SENATE BILL 2603
By Norris

HOUSE BILL 1691

By Alexander

AN ACT to amend Tennessee Code Annotated, Title 4; Title 5; Title 6; Title 7; Title 8; Title 9; Title 49; Title 57 and Title 67, relative to tax revenue distributions.

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

SECTION 1. Tennessee Code Annotated, Section 57-4-306(b), is amended by deleting the subsection in its entirety and by substituting instead the following:

(b)

(1) From July 1, 2015, until June 30, 2016, the proceeds received by a local political subdivision pursuant to subdivision (a)(2) shall be distributed by the local political subdivision in the following manner:

(A) One-half (1/2) of the proceeds shall be distributed as follows:

(i) If the county school system is the only LEA in the county, then to the county trustee for the county school system from the collection of taxes in the county or any city exercising the privilege authorized under § 57-4-301(c);

(ii) If a city exercises the privilege authorized under § 57-4-301(c) and operates a kindergarten through grade twelve (K-12) school system, then the city recorder shall retain the collections for the city school system;

(iii) If a city exercises the privilege authorized under § 57-4-301(c) and operates a city school system that is not a kindergarten through grade twelve (K-12) school system, then to the city recorder:

(a) In the amount the percentage that the 2014-2015 average daily attendance (ADA) of the students in the city school system is to the 2014-2015 ADA of public school students residing in the city who attend either the city school system or the county school system with the remaining amount distributed to the county trustee for the county school system, if the city lies entirely in a single county; or

(b) In the amount the percentage that the 2014-2015 ADA of the students in the city school system is to the 2014-2015 ADA of public school students residing in the city who attend either the city school system or a county school system with the remaining amount divided between the counties based on where the tax was collected and distributed to the county trustees for the county school systems, if the city lies within two (2) or more counties;

(iv) Notwithstanding § 49-3-315, if a city exercises the privilege authorized under § 57-4-301(c), but does not operate a city school system, then to the county trustee for the county school system;

(v) If a special school district lies, in whole or in part, within a city that exercises the privilege authorized under § 57-4-301(c), then to the appropriate official acting for the special school district in the amount the percentage the ADA of public school students residing in the city and attending the special school district is to the total ADA of city public school students who attend either the

special school district or the county school system with any remaining amount distributed to the county trustee for the county school system;

(vi) Notwithstanding § 49-3-315, if a county exercises the privilege authorized under § 57-4-301(c) and one (1) or more city school systems operate within the county, then to the county trustee for the county school system any tax revenues collected outside the boundaries of cities exercising the privilege authorized under § 57-4-301(c) that have city school systems; or

(vii) If a city that lies in two (2) or more counties exercises the privilege authorized under § 57-4-301(c) but does not operate a city school system, then tax revenues collected in the city shall be divided between the counties based on where the tax was collected and distributed to the county trustees for the county school systems; and

(B) The other one-half (1/2) of the proceeds shall be distributed as follows:

(i) Collections of gross receipts collected in unincorporated areas, to the county general fund; and

(ii) Collections of gross receipts in incorporated cities and towns, to the city or town wherein such tax is collected.

(2) From July 1, 2016, until June 30, 2017, the proceeds received by a local political subdivision pursuant to subdivision (a)(2) shall be distributed by the local political subdivision in the following manner:

(A) One-half (1/2) of the proceeds shall be distributed as follows:

(i) If the county school system is the only LEA in the county, then to the county trustee for the county school system from the collection of taxes in the county or any city exercising the privilege authorized under § 57-4-301(c);

(ii) If a city exercises the privilege authorized under § 57-4-301(c) and operates a kindergarten through grade twelve (K-12) school system, then the city recorder shall retain the collections for the city school system;

(iii) If a city exercises the privilege authorized under § 57-4-301(c) and operates a city school system that is not a kindergarten through grade twelve (K-12) school system, then to the city recorder:

(a) In the amount the percentage that the 2015-2016 average daily attendance (ADA) of the students in the city school system is to the 2015-2016 ADA of public school students residing in the city who attend either the city school system or the county school system with the remaining amount distributed to the county trustee for the county school system, if the city lies entirely in a single county; or

(b) In the amount the percentage that the 2015-2016 ADA of the students in the city school system is to the 2015-2016 ADA of public school students residing in the city who attend either the city school system or a county school system with the remaining amount divided

between the counties based on where the tax was collected and distributed to the county trustees for the county school systems, if the city lies within two (2) or more counties;

(iv) Notwithstanding § 49-3-315, if a city exercises the privilege authorized under § 57-4-301(c), but does not operate a city school system, then to the county trustee for the county school system;

(v) If a special school district lies, in whole or in part, within a city that exercises the privilege authorized under § 57-4-301(c), then to the appropriate official acting for the special school district in the amount the percentage the ADA of public school students residing in the city and attending the special school district is to the total ADA of city public school students who attend either the special school district or the county school system with any remaining amount distributed to the county trustee for the county school system;

(vi) Notwithstanding § 49-3-315, if a county exercises the privilege authorized under § 57-4-301(c) and one (1) or more city school systems operate within the county, then to the county trustee for the county school system any tax revenues collected outside the boundaries of cities exercising the privilege authorized under § 57-4-301(c) that have city school systems; or

(vii) If a city that lies in two (2) or more counties exercises the privilege authorized under § 57-4-301(c) but does not operate

a city school system, then tax revenues collected in the city shall be divided between the counties based on where the tax was collected and distributed to the county trustees for the county school systems; and

(B) The other one-half (1/2) of the proceeds shall be distributed as follows:

(i) Collections of gross receipts collected in unincorporated areas, to the county general fund; and

(ii) Collections of gross receipts in incorporated cities and towns, to the city or town wherein such tax is collected.

(3)

(A) As used in subdivision (b)(1), "average daily attendance" or "ADA" means:

(i) If the school system was in operation during the 2014-2015 school year, the aggregate days' attendance of the school system during the 2014-2015 school year divided by the number of days school was in session during the 2014-2015 school year; or

(ii) If the school system was not in operation during the 2014-2015 school year, then the estimated expected attendance of the school system for the 2015-2016 school year as reported to the department of education.

(B) As used in subdivision (b)(2), "average daily attendance" or "ADA" means:

(i) If the school system was in operation during the 2015-2016 school year, the aggregate days' attendance of the school system during the 2015-2016 school year divided by the number of days school was in session during the 2015-2016 school year; or

(ii) If the school system was not in operation during the 2015-2016 school year, then the estimated expected attendance of the school system for the 2016-2017 school year as reported to the department of education.

SECTION 2. Tennessee Code Annotated, Section 57-4-306(c), is amended by deleting the language "After July 1, 2016" and substituting instead the language "After July 1, 2017".

SECTION 3. This act shall take effect July 1, 2016, the public welfare requiring it.