

HOUSE BILL No. 4171

February 8, 2001, Introduced by Reps. Garcia, Raczkowski, Julian, Mortimer and Shackleton and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending section 961 (MCL 380.961), as amended by 1983 PA 118.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 961. (1) ~~if~~ EXCEPT AS OTHERWISE PROVIDED IN SUBSEC-
2 TION (5), IF territory is detached from a school district ~~which~~
3 THAT has bonded indebtedness and transferred to another school
4 district, the territory shall remain as part of the district from
5 which detached for the purpose of levying debt retirement taxes
6 for the bonded indebtedness until the bonds are redeemed or suf-
7 ficient funds are available in the debt retirement fund for that
8 purpose. The transferred territory shall not be part of the
9 school district from which detached for the purpose of a
10 subsequent bond issue, nor shall the detached territory be part

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1 of the school district from which detached for tax levies imposed
2 for the purpose of bonded indebtedness created or assumed at a
3 time when the portion of detached territory was not a part of the
4 district or territory approving or assuming the bonded
5 indebtedness. The territory shall be a part of the school dis-
6 trict to which transferred for all other purposes.

7 (2) ~~The~~ EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5),
8 THE territory shall not be subject to debt retirement tax levies
9 for bonded indebtedness of the school district to which trans-
10 ferred existing at the time of transfer until the bonded indebt-
11 edness of the school district from which the territory was trans-
12 ferred existing at the time of the transfer is retired or suffi-
13 cient funds are available and earmarked in the debt retirement
14 fund for that purpose. The board of the school district to which
15 the property is attached, by resolution, may exempt the property
16 from the debt tax levies for not more than 3 years. The school
17 officials of the district to which the territory is attached
18 shall certify required debt retirement levies for the bonds of
19 the school district from which the territory was detached, and
20 the territory over which the levies are to be spread, to the
21 proper taxing officials when certifying other taxes to be levied
22 by the school district. The tax collecting officials shall remit
23 the collections with other tax collections to the school district
24 to which the property is attached. The officials of that school
25 district shall immediately transmit the collections to the school
26 district from which the territory was detached.

1 (3) The school district to which territory is attached may
2 pay to the school district from which the ~~land~~ TERRITORY is
3 detached the present value of the pro rata bonded indebtedness of
4 the detached territory. The intermediate school board shall cer-
5 tify to the department of treasury the fact of the transfer, the
6 description of the territory transferred, the bonded indebtedness
7 of the school district from which the territory is detached, the
8 assessed valuation of the school district from which the terri-
9 tory is detached, the assessed valuation of the detached territo-
10 ry, and other information the department of treasury may
11 require. The department of treasury shall determine the pro rata
12 share of the bonded indebtedness of the detached territory to the
13 board of the school district from which the territory is
14 detached. The department of treasury shall certify the amount
15 determined to the intermediate school board. The intermediate
16 school board shall certify the amounts to the boards of the
17 school districts affected. The school district to which the ter-
18 ritory is transferred may pay the sum to the school district from
19 which the territory has been detached. Settlement of the bonded
20 indebtedness shall be made on the ~~state equalized valuation~~
21 TAXABLE VALUE in the year of transfer. The school district
22 receiving the money shall apply it under the terms and tenor of
23 the bond issue.

24 (4) A transfer made after September 1 in a given year shall
25 be a part of the territory from which detached for the purpose of
26 the succeeding December tax levy in the year of transfer. ~~Upon~~
27 EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), UPON settlement

1 of the bonded indebtedness by the school district to which the
2 territory has been attached, the territory is subject to the bond
3 debt retirement tax levy for bonded indebtedness of the school
4 district to which attached existing at the time of transfer. For
5 the purpose of making the settlement, the school district to
6 which the territory is attached may use up to 15% of state school
7 aid in 1 year.

8 (5) IF THE BOARD OF THE SCHOOL DISTRICT FROM WHICH THE TER-
9 RITORY WAS TRANSFERRED ADOPTS A RESOLUTION RELEASING THE TERRI-
10 TORY FROM THAT SCHOOL DISTRICT'S BONDED INDEBTEDNESS AND STATES
11 IN THE RESOLUTION THAT IT HAS DETERMINED THAT THIS RELEASE WILL
12 NOT IMPACT ITS ABILITY TO PAY OFF THAT INDEBTEDNESS, THEN ALL OF
13 THE FOLLOWING APPLY EFFECTIVE ON THE DATE OF THE RESOLUTION:

14 (A) THE TERRITORY IS NOT PART OF THE SCHOOL DISTRICT FROM
15 WHICH THE TERRITORY WAS TRANSFERRED FOR ANY PURPOSE AND IS NOT
16 SUBJECT TO FURTHER TAXATION BY THAT SCHOOL DISTRICT FOR ANY
17 PURPOSE.

18 (B) THE TERRITORY IS IMMEDIATELY SUBJECT TO ALL DEBT RETIRE-
19 MENT TAX LEVIES FOR BONDED INDEBTEDNESS OF THE SCHOOL DISTRICT TO
20 WHICH THE TERRITORY WAS TRANSFERRED THAT EXISTED AT THE TIME OF
21 THE TRANSFER.

22 (6) SUBSECTION (5) APPLIES TO ANY TRANSFER OF TERRITORY
23 OCCURRING EITHER BEFORE OR AFTER THE EFFECTIVE DATE OF THE AMEN-
24 DATORY ACT THAT ADDED SUBSECTION (5).