

HOUSE BILL No. 4267

February 13, 1991, Introduced by Reps. Keith and O'Neill and referred to the Committee on Taxation.

A bill to amend sections 1211 and 1216 of Act No. 451 of the Public Acts of 1976, entitled as amended

"The school code of 1976,"

section 1211 as amended by Act No. 431 of the Public Acts of 1982, being sections 380.1211 and 380.1216 of the Michigan Compiled Laws; and to add part 7a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 1211 and 1216 of Act No. 451 of the
2 Public Acts of 1976, section 1211 as amended by Act No. 431 of
3 the Public Acts of 1982, being sections 380.1211 and 380.1216 of
4 the Michigan Compiled Laws, are amended and part 7a is added to
5 read as follows:

PART 7A

SCHOOL DISTRICT COMMERCIAL AND INDUSTRIAL
PROPERTY TAX BASE SHARING

SEC. 751. AS USED IN SECTIONS 751 TO 755:

(A) "COMMERCIAL AND INDUSTRIAL PROPERTY" MEANS PROPERTY CLASSIFIED AS COMMERCIAL REAL OR PERSONAL, INDUSTRIAL REAL OR PERSONAL, OR UTILITY PERSONAL UNDER SECTION 34C OF THE GENERAL PROPERTY TAX ACT, ACT NO. 6 OF THE PUBLIC ACTS OF 1893, BEING SECTION 211.34C OF THE MICHIGAN COMPILED LAWS, AND PROPERTY SUBJECT TO A SPECIFIC LOCAL TAX.

(B) "COMMERCIAL AND INDUSTRIAL SEV" MEANS SEV FOR COMMERCIAL AND INDUSTRIAL PROPERTY THAT IS NOT CAPTURED BY A TAX INCREMENT FINANCING PLAN UNDER THE LOCAL DEVELOPMENT FINANCING ACT, ACT NO. 281 OF THE PUBLIC ACTS OF 1986, BEING SECTIONS 125.2151 TO 125.2174 OF THE MICHIGAN COMPILED LAWS, THE TAX INCREMENT FINANCE AUTHORITY ACT, ACT NO. 450 OF THE PUBLIC ACTS OF 1980, BEING SECTIONS 125.1801 TO 125.1830 OF THE MICHIGAN COMPILED LAWS, OR ACT NO. 197 OF THE PUBLIC ACTS OF 1975, BEING SECTIONS 125.1651 TO 125.1681 OF THE MICHIGAN COMPILED LAWS. FOR PROPERTY SUBJECT TO A SPECIFIC LOCAL TAX, THE SEV FOR COMMERCIAL AND INDUSTRIAL PROPERTY IS THE QUOTIENT OF THE SPECIFIC LOCAL TAX LEVIED DIVIDED BY THE AD VALOREM MILLAGE RATE. COMMERCIAL AND INDUSTRIAL SEV SHALL BE ADJUSTED AS PROVIDED IN SECTION 121 OF THE STATE SCHOOL AID ACT OF 1979, BEING SECTION 388.1721 OF THE MICHIGAN COMPILED LAWS.

(C) "COMMERCIAL AND INDUSTRIAL SEV GROWTH" MEANS THE POSITIVE DIFFERENCE BETWEEN A SCHOOL DISTRICT'S COMMERCIAL AND

1 INDUSTRIAL SEV IN THE SCHOOL FISCAL YEAR IN WHICH THE CALCULATION
2 IS MADE, REDUCED BY THE SEV FOR THE IMMEDIATELY PRECEDING SCHOOL
3 FISCAL YEAR OF ANY PROPERTY THAT HAS BECOME COMMERCIAL OR INDUS-
4 TRIAL PROPERTY BECAUSE OF A CHANGE IN CLASSIFICATION, AND THE
5 SCHOOL DISTRICT'S COMMERCIAL AND INDUSTRIAL SEV FOR THE 1990-1991
6 SCHOOL FISCAL YEAR.

7 (D) "SCHOOL DISTRICT" MEANS A SCHOOL DISTRICT AND A LOCAL
8 ACT SCHOOL DISTRICT OR SPECIAL ACT SCHOOL DISTRICT.

9 (E) "SEV" MEANS STATE EQUALIZED VALUATION AS DETERMINED
10 UNDER THE GENERAL PROPERTY TAX ACT, ACT NO. 206 OF THE PUBLIC
11 ACTS OF 1893, BEING SECTIONS 211.1 TO 211.157 OF THE MICHIGAN
12 COMPILED LAWS.

13 (F) "SPECIFIC LOCAL TAX" MEANS A TAX LEVIED UNDER ACT
14 NO. 198 OF THE PUBLIC ACTS OF 1974, BEING SECTIONS 207.551 TO
15 207.571 OF THE MICHIGAN COMPILED LAWS, THE COMMERCIAL REDEVELOP-
16 MENT ACT, ACT NO. 255 OF THE PUBLIC ACTS OF 1978, BEING
17 SECTIONS 207.651 TO 207.668 OF THE MICHIGAN COMPILED LAWS, OR THE
18 TECHNOLOGY PARK DEVELOPMENT ACT, ACT NO. 385 OF THE PUBLIC ACTS
19 OF 1984, BEING SECTIONS 207.701 TO 207.718 OF THE MICHIGAN
20 COMPILED LAWS.

21 SEC. 752. (1) BEGINNING ON JULY 1, 1991, AND FOR EACH SUC-
22 CEEDING SCHOOL FISCAL YEAR, EACH SCHOOL DISTRICT SHALL DELIVER TO
23 THE STATE TREASURER AN AMOUNT EQUAL TO 50% OF THE COMMERCIAL AND
24 INDUSTRIAL SEV GROWTH IN THAT SCHOOL DISTRICT MULTIPLIED BY THE
25 SCHOOL DISTRICT'S SCHOOL OPERATING MILLAGE LEVIED FOR THE SCHOOL
26 FISCAL YEAR IN WHICH THE CALCULATION IS MADE. UNLESS THE SCHOOL
27 DISTRICT AND THE STATE TREASURER AGREE UPON ANOTHER ARRANGEMENT,

1 WHICH MAY PERMIT THE STATE TREASURER TO OFFSET FUNDS REQUIRED TO
2 BE PAID TO THE SCHOOL DISTRICT UNDER SECTION 21(1) OF THE STATE
3 SCHOOL AID ACT OF 1979, BEING SECTION 388.1621 OF THE MICHIGAN
4 COMPILED LAWS, A SCHOOL DISTRICT SHALL DELIVER THE TOTAL AMOUNT
5 ON HAND OF THE PAYMENTS REQUIRED UNDER THIS SUBSECTION ON THE
6 SAME SCHEDULE AS SET FORTH IN SECTION 43 OF THE GENERAL PROPERTY
7 TAX ACT, ACT NO. 206 OF THE PUBLIC ACTS OF 1893, BEING
8 SECTION 211.43 OF THE MICHIGAN COMPILED LAWS.

9 (2) THE STATE TREASURER SHALL DEPOSIT THE MONEY RECEIVED
10 PURSUANT TO SUBSECTION (1) IN THE STATE TREASURY FOR CREDIT TO
11 THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX
12 OF THE STATE CONSTITUTION OF 1963, TO BE USED TO FUND THE
13 REQUIREMENTS OF SECTION 12 OF THE STATE SCHOOL AID ACT OF 1979,
14 BEING SECTION 388.1612 OF THE MICHIGAN COMPILED LAWS.

15 SEC. 753. (1) BEGINNING ON JULY 1, 1991, AND FOR EACH SUC-
16 CEEDING SCHOOL FISCAL YEAR, IF SECTION 752 IS NOT IN EFFECT, A
17 SCHOOL DISTRICT SHALL NOT LEVY OPERATING MILLAGE GREATER THAN THE
18 MILLAGE ALLOCATED TO THE DISTRICT UNDER SECTION 5I OR 11 OF THE
19 PROPERTY TAX LIMITATION ACT, ACT NO. 62 OF THE PUBLIC ACTS OF
20 1933, BEING SECTIONS 211.205I AND 211.211 OF THE MICHIGAN
21 COMPILED LAWS, UNLESS THE SCHOOL DISTRICT DELIVERS TO THE STATE
22 TREASURER AN AMOUNT EQUAL TO 50% OF THE COMMERCIAL AND INDUSTRIAL
23 SEV GROWTH IN THAT SCHOOL DISTRICT MULTIPLIED BY THE SCHOOL
24 DISTRICT'S SCHOOL OPERATING MILLAGE LEVIED FOR THE SCHOOL FISCAL
25 YEAR IN WHICH THE CALCULATION IS MADE. UNLESS THE SCHOOL DIS-
26 TRICT AND THE STATE TREASURER AGREE UPON ANOTHER ARRANGEMENT,
27 WHICH MAY PERMIT THE STATE TREASURER TO OFFSET THE FUNDS REQUIRED

1 TO BE PAID TO THE SCHOOL DISTRICT UNDER SECTION 21(1) OF THE
2 STATE SCHOOL AID ACT OF 1979, BEING SECTION 388.1621 OF THE
3 MICHIGAN COMPILED LAWS, A SCHOOL DISTRICT SHALL DELIVER THE TOTAL
4 AMOUNT ON HAND OF THE PAYMENTS REQUIRED UNDER THIS SUBSECTION ON
5 THE SAME SCHEDULE AS SET FORTH IN SECTION 43 OF THE GENERAL PROP-
6 ERTY TAX ACT, ACT NO. 206 OF THE PUBLIC ACTS OF 1893, BEING SEC-
7 TION 211.43 OF THE MICHIGAN COMPILED LAWS.

8 (2) A SCHOOL DISTRICT THAT DOES NOT LEVY OPERATING MILLAGE
9 GREATER THAN THE MILLAGE ALLOCATED TO THE DISTRICT UNDER SECTION
10 5I OR 11 OF ACT NO. 62 OF THE PUBLIC ACTS OF 1933 MAY CONTRIBUTE
11 AN AMOUNT EQUAL TO THE AMOUNT DESCRIBED IN SUBSECTION (1) IN THE
12 MANNER DESCRIBED IN SUBSECTION (1).

13 (3) THE STATE TREASURER SHALL DEPOSIT THE MONEY RECEIVED
14 PURSUANT TO SUBSECTION (1) OR (2) IN THE STATE TREASURY FOR
15 CREDIT TO THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF
16 ARTICLE IX OF THE STATE CONSTITUTION OF 1963, TO BE USED TO FUND
17 THE REQUIREMENTS OF SECTION 12 OF THE STATE SCHOOL AID ACT OF
18 1979, BEING SECTION 388.1612 OF THE MICHIGAN COMPILED LAWS.

19 (4) THIS SECTION IS NOT IN EFFECT IN A SCHOOL FISCAL YEAR IN
20 WHICH SECTION 752 IS IN EFFECT.

21 SEC. 754. IF A SCHOOL DISTRICT DOES NOT COMPLY WITH
22 SECTION 752 OR 753, THE ATTORNEY GENERAL SHALL BRING AN ACTION IN
23 A COURT OF COMPETENT JURISDICTION TO COMPEL COMPLIANCE AND TO
24 RECOVER DELINQUENT PAYMENTS DUE UNDER 1 OR BOTH OF THOSE
25 SECTIONS.

26 SEC. 755. (1) BEGINNING IN THE 1992-1993 STATE FISCAL YEAR
27 AND IN EACH SUCCEEDING STATE FISCAL YEAR, THE LEGISLATURE SHALL

1 PROVIDE STATE AID TO LOCAL AND INTERMEDIATE SCHOOL DISTRICTS FOR
2 FUNDING PAYMENT OF 100% OF THE EMPLOYER'S SHARE OF FEDERAL SOCIAL
3 SECURITY OBLIGATIONS FOR SCHOOL EMPLOYEES.

4 (2) THE LEGISLATURE SHALL CONTINUE TO PROVIDE STATE AID FOR
5 FUNDING PAYMENT OF A SCHOOL EMPLOYEES' RETIREMENT SYSTEM. THE
6 FUNDING OF A SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL PROVIDE
7 THAT A LOCAL OR INTERMEDIATE SCHOOL DISTRICT'S CONTRIBUTION RATE
8 TO THE SYSTEM SHALL NOT EXCEED 5% OF ITS PAYROLL FOR ITS EMPLOY-
9 EES WHO ARE MEMBERS OF THE SYSTEM.

10 (3) BEGINNING IN THE 1992-1993 STATE FISCAL YEAR, THERE
11 SHALL BE NO DEDUCTION UNDER SECTION 21(5), (6), (7), AND (8) OF
12 THE STATE SCHOOL AID ACT OF 1979, BEING SECTION 388.1621 OF THE
13 MICHIGAN COMPILED LAWS, APPLIED AGAINST A SCHOOL DISTRICT'S STATE
14 AID ALLOCATION UNDER THE STATE SCHOOL AID ACT OF 1979.

15 (4) THIS SECTION APPLIES ONLY IN A STATE FISCAL YEAR IN
16 WHICH EITHER SECTION 752 OR 753 IS IN EFFECT.

17 (5) FOR A SCHOOL FISCAL YEAR IN WHICH SECTION 753 IS IN
18 EFFECT, THIS SECTION DOES NOT APPLY TO A SCHOOL DISTRICT THAT HAS
19 COMMERCIAL AND INDUSTRIAL SEV GROWTH AND DOES NOT MAKE THE CON-
20 TRIBUTION PERMITTED BY SECTION 753(2).

21 Sec. 1211. (1) ~~The~~ SUBJECT TO SECTION 753, THE board of
22 a school district shall vote to levy taxes necessary for school
23 operating purposes to conduct the educational programs authorized
24 by the board. A VOTE TO LEVY TAXES UNDER THIS SUBSECTION SHALL
25 BE CONSIDERED A VOTE TO COMPLY WITH SECTION 753.

26 (2) As used in this section, "school operating purposes"
27 includes expenditures for furniture and equipment, for

1 alterations necessary to maintain school facilities in a safe and
2 sanitary condition, for funding the cost of energy conservation
3 improvements in school facilities, ~~and~~ for deficiencies in
4 operating expenses for the preceding year, AND FOR MAKING PAY-
5 MENTS REQUIRED OR PERMITTED TO BE PAID UNDER SECTION 752 OR 753.

6 Sec. 1216. Except as provided in SECTIONS 751 TO 755 AND
7 IN section 1a of chapter 7 of THE MUNICIPAL FINANCE ACT, Act No.
8 202 of the Public Acts of 1943, being section 137.1a of the
9 Michigan Compiled Laws, money raised by tax shall not be used for
10 a purpose other than that for which it was raised without the
11 consent of a majority of the school electors of the district
12 voting on the question at an annual or special meeting or
13 election.

14 Section 2. The legislature finds that this amendatory act
15 will further the maintenance and support of the system of free
16 public elementary and secondary schools as defined by law pursu-
17 ant to section 2 of Article VIII of the state constitution of
18 1963.

19 Section 3. This amendatory act shall not take effect unless
20 Senate Bill No. _____ or House Bill No. ⁴²⁶⁶_____ (request
21 no. 01634'91) of the 86th Legislature is enacted into law.