

A BILL TO BE ENTITLED  
AN ACT

1 To amend Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to  
2 elementary and secondary education, so as to change provisions for calculating the minimum  
3 amount of local expenditures for education required in order to participate in the Quality  
4 Basic Education Program; to provide definitions; to change provisions relating to the local  
5 five mill share; to provide for the relationship between the new minimum expenditures and  
6 the five mill share; to provide for the effect of the new minimum expenditures on the state  
7 funds allocated to local school systems; to provide for reducing the amount of state funds  
8 allotted to a local school system in certain circumstances; to provide for related matters; to  
9 repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

**SECTION 1.**

11 Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to elementary and  
12 secondary education, is amended by striking Code Section 20-2-163 and inserting in lieu  
13 thereof the following:

14 "20-2-163.

15 ~~Reserved.~~ (a) As used in this Code section, the term:

16 (1) 'Equalized adjusted property tax digest' means the most recent equalized adjusted  
17 property tax digest furnished to the State Board of Education in accordance with  
18 paragraph (1) of subsection (c) of Code Section 20-2-164.

19 (2) 'Local tax revenues' means the sum of tax revenues for a local school system,  
20 including the revenue from local property taxes for schools, any local sales tax revenues  
21 dedicated to education, revenues from any other local tax dedicated to education in  
22 accordance with law, and revenues from local taxes received by independent school  
23 systems by appropriation from the taxing authority for the jurisdiction, increased by any  
24 federal funds designed to replace local tax revenues provided to the said system;  
25 provided, however, that the local school system has furnished the state board with  
26

1 acceptable documentation that clearly identified the source or sources of such federal  
 2 funds. The term shall not include any funds furnished by the state, funds transferred from  
 3 another school system, or student tuition and fees.

4 (3) 'Minimum comparative millage rate' shall be calculated as follows: rank the school  
 5 systems by the millage rate imposed for schools on the local property tax digest for each  
 6 school system, with the school system imposing the highest millage rate ranked as the  
 7 first system and the remaining school systems ranked in descending order by millage  
 8 rate. Compute the average of the millage rates for the first 25 school systems. Ninety  
 9 percent of such average will be the minimum comparative millage rate.

10 (4) 'Minimum millage rate' means 12 mills.

11 (b) Notwithstanding any other provision in this chapter, as a condition for receipt of state  
 12 funds for the Quality Basic Education Program, each local school system shall spend from  
 13 local tax revenues for education in each fiscal year no less than an amount equivalent to the  
 14 lesser of the following:

15 (1) The minimum millage rate applied to the local equalized annual property tax digest;  
 16 or

17 (2) The minimum comparative millage rate applied to the local equalized annual property  
 18 tax digest.

19 (c) Annually, the State Board of Education shall calculate:

20 (1) The minimum comparative millage rate;

21 (2) The amount equivalent to the minimum comparative millage rate as applied to the  
 22 local equalized annual property tax digest for each local school system; and

23 (3) The amount equivalent to the minimum millage rate as applied to the local equalized  
 24 annual property tax digest for each local school system.

25 (d) For purposes of this Code section, the local five mill share computed in accordance  
 26 with Code Section 20-2-164 shall be considered a portion of the required local system  
 27 expenditures. Except for the five mill share, the amount of the expenditures required by this  
 28 Code section shall not be subtracted from the total amount of state funds to be allotted to  
 29 a local school system in calculating state funding for each local system in accordance with  
 30 Code Section 20-2-166."

## 31 **SECTION 2.**

32 Said chapter is further amended by striking Code Section 20-2-164, relating to local five mill  
 33 share funds, and inserting in lieu thereof the following:

1 "20-2-164.

2 (a) The State Board of Education shall calculate the amount of local five mill share funds  
3 that for each local school system ~~shall be required to spend each fiscal year to participate~~  
4 ~~in the Quality Basic Education Program~~ as follows:

5 (1) Unless the combined local five mill share total for all local school systems in the  
6 state, when calculated pursuant to this paragraph, exceeds 20 percent of the sum of the  
7 Quality Basic Education Formula amounts, as calculated pursuant to subsection (d) of  
8 Code Section 20-2-161, the amount of each local school system's local five mill share  
9 shall be calculated as follows:

10 (A) Determine the most recent equalized adjusted school property tax digest for the  
11 local school system less the amount attributable to timber calculated pursuant to  
12 paragraph (2) of subsection (b) of Code Section 48-5-274, multiply the difference by  
13 .4, and add to that product the amount attributable to timber calculated pursuant to  
14 paragraph (2) of subsection (b) of Code Section 48-5-274;

15 (B) From the amount calculated in subparagraph (A) of this paragraph deduct the total  
16 amount calculated pursuant to subsection (g) of this Code section; and

17 (C) Multiply the remainder calculated in subparagraph (B) of this paragraph by .005;  
18 or

19 (2) If the combined local five mill share total for all local school systems in this state,  
20 when calculated pursuant to paragraph (1) of this subsection, exceeds 20 percent of the  
21 sum of the Quality Basic Education Formula amounts, as calculated pursuant to  
22 subsection (d) of Code Section 20-2-161, then the amount of each local system's five mill  
23 share shall be calculated as follows:

24 (A) Multiply the total amount of Quality Basic Education Formula amounts to be  
25 expended for all local school systems combined, as calculated for each local school  
26 system pursuant to Code Section 20-2-161, by .2;

27 (B) Divide the product calculated in subparagraph (A) of this paragraph by the sum of  
28 the local five mill share amounts for all local school systems in this state as calculated  
29 for each local school system pursuant to subparagraph (C) of paragraph (1) of this  
30 subsection;

31 (C) Multiply the amount calculated in subparagraph (B) of this paragraph by .005; and

32 (D) Multiply the product calculated in subparagraph (C) of this paragraph by the  
33 remainder calculated in subparagraph (B) of paragraph (1) of this subsection.

34 (b)(1) Each local school system shall apply the total amount of its local five mill share  
35 funds to programs funded under this article and in the manner so earned as indicated on  
36 the allotment sheets as provided by the State Board of Education; provided, however, that  
37 no portion of the local five mill share funds is applied to the financing of educational

1 programs and services operated at the option of the local school system or for any grant  
 2 program which explicitly excludes the application of local funds or which explicitly  
 3 requires an application of local funds other than from the local five mill share.

4 (2) The local school system may apply revenues toward the local five mill share from  
 5 any source except: funds derived from the federal government which were not designed  
 6 to replace local tax revenues; state funds; student tuition and fees; funds transferred from  
 7 another local unit of administration; and other sources specifically prohibited by  
 8 provisions of this article; provided, however, that an independent school system may  
 9 apply appropriations from the taxing authority of its municipal government.

10 (c)(1) The state auditor shall furnish to the State Board of Education the equalized  
 11 adjusted school property tax digests in accordance with Code Section 48-5-274.

12 (2) Except as provided in subsection (b) of Code Section 20-2-162, the sums of the most  
 13 recent equalized adjusted school property tax digests shall be used to make the  
 14 calculations required by subsection (a) of this Code section for each fiscal year.

15 (d) Each municipality having an independent school system and each county government  
 16 shall annually provide the Department of Revenue with the following information for each  
 17 local school system within its jurisdiction:

18 (1) The total number of granted state-wide constitutional homestead exemptions for  
 19 occupied homes pursuant to Code Section 48-5-44 exclusive of those homestead  
 20 exemptions provided pursuant to Code Sections 48-5-47, 48-5-48, and 48-5-52;

21 (2) The total number of granted state-wide constitutional homestead exemptions for  
 22 disabled veterans pursuant to Code Section 48-5-48;

23 (3) The amounts of tax and nontax revenues by source which have been distributed by  
 24 said local government to local school systems for educational maintenance and operation;  
 25 provided, further, that if the total tax revenues collected by a municipal government  
 26 exceed the amount of all revenues distributed to its school system, the total amount of tax  
 27 revenues collected by the municipal government shall also be submitted to the  
 28 Department of Revenue. Such data shall be submitted to the Department of Revenue no  
 29 later than the date required for the submission of the local tax digests to the Department  
 30 of Revenue; and

31 (4) The difference between the actual assessed valuation of agricultural property and the  
 32 valuation that would be assessed if all agricultural property were assessed at 40 percent  
 33 of its fair market value as provided in Code Section 48-5-7; provided, however, that if the  
 34 taxing authority of a local school system assesses property at a legal standard other than  
 35 40 percent of fair market value, the actual assessed valuation used in this calculation shall  
 36 be reduced to represent the amount which would be assessed if the jurisdiction assessed  
 37 property at 40 percent of fair market value.

1 (e) The Department of Revenue shall annually verify, certify as correct, and furnish the  
 2 State Board of Education with the following data for each local school system by  
 3 November 15:

4 (1) All tax and nontax revenues by source for the preceding fiscal year which were  
 5 distributed for educational maintenance and operation; provided, however, such tax and  
 6 nontax revenues shall exclude any state revenue collections which were previously  
 7 distributed to the state general fund and then appropriated or allocated to local school  
 8 systems; and provided, further, that if the total tax revenues collected by a municipal  
 9 government exceed the amount of all revenues which it distributed to its school system,  
 10 the total amount of revenues distributed to the school system shall be designated as tax  
 11 revenues in the report of the Department of Revenue to the state board;

12 (2) The number of exemptions granted for state-wide constitutional homestead  
 13 exemptions for owner occupied homes pursuant to Code Section 48-5-44, exclusive of  
 14 those homestead exemptions provided pursuant to Code Sections 48-5-47, 48-5-48, and  
 15 48-5-52, for the preceding calendar year;

16 (3) The number of exemptions granted for state-wide constitutional homestead  
 17 exemptions for disabled veterans pursuant to Code Section 48-5-48 for the preceding  
 18 calendar year; and

19 (4) The difference between the actual assessed valuation of agricultural property and the  
 20 valuation that would be assessed if all agricultural property were assessed at 40 percent  
 21 of its fair market value as provided in Code Section 48-5-7, adjusted pursuant to  
 22 paragraph (4) of subsection (d) of this Code section.

23 (f) The Office of Planning and Budget shall annually furnish to the State Board of  
 24 Education the estimated number of individuals age 65 or older residing in each local school  
 25 system and the estimated percent that such individuals are of the total population for each  
 26 local school system. The Office of Planning and Budget shall furnish all information  
 27 requested by the General Assembly regarding the procedure for estimating this percent.

28 (g) For purposes of calculation under this Code section and Code Section 20-2-165, the  
 29 equalized adjusted school property tax digest, adjusted by paragraph (1) of subsection (a)  
 30 of this Code section, shall be reduced by the sum of the following products:

31 (1) The product of the number of constitutional homestead exemptions for owner  
 32 occupied homes pursuant to Code Section 48-5-44 granted for that year, exclusive of  
 33 those homestead exemptions provided pursuant to Code Sections 48-5-47, 48-5-48, and  
 34 48-5-52, multiplied by the amount per exemption authorized under Code Section 48-5-44;  
 35 provided, further, that in any city operating an independent school system which provides  
 36 a homestead exemption through local legislation comparable to that provided in Code  
 37 Section 48-5-44, the product calculated in this paragraph shall represent the number of

1 homestead exemptions provided through the applicable local legislation multiplied by the  
 2 amount per exemption authorized in Code Section 48-5-44, or by the amount per  
 3 exemption authorized in the applicable local legislation, whichever is less; and provided,  
 4 further, that if the amount per exemption authorized in Code Section 48-5-44 has been  
 5 changed subsequent to the year of the applicable digest, the more recently adopted  
 6 amount per exemption shall be used for the product calculated in this paragraph;

7 (2) The product of the number of constitutional homestead exemptions for disabled  
 8 veterans pursuant to Code Section 48-5-48 granted for that year, multiplied by the amount  
 9 per exemption authorized under that Code section; provided, further, that in any city  
 10 operating an independent school system which provides a homestead exemption through  
 11 local legislation comparable to that provided in Code Section 48-5-48, the product  
 12 calculated in this paragraph shall represent the number of homestead exemptions  
 13 provided through the applicable local legislation multiplied by the amount per exemption  
 14 authorized in the applicable local legislation, whichever is less; and provided, further, that  
 15 if the amount per exemption authorized in Code Section 48-5-48 has been changed  
 16 subsequent to the year of the applicable digest, the more recently adopted amount per  
 17 exemption shall be used for the product calculated in this paragraph;

18 (3) The product of the estimated number of persons age 65 or older residing in the local  
 19 school system during that year multiplied by 5,000;

20 (4) The product which results from the following calculations:

21 (A) Subtract the estimated state-wide percentage that persons age 65 or older is of the  
 22 total population, excluding military personnel and institutional population, from the  
 23 respective percentage for the local school system. If the respective percentage for the  
 24 local school system is less than the state-wide percentage, a difference of zero shall be  
 25 used in the calculations in this paragraph;

26 (B) Multiply the difference which results from subparagraph (A) of this paragraph by  
 27 1,000; and

28 (C) Multiply the product which results from subparagraph (B) of this paragraph by the  
 29 estimated number of persons age 65 or older residing in the local school system during  
 30 that year; and

31 (5) The product which results from the following calculations:

32 (A) Divide the amount reported in paragraph (4) of subsection (e) of this Code section  
 33 by the average ratio of assessed value to true value used to calculate the most recent  
 34 equalized adjusted school property tax digest pursuant to Code Section 48-5-274; and

35 (B) Multiply the quotient which results from subparagraph (A) of this paragraph by .4.

36 (h) In the event a local school system fails to provide for or to use the amount of local  
 37 funds required by Code Section 20-2-163 to be raised and applied by the local school

1 system in order to participate in the Quality Basic Education Program as defined by this  
2 article during any fiscal year, the State Board of Education shall calculate the total amount  
3 of ~~such funds~~ expenditures by the local school system in accordance with Code Section  
4 20-2-163, subtract the amount of such expenditures from the total amount of expenditures  
5 required by Code Section 20-2-163 for the local school system, and add ~~that amount~~ the  
6 difference to the local five mill share being required of the local school system for an  
7 ensuing fiscal year. Further, should the state auditor cite an audit exception which requires  
8 that a local school system return an amount of funds to the state general fund, the state  
9 board shall add said amount to the local five mill share of the local school system for an  
10 ensuing fiscal year if the state board has not been provided documentation that the amount  
11 has already been paid to the state general fund. Such additions will thereby reduce the  
12 amount of state funds which shall be allotted to such local school systems. If a local school  
13 system does not fulfill its obligation in accordance with Code Section 20-2-163, its  
14 obligation to provide a local five mill share, or its obligation to comply with any other  
15 provisions of this article for any fiscal year, the state board may withhold any portion or  
16 all of the state funds to be allotted during the current or an ensuing fiscal year."

### 17 SECTION 3.

18 All laws and parts of laws in conflict with this Act are repealed.