



**House
Legislative
Analysis
Section**

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SCHOOLS: ENHANCEMENT MILLAGE

House Bill 4502
Sponsor: Rep. Gerald Law
Committee: Education

Complete to 5-9-96

A SUMMARY OF HOUSE BILL 4502 AS INTRODUCED 3-1-95

House Bill 4502 would amend the School Code to extend indefinitely the ability of local school districts to levy, with voter approval, an enhancement millage of up to three mills, which is currently permitted only for the years 1994 through 1996, and to repeal the provision allowing a voter-approved ISD-wide enhancement millage as of 1997.

Under Michigan's new school financing system, local school districts can, for the years 1994 through 1996, levy up to three "enhancement" mills with voter approval to increase school operating revenue. The enhancement mills are levied on both homestead and non-homestead property. In order to levy these mills, generally speaking, a district must first have received voter approval to levy 18 local mills on non-homestead property. The 18-mill levy is required for a district to receive its basic grant from the state (which is supported in part by a 6-mill state property levy on both homestead and non-homestead property and revenue from sales taxes, income taxes, and tobacco taxes). Also, certain higher-spending school districts are permitted to levy "hold harmless" mills so that they can maintain the spending levels they had prior to the introduction of the new school finance system. For districts in which hold harmless mills are permitted, they also must be levied prior to the levy of any "enhancement" mills. Hold harmless mills are levied only on homesteads until they reach the level of 18 mills, at which point they are levied on non-homestead property as well.

After 1996, enhancement mills can no longer be levied on a local district basis, but must receive voter approval at the intermediate school district level. Beginning in 1997, under current law, an ISD, with voter approval, could levy up to three mills, with the revenue to be shared with constituent local districts on a per pupil basis.

House Bill 4502 (5-9-96)

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.