

HOUSE BILL No. 5885

June 18, 1990, Introduced by Reps. Keith, Bandstra, Mathieu, Sikkema, DeLange, Krause, Jondahl, Hillegonds, Trim, Bender, Gilmer, DeMars, Munsell and Martin and referred to the Committee on Education.

A bill to amend sections 622, 623, 1211, and 1216 of Act No. 451 of the Public Acts of 1976, entitled as amended

"The school code of 1976,"

section 622 as amended by Act No. 132 of the Public Acts of 1986 and section 1211 as amended by Act No. 431 of the Public Acts of 1982, being sections 380.622, 380.623, 380.1211, and 380.1216 of the Michigan Compiled Laws; and to add part 7a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 622, 623, 1211, and 1216 of Act No. 451
2 of the Public Acts of 1976, section 622 as amended by Act No. 132
3 of the Public Acts of 1986 and section 1211 as amended by Act
4 No. 431 of the Public Acts of 1982, being sections 380.622,
5 380.623, 380.1211, and 380.1216 of the Michigan Compiled Laws,
6 are amended and part 7a is added to read as follows:

1 Sec. 622. (1) The intermediate school board shall select
2 depositories for its school funds. It shall keep a set of coded
3 accounts to be approved by the state board and shall have its
4 books audited at least annually by a certified public
5 accountant. General operating funds, building and site funds,
6 cooperative education funds, special education funds,
7 vocational-technical education funds, COMMERCIAL AND INDUSTRIAL
8 PROPERTY TAX BASE SHARING FUNDS UNDER SECTIONS 751 TO 757, and
9 debt retirement funds shall be maintained separately and shall
10 not be commingled, except that the board of an intermediate
11 school district, by resolution, may authorize the treasurer to
12 combine money from more than 1 fund for the purpose of making an
13 investment authorized by subsection (2)(g).

14 (2) The treasurer of an intermediate school district, if
15 authorized by resolution of the intermediate school board, may
16 invest general operating funds, special education funds, area
17 vocational-technical education funds, building and site funds,
18 cooperative education funds, and debt retirement funds of the
19 district. Investments shall be made pursuant to subsection (4)
20 and shall be restricted to the following:

21 (a) Bonds, bills, or notes of the United States or obliga-
22 tions of the state.

23 (b) Certificates of deposit issued by a state or national
24 bank, savings accounts of a state or federal savings and loan
25 association, or certificates of deposit or share certificates of
26 a state or federal credit union organized and authorized to
27 operate in this state.

1 (c) Commercial paper rated prime at the time of purchase and
2 maturing not more than 270 days after the date of purchase.

3 (d) Securities issued or guaranteed by agencies or instru-
4 mentalities of the United States government.

5 (e) United States government or federal agency obligation
6 repurchase agreements.

7 (f) Bankers' acceptances issued by a bank that is a member
8 of the federal deposit insurance corporation.

9 (g) Investment pools, as authorized by the surplus funds
10 investment pool act, Act No. 367 of the Public Acts of 1982,
11 being sections 129.111 to 129.118 of the Michigan Compiled Laws,
12 composed entirely of instruments that are legal for direct
13 investment by an intermediate school district.

14 (3) The earnings of an investment shall become a part of the
15 fund from which the investment was made. When money of more than
16 1 fund of a single intermediate school district or money of more
17 than 1 intermediate school district are combined for an invest-
18 ment pool authorized by subsection (2)(g), the money shall be
19 accounted for separately, and the earnings from the investment
20 shall be separately and individually computed, recorded, and
21 credited to the fund or SCHOOL district, as the case may be, for
22 which the investment was acquired.

23 (4) Notwithstanding subsection (2), additional funds of an
24 intermediate school district shall not be deposited or invested
25 in a bank, savings and loan association, or credit union ~~which~~
26 THAT is not eligible to be a depository of surplus funds
27 belonging to this state under section 5 or 6 of Act No. 105 of

1 the Public Acts of 1855, being sections 21.145 and 21.146 of the
2 Michigan Compiled Laws.

3 (5) As used in this section, "deposit" includes purchases of
4 or investment in shares of a credit union.

5 Sec. 623. (1) The intermediate school board shall DO BOTH
6 OF THE FOLLOWING:

7 (a) Perform duties required by law and by the state board,
8 but shall not supersede nor replace the board of a constituent
9 district, nor shall the intermediate school board control or oth-
10 erwise interfere with the rights of constituent districts except
11 as provided in this part. THIS SUBDIVISION DOES NOT RESTRICT THE
12 ABILITY OF THE INTERMEDIATE SCHOOL BOARD TO PERFORM ANY DUTIES
13 REQUIRED BY SECTIONS 751 TO 757.

14 (b) Employ a superintendent, assistants, and other employees
15 the intermediate school board ~~deems~~ CONSIDERS necessary and fix
16 their compensation. The compensation of the intermediate super-
17 intendent, assistants, and other employees shall include sala-
18 ries, travel expenses incurred in the discharge of their official
19 duties, and other benefits the board approves. The necessary
20 contingent expenses of the office of the intermediate school
21 board and the intermediate superintendent shall be paid by the
22 treasurer subject to the authorization of the intermediate school
23 board. A contract with the intermediate superintendent shall be
24 for a term not to exceed 4 years. The intermediate superinten-
25 dent shall have the qualifications prescribed in section 651 and
26 perform the duties provided by law and by the intermediate school
27 board.

1 (2) The business ~~which~~ THAT the intermediate school board
2 is authorized to perform shall be conducted at a public meeting
3 of the board held in compliance with THE OPEN MEETINGS ACT, Act
4 No. 267 of the Public Acts of 1976, being sections 15.261 to
5 15.275 of the Michigan Compiled Laws. An act of the board shall
6 not be valid unless voted at a meeting by a majority vote of the
7 members elected and serving on the board and a record made of the
8 vote. An action of an intermediate school board on matters of
9 personnel, property transfers, bonding, expenditures of money, or
10 other matters designated by the board's bylaws shall be by ye
11 and nay vote entered upon its record. Public notice of the time,
12 date, and place of the meeting shall be given in the manner
13 required by section 5 of Act No. 267 of the Public Acts of 1976,
14 BEING SECTION 15.265 OF THE MICHIGAN COMPILED LAWS.

15 PART 7A

16 INTERMEDIATE SCHOOL DISTRICT COMMERCIAL AND INDUSTRIAL
17 PROPERTY TAX BASE SHARING

18 SEC. 751. AS USED IN SECTIONS 751 TO 757:

19 (A) "COMMERCIAL AND INDUSTRIAL PROPERTY" MEANS PROPERTY
20 CLASSIFIED AS COMMERCIAL REAL OR PERSONAL, INDUSTRIAL REAL OR
21 PERSONAL, OR UTILITY PERSONAL UNDER SECTION 34C OF THE GENERAL
22 PROPERTY TAX ACT, ACT NO. 6 OF THE PUBLIC ACTS OF 1893, BEING
23 SECTION 211.34C OF THE MICHIGAN COMPILED LAWS, BUT DOES NOT
24 INCLUDE PROPERTY FOR WHICH AN INDUSTRIAL FACILITIES EXEMPTION
25 CERTIFICATE ISSUED BEFORE JULY 1, 1991 UNDER ACT NO. 198 OF THE
26 PUBLIC ACTS OF 1974, BEING SECTIONS 207.551 TO 207.571 OF THE
27 MICHIGAN COMPILED LAWS, HAS EXPIRED OR HAS BEEN REVOKED, FOR

1 WHICH A COMMERCIAL FACILITIES EXEMPTION CERTIFICATE ISSUED BEFORE
2 JULY 1, 1991 UNDER THE COMMERCIAL REDEVELOPMENT ACT, ACT NO. 255
3 OF THE PUBLIC ACTS OF 1978, BEING SECTIONS 207.651 TO 207.668 OF
4 THE MICHIGAN COMPILED LAWS, HAS EXPIRED OR HAS BEEN REVOKED, OR
5 FOR WHICH A TECHNOLOGY PARK FACILITIES EXEMPTION CERTIFICATE
6 ISSUED BEFORE JULY 1, 1991 UNDER THE TECHNOLOGY PARK DEVELOPMENT
7 ACT, ACT NO. 385 OF THE PUBLIC ACTS OF 1984, BEING SECTIONS
8 207.701 TO 207.718 OF THE MICHIGAN COMPILED LAWS, HAS EXPIRED OR
9 HAS BEEN REVOKED.

10 (B) "COMMERCIAL AND INDUSTRIAL SEV" MEANS SEV FOR COMMERCIAL
11 AND INDUSTRIAL PROPERTY THAT IS NOT CAPTURED BY A TAX INCREMENT
12 FINANCING PLAN UNDER THE LOCAL DEVELOPMENT FINANCING ACT, ACT
13 NO. 281 OF THE PUBLIC ACTS OF 1986, BEING SECTIONS 125.2151 TO
14 125.2174 OF THE MICHIGAN COMPILED LAWS, THE TAX INCREMENT FINANCE
15 AUTHORITY ACT, ACT NO. 450 OF THE PUBLIC ACTS OF 1980, BEING
16 SECTIONS 125.1801 TO 125.1830 OF THE MICHIGAN COMPILED LAWS, AND
17 ACT NO. 197 OF THE PUBLIC ACTS OF 1975, BEING SECTIONS 125.1651
18 TO 125.1681 OF THE MICHIGAN COMPILED LAWS.

19 (C) "COMMERCIAL AND INDUSTRIAL SEV GROWTH" MEANS THE POSI-
20 TIVE DIFFERENCE BETWEEN A SCHOOL DISTRICT'S COMMERCIAL AND INDUS-
21 TRIAL SEV IN THE SCHOOL FISCAL YEAR IN WHICH THE CALCULATION IS
22 MADE AND THE SCHOOL DISTRICT'S COMMERCIAL AND INDUSTRIAL SEV FOR
23 THE SCHOOL FISCAL YEAR BEFORE THE FIRST SCHOOL FISCAL YEAR IN
24 WHICH COMMERCIAL AND INDUSTRIAL PROPERTY TAX BASE SHARING UNDER
25 THIS ACT IS IN EFFECT IN THE INTERMEDIATE SCHOOL DISTRICT.

26 (D) "SCHOOL DISTRICT" MEANS A SCHOOL DISTRICT AND A LOCAL
27 ACT SCHOOL DISTRICT OR SPECIAL ACT SCHOOL DISTRICT.

1 (E) "SEV" MEANS STATE EQUALIZED VALUATION AS DETERMINED
2 UNDER THE GENERAL PROPERTY TAX ACT, ACT NO. 206 OF THE PUBLIC
3 ACTS OF 1893, BEING SECTIONS 211.1 TO 211.157 OF THE MICHIGAN
4 COMPILED LAWS.

5 SEC. 753. COMMERCIAL AND INDUSTRIAL PROPERTY TAX BASE SHAR-
6 ING MAY BE ADOPTED WITHIN AN INTERMEDIATE SCHOOL DISTRICT UNDER
7 SECTION 755 OR 757. IF TAX BASE SHARING IS ADOPTED, ALL OF THE
8 FOLLOWING APPLY:

9 (A) BEGINNING ON JULY 1 AFTER COMMERCIAL AND INDUSTRIAL
10 PROPERTY TAX BASE SHARING IS ADOPTED, EACH CONSTITUENT DISTRICT
11 SHALL DELIVER TO THE INTERMEDIATE SCHOOL DISTRICT AN AMOUNT EQUAL
12 TO THE COMMERCIAL AND INDUSTRIAL SEV GROWTH IN THAT CONSTITUENT
13 DISTRICT MULTIPLIED BY THE CONSTITUENT DISTRICT'S SCHOOL OPERAT-
14 ING MILLAGE FOR THE SCHOOL FISCAL YEAR IN WHICH THE CALCULATION
15 IS MADE. UNLESS A CONSTITUENT DISTRICT AND THE INTERMEDIATE
16 SCHOOL DISTRICT AGREE UPON ANOTHER ARRANGEMENT, A CONSTITUENT
17 DISTRICT SHALL DELIVER THE TOTAL AMOUNT ON HAND OF THE PAYMENTS
18 REQUIRED UNDER THIS SUBDIVISION ON THE SAME SCHEDULE AS SET FORTH
19 IN SECTION 43 OF THE GENERAL PROPERTY TAX ACT, ACT NO. 206 OF THE
20 PUBLIC ACTS OF 1893, BEING SECTION 211.43 OF THE MICHIGAN
21 COMPILED LAWS.

22 (B) NOT LATER THAN 3 DAYS AFTER RECEIVING REVENUE UNDER
23 SUBDIVISION (A), THE INTERMEDIATE SCHOOL DISTRICT SHALL CALCULATE
24 THE PER PUPIL ALLOCATION BY DIVIDING THE TOTAL AMOUNT OF THE REV-
25 ENUE RECEIVED UNDER SUBDIVISION (A) BY THE TOTAL MEMBERSHIP IN
26 ALL OF THE INTERMEDIATE SCHOOL DISTRICT'S CONSTITUENT DISTRICTS
27 AS OF THE LATEST PUPIL MEMBERSHIP COUNT DAY.

1 (C) NOT LATER THAN 5 DAYS AFTER RECEIVING REVENUE UNDER
2 SUBDIVISION (A), THE INTERMEDIATE SCHOOL DISTRICT SHALL DISTRIB-
3 UTE TO EACH OF ITS CONSTITUENT DISTRICTS AN AMOUNT EQUAL TO THE
4 PER PUPIL ALLOCATION CALCULATED UNDER SUBDIVISION (B) MULTIPLIED
5 BY THE CONSTITUENT DISTRICT'S MEMBERSHIP AS OF THE LATEST PUPIL
6 MEMBERSHIP COUNT DAY, OR AN AMOUNT CALCULATED ON ANOTHER BASIS AS
7 AGREED TO BY THE BOARDS OF THE CONSTITUENT DISTRICTS. HOWEVER,
8 THE DISTRIBUTIONS TO CONSTITUENT DISTRICTS SHALL BE ADJUSTED TO
9 ENSURE THAT EACH CONSTITUENT DISTRICT THAT RECEIVES PAYMENTS
10 UNDER SECTION 21(1) OF THE STATE SCHOOL AID ACT OF 1979, ACT
11 NO. 94 OF THE PUBLIC ACTS OF 1979, BEING SECTION 388.1621 OF THE
12 MICHIGAN COMPILED LAWS, IS FUNDED TO AT LEAST THE SAME EXTENT
13 THAT IT WOULD BE FUNDED IF COMMERCIAL AND INDUSTRIAL PROPERTY TAX
14 BASE SHARING HAD NOT BEEN ADOPTED IN THE INTERMEDIATE SCHOOL
15 DISTRICT.

16 SEC. 755. (1) THE CONSTITUENT DISTRICTS OF AN INTERMEDIATE
17 SCHOOL DISTRICT MAY ADOPT COMMERCIAL AND INDUSTRIAL PROPERTY TAX
18 BASE SHARING UNDER THIS PART BY RESOLUTION OF THE BOARD OF EACH
19 CONSTITUENT DISTRICT. TO BE EFFECTIVE, THE RESOLUTIONS TO ADOPT
20 TAX BASE SHARING SHALL ALL BE MADE DURING A 6-MONTH PERIOD.

21 (2) COMMERCIAL AND INDUSTRIAL PROPERTY TAX BASE SHARING
22 ADOPTED UNDER THIS SECTION IS EFFECTIVE FOR A PERIOD OF 5 SCHOOL
23 FISCAL YEARS, EXCEPT THAT TAX BASE SHARING SHALL NOT BE IN EFFECT
24 FOR A PARTICULAR SCHOOL FISCAL YEAR DURING THAT PERIOD IF THE
25 BOARD OF 1 OR MORE OF THE CONSTITUENT DISTRICTS WITHDRAWS FROM
26 PARTICIPATION BY RESOLUTION OF THE BOARD NOT LATER THAN APRIL 1
27 BEFORE THE START OF THAT SCHOOL FISCAL YEAR.

1 SEC. 757. (1) AN INTERMEDIATE SCHOOL BOARD MAY SUBMIT TO
2 THE SCHOOL ELECTORS OF EACH OF ITS CONSTITUENT DISTRICTS THE
3 QUESTION OF ADOPTING COMMERCIAL AND INDUSTRIAL PROPERTY TAX BASE
4 SHARING UNDER THIS PART. THE QUESTION SHALL BE IN SUBSTANTIALLY
5 THE FOLLOWING FORM:

6 "SHALL THE PROPERTY TAX REVENUE FROM THE ANNUAL GROWTH IN
7 THE STATE EQUALIZED VALUATION OF COMMERCIAL AND INDUSTRIAL PROP-
8 ERTY WITHIN THE _____ (NAME OF THE INTERMEDIATE SCHOOL
9 DISTRICT) INTERMEDIATE SCHOOL DISTRICT BE SHARED AMONG ALL OF THE
10 CONSTITUENT SCHOOL DISTRICTS?

11 YES ()

12 NO ()".

13 (2) THE INTERMEDIATE SCHOOL BOARD SHALL SUBMIT THE QUESTION
14 SPECIFIED IN SUBSECTION (1) IF 1 OR MORE OF THE FOLLOWING OCCUR:

15 (A) ADOPTION OF A RESOLUTION BY THE INTERMEDIATE SCHOOL
16 BOARD PLACING THE PROPOSAL ON THE BALLOT.

17 (B) UPON RECEIPT OF RESOLUTIONS TO PLACE THE PROPOSAL ON THE
18 BALLOT ADOPTED BY A MAJORITY OF THE BOARDS OF ITS CONSTITUENT
19 DISTRICTS AND REPRESENTING MORE THAN 1/2 OF THE COMBINED MEMBER-
20 SHIPS OF THE CONSTITUENT DISTRICTS AS OF THE LATEST PUPIL MEMBER-
21 SHIP COUNT DAY.

22 (3) THE INTERMEDIATE SCHOOL BOARD SHALL SUBMIT THE PROPOSAL
23 TO THE SCHOOL ELECTORS OF EACH CONSTITUENT DISTRICT IN THE SAME
24 MANNER AS A QUESTION SUBMITTED UNDER SECTIONS 661 AND 662 AT THE
25 NEXT ANNUAL ELECTION AFTER 1 OR MORE OF THE CIRCUMSTANCES SPECI-
26 FIED IN SUBSECTION (2) OCCUR, OR THE PROPOSAL MAY BE PRESENTED AT
27 A SPECIAL ELECTION UNDER SECTION 662 CALLED BY THE INTERMEDIATE

1 SCHOOL BOARD FOR THAT PURPOSE NOT EARLIER THAN 90 DAYS OR LATER
2 THAN 120 DAYS AFTER 1 OR MORE OF THE CIRCUMSTANCES SPECIFIED IN
3 SUBSECTION (2) OCCUR.

4 (4) IF A PROPOSAL FOR COMMERCIAL AND INDUSTRIAL PROPERTY TAX
5 BASE SHARING IS APPROVED BY A MAJORITY OF THE SCHOOL ELECTORS
6 VOTING ON THE PROPOSAL IN EACH OF THE CONSTITUENT DISTRICTS, IT
7 IS ADOPTED. TAX BASE SHARING ADOPTED UNDER THIS SECTION IS
8 EFFECTIVE FOR A PERIOD OF 5 SCHOOL FISCAL YEARS, BEGINNING ON THE
9 FIRST DAY OF THE NEXT SCHOOL FISCAL YEAR AFTER THE OFFICIAL DEC-
10 LARATION OF THE VOTE.

11 (5) COMMERCIAL AND INDUSTRIAL TAX BASE SHARING MAY BE PRO-
12 POSED AND VOTED UPON UNDER THIS SECTION WHETHER OR NOT TAX BASE
13 SHARING ADOPTED UNDER SECTION 755 IS IN EFFECT AT THE TIME OF THE
14 VOTE. IF A PROPOSAL FOR TAX BASE SHARING UNDER THIS SECTION IS
15 ADOPTED, IT SHALL SUPERSEDE TAX BASE SHARING ADOPTED UNDER SEC-
16 TION 755. IF A PROPOSAL FOR TAX BASE SHARING UNDER THIS SECTION
17 IS NOT ADOPTED, THAT RESULT SHALL NOT AFFECT TAX BASE SHARING
18 ADOPTED UNDER SECTION 755.

19 Sec. 1211. (1) The board of a school district shall vote
20 to levy taxes necessary for school operating purposes to conduct
21 the educational programs authorized by the board.

22 (2) As used in this section, "school operating purposes"
23 includes expenditures for furniture and equipment, for alter-
24 ations necessary to maintain school facilities in a safe and san-
25 itary condition, for funding the cost of energy conservation
26 improvements in school facilities, and for deficiencies in
27 operating expenses for the preceding year.

1 (3) THIS SECTION DOES NOT RESTRICT THE ABILITY OF A SCHOOL
2 DISTRICT TO PARTICIPATE IN COMMERCIAL AND INDUSTRIAL PROPERTY TAX
3 BASE SHARING UNDER SECTIONS 751 TO 757.

4 Sec. 1216. Except as provided in SECTIONS 751 TO 757 AND
5 IN section 1a of chapter 7 of THE MUNICIPAL FINANCE ACT, Act No.
6 202 of the Public Acts of 1943, being section 137.1a of the
7 Michigan Compiled Laws, money raised by tax shall not be used for
8 a purpose other than that for which it was raised without the
9 consent of a majority of the school electors of the district
10 voting on the question at an annual or special meeting or
11 election.

12 Section 2. This amendatory act shall not take effect unless
13 Senate Bill No. _____ or House Bill No. 5886 (request
14 no. 05507'90 a) of the 85th Legislature is enacted into law.