

# State of South Dakota

NINETIETH SESSION  
LEGISLATIVE ASSEMBLY, 2015

400W0328

## HOUSE APPROPRIATIONS ENGROSSED NO. **SB 53** - 03/09/2015

Introduced by: The Committee on Appropriations at the request of the Bureau of Finance and Management

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding the state aid to  
2 general education formula and to revise the property tax levies for the general fund of school  
3 districts.

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

5 Section 1. That § 13-13-10.1 be amended to read as follows:

6 13-13-10.1. Terms used in this chapter mean:

- 7 (1) "Average daily membership," the average number of resident and nonresident  
8 kindergarten through twelfth grade pupils enrolled in all schools operated by the  
9 school district during the previous regular school year, minus average number of  
10 pupils for whom the district receives tuition, except pupils described in subdivision  
11 (1A) and pupils for whom tuition is being paid pursuant to § 13-28-42.1 and plus the  
12 average number of pupils for whom the district pays tuition;
- 13 (1A) Nonresident students who are in the care and custody of the Department of Social  
14 Services, the Unified Judicial System, the Department of Corrections, or other state



1 agencies and are attending a public school may be included in the average daily  
2 membership of the receiving district when enrolled in the receiving district. When  
3 counting a student who meets these criteria in its general enrollment average daily  
4 membership, the receiving district may begin the enrollment on the first day of  
5 attendance. The district of residence prior to the custodial transfer may not include  
6 students who meet these criteria in its general enrollment average daily membership  
7 after the student ceases to attend school in the resident district;

8 (2) "Adjusted average daily membership," calculated as follows:

9 (a) For districts with an average daily membership of two hundred or less,  
10 multiply 1.2 times the average daily membership;

11 (b) For districts with an average daily membership of less than six hundred, but  
12 greater than two hundred, raise the average daily membership to the 0.8293  
13 power and multiply the result times 2.98;

14 (c) For districts with an average daily membership of six hundred or more,  
15 multiply 1.0 times their average daily membership;

16 (2A) "Fall enrollment," the number of kindergarten through twelfth grade students enrolled  
17 in all schools operated by the school district on the last Friday of September of the  
18 current school year minus the number of students for whom the district receives  
19 tuition, except nonresident students who are in the care and custody of a state agency  
20 and are attending a public school and students for whom tuition is being paid  
21 pursuant to § 13-28-42.1, plus the number of students for whom the district pays  
22 tuition. When computing state aid to education for a school district under the  
23 foundation program pursuant to § 13-13-73, the secretary of the Department of  
24 Education shall use either the school district's fall enrollment or the average of the

1 school district's fall enrollment from the previous two years, whichever is higher;

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

3 (2C) "Small school adjustment," calculated as follows:

4 (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times  
5 \$4,237.72;

6 (b) For districts with a fall enrollment of greater than two hundred, but less than  
7 six hundred, multiply the fall enrollment times negative 0.0005; add 0.3 to that  
8 result; and multiply the sum obtained times \$4,237.72;

9 The determination of the small school adjustment for a school district may not  
10 include any students residing in a residential treatment facility when the education  
11 program is operated by the school district;

12 (2D) "Limited English proficiency (LEP) adjustment," is calculated as follows:

13 (a) Multiply 0.25 times the per student allocation; and

14 (b) Multiply the product obtained in subsection (a) times the number of  
15 kindergarten through twelfth grade students who, in the prior school year,  
16 scored below level four on the state-administered language proficiency  
17 assessment as required in the state's consolidated state application pursuant to  
18 20 USC 6311(b)(7) as of January 1, 2013;

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

23 (4) "Per student allocation," for school fiscal year ~~2015~~ 2016 is ~~\$4,781.14~~ \$4,876.76.

24 Each school fiscal year thereafter, the per student allocation is the previous fiscal

- 1 year's per student allocation increased by the index factor;
- 2 (5) "Local need," is the sum of:
- 3 (a) The per student allocation multiplied by the fall enrollment;
- 4 (b) The small school adjustment, if applicable, multiplied by the fall enrollment;
- 5 and
- 6 (c) The limited English proficiency (LEP) adjustment, calculated pursuant to
- 7 subdivision (2D), if applicable;
- 8 (d) When calculating local need at the statewide level, include the amounts set
- 9 aside for costs related to technology in schools and statewide student
- 10 assessments; and
- 11 (e) When calculating local need at the statewide level, include the amounts set
- 12 aside for sparse school district benefits, calculated pursuant to §§ 13-13-78
- 13 and 13-13-79;
- 14 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by
- 15 applying the levies established pursuant to § 10-12-42;
- 16 (7) "General fund balance percentage," is a school district's general fund equity divided
- 17 by the school district's total general fund expenditures for the previous school fiscal
- 18 year, the quotient expressed as a percent;
- 19 (8) "General fund reserves," the sum of a school district's nonspendable and restricted
- 20 fund balances of the general fund;
- 21 (9) "Nonspendable fund balance," that amount of the fund balance that is not in
- 22 spendable form;
- 23 (10) "Restricted fund balance," that amount of the fund balance that has constraints on
- 24 how it may be used that are externally imposed or are imposed by law.

1 Section 2. That chapter 13-13 be amended by adding thereto a NEW SECTION to read as  
2 follows:

3 The amount of funding to be distributed to the school districts shall be the local need as  
4 determined in § 13-13-10.1 less the technology and assessment costs and the sparse school  
5 district benefits. The amount for technology and assessment costs and sparse school district  
6 benefits shall be retained by the Department of Education to fund technology in schools,  
7 statewide assessment testing, and sparse school district payments.

8 Section 3. That § 10-12-42 be amended to read as follows:

9 10-12-42. For taxes payable in ~~2015~~ 2016 and each year thereafter, the levy for the general  
10 fund of a school district shall be as follows:

11 (1) The maximum tax levy shall be ~~nine~~ eight dollars and ~~ten and six~~ seventy-two and  
12 seven tenths cents per thousand dollars of taxable valuation subject to the limitations  
13 on agricultural property as provided in subdivision (2) of this section, and owner-  
14 occupied property as provided in subdivision (3) of this section;

15 (2) The maximum tax levy on agricultural property for such school district shall be one  
16 dollar and ~~seventy-eight and two~~ fifty-six and eight tenths cents per thousand dollars  
17 of taxable valuation. If the district's levies are less than the maximum levies as stated  
18 in this section, the levies shall maintain the same proportion to each other as  
19 represented in the mathematical relationship at the maximum levies; and

20 (3) The maximum tax levy for an owner-occupied single-family dwelling as defined in  
21 § 10-13-40 for such school district shall be four dollars and ~~twenty-five and two~~  
22 seven and five tenths cents per thousand dollars of taxable valuation. If the district's  
23 levies are less than the maximum levies as stated in this section, the levies shall  
24 maintain the same proportion to each other as represented in the mathematical

1 relationship at the maximum levies.

2 All levies in this section shall be imposed on valuations where the median level of  
3 assessment represents eighty-five percent of market value as determined by the Department of  
4 Revenue. These valuations shall be used for all school funding purposes. If the district has  
5 imposed an excess levy pursuant to § 10-12-43, the levies shall maintain the same proportion  
6 to each other as represented in the mathematical relationship at the maximum levies in this  
7 section. The school district may elect to tax at less than the maximum amounts set forth in this  
8 section.

9 Section 4. This Act is effective July 1, 2017.