**South Carolina General Assembly**

121st Session, 2015-2016

**H. 3672**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Horne, M.S. McLeod, R.L. Brown, Anthony, Bowers, Bales and Hayes

Document Path: l:\council\bills\bbm\9111htc15.docx

Introduced in the House on February 17, 2015

Currently residing in the House Committee on **Ways and Means**

Summary: SC Jobs, Education, and Tax Act

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

2/17/2015 House Introduced and read first time ([House Journal‑page 26](file:///h:\HJ%20Archive\2015\02-17-15.docx))

2/17/2015 House Referred to Committee on **Ways and Means** ([House Journal‑page 26](file:///h:\HJ%20Archive\2015\02-17-15.docx))

3/4/2015 House Member(s) request name added as sponsor: R.L.Brown, Anthony, Bowers, Bales, Hayes

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**VERSIONS OF THIS BILL**

[2/17/2015](file:///p:\pprever\2015-16\3672_20150217.docx)

**A** **BILL**

TO ENACT THE “SOUTH CAROLINA JOBS, EDUCATION, AND TAX ACT”, INCLUDING PROVISIONS TO AMEND CHAPTER 20, TITLE 59, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE EDUCATION FINANCE ACT (EFA), SO AS TO REVISE THE MANNER IN WHICH AND REQUIREMENTS UNDER WHICH EFA FUNDING IS DETERMINED AND DISTRIBUTED TO SCHOOLS AND SCHOOL DISTRICTS INCLUDING THE CREATION OF THE SOUTH CAROLINA PUBLIC EDUCATION PROGRAM (SCPEP) FUND INTO WHICH CERTAIN MONIES ARE CREDITED AND OUT OF WHICH PAYMENTS ARE MADE, AND TO DELETE THE INDEX OF TAXPAYING ABILITY, THE FOUNDATION PROGRAM, AND THE DEFINED MINIMUM PROGRAM AMONG OTHER PROVISIONS WHILE MAINTAINING THE REPORTING REQUIREMENTS IN COMPUTING THE INDEX OF TAXPAYING ABILITY; TO AMEND SECTION 59‑21‑30, RELATING TO SCHOOLS TO WHICH THE APPROPRIATION OF TEACHER SALARIES BASED ON A TERM OF ONE HUNDRED NINETY DAYS DOES NOT APPLY, SO AS TO CONTINUE TO PROVIDE THAT NO SCHOOL IN ANY SCHOOL DISTRICT SHALL CONTINUE TO BE OPEN A LONGER PERIOD OF TIME THAN THAT FIXED BY THE BOARD OF TRUSTEES IN THE DISTRICT IN WHICH THE SCHOOL IS LOCATED, AND DELETE THE REMAINDER OF THE SECTION; TO REPEAL SECTIONS 59‑21‑40, 59‑21‑50, 59‑21‑60, 59‑21‑110, 59‑21‑120, 59‑21‑160, AND 59‑21‑1030 RELATING TO STATE AID FOR SCHOOLS, AND THE EDUCATION IMPROVEMENT ACT FUND AND THE EDUCATION IMPROVEMENT ACT (EIA) REQUIRED MINIMUM EFFORT; TO AMEND SECTION 59‑21‑1010, RELATING TO THE DISPOSITION AND ALLOCATION OF CERTAIN SCHOOL REVENUES UNDER THE EIA, SO AS TO REDIRECT THE DEPOSIT OF SPECIFIED FUNDS INTO THE SCPEP FUND; TO AMEND SECTION 59‑29‑170, RELATING TO PROGRAMS FOR TALENTED STUDENTS, SO AS TO REVISE HOW THE SPECIFIC FUNDING FOR CERTAIN STUDENTS IS DETERMINED; TO AMEND SECTION 59‑35‑10, RELATING TO THE PROVISION OF KINDERGARTEN CLASSES, SO AS TO REVISE PUPIL WEIGHTINGS, AND DELETE A REQUIREMENT FOR LOCAL MATCH FUNDING FOR EXTENDED DAY KINDERGARTEN; TO AMEND SECTION 59‑40‑140, AS AMENDED, RELATING TO DISTRIBUTION OF REVENUES AND RESOURCES IN REGARD TO CHARTER SCHOOL FUNDING, SO AS TO DELETE CERTAIN REFERENCES TO EFA PROVISIONS; TO AMEND SECTION 59‑63‑65, RELATING TO FUNDING FOR CLASS SIZE REDUCTIONS, SO AS TO DELETE CERTAIN LOCAL MATCH REQUIREMENTS; TO AMEND SECTION 59‑63‑1380, RELATING TO FUNDING FOR ALTERNATIVE SCHOOL PROGRAMS, SO AS TO REVISE THE FUNDING CRITERIA FOR THESE PROGRAMS; TO AMEND SECTION 59‑69‑110, RELATING TO THE CREATION OF RESERVE FUNDS TO FINANCE SCHOOLS, SO AS TO FURTHER PROVIDE FOR THESE RESERVE FUNDS; TO REPEAL SECTION 59‑69‑120 RELATING TO THE USE OF RESERVE FUNDS; TO AMEND SECTION 59‑69‑215, RELATING TO THE COUNTY TREASURER DISBURSING FUNDS TO SCHOOL DISTRICTS, SO AS TO REVISE THE MANNER OF THE DISBURSEMENT AND THE INVESTMENT OF SUCH FUNDS; TO AMEND SECTION 59‑69‑240, RELATING TO THE REQUIREMENT THAT A COUNTY TREASURER REPORT MONTHLY TO THE SUPERINTENDENT OF EDUCATION PERTAINING TO HIS COLLECTIONS AND DISBURSEMENTS OF SCHOOL FUNDS, SO AS TO DELETE A PENALTY FOR A COUNTY TREASURER TO FAIL TO PERFORM THESE DUTIES, AND TO GRANT SUPERINTENDENTS OF EDUCATION ACCESS TO THESE RECORDS; TO AMEND CHAPTER 73, TITLE 59, RELATING TO SCHOOL TAXES, SO AS TO DELETE CERTAIN LOCAL LAWS DELEGATING AD VALOREM TAXING AUTHORITY FOR THE OPERATION OF SCHOOL DISTRICTS, AND TO REVISE AND FURTHER PROVIDE FOR THE LEVY AND DISTRIBUTION OF SCHOOL TAXES, INCLUDING A PROVISION THAT THE BOARD OF TRUSTEES OF A SCHOOL DISTRICT MAY LEVY AD VALOREM TAXES FOR SCHOOL OPERATING PURPOSES NOT TO EXCEED EIGHT PERCENT OF THE SCHOOL DISTRICT’S ASSESSED VALUE OF PROPERTY NOTWITHSTANDING CERTAIN MILLAGE LIMITATIONS; TO AMEND SECTION 59‑144‑100, RELATING TO THE ALLOCATION OF PUBLIC SCHOOL FACILITIES ASSISTANCE FUNDS, SO AS TO REVISE THE AMOUNT OF FUNDS TO BE DISTRIBUTED AND THE SOURCE OF THESE FUNDS; TO REPEAL SECTION 59‑1‑449 RELATING TO THE REPORTING OF FUNDING REQUIREMENTS; TO AMEND SECTION 59‑19‑80, RELATING TO REQUIREMENTS AS TO PURCHASES AND TEACHER EMPLOYMENT, SO AS TO REVISE THESE REQUIREMENTS; TO AMEND SECTION 4‑1‑170, AS AMENDED, RELATING TO THE JOINT DEVELOPMENT OF INDUSTRIAL PARKS, SO AS TO FURTHER PROVIDE FOR THE CALCULATION OF ASSESSED VALUE WITHIN MULTICOUNTY PARKS; TO AMEND SECTION 4‑9‑70, RELATING TO THE POWERS OF COUNTY COUNCILS WITH REGARD TO ESTABLISHING SCHOOL MILLAGE, SO AS TO DELETE CERTAIN REQUIREMENTS AND MANDATES OF THE SECTION; TO AMEND SECTIONS 6‑1‑300 AND 6‑1‑320, AS AMENDED, RELATING TO DEFINITIONS IN REGARD TO THE AUTHORITY OF LOCAL GOVERNMENTS TO ASSESS TAXES AND FEES, SO AS TO CLARIFY THAT THE DEFINITION OF “LOCAL GOVERNING BODY” DOES NOT MEAN THE GOVERNING BODY OF A SCHOOL DISTRICT, AND TO DELETE CERTAIN AUTHORITY OF A LEGISLATIVE DELEGATION IN REGARD TO SCHOOL MILLAGE; TO AMEND SECTIONS 11‑11‑155 AND 11‑11‑156, RELATING TO THE HOMESTEAD EXEMPTION FUND AND REIMBURSEMENTS FROM THE FUND, SO AS TO DELETE THE FUND AND REVISE THE PURPOSES FOR WHICH REVENUE DEPOSITED IN THE FUND MUST BE USED, AND TO PRESERVE CERTAIN PROVISIONS REGARDING REIMBURSEMENTS FOR ALTERNATIVE SCHOOLS, CAREER SCHOOLS, COUNTY BOARDS OF EDUCATION, AND TIF; TO AMEND SECTION 12‑4‑510, RELATING TO THE POWER OF THE DEPARTMENT OF REVENUE IN REGARD TO CERTAIN LEVIES MADE BY THE GENERAL ASSEMBLY, SO AS TO INCLUDE THE LEVY OF A STATEWIDE UNIFORM MILLAGE UNDER ARTICLE 27, CHAPTER 37, TITLE 12; TO AMEND SECTION 12‑4‑520, RELATING TO DEALINGS WITH COUNTY TAX OFFICIALS BY THE DEPARTMENT OF REVENUE, SO AS TO PROVIDE THAT THE DEPARTMENT SHALL ENSURE THAT THE COUNTY AUDITORS, COUNTY ASSESSORS, AND COUNTY TREASURERS ARE CORRECTLY ASSESSING, LEVYING, COLLECTING, AND REMITTING THE REVENUE RAISED BY THE STATE UNIFORM MILLAGE FOR THE SCPEP ESTABLISHED IN ARTICLE 27, CHAPTER 37, TITLE 12; TO AMEND SECTION 12‑37‑220, AS AMENDED, RELATING TO ASSESSMENT OF PROPERTY TAXES, SO AS TO EXEMPT A PORTION OF THE FAIR MARKET VALUE OF THE REAL AND PERSONAL PROPERTY OF MANUFACTURERS FROM PROPERTY TAX MILLAGE IMPOSED FOR SCHOOL OPERATIONS AND TO REVISE THE HOMESTEAD EXEMPTION FROM PROPERTY TAX MILLAGE IMPOSED FOR SCHOOL OPERATIONS, SO AS TO ALLOW SUCH MILLAGE TO BE IMPOSED ON HOMESTEADS PURSUANT TO REFERENDUM; BY ADDING ARTICLE 27 TO CHAPTER 37, TITLE 12 SO AS TO IMPOSE A STATE UNIFORM MILLAGE OF ONE HUNDRED MILLS TO BE USED FOR THE PURPOSES OF THE SCPEP, TO PROVIDE THAT THIS MILLAGE IS NOT SUBJECT TO ROLLBACK AND IS APPLICABLE TO FEES‑IN‑LIEU‑OF‑TAXES, WITHOUT ANY SPECIAL SOURCE REVENUE BONDS OR CREDITS OR OTHER DIVERSION FROM THE SCPEP, AND TO REQUIRE COUNTY TREASURERS TO SEND TO THE DEPARTMENT OF REVENUE ALL EXISTING FEES‑IN‑LIEU‑OF‑TAXES FOR SCHOOL OPERATING PURPOSES, ALL OF WHICH IS TO BE DEPOSITED TO THE SCPEP FUND; TO AMEND SECTION 12‑43‑296, RELATING TO PREPARATION OF BUDGETS AND THE CARRY FORWARD OF POSITIVE GENERAL FUND BALANCES, SO AS TO SPECIFY WHAT GENERAL FUND BALANCES MAY BE CARRIED FORWARD BY SCHOOL DISTRICTS; TO AMEND SECTION 12‑43‑350, RELATING TO THE STANDARDIZED TAX BILL FOR REAL PROPERTY, SO AS TO FURTHER PROVIDE FOR THE CONTENTS OF THE STANDARDIZED TAX BILL; AND BY ADDING SECTION 12‑36‑2125 SO AS TO REDUCE CERTAIN SALES AND USE TAX EXEMPTIONS AND PROVIDE FOR THE USE OF THE ADDITIONAL SALES AND USE TAX REVENUE.

Be it enacted by the General Assembly of the State of South Carolina:

Part I

Citation

SECTION 1. This act may be cited as the “South Carolina Jobs, Education, and Tax Act” (SCJET).

Part II

Education Finance Act Changes

SECTION 2. Chapter 20, Title 59 of the 1976 Code is amended to read:

“CHAPTER 20

Education Finance Act

Section 59‑20‑10. This chapter ~~shall be known and~~ may be cited as the ‘South Carolina Education Finance Act of 1977’ as amended by the South Carolina Jobs, Education, and Tax Act.

Section 59‑20‑20. As used in this chapter:

(1) ‘~~Foundation program’ means the program proposed to establish substantially equitable current operation funding levels for programs for South Carolina’s public school students, regardless of their geographic location, after the students are transported to school and housed in school plants.~~ ‘South Carolina Public Education Program,’ referred to as SCPEP, means the educational programs and services the State requires a local school district to provide in order that students receive quality instruction necessary to meet or exceed grade‑specific performance standards in the core academic areas of mathematics, English/language arts, social studies, history, government, economics, and geography, and science for kindergarten through twelfth grade while recognizing the importance of foreign languages, visual and performing arts, health, physical education, and career and occupational education in the overall academic, social, and physical development of students and achieve at the academic performance levels required by the state constitution and state law, including the Education Accountability Act pursuant to Chapter 18, Title 59, after students are transported to school and housed in school plants.

(2) ‘Educational programs or elements of programs not included in the SCPEP ~~foundation program~~’ ~~means~~ includes:

(a) ‘Transportation’~~, which shall mean~~ means transportation to and from public schools for the students of South Carolina’s public schools provided by state, local or federal funds, or a combination of those funds.

(b) ‘Capital outlay’~~, which shall mean~~ means those funds used for the construction, improving, equipping, renovating or major repairing of school buildings or other school facilities, or the cost of acquisition of land ~~whereon~~ on which to construct or establish ~~such~~ these school facilities in accordance with the definition provided in Section 59‑21‑310.

(c) ‘Pilot programs’~~, which shall mean~~ means programs of a pilot or experimental nature usually designed for special purposes and for a specified period of time other than those included in the foundation program.

(d) ‘Adult education’~~, which shall mean~~ means public education dealing primarily with students ~~above eighteen years of age~~ seventeen and above not enrolled as full time public school students and not classified as students of technical schools, colleges or universities of the State.

(e) ‘~~Text books~~ Textbooks’~~, which shall mean~~ means books, instructional materials, and digital materials and resources aligned with South Carolina content standards and distributed ~~under~~ pursuant to that system of rental and free ~~text books~~ textbooks, electronic textbooks, instructional materials, and digital materials and the electronic devices necessary to capture the digital materials and resources ~~now~~ operated by the Department of Education.

(f) ‘Food service programs’~~, which shall mean~~ means those programs dealing directly with the nutritional welfare of the student, such as the school lunch and school breakfast programs.

~~(g)~~(3) ‘Employee benefits’~~, which shall mean~~ means those benefits received by employees of the state public school systems and paid at least in part by the State, such as retirement, social security and health insurance.

~~(3)~~(4) ‘Index of taxpaying ability’ or ‘ITA’ means an index of a local district’s relative fiscal capacity in relation to that of all other districts of the State based on the full market value of all taxable property of the district assessed on the basis of property classification assessment ratios set forth in Article 3, Chapter 43, ~~of~~ Title 12 for the second completed taxable year preceding the fiscal year in which the index is used and these assessments must be the audited assessments by school district contained in the annual report submitted yearly to the Comptroller General’s office. After school year 2015‑2016, the ITA must not be used for the distribution of state revenues for public education, but all reporting requirements pursuant to this item continues in effect for the purpose of revenue and other calculations required to be produced and maintained for the Department of Revenue, the State Board of Economic Advisors, the Office of Research and Statistics of the State Budget and Control, and other public agencies required to produce calculations and estimates using the data reported. The county auditor shall provide fiscal year‑end audited assessments of real and personal property to the Property Division of the Department of Revenue for each of the school districts of the county for the second completed taxable year preceding the fiscal year in which the index is used not later than October first of each year. ~~The index must be used to calculate each district’s share of the revenue to be raised locally for the foundation program.~~ The index must include an imputed value for the property tax base implicitly generating impact aid revenue. The property tax base must be imputed at two‑thirds the average ratio of all true value assessed property value statewide to prior year local revenue statewide in the foundation program, the resulting product multiplied times the average impact aid receipts during the prior three years. If impact aid receipts during the federal fiscal year are less than the average receipts for the prior three years, then state aid to the impact aid districts must be adjusted in the final payment for the state fiscal year. If the State Department of Education determines from fiscal simulations that the school finance system does not meet requirements of Section 5(D) of P. L. 81‑874, the Department of Revenue shall exclude an imputed value of impact aid receipts from the index of taxpaying ability.

The index must be determined annually by the Department of Revenue from sales ratio data based on the most recent studies made which correspond with the base year assessments used to compute the current index pursuant to Section 12‑43‑250 for assessed property within a school district. The base year is the second completed taxable year preceding the fiscal year in which the index is used. The Department of Revenue shall provide a preliminary index by December first of each year end and a final index by February first of each year to the State Department of Education and to the auditor of each county who shall provide the index to any governmental entity responsible for approving or levying of millages for school purposes. Changes and corrections may be made to the index before February first but no change is allowed after that date. When the assessment of property is under appeal and the appeal extends beyond the year in which the assessment made pursuant to Section 12‑43‑305 is applied, the Department of Revenue shall adjust the index of taxpaying ability in the year in which the appeal is resolved by the amount of any difference between the assessments. ~~Any school district is entitled to a hearing before the Department of Revenue to review its designated index of taxpaying ability within thirty days of filing a request for the hearing.~~ The data gathered by the Department of Revenue for the purpose of determining an annual index must be preserved as public records in the offices of the Department of Revenue for four years. The raw information gathered from the various county officers reflecting the representative sales within the school districts, the consideration, and the reported market value or assessed value for each sale are a part of the public records so preserved. The Department of Revenue shall file a statement stating the methodology employed in making the annual determination of the index and refer to all sources of factual information used in making the determination. All work sheets, computer printouts, and the actual calculation must be included as the public records to be preserved by the Department of Revenue. In determining sales to assessment ratio, the Department of Revenue shall use only reported consideration on sales for which deeds have been placed on public record. Where sufficient sales data is not available, the Department of Revenue shall make appraisals in lieu of sales in order to determine the index. The appraisals, including all working papers, must be included as the public records to be preserved by the Department of Revenue. With respect to school districts within counties where abstracts of duplicates reflecting the assessed value have been filed pursuant to Section 12‑39‑290, the same having been adopted by the auditors under Article 3, Chapter 43, ~~of~~ Title 12, the index must be on the basis of the value of the property as stated in the abstracts as adjusted by sales ratio studies up to full assessments based on full fair market value.

The index of taxpaying ability for a particular current year shall not include the assessed value of property in a school district which is classified under Section 12‑43‑220(a) and Section 12‑43‑220(e), which is at least fifteen percent of the total assessed value of real property in the school district, which on February first of the year has been in bankruptcy status for a minimum of thirty consecutive months, and on which no local school property taxes have been collected for at least two consecutive fiscal years. It is the responsibility of the county auditor to report such exclusions from the index to the Department of Revenue and to immediately notify the Department of Revenue of any change in the bankruptcy status of such real property or any collection of school property taxes from such real property.

For ~~purposes of disbursing EFA funding and for~~ purposes of the index of taxpaying ability, the value of a fee in lieu of taxes shall be computed by the Department of Revenue by basing the computation on the net fee received and retained by the school district. The value thus computed shall not be inflated by any portion of the fee shared with or used by any other local taxing authority. Provided, however, any revenue received by a taxing entity as a result of this section must be considered taxable property for purposes of bonded indebtedness pursuant to Sections 14 and 15, ~~of~~ Article X of the Constitution of this State, and for purposes of computing the “index of taxpaying ability” pursuant to item ~~(3)~~(4) of this section.

~~(4)~~ ~~‘Defined minimum program (DMP)’ means the program established annually by the State Board of Education that is necessary to provide public school students in the State with minimum educational programs designed to meet their needs. The State board of Education shall transmit a per weighted pupil estimate of the full implementation of the defined minimum program to the State Budget and Control Board and the General Assembly for each proposed budgetary year. The State Board of Education shall transmit any suggested changes in the basic programs and their weightings as evidenced by changing requirements and practices.~~

(5) ‘Weightings’ means those ~~cost figures~~ factors assigned to student classifications in Section 59‑20‑40(1)(c) which are based on different relative cost of their educational programs in relation to that of the base student which is given the weighting of 1.00.

(6) ‘Base student’ means that student classification given a weighting of 1.00 ~~that represents the most economically educated pupil in the school system, those in grades four through eight in regular classroom settings. “Base student cost” is the funding level necessary for providing a minimum foundation program which includes the funding level necessary for supporting the defined minimum program and to meet, as funds are available, needs identified by each district board of trustees’ annual report, which reflects the needs identified in the annual school reports of the district and other assessments, and which is calculated in 1976 dollars to be six hundred sixty‑five~~.

~~Provided, however, by July 1, 1983, that of the state and local monies generated by the base student cost above the cost of the defined minimum program, not more than fifty percent shall be used by the local school districts to meet the needs identified by the board of trustees’ annual report. Monies generated by weightings above 1.00 shall not be used for revisions of the defined minimum program.~~ ‘Base student funding’ means the amount of funding to districts to provide SCPEP to one base student.

(7) ‘Weighted Pupil Unit’ or ‘WPU’ means the weighting factor multiplied by one base student.

Section 59‑20‑23. ~~When an appeal of the assessed value of property assessed pursuant to Section 12‑43‑220(a) extends for more than two years and the amount in dispute is more than thirty percent of the total of assessed value of property in the school district in which the property under appeal is located, the index of taxpaying ability for the school district must be calculated using the value asserted by the taxpayer in the appeal.~~

~~If the final settlement of the appeal provides for an assessed value greater than the value asserted in the taxpayer’s appeal, the local school district, within twelve months, must remit to the general fund of the State any additional funds received from the State Department of Education due to the utilization of the value of the facility asserted in the taxpayer’s appeal.~~

~~Any funds remitted to the general fund of the State pursuant to this section are considered current fiscal year funds appropriated under the Education Finance Act and must be included in the next distribution of such funds to school districts.~~ Reserved

Section 59‑20‑25. ~~For the purposes of computing the ‘index of taxpaying ability’ pursuant to item (3) of Section 3 of Act 163 of 1977 (South Carolina Education Finance Act) for any area in which tax increment financing plan is in effect the value to be used shall be the original assessed value plus any portion of the captured assessed value which is distributed among taxing authorities pursuant to Section 31‑8‑120.~~ Reserved

Section 59‑20‑30. It is the purpose of the General Assembly in this chapter:

(1) To ~~guarantee~~ provide to each student in the public schools of South Carolina the availability of ~~at least minimum~~ educational programs and services appropriate to his needs, using research‑based educational strategies that are successful in educating students to high academic standards, with the goal of ensuring that students achieve at the academic performance levels required by the state constitution and state law, including the Education Accountability Act, as further defined as the SCPEP, and which are substantially equal to those available to other students with similar needs and reasonably comparable ~~from a program standpoint~~ to those students of all other classifications, notwithstanding geographic differences and varying local economic factors.

(2) To encourage school district initiative in seeking more effective and efficient means of achieving the educational goals of the State ~~various programs~~.

(3) To establish a procedure for the distribution of a specified amount ~~portion~~ of the state education funds so as to ~~ensure that the funds are provided on the basis of need to the extent set forth by this chapter in order to guarantee a minimum level of funding~~ fund the SCPEP for each weighted pupil unit in the State.

(4) To make it possible for each school district to provide the ~~defined minimum program within approximately five years from July 2, 1978, and to do so with an equal local tax effort~~ SCPEP.

(5) To ~~establish a reasonable balance between the portion of the funds to be paid by the State and the portion of the funds to be paid by the districts collectively in support of the foundation program. For the initial stage of this program the proportionate state share of the funds for this program shall be approximately seventy percent statewide and the remainder of the program shall be financed from local revenue sources~~ provide a statewide property tax base and uniform property tax rate for the support and maintenance of the system of public schools that provide SCPEP to all children.

(6) ~~To require each local school district to contribute its fair share to the required local effort, which is to be in direct proportion to its relative taxpaying ability.~~

~~(7)~~ To ensure that tax dollars spent in public schools are utilized effectively and to ensure that adequate programs serve all children of the State.

Section 59‑20‑35. (A) There is created the ‘South Carolina Public Education Program Fund’, to be known as the SCPEP Fund, as a fund separate and distinct from the general fund of the State or any other fund of the State.

(1) Earnings on the SCPEP Fund must be credited to the SCPEP Fund.

(2) Any unexpended balance in the SCPEP Fund at the end of a fiscal year must remain in the SCPEP Fund.

(3) All unappropriated money in the SCPEP Fund must remain part of the SCPEP Fund.

(4) Money from the SCPEP Fund must be spent only for elementary and secondary school purposes of disbursing to school districts the SCPEP allocations pursuant to Section 59‑20‑40. Disbursements must be made no less frequently than monthly.

(5) The SCPEP Fund must maintain a sufficient operating balance for the purpose of facilitating end‑of‑year adjustments in SCPEP payments.

(B) The revenue from the following sources must be appropriated to the SCPEP Fund:

(1)the revenue derived from Sections 12‑36‑2620(1) and 12‑36‑2630(1), less those amounts appropriated to educational entities other than school districts or that remain separate line‑item accounts pursuant to subsection (C) of this section;

(2) the revenue from the tax imposed pursuant to Article 11, Chapter 36, Title 12, less those amounts appropriated to educational entities other than school districts or that remain separate line‑item accounts pursuant to subsection (C) of this section;

(3) the revenue from the EIA Fund established in Section 59‑21‑1010(B), less those amounts appropriated to educational entities other than school districts or that remain separate line‑item accounts pursuant to subsection (C) of this section;

(4) the revenue from the state uniform millage established pursuant to Article 27, Chapter 37, Title 12;

(5) the revenue derived pursuant to Section 12‑36‑2125.

(C) All revenue from state sources previously appropriated for specific educational programs in school districts must be consolidated, and to the extent not included in subsection (B) of this section, must be appropriated to the SCPEP Fund, with the exception of the following account codes and titles:

3131 Handicapped Transportation ‑ Bus Driver Aides

3131 Handicapped Transportation ‑ Special Needs Students Contract Reimbursement

3134 CDEPP Expansion

3160 School Bus Driver Salary

3161 EAA Bus Driver Salary and Fringe

3162 Transportation Workers Compensation

3165 EEDA Transportation

3170 State School Building Aid

3172 Children’s Education Endowment (Barnwell)

3177 Summer Reading Camps

3181 Retiree Insurance

3350 Residential Treatment Facilities (RTF)

3525 Career and Technology Education Equipment

3532 National Board Salary Supplement

3533 Teacher of the Year Award

3540 4‑Year‑Old Early Childhood Program

3541 Child Development Education Pilot Program (CDEP)

3556 Adult Education

3607 Lottery Program 6‑8 Enhancement

3610 Lottery Program K‑5 Enhancement

3620 Lottery Digital Instructional Materials

3630 Lottery K‑12 Technology Initiative.

(D) Any other provision of law notwithstanding, all sources of revenue identified in subsections (B) and (C) are considered consolidated for the purpose of use to deliver the South Carolina Public Education Program to the pupils of the State by allocation to school districts pursuant to Section 59‑20‑40.

(E) The General Assembly may appropriate additional revenues to the SCPEP Fund.

(F)(1) There is created and must be maintained a subfund within the SCPEP Fund, called the SCPEP Transition Subfund, the sole purpose of which is to implement this chapter. All earnings of the SCPEP Transition Subfund shall be credited to the SCPEP Transition Subfund. The SCPEP Transition Subfund must be closed and any remaining balance reverts to the SCPEP Fund twenty‑five years after implementation of SCPEP or all of the reduction in transition funding allocations pursuant to Section 59‑20‑40(B)(3) have been completed.

(2) During the existence of the SCPEP Transition Subfund, there must be appropriated to the SCPEP Transition Subfund, from sources the General Assembly may direct, a sufficient amount to make the transitional payments required by Section 59‑20‑40(B).

(G)(1) There is created and must be maintained a subfund within the SCPEP Fund called the SCPEP Reserve Subfund. Any revenues credited to the SCPEP Fund in a fiscal year in excess of SCPEP payments in that fiscal year, including all allocations established in Section 59‑20‑40, must be transferred to the SCPEP Reserve Subfund, the sole purpose of which is to supplement the SCPEP Fund if the base student funding appropriation from current revenues or from mid‑fiscal year adjustments is less than the base student funding.

(2) The General Assembly has discretion as to whether and in what amount to appropriate funds in the SCPEP Reserve Subfund to supplement the base student funding appropriation.

(3) The SCPEP Reserve Subfund must not exceed five percent of the projected SCPEP Fund expenditures provided for in the same fiscal year’s state budget, and any excess must be transferred to SCPEP Fund to increase the base student funding distribution to school districts.

(4) Revenue may not be credited to the SCPEP Reserve Subfund until after all phase‑in allocations pursuant to Section 59‑20‑40(C) have been completed.

Section 59‑20‑40. (A) The annual allocation to each school district for the operation of the SCPEP ~~foundation program~~ as it relates to the school district is determined as follows:

(1) The State Superintendent of Education annually, by September first for the subsequent fiscal year, shall identify the components of the SCPEP and transmit the base student funding estimate of the full implementation of the SCPEP, including without limitation the cost of compensation and employee benefits for personnel providing the SCPEP, and the overhead burden of utilities, insurance, maintenance and operation, and equipment necessary to carry out the SCPEP, to the State Budget and Control Board and the General Assembly for each budgetary year.

~~(1)~~(2) Computation of the ~~basic~~ amount to be distributed to school districts for ~~included for current operation in~~ the SCPEP ~~foundation program~~:

(a) Each school district shall maintain a ~~program~~ membership of each school by compiling the student membership of each classification. The cumulative one hundred thirty‑five day average daily membership of each school district by ~~program~~ pupil classification will determine its monetary entitlement. The district’s average daily membership (ADM) will be computed, currently maintained, and reported in accordance with the regulations of the State Board of Education. Funds for the ~~state’s portion of the per‑pupil cost of the foundation program~~ SCPEP shall be disbursed monthly to the various school districts. End‑of‑year adjustments in state funds shall be made based on the one hundred thirty‑five day student average daily membership in each classification.

(b) The base student ~~cost shall~~ funding must be established annually by the General Assembly, after its receipt of the State Superintendent of Education’s cost estimate for the SCPEP. ~~The base student cost shall be established in such a manner that five years after July 2, 1978, the funding level shall approximate the cost of the defined minimum program as set forth by the State Board of Education.~~

~~Each year the Division of Research and Statistics of the Budget and Control Board shall submit to the Legislature an estimate of the projected rate of inflation for the fiscal year to be budgeted, and the base student cost shall be adjusted to incorporate the inflated cost of providing the Defined Minimum Program SCPEP~~.

(c) Weightings, used to provide for relative cost differences~~,~~ between programs for different students, are established ~~in order that~~ so funds may be equitably distributed on the basis of pupil needs. The criteria for qualifications for each special classification must be established by the State Board of Education according to definitions established in this article ~~and in accordance with Sections 59‑21‑510, 59‑35‑10, 59‑53‑1860, and 59‑53‑1900. Cost factors enumerated in this section must be used to fund programs approved by the State Board of Education~~. Pupil data received by the Department of Education is subject to audit by the department. ~~Cost factors or~~ Weightings are as follows:

Pupil Classification Weightings

(1) Kindergarten pupils ~~1.30~~  1.00

(2) ~~Primary pupils (grades 1 through 3)~~ ~~1.24~~

Elementary pupils (grades 1 through 5) 1.00

(3) ~~Elementary pupils (grades 4 through 5) base students~~

Middle school pupils (grades 6 through 8) 1.00

(4) High school pupils (grades 9 through 12) ~~1.25~~ 1.00

Special Programs for Exceptional Students Weightings

(5) ~~Handicapped~~ Disabilities 1.74

a. ~~Educable mentally handicapped pupils~~

Mild intellectual disabled pupils

b. Learning disabilities pupils

(6) ~~Handicapped~~ Disabilities 2.04

a. ~~Trainable mentally handicapped pupils~~

Moderate intellectual disabled pupils

b. Emotionally ~~handicapped~~ disabled pupils

c. Orthopedically ~~handicapped~~ disabled pupils

(7) ~~Handicapped~~ Disabilities 2.57

a. Visually ~~handicapped~~ disabled pupils

b. Hearing ~~handicapped~~ disabled pupils

c. Pupils with autism

(8) Speech ~~handicapped~~ disabled pupils 1.90

(9) Homebound pupils ~~2.10~~ 1.00

a. Pupils who are homebound

b. Pupils who reside in emergency shelters

~~Career and Technology Technical Programs~~

Vocational and Young Adult Education Programs Weightings

(10) ~~Pre‑career and technology~~ Vocational 1.20

(11) ~~Career and technology~~ ~~1.29~~

Young adult education 0.20

~~Add on Weights for Early Childhood~~ ~~Weightings~~

~~Development and Academic Assistance~~

~~(12)~~ ~~Early childhood assistance~~ ~~0.26~~

~~(13)~~ ~~Grades 4‑12 academic assistance~~ ~~0.114~~

~~Adult Education~~

~~(14)~~ ~~Adult Education~~ ~~0.15~~

(12) Add‑on weightings for:

a. Gifted and talented education pupils 0.15

b. Academic Assistance 0.15

c. Poverty 0.20

d. Limited English proficiency 0.20

~~No local match is required for adult education and the number of weighted pupil units funded depends on funding available from the general fund of the State and the Education Improvement Act of 1984 Fund.~~

The weighting for young adult education is for services to individuals between the ages of seventeen to twenty‑one years who are pursuing a diploma or GED through adult education or other means but who are no longer enrolled as full‑time students.

The add‑on weighting for gifted and talented students includes academically and artistically talented students eligible for and receiving services in grades three through twelve as well as students enrolled in Advanced Placement or International Baccalaureate courses. Twelve percent of the funds must be used to serve artistically gifted and talented students in grades three through twelve.

The add‑on weighting for poverty must provide additional revenues for students in kindergarten through grade twelve who qualify for Medicaid or who qualify for reduced or free lunches, or both. Revenues generated by this weighting must be used by districts and schools to provide services and research‑based strategies for addressing academic or health needs of these students to ensure their future academic success. These may include, but are not limited to, summer school, reduced class size, after school programs, extended day, instructional materials, or other research‑based educational strategy to improve student academic performance.

The add‑on weighting for limited English proficiency must provide additional revenues for students whose native language is not English; or who come from an environment where a language other than English is dominant; or who have difficulty speaking, reading, writing, or understanding the English language; or whose language assessment scores indicated that they are not proficient in the English language. Schools and districts shall use the revenues to provide services for assisting the students in improving their English proficiency.

The add‑on weighting for academic assistance must provide additional revenues for students who fail to meet state standards on grade level of course standards on state standards‑based assessments used in the state accountability system.

Each student in the State must be counted in only one of the first eleven pupil classifications. ~~Students shall general funds for early childhood assistance and grades 4‑12 academic assistance in accordance with Section 59‑139‑20. The State Board of Education must determine the qualifications for each classification in accordance with Sections 59‑21‑510, 59‑35‑10, 59‑53‑1860, 59‑53‑1900, and Chapter 30 of this title. The program for each classification must meet specifications approved by the State Board of Education.~~ Each student is eligible for multiple add‑on weightings.

School districts may count each student who is instructed at home ~~under the provisions of~~ pursuant to Section 59‑65‑40 in the district’s weighted pupil units at a weighting of .25 for supervising, overseeing, or reviewing the student’s program of home instruction. ~~No local match is required for students instructed at home~~ ~~under the provisions of Section 59‑65‑40.~~

(d) The ~~basic~~ amount for the SCPEP ~~foundation program~~ for each district ~~shall~~ must be computed as follows:

(1) The calculated average daily membership in each student classification ~~shall~~ must be multiplied by the weighting factor for that respective classification.

(2) The subtotals (totals in each student classification) in all classifications ~~shall~~ must be added to get the district’s total weighted pupil units.

(3) The district’s weighted pupil units ~~shall~~ must be multiplied by the base student ~~cost appropriation figure~~ funding as established annually by the General Assembly to determine the total allocation to each district for SCPEP.

(e) ~~Computation of the required local revenue in support of the foundation program.~~

~~The amount that each school district shall provide toward the cost of the South Carolina foundation program shall be computed by determining the total statewide collective local share (approximately thirty percent) of the total cost of the foundation program, and multiplying this by the index of taxpaying ability of each district as defined in § 59‑20‑20.~~

~~(f) Computation of the required state effort.~~

~~The amount that the State shall provide to each school district toward the cost of the foundation program shall be the difference between the district’s basic amount as computed in subsection (d) minus the required amount raised locally as computed in subsection (e).~~

~~Notwithstanding the provisions of this section, state aid to any school district shall be reduced in proportion to the ratio that its local school tax effort falls below that required by subsection (2) of § 59‑20‑50.~~

~~(2) Reserved.~~

~~(3) Provisions for a phase‑in plan of implementation~~

~~(a) As a result of the cost of implementing the foundation program at both state and local level as calculated in this section, there will be a phase‑in implementation period of five years to assist in implementing the education finance program.~~

~~(b) Each year of the phase‑in period the General Assembly shall specify the base student cost funding and the percentage of the difference between current funding and full funding of the defined minimum program which shall be achieved each year. It is the intent of this chapter that the full implementation of the foundation program from present funding level in present financing plans, in terms of real dollars, be achieved in substantially equal annual intervals over a period of five years; provided, that if a district increases its local effort annually by at least five percent in real dollars, the period of time for full implementation may be extended five years. However, it is recognized that, during periods of abnormally low growth in state revenue, appropriations may necessarily have to be reduced below the anticipated trend and that during periods of abnormally high revenue growth an effort would be made to restore progress in funding to achieve full implementation during the five year phase period. It is recognized further that, should the trend of growth in state revenue diverge substantially from historical experience, then the length of the phase period might be increased or decreased accordingly. Each local school district shall progress annually in eliminating the difference between its current funding and full funding of the defined minimum program at the same percentage as mandated by the General Assembly for statewide progress toward full funding; provided, that each district shall increase its local effort annually by at least the amount required in this section or by five percent in real dollar terms, or shall increase its millage for the local share of expenditures under the foundation program by at least two and one‑half mills. Any district failing to make either the required local effort or the five percent increase in real dollars terms or the two and one‑half mill increase will have its entitled increase in state aid reduced by the proportion that its actual increase in local effort falls below its required increase of five percent in real dollars, or two and one‑half mills, whichever is less.[Reserved.]~~

~~(4)~~ Impact aid revenue ~~shall~~ must not be counted as part of a school district’s allocation for operation of SCPEP ~~local effort for purposes of computing actual local effort, in order to meet requirements of § 59‑20‑40(3) (b). Provided, however, that should the degree of equality achieved under this chapter prove insufficient to qualify South Carolina for utilizing impact aid in the school finance equalization plan, then impact aid would not be counted as local revenue~~.

~~(5) To qualify for funds provided in this chapter, each district must attain an average pupil‑teacher ratio based on average daily membership in the basic skills of reading and mathematics in grades one through three of 21:1.~~

~~Provided, That any local district may apply to the State Board of Education for approval of a waiver to this subsection by submitting and justifying an alternative educational program to serve the basic skill needs of average daily membership in grades one through three.~~

~~The State Board of Education shall approve or disapprove of such waiver forty‑five days after receipt of such application. Provided, Further, That beginning with Fiscal Year 1978‑79, if a school district violates the provisions of this subsection, the state aid for the ensuing fiscal year to such school district shall be reduced by the percentage variance that the actual pupil‑teacher ratios in such school district has to the required pupil‑teacher ratios mandated in this subsection.~~

~~Provided, That notwithstanding the provisions of this Section, the State Board of Education is authorized to waive the pupil‑teacher requirements specified herein upon a finding that a good faith effort is being made by the school district concerned to comply with the ratio provisions but that for lack of classroom space which was beyond its control it is physically impossible for the district to comply for the Fiscal Years 1978‑1979 and 1979‑1980 and the cost of temporary classroom space cannot be justified.~~

~~It is the intent of the General Assembly that the average daily membership pupil‑teacher ratio for grades 1 through 3 stipulated in the chapter be implemented to the extent possible on an individual class basis and that the pupil enrollment in these grades should not exceed twenty‑eight pupils in each class.~~

~~(6) No district shall be required to increase local revenue if combined state and local revenue exceeds the amount necessary to meet the base student cost of the minimum foundation program at full implementation.~~

~~(7)~~ ~~[Deleted]~~

~~(8) The General Assembly shall annually provide the portion of the local required support of the foundation program required by the South Carolina Education Improvement Act of 1984 on the basis of the district’s taxpaying ability in the annual general appropriation act.~~

(B)(1) For purposes of this chapter, ‘SCJET Revenue Basis’ means revenue that a school district received for fiscal year 2015‑2016 from the following sources combined:

(a) revenue from the sources listed in Section 59‑20‑35(C);

(b) ad valorem school operating taxes;

(c) fees in lieu of taxes or revenue from multicounty industrial or business parks paid to school districts for school operating purposes; and

(d) if any, proceeds of any sales tax imposed by special law and expended for school operating purposes.

(2) If the SCJET Revenue Basis exceeds the SCPEP allocation to a school district in fiscal year 2016‑2017, then the school district must receive a transition funding allocation from the SCPEP Transition Subfund equal in amount to the difference between the SCJET Revenue Basis and the SCPEP allocation.

(3) The transition funding allocation to a school district in fiscal year 2016‑2017 must be paid to the school district each year for twenty‑five years, reduced each successive year by four percent of the initial transition funding allocation until the SCPEP Transition Subfund terminates as provided in Section 59‑20‑35(F).

(4) Receipt of SCPEP Transition Subfund payments by a school district does not affect the authority of any school district board of trustees under any other provision of law.

(C)(1) If the SCJET Revenue basis is less than the SCPEP allocation to a school district in fiscal year 2016‑2017, then the school district must receive a phase‑in funding allocation from the SCPEP Fund equal in amount to one‑third of the difference between the SCJET revenue basis and the SCPEP allocation.

(2) The phase‑in funding allocation to a school district must increase by an additional one‑third each successive year until the school district receives in full the SCPEP allocation under subsection (A).

Section 59‑20‑41. Notwithstanding another provision of law~~:~~,

~~All~~ school districts providing educational services to children admitted or committed to residential institutions of the Department of Mental Health ~~are authorized to~~ may count children admitted or committed to residential institutions of the Department of Mental Health from the first day of residency in ~~such~~ these institutions, provided, that the first day is within the particular district’s school year. The inclusion of these children is for the purpose of participation in the districts’ educational programs for ~~handicapped~~ disabled children supported under the Education Finance Act ~~of South Carolina~~ as amended by the South Carolina Jobs, Education, and Tax Act.

Section 59‑20‑50. (1) ~~Notwithstanding the computations prescribed in Section 59‑20‑40, the level of state contributions to each district shall not be reduced to a per‑pupil level of foundation program funds below that per‑pupil level of state funding of programs for the fiscal years prior to implementation of this chapter which will be incorporated in the foundation program.~~

~~Provided, no district shall receive annually an increase in state funds less than the full rate of the inflationary adjustment in the base student cost specified in Section 59‑20‑40(1)(b). This increase shall be computed annually over and above the amount actually received from the State for the foundation program in the prior fiscal year.~~

~~Provided, further, after the fiscal year 1982‑83 no district shall receive annually an increase in state funds less than four‑fifths of the inflationary adjustment in the base student cost specified in Section 59‑20‑40(1)(b). This increase shall be computed annually over and above the amount actually received from the State for the foundation program in the prior fiscal year.~~

~~Beginning July 1, 1994, no additional school district shall receive hold‑harmless funds under this subsection due to decreases in student numbers or upward adjustments in the index of taxpaying ability.~~

~~(2)~~ Notwithstanding any provisions of this chapter and to the extent authorized by Chapter 73, Title 59, ~~any~~ a local school district may ~~increase the local effort above the foundation program~~ ~~funding level as deemed necessary~~ exceed the SCPEP allocation to meet the aspirations of the people of the district.

(2)(a) To qualify for funds provided in this chapter, each district must attain an average pupil‑teacher ratio based on average daily membership in the basic skills of reading and mathematics in grades one through three of no more than 21:1. (b) A local district may apply to the State Board of Education for approval of a waiver to this subsection by submitting and justifying an alternative educational program to serve the basic skill needs of average daily membership in grades one through three.

(c) The State Board of Education shall approve or disapprove of the waiver forty‑five days after receipt of the application. If a school district violates the provisions of this subsection, the state aid for the ensuing fiscal year to that school district must be reduced by the percentage variance that the actual pupil‑teacher ratios in the school district has to the required pupil‑teacher ratios required in this subsection.

(d) Notwithstanding the provisions of this subsection, the State Board of Education must waive the pupil‑teacher requirements specified in this subsection upon a finding that a good faith effort is being made by the school district to comply with the ratio provisions but that for lack of classroom space which was beyond its control it is physically impossible for the district to comply and the cost of temporary classroom space cannot be justified.

(3) ~~Eighty‑five percent of the funds appropriated through state and local effort for each weighted classification shall be spent in direct and indirect aid in the specific area of the program planned to serve those children who generated the funds. Districts expending less than the required eighty‑five percent of the appropriated amount shall be subject to a penalty the following fiscal year in the amount equal to the difference between the amount spent and the required eighty‑five percent figure.~~  ~~However, this requirement shall not apply to the funds generated by children in the pupil classification “Speech Handicapped Pupils”.~~ It is the intent of the General Assembly that the average daily membership pupil‑teacher ratio for grades one through three stipulated in the chapter be implemented to the extent possible on an individual class basis and that the pupil enrollment in these grades should not exceed twenty‑eight pupils in each class.

(4)(a) Each school district shall pay each certified teacher or administrator an annual salary at least equal to the salary stated in the statewide minimum salary schedule for the person’s experience and class. ~~No teacher or administrator employed in the same position, over the same time period, shall receive less total salary, including any normal incremental increase, than that teacher or administrator received for the fiscal year before the implementation of this article.~~

(b) The state minimum salary schedule must be based on the state minimum salary schedule index in effect as of July 1, 1984. In Fiscal Year 1985, the 1.000 figure in the index is $14,172 ~~(This figure is based on a 10.27% increase pursuant to the South Carolina Education Improvement Act of 1984.)~~. Beginning with Fiscal Year 1986, the 1.000 figure in the index must be adjusted on a schedule to stay at the southeastern average as projected by the ~~Division~~ Office of Research and Statistical Services and provided to the State Budget and Control Board and General Assembly during their deliberations on the annual appropriations bill. The southeastern average teacher salary is the average of the average teachers’ salaries of the southeastern states. In projecting the southeastern average, the division shall include in the South Carolina base teacher salary ~~all local teacher supplements~~ and all incentive pay. ~~Under this schedule, school districts are required to maintain local salary supplements per teacher no less than their prior fiscal level.~~ In Fiscal Year 1986 and thereafter, teacher pay raises through adjustments in the state’s minimum salary schedule may be provided only to teachers who demonstrate minimum knowledge proficiency by meeting one of the following criteria:

~~(1)~~(i ) holding a valid professional certificate;

~~(2)~~(ii) having a score of 425 or greater on the Commons Examination of the National Teachers Examinations;

~~(3)~~(iii) meeting the minimum qualifying score on the appropriate area teaching examination; or

~~(4)~~(iv) meeting the minimum standards on the basic skills examinations as prescribed by the State Board of Education provided in Section 59‑26‑20.

(c) The state minimum salary schedule and employee benefits must be included in the SCPEP appropriation in each fiscal year. No increase in the mandatory salaries on the schedule or employee benefits may occur if the full increase in salary and employee benefit liability of the school districts for positions required to provide the SCPEP is not funded through the SCPEP Fund.

Section 59‑20‑55. Beginning July 1, 1986, and thereafter, employment may be provided only to teachers who demonstrate minimum knowledge proficiency by meeting one of the criteria outlined in Section 59‑20‑50(4)(b). The criteria do not have to be met by teachers having twenty‑five years or more of teaching service as of the effective date of the South Carolina Education Improvement Act of 1984 in order for them to be employed.

Section 59‑20‑60. (1) School districts shall give first spending priority of funds allocated under this chapter to full implementation of the ~~defined minimum program~~ SCPEP.

(2) The State Board of Education shall audit the programmatic and fiscal aspects of this chapter, including the degree to which a school meets all prescribed standards or other mandatory requirements of the ~~defined minimum program~~ SCPEP, to the extent funded in the base student funding, and shall report the results in the Annual Report of the State Superintendent of Education. Schools which have been classified as ‘dropped’ by ~~the defined minimum program~~ accreditation procedures are not eligible for funding in the following fiscal year until an acceptable plan to eliminate the deficiencies is submitted and approved by the State Board of Education.

(3) Each school district board of trustees shall cause the district and each school in the district to develop comprehensive five‑year plans with annual updates to outline the District and School Improvement Plans. ~~Districts which have not begun a strategic planning cycle must do so and develop a plan no later than the 1994‑95 school year. Districts which have undertaken such a planning process may continue in their planning cycle as long as the process meets the intent of this section and the long‑range plans developed or under development can be amended to encompass the requirements of this section. For school year 1993‑94, districts may submit either the improvement plan consistent with State Department guidelines or their five‑year comprehensive plan.~~

The State Board of Education shall recommend a format for the plans which will be flexible and adaptable to local planning needs while encompassing certain state mandates, including the early childhood and academic assistance initiative plans pursuant to Section 59‑139‑10. All district and school plans must be reviewed and approved by the board of trustees. The District Plan should integrate the needs, goals, objectives, strategies, and evaluation methods outlined in the School Plans. Measures of effectiveness must include outcome and process indicators of improvement and must provide data regarding what difference the strategies have made. Staff professional development must be a priority in the development and implementation of the plans and must be based on an assessment of needs. Long and short‑range goals, objectives, strategies, and time lines need to be included.

(4) Each plan shall provide for an Innovation Initiative, designed to encourage innovative and comprehensive approaches based on strategies identified in the research literature to be effective. The Innovation Initiative must be utilized by school districts to implement innovative approaches designed to improve student learning and accelerate the performance of all students. Funds may be expended on strategies in one or more of the following four categories:

(a) new approaches to what and how students learn by changing schooling in ways that provide a creative, flexible, and challenging education for all students, especially for those at risk. Performance‑based outcomes which support a pedagogy of thinking and active approaches for learning must be supported;

(b) applying different teaching methods permitting professional educators at every level to focus on educational success for all students and on critical thinking skills and providing the necessary support for educational successes are encouraged;

(c) redefining how schools operate resulting in the decentralization of authority to the school site and allowing those closest to the students the flexibility to design the most appropriate education location and practice;

(d) creating appropriate relationships between schools and other social service agencies by improving relationships between the school and community agencies (health, social, mental health), parents and the business community, and by establishing procedures that cooperatively focus the resources of the greater community upon barriers to success in school, particularly in the areas of early childhood and parenting programs, after‑school programs, and adolescent services.

~~Funds for the Innovation Initiative must be allocated to districts based upon a fifty percent average daily membership and fifty percent pursuant to the Education Finance Act formula. At least seventy percent of the funds must be allocated on a per school basis for school based innovation in accord with the District‑School Improvement Plan. Up to thirty percent may be spent for district‑wide projects with direct services to schools. District and school administrators must work together to determine the allocation of funds.~~

~~For 1993‑94, districts and schools may use these funds for designing their Innovation Initiatives to be submitted to the peer review process established in Section 59‑139‑10 prior to implementation of the innovations in 1994‑95. Notwithstanding any other provisions of law, districts may carry over all unexpended funds in 1993‑94, and up to twenty‑five percent of allocated funds each year thereafter in order to build funds for an approved program initiative.~~

(5) An annual district programmatic report to the parents and constituents of the school district must be developed by the local school board. Each report shall include the goals and objectives of the school district, the strategies implemented to meet the goals and objectives, and an evaluation of the outcomes. An annual school report to the parents and constituents of the school must be developed by the School Improvement Council and shall provide information on the school’s progress on meeting the school and district goals and objectives. These reports shall be provided by November fifteenth of each year.

(6) Each school board of trustees shall establish an improvement council at each school in the district and this council is to be involved in improvement and innovation efforts at the school. The council shall be composed of at least two parents, elected by the parents of the children enrolled in the school; at least two teachers, elected by the faculty; at least two students in schools with grades nine and above elected by the students; other representatives of the community and persons appointed by the principal. The elected members of the council shall comprise at least a two‑thirds majority of the elected and appointed membership of the council. The council should also include ex‑officio members such as the principal and others holding positions of leadership in the school or school organizations, such as parent‑teacher groups, booster clubs, and federal program advisory groups. Each council shall assist in the preparation of the five‑year plan and annual updates required in this section, assist with the development and monitoring of school improvement and innovation, provide advice on the use of school incentive grant awards, and provide assistance as the principal may request as well as carrying out any other duties prescribed by the local school board. The local school board shall make provisions to allow any council to file a separate report to the local school board if the council considers it necessary. However, no council has any of the powers and duties reserved by law or regulation to the local school board. Notwithstanding any other provisions of this subsection, an area vocational center’s school improvement council must be composed as defined exclusively by federal law. The council shall perform all duties and responsibilities provided for in any state or federal law which applies to these councils.

In order to provide additional accountability for funds expended under statutory requirements, the elected members of the school improvement council shall serve a minimum term of two years. Parents of students or students in their last year of enrollment at an individual school may serve terms of one year only. The terms must be staggered and initially determined by lot. Elections of members to school improvement councils shall occur no later than October fifteenth of the school year. The elections must be organized to ensure that every parent and faculty member has an opportunity to vote each year. Within thirty days following the election, the names, addresses, terms of service, and status of all council members as a parent, teacher, student, or representative of the community must be provided to the School Improvement Council Assistance at the University of South Carolina for the purpose of sharing information. The district board of trustees shall include in its annual district report a summary of the training opportunities provided or to be provided for school improvement council members and professional educators in regard to council‑related tasks and a summary of programs and activities involving parents and citizens in the school.

(7) Each school district board of trustees shall:

(a) review each school improvement plan and the annual updates for integration with district plans and objectives and school progress in meeting those goals and objectives;

(b) cause to be prepared an annual written report to account for funds expended in each pupil classification as prescribed by the State Board of Education;

(c) participate in the statewide testing program as prescribed by the State Board of Education;

(d) maintain an ongoing systematic evaluation of the educational program needs in the district and shall develop a comprehensive annual and long‑range plan for meeting these program needs. These plans shall include an assessment of needs. At minimum, the process of assessing needs and establishing goals and objectives must be carried out for each of the program classifications specified in Section 59‑20‑40~~(1)(c)~~(A)(2)(c). Each school district board of trustees shall develop and execute a method of evaluating the extent to which the goals and objectives specified in its comprehensive plan are being achieved and shall annually report the results of its evaluation to the people of the school district and to the State Board of Education.

(e) provide a program for staff development for all educational personnel. A portion of the funds in the ~~foundation program~~ SCPEP must be used for this staff development that may include, but not be limited to:

~~(1)~~ (i) college courses in education, subject area of certification or management;

~~(2)~~ (ii) teaching center offerings;

~~(3)~~(iii) State Department of Education workshops;

~~(4)~~(iv) district‑wide or in‑school training for the purpose of fostering professional growth or improving the competency of all educational personnel; and

(v) professional development opportunities for both teachers and administrators on the standards in the core academic areas of mathematics, English/language arts, social studies, and science for kindergarten through twelfth grade and on research‑based best practices for teaching those standards.

(f) in accordance with the format approved by the State Board of Education, annually submit to the State Board of Education and to the people of the district that district’s fiscal report.

(8) The State Department of Education shall:

(a) ~~develop, by September, 1993, a plan for offering help to districts and schools in designing and implementing the district and school comprehensive improvement plan;~~

~~(b)~~ ~~develop, by December, 1993, with approval by the State Board of Education, criteria for monitoring the district and school plans;~~

~~(c)~~ review each district’s annual fiscal report;

~~(d)~~ ~~provide assistance to school districts in improving the programs, correcting the deficiencies, and in carrying out its staff development program;~~

~~(e)~~ ~~develop or select and field test a competency‑based student assessment program;~~

~~(f)~~(b) prepare an annual fiscal and programmatic report to the Governor and the General Assembly each year to assess compliance with this chapter and to make recommendations concerning necessary changes in this chapter;

~~(g)~~(c) in compliance with the intent of the chapter, waive the prescribed reporting practices if considered necessary by the State Board of Education and authorize the substitution of alternate reporting practices which accomplish the objectives implied in this section. This waiver may not be utilized to avoid full accountability and implementation of this chapter; and

(d) administer a statewide assessment program to measure student performance on state standards pursuant to Article 3, Chapter 18, Title 59.

(9) The Legislative Audit Council shall audit to assess compliance with this chapter as requested by the General Assembly. On the basis of these audits, the Legislative Audit Council shall make recommendations to the General Assembly concerning necessary changes in this chapter.

(10) A twelve‑member Education Finance Review Committee must be established to advise the General Assembly and review ~~its~~ implementation of ~~this chapter~~ the South Carolina Jobs, Education, and Tax Act. This advice and review may include, but not be limited to:

(a) the cost of the ~~defined minimum program~~ SCPEP;

(b) provisions included in the ~~defined minimum program~~ SCPEP;

(c) the pupil classification weights in Section 59‑20‑40;

(d) ~~the formula for computing required local effort;~~

~~(e)~~ the ongoing evaluation of the education program needs of the school districts.

The committee must be made up of three representatives from each of the following committees of the General Assembly ‑ Senate Education, Senate Finance, House Education and Public Works, and House Ways and Means ‑ appointed by each respective chairman. The committee shall seek the advice of professional educators and all other interested persons when formulating its recommendations. The committee must report its advice and review to the General Assembly not less than every five years.

Section 59‑20‑65. The State Board of Education, acting through the existing School Council Assistance Project at the University of South Carolina, shall provide services and training activities to support school improvement councils and their efforts in preparing an annual school improvement report as required in this section.

Section 59‑20‑70.Notwithstanding any other provisions of law, any school district which complies with the provisions of Section 59‑20‑60 is exempted from the provisions of Article 15 of Chapter 1 of Title 1 relating to the fiscal accountability of state agencies, departments and institutions.

Section 59‑20‑80.Notwithstanding any other provision of law, each school board of trustees in this State shall annually make available to the general public its budget for that year, which budget shall include an itemized list of the average salaries paid to the superintendents, supervisors, administrators, principals, consultants, counselors and teachers employed by the district. No state aid shall be given to any school district whose board of trustees fails to comply with the provisions of this chapter.”

Part III

Other Changes of Title 59 of the 1976 Code

SECTION 3. Section 59‑21‑30 of the 1976 Code is amended to read:

“Section 59‑21‑30. No school in any school district shall continue to open a longer period of time than that fixed by ~~(a)~~ the board of trustees in the district in which ~~such~~ the school is located ~~or (b) the county board of education in any county which may operate under a county unit plan. No school shall receive any benefits under the provisions of Section 59‑21‑20 which does not have the minimum average daily attendance for the previous scholastic year, or for the current scholastic year, fixed in the schedules below~~.

~~In three‑teacher high schools the minimum average daily attendance shall be 48; in four‑teacher high schools the minimum average daily attendance shall be 68; in five‑teacher high schools the minimum average daily attendance shall be 90; in six‑teacher high schools the minimum average daily attendance shall be 114; in seven‑teacher high schools the minimum average daily attendance shall be 140; in eight‑teacher high schools the minimum average daily attendance shall be 168; in nine‑teacher high schools the minimum average daily attendance shall be 198; in ten‑teacher high schools the minimum average daily attendance shall be 230; in eleven‑teacher high schools the minimum average daily attendance shall be 264; in twelve‑teacher high schools the minimum average daily attendance shall be 300; and in all high schools with more than twelve teachers the minimum average daily attendance shall be 26 pupils for each teacher.~~

~~In one‑teacher elementary schools the minimum average daily attendance shall be 17; in two‑teacher elementary schools the minimum average daily attendance shall be 36; in three‑teacher elementary schools the minimum average daily attendance shall be 60; in four‑teacher elementary schools the minimum average daily attendance shall be 84; in five‑teacher elementary schools the minimum average daily attendance shall be 110; in six‑teacher elementary schools the minimum average daily attendance shall be 138; in seven‑teacher elementary schools the minimum average daily attendance shall be 168; in eight‑teacher elementary schools the minimum average daily attendance shall be 200; in nine‑teacher elementary schools the minimum average daily attendance shall be 234; and in all elementary schools with more than nine teachers the minimum average daily attendance shall be 26 pupils per teacher. In addition to the number of teachers a district is entitled to under the above schedule, a district shall receive benefits to pay additional teachers, high or elementary, according to the excess average daily attendance in each school, such excess to be added together by level. The high school excess average daily attendance shall be divided by 26 and the elementary excess average daily attendance by 26. Each district shall receive benefits for the salaries resulting from such excess, provided that the school board of trustees shall not employ a teacher in any school based on the average daily attendance of another school within the district.~~”

SECTION 4. Sections 59‑21‑40, 59‑21‑50, 59‑21‑60, 59‑21‑110, 59‑21‑120, 59‑21‑160, and 59‑21‑1030 of the 1976 Code are repealed.

SECTION 5. Section 59‑21‑1010 of the 1976 Code is amended to read:

“Section 59‑21‑1010. (A) The revenue derived from Sections 12‑36‑2620(1) and 12‑36‑2630(1) must be remitted to the State Treasurer ~~to be credited to the state public school building fund for the purposes provided for in Article 3 of Chapter 21 of Title 59 and any sum above that amount must be placed~~ and placed to the credit of the general fund of the State and must be used for school purposes only.

(B) The revenue derived from Sections 12‑36‑2620(2), 12‑36‑2630(2), and 12‑36‑2640(2) must be deposited by the State Treasurer in the South Carolina Education Improvement Act of 1984 Fund as a fund separate and distinct from the general fund of the State except that the portion of the revenue specified pursuant to Section 59‑20‑35 must be appropriated to the SCPEP Fund. All unappropriated money in this fund and earning on investments from this fund must remain part of the separate fund and must not be deposited in the general fund except as provided for in this section. Money from this fund may be spent only for elementary and secondary school purposes. Any change in the management or use of this fund for other than elementary and secondary education is permitted only by a two‑thirds vote provided in this section.

(C)(1) Upon implementation of the provisions of this section by law, the law may not be amended or repealed except by special vote provided in this section.

(2) For purposes of this subsection, a special vote means an affirmative two‑thirds vote of the total membership of the Senate and an affirmative two‑thirds vote of the total membership of the House of Representatives.

All monies appropriated from the Education Improvement Act of 1984 Fund which are disbursed by the State Department of Education must be appropriated in one division of the section in the annual general appropriations act making appropriations for the State Department of Education.”

SECTION 6. Section 59‑29‑170 of the 1976 Code is amended to read:

“Section 59‑29‑170. ~~Not later than August 15, 1987,~~ Gifted and talented students at the elementary and secondary levels must be provided programs during the regular school year or during summer school to develop their unique talents in the manner the State Board of Education must specify and to the extent state funds are provided. The ~~Education Oversight Committee shall study the implementation of this section and report its findings to the General Assembly by July 1, 1986. By August 15, 1984, the~~ State Board of Education shall promulgate regulations establishing the criteria for student eligibility in Gifted and Talented Programs.  ~~The funds appropriated for Gifted and Talented Programs under the Education Improvement Act of 1984 must be allocated to the school districts of the State on the basis that the number of gifted and talented students served in each district bears to the total of all those students in the State. However, districts unable to identify more than forty students using the selection criteria established by regulations of the State Board of Education shall receive fifteen thousand dollars annually.~~ Provided, further, school districts shall serve gifted and talented students according to the following order of priority: (1) grades 3‑12 academically identified gifted and talented students not included in the state‑funded Advanced Placement Program for eleventh and twelfth grade students; (2) after all students eligible under priority one are served, students in grades 3‑12 identified in one of the following visual and performing arts areas: dance, drama, music, and visual arts must be served; and (3) after all students eligible under priorities one and two are served, students in grades 1 and 2 identified as academically or artistically gifted and talented must be served. All categories of students identified and served shall be funded ~~at a weight of .30 for the base student cost~~ as provided in Chapter 20 of this title. Where funds are insufficient to serve all students in a given category, the district may determine which students within the category shall be served. Provided, further, no district shall be prohibited from using local funds to serve additional students above those for whom state funds are provided.”

SECTION 7. Section 59‑35‑10 of the 1976 Code is amended to read:

“Section 59‑35‑10. The board of trustees of each school district shall establish and provide kindergartens for children within its jurisdiction. All children in the five‑year‑old kindergarten program must be counted in the average daily membership of any public school district when public school funds are to be apportioned to the several school districts. State aid for the five‑year‑old kindergarten program must be distributed through the formula provided for in the ‘Education Finance Act’ ~~(Act 163 of 1977)~~.

~~Beginning with school year 1998‑99,~~ School districts shall offer an extended day five‑year‑old kindergarten program to all requesting parents and shall be eligible for funding for the extended day equal to the ~~EFA weight~~ pupil weighting for a child attending a half‑day five‑year‑old kindergarten program. ~~Local match is required for the extended‑day funding.~~ The State Board of Education may waive the full‑day kindergarten requirement for a particular school district on an annual basis upon application of the district if the board finds the school district does not have available space and the cost of temporary classroom space cannot be justified.

Parents of children who are eligible to attend the extended‑day five‑year‑old kindergarten may elect the half‑day program for their children. Parents intending to enroll their eligible children in a full‑day kindergarten program must notify the district by January thirty‑first of the year of the anticipated enrollment date. Parents moving into the district after the notification date may apply for full‑day kindergarten, and the district shall enroll such child in its full‑day program on a space available basis. Any parent or guardian of a child eligible for kindergarten may elect for their child or ward not to attend kindergarten pursuant to Section 59‑65‑10.”

SECTION 8. Section 59‑40‑140(A) of the 1976 Code, as last amended by Act 164 of 2012, is further amended to read:

“(A) A local school board of trustees sponsor shall distribute state, county, and school district funds to a charter school as determined by the following formula: the previous year’s audited total general fund revenues, divided by the previous year’s weighted students, ~~then increased by the Education Finance Act inflation factor, pursuant to Section 59‑20‑40, for the years following the audited expenditures,~~ then multiplied by the weighted students enrolled in the charter school, which will be subject to adjustment for student attendance and state budget allocations based on the same criteria as the local school district. These amounts must be verified by the State Department of Education before the first disbursement of funds. All state and local funding must be distributed by the local school district to the charter school monthly beginning July first following approval of the charter school application and must continue to be disbursed to the charter school for the duration of its charter and for the duration of any subsequent renewals. After verification of student attendance on the fifth day of school at the beginning of each school year, the State Department of Education shall distribute funds to school districts with charter schools (i) having approved incremental growth and expansion as provided in their charter application, or (ii) for opening of new charter schools in the current fiscal year. These funds must be released to districts on behalf of their charter schools no later than fifteen days after receipt of verified enrollment. Districts shall provide this funding to eligible charters no later than thirty days after receipt from the Department of Education. Necessary adjustments due to enrollment changes must be made pursuant to ~~the Education Finance Act~~ applicable provisions of law.”

SECTION 9. Section 59‑63‑65 of the 1976 Code is amended to read:

“Section 59‑63‑65. School districts ~~which~~ that choose to reduce class size to fifteen to one in grades one through three shall be eligible for funding for the reduced pupil‑teacher ratios from funds provided by the General Assembly for this purpose. Funding for schools in districts designated as impaired or for schools rated as unsatisfactory on the accountability ratings will receive priority in the distribution of funds. Funding for the impaired district schools and schools ranked unsatisfactory will be allocated based on the average daily membership in grades one through three in those schools for implementing reduced class size of fifteen to one in those grades. Other school districts will receive funding allocated based on free and reduced lunch eligible students. ~~Local match is required for the lower ratio funding based on the Education Finance Act formula.~~ Boards of trustees of each school district may implement the lower pupil‑teacher ratios on a school by school, grade by grade, or class by class basis. District boards of trustees implementing the reduced ratios must establish policies to give priority to reduce the ratios in schools with the highest number of students eligible for the federal free and reduced lunch program, and these students must be given priority in implementing the reduced class size. Unobligated funds from state appropriations which become available to a district during a fiscal year shall be redistributed to fund additional teachers on a prorated basis.

Districts choosing to implement the reduced class size must track the students served in classes with a 15:1 ratio for three years so that the impact of smaller class size can be evaluated. The Department of Education, working with the Accountability Division, will develop a plan for evaluating the impact of this initiative and report to the Education Oversight Committee no later than December 1, 2001. School districts must document the use of these funds to reduce class size and the State Department of Education will conduct audits to confirm appropriate use of class size reduction funding.

As used in this section, ‘teacher’ refers to an employee possessing a professional certificate issued by the State Department of Education whose full‑time responsibility is instruction of students. Pupil‑teacher ratio is based on average daily membership.

Portable or other temporary classroom space may be used to meet any facilities needs for reducing class size to fifteen to one, and notwithstanding the provisions of Section 59‑144‑30, funding derived from the Children’s Education Endowment Fund may be used to acquire such portable or temporary facilities.”

SECTION 10. Section 59‑63‑1380 of the 1976 Code is amended to read:

“Section 59‑63‑1380. A school district shall allocate to an alternative school program the same per student expenditure to include federal, state, and local funds that would be allocated to the student’s school if the student were attending the student’s regularly assigned school. This shall include any appropriate special education funding.

Districts or consortia meeting the eligibility requirements for alternative school funding shall receive an annual base funding minimum of $30,000 or up to $200,000 depending on the student population of the district; however, districts forming consortia will have as their base funding an amount equal to the total of the individual district’s base funding, not to exceed $350,000. The State Department of Education, for the purposes of establishing base funding, shall group districts according to their average daily membership and assign the amount of base funding that districts in a grouping would receive for eligible programs. Unobligated funds from state appropriations for base funding which become available during a fiscal year may be redistributed on a per pupil basis to eligible programs in countywide districts receiving base funding of less than $100,000; however, this redistributed funding shall not become part of the base funding for the following year. Increases in fiscal year 2000‑2001 funding over the fiscal year 1999‑2000 recurring and nonrecurring funding shall be used to increase countywide districts’ base funding by fifty percent and this new amount shall constitute their base funding.

It is the intent of the General Assembly that, after meeting the funding requirements for base funding, eligible programs, beginning with school year 2000‑2001, ~~shall~~ also shall receive per pupil ~~funding based on the average daily membership of the students served by the program at an Education Finance Act weighting of 1.49 and beginning with school year 2001‑2002 a weighting of 1.74. Per pupil~~ funds for the alternative school program ~~shall be distributed~~ through the Education Finance Act formula provided for in Section 59‑20‑40. Beginning with school year 2002‑2003, every district or district consortium shall provide alternative school opportunities for their students in grades 6‑12, provided that state funding for alternative school programs is not reduced below the appropriation received in fiscal year 2001‑2002.

These funds ~~shall~~ must be used for the establishment, maintenance, and operation of alternative schools programs. Funds also may be used to provide for staff development needs pursuant to Section 59‑63‑1370.

Districts or consortia developing plans for the establishment of an alternative school shall be eligible for a planning grant of no more than $5,000 if criteria established by the State Board of Education are met.”

SECTION 11. Section 59‑69‑110 of the 1976 Code is amended to read:

“Section 59‑69‑110. ~~In any county in this State in which the schools have not funds sufficient to pay all claims in cash the county board of education~~ The board of trustees of a school district ~~may~~, at its discretion, ~~direct the county superintendent of education to set aside~~ may appropriate from the school funds of the ~~county, or any of the~~ school district~~s,~~ an amount ~~annually not in excess of ten per cent of such funds, for so many years~~ as may be necessary to ~~create a sufficient~~ establish and maintain a general reserve fund for school operations, which may be in the form of a separate fund or in the form of a reasonable positive year‑end general fund balance pursuant to Section 12‑43‑296 ~~fund to put the schools of such county or any of the school districts on a cash basis~~.”

SECTION 12. Section 59‑69‑120 of the 1976 Code is repealed.

SECTION 13. Section 59‑69‑215 of the 1976 Code is amended to read:

“Section 59‑69‑215. Notwithstanding the provisions of this article, the treasurer of any county shall disburse to any school district within his county any funds ~~which~~ that he may have on hand available for use in the operation of the school district; provided, the governing body of the school district requests disbursement to the school district funds as they become available ~~and; provided, further, that the governing body of the county concurs in the request made by the district~~. Upon receipt of the school district funds, it may maintain its own bank account for the purpose of making disbursement for the payment of expenses approved by the governing body of the district. Funds received by the school district from the county treasurer which are not needed for immediate disbursement ~~may be invested by the district in interest bearing accounts or certificates of deposit issued by banking institutions or savings and loan associations licensed to do business in this State or in securities issued by or guaranteed by the United States Government~~ must be invested as provided in Section 6‑5‑10. Upon establishing the disbursement method from the county treasurer to the district, the disbursement by the county treasurer shall continue to the district as funds become available unless the procedure is rescinded by action of the governing body of the district ~~or the county governing body~~.”

SECTION 14. Section 59‑69‑240 of the 1976 Code is amended to read:

“Section 59‑69‑240. Each county treasurer ~~shall~~ must report monthly, on the fifteenth day of each month, to the ~~county~~ superintendent of education of each school district located in ~~his~~ the county the amount of collections and disbursements made by him for the month on account of school tax and all other school funds. ~~It shall be a misdemeanor on the part of any county treasurer to neglect, fail or refuse to make such report and, on conviction thereof, he shall pay a fine of not more than five hundred dollars to be used for school purposes in his county.~~ District superintendents or their designees at all times must have access to review the records of the county treasurer with regard to collection and disbursement of all school funds.”

SECTION 15. Chapter 73, Title 59 of the 1976 Code is amended to read:

“CHAPTER 73

School Taxes

Section 59‑73‑10. ~~Before any additional tax is levied in any county for school purposes, the question of levying such tax shall first be submitted to the qualified electors of such county as provided by law.~~ (A) The General Assembly finds that a general law is necessary and proper for the delegation of ad valorem taxation authority for the operation of the school districts of the State, upon their respective boards of trustees.

(B) All portions of all local acts and special acts providing for delegated ad valorem tax authority for school operating purposes of or on behalf of a school district of the State, whether now existing or later attempted to be adopted, are preempted by this article and Chapter 73, Title 59, it being the express finding and intent of the General Assembly to provide for all delegation of ad valorem taxation authority for school operating purposes only by general legislation.

(C) All portions of all special acts or local acts sharing or redistributing ad valorem property tax revenues among or between two or more school districts for school operating purposes are repealed effective June 30, 2016. However, this subsection does not apply to special ad valorem taxes for separate institutions such as multidistrict vocational schools, multidistrict alternative schools, multidistrict special education institutions, county boards of education that are not also school districts, and the like, so long as proceeds of the levy are not paid to a school district receiving funds from the South Carolina Public Education Program Fund.

Section 59‑73‑20. The school districts ~~of the several counties~~ of the State are hereby made and declared to be the divisions of the counties for taxation for all school purposes.

Section 59‑73‑25. (A) Except as provided in subsection (B) of this section, for all property within a multicounty industrial or business park, the full amount of revenue from a payment of a fee‑in‑lieu of taxes, less the amount paid to the other participating counties, equal to the property taxes levied by the school district for school operations tax and the school bond debt service, must be paid or credited to the school district to be used exclusively for the purposes for which the tax establishing the amount of revenue was levied.

(B) For all property within a multicounty industrial or business park, the payments in lieu of taxes generated from the applicable property tax millage rates levied by the school district may be used as special source revenue to repay special source revenue bonds or used for the purpose of special source revenue bonds without issuing the bonds or for credits to a taxpayer, but only if the dollar amount of the school district’s portion of the special source revenue bonds or credits does not exceed the dollar amount of the county’s portion of the special source revenue bonds or credits.

(C) School district superintendents or their designees at all times must have access to review all county records pertaining to collection and use of revenue and credits of each multicounty business or industrial park located in the school district.

Section 59‑73‑30. ~~The voters or electors of any school district who return real or personal property for taxation may levy and collect an annual tax to supplement any special or other tax for like purposes in the manner herein provided.~~ The board of trustees of any school district may impose an ad valorem tax for school operating purposes, the revenue from which may not exceed eight percent of the school district’s assessed value for school operating purposes. Any amount collected in excess of the limit must be carried forward to the next fiscal year and be included within the projected amount for that fiscal year.

Section 59‑73‑40. ~~Upon the written petition or request of at least one third of the resident electors and a like proportion of the resident freeholders of the age of twenty‑one years being filed with the county board of education, asking for the same and stating the rate of tax levy proposed, which shall not exceed fifteen mills, the county board of education shall order~~ The board of trustees of ~~such~~ any school district ~~to hold~~ may call an election ~~at some place within the district, after giving notice of the time and place thereof for at least two weeks in some newspaper published within the county and by posting notice thereof in at least three public places within such school district for such length of time, unless there be no newspaper published within the county, in which event the posting of the notices as above shall suffice.~~ proposing that the electors adopt by referendum a permanent ad valorem tax imposition for school operating purposes of the school district as follows:

(1) the special imposition authorized by the referendum must be expressed as a maximum supplementary millage rate which the electors authorize the trustees to impose annually in the school district for school operating purposes; and

(2) the exemption granted in Section 12‑37‑220(B)(47)(a) does not apply to a supplementary imposition authorized pursuant to the referendum process established in this chapter.

Section 59‑73‑50. ~~At such election only such electors as return real or personal property for taxation and who exhibit their tax receipts and registration certificates, as required in general elections, shall be allowed to vote. At such election the board of trustees shall act as managers, and the election shall be conducted as is provided by law for the conduct of general elections. At the election each elector favoring the proposed levy shall cast a ballot containing the word “Yes” printed or written thereon, and each elector opposed to said levy shall cast a ballot containing the word “No” printed or written thereon.~~ The referendum must be conducted by the county election authorities pursuant to the provisions of Title 7, mutatis mutandis.

Section 59‑73‑60. ~~Within ten days after such election,~~ If the majority of those voting shall vote for such levy, the board of trustees shall furnish the county auditor with a statement of the amount ~~so~~ to be levied, and the auditor shall enter the same in the tax duplicates, and he shall annually, each year thereafter, enter such amount in the tax duplicates until ~~the same is increased, by the taxpayers, at an election called for that purpose, or is decreased in a manner provided by law, and~~ he is notified that the same has been increased, decreased or repealed; and if increased or decreased, he shall annually enter it as so increased or decreased. ~~Such election shall be called and notice given in the same way and manner as is herein provided for the calling of elections to make the levy and the giving of the notice that it has been made, and~~ The county treasurer shall collect the same as other county and state taxes. Any tax ~~which~~ that may be levied, increased, decreased or repealed after October first in any year shall not take effect until the next succeeding year.

Section 59‑73‑70. A levy made pursuant to Section 59‑73‑60 ~~shall~~ must be a lien on the property in such school district, which ~~shall~~ must be subject thereto in case of default of payment.

Section 59‑73‑80. The tax ~~so~~ collected ~~shall be paid out by the county treasurer upon warrants drawn by the board of trustees, countersigned by the county superintendent of education. But any surplus of such levy remaining in the hands of the county treasurer at the expiration of any fiscal year shall~~ must be paid out as other school funds of the district.

Section 59‑73‑90. ~~Each taxpayer when he pays any tax for school purposes voted under the provisions of Sections 59‑73‑40 and 59‑73‑50 may designate to which school in the school district he wishes the money paid by him to go, and the treasurer shall keep a note of such designation, and the money shall be applied as thus designated. When no designation is made by the taxpayer at the time of such payment the money shall be expended as other school funds in such district.~~ Reserved

Section 59‑73‑100. ~~Whenever in any school district in the State where special levies and taxes have been authorized, levied and are being collected the assessed valuation of the property shall have so increased since the authorization of the special levy as to provide an amount of taxes in excess of that contemplated at the time of the authorization of the levy or in excess of the amount collected the first year under such authorization, then, upon the written petition of the trustees of such school district approved by the county board of education and upon the petition of three fourths of the residents subject to such tax, the auditor of the county in which the school district is situate and the tax being collected shall reduce the levy for such school district to such an amount as will produce the total amount of taxes originally intended to be collected.~~ Reserved

Section 59‑73‑110. ~~All existing special tax levies in all counties and school districts within the State may be reduced as deemed advisable by the local boards of trustees and the county boards of education, with the approval of the Senator and at least one half of the members of the House of Representatives of the county in which such reduction is made. But no tax levy for retiring bonds or other indebtedness of such school district shall be so reduced.~~  Reserved

Section 59‑73‑120. ~~Whenever the special levy in any school district shall have provided sufficient funds to pay and satisfy the purposes and obligations for which it was authorized, then, upon the written petition of the board of trustees of such school district or upon the written petition of three fourths of the residents in the school district subject to such levy and taxes, the auditor of the county in which the school district is located shall discontinue the assessment authorized.~~ Reserved

Section 59‑73‑130. ~~The county board of education of Aiken County shall notify the auditor of Saluda County in writing, on or before June thirtieth of each year, of the proposed tax levy for that portion of Saluda County involved in the consolidated school district, and the auditor of Saluda County shall levy, and the treasurer shall collect from the taxpayers of the area of Saluda County known as the Ridge Spring School District No. 2, such amount annually as represented in the written request submitted by the county board of education of Aiken County as provided herein. Provided, that such tax levy shall not exceed that levied for that portion of Aiken County involved in the same attendance area for school purposes. Provided, further, that no tax levy for school purposes in Saluda County shall be increased unless approval therefor shall have been first obtained in writing from the legislative delegation of the county, including the Senator.~~ Reserved

Section 59‑73‑140. ~~The county treasurer of Saluda County is directed to collect the taxes and credit them to the attendance area. These credits are to be reported immediately to the county superintendent of education of Aiken County.~~ Reserved

Section 59‑73‑150. ~~The county boards of education of the respective counties are authorized to draw on these funds for the sole purposes named in Sections 59‑73‑130 to 59‑73‑150, and such funds are to be remitted to the county board of education of Aiken County at the end of the school term and not later than June thirtieth of the current fiscal year.~~ Reserved

Section 59‑73‑160. If the federal government in any year ceases to provide federal impact aid or reduces the amount of federal impact aid to those school districts of this State which provide public school education for children who reside on a military base or on another federal establishment in the district wherein local property taxes are not levied, the governing body of the district in that year shall be authorized to charge a tuition fee to such students who attend schools of the district. The amount of the tuition fee shall be set by the governing body of the district and ~~shall~~ must approved by the State Board of Education.

The tuition fee per child ~~shall~~ must be the same regardless of the school attended and the aggregate amount of the tuition fees charged in any one year shall not exceed the amount of the loss in federal impact aid from the previous year plus or minus a cost‑of‑living adjustment on the amount of impact aid provided in the previous year which ~~shall~~ must be equal to the rise or fall in the consumer price index as it existed at the end of the previous year. If tuition fees are imposed in any year and the federal impact aid cut is later reinstated and paid after the tuition fees have been collected, ~~such~~ those fees ~~shall~~ must be refunded in full.

The State Board of Education ~~shall~~ must be authorized to promulgate regulations necessary to implement the provisions of this section and the appropriate officials of the school district ~~shall~~ must be authorized to refuse admittance to any child who has not paid the tuition fee required herein.

For purposes of this section:

(a) Consumer price index’ means the average over a twelve‑month period of the consumer price index published monthly by the Bureau of Labor Statistics, United States Department of Labor.

(b) ‘Year’ means the fiscal year of the school district concerned.”

SECTION 16. Section 59‑144‑100(A) of the 1976 Code is amended to read:

“(A) Funds made available under this chapter must be allocated annually to the school districts in the following manner:

(1) ~~thirty‑five~~ seventy percent of the funds allocated annually to the several school districts for facilities’ needs must be allocated on a per pupil basis using the weighted pupil units of each district for the preceding year;

(2) ~~thirty‑five percent must be allocated according to the preceding year’s Education Finance Act (EFA) formula;~~

~~(3)~~ fifteen percent of the funds allocated annually to the several school districts for facilities’ needs must be distributed based on a standardized assessment of the districts’ needs for facilities using a uniform estimate of costs as established in Section 59‑144‑120. Individual district allotments must be based on the district facilities need relative to the state total facilities need;

~~(4)~~(3) fifteen percent of the funds allocated annually to the school districts must be distributed based on equalized effort defined as the prior five years’ average expenditures for capital projects and debt service, including lease‑purchase obligations and installment purchase obligations, for school instructional facilities divided by the average assessed value of all property subject to ad valorem school taxation and adjusted to reflect an equalized per pupil mill value. Individual district allotments must be based on a district’s equalized effort relative to the state total equalized effort. The amount included for lease‑purchase obligations and installment purchase obligations shall not include the costs of utilities or operation and maintenance of the leased facility;

~~(5)~~(4) a district’s annual allotment must be the sum of the ~~four~~ amounts calculated as provided in this section. Funds from a district’s allotment shall be made available as needed once approval is received from the State Board of Education pursuant to Chapter 23 of this title.”

SECTION 17. Section 59‑1‑449 of the 1976 Code is repealed.

SECTION 18. Section 59‑19‑80 of the 1976 Code is amended to read:

“Section 59‑19‑80. No teacher ~~or other employee shall~~ may be employed ~~or any purchase made~~ except in a duly called meeting of the board~~, of which meeting each member has been notified in writing by the clerk of the board at least three days in advance thereof, unless a written waiver of such notice of meeting is signed by each member of the board, and unless such action or the memoranda of the terms of any such contract of employment or purchase shall be duly recorded in the minutes of such meeting and approved by the board~~. No contract ~~shall~~ may be entered into with teachers who are under a teaching contract in South Carolina before April fifteenth of each year. ~~In lieu of making a particular purchase, the board may request the Purchasing and Property Division of the Budget and Control Board to make such purchase.~~”

Part IV

Changes to the 1976 Code other than in Title 59

SECTION 19. Section 4‑1‑170(B) of the 1976 Code, as last amended by Act 89 of 2001, is further amended to read:

“(B) For the purpose of bonded indebtedness ~~limitation~~ limitations ~~and for the purpose of computing the index of taxpaying ability pursuant to Section 59‑20‑20(3), allocation of the assessed value of~~ property within the park is considered taxable property ~~to~~ of the participating counties and ~~to~~ of each of the taxing entities within the participating counties ~~must be identical to the allocation of~~ at the level of the revenue received and retained by each of the counties and by each of the taxing entities within the participating counties. Misallocations may be corrected by adjusting later distributions, but these adjustments must be made in the same fiscal year as the misallocations. Provided, however, that the computation of bonded indebtedness limitation is subject to the requirements of Section 4‑29‑68(E).”

SECTION 20. Section 4‑9‑70 of the 1976 Code is amended to read:

“Section 4‑9‑70. The provisions of this chapter ~~shall~~ must not be construed to devolve any additional powers upon county councils with regard to public school education, and all school districts, boards of trustees and county boards of education shall continue to perform their statutory functions in matters related thereto as prescribed in the general law of the State~~; provided, however, that except as otherwise provided for in this section the county council shall determine by ordinance the method of establishing the school tax millage except in those cases where boards of trustees of the districts or the county board of education established such millage at the time one of the alternate forms of government provided for in this chapter becomes effective. In counties containing more than one school district, where all such districts are located wholly within the boundaries of the county, council may by ordinance establish county‑wide school tax millage. Provided, further, that in any county where the General Assembly retained the authority to establish or limit the millage levied by school districts or levy a tax for educational purposes, on January 1, 1974, such authority shall continue in the General Assembly until such time as such authority may be transferred to the school district or the county governing body by act of the General Assembly. Provided, further, in any county where on January 1, 1975 the school district tax millage and budget was established in meetings or referendums of the qualified electors of the district at which meetings or referendums such electors changed, altered, rejected, or amended by voice vote or ballot the school budget and necessary tax millage to implement such budget as proposed by the district board of trustees, such procedures to establish the school tax millage shall continue unaffected or modified by the provisions of this section or any other provision of law in conflict with this proviso~~.”

SECTION 21. Section 6‑1‑300(3) of the 1976 Code is amended to read:

“(3) ‘Local governing body’ means the governing body of a county, municipality, or special purpose district and does not mean the governing body of a school district. ~~As used in Section 6‑1‑320 only, local governing body also refers to the body authorized by law to levy school taxes.~~”

SECTION 22. Section 6‑1‑320 of the 1976 Code, as last amended by Act 116 of 2007, is further amended by deleting subsection (E) which reads:

“(E) ~~Notwithstanding any provision contained in this article, this article does not and may not be construed to amend or to repeal the rights of a legislative delegation to set or restrict school district millage, and this article does not and may not be construed to amend or to repeal any caps on school millage provided by current law or statute or limitation on the fiscal autonomy of a school district that are more restrictive than the limit provided pursuant to subsection (A) of this section.~~ Reserved”

SECTION 23. Section 11‑11‑155 of the 1976 Code is amended to read:

“Section 11‑11‑155. (A) The revenue from the tax imposed pursuant to Article 11, Chapter 36, Title 12 is automatically credited to ~~a fund separate and distinct from the state general fund known as the “Homestead Exemption Fund”. The Board of Economic Advisors shall account for the Homestead Exemption Fund revenue separately from general fund revenues, and the board shall make an annual estimate of the receipts by the Homestead Exemption Fund by February fifteenth of each year. This estimate shall be transmitted to the State Treasurer, Comptroller General, the Chairmen of the House Ways and Means Committee and the Senate Finance Committee, and to each school district and county~~ the South Carolina Public Education Program Fund created pursuant to Chapter 20, Title 59, less the amounts to be appropriated in each fiscal year after 2015‑2016 for the purposes provided pursuant to Section 11‑11‑156(A) and (B). No portion of these revenues may be credited to the Education Improvement Act (EIA) Fund.

(B) An amount equal to the total reimbursements paid pursuant to the provisions of Section 12‑37‑251 and the school operating millage portion of the reimbursements paid pursuant to Section 12‑37‑270 in fiscal year 2006‑2007 also must be credited to the ~~Homestead Exemption Fund. Revenue deposited in the Homestead Exemption Fund each year in an amount equal to the total reimbursements paid pursuant to the provisions of Section 12‑37‑251, the school operating portion of the reimbursement paid pursuant to Section 12‑37‑270 in fiscal year 2006‑2007 shall be used together with the revenues from the additional sales and use tax imposed pursuant to Section 12‑36‑1110 to provide reimbursements to school districts in the manner required by law~~ South Carolina Public Education Program Fund.

~~(C)~~ ~~Subject to the provisions of Section 11‑11‑156(C), an unexpended balance in the Homestead Exemption Fund at the end of a fiscal year must remain in the Homestead Exemption Fund.~~

~~(D)~~ ~~Earnings on the Homestead Exemption Fund must be credited to the Homestead Exemption Fund.~~

~~(E)~~ ~~Nothing in this section prohibits appropriations by the General Assembly of additional revenues to the Homestead Exemption Fund and nothing in this section prevents the General Assembly from directing the use of these additional appropriations for specified purposes including a rollback of county operating millage on owner‑occupied residential property.~~

~~(F)~~ ~~Revenues credited to this fund must be used as provided pursuant to Section 11‑11‑156.~~”

SECTION 24. Section 11‑11‑156 of the 1976 Code is amended to read:

“Section 11‑11‑156. (A)~~(1)~~ ~~Beginning with fiscal year 2007‑2008, school districts of this State must be reimbursed from the Homestead Exemption Fund in the manner provided in this subsection. The reimbursement due a school district for fiscal year 2007‑2008 and thereafter consists of three tiers. The tier one reimbursement is an amount equal to the amount received by the district pursuant to the provisions of Section 12‑37‑251 as those provisions applied for fiscal year 2006‑2007. The tier one reimbursement is fixed at the fiscal year 2006‑2007 amount and continues into succeeding fiscal years at this fixed amount. The tier two reimbursement is the amount to be received by the district pursuant to the provisions of Section 12‑37‑270 for fiscal year 2006‑2007 for the school operating millage portion of the reimbursement for the homestead exemption allowed pursuant to Section 12‑37‑250. The tier two reimbursement is fixed at this fiscal year 2006‑2007 amount and continues into succeeding fiscal years at this fixed amount. The tier three reimbursement is derived from the revenue of the tax imposed pursuant to Article 11, Chapter 36 of Title 12, and for fiscal year 2007‑2008, consists of an amount equal dollar for dollar to the revenue that would be collected by the district from property tax for school operating purposes imposed by the district on owner‑occupied residential property for that fiscal year as if no reimbursed exemptions applied, plus an amount that a district may have received in its fiscal year 2006‑2007 reimbursements pursuant to Section 12‑37‑251 in excess of the computed amount of that exemption from school operating millage for that year, reduced by the total of the district’s tier one and tier two reimbursements.~~

~~(2)~~ ~~Beginning in fiscal year 2008‑2009 a school district shall receive in reimbursements the total of what it received in fiscal year 2007‑2008 plus the tier three reimbursement increases provided for in item (3). The tier three reimbursement increases of the several school districts as provided in item (3) for any year must be aggregated and the reimbursement increase a particular school district shall receive for that year must be equal to an amount that is the school district’s proportionate share of such funds based on the district’s weighted pupil units as a percentage of statewide weighted pupil units as determined annually pursuant to the Education Finance Act. For purposes of the reimbursement increases school districts receive under this subsection based on weighted pupil units determined pursuant to the Education Finance Act, an additional add‑on weighting for students in poverty of 0.20 must be included in the weightings provided in Section 59‑20‑40(1)(c) of the 1976 Code. The weighting for poverty shall provide additional revenues for students in kindergarten through grade twelve who qualify for Medicaid or who qualify for reduced or free lunches, or both. Revenues generated by this weighting must be used by districts and schools to provide services and research‑based strategies for addressing academic or health needs of these students to ensure their future academic success, to provide summer school, reduced class size, after school programs, extended day, instructional materials, or any other research‑based educational strategy to improve student academic performance.~~

~~(3)(a) Beginning with the fiscal year 2008‑2009 reimbursements, these tier three reimbursements must be increased on an annual basis by an inflation factor equal to the percentage increase in the previous year of the Consumer Price Index, Southeast Region, as published by the United States Department of Labor, Bureau of Labor Statistics plus the percentage increase in the previous year in the population of the State as determined by the Office of Research and Statistics of the State Budget and Control Board. Distribution of these reimbursement increases must be as provided in this subsection.~~

~~(b)~~ ~~If the total increase provided pursuant to subitem (a) of this item is less than four percent, then to the extent revenues are available in the Homestead Exemption Fund, the CPI/population increase provided pursuant to subitem (a) of this item is further increased, not to exceed a total of four percent.~~

~~(4)~~ ~~The percentage of population growth in any year for any school district entitled to reimbursements from the Homestead Exemption Fund must be based on estimates for such growth in the county wherein the school district is located as determined by the Office of Research and Statistics of the State Budget and Control Board. Where the school district encompasses areas in more than one county, the population growth in that entity must be the average of the growth in each county weighted to reflect the existing population of the school district in that county as compared to the existing population of the school district as a whole.~~

~~(5)(a)~~ ~~No later than December thirty‑first of each year, the Office of Research and Statistics of the State Budget and Control Board shall provide each school district with a preliminary estimate of the district’s reimbursements from the Homestead Exemption Fund for the fiscal year beginning the following July first. A final estimate must be provided to each district by February fifteenth. The February fifteenth forecast may be adjusted if the Office of Research and Statistics determines that changing conditions have affected the forecast.~~

~~(b)~~ ~~The Department of Revenue shall pay the reimbursements provided pursuant to this subsection to the county treasurer for the credit of each school district in the county. The reimbursement must be paid on the application of the county treasurer according to the following schedule:~~

~~(i)~~ ~~ninety percent of the tier one reimbursement must be paid in the last quarter of the calendar year no later than December first. The balance of the tier one reimbursement must be paid in the last quarter of the fiscal year that ends June thirtieth following the first tier one reimbursement date;~~

~~(ii)~~ ~~tier two reimbursements must be paid on the same schedule as the second tier one reimbursement;~~

~~(iii)~~ ~~tier three reimbursements must be paid in nine equal monthly installments based on one‑tenth of the Office of Research and Statistics estimate, beginning not later than October fifteenth. A final adjustment balance payment must be made before the closing of the state’s books for the fiscal year.~~

~~(6) To the extent revenues in the Homestead Exemption Fund are insufficient to pay all reimbursements to a school district required by this subsection (A) and subsection (B), the difference must be paid from the state general fund. However, no general fund revenues may be used to achieve the distribution provided pursuant to item (3)(b) of this subsection.~~

~~(7)~~ Operating millage levied in a county for alternative schools, career and technology centers, and county boards of education whether or not levied countywide or on a school district by school district basis in a county also is considered school operating millage to which the reimbursements provided for in this section apply.

~~(8)~~ ~~Reimbursements to a school district under this subsection must be considered in the computation of the required Education Improvement Act maintenance of local effort.~~

~~(B)(1)~~ ~~After the required reimbursements to school districts in a county have been made from the Homestead Exemption Fund for any year pursuant to subsection (A), a county, if the districts in that county have not together received a total of at least two million five hundred thousand dollars in tier three reimbursements, must receive an additional disbursement from the Homestead Exemption Fund to bring the total reimbursements to the districts in that county to at least two million five hundred thousand dollars. This additional disbursement must be paid to the county for disbursement to the school districts located within that county. These distributions under this subsection to any district in the county must be equal to the one hundred thirty‑five day average daily membership of the district divided by the total average daily membership of all students in the districts in the county times the required amount of funds to bring the total reimbursements to the school districts in that county to at least two million five hundred thousand dollars.~~

~~(2)~~ ~~If a school district encompasses more than one county, the one hundred thirty‑five day average daily membership of the students from that county attending schools of the district must be used to compute the distributions required by this subsection.~~

~~(3)~~ ~~The distributions to a county and then to a school district under this subsection must be considered to be outside of the Education Finance Act and must not be considered when computing the maintenance of local effort required of that district under the Education Improvement Act.~~

~~(C)~~ ~~When determined, any balance in the Homestead Exemption Fund remaining at the end of a fiscal year after the payments to school districts and counties pursuant to subsections (A) and (B) of this section must be segregated within the Homestead Exemption Fund and remitted in the next fiscal year to counties in the proportion that the population of the county is to the total population of the State. Population data must be as determined in the decennial United States Census and the most recent update to that data as determined by the Office of Research and Statistics of the State Budget and Control Board. Revenues received by the county must be used to provide a property tax credit against the property tax liability for county operations on owner‑occupied residential property classified for property tax purposes pursuant to Section 12‑43‑220(c). The credit is an amount determined by dividing the total estimated revenues credited to the county during the applicable fiscal year by the number of parcels in the county eligible for the credit. Credit that exceeds the tax due on a parcel must be reallocated in a uniform amount to remaining parcels with a property tax liability for county operations. The distributions under this subsection are not an obligation of the state general fund if sufficient funds are not available to make such distributions from the Homestead Exemption Fund.~~

~~(D)~~(B) Notwithstanding another provision of this section, in the case of a redevelopment project area created pursuant to Chapter 6, 7, or 12, ~~of~~ Title 31, the reimbursements provided pursuant to this section for the property tax exemption allowed by Section 12‑37‑220(B)(47) must include full payment to the city or county creating the redevelopment project area for amounts that would have been payable to the special tax allocation fund created pursuant to that chapter if no such exemption existed.”

SECTION 25. Section 12‑4‑510 of the 1976 Code is amended to read:

“Section 12‑4‑510. In addition to other powers and duties required by law, the department, in order to administer effectively the equitable assessment of property for taxation:

(1) has all of the powers conferred by law upon the former State Board of Equalization and upon the former State Board of Assessors before February 20, 1915;

(2) annually shall make the levy upon the assessed value of property subject to taxation necessary to raise the annual appropriations made by the General Assembly as it relates to the State Uniform Millage (SUM) provided for in Article 27, Chapter 37, Title 12, private carlines and flight equipment;

(3) shall order reassessment of real and personal property, or any class or classes of either, or when, in the judgment of the department, the reassessment is advisable or necessary to the end that all classes of property in the assessment district are assessed in compliance with the law.”

SECTION 26. Section 12‑4‑520 of the 1976 Code is amended to read:

“Section 12‑4‑520. The department:

(1) shall call meetings of all county assessors to provide instruction as to the law governing the assessment and taxation of all classes of property and shall formulate and prescribe rules to govern assessors and county boards of tax appeals in the discharge of their duties;

(2) shall confer with, advise, and direct assessors and county boards of tax appeals as to their duties pursuant to the laws of the State;

(3) may visit counties in the State to investigate the assessment, equalization, and taxation of property subject to taxation and take action necessary to ensure the proper assessment, equalization, and taxation of the property;

(4) as often as annually, shall examine the books, papers, and accounts of assessors, auditors, treasurers, and tax collectors, to protect the interests of the State, counties, and other political subdivisions and to render these officers aid or instruction. The department does not have jurisdiction over personnel or equipment purchases of political subdivisions;

(5) shall require county auditors to place upon the assessment rolls omitted property that may have escaped assessment and taxation in whole or in part, in the current or previous years; ~~and~~

(6) may extend the time for the performance of the duties imposed upon the county assessors or auditors for the valuation of property for tax purposes, and, if the department extends the time for the collection of taxes, the department may postpone the time for the imposition of penalties; and

(7) shall employ the foregoing powers as necessary to ensure that the county auditors, county assessors, and county treasurers are correctly assessing, levying, collecting and remitting the revenue raised by the State Uniform Millage for the South Carolina Public Education Program Fund as established in Article 27, Chapter 37, Title 12.”

SECTION 27. A. Section 12‑37‑220(B) of the 1976 Code is amended by adding a new item at the end to read:

“(52)(a) For real and personal property owned by or leased to manufacturers and used by the manufacturer in the conduct of such business, as so classified by the department pursuant to Section 1, Article X of the Constitution of this State and Section 12‑43‑220(a), the value in excess of six percent of fair market value of the property is exempt from:

(i) the ad valorem tax imposed pursuant to Section 12‑37‑4010; and

(ii) any ad valorem tax imposed for school operating purposes pursuant to authority granted to governing bodies of school districts pursuant to Sections 59‑73‑30 and 59‑73‑40.

(b) The exemptions allowed by this item may not be deleted or reduced except by a legislative enactment receiving a recorded rollcall vote of at least a two‑thirds majority of the membership of each house of the General Assembly.”

B. Section 12‑37‑220(B)(47) of the 1976 Code is amended to read:

“(47)(a) Effective for property tax years beginning after 2006 and continuing through property tax year 2015 and to the extent not already exempt pursuant to Section 12‑37‑250, one hundred percent of the fair market value of owner‑occupied residential property eligible for and receiving the special assessment ratio allowed owner‑occupied residential property pursuant to Section 12‑43‑220(c) is exempt from all property taxes imposed for school operating purposes but not including millage imposed for the repayment of general obligation debt.

(b) Effective for property tax years beginning after 2015, and after applying all other applicable exemptions, one hundred percent of the fair market value of property classified for property tax purposes pursuant to Section 12‑43‑220(c) is exempt from property tax millage imposed for school operations pursuant to Sections 12‑37‑4010 and 59‑73‑30.

(c) Notwithstanding any other provision of law, property exempted from property tax in the manner provided in this item is considered taxable property for purposes of bonded indebtedness pursuant to Section 1, ~~of~~ Article X of the Constitution of this State.

~~(c)~~(d) The exemptions allowed by this item may not be deleted or reduced except by a legislative enactment receiving a recorded rollcall vote of at least a two‑thirds majority of the membership of each house of the General Assembly.”

SECTION 28. Chapter 37, Title 12 of the 1976 Code is amended by adding:

“Article 27

State Uniform Millage for Schools

Section 12‑37‑4010. (A) Effective for property tax years beginning after 2015, there is imposed an annual, permanent, and uniform statewide ad valorem tax on all taxable property, all revenues from which are appropriated to the South Carolina Public Education Program Fund. The tax imposed in this article may be cited as the ‘State Uniform Millage’ (SUM). This rate is not subject to rollback upon any reassessment program.

(B) The millage rate of the SUM is one hundred mills, subject to the following transitional provision for school districts in which the millage rate for school operations in the tax year immediately preceding the imposition of the SUM is less than one hundred five mills:

(1) the rate is five mills less than the millage rate for school operations in the tax year immediately preceding the imposition of the SUM and increases by one mill, or fraction thereof, in each tax year thereafter until the millage rate equals the SUM; and

(2) in a fiscal year subject to an increase in millage under item (1), the school district is not subject to a reduction in the transition funding allocation under Section 59‑20‑40(B)(3).

(C) The Department of Revenue, each county auditor, and each county assessor, as the case may require so that all taxable property is correctly included, shall impose and the Department of Revenue and each county treasurer, as the case may require, shall collect the SUM. County treasurers shall promptly remit the proceeds of the SUM to the State Treasurer for deposit into the South Carolina Public Education Program Fund.

(D) The powers and duties of the Department of Revenue pursuant to Chapter 53 of this title apply to this article and are supplementary to the powers and duties of the county auditors, assessors, and treasurers.

(E) Any other provision of law notwithstanding, no fee‑in‑lieu‑of‑tax (FILOT) agreement entered into on or after the effective date of SCJET may reduce, redirect, exempt, or otherwise excuse or alter the SUM liability of taxable property.

(F) Any other provision of law notwithstanding, on and after the date SCJET is filed as a bill in the General Assembly, no agreement, appropriation, credit, or other use of proceeds or credits relating to any amount equivalent to tax raised from a multicounty business and industrial park may reduce, redirect, exempt, or otherwise excuse or alter the liability of the otherwise taxable property within the multicounty business and industrial park to pay an amount equivalent to the SUM liability of the property to the South Carolina Public Education Program Fund.

Section 12‑37‑4020. (A) The county treasurer of each county shall remit to the Department of Revenue all school operating revenue derived from every FILOT agreement or multicounty industrial or business park payment made in this State pursuant to an agreement or ordinance in force on or before the effective date of this act.

(B) All FILOT revenue collected by the Department of Revenue pursuant to subsection (A) of this section is appropriated to the South Carolina Public Education Program Fund.”

SECTION 29. Section 12‑43‑296 of the 1976 Code is amended to read:

“Section 12‑43‑296. (A) In accordance with Section 7(b), Article X of the Constitution of this State, political subdivisions, including school districts, of this State shall prepare and maintain annual budgets which provide for sufficient income to meet estimated expenses for each fiscal year.

(B) Notwithstanding any other provision of law, political subdivisions, including school districts, of this State may maintain and carry forward reasonable positive general fund balances from fiscal year to fiscal year including, but not limited to, those years in which property within a political subdivision or school district is subject to reassessment.

(C) The General Assembly finds that the financial benefits of the reasonable positive general fund balances of the school districts of the State are in furtherance of the efficient delivery of the South Carolina Public Education Program to the pupils of the entire State, and authorizes in each school district a positive year‑end general unassigned fund balance of not less than sixty days of operating expenses on an annualized basis.”

SECTION 30. Section 12‑43‑350 of the 1976 Code is amended to read:

“Section 12‑43‑350. Affected political subdivisions must use a tax bill for real property that contains standard information as follows:

(1) tax year;

(2) tax map number;

(3) property location;

(4) appraised value, taxable;

(5) tax amount; but the State Uniform Millage (SUM) for public educational purposes imposed pursuant to Article 27, Chapter 37, Title 12 must be listed separately from local school operating tax;

(6) state homestead tax exemption pursuant to ~~Section~~ Sections 12‑37‑250 and 12‑37‑220(B)(47), if applicable;

(7) ~~state homestead tax exemption pursuant to Section 12‑37‑220(B)(47) and the estimated value of the exemption and the amount of any credit against the property tax liability for county operations on owner‑occupied residential property attributable to an excess balance in the Homestead Exemption Fund;~~

~~(8)~~ local option sales tax credit, if applicable;

~~(9)~~(8) any applicable fees;

~~(10)~~(9) total tax due;

~~(11)~~(10) tax due with penalties and applicable dates;

~~(12)~~(11) prior year amount paid, but only required to be shown if assessment is unchanged from prior year, except during reassessment years, in which case all properties must show the prior year tax amount.

The information required pursuant to this section must be contained in a ‘boxed’ area measuring at least three inches square placed on the right side of the tax bill.”

SECTION 31. A. Article 21, Chapter 35, Title 12 of the 1976 Code is amended by adding:

“Section 12‑36‑2125. (A) Except as provided pursuant to subsection (B) of this section, and notwithstanding the provisions of Section 12‑36‑2120 and 12‑36‑2130 and any other provision of law allowing an exemption from the sales or use taxes imposed by the State pursuant to this chapter, the exemptions from state‑imposed sales and use tax allowed in such sections apply only to fifty percent of the gross proceeds of sales, or sales prices of the exempted items.

(B) The provisions of subsection (A) of this section do not apply to sales and use tax exemptions allowed pursuant to Section 12‑36‑2120(1), (2), (3), (9)(e) and (f), (10), (19), (22), (25), (29), (30), (33), (34), (36), (39), (41), (42), (44), (46), (47), (48), (57), (60), (61), (62), (63), (64), (65)(b), (67), and (74).

(C) The provisions of subsection (A) of this section do not apply with respect to sales and use taxes administered by the South Carolina Department of Revenue but which are imposed by or on behalf of a political subdivision of this State, including a school district.

(D) Notwithstanding any other provision of law providing for the crediting and use of state‑imposed sales and use tax revenues, such revenues attributable to the provisions of subsection (A) of this section must be credited and used as provided pursuant to Section 59‑20‑35(B)(5).”

B. Section 12‑36‑2125 of the 1976 Code, as added by subsection A of this SECTION takes effect July 1, 2016.

Part V

Time Effective

SECTION 32. Except as otherwise specified, this act takes effect upon approval by the Governor and applies for the financing of public education in this State beginning with school year 2016‑2017.

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