

AN ACT

ENTITLED, An Act to revise certain provisions regarding the state aid to general education formula and to revise the property tax levies for the general fund of school districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 13-13-10.1 be amended to read as follows:

13-13-10.1. Terms used in this chapter mean:

- (1) "Average daily membership," the average number of resident and nonresident kindergarten through twelfth grade pupils enrolled in all schools operated by the school district during the previous regular school year, minus average number of pupils for whom the district receives tuition, except pupils described in subdivision (1A) and pupils for whom tuition is being paid pursuant to § 13-28-42.1 and plus the average number of pupils for whom the district pays tuition;
- (1A) Nonresident students who are in the care and custody of the Department of Social Services, the Unified Judicial System, the Department of Corrections, or other state agencies and are attending a public school may be included in the average daily membership of the receiving district when enrolled in the receiving district. When counting a student who meets these criteria in its general enrollment average daily membership, the receiving district may begin the enrollment on the first day of attendance. The district of residence prior to the custodial transfer may not include students who meet these criteria in its general enrollment average daily membership after the student ceases to attend school in the resident district;
- (2) "Adjusted average daily membership," calculated as follows:
 - (a) For districts with an average daily membership of two hundred or less, multiply 1.2 times the average daily membership;

- (b) For districts with an average daily membership of less than six hundred, but greater than two hundred, raise the average daily membership to the 0.8293 power and multiply the result times 2.98;
 - (c) For districts with an average daily membership of six hundred or more, multiply 1.0 times their average daily membership;
- (2A) "Fall enrollment," the number of kindergarten through twelfth grade students enrolled in all schools operated by the school district on the last Friday of September of the current school year minus the number of students for whom the district receives tuition, except nonresident students who are in the care and custody of a state agency and are attending a public school and students for whom tuition is being paid pursuant to § 13-28-42.1, plus the number of students for whom the district pays tuition. When computing state aid to education for a school district under the foundation program pursuant to § 13-13-73, the secretary of the Department of Education shall use either the school district's fall enrollment or the average of the school district's fall enrollment from the previous two years, whichever is higher;
- (2B) Repealed by SL 2010, ch 84, § 1.
- (2C) "Small school adjustment," calculated as follows:
- (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times \$4,237.72;
 - (b) For districts with a fall enrollment of greater than two hundred, but less than six hundred, multiply the fall enrollment times negative 0.0005; add 0.3 to that result; and multiply the sum obtained times \$4,237.72;

The determination of the small school adjustment for a school district may not include any students residing in a residential treatment facility when the education program is

operated by the school district;

- (2D) "Limited English proficiency (LEP) adjustment," is calculated as follows:
- (a) Multiply 0.25 times the per student allocation; and
 - (b) Multiply the product obtained in subsection (a) times the number of kindergarten through twelfth grade students who, in the prior school year, scored below level four on the state-administered language proficiency assessment as required in the state's consolidated state application pursuant to 20 USC 6311(b)(7) as of January 1, 2013;
- (3) "Index factor," is the annual percentage change in the consumer price index for urban wage earners and clerical workers as computed by the Bureau of Labor Statistics of the United States Department of Labor for the year before the year immediately preceding the year of adjustment or three percent, whichever is less;
- (4) "Per student allocation," for school fiscal year 2016 is \$4,876.76. Each school fiscal year thereafter, the per student allocation is the previous fiscal year's per student allocation increased by the index factor;
- (5) "Local need," is the sum of:
- (a) The per student allocation multiplied by the fall enrollment;
 - (b) The small school adjustment, if applicable, multiplied by the fall enrollment; and
 - (c) The limited English proficiency (LEP) adjustment, calculated pursuant to subdivision (2D), if applicable;
 - (d) When calculating local need at the statewide level, include the amounts set aside for costs related to technology in schools and statewide student assessments; and
 - (e) When calculating local need at the statewide level, include the amounts set aside for sparse school district benefits, calculated pursuant to §§ 13-13-78 and

13-13-79;

- (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by applying the levies established pursuant to § 10-12-42;
- (7) "General fund balance percentage," is a school district's general fund equity divided by the school district's total general fund expenditures for the previous school fiscal year, the quotient expressed as a percent;
- (8) "General fund reserves," the sum of a school district's nonspendable and restricted fund balances of the general fund;
- (9) "Nonspendable fund balance," that amount of the fund balance that is not in spendable form;
- (10) "Restricted fund balance," that amount of the fund balance that has constraints on how it may be used that are externally imposed or are imposed by law.

Section 2. That chapter 13-13 be amended by adding thereto a NEW SECTION to read as follows:

The amount of funding to be distributed to the school districts shall be the local need as determined in § 13-13-10.1 less the technology and assessment costs and the sparse school district benefits. The amount for technology and assessment costs and sparse school district benefits shall be retained by the Department of Education to fund technology in schools, statewide assessment testing, and sparse school district payments.

Section 3. That § 10-12-42 be amended to read as follows:

10-12-42. For taxes payable in 2016 and each year thereafter, the levy for the general fund of a school district shall be as follows:

- (1) The maximum tax levy shall be eight dollars and seventy-two and seven tenths cents per thousand dollars of taxable valuation subject to the limitations on agricultural property

as provided in subdivision (2) of this section, and owner-occupied property as provided in subdivision (3) of this section;

- (2) The maximum tax levy on agricultural property for such school district shall be one dollar and fifty-six and eight tenths cents per thousand dollars of taxable valuation. If the district's levies are less than the maximum levies as stated in this section, the levies shall maintain the same proportion to each other as represented in the mathematical relationship at the maximum levies; and
- (3) The maximum tax levy for an owner-occupied single-family dwelling as defined in § 10-13-40 for such school district shall be four dollars and seven and five tenths cents per thousand dollars of taxable valuation. If the district's levies are less than the maximum levies as stated in this section, the levies shall maintain the same proportion to each other as represented in the mathematical relationship at the maximum levies.

All levies in this section shall be imposed on valuations where the median level of assessment represents eighty-five percent of market value as determined by the Department of Revenue. These valuations shall be used for all school funding purposes. If the district has imposed an excess levy pursuant to § 10-12-43, the levies shall maintain the same proportion to each other as represented in the mathematical relationship at the maximum levies in this section. The school district may elect to tax at less than the maximum amounts set forth in this section.

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I certify that the attached Act originated in the

SENATE as Bill No. 53

Secretary of the Senate

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President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 53
File No. _____
Chapter No. _____

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Received at this Executive Office this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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The attached Act is hereby approved this _____ day of _____ , A.D., 20____

Governor

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STATE OF SOUTH DAKOTA,
ss.

Office of the Secretary of State

Filed _____ , 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State