STATE EDUCATION TAX ACT

Act 331 of 1993

AN ACT to provide for the levy and collection of a state education tax; to provide for the distribution of the tax; and to prescribe the duties of certain local officials and state officers.

History: 1993, Act 331, Eff. Mar. 15, 1994 ;-- Am. 2002, Act 244, Imd. Eff. Apr. 30, 2002

The People of the State of Michigan enact:

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211.901 Short title.

Sec. 1.

This act shall be known and may be cited as the "state education tax act".

History: 1993, Act 331, Eff. Mar. 15, 1994

211.902 Definitions.

Sec. 2.

As used in this act:

(a) "General property tax act" means the general property tax act, Act No. 206 of the Public Acts of 1893, being sections 211.1 to 211.157 of the Michigan Compiled Laws.

(b) "Tax" means the state education tax authorized under section 3.

History: 1993, Act 331, Eff. Mar. 15, 1994 ;-- Am. 1994, Act 187, Imd. Eff. June 20, 1994

211.903 State education tax; levy; rate; exemption.

Sec. 3.

(1) Beginning in 1994, except as otherwise provided in subsections (2) and (3), there is levied a state education tax on all property not exempt by law from ad valorem property taxes or not subject to a tax under 1905 PA 282, MCL 207.1 to 207.21, at a rate of 6 mills.

(2) In 2003 only, there is levied a state education tax on all property not exempt by law from ad valorem property taxes or not subject to a tax under 1905 PA 282, MCL 207.1 to 207.21, at the rate of 5 mills.

(3) For taxes levied after December 31, 2007, the following property is exempt from the tax levied under this act:

(a) Except as otherwise provided in subdivision (b), personal property classified under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, as industrial personal property.

(b) Beginning December 31, 2011, a turbine powered by gas, steam, nuclear energy, coal, or oil the primary purpose of which is the generation of electricity for sale is not eligible for the exemption under this subsection.

History: 1993, Act 331, Eff. Mar. 15, 1994 ;-- Am. 1994, Act 187, Imd. Eff. June 20, 1994 ;-- Am. 2002, Act 244, Imd. Eff. Apr. 30, 2002 ;-- Am. 2007, Act 38, Imd. Eff. July 12, 2007 ;-- Am. 2011, Act 318, Eff. Dec. 31, 2011

211.904 Repealed. 1994, Act 187, Imd. Eff. June 20, 1994.

Compiler's Notes: The repealed section pertained to Education Finance Authority and the exemption of homestead property from tax.

211.905 Collection, distribution, return, certification, and disposition of tax.

Sec. 5.

(1) Beginning in 1994 through 2002, the tax levied under this act shall be collected and distributed by the local tax collecting unit under the provisions of the general property tax act at the same time as other taxes levied by the local school district for school operating purposes. However, in each year after 1993 if a local school district is not going to levy a tax in that summer but levied a tax in the summer of 1993, and the local tax collecting unit in which the local school district is located is collecting a tax for any taxing unit in that summer, the local tax collecting unit shall collect within that local school district 1/2 of the tax under this act in that summer. The tax levied under this act that is collected by a city shall become a lien against the property on which assessed in the same manner and on the same date as city taxes or, if the city approves the collection of the tax levied under this act on a date other than the date it collects the city taxes, on July 1. The tax levied under this act that is collected with the city taxes shall be subject to the same penalties, interest, and collection charges as city taxes and, except as otherwise provided in subsection (3), shall be returned as delinquent to the county treasurer in the same manner and with the same interest, penalties, and fees as city taxes, except as provided in section 89a of the general property tax act, 1893 PA 206, MCL 211.89a.

(2) Beginning in 2003, the tax levied under this act shall be collected under the provisions of the general property tax act in a summer levy and shall be distributed as provided in this act. Except as otherwise provided in subsection (3) and section 5b, the tax levied under this act shall be collected by each city and township.

(3) Notwithstanding the provision of a charter of a county adopted pursuant to 1966 PA 293, MCL 45.501 to 45.521, or the provisions of the charter of a home rule city, to the contrary, the city treasurer of a city that does not return delinquent real property taxes levied by the city to the county treasurer shall return all uncollected delinquent taxes levied under this act to the county treasurer as provided by the general property tax act, on the March 1 immediately following the year in which the taxes are levied. After the delinquent real property taxes are returned to the county treasurer for collection under this section, the provisions of the general property tax act apply for the collection of those taxes and for the issuance of notes in anticipation of the collection of the taxes.

(4) Beginning in 2003, if a school district or intermediate school district collects taxes in the summer under section 1613 of the revised school code, 1976 PA 451, MCL 380.1613, the school district or intermediate school district shall collect the taxes levied under this act in the summer and shall distribute the taxes collected as provided in this act.

(5) The state treasurer shall certify the levy of the tax under this act pursuant to the general property tax act.

(6) Except as otherwise provided by law, the state treasurer upon receipt shall deposit the collections from the tax into the state treasury to the credit of the state school aid fund. Upon request by the local tax collecting unit, if the local tax collecting unit collects the tax levied under this act, or by the school district or intermediate school district, if the school district or

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intermediate school district collects the tax levied under this act, the state treasurer shall return to the local tax collecting unit or to the school district or intermediate school district an amount erroneously collected or an amount required to be returned by court order in a bankruptcy proceeding filed after December 31, 1999.

History: 1993, Act 331, Eff. Mar. 15, 1994 ;-- Am. 1994, Act 187, Imd. Eff. June 20, 1994 ;-- Am. 2002, Act 244, Imd. Eff. Apr. 30, 2002 ;-- Am. 2004, Act 443, Imd. Eff. Dec. 21, 2004 ;-- Am. 2016, Act 10, Imd. Eff. Feb. 16, 2016

211.905a Debt levy retirement funds; submission and deposit of excess; amount of credit; definitions.

Sec. 5a.

(1) Not later than May 25, 2001, a qualified local school district shall transmit to the state treasurer all excess debt levy retirement funds held by the qualified local school district. The state treasurer shall deposit all excess debt levy retirement funds transmitted under this subsection into the state treasury to the credit of the state school aid fund established in section 11 of article IX of the state constitution of 1963.

(2) Each parcel of property subject to the tax levied under this act located in a qualified local school district shall receive a credit against the tax levied in July 2001 under this act. The amount of the credit shall be calculated by multiplying the taxable value of the property by the applied millage rate. The local tax collecting unit shall reflect the amount of the credit on the July 2001 tax bill for each parcel of property.

(3) As used in this section:

(a) "Applied millage rate" is the rate determined by the state treasurer by dividing the excess debt levy retirement funds transferred under subsection (1) by the total taxable value of all property subject to the tax levied under this act located in the qualified local school district.

(b) "Excess debt levy retirement funds" means the amount that a qualified local school collected on or after July 1, 1997 to retire outstanding bonded indebtedness in excess of the amount necessary to retire the outstanding bonded indebtedness of the qualified local school district on December 1, 1998. Excess debt levy retirement funds include any accrued investment income, interest, and penalties on delinquent accounts.

(c) "Qualified local school district" means a local school district that, on or after July 1, 1997, levied and collected a tax to retire outstanding bonded indebtedness in an amount not less than $100,000.00 more than necessary to retire the outstanding bonded indebtedness of the local school district on December 1, 1998.

History: Add. 2001, Act 7, Imd. Eff. May 24, 2001

211.905b City or township in which no property taxes collected.

Sec. 5b.

(1) This section applies only to a city or township, or that portion of a city or township, in which no property taxes, other than the following, are levied in the summer of 2003 and any summer after 2003:

(a) The tax levied under this act.

(b) Village taxes.

(c) Beginning in the summer of 2005, that portion of the number of mills allocated to a county by a county tax allocation board or authorized for a county through a separate tax

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limitation vote, if that portion of the number of mills allocated to a county by a county tax allocation board or authorized for a county through a separate tax limitation vote were not levied before the summer of 2005.

(2) Except as otherwise provided in subsection (3), a city or township shall collect the tax levied under this act unless, before November 1, 2002, the legislative body of the city or township adopts a resolution declining to collect the tax levied under this act and, for a township, the treasurer concurs in writing with that resolution. Before November 1, 2002, if the city or township adopts a resolution declining to collect the tax under this act and, for a township, the treasurer concurs in writing with that resolution, the appropriate assessing officer shall send a copy of that resolution and, for a township, that concurrence to the state treasurer and the treasurer of the county in which the city or township is located. In January 2004 and each January thereafter, the legislative body of a city or township that has declined to collect the tax under this subsection may by resolution adopted by a majority of the legislative body rescind the earlier decision to decline to collect the tax. The city or township shall immediately send a copy of the resolution rescinding the earlier decision to decline to collect the tax to the state treasurer and the treasurer of the county in which the city or township is located. If a city or township collects the tax levied under this act pursuant to this section, that city or township shall retain $2.50 for each parcel of property in that city or township on which the tax levied under this act is billed under this section from the tax collected under this act before transmitting the tax collected as provided in this act.

(3) Notwithstanding the adoption of a resolution by the legislative body of a city or township declining to collect the tax levied under this act as provided in subsection (2), in a city or township in which the state treasurer collected the tax levied under this act during the summer of 2006 pursuant to subsection (5), the city or township shall collect the tax levied under this act beginning in the summer of 2007 and each summer thereafter.

(4) A county that receives a copy of a resolution declining to collect the tax under this act and, for a township, a written concurrence as provided in subsection (2) shall collect the tax levied under this act pursuant to this section unless, before February 1, 2003, the county board of commissioners adopts a resolution declining to collect the tax levied under this act and the county treasurer concurs in writing with that resolution. Before February 1, 2003, if the county board of commissioners adopts a resolution declining to collect the tax under this act and the county treasurer concurs in writing with that resolution, the county treasurer shall send a copy of that resolution and that concurrence to the state treasurer. In February 2004 and each February thereafter, a county board of commissioners that has declined to collect the tax under this subsection may by resolution, with the written concurrence of the county treasurer, rescind the earlier decision to decline to collect the tax. The county treasurer shall immediately send a copy of the resolution rescinding the earlier decision to decline to collect the tax and the written concurrence of the county treasurer to the state treasurer. If a county collects the tax levied under this act pursuant to this section, that county shall retain $2.50 for each parcel of property in that county on which the tax levied under this act is billed under this section from the tax collected under this act before transmitting the tax collected under this act to the state treasurer as provided in this act.

(5) If a city or township does not collect the tax levied under this act pursuant to subsection (2) and if a county does not collect the tax levied under this act pursuant to subsection (4), the state treasurer shall, except as otherwise provided in subsection (3), collect the tax under the provisions of the general property tax act. The collection of the tax levied under this act is not subject to 1941 PA 122, MCL 205.1 to 205.31. The tax levied under this act collected pursuant to this subsection is subject to a 1% administration fee.

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(6) All of the following apply to the collection of the tax levied under this act by a county treasurer or, except as otherwise provided in subsection (3), the state treasurer:

(a) Not later than June 1, the township or city for which the tax is being collected shall deliver to the county treasurer or the state treasurer, as applicable, a certified copy of each assessment roll for taxable property located in the township or city. Each assessment roll shall include the taxable value of each parcel subject to the collection of the tax levied under this act. The county treasurer or state treasurer, as applicable, shall remit the necessary cost incident to the reproduction of the assessment roll to the township or city.

(b) Not later than June 30, the county treasurer or the state treasurer, as applicable, shall spread the millage levied under this act against the assessment roll and prepare the tax roll.

(c) The county treasurer or the state treasurer, as applicable, may impose all or a portion of the fees and charges authorized under section 44 of the general property tax act, 1893 PA 206, MCL 211.44, on taxes paid before March 1. The county treasurer or the state treasurer, as applicable, shall retain the fees and charges imposed under this subdivision regardless of whether all or part of the fees and charges have been waived by the township or city.

(7) In relation to the assessment, spreading, and collection of taxes pursuant to this section, a county treasurer or the state treasurer, as applicable, shall have powers and duties similar to those prescribed by the general property tax act for township supervisors, township clerks, and township treasurers. However, this section shall not be considered to transfer any authority over the assessment of property.

(8) A county treasurer or state treasurer collecting taxes pursuant to this section shall be bonded for tax collection in the same amount and in the same manner as a township treasurer would be for undertaking the duties prescribed by this section.

(9) If a county treasurer or the state treasurer collects the tax levied under this act pursuant to this section, all payments from this state for collecting the tax levied under this act in a summer levy, and all revenue generated by the administration fee, shall be deposited in a restricted account designated as the "state education tax collection account". The county treasurer or the state treasurer, as applicable, shall direct the investment of the account. The county treasurer or the state treasurer, as applicable, shall credit to the account interest and earnings from the account investments. Proceeds in that account shall only be used for the cost of collecting the tax levied under this act. For a county collecting the tax under this act, the county board of commissioners shall appropriate sufficient money from the account to the county treasurer to cover the cost of collecting the tax levied under this act.

(10) The tax levied under this act that is collected by a city pursuant to this section on a date other than a date it collects city taxes shall be subject to the same fees and charges a city may impose under section 44 of the general property tax act, 1893 PA 206, MCL 211.44, except that a city may impose the administration fee on the tax levied under this act that is billed in the summer even if the fee is not imposed on taxes billed in December. The tax levied under this act that is collected pursuant to this section on or before September 14 of each year by a city that collects school taxes on a date other than the date it collects city taxes shall be without interest, but the tax levied under this act that is collected after September 14 in each year shall bear interest at the rate imposed by section 59 of the general property tax act, 1893 PA 206, MCL 211.59, on delinquent property tax levies that become a lien in the same year. All interest and penalties that are imposed prior to the date the tax levied under this act is returned as delinquent, other than the administration fee, shall be transmitted to the state treasurer for deposit into the state school aid fund established in section 11 of article IX of the state constitution of 1963. If imposed, the administration fee shall be retained by the city.

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(11) The tax levied under this act that is collected by a township on or before September 14 in each year shall be without interest. The tax levied under this act that is collected after September 14 of any year shall bear interest at the rate imposed by section 59 of the general property tax act, 1893 PA 206, MCL 211.59, on delinquent property tax levies that become a lien in the same year. The tax levied under this act that is collected by a township is subject to the same fees and charges the township may impose under section 44 of the general property tax act, 1893 PA 206, MCL 211.44, except that a township may impose the administration fee on the tax levied under this act that is billed in the summer even if the fee is not imposed on taxes billed in December. All interest and penalties that are imposed prior to the date the tax levied under this act is returned delinquent, other than the administration fee, shall be transmitted to the state treasurer for deposit into the state school aid fund established in section 11 of article IX of the state constitution of 1963. If imposed, the administration fee shall be retained by the township.

(12) For taxes levied after December 31, 2003, not later than June 1 of each year, the county treasurer shall deliver to the state treasurer a statement of the total amount of the state education tax levy of the prior year not returned delinquent that was collected by the county treasurer and collected and remitted to the county treasurer by each city or township treasurer, together with a statement for the county and for each city or township of the number of parcels from which the state education tax was collected, the number of parcels for which the state education tax was billed, and the total amount retained by the county treasurer and by the city or township treasurer as permitted by subsections (2) and (4).

History: Add. 2002, Act 244, Imd. Eff. Apr. 30, 2002 ;-- Am. 2004, Act 108, Imd. Eff. May 20, 2004 ;-- Am. 2004, Act 543, Imd. Eff. Jan. 3, 2005 ;-- Am. 2006, Act 624, Imd. Eff. Jan. 3, 2007

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211.905c Excess debt levy retirement funds; transmission by local school district to state treasurer; deposit; tax credit; calculation; definitions.

Sec. 5c.

(1) Not later than June 10, 2013, a qualified local school district shall transmit to the state treasurer all excess debt levy retirement funds held by the qualified local school district. The state treasurer shall deposit all excess debt levy retirement funds transmitted under this subsection into the state treasury to the credit of the state school aid fund established in section 11 of article IX of the state constitution of 1963.

(2) Each parcel of property subject to the tax levied under this act located in a qualified local school district shall receive a credit against the tax levied in July 2013 under this act. The amount of the credit shall be calculated by multiplying the taxable value of the property by the applied millage rate. The local tax collecting unit shall reflect the amount of the credit on the July 2013 tax bill for each parcel of property.

(3) As used in this section:

(a) "Applied millage rate" is the rate determined by the state treasurer by dividing the excess debt levy retirement funds transferred under subsection (1) by the total taxable value of all property subject to the tax levied under this act located in the qualified local school district.

(b) "Excess debt levy retirement funds" means the amount that a qualified local school collected on or after July 1, 2012 to retire outstanding bonded indebtedness in excess of the amount necessary to retire the outstanding bonded indebtedness of the qualified local school district on December 1, 2012. Excess debt levy retirement funds include any accrued investment income, interest, and penalties on delinquent accounts.

(c) "Qualified local school district" means a local school district that, on or after July 1, 2012, levied and collected debt millage tax for bonds that were retired on May 1, 2012 and were no longer outstanding as of July 1, 2012.

History: Add. 2013, Act 40, Imd. Eff. June 4, 2013

211.906 Conditional effective date.

Sec. 6.

This act shall not take effect unless Senate Joint Resolution S is submitted to the voters and the following bills are enacted into law:

(a) House Bill No. 5109.
(b) House Bill No. 5110.
(c) House Bill No. 5116.
(d) House Bill No. 5009.
(e) House Bill No. 5010.
(f) House Bill No. 5118.
(g) House Bill No. 5097.
(h) House Bill No. 5123.
(i) House Bill No. 4279.
(j) House Bill No. 5102.
(k) House Bill No. 5103.
(l) House Bill No. 5104.
(m) House Bill No. 5106.
(n) House Bill No. 5115.
(o) House Bill No. 5112.
(p) House Bill No. 5120.
(q) House Bill No. 5129.
(r) House Bill No. 5224.

History: 1993, Act 331, Eff. Mar. 15, 1994

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