

**SUBSTITUTE FOR
HOUSE BILL NO. 5067**

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending section 1211 (MCL 380.1211), as amended by 2010 PA 216.

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. Except as otherwise
10 provided in subsection (9), the board of a school district that had

1 a foundation allowance for the 1994-95 state fiscal year greater
2 than \$6,500.00 may reduce the number of mills from which a
3 principal residence, qualified agricultural property, qualified
4 forest property, supportive housing property, and industrial
5 personal property are exempted under this subsection by up to the
6 number of mills, as certified under section 1211a, required to be
7 levied on a principal residence, qualified agricultural property,
8 qualified forest property, supportive housing property, and
9 industrial personal property for the school district's combined
10 state and local revenue per membership pupil for the school fiscal
11 year 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 for
14 school operating purposes on a principal residence, qualified
15 agricultural property, qualified forest property, supportive
16 housing property, and industrial personal property.

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

1 allowance for the state fiscal year ending in 1995. However, the
2 board of a school district described in this subsection, by board
3 resolution, may elect to exempt each principal residence and all
4 qualified agricultural property, qualified forest property,
5 supportive housing property, and industrial personal property
6 located in the school district from some or all of the mills that
7 the board is authorized to levy under this subsection.

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

1 required by this subsection in the school district's millage rate
2 shall be calculated by first reducing the number of mills the
3 school district is allowed to levy under subsection (2) and then
4 increasing the number of mills from which a principal residence,
5 qualified agricultural property, qualified forest property,
6 supportive housing property, and industrial personal property are
7 exempted under subsection (1).

8 (4) Commercial personal property is exempt from 12 of the
9 mills levied under this section. However, if the number of mills
10 from which industrial personal property is exempted for a specific
11 school district is reduced under this section, then the number of
12 mills from which commercial personal property is exempted for that
13 school district shall be reduced by that same number of mills.

14 (5) Millage levied under this section must be approved by the
15 school electors. For the purposes of this section, millage approved
16 by the school electors before January 1, 1994 for which the
17 authorization has not expired is considered to be approved by the
18 school electors.

19 (6) If a school district levies millage for school operating
20 purposes that is in excess of the limits of this section, the
21 amount of the resulting excess tax revenue shall be deducted from
22 the school district's next regular tax levy.

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

1 (8) A school district shall not levy mills allocated under the
2 property tax limitation act, 1933 PA 62, MCL 211.201 to 211.217a,
3 other than mills allocated to a school district of the first class
4 for payment to a public library commission under section 11(4) of
5 the property tax limitation act, 1933 PA 62, MCL 211.211, after
6 1993.

7 (9) Beginning with taxes levied for 2011, if a school district
8 had a foundation allowance for the 1994-95 state fiscal year
9 greater than \$6,500.00 and if the school district's foundation
10 allowance for the 2009-2010 state fiscal year was less than the
11 basic foundation allowance prescribed for the 2009-2010 state
12 fiscal year under section 20 of the state school aid act of 1979,
13 MCL 388.1620, the school district may not reduce the number of
14 mills from which certain classes of property are exempted from the
15 levy of millage under subsection (1) and may not levy that number
16 of mills on those classes of property as would otherwise be allowed
17 under subsection (1).

18 (10) As used in this section:

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

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

25 (c) "Foundation allowance" means a school district's
26 foundation allowance as calculated under section 20 of the state
27 school aid act of 1979, MCL 388.1620.

1 (d) "General price level" means that term as defined in
2 section 33 of article IX of the state constitution of 1963.

3 (e) "Industrial personal property" means **THE FOLLOWING:**

4 (i) **EXCEPT AS OTHERWISE PROVIDED IN SUBPARAGRAPH (ii),** property
5 classified as industrial personal property under section 34c of the
6 general property tax act, 1893 PA 206, MCL 211.34c.

7 (ii) **BEGINNING DECEMBER 30, 2010, INDUSTRIAL PERSONAL PROPERTY**
8 **DOES NOT INCLUDE TURBINES USED IN THE GENERATION OF ELECTRICITY BY**
9 **A USER, OWNER, OR OPERATOR OF THE BULK-POWER SYSTEM. AS USED IN**
10 **THIS SUBPARAGRAPH, "BULK-POWER SYSTEM" MEANS THAT TERM AS DESCRIBED**
11 **IN 18 CFR 39.2.**

12 (f) "Membership" means that term as defined in section 6 of
13 the state school aid act of 1979, MCL 388.1606.

14 (g) "Owner", "person", "principal residence", and "qualified
15 agricultural property" mean those terms as defined in section 7dd
16 of the general property tax act, 1893 PA 206, MCL 211.7dd.

17 (h) "Qualified forest property" means that term as defined in
18 section 7jj of the general property tax act, 1893 PA 206, MCL
19 211.7jj[1].

20 (i) "School operating purposes" includes expenditures for
21 furniture and equipment, for alterations necessary to maintain
22 school facilities in a safe and sanitary condition, for funding the
23 cost of energy conservation improvements in school facilities, for
24 deficiencies in operating expenses for the preceding year, and for
25 paying the operating allowance due from the school district to a
26 joint high school district in which the school district is a
27 participating school district under former part 3a. Taxes levied

1 for school operating purposes do not include any of the following:

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

4 (ii) Taxes levied under section 1212.

5 (iii) Taxes levied under section 1356 for eliminating an
6 operating deficit.

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

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

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

1 of mills is excluded under this section from taxes levied for
2 school operating purposes.

3 (j) "Supportive housing property" means real property
4 certified as supportive housing property under chapter 3B of the
5 state housing development authority act of 1966, 1966 PA 346, MCL
6 125.1459 to 125.1459b.

7 Enacting section 1. This amendatory act is retroactive and is
8 effective December 30, 2010.