

HOUSE BILL 1173

By Baum

AN ACT to amend Tennessee Code Annotated, Title 67,  
Chapter 6, relative to local education capital  
investment.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. This act is known and may be cited as the "Tennessee Local Education Capital Investment Act."

SECTION 2. Tennessee Code Annotated, Section 67-6-103(a)(3), is amended by adding the following language as a new subdivision (G):

(G)

(i) A local education agency (LEA) with a minimum ADM growth of two percent (2%) may elect to be a "Tennessee rapid growth school district" for purposes of this chapter. The department of education shall calculate ADM growth for each LEA on an annual basis to determine initial and continuing eligibility. The election shall be made in accordance with subdivision (a)(3)(G)(ii). Notwithstanding any law to the contrary, in addition to the allocation prescribed in subdivision (a)(3)(A), a Tennessee rapid growth school district with twenty percent (20%) or greater ADM growth is entitled to receive two percent (2%) of its proportionate share of the tax collected and remitted by dealers within the county. A Tennessee rapid growth school district with an ADM growth of less than twenty percent (20%) is entitled to receive a percentage of its proportionate share of the tax collected and remitted by dealers within the county equal to ten percent (10%) of the LEA's ADM growth. The proportionate share for each district shall be determined in accordance with subdivision (a)(3)(G)(iv). The total

annual amount distributed to each LEA shall be capped at seven million dollars (\$7,000,000). Any distribution made to a Tennessee rapid growth school district pursuant to such election shall be paid from the general fund.

(ii) A qualifying municipal or county LEA described in subdivision (a)(3)(G)(i) may elect Tennessee rapid growth school district status by resolution or ordinance approved by a two-thirds (2/3) vote of the legislative body of the municipality or county. A special school district LEA may elect Tennessee rapid growth school district status by resolution approved by a two-thirds (2/3) vote of its school board. Within thirty (30) days of adopting such resolution or ordinance, the presiding officer of the adopting jurisdiction shall send a certified copy of the ordinance or resolution to the commissioner of education and the commissioner of revenue.

(iii) One hundred percent (100%) of the revenue received pursuant to the election to become a Tennessee rapid growth school district must exclusively be used for either public school-related debt service or public school-related capital improvements.

(iv) Tennessee rapid growth school district status may be elected by any county, municipality, or special school district that meets the ADM growth criteria set out in subdivision (a)(3)(G)(i). The revenue required to be distributed pursuant to any election shall be based on the tax collected and remitted by dealers within the boundaries of the entire county and not the tax collected and remitted within the boundaries of the electing entity. Each electing entity is entitled only to a proportionate share of the tax collected and remitted by dealers within the boundaries of the entire county based on the proportion the electing entity's weighted full-time equivalent average daily attendance (WFTEADA), as

defined in § 49-3-302, bears to the total WFTEADA in all school systems within the county. The revenue to be distributed pursuant to an election shall then be calculated based on this proportionate share in accordance with the LEA's ADM growth as provided in subdivision (a)(3)(G)(i).

(v) Prior to adoption of Tennessee rapid growth school district status, the county, municipality, or special school district must have adopted a formal multiyear school capital improvement plan specifying the manner by which additional revenue distributed pursuant to an election is to be incorporated into the funding of the capital improvement plan. The plan shall be adopted by the body responsible for approving indebtedness for the LEA.

(vi) As used in this subdivision (a)(3)(G):

(a) "Average daily membership" or "ADM" has the same meaning as defined in § 49-3-302; and

(b) "Average daily membership growth" or "ADM growth" means an LEA's average annual growth in ADM over the immediately preceding five (5) fiscal years.

SECTION 3. The commissioner of revenue is authorized to promulgate rules necessary to effectuate the purposes of this chapter. The rules shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 4. For the purpose of promulgating rules, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect July 1, 2021, the public welfare requiring it.