



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 54 (Substitute S-1)  
Senate Bill 367 (as introduced 3-21-07)  
Sponsor: Senator Gretchen Whitmer (S.B. 54)  
Senator Wayne Kuipers (S.B. 367)  
Committee: Education

Date Completed: 3-27-07

**CONTENT**

**Senate Bill 54 (S-1) would amend the Revised School Code to reduce the maximum rate and term of a tax that a school district may levy (with voter approval) to create a sinking fund for the purchase of real property and the construction and repair of buildings; and permit the use of that fund for the purchase of school buses or technology for school buildings.**

**Senate Bill 367 would amend the Revised School Code to provide that, in the ballot language to approve a sinking fund levy, a school district could refer to the sinking fund by another appropriate descriptive term, such as "infrastructure investment fund".**

Senate Bill 54 (S-1) is described below.

The Code permits the board of a school district, upon approval by the school electors of the district, to levy a tax to create a sinking fund to be used for the purchase of real estate for sites for school buildings, and for the construction or repair of school buildings. The tax may not exceed 5 mills on the State equalized valuation (SEV) of the school district each year, for a maximum of 20 years.

Under the bill, the tax could not exceed 3 mills on the taxable value of the real and personal property in the district, and the term could not exceed 10 years.

In addition to the uses described above, the bill would permit the sinking fund to be used for the purchase of school buses, or for the acquisition, leasing, installation, or equipping or re-equipping of school buildings for technology, as defined under Section 1351a of the Code.

(Under that section, "technology" means any of the following:

- Hardware and communication devices that transmit, receive, or compute information for pupil instructional purposes.
- The initial purchase of operating system software or customized application software, or both, accompanying the purchase of the hardware and communication devices.
- The cost of design and installation of the hardware, communication devices, and initial operating system software or customized application software.)

Under the Code, the question of levying taxes for the purpose of creating a sinking fund must be by ballot in a specified form. Under the bill, that requirement would be subject to Section 1212a (proposed by Senate Bill 367).

MCL 380.1212 (S.B. 54)  
Proposed MCL 380.1212a (S.B. 367)

Legislative Analyst: Curtis Walker

### **FISCAL IMPACT**

#### **Senate Bill 54 (S-1)**

The bill would have no fiscal impact on State government.

By reducing the maximum mills allowed to be levied for sinking funds, and reducing the maximum years of a levy, the bill could result in reduced sinking fund revenue for districts if voters otherwise would be willing to approve a millage higher than three mills, or for longer than 10 years. In the current year, eight school districts are levying more than three mills. Therefore, if these eight districts seek to renew their existing millage, under this bill, the millage would be capped at three mills for the sinking funds and the districts would see less revenue raised. Similarly, any district seeking a new millage would be required to ask voters to approve not more than three mills to support a sinking fund, regardless of whether the electorate would have voted in a millage of up to the (existing) five-mill level.

If additional uses of sinking funds were allowed (to encompass buses and technology), it is possible that more districts would ask for voters to approve such millages than currently do. If the voters gave their approval, the bill would enable districts to "save" any general fund dollars currently spent on these items and return them to funding classrooms and other operations. Districts could use the newly dedicated sinking funds for the purchase of buses or for technology purposes, and would see increased funding flexibility.

#### **Senate Bill 367**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Kathryn Summers-Coty

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.