

**THE REVISED SCHOOL CODE (EXCERPT)**  
**Act 451 of 1976**

**380.961 Territory detached from school district having bonded indebtedness; taxes; bond issue; exemptions; collections; payment of present value of pro rata bonded indebtedness; certifications; settlement of bonded indebtedness.**

Sec. 961.

(1) If territory is detached from a school district which has bonded indebtedness and transferred to another school district, the territory shall remain as part of the district from which detached for the purpose of levying debt retirement taxes for the bonded indebtedness until the bonds are redeemed or sufficient funds are available in the debt retirement fund for that purpose. The transferred territory shall not be part of the school district from which detached for the purpose of a subsequent bond issue, nor shall the detached territory be part of the school district from which detached for tax levies imposed for the purpose of bonded indebtedness created or assumed at a time when the portion of detached territory was not a part of the district or territory approving or assuming the bonded indebtedness. The territory shall be a part of the school district to which transferred for all other purposes.

(2) The territory shall not be subject to debt retirement tax levies for bonded indebtedness of the school district to which transferred existing at the time of transfer until the bonded indebtedness of the school district from which the territory was transferred existing at the time of the transfer is retired or sufficient funds are available and earmarked in the debt retirement fund for that purpose. The board of the school district to which the property is attached, by resolution, may exempt the property from the debt tax levies for not more than 3 years. The school officials of the district to which the territory is attached shall certify required debt retirement levies for the bonds of the school district from which the territory was detached, and the territory over which the levies are to be spread, to the proper taxing officials when certifying other taxes to be levied by the school district. The tax collecting officials shall remit the collections with other tax collections to the school district to which the property is attached. The officials of that school district shall immediately transmit the collections to the school district from which the territory was detached.

(3) The school district to which territory is attached may pay to the school district from which the land is detached the present value of the pro rata bonded indebtedness of the detached territory. The intermediate school board shall certify to the department of treasury the fact of the transfer, the description of the territory transferred, the bonded indebtedness of the school district from which the territory is detached, the assessed valuation of the school district from which the territory is detached, the assessed valuation of the detached territory, and other information the department of treasury may require. The department of treasury shall determine the pro rata share of the bonded indebtedness of the detached territory to the board of the school district from which the territory is detached. The department of treasury shall certify the amount determined to the intermediate school board. The intermediate school board shall certify the amounts to the boards of the school districts affected. The school district to which the territory is transferred may pay the sum to the school district from which the territory has been detached. Settlement of the bonded indebtedness shall be made on the state equalized valuation in the year of transfer. The school district receiving the money shall apply it under the terms and tenor of the bond issue.

(4) A transfer made after September 1 in a given year shall be a part of the territory from which detached for the purpose of the succeeding December tax levy in the year of transfer. Upon settlement of the bonded indebtedness by the school district to which the territory has been attached, the territory is subject to the bond debt retirement tax levy for bonded indebtedness of the school district to which attached existing at the time of transfer. For the purpose of making the settlement, the school district to which the territory is attached may use up to 15% of state school aid in 1 year.

**History:** 1976, Act 451, Imd. Eff. Jan. 13, 1977 ;-- Am. 1983, Act 118, Imd. Eff. July 18, 1983

**Popular Name:** Act 451