

House Bill 824 (AS PASSED HOUSE AND SENATE)

By: Representatives Dudgeon of the 24th, England of the 108th, Coleman of the 97th, Dickson of the 6th, Kaiser of the 59th, 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 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; beginning July 1, 2016, having a millage rate or an equivalent millage of at
73 least 12 ½ mills; beginning July 1, 2017, having a millage rate or an equivalent millage
74 of at least 13 mills; beginning July 1, 2018, having a millage rate or an equivalent
75 millage of at least 13 ½ mills; beginning July 1, 2019, and thereafter, having a millage
76 rate or an equivalent millage of at least 14 mills.

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

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

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

88 (1) Subtract the assessed valuation per weighted full-time equivalent count for the local
89 school system from the ~~assessed valuation per weighted full-time equivalent count for the~~
90 ~~guaranteed valuation school system;~~

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

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

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

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

99 The resulting amount shall be the equalization grant for the ensuing fiscal year; provided,
 100 however, that for each local school system which serves under contract all of the students
 101 in one or more grade levels from an adjoining system and for each local school system
 102 which sends under contract all of the students in one or more grade levels to an adjoining
 103 system, the equalization grant shall be calculated to represent the amount that would be
 104 earned if the students transferred under said contract were included in the full-time
 105 equivalent counts of the local school system in which they reside; provided, further, that
 106 any equalization grant to be earned by a local school system sending students to another
 107 system under the provisions of such a contract shall be reduced by an amount which
 108 represents the equalization funds earned per weighted full-time equivalent student
 109 multiplied by the total weighted full-time equivalent count for students transferred, and any
 110 equalization grant to be earned by the local school system receiving students under said
 111 contract shall be increased by the same amount.

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

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

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

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

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

135 (A) Calculate the percentage change in the actual millage rate for a school system by
 136 subtracting the actual millage rate for the prior year from the actual millage rate for the
 137 current year and dividing by the actual millage rate for the prior year; provided,
 138 however, that for local school systems that impose local option sales taxes for school
 139 maintenance and operation, as authorized by law, the Department of Education shall be
 140 authorized to adjust this calculation by adding the equivalent property tax millage that
 141 would be needed to produce the revenue raised by the local option sales tax to the
 142 actual millage rate and calculating a revised percentage change;

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

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

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

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

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

166 **SECTION 2.**

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