

House Bill 824

By: Representatives Dudgeon of the 24<sup>th</sup>, England of the 108<sup>th</sup>, Coleman of the 97<sup>th</sup>, Dickson of the 6<sup>th</sup>, Kaiser of the 59<sup>th</sup>, and others

A BILL TO BE ENTITLED  
AN ACT

1 To amend Part 4 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia  
2 Annotated, relating to financing under the "Quality Basic Education Act," so as to revise the  
3 method of calculating equalization grants; to add an eligibility requirement; to provide for  
4 related matters; to repeal conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 style="text-align:center">**SECTION 1.**

7 Part 4 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated,  
8 relating to financing under the "Quality Basic Education Act," is amended as follows:  
9 "20-2-165.

10 (a) As used in this Code section, the term:

11 (1) 'Assessed valuation' is defined as 40 percent of the equalized adjusted property tax  
12 digest reduced by the amount calculated pursuant to subsection (g) of Code Section  
13 20-2-164.

14 (2) 'Assessed valuation per weighted full-time equivalent count' is defined as the  
15 assessed valuation for the most recent year available divided by the weighted full-time  
16 equivalent count for the year of the digest.

17 (3) 'Effective millage rate' is defined as local tax revenues divided by the assessed  
18 valuation and multiplied by 1,000; provided, however, that if the amount of local tax  
19 revenues is subsequently adjusted as a result of an audit of a local school system's annual  
20 financial report, the increase or decrease in local tax revenues resulting from the audit  
21 shall cause an adjustment to be made in the effective millage rate that was calculated  
22 initially. Any net change in the amount of equalization dollars earned as a result of such  
23 adjustment shall be applied to the amount of the local school system's equalization grant  
24 in a subsequent fiscal year.

25 (4) 'Eligible full-time equivalent program count' is defined as the sum of the full-time  
26 equivalent resident student count and full-time equivalent nonresident student count

27 pursuant to subsection (d) of Code Section 20-2-160 for each program specified pursuant  
 28 to subsection (b) of Code Section 20-2-161; provided, however, that each local school  
 29 system's total full-time equivalent nonresident student count for all programs except  
 30 programs for persons with disabilities shall not exceed the lesser of the count for fiscal  
 31 year 2000 or the count for any ensuing fiscal year, unless the local school system serves  
 32 under contract all of the students in one or more grade levels from an adjoining system  
 33 or unless the system serves students from an adjoining system under court order.

34 (5) 'Equalized adjusted property tax digest' is defined as the most recent equalized  
 35 adjusted property tax digest furnished to the State Board of Education pursuant to  
 36 paragraph (1) of subsection (c) of Code Section 20-2-164.

37 (5.1) 'Equivalent millage' means for a local school system that is eligible to receive local  
 38 option sales tax proceeds for maintenance and operation purposes, the combination of  
 39 property tax revenue and sales tax revenue representing the amount that would be  
 40 generated by a designated rate of mills.

41 (6) '~~Guaranteed valuation school system~~' is defined as the ~~local school system ranking~~  
 42 ~~at the seventy-fifth percentile state-wide average~~ in dollars of assessed valuation per  
 43 weighted full-time equivalent count. ~~Such state-wide average shall not include the local~~  
 44 ~~school systems ranked in the highest 5 percent or the lowest 5 percent~~, where the ranking  
 45 of school systems is such that the one-hundredth percentile school system is that with the  
 46 highest amount in dollars of assessed valuation per weighted full-time equivalent count.  
 47 ~~For the purpose of determining the assessed valuation per weighted full-time equivalent~~  
 48 ~~count of the guaranteed valuation school system only, a reduction of the assessed~~  
 49 ~~valuation for exemptions authorized by Code Sections 48-5-44 and 48-5-48 shall be~~  
 50 ~~calculated whether such exemptions are granted or not granted by the guaranteed~~  
 51 ~~valuation school system.~~

52 (7) 'Local tax revenues' is defined as the sum of tax revenues for a local school system  
 53 as furnished to the Department of Education by the school system in its annual financial  
 54 report, reduced by the total amount of general funds expended for capital outlay or  
 55 transferred into an escrow account for capital outlay purposes for the most recent fiscal  
 56 year such data are available and increased by any federal funds designed to replace local  
 57 tax revenues provided to the said system; provided, however, that the local school system  
 58 has furnished the state board with acceptable documentation which clearly identifies the  
 59 source or sources of such federal funds.

60 (8) 'Most recent weighted full-time equivalent count' is defined as the weighted full-time  
 61 equivalent count derived from full-time equivalent program count data obtained for the  
 62 purpose of determining the funds initially needed to finance the Quality Basic Education

63 Formula pursuant to subsection (d) of Code Section 20-2-160 for the next ensuing fiscal  
64 year.

65 (9) 'Qualified local school system' is defined as any local school system; ~~having~~

66 (A) Having an assessed valuation per weighted full-time equivalent count for the year  
67 of the digest ~~ranking which is~~ below the guaranteed valuation; ~~school system and~~  
68 ~~having~~

69 (B) Having an effective millage rate greater than the millage rate applied to calculate  
70 the local five mill share pursuant to subsection (a) of Code Section 20-2-164; and

71 (C) Beginning July 1, 2015, having a millage rate or an equivalent millage of at least  
72 12 mills.

73 (10) 'Weighted full-time equivalent count' is defined as the sum of all eligible full-time  
74 equivalent program counts multiplied by their respective program weights in effect  
75 during the fiscal year that the full-time equivalent program counts were obtained pursuant  
76 to Code Section 20-2-161.

77 (11) 'Weighted full-time equivalent count for the year of the digest' is defined as the  
78 weighted full-time equivalent count derived from full-time equivalent program count data  
79 obtained for the purpose of determining the funds initially needed to finance the Quality  
80 Basic Education Formula pursuant to subsection (d) of Code Section 20-2-160 for the  
81 current fiscal year.

82 (b) The State Board of Education shall annually calculate the equalization grant for each  
83 qualified local school system in the following manner:

84 (1) Subtract the assessed valuation per weighted full-time equivalent count for the local  
85 school system from the ~~assessed valuation per weighted full-time equivalent count for the~~  
86 ~~guaranteed valuation school system;~~

87 (2) Divide the difference resulting from paragraph (1) of this subsection by 1,000;

88 (3) Subtract five from the effective millage rate for the local school system and use the  
89 resulting number of effective mills or 15 effective mills, whichever is less, as the number  
90 of effective mills to be equalized;

91 (4) Multiply the quotient resulting from paragraph (2) of this subsection by the number  
92 of effective mills to be equalized pursuant to paragraph (3) of this subsection; and

93 (5) Multiply the product resulting from paragraph (4) of this subsection by the most  
94 recent weighted full-time equivalent count for the local school system.

95 The resulting amount shall be the equalization grant for the ensuing fiscal year; provided,  
96 however, that for each local school system which serves under contract all of the students  
97 in one or more grade levels from an adjoining system and for each local school system  
98 which sends under contract all of the students in one or more grade levels to an adjoining

99 system, the equalization grant shall be calculated to represent the amount that would be  
 100 earned if the students transferred under said contract were included in the full-time  
 101 equivalent counts of the local school system in which they reside; provided, further, that any  
 102 equalization grant to be earned by a local school system sending students to another system  
 103 under the provisions of such a contract shall be reduced by an amount which represents the  
 104 equalization funds earned per weighted full-time equivalent student multiplied by the total  
 105 weighted full-time equivalent count for students transferred, and any equalization grant to  
 106 be earned by the local school system receiving students under said contract shall be increased  
 107 by the same amount.

108 (c) The State Board of Education shall allocate respectively the amount calculated under  
 109 subsection (b) of this Code section to each qualified local school system. For the first  
 110 effective year of the merger of any two or more local school systems, the equalization grant  
 111 shall be the addition of amounts which would have been separately earned by the systems  
 112 participating in the merger or the amount which would have been earned if the systems had  
 113 already been merged during the year of the applicable digest, whichever is greater. No  
 114 portion of local five mill share shall be applied to such equalization grants. In the event  
 115 sufficient funds are not appropriated in a fiscal year to the state board to allot the full  
 116 amount of equalization grants calculated to be payable to qualified local school systems as  
 117 provided in this Code section, the state board shall proportionately reduce the amount of  
 118 funds to be allocated to qualified local school systems.

119 (d)(1) A midterm adjustment in a local school system's equalization grant shall be  
 120 made if:

121 (A) The school ~~system ranks~~ system's assessed valuation per weighted full-time  
 122 equivalent count is at or below the ~~seventy-fifth percentile in dollars of assessed~~  
 123 ~~valuation per weighted full-time equivalent count, where the ranking of school systems~~  
 124 ~~is such that the one-hundredth percentile school system is that with the highest amount~~  
 125 ~~in dollars of assessed valuation per weighted full-time equivalent count~~ guaranteed  
 126 valuation; and

127 (B) The school system increases the actual millage levied against its digest for  
 128 maintenance and operation.

129 (2) If made, the midterm adjustment to the equalization grant shall be calculated as  
 130 follows:

131 (A) Calculate the percentage change in the actual millage rate for a school system by  
 132 subtracting the actual millage rate for the prior year from the actual millage rate for the  
 133 current year and dividing by the actual millage rate for the prior year; provided,  
 134 however, that for local school systems that impose local option sales taxes for school

135 maintenance and operation, as authorized by law, the Department of Education shall be  
 136 authorized to adjust this calculation by adding the equivalent property tax millage that would  
 137 be needed to produce the revenue raised by the local option sales tax to the actual millage  
 138 rate and calculating a revised percentage change;

139 (B) If the result from subparagraph (A) of this paragraph is a positive number, multiply  
 140 the number of effective mills calculated as part of the original equalization grant  
 141 calculation for a given year by the percentage increase calculated in subparagraph (A)  
 142 of this paragraph. Add the product of this calculation to the effective number of mills  
 143 from the original equalization grant calculation as described in subsections (a) through  
 144 (c) of this Code section;

145 (C) Recalculate the equalization grant substituting the revised number of effective  
 146 mills calculated in subparagraph (B) of this paragraph; and

147 (D) Subtract the initial equalization grant amount from the amount calculated in  
 148 subparagraph (C) of this paragraph.

149 The resulting amount shall be the midterm adjustment to the equalization grant.

150 (e) If the result from subparagraph (A) of paragraph (2) of subsection (d) of this Code  
 151 section is a positive number, the local school system's number of effective mills used in the  
 152 calculation of its equalization grant for the ensuing fiscal year shall be adjusted by  
 153 multiplying the number of effective mills calculated pursuant to paragraph (3) of  
 154 subsection (b) of this Code section by the percentage increase calculated in subparagraph  
 155 (A) of paragraph (2) of subsection (d) of this Code section. The resulting amount shall be  
 156 the adjusted number of effective mills used in the calculation of the equalization grant  
 157 pursuant to paragraph (3) of subsection (b) of this Code section; provided, however, that  
 158 in no event shall the adjusted number of effective mills to be equalized exceed 15 effective  
 159 mills. ~~For Fiscal Year 2006 only, adjustments to equalization grants as provided in this~~  
 160 ~~subsection shall be allocated to local school systems following the adoption of the amended~~  
 161 ~~Appropriations Act for Fiscal Year 2006."~~

162 **SECTION 2.**

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