



REVISED  
FISCAL NOTE

(replaces fiscal note dated April 27, 2016)

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 16-1152

**Date:** May 6, 2016

**Prime Sponsor(s):** Sen. Hill

**Bill Status:** House Education

Rep. Williams; Sias

**Fiscal Analyst:** Josh Abram (303-866-3561)

**BILL TOPIC:** ACCESS TO RESOURCES FOR CHARTER SCHOOLS

### Summary of Legislation

The **reengrossed** bill makes several changes to current law governing charter schools.

**Mill levy override revenue.** Beginning with FY 2017-18, the bill requires that school districts share revenue from mill levy overrides with charter schools. The bill does not require a school district to share mill levy revenue collected before FY 2017-18.

School districts are required to calculate a per pupil mill levy share based on override revenue and the district's funded pupil count, and distribute the greater of fifty percent or the percentage the school district distributed in the preceding budget year of additional mill levy revenue, calculated for each charter school authorized by the district. For FY 2018-19, and each fiscal year thereafter, each school district shall distribute 100 percent of the per pupil mill levy share for the applicable budget year.

The bill exempts override revenue from mills that a growing district may levy for capital construction, and mills any district may levy for bonded debt. Districts are not required to share override revenue if the authorized revenue is for specific purposes (e.g., full day kindergarten), and the charter school does not provide that specific program.

If a school district authorizes a charter school that is physically located within the geographic boundaries of another school district, the chartering school district is required to distribute to the charter school an amount equal to the per pupil mill levy share multiplied only by the number of students enrolled in the charter school who reside within the authorizing school district.

**Building Excellent Schools Today (BEST) funding.** The bill repeals certain requirements imposed on charter schools as conditions of qualifying for capital construction funding, and allows charter schools to apply directly to the BEST board for capital construction funding instead of having applications pass through school districts. Authorizing districts may submit a letter to the board stating their position on the application. The bill also permits BEST funding for building maintenance in addition to funding for new construction.

**Underused school district buildings.** Beginning no later than November 2016, and annually thereafter, school districts must prepare a list of their vacant or underused buildings and land and provide the list, upon request, to charter schools authorized by the school district, to charter school applicants, and to other interested persons. The school district shall also post on

its website a notice that the list is available to interested persons upon request. The school district must provide the list within two school days after receiving a request. No later than forty-five days after the school district posts the availability of the list or after receiving the list, schools may apply to the district for use of the property and the local board of education must review applications and approve or disapprove applications in a public meeting. A building is considered underused if it has unused capacity to accommodate 250 students or more.

### **School District Impact**

**Workload increase.** School districts will have increased workload to make an annual inventory of available vacant land and underused buildings, and to notify their currently authorized and pending authorized charter schools of the potential availability of these capital resources.

**Mill levy override revenue.** School districts will be required to allocate mill levy revenue to charter schools based on each district's per pupil override calculation. The total amount of local revenue collected by school districts in the current fiscal year is estimated at up to \$80.3 million, although some portion of this amount may already be distributed to charter schools. Further, some of this revenue is restricted revenue, and will only be distributed to those charter schools that provide the applicable service for which the override was authorized.

### **Technical Note**

For FY 2017-18, the reengrossed bill requires that school districts share with charter schools either fifty percent of mill levy override revenue, or the percentage shared in the previous fiscal year, whichever is greater. Beginning with FY 2018-19, districts are required to share 100 percent of mill levy override revenue.

The reengrossed bill contains conflicting language that requires that districts share 100 percent of override revenue beginning FY 2017-18, not FY 2018-19. The fiscal note assumes this conflicting requirement is a drafting error that will be corrected by amendment in the House of Representatives.

### **Effective Date**

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

### **State and Local Government Contacts**

Education