MICHIGAN COURT OF APPEALS

Detroit Public Schools Community District and School District of the City of Detroit v. Department of Treasury and State Treasurer

Detroit Public Schools Community District · No. 379565 · Decided June 24, 2026

SUMMARY

The Michigan Court of Appeals considered whether Detroit Public Schools Community District could continue levying an operating tax after repaying a state emergency loan in order to repay outstanding bond and revolving-fund debt. The court held that the applicable statutes authorize operating-tax revenue for school operating purposes, including repayment of an emergency loan, but not for the bond and revolving-fund debt at issue. The court affirmed the Court of Claims' grant of summary disposition to the Department of Treasury and State Treasurer.

CASE DETAILS

COURT	Michigan Court of Appeals
WRITING FOR THE COURT	Michael J. Riordan; Daniel S. Korobkin; Philip P. Mariani
JURISDICTION	Michigan Court of Appeals
DECIDED	June 24, 2026
DOCKET	379565
DISPOSITION	affirmed
PROCEDURAL POSTURE	Plaintiffs appealed by right from the Court of Claims' order granting defendants summary disposition under MCR 2.116(C)(8) and denying plaintiffs' motion for summary disposition under MCR 2.116(C)(10).
STANDARD OF REVIEW	The court reviews de novo issues of statutory interpretation and whether a lower court properly granted summary disposition. A motion under MCR 2.116(C)(10) may be granted only when there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Detroit Public Schools Community District, School District of the City of Detroit v. Department of Treasury, State Treasurer

TOPICS

statutory interpretation | noscitur a sociis | standard of review | appellate procedure | municipal finance

PRACTICE AREAS

education law | municipal finance | state and local taxation | statutory interpretation | appellate procedure

QUESTIONS PRESENTED

1. Whether MCL 380.12b(3)(b) requires or authorizes a qualifying school district to continue levying an operating tax until all of its outstanding debt, including bond and revolving-fund debt, is repaid.
2. Whether repayment of bond debt and revolving-fund debt constitutes a school operating purpose under MCL 380.1211.
3. Whether the Treasury was entitled to summary disposition on the statutory-interpretation dispute.

HOLDINGS

1. MCL 380.12b(3)(b) requires Detroit Public Schools to comply with applicable law and the terms of its debt when repaying outstanding debt, but it does not expand the district's statutory authority to levy an operating tax beyond the limits imposed by MCL 380.1211.
2. Repayment of the emergency loan is a school operating purpose, but repayment of the bond debt and revolving-fund debt at issue is not a school operating purpose for which Detroit Public Schools may levy the operating tax.
3. The Treasury was entitled to summary disposition because the governing statutes do not authorize Detroit Public Schools to continue levying the operating tax after repayment of the emergency loan for the purpose of repaying the bond and revolving-fund debt at issue.

KEY QUOTATIONS

> *"However, MCL 380.12b(3)(b) does not expand the statutory powers of DPS to impose an operating tax under MCL 380.1211 beyond the terms set by MCL 380.1211 itself."* (-8-)

> *"Thus, it is clear that repayment of the emergency loan is a "deficienc[y] in operating expenses" and therefore a "school operating purpose[]" for which the tax contemplated by MCL 380.1211 may be levied."* (-9-)

> *"The trial court correctly concluded that DPS cannot continue to levy the operating tax under MCL 380.12b and MCL 380.1211 once DPS repays its emergency loan."* (-10-)

FACTUAL BACKGROUND

In 2016, Michigan established the Detroit Public Schools Community District as the successor operating district while Detroit Public Schools remained as a separate entity to collect taxes and repay debt. Detroit Public Schools received a $150 million emergency loan from the State, and it also had outstanding qualified bond debt and revolving-fund debt. Detroit Public Schools used operating-tax revenues to repay the emergency loan and debt millages to repay the bond and revolving-fund debt, and it sought a declaration that it could continue levying the operating tax after the emergency loan was repaid. The Treasury took the position that the operating tax could fund only operating obligations, not bond or revolving-fund debt.

PROCEDURAL HISTORY

The School Districts sought declaratory relief concerning whether Detroit Public Schools could continue levying an operating tax after repaying a State emergency loan, in order to repay outstanding bond and revolving-fund debt. The Court of Claims granted the Treasury summary disposition, concluding that the operating tax could be used to repay the emergency loan but not bond or revolving-fund debt. The Michigan Court of Appeals affirmed.

DISPOSITION

affirmed

CASES CITED

- Milne v Robinson, 513 Mich 1, 7; 6 NW3d 40 (2024)
- El-Khalil v Oakwood Healthcare, Inc, 504 Mich 152, 160; 934 NW2d 665 (2019)
- Koontz v Ameritech Servs, Inc, 466 Mich 304, 318; 645 NW2d 34 (2002)
- Kent Co Ed Ass'n v Wyoming Bd of Ed, 145 Mich App 452, 455; 378 NW2d 778 (1985)
- Detroit Pub Sch Community Dist v Dep't of Treasury, unpublished order of the Court of Appeals, entered May 7, 2026 (Docket No. 379565)