

HOUSE BILL No. 4871

June 20, 2013, Introduced by Reps. Oakes, Robinson, Singh, Zemke, Schor, Lipton, Dillon and Kivela 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, 11, 20, and 22a (MCL 388.1607, 388.1611, 388.1620, and 388.1622a), section 7 as amended by 1996 PA 300, section 11 as amended by 2012 PA 465, and sections 20 and 22a as amended by 2012 PA 201.

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. 11. (1) ~~Subject to subsection (3), for~~ **FOR** the fiscal
6 year ending September 30, 2013, there is appropriated for the
7 public schools of this state and certain other state purposes

1 relating to education the sum of ~~\$10,961,245,600.00~~
2 **\$10,928,614,200.00** from the state school aid fund and the sum of
3 \$282,400,000.00 from the general fund. **FOR THE FISCAL YEAR ENDING**
4 **SEPTEMBER 30, 2014, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF**
5 **THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION**
6 **THE SUM OF \$11,211,382,300.00 FROM THE STATE SCHOOL AID FUND, THE**
7 **SUM OF \$156,000,000.00 FROM THE MPSERS RETIREMENT OBLIGATION REFORM**
8 **RESERVE FUND CREATED UNDER SECTION 147B, AND THE SUM OF**
9 **\$263,000,000.00 FROM THE GENERAL FUND.** In addition, all other
10 available federal funds, except those otherwise appropriated under
11 section 11p, are appropriated for the fiscal year ending September
12 30, 2013 **AND FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2014.**

13 (2) The appropriations under this section shall be allocated
14 as provided in this article. Money appropriated under this section
15 from the general fund shall be expended to fund the purposes of
16 this article before the expenditure of money appropriated under
17 this section from the state school aid fund.

18 (3) Any general fund allocations under this article that are
19 not expended by the end of the state fiscal year are transferred to
20 the school aid stabilization fund created under section 11a.

21 Sec. 20. (1) For ~~2011-2012, and for 2012-2013, 2013-2014,~~ the
22 basic foundation allowance is ~~\$8,019.00.~~ **\$8,049.00.**

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

26 (3) Except as otherwise provided in this section, the amount
27 of a district's foundation allowance shall be calculated as

1 follows, using in all calculations the total amount of the
2 district's foundation allowance as calculated before any proration:

3 (a) For a district that had a foundation allowance for the
4 immediately preceding state fiscal year that was at least equal to
5 the sum of \$7,108.00 plus the total dollar amount of all
6 adjustments made from 2006-2007 to the immediately preceding state
7 fiscal year in the lowest foundation allowance among all districts,
8 but less than the basic foundation allowance for the immediately
9 preceding state fiscal year, the district shall receive a
10 foundation allowance in an amount equal to the sum of the **GREATER**
11 **OF \$6,966.00 OR THE** district's foundation allowance for the
12 immediately preceding state fiscal year plus the difference between
13 twice the dollar amount of the adjustment from the immediately
14 preceding state fiscal year to the current state fiscal year made
15 in the basic foundation allowance and [(the dollar amount of the
16 adjustment from the immediately preceding state fiscal year to the
17 current state fiscal year made in the basic foundation allowance
18 minus ~~\$20.00~~—**\$10.00**) times (the difference between the district's
19 foundation allowance for the immediately preceding state fiscal
20 year and the sum of \$7,108.00 plus the total dollar amount of all
21 adjustments made from 2006-2007 to the immediately preceding state
22 fiscal year in the lowest foundation allowance among all districts)
23 divided by the difference between the basic foundation allowance
24 for the current state fiscal year and the sum of \$7,108.00 plus the
25 total dollar amount of all adjustments made from 2006-2007 to the
26 immediately preceding state fiscal year in the lowest foundation
27 allowance among all districts]. For 2011-2012, for a district that

1 had a foundation allowance for the immediately preceding state
2 fiscal year that was at least equal to the sum of \$7,108.00 plus
3 the total dollar amount of all adjustments made from 2006-2007 to
4 the immediately preceding state fiscal year in the lowest
5 foundation allowance among all districts, but less than the basic
6 foundation allowance for the immediately preceding state fiscal
7 year, the district shall receive a foundation allowance in an
8 amount equal to the district's foundation allowance for 2010-2011,
9 minus \$470.00. Except as otherwise provided in subdivision (h), for
10 ~~2012-2013,~~ **2013-2014**, for a district that had a foundation
11 allowance for the immediately preceding state fiscal year that was
12 at least equal to the sum of \$7,108.00 plus the total dollar amount
13 of all adjustments made from 2006-2007 to the immediately preceding
14 state fiscal year in the lowest foundation allowance among all
15 districts, but less than the basic foundation allowance for the
16 immediately preceding state fiscal year, the district shall receive
17 a foundation allowance in an amount equal to the district's
18 foundation allowance for the immediately preceding state fiscal
19 year. However, the foundation allowance for a district that had
20 less than the basic foundation allowance for the immediately
21 preceding state fiscal year shall not exceed the basic foundation
22 allowance for the current state fiscal year.

23 (b) Except as otherwise provided in this subsection, for a
24 district that in the immediately preceding state fiscal year had a
25 foundation allowance in an amount at least equal to the amount of
26 the basic foundation allowance for the immediately preceding state
27 fiscal year, the district shall receive a foundation allowance for

1 2011-2012 in an amount equal to the district's foundation allowance
2 for 2010-2011, minus \$470.00. For ~~2012-2013~~, **2013-2014**, except as
3 otherwise provided in this subsection, for a district that in the
4 immediately preceding state fiscal year had a foundation allowance
5 in an amount at least equal to the amount of the basic foundation
6 allowance for the immediately preceding state fiscal year, the
7 district shall receive a foundation allowance ~~for 2012-2013~~ in an
8 amount equal to the district's foundation allowance for the
9 immediately preceding state fiscal year.

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

1 year minus \$470.00. For ~~2012-2013~~, **2013-2014**, except as otherwise
2 provided in subdivision (d), for a district that in the 1994-1995
3 state fiscal year had a foundation allowance greater than
4 \$6,500.00, the district's foundation allowance is an amount equal
5 to the district's foundation allowance for the immediately
6 preceding state fiscal year.

7 (d) For a district that in the 1994-95 state fiscal year had a
8 foundation allowance greater than \$6,500.00 and that had a
9 foundation allowance for the 2009-2010 state fiscal year, as
10 otherwise calculated under this section, that was less than the
11 basic foundation allowance, the district's foundation allowance for
12 2011-2012 and each succeeding fiscal year shall be considered to be
13 an amount equal to the basic foundation allowance.

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

17 (f) For a district that received a payment under section 22c
18 as that section was in effect for 2001-2002, the district's 2001-
19 2002 foundation allowance shall be considered to have been an
20 amount equal to the sum of the district's actual 2001-2002
21 foundation allowance as otherwise calculated under this section
22 plus the per pupil amount of the district's equity payment for
23 2001-2002 under section 22c as that section was in effect for 2001-
24 2002.

25 (g) For a district that received a payment under section 22c
26 as that section was in effect for 2006-2007, the district's 2006-
27 2007 foundation allowance shall be considered to have been an

1 amount equal to the sum of the district's actual 2006-2007
2 foundation allowance as otherwise calculated under this section
3 plus the per pupil amount of the district's equity payment for
4 2006-2007 under section 22c as that section was in effect for 2006-
5 2007.

6 (h) For 2012-2013, for a district that had a foundation
7 allowance for the 2011-2012 state fiscal year of less than
8 \$6,966.00, the district's foundation allowance is an amount equal
9 to \$6,966.00.

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

1 product of the taxable value per membership pupil of all property
2 in the district that is nonexempt property times the district's
3 certified mills and, for a district with certified mills exceeding
4 12, the product of the taxable value per membership pupil of
5 property in the district that is commercial personal property times
6 the certified mills minus 12 mills and the quotient of the ad
7 valorem property tax revenue of the district captured under tax
8 increment financing acts divided by the district's membership
9 excluding special education pupils. For a district that has a
10 millage reduction required under section 31 of article IX of the
11 state constitution of 1963, the state portion of the district's
12 foundation allowance shall be calculated as if that reduction did
13 not occur. **FOR A SECTION 12A DISTRICT, IF SCHOOL OPERATING TAXES**
14 **CONTINUE TO BE LEVIED ON BEHALF OF THE DISTRICT TO SATISFY DEBT**
15 **OBLIGATIONS OF THE DISSOLVED DISTRICT UNDER SECTION 1211(10) OF THE**
16 **REVISED SCHOOL CODE, MCL 380.1211, THE TAXABLE VALUE PER MEMBERSHIP**
17 **PUPIL OF PROPERTY IN THE DISTRICT USED FOR THE PURPOSES OF THIS**
18 **SUBSECTION IS \$0.00.**

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

1 district of residence, the allocation calculated under this section
2 shall be based on the foundation allowance of the educating
3 district if the educating district's foundation allowance is
4 greater than the foundation allowance of the pupil's district of
5 residence.

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

1 calculation shall not exceed the amount per membership pupil
2 otherwise calculated under this subsection.

3 (7) Except as otherwise provided in this subsection, for
4 pupils attending an achievement school and in membership in the
5 education achievement system, other than special education pupils,
6 the allocation calculated under this section is an amount per
7 membership pupil other than special education pupils equal to the
8 foundation allowance of the district in which the achievement
9 school is located, not to exceed the basic foundation allowance.
10 Notwithstanding section 101, for an achievement school that begins
11 operation after the pupil membership count day, the amount per
12 membership pupil calculated under this subsection shall be adjusted
13 by multiplying that amount per membership pupil by the number of
14 hours of pupil instruction provided by the achievement school after
15 it begins operations, as determined by the department, divided by
16 the minimum number of hours of pupil instruction required under
17 section 101(3). The result of this calculation shall not exceed the
18 amount per membership pupil otherwise calculated under this
19 subsection. For the purposes of this subsection, if a public school
20 is transferred from a district to the state school reform/redesign
21 district or the achievement authority under section 1280c of the
22 revised school code, **MCL 380.1280C**, that public school is
23 considered to be an achievement school within the education
24 achievement system and not a school that is part of a district, and
25 a pupil attending that public school is considered to be in
26 membership in the education achievement system and not in
27 membership in the district that operated the school before the

1 transfer.

2 (8) Subject to subsection (4), for a district that is formed
3 or reconfigured after June 1, 2002 by consolidation of 2 or more
4 districts or by annexation, the resulting district's foundation
5 allowance under this section beginning after the effective date of
6 the consolidation or annexation shall be **THE LESSER OF THE SUM OF**
7 the average of the foundation allowances of each of the original or
8 affected districts, calculated as provided in this section,
9 weighted as to the percentage of pupils in total membership in the
10 resulting district who reside in the geographic area of each of the
11 original or affected districts **PLUS \$100.00 OR THE HIGHEST**
12 **FOUNDATION ALLOWANCE AMONG THE ORIGINAL OR AFFECTED DISTRICTS.**

13 (9) Each fraction used in making calculations under this
14 section shall be rounded to the fourth decimal place and the dollar
15 amount of an increase in the basic foundation allowance shall be
16 rounded to the nearest whole dollar.

17 (10) State payments related to payment of the foundation
18 allowance for a special education pupil are not calculated under
19 this section but are instead calculated under section 51a.

20 (11) To assist the legislature in determining the basic
21 foundation allowance for the subsequent state fiscal year, each
22 revenue estimating conference conducted under section 367b of the
23 management and budget act, 1984 PA 431, MCL 18.1367b, shall
24 calculate a pupil membership factor, a revenue adjustment factor,
25 and an index as follows:

26 (a) The pupil membership factor shall be computed by dividing
27 the estimated membership in the school year ending in the current

1 state fiscal year, excluding intermediate district membership, by
2 the estimated membership for the school year ending in the
3 subsequent state fiscal year, excluding intermediate district
4 membership. If a consensus membership factor is not determined at
5 the revenue estimating conference, the principals of the revenue
6 estimating conference shall report their estimates to the house and
7 senate subcommittees responsible for school aid appropriations not
8 later than 7 days after the conclusion of the revenue conference.

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

27 (c) The index shall be calculated by multiplying the pupil

1 membership factor by the revenue adjustment factor. However, for
2 2011-2012, the index shall be 0.93575 and for 2012-2013, the index
3 shall be 1.00. If a consensus index is not determined at the
4 revenue estimating conference, the principals of the revenue
5 estimating conference shall report their estimates to the house and
6 senate subcommittees responsible for school aid appropriations not
7 later than 7 days after the conclusion of the revenue conference.

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

23 ~~—— (13) For a district in which an industrial facilities~~
24 ~~exemption certificate that abated taxes on property with a state~~
25 ~~equalized valuation greater than the total state equalized~~
26 ~~valuation of the district at the time the certificate was issued or~~
27 ~~\$700,000,000.00, whichever is greater, was issued under 1974 PA~~

1 ~~198, MCL 207.551 to 207.572, before the calculation of the~~
 2 ~~district's 1994-95 foundation allowance, the district's foundation~~
 3 ~~allowance for 2002-2003 is an amount equal to the sum of the~~
 4 ~~district's foundation allowance for 2002-2003, as otherwise~~
 5 ~~calculated under this section, plus \$250.00. A district receiving~~
 6 ~~an adjustment under this subsection shall not receive as a result~~
 7 ~~of this adjustment an amount that exceeds 50% of the amount the~~
 8 ~~district received as a result of this adjustment for 2010-2011.~~
 9 ~~This adjustment shall not be made after 2011-2012.~~

10 (12) ~~(14)~~ For a district that received a grant under former
 11 section 32e for 2001-2002, the district's foundation allowance for
 12 2002-2003 and each succeeding fiscal year shall be adjusted to be
 13 an amount equal to the sum of the district's foundation allowance,
 14 as otherwise calculated under this section, plus the quotient of
 15 100% of the amount of the grant award to the district for 2001-2002
 16 under former section 32e divided by the number of pupils in the
 17 district's membership for 2001-2002 who were residents of and
 18 enrolled in the district. **ALL OF THE FOLLOWING APPLY TO DISTRICTS**
 19 **RECEIVING A FOUNDATION ALLOWANCE ADJUSTMENT UNDER THIS SUBSECTION:**

20 (A) Except as otherwise provided in this ~~subsection,~~
 21 **SUBDIVISION**, a district qualifying for a foundation allowance
 22 adjustment under this subsection shall use the funds resulting from
 23 this adjustment for at least 1 of grades K to 3 for purposes
 24 allowable under former section 32e as in effect for 2001-2002. For
 25 an individual school or schools operated by a district qualifying
 26 for a foundation allowance **ADJUSTMENT** under this subsection that
 27 have been determined by the department to meet the adequate yearly

1 progress standards of the federal no child left behind act of 2001,
2 Public Law 107-110, in both mathematics and English language arts
3 at all applicable grade levels for all applicable subgroups, the
4 district may submit to the department an application for
5 flexibility in using the funds resulting from this adjustment that
6 are attributable to the pupils in the school or schools. The
7 application shall identify the affected school or schools and the
8 affected funds and shall contain a plan for using the funds for
9 specific purposes identified by the district that are designed to
10 reduce class size, but that may be different from the purposes
11 otherwise allowable under this ~~subsection.~~ **SUBDIVISION.** The
12 department shall approve the application if the department
13 determines that the purposes identified in the plan are reasonably
14 designed to reduce class size. If the department does not act to
15 approve or disapprove an application within 30 days after it is
16 submitted to the department, the application is considered to be
17 approved. If an application for flexibility in using the funds is
18 approved, the district may use the funds identified in the
19 application for any purpose identified in the plan.

20 (B) A district receiving an adjustment under this subsection
21 shall not receive as a result of this adjustment an amount that
22 exceeds 68.5% of the amount the district received as a result of
23 this adjustment for 2010-2011.

24 (C) **NOTWITHSTANDING SUBSECTION (8), FOR A DISTRICT THAT IS**
25 **FORMED OR RECONFIGURED BY CONSOLIDATION OF 2 OR MORE DISTRICTS, 1**
26 **OF WHICH RECEIVED AN ADJUSTMENT UNDER THIS SUBSECTION FOR 2012-**
27 **2013, THE RESULTING DISTRICT'S FOUNDATION ALLOWANCE FOR 2013-2014**

1 AND EACH SUCCEEDING FISCAL YEAR SHALL BE ADJUSTED TO BE AN AMOUNT
2 EQUAL TO THE SUM OF THE RESULTING DISTRICT'S FOUNDATION ALLOWANCE
3 AS CALCULATED UNDER SUBSECTION (8) EXCLUDING ANY ADJUSTMENT
4 CALCULATED UNDER THIS SUBSECTION PLUS [(THE ORIGINAL DISTRICT'S
5 ADJUSTMENT UNDER THIS SUBSECTION IN 2012-2013 TIMES THE NUMBER OF
6 PUPILS IN THE ORIGINAL DISTRICT'S MEMBERSHIP FOR 2012-2013) DIVIDED
7 BY THE NUMBER OF PUPILS IN THE RESULTING DISTRICT'S MEMBERSHIP FOR
8 2013-2014].

9 (D) BEGINNING IN 2013-2014, FOR A DISTRICT THAT RECEIVED AN
10 ADJUSTMENT FOR THE IMMEDIATELY PRECEDING FISCAL YEAR AND THAT HAD A
11 FOUNDATION ALLOWANCE AS ADJUSTED BY THIS SUBSECTION FOR THE
12 IMMEDIATELY PRECEDING FISCAL YEAR EQUAL TO \$6,966.00, THE DISTRICT
13 SHALL NOT RECEIVE AN ADJUSTMENT UNDER THIS SECTION FOR THE CURRENT
14 FISCAL YEAR.

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

27 ~~———— (16) For a district that levied 2.23 mills in 1993 to finance~~

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

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

16 (14) ~~(18)~~ If an amendment to section 2 of article VIII of the
17 state constitution of 1963 allowing state aid to some or all
18 nonpublic schools is approved by the voters of this state, each
19 foundation allowance or per pupil payment calculation under this
20 section may be reduced.

21 (15) ~~(19)~~ As used in this section:

22 (a) "Certified mills" means the lesser of 18 mills or the
23 number of mills of school operating taxes levied by the district in
24 1993-94.

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

1 operating revenue.

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

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

7 (e) "Immediately preceding state fiscal year" means the state
8 fiscal year immediately preceding the current state fiscal year.

9 (f) "Local school operating revenue" means school operating
10 taxes levied under section 1211 of the revised school code, MCL
11 380.1211. **FOR A SECTION 12A DISTRICT, IF SCHOOL OPERATING TAXES ARE**
12 **TO BE LEVIED ON BEHALF OF THE DISTRICT TO SATISFY DEBT OBLIGATIONS**
13 **OF THE DISTRICT UNDER SECTION 1211(10) OF THE REVISED SCHOOL CODE,**
14 **MCL 380.1211, LOCAL SCHOOL OPERATING REVENUE DOES NOT INCLUDE**
15 **SCHOOL OPERATING TAXES LEVIED WITHIN THE DISTRICT.**

16 (g) "Local school operating revenue per membership pupil"
17 means a district's local school operating revenue divided by the
18 district's membership excluding special education pupils.

19 (h) "Maximum public school academy allocation", except as
20 otherwise provided in this subdivision, means the maximum per-pupil
21 allocation as calculated by adding the highest per-pupil allocation
22 among all public school academies for the immediately preceding
23 state fiscal year plus the difference between twice the dollar
24 amount of the adjustment from the immediately preceding state
25 fiscal year to the current state fiscal year made in the basic
26 foundation allowance and [(the dollar amount of the adjustment from
27 the immediately preceding state fiscal year to the current state

1 fiscal year made in the basic foundation allowance minus ~~(\$20.00)~~
2 \$10.00) times (the difference between the highest per-pupil
3 allocation among all public school academies for the immediately
4 preceding state fiscal year and the sum of \$7,108.00 plus the total
5 dollar amount of all adjustments made from 2006-2007 to the
6 immediately preceding state fiscal year in the lowest per-pupil
7 allocation among all public school academies) divided by the
8 difference between the basic foundation allowance for the current
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]. ~~For 2011-2012 and 2012-2013,~~
13 ~~maximum public school academy allocation means \$7,110.00.~~

14 (i) "Membership" means the definition of that term under
15 section 6 as in effect for the particular fiscal year for which a
16 particular calculation is made.

17 (j) "Nonexempt property" means property that is not a
18 principal residence, qualified agricultural property, qualified
19 forest property, supportive housing property, industrial personal
20 property, or commercial personal property.

21 (k) "Principal residence", "qualified agricultural property",
22 "qualified forest property", "supportive housing property",
23 "industrial personal property", and "commercial personal property"
24 mean those terms as defined in section 1211 of the revised school
25 code, MCL 380.1211.

26 (l) "School operating purposes" means the purposes included in
27 the operation costs of the district as prescribed in sections 7 and

1 18 AND PURPOSES AUTHORIZED UNDER SECTION 1211(10) OF THE REVISED
2 SCHOOL CODE, MCL 380.1211.

3 (m) "School operating taxes" means local ad valorem property
4 taxes levied under section 1211 of the revised school code, MCL
5 380.1211, and retained for school operating purposes.

6 (N) "SECTION 12A DISTRICT" MEANS A SCHOOL DISTRICT UNDER THE
7 GOVERNANCE OF THE INTERMEDIATE SUPERINTENDENT AS PROVIDED UNDER
8 SECTION 12A OF THE REVISED SCHOOL CODE, MCL 380.12A.

9 (O) ~~(n)~~—"Tax increment financing acts" means 1975 PA 197, MCL
10 125.1651 to 125.1681, the tax increment finance authority act, 1980
11 PA 450, MCL 125.1801 to 125.1830, the local development financing
12 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
13 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
14 or the corridor improvement authority act, 2005 PA 280, MCL
15 125.2871 to 125.2899.

16 (P) ~~(e)~~—"Taxable value per membership pupil" means taxable
17 value, as certified by the department of treasury, for the calendar
18 year ending in the current state fiscal year divided by the
19 district's membership excluding special education pupils for the
20 school year ending in the current state fiscal year.

21 Sec. 22a. (1) From the appropriation in section 11, ~~there is~~
22 ~~allocated an amount not to exceed \$5,776,000,000.00 for 2011-2012~~
23 ~~and there is allocated an amount not to exceed \$5,712,000,000.00~~
24 ~~for 2012-2013~~ **\$5,630,000,000.00 FOR 2012-2013 AND THERE IS**
25 **ALLOCATED AN AMOUNT NOT TO EXCEED \$5,567,000,000.00 FOR 2013-2014**
26 for payments to districts and qualifying public school academies to
27 guarantee each district and qualifying public school academy an

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

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

18 (a) Except as otherwise provided in this subsection, the state
19 portion of a district's 1994-95 foundation allowance is an amount
20 equal to the district's 1994-95 foundation allowance or \$6,500.00,
21 whichever is less, minus the difference between the sum of the
22 product of the taxable value per membership pupil of all property
23 in the district that is nonexempt property times the district's
24 certified mills and, for a district with certified mills exceeding
25 12, the product of the taxable value per membership pupil of
26 property in the district that is commercial personal property times
27 the certified mills minus 12 mills and the quotient of the ad

1 valorem property tax revenue of the district captured under tax
2 increment financing acts divided by the district's membership. For
3 a district that has a millage reduction required under section 31
4 of article IX of the state constitution of 1963, the state portion
5 of the district's foundation allowance shall be calculated as if
6 that reduction did not occur. **FOR A SECTION 12A DISTRICT, IF SCHOOL**
7 **OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF THE DISTRICT TO**
8 **SATISFY DEBT OBLIGATIONS OF THE DISTRICT UNDER SECTION 1211(10) OF**
9 **THE REVISED SCHOOL CODE, MCL 380.1211, TAXABLE VALUE PER MEMBERSHIP**
10 **PUPIL OF ALL PROPERTY IN THE DISTRICT THAT IS NONEXEMPT PROPERTY**
11 **AND TAXABLE VALUE PER MEMBERSHIP PUPIL OF PROPERTY IN THE DISTRICT**
12 **THAT IS COMMERCIAL PERSONAL PROPERTY IS \$0.00; AD VALOREM PROPERTY**
13 **TAX REVENUE OF THE DISTRICT CAPTURED UNDER TAX INCREMENT FINANCING**
14 **ACTS IS \$0.00; AND CERTIFIED MILLS DO NOT INCLUDE ANY MILLS LEVIED**
15 **UNDER THAT SECTION.**

16 (b) For a district that had a 1994-95 foundation allowance
17 greater than \$6,500.00, the state payment under this subsection
18 shall be the sum of the amount calculated under subdivision (a)
19 plus the amount calculated under this subdivision. The amount
20 calculated under this subdivision shall be equal to the difference
21 between the district's 1994-95 foundation allowance minus \$6,500.00
22 and the current year hold harmless school operating taxes per
23 pupil. If the result of the calculation under subdivision (a) is
24 negative, the negative amount shall be an offset against any state
25 payment calculated under this subdivision. If the result of a
26 calculation under this subdivision is negative, there shall not be
27 a state payment or a deduction under this subdivision. The taxable

1 values per membership pupil used in the calculations under this
2 subdivision are as adjusted by ad valorem property tax revenue
3 captured under tax increment financing acts divided by the
4 district's membership. **FOR A SECTION 12A DISTRICT, IF SCHOOL
5 OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF THE DISTRICT TO
6 SATISFY DEBT OBLIGATIONS OF THE DISTRICT UNDER SECTION 1211(10) OF
7 THE REVISED SCHOOL CODE, MCL 380.1211, AD VALOREM PROPERTY TAX
8 REVENUE CAPTURED UNDER TAX INCREMENT FINANCING ACTS IS \$0.00.**

9 (3) Beginning in 2003-2004, for pupils in membership in a
10 qualifying public school academy, there is allocated under this
11 section to the authorizing body that is the fiscal agent for the
12 qualifying public school academy for forwarding to the qualifying
13 public school academy an amount equal to the 1994-95 per pupil
14 payment to the qualifying public school academy under section 20.

15 (4) A district or qualifying public school academy may use
16 funds allocated under this section in conjunction with any federal
17 funds for which the district or qualifying public school academy
18 otherwise would be eligible.

19 (5) For a district that is formed or reconfigured after June
20 1, 2000 by consolidation of 2 or more districts or by annexation,
21 the resulting district's 1994-95 foundation allowance under this
22 section beginning after the effective date of the consolidation or
23 annexation shall be the average of the 1994-95 foundation
24 allowances of each of the original or affected districts,
25 calculated as provided in this section, weighted as to the
26 percentage of pupils in total membership in the resulting district
27 in the state fiscal year in which the consolidation takes place who

1 reside in the geographic area of each of the original districts. If
2 an affected district's 1994-95 foundation allowance is less than
3 the 1994-95 basic foundation allowance, the amount of that
4 district's 1994-95 foundation allowance shall be considered for the
5 purpose of calculations under this subsection to be equal to the
6 amount of the 1994-95 basic foundation allowance.

7 ~~—— (6) Subject to conditions set forth in this subsection, from~~
8 ~~the allocation in subsection (1), there is allocated for 2011-2012~~
9 ~~only an amount not to exceed \$6,000,000.00 for payments to~~
10 ~~districts that meet the eligibility requirements under this~~
11 ~~subsection, for the reduction in school operating revenues~~
12 ~~resulting from a settlement or other disposition of appeals~~
13 ~~described in subdivision (a). A payment may only be made under this~~
14 ~~subsection if a settlement agreement is signed by all applicable~~
15 ~~parties. Payments made under this subsection shall be in accordance~~
16 ~~with the settlement agreement. All of the following apply to~~
17 ~~payments under this subsection.~~

18 ~~—— (a) To be eligible for a payment under this subsection, a~~
19 ~~district shall be determined by the department and the department~~
20 ~~of treasury to meet all of the following:~~

21 ~~—— (i) The district does not receive any state portion of its~~
22 ~~foundation allowance, as calculated under section 20(4).~~

23 ~~—— (ii) Before January 1, 2011, the owner of a natural gas powered~~
24 ~~power plant located in a renaissance zone within the district's~~
25 ~~geographic boundaries for 2009 and 2010 appealed to the Michigan~~
26 ~~tax tribunal an order of the state tax commission for tax years~~
27 ~~2009 and 2010 pursuant to section 154 of the general property tax~~

1 ~~act, 1993 PA 206, MCL 211.154, and appealed to the state tax~~
2 ~~commission the 2011 classification and valuation of the power~~
3 ~~plant.~~

4 ~~—— (iii) The district received a reduced amount of local school~~
5 ~~operating revenue for tax years 2009, 2010, and 2011 as a result of~~
6 ~~the exemptions of industrial personal property and commercial~~
7 ~~personal property under section 1211 of the revised school code,~~
8 ~~MCL 380.1211.~~

9 ~~—— (iv) A settlement agreement has been signed to resolve the~~
10 ~~Michigan tax tribunal appeal described in subparagraph (ii) and a~~
11 ~~memorandum of understanding that stipulates terms of the settlement~~
12 ~~has been executed by the parties.~~

13 ~~—— (b) A payment made under this subsection shall be in addition~~
14 ~~to renaissance zone reimbursement amounts paid in the 2009-2010 and~~
15 ~~2010-2011 state fiscal years under section 26a to districts~~
16 ~~eligible for payment under this subsection. The 2009-2010 and 2010-~~
17 ~~2011 state fiscal year payments under section 26a to a district~~
18 ~~receiving a payment under this subsection shall not be reduced as a~~
19 ~~result of the reduction to the district's 2009 and 2010 taxable~~
20 ~~value of real property under the appeals described in subdivision~~
21 ~~(a)(ii).~~

22 (6) ~~(7)~~ As used in this section:

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

27 (b) "Certified mills" means the lesser of 18 mills or the

1 number of mills of school operating taxes levied by the district in
2 1993-94.

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

5 (d) "Current year hold harmless school operating taxes per
6 pupil" means the per pupil revenue generated by multiplying a
7 district's 1994-95 hold harmless millage by the district's current
8 year taxable value per membership pupil. **FOR A SECTION 12A**
9 **DISTRICT, IF SCHOOL OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF**
10 **THE DISTRICT TO SATISFY DEBT OBLIGATIONS OF THE DISTRICT UNDER**
11 **SECTION 1211(10) OF THE REVISED SCHOOL CODE, MCL 380.1211, TAXABLE**
12 **VALUE PER MEMBERSHIP PUPIL IS \$0.00.**

13 (e) "Hold harmless millage" means, for a district with a 1994-
14 95 foundation allowance greater than \$6,500.00, the number of mills
15 by which the exemption from the levy of school operating taxes on a
16 homestead, qualified agricultural property, qualified forest
17 property, supportive housing property, industrial personal
18 property, and commercial personal property could be reduced as
19 provided in section 1211 of the revised school code, MCL 380.1211,
20 and the number of mills of school operating taxes that could be
21 levied on all property as provided in section 1211(2) of the
22 revised school code, MCL 380.1211, as certified by the department
23 of treasury for the 1994 tax year. **FOR A SECTION 12A DISTRICT, IF**
24 **SCHOOL OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF THE DISTRICT**
25 **TO SATISFY DEBT OBLIGATIONS OF THE DISTRICT UNDER SECTION 1211(10)**
26 **OF THE REVISED SCHOOL CODE, MCL 380.1211, THERE ARE NO SCHOOL**
27 **OPERATING TAXES FOR THE PURPOSES OF THIS SUBDIVISION.**

1 (f) "Homestead", "qualified agricultural property", "qualified
2 forest property", "supportive housing property", "industrial
3 personal property", and "commercial personal property" mean those
4 terms as defined in section 1211 of the revised school code, MCL
5 380.1211.

6 (g) "Membership" means the definition of that term under
7 section 6 as in effect for the particular fiscal year for which a
8 particular calculation is made.

9 (h) "Nonexempt property" means property that is not a
10 principal residence, qualified agricultural property, qualified
11 forest property, supportive housing property, industrial personal
12 property, or commercial personal property.

13 (i) "Qualifying public school academy" means a public school
14 academy that was in operation in the 1994-95 school year and is in
15 operation in the current state fiscal year.

16 (j) "School operating taxes" means local ad valorem property
17 taxes levied under section 1211 of the revised school code, MCL
18 380.1211, and retained for school operating purposes **AS DEFINED IN**
19 **SECTION 20.**

20 **(K) "SECTION 12A DISTRICT" MEANS THAT TERM AS DEFINED IN**
21 **SECTION 20.**

22 (l) ~~(k)~~ "Tax increment financing acts" means 1975 PA 197, MCL
23 125.1651 to 125.1681, the tax increment finance authority act, 1980
24 PA 450, MCL 125.1801 to 125.1830, the local development financing
25 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
26 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
27 or the corridor improvement authority act, 2005 PA 280, MCL

1 125.2871 to 125.2899.

2 (M) ~~(I)~~—"Taxable value per membership pupil" means each of the
3 following divided by the district's membership:

4 (i) For the number of mills by which the exemption from the
5 levy of school operating taxes on a homestead, qualified
6 agricultural property, qualified forest property, supportive
7 housing property, industrial personal property, and commercial
8 personal property may be reduced as provided in section 1211 of the
9 revised school code, MCL 380.1211, the taxable value of homestead,
10 qualified agricultural property, qualified forest property,
11 supportive housing property, industrial personal property, and
12 commercial personal property for the calendar year ending in the
13 current state fiscal year. **FOR A SECTION 12A DISTRICT, IF SCHOOL
14 OPERATING TAXES ARE TO BE LEVIED ON BEHALF OF THE DISTRICT TO
15 SATISFY DEBT OBLIGATIONS OF THE DISTRICT UNDER SECTION 1211(10) OF
16 THE REVISED SCHOOL CODE, MCL 380.1211, MILLS DO NOT INCLUDE ANY
17 MILLS LEVIED UNDER SECTION 1211(10) OF THE REVISED SCHOOL CODE, MCL
18 380.1211.**

19 (ii) For the number of mills of school operating taxes that may
20 be levied on all property as provided in section 1211(2) of the
21 revised school code, MCL 380.1211, the taxable value of all
22 property for the calendar year ending in the current state fiscal
23 year. **FOR A SECTION 12A DISTRICT, IF SCHOOL OPERATING TAXES ARE TO
24 BE LEVIED ON BEHALF OF THE DISTRICT TO SATISFY DEBT OBLIGATIONS OF
25 THE DISSOLVED DISTRICT UNDER SECTION 1211(10) OF THE REVISED SCHOOL
26 CODE, MCL 380.1211, SCHOOL OPERATING TAXES DO NOT INCLUDE ANY TAXES
27 LEVIED UNDER SECTION 1211(10) OF THE REVISED SCHOOL CODE, MCL**

1 380.1211.

2 Enacting section 1. In accordance with section 30 of article I
3 of the state constitution of 1963, total state spending on school
4 aid under article I of the state school aid act of 1979, 1979 PA
5 94, MCL 388.1601 to 388.1772, as amended by enrolled House Bill No.
6 4228 of the 97th Legislature and this amendatory act, from state
7 sources for fiscal year 2013-2014 is estimated at
8 \$11,630,382,300.00 and state appropriations for school aid to be
9 paid to local units of government for fiscal year 2013-2014 are
10 estimated at \$11,470,124,700.00.

11 Enacting section 2. This amendatory act takes effect October
12 1, 2013.

13 Enacting section 3. This amendatory act does not take effect
14 unless House Bill No. 4813 of the 97th Legislature is enacted into
15 law.