

# SENATE BILL No. 129

February 4, 2003, Introduced by Senators CASSIS, BIRKHOLZ, BISHOP, GARCIA, TOY, McMANUS, VAN WOERKOM, GOSCHKA, KUIPERS, ALLEN and JELINEK and referred to the Committee on Finance.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 1211, 1211d, and 1211e (MCL 380.1211, 380.1211d, and 380.1211e), section 1211 as amended and section 1211e as added by 1994 PA 258 and section 1211d as amended by 1996 PA 69.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 1211. (1) Except as otherwise provided in this section  
 2 and section 1211c, the board of a school district shall levy not  
 3 more than 18 mills for school operating purposes or the number of  
 4 mills levied in 1993 for school operating purposes, whichever is  
 5 less. A ~~homestead~~ **principal residence** and qualified  
 6 agricultural property are exempt from the mills levied under this  
 7 subsection except for the number of mills by which that exemption  
 8 is reduced under this subsection. The board of a school district

1 with a foundation allowance calculated under section 20 of the  
2 state school aid act of 1979, ~~being section 388.1620 of the~~  
3 ~~Michigan Compiled Laws~~ **MCL 388.1620**, for the 1994-95 state  
4 fiscal year of more than \$6,500.00, may reduce the number of  
5 mills from which a ~~homestead~~ **principal residence** and qualified  
6 agricultural property are exempted under this subsection by up to  
7 the number of mills, as certified under section 1211a, required  
8 to be levied on a ~~homestead~~ **principal residence** and qualified  
9 agricultural property for the school district's combined state  
10 and local revenue per membership pupil for the school fiscal year  
11 ending in 1995 to be equal to the school district's foundation  
12 allowance for the state fiscal year ending in 1995, and the board  
13 also may levy in 1994 or a succeeding year that number of mills  
14 for school operating purposes on a ~~homestead~~ **principal**  
15 **residence** and qualified agricultural property.

16 (2) Subject to subsection (3), if the department of treasury  
17 determines that the maximum number of mills allowed to be levied  
18 under subsection (1) on all classes of property is not sufficient  
19 for a school district's combined state and local revenue per  
20 membership pupil for the school fiscal year ending in 1995 to be  
21 equal to the school district's foundation allowance for that  
22 school fiscal year, the board of the school district may levy in  
23 1994 or a succeeding year additional mills uniformly on all  
24 property up to the number of mills required for the school  
25 district's combined state and local revenue per membership pupil  
26 for the school fiscal year ending in 1995 to be equal to the  
27 school district's foundation allowance for the state fiscal year

1 ending in 1995.

2 (3) After 1994, the number of mills a school district may  
3 levy under this section on any class of property shall not exceed  
4 the lesser of the number of mills the school district is  
5 certified by the department of treasury under section 1211a to  
6 levy on that class of property under this section in 1994 or the  
7 number of mills required to be levied on that class of property  
8 under this section to ensure that the increase from the  
9 immediately preceding state fiscal year in the school district's  
10 combined state and local revenue per membership pupil, calculated  
11 as if the school district had levied the maximum number of mills  
12 the school district was allowed to levy under this section  
13 regardless of the number of mills the school district actually  
14 levied, does not exceed the lesser of the dollar amount of the  
15 increase in the basic foundation allowance under section 20 of  
16 the state school aid act of 1979, **MCL 388.1620**, from the  
17 immediately preceding state fiscal year or the percentage  
18 increase in the general price level in the immediately preceding  
19 calendar year. If the number of mills a school district is  
20 allowed to levy under this section in a year after 1994 is less  
21 than the number of mills the school district was allowed to levy  
22 under this section in the immediately preceding year, any  
23 reduction required by this subsection in the school district's  
24 millage rate shall be calculated by first reducing the number of  
25 mills the school district is allowed to levy under subsection (2)  
26 and then increasing the number of mills from which a ~~homestead~~  
27 **principal residence** and qualified agricultural property are

1 exempted under subsection (1).

2 (4) Millage levied under this section must be approved by the  
3 school electors. For the purposes of this section, millage  
4 approved by the school electors before January 1, 1994 for which  
5 the authorization has not expired is considered to be approved by  
6 the school electors.

7 (5) If a school district levies millage for school operating  
8 purposes that is in excess of the limits of this section, the  
9 amount of the resulting excess tax revenue shall be deducted from  
10 the school district's next regular tax levy.

11 (6) If a school district levies millage for school operating  
12 purposes that is less than the limits of this section, the board  
13 of the school district may levy at the school district's next  
14 regular tax levy an additional number of mills not to exceed the  
15 additional millage needed to make up the shortfall.

16 (7) A school district shall not levy mills allocated under  
17 the property tax limitation act, ~~Act No. 62 of the Public Acts~~  
18 ~~of 1933, being sections 211.201 to 211.217a of the Michigan~~  
19 ~~Compiled Laws~~ **1933 PA 62, MCL 211.201 to 211.217a**, other than  
20 mills allocated to a school district of the first class for  
21 payment to a public library commission under section 11(4) of  
22 ~~Act No. 62 of the Public Acts of 1933, being section 211.211 of~~  
23 ~~the Michigan Compiled Laws~~ **the property tax limitation act, 1933**  
24 **PA 62, MCL 211.211**, after 1993.

25 (8) As used in this section:

26 (a) "Combined state and local revenue per membership pupil"  
27 means that term as defined in section 20 of the state school aid

1 act of 1979, **MCL 388.1620**.

2 (b) "Foundation allowance" means a school district's  
3 foundation allowance as calculated under section 20 of the state  
4 school aid act of 1979, **MCL 388.1620**.

5 (c) "General price level" means that term as defined in  
6 section 33 of article IX of the state constitution of 1963.

7 ~~(d) "Homestead" and "qualified agricultural property" mean~~  
8 ~~those terms as defined in section 1211d or in section 7dd of the~~  
9 ~~general property tax act, Act No. 206 of the Public Acts of 1893,~~  
10 ~~being section 211.7dd of the Michigan Compiled Laws. If a term~~  
11 ~~defined in section 1211d is defined in section 7dd of Act No. 206~~  
12 ~~of the Public Acts of 1893 differently than the term is defined~~  
13 ~~in section 1211d, then that term as used in this section means~~  
14 ~~that term as defined in section 7dd of Act No. 206 of the Public~~  
15 ~~Acts of 1893.~~

16 (d) ~~-(e)-~~ "Membership" means that term as defined in section  
17 6 of the state school aid act of 1979, ~~being section 388.1606 of~~  
18 ~~the Michigan Compiled Laws~~ **MCL 388.1606**.

19 (e) "Principal residence" and "qualified agricultural  
20 property" mean those terms as defined in section 1211d or in  
21 section 7dd of the general property tax act, 1893 PA 206, MCL  
22 211.7dd. If a term defined in section 1211d is defined in  
23 section 7dd of the general property tax act, 1893 PA 206, MCL  
24 211.7dd, differently than the term is defined in section 1211d,  
25 then that term as used in this section means that term as defined  
26 in section 7dd of the general property tax act, 1893 PA 206, MCL  
27 211.7dd.

1 (f) "School operating purposes" includes expenditures for  
2 furniture and equipment, for alterations necessary to maintain  
3 school facilities in a safe and sanitary condition, for funding  
4 the cost of energy conservation improvements in school  
5 facilities, for deficiencies in operating expenses for the  
6 preceding year, and for paying the operating allowance due from  
7 the school district to a joint high school district in which the  
8 school district is a participating school district under **former**  
9 part 3a. Taxes levied for school operating purposes do not  
10 include any of the following:

11 (i) Taxes levied by a school district for operating a  
12 community college under part 25.

13 (ii) Taxes levied under section 1212.

14 (iii) Taxes levied under section ~~1356(4)~~ **1356** for  
15 eliminating an operating deficit.

16 (iv) Taxes levied for operation of a library under section  
17 ~~260 or~~ 1451 or for operation of a library established pursuant  
18 to ~~Act No. 261 of the Public Acts of 1913, being sections~~  
19 ~~397.261 to 397.262 of the Michigan Compiled Laws~~ **1913 PA 261,**  
20 **MCL 397.261 to 397.262**, that were not included in the operating  
21 millage reported by the district to the department as of April 1,  
22 1993. However, a district may report to the department not later  
23 than April 1, 1994 the number of mills it levied in 1993 for a  
24 purpose described in this subparagraph that the school district  
25 does not want considered as operating millage and then that  
26 number of mills is excluded under this section from taxes levied  
27 for school operating purposes.

1 (v) Taxes paid by a school district of the first class to a  
2 public library commission pursuant to section 11(4) of ~~Act~~  
3 ~~No. 62 of the Public Acts of 1933, being section 211.211 of the~~  
4 ~~Michigan Compiled Laws~~ **the property tax limitation act, 1933 PA**  
5 **62, MCL 211.211.**

6 (vi) Taxes levied under **former** section 1512 for operation of  
7 a community swimming pool. In addition, if a school district  
8 included the millage it levied in 1993 for operation of a  
9 community swimming pool as part of its operating millage reported  
10 to the department for 1993, the school district may report to the  
11 department not later than June 17, 1994 the number of mills it  
12 levied in 1993 for operation of a community swimming pool that  
13 the school district does not want considered as operating millage  
14 and then that number of mills is excluded under this section from  
15 taxes levied for school operating purposes.

16 Sec. 1211d. ~~(1) Except as otherwise provided in subsection~~  
17 ~~(2), as~~ **As** used in this section and in section 1211:

18 ~~(a) "Homestead" means that portion of a dwelling or unit in~~  
19 ~~a multiple unit dwelling that is subject to ad valorem taxes and~~  
20 ~~is owned and occupied as a principal residence by an owner of the~~  
21 ~~dwelling or unit. Homestead also includes all of an owner's~~  
22 ~~unoccupied property classified as residential that is adjoining~~  
23 ~~or contiguous to the dwelling subject to ad valorem taxes and~~  
24 ~~that is owned and occupied as a principal residence by the~~  
25 ~~owner. Contiguity is not broken by a road or a right of way.~~  
26 ~~Homestead also includes any portion of a principal single family~~  
27 ~~dwelling or a single family unit in a multiple unit dwelling used~~

1 ~~as a residence of an owner that is rented or leased to another~~  
 2 ~~person as a residence as long as that portion of the principal~~  
 3 ~~residence that is rented or leased is less than 50% of the total~~  
 4 ~~square footage of living space in the principal residence.~~  
 5 ~~Homestead also includes a life care facility registered under the~~  
 6 ~~living care disclosure act, Act No. 440 of the Public Acts of~~  
 7 ~~1976, being sections 554.801 to 554.844 of the Michigan Compiled~~  
 8 ~~Laws. Homestead also includes property owned by a cooperative~~  
 9 ~~housing corporation and occupied as a principal residence by~~  
 10 ~~tenant stockholders.~~

11       (a) ~~(b)~~ "Owner" means a person who is 1 of the following:

12       (i) A person who owns property or who is purchasing property  
 13 under a land contract.

14       (ii) A person who is a partial owner of property.

15       (iii) A person who owns property as a result of being a  
 16 beneficiary of a will or trust or as a result of intestate  
 17 succession.

18       (iv) A person who owns or is purchasing a dwelling on leased  
 19 land.

20       (v) A person holding a life lease in property previously sold  
 21 or transferred to another.

22       (vi) A grantor who has placed the property in a revocable  
 23 trust or a qualified personal residence trust.

24       (b) ~~(c)~~ "Person", for purposes of a ~~homestead~~ **principal**  
 25 **residence**, means an individual and, for purposes of qualified  
 26 agricultural property, means an individual, partnership,  
 27 corporation, limited liability company, association, or other



1 legal entity.

2       (c) ~~-(d)-~~ "Principal residence" ~~means the 1 place where a~~  
3 ~~person has his or her true, fixed, and permanent home to which,~~  
4 ~~whenever absent, he or she intends to return and that shall~~  
5 ~~continue as a principal residence until another principal~~  
6 ~~residence is established~~ and "qualified agricultural property"  
7 mean those terms as defined in section 7dd of the general  
8 property tax act, 1893 PA 206, MCL 211.7dd.

9       ~~(e) "Qualified agricultural property" means unoccupied~~  
10 ~~property and related buildings classified as agricultural, or~~  
11 ~~other unoccupied property and related buildings located on that~~  
12 ~~property devoted primarily to agricultural use as defined in~~  
13 ~~section 36101 of part 361 (farmland and open space preservation)~~  
14 ~~of the natural resources and environmental protection act, Act~~  
15 ~~No. 451 of the Public Acts of 1994, being section 324.36101 of~~  
16 ~~the Michigan Compiled Laws. Related buildings include a~~  
17 ~~residence occupied by a person employed in or actively involved~~  
18 ~~in the agricultural use and who has not claimed an exemption on a~~  
19 ~~homestead on other property. Property used for commercial~~  
20 ~~storage, commercial processing, commercial distribution,~~  
21 ~~commercial marketing, or commercial shipping operations or other~~  
22 ~~commercial or industrial purposes is not qualified agricultural~~  
23 ~~property. A parcel of property is devoted primarily to~~  
24 ~~agriculture use only if more than 50% of the parcel's acreage is~~  
25 ~~devoted to agricultural use. An owner shall not receive an~~  
26 ~~exemption for that portion of the total state equalized valuation~~  
27 ~~of the property that is used for a commercial or industrial~~

1 ~~purpose or a residence that is not a related building.~~  
 2 ~~—— (2) If a term defined in this section is defined in section~~  
 3 ~~7dd of the general property tax act, Act No. 206 of the Public~~  
 4 ~~Acts of 1893, being section 211.7dd of the Michigan Compiled~~  
 5 ~~Laws, differently than that term is defined in subsection (1),~~  
 6 ~~then that term as used in this section and in section 1211 means~~  
 7 ~~that term as defined in section 7dd of Act No. 206 of the Public~~  
 8 ~~Acts of 1893.~~

9       Sec. 1211e. (1) Subject to subsection (2), to claim an  
 10 exemption under section 1211(1) for qualified agricultural  
 11 property for the 1994 tax year, if an affidavit claiming an  
 12 exemption on a ~~homestead~~ **principal residence** was not filed for  
 13 the property by May 1, 1994, an affidavit claiming the exemption  
 14 on qualified agricultural property shall be filed with the local  
 15 assessing unit by June 1, 1994. If property is qualified  
 16 agricultural property and is classified as agricultural property  
 17 under section 34c of the general property tax act, ~~Act No. 206~~  
 18 ~~of the Public Acts of 1893, being section 211.34c of the Michigan~~  
 19 ~~Compiled Laws~~ **1893 PA 206, MCL 211.34c**, that property is exempt  
 20 and an affidavit claiming the exemption does not need to be  
 21 filed.

22       (2) If there are provisions in ~~Act No. 206 of the Public~~  
 23 ~~Acts of 1893~~ **the general property tax act, 1893 PA 206, MCL**  
 24 **211.1 to 211.157**, that are inconsistent with subsection (1), the  
 25 provisions of ~~Act No. 206 of the Public Acts of 1893~~ **the**  
 26 **general property tax act, 1893 PA 206, MCL 211.1 to 211.157,**  
 27 prevail.

