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BILL ANALYSIS

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House Bill 5839 (Substitute S-3 as reported by the Committee of the Whole)  
Sponsor: Representative Ruth Johnson  
House Committee: Education  
Senate Committee: Education

### **CONTENT**

The bill would amend the Revised School Code to do the following:

- Set a maximum of 20 years on the duration of a tax, or renewal of a tax, levied by an intermediate school district (ISD) for operating purposes.
- Prohibit an ISD that levied a tax for special education or vocational-technical education operating purposes from using the proceeds of the tax for any other purpose.
- Require an ISD levying a tax for special education or vocational-technical education operating purposes to submit a copy of its audit report to the Department of Treasury.
- Require the Department to notify the ISD if it determined that the proceeds from the tax had been used for other purposes; and allow the ISD to appeal that determination.
- Require the Department, if it did not find that its determination was inaccurate or that the situation had been corrected, to file a copy of the audit report with the Attorney General for civil proceedings, if appropriate.
- Require the ISD to repay its special education operating fund or its vocational-technical education program operating fund, from funds that could be used lawfully for vocational-technical or special education operating purposes, for the amount of tax proceeds that the Attorney General determined had been misspent.
- Prohibit an ISD from using the proceeds of bonds issued for vocational-education or special education facilities, or levying a tax to repay those bonds, for any other purpose.

MCL 380.681 et al.

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

There potentially could be an indeterminate cost to the Department of Treasury and/or the Attorney General's office for administrative expenses if the Departments did not have the personnel in place to conduct the audit reviews and/or appeals process as prescribed in the bill. Though the costs are indeterminate, they would be minimal.

If the Attorney General determined that tax proceeds were misspent, the intermediate school district would have to repay to its vocational-technical education program operating fund, or its special education operating fund, the amount of funds determined to have been misused. The funds would be paid from the ISD's vocational-technical education program or special education program operating funds, thus decreasing the amount of program funds available for those purposes.

Date Completed: 11-9-04

Fiscal Analyst: Joe Carrasco

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Analysis available @ <http://www.michiganlegislature.org>

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