House Bill 760

By: Representatives Coleman of the 97th, England of the 108th, Dickson of the 6th, Kaiser of the 59th, Abrams of the 84th, and others

A BILL TO BE ENTITLED
AN ACT

To amend Part 10 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia1 Annotated, relating to capital outlay funds for elementary and secondary education, so as to replace the exceptional growth program with an expansion of the maximum entitlement level for regular capital outlay earnings; to increase requirements relating to the advance funding program; to eliminate requirements for a nonbinding referendum for a school closure; to delete language relating to debt service credit, prototypical designs, and weighted full-time equivalent student counts; to delete obsolete provisions; to provide for redirect requests in the event of damage or destruction due to fire or natural disaster; to broaden eligibility for low-wealth capital outlay grants; to provide for related matters; to provide for an effective date and applicability; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Part 10 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to capital outlay funds for elementary and secondary education, is amended in Code Section 20-2-260, relating to capital outlay funds generally, by revising paragraphs (2), (7.1), (11), and (17) of subsection (b) as follows:

"(2) ‘Annual debt service’ is defined as expenditures for the annual retirement of debt for capital outlay construction projects for educational facilities and shall include the interest on the principal as well as the principal of the debt. Reserved."

"(7.1) ‘Exceptional growth’ means that growth experienced by an exceptional growth system under the calculations specified in subparagraph (j)(2)(A) of this Code section."

"(11) ‘Local wealth factor’ is defined as the average of the property tax wealth factor and the sales tax wealth factor. The property tax wealth factor is determined by dividing the local school system's net equalized adjusted property tax digest per weighted full-time equivalent student by the state-wide net equalized adjusted property tax digest per

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weighted full-time equivalent student. The sales tax wealth factor is determined by
dividing the local school system's 1 percent local sales tax wealth per weighted full-time
equivalent student by the state-wide 1 percent sales tax wealth per weighted full-time
equivalent student.

"(17) 'Weighted full-time equivalent student count' is defined as the most recent weighted
full-time equivalent count as defined in paragraph (8) of subsection (a) of Code Section
20-2-165."

SECTION 2.
Said part is further amended in Code Section 20-2-260, relating to capital outlay funds
generally, by revising paragraphs (1), (6), and (7) of subsection (c) as follows:

"(1) To adopt policies, guidelines, and standards for the annual physical facility and real
property inventory required of each local school system. This inventory shall include,
but not be limited to: parcels of land; number of educational facilities; year of
construction and design; size, number, and type of construction space; amount of
instructional space in permanent and temporary buildings; designations for each
instructional space in permanent and temporary buildings occupied by designated state
approved instructional programs, federal programs, or local programs not required by the
state; local property assessment for bond purposes; outstanding school bonds and annual
debt service; and buildings and facilities not in use or rented or leased to individuals or
other agencies of government, or used for other than instructional programs required by
this article, each identified by its current use. Department of Education staff shall
annually review, certify the accuracy of, and approve each local school system's
inventory;"

"(6) To adopt policies, standards, and guidelines to ensure that the provisions of
subsections (e), (f), (g), (h), (i), (j); and (k.1) of this Code section relating to uses of state
capital outlay funds, state and local share of costs, entitlements, allocation of capital
outlay funds, advance funding for certain construction projects, exceptional growth
construction projects, and consolidation of schools across system lines are carried out;

"(7) To review and approve proposed sites and all architectural and engineering drawings
and specifications on construction projects for educational facilities to ensure compliance
with state standards and requirements, and inspect and approve completed construction
projects financed in whole or in part with state funds, except construction projects under
supervision of the Georgia State Financing and Investment Commission. The state board
may designate selected local units of administration which have staff qualified for such
purposes to act on behalf of the Department of Education in such inspections, when the
project is not under the direction of the Georgia State Financing and Investment Commission;”

SECTION 3.

Said part is further amended in Code Section 20-2-260, relating to capital outlay funds generally, by revising paragraphs (1), (7), (8), and (9) of subsection (e) as follows:

"(1) To provide construction projects needed because of increased student enrollment or exceptional growth or to replace educational facilities which have been abandoned or destroyed by fire or natural disaster and which shall consist of new buildings and facilities on new sites or new additions to existing buildings and facilities, or relocation of existing educational facilities or portions thereof to different sites;”

“(7) To provide construction projects to renovate or modernize facilities which are historic landmarks and are registered as historic landmarks with the National Register of Historic Places or the Georgia Register of Historic Places or are certified by the state historic preservation officer as eligible for such registration in order to correct deficiencies which produce educationally obsolete, unsafe, inaccessible, energy inefficient, or unsanitary physical environments; provided, however, that local school boards shall be required to use the facility which is or is eligible to be a historic landmark as a public school. Notwithstanding any other provisions of this Code section and without regard to location or obsolescence, the state board shall allocate funds to renovate and modernize historic landmark facilities which meet the requirements of this paragraph in an amount which is the lesser of the cost of new construction to replace the historic landmark or the actual cost of such renovation and modernization; provided, however, that the renovated facility has an extended life comparable to that of a new facility; and provided, further, that the local school system shall provide the remaining necessary capital outlay funds to renovate the facility in accordance with all other requirements of this Code section. No lottery proceeds shall be appropriated from the Lottery for Education Account to fund any project or purpose authorized by this paragraph; and

(8) To provide construction projects that serve cooperative efforts between local school systems and postsecondary institutions; and

(9) To provide construction projects that use prototypical designs approved by the Georgia State Financing and Investment Commission, including designs which incorporate elements that create a quality learning and teaching environment.”
SECTION 4.

Said part is further amended in code section 20-2-260, relating to capital outlay funds generally, by revising subsection (f) as follows:

"(f) The state and each local school system shall provide capital outlay funds for educational facilities in accordance with this subsection as follows:

(1) The required local participation shall be no more than 20 percent nor less than 8 percent of the eligible project cost as determined by the local ability ratio. The local ability ratio is determined by multiplying the local wealth factor by 20 percent. At the time a local school system applies to use entitlement earnings, a system may earn an additional 2 percent reduction in the required local participation for each new construction project that uses a Georgia State Financing and Investment Commission prototypical design with the project managed under the direction of the Georgia State Financing and Investment Commission. Regardless of the above, no local school system's required local participation shall be less than 6 percent nor greater than 20 percent of the cost of an eligible construction project except as provided in paragraph (2) of this subsection; and

(2) The state shall participate in no more than 25 percent of the cost of construction projects related to damage to educational facilities caused by fire or natural disaster."

SECTION 5.

Said part is further amended in Code Section 20-2-260, relating to capital outlay funds generally, by revising subsection (g) as follows:

"(g)(1) In order to determine a reasonable total funding level for the purposes stated in subsection (e) of this Code section, excluding funds provided for exceptional growth pursuant to subsection (j) of this Code section, and to establish a fair and equitable distribution of funds to local school systems, the State Board of Education shall annually determine a level of authorization. Starting with fiscal year 2003 applications for funds and for each fiscal year thereafter, the new authorization level may equal zero but shall not exceed $200 million, adjusted annually to reflect the changes in the current annual construction cost data maintained by the Department of Education pursuant to paragraph (4) of subsection (c) of this Code section. For purposes of deliberations with the Governor and the General Assembly regarding the amount of state funds to be appropriated, calculations shall be made for at least three levels below the $200 million maximum authorization, adjusted as specified in this paragraph.

(2) In setting the annual authorization level under this subsection, the state board shall consider any previously authorized but unfunded amounts together with the total estimate
of funds needed for school facilities in the state. Such total state facilities needs pursuant
to this subsection shall be computed by summing the following:

(A) The equal to the total facility improvement needs included in the most recent
five-year educational facilities plan, excluding exceptional growth construction projects
which shall be requested under subsection (j) of this Code section, which has been
reviewed by a survey team and approved by the state board. Such needs shall annually
be adjusted downward for projects financed by either state or local funds and shall
annually be adjusted upward or downward to reflect changes in the full-time equivalent
student counts but shall not be otherwise adjusted upward except upon approval of a
new or revised five-year plan pursuant to subsections (c) and (d) of this Code section;
and

(B) The sum of the annual debt service payments for the five-year period of the latest
survey (that used in subparagraph (A) of this paragraph), excluding payments for
postsecondary facilities, athletic facilities, administrative facilities, or other projects not
included in the approved five-year plan pursuant to subsections (c) and (d) of this Code
section. Such payments shall annually be adjusted upward or downward for the
remaining portion of the five-year period for changes in the annual debt service
payments resulting from local financing of projects covered by the state board approved
plan.

(3) Each local school system shall be entitled to a portion of the total authorization set
by the state board annually under this subsection based on the ratio of that local school
system's needs as computed determined pursuant to paragraph (2) of this subsection
to the total of all local school systems' needs. In addition to the annual entitlement, the
local school system is eligible to receive any entitlement accrued from previous years for
which state funds have not yet been received. Any change in the method of determining
entitlements in subsequent years shall in no way affect the amount of previously accrued
entitlements.

(4) In order to determine the amount of state funds to be requested for a given fiscal year
under this subsection, total new and accrued entitlements must be compared to the state
portion of the current cost estimates of the projects approved in the educational facilities
plan in priority order. Such comparison shall be made for each of the incremental
entitlement levels required in paragraph (1) of this subsection. In the event that projects
requested for funding exceed the total state entitlements and required local participation,
local school systems may elect to contribute additional local funding. Local funds
contributed in excess of required local participation on state eligible project costs may be
erelated toward earning entitlement for state eligible project costs pursuant to
section (B) of paragraph (2) of this subsection to the extent of the state-eligible
eeds identified in the local facilities plan. The State Board of Education shall adopt
rules that define the conditions and the extent of the crediting of local funds contributed
toward such entitlement:
(5) The final level of entitlements actually authorized by the state board for a fiscal year
shall be that level which is consistent with the Appropriations Act for that year.
(6) The entitlements earned by a local school system as of June 30, 2012, pursuant to
former subsection (j) of this Code section as it existed on such date shall be combined
with any entitlements of such local school system earned pursuant to this subsection.”

section 6.
Said part is further amended in Code Section 20-2-260, relating to capital outlay funds
generally, by revising subsection (h) as follows:
“(h) A local school system may receive state capital outlay funds for one construction
project under the advance funding category to meet educational facilities needs due to the
following:
(1) Extraordinary growth of student population in excess of the capacity of existing
facilities;
(2) Destruction of or damage to educational facilities by fire or natural disaster, limited
by the provisions of paragraph (2) of subsection (f) of this Code section;
(3) Replacement of educational facilities which have been certified as hazards to health
or safety;
(4) Projects, in priority order, which would otherwise require more than three five years
of the combined annual entitlement and required local participation amounts, estimated
in accordance with the total entitlement intended for authorization by the State Board of
Education; and
(5) Projects for consolidation of schools across local school system lines which have
costs that exceed the combined annual entitlements of the participating local school
systems. Such projects shall meet, with the exception of paragraph (2) of this subsection,
the following conditions to qualify for advance funding:
(A) The local school systems have specifically requested funding under this subsection
prior to submission of the annual budget request for the state board to the General
Assembly;
(B) Annual entitlements accrued under subsection (g) of this Code section have offset
any advance funding previously granted, except that no more than three five
years of combined entitlements of the participating local school systems shall be

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required to offset advance funding for consolidation projects pursuant to paragraph (5) of subsection (e) of this Code section;

(C) The projects to be funded are not in addition to projects funded for local school systems under the provisions of subsection (g) of this Code section in a given year; and

(D) The required local participation and all other procedural requirements of this Code section are met.

This subsection shall be automatically repealed on June 30, 2015."

SECTION 7.

Said part is further amended in Code Section 20-2-260, relating to capital outlay funds generally, by revising paragraph (5) of subsection (i) as follows:

"(5) The combined project total would otherwise require more than three five years of the combined annual entitlement and required local participation, with said combined annual entitlement and required local participation amount estimated in accordance with the total entitlement intended for authorization by the state board;"

SECTION 8.

Said part is further amended in Code Section 20-2-260, relating to capital outlay funds generally, by revising subsection (j) as follows:

"(j)(1) In order to determine a reasonable funding level under this subsection and to establish a fair and equitable distribution of funds to local school systems for construction projects needed because of exceptional growth, the State Board of Education shall annually determine a level of authorization. For a given fiscal year, the new authorization may equal zero but shall not exceed $100 million. For purposes of deliberations with the Governor and the General Assembly regarding the amount of state funds to be appropriated, calculations shall be made for at least three levels below the $100 million maximum authorization:

(2) In setting the annual authorization level for exceptional growth funding, the state board shall consider any previously authorized but unfunded amounts under this subsection together with the total estimate of funds needed for school facilities as a result of exceptional growth as computed under subparagraph (A) of this paragraph. The annual entitlement for each school system experiencing exceptional growth shall be computed as follows:

(A) The average of each school system's average full-time equivalent count for the three most recently completed school years ('most recent average') will be compared to the average of that system's average full-time equivalent count for the three most

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recently completed school years prior to the most recently completed school year
(‘earlier average’). If there is an increase in a school system’s most recent average of
at least 1.5 percent and at least 65 average full-time equivalent counts over that system’s
earlier average, that system will be an exceptional growth system. For each such
exceptional growth system with an increased average count of at least 65 average
full-time equivalent counts after the above calculation, the amount of such increase will
be divided by the total such increase for all exceptional growth systems under this
subsection to provide the ratio of each system’s growth to the total growth of all systems
with exceptional growth; and

(B) Each of the school systems identified as being an exceptional growth system under
subsection (A) of this paragraph shall be entitled to a portion of the total entitlement
authorization set by the General Assembly annually for exceptional growth based on
each system’s relative exceptional growth to the sum of exceptional growth for all
systems as determined in subparagraph (A) of this paragraph. The entitlement for each
school system shall be determined annually by multiplying each system’s ratio of need
to the total need for exceptional growth by each of the program authorization levels
required in paragraph (1) of this subsection. In addition to the annual entitlement, the
local school system is eligible to receive any entitlement accrued under this subsection
from previous fiscal years for which state funds have not been received. Any method
of determining entitlements in subsequent years shall in no way affect the amount of
previously accrued entitlements.

(3) The level of entitlement approved by the General Assembly and authorized by the
state board shall not be greater than a total level of entitlement which, when divided by
the sum of exceptional growth for all school systems with exceptional growth, provides
a cost per average exceptional growth full-time equivalent student that is not greater than
the average of construction costs per full-time equivalent student for elementary school,
middle school, and high school construction as provided in paragraph (5) of subsection
c) of this Code section, the average of which three costs shall be reduced by the local
participation required by subsection (f) of this Code section.

(4) In order to determine the amount of state funds to be requested for a given fiscal year
under this subsection, total new and accrued entitlements under this subsection must be
compared to the state portion of the current cost estimates for all projects approved for
exceptional growth. Such comparisons shall be made for each of the incremental
entitlement levels required in paragraph (1) of this subsection. In the event that funding
requested for new construction for exceptional growth exceeds the total state entitlements
earned for exceptional growth and the required local participation, local school systems

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may elect to contribute additional local funding. Local funds contributed in excess of
required local participation on state eligible project costs may be credited toward earning
entitlement for state eligible project costs pursuant to subparagraph (g)(2)(B) of this Code
section to the extent of the state eligible needs identified in the local facilities plan. The
State Board of Education shall adopt rules that define the conditions and the extent of the
crediting of local funds contributed toward such entitlement.

(5) The final level of entitlements actually authorized by the state board for a fiscal year
shall be that level which is consistent with the Appropriations Act for that year.

(6) Local school systems may receive state capital outlay funds for exceptional growth
projects if that system experienced exceptional growth and the following conditions are
met:

(A) The local school system has specifically requested funding under this subsection
prior to submission of the annual budget request for the state board to the General
Assembly;

(B) Any construction project submitted to utilize growth entitlement shall include
construction of at least three new instructional units. If sufficient growth entitlement
is not currently available for all of the new instructional units needed under this
subsection, additional local funds or entitlements available to meet construction needs
identified in the school system's facilities plan pursuant to subsection (g) of this Code
section may be combined with any entitlement available for exceptional growth
pursuant to this subsection for the purpose of completing all construction needs
identified at a school. Entitlements earned under this subsection shall not be withheld,
recalculated, or otherwise reduced for any construction project approved under
subsection (g) of this Code section. Exceptional growth entitlement shall be utilized
for construction of new instructional units at an existing school or for new schools only
for those schools which, following the completion of such construction, meet the
minimum size specified in subsection (q) of this Code section. Other funding sources
must be utilized for any renovation or modification activities which may be needed; and

(C) The local participation required under subsection (f) of this Code section and all
other procedural requirements of this Code section are met.

(7) This subsection shall be automatically repealed on June 30, 2015. Reserved.”

SECTION 9.
Said part is further amended in Code Section 20-2-260, relating to capital outlay funds
generally, by revising subsection (k) as follows:

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(k) The State Board of Education shall request separate appropriations for each of the following categories:

1. Regular entitlements pursuant to subsection (g) of this Code section;
2. Regular advance funding projects pursuant to paragraphs (1) through (4) of subsection (h) of this Code section;
3. Construction projects resulting from the consolidation of schools across local school system lines pursuant to paragraph (5) of subsection (h) of this Code section;
4. Construction projects resulting from merger of local school systems pursuant to subsection (a) of Code Section 20-2-291; and
5. Advance funding projects for consolidation or reorganization of schools pursuant to subsection (i) of this Code section; and
6. Exceptional growth construction projects pursuant to subsection (j) of this Code section.

SECTION 10.

Said part is further amended in Code Section 20-2-260, relating to capital outlay funds generally, by revising subsection (k.1) as follows:

(k.1) Prior to a local board of education's submitting a funding request to the State Department of Education for State Board of Education approval for a construction project which involves the closing of any existing school or schools and the construction of new classrooms or schools resulting in the transporting of students to another new or existing school to which will be assigned the students in the school or schools to be closed and prior to a local board of education's utilizing any local school tax funds, including but not limited to proceeds of general obligation bonds, for any such construction project, and prior to a local board of education's decision becoming effective to close any existing school where such closing results in the transporting of students from the school to be closed to any new or existing school or schools even though no additional capital funding is required as a result of the assignment thereto of those students from any school to be so closed, the local board of education shall conduct the following:

1. The board of education must schedule and hold two public hearings and provide an opportunity for full discussion of the local board of education's proposal to close such school or schools;
2. The public hearings shall be advertised in a local newspaper of general circulation which shall be the same newspaper in which other legal announcements of the board of education are advertised and shall include, but not be limited to:
(A) Identification of each school to be closed and location of each new or existing
school to which the students in the school or schools to be closed will be reassigned;
(B) Proposed size of each new school in terms of number of students and grade
configuration;
(C) Proposed expansion of existing schools designed to accommodate students being
reassigned from the school or schools to be closed;
(D) Total cost, including breakdown for state and local shares, for school construction
projects required to house students being reassigned from the school or schools to be
closed. Local costs shall include identifying proposed sources of funds, whether from
bond referendum proceeds or other sources; and
(E) Plans for use or disposal of closed school property;

(3) The board of education shall request formal, written comments or suggestions
regarding the system's organizational pattern or school sizes and shall allow appropriate
discussion during the public hearings;

(4) Any person who is qualified and registered to vote for a member of a local board of
education and who resides within the school district under the management of that board
may file with that board a notice of intent to file a petition pursuant to this paragraph and
may sign any such petition. That petition shall be for the purpose of expressing
opposition to the decision of such board to close any school listed for closure in the
advertisement published pursuant to paragraph (2) of this subsection. That notice of
intent shall be filed within 30 days after the second hearing under paragraph (1) of this
subsection to discuss any such school closing. That petition must be filed with such
board of education within 60 days after notice of intent to file such petition has been
received by such board. Within ten days after such petition has been so received, that
board shall transmit the petition to the election superintendent of the political subdivision
which levies ad valorem taxes for educational purposes for that local board of education.
Such election superintendent shall validate the signatures on the petition against the
official list of voters who are qualified to sign such petition. If the petition so validated
contains the signatures of at least 25 percent of the number of electors who were
registered and qualified to vote at the last preceding general or special election for
members of that local board of education, that board shall be so notified in writing by that
election superintendent;

(5) Within 15 days after receiving notification that a petition containing the required
number of signatures has been validated under paragraph (4) of this subsection, the local
board of education shall so notify in writing any person who filed with the board a notice
of intent to file that petition and notify each such person of the rights of the petitioners
to select a delegation thereof under this paragraph. Within 20 days after receiving such notice, the petitioners must select from their number a delegation of no more than ten members, of whom six shall be parents of students in the schools to be closed, and notify the board of the names and addresses of those delegation members. The chairperson of the local board shall notify the selected delegation of petitioners of the date, time, and place for meeting to address their differences regarding the school closings. The local board of education and the delegation of petitioners shall resolve whether any or all of the schools proposed to be closed should be closed and report the final decision agreed upon by the board and a majority of the delegation of petitioners within 60 days from the date the board received notification that the petition was validated. The report shall be transmitted to the election superintendent who validated such petition and to the State Board of Education.

(6) If no such decision is agreed upon or reported as provided in paragraph (5) of this subsection, the election superintendent who validated the petition shall be required to call and conduct a special election for the purpose of submitting for approval or rejection the proposed school closing actions of the board of education to the electors of the school district under the management of such board. That special election shall be called and conducted as provided under Title 21 for the county or municipality which levies ad valorem taxes for educational purposes for that board. The election superintendent shall cause the date and purpose of the election to be published once a week for two weeks immediately preceding the date thereof in the official organ of the county in which lies the legal situs of such board. The ballot shall have written or printed thereon the following:

"( ) YES Shall the action of the board of education of (name of county or independent board)__________ be approved which provides for the closing of the following schools: (List each school to be closed as specified in the advertisement referred to in the validated petition)?

( ) NO"

All persons desiring to vote for approval of the closings shall vote 'Yes,' and those persons desiring to vote for rejection of such closings shall vote 'No.' The expense of such election shall be borne by the county or municipality which levies ad valorem taxes for educational purposes for the school district under the management of such board of education. It shall be the duty of the election superintendent to certify the result of such election to such board of education, the Department of Education, and the Secretary of State; and

(7) If more than one-half of the votes cast on such question pursuant to paragraph (6) of this subsection are for approval of the school closings or if the local board and delegation
of petitioners reached and reported a final decision agreeing upon the schools to be closed as provided in paragraph (6) of this subsection, state capital outlay funds may be awarded to that board for construction projects undertaken for the purpose of housing students to be reassigned from any such school to be closed, local funds may be used for such purposes, and the school closings approved may become effective even though no additional capital funding is required as a result of the assignment of students from a school so closed to a new or existing school; otherwise, such funds may not be awarded or used for such purposes and such school closings may not become effective for a period of four years from the date of the validation of the petition under paragraph (4) of this subsection, after which time the board of education shall be required to comply with paragraphs (1) through (6) of this subsection and this paragraph in order to obtain or use any funds for such purposes or close such schools."

SECTION 11.

Said part is further amended in Code Section 20-2-260, relating to capital outlay funds generally, by revising paragraph (1) of subsection (l) as follows:

"(l) Facility projects requested pursuant to subsection (g) and (j) of this Code section;"

SECTION 12.

Said part is further amended in Code Section 20-2-260, relating to capital outlay funds generally, by revising subsection (n) as follows:

"(n) The State Board of Education shall request funds for capital outlay purposes as defined in subsections (a) through (j) of this Code section for each school system and project, giving priority to elementary school construction projects where practicable. For each project, the state board shall present to the Appropriations Committees of the House of Representatives and the Senate, the House Education Committee, and the Senate Education and Youth Committee by object of expenditure all costs contributing to the construction project. This itemization shall include, but not be limited to, architectural fees, new construction, modification, and renovation costs for the project. Itemization for additions, modifications, and renovations shall include type of classrooms by purpose, estimated square footages, and costs for hallways, restrooms, administrative offices, lunchrooms, and media centers. Costs for new facilities shall be budgeted by the current construction cost times the total square footage required."
SECTION 13.

Said part is further amended in Code Section 20-2-260, relating to capital outlay funds generally, by revising subsection (o) as follows:

“(o) Any other provisions of this Code section to the contrary notwithstanding, when the board of education of a local school system has called and held a bond election to incur bonded indebtedness to construct a school or schools for the purpose of high school consolidation within the school system and a majority of the voters voting in said bond election voted against incurring such debt, then for a period of four school years immediately following the school year during which the bond election was held, the local school system shall not receive any funds for such purpose pursuant to the provisions of subsection (i) of this Code section. The provisions of this subsection apply to bond elections held at any time after January 1, 1989. Reserved.”

SECTION 14.

Said part is further amended in Code Section 20-2-260, relating to capital outlay funds generally, by revising subsection (p) as follows:

“(p) Any system which has not submitted a plan for consolidation or reorganization of schools to the State Board of Education by July 1, 1992, shall not be allowed to request state funds under subsection (i) of this Code section. Any such plan submitted prior to July 1, 1992, which has been changed since its submission and approved by the State Board of Education pursuant to paragraph (9) of subsection (c) of this Code section shall not disqualify the local board from requesting and receiving funds to implement the changed plan under subsection (i) of this Code section unless, as a result of the change, any school in the plan will be less than the minimum size specified therefor in subsection (q) of this Code section. A change resulting in any school in the plan being less than such minimum size shall not result in the recalculation of entitlements or withholding of funds for any construction project in the plan unless:

(1) That project involves a school which is less than such minimum size; and

(2) Construction upon that project has neither been begun nor completed. Reserved.”

SECTION 15.

Said part is further amended in Code Section 20-2-260, relating to capital outlay funds generally, by revising subsection (q) as follows:

“(q) Construction projects which are identified by the local board pursuant to subsections (c) and (d) of this Code section and which contain a projected full-time equivalent student count of more than 200 students in an elementary school, 400 students in a middle school,
and 500 students in a high school, as defined in subsection (c) of Code Section 20-2-291, or which contain all the students within the local school system for such respective school level shall be eligible to receive full capital outlay funding under the conditions specified in subsections (g), (h), and (i) of this Code section; provided, however, that nothing contained in this subsection shall be construed so as to require an existing school to change its current grade configuration."

SECTION 16.

Said part is further amended in Code Section 20-2-260, relating to capital outlay funds generally, by revising subsection (r) as follows:

"(r) Notwithstanding any other provisions of this Code section, when the board of education of a local school system has called and held a bond election to incur bonded indebtedness to construct a school or schools for the purpose of high school consolidation or closing any school within the school system and a majority of the voters voting in said bond election voted against incurring such debt or a local board is under litigation to prevent a consolidation project under subsection (h) or (i) of this Code section or closing any school, whether funds have been allocated or not, the procedures established in subsection (k.1) of this Code section shall be followed. Reserved."

SECTION 17.

Said part is further amended in Code Section 20-2-260, relating to capital outlay funds generally, by adding a new subsection to read as follows:

"(t) In the event of destruction or damage to an educational facility caused by fire or natural disaster, if a local school system has insufficient funds to meet its required local participation, the school system may submit a request to the Department of Education for State Board of Education approval to redirect bond proceeds from a project which has not been started or in which a school system has not yet requested the full reimbursement. Such request to redirect shall be submitted by the board to the Georgia State Financing and Investment Commission and the Office of Planning and Budget for approval. If such request is approved, the local school system shall apply for an equivalent amount of funds in the following year to replace the funds advanced to it pursuant to this subsection."

SECTION 18.

Said part is further amended by revising Code Section 20-2-262, relating to low-wealth capital outlay grants to local school systems, as follows:
"20-2-262.

(a) The General Assembly finds that many local school systems in Georgia have relatively weak local tax bases and are unable to raise revenues sufficient to meet their facility needs. The General Assembly further finds that even with current levels of state capital outlay support, these systems must wait for years before they can accumulate funds to initiate construction projects that are needed immediately. For some systems, the availability of the local option sales tax does not resolve their problem, because their commercial tax base is as meager as their property wealth. The difficulty is compounded if the per capita income in the school system is low, because residents have less ability to take advantage of property tax and sales tax options to meet their facility needs. It is the intent of the General Assembly to provide for state capital outlay grants specifically targeted to low-wealth school systems, on a short-term basis, in order to help such systems initiate what they have been unable to accomplish with existing revenue sources.

(b) As used in this Code section, the terms 'full-time term:

(1) 'Equivalent millage' means, for a local school system that is eligible to receive local option sales tax proceeds for maintenance and operation purposes, the combination of property tax revenues and sales tax revenues representing the amount that would be generated by a designated rate of mills.

(2) 'Full-time equivalent student count' and 'weighted full-time equivalent student count' shall have the same meaning as provided in Code Section 20-2-260.

(c) The State Board of Education shall provide eligible local school systems with low-wealth capital outlay grants as provided for in this Code section, subject to appropriation by the General Assembly. Such grants shall provide sufficient funds to cover 92 percent of the state eligible cost of the local school system's first priority project in the five-year facilities plan, as contained in the system's most recently approved local facilities plan. A local school system may qualify for a grant not to exceed 95 percent of the state eligible cost of the local school system's first priority project in the five-year facilities plan if the system uses a Georgia State Financing and Investment Commission prototypical design with the project managed under the direction of the Georgia State Financing and Investment Commission. In addition, for each mill over 12 mills levied by the local school system or over an equivalent millage of 12 mills, the state board will authorize an additional 1 percent of the state eligible cost of the local school system's first priority project in the five-year facilities plan, as contained in the system's most recently approved local facilities plan, up to a maximum of 8 additional mills.

(d) Local school systems which meet the following criteria shall be eligible for a low-wealth capital outlay grant:

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(1)(A)(i) The amount of sales tax revenues per unit in the full-time equivalent student count of the local school system is less than 75 percent of the state-wide average ranked in the bottom 25 percent of local school systems for sales tax revenues per unit in the full-time equivalent student count; and

(2)(ii) The value of property per unit in the weighted full-time equivalent student count of the local school system is less than 75 percent of the state-wide average value ranked in the bottom 25 percent of local school systems for value of property per unit in the weighted full-time equivalent student count; or

(B) For local school systems in which the amount of special purpose local option sales tax revenues is ranked in the bottom 25 percent of local school systems receiving such sales tax revenues, such systems may submit a request to the department for consideration; provided, however, that the local school system shall be required to commit the equivalent of five years of such revenues for the project. The department shall consider factors such as the high cost of a project, the local school system's ability to manage the project on its own, and the needs of the local school system, in determining whether to approve a project pursuant to this subparagraph;

(3) The per capita income of residents of the local school district is less than 75 percent of the state-wide average per capita income level;

(4) The local school system's millage rate for maintenance and operation is at least 60 percent of the system's constitutional authority to recommend; or if the school system is not a recommending authority, the appropriations to the system represent a minimum of 60 percent of the amount that would be generated by a rate of 20 mills; or if the school system is eligible to receive local option sales tax proceeds for maintenance and operation purposes, the combination of property tax revenue and sales tax revenue represents a minimum of 60 percent of the amount that would be generated by a rate of 20 mills 12 mills or an equivalent millage thereof;

(5) Special purpose local option sales tax is in effect in the local school district or the local school system has in place a millage rate for debt service on bonds, or both; and

(4) The local school system uses prototypical specifications as defined by the State Board of Education for the project.

(6) The local school system is currently participating in advance funding from the state for capital outlay projects and will continue in that status for a minimum of one additional fiscal year beyond the fiscal year for which the grant is made.

(e) This Code section shall be automatically repealed on June 30, 2015. No local school system qualifying for a low-wealth project pursuant to this Code section shall have a required local contribution, as determined pursuant to subsection (c) of this Code section.
that is greater than the revenue generated by the applicable special purpose local option
sales tax revenue over its five-year period. In the event that the sum of such required local
collection and the low-wealth capital outlay grant determined pursuant to subsection (c)
of this Code section is less than the state eligible cost of the project, the state shall provide
funds to make up the difference; provided, however, that the local school system shall
repay the state such difference through future earned regular entitlements.”

SECTION 19.
This Act shall become effective on July 1, 2012; provided, however, that the Act shall apply
beginning with Fiscal Year 2014 applications for funds and for each fiscal year thereafter.

SECTION 20.
All laws and parts of laws in conflict with this Act are repealed.