

# HOUSE BILL No. 4743

May 1, 1989, Introduced by Reps. Ouwinga, Allen, Middaugh, Stacey, Gnodtke, Strand, Gubow, Munsell, Kosteva, Dolan and Willis Bullard and referred to the Committee on Taxation.

A bill to amend sections 954, 961, and 966 of Act No. 451 of the Public Acts of 1976, entitled as amended

"The school code of 1976,"

section 961 as amended by Act No. 118 of the Public Acts of 1983, being sections 380.954, 380.961, and 380.966 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 954, 961, and 966 of Act No. 451 of the  
2 Public Acts of 1976, section 961 as amended by Act No. 118 of the  
3 Public Acts of 1983, being sections 380.954, 380.961, and 380.966  
4 of the Michigan Compiled Laws, are amended to read as follows:

5 Sec. 954. If the intermediate school board or the joint  
6 intermediate school boards approve alterations in the boundaries  
7 of school districts, the board or joint boards, AS APPLICABLE,  
8 SHALL PROVIDE EACH AFFECTED CITY AND TOWNSHIP TREASURER WITH A

1 LEGAL DESCRIPTION OF THE TERRITORY THAT IS BEING TRANSFERRED AND  
2 shall ~~cause~~ HAVE a map ~~to be~~ prepared showing in detail the  
3 boundaries of the affected school districts before alteration and  
4 the boundaries of territory attached or detached. A copy of the  
5 map bearing the certification of the intermediate superintendent  
6 or the chairperson of the joint boards shall be filed with the  
7 secretary of each affected school district and with each affected  
8 township supervisor or city assessor.

9       Sec. 961. (1) If territory is detached from a school dis-  
10 trict ~~which~~ THAT has bonded indebtedness and transferred to  
11 another school district, the territory shall remain as part of  
12 the district from which detached for the purpose of levying debt  
13 retirement taxes for the bonded indebtedness until the bonds are  
14 redeemed or sufficient funds are available in the debt retirement  
15 fund for that purpose. THE SCHOOL DISTRICT TO WHICH THE TERRI-  
16 TORY IS TRANSFERRED SHALL NOTIFY BY FIRST CLASS MAIL EACH OWNER  
17 OF PROPERTY WITHIN THE TRANSFERRED TERRITORY THAT THE TERRITORY  
18 HAS BEEN TRANSFERRED AND THAT A DEBT OBLIGATION EXISTS TO THE  
19 SCHOOL DISTRICT FROM WHICH THE TERRITORY WAS DETACHED. THE  
20 NOTICE SHALL ALSO SPECIFY THE AMOUNT AND DURATION OF THE DEBT AND  
21 EXPLAIN HOW THE TAX WILL BE LEVIED AND PAID TO THE SCHOOL DIS-  
22 TRICT FROM WHICH THE TERRITORY WAS DETACHED. The transferred ter-  
23 ritory shall not be part of the school district from which  
24 detached for the purpose of a subsequent bond issue, nor shall  
25 the detached territory be part of the school district from which  
26 detached for tax levies imposed for the purpose of bonded  
27 indebtedness created or assumed at a time when the portion of

1 detached territory was not a part of the district or territory  
2 approving or assuming the bonded indebtedness. The territory  
3 shall be a part of the school district to which transferred for  
4 all other purposes.

5       (2) The territory shall not be subject to debt retirement  
6 tax levies for bonded indebtedness of the school district to  
7 which transferred existing at the time of transfer until the  
8 bonded indebtedness of the school district from which the terri-  
9 tory was transferred existing at the time of the transfer is  
10 retired or sufficient funds are available and earmarked in the  
11 debt retirement fund for that purpose. The board of the school  
12 district to which the property is attached, by resolution, may  
13 exempt the property from the debt tax levies for not more than 3  
14 years. The school officials of the district to which the terri-  
15 tory is attached shall certify required debt retirement levies  
16 for the bonds of the school district from which the territory was  
17 detached, and the territory over which the levies are to be  
18 spread, to the proper taxing officials when certifying other  
19 taxes to be levied by the school district. The tax collecting  
20 officials shall remit the collections with other tax collections  
21 to the school district to which the property is attached. The  
22 officials of that school district shall immediately transmit the  
23 collections to the school district from which the territory was  
24 detached.

25       (3) The school district to which territory is attached may  
26 pay to the school district from which the land is detached the  
27 present value of the pro rata bonded indebtedness of the detached

1 territory. The intermediate school board shall certify to the  
2 department of treasury the fact of the transfer, the description  
3 of the territory transferred, the bonded indebtedness of the  
4 school district from which the territory is detached, the  
5 assessed valuation of the school district from which the terri-  
6 tory is detached, the assessed valuation of the detached territo-  
7 ry, and other information the department of treasury may  
8 require. The department of treasury shall determine the pro rata  
9 share of the bonded indebtedness of the detached territory to the  
10 board of the school district from which the territory is  
11 detached. The department of treasury shall certify the amount  
12 determined to the intermediate school board. The intermediate  
13 school board shall certify the amounts to the boards of the  
14 school districts affected. The school district to which the ter-  
15 ritory is transferred may pay the sum to the school district from  
16 which the territory has been detached. Settlement of the bonded  
17 indebtedness shall be made on the state equalized valuation in  
18 the year of transfer. The school district receiving the money  
19 shall apply ~~it~~ THE MONEY under the terms and tenor of the bond  
20 issue.

21 (4) A transfer made after ~~September~~ MAY 1 in a given year  
22 shall be a part of the territory from which detached for the pur-  
23 pose of the succeeding JULY OR December tax levy in the year of  
24 transfer. Upon settlement of the bonded indebtedness by the  
25 school district to which the territory has been attached, the  
26 territory is subject to the bond debt retirement tax levy for  
27 bonded indebtedness of the school district to which attached

1 existing at the time of transfer. For the purpose of making the  
2 settlement, the school district to which the territory is  
3 attached may use up to 15% of state school aid in 1 year.

4       Sec. 966. If territory is attached to a school district  
5 ~~effective~~ before ~~September~~ MAY 1 of a year, school oper-  
6 ational millage for that year shall be levied on property in the  
7 territory by the attaching school district. If territory is  
8 attached to a school district ~~effective~~ on or after ~~September~~  
9 MAY 1 of a year, school operational millage for that year shall  
10 be levied on property in the territory by the school district  
11 from which the territory is detached. The school officials of  
12 the district entitled to levy school operational millage upon the  
13 transferred territory shall certify the school operational mill-  
14 age ~~—~~ and the territory over which ~~it~~ THE MILLAGE is to be  
15 spread ~~—~~ to the proper taxing officials when certifying the  
16 taxes to be levied by the school district.