

# HOUSE BILL No. 4489

March 3, 2009, Introduced by Reps. Agema, Rick Jones, Denby, Crawford, Calley, Opsommer, Green, Genetski, Amash, Knollenberg, Hildenbrand, Roy Schmidt, Meekhof, Rogers, Booher, Caul, Haines, Haveman and Spade and referred to the Committee on Tax Policy.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending section 1211 (MCL 380.1211), as amended by 2008 PA 455.

**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 principal residence, qualified agricultural property,  
6 qualified forest property, supportive housing property, and  
7 industrial personal property are exempt from the mills levied under  
8 this subsection except for the number of mills by which that  
9 exemption is reduced under this subsection. **NEW CONSTRUCTION ON**

1 DEVELOPMENT PROPERTY IS EXEMPT FROM THE MILLS LEVIED UNDER THIS  
2 SUBSECTION EXCEPT FOR THE NUMBER OF MILLS BY WHICH THAT EXEMPTION  
3 IS REDUCED UNDER THIS SUBSECTION FOR THE PERIOD OF TIME PROVIDED IN  
4 SECTION 7MM OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL  
5 211.7MM. The board of a school district that had a foundation  
6 allowance calculated under section 20 of the state school aid act  
7 of 1979, MCL 388.1620, for the 1994-95 state fiscal year of more  
8 than \$6,500.00, may reduce the number of mills from which a  
9 principal residence, qualified agricultural property, qualified  
10 forest property, supportive housing property, and industrial  
11 personal property are exempted under this subsection by up to the  
12 number of mills, as certified under section 1211a, required to be  
13 levied on a principal residence, qualified agricultural property,  
14 qualified forest property, supportive housing property, and  
15 industrial personal property for the school district's combined  
16 state and local revenue per membership pupil for the school fiscal  
17 year ending in 1995 to be equal to the school district's foundation  
18 allowance for the state fiscal year ending in 1995, and the board  
19 also may levy in 1994 or a succeeding year that number of mills for  
20 school operating purposes on a principal residence, qualified  
21 agricultural property, qualified forest property, supportive  
22 housing property, and industrial personal property.

23 (2) Subject to subsection (3), if the department of treasury  
24 determines that the maximum number of mills allowed to be levied  
25 under subsection (1) on all classes of property was not sufficient  
26 for a school district's combined state and local revenue per  
27 membership pupil for the school fiscal year ending in 1995 to be

1 equal to the school district's foundation allowance for that school  
2 fiscal year, the board of the school district may levy in 1994 or a  
3 succeeding year additional mills uniformly on all property up to  
4 the number of mills required for the school district's combined  
5 state and local revenue per membership pupil for the school fiscal  
6 year ending in 1995 to be equal to the school district's foundation  
7 allowance for the state fiscal year ending in 1995. However, the  
8 board of a school district described in this subsection, by board  
9 resolution, may elect to exempt each principal residence and all  
10 qualified agricultural property, qualified forest property,  
11 supportive housing property, and industrial personal property  
12 located in the school district from some or all of the mills that  
13 the board is authorized to levy under this subsection.

14 (3) After 1994, the number of mills a school district may levy  
15 under this section on any class of property shall not exceed the  
16 lesser of the number of mills the school district was certified by  
17 the department of treasury under section 1211a to levy on that  
18 class of property under this section in 1994 or the number of mills  
19 required to be levied on that class of property under this section  
20 to ensure that the increase from the immediately preceding state  
21 fiscal year in the school district's combined state and local  
22 revenue per membership pupil, calculated as if the school district  
23 had levied the maximum number of mills the school district was  
24 allowed to levy under this section regardless of the number of  
25 mills the school district actually levied, does not exceed the  
26 lesser of the dollar amount of the increase in the basic foundation  
27 allowance under section 20 of the state school aid act of 1979, MCL

1 388.1620, from the immediately preceding state fiscal year or the  
2 percentage increase in the general price level in the immediately  
3 preceding calendar year. If the number of mills a school district  
4 is allowed to levy under this section in a year after 1994 is less  
5 than the number of mills the school district was allowed to levy  
6 under this section in the immediately preceding year, any reduction  
7 required by this subsection in the school district's millage rate  
8 shall be calculated by first reducing the number of mills the  
9 school district is allowed to levy under subsection (2) and then  
10 increasing the number of mills from which a principal residence,  
11 qualified agricultural property, qualified forest property,  
12 supportive housing property, and industrial personal property are  
13 exempted under subsection (1).

14 (4) Commercial personal property is exempt from 12 of the  
15 mills levied under this section. However, if the number of mills  
16 from which industrial personal property is exempted for a specific  
17 school district is reduced under this section, then the number of  
18 mills from which commercial personal property is exempted for that  
19 school district shall be reduced by that same number of mills.

20 (5) Millage levied under this section must be approved by the  
21 school electors. For the purposes of this section, millage approved  
22 by the school electors before January 1, 1994 for which the  
23 authorization has not expired is considered to be approved by the  
24 school electors.

25 (6) If a school district levies millage for school operating  
26 purposes that is in excess of the limits of this section, the  
27 amount of the resulting excess tax revenue shall be deducted from

1 the school district's next regular tax levy.

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

7 (8) A school district shall not levy mills allocated under the  
8 property tax limitation act, 1933 PA 62, MCL 211.201 to 211.217a,  
9 other than mills allocated to a school district of the first class  
10 for payment to a public library commission under section 11(4) of  
11 the property tax limitation act, 1933 PA 62, MCL 211.211, after  
12 1993.

13 (9) As used in this section:

14 (a) "Combined state and local revenue per membership pupil"  
15 means that term as defined in section 20 of the state school aid  
16 act of 1979, MCL 388.1620.

17 (b) "Commercial personal property" means property classified  
18 as commercial personal property under section 34c of the general  
19 property tax act, 1893 PA 206, MCL 211.34c.

20 **(C) "DEVELOPMENT PROPERTY" MEANS THAT TERM AS DEFINED IN**  
21 **SECTION 7MM OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL**  
22 **211.7MM.**

23 **(D) ~~(e)~~**"Foundation allowance" means a school district's  
24 foundation allowance as calculated under section 20 of the state  
25 school aid act of 1979, MCL 388.1620.

26 **(E) ~~(d)~~**"General price level" means that term as defined in  
27 section 33 of article IX of the state constitution of 1963.

1           (F) ~~(e)~~—"Industrial personal property" means property  
2 classified as industrial personal property under section 34c of the  
3 general property tax act, 1893 PA 206, MCL 211.34c.

4           (G) ~~(f)~~—"Membership" means that term as defined in section 6  
5 of the state school aid act of 1979, MCL 388.1606.

6           (H) **"NEW CONSTRUCTION" MEANS THAT TERM AS DEFINED IN SECTION**  
7 **34D OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.34D.**

8           (I) ~~(g)~~—"Owner", "person", "principal residence", and  
9 "qualified agricultural property" mean those terms as defined in  
10 section 7dd of the general property tax act, 1893 PA 206, MCL  
11 211.7dd.

12           (J) ~~(h)~~—"Qualified forest property" means that term as defined  
13 in section 7jj of the general property tax act, 1893 PA 206, MCL  
14 211.7jj[1].

15           (K) ~~(i)~~—"School operating purposes" includes expenditures for  
16 furniture and equipment, for alterations necessary to maintain  
17 school facilities in a safe and sanitary condition, for funding the  
18 cost of energy conservation improvements in school facilities, for  
19 deficiencies in operating expenses for the preceding year, and for  
20 paying the operating allowance due from the school district to a  
21 joint high school district in which the school district is a  
22 participating school district under former part 3a. Taxes levied  
23 for school operating purposes do not include any of the following:

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

26           (ii) Taxes levied under section 1212.

27           (iii) Taxes levied under section 1356 for eliminating an

1 operating deficit.

2 (iv) Taxes levied for operation of a library under section 1451  
3 or for operation of a library established pursuant to 1913 PA 261,  
4 MCL 397.261 to 397.262, that were not included in the operating  
5 millage reported by the district to the department as of April 1,  
6 1993. However, a district may report to the department not later  
7 than April 1, 1994 the number of mills it levied in 1993 for a  
8 purpose described in this subparagraph that the school district  
9 does not want considered as operating millage and then that number  
10 of mills is excluded under this section from taxes levied for  
11 school operating purposes.

12 (v) Taxes paid by a school district of the first class to a  
13 public library commission pursuant to section 11(4) of the property  
14 tax limitation act, 1933 PA 62, MCL 211.211.

15 (vi) Taxes levied under former section 1512 for operation of a  
16 community swimming pool. In addition, if a school district included  
17 the millage it levied in 1993 for operation of a community swimming  
18 pool as part of its operating millage reported to the department  
19 for 1993, the school district may report to the department not  
20 later than June 17, 1994 the number of mills it levied in 1993 for  
21 operation of a community swimming pool that the school district  
22 does not want considered as operating millage and then that number  
23 of mills is excluded under this section from taxes levied for  
24 school operating purposes.

25 (l) ~~(j)~~ "Supportive housing property" means real property  
26 ~~certified as supportive housing property under chapter 3B of the~~  
27 ~~state housing development authority act of 1966, 1966 PA 346, MCL~~

1 ~~125.1459 to 125.1459b.~~ THAT MEETS ALL OF THE FOLLOWING

2 REQUIREMENTS:

3 (i) IS OWNED BY AN ORGANIZATION EXEMPT UNDER SECTION 501(C)(3)  
4 OF THE INTERNAL REVENUE CODE, 26 USC 501.

5 (ii) ALL LIVING UNITS ARE OCCUPIED BY 1 OR MORE PERSONS EACH  
6 HAVING INCOMES AT OR BELOW 30% OF THE AREA MEDIAN INCOME AND WHO  
7 EACH INDIVIDUALLY RECEIVE SERVICES FOR NOT LESS THAN 1 HOUR PER  
8 MONTH EITHER DIRECTLY FROM OR CONTRACTED FOR BY AN ORGANIZATION  
9 IDENTIFIED IN SUBPARAGRAPH (i), WHICH SERVICES INCLUDE, BUT ARE NOT  
10 LIMITED TO, MENTAL HEALTH, SUBSTANCE ABUSE, COUNSELING, AND  
11 ASSISTANCE WITH DAILY LIVING.

12 (iii) CONSISTS OF NOT MORE THAN 6 INDIVIDUAL LIVING UNITS.

13 Enacting section 1. This amendatory act does not take effect  
14 unless Senate Bill No. \_\_\_\_ or House Bill No. 4488 (request no.  
15 01773'09) of the 95th Legislature is enacted into law.