

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 HOUSE BILL 3229

By: Key

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5  
6 AS INTRODUCED

7 An Act relating to school funding; amending 68 O.S.  
8 2001, Section 2867, which relates to the abstract of  
9 assessments; omitting certain protested ad valorem  
10 taxable value from county abstract; amending 70 O.S.  
11 2001, Section 18-200.1, as last amended by Section 1,  
12 Chapter 90, O.S.L. 2005 (70 O.S. Supp. 2007, Section  
13 18-200.1), which relates to the State Aid formula;  
14 adjusting calculation of State Aid for omitted  
15 protested ad valorem taxable value; providing an  
16 effective date; and declaring an emergency.

17 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

18 SECTION 1. AMENDATORY 68 O.S. 2001, Section 2867, is  
19 amended to read as follows:

20 Section 2867. A. As soon as practicable after the assessment  
21 rolls are corrected and adjusted by the county board of equalization  
22 through the first Monday in June, the county assessor shall make out  
23 an abstract thereof, containing the total amount of property listed  
24 under the various classifications appearing on the blank forms for  
the listing and assessment of property, and the total value of each  
class, and it shall be the mandatory duty of the county assessor  
under the penalties as outlined pursuant to Section 2943 of this

1 title, to transmit this abstract to the Oklahoma Tax Commission not  
2 later than June 15 of each year or the first working day thereafter,  
3 unless delayed by court action or other causes beyond his control.

4 B. It is hereby specifically provided that where any county  
5 assessor fails to comply with the provisions of this section by the  
6 time herein required, the Oklahoma Tax Commission shall immediately  
7 notify the chairman of the board of county commissioners and the  
8 county clerk of such county and neither such county assessor nor any  
9 of his deputies or employees shall be paid any remuneration,  
10 compensation or salary for the month of June and each succeeding  
11 month thereafter until such abstract is transmitted to the Oklahoma  
12 Tax Commission. This penalty provision shall be cumulative to the  
13 penalty provisions and requirements of Section 2943 of this title.

14 C. It shall be the duty of the Oklahoma Tax Commission to  
15 furnish the necessary forms for such abstract, which forms shall be  
16 subject to approval by the State Auditor and Inspector.

17 D. Within ten (10) days after the county assessor of each  
18 county receives from the State Board of Equalization the  
19 certificates of assessment of all railroads, air carriers and public  
20 service corporations, and the equalized value of real and personal  
21 property of such county, it shall be the duty of the county assessor  
22 to prepare and file with the county excise board an abstract of the  
23 assessed valuations of the county and each municipal subdivision  
24 thereof as shown by ~~his~~ the records through that date, ~~and said.~~

1 The county assessor shall omit and show as a separate item any ad  
2 valorem taxable value of real or personal property the fair cash  
3 value of which has been protested for that assessment year of which  
4 the county assessor has been made aware. The abstract shall show  
5 separately the valuations of all personal property, real property,  
6 railroad and air carrier property and public service corporation  
7 property, in each municipality, and shall be properly totaled and  
8 balanced.

9 SECTION 2. AMENDATORY 70 O.S. 2001, Section 18-200.1, as  
10 last amended by Section 1, Chapter 90, O.S.L. 2005 (70 O.S. Supp.  
11 2007, Section 18-200.1), is amended to read as follows:

12 Section 18-200.1 A. Beginning with the 1997-98 school year,  
13 and each school year thereafter, each school district shall have its  
14 initial allocation of State Aid calculated based on the state  
15 dedicated revenues actually collected during the preceding fiscal  
16 year, the adjusted assessed valuation of the preceding year and the  
17 highest weighted average daily membership for the school district of  
18 the two (2) preceding school years. Each school district shall  
19 submit the following data based on the first nine (9) weeks, to be  
20 used in the calculation of the average daily membership of the  
21 school district:

- 22 1. Student enrollment by grade level;
- 23 2. Pupil category counts; and
- 24 3. Transportation supplement data.

1 On or before December 30, the State Department of Education  
2 shall determine each school district's current year allocation  
3 pursuant to subsection D of this section. The State Department of  
4 Education shall complete an audit, using procedures established by  
5 the Department, of the student enrollment by grade level data, pupil  
6 category counts and transportation supplement data to be used in the  
7 State Aid Formula pursuant to subsection D of this section by  
8 December 1 and by January 15 shall notify each school district of  
9 the district's final State Aid allocation for the current school  
10 year. The January payment of State Aid and each subsequent payment  
11 for the remainder of the school year shall be based on the final  
12 State Aid allocation as calculated in subsection D of this section.  
13 Except for reductions made due to the assessment of penalties by the  
14 State Department of Education according to law, the January payment  
15 of State Aid and each subsequent payment for the remainder of the  
16 school year shall not decrease by an amount more than the amount  
17 that the current chargeable revenue increases for that district.

18 B. The State Department of Education shall retain not less than  
19 one and one-half percent (1 1/2%) of the total funds appropriated  
20 for financial support of schools, to be used to make midyear  
21 adjustments in State Aid and which shall be reflected in the final  
22 allocations. If the amount of appropriated funds, including the one  
23 and one-half percent (1 1/2%) retained, remaining after January 1 of  
24 each year is not sufficient to fully fund the final allocations, the

1 Department shall recalculate each school district's remaining  
2 allocation pursuant to subsection D of this section using the  
3 reduced amount of appropriated funds.

4 C. On and after July 1, 1997, the amount of State Aid each  
5 district shall receive shall be the sum of the Foundation Aid, the  
6 Salary Incentive Aid and the Transportation Supplement, as adjusted  
7 pursuant to the provisions of subsection G of this section and  
8 Section 18-112.2 of this title; provided, no district having per  
9 pupil revenue in excess of three hundred percent (300%) of the  
10 average per pupil revenue of all districts shall receive any State  
11 Aid or Supplement in State Aid.

12 The July calculation of per pupil revenue shall be determined by  
13 dividing the district's second preceding year's total weighted  
14 average daily membership (ADM) into the district's second preceding  
15 year's total revenues excluding federal revenue, insurance loss  
16 payments, reimbursements, recovery of overpayments and refunds,  
17 unused reserves, prior expenditures recovered, prior year surpluses,  
18 and less the amount of any transfer fees paid in that year.

19 The December calculation of per pupil revenue shall be  
20 determined by dividing the district's preceding year's total  
21 weighted average daily membership (ADM) into the district's  
22 preceding year's total revenues excluding federal revenue, insurance  
23 loss payments, reimbursements, recovery of overpayments and refunds,  
24

1 unused reserves, prior expenditures recovered, prior year surpluses,  
2 and less the amount of any transfer fees paid in that year.

3 D. For the 1997-98 school year, and each school year  
4 thereafter, Foundation Aid, the Transportation Supplement and Salary  
5 Incentive Aid shall be calculated as follows:

6 1. Foundation Aid shall be determined by subtracting the amount  
7 of the Foundation Program Income from the cost of the Foundation  
8 Program and adding to this difference the Transportation Supplement.

9 a. The Foundation Program shall be a district's highest  
10 weighted average daily membership based on the first  
11 nine (9) weeks of the current school year, the  
12 preceding school year or the second preceding school  
13 year of a school district, as determined by the  
14 provisions of subsection A of Section 18-201.1 of this  
15 title and paragraphs 1, 2, 3 and 4 of subsection B of  
16 Section 18-201.1 of this title, multiplied by the Base  
17 Foundation Support Level.

18 b. The Foundation Program Income shall be the sum of the  
19 following:

20 (1) The adjusted assessed valuation of the current  
21 school year of the school district, minus the  
22 ~~previous year protested ad valorem tax revenues~~  
23 ~~held as prescribed in Section 2884 of Title 68 of~~  
24 ~~the Oklahoma Statutes~~ taxable value which has

1                   been omitted from the abstract prepared by the  
2                   county assessor as prescribed in Section 2867 of  
3                   Title 68 of the Oklahoma Statutes, multiplied by  
4                   the mills levied pursuant to subsection (c) of  
5                   Section 9 of Article X of the Oklahoma  
6                   Constitution, if applicable, as adjusted in  
7                   subsection (c) of Section 8A of Article X of the  
8                   Oklahoma Constitution. For purposes of this  
9                   subsection, the "adjusted assessed valuation of  
10                  the current school year" shall be the adjusted  
11                  assessed valuation on which tax revenues are  
12                  collected during the current school year, and

13                  (2) Seventy-five percent (75%) of the amount received  
14                  by the school district from the proceeds of the  
15                  county levy during the preceding fiscal year, as  
16                  levied pursuant to subsection (b) of Section 9 of  
17                  Article X of the Oklahoma Constitution, and

18                  (3) Motor Vehicle Collections, and

19                  (4) Gross Production Tax, and

20                  (5) State Apportionment, and

21                  (6) R.E.A. Tax.

22                  The items listed in divisions (3), (4), (5), and (6)  
23                  of this subparagraph shall consist of the amounts  
24                  actually collected from such sources during the

1 preceding fiscal year calculated on a per capita basis  
2 on the unit provided for by law for the distribution  
3 of each such revenue.

4 2. The Transportation Supplement shall be equal to the average  
5 daily haul times the per capita allowance times the appropriate  
6 transportation factor.

7 a. The average daily haul shall be the number of children  
8 in a district who are legally transported and who live  
9 one and one-half (1 1/2) miles or more from school.

10 b. The per capita allowance shall be determined using the  
11 following chart:

	PER CAPITA		PER CAPITA
DENSITY FIGURE	ALLOWANCE	DENSITY FIGURE	ALLOWANCE
.3000 - .3083	\$167.00	.9334 - .9599	\$99.00
.3084 - .3249	\$165.00	.9600 - .9866	\$97.00
.3250 - .3416	\$163.00	.9867 - 1.1071	\$95.00
.3417 - .3583	\$161.00	1.1072 - 1.3214	\$92.00
.3584 - .3749	\$158.00	1.3215 - 1.5357	\$90.00
.3750 - .3916	\$156.00	1.5358 - 1.7499	\$88.00
.3917 - .4083	\$154.00	1.7500 - 1.9642	\$86.00
.4084 - .4249	\$152.00	1.9643 - 2.1785	\$84.00
.4250 - .4416	\$150.00	2.1786 - 2.3928	\$81.00
.4417 - .4583	\$147.00	2.3929 - 2.6249	\$79.00
.4584 - .4749	\$145.00	2.6250 - 2.8749	\$77.00

1	.4750 - .4916	\$143.00	2.8750 - 3.1249	\$75.00
2	.4917 - .5083	\$141.00	3.1250 - 3.3749	\$73.00
3	.5084 - .5249	\$139.00	3.3750 - 3.6666	\$70.00
4	.5250 - .5416	\$136.00	3.6667 - 3.9999	\$68.00
5	.5417 - .5583	\$134.00	4.0000 - 4.3333	\$66.00
6	.5584 - .5749	\$132.00	4.3334 - 4.6666	\$64.00
7	.5750 - .5916	\$130.00	4.6667 - 4.9999	\$62.00
8	.5917 - .6133	\$128.00	5.0000 - 5.5000	\$59.00
9	.6134 - .6399	\$125.00	5.5001 - 6.0000	\$57.00
10	.6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
11	.6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
12	.6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
13	.7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
14	.7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00
15	.7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00
16	.8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00
17	.8267 - .8533	\$108.00	8.6668 - 9.0000	\$40.00
18	.8534 - .8799	\$106.00	9.0001 - 9.3333	\$37.00
19	.8800 - .9066	\$103.00	9.3334 - 9.6667	\$35.00
20	.9067 - .9333	\$101.00	9.6668 or more	\$33.00

21           c.    The formula transportation factor shall be 1.39.

22           3.    Salary Incentive Aid shall be determined as follows:

23           a.    Multiply the Incentive Aid guarantee by the district's  
24           highest weighted average daily membership based on the

1 first nine (9) weeks of the current school year, the  
2 preceding school year or the second preceding school  
3 year of a school district, as determined by the  
4 provisions of subsection A of Section 18-201.1 of this  
5 title and paragraphs 1, 2, 3 and 4 of subsection B of  
6 Section 18-201.1 of this title.

7 b. Divide the district's adjusted assessed valuation of  
8 the current school year minus the ~~previous year's~~  
9 ~~protested ad valorem tax revenues held as prescribed~~  
10 ~~in Section 2884 of Title 68 of the Oklahoma Statutes~~  
11 taxable value which has been omitted from the abstract  
12 prepared by the county assessor as prescribed in  
13 Section 2867 of Title 68 of the Oklahoma Statutes, by  
14 one thousand (1,000) and subtract the quotient from  
15 the product of subparagraph a of this paragraph. The  
16 remainder shall not be less than zero (0).

17 c. Multiply the number of mills levied for general fund  
18 purposes above the fifteen (15) mills required to  
19 support Foundation Aid pursuant to division (1) of  
20 subparagraph b of paragraph 1 of this subsection, not  
21 including the county four-mill levy, by the remainder  
22 of subparagraph b of this paragraph. The product  
23 shall be the Salary Incentive Aid of the district.

1 E. By June 30, 1998, the State Department of Education shall  
2 develop and the Department and all school districts shall have  
3 implemented a student identification system which is consistent with  
4 the provisions of subsections C and D of Section 3111 of Title 74 of  
5 the Oklahoma Statutes. The student identification system shall be  
6 used specifically for the purpose of reporting enrollment data by  
7 school sites and by school districts, the administration of the  
8 Oklahoma School Testing Program Act, the collection of appropriate  
9 and necessary data pursuant to the Oklahoma Educational Indicators  
10 Program, determining student enrollment, establishing a student  
11 mobility rate, allocation of the State Aid Formula and mid-year  
12 adjustments in funding for student growth. This enrollment data  
13 shall be submitted to the State Department of Education in  
14 accordance with rules promulgated by the State Board of Education.  
15 Funding for the development, implementation, personnel training and  
16 maintenance of the student identification system shall be set out in  
17 a separate line item in the allocation section of the appropriation  
18 bill for the State Board of Education for each year.

19 F. 1. In the event that ad valorem taxes of a school district  
20 are determined to be uncollectible because of bankruptcy, clerical  
21 error, or a successful tax protest, and the amount of such taxes  
22 deemed uncollectible exceeds Fifty Thousand Dollars (\$50,000.00) or  
23 an amount greater than twenty-five percent (25%) of ad valorem taxes  
24 per tax year, or the valuation of a district is lowered by order of

1 the State Board of Equalization, the school district's State Aid,  
2 for the school year that such ad valorem taxes are calculated in the  
3 State Aid Formula, shall be determined by subtracting the net  
4 assessed valuation of the property upon which taxes were deemed  
5 uncollectible from the assessed valuation of the school district and  
6 the state. Upon request of the local board of education, it shall  
7 be the duty of the county assessor to certify to the Director of  
8 Finance of the State Department of Education the net assessed  
9 valuation of the property upon which taxes were determined  
10 uncollectible.

11 2. In the event that the amount of funds a school district  
12 receives for reimbursement from the Ad Valorem Reimbursement Fund is  
13 less than the amount of funds claimed for reimbursement by the  
14 school district due to insufficiency of funds as provided in Section  
15 193 of Title 62 of the Oklahoma Statutes, then the school district's  
16 assessed valuation for the school year that such ad valorem  
17 reimbursement is calculated in the State Aid Formula shall be  
18 adjusted accordingly.

19 G. 1. Notwithstanding the provisions of Section 18-112.2 of  
20 this title, a school district shall have its State Aid reduced by an  
21 amount equal to the amount of carryover in the general fund of the  
22 district as of June 30 of the preceding fiscal year, that is in  
23 excess of the following standards for two consecutive years:

24 Total Amount of Amount of

1	General Fund Collections,	General Fund
2	Excluding Previous Year	Balance
3	Cash Surplus as of June 30	Allowable
4	Less than \$1,000,000	40%
5	\$1,000,000 - \$2,999,999	35%
6	\$3,000,000 - \$3,999,999	30%
7	\$4,000,000 - \$4,999,999	25%
8	\$5,000,000 - \$5,999,999	20%
9	\$6,000,000 - \$7,999,999	18%
10	\$8,000,000 - \$9,999,999	16%
11	\$10,000,000 or more	14%

12        2. By February 1 the State Department of Education shall send  
13 by certified mail, with return receipt requested, to each School  
14 District Superintendent, Auditor and Regional Accreditation Officer  
15 a notice of and calculation sheet reflecting the general fund  
16 balance penalty to be assessed against that school district.  
17 Calculation of the general fund balance penalty shall not include  
18 federal revenue. Within thirty (30) days of receipt of this written  
19 notice the school district shall submit to the Department a written  
20 reply either accepting or protesting the penalty to be assessed  
21 against the district. If protesting, the school district shall  
22 submit with its reply the reasons for rejecting the calculations and  
23 documentation supporting those reasons. The Department shall review  
24 all school district penalty protest documentation and notify each

1 district by March 15 of its finding and the final penalty to be  
2 assessed to each district. General fund balance penalties shall be  
3 assessed to all school districts by April 1.

4 3. Any school district which receives proceeds from a tax  
5 settlement or a Federal Emergency Management Agency settlement  
6 during the last two (2) months of the preceding fiscal year shall be  
7 exempt from the penalties assessed in this subsection, if the  
8 penalty would occur solely as a result of receiving funds from the  
9 tax settlement.

10 4. Any school district which receives an increase in State Aid  
11 because of a change in Foundation and/or Salary Incentive Aid  
12 factors during the last two (2) months of the preceding fiscal year  
13 shall be exempt from the penalties assessed in this subsection, if  
14 the penalty would occur solely as a result of receiving funds from  
15 the increase in State Aid.

16 5. If a school district does not receive Foundation and/or  
17 Salary Incentive Aid during the preceding fiscal year, the State  
18 Board of Education may waive the penalty assessed in this subsection  
19 if the penalty would result in a loss of more than forty percent  
20 (40%) of the remaining State Aid to be allocated to the school  
21 district between April 1 and the remainder of the school year and if  
22 the Board determines the penalty will cause the school district not  
23 to meet remaining financial obligations.

24

1           6. Any school district which receives gross production revenue  
2 apportionment during the 2002-2003 school year or in any subsequent  
3 school year that is greater than the gross production revenue  
4 apportionment of the preceding school year shall be exempt from the  
5 penalty assessed in this subsection, if the penalty would occur  
6 solely as a result of the gross production revenue apportionment, as  
7 determined by the State Board of Education.

8           7. Beginning July 1, 2003, school districts that participate in  
9 consolidation or annexation pursuant to the provisions of the  
10 Oklahoma School Voluntary Consolidation and Annexation Act shall be  
11 exempt from the penalty assessed in this subsection for the school  
12 year in which the consolidation or annexation occurs and for the  
13 next three (3) fiscal years.

14           8. Any school district which receives proceeds from a sales tax  
15 levied by a municipality pursuant to Section 22-159 of Title 11 of  
16 the Oklahoma Statutes or proceeds from a sales tax levied by a  
17 county pursuant to Section 1370 of Title 68 of the Oklahoma Statutes  
18 during the 2003-2004 school year or the 2004-2005 school year shall  
19 be exempt from the penalties assessed in this subsection, if the  
20 penalty would occur solely as a result of receiving funds from the  
21 sales tax levy.

22           9. For purposes of calculating the general fund balance  
23 penalty, the terms "carryover" and "general fund balance" shall not  
24 include federal revenue.

1 H. In order to provide startup funds for the implementation of  
2 early childhood programs, State Aid may be advanced to school  
3 districts that initially start early childhood instruction at a  
4 school site. School districts that desire such advanced funding  
5 shall make application to the State Department of Education no later  
6 than September 15 of each year and advanced funding shall be awarded  
7 to the approved districts no later than October 30. The advanced  
8 funding shall not exceed the per pupil amount of State Aid as  
9 calculated in subsection D of this section per anticipated Head  
10 Start eligible student. The total amount of advanced funding shall  
11 be proportionately reduced from the monthly payments of the  
12 district's State Aid payments during the last six (6) months of the  
13 same fiscal year.

14 I. 1. Beginning July 1, 1996, the Oklahoma Tax Commission,  
15 notwithstanding any provision of law to the contrary, shall report  
16 monthly to the Oklahoma State Department of Education the monthly  
17 apportionment of the following information:

- 18 a. the assessed valuation of property,
- 19 b. motor vehicle collections,
- 20 c. R.E.A. tax collected, and
- 21 d. gross productions tax collected.

22 2. Beginning July 1, 1997, the State Auditor and Inspector's  
23 Office, notwithstanding any provision of law to the contrary, shall

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1 report monthly to the Oklahoma State Department of Education the  
2 monthly apportionment of the proceeds of the county levy.

3 3. Beginning July 1, 1996, the Commissioners of the Land  
4 Office, notwithstanding any provision of law to the contrary, shall  
5 report monthly to the State Department of Education the monthly  
6 apportionment of state apportionment.

7 4. Beginning July 1, 1997, the county treasurers' offices,  
8 notwithstanding any provision of law to the contrary, shall report  
9 monthly to the Oklahoma State Department of Education the ad valorem  
10 tax protest amounts for each county.

11 5. The information reported by the Tax Commission, the State  
12 Auditor and Inspector's Office, the county treasurers' offices and  
13 the Commissioners of the Land Office, pursuant to this subsection  
14 shall be reported by school district on forms developed by the State  
15 Department of Education.

16 SECTION 3. This act shall become effective July 1, 2008.

17 SECTION 4. It being immediately necessary for the preservation  
18 of the public peace, health and safety, an emergency is hereby  
19 declared to exist, by reason whereof this act shall take effect and  
20 be in full force from and after its passage and approval.

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