

SCHOOL DISTRICT TERRITORY TRANSFER

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House Bill 4085

Sponsor: Rep. Shelley Goodman Taub

Committee: Education

Complete to 6-20-06

A SUMMARY OF HOUSE BILL 4085 AS INTRODUCED 2-1-05

House Bill 4085 would amend the Revised School Code to revise the procedure used to transfer territory from one school district to another.

Under the bill, an intermediate school district (ISD) would transfer territory by detaching the territory from one school district and attaching it to another district contiguous to the territory, if *all* of the following conditions were met.

- The territory to be transferred was a subdivision, village, city, or township that included property in more than one school district, or was a subdivision that was located in a village, city or township that included property in more than one school district.
- The territory to be transferred had not been previously transferred within the preceding 15 years.
- The intermediate school board had been petitioned to make the transfer by not less than 80 percent of the school electors who reside in the territory to be transferred. If the affected school districts were in more than one ISD, then the petition could be filed with either intermediate school board

[The petition would have to include all of the following: 1) the boundaries of the territory to be transferred; 2) the total number of mills of ad valorem property tax levied by the school district from which the territory was to be detached, including both operating millage and debt millage; 3) the total number of mills of ad valorem property tax levied by the school district to which the territory was to be attached, including both operating millage and debt millage ; and 4) a statement that the territory could continue to be part of the school district from which it would be detached for the purpose of levying debt retirement taxes for bonded indebtedness existing at the time of the transfer until the bonds were redeemed, but that the territory would be part of the school district to which it was to be attached for all other purposes.]

- The intermediate school board determined that the number of students who resided in the territory to be transferred and currently enrolled in the school district from which the territory was to be detached did not exceed 125.
- The board of the school district to which the territory was to be attached approved the proposed transfer.

- The transfer was approved by a majority of the school electors residing in the territory to be transferred voting on the question. [The election would be conducted by the board of the school district to which the territory would be attached.]

The bill specifies that if an intermediate school board received a petition under this subsection, *all* of the following would apply. 1) The intermediate board would notify the board of the school district to which the territory was to be attached of the petition, and then forward the petition to that board within three days after receiving it. 2) The board of the school district to which the territory was to be attached would act to approve or disapprove the proposed transfer within 45 days after receiving the petition. 3) If the board of the school district to which the territory was to be attached approved the transfer, then that board would conduct the election within 60 days after approving the transfer. 4) If the transfer of territory was approved at the election, then the transfer of territory would take effect at the beginning of the next school fiscal year, immediately following final certification of the election results.

The bill would define “subdivision” to mean a subdivision platted under the Land Division Act, Public Act 288 of 1967, MCL 560.101 to 560.293, or under a predecessor act, or a condominium project with a condominium subdivision plan under section 66 of the Condominium Act, Public Act 59 of 1978, MCL 559.166, that has been recorded by the register of deeds.

MCL 380.951 et al

FISCAL IMPACT:

It is not possible to estimate the number or size of territories that would transfer to a different school district due to this bill, and specific estimates of the bill's fiscal impact are therefore not made. However, some potential impacts of the bill are discussed in general terms.

Local impacts. One potential impact of House Bill 4085 is fund shifts among local school districts. For each student entering a different school district due to a property transfer, a foundation allowance payment would also be transferred. Specifically, for each student who transferred, there would be a loss to the local district from which the pupil left, equal to the foundation allowance for that district, and a gain for the district in which the student enrolled, equal to the foundation allowance in the new district.

The bill also could create election costs for the new local school district to which a territory attached, since that district would be required to conduct an election for those living in the territory to be transferred. There would be an indeterminate cost to the local school district for conducting such an election.

State impacts. A potential state impact could occur if students transferred to a district with a higher or lower foundation allowance. If, for example, a student left a district with a foundation allowance of \$6,875 and entered one with a foundation allowance of \$7,375, then the state would pay an additional \$500 to educate that pupil. (Due to a cap of \$8,175

on the amount of per-pupil funding that the state contributes towards a foundation allowance, the maximum amount of additional foundation allowance the state could pay for a student transferring to a higher foundation allowance district is \$1,300.) In contrast, a student transferring from a \$7,375 district to a \$6,875 district would save the state \$500.

Another potential state impact is that to the extent the bill results in non-public students entering the public school system, the bill would increase state costs. If a nonpublic student entered the public school system, a new foundation allowance would be paid. It is not feasible to estimate the number of non-public pupils who might enroll in public schools because of the bill. However, the average foundation allowance in Michigan is approximately \$7,400, meaning that for every non-public pupil that entered the public school system, it would cost the state about \$7,400.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.