

HOUSE BILL No. 6596

November 9, 2006, Introduced by Rep. Pastor and referred to the Committee on Appropriations.

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending section 1211 (MCL 380.1211), as amended by 2003 PA 126.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1211. (1) Except as otherwise provided in this section
2 and section 1211c, the board of a school district shall levy not
3 more than 18 mills for school operating purposes or the number of
4 mills levied in 1993 for school operating purposes, whichever is
5 less. A principal residence and qualified agricultural property are
6 exempt from the mills levied under this subsection except for the
7 number of mills by which that exemption is reduced under this
8 subsection. The board of a **HOLD HARMLESS** school district ~~with a~~
9 ~~foundation allowance calculated under section 20 of the state~~

~~school aid act of 1979, MCL 388.1620, for the 1994-95 state fiscal year of more than \$6,500.00,~~ may reduce the number of mills from which a principal residence and qualified agricultural property are exempted under this subsection by up to the number of mills, as certified under section 1211a, required to be levied on a principal residence and qualified agricultural property for the school district's combined state and local revenue per membership pupil for the school fiscal year ending in 1995 to be equal to the school district's foundation allowance for the state fiscal year ending in 1995, and the board also may levy in 1994 or a succeeding year that number of mills for school operating purposes on a principal residence and qualified agricultural property.

(2) Subject to ~~subsection~~ **SUBSECTIONS (3), (4), AND (5)**, if the department of treasury determines that the maximum number of mills allowed to be levied under subsection (1) on all classes of property is not sufficient for a school district's combined state and local revenue per membership pupil for the school fiscal year ending in 1995 to be equal to the school district's foundation allowance for that school fiscal year, the board of the school district may levy in 1994 or a succeeding year additional mills uniformly on all property up to the number of mills required for the school district's combined state and local revenue per membership pupil for the school fiscal year ending in 1995 to be equal to the school district's foundation allowance for the state fiscal year ending in 1995.

(3) After 1994 **AND UNTIL 2006**, the number of mills a **HOLD HARMLESS** school district may levy under this section on any class

1 of property shall not exceed the lesser of the number of mills the
2 school district ~~is~~ **WAS** certified by the department of treasury
3 under section 1211a to levy on that class of property under this
4 section in 1994 or the number of mills required to be levied on
5 that class of property under this section to ensure that the
6 increase from the immediately preceding state fiscal year in the
7 school district's combined state and local revenue per membership
8 pupil, calculated as if the school district had levied the maximum
9 number of mills the school district was allowed to levy under this
10 section regardless of the number of mills the school district
11 actually levied, does not exceed the lesser of the dollar amount of
12 the increase in the basic foundation allowance under section 20 of
13 the state school aid act of 1979, MCL 388.1620, from the
14 immediately preceding state fiscal year or the percentage increase
15 in the general price level in the immediately preceding calendar
16 year.

17 **(4) BEGINNING IN 2006, THE NUMBER OF MILLS A HOLD HARMLESS**
18 **SCHOOL DISTRICT MAY LEVY UNDER THIS SECTION ON ANY CLASS OF**
19 **PROPERTY SHALL NOT EXCEED THE LESSER OF THE NUMBER OF MILLS THE**
20 **SCHOOL DISTRICT WAS CERTIFIED BY THE DEPARTMENT OF TREASURY UNDER**
21 **SECTION 1211A TO LEVY ON THAT CLASS OF PROPERTY UNDER THIS SECTION**
22 **IN 1994 OR THE NUMBER OF MILLS REQUIRED TO BE LEVIED ON THAT CLASS**
23 **OF PROPERTY UNDER THIS SECTION TO ENSURE THAT THE INCREASE FROM THE**
24 **IMMEDIATELY PRECEDING STATE FISCAL YEAR IN THE SCHOOL DISTRICT'S**
25 **COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL, CALCULATED**
26 **AS IF THE SCHOOL DISTRICT HAD LEVIED THE MAXIMUM NUMBER OF MILLS**
27 **THE SCHOOL DISTRICT WAS ALLOWED TO LEVY UNDER THIS SECTION**

1 REGARDLESS OF THE NUMBER OF MILLS THE SCHOOL DISTRICT ACTUALLY
2 LEVIED, DOES NOT EXCEED THE SUM OF THE DOLLAR AMOUNT OF THE
3 INCREASE IN THE BASIC FOUNDATION ALLOWANCE UNDER SECTION 20 OF THE
4 STATE SCHOOL AID ACT OF 1979, MCL 388.1620, FROM THE IMMEDIATELY
5 PRECEDING STATE FISCAL YEAR PLUS THE AMOUNT OF THE SCHOOL
6 DISTRICT'S PER PUPIL ALLOCATION UNDER SECTION 20J(2) OF THE STATE
7 SCHOOL AID ACT OF 1979, MCL 388.1620J, FOR THE 2005-2006 STATE
8 FISCAL YEAR. HOWEVER, THE NUMBER OF MILLS A HOLD HARMLESS SCHOOL
9 DISTRICT MAY LEVY UNDER THIS SECTION DUE TO THE OPERATION OF THIS
10 SUBSECTION SHALL NOT EXCEED THE NUMBER OF MILLS THAT THE SCHOOL
11 DISTRICT COULD HAVE LEVIED UNDER THIS SECTION IN 2005 DUE TO THE
12 OPERATION OF SUBSECTION (3).

13 (5) If the number of mills a school district is allowed to
14 levy under this section in a year after 1994 is less than the
15 number of mills the school district was allowed to levy under this
16 section in the immediately preceding year, any reduction required
17 by this subsection in the school district's millage rate shall be
18 calculated by first reducing the number of mills the school
19 district is allowed to levy under subsection (2) and then
20 increasing the number of mills from which a principal residence and
21 qualified agricultural property are exempted under subsection (1).

22 (6) ~~—(4)—~~ Millage levied under this section must be approved
23 by the school electors. For the purposes of this section, millage
24 approved by the school electors before January 1, 1994 for which
25 the authorization has not expired is considered to be approved by
26 the school electors.

27 (7) ~~—(5)—~~ If a school district levies millage for school

1 operating purposes that is in excess of the limits of this section,
2 the amount of the resulting excess tax revenue shall be deducted
3 from the school district's next regular tax levy.

4 (8) ~~—(6)—~~ If a school district levies millage for school
5 operating purposes that is less than the limits of this section,
6 the board of the school district may levy at the school district's
7 next regular tax levy an additional number of mills not to exceed
8 the additional millage needed to make up the shortfall.

9 (9) ~~—(7)—~~ A school district shall not levy mills allocated
10 under the property tax limitation act, 1933 PA 62, MCL 211.201 to
11 211.217a, other than mills allocated to a school district of the
12 first class for payment to a public library commission under
13 section 11(4) of the property tax limitation act, 1933 PA 62, MCL
14 211.211, after 1993.

15 (10) ~~—(8)—~~ As used in this section:

16 (a) "Combined state and local revenue per membership pupil"
17 means that term as defined in section 20 of the state school aid
18 act of 1979, MCL 388.1620.

19 (b) "Foundation allowance" means a school district's
20 foundation allowance as calculated under section 20 of the state
21 school aid act of 1979, MCL 388.1620.

22 (c) "General price level" means that term as defined in
23 section 33 of article IX of the state constitution of 1963.

24 (D) "HOLD HARMLESS SCHOOL DISTRICT" MEANS A SCHOOL DISTRICT
25 THAT HAD A FOUNDATION ALLOWANCE CALCULATED UNDER SECTION 20 OF THE
26 STATE SCHOOL AID ACT OF 1979, MCL 388.1620, FOR THE 1994-95 STATE
27 FISCAL YEAR OF MORE THAN \$6,500.00.

1 (E) ~~—(d)—~~ "Membership" means that term as defined in section 6
2 of the state school aid act of 1979, MCL 388.1606.

3 (F) ~~—(e)—~~ "Owner", "person", "principal residence", and
4 "qualified agricultural property" mean those terms as defined in
5 section 7dd of the general property tax act, 1893 PA 206, MCL
6 211.7dd.

7 (G) ~~—(f)—~~ "School operating purposes" includes expenditures
8 for furniture and equipment, for alterations necessary to maintain
9 school facilities in a safe and sanitary condition, for funding the
10 cost of energy conservation improvements in school facilities, for
11 deficiencies in operating expenses for the preceding year, and for
12 paying the operating allowance due from the school district to a
13 joint high school district in which the school district is a
14 participating school district under former part 3a. Taxes levied
15 for school operating purposes do not include any of the following:

16 (i) Taxes levied by a school district for operating a community
17 college under part 25.

18 (ii) Taxes levied under section 1212.

19 (iii) Taxes levied under section 1356 for eliminating an
20 operating deficit.

21 (iv) Taxes levied for operation of a library under section 1451
22 or for operation of a library established pursuant to 1913 PA 261,
23 MCL 397.261 to 397.262, that were not included in the operating
24 millage reported by the district to the department as of April 1,
25 1993. However, a district may report to the department not later
26 than April 1, 1994 the number of mills it levied in 1993 for a
27 purpose described in this subparagraph that the school district

1 does not want considered as operating millage and then that number
2 of mills is excluded under this section from taxes levied for
3 school operating purposes.

4 (v) Taxes paid by a school district of the first class to a
5 public library commission pursuant to section 11(4) of the property
6 tax limitation act, 1933 PA 62, MCL 211.211.

7 (vi) Taxes levied under former section 1512 for operation of a
8 community swimming pool. In addition, if a school district included
9 the millage it levied in 1993 for operation of a community swimming
10 pool as part of its operating millage reported to the department
11 for 1993, the school district may report to the department not
12 later than June 17, 1994 the number of mills it levied in 1993 for
13 operation of a community swimming pool that the school district
14 does not want considered as operating millage and then that number
15 of mills is excluded under this section from taxes levied for
16 school operating purposes.

17 Enacting section 1. This amendatory act does not take effect
18 unless Senate Bill No.____ or House Bill No. 6595(request no.
19 06705'06) of the 93rd Legislature is enacted into law.