

SENATE BILL No. 173

March 3, 2015, Introduced by Senator HORN and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 11, 11r, 20, 20g, and 22a (MCL 388.1611,
388.1611r, 388.1620, 388.1620g, and 388.1622a), sections 11, 20,
20g, and 22a as amended and section 11r as added by 2014 PA 196.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) ~~For the fiscal year ending September 30, 2014,~~
2 ~~there is appropriated for the public schools of this state and~~
3 ~~certain other state purposes relating to education the sum of~~
4 ~~\$11,200,232,300.00 from the state school aid fund, the sum of~~
5 ~~\$156,000,000.00 from the MPSERS retirement obligation reform~~
6 ~~reserve fund created under section 147b, and the sum of~~
7 ~~\$149,900,000.00 from the general fund. For the fiscal year ending~~

1 September 30, 2015, there is appropriated for the public schools of
2 this state and certain other state purposes relating to education
3 the sum of ~~\$11,929,262,900.00~~ **\$11,929,987,900.00** from the state
4 school aid fund, the sum of \$18,000,000.00 from the MPSERS
5 retirement obligation reform reserve fund created under section
6 147b, and the sum of \$114,900,000.00 from the general fund. In
7 addition, all other available federal funds are appropriated ~~each~~
8 ~~fiscal year for the fiscal year ending September 30, 2014 and for~~
9 the fiscal year ending September 30, 2015.

10 (2) The appropriations under this section shall be allocated
11 as provided in this article. Money appropriated under this section
12 from the general fund shall be expended to fund the purposes of
13 this article before the expenditure of money appropriated under
14 this section from the state school aid fund.

15 (3) Any general fund allocations under this article that are
16 not expended by the end of the state fiscal year are transferred to
17 the school aid stabilization fund created under section 11a.

18 Sec. 11r. (1) From the appropriation in section 11, there is
19 allocated an amount not to exceed ~~\$4,000,000.00~~ **\$2,400,000.00** to be
20 deposited into the distressed districts emergency grant fund
21 created under this section for the purpose of funding grants under
22 this section.

23 (2) The distressed districts emergency grant fund is created
24 as a separate account within the state school aid fund. The state
25 treasurer may receive money or other assets from any source for
26 deposit into the distressed districts emergency grant fund. The
27 state treasurer shall direct the investment of the distressed

1 districts emergency grant fund and shall credit to the distressed
2 districts emergency grant fund interest and earnings from the fund.

3 (3) Subject to subsection (4), a district is eligible to
4 receive a grant from the distressed districts emergency grant fund
5 if either of the following applies:

6 (a) The district has adopted a resolution authorizing the
7 voluntary dissolution of the district approved by the state
8 treasurer under section 12 of the revised school code, MCL 380.12,
9 but the dissolution has not yet taken effect under that section.

10 (b) The district is a receiving district under section 12 of
11 the revised school code, MCL 380.12, and the district enrolls
12 pupils who were previously enrolled in a district that was
13 dissolved under section 12 of the revised school code, MCL 380.12,
14 in the immediately preceding school year.

15 (4) A district receiving funds under section 20g is not
16 eligible to receive funds under this section.

17 (5) The amount of a grant under this section shall be
18 determined by the state treasurer after consultation with the
19 superintendent of public instruction, but shall not exceed the
20 estimated amount of remaining district costs in excess of available
21 revenues, including, but not limited to, payroll, benefits,
22 retirement system contributions, pupil transportation, food
23 services, special education, building security, and other costs
24 necessary to allow the district to operate schools directly and
25 provide public education services until the end of the current
26 school fiscal year. For a district that meets the eligibility
27 criteria under subsection (3)(b), the amount of the grant shall be

1 determined in the same manner as transition costs under section
2 20g.

3 (6) Before disbursing funds under this section, the state
4 treasurer shall notify the house and senate appropriations
5 subcommittees on school aid and the house and senate fiscal
6 agencies. The notification shall include, but not be limited to,
7 the district receiving funds under this section, the amount of the
8 funds awarded under this section, an explanation of the district
9 conditions that necessitate funding under this section, and the
10 intended use of funds disbursed under this section.

11 (7) Money in the distressed districts emergency grant fund at
12 the close of a fiscal year shall remain in the distressed districts
13 emergency grant fund and shall not lapse to the state school aid
14 fund or to the general fund.

15 Sec. 20. (1) For 2014-2015, both of the following apply:

16 (a) The basic foundation allowance is \$8,099.00.

17 (b) The minimum foundation allowance is \$7,126.00.

18 (2) The amount of each district's foundation allowance shall
19 be calculated as provided in this section, using a basic foundation
20 allowance in the amount specified in subsection (1).

21 (3) Except as otherwise provided in this section, the amount
22 of a district's foundation allowance shall be calculated as
23 follows, using in all calculations the total amount of the
24 district's foundation allowance as calculated before any proration:

25 (a) Except as otherwise provided in this subdivision, for a
26 district that had a foundation allowance for the immediately
27 preceding state fiscal year that was equal to the minimum

1 foundation allowance for the immediately preceding state fiscal
2 year, but less than the basic foundation allowance for the
3 immediately preceding state fiscal year, the district shall receive
4 a foundation allowance in an amount equal to the sum of the
5 district's foundation allowance for the immediately preceding state
6 fiscal year plus the difference between twice the dollar amount of
7 the adjustment from the immediately preceding state fiscal year to
8 the current state fiscal year made in the basic foundation
9 allowance and [(the difference between the basic foundation
10 allowance for the current state fiscal year and basic foundation
11 allowance for the immediately preceding state fiscal year minus
12 \$10.00) times (the difference between the district's foundation
13 allowance for the immediately preceding state fiscal year and the
14 minimum foundation allowance for the immediately preceding state
15 fiscal year) divided by the difference between the basic foundation
16 allowance for the current state fiscal year and the minimum
17 foundation allowance for the immediately preceding state fiscal
18 year]. However, the foundation allowance for a district that had
19 less than the basic foundation allowance for the immediately
20 preceding state fiscal year shall not exceed the basic foundation
21 allowance for the current state fiscal year. For the purposes of
22 this subdivision, for 2014-2015, the minimum foundation allowance
23 for the immediately preceding state fiscal year shall be considered
24 to be \$7,076.00. For 2014-2015, for a district that had a
25 foundation allowance for the immediately preceding state fiscal
26 year that was at least equal to the minimum foundation allowance
27 for the immediately preceding state fiscal year but less than the

1 basic foundation allowance for the immediately preceding state
2 fiscal year, the district shall receive a foundation allowance in
3 an amount equal to the district's foundation allowance for 2013-
4 2014 plus \$50.00.

5 (b) Except as otherwise provided in this subsection, for a
6 district that in the immediately preceding state fiscal year had a
7 foundation allowance in an amount equal to the amount of the basic
8 foundation allowance for the immediately preceding state fiscal
9 year, the district shall receive a foundation allowance for 2014-
10 2015 in an amount equal to the basic foundation allowance for 2014-
11 2015.

12 (c) For a district that had a foundation allowance for the
13 immediately preceding state fiscal year that was greater than the
14 basic foundation allowance for the immediately preceding state
15 fiscal year, the district's foundation allowance is an amount equal
16 to the sum of the district's foundation allowance for the
17 immediately preceding state fiscal year plus the lesser of the
18 increase in the basic foundation allowance for the current state
19 fiscal year, as compared to the immediately preceding state fiscal
20 year, or the product of the district's foundation allowance for the
21 immediately preceding state fiscal year times the percentage
22 increase in the United States consumer price index in the calendar
23 year ending in the immediately preceding fiscal year as reported by
24 the May revenue estimating conference conducted under section 367b
25 of the management and budget act, 1984 PA 431, MCL 18.1367b.

26 (d) For a district that has a foundation allowance that is not
27 a whole dollar amount, the district's foundation allowance shall be

1 rounded up to the nearest whole dollar.

2 (e) For a district that received a payment under section 22c
3 as that section was in effect for 2013-2014, the district's 2013-
4 2014 foundation allowance shall be considered to have been an
5 amount equal to the sum of the district's actual 2013-2014
6 foundation allowance as otherwise calculated under this section
7 plus the per pupil amount of the district's equity payment for
8 2013-2014 under section 22c as that section was in effect for 2013-
9 2014.

10 (4) Except as otherwise provided in this subsection, the state
11 portion of a district's foundation allowance is an amount equal to
12 the district's foundation allowance or the basic foundation
13 allowance for the current state fiscal year, whichever is less,
14 minus the local portion of the district's foundation allowance
15 divided by the district's membership excluding special education
16 pupils. For a district described in subsection (3)(c), the state
17 portion of the district's foundation allowance is an amount equal
18 to \$6,962.00 plus the difference between the district's foundation
19 allowance for the current state fiscal year and the district's
20 foundation allowance for 1998-99, minus the local portion of the
21 district's foundation allowance divided by the district's
22 membership excluding special education pupils. For a district that
23 has a millage reduction required under section 31 of article IX of
24 the state constitution of 1963, the state portion of the district's
25 foundation allowance shall be calculated as if that reduction did
26 not occur. For a receiving district, if school operating taxes
27 continue to be levied on behalf of a dissolved district that has

1 been attached in whole or in part to the receiving district to
2 satisfy debt obligations of the dissolved district under section 12
3 of the revised school code, MCL 380.12, the taxable value per
4 membership pupil of property in the receiving district used for the
5 purposes of this subsection does not include the taxable value of
6 property within the geographic area of the dissolved district.

7 (5) The allocation calculated under this section for a pupil
8 shall be based on the foundation allowance of the pupil's district
9 of residence. For a pupil enrolled pursuant to section 105 or 105c
10 in a district other than the pupil's district of residence, the
11 allocation calculated under this section shall be based on the
12 lesser of the foundation allowance of the pupil's district of
13 residence or the foundation allowance of the educating district.
14 For a pupil in membership in a K-5, K-6, or K-8 district who is
15 enrolled in another district in a grade not offered by the pupil's
16 district of residence, the allocation calculated under this section
17 shall be based on the foundation allowance of the educating
18 district if the educating district's foundation allowance is
19 greater than the foundation allowance of the pupil's district of
20 residence.

21 (6) Except as otherwise provided in this subsection, for
22 pupils in membership, other than special education pupils, in a
23 public school academy, the allocation calculated under this section
24 is an amount per membership pupil other than special education
25 pupils in the public school academy equal to the foundation
26 allowance of the district in which the public school academy is
27 located or the state maximum public school academy allocation,

1 whichever is less. However, a public school academy that had an
2 allocation under this subsection before 2009-2010 that was equal to
3 the sum of the local school operating revenue per membership pupil
4 other than special education pupils for the district in which the
5 public school academy is located and the state portion of that
6 district's foundation allowance shall not have that allocation
7 reduced as a result of the 2010 amendment to this subsection.
8 Notwithstanding section 101, for a public school academy that
9 begins operations after the pupil membership count day, the amount
10 per membership pupil calculated under this subsection shall be
11 adjusted by multiplying that amount per membership pupil by the
12 number of hours of pupil instruction provided by the public school
13 academy after it begins operations, as determined by the
14 department, divided by the minimum number of hours of pupil
15 instruction required under section 101(3). The result of this
16 calculation shall not exceed the amount per membership pupil
17 otherwise calculated under this subsection.

18 (7) Except as otherwise provided in this subsection, for
19 pupils attending an achievement school and in membership in the
20 education achievement system, other than special education pupils,
21 the allocation calculated under this section is an amount per
22 membership pupil other than special education pupils equal to the
23 foundation allowance of the district in which the achievement
24 school is located, not to exceed the basic foundation allowance.
25 Notwithstanding section 101, for an achievement school that begins
26 operation after the pupil membership count day, the amount per
27 membership pupil calculated under this subsection shall be adjusted

1 by multiplying that amount per membership pupil by the number of
2 hours of pupil instruction provided by the achievement school after
3 it begins operations, as determined by the department, divided by
4 the minimum number of hours of pupil instruction required under
5 section 101(3). The result of this calculation shall not exceed the
6 amount per membership pupil otherwise calculated under this
7 subsection. For the purposes of this subsection, if a public school
8 is transferred from a district to the state school reform/redesign
9 district or the achievement authority under section 1280c of the
10 revised school code, MCL 380.1280c, that public school is
11 considered to be an achievement school within the education
12 achievement system and not a school that is part of a district, and
13 a pupil attending that public school is considered to be in
14 membership in the education achievement system and not in
15 membership in the district that operated the school before the
16 transfer.

17 (8) Subject to subsection (4), for a district that is formed
18 or reconfigured after June 1, 2002 by consolidation of 2 or more
19 districts or by annexation, the resulting district's foundation
20 allowance under this section beginning after the effective date of
21 the consolidation or annexation shall be the lesser of the sum of
22 the average of the foundation allowances of each of the original or
23 affected districts, calculated as provided in this section,
24 weighted as to the percentage of pupils in total membership in the
25 resulting district who reside in the geographic area of each of the
26 original or affected districts plus \$100.00 or the highest
27 foundation allowance among the original or affected districts. This

1 subsection does not apply to a receiving district unless there is a
2 subsequent consolidation or annexation that affects the district.

3 (9) Each fraction used in making calculations under this
4 section shall be rounded to the fourth decimal place and the dollar
5 amount of an increase in the basic foundation allowance shall be
6 rounded to the nearest whole dollar.

7 (10) State payments related to payment of the foundation
8 allowance for a special education pupil are not calculated under
9 this section but are instead calculated under section 51a.

10 (11) To assist the legislature in determining the basic
11 foundation allowance for the subsequent state fiscal year, each
12 revenue estimating conference conducted under section 367b of the
13 management and budget act, 1984 PA 431, MCL 18.1367b, shall
14 calculate a pupil membership factor, a revenue adjustment factor,
15 and an index as follows:

16 (a) The pupil membership factor shall be computed by dividing
17 the estimated membership in the school year ending in the current
18 state fiscal year, excluding intermediate district membership, by
19 the estimated membership for the school year ending in the
20 subsequent state fiscal year, excluding intermediate district
21 membership. If a consensus membership factor is not determined at
22 the revenue estimating conference, the principals of the revenue
23 estimating conference shall report their estimates to the house and
24 senate subcommittees responsible for school aid appropriations not
25 later than 7 days after the conclusion of the revenue conference.

26 (b) The revenue adjustment factor shall be computed by
27 dividing the sum of the estimated total state school aid fund

1 revenue for the subsequent state fiscal year plus the estimated
2 total state school aid fund revenue for the current state fiscal
3 year, adjusted for any change in the rate or base of a tax the
4 proceeds of which are deposited in that fund and excluding money
5 transferred into that fund from the countercyclical budget and
6 economic stabilization fund under the management and budget act,
7 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
8 total school aid fund revenue for the current state fiscal year
9 plus the estimated total state school aid fund revenue for the
10 immediately preceding state fiscal year, adjusted for any change in
11 the rate or base of a tax the proceeds of which are deposited in
12 that fund. If a consensus revenue factor is not determined at the
13 revenue estimating conference, the principals of the revenue
14 estimating conference shall report their estimates to the house and
15 senate subcommittees responsible for school aid appropriations not
16 later than 7 days after the conclusion of the revenue conference.

17 (c) The index shall be calculated by multiplying the pupil
18 membership factor by the revenue adjustment factor. If a consensus
19 index is not determined at the revenue estimating conference, the
20 principals of the revenue estimating conference shall report their
21 estimates to the house and senate subcommittees responsible for
22 school aid appropriations not later than 7 days after the
23 conclusion of the revenue conference.

24 (12) Payments to districts, public school academies, or the
25 education achievement system shall not be made under this section.
26 Rather, the calculations under this section shall be used to
27 determine the amount of state payments under section 22b.

1 (13) If an amendment to section 2 of article VIII of the state
2 constitution of 1963 allowing state aid to some or all nonpublic
3 schools is approved by the voters of this state, each foundation
4 allowance or per pupil payment calculation under this section may
5 be reduced.

6 (14) As used in this section:

7 (a) "Certified mills" means the lesser of 18 mills or the
8 number of mills of school operating taxes levied by the district in
9 1993-94.

10 (b) "Combined state and local revenue" means the aggregate of
11 the district's state school aid received by or paid on behalf of
12 the district under this section and the district's local school
13 operating revenue.

14 (c) "Combined state and local revenue per membership pupil"
15 means the district's combined state and local revenue divided by
16 the district's membership excluding special education pupils.

17 (d) "Current state fiscal year" means the state fiscal year
18 for which a particular calculation is made.

19 (e) "Dissolved district" means a district that loses its
20 organization, has its territory attached to 1 or more other
21 districts, and is dissolved as provided under section 12 of the
22 revised school code, MCL 380.12.

23 (f) "Immediately preceding state fiscal year" means the state
24 fiscal year immediately preceding the current state fiscal year.

25 (g) "Local portion of the district's foundation allowance"
26 means an amount that is equal to the difference between (the sum of
27 the product of the taxable value per membership pupil of all

1 property in the district that is nonexempt property times the
2 district's certified mills and, for a district with certified mills
3 exceeding 12, the product of the taxable value per membership pupil
4 of property in the district that is commercial personal property
5 times the certified mills minus 12 mills) and (the quotient of the
6 product of the captured assessed valuation under tax increment
7 financing acts times the district's certified mills divided by the
8 district's membership excluding special education pupils).

9 (h) "Local school operating revenue" means school operating
10 taxes levied under section 1211 of the revised school code, MCL
11 380.1211. For a receiving district, if school operating taxes are
12 to be levied on behalf of a dissolved district that has been
13 attached in whole or in part to the receiving district to satisfy
14 debt obligations of the dissolved district under section 12 of the
15 revised school code, MCL 380.12, local school operating revenue
16 does not include school operating taxes levied within the
17 geographic area of the dissolved district.

18 (i) "Local school operating revenue per membership pupil"
19 means a district's local school operating revenue divided by the
20 district's membership excluding special education pupils.

21 (j) "Maximum public school academy allocation", except as
22 otherwise provided in this subdivision, means the maximum per-pupil
23 allocation as calculated by adding the highest per-pupil allocation
24 among all public school academies for the immediately preceding
25 state fiscal year plus the difference between twice the amount of
26 the difference between the basic foundation allowance for the
27 current state fiscal year and the basic foundation for the

1 immediately preceding state fiscal year and [(the amount of the
2 difference between the basic foundation allowance for the current
3 state fiscal year and the basic foundation for the immediately
4 preceding state fiscal year minus \$10.00) times (the difference
5 between the highest per-pupil allocation among all public school
6 academies for the immediately preceding state fiscal year and the
7 minimum foundation allowance for the immediately preceding state
8 fiscal year) divided by the difference between the basic foundation
9 allowance for the current state fiscal year and the minimum
10 foundation allowance for the immediately preceding state fiscal
11 year]. For the purposes of this subdivision, for 2014-2015, the
12 minimum foundation allowance for the immediately preceding state
13 fiscal year shall be considered to be \$7,076.00. For 2014-2015, the
14 maximum public school academy allocation is \$7,218.00.

15 (k) "Membership" means the definition of that term under
16 section 6 as in effect for the particular fiscal year for which a
17 particular calculation is made.

18 (l) "Nonexempt property" means property that is not a principal
19 residence, qualified agricultural property, qualified forest
20 property, supportive housing property, industrial personal
21 property, or commercial personal property.

22 (m) "Principal residence", "qualified agricultural property",
23 "qualified forest property", "supportive housing property",
24 "industrial personal property", and "commercial personal property"
25 mean those terms as defined in section 1211 of the revised school
26 code, MCL 380.1211.

27 (n) "Receiving district" means a district to which all or part

1 of the territory of a dissolved district is attached under section
2 12 of the revised school code, MCL 380.12.

3 (o) "School operating purposes" means the purposes included in
4 the operation costs of the district as prescribed in sections 7 and
5 18 and purposes authorized under section 1211 of the revised school
6 code, MCL 380.1211.

7 (p) "School operating taxes" means local ad valorem property
8 taxes levied under section 1211 of the revised school code, MCL
9 380.1211, and retained for school operating purposes.

10 (q) "Tax increment financing acts" means 1975 PA 197, MCL
11 125.1651 to 125.1681, the tax increment finance authority act, 1980
12 PA 450, MCL 125.1801 to 125.1830, the local development financing
13 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
14 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
15 or the corridor improvement authority act, 2005 PA 280, MCL
16 125.2871 to 125.2899.

17 (r) "Taxable value per membership pupil" means taxable value,
18 as certified by the county treasurer and reported to the
19 department, for the calendar year ending in the current state
20 fiscal year divided by the district's membership excluding special
21 education pupils for the school year ending in the current state
22 fiscal year. **HOWEVER, FOR A RECEIVING DISTRICT THAT IS LOCATED IN A**
23 **COUNTY WITH A POPULATION OF LESS THAN 250,000 AND THAT HAS NOT**
24 **RENEWED ITS AUTHORIZATION TO LEVY MILLS FOR SCHOOL OPERATING**
25 **PURPOSES UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, MCL**
26 **380.1211, SINCE RECEIVING PROPERTY FROM A DISSOLVED DISTRICT, UNTIL**
27 **THE EARLIER OF DECEMBER 2016 OR THE SUCCESSFUL RENEWAL OF THAT**

1 AUTHORIZATION, THE CALCULATION OF TAXABLE VALUE PER MEMBERSHIP
2 PUPIL SHALL EXCLUDE THE TAXABLE VALUE OF PROPERTY ATTRIBUTABLE TO
3 TERRITORY OF THE DISSOLVED DISTRICT THAT WAS ATTACHED TO THE
4 RECEIVING DISTRICT UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL
5 380.12.

6 Sec. 20g. (1) From the money appropriated under section 11,
7 there is allocated an amount not to exceed \$2,200,000.00 for 2014-
8 2015 for grants to eligible districts that first received payments
9 under this section in 2013-2014 for transition costs related to the
10 enrollment of pupils who were previously enrolled in a district
11 that was dissolved under section 12 of the revised school code, MCL
12 380.12, allocated as provided under subsection (3). Payments under
13 this section shall continue for a total of 4 fiscal years following
14 the dissolution of a district, after which the payments shall
15 cease.

16 (2) A receiving school district, as that term is defined in
17 section 12 of the revised school code, MCL 380.12, is an eligible
18 district under ~~this section~~. **SUBSECTION (1)**.

19 (3) The amount allocated to each eligible district under ~~This~~
20 ~~section~~ **SUBSECTION (1)** is an amount equal to the product of the
21 number of membership pupils enrolled in the eligible district who
22 were previously enrolled in the dissolved school district in the
23 school year immediately preceding the dissolution, or who reside in
24 the geographic area of the dissolved school district and are
25 entering kindergarten, times 10.0% of the lesser of the foundation
26 allowance of the eligible district as calculated under section 20
27 or the basic foundation allowance under section 20(1).

1 (4) THE WORK PROJECT AUTHORIZED UNDER THIS SECTION, AS THIS
2 SECTION WAS IN EFFECT FOR THE 2013-2014 FISCAL YEAR, IS REDUCED BY
3 AN AMOUNT EQUAL TO \$725,000.00, AND THE DEPARTMENT SHALL LAPSE THAT
4 AMOUNT FROM THAT WORK PROJECT ACCORDINGLY.

5 (5) FOR A DISTRICT OR INTERMEDIATE DISTRICT THAT IS ELIGIBLE
6 TO RECEIVE FUNDS FROM THE WORK PROJECT DESCRIBED IN SUBSECTION (4),
7 IF THE DEPARTMENT DETERMINES THAT THE DISTRICT OR INTERMEDIATE
8 DISTRICT MEETS ALL OF THE FOLLOWING, THE DEPARTMENT SHALL
9 EFFECTUATE THE REDUCTION RESULTING FROM THE OPERATION OF SUBSECTION
10 (4) BY REDUCING THE AMOUNT OF THE PAYMENT OR REIMBURSEMENT TO BE
11 MADE TO THE DISTRICT OR INTERMEDIATE DISTRICT FROM THAT WORK
12 PROJECT BY AN AMOUNT EQUAL TO \$725,000.00:

13 (A) THE DISTRICT OR INTERMEDIATE DISTRICT RECEIVED TERRITORY
14 FROM A DISSOLVED SCHOOL DISTRICT OR WAS CHARGED WITH PERFORMING
15 FUNCTIONS AND SATISFYING RESPONSIBILITIES OF A DISSOLVED SCHOOL
16 DISTRICT UNDER SECTION 12(3) OF THE REVISED SCHOOL CODE, MCL
17 380.12.

18 (B) SCHOOL BUILDINGS OWNED BY THE DISSOLVED SCHOOL DISTRICT
19 DESCRIBED IN SUBDIVISION (A) WERE TRANSFERRED TO A RECEIVING SCHOOL
20 DISTRICT UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12.

21 (C) THE DISTRICT OR INTERMEDIATE DISTRICT IS LOCATED IN A
22 COUNTY WITH A POPULATION OF LESS THAN 250,000.

23 (6) FROM THE STATE SCHOOL AID MONEY APPROPRIATED UNDER SECTION
24 11, THERE IS ALLOCATED FOR 2014-2015 TO A QUALIFYING INTERMEDIATE
25 DISTRICT AN AMOUNT NOT TO EXCEED \$725,000.00 TO BE USED SOLELY FOR
26 PAYING OUTSTANDING OPERATING DEBT OF A DISSOLVED SCHOOL DISTRICT,
27 AS DETERMINED BY THE DEPARTMENT. AN INTERMEDIATE DISTRICT IS A

1 QUALIFYING INTERMEDIATE DISTRICT IF IT IS CHARGED WITH PERFORMING
2 FUNCTIONS AND SATISFYING RESPONSIBILITIES OF A DISSOLVED SCHOOL
3 DISTRICT UNDER SECTION 12(3) OF THE REVISED SCHOOL CODE, MCL
4 380.12, AND IF THE AUTHORIZATION FOR THAT DISSOLVED SCHOOL DISTRICT
5 TO LEVY MILLS FOR SCHOOL OPERATING PURPOSES UNDER SECTION 1211 OF
6 THE REVISED SCHOOL CODE, MCL 380.1211, WAS NOT RENEWED AFTER THE
7 SCHOOL DISTRICT WAS DISSOLVED.

8 (7) AN INTERMEDIATE DISTRICT RECEIVING FUNDS UNDER SUBSECTION
9 (6) SHALL USE THOSE FUNDS TO PAY THE OUTSTANDING OPERATING DEBT OF
10 THE DISSOLVED SCHOOL DISTRICT, AS DETERMINED BY THE DEPARTMENT, NOT
11 LATER THAN 30 DAYS AFTER RECEIPT OF THOSE FUNDS.

12 (8) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER SUBSECTION (6)
13 SHALL BE PAID ON A SCHEDULE PRESCRIBED BY THE DEPARTMENT.

14 (9) ~~(4)~~As used in this section, "dissolved school district"
15 means a school district that has been declared dissolved under
16 section 12 of the revised school code, 1976 PA 451, MCL 380.12.

17 Sec. 22a. (1) From the appropriation in section 11, there is
18 allocated an amount not to exceed ~~\$5,393,000,000.00~~
19 \$5,394,600,000.00 for 2014-2015 for payments to districts and
20 qualifying public school academies to guarantee each district and
21 qualifying public school academy an amount equal to its 1994-95
22 total state and local per pupil revenue for school operating
23 purposes under section 11 of article IX of the state constitution
24 of 1963. Pursuant to section 11 of article IX of the state
25 constitution of 1963, this guarantee does not apply to a district
26 in a year in which the district levies a millage rate for school
27 district operating purposes less than it levied in 1994. However,

1 subsection (2) applies to calculating the payments under this
2 section. Funds allocated under this section that are not expended
3 in the state fiscal year for which they were allocated, as
4 determined by the department, may be used to supplement the
5 allocations under sections 22b and 51c in order to fully fund those
6 calculated allocations for the same fiscal year.

7 (2) To ensure that a district receives an amount equal to the
8 district's 1994-95 total state and local per pupil revenue for
9 school operating purposes, there is allocated to each district a
10 state portion of the district's 1994-95 foundation allowance in an
11 amount calculated as follows:

12 (a) Except as otherwise provided in this subsection, the state
13 portion of a district's 1994-95 foundation allowance is an amount
14 equal to the district's 1994-95 foundation allowance or \$6,500.00,
15 whichever is less, minus the difference between the sum of the
16 product of the taxable value per membership pupil of all property
17 in the district that is nonexempt property times the district's
18 certified mills and, for a district with certified mills exceeding
19 12, the product of the taxable value per membership pupil of
20 property in the district that is commercial personal property times
21 the certified mills minus 12 mills and the quotient of the ad
22 valorem property tax revenue of the district captured under tax
23 increment financing acts divided by the district's membership. For
24 a district that has a millage reduction required under section 31
25 of article IX of the state constitution of 1963, the state portion
26 of the district's foundation allowance shall be calculated as if
27 that reduction did not occur. For a receiving district, if school

1 operating taxes are to be levied on behalf of a dissolved district
2 that has been attached in whole or in part to the receiving
3 district to satisfy debt obligations of the dissolved district
4 under section 12 of the revised school code, MCL 380.12, taxable
5 value per membership pupil of all property in the receiving
6 district that is nonexempt property and taxable value per
7 membership pupil of property in the receiving district that is
8 commercial personal property do not include property within the
9 geographic area of the dissolved district; ad valorem property tax
10 revenue of the receiving district captured under tax increment
11 financing acts does not include ad valorem property tax revenue
12 captured within the geographic boundaries of the dissolved district
13 under tax increment financing acts; and certified mills do not
14 include the certified mills of the dissolved district.

15 (b) For a district that had a 1994-95 foundation allowance
16 greater than \$6,500.00, the state payment under this subsection
17 shall be the sum of the amount calculated under subdivision (a)
18 plus the amount calculated under this subdivision. The amount
19 calculated under this subdivision shall be equal to the difference
20 between the district's 1994-95 foundation allowance minus \$6,500.00
21 and the current year hold harmless school operating taxes per
22 pupil. If the result of the calculation under subdivision (a) is
23 negative, the negative amount shall be an offset against any state
24 payment calculated under this subdivision. If the result of a
25 calculation under this subdivision is negative, there shall not be
26 a state payment or a deduction under this subdivision. The taxable
27 values per membership pupil used in the calculations under this

1 subdivision are as adjusted by ad valorem property tax revenue
2 captured under tax increment financing acts divided by the
3 district's membership. For a receiving district, if school
4 operating taxes are to be levied on behalf of a dissolved district
5 that has been attached in whole or in part to the receiving
6 district to satisfy debt obligations of the dissolved district
7 under section 12 of the revised school code, MCL 380.12, ad valorem
8 property tax revenue captured under tax increment financing acts do
9 not include ad valorem property tax revenue captured within the
10 geographic boundaries of the dissolved district under tax increment
11 financing acts.

12 (3) Beginning in 2003-2004, for pupils in membership in a
13 qualifying public school academy, there is allocated under this
14 section to the authorizing body that is the fiscal agent for the
15 qualifying public school academy for forwarding to the qualifying
16 public school academy an amount equal to the 1994-95 per pupil
17 payment to the qualifying public school academy under section 20.

18 (4) A district or qualifying public school academy may use
19 funds allocated under this section in conjunction with any federal
20 funds for which the district or qualifying public school academy
21 otherwise would be eligible.

22 (5) Except as otherwise provided in this subsection, for a
23 district that is formed or reconfigured after June 1, 2000 by
24 consolidation of 2 or more districts or by annexation, the
25 resulting district's 1994-95 foundation allowance under this
26 section beginning after the effective date of the consolidation or
27 annexation shall be the average of the 1994-95 foundation

1 allowances of each of the original or affected districts,
2 calculated as provided in this section, weighted as to the
3 percentage of pupils in total membership in the resulting district
4 in the state fiscal year in which the consolidation takes place who
5 reside in the geographic area of each of the original districts. If
6 an affected district's 1994-95 foundation allowance is less than
7 the 1994-95 basic foundation allowance, the amount of that
8 district's 1994-95 foundation allowance shall be considered for the
9 purpose of calculations under this subsection to be equal to the
10 amount of the 1994-95 basic foundation allowance. This subsection
11 does not apply to a receiving district unless there is a subsequent
12 consolidation or annexation that affects the district.

13 (6) Payments under this section are subject to section 25f.

14 (7) As used in this section:

15 (a) "1994-95 foundation allowance" means a district's 1994-95
16 foundation allowance calculated and certified by the department of
17 treasury or the superintendent under former section 20a as enacted
18 in 1993 PA 336 and as amended by 1994 PA 283.

19 (b) "Certified mills" means the lesser of 18 mills or the
20 number of mills of school operating taxes levied by the district in
21 1993-94.

22 (c) "Current state fiscal year" means the state fiscal year
23 for which a particular calculation is made.

24 (d) "Current year hold harmless school operating taxes per
25 pupil" means the per pupil revenue generated by multiplying a
26 district's 1994-95 hold harmless millage by the district's current
27 year taxable value per membership pupil. For a receiving district,

1 if school operating taxes are to be levied on behalf of a dissolved
2 district that has been attached in whole or in part to the
3 receiving district to satisfy debt obligations of the dissolved
4 district under section 12 of the revised school code, MCL 380.12,
5 taxable value per membership pupil does not include the taxable
6 value of property within the geographic area of the dissolved
7 district.

8 (e) "Dissolved district" means a district that loses its
9 organization, has its territory attached to 1 or more other
10 districts, and is dissolved as provided under section 12 of the
11 revised school code, MCL 380.12.

12 (f) "Hold harmless millage" means, for a district with a 1994-
13 95 foundation allowance greater than \$6,500.00, the number of mills
14 by which the exemption from the levy of school operating taxes on a
15 homestead, qualified agricultural property, qualified forest
16 property, supportive housing property, industrial personal
17 property, and commercial personal property could be reduced as
18 provided in section 1211 of the revised school code, MCL 380.1211,
19 and the number of mills of school operating taxes that could be
20 levied on all property as provided in section 1211(2) of the
21 revised school code, MCL 380.1211, as certified by the department
22 of treasury for the 1994 tax year. For a receiving district, if
23 school operating taxes are to be levied on behalf of a dissolved
24 district that has been attached in whole or in part to the
25 receiving district to satisfy debt obligations of the dissolved
26 district under section 12 of the revised school code, MCL 380.12,
27 school operating taxes do not include school operating taxes levied

1 within the geographic area of the dissolved district.

2 (g) "Homestead", "qualified agricultural property", "qualified
3 forest property", "supportive housing property", "industrial
4 personal property", and "commercial personal property" mean those
5 terms as defined in section 1211 of the revised school code, MCL
6 380.1211.

7 (h) "Membership" means the definition of that term under
8 section 6 as in effect for the particular fiscal year for which a
9 particular calculation is made.

10 (i) "Nonexempt property" means property that is not a
11 principal residence, qualified agricultural property, qualified
12 forest property, supportive housing property, industrial personal
13 property, or commercial personal property.

14 (j) "Qualifying public school academy" means a public school
15 academy that was in operation in the 1994-95 school year and is in
16 operation in the current state fiscal year.

17 (k) "Receiving district" means a district to which all or part
18 of the territory of a dissolved district is attached under section
19 12 of the revised school code, MCL 380.12.

20 (l) "School operating taxes" means local ad valorem property
21 taxes levied under section 1211 of the revised school code, MCL
22 380.1211, and retained for school operating purposes as defined in
23 section 20.

24 (m) "Tax increment financing acts" means 1975 PA 197, MCL
25 125.1651 to 125.1681, the tax increment finance authority act, 1980
26 PA 450, MCL 125.1801 to 125.1830, the local development financing
27 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield

1 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
2 or the corridor improvement authority act, 2005 PA 280, MCL
3 125.2871 to 125.2899.

4 (n) "Taxable value per membership pupil" means each of the
5 following divided by the district's membership:

6 (i) For the number of mills by which the exemption from the
7 levy of school operating taxes on a homestead, qualified
8 agricultural property, qualified forest property, supportive
9 housing property, industrial personal property, and commercial
10 personal property may be reduced as provided in section 1211 of the
11 revised school code, MCL 380.1211, the taxable value of homestead,
12 qualified agricultural property, qualified forest property,
13 supportive housing property, industrial personal property, and
14 commercial personal property for the calendar year ending in the
15 current state fiscal year. For a receiving district, if school
16 operating taxes are to be levied on behalf of a dissolved district
17 that has been attached in whole or in part to the receiving
18 district to satisfy debt obligations of the dissolved district
19 under section 12 of the revised school code, MCL 380.12, mills do
20 not include mills within the geographic area of the dissolved
21 district.

22 (ii) For the number of mills of school operating taxes that may
23 be levied on all property as provided in section 1211(2) of the
24 revised school code, MCL 380.1211, the taxable value of all
25 property for the calendar year ending in the current state fiscal
26 year. For a receiving district, if school operating taxes are to be
27 levied on behalf of a dissolved district that has been attached in

1 whole or in part to the receiving district to satisfy debt
2 obligations of the dissolved district under section 12 of the
3 revised school code, MCL 380.12, school operating taxes do not
4 include school operating taxes levied within the geographic area of
5 the dissolved district.

6 Enacting section 1. In accordance with section 30 of article
7 IX of the state constitution of 1963, total state spending on
8 school aid in article I under 2014 PA 196 and this amendatory act
9 from state sources for fiscal year 2014-2015 is estimated at
10 \$12,062,887,900.00 and state appropriations for school aid to be
11 paid to local units of government for fiscal year 2014-2015 are
12 estimated at \$11,906,502,600.00.