

HOUSE BILL No. 4813

June 6, 2013, Introduced by Reps. Rutledge and Rogers and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending section 12 (MCL 380.12) and by adding section 12a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 12. (1) A school district shall lose its organization ~~if~~
2 ~~there~~ **AND SHALL BE DECLARED DISSOLVED IF ANY OF THE FOLLOWING**
3 **CONDITIONS ARE MET:**

4 **(A) THERE** are not enough persons **RESIDING** in the **SCHOOL**
5 district **AND** qualified under ~~the~~ law to hold ~~district~~ **ALL OF THE**
6 offices **OF THE SCHOOL DISTRICT** or who will accept the offices **OF**
7 **THE SCHOOL DISTRICT**. ~~Under either condition,~~

8 **(B) THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND STATE**
9 **TREASURER JOINTLY DETERMINE THAT BOTH OF THE FOLLOWING APPLY:**

10 **(i) THE SCHOOL DISTRICT WAS REQUIRED TO SUBMIT A DEFICIT**

1 ELIMINATION PLAN UNDER THE STATE SCHOOL AID ACT OF 1979 AND THE
2 SCHOOL DISTRICT EITHER FAILED TO SUBMIT A PLAN OR LACKS THE
3 CAPABILITY TO BOTH IMPLEMENT A DEFICIT ELIMINATION PLAN AND MEET
4 THE SCHOOL DISTRICT'S OBLIGATIONS TO PROVIDE PUBLIC EDUCATIONAL
5 SERVICES TO PUPILS AND OTHER RESIDENTS OF THE SCHOOL DISTRICT IN A
6 MANNER THAT COMPLIES WITH THIS ACT, THE STATE SCHOOL AID ACT OF
7 1979, AND RULES PROMULGATED BY THE DEPARTMENT.

8 (ii) THE SCHOOL DISTRICT IS NOT FINANCIALLY VIABLE AND IS
9 UNABLE TO EDUCATE PUPILS IN GRADES K-12 RESIDING IN THE SCHOOL
10 DISTRICT BY OPERATING SCHOOLS FOR A FULL SCHOOL YEAR AND PROVIDING
11 THE REQUIRED NUMBER OF INSTRUCTIONAL HOURS UNDER THIS ACT AND THE
12 STATE SCHOOL AID ACT OF 1979.

13 (2) IF 1 OR MORE OF THE CONDITIONS UNDER SUBSECTION (1) ARE
14 MET FOR A SCHOOL DISTRICT, the intermediate school board of the
15 intermediate school district to which the SCHOOL district is
16 constituent, OR THE SUPERINTENDENT OF PUBLIC INSTRUCTION IF THAT
17 INTERMEDIATE SCHOOL BOARD REQUESTS THE SUPERINTENDENT OF PUBLIC
18 INSTRUCTION TO ACT IN ITS PLACE, shall declare the SCHOOL district
19 dissolved and immediately ~~shall attach~~ ORDER ATTACHMENT OF the
20 territory OF THE SCHOOL DISTRICT, in whole or in part, to 1 OR MORE
21 other organized school districts. ~~and~~ IN ATTACHING THE TERRITORY OF
22 THE DISSOLVED SCHOOL DISTRICT TO OTHER SCHOOL DISTRICTS, THE
23 INTERMEDIATE SCHOOL BOARD OR THE STATE SUPERINTENDENT SHOULD TAKE
24 INTO ACCOUNT THE NUMBER OF PUPILS WHO ARE TRANSFERRED INTO EACH OF
25 THOSE OTHER SCHOOL DISTRICTS RELATIVE TO THE NUMBER OF PUPILS
26 ALREADY ENROLLED IN THE OTHER SCHOOL DISTRICT AND THE NUMBERS OF
27 PUPILS WHO QUALIFY FOR FREE AND REDUCED PRICE LUNCH AMONG THE OTHER

1 SCHOOL DISTRICTS. WITHIN 21 DAYS AFTER A SCHOOL DISTRICT IS
2 DECLARED DISSOLVED, THE DISSOLVED SCHOOL DISTRICT SHALL ACCOUNT TO
3 THE INTERMEDIATE SCHOOL DISTRICT FOR ALL RECORDS, FUNDS, AND
4 PROPERTY OF THE SCHOOL DISTRICT AND SHALL make an equitable
5 distribution of the ~~money, property, and other material belonging~~
6 ~~to the district among the districts to which the territory is~~
7 ~~attached.~~ RECORDS, FUNDS, AND PROPERTY CONSISTENT WITH THE ORDERED
8 ATTACHMENT TO EACH RECEIVING SCHOOL DISTRICT.

9 ~~—— (2) The property of the disorganized district is subject to~~
10 ~~all increases in the constitutional limitation on taxes which have~~
11 ~~been voted by the school electors of the district to which it is~~
12 ~~attached. The disorganized district shall receive a credit in the~~
13 ~~amount of a levy remaining to be paid on an outstanding debt in the~~
14 ~~disorganized district, which shall be paid until debt is retired.~~
15 ~~The disorganized district shall pay an amount equal to the amount~~
16 ~~levied for debt retirement by the district to which it is attached~~
17 ~~not to exceed 5 mills on the state equalized valuation in the~~
18 ~~disorganized district. All other taxes levied for the purposes of~~
19 ~~the combined school district, including taxes for the retirement of~~
20 ~~bonded indebtedness, shall be spread over the entire area of the~~
21 ~~combined district.~~

22 ~~—— (3) A disorganized district having a bonded indebtedness shall~~
23 ~~be attached in whole to another school district by the intermediate~~
24 ~~school board. The identity of the district is not lost because of~~
25 ~~the attachment, and its territory remains as separate assessing~~
26 ~~unit for the purpose of the bonded indebtedness until the~~
27 ~~indebtedness is retired or refunded. The board of the district to~~

~~1 which the disorganized district is attached shall constitute the
2 board of trustees for the disorganized district having the bonded
3 indebtedness. Its officers shall be the officers for the
4 disorganized district. The board of the district to which the
5 disorganized district is attached shall certify the levy of taxes
6 for bonded indebtedness in the name of the disorganized district,
7 shall not commingle the debt retirement funds of the disorganized
8 district with those of the district to which it is attached, and
9 shall do all things relative to the bonded indebtedness required by
10 law and by the terms under which the issuance and sale of the bonds
11 were originally authorized. All other taxes levied for the purposes
12 of the combined school district, including taxes levied for the
13 retirement of bonded indebtedness, shall be spread over the entire
14 area of the combined school district.~~

15 (3) IF A DISSOLVED SCHOOL DISTRICT HAS OUTSTANDING DEBT, THE
16 DISSOLVED SCHOOL DISTRICT SHALL RETAIN A LIMITED SEPARATE IDENTITY
17 AND THE TERRITORY OF THE DISSOLVED SCHOOL DISTRICT SHALL CONTINUE
18 AS A SEPARATE TAXING UNIT FOR THE LIMITED PURPOSE OF THE DEBT UNTIL
19 THE DEBT IS RETIRED OR REFUNDED. THE BOARD AND OTHER OFFICERS OF
20 THE SCHOOL DISTRICT TO WHICH THE LARGEST SHARE OF THE STATE
21 EQUALIZED VALUE OF THE DISSOLVED SCHOOL DISTRICT IS ATTACHED SHALL
22 PERFORM THE FUNCTIONS AND SATISFY THE RESPONSIBILITIES OF THE BOARD
23 AND OTHER OFFICERS OF THE DISSOLVED SCHOOL DISTRICT RELATING TO THE
24 DEBT, INCLUDING, BUT NOT LIMITED TO, ALL OF THE FOLLOWING:

25 (A) CERTIFYING AND LEVYING TAXES FOR SATISFACTION OF THE DEBT
26 IN THE NAME OF THE DISSOLVED SCHOOL DISTRICT.

27 (B) HOLDING DEBT RETIREMENT FUNDS OF THE DISSOLVED SCHOOL

1 DISTRICT SEPARATELY FROM THE FUNDS OF THE RECEIVING SCHOOL
2 DISTRICT.

3 (C) DOING ALL OTHER THINGS RELATIVE TO THE OUTSTANDING DEBT OF
4 THE DISSOLVED SCHOOL DISTRICT REQUIRED BY LAW AND BY THE TERMS OF
5 THE DEBT, INCLUDING, BUT NOT LIMITED TO, LEVYING OR RENEWING A
6 SCHOOL OPERATING TAX UNDER SECTION 1211. THE QUESTION OF RENEWAL OF
7 A SCHOOL OPERATING TAX PLEDGED TO THE REPAYMENT OF DEBT OF THE
8 DISSOLVED SCHOOL DISTRICT SHALL BE SUBMITTED ONLY TO SCHOOL
9 ELECTORS RESIDING WITHIN THE GEOGRAPHIC AREA OF THE DISSOLVED
10 SCHOOL DISTRICT AND DOES NOT REQUIRE APPROVAL BY ELECTORS OF A
11 RECEIVING SCHOOL DISTRICT NOT RESIDING WITHIN THE GEOGRAPHIC AREA
12 OF THE DISSOLVED SCHOOL DISTRICT.

13 (4) Upon the attachment of a ~~disorganized~~ DISSOLVED SCHOOL
14 district to another school district, the intermediate school board
15 shall audit the assets and liabilities of the ~~disorganized~~
16 DISSOLVED SCHOOL district. If a considerable discrepancy is found,
17 the intermediate school board shall order the ~~receiving~~ DISSOLVED
18 SCHOOL district to pay the discrepancy. ~~The disorganized~~ AFTER
19 FIRST SATISFYING DEBT OBLIGATIONS, THE DISSOLVED SCHOOL district
20 shall repay that amount from ~~moneys~~ MONEY available TO THE
21 DISSOLVED SCHOOL DISTRICT including voted millage within a time to
22 be determined by the intermediate school board.

23 (5) IF A TAX IS AUTHORIZED WITHIN A RECEIVING SCHOOL DISTRICT
24 AT AN AMOUNT GREATER THAN THE AMOUNT AUTHORIZED WITHIN THE
25 DISSOLVED SCHOOL DISTRICT AT THE TIME OF THE DISSOLUTION, THE TAX
26 MAY NOT BE LEVIED WITHIN THE GEOGRAPHIC AREA OF THE DISSOLVED
27 SCHOOL DISTRICT UNTIL APPROVED BY THE SCHOOL ELECTORS RESIDING

1 WITHIN THE GEOGRAPHIC AREA OF THE DISSOLVED SCHOOL DISTRICT OR BY
2 ALL SCHOOL ELECTORS WITHIN THE RECEIVING SCHOOL DISTRICT, INCLUDING
3 ANY EXPANDED GEOGRAPHIC AREA OF THE RECEIVING SCHOOL DISTRICT
4 RESULTING FROM ATTACHMENT UNDER THIS SECTION.

5 (6) IF A DISSOLVED SCHOOL DISTRICT WAS AUTHORIZED TO LEVY A
6 SINKING FUND TAX UNDER SECTION 1212 AT THE TIME OF DISSOLUTION, THE
7 IDENTITY OF THE DISSOLVING SCHOOL DISTRICT AS A LEGAL ENTITY SHALL
8 NOT BE LOST AND ITS TERRITORY SHALL REMAIN AS A TAXING UNIT FOR THE
9 LIMITED PURPOSE OF LEVYING A SINKING FUND TAX UNDER SECTION 1212
10 UNTIL THE AUTHORIZATION TO LEVY A SINKING FUND TAX WITHIN THE
11 DISSOLVED SCHOOL DISTRICT EXPIRES. FOR PURPOSES OF THIS SUBSECTION,
12 THE BOARD AND OTHER OFFICERS OF THE RECEIVING SCHOOL DISTRICT THAT
13 RECEIVED THE LARGEST SHARE OF THE STATE EQUALIZED VALUATION OF THE
14 DISSOLVED SCHOOL DISTRICT SHALL PERFORM THE FUNCTIONS AND
15 RESPONSIBILITIES OF THE BOARD AND OTHER OFFICERS OF THE DISSOLVED
16 SCHOOL DISTRICT RELATING TO LEVYING THE SINKING FUND TAX AND SHALL
17 DISTRIBUTE THE PROCEEDS OF THE LEVY TO EACH RECEIVING SCHOOL
18 DISTRICT THAT OPERATES A SCHOOL BUILDING PREVIOUSLY OPERATED BY THE
19 DISSOLVED SCHOOL DISTRICT. THE PROCEEDS OF A SINKING FUND TAX LEVY
20 UNDER THIS SUBSECTION MAY BE USED ONLY WITHIN THE GEOGRAPHIC AREA
21 OF THE DISSOLVED SCHOOL DISTRICT FOR PURPOSES AUTHORIZED UNDER
22 SECTION 1212. A RECEIVING SCHOOL DISTRICT MAY NOT RENEW OR
23 AUTHORIZE A NEW SINKING FUND TAX LEVY ONLY WITHIN THE GEOGRAPHIC
24 AREA OF THE DISSOLVED SCHOOL DISTRICT.

25 (7) IT IS THE INTENT OF THE LEGISLATURE TO AMEND THE STATE
26 SCHOOL AID ACT OF 1979 TO ENSURE THAT IT IS CONSISTENT WITH THIS
27 SUBSECTION. IN DETERMINING THE FOUNDATION ALLOWANCE FOR A RECEIVING

1 SCHOOL DISTRICT UNDER SECTION 20 OF THE STATE SCHOOL AID ACT OF
2 1979, MCL 388.1620, THE LOCAL SCHOOL OPERATING REVENUE OF THAT
3 RECEIVING SCHOOL DISTRICT SHALL NOT INCLUDE REVENUE GENERATED
4 WITHIN A DISSOLVED SCHOOL DISTRICT BY A SCHOOL OPERATING TAX LEVIED
5 UNDER SECTION 1211 ON BEHALF OF THE DISSOLVED SCHOOL DISTRICT FOR
6 THE PURPOSE OF SATISFYING OUTSTANDING DEBT OF THE DISSOLVED SCHOOL
7 DISTRICT UNDER SUBSECTION (3). FOR THE 4 STATE FISCAL YEARS
8 IMMEDIATELY AFTER THE DISSOLUTION OF A SCHOOL DISTRICT, A RECEIVING
9 SCHOOL DISTRICT MAY ELECT TO RECEIVE EITHER OF THE FOLLOWING
10 FOUNDATION ALLOWANCES UNDER THE STATE SCHOOL AID ACT OF 1979 FOR
11 EACH PUPIL WHO WAS ENROLLED IN THE DISSOLVED SCHOOL DISTRICT
12 IMMEDIATELY BEFORE THE DISSOLUTION WHO IS SUBSEQUENTLY ENROLLED IN
13 AND COUNTED IN MEMBERSHIP IN THE RECEIVING SCHOOL DISTRICT:

14 (A) A FOUNDATION ALLOWANCE EQUAL TO 1.1 TIMES THE FOUNDATION
15 ALLOWANCE OF THE RECEIVING SCHOOL DISTRICT.

16 (B) A FOUNDATION ALLOWANCE EQUAL TO 1.1 TIMES THE FOUNDATION
17 ALLOWANCE OF THE DISSOLVED SCHOOL DISTRICT IF THE DISSOLVED SCHOOL
18 DISTRICT HAD NOT BEEN DISSOLVED UNDER THIS SECTION AND HAD
19 CONTINUED TO EDUCATE ITS PUPILS DIRECTLY ON ITS OWN.

20 (8) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, AN
21 INDIVIDUAL WHO WAS EMPLOYED BY A DISSOLVED SCHOOL DISTRICT
22 IMMEDIATELY BEFORE THE DISSOLUTION WHO REMAINS EMPLOYED BY A
23 RECEIVING SCHOOL DISTRICT IS ENTITLED TO ALL THE RIGHTS AND
24 BENEFITS TO WHICH THE PERSON WOULD OTHERWISE BE ENTITLED HAD THE
25 PERSON BEEN EMPLOYED BY THE RECEIVING SCHOOL DISTRICT DURING THE
26 TIME HE OR SHE WAS EMPLOYED BY THE DISSOLVED SCHOOL DISTRICT,
27 INCLUDING, BUT NOT LIMITED TO, ANY RIGHTS UNDER 1937 (EX SESS) PA

1 4, MCL 38.71 TO 38.191. AN EMPLOYMENT AGREEMENT IN EFFECT AT THE
2 TIME OF THE DISSOLUTION OF A SCHOOL DISTRICT UNDER THIS SECTION
3 WITH THE DISSOLVING SCHOOL DISTRICT AND EACH RECEIVING SCHOOL
4 DISTRICT SHALL REMAIN IN FULL FORCE AND EFFECT FOR THE DURATION OF
5 THE AGREEMENT FOR EMPLOYEES COVERED BY THE AGREEMENT, UNTIL A
6 SUCCESSOR AGREEMENT WITH THE RECEIVING SCHOOL DISTRICT IS
7 EFFECTIVE.

8 (9) THE DEPARTMENT SHALL NOT INCLUDE THE TEST SCORES OF PUPILS
9 FROM THE DISSOLVED SCHOOL DISTRICT FOR DETERMINING ADEQUATE YEARLY
10 PROGRESS STATUS OR FOR "TOP-TO-BOTTOM" RANKINGS OF THE RECEIVING
11 SCHOOL DISTRICTS FOR THE FIRST 3 SCHOOL YEARS AFTER DISSOLUTION.

12 (10) THE PUPILS FORMERLY ENROLLED IN THE DISSOLVED SCHOOL
13 DISTRICT HAVE ALL THE LEGAL AND CONSTITUTIONAL RIGHTS AND
14 PRIVILEGES OF THE OTHER PUPILS ENROLLED IN THE RECEIVING SCHOOL
15 DISTRICTS.

16 (11) FOR A PERIOD OF 2 YEARS FOLLOWING DISSOLUTION, ALL NEW
17 EMPLOYEES HIRED BY A RECEIVING SCHOOL DISTRICT, EXCEPT FOR
18 ADMINISTRATORS, SHALL BE HIRED FROM AMONG THOSE WHO WERE FIRST
19 INTERVIEWED AND EMPLOYED BY THE DISSOLVED SCHOOL DISTRICT WITHIN
20 THE LAST YEAR BEFORE THE DISSOLUTION.

21 (12) AS USED IN THIS SECTION:

22 (A) "DEBT" MEANS THAT TERM AS DEFINED IN SECTION 103 OF THE
23 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2103.

24 (B) "RECEIVING SCHOOL DISTRICT" MEANS A SCHOOL DISTRICT TO
25 WHICH ALL OR PART OF THE TERRITORY OF A DISSOLVED SCHOOL DISTRICT
26 IS ATTACHED UNDER THIS SECTION.

27 SEC. 12A. (1) AS PERMITTED UNDER FEDERAL LAW, IF A SCHOOL

1 DISTRICT IS DISSOLVED UNDER SECTION 12 OR IF THE FUNCTIONS AND
2 RESPONSIBILITIES OF A SCHOOL DISTRICT FOR OPERATING A PUBLIC SCHOOL
3 ARE TRANSFERRED TO ANOTHER PUBLIC ENTITY, INCLUDING, BUT NOT
4 LIMITED TO, A TRANSFER TO ANOTHER PUBLIC ENTITY UNDER SECTION
5 1280C, THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL GRANT EACH
6 RECEIVING SCHOOL DISTRICT OR OTHER PUBLIC ENTITY ASSUMING THE
7 FUNCTIONS AND RESPONSIBILITIES FOR THE PUBLIC SCHOOL AN ALLOCATION
8 OF GRANTS UNDER 20 USC 6333, 6334, 6335, AND 6337 AND OF OTHER
9 FEDERAL FUNDS THAT WOULD OTHERWISE BE MADE AVAILABLE FOR GRANTS TO
10 OR FEDERAL FUNDING FOR THE PUBLIC SCHOOL OR MAKE OTHER ADJUSTMENTS
11 IN THE ALLOCATION OF FEDERAL FUNDS TO IMPLEMENT THE DISSOLUTION OF
12 THE SCHOOL DISTRICT OR OTHER TRANSFER OF FUNCTIONS AND
13 RESPONSIBILITIES.

14 (2) AS USED IN THIS SECTION, "RECEIVING SCHOOL DISTRICT" MEANS
15 THAT TERM AS DEFINED IN SECTION 12.