

HOUSE BILL No. 5927

September 19, 2012, Introduced by Rep. Stamas 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 2012 PA 232.

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, **NEW**
7 **CONSTRUCTION ON DEVELOPMENT PROPERTY**, property occupied by a public
8 school academy, and industrial personal property are exempt from
9 the mills levied under this subsection except for the number of
10 mills by which that exemption is reduced under this subsection.
11 Except as otherwise provided in subsection (9), the board of a

1 school district that had a foundation allowance for the 1994-95
2 state fiscal year greater than \$6,500.00 may reduce the number of
3 mills from which a principal residence, qualified agricultural
4 property, qualified forest property, supportive housing property,
5 **NEW CONSTRUCTION ON DEVELOPMENT PROPERTY**, property occupied by a
6 public school academy, and industrial personal property are
7 exempted under this subsection by up to the number of mills, as
8 certified under section 1211a, required to be levied on a principal
9 residence, qualified agricultural property, qualified forest
10 property, supportive housing property, **NEW CONSTRUCTION ON**
11 **DEVELOPMENT PROPERTY**, property occupied by a public school academy,
12 and industrial personal property for the school district's combined
13 state and local revenue per membership pupil for the school fiscal
14 year ending in 1995 to be equal to the school district's foundation
15 allowance for the state fiscal year ending in 1995, and the board
16 also may levy in 1994 or a succeeding year that number of mills for
17 school operating purposes on a principal residence, qualified
18 agricultural property, qualified forest property, supportive
19 housing property, **NEW CONSTRUCTION ON DEVELOPMENT PROPERTY**,
20 property occupied by a public school academy, and industrial
21 personal property.

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

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

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

1 allowance under section 20 of the state school aid act of 1979, MCL
2 388.1620, from the immediately preceding state fiscal year or the
3 percentage increase in the general price level in the immediately
4 preceding calendar year. If the number of mills a school district
5 is allowed to levy under this section in a year after 1994 is less
6 than the number of mills the school district was allowed to levy
7 under this section in the immediately preceding year, any reduction
8 required by this subsection in the school district's millage rate
9 shall be calculated by first reducing the number of mills the
10 school district is allowed to levy under subsection (2) and then
11 increasing the number of mills from which a principal residence,
12 qualified agricultural property, qualified forest property,
13 supportive housing property, **NEW CONSTRUCTION ON DEVELOPMENT**
14 **PROPERTY**, property occupied by a public school academy, and
15 industrial personal property are exempted under subsection (1).

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

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

27 (6) If a school district levies millage for school operating

1 purposes that is in excess of the limits of this section, the
2 amount of the resulting excess tax revenue shall be deducted from
3 the school district's next regular tax levy.

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

9 (8) A school district shall not levy mills allocated under the
10 property tax limitation act, 1933 PA 62, MCL 211.201 to 211.217a,
11 other than mills allocated to a school district of the first class
12 for payment to a public library commission under section 11(4) of
13 the property tax limitation act, 1933 PA 62, MCL 211.211, after
14 1993.

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

26 (10) As used in this section:

27 (a) "Combined state and local revenue per membership pupil"

1 means that term as defined in section 20 of the state school aid
2 act of 1979, MCL 388.1620.

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

6 (C) "DEVELOPMENT PROPERTY" MEANS THAT TERM AS DEFINED IN
7 SECTION 7PP OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
8 211.7PP.

9 (D) ~~(e)~~—"Foundation allowance" means a school district's
10 foundation allowance as calculated under section 20 of the state
11 school aid act of 1979, MCL 388.1620.

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

14 (F) ~~(e)~~—"Industrial personal property" means the following:

15 (i) Except as otherwise provided in subparagraph (ii), property
16 classified as industrial personal property under section 34c of the
17 general property tax act, 1893 PA 206, MCL 211.34c.

18 (ii) Beginning December 31, 2011, industrial personal property
19 does not include a turbine powered by gas, steam, nuclear energy,
20 coal, or oil the primary purpose of which is the generation of
21 electricity for sale.

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

24 (H) "NEW CONSTRUCTION" MEANS THAT TERM AS DEFINED IN SECTION
25 34D OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.34D.

26 (I) ~~(g)~~—"Owner", "person", "principal residence", and
27 "qualified agricultural property" mean those terms as defined in

1 section 7dd of the general property tax act, 1893 PA 206, MCL
2 211.7dd.

3 (J) ~~(h)~~—"Property occupied by a public school academy" means
4 property occupied by a public school academy, urban high school
5 academy, or school of excellence that is used exclusively for
6 educational purposes.

7 (K) ~~(i)~~—"Qualified forest property" means that term as defined
8 in section 7jj of the general property tax act, 1893 PA 206, MCL
9 211.7jj[1].

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

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

21 (ii) Taxes levied under section 1212.

22 (iii) Taxes levied under section 1356 for eliminating an
23 operating deficit.

24 (iv) Taxes levied for operation of a library under section 1451
25 or for operation of a library established pursuant to 1913 PA 261,
26 MCL 397.261 to 397.262, that were not included in the operating
27 millage reported by the district to the department as of April 1,

1 1993. However, a district may report to the department not later
2 than April 1, 1994 the number of mills it levied in 1993 for a
3 purpose described in this subparagraph that the school district
4 does not want considered as operating millage and then that number
5 of mills is excluded under this section from taxes levied for
6 school operating purposes.

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

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

20 (M) ~~(k)~~—"Supportive housing property" means real property
21 certified as supportive housing property under chapter 3B of the
22 state housing development authority act of 1966, 1966 PA 346, MCL
23 125.1459 to 125.1459a.

24 Enacting section 1. This amendatory act does not take effect
25 unless House Bill No. 4134 of the 96th Legislature is enacted into
26 law.