



**Senate Fiscal Agency**  
P. O. Box 30036  
Lansing, Michigan 48909-7536

BILL



ANALYSIS

**Telephone: (517) 373-5383**  
**Fax: (517) 373-1986**

Senate Bill 442 (Substitute S-1 as reported by the Committee of the Whole)  
Senate Bill 443 (Substitute S-2 as reported by the Committee of the Whole)  
Sponsor: Senator Jim Marleau  
Committee: Education

## **CONTENT**

Senate Bills 442 (S-1) and 443 (S-2) would amend the Revised School Code and the Revised Judicature Act, respectively, to prevent the enforcement of a judgment for damages on a contract action against a school district or an intermediate school district (ISD) that specifically related to school operations.

Senate Bill 442 (S-1) specifies that a judgment for damages against a school district or an ISD would not be enforceable, and would not be subject to collection, except as provided under Section 6094 of the Revised Judicature Act (the section that Senate Bill 443 (S-2) would amend). The bill also would repeal Sections 1643 and 1644 of the Code (which are virtually identical to the current provisions in Section 6094 of the Revised Judicature Act).

Senate Bill 443 (S-2) would amend Section 6094 of the Revised Judicature Act, which establishes the method of enforcing a judgment against a school district. Generally, the district treasurer must certify the judgment to the township supervisor and the school district. If the treasurer fails to do so, the party obtaining the judgment may file a certificate with the township. Each township within the school district must certify the judgment and assess its amount against the taxable property of the school district.

Under the bill, Section 6094 would not apply to a judgment for damages that resulted from an action to enforce a contract to which the school district or intermediate school district (ISD) was a party and that specifically related to school operations, including, but not limited to, a collective bargaining agreement, a contract relating to employment, a construction contract, or a procurement contract.

MCL 380.1642 (S.B. 442)  
600.6094 (S.B. 443)

Legislative Analyst: Glenn Steffens

## **FISCAL IMPACT**

The bills could have a positive fiscal impact on school districts and ISDs. If plaintiffs were barred from collecting on a judgment for damages against a district, that district could realize cost savings in two principal ways. First, the difficulties of a would-be plaintiff to collect on a successful judgment could deter that party from filing suit to begin with, thus saving the district the cost of litigation. Second, a district could be less inclined to settle prior to a final judgment if that judgment would not be enforceable. As a result, and to the extent that settlements are paid by school districts, a district could see cost savings from the difference between the would-be settlement and the litigation costs. Taxpayers in the district would experience savings in property taxes for the entire amount of the judgment for which they would no longer be required to pay additional millage.

Date Completed: 10-29-13

Fiscal Analyst: Cameron Mock