

Legislative Analysis



ALLOW SINKING FUND MILLAGE TO BE USED FOR CERTAIN SCHOOL TRANSPORTATION EXPENSES

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Senate Bill 63 (S-1) as passed by the Senate
Sponsor: Sen. Dayna Polehanki
House Committee: Education
Senate Committee: Education
Complete to 3-21-23

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 1057 would amend the Revised School Code to allow funds raised through a sinking fund millage approved by voters to be used for certain expenses related to transportation.

Under current law, for a sinking fund millage approved before March 29, 2017, the revenue raised under that millage may be used for the purchase of real estate for sites for, and the construction or repair of, school buildings. For a millage approved after that date, revenues raised under that millage can also be used for school security improvements or for the acquisition or upgrading of technology.

The bill would allow the following additional uses of millage funds for a sinking fund millage approved after the date the bill takes effect:

- The acquisition of student transportation vehicles.
- The acquisition of parts, supplies, and equipment used for 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.
- The acquisition of parts, supplies, and equipment used to maintain those trucks and vans.

The bill would take effect 90 days after it is enacted into law.

MCL 380.1212

FISCAL IMPACT:

Senate Bill 63 would have no fiscal impact on the state and an indeterminate fiscal impact on local school districts. The bill would not affect current, voter-approved sinking funds for local school districts, but would have a fiscal impact on districts for future sinking fund millages.

To the extent that expanding the allowable use of sinking funds could translate to an increase in sinking fund millage rates or the number of districts utilizing sinking funds, the bill could generate additional millage revenue for districts and allow a district to reprioritize general operating funds that would otherwise support school transportation. However, if a district that otherwise would have sought a bond millage for purchasing school buses instead uses a sinking

fund for that purpose, the overall number of mills levied per district could remain the same while eliminating the legal and interest costs related to a bond that do not exist for a sinking fund. (Bonds may be used for school buses, but not other vehicles such as trucks or vans.) There is not enough information available to estimate the effect the bill would have on either school district or voter behavior.

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