HOUSE BILL 2164

By Turner L

AN ACT to amend Tennessee Code Annotated, Title 49, Chapter 2, relative to local education agencies.

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

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 2, is amended by adding the following as a new, appropriately designated section:

§ 49-2-___.

(a) In any county in which more than one (1) local education agency (LEA) exists, a single source funding district (SSFD) may be created by the general assembly. In any county in which a SSFD has been created, the respective LEAs shall remain separate and distinct LEAs in all respects. In any county in which a SSFD has been created, a county-wide education tax may be levied and distributed to the LEAs on an average daily membership (ADM) basis, as adjusted by a local equity funding model for English language learners and at-risk students. A county-wide education tax for a SSFD shall be levied only by the general assembly.

(b) Before a SSFD may be created, an advisory, nonbinding referendum shall be conducted on the question of whether a SSFD should be created. Upon request of a local board of education of an LEA in a county in which more than one (1) LEA exists and operates, the county election commission shall call an election on the question of whether a SSFD should be created. The county election commission shall call such election to be held in either the regular August election or regular November election. The ballot shall provide options to vote "FOR" or "AGAINST" the question. The ballots used in such election shall have printed on them the substance of the question and a statement that the referendum is nonbinding and advisory only. The qualifications of

voters voting on the question shall be the same as those required for participation in general elections. All laws applicable to general elections shall apply to the determination of the approval or rejection of the question. The votes cast on the question shall be canvassed and the results proclaimed by the county election commission and certified by it to the general assembly, the county legislative body and all LEAs operating in the county. When considering whether to create a SSFD, the general assembly may consider the results of the advisory referendum, but shall not be bound by such results.

(c) If the general assembly has created a SSFD, then the general assembly may levy a county-wide education tax to be distributed to the LEAs within the SSFD on an ADM basis, as adjusted by a local equity funding model for English language learners and at-risk students. If the general assembly levies a county-wide education tax for a SSFD, then, notwithstanding § 49-2-101 or any other law to the contrary, the county legislative body shall not levy county-wide taxes for education. All county-wide education taxes levied by the general assembly shall be collected by the county trustee and the share of such taxes of any LEA, other than the county LEA, within the SSFD as determined under this subsection (c) shall be distributed to a properly bonded treasurer or fiscal agent of the LEA.

(d) The general assembly may authorize the combined boards of education of a SSFD to issue bonds or notes for the purchase of school grounds, the erection and repair of school buildings, and for equipping same. The amount of the bonds shall be as determined by a two-thirds (⅔) majority vote of the combined boards to be adequate to fund the capital needs of the respective LEAs. The proceeds of such bonds, notes and other obligations issued under this section shall be shared by all LEAs within the county

on an ADM basis of the year ending June 30 next preceding the sale of the bonds. The SSFD shall be obligated for the entire proceeds of the bonds.

(e) The geographic boundaries of each LEA within the SSFD shall be set forth in the act creating the SSFD so as to ensure that the powers and duties of the LEAs within the SSFD shall remain separate and independent from one another. Under no circumstance shall the SSFD be considered to be an LEA, nor shall the SSFD have any authority to manage or operate schools.

(f) The combined boards of education of the SSFD may recommend to the general assembly increases in the county-wide education tax rate, if by a two-thirds (⅔) majority vote of the combined boards, the combined boards determine that a tax rate increase is necessary to adequately fund the operations of the respective LEAs.

(g) In the event that any LEA within the SSFD desires to terminate its participation as a member of the SSFD, the board of education of the LEA shall request that the county election commission call an election on the question of whether the SSFD shall be dissolved. The county election commission shall call such election to be held in either the regular August election or regular November election. The ballot shall provide options to vote "FOR" or "AGAINST" the question. The ballots used in such election shall have printed on them the substance of the question. The qualifications of voters voting on the question shall be the same as those required for participation in general elections. All laws applicable to general elections shall apply to the determination of the approval or rejection of the question. The votes cast on the question shall be canvassed and the results proclaimed by the county election commission and certified by it to the general assembly, to the county legislative body and all LEAs operating in the county. If a majority of the voters voting in the referendum vote to dissolve the SSFD, then the SSFD shall be dissolved thirty (30) days after the

certification of the election by the county election commission. No SSFD may be dissolved before the last day of June following the fifth anniversary of the enactment of the act creating the SSFD.

(h) In the event that a SSFD is dissolved, each of the school districts within the former SSFD shall continue to possess the school district status each held prior to the enactment of the act creating the SSFD; provided, that until all school bonds issued by the combined boards of education of the SSFD for capital projects have been retired, the SSFD shall continue to exist for the limited purpose of the general assembly levying tax for the retirement of the school bonds.

SECTION 2. This act shall take effect July 1, 2009, the public welfare requiring it.