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BILL



ANALYSIS

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Senate Bill 574 (Substitute S-3 as reported by the Committee of the Whole)
Sponsor: Senator Dave Hildenbrand
Committee: Education

CONTENT

The bill would amend the Revised School Code to allow the payment of regional enhancement property tax revenue to a public school academy.

Under the Code, a regional enhancement property tax may be levied by an intermediate school district (ISD) at a rate of up to three mills to enhance other State and local funding for local school district operations, if approved by a majority of the intermediate school electors voting on the question.

The bill provides that a regional enhancement property tax could be levied to enhance other State and local funding for school district or public school academy operations if approved by a majority of the intermediate school electors voting on the question.

Currently, if a resolution requesting that the question of a regional enhancement property tax be submitted to the voters is adopted within a 180-day period and transmitted to the intermediate school board by one or more boards of its constituent districts representing a majority of the combined membership of the constituent districts, and other conditions are met, the question must be placed on the ballot.

Under the bill, this would apply if such a resolution were adopted by one or more boards or boards of directors of an ISD's constituent districts representing a majority of the combined membership of the constituent districts.

The bill specifies conditions under which a public school academy would be considered a single constituent district of an intermediate school district, including requirements that 1) the public school academy operate one or more schools located entirely within the ISD; and 2) the public school academy had been issued a contract by the applicable authorizing body before the resolution requesting that the question of a regional enhancement property tax be submitted to voters was adopted and transmitted to the ISD.

MCL 380.705

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill would have no fiscal impact on State government. However, it would affect the distribution of enhancement millage revenue to school districts. Under current law, public school academies (PSAs) do not share in the revenue raised by an enhancement millage levied by an intermediate school district; only the local school districts that are constituents of the ISD share in the revenue. Under the bill, PSAs operating entirely within (or a cyber school whose the administrative office is located in) an ISD levying an enhancement millage also

would share in the revenue raised. Revenue raised by an enhancement millage is distributed on an equal per-pupil basis; adding PSAs would reduce the existing per-pupil payment to local districts, while newly providing enhancement millage revenue to those PSAs.

There are five ISDs currently levying enhancement millage: Kalamazoo (1.5 mills), Midland (1.5 mills), Monroe (0.9866 mill), Muskegon (1 mill), and Wayne (2 mills). In addition, Kent recently approved a 0.9 mill enhancement millage. Using data from the August 2017 State aid payment file, along with the February 2017 pupil count file, assuming that the PSAs listed within an ISD are operating entirely within the ISD as required by the bill, and excluding PSAs likely not authorized at the presumed time of the resolution, the information in Table 1 provides estimates of existing per-pupil enhancement millage payments (where PSAs do not receive the payments) along with payments that would occur if the bill were enacted and specified PSAs shared in the enhancement millage revenue. (As conclusive resolution dates become available, the analysis can be updated.)

Table 1

Estimates of Current Per-Pupil Enhancement Millage Revenue Payments and Estimates of Proposed Per-Pupil Payments under S.B. 574 (S-3)		
Intermediate School District	Est. Current Per-Pupil	Est. Proposed Per-Pupil
Kalamazoo	\$325	\$319
Kent.....	\$212	\$183
Midland	\$155	\$151
Monroe.....	\$275	\$274
Muskegon.....	\$163	\$150
Wayne.....	\$376	\$287

There is some question as to when these payments would be made and/or adjusted. However, if the bill were enacted, it is likely that the PSAs would receive funding from the next distribution of the enhancement millage revenue within a particular ISD. (Enhancement mills are levied in July or December.)

Date Completed: 10-18-17

Fiscal Analyst: Kathryn Summers