

Drafting Number:	LLS 14-0858	Date:	March 17, 2014
Prime Sponsor(s):	Rep. Pettersen	Bill Status:	House Education
	Sen. Kerr	Fiscal Analyst:	Josh Abram (303-866-3561)

# SHORT TITLE: SCHOOL DIST & CHARTER SCHOOL MILL LEVY OVERRIDES

Fiscal Impact Summary	FY 2014-2015	FY 2015-2016		
State Revenue				
State Expenditures				
FTE Position Change				
Appropriation Required: None.				

## **Summary of Legislation**

This bill creates a process for school districts to include district-authorized charter schools in an election to approve additional operating revenue through a mill levy override. Operating revenue for a school district does not include revenue for capital construction.

If a school district forms a committee to assess and prioritize the district's need for additional operating revenue, and to consider seeking additional local revenue through a mill levy override, the district must allow charter school representation on the committee. If a school district otherwise considers submitting a ballot question authorizing additional local revenue, or the district is required to submit a ballot question as a result of a citizen initiated process, the district must invite charter school representatives to participate in discussions regarding the ballot question.

A charter school that has a need for additional operating revenue may request that the local board of education of its chartering school district:

- include the charter school's revenue needs as part of authorizing district's ballot question to authorize a mill levy override; or
- submit a ballot question to authorize a mill levy override exclusively for the charter school.

If a charter school seeks to be included as part of a district's ballot question, the charter school must submit an operating revenue plan to the local board of education; however, districts are encouraged to voluntarily include charter school funding in any ballot question without requiring that the charter school submit a plan. If the district requires an operating revenue plan, the plan must state the reasons why additional revenue is needed, describe the specific operations to be funded, and state the reasons why existing sources of funds are inadequate. The local board must review the plan to determine the priority of the charter school's revenue needs in relation to the needs of other schools in the district. At least 60 days prior to the date by which a district must certify a ballot question, the local board must notify the charter school that the school district has or has not prioritized the charter school's operating revenue needs for inclusion in the ballot question.

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If the local board of education chooses to include a charter school's operating revenue needs in a ballot question, the board and the charter school must agree to the process by which the district will distribute the additional local revenue. The district and the charter school must share the cost of submitting the ballot question in proportion to the respective portion of the additional local revenues the district and charter school will receive; however, the board and the charter school may agree to a different cost-sharing agreement.

A local board of education may also choose to submit a ballot question exclusively on behalf of a charter school or group of charter schools in the district. The board has the discretion to combine the ballot question with another tax question that the school district is submitting, or to submit the ballot question as a separate question. If a charter school or group of charter schools request that a local board of education submit a ballot question exclusive to the charter school(s), the school(s) must pay the entire cost of submitting the ballot question; however, the school(s) and the district may agree to a different cost-sharing agreement.

Finally, the bill requires that districts and charter schools enter into a contract that specifies that the ownership of any items purchased by the charter school using the additional local revenue from the mill levy override automatically reverts to the school district if the school's charter is revoked or not renewed, or if the school becomes insolvent or can no longer operate.

# Background

Under current law, a school district may seek voter approval to impose a property tax override to pay for operational expenses. The ballot question would authorize an additional levy separate from a district's total program mill levy that is used to determine state and local shares under the School Finance Act.

# **School District Impact**

The bill sets out a process by which a school district and the charter schools authorized by the district may participate in ballot questions to authorize mill levy overrides. The bill does not change existing property tax rates in any school district.

In the future, conversations and negotiated agreements to include charter schools in ballot questions, to share the cost of submitting a ballot question, and to distribute increased operating revenue among district and charter schools, will have some impact on locally derived funding for school districts; however, any change in school district funding as a result of the bill is conditional, dependant on the decisions of local electors to approve a proposed ballot measure that increases property taxes in support of schools.

# **Effective Date**

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

# **State and Local Government Contacts**

Education