

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 270

49th Legislature, 2nd Session, 2010

Tracking Number: .180986.1GR

Short Title: Distributions to Charter Schools

Sponsor(s): Senator Cynthia Nava

Analyst: Peter B. van Moorsel

Date: February 9, 2010 (revised)

Bill Summary:

SB 270 amends several sections of the *Public School Capital Improvements Act* and the *Public School Buildings Act* to change the provisions regarding the distribution of tax receipts and state distributions to charter schools. Substantive changes in SB 270 are listed by section:

Section 1 – Amends the *Public School Capital Improvements Act* to require, after July 1, 2010, that resolutions submitted to a school district’s voters regarding the imposition of a property tax (SB-9) state that a portion of the tax revenue will be distributed to locally chartered and state-chartered chartered schools located within the school district, provided that:

- a specific charter school shall not be identified on the ballot unless the ballot also identifies each other public school that will receive tax receipts if the tax is imposed; and
- a specific charter school shall not be identified in the resolution unless the revenue the charter school will receive from the proposed tax exceeds the amount it would receive if the tax receipts would be distributed in the same proportion as the charter school’s enrollment is to total district enrollment.

Section 2 – Amends the *Public School Capital Improvements Act* to:

- require that the SB-9 tax receipts be distributed to every charter school in the district, rather than to those charter schools that were included in the resolution;
- require that SB-9 tax receipts be distributed to charter schools that were not approved or open when the resolution was approved by the voters if the amount distributed will be used for capital improvements specified in the resolution; and
- provide that nothing in the *Public School Capital Improvements Act* prohibits a charter school and a school district from entering into an agreement under which the charter school agrees to forego one or more distributions in return for a larger amount of tax receipts.

Section 3 – Amends the *Public School Capital Improvements Act* to:

- require, after July 1, 2010, that the Public Education Department (PED), rather than the school district, distribute the state match for SB-9 funds directly to state-chartered or locally chartered charter schools located within the district; and
- remove the requirement that PED certify to the school district the amount to be distributed to each charter school;

- remove an exception allowing charter schools to expend their SB-9 state match dollars for any capital improvements if capital improvements for the charter school were not included in the resolution;

Section 4 – Amends the *Public School Buildings Act* to require that, after July 1, 2010, resolutions submitted to a school district’s voters regarding the imposition of a property tax (HB-33) state that a portion of the tax revenue will be distributed to locally chartered and state-chartered charter schools located within the school district, provided that:

- a specific charter school shall not be identified on the ballot unless the ballot also identifies each other public school that will receive tax receipts if the HB-33 property tax is imposed; and
- a specific charter school shall not be identified in the resolution unless revenue the charter school will receive from the proposed HB-33 tax exceeds the amount it would receive if the tax receipts would be distributed in the same proportion as the charter school’s enrollment is to total district enrollment.

Section 5 – Amends the *Public School Buildings Act* to:

- require that the HB-33 tax receipts be distributed to every charter school in the district, rather than to those charter schools that were included in the resolution;
- require that no distribution be made to an approved charter school that had not commenced classroom instruction in the prior school year;
- require that students attending a state-chartered charter school within a school district be included in determining that district’s total enrollment;
- require that HB-33 tax receipts be distributed to charter schools that were not approved or open when the resolution was approved by the voters if the amount distributed will be used for capital improvements specified in the resolution; and
- provide that nothing in the *Public School Buildings Act* prohibits a charter school and a school district from entering into an agreement under which the charter school agrees to forego one or more distributions in return for a larger amount of tax receipts.

Section 6 – Provides an effective date of July 1, 2010.

Fiscal Impact:

SB 270 does not make an appropriation.

According to PED, SB 270 will simplify the inclusion of state- and locally chartered charter schools on resolutions for the imposition of both SB-9 and HB-33 property taxes. As a result, PED states, charter schools will be better able to make necessary capital improvements and meet the 2015 deadline for locating in public facilities.

(See the attached table for school districts’ SB-9 and HB-33 election status)

Background:

During the 2007 and 2009 sessions, the Legislature passed and the Governor signed legislation to allow SB-9 and HB-33 funds to be distributed to locally and state chartered charter schools on a per membership basis. These two bills were endorsed by the Public School Capital Outlay

Oversight Committee with the intent of getting charter schools a portion of these funds. These two amendments to statute were big steps in creating an avenue for charter schools to access capital outlay funds. These sources of capital outlay funds will assist charter schools to meet the 2015 deadline of having to be in a public facility.

Public School Capital Improvements Act (SB-9)

Commonly referred to as SB-9 or the “two-mill levy,” the *Public School Capital Improvements Act* authorized school districts to ask local voters to approve a property tax of up to two mills for a maximum of six years. Funds generated through the imposition of the two-mill levy must be used for:

- erecting, remodeling, making additions to, providing equipment for, or furnishing public school buildings;
- purchasing or improving public school grounds;
- maintaining public school buildings or grounds, including purchasing or repairing maintenance equipment; participating in the Facility Information Management System (FIMS) as required by the Public School Capital Outlay Act; and making payments under contract with Regional Education Cooperatives for maintenance support services and expenditures for technical training and certification for maintenance and facilities management personnel, but excluding salary expenses of school district employees;
- purchasing activity vehicles for transporting students to extracurricular activities; and
- purchasing computer software and hardware for student use in public school classrooms.

The act provides school districts with a minimum level of funding, or “program guarantee,” which is calculated by multiplying a school district’s 40th day total program units by the state match dollar amount (\$74.69 through FY 09) per mill.

If the local revenue generated by the two-mill levy is less than the program guarantee, the state match will fund the difference. If the tax is projected to generate funds above the program guarantee, the state still provides a minimum program guarantee, calculated at \$5.80 per program unit per mill.

Public School Buildings Act (HB-33)

Commonly referred to as HB-33, the *Public School Buildings Act* authorizes school districts to ask local voters to authorize the imposition of a tax not to exceed 10 mills for a maximum of six years. These funds may be used for:

- erecting, remodeling, making additions to, providing equipment for, or furnishing public school buildings;
- payments made pursuant to a financing agreement entered into by a local school district or a charter school to lease a building or other real property with an option to purchase for a price that is reduced according to payments made;
- purchasing or improving public school grounds;
- purchasing activity vehicles for transporting students to extracurricular activities (excluding districts with a student MEM greater than 60,000);
- administering projects, including expenditures for facility maintenance software, project management software, project oversight, and district personnel specifically related to

administration of projects funded by HB-33 funds, provided that expenditures for administration may not exceed five percent of total project costs.

Related Bill(s):

HB 232 *Standardized School Finance Reporting Dates*