

Education: financing; limitations on mills levied for school operating purposes; revise.

Education: financing; Property tax: millage;

HOUSE BILL NO. _____

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 1211 and 1211a (MCL 380.1211 and 380.1211a),
section 1211 as amended by 2020 PA 156 and section 1211a as amended
by 1994 PA 258.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1211. (1) Except as otherwise provided in this section
2 and section 1211c, the board of a school district shall levy not
3 more than 18 mills for school operating purposes. ~~or the number of~~
4 ~~mills levied in 1993 for school operating purposes, whichever is~~



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

26 (2) Subject to subsection (3), if the department of treasury
27 determines that the maximum number of mills allowed to be levied
28 under subsection (1) on all classes of property was not sufficient
29 for a school district's combined state and local revenue per

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

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



1 of 1979, MCL 388.1620, from the immediately preceding state fiscal
2 year or the percentage increase in the general price level in the
3 immediately preceding calendar year. If the number of mills a
4 school district is allowed to levy under this section in a year
5 after 1994 is less than the number of mills the school district was
6 allowed to levy under this section in the immediately preceding
7 year, any reduction required by this subsection in the school
8 district's millage rate must be calculated by first reducing the
9 number of mills the school district is allowed to levy under
10 subsection (2) and then increasing the number of mills from which a
11 principal residence, qualified agricultural property, qualified
12 forest property, supportive housing property, property occupied by
13 a public school academy, and industrial personal property are
14 exempted under subsection (1). For calculations under this
15 subsection, the target foundation allowance under section 20 of the
16 state school aid act of 1979, MCL 388.1620, for the 2018-2019 state
17 fiscal year is considered to be the basic foundation allowance
18 under section 20 of the state school aid act of 1979, MCL 388.1620,
19 for the 2018-2019 state fiscal year.

20 (4) Commercial personal property is exempt from 12 of the
21 mills levied under this section. However, if the number of mills
22 from which industrial personal property is exempted for a specific
23 school district is reduced under this section, ~~then~~ the number of
24 mills from which commercial personal property is exempted for that
25 school district must be reduced by that same number of mills.

26 (5) Except as otherwise provided under this subsection,
27 millage levied under this section must be approved by the school
28 electors. For the purposes of this section, millage approved by the
29 school electors before January 1, 1994 for which the authorization

1 has not expired is considered to be approved by the school
2 electors. With the approval of the state treasurer, a school
3 district may pledge millage levied under this section for the
4 repayment of a loan under the emergency municipal loan act, 1980 PA
5 243, MCL 141.931 to 141.942, money borrowed by the school district
6 under section 1225, or the repayment of advances, overpayments, or
7 other obligations of the school district to this state under
8 section 15 of the state school aid act of 1979, MCL 388.1615.

9 (6) If a school district levies millage for school operating
10 purposes that is in excess of the limits of this section, the
11 amount of the resulting excess tax revenue must be deducted from
12 the school district's next regular tax levy.

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

18 (8) A school district shall not levy mills allocated under the
19 property tax limitation act, 1933 PA 62, MCL 211.201 to 211.217a,
20 other than mills allocated to a school district that was previously
21 a school district of the first class, for payment to a public
22 library commission under section 11(4) of the property tax
23 limitation act, 1933 PA 62, MCL 211.211, after 1993.

24 (9) Beginning with taxes levied for 2011, if a school district
25 had a foundation allowance for the 1994-95 state fiscal year
26 greater than \$6,500.00 and if the school district's foundation
27 allowance for the 2009-2010 state fiscal year was less than the
28 basic foundation allowance prescribed for the 2009-2010 state
29 fiscal year under section 20 of the state school aid act of 1979,



MCL 388.1620, the school district may not reduce the number of mills from which certain classes of property are exempted from the levy of millage under subsection (1) and may not levy that number of mills on those classes of property as would otherwise be allowed under subsection (1).

(10) As used in this section:

(a) "Combined state and local revenue" means the aggregate of the school district's state school aid received by or paid on behalf of the district under section 20 of the state school aid act of 1979, MCL 388.1620, and the school district's local school operating revenue.

(b) ~~(a)~~ "Combined state and local revenue per membership pupil" means ~~that term as defined in section 20 of the state school aid act of 1979, MCL 388.1620.~~ the school district's combined state and local revenue divided by the school district's membership excluding special education pupils.

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

(d) ~~(c)~~ "Foundation allowance" means a school district's foundation allowance as calculated under section 20 of the state school aid act of 1979, MCL 388.1620.

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

(f) ~~(e)~~ "Industrial personal property" means the following:

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

(ii) Beginning December 31, 2011, industrial personal property

1 does not include a turbine powered by gas, steam, nuclear energy,
2 coal, or oil the primary purpose of which is the generation of
3 electricity for sale.

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

6 (h) ~~(g)~~—"Owner", "person", "principal residence", and
7 "qualified agricultural property" mean those terms as defined in
8 section 7dd of the general property tax act, 1893 PA 206, MCL
9 211.7dd.

10 (i) ~~(h)~~—"Property occupied by a public school academy" means
11 property occupied by a public school academy, urban high school
12 academy, or school of excellence that is used exclusively for
13 educational purposes.

14 (j) ~~(i)~~—"Qualified forest property" means that term as defined
15 in section 7jj of the general property tax act, 1893 PA 206, MCL
16 211.7jj[1].

17 (k) ~~(j)~~—"School operating purposes" includes expenditures for
18 furniture and equipment, for alterations necessary to maintain
19 school facilities in a safe and sanitary condition, for funding the
20 cost of energy conservation improvements in school facilities, for
21 deficiencies in operating expenses for the preceding year or
22 preceding years, including, but not limited to, repayment of an
23 emergency loan under the emergency municipal loan act, 1980 PA 243,
24 MCL 141.931 to 141.942, and for paying the operating allowance due
25 from the school district to a joint high school district in which
26 the school district is a participating school district under former
27 part 3a. Taxes levied for school operating purposes do not include
28 any of the following:

29 (i) Taxes levied by a school district for operating a community



1 college under part 25.

2 (ii) Taxes levied under section 1212.

3 (iii) Taxes levied under section 1356 for eliminating an
4 operating deficit.

5 (iv) Taxes levied for operation of a library under section 1451
6 or for operation of a library established under 1913 PA 261, MCL
7 397.261 to 397.262, that were not included in the operating millage
8 reported by the district to the department as of April 1, 1993.

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

15 (v) Taxes paid by a school district that was previously a
16 school district of the first class to a public library commission
17 under section 11(4) of the property tax limitation act, 1933 PA 62,
18 MCL 211.211.

19 (vi) Taxes levied under former section 1512 for operation of a
20 community swimming pool. In addition, if a school district included
21 the millage it levied in 1993 for operation of a community swimming
22 pool as part of its operating millage reported to the department
23 for 1993, the school district may report to the department not
24 later than June 17, 1994 the number of mills it levied in 1993 for
25 operation of a community swimming pool that the school district
26 does not want considered as operating millage and then that number
27 of mills is excluded under this section from taxes levied for
28 school operating purposes.

29 (I) ~~(k)~~—"Supportive housing property" means real property

1 certified as supportive housing property under chapter 3B of the
2 state housing development authority act of 1966, 1966 PA 346, MCL
3 125.1459 to 125.1459a.

4 Sec. 1211a. Not later than June 20, 1994, the department of
5 treasury shall certify each school district's combined state and
6 local revenue per membership pupil, as defined in section 1211, for
7 the school fiscal year ending in 1994, ~~the number of mills the~~
8 ~~school district may levy beginning in 1994 under section 1211,~~ and
9 the number of mills by which the school district may reduce the
10 exemption for a homestead and qualified agricultural property for
11 1994 under section 1211. The department of education shall provide
12 to the department of treasury all information necessary for the
13 department of treasury to make the certifications under this
14 section. Not later than July 20, 1994, a school district may appeal
15 the determinations made by the department of treasury for the
16 district under this section. An appeal under this subsection shall
17 be made to the superintendent of public instruction, who may assign
18 the appeal to a hearing officer. The superintendent of public
19 instruction shall offer any appealing school district an appeal
20 conference to attempt to resolve the issues raised in the appeal
21 without a hearing. If the appeal conference does not resolve the
22 issues, the superintendent of public instruction or hearing officer
23 may conduct a hearing. Based upon the appeal, the information
24 submitted by the school district, and the information provided by
25 the department of treasury, the hearing officer shall submit a
26 proposed decision to the superintendent of public instruction
27 either affirming the determinations made by the department of
28 treasury or directing the department of treasury to make specific
29 adjustments. Not later than 30 days after receiving the proposed



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1 decision, or not later than 30 days after hearing the appeal, the
2 superintendent of public instruction shall issue a final decision
3 either affirming the determinations made by the department of
4 treasury or directing the department of treasury to make specific
5 adjustments and provide a copy to the school district.

DRAFT 1

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 20 and 22a (MCL 388.1620 and 388.1622a), as
amended by 2024 PA 120.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 20. (1) For 2024-2025, the target foundation allowance is
2 \$9,608.00.

3 (2) The department shall calculate the amount of each
4 district's foundation allowance as provided in this section, using
5 a target foundation allowance in the amount specified in subsection
6 (1).



1 (3) Except as otherwise provided in this section, the
2 department shall calculate the amount of a district's foundation
3 allowance as follows, using in all calculations the total amount of
4 the district's foundation allowance as calculated before any
5 proration:

6 (a) For a district that had a foundation allowance for the
7 immediately preceding fiscal year that was equal to the target
8 foundation allowance for the immediately preceding fiscal year, the
9 district receives a foundation allowance in an amount equal to the
10 target foundation allowance described in subsection (1) for the
11 current fiscal year.

12 (b) For a district that had a foundation allowance for the
13 immediately preceding fiscal year that was greater than the target
14 foundation allowance for the immediately preceding fiscal year, the
15 district's foundation allowance is an amount equal to the lesser of
16 (the sum of the district's foundation allowance for the immediately
17 preceding fiscal year plus any per pupil amount calculated under
18 section 20m(2) in the immediately preceding fiscal year plus the
19 increase in the target foundation allowance for the current fiscal
20 year, as compared to the immediately preceding fiscal year) or (the
21 product of the district's foundation allowance for the immediately
22 preceding fiscal year times the percentage increase in the United
23 States Consumer Price Index in the calendar year ending in the
24 immediately preceding fiscal year as reported by the May revenue
25 estimating conference conducted under section 367b of the
26 management and budget act, 1984 PA 431, MCL 18.1367b).

27 (c) For a district that had a foundation allowance in the
28 immediately preceding fiscal year that was less than the target
29 foundation allowance in effect for that fiscal year, the district's

1 foundation allowance is an amount equal to the lesser of (the sum
2 of district's foundation allowance for the immediately preceding
3 fiscal year plus any per pupil amount calculated under section
4 20m(2) in the immediately preceding fiscal year plus the increase
5 in the target foundation allowance for the current fiscal year, as
6 compared to the immediately preceding fiscal year) or (the product
7 of the district's foundation allowance for the immediately
8 preceding fiscal year times the percentage increase in the United
9 States Consumer Price Index in the calendar year ending in the
10 immediately preceding fiscal year as reported by the May revenue
11 estimating conference conducted under section 367b of the
12 management and budget act, 1984 PA 431, MCL 18.1367b).

13 (d) For a district that has a foundation allowance that is not
14 a whole dollar amount, the department shall round the district's
15 foundation allowance up to the nearest whole dollar.

16 (4) Except as otherwise provided in this subsection, the state
17 portion of a district's foundation allowance is an amount equal to
18 the district's foundation allowance or the target foundation
19 allowance for the current fiscal year, whichever is less, minus the
20 local portion of the district's foundation allowance. Except as
21 otherwise provided in this subsection, for a district described in
22 subsection (3)(b) and (c), the state portion of the district's
23 foundation allowance is an amount equal to the target foundation
24 allowance minus the district's foundation allowance supplemental
25 payment per pupil calculated under section 20m and minus the local
26 portion of the district's foundation allowance. For a district that
27 has a millage reduction required under section 31 of article IX of
28 the state constitution of 1963, the department shall calculate the
29 state portion of the district's foundation allowance as if that



1 reduction did not occur. For a receiving district, if school
2 operating taxes continue to be levied on behalf of a dissolved
3 district that has been attached in whole or in part to the
4 receiving district to satisfy debt obligations of the dissolved
5 district under section 12 of the revised school code, MCL 380.12,
6 the taxable value per membership pupil of property in the receiving
7 district used for the purposes of this subsection does not include
8 the taxable value of property within the geographic area of the
9 dissolved district. For a community district, if school operating
10 taxes continue to be levied by a qualifying school district under
11 section 12b of the revised school code, MCL 380.12b, with the same
12 geographic area as the community district, the taxable value per
13 membership pupil of property in the community district to be used
14 for the purposes of this subsection does not include the taxable
15 value of property within the geographic area of the community
16 district.

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

1 under this subsection must take into account a district's per-pupil
2 allocation under section 20m.

3 (6) Except as otherwise provided in this subsection, for
4 pupils in membership, other than special education pupils, in a
5 public school academy, the allocation calculated under this section
6 is an amount per membership pupil other than special education
7 pupils in the public school academy equal to the target foundation
8 allowance specified in subsection (1), or, for a public school
9 academy that was issued a contract under section 552 of the revised
10 school code, MCL 380.552, to operate as a school of excellence that
11 is a cyber school, \$9,150.00. Notwithstanding section 101, for a
12 public school academy that begins operations after the pupil
13 membership count day, the amount per membership pupil calculated
14 under this subsection must be adjusted by multiplying that amount
15 per membership pupil by the number of hours of pupil instruction
16 provided by the public school academy after it begins operations,
17 as determined by the department, divided by the minimum number of
18 hours of pupil instruction required under section 101(3). The
19 result of this calculation must not exceed the amount per
20 membership pupil otherwise calculated under this subsection.

21 (7) For pupils in membership, other than special education
22 pupils, in a community district, the allocation calculated under
23 this section is an amount per membership pupil other than special
24 education pupils in the community district equal to the foundation
25 allowance of the qualifying school district, as described in
26 section 12b of the revised school code, MCL 380.12b, that is
27 located within the same geographic area as the community district.

28 (8) Subject to subsection (4), for a district that is formed
29 or reconfigured after June 1, 2002 by consolidation of 2 or more



1 districts or by annexation, the resulting district's foundation
2 allowance under this section beginning after the effective date of
3 the consolidation or annexation is the lesser of the sum of the
4 average of the foundation allowances of each of the original or
5 affected districts, calculated as provided in this section,
6 weighted as to the percentage of pupils in total membership in the
7 resulting district who reside in the geographic area of each of the
8 original or affected districts plus \$100.00 or the highest
9 foundation allowance among the original or affected districts. This
10 subsection does not apply to a receiving district unless there is a
11 subsequent consolidation or annexation that affects the district.
12 The calculation under this subsection must take into account a
13 district's per-pupil allocation under section 20m.

14 (9) The department shall round each fraction used in making
15 calculations under this section to the fourth decimal place and
16 shall round the dollar amount of an increase in the target
17 foundation allowance to the nearest whole dollar.

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

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

27 (a) The pupil membership factor is computed by dividing the
28 estimated membership in the school year ending in the current
29 fiscal year, excluding intermediate district membership, by the

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

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

26 (c) The index is calculated by multiplying the pupil
27 membership factor by the revenue adjustment factor. If a consensus
28 index is not determined at the revenue estimating conference, the
29 principals of the revenue estimating conference shall report their



1 estimates to the house and senate subcommittees responsible for
2 state school aid appropriations not later than 7 days after the
3 conclusion of the revenue conference.

4 (12) Payments to districts and public school academies are not
5 made under this section. Rather, the calculations under this
6 section are used to determine the amount of state payments under
7 section 22b.

8 (13) If an amendment to section 2 of article VIII of the state
9 constitution of 1963 allowing state aid to some or all nonpublic
10 schools is approved by the voters of this state, each foundation
11 allowance or per-pupil payment calculation under this section may
12 be reduced.

13 (14) As used in this section:

14 (a) "Certified mills" means ~~the lesser of 18 mills or the~~
15 number of mills of school operating taxes levied by the district ~~in~~
16 ~~1993-94~~ **as permitted under section 1211 of the revised school code,**
17 **MCL 380.1211.**

18 (b) "Current fiscal year" means the fiscal year for which a
19 particular calculation is made.

20 (c) "Dissolved district" means a district that loses its
21 organization, has its territory attached to 1 or more other
22 districts, and is dissolved as provided under section 12 of the
23 revised school code, MCL 380.12.

24 (d) "Immediately preceding fiscal year" means the fiscal year
25 immediately preceding the current fiscal year.

26 (e) "Local portion of the district's foundation allowance"
27 means an amount that is equal to the difference between (the sum of
28 the product of the taxable value per membership pupil of all
29 property in the district that is nonexempt property times the

1 district's certified mills and, for a district with certified mills
2 exceeding 12, the product of the taxable value per membership pupil
3 of property in the district that is commercial personal property
4 times the certified mills minus 12 mills) and (the quotient of the
5 product of the captured assessed valuation under tax increment
6 financing acts times the district's certified mills divided by the
7 district's membership excluding special education pupils).

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

11 (g) "Nonexempt property" means property that is not a
12 principal residence, qualified agricultural property, qualified
13 forest property, supportive housing property, industrial personal
14 property, commercial personal property, or property occupied by a
15 public school academy.

16 (h) "Principal residence", "qualified agricultural property",
17 "qualified forest property", "supportive housing property",
18 "industrial personal property", and "commercial personal property"
19 mean those terms as defined in section 1211 of the revised school
20 code, MCL 380.1211.

21 (i) "Receiving district" means a district to which all or part
22 of the territory of a dissolved district is attached under section
23 12 of the revised school code, MCL 380.12.

24 (j) "School operating purposes" means the purposes included in
25 the operation costs of the district as prescribed in sections 7 and
26 18 and purposes authorized under section 1211 of the revised school
27 code, MCL 380.1211.

28 (k) "School operating taxes" means local ad valorem property
29 taxes levied under section 1211 of the revised school code, MCL



1 380.1211, and retained for school operating purposes.

2 (l) "Tax increment financing acts" means parts 2, 3, 4, and 6
3 of the recodified tax increment financing act, 2018 PA 57, MCL
4 125.4201 to 125.4420 and 125.4602 to 125.4629, or the brownfield
5 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670.

6 (m) "Taxable value per membership pupil" means taxable value,
7 as certified by the county treasurer and reported to the
8 department, for the calendar year ending in the current state
9 fiscal year divided by the district's membership excluding special
10 education pupils for the school year ending in the current state
11 fiscal year.

12 Sec. 22a. (1) From the state school aid fund money
13 appropriated in section 11, there is allocated an amount not to
14 exceed \$4,144,000,000.00 for 2023-2024 and there is allocated an
15 amount not to exceed \$3,993,000,000.00 for 2024-2025 for payments
16 to districts and qualifying public school academies to guarantee
17 each district and qualifying public school academy an amount equal
18 to its 1994-95 total state and local per-pupil revenue for school
19 operating purposes under section 11 of article IX of the state
20 constitution of 1963. Pursuant to section 11 of article IX of the
21 state constitution of 1963, this guarantee does not apply to a
22 district in a year in which the district levies a millage rate for
23 school district operating purposes less than it levied in 1994.
24 However, subsection (2) applies to calculating the payments under
25 this section. Funds allocated under this section that are not
26 expended in the fiscal year for which they were allocated, as
27 determined by the department, may be used to supplement the
28 allocations under sections 22b and 51c to fully fund those
29 allocations for the same fiscal year.

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

6 (a) Except as otherwise provided in this subsection, the state
7 portion of a district's 1994-95 foundation allowance is an amount
8 equal to the district's 1994-95 foundation allowance or \$6,500.00,
9 whichever is less, minus the difference between the sum of the
10 product of the taxable value per membership pupil of all property
11 in the district that is nonexempt property times the district's
12 certified mills and, for a district with certified mills exceeding
13 12, the product of the taxable value per membership pupil of
14 property in the district that is commercial personal property times
15 the certified mills minus 12 mills and the quotient of the ad
16 valorem property tax revenue of the district captured under tax
17 increment financing acts divided by the district's membership. For
18 a district that has a millage reduction required under section 31
19 of article IX of the state constitution of 1963, the department
20 shall calculate the state portion of the district's foundation
21 allowance as if that reduction did not occur. For a receiving
22 district, if school operating taxes are to be levied on behalf of a
23 dissolved district that has been attached in whole or in part to
24 the receiving district to satisfy debt obligations of the dissolved
25 district under section 12 of the revised school code, MCL 380.12,
26 taxable value per membership pupil of all property in the receiving
27 district that is nonexempt property and taxable value per
28 membership pupil of property in the receiving district that is
29 commercial personal property do not include property within the



1 geographic area of the dissolved district; ad valorem property tax
2 revenue of the receiving district captured under tax increment
3 financing acts does not include ad valorem property tax revenue
4 captured within the geographic boundaries of the dissolved district
5 under tax increment financing acts; and certified mills do not
6 include the certified mills of the dissolved district. For a
7 community district, the department shall reduce the allocation as
8 otherwise calculated under this section by an amount equal to the
9 amount of local school operating tax revenue that would otherwise
10 be due to the community district if not for the operation of
11 section 386 of the revised school code, MCL 380.386, and the amount
12 of this reduction is offset by the increase in funding under
13 section 22b(2).

14 (b) For a district that had a 1994-95 foundation allowance
15 greater than \$6,500.00, the state payment under this subsection is
16 the sum of the amount calculated under subdivision (a) plus the
17 amount calculated under this subdivision. The amount calculated
18 under this subdivision must be equal to the difference between the
19 district's 1994-95 foundation allowance minus \$6,500.00 and the
20 current year hold harmless school operating taxes per pupil. If the
21 result of the calculation under subdivision (a) is negative, the
22 negative amount is an offset against any state payment calculated
23 under this subdivision. If the result of a calculation under this
24 subdivision is negative, there is not a state payment or a
25 deduction under this subdivision. The taxable values per membership
26 pupil used in the calculations under this subdivision are as
27 adjusted by ad valorem property tax revenue captured under tax
28 increment financing acts divided by the district's membership. For
29 a receiving district, if school operating taxes are to be levied on

1 behalf of a dissolved district that has been attached in whole or
2 in part to the receiving district to satisfy debt obligations of
3 the dissolved district under section 12 of the revised school code,
4 MCL 380.12, ad valorem property tax revenue captured under tax
5 increment financing acts do not include ad valorem property tax
6 revenue captured within the geographic boundaries of the dissolved
7 district under tax increment financing acts.

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

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

18 (5) Except as otherwise provided in this subsection, for a
19 district that is formed or reconfigured after June 1, 2000 by
20 consolidation of 2 or more districts or by annexation, the
21 resulting district's 1994-95 foundation allowance under this
22 section beginning after the effective date of the consolidation or
23 annexation is the average of the 1994-95 foundation allowances of
24 each of the original or affected districts, calculated as provided
25 in this section, weighted as to the percentage of pupils in total
26 membership in the resulting district in the fiscal year in which
27 the consolidation takes place who reside in the geographic area of
28 each of the original districts. If an affected district's 1994-95
29 foundation allowance is less than the 1994-95 basic foundation



1 allowance, the amount of that district's 1994-95 foundation
2 allowance is considered for the purpose of calculations under this
3 subsection to be equal to the amount of the 1994-95 basic
4 foundation allowance. This subsection does not apply to a receiving
5 district unless there is a subsequent consolidation or annexation
6 that affects the district.

7 (6) Payments under this section are subject to section 25g.

8 (7) As used in this section:

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

13 (b) "Certified mills" means ~~the lesser of 18 mills or the~~
14 number of mills of school operating taxes levied by the district ~~in~~
15 ~~1993-94~~ **as permitted under section 1211 of the revised school code,**
16 **MCL 380.1211.**

17 (c) "Current fiscal year" means the fiscal year for which a
18 particular calculation is made.

19 (d) "Current year hold harmless school operating taxes per
20 pupil" means the per-pupil revenue generated by multiplying a
21 district's 1994-95 hold harmless millage by the district's current
22 year taxable value per membership pupil. For a receiving district,
23 if school operating taxes are to be levied on behalf of a dissolved
24 district that has been attached in whole or in part to the
25 receiving district to satisfy debt obligations of the dissolved
26 district under section 12 of the revised school code, MCL 380.12,
27 taxable value per membership pupil does not include the taxable
28 value of property within the geographic area of the dissolved
29 district.

1 (e) "Dissolved district" means a district that loses its
2 organization, has its territory attached to 1 or more other
3 districts, and is dissolved as provided under section 12 of the
4 revised school code, MCL 380.12.

5 (f) "Hold harmless millage" means, for a district with a 1994-
6 95 foundation allowance greater than \$6,500.00, the number of mills
7 by which the exemption from the levy of school operating taxes on a
8 principal residence, qualified agricultural property, qualified
9 forest property, supportive housing property, industrial personal
10 property, commercial personal property, and property occupied by a
11 public school academy could be reduced as provided in section 1211
12 of the revised school code, MCL 380.1211, and the number of mills
13 of school operating taxes that could be levied on all property as
14 provided in section 1211(2) of the revised school code, MCL
15 380.1211, as certified by the department of treasury for the 1994
16 tax year. For a receiving district, if school operating taxes are
17 to be levied on behalf of a dissolved district that has been
18 attached in whole or in part to the receiving district to satisfy
19 debt obligations of the dissolved district under section 12 of the
20 revised school code, MCL 380.12, school operating taxes do not
21 include school operating taxes levied within the geographic area of
22 the dissolved district.

23 (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 (h) "Nonexempt property" means property that is not a
27 principal residence, qualified agricultural property, qualified
28 forest property, supportive housing property, industrial personal
29 property, commercial personal property, or property occupied by a



1 public school academy.

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

7 (j) "Qualifying public school academy" means a public school
8 academy that was in operation in the 1994-95 school year and is in
9 operation in the current fiscal year.

10 (k) "Receiving district" means a district to which all or part
11 of the territory of a dissolved district is attached under section
12 12 of the revised school code, MCL 380.12.

13 (l) "School operating taxes" means local ad valorem property
14 taxes levied under section 1211 of the revised school code, MCL
15 380.1211, and retained for school operating purposes as defined in
16 section 20.

17 (m) "Tax increment financing acts" means parts 2, 3, 4, and 6
18 of the recodified tax increment financing act, 2018 PA 57, MCL
19 125.4201 to 125.4420 and 125.4602 to 125.4629, or the brownfield
20 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670.

21 (n) "Taxable value per membership pupil" means each of the
22 following divided by the district's membership:

23 (i) For the number of mills by which the exemption from the
24 levy of school operating taxes on a principal residence, qualified
25 agricultural property, qualified forest property, supportive
26 housing property, industrial personal property, commercial personal
27 property, and property occupied by a public school academy may be
28 reduced as provided in section 1211 of the revised school code, MCL
29 380.1211, the taxable value of principal residence, qualified

1 agricultural property, qualified forest property, supportive
2 housing property, industrial personal property, commercial personal
3 property, and property occupied by a public school academy for the
4 calendar year ending in the current fiscal year. For a receiving
5 district, if school operating taxes are to be levied on behalf of a
6 dissolved district that has been attached in whole or in part to
7 the receiving district to satisfy debt obligations of the dissolved
8 district under section 12 of the revised school code, MCL 380.12,
9 mills do not include mills within the geographic area of the
10 dissolved district.

11 (ii) For the number of mills of school operating taxes that may
12 be levied on all property as provided in section 1211(2) of the
13 revised school code, MCL 380.1211, the taxable value of all
14 property for the calendar year ending in the current fiscal year.
15 For a receiving district, if school operating taxes are to be
16 levied on behalf of a dissolved district that has been attached in
17 whole or in part to the receiving district to satisfy debt
18 obligations of the dissolved district under section 12 of the
19 revised school code, MCL 380.12, school operating taxes do not
20 include school operating taxes levied within the geographic area of
21 the dissolved district.

22 Enacting section 1. This amendatory act does not take effect
23 unless Senate Bill No.____ or House Bill No.____ (request no.
24 06633'24) of the 102nd Legislature is enacted into law.



