture of the state education tax under~~
12 ~~this section shall be deposited in the state treasury and credited~~
13 ~~to a restricted fund to be used solely for the purposes of this~~
14 ~~act.~~ IF AN AREA OF THIS STATE IS WITHIN 2 OR MORE PROMISE ZONES
15 BECAUSE THE BOUNDARIES OF THOSE ZONES OVERLAP, ONLY THE FIRST
16 AUTHORITY THAT IS AUTHORIZED TO CAPTURE STATE EDUCATION TAX REVENUE
17 FROM THAT AREA UNDER SUBSECTION (2) MAY CAPTURE STATE EDUCATION TAX
18 REVENUE FROM THAT AREA.

19 ~~—— (3) If the authority continues to make annual tuition payments~~
20 ~~in accordance with the promise of financial assistance, 2 years~~
21 ~~after the authority's initial payment of financial assistance and~~
22 ~~each year thereafter, this state shall pay to the authority the~~
23 ~~state education tax captured under subsection (2). If the~~
24 ~~boundaries of 2 or more promise zones created under this act~~
25 ~~overlap, payments under this section shall only be made to the~~
26 ~~first authority eligible for payment under this subsection.~~

27 (4) If at any time ~~the~~ AN authority does not make annual

1 tuition payments in accordance with the promise for financial
2 assistance, any amount captured from that promise zone in the
3 restricted fund created under subsection (2) shall be paid into the
4 school aid fund established in section 11 of article IX of the
5 state constitution of 1963 **UNDER THE PROMISE ZONE DEVELOPMENT PLAN,**
6 **THE DEPARTMENT SHALL DISCONTINUE AUTHORIZING THE CAPTURE OF STATE**
7 **EDUCATION TAX REVENUE UNDER SUBSECTION (2) .**

8 (5) For purposes of this section, payments under this section
9 shall not be included in determining payments for financial
10 assistance in the immediately preceding year.