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BILL ANALYSIS



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Senate Bill 574 (Substitute S-1)
Sponsor: Senator Dave Hildenbrand
Committee: Education

Date Completed: 10-10-17

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 Section 705 of 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 if those resolutions all contain an identical specified number of mills to be levied under Section 705 and an identical specified number of years for which the tax will be levied, the question of levying a regional enhancement property tax by the intermediate school district must be placed on the ballot by the ISD at the next regular school election held in each of the constituent districts (except as provided for submitting the question at a special election).

Under the bill, if a resolution requesting that the question of a regional enhancement property tax submitted to the voters were adopted within a 180-day period and transmitted to the intermediate school board by one or more boards or boards of directors of its constituent districts representing a majority of the combined membership of the constituent districts and if those resolutions all contained an identical specified number of mills to be levied and an identical specified number of years for which the tax would be levied, the question of levying a regional enhancement property tax by the intermediate school district would have to be placed on the ballot by the ISD at the next regular school election held in each of the constituent districts that are school districts.

The bill specifies that a public school academy would be considered to be a constituent district of an intermediate school district if the public school academy operated entirely within the ISD. A public school academy that was a school of excellence operating as a cyber school would be considered to be a constituent district of an intermediate school district only if the administrative office of that cyber school were located within the ISD and at least 80% of the students enrolled in the cyber school reside within the intermediate school district.

The bill would take effect 90 days after its enactment.

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 was 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, and assuming that the PSAs listed within an ISD are operating entirely within the ISD as required by the bill, 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 PSAs shared in the enhancement millage revenue.

Table 1

Estimates of Current Per-Pupil Enhancement Millage Revenue Payments and Estimates of Proposed Per-Pupil Payments under S.B. 574 (S-1)		
Intermediate School District	Est. Current Per-Pupil	Est. Proposed Per-Pupil
Kalamazoo	\$325	\$315
Kent	\$212	\$183
Midland	\$155	\$151
Monroe	\$275	\$264
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.)

Fiscal Analyst: Kathryn Summers

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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.