



Senate Fiscal Agency  
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## BILL ANALYSIS

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

### **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 bill would take effect 90 days after its enactment.

MCL 380.1212

### **BRIEF RATIONALE**

Currently, a school district may pay for transportation costs, such as school buses, with money from the district's general fund or by issuing bonds. The Code also allows a school district to levy taxes for a voter-approved sinking fund for specific purposes but does not provide for the use of a sinking fund for transportation purposes. Some people believe that allowing the use of sinking funds for transportation would offer school districts more flexibility to meet their pupil transportation needs.

### **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.

Date Completed: 2-22-23

Fiscal Analyst: Cory Savino, PhD