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## BILL ANALYSIS

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Senate Bills 442 and 443 (as introduced 6-20-13)  
Sponsor: Senator Jim Marleau  
Committee: Education

Date Completed: 10-16-13

### **CONTENT**

**Senate Bills 442 and 443 would amend the Revised School Code and the Revised Judicature Act, respectively, to prevent the enforcement of a judgment against a school district or an intermediate school district that resulted from a contract related to school operations.**

Senate Bill 442 is tie-barred to Senate Bill 443.

### **Senate Bill 442**

Part 28 of the Revised School Code governs actions and judgments against school districts and intermediate school districts (ISDs). Under this part, a claimant may not bring an action to enforce a judgment against a school district or an ISD, and a person can collect on a judgment against a school district or an ISD only as prescribed in Part 28 (i.e., through tax roll adjustments). The bill would delete this language.

The bill specifies that a judgment 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 would amend).

The bill also would repeal Sections 1643 and 1644, in Part 28, which prescribe the method of collecting on a judgment against a district through the tax roll. (The provisions in those sections are virtually identical to the current provisions in Section 6094 of the Revised Judicature Act.)

### **Senate Bill 443**

Section 6094 of the Revised Judicature Act establishes the method of recovery with regard to a judgment against a school district. Essentially, the judgment must be certified to the township supervisor, and the supervisor must assess the amount of the judgment against the taxable property in the district.

Under the bill, Section 6094 would not apply to a judgment that resulted from an action to enforce a contract to which the school district or 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.

Specifically, under Section 6094, if a final judgment is issued against a school district, the school district treasurer must certify the judgment to both the township supervisor and the director of the school district. If the treasurer fails to certify the judgment, the party obtaining it may file with the supervisor a certificate of the clerk of the court that entered the judgment. If the judgment applies to a school district that lies in two or more townships, the supervisor for each township must certify the judgment.

A supervisor who receives a certificate of a judgment must assess the amount of the judgment on the taxable property of the district, placing it on the next township assessment roll in the column for school taxes. The amount must include interest from the date of the judgment to the time that the warrant for the collection of the judgment will expire. The amount of the judgment must be collected and returned in the same manner as other district taxes.

In addition to providing that Section 6094 would not apply to a judgment resulting from an action to enforce a contract related to school operations, the bill would revise several terms in the section. The bill would include references to an intermediate school district, as well as a school district; and would refer to a municipality, as well as a township. Instead of "supervisor", the bill would refer to "assessing officer"; and instead of "director" of a school district, the bill would refer to "secretary".

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 successful judgment 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 in a contract suit could deter that party from filing suit to begin with, thus saving the district the cost of litigation. Second, in the event of a judgment against a district, that district would experience cost savings for the entire amount of the judgment it would no longer be required to remit to the plaintiff under the bill.

Fiscal Analyst: Cameron Mock

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.