

# HOUSE BILL No. 4815

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

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 7, 11g, 17a, 20, and 22a (MCL 388.1607, 388.1611g, 388.1617a, 388.1620, and 388.1622a), section 7 as amended by 1996 PA 300, sections 11g, 20, and 22a as amended by 2012 PA 201, and section 17a as amended by 2012 PA 2.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 7. Costs for school operating purposes include all  
2 expenditures necessary to carry out the powers **AND THE FINANCIAL**  
3 **OBLIGATIONS** of the district or intermediate district under the  
4 revised school code.

5           Sec. 11g. (1) From the appropriation in section 11, there is  
6 allocated for this section an amount not to exceed \$39,000,000.00  
7 for the fiscal year ending September 30, 2013, and for each

1 succeeding fiscal year through the fiscal year ending September 30,  
2 2015, after which these payments will cease. These allocations are  
3 for paying the amounts described in subsection (3) to districts and  
4 intermediate districts, other than those receiving a lump-sum  
5 payment under section 11f(2), that were not plaintiffs in the  
6 consolidated cases known as Durant v State of Michigan, Michigan  
7 supreme court docket no. 104458-104492 and that, on or before March  
8 2, 1998, submitted to the state treasurer a waiver resolution  
9 described in section 11f. The amounts paid under this section  
10 represent offers of settlement and compromise of any claim or  
11 claims that were or could have been asserted by these districts and  
12 intermediate districts, as described in this section.

13 (2) This section does not create any obligation or liability  
14 of this state to any district or intermediate district that does  
15 not submit a waiver resolution described in section 11f. This  
16 section and any other provision of this article are not intended to  
17 admit liability or waive any defense that is or would be available  
18 to this state or its agencies, employees, or agents in any  
19 litigation or future litigation with a district or intermediate  
20 district regarding these claims or potential claims.

21 (3) The amount paid each fiscal year to each district or  
22 intermediate district under this section shall be 1 of the  
23 following:

24 (a) If the district or intermediate district does not borrow  
25 money and issue bonds under section 11i, 1/30 of the total amount  
26 listed in section 11h for the district or intermediate district  
27 through the fiscal year ending September 30, 2013.

1 (b) If the district or intermediate district borrows money and  
2 issues bonds under section 11i, an amount in each fiscal year  
3 calculated by the department of treasury that is equal to the debt  
4 service amount in that fiscal year on the bonds issued by that  
5 district or intermediate district under section 11i and that will  
6 result in the total payments made to all districts and intermediate  
7 districts in each fiscal year under this section being no more than  
8 the amount appropriated under this section in each fiscal year.

9 (4) The entire amount of each payment under this section each  
10 fiscal year shall be paid on May 15 of the applicable fiscal year  
11 or on the next business day following that date. If a district or  
12 intermediate district borrows money and issues bonds under section  
13 11i, the district or intermediate district shall use funds received  
14 under this section to pay debt service on bonds issued under  
15 section 11i. If a district or intermediate district does not borrow  
16 money and issue bonds under section 11i, the district or  
17 intermediate district shall use funds received under this section  
18 only for the following purposes, in the following order of  
19 priority:

20 (a) First, to pay debt service on voter-approved bonds issued  
21 by the district or intermediate district before the effective date  
22 of this section.

23 (b) Second, to pay debt service on other limited tax  
24 obligations.

25 (c) Third, for deposit into a sinking fund established by the  
26 district or intermediate district under the revised school code.

27 (5) To the extent payments under this section are used by a

1 district or intermediate district to pay debt service on debt  
2 payable from millage revenues, and to the extent permitted by law,  
3 the district or intermediate district may make a corresponding  
4 reduction in the number of mills levied for debt service.

5 (6) A district or intermediate district may pledge or assign  
6 payments under this section as security for bonds issued under  
7 section 11i, but shall not otherwise pledge or assign payments  
8 under this section.

9 (7) IF A DISTRICT ELIGIBLE FOR PAYMENTS UNDER THIS SECTION IS  
10 DISSOLVED UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12,  
11 EACH RECEIVING DISTRICT TO WHICH SOME OR ALL OF THE DISSOLVED  
12 DISTRICT WAS ATTACHED SHALL RECEIVE AN AMOUNT OTHERWISE PAYABLE TO  
13 THE DISSOLVED DISTRICT PROPORTIONATE TO THE RECEIVING DISTRICT'S  
14 SHARE OF THE STATE EQUALIZED VALUE OF THE DISSOLVED DISTRICT  
15 ATTACHED TO THE RECEIVING DISTRICT. THE RECEIVING DISTRICT THAT  
16 RECEIVED THE LARGEST SHARE OF THE STATE EQUALIZED VALUATION OF THE  
17 DISSOLVED DISTRICT SHALL PERFORM ANY FUNCTIONS AND RESPONSIBILITIES  
18 OF THE BOARD AND OTHER OFFICERS OF THE DISSOLVED DISTRICT NECESSARY  
19 UNDER THIS SECTION ON BEHALF OF THE DISSOLVED DISTRICT.

20 Sec. 17a. (1) The department may withhold all or part of any  
21 payment that a district or intermediate district is entitled to  
22 receive under this act to the extent the withholdings are a  
23 component part of a plan, developed and implemented pursuant to the  
24 revised municipal finance act, 2001 PA 34, MCL 141.2101 to  
25 141.2821, or other statutory authority, for financing an  
26 outstanding obligation upon which the district or intermediate  
27 district defaulted. Amounts withheld shall be used to pay, on

1 behalf of the district or intermediate district, unpaid amounts or  
2 subsequently due amounts, or both, of principal and interest on the  
3 outstanding obligation upon which the district or intermediate  
4 district defaulted.

5 (2) The state treasurer may withhold all or part of any  
6 payment that a district or intermediate district is entitled to  
7 receive under this act to the extent authorized or required under  
8 section 15 of the school bond qualification, approval, and loan  
9 act, 2005 PA 92, MCL 388.1935.

10 (3) Under an agreement entered into by a district or  
11 intermediate district assigning all or a portion of the payment  
12 that it is eligible to receive under this act to the Michigan  
13 finance authority or to the trustee of a pooled arrangement or  
14 pledging the amount for payment of an obligation it incurred with  
15 the Michigan finance authority or with the trustee of a pooled  
16 arrangement, the state treasurer shall transmit to the Michigan  
17 finance authority or a trustee designated by the Michigan finance  
18 authority or to the trustee of a pooled arrangement the amount of  
19 the payment that is assigned or pledged under the agreement.

20 (4) If a district or intermediate district for which an  
21 emergency manager has been appointed pursuant to the ~~local~~  
22 ~~government and school district fiscal accountability act, 2011 PA~~  
23 ~~4, MCL 141.1501 to 141.1531,~~ **LOCAL FINANCIAL STABILITY AND CHOICE**  
24 **ACT, 2012 PA 436, MCL 141.1541 TO 141.1575,** or that has an approved  
25 deficit elimination plan under section 102, enters into or has  
26 entered into an agreement described in subsection (3) pursuant to  
27 section 1225(2) of the revised school code, MCL 380.1225, whether

1 the obligation was issued before or after the effective date of  
2 this subsection, the portion of state school aid paid or to be paid  
3 on behalf of the district or intermediate district directly to the  
4 Michigan finance authority, or to a trustee designated by the  
5 Michigan finance authority, for the sole purpose of paying the  
6 principal of and interest on the obligation is subject to a lien  
7 and trust that is a statutory lien and trust, paramount and  
8 superior to all other liens and interests of any kind, for the sole  
9 purpose of paying the principal of and interest on the obligation.  
10 The statutory lien and trust applies to the state school aid  
11 received or to be received by the Michigan finance authority, or  
12 trustee designated by the Michigan finance authority, on behalf of  
13 the district or intermediate district, immediately upon the later  
14 of the effective date of this subsection or the time when the state  
15 school aid is allocated to the district or intermediate district,  
16 but is subject to any subsequent reduction of the state school aid  
17 allocation by operation of law or executive order. The lien and  
18 trust imposed by this section with respect to state school aid has  
19 a priority as established in the agreement, except that the  
20 agreement shall not impair any existing lien and trust previously  
21 created pursuant to this section, including any lien and trust  
22 applicable to a multi-year repayment agreement under section 1225  
23 of the revised school code, ~~1976 PA 451~~, MCL 380.1225. Except as  
24 otherwise provided in this subsection, the lien and trust created  
25 under this subsection for the benefit of holders of the obligation  
26 issued pursuant to this section is valid and binding against a  
27 party having a claim of any kind in tort, contract, or otherwise

1 against the district or intermediate district that has issued the  
2 obligation secured by a pledge of state school aid pursuant to this  
3 section, regardless of whether that party has notice of the pledge.  
4 A pledge made pursuant to this section for the benefit of the  
5 holders of obligations or others is perfected without delivery,  
6 recording, or notice. The state school aid paid or to be paid on  
7 behalf of a district or intermediate district to the Michigan  
8 finance authority, or trustee designated by the Michigan finance  
9 authority, shall be held in trust for the sole benefit of the  
10 holders of the obligation issued pursuant to this section or  
11 section 1225 **OF THE REVISED SCHOOL CODE, MCL 380.1225**, and is  
12 exempt from being levied upon, taken, sequestered, or applied  
13 toward paying the debts or liabilities of the district or  
14 intermediate district other than for payment of the obligation to  
15 which the lien applies. However, nothing in this subsection alters  
16 the ability of the state treasurer to withhold state school aid  
17 from a district or intermediate district as provided by law.

18 (5) Notwithstanding the payment dates prescribed by this act  
19 for distributions under this act, the state treasurer may advance  
20 all or part of a payment that is dedicated for distribution or for  
21 which the appropriation authorizing the payment has been made if  
22 and to the extent, under the terms of an agreement entered into by  
23 a district or intermediate district and the Michigan finance  
24 authority, the payment that the district or intermediate district  
25 is eligible to receive has been assigned to or pledged for payment  
26 of an obligation it incurred with the Michigan finance authority.

27 (6) This section does not require the state to make an

1 appropriation to any school district or intermediate school  
2 district and shall not be construed as creating an indebtedness of  
3 the state, and any agreement made pursuant to this section shall  
4 contain a statement to that effect.

5 (7) As used in this section, "trustee of a pooled arrangement"  
6 means the trustee of a trust approved by the state treasurer and,  
7 subject to the conditions and requirements of that approval,  
8 established for the purpose of offering for sale, as part of a  
9 pooled arrangement, certificates representing undivided interests  
10 in notes issued by districts or intermediate districts under  
11 section 1225 of the revised school code, ~~1976 PA 451~~, MCL 380.1225.

12 (8) If a trustee applies to the state treasurer for approval  
13 of a trust for the purposes of this section, the state treasurer  
14 shall approve or disapprove the trust within 10 days after receipt  
15 of the application.

16 Sec. 20. (1) For 2011-2012, and for 2012-2013, the basic  
17 foundation allowance is \$8,019.00.

18 (2) The amount of each district's foundation allowance shall  
19 be calculated as provided in this section, using a basic foundation  
20 allowance in the amount specified in subsection (1).

21 (3) Except as otherwise provided in this section, the amount  
22 of a district's foundation allowance shall be calculated as  
23 follows, using in all calculations the total amount of the  
24 district's foundation allowance as calculated before any proration:

25 (a) For a district that had a foundation allowance for the  
26 immediately preceding state fiscal year that was at least equal to  
27 the sum of \$7,108.00 plus the total dollar amount of all



1 adjustments made from 2006-2007 to the immediately preceding state  
2 fiscal year in the lowest foundation allowance among all districts,  
3 but less than the basic foundation allowance for the immediately  
4 preceding state fiscal year, the district shall receive a  
5 foundation allowance in an amount equal to the sum of the  
6 district's foundation allowance for the immediately preceding state  
7 fiscal year plus the difference between twice the dollar amount of  
8 the adjustment from the immediately preceding state fiscal year to  
9 the current state fiscal year made in the basic foundation  
10 allowance and [(the dollar amount of the adjustment from the  
11 immediately preceding state fiscal year to the current state fiscal  
12 year made in the basic foundation allowance minus \$20.00) times  
13 (the difference between the district's foundation allowance for the  
14 immediately preceding state fiscal year and the sum of \$7,108.00  
15 plus the total dollar amount of all adjustments made from 2006-2007  
16 to the immediately preceding state fiscal year in the lowest  
17 foundation allowance among all districts) divided by the difference  
18 between the basic foundation allowance for the current state fiscal  
19 year and the sum of \$7,108.00 plus the total dollar amount of all  
20 adjustments made from 2006-2007 to the immediately preceding state  
21 fiscal year in the lowest foundation allowance among all  
22 districts]. For 2011-2012, for a district that had a foundation  
23 allowance for the immediately preceding state fiscal year that was  
24 at least equal to the sum of \$7,108.00 plus the total dollar amount  
25 of all adjustments made from 2006-2007 to the immediately preceding  
26 state fiscal year in the lowest foundation allowance among all  
27 districts, but less than the basic foundation allowance for the

1 immediately preceding state fiscal year, the district shall receive  
2 a foundation allowance in an amount equal to the district's  
3 foundation allowance for 2010-2011, minus \$470.00. Except as  
4 otherwise provided in subdivision (h), for 2012-2013, for a  
5 district that had a foundation allowance for the immediately  
6 preceding state fiscal year that was at least equal to the sum of  
7 \$7,108.00 plus the total dollar amount of all adjustments made from  
8 2006-2007 to the immediately preceding state fiscal year in the  
9 lowest foundation allowance among all districts, but less than the  
10 basic foundation allowance for the immediately preceding state  
11 fiscal year, the district shall receive a foundation allowance in  
12 an amount equal to the district's foundation allowance for the  
13 immediately preceding state fiscal year. However, the foundation  
14 allowance for a district that had less than the basic foundation  
15 allowance for the immediately preceding state fiscal year shall not  
16 exceed the basic foundation allowance for the current state fiscal  
17 year.

18 (b) Except as otherwise provided in this subsection, for a  
19 district that in the immediately preceding state fiscal year had a  
20 foundation allowance in an amount at least equal to the amount of  
21 the basic foundation allowance for the immediately preceding state  
22 fiscal year, the district shall receive a foundation allowance for  
23 2011-2012 in an amount equal to the district's foundation allowance  
24 for 2010-2011, minus \$470.00. For 2012-2013, except as otherwise  
25 provided in this subsection, for a district that in the immediately  
26 preceding state fiscal year had a foundation allowance in an amount  
27 at least equal to the amount of the basic foundation allowance for

1 the immediately preceding state fiscal year, the district shall  
2 receive a foundation allowance for 2012-2013 in an amount equal to  
3 the district's foundation allowance for the immediately preceding  
4 state fiscal year.

5 (c) Except as otherwise provided in subdivision (d), for a  
6 district that in the 1994-95 state fiscal year had a foundation  
7 allowance greater than \$6,500.00, the district's foundation  
8 allowance is an amount equal to the sum of the district's  
9 foundation allowance for the immediately preceding state fiscal  
10 year plus the lesser of the increase in the basic foundation  
11 allowance for the current state fiscal year, as compared to the  
12 immediately preceding state fiscal year, or the product of the  
13 district's foundation allowance for the immediately preceding state  
14 fiscal year times the percentage increase in the United States  
15 consumer price index in the calendar year ending in the immediately  
16 preceding fiscal year as reported by the May revenue estimating  
17 conference conducted under section 367b of the management and  
18 budget act, 1984 PA 431, MCL 18.1367b. Except as otherwise provided  
19 in subdivision (d), for 2011-2012, for a district that in the 1994-  
20 1995 state fiscal year had a foundation allowance greater than  
21 \$6,500.00, the district's foundation allowance is an amount equal  
22 to the district's foundation allowance for the 2010-2011 fiscal  
23 year minus \$470.00. For 2012-2013, except as otherwise provided in  
24 subdivision (d), for a district that in the 1994-1995 state fiscal  
25 year had a foundation allowance greater than \$6,500.00, the  
26 district's foundation allowance is an amount equal to the  
27 district's foundation allowance for the immediately preceding state

1 fiscal year.

2 (d) For a district that in the 1994-95 state fiscal year had a  
3 foundation allowance greater than \$6,500.00 and that had a  
4 foundation allowance for the 2009-2010 state fiscal year, as  
5 otherwise calculated under this section, that was less than the  
6 basic foundation allowance, the district's foundation allowance for  
7 2011-2012 and each succeeding fiscal year shall be considered to be  
8 an amount equal to the basic foundation allowance.

9 (e) For a district that has a foundation allowance that is not  
10 a whole dollar amount, the district's foundation allowance shall be  
11 rounded up to the nearest whole dollar.

12 (f) For a district that received a payment under section 22c  
13 as that section was in effect for 2001-2002, the district's 2001-  
14 2002 foundation allowance shall be considered to have been an  
15 amount equal to the sum of the district's actual 2001-2002  
16 foundation allowance as otherwise calculated under this section  
17 plus the per pupil amount of the district's equity payment for  
18 2001-2002 under section 22c as that section was in effect for 2001-  
19 2002.

20 (g) For a district that received a payment under section 22c  
21 as that section was in effect for 2006-2007, the district's 2006-  
22 2007 foundation allowance shall be considered to have been an  
23 amount equal to the sum of the district's actual 2006-2007  
24 foundation allowance as otherwise calculated under this section  
25 plus the per pupil amount of the district's equity payment for  
26 2006-2007 under section 22c as that section was in effect for 2006-  
27 2007.

1 (h) For 2012-2013, for a district that had a foundation  
2 allowance for the 2011-2012 state fiscal year of less than  
3 \$6,966.00, the district's foundation allowance is an amount equal  
4 to \$6,966.00.

5 (4) Except as otherwise provided in this subsection, the state  
6 portion of a district's foundation allowance is an amount equal to  
7 the district's foundation allowance or the basic foundation  
8 allowance for the current state fiscal year, whichever is less,  
9 minus the difference between the sum of the product of the taxable  
10 value per membership pupil of all property in the district that is  
11 nonexempt property times the district's certified mills and, for a  
12 district with certified mills exceeding 12, the product of the  
13 taxable value per membership pupil of property in the district that  
14 is commercial personal property times the certified mills minus 12  
15 mills and the quotient of the ad valorem property tax revenue of  
16 the district captured under tax increment financing acts divided by  
17 the district's membership excluding special education pupils. For a  
18 district described in subsection (3)(c), the state portion of the  
19 district's foundation allowance is an amount equal to \$6,962.00  
20 plus the difference between the district's foundation allowance for  
21 the current state fiscal year and the district's foundation  
22 allowance for 1998-99, minus the difference between the sum of the  
23 product of the taxable value per membership pupil of all property  
24 in the district that is nonexempt property times the district's  
25 certified mills and, for a district with certified mills exceeding  
26 12, the product of the taxable value per membership pupil of  
27 property in the district that is commercial personal property times

1 the certified mills minus 12 mills and the quotient of the ad  
2 valorem property tax revenue of the district captured under tax  
3 increment financing acts divided by the district's membership  
4 excluding special education pupils. For a district that has a  
5 millage reduction required under section 31 of article IX of the  
6 state constitution of 1963, the state portion of the district's  
7 foundation allowance shall be calculated as if that reduction did  
8 not occur. **FOR A RECEIVING DISTRICT, IF SCHOOL OPERATING TAXES  
9 CONTINUE TO BE LEVIED ON BEHALF OF A DISSOLVED DISTRICT TO SATISFY  
10 DEBT OBLIGATIONS OF THE DISSOLVED DISTRICT UNDER SECTION 12 OF THE  
11 REVISED SCHOOL CODE, MCL 380.12, WHEN CALCULATING THE TAXABLE VALUE  
12 PER MEMBERSHIP PUPIL OF PROPERTY IN THE RECEIVING DISTRICT UNDER  
13 THIS SUBSECTION, THE TAXABLE VALUE OF PROPERTY WITHIN THE  
14 GEOGRAPHIC AREA OF THE DISSOLVED DISTRICT SHALL BE EXCLUDED.**

15 (5) The allocation calculated under this section for a pupil  
16 shall be based on the foundation allowance of the pupil's district  
17 of residence. For a pupil enrolled pursuant to section 105 or 105c  
18 in a district other than the pupil's district of residence, the  
19 allocation calculated under this section shall be based on the  
20 lesser of the foundation allowance of the pupil's district of  
21 residence or the foundation allowance of the educating district.  
22 For a pupil in membership in a K-5, K-6, or K-8 district who is  
23 enrolled in another district in a grade not offered by the pupil's  
24 district of residence, the allocation calculated under this section  
25 shall be based on the foundation allowance of the educating  
26 district if the educating district's foundation allowance is  
27 greater than the foundation allowance of the pupil's district of

1 residence.

2 (6) Except as otherwise provided in this subsection, for  
3 pupils in membership, other than special education pupils, in a  
4 public school academy, the allocation calculated under this section  
5 is an amount per membership pupil other than special education  
6 pupils in the public school academy equal to the foundation  
7 allowance of the district in which the public school academy is  
8 located or the state maximum public school academy allocation,  
9 whichever is less. However, a public school academy that had an  
10 allocation under this subsection before 2009-2010 that was equal to  
11 the sum of the local school operating revenue per membership pupil  
12 other than special education pupils for the district in which the  
13 public school academy is located and the state portion of that  
14 district's foundation allowance shall not have that allocation  
15 reduced as a result of the 2010 amendment to this subsection.  
16 Notwithstanding section 101, for a public school academy that  
17 begins operations after the pupil membership count day, the amount  
18 per membership pupil calculated under this subsection shall be  
19 adjusted by multiplying that amount per membership pupil by the  
20 number of hours of pupil instruction provided by the public school  
21 academy after it begins operations, as determined by the  
22 department, divided by the minimum number of hours of pupil  
23 instruction required under section 101(3). The result of this  
24 calculation shall not exceed the amount per membership pupil  
25 otherwise calculated under this subsection.

26 (7) Except as otherwise provided in this subsection, for  
27 pupils attending an achievement school and in membership in the

1 education achievement system, other than special education pupils,  
2 the allocation calculated under this section is an amount per  
3 membership pupil other than special education pupils equal to the  
4 foundation allowance of the district in which the achievement  
5 school is located, not to exceed the basic foundation allowance.  
6 Notwithstanding section 101, for an achievement school that begins  
7 operation after the pupil membership count day, the amount per  
8 membership pupil calculated under this subsection shall be adjusted  
9 by multiplying that amount per membership pupil by the number of  
10 hours of pupil instruction provided by the achievement school after  
11 it begins operations, as determined by the department, divided by  
12 the minimum number of hours of pupil instruction required under  
13 section 101(3). The result of this calculation shall not exceed the  
14 amount per membership pupil otherwise calculated under this  
15 subsection. For the purposes of this subsection, if a public school  
16 is transferred from a district to the state school reform/redesign  
17 district or the achievement authority under section 1280c of the  
18 revised school code, that public school is considered to be an  
19 achievement school within the education achievement system and not  
20 a school that is part of a district, and a pupil attending that  
21 public school is considered to be in membership in the education  
22 achievement system and not in membership in the district that  
23 operated the school before the transfer.

24           **(8) FOR THE 4 FISCAL YEARS FOLLOWING THE DISSOLUTION OF A**  
25 **DISSOLVED DISTRICT, A RECEIVING DISTRICT MAY ELECT TO RECEIVE**  
26 **EITHER OF THE FOLLOWING FOUNDATION ALLOWANCES UNDER THIS SECTION**  
27 **FOR EACH RESIDENT OF THE GEOGRAPHIC AREA OF THE DISSOLVED SCHOOL**



1 DISTRICT ENROLLED IN AND IN MEMBERSHIP IN THE RECEIVING SCHOOL  
2 DISTRICT:

3 (A) A FOUNDATION ALLOWANCE EQUAL TO THE FOUNDATION ALLOWANCE  
4 UNDER THIS SECTION FOR A RESIDENT OF THE RECEIVING DISTRICT  
5 ENROLLED IN AND IN MEMBERSHIP IN THE RECEIVING SCHOOL DISTRICT  
6 MULTIPLIED BY 1.1.

7 (B) A FOUNDATION ALLOWANCE EQUAL TO THE FOUNDATION ALLOWANCE  
8 UNDER THIS SECTION FOR A RESIDENT OF THE DISSOLVED SCHOOL DISTRICT  
9 ENROLLED IN AND IN MEMBERSHIP IN THE DISSOLVED SCHOOL DISTRICT HAD  
10 THE DISSOLVED DISTRICT NOT BEEN DISSOLVED AND CONTINUED TO EDUCATE  
11 DIRECTLY ON ITS OWN RESIDENTS OF THE DISSOLVED DISTRICT MULTIPLIED  
12 BY 1.1.

13 (9) ~~(8)~~—Subject to ~~subsection~~ **SUBSECTIONS (4) AND (8)**, for a  
14 district that is formed or reconfigured after June 1, 2002 by  
15 consolidation of 2 or more districts or by annexation, the  
16 resulting district's foundation allowance under this section  
17 beginning after the effective date of the consolidation or  
18 annexation shall be the average of the foundation allowances of  
19 each of the original or affected districts, calculated as provided  
20 in this section, weighted as to the percentage of pupils in total  
21 membership in the resulting district who reside in the geographic  
22 area of each of the original or affected districts. **SUBJECT TO**  
23 **SUBSECTION (4), AFTER THE 4 FISCAL YEARS FOLLOWING THE DISSOLUTION**  
24 **OF A DISSOLVED DISTRICT WHEN THE PAYMENT OF A FOUNDATION ALLOWANCE**  
25 **FOR A RECEIVING DISTRICT IS CALCULATED UNDER SUBSECTION (8), THE**  
26 **RECEIVING DISTRICT'S FOUNDATION ALLOWANCE UNDER THIS SECTION SHALL**  
27 **BE THE AVERAGE OF THE FOUNDATION ALLOWANCES OF THE RECEIVING**

1 DISTRICT AND THE DISSOLVED DISTRICT, CALCULATED AS PROVIDED IN THIS  
2 SECTION, WEIGHTED AS TO THE PERCENTAGE OF PUPILS IN TOTAL  
3 MEMBERSHIP IN THE RECEIVING DISTRICT WHO RESIDE IN THE GEOGRAPHIC  
4 AREA OF THE PORTION OF THE DISSOLVED DISTRICT ATTACHED TO THE  
5 RECEIVING DISTRICT.

6 (10) ~~(9)~~—Each fraction used in making calculations under this  
7 section shall be rounded to the fourth decimal place and the dollar  
8 amount of an increase in the basic foundation allowance shall be  
9 rounded to the nearest whole dollar.

10 (11) ~~(10)~~—State payments related to payment of the foundation  
11 allowance for a special education pupil are not calculated under  
12 this section but are instead calculated under section 51a.

13 (12) ~~(11)~~—To assist the legislature in determining the basic  
14 foundation allowance for the subsequent state fiscal year, each  
15 revenue estimating conference conducted under section 367b of the  
16 management and budget act, 1984 PA 431, MCL 18.1367b, shall  
17 calculate a pupil membership factor, a revenue adjustment factor,  
18 and an index as follows:

19 (a) The pupil membership factor shall be computed by dividing  
20 the estimated membership in the school year ending in the current  
21 state fiscal year, excluding intermediate district membership, by  
22 the estimated membership for the school year ending in the  
23 subsequent state fiscal year, excluding intermediate district  
24 membership. If a consensus membership factor is not determined at  
25 the revenue estimating conference, the principals of the revenue  
26 estimating conference shall report their estimates to the house and  
27 senate subcommittees responsible for school aid appropriations not

1 later than 7 days after the conclusion of the revenue conference.

2 (b) The revenue adjustment factor shall be computed by  
3 dividing the sum of the estimated total state school aid fund  
4 revenue for the subsequent state fiscal year plus the estimated  
5 total state school aid fund revenue for the current state fiscal  
6 year, adjusted for any change in the rate or base of a tax the  
7 proceeds of which are deposited in that fund and excluding money  
8 transferred into that fund from the countercyclical budget and  
9 economic stabilization fund under the management and budget act,  
10 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated  
11 total school aid fund revenue for the current state fiscal year  
12 plus the estimated total state school aid fund revenue for the  
13 immediately preceding state fiscal year, adjusted for any change in  
14 the rate or base of a tax the proceeds of which are deposited in  
15 that fund. If a consensus revenue factor is not determined at the  
16 revenue estimating conference, the principals of the revenue  
17 estimating conference shall report their estimates to the house and  
18 senate subcommittees responsible for school aid appropriations not  
19 later than 7 days after the conclusion of the revenue conference.

20 (c) The index shall be calculated by multiplying the pupil  
21 membership factor by the revenue adjustment factor. However, for  
22 2011-2012, the index shall be 0.93575 and for 2012-2013, the index  
23 shall be 1.00. If a consensus index is not determined at the  
24 revenue estimating conference, the principals of the revenue  
25 estimating conference shall report their estimates to the house and  
26 senate subcommittees responsible for school aid appropriations not  
27 later than 7 days after the conclusion of the revenue conference.

1 ~~—— (12) For a district in which 7.75 mills levied in 1992 for~~  
2 ~~school operating purposes in the 1992-93 school year were not~~  
3 ~~renewed in 1993 for school operating purposes in the 1993-94 school~~  
4 ~~year, the district's combined state and local revenue per~~  
5 ~~membership pupil shall be recalculated as if that millage reduction~~  
6 ~~did not occur and the district's foundation allowance shall be~~  
7 ~~calculated as if its 1994-95 foundation allowance had been~~  
8 ~~calculated using that recalculated 1993-94 combined state and local~~  
9 ~~revenue per membership pupil as a base. A district is not entitled~~  
10 ~~to any retroactive payments for fiscal years before 2000-2001 due~~  
11 ~~to this subsection. A district receiving an adjustment under this~~  
12 ~~subsection shall not receive as a result of this adjustment an~~  
13 ~~amount that exceeds 50% of the amount the district received as a~~  
14 ~~result of this adjustment for 2010-2011. This adjustment shall not~~  
15 ~~be made after 2011-2012.~~

16 ~~—— (13) For a district in which an industrial facilities~~  
17 ~~exemption certificate that abated taxes on property with a state~~  
18 ~~equalized valuation greater than the total state equalized~~  
19 ~~valuation of the district at the time the certificate was issued or~~  
20 ~~\$700,000,000.00, whichever is greater, was issued under 1974 PA~~  
21 ~~198, MCL 207.551 to 207.572, before the calculation of the~~  
22 ~~district's 1994-95 foundation allowance, the district's foundation~~  
23 ~~allowance for 2002-2003 is an amount equal to the sum of the~~  
24 ~~district's foundation allowance for 2002-2003, as otherwise~~  
25 ~~calculated under this section, plus \$250.00. A district receiving~~  
26 ~~an adjustment under this subsection shall not receive as a result~~  
27 ~~of this adjustment an amount that exceeds 50% of the amount the~~

1 ~~district received as a result of this adjustment for 2010-2011.~~  
2 ~~This adjustment shall not be made after 2011-2012.~~

3 (13) ~~(14)~~ For a district that received a grant under former  
4 section 32e for 2001-2002, the district's foundation allowance for  
5 2002-2003 and each succeeding fiscal year shall be adjusted to be  
6 an amount equal to the sum of the district's foundation allowance,  
7 as otherwise calculated under this section, plus the quotient of  
8 100% of the amount of the grant award to the district for 2001-2002  
9 under former section 32e divided by the number of pupils in the  
10 district's membership for 2001-2002 who were residents of and  
11 enrolled in the district. Except as otherwise provided in this  
12 subsection, a district qualifying for a foundation allowance  
13 adjustment under this subsection shall use the funds resulting from  
14 this adjustment for at least 1 of grades K to 3 for purposes  
15 allowable under former section 32e as in effect for 2001-2002. For  
16 an individual school or schools operated by a district qualifying  
17 for a foundation allowance under this subsection that have been  
18 determined by the department to meet the adequate yearly progress  
19 standards of the federal no child left behind act of 2001, Public  
20 Law 107-110, in both mathematics and English language arts at all  
21 applicable grade levels for all applicable subgroups, the district  
22 may submit to the department an application for flexibility in  
23 using the funds resulting from this adjustment that are  
24 attributable to the pupils in the school or schools. The  
25 application shall identify the affected school or schools and the  
26 affected funds and shall contain a plan for using the funds for  
27 specific purposes identified by the district that are designed to

1 reduce class size, but that may be different from the purposes  
2 otherwise allowable under this subsection. The department shall  
3 approve the application if the department determines that the  
4 purposes identified in the plan are reasonably designed to reduce  
5 class size. If the department does not act to approve or disapprove  
6 an application within 30 days after it is submitted to the  
7 department, the application is considered to be approved. If an  
8 application for flexibility in using the funds is approved, the  
9 district may use the funds identified in the application for any  
10 purpose identified in the plan. A district receiving an adjustment  
11 under this subsection shall not receive as a result of this  
12 adjustment an amount that exceeds 68.5% of the amount the district  
13 received as a result of this adjustment for 2010-2011.

14 ~~—— (15) For a district that levied 1.9 mills in 1993 to finance~~  
15 ~~an operating deficit, the district's foundation allowance shall be~~  
16 ~~calculated as if those mills were included as operating mills in~~  
17 ~~the calculation of the district's 1994-1995 foundation allowance. A~~  
18 ~~district is not entitled to any retroactive payments for fiscal~~  
19 ~~years before 2006-2007 due to this subsection. A district receiving~~  
20 ~~an adjustment under this subsection shall not receive more than~~  
21 ~~\$800,000.00 for a fiscal year as a result of this adjustment. A~~  
22 ~~district receiving an adjustment under this subsection shall not~~  
23 ~~receive as a result of this adjustment an amount that exceeds 50%~~  
24 ~~of the amount the district received as a result of this adjustment~~  
25 ~~for 2010-2011. This adjustment shall not be made after 2011-2012.~~

26 ~~—— (16) For a district that levied 2.23 mills in 1993 to finance~~  
27 ~~an operating deficit, the district's foundation allowance shall be~~

1 ~~calculated as if those mills were included as operating mills in~~  
2 ~~the calculation of the district's 1994-1995 foundation allowance. A~~  
3 ~~district is not entitled to any retroactive payments for fiscal~~  
4 ~~years before 2006-2007 due to this subsection. A district receiving~~  
5 ~~an adjustment under this subsection shall not receive more than~~  
6 ~~\$500,000.00 for a fiscal year as a result of this adjustment. A~~  
7 ~~district receiving an adjustment under this subsection shall not~~  
8 ~~receive as a result of this adjustment an amount that exceeds 50%~~  
9 ~~of the amount the district received as a result of this adjustment~~  
10 ~~for 2010-2011. This adjustment shall not be made after 2011-2012.~~

11 (14) ~~(17)~~ Payments to districts, public school academies, or  
12 the education achievement system shall not be made under this  
13 section. Rather, the calculations under this section shall be used  
14 to determine the amount of state payments under section 22b.

15 (15) ~~(18)~~ If an amendment to section 2 of article VIII of the  
16 state constitution of 1963 allowing state aid to some or all  
17 nonpublic schools is approved by the voters of this state, each  
18 foundation allowance or per pupil payment calculation under this  
19 section may be reduced.

20 (16) ~~(19)~~ As used in this section:

21 (a) "Certified mills" means the lesser of 18 mills or the  
22 number of mills of school operating taxes levied by the district in  
23 1993-94.

24 (b) "Combined state and local revenue" means the aggregate of  
25 the district's state school aid received by or paid on behalf of  
26 the district under this section and the district's local school  
27 operating revenue.

1 (c) "Combined state and local revenue per membership pupil"  
2 means the district's combined state and local revenue divided by  
3 the district's membership excluding special education pupils.

4 (d) "Current state fiscal year" means the state fiscal year  
5 for which a particular calculation is made.

6 **(E) "DISSOLVED DISTRICT" MEANS A DISTRICT THAT LOSES ITS**  
7 **ORGANIZATION, IS ATTACHED TO 1 OR MORE OTHER SCHOOL DISTRICTS, AND**  
8 **IS DISSOLVED AS PROVIDED UNDER SECTION 12 OF THE REVISED SCHOOL**  
9 **CODE, MCL 380.12.**

10 (F) ~~(e)~~—"Immediately preceding state fiscal year" means the  
11 state fiscal year immediately preceding the current state fiscal  
12 year.

13 (G) ~~(f)~~—"Local school operating revenue" means school  
14 operating taxes levied under section 1211 of the revised school  
15 code, MCL 380.1211. **FOR A RECEIVING DISTRICT, IF SCHOOL OPERATING**  
16 **TAXES ARE TO BE LEVIED ON BEHALF OF A DISSOLVED DISTRICT TO SATISFY**  
17 **DEBT OBLIGATIONS OF THE DISSOLVED DISTRICT UNDER SECTION 12 OF THE**  
18 **REVISED SCHOOL CODE, MCL 380.12, LOCAL SCHOOL OPERATING REVENUE**  
19 **DOES NOT INCLUDE SCHOOL OPERATING TAXES LEVIED WITHIN THE**  
20 **GEOGRAPHIC AREA OF THE DISSOLVED DISTRICT.**

21 (H) ~~(g)~~—"Local school operating revenue per membership pupil"  
22 means a district's local school operating revenue divided by the  
23 district's membership excluding special education pupils.

24 (I) ~~(h)~~—"Maximum public school academy allocation", except as  
25 otherwise provided in this subdivision, means the maximum per-pupil  
26 allocation as calculated by adding the highest per-pupil allocation  
27 among all public school academies for the immediately preceding



1 state fiscal year plus the difference between twice the dollar  
2 amount of the adjustment from the immediately preceding state  
3 fiscal year to the current state fiscal year made in the basic  
4 foundation allowance and [(the dollar amount of the adjustment from  
5 the immediately preceding state fiscal year to the current state  
6 fiscal year made in the basic foundation allowance minus \$20.00)  
7 times (the difference between the highest per-pupil allocation  
8 among all public school academies for the immediately preceding  
9 state fiscal year and the sum of \$7,108.00 plus the total dollar  
10 amount of all adjustments made from 2006-2007 to the immediately  
11 preceding state fiscal year in the lowest per-pupil allocation  
12 among all public school academies) divided by the difference  
13 between the basic foundation allowance for the current state fiscal  
14 year and the sum of \$7,108.00 plus the total dollar amount of all  
15 adjustments made from 2006-2007 to the immediately preceding state  
16 fiscal year in the lowest per-pupil allocation among all public  
17 school academies]. For 2011-2012 and 2012-2013, maximum public  
18 school academy allocation means \$7,110.00.

19 (J) ~~(i)~~ "Membership" means the definition of that term under  
20 section 6 as in effect for the particular fiscal year for which a  
21 particular calculation is made.

22 (K) ~~(j)~~ "Nonexempt property" means property that is not a  
23 principal residence, qualified agricultural property, qualified  
24 forest property, supportive housing property, industrial personal  
25 property, or commercial personal property.

26 (L) ~~(k)~~ "Principal residence", "qualified agricultural  
27 property", "qualified forest property", "supportive housing

1 property", "industrial personal property", and "commercial personal  
2 property" mean those terms as defined in section 1211 of the  
3 revised school code, MCL 380.1211.

4 (M) "RECEIVING DISTRICT" MEANS A SCHOOL DISTRICT TO WHICH SOME  
5 OR ALL OF A DISSOLVED DISTRICT WAS ATTACHED UNDER SECTION 12 OF THE  
6 REVISED SCHOOL CODE, MCL 380.12.

7 (N) ~~(H)~~—"School operating purposes" means the purposes included  
8 in the operation costs of the district as prescribed in sections 7  
9 and 18 AND PURPOSES AUTHORIZED UNDER SECTION 1211 OF THE REVISED  
10 SCHOOL CODE, MCL 380.1211.

11 (O) ~~(m)~~—"School operating taxes" means local ad valorem  
12 property taxes levied under section 1211 of the revised school  
13 code, MCL 380.1211, and retained for school operating purposes.

14 (P) ~~(n)~~—"Tax increment financing acts" means 1975 PA 197, MCL  
15 125.1651 to 125.1681, the tax increment finance authority act, 1980  
16 PA 450, MCL 125.1801 to 125.1830, the local development financing  
17 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield  
18 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
19 or the corridor improvement authority act, 2005 PA 280, MCL  
20 125.2871 to 125.2899.

21 (Q) ~~(o)~~—"Taxable value per membership pupil" means taxable  
22 value, as certified by the department of treasury, for the calendar  
23 year ending in the current state fiscal year divided by the  
24 district's membership excluding special education pupils for the  
25 school year ending in the current state fiscal year.

26 Sec. 22a. (1) From the appropriation in section 11, there is  
27 allocated an amount not to exceed \$5,776,000,000.00 for 2011-2012

1 and there is allocated an amount not to exceed \$5,712,000,000.00  
2 for 2012-2013 for payments to districts and qualifying public  
3 school academies to guarantee each district and qualifying public  
4 school academy an amount equal to its 1994-95 total state and local  
5 per pupil revenue for school operating purposes under section 11 of  
6 article IX of the state constitution of 1963. Pursuant to section  
7 11 of article IX of the state constitution of 1963, this guarantee  
8 does not apply to a district in a year in which the district levies  
9 a millage rate for school district operating purposes less than it  
10 levied in 1994. However, subsection (2) applies to calculating the  
11 payments under this section. Funds allocated under this section  
12 that are not expended in the state fiscal year for which they were  
13 allocated, as determined by the department, may be used to  
14 supplement the allocations under sections 22b and 51c in order to  
15 fully fund those calculated allocations for the same fiscal year.

16 (2) To ensure that a district receives an amount equal to the  
17 district's 1994-95 total state and local per pupil revenue for  
18 school operating purposes, there is allocated to each district a  
19 state portion of the district's 1994-95 foundation allowance in an  
20 amount calculated as follows:

21 (a) Except as otherwise provided in this subsection, the state  
22 portion of a district's 1994-95 foundation allowance is an amount  
23 equal to the district's 1994-95 foundation allowance or \$6,500.00,  
24 whichever is less, minus the difference between the sum of the  
25 product of the taxable value per membership pupil of all property  
26 in the district that is nonexempt property times the district's  
27 certified mills and, for a district with certified mills exceeding

1 12, the product of the taxable value per membership pupil of  
2 property in the district that is commercial personal property times  
3 the certified mills minus 12 mills and the quotient of the ad  
4 valorem property tax revenue of the district captured under tax  
5 increment financing acts divided by the district's membership. For  
6 a district that has a millage reduction required under section 31  
7 of article IX of the state constitution of 1963, the state portion  
8 of the district's foundation allowance shall be calculated as if  
9 that reduction did not occur. **FOR A RECEIVING DISTRICT, IF SCHOOL**  
10 **OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF A DISSOLVED DISTRICT**  
11 **TO SATISFY DEBT OBLIGATIONS OF THE DISSOLVED DISTRICT UNDER SECTION**  
12 **12 OF THE REVISED SCHOOL CODE, MCL 380.12, TAXABLE VALUE PER**  
13 **MEMBERSHIP PUPIL OF ALL PROPERTY IN THE DISTRICT THAT IS NONEXEMPT**  
14 **PROPERTY AND TAXABLE VALUE PER MEMBERSHIP PUPIL OF PROPERTY IN THE**  
15 **DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY DO NOT INCLUDE**  
16 **PROPERTY WITHIN THE GEOGRAPHIC AREA OF THE DISSOLVED DISTRICT; AD**  
17 **VALOREM PROPERTY TAX REVENUE OF THE DISTRICT CAPTURED UNDER TAX**  
18 **INCREMENT FINANCING ACTS DOES NOT INCLUDE AD VALOREM PROPERTY TAX**  
19 **REVENUE CAPTURED WITHIN THE GEOGRAPHIC BOUNDARIES OF THE DISSOLVED**  
20 **DISTRICT UNDER TAX INCREMENT FINANCING ACTS; AND CERTIFIED MILLS DO**  
21 **NOT INCLUDE THE CERTIFIED MILLS OF THE DISSOLVED DISTRICT.**

22 (b) For a district that had a 1994-95 foundation allowance  
23 greater than \$6,500.00, the state payment under this subsection  
24 shall be the sum of the amount calculated under subdivision (a)  
25 plus the amount calculated under this subdivision. The amount  
26 calculated under this subdivision shall be equal to the difference  
27 between the district's 1994-95 foundation allowance minus \$6,500.00

1 and the current year hold harmless school operating taxes per  
2 pupil. If the result of the calculation under subdivision (a) is  
3 negative, the negative amount shall be an offset against any state  
4 payment calculated under this subdivision. If the result of a  
5 calculation under this subdivision is negative, there shall not be  
6 a state payment or a deduction under this subdivision. The taxable  
7 values per membership pupil used in the calculations under this  
8 subdivision are as adjusted by ad valorem property tax revenue  
9 captured under tax increment financing acts divided by the  
10 district's membership. **FOR A RECEIVING DISTRICT, IF SCHOOL  
11 OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF A DISSOLVED DISTRICT  
12 TO SATISFY DEBT OBLIGATIONS OF THE DISSOLVED DISTRICT UNDER SECTION  
13 12 OF THE REVISED SCHOOL CODE, MCL 380.12, AD VALOREM PROPERTY TAX  
14 REVENUE CAPTURED UNDER TAX INCREMENT FINANCING ACTS DOES NOT INCLUDE  
15 AD VALOREM PROPERTY TAX REVENUE CAPTURED WITHIN THE GEOGRAPHIC  
16 BOUNDARIES OF THE DISSOLVED DISTRICT UNDER TAX INCREMENT FINANCING  
17 ACTS.**

18 (3) Beginning in 2003-2004, for pupils in membership in a  
19 qualifying public school academy, there is allocated under this  
20 section to the authorizing body that is the fiscal agent for the  
21 qualifying public school academy for forwarding to the qualifying  
22 public school academy an amount equal to the 1994-95 per pupil  
23 payment to the qualifying public school academy under section 20.

24 (4) A district or qualifying public school academy may use  
25 funds allocated under this section in conjunction with any federal  
26 funds for which the district or qualifying public school academy  
27 otherwise would be eligible.

1           (5) ~~For~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, FOR** a  
2 district that is formed or reconfigured after June 1, 2000 by  
3 consolidation of 2 or more districts or by annexation, the  
4 resulting district's 1994-95 foundation allowance under this  
5 section beginning after the effective date of the consolidation or  
6 annexation shall be the average of the 1994-95 foundation  
7 allowances of each of the original or affected districts,  
8 calculated as provided in this section, weighted as to the  
9 percentage of pupils in total membership in the resulting district  
10 in the state fiscal year in which the consolidation takes place who  
11 reside in the geographic area of each of the original districts. If  
12 an affected district's 1994-95 foundation allowance is less than  
13 the 1994-95 basic foundation allowance, the amount of that  
14 district's 1994-95 foundation allowance shall be considered for the  
15 purpose of calculations under this subsection to be equal to the  
16 amount of the 1994-95 basic foundation allowance. **THIS SUBSECTION**  
17 **SHALL NOT APPLY TO A RECEIVING DISTRICT.**

18           (6) Subject to conditions set forth in this subsection, from  
19 the allocation in subsection (1), there is allocated for 2011-2012  
20 only an amount not to exceed \$6,000,000.00 for payments to  
21 districts that meet the eligibility requirements under this  
22 subsection, for the reduction in school operating revenues  
23 resulting from a settlement or other disposition of appeals  
24 described in subdivision (a). A payment may only be made under this  
25 subsection if a settlement agreement is signed by all applicable  
26 parties. Payments made under this subsection shall be in accordance  
27 with the settlement agreement. All of the following apply to

1 payments under this subsection:

2 (a) To be eligible for a payment under this subsection, a  
3 district shall be determined by the department and the department  
4 of treasury to meet all of the following:

5 (i) The district does not receive any state portion of its  
6 foundation allowance, as calculated under section 20(4).

7 (ii) Before January 1, 2011, the owner of a natural-gas-powered  
8 power plant located in a renaissance zone within the district's  
9 geographic boundaries for 2009 and 2010 appealed to the Michigan  
10 tax tribunal an order of the state tax commission for tax years  
11 2009 and 2010 pursuant to section 154 of the general property tax  
12 act, 1893 PA 206, MCL 211.154, and appealed to the state tax  
13 commission the 2011 classification and valuation of the power  
14 plant.

15 (iii) The district received a reduced amount of local school  
16 operating revenue for tax years 2009, 2010, and 2011 as a result of  
17 the exemptions of industrial personal property and commercial  
18 personal property under section 1211 of the revised school code,  
19 MCL 380.1211.

20 (iv) A settlement agreement has been signed to resolve the  
21 Michigan tax tribunal appeal described in subparagraph (ii) and a  
22 memorandum of understanding that stipulates terms of the settlement  
23 has been executed by the parties.

24 (b) A payment made under this subsection shall be in addition  
25 to renaissance zone reimbursement amounts paid in the 2009-2010 and  
26 2010-2011 state fiscal years under section 26a to districts  
27 eligible for payment under this subsection. The 2009-2010 and 2010-

1 2011 state fiscal year payments under section 26a to a district  
2 receiving a payment under this subsection shall not be reduced as a  
3 result of the reduction to the district's 2009 and 2010 taxable  
4 value of real property under the appeals described in subdivision  
5 (a) (ii).

6 (7) As used in this section:

7 (a) "1994-95 foundation allowance" means a district's 1994-95  
8 foundation allowance calculated and certified by the department of  
9 treasury or the superintendent under former section 20a as enacted  
10 in 1993 PA 336 and as amended by 1994 PA 283.

11 (b) "Certified mills" means the lesser of 18 mills or the  
12 number of mills of school operating taxes levied by the district in  
13 1993-94.

14 (c) "Current state fiscal year" means the state fiscal year  
15 for which a particular calculation is made.

16 (d) "Current year hold harmless school operating taxes per  
17 pupil" means the per pupil revenue generated by multiplying a  
18 district's 1994-95 hold harmless millage by the district's current  
19 year taxable value per membership pupil. **FOR A RECEIVING DISTRICT,  
20 IF SCHOOL OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF A DISSOLVED  
21 DISTRICT TO SATISFY DEBT OBLIGATIONS OF THE DISSOLVED DISTRICT  
22 UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12, TAXABLE  
23 VALUE PER MEMBERSHIP PUPIL DOES NOT INCLUDE THE TAXABLE VALUE OF  
24 PROPERTY WITHIN THE GEOGRAPHIC AREA OF THE DISSOLVED DISTRICT.**

25 (E) **"DISSOLVED DISTRICT" MEANS A DISTRICT THAT LOSES ITS  
26 ORGANIZATION, IS ATTACHED TO 1 OR MORE OTHER SCHOOL DISTRICTS, AND  
27 IS DISSOLVED AS PROVIDED UNDER SECTION 12 OF THE REVISED SCHOOL**



1 CODE, MCL 380.12.

2 (F) ~~(e)~~—"Hold harmless millage" means, for a district with a  
3 1994-95 foundation allowance greater than \$6,500.00, the number of  
4 mills by which the exemption from the levy of school operating  
5 taxes on a homestead, qualified agricultural property, qualified  
6 forest property, supportive housing property, industrial personal  
7 property, and commercial personal property could be reduced as  
8 provided in section 1211 of the revised school code, MCL 380.1211,  
9 and the number of mills of school operating taxes that could be  
10 levied on all property as provided in section 1211(2) of the  
11 revised school code, MCL 380.1211, as certified by the department  
12 of treasury for the 1994 tax year. **FOR A RECEIVING DISTRICT, IF**  
13 **SCHOOL OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF A DISSOLVED**  
14 **DISTRICT TO SATISFY DEBT OBLIGATIONS OF THE DISSOLVED DISTRICT**  
15 **UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12, SCHOOL**  
16 **OPERATING TAXES DO NOT INCLUDE SCHOOL OPERATING TAXES LEVIED WITHIN**  
17 **THE GEOGRAPHIC AREA OF THE DISSOLVED DISTRICT.**

18 (G) ~~(f)~~—"Homestead", "qualified agricultural property",  
19 "qualified forest property", "supportive housing property",  
20 "industrial personal property", and "commercial personal property"  
21 mean those terms as defined in section 1211 of the revised school  
22 code, MCL 380.1211.

23 (H) ~~(g)~~—"Membership" means the definition of that term under  
24 section 6 as in effect for the particular fiscal year for which a  
25 particular calculation is made.

26 (I) ~~(h)~~—"Nonexempt property" means property that is not a  
27 principal residence, qualified agricultural property, qualified

1 forest property, supportive housing property, industrial personal  
2 property, or commercial personal property.

3 (J) ~~(i)~~—"Qualifying public school academy" means a public  
4 school academy that was in operation in the 1994-95 school year and  
5 is in operation in the current state fiscal year.

6 (K) "RECEIVING DISTRICT" MEANS A SCHOOL DISTRICT TO WHICH SOME  
7 OR ALL OF A DISSOLVED DISTRICT WAS ATTACHED UNDER SECTION 12 OF THE  
8 REVISED SCHOOL CODE, MCL 380.12.

9 (I) ~~(j)~~—"School operating taxes" means local ad valorem  
10 property taxes levied under section 1211 of the revised school  
11 code, MCL 380.1211, and retained for school operating purposes **AS**  
12 **DEFINED IN SECTION 20.**

13 (M) ~~(k)~~—"Tax increment financing acts" means 1975 PA 197, MCL  
14 125.1651 to 125.1681, the tax increment finance authority act, 1980  
15 PA 450, MCL 125.1801 to 125.1830, the local development financing  
16 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield  
17 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
18 or the corridor improvement authority act, 2005 PA 280, MCL  
19 125.2871 to 125.2899.

20 (N) ~~(l)~~—"Taxable value per membership pupil" means each of the  
21 following divided by the district's membership:

22 (i) For the number of mills by which the exemption from the  
23 levy of school operating taxes on a homestead, qualified  
24 agricultural property, qualified forest property, supportive  
25 housing property, industrial personal property, and commercial  
26 personal property may be reduced as provided in section 1211 of the  
27 revised school code, MCL 380.1211, the taxable value of homestead,

1 qualified agricultural property, qualified forest property,  
2 supportive housing property, industrial personal property, and  
3 commercial personal property for the calendar year ending in the  
4 current state fiscal year. **FOR A RECEIVING DISTRICT, IF SCHOOL  
5 OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF A DISSOLVED DISTRICT  
6 TO SATISFY DEBT OBLIGATIONS OF THE DISSOLVED DISTRICT UNDER SECTION  
7 12 OF THE REVISED SCHOOL CODE, MCL 380.12, MILLS DO NOT INCLUDE  
8 MILLS WITHIN THE GEOGRAPHIC AREA OF THE DISSOLVED DISTRICT.**

9 (ii) For the number of mills of school operating taxes that may  
10 be levied on all property as provided in section 1211(2) of the  
11 revised school code, MCL 380.1211, the taxable value of all  
12 property for the calendar year ending in the current state fiscal  
13 year. **FOR A RECEIVING DISTRICT, IF SCHOOL OPERATING TAXES ARE TO BE  
14 LEVIED ON BEHALF OF A DISSOLVED DISTRICT TO SATISFY DEBT  
15 OBLIGATIONS OF THE DISSOLVED DISTRICT UNDER SECTION 12 OF THE  
16 REVISED SCHOOL CODE, MCL 380.12, SCHOOL OPERATING TAXES DO NOT  
17 INCLUDE SCHOOL OPERATING TAXES LEVIED WITHIN THE GEOGRAPHIC AREA OF  
18 THE DISSOLVED DISTRICT.**