

HOUSE BILL 552

By Hardaway

AN ACT to amend Tennessee Code Annotated, Title 49, Chapter 2, Part 2 and Title 49, Chapter 3, Part 3, relative to education finance.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 49-3-314(c), is amended by adding the following language as a new, appropriately designated subdivision:

( ) In any fiscal year, the governing body of a city in which is located a special school district whose boundaries are coterminous with the city's boundaries shall not reduce funding, excluding capital outlay and debt service, below that provided by the governing body in the previous fiscal year as adjusted for inflation based on the local government price deflator used to adjust the basic education program. If such index reflects an inflation rate of less than zero (0), then such decline shall be treated as no change in the inflation rate. A reduction of funds based on fewer students in the special school district rather than actual fund cuts, shall not be considered a reduction of funds for purposes of this subdivision.

SECTION 2. Tennessee Code Annotated, Section 49-2-203 (a)(10)(A), is amended by adding the following language as a new, appropriately designated subdivision:

( ) A special school district whose boundaries are coterminous with the city's boundaries shall not prepare a budget, excluding capital outlay and debt service, that directly or indirectly supplants or proposes to use state funds to supplant any operating funds provided by the governing body of a city in which such special school district is located nor shall such budget include funds from the governing body that are less than the funds received by the LEA from the governing body in the

previous fiscal year as adjusted for inflation based on the local government price deflator used to adjust the basic education program. If such index reflects an inflation rate of less than zero (0), then such decline shall be treated as no change in the inflation rate. A proposed reduction in funds based on fewer students in the special school district rather than actual fund cuts, shall not be considered a reduction in funds for purposes of this subdivision.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.