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BILL ANALYSIS

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House Bill 4125 (Substitute H-3 as reported without amendment)

Sponsor: Representative Paul Condino

House Committee: Education

Senate Committee: Education

### **CONTENT**

The bill would amend the Revised School Code to permit a school board that had levied additional mills beyond the maximum number of mills otherwise permitted under the Code for school operating purposes, to exempt residential property and qualified agricultural and forest property from all or a portion of those additional mills.

Under the Code, the board of a school district may levy up to 18 mills for school operating purposes, or the number of mills levied in 1993 for school operating purposes, whichever is less. If, for the 1994-1995 school fiscal year, the maximum number of mills allowed to be levied under those provisions was not sufficient for a school district's combined State and local revenue per membership pupil to be equal to the district's foundation allowance for that school fiscal year, then the school board for that district may levy additional mills uniformly on all property, up to the number of mills necessary to generate revenue equal to the district's foundation allowance in the 1994-1995 school fiscal year.

Under the bill, a district's school board, by resolution, could elect to exempt each principal residence and all qualified agricultural property and qualified forest property located in the school district from some or all of the mills that the board is authorized to levy under those provisions.

MCL 380.1211

Legislative Analyst: Curtis Walker

### **FISCAL IMPACT**

The bill would have no fiscal impact on the State.

The bill potentially could affect the school districts of Southfield and River Rouge. Southfield levies 1.6325 mills above the 18-mill hold harmless limit. With a taxable value of \$1,372,190,172 on homestead property, the district would lose \$2,240,100 in revenue if the school board decided to exempt property as described in the bill. This would translate to a per-pupil loss of \$227 for district schools.

River Rouge levies 1.4374 mills above the 18-mill hold harmless limit. Homestead property in the city is valued at \$44,786,731. Exempting the property as described in the bill would result in \$64,376 in lost revenue. The district would lose approximately \$34 per pupil.

(The figures in this analysis are taken from the November 2006 State Aid status report.)

Date Completed: 12-13-06

Fiscal Analyst: Kirk Sanderson