

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5839

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 681, 687, 1723, 1724a, and 1731 (MCL
380.681, 380.687, 380.1723, 380.1724a, and 380.1731), sections
681 and 687 as amended by 2003 PA 299, section 1724a as added by
1994 PA 258, and section 1731 as amended by 2002 PA 70, and by
adding section 625b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 625b. For a tax that is authorized after the effective
2 date of this section for intermediate school district operating
3 purposes, the duration of the authorization for the tax shall not
4 exceed 20 years. The authorization for a tax described in this
5 section may be renewed with the approval of the intermediate
6 school electors for a duration not to exceed 20 years. The
7 duration of the authorization for a tax described in this section

1 shall be stated in the ballot question concerning the levy or
2 renewal of the tax.

3 Sec. 681. (1) An intermediate school district may establish
4 an area vocational-technical education program and operate the
5 program under sections 681 to 690 if approved by a majority of
6 the intermediate school electors of the intermediate school
7 district voting on the question. The election shall be called
8 and conducted in accordance with this act and the Michigan
9 election law. The establishment of the area vocational-technical
10 education program may be rescinded by the same process.

11 (2) The question of establishing an area vocational-technical
12 education program may be submitted to the intermediate school
13 electors of an intermediate school district at a regular school
14 election or at a special election held in each of the constituent
15 districts. Subject to section 641 of the Michigan election law,
16 MCL 168.641, the intermediate school board shall determine the
17 date of the election and shall give notice to the school district
18 filing official at least 60 days in advance of the date the
19 ballot question is to be submitted to the intermediate school
20 electors.

21 (3) The ballot for referring the question of adopting
22 sections 681 to 690 and establishing an area vocational-technical
23 education program to the intermediate school electors of an
24 intermediate school district shall be substantially in the
25 following form:

26 "Shall _____, state
27 (legal name of intermediate school district)

1 of Michigan, come under sections 681 to 690 of the revised school
2 code and establish an area vocational-technical education program
3 which is designed to encourage the operation of area
4 vocational-technical education programs if the annual property
5 tax levied for this purpose is limited to _____ mills?

6 Yes ()

7 No ()".

8 (4) Beginning in 1995, **and subject to section 625b**, the
9 number of mills of ad valorem property taxes an intermediate
10 school board may levy for area vocational-technical education
11 program operating purposes under sections 681 to 690 is limited
12 to the following:

13 (a) If the intermediate school district did not levy any
14 millage in 1993 for area vocational-technical education program
15 operating purposes under sections 681 to 690, the intermediate
16 school board, with the approval of the intermediate school
17 electors, may levy not more than 1 mill for those purposes.

18 (b) If the intermediate school district levied millage in
19 1993 for area vocational-technical education program operating
20 purposes under sections 681 to 690, the intermediate school
21 board, with the approval of the intermediate school electors, may
22 levy mills for those purposes at a rate not to exceed 1.5 times
23 the number of mills authorized for those purposes in the
24 intermediate school district in 1993. Approval of the
25 intermediate school electors is not required for the levy under
26 this subdivision of previously authorized mills until that
27 authorization expires.

1 (5) An intermediate school district that levies a tax for
2 area vocational-technical education program operating purposes
3 shall not use proceeds from the tax for any purpose other than
4 area vocational-technical education program operating purposes
5 and shall submit to the department of treasury a copy of the
6 audit report from the audit of the intermediate school district
7 conducted under section 622a. If the department of treasury
8 determines from the audit report that the proceeds from the tax
9 have been used for a purpose other than area vocational-technical
10 education program operating purposes, as defined under subsection
11 (7), the department of treasury shall notify the intermediate
12 school district of that determination. If the intermediate
13 school district disputes the determination or claims that the
14 situation has been corrected, within 15 days after receipt of the
15 determination the intermediate school district may submit an
16 appeal of the determination to the department of treasury.
17 Within 90 days after receipt of the appeal, the department of
18 treasury shall consider the appeal and make a determination of
19 whether the initial determination was correct or incorrect and of
20 whether the situation has been corrected. If the department of
21 treasury finds that the initial determination was correct and
22 that the situation has not been corrected, then the department of
23 treasury shall file a copy of the report with the attorney
24 general. The attorney general shall review the report and, if
25 the attorney general considers it appropriate, shall commence or
26 direct the prosecuting attorney for the county in which the
27 violations occurred to commence appropriate proceedings against

1 the intermediate school board or the official or employee. These
2 proceedings shall include at least a civil action in a court of
3 competent jurisdiction for the recovery of any public money
4 determined by the audit to have been illegally expended and for
5 the recovery of any public property determined by the audit to
6 have been converted or misappropriated.

7 (6) If the attorney general determines from a report filed
8 under subsection (5) that an intermediate school district has
9 misspent tax proceeds as described in subsection (5) and notifies
10 the intermediate school district of this determination, the
11 intermediate school district shall repay to its area
12 vocational-technical education program operating fund an amount
13 equal to the amount the department of treasury determined under
14 subsection (5) has been used for a purpose other than area
15 vocational-technical education program operating purposes. The
16 intermediate school district shall make this repayment from funds
17 of the intermediate school district that lawfully may be used for
18 making such a repayment.

19 (7) For the purposes of subsections (5) and (6), the
20 department and the department of treasury, in consultation with
21 intermediate school districts, shall develop and make available
22 to intermediate school districts a definition of area
23 vocational-technical education program operating purposes.

24 (8) ~~(5)~~ An intermediate school district shall not hold more
25 than 2 elections in a calendar year concerning the authorization
26 of a millage rate for area vocational-technical education program
27 operating purposes under sections 681 to 690.

1 Sec. 687. (1) An intermediate school board in which an area
2 vocational-technical education program is established, by a
3 majority vote of the intermediate school electors voting on the
4 question at a regular school election or at a special election
5 called for that purpose, may borrow money and issue bonds of the
6 intermediate school district subject to the revised municipal
7 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, to defray all
8 or part of the cost of purchasing, erecting, completing,
9 remodeling, improving, furnishing, refurnishing, equipping, or
10 reequipping area vocational-technical buildings and other
11 facilities, or parts of buildings and other facilities or
12 additions to buildings and other facilities; acquiring,
13 preparing, developing, or improving sites, or parts of sites or
14 additions to sites, for area vocational-technical buildings and
15 other facilities; refunding all or part of existing bonded
16 indebtedness; or accomplishing a combination of the foregoing
17 purposes. An intermediate school district shall not issue bonds
18 under this part for an amount greater than 1.5% of the total
19 assessed valuation of the intermediate school district.

20 (2) A bond qualified under section 16 of article IX of the
21 state constitution of 1963 and implementing legislation shall not
22 be included for purposes of calculating the foregoing 1.5%
23 limitation.

24 (3) An intermediate school board may submit a proposal to
25 issue bonds of the intermediate school district, authorized under
26 this section, to the intermediate school electors at the same
27 election at which the intermediate school electors vote on the

1 establishment of an area vocational-technical education program.
 2 If these questions are presented to the school electors at the
 3 same election, the board shall include the bond proposal in the
 4 60-day notice given the boards of constituent districts. The
 5 establishment of an area vocational-technical education program
 6 shall become effective if approved by a majority of the
 7 intermediate school electors voting on the question. The
 8 authority to issue bonds is effective only if a majority of the
 9 intermediate school electors approve both the establishment of
 10 the area vocational-technical education program and the issuance
 11 of bonds.

12 (4) The ballot used in submitting the question of borrowing
 13 money and issuing bonds under this section shall be in
 14 substantially the following form:

15 "Shall _____ (here state the legal name of the
 16 intermediate school district designating the name of a district
 17 of not less than 18,000 pupils or first class school district
 18 that has elected not to come under this act as far as an area
 19 vocational-technical education program is concerned) state of
 20 Michigan, borrow the sum of not to exceed \$_____ and issue
 21 its bonds therefor, for the purpose of _____?"

22 Yes ()

23 No ()".

24 (5) **An intermediate school district shall not use the**
 25 **proceeds from bonds issued or refunded under this section or levy**
 26 **a tax to repay bonds issued or refunded under this section for**
 27 **any purpose other than facilities used for area**

1 vocational-technical education purposes. If a facility is to be
 2 used during regular school hours for purposes other than
 3 providing area vocational-technical education programs and
 4 services, proceeds from bonds issued or refunded under this
 5 section or from millage levied to repay bonds issued or refunded
 6 under this section shall be used only for that portion of the
 7 facility that is used for providing area vocational-technical
 8 education programs and services.

9 Sec. 1723. The ballot submitting the question of the
 10 adoption of sections 1722 to 1729 to the school electors of an
 11 intermediate school district shall be substantially in the
 12 following form:

13 "Shall the _____ (legal name of the intermediate school
 14 district), state of Michigan, come under sections 1722 to 1729 of
 15 the **revised** school code, ~~of 1976,~~ which are designed to
 16 encourage the education of handicapped persons, if the annual
 17 property tax levied for administration is limited to _____
 18 mills?

19 Yes ()

20 No ()".

21 Sec. 1724a. (1) Beginning in 1995, **and subject to section**
 22 **625b**, the board of an intermediate school district may levy ad
 23 valorem property taxes for special education purposes under
 24 sections 1722 to 1729 at a rate not to exceed 1.75 times the
 25 number of mills of those taxes authorized in the intermediate
 26 school district in 1993. All or part of the millage levied under
 27 this section may be renewed as provided in this article.

1 Approval of the intermediate school electors is not required for
2 the levy under this section of previously authorized mills until
3 that authorization expires.

4 (2) An intermediate school district that levies a tax for
5 special education operating purposes shall not use proceeds from
6 the tax for any purpose other than special education operating
7 purposes and shall submit to the department of treasury a copy of
8 the audit report from the audit of the intermediate school
9 district conducted under section 622a. If the department of
10 treasury determines from the audit report that the proceeds from
11 the tax have been used for a purpose other than special education
12 operating purposes, as defined under subsection (4), the
13 department of treasury shall notify the intermediate school
14 district of that determination. If the intermediate school
15 district disputes the determination or claims that the situation
16 has been corrected, within 15 days after receipt of the
17 determination the intermediate school district may submit an
18 appeal of the determination to the department of treasury.
19 Within 90 days after receipt of the appeal, the department of
20 treasury shall consider the appeal and make a determination of
21 whether the initial determination was correct or incorrect and of
22 whether the situation has been corrected. If the department of
23 treasury finds that the initial determination was correct and
24 that the situation has not been corrected, then the department of
25 treasury shall file a copy of the report with the attorney
26 general. The attorney general shall review the report and, if
27 the attorney general considers it appropriate, shall commence or

1 direct the prosecuting attorney for the county in which the
2 violations occurred to commence appropriate proceedings against
3 the intermediate school board or the official or employee. These
4 proceedings shall include at least a civil action in a court of
5 competent jurisdiction for the recovery of any public money
6 determined by the audit to have been illegally expended and for
7 the recovery of any public property determined by the audit to
8 have been converted or misappropriated.

9 (3) If the attorney general determines from a report filed
10 under subsection (2) that an intermediate school district has
11 misspent tax proceeds as described in subsection (2) and notifies
12 the intermediate school district of this determination, the
13 intermediate school district shall repay to its special education
14 operating fund an amount equal to the amount the department of
15 treasury determined under subsection (2) has been used for a
16 purpose other than special education operating purposes. The
17 intermediate school district shall make this repayment from funds
18 of the intermediate school district that lawfully may be used for
19 making such a repayment.

20 (4) For the purposes of subsections (2) and (3), the
21 department and the department of treasury, in consultation with
22 intermediate school districts, shall develop and make available
23 to intermediate school districts a definition of special
24 education operating purposes.

25 (5) ~~(2)~~ An intermediate district shall not hold more than 2
26 elections in a calendar year concerning the authorization of a
27 millage rate for special education purposes under sections 1722

1 to 1729.

2 Sec. 1731. (1) An intermediate school district may borrow
3 money and issue bonds of the intermediate school district subject
4 to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
5 141.2821, to defray all or part of the costs of purchasing,
6 erecting, completing, remodeling, improving, furnishing,
7 refurnishing, equipping, or reequipping buildings for special
8 education facilities; acquiring, preparing, developing, or
9 improving sites, or parts of sites or additions to sites, for
10 buildings and other special education facilities; refunding all
11 or part of existing bonded indebtedness; or the accomplishment of
12 a combination of ~~the foregoing~~ **these** purposes.

13 (2) An intermediate school district shall not issue bonds for
14 purposes of purchasing, erecting, completing, remodeling,
15 improving, furnishing, refurnishing, equipping, or reequipping
16 buildings for special education for an amount greater than 1.5%
17 of the total assessed valuation of the intermediate school
18 district.

19 (3) **An intermediate school district shall not use the**
20 **proceeds from bonds issued or refunded under this section or levy**
21 **a tax to repay bonds issued or refunded under this section for**
22 **any purpose other than facilities used for special education**
23 **purposes. If a facility is to be used during regular school**
24 **hours for purposes other than providing special education**
25 **programs and services, proceeds from bonds issued or refunded**
26 **under this section or from millage levied to repay bonds issued**
27 **or refunded under this section shall be used only for that**

1 portion of the facility that is used for providing special
2 education programs and services.