

2021 South Dakota Legislature

House Bill 1066**AMENDMENT 1066F FOR THE INTRODUCED BILL**

1 **An Act to authorize the transfer of renewable energy tax revenue from a school**
2 **district general fund.**

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

4 **Section 1.** That § 13-13-10.1 be AMENDED.

5 **13-13-10.1. Definitions.**

6 The education funding terms and procedures referenced in this chapter are defined
7 as follows:

8 (1) Repealed by SL 2016, ch 83, § 4;

9 (1A) Nonresident students who are in the care and custody of the Department of Social
10 Services, the Unified Judicial System, the Department of Corrections, or other state
11 agencies and are attending a public school may be included in the fall enrollment of
12 the receiving district when enrolled in the receiving district;

13 (2) Repealed by SL 2016, ch 83, § 4;

14 (2A) "Fall enrollment," is calculated as follows:

15 (a) Determine the number of kindergarten through twelfth grade students
16 enrolled in all schools operated by the school district on the last Friday of
17 September of the current school year;

18 (b) Subtract the number of students for whom the district receives tuition except
19 for:

20 (i) Nonresident students who are in the care and custody of a state agency
21 and are attending a public school district; and

22 (ii) Students who are being provided an education pursuant to § 13-28-
23 11;

24 (c) Add the number of students for whom the district pays tuition.

1 When computing state aid to education for a school district pursuant to § 13-13-
2 73, the secretary of the Department of Education shall use the school district's fall
3 enrollment;

4 (2B) Repealed by SL 2010, ch 84, § 1;

5 (2C) "Target teacher ratio factor," is:

6 (a) For school districts with a fall enrollment of two hundred or less, the target
7 teacher ratio factor is 12;

8 (b) For districts with a fall enrollment of greater than two hundred, but less than
9 six hundred, the target teacher ratio factor is calculated as follows:

10 (1) Multiplying the fall enrollment by .00750;

11 (2) Adding 10.50 to the product of subsection (b)(1);

12 (c) For districts with a fall enrollment of six hundred or greater, the target teacher
13 ratio factor is 15.

14 The fall enrollment used for the determination of the target teacher ratio for a school
15 district may not include any students residing in a residential treatment facility
16 when the education program is operated by the school district;

17 (2D) "Limited English proficiency (LEP) adjustment," is calculated by multiplying 0.25
18 times the number of kindergarten through twelfth grade students who, in the prior
19 school year, scored below level four on the state-administered language proficiency
20 assessment as required in the state's consolidated state application pursuant to 20
21 USC § 6311(b)(7) as of January 1, 2013;

22 (3) "Index factor," is the annual percentage change in the consumer price index for
23 urban wage earners and clerical workers as computed by the Bureau of Labor
24 Statistics of the United States Department of Labor for the year before the year
25 immediately preceding the year of adjustment or three percent, whichever is less;

26 (4) "Target teacher salary," for the school fiscal year beginning July 1, 2020 is
27 \$51,367.47. Each school fiscal year thereafter, the target teacher salary is the
28 previous fiscal year's target teacher salary increased by the index factor;

29 (4A) "Target teacher benefits," is the target teacher salary multiplied by twenty-nine
30 percent;

31 (4B) "Target teacher compensation," is the sum of the target teacher salary and the
32 target teacher benefits;

33 (4C) "Overhead rate," is thirty-four and ninety-three hundredths percent.

- 1 Beginning in school fiscal year 2018, the overhead rate shall be adjusted to take
2 into account the sum of the amounts that districts exceed the other revenue base
3 amount;
- 4 (5) "Local need," is calculated as follows:
- 5 (a) Divide the fall enrollment by the target teacher ratio factor;
- 6 (b) If applicable, divide Limited English proficiency (LEP) adjustment pursuant to
7 subdivision (2D) by the target teacher ratio factor;
- 8 (c) Add the results of subsections (a) and (b);
- 9 (d) Multiply the result of subsection (c) by the target teacher compensation;
- 10 (e) Multiply the product of subsection (d) by the overhead rate;
- 11 (f) Add the products of subsections (d) and (e);
- 12 (g) When calculating local need at the statewide level, include the amounts set
13 aside for costs related to technology in schools and statewide student
14 assessments; and
- 15 (h) When calculating local need at the statewide level, include the amounts set
16 aside for sparse school district benefits, calculated pursuant to §§ 13-13-78
17 and 13-13-79;
- 18 (5A) "Alternative per student need," is calculated as follows:
- 19 (a) Add the total need for each school district for school fiscal year 2016,
20 including the small school adjustment and the limited English proficiency
21 adjustment, to the lesser of the amount of funds apportioned to each school
22 district in the year preceding the most recently completed school fiscal year
23 or school fiscal year 2015 pursuant to §§ 13-13-4, 23A-27-25, 10-33-24, 10-
24 36-10, 11-7-73, 10-35-21, and 10-43-77;
- 25 (b) Divide the result of (a) by the September 2015 fall enrollment, excluding any
26 adjustments based on prior year student counts;
- 27 (5B) "Alternative local need," is the alternative per student need multiplied by the fall
28 enrollment, excluding any adjustments based on prior year student counts;
- 29 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by
30 applying the levies established pursuant to § 10-12-42. Beginning on July 1, 2017,
31 local effort will include the amount of funds apportioned to each school district in
32 the year preceding the most recently completed school fiscal year pursuant to
33 §§ 10-33-24, 10-35-21 as provided by subdivision (6B), 10-36-10, 10-43-77, 11-
34 7-73, 13-13-4, and 23A-27-25 and that exceeds the other revenue base amount.
35 For the period July 1, 2016, through December 31, 2016, inclusive, local effort

1 includes the amount of ad valorem taxes generated by applying the levies
2 established pursuant to § 13-10-6 during this period;

3 (6A) "Other revenue base amount," for school districts not utilizing the alternative local
4 need calculation is the amount of funds apportioned to each school district pursuant
5 to §§ 10-33-24, 10-35-21 as provided by subdivision (6B), 10-36-10, 10-43-77,
6 11-7-73, 13-13-4, and 23A-27-25 calculated as follows:

7 (a) Beginning on July 1, 2017, equals the greatest of the amounts of the funds
8 apportioned to each school district pursuant to §§ 10-33-24, 10-35-21 as
9 provided by subdivision (6B), 10-36-10, 10-43-77, 11-7-73, 13-13-4, and
10 23A-27-25 for school fiscal years 2013, 2014, and 2015;

11 (b) Beginning on July 1, 2018, multiply eighty percent times subsection (a);

12 (c) Beginning on July 1, 2019, multiply sixty percent times subsection (a);

13 (d) Beginning on July 1, 2020, multiply forty percent times subsection (a);

14 (e) Beginning on July 1, 2021, multiply twenty percent times subsection (a);

15 (f) Beginning on July 1, 2022, is zero.

16 For school districts utilizing the alternative local need calculation, the other revenue
17 base amount is zero until such time the school district chooses to no longer utilize
18 the alternative local need calculation. At that time, the other revenue base amount
19 is calculated as defined above.

20 For a school district created or reorganized after July 1, 2016, the other revenue
21 base amount is the sum of the other revenue base amount for each district before
22 reorganization, and the new school district may not utilize the alternative local
23 need calculation.

24 In the case of the dissolution and annexation of a district, the other revenue base
25 amount of the dissolved school district will be prorated based on the total number
26 of students in the fall enrollment as defined in subdivision (2A) who attend each
27 district to which area of the dissolved district were annexed to in the first year of
28 reorganization. The amount apportioned for each district will be added to the
29 annexed districts' other revenue base;

30 (6B) "Wind-Renewable energy tax revenue," any ~~wind-renewable~~ energy tax revenue
31 apportioned to school districts, pursuant to § 10-35-21, from a wind farm producing
32 power for the first time before July 1, 2016, shall be considered local effort pursuant
33 to subdivision (6) and other revenue base amount pursuant to subdivision (6A).
34 However, any ~~wind-renewable~~ energy tax revenue apportioned to a school district
35 from a wind farm producing power for the first time after June 30, 2016, one

1 hundred percent shall be retained by the school district to which the tax revenue is
 2 apportioned for the first five years of producing power, eighty percent for the sixth
 3 year, sixty percent for the seventh year, forty percent for the eighth year, twenty
 4 percent for the ninth year, and zero percent thereafter~~7~~. For purposes of this
 5 subdivision, wind farms producing power for the first time include only those that
 6 are operational before the first day of October.

7 (7) "Per student equivalent," for funding calculations that are determined on a per
 8 student basis, the per student equivalent is calculated as follows:

9 (a) Multiply the target teacher compensation times the sum of one plus the
 10 overhead rate;

11 (b) Divide subsection (a) by 15;

12 (8) "Monthly cash balance," the total amount of money for each month in the school
 13 district's general fund, calculated by adding all deposits made during the month to
 14 the beginning cash balance and deducting all disbursements or payments made
 15 during the month;

16 (9) "General fund base percentage," is determined as follows:

17 (a) Forty percent for a school district with a fall enrollment as defined in
 18 subdivision (2A) of two hundred or less;

19 (b) Thirty percent for a school district with fall enrollment as defined in
 20 subdivision (2A) of more than two hundred but less than six hundred; and

21 (c) Twenty-five percent for a school district with fall enrollment as defined in
 22 subdivision (2A) greater than or equal to six hundred.

23 When determining the general fund base percentage, the secretary of the
 24 Department of Education shall use the lesser of the school district's fall enrollment
 25 as defined in subdivision (2A) for the current school year or the school district's fall
 26 enrollment from the previous two years;

27 (10) "Allowable general fund cash balance," the general fund base percentage multiplied
 28 by the district's general fund expenditures in the previous school year.

29 **Section 2.** That § 13-16-26.2 be AMENDED.

30 **13-16-26.2. Transfers from general fund--Prohibited--Exceptions.**

31 Notwithstanding ~~the provisions of~~ § 13-16-26, no school district may transfer any
 32 funds, exclusive of federal funds and ~~wind-renewable~~ wind-renewable energy tax revenue that is defined
 33 in § 13-13-10.1 and apportioned pursuant to § 10-35-21, from the general fund to the
 34 capital outlay fund, bond redemption fund or the capital projects fund.

1 The authority provided by this section for the transfer of renewable energy tax
2 revenue is conditioned annually upon the district obtaining, from the Department of
3 Education, verification that the average compensation of teachers in the district, as based
4 on the most recently approved financial report, exceeds the average compensation rate
5 for the 2017 fiscal year.

6 The transfer of renewable energy tax revenue must be made within the ten year
7 timeframe identified in § 13-13-10.1(6B) for each new wind farm.

8 Notwithstanding § 13-16-6, renewable energy tax revenue transferred to the
9 capital outlay fund under the authority of this section must remain separately identified
10 and may not thereafter be returned to the general fund.