

1 AN ACT relating to school district funding.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 157.440 is amended to read as follows:

4 (1) (a) Notwithstanding any statutory provisions to the contrary~~, effective for school~~
5 ~~years beginning after July 1, 1990~~, the board of education of each school
6 district may levy an equivalent tax rate as defined in subsection (9)(a) of KRS
7 160.470 which will produce up to seventeen and one-half percent
8 (17.5%)~~fifteen percent (15%)~~ of those revenues guaranteed by the program
9 to support education excellence in Kentucky. The levy ~~for the 1990-91~~
10 ~~school year~~ shall be made no later than ~~October 1, 1989, and no later than~~
11 ~~October 1, 1990, for the 1991-92 school year, and by~~ October 1 of each odd-
12 numbered year ~~thereafter~~. ~~Effective with the 1990-91 school year,~~
13 Revenue generated by this levy shall be equalized at one hundred fifty
14 percent (150%) of the statewide average per pupil assessment.

15 (b) To participate in the Facilities Support Program of Kentucky, the board of
16 education of each school district shall commit at least an equivalent tax rate of
17 five cents (\$0.05) to debt service, new facilities, or major renovations of
18 existing school facilities, or the purchase of land if approved by the
19 commissioner of education as provided in KRS 157.420(4)(b). The five cents
20 (\$0.05) shall be in addition to the thirty cents (\$0.30) required by KRS
21 160.470(9) and any levy pursuant to paragraph (a) of this subsection. The levy
22 shall be made no later than October 1 of each odd-numbered year. Eligibility
23 for equalization funds for the biennium shall be based on the district funds
24 committed to debt service on that date. The five cents (\$0.05) shall be
25 equalized at one hundred fifty percent (150%) of the statewide average per
26 pupil assessment. The equalization funds shall be committed to debt service to
27 the greatest extent possible, but any excess equalization funds not needed for

1 debt service shall be deposited to a restricted building fund account. The
2 funds may be escrowed for future debt service or used to address categorical
3 priorities listed in the approved facilities plan pursuant to KRS 157.420.

4 (c) The board of education of each school district may contribute the levy
5 equivalent tax rate of five cents (\$0.05) and equalization funds for energy
6 conservation measures under guaranteed energy savings contracts pursuant to
7 KRS 45A.345, 45A.352, and 45A.353. Use of these funds, as provided under
8 KRS 45A.353, 56.774, and 58.600 shall be based on the following guidelines:

- 9 1. Energy conservation measures shall include facility alteration;
- 10 2. Energy conservation measures shall be identified in the district's
11 approved facility plan pursuant to KRS 157.420;
- 12 3. The current facility systems are consuming excess maintenance and
13 operating costs;
- 14 4. The savings generated by the energy conservation measures are
15 guaranteed;
- 16 5. The levy equivalent tax rate of five cents (\$0.05) and equalization funds
17 contributed to the energy conservation measures shall be defined as
18 capital cost avoidance as provided in KRS 45A.345(2) and shall be
19 subject to the restrictions on usage as specified in KRS 45A.352(9); and
20 6. The equipment that is replaced has exceeded its useful life as
21 determined by a life cycle cost analysis.

22 (d) The rate levied by a district board of education under the provisions of this
23 subsection shall not be subject to the public hearing provisions of KRS
24 160.470(7) or to the recall provisions of KRS 160.470(8).

25 (e) A school district which is at or above the equivalent tax rates permitted under
26 the provisions of the Kentucky Education Reform Act of 1990, 1990 Ky. Acts
27 ch. 476, shall not be required to levy an equivalent tax rate which is lower

1 than the rate levied during the 1989-90 school year.

2 (2) (a) A district may exceed the maximum provided by subsection (1) of KRS
3 160.470 provided that, upon request of the board of education of the district,
4 the county board of elections shall submit to the qualified voters of the
5 district, in the manner of submitting and voting as prescribed in paragraph (b)
6 of this subsection, the question whether a rate which would produce revenues
7 in excess of the maximum provided by subsection (1) of KRS 160.470 shall
8 be levied. The rate that may be levied under this section may produce revenue
9 up to no more than thirty percent (30%) of the revenue guaranteed by the
10 program to support education excellence in Kentucky plus the revenue
11 produced by the tax authorized by this section. Revenue produced by this levy
12 shall not be equalized with state funds. If a majority of those voting on the
13 question favor the increased rate, the tax levying authority shall, when the
14 next tax rate for the district is fixed, levy a rate not to exceed the rate
15 authorized by the voters.

16 (b) The election shall be held not less than fifteen (15) or more than thirty (30)
17 days from the time the request of the board is filed with the county clerk, and
18 reasonable notice of the election shall be given. The election shall be
19 conducted and carried out in the school district in all respects as required by
20 the general election laws and shall be held by the same officers as required by
21 the general election laws. The expense of the election shall be borne by the
22 school district.

23 (3) For the 1966 tax year and for all subsequent years for levies which were approved
24 prior to December 8, 1965, no district board of education shall levy a tax at a rate
25 under the provisions of this section which exceeds the compensating tax rate as
26 defined in KRS 132.010, except as provided in subsection (4) of this section and
27 except that a rate which has been approved by the voters under this section but

1 which was not levied by the district board of education in 1965 may be levied after
2 it has been reduced to the compensating tax rate as defined in KRS 132.010, and
3 except that in any school district where the rate levied in 1965 was less than the
4 maximum rate which had been approved by the voters, the compensating tax rate
5 shall be computed and may be levied as though the maximum approved rate had
6 been levied in 1965 and the amount of revenue which would have been produced
7 from such maximum levy had been derived therefrom.

8 (4) Notwithstanding the limitations contained in subsection (3) of this section, no tax
9 rate shall be set lower than that necessary to provide such funds as are required to
10 meet principal and interest payments on outstanding bonded indebtedness and
11 payments of rentals in connection with any outstanding school revenue bonds
12 issued under the provisions of KRS Chapter 162.

13 (5) The chief state school officer shall certify the compensating tax rate to the levying
14 authorities.