

SENATE BILL 197

By Johnson

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 6, relative to local education capital
investment.

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

SECTION 1. This act shall be known and may be cited as the "Tennessee Local Education Capital Investment Act".

SECTION 2. Tennessee Code Annotated, Section 67-6-103(a)(3), is amended by adding the following language as a new subdivision (G):

(G)

(i) A county with an LEA with an average daily membership (ADM), as defined in § 49-3-302, growth of two hundred fifty (250) students per year, for each of the five (5) school years during the period of the 2014-2015 school year through the 2018-2019 school year, may elect to be a "Tennessee rapid growth school district" for purposes of this chapter. A municipality that has an LEA that meets such ADM growth criteria may also elect to be a "Tennessee rapid growth school district" for purposes of this chapter. Notwithstanding any other law to the contrary, as an alternative to and in lieu of the allocation prescribed in subdivision (a)(3)(A), a Tennessee rapid growth school system district shall receive two percent (2%) of the tax actually collected and remitted by dealers within the boundaries of such district. The total annual amount distributed to each district shall be capped at seven million dollars (\$7,000,000). Any distribution made to a Tennessee rapid growth school district pursuant to such election shall be earmarked and paid from the general fund. If, however, any such payment is

made to a Tennessee rapid growth school district pursuant to the election, the amount that would have been received by such district had the district not exercised the election shall be earmarked and allocated to the general fund;

(ii) Subject to subdivision (a)(3)(G)(iv), a county or municipality, described in subdivision (a)(3)(G)(i) may elect Tennessee rapid growth school district status by adopting a resolution or ordinance approved by a two-thirds (2/3) vote of the legislative body of the jurisdiction. Its approval or nonapproval shall be proclaimed by the presiding officer of the jurisdiction. Within thirty (30) days of adopting such resolution or ordinance, the presiding officer of the jurisdiction shall send a certified copy of the ordinance or resolution to the secretary of state and the commissioner of revenue;

(iii) Notwithstanding any other law to the contrary, of the revenue retained pursuant to an election under subdivision (a)(3)(G)(i), less the amount that would have been received by such district had the district not exercised the election, one hundred percent (100%) shall be used exclusively for either public school related debt service or public school related capital improvements;

(iv) Tennessee rapid growth school system district status may be elected by both a county and a municipality within the county if both the county and municipal school systems meet the ADM growth criteria. If both the county and municipal legislative bodies adopt the status, then any additional state-shared revenue required to be distributed to the county and municipality under this section, shall be prorated between the county and municipality based on the ADA sharing formula for local option sales tax for education purposes, pursuant to § 49-3-315;

(v) Prior to adoption of Tennessee rapid growth school system district status, a county or municipality, or both, as applicable, must have a formal multiyear school capital improvement plan adopted by its legislative body

specifying the manner by which any additional state-shared revenue is to be incorporated into the funding of the capital improvement plan.

SECTION 3.

(a) The commissioner of revenue shall promulgate rules to effectuate this act.

(b) All such rules shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 4. For the purpose of promulgating rules, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect July 1, 2019, the public welfare requiring it.