Section 1. – Short Title – Local Taxpayer Relief Act of 2015

Section 2. – Purpose – Strikes “challenging State standards” and inserts “college and career ready State academic content and student academic achievement standards”

Section 3. – Payments Relating to Federal Acquisition of Real Property

1. Incorporates language included in the FY 2015 National Defense Authorization Act: Updates Section 8002 to insure an equitable allocation of dollars by eliminating the subjectivity that was the problem with the use of the “highest and best” formula. The language in the proposal includes the NDAA provision that calculates the value of eligible federal land by taking the total assessed value of the taxable property divided by the total number of taxable (non-federal) acres. The dollar per taxable acre is then applied to the federal acres to determine the assessed value, which is then multiplied by the tax rate. Establishes a 90% foundation payment based either on the payment received in fiscal year 2009 or the average of payments received in FY 2006 – 2009, whichever is higher. Intended to protect a district from a loss in dollars as a result of the new formula.

2. Two changes that were not recognized during changes made via NDAA:
   a. 8002(b)(3)(B) SPECIAL RULE. Allows an LEA that shares eligible Section 8002 land with one or more LEAs to request that the Secretary calculate the average per acre value of each LEA and apply the average per acre value to the acres of the requesting agency. The Department has interpreted this to mean that should an LEA make such a request that all LEAs must agree. This was not the intent. Language clarifies that the LEA making the request does not require the authorization of all LEAs sharing the same, or part of the same, property.
   b. Section 8002 (h) (A) FOUNDATION PAYMENT. The NDAA language exempts districts receiving the Foundation payment from subsection (b)(1)(C) should their Foundation payment exceed their new maximum as calculated under the new formula. Retains the spirit of the change that is designed to insure that no LEA would be financially hurt by the formula change. At the time the amendment was drafted no one considered the impact the Foundation/new maximum payment would have on subsection (b)(1)(A)(i)(III): revenue received from an activity performed on eligible Section 8002 property. Language exempts activity revenue from counting against the Foundation payment should the new maximum payment be less than the activity revenue received from the eligible Section 8002 property.

3. (a) (4) (g) Former Districts (Consolidation of School Districts) – Language addresses the unintended consequences of the 2001 reauthorization. Allows an LEA to carry its Section 8002 eligibility to a new LEA formed as the result of consolidation. Current law was written so this only applies if consolidation occurred for FY 1994 or any preceding fiscal year. Language picks up with LEAs consolidating for fiscal year 2006 and all succeeding fiscal years. (This correction was addressed in the FY 2014 Omnibus Appropriations Bill – consolidated language is in current law).

4. Eliminates special provision language that is no longer necessary. In some instances district specific language remains to insure district eligibility in the program.
5. Removes a provision added in 1994 that precludes first time districts from applying after a period of time following the reauthorization. Considered an unfair provision.

Section 4. – Payments for Eligible Federally Connected Children

1. Insures that children attending a federally connected school district under an open enrollment policy are eligible if they meet one of the student eligibility categories.

2. (a)(4) Table 9/11 Housing Privatization Provision - Updates the law to meet the challenges of on-going DoD actions. Incorporates language inserted in the NDAA by easing the administration of the program for both LEAs and the DoED, including clearly defining an eligible housing project.

3. Section 8003 (a)(5)(A) – MILITARY ‘BUILD TO LEASE’ PROGRAM HOUSING: Applies to a school district serving Scott AFB, IL – comparable to current language that was previously added addresses a similar issue at Travis AFB, CA. No other impact.

4. (b)(2)(B)(i)(II)(aa) Standardizes student percentage requirement at 45%. Current law sets it at 50% if a district can count civilian government dependent students (district must enroll either 1,000 or 10%) or 40% if you can’t count civilians.

5. (b)(2)(B)(i)(II)(bb) Language is consolidated in an attempt to simplify the Heavily Impacted provision by eliminating eligibility based on spending below the national average as in current law. Rather it basis per pupil spending eligibility on spending within the state – districts with less than 500 students can not exceed spending above 150% of the state average while districts with more than 500 students cannot exceed 125% of the state average per pupil spending. If subsequent increases in state spending and/or local spending would cause a district to exceed the percentage requirements the district would become ineligible.

6. (b)(2)(B)(i)(II)(cc) Maintains the tax rate requirement under current law at 95% of the state average. Also allows a heavily impacted district to maintain its heavily impacted eligibility if the state eliminates property (ad valorem) tax.

7. (b)(2)(B)(i)(III) Applies to Killeen ISD, TX (Eligible under the current law, but drops number of student from 6,000 to 5,000). Deployment has caused student fluctuations. No other impact.

8. (b)(2)(B)(i)(IV) Updates language that addresses the needs of the North Chicago School District, IL – Drops eligibility percentage from 30% to 20%; maintains tax rate at 125% of the state average; adds a provision that the 65% of their non-federal children must be eligible under the Richard B. Russell National School Lunch Act.

9. (b)(2)(B)(ii) Loss of Eligibility: Allows a district to drop below 95% for one year (addresses the problem of decreased property assessments as some districts increase their rates to maintain funding). If they drop below 95% for two consecutive years, the current law applies.

10. (b)(2)(C)(ii) SPECIAL RULE: Current law provides b(2) status to a district that has an enrollment of off-base military/low-rent housing students and meets the tax rate and per pupil expenditure requirements. Change would also require the district to enroll at least
10% category 8003(a) students (on-base military/Indian land). Exempts the one district currently eligible from the 10% requirement.

11. (b)(2)(G)(i) Heavily Impacted eligibility for districts undergoing privatization. Updates language to adapt to DoD privatization activities. No change to (intent) of current law.

12. (b)(3)(B)(iv) If a district is providing a distance learning program for students outside the district (can’t count for Impact Aid eligibility) such students shall not be included in the calculation of the district’s LOT percentage.

13. (b)(3)(D) Learning Opportunity Threshold (LOT). Formula used when program isn’t fully funded. Changes the current allocation formula to allow for an equal pro-rated distribution of Basic Support dollars when the dollars available to fund the LOT formula are sufficient to increase the LOT percentage allocation above 100%. This corrects an unintended oversight in the 1994 reauthorization.

14. 8003(c)(2) Exception “Growth District” – Under current law a district’s payment is based on the number of students from the fall of the previous school year. This change allows a district to be paid in the current school year so long as their growth was either 10% or 100 students. Growth must have occurred because of a federal government action or as a result of the closure of another federally impacted school.

15. 8003 (e) Updates Hold harmless to provide budget stability for districts that fall out of 8003(b)(2) and/or districts that see an unforeseen drop in students, i.e. BRAC. The proposal establishes a three-year hold harmless based on payments made in the base year prior to reauthorization. For any year in which a district’s payment is reduced by an amount greater than $5 million or 20% from the previous year, the district’s payment in the first year shall not be less than 90% of what the district received in the year prior to the reduction (base year), the second year it would be 85% of the base year, and the third year 80% of the base year.

16. Section 8003(g) Maintenance of Effort is struck.

Section 4. – Application For Payments Under Sections 8002and 8003

1. 8003 (e) Student Count – The procedure used by which school districts identify eligible students and/or eligible property is set by regulation. The DoED for purposes of Section 8003 uses two procedures: a parent-pupil survey form or a source check. Language would direct the Secretary to establish a third option that would allow a school district to count its eligible students using student registration data.

Section 5. – Construction

1. 8007(a) Changes will insure a more equitable distribution of formula dollars. Shifts the formula distribution from 40% of the amount appropriated under Section 8014 to 80%. (Eligible districts are those with 50% or more Indian land or military dependent children, and Heavily Impacted districts).

2. 8007(b) Changes the competitive grant percentage set-a-side from 60% to 20% but only Indian land districts and “growth districts” are eligible.

3. 8007(b)(C) and (D) - Makes eligible under 8007(b) an LEA or a facility that has an enrollment of at least 40% Indian land children.
4. 8007(b)(7) Allows “growth districts” to apply. Districts must meet current law criteria, i.e. limited bonding capacity and health/safety concerns. There is no set-aside.

**Section 6. – State Consideration of Payments in Providing State Aid**

1. 8009(b)(1) No state could apply for Section 8009 eligibility unless it was spending at a level no less than the national average per pupil spending. Would prevent a state from equalizing Impact Aid dollars unless they provide an adequate funding base per student.

2. 8009(2)(A)(i) Disparity remains at 25% for states currently equalized: AK, KS, NM.

3. 8009(2)(B)(i) States applying under this reauthorization would be required to have a disparity no greater than 10%.

4. 8009(2)(A)(ii) & (2)(B)(i) Other Factors – Language would require DoED to ignore their current regulations when measuring disparity and delineates the process to be used when determining the disparity measure.

5. 8009 (d)(2) Treatment of State Aid – a new subparagraph (B) under paragraph 8009(d)(2). Emphasizes that unless a state is certified to equalize under this section, it can in no way consider funds received under the Section 8002/8003 program in any State formula or place a limit or direct the use of such funds. States sometimes play games directing districts on how to use/count Impact Aid funds within their operating budgets.

**Section 7. – Timely Payments**

1. 8010(d) Timely Payments – Requires DoED to make payments in a timely fashion. Identical to language in the 2015 NDAA.

**Section 8. – Definitions**

1. 8013(5)(A)(VI) Expands the definition of Indian land to include land that was held in Trust, but was transferred to tribal ownership, but state and local governments maintain recognition of the tax exempt status of the land.

2. 8013(9)(A)(ii) Definition of an LEA – Clearly defines an LEA as having defined boundaries and legal taxing authority (independently or imputed from another public entity). Charter schools eligible prior to reauthorization are recognized.

**Section 9. – Authorization of Appropriations**

1. 8014(f) Makes changes to subsection references and adds a new subsection that insures all funds appropriated are allocated to the activity for which the funds were appropriated. Currently dollars remaining available after the fifth year revert back to Treasury.

**Section 10. – Additional and Conforming Amendments**

1. Includes technical changes originally included in a Bush Administration’s suggested draft during the 110th Congress. Creates no change in policy, rather only updates the Impact Aid statute with other statutes and makes some grammatical edits.