

SENATE BILL NO. 421

May 06, 2021, Introduced by Senators VICTORY and HORN and referred to the Committee on Finance.

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

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
5 less. A principal residence, qualified agricultural property,
6 qualified forest property, supportive housing property, property

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

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

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

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

27 (5) Except as otherwise provided under this subsection,
28 millage levied under this section must be approved by the school
29 electors. For the purposes of this section, millage approved by the

1 school electors before January 1, 1994 for which the authorization
2 has not expired is considered to be approved by the school
3 electors. With the approval of the state treasurer, a school
4 district may pledge millage levied under this section for the
5 repayment of a loan under the emergency municipal loan act, 1980 PA
6 243, MCL 141.931 to 141.942, money borrowed by the school district
7 under section 1225, or the repayment of advances, overpayments, or
8 other obligations of the school district to this state under
9 section 15 of the state school aid act of 1979, MCL 388.1615.

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

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

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

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

1 fiscal year under section 20 of the state school aid act of 1979,
2 MCL 388.1620, the school district may not reduce the number of
3 mills from which certain classes of property are exempted from the
4 levy of millage under subsection (1) and may not levy that number
5 of mills on those classes of property as would otherwise be allowed
6 under subsection (1).

7 (10) As used in this section:

8 (a) "Combined state and local revenue per membership pupil"
9 means that term as defined in section 20 of the state school aid
10 act of 1979, MCL 388.1620.

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

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

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

19 (e) "Industrial personal property" means the following:

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

23 (ii) Beginning December 31, 2011, industrial personal property
24 does not include a turbine powered by gas, steam, nuclear energy,
25 coal, or oil the primary purpose of which is the generation of
26 electricity for sale.

27 (f) "Membership" means that term as defined in section 6 of
28 the state school aid act of 1979, MCL 388.1606.

29 (g) ~~"Owner", "person", "principal"~~ **Principal** residence" ~~, and~~

1 "qualified agricultural property" mean those terms as defined in
2 section 7dd of the general property tax act, 1893 PA 206, MCL
3 211.7dd.

4 (h) "Property occupied by a public school academy" means
5 property occupied by a public school academy, urban high school
6 academy, or school of excellence that is used exclusively for
7 educational purposes.

8 (i) **"Qualified community land trust property" means that term**
9 **as defined in section 7rr of the general property tax act, 1893 PA**
10 **206, MCL 211.7rr.**

11 (j) ~~(i)~~—"Qualified forest property" means that term as defined
12 in section 7jj of the general property tax act, 1893 PA 206, MCL
13 211.7jj[1].

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

26 (i) Taxes levied by a school district for operating a community
27 college under part 25.

28 (ii) Taxes levied under section 1212.

29 (iii) Taxes levied under section 1356 for eliminating an

1 operating deficit.

2 (iv) Taxes levied for operation of a library under section 1451
3 or for operation of a library established under 1913 PA 261, MCL
4 397.261 to 397.262, that were not included in the operating millage
5 reported by the district to the department as of April 1, 1993.
6 However, a district may report to the department not later than
7 April 1, 1994 the number of mills it levied in 1993 for a purpose
8 described in this subparagraph that the school district does not
9 want considered as operating millage and then that number of mills
10 is excluded under this section from taxes levied for school
11 operating purposes.

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

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

26 (l) ~~(k)~~ "Supportive housing property" means real property
27 certified as supportive housing property under chapter 3B of the
28 state housing development authority act of 1966, 1966 PA 346, MCL
29 125.1459 to 125.1459a.

1 Enacting section 1. This amendatory act does not take effect
2 unless Senate Bill No. 420 of the 101st Legislature is enacted into
3 law.