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## DIGEST

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HB 899 Engrossed

2016 Regular Session

Leger

**Abstract:** Increases the amount of local revenues that must be remitted to the Recovery School District (RSD) by the Orleans Parish School Board each year and changes the maximum time period for which the parish may claim certain withholdings of local revenue from the RSD.

Present law provides relative to the funding of schools in the RSD. Requires the state to annually appropriate sufficient funds to each RSD school in an amount equal to 100% of the state share per student of the minimum foundation program (MFP) formula funds for the city, parish, or other local public school system from which the RSD school was transferred. Further requires a local school district to remit to the RSD a certain amount of local revenue dollars for each school transferred to the RSD from the school district. The sources of such local revenue are:

- (1) Sales and use taxes, less any tax collection fee paid by the school system.
- (2) Ad valorem taxes, less any tax collection fee paid by the school system.
- (3) Earnings from sixteenth section lands owned by the school system.

Proposed law retains present law.

Present law authorizes the Orleans Parish School Board (OPSB) to withhold certain extra amounts from its local revenues that would otherwise be transferred to the RSD. Such authorized withholdings are capped at \$6 million each year. Proposed law changes this cap from \$6 million to \$3 million.

Present law further provides that the extra withholdings allowed to OPSB expire upon attainment of the following conditions:

- (1) If the school board does not change millage rates, upon extinguishment of the obligation for which the excluded revenue was used.
- (2) If the school board reduces millage rates below the level in effect for FY 2009-2010, then upon the earlier of:
  - (a) 12 months after the full settlement of Orleans Parish School Board Special Community Disaster Loans.

(b) 20 tax years from the roll-forward millage adoption.

Proposed law changes the termination for such withholdings to the earliest of the following:

- (1) If the school board does not change millage rates, upon extinguishment of the obligation for which the excluded revenue was used.
- (2) If the school board reduces millage rates below the level in effect for FY 2009-2010, then upon such reduction.
- (3) June 30, 2030.

Effective July 1, 2016.

(Amends R.S. 17:1990(C)(2)(a)(iii)(bb) and (cc))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Education to the original bill:

1. Relative to present law conditions to be met in order for the extra withholdings allowed to Orleans to expire, provide for expiration upon a millage rate reduction rather than 20 tax years from a roll forward millage adoption. Also provide a date certain, June 30, 2030, by which all withholdings shall expire if not expired earlier.