

# Act 46: Money Provisions

## Merger incentives

### Sec. 6. Accelerated mergers

- Vote by July 1, 2016.
- Operational by July 1, 2017.
- Homestead rates decrease by \$0.10/\$0.08/\$0.06/\$0.04/\$0.02.
- Small school grant converted to a merger support grant, which continues unless school closed.
- Receives transition facilitation grant.

### Sec. 7. Mergers

- Vote any time after July 1, 2015.
- Operational after July 1, 2017.
- Homestead rates decrease by \$0.08/\$0.06/\$0.04/\$0.02.
- Small school grant converted to a merger support grant, which continues unless school closed.

## Small schools grant

### Secs. 20-21. Limitations.

- Under pre-existing law, small schools grants are available if total pupil count is under 100, or grade count is under 20 (based on a two year average).
- Starting in fiscal year 2020, small school grants are eliminated, except for where SBE has determined a school to be geographically necessary or high performing.
- SBE to publish metrics for these determinations by July 1, 2018.

## Phantom pupils

### Secs. 22-25 Declining enrollment fix and phase out.

- Under pre-existing law, a district's equalized pupil count would not drop below 96.5% of its actual students. However, the law contained a "tail" whereby the number of actual students could drop more quickly than the equalized count, leading to an accumulation of "phantom pupils" in some districts. Sec. 22 fixed this "tailing" problem.
- If a district had phantom pupils in fiscal year 2016, the limit on equalized pupils would drop from 96.5% to 90% in fiscal 2017, and

then to 80% in fiscal 2018, unless the district was involved in a merger, in which case the limit would stay at 90% for fiscal year 2018 and forward.

- In fiscal year 2021, phantom pupil limitation is at 96.5%, but only for districts that have merged by July 1, 2019. If no merger by that date, no more phantom pupils.

## Yield

Secs. 26-32 Changes terminology, but not substance, related to tax rate calculation.

- Under pre-existing law, the General Assembly set a base tax rate for homestead and nonresidential property, which was then adjusted by a district's spending.
- Under the "yield" changes, the General Assembly sets an amount that a tax rate of 1.0% (or 2.0% on income) will raise. Districts then know that if its spending exceeds the "yield" amount by 50%, its rate will be 50% higher, or 1.5%.

## Other provisions

- Sec. 33 added town meeting ballot language indicating the percentage increase of any spending increases.
- Sec. 34 repealed the divided vote requirement as of July 1, 2015.
- Secs. 35-36 contained session law setting the base tax rates for fiscal year 2016.
- Secs. 37-38 established allowable spending growth thresholds for fiscal 2017 and 2018, but the fiscal year 2018 thresholds were repealed in early 2016.