

HOUSE BILL No. 5018

August 13, 2003, Introduced by Reps. Stakoe, Newell, Kooiman, Palmer, Garfield, Hummel, Sheen, Milosch, Hoogendyk, Ward, Condino, Farrah, O'Neil, Huizenga, Hune and Richardville and referred to the Committee on Tax Policy.

A bill to amend 1976 PA 451, entitled
 "The revised school code,"
 by amending section 961 (MCL 380.961); and to repeal acts and
 parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 961. (1) If territory is detached from a school
 2 district ~~which~~ **that** has bonded indebtedness and transferred to
 3 another school district, the territory shall remain as part of
 4 the district from which detached for the purpose of levying debt
 5 retirement taxes for the bonded indebtedness until the bonds are
 6 redeemed or sufficient funds are available in the debt retirement
 7 fund for that purpose. The transferred territory shall not be
 8 part of the school district from which detached for the purpose
 9 of a subsequent bond issue, nor shall the detached territory be
 10 part of the school district from which detached for tax levies

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

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

26 (3) The school district to which territory is attached may
27 pay to the school district from which the land is detached the

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

22 (4) ~~A~~ **Before January 1, 2005, a** transfer made after
23 September 1 in a given year shall be a part of the territory from
24 which detached for the purpose of the succeeding December tax
25 levy in the year of transfer.

26 (5) Upon settlement of the bonded indebtedness by the school
27 district to which the territory has been attached, the territory

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

6 Enacting section 1. This amendatory act does not take
7 effect unless Senate Bill No. _____ or House Bill No. 5010
8 (request no. 02479'03) of the 92nd Legislature is enacted into
9 law.

10 Enacting section 2. Sections 1611 to 1615 of the revised
11 school code, 1976 PA 451, MCL 380.1611 to 380.1615, are repealed
12 effective December 31, 2004.