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BILL ANALYSIS

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Senate Bill 63 (Substitute S-1)
Sponsor: Senator Dayna Polehanki
Committee: Education

(Senate-passed version)

Date Completed: 2-21-23

CONTENT

The bill would amend the Revised School Code to allow a sinking fund tax authorized on or after the bill's effective date to be used for the purchase of real estate for school buildings, for school security improvements, for the acquisition or upgrading of technology, for the acquisition of student transportation vehicles, or for the acquisition of vehicles used in the maintenance of school buildings.

The Code allows the board of a school district, if approved by the school electors of the district, to levy a tax on the taxable value of the real and personal property of the school district each year for the purpose of creating a sinking fund.

A sinking fund tax authorized before March 29, 2017, may be used for the purchase of real estate for sites for, and the construction or repair of, school buildings. A sinking fund tax authorized on or after March 29, 2017, also may be used for school security improvements or for the acquisition or upgrading of technology. Under the bill, this provision would apply until the bill's effective date.

In addition, under the bill, for a sinking fund tax authorized on or after the bill's effective date, the sinking fund tax could be used for the following:

- Purchase of real estate for sites for, and the construction or repair of, school buildings.
- School security improvements.
- The acquisition or upgrading of technology.
- The acquisition of student transportation vehicles, and the acquisition of parts, supplies, and equipment used in the maintenance of student transportation vehicles.
- The acquisition of trucks and vans registered under the Michigan Vehicle Code and used to carry parts, equipment, and personnel for or in the maintenance of school buildings, or for the acquisition of parts, supplies, and equipment used to maintain those trucks and vans.

The bill would take effect 90 days after its enactment.

MCL 380.1212

PREVIOUS LEGISLATION

(Please note: The information in this summary provides a cursory overview of previous legislation and its progress. It does not provide a comprehensive account of all previous legislative efforts on the relevant subject matter.)

The bill is similar to Senate Bill 384 from the 2017-2018 Legislative Session. The bill was reported from the Senate Committee on Finance but received no further action.

Legislative Analyst: Tyler P. VanHuyse

FISCAL IMPACT

The bill would have no fiscal impact on the State and a positive impact on local school districts. By allowing districts to use a sinking fund tax for the acquisition of school transportation vehicles, the bill would enable districts to offset general fund dollars that presently go toward school transportation. School districts then could use their freed-up general fund dollars for other programs and services in their districts. Because of local discretion in the use of sinking fund taxes, it is not possible to savings estimate an average amount of general fund offset throughout the State.

Fiscal Analyst: Cory Savino, PhD

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.