

SECOND REGULAR SESSION

# SENATE BILL NO. 965

89TH GENERAL ASSEMBLY

---

---

INTRODUCED BY SENATORS WESTFALL, MAXWELL AND KINDER.

Read 1st time February 26, 1998, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

S3741.011

---

---

## AN ACT

To repeal sections 143.011, 143.071, 144.021, 144.440, 144.700, 144.701, 163.022, 163.032, 164.013 and 177.088, RSMo 1994, and sections 137.073, 144.020, 163.011, 163.021, 163.031, 163.087, 164.011 and 165.011, RSMo Supp. 1997, relating to funding for public schools, and to enact in lieu thereof fourteen new sections relating to the same subject, with an effective date for a certain section and a referendum clause.

---

---

*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Sections 143.011, 143.071, 144.021, 144.440, 144.700, 144.701, 163.022, 163.032, 164.013 and 177.088, RSMo 1994, and sections 137.073, 144.020, 163.011, 163.021, 163.031, 163.087, 164.011 and 165.011, RSMo Supp. 1997, are repealed and fourteen new sections enacted in lieu thereof to be known as sections 137.073, 143.011, 143.071, 144.020, 144.021, 144.440, 144.700, 144.701, 163.011, 163.021, 163.031, 164.011, 165.011 and 177.088, to read as follows:

137.073. 1. As used in this section, the following terms mean:

(1) "General reassessment", changes in value, entered in the assessor's books, of a substantial portion of the parcels of real property within a county resulting wholly or partly from reappraisal of value or other actions of the assessor or county equalization body or ordered by the state tax commission or any court;

(2) "Tax rate", "rate", or "rate of levy", singular or plural, includes the tax rate for each purpose of taxation of property a taxing authority is authorized to levy without a vote and any tax rate authorized by election, including bond interest and sinking fund;

(3) "Tax rate ceiling", a tax rate as revised by the taxing authority to comply with the provisions of this section or when a court has determined the tax rate[; except that, other

**EXPLANATION--Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

provisions of law to the contrary notwithstanding, a school district may levy the operating levy for school purposes required for the current year under subsection 2 of section 163.021, RSMo, less all adjustments required pursuant to article X, section 22 of the Missouri Constitution, if such tax rate does not exceed the highest tax rate in effect subsequent to the 1980 tax year]. This is the maximum tax rate that may be levied, unless a higher tax rate ceiling is approved by voters of the political subdivision as provided in this section;

(4) "Tax revenue", when referring to the previous year, means the actual receipts from ad valorem levies on all classes of property, including state-assessed property, in the immediately preceding fiscal year of the political subdivision, plus an allowance for taxes billed but not collected in the fiscal year and plus an additional allowance for the revenue which would have been collected from property which was annexed by such political subdivision but which was not previously used in determining tax revenue under this section. The term "tax revenue" shall not include any receipts from ad valorem levies on any property of a railroad corporation or a public utility, as these terms are defined in section 386.020, RSMo, which were assessed by the assessor of a county or city in the previous year but are assessed by the state tax commission in the current year. All school districts and those counties levying sales taxes under chapter 67, RSMo, shall include in the calculation of tax revenue an amount equivalent to that by which they reduced property tax levies as a result of sales tax under section 67.505, RSMo, [and section 164.013, RSMo,] in the immediately preceding fiscal year but not including any amount calculated to adjust for prior years. For purposes of political subdivisions which were authorized to levy a tax in the prior year but which did not levy such tax or levied a reduced rate, the term "tax revenue", as used in relation to the revision of tax levies mandated by law, shall mean the revenues equal to the amount that would have been available if the voluntary rate reduction had not been made.

2. Whenever changes in assessed valuation are entered in the assessor's books, the county clerk in all counties and the assessor of St. Louis City shall notify each political subdivision wholly or partially within the county or St. Louis City of the change in valuation, exclusive of new construction and improvements. All political subdivisions shall immediately revise the rates of levy for each purpose for which taxes are levied to the extent necessary to produce from all taxable property, exclusive of new construction and improvements, substantially the same amount of tax revenue as was produced in the previous year, except that the rate may not exceed the greater of the rate in effect in the 1984 tax year or the most recent voter-approved rate. As provided in section 22 of article X of the constitution, a political subdivision may also revise each levy to allow for inflationary assessment growth occurring within the political subdivision. The inflationary growth factor shall be limited to the actual assessment growth within the political subdivision, exclusive of new construction and improvements, but not to exceed the consumer price index or five percent, whichever is lower.

3. (1) Where the taxing authority is a school district, it shall be required to revise the

rates of levy to the extent necessary to produce from all taxable property, including state-assessed railroad and utility property, which shall be separately estimated in addition to other data required in complying with section 164.011, RSMo, substantially the amount of tax revenue permitted in this section. In the year following tax rate reduction, the tax rate ceiling may be adjusted to offset such district's reduction in the apportionment of state school moneys due to its reduced tax rate. However, in the event any school district, in calculating a tax rate ceiling pursuant to this section, requiring the estimating of effects of state-assessed railroad and utility valuation or loss of state aid, discovers that the estimates used result in receipt of excess revenues, which would have required a lower rate if the actual information had been known, the school district shall reduce the tax rate ceiling in the following year to compensate for the excess receipts, and the recalculated rate shall become the tax rate ceiling for purposes of this section.

(2) For any political subdivision which experiences a reduction in the amount of assessed valuation relating to a prior year, due to decisions of the state tax commission or a court under sections 138.430 to 138.433, RSMo, or due to clerical errors or corrections in the calculation or recordation of any assessed valuation:

(a) Such political subdivision may revise the tax rate ceiling for each purpose it levies taxes to compensate for the reduction in assessed value occurring after the political subdivision calculated the tax rate ceiling in the prior year. Such revision by the political subdivision shall be made at the time of the next calculation of the tax rate after the reduction in assessed valuation has been determined and shall be calculated in a manner that results in the revised tax rate ceiling being the same as it would have been had the corrected or finalized assessment been available at the time of the prior calculation;

(b) In addition, for up to three years following the determination of the reduction in assessed valuation as a result of circumstances defined in this subdivision, such political subdivision may levy a tax rate for each purpose it levies taxes above the revised tax rate ceiling provided in paragraph (a) of this subdivision to recoup any revenues it was entitled to receive for the three-year period preceding such determination.

4. (1) In order to implement the provisions of this section and section 22 of article X of the Constitution of Missouri, the term "improvements" shall apply to both real and personal property. In order to determine the value of new construction and improvements, each county assessor shall maintain a record of real property valuations in such a manner as to identify each year the increase in valuation for each political subdivision in the county as a result of new construction and improvements. The value of new construction and improvements shall include the additional assessed value of all improvements or additions to real property which were begun after and were not part of the prior year's assessment, except that the additional assessed value of all improvements or additions to real property which had been totally or partially exempt from ad valorem taxes pursuant to sections 99.800 to 99.865, RSMo, sections 135.200 to 135.255, RSMo,

and section 353.110, RSMo, shall be included in the value of new construction and improvements when the property becomes totally or partially subject to assessment and payment of all ad valorem taxes. The aggregate increase in valuation of personal property for the current year over that of the previous year is the equivalent of the new construction and improvements factor for personal property. The assessor shall certify the amount of new construction and improvements for each political subdivision to the county clerk in order that political subdivisions shall have this information for the purpose of calculating tax rates under this section and section 22, article X, Constitution of Missouri. In addition, the state tax commission shall certify each year to each county clerk the increase in the general price level as measured by the consumer price index for all urban consumers for the United States, or its successor publications, as defined and officially reported by the United States Department of Labor, or its successor agency. The state tax commission shall certify the increase in such index on the latest twelve-month basis available on June first of each year over the immediately preceding prior twelve-month period in order that political subdivisions shall have this information available in setting their tax rates according to law and section 22 of article X of the Constitution of Missouri. For purposes of implementing the provisions of this section and section 22 of article X of the Missouri Constitution, the term "property" means all taxable property, including state assessed property.

(2) Each political subdivision required to revise rates of levy pursuant to this section or section 22 of article X of the Constitution of Missouri shall calculate each tax rate it is authorized to levy and, in establishing each tax rate, shall consider each provision for tax rate revision provided in this section and section 22 of article X of the Constitution of Missouri, separately and without regard to annual tax rate reductions provided in section 67.505, RSMo[, and section 164.013, RSMo]. Each political subdivision shall set each tax rate it is authorized to levy using the calculation that produces the lowest tax rate ceiling. It is further the intent of the general assembly, under the authority of section 10(c) of article X of the Constitution of Missouri, that the provisions of such section be applicable to tax rate revisions mandated under section 22 of article X of the Constitution of Missouri as to reestablishing tax rates as revised in subsequent years, enforcement provisions, and other provisions not in conflict with section 22 of article X of the Constitution of Missouri. Annual tax rate reductions provided in section 67.505, RSMo, [and section 164.013, RSMo,] shall be applied to the tax rate as established under this section and section 22 of article X of the Constitution of Missouri, unless otherwise provided by law.

5. (1) In all political subdivisions, the tax rate ceiling established pursuant to this section shall not be increased unless approved by a vote of the people. Approval of the higher tax rate shall be by at least a majority of votes cast. When a proposed higher tax rate requires approval by more than a simple majority under any provision of law or the constitution, the tax rate increase must receive approval by at least the majority required.

(2) When voters approve an increase in the tax rate, the amount of the increase shall be

added to the tax rate ceiling as calculated under this section to the extent the total rate does not exceed any maximum rate prescribed by law. If a ballot question presents a stated tax rate for approval rather than describing the amount of increase in the question, the stated tax rate approved shall be the current tax rate ceiling. The increased tax rate ceiling as approved may be applied to the total assessed valuation of the political subdivision at the setting of the next tax rate.

(3) The governing body of any political subdivision may levy a tax rate lower than its tax rate ceiling and may increase that lowered tax rate to a level not exceeding the tax rate ceiling without voter approval.

6. Each taxing authority proposing to levy a tax rate in any year shall notify the clerk of the county commission in the county or counties where the tax rate applies of its tax rate ceiling and its proposed tax rate. Any taxing authority levying a property tax rate shall provide data, in such form as shall be prescribed by the state auditor by rule, substantiating such tax rate complies with Missouri law. In addition, each taxing authority proposing to levy a tax rate for debt service shall provide data, in such form as shall be prescribed by the state auditor by rule, substantiating the tax rate for debt service complies with Missouri law. A tax rate proposed for annual debt service requirements will be prima facie valid if, after making the payment for which the tax was levied, bonds remain outstanding and the debt fund reserves do not exceed the following year's payments. The county clerk shall keep on file and available for public inspection all such information for a period of three years. The clerk shall, within three days of receipt, forward a copy of the notice of a taxing authority's tax rate ceiling and proposed tax rate and any substantiating data to the state auditor. The state auditor shall examine such information and return to the county clerk his findings as to compliance of the tax rate ceiling with this section and as to compliance of any proposed tax rate for debt service with Missouri law. The county clerk shall forward a copy of the auditor's findings to the taxing authority and shall file a copy of the findings with the information received from the taxing authority. The auditor's findings are advisory for the information of the taxing authority and the public.

7. No tax rate shall be extended on the tax rolls by the county clerk unless the political subdivision has complied with the foregoing provisions of this section.

8. Whenever a taxpayer has cause to believe that a taxing authority has not complied with the provisions of this section, the taxpayer may make a formal complaint with the prosecuting attorney of the county. Where the prosecuting attorney fails to bring an action within ten days of the filing of the complaint, the taxpayer may bring a civil action under this section and institute an action as representative of a class of all taxpayers within a taxing authority if the class is so numerous that joinder of all members is impracticable, if there are questions of law or fact common to the class, if the claims or defenses of the representative parties are typical of the claims or defenses of the class, and if the representative parties will fairly and adequately protect the

interests of the class. In any class action maintained under this section, the court may direct to the members of the class a notice to be published at least once each week for four consecutive weeks in a newspaper of general circulation published in the county where the civil action is commenced and in other counties within the jurisdiction of a taxing authority. The notice shall advise each member that the court will exclude him from the class if he so requests by a specified date, that the judgment, whether favorable or not, will include all members who do not request exclusion, and that any member who does not request exclusion may, if he desires, enter an appearance. In any class action brought under this section, the court, in addition to the relief requested, shall assess against the taxing authority found to be in violation of this section the reasonable costs of bringing the action, including reasonable attorney's fees, provided no attorney's fees shall be awarded any attorney or association of attorneys who receive public funds from any source for their services. Any action brought pursuant to this section shall be set for hearing as soon as practicable after the cause is at issue.

9. If in any action, including a class action, the court issues an order requiring a taxing authority to revise the tax rates as provided in this section or enjoins a taxing authority from the collection of a tax because of its failure to revise the rate of levy as provided in this section, any taxpayer paying his taxes when an improper rate is applied has erroneously paid his taxes in part, whether or not the taxes are paid under protest as provided in section 139.031, RSMo. The part of the taxes paid erroneously is the difference in the amount produced by the original levy and the amount produced by the revised levy. The township or county collector of taxes or the collector of taxes in any city shall refund the amount of the tax erroneously paid. The taxing authority refusing to revise the rate of levy as provided in this section shall make available to the collector all funds necessary to make refunds under this subsection. No taxpayer shall receive any interest on any money erroneously paid by him under this subsection. Effective in the 1994 tax year, nothing in this section shall be construed to require a taxing authority to refund any tax erroneously paid prior to or during the third tax year preceding the current tax year.

143.011. 1. A tax is hereby imposed for every taxable year on the Missouri taxable income of every resident. The tax shall be determined by applying the tax table or the rate provided in section 143.021, which is based upon the following rates: If the Missouri taxable income is:

The tax is:

Not over \$1,000.00 .....	1 1/2% of the Missouri taxable income
Over \$1,000 but not over \$2,000	\$15 plus 2% of excess over \$1,000
Over \$2,000 but not over \$3,000	\$35 plus 2 1/2% of excess over \$2,000
Over \$3,000 but not over \$4,000	\$60 plus 3% of excess

	over \$3,000
Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of excess over \$4,000
Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000
Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of excess over \$6,000
Over \$7,000 but not over \$8,000	\$210 plus 5% of excess over \$7,000
Over \$8,000 but not over <del>[\$9,000]</del> <b>\$10,000</b>	\$260 plus 5 1/2% of excess over <del>[\$8,000]</del> <b>\$9,000</b>
Over <del>[\$9,000]</del> <b>\$10,000</b> .....	\$315 plus <del>[6%]</del> <b>6 1/2%</b> of excess over <del>[\$9,000]</del> <b>\$10,000</b> .

**2. The tax rates established in subsection 1 of this section shall apply on and after January 1, 1998.**

143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to five percent of Missouri taxable income.

2. For all tax years beginning on or after September 1, 1993 **but before January 1, 1998**, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to six and one-fourth percent of Missouri taxable income. **For all tax years beginning on or after January 1, 1998, the tax imposed shall equal six and three-fourths percent of Missouri taxable income.**

144.020. 1. A tax is hereby levied and imposed upon all sellers for the privilege of engaging in the business of selling tangible personal property or rendering taxable service at retail in this state. The rate of tax shall be as follows:

(1) Upon every retail sale in this state of tangible personal property, a tax equivalent to ~~[four]~~ **five** percent of the purchase price paid or charged, or in case such sale involves the exchange of property, a tax equivalent to ~~[four]~~ **five** percent of the consideration paid or charged, including the fair market value of the property exchanged at the time and place of the exchange, except as otherwise provided in section 144.025;

(2) A tax equivalent to ~~[four]~~ **five** percent of the amount paid for admission and seating accommodations, or fees paid to, or in any place of amusement, entertainment or recreation, games and athletic events;

(3) A tax equivalent to ~~[four]~~ **five** percent of the basic rate paid or charged on all sales of electricity or electrical current, water and gas, natural or artificial, to domestic, commercial or industrial consumers;

(4) A tax equivalent to **[four] five** percent on the basic rate paid or charged on all sales of service to telephone subscribers and to others through equipment of telephone subscribers for the transmission of messages and conversations, both local and long distance, and upon the sale, rental or leasing of all equipment or services pertaining or incidental thereto; except that, the payment made by telephone subscribers or others, pursuant to section 144.060, shall not be considered as amounts paid for communication or telephone services or equipment;

(5) A tax equivalent to **[four] five** percent of the basic rate paid or charged for all sales of services for transmission of messages of telegraph companies;

(6) A tax equivalent to **[four] five** percent on the amount of sales or charges for all rooms, meals and drinks furnished at any hotel, motel, tavern, inn, restaurant, eating house, drugstore, dining car, tourist cabin, tourist camp or other place in which rooms, meals or drinks are regularly served to the public;

(7) A tax equivalent to **[four] five** percent of the amount paid or charged for intrastate tickets by every person operating a railroad, sleeping car, dining car, express car, boat, airplane and such buses and trucks as are licensed by the transportation division of the department of economic development of Missouri, engaged in the transportation of persons for hire;

(8) A tax equivalent to **[four] five** percent of the amount paid or charged for rental or lease of tangible personal property, provided that if the lessor or renter of any tangible personal property had previously purchased the property under the conditions of "sale at retail" as defined in subdivision (8) of section 144.010 or leased or rented the property and the tax was paid at the time of purchase, lease or rental, the lessor, sublessor, renter or subrenter shall not apply or collect the tax on the subsequent lease, sublease, rental or subrental receipts from that property. The purchase or use of motor vehicles, trailers, boats, and outboard motors shall be taxed and the tax paid as provided in sections 144.070 and 144.440. No tax shall be collected on the rental or lease of motor vehicles, trailers, boats, and outboard motors, except as provided in sections 144.070 and 144.440. In no event shall the rental or lease of boats and outboard motors be considered a sale, charge, or fee to, for or in places of amusement, entertainment or recreation nor shall any such rental or lease be subject to any tax imposed to, for, or in such places of amusement, entertainment or recreation. Rental and leased boats or outboard motors shall be taxed under the provisions of the sales tax laws as provided under such laws for motor vehicles and trailers. Tangible personal property which is exempt from the sales or use tax under section 144.030 upon a sale thereof is likewise exempt from the sales or use tax upon the lease or rental thereof.

2. All tickets sold which are sold under the provisions of sections 144.010 to 144.510 which are subject to the sales tax shall have printed, stamped or otherwise endorsed thereon, the words "This ticket is subject to a sales tax."

144.021. The purpose and intent of sections 144.010 to 144.510 is to impose a tax upon the

privilege of engaging in the business, in this state, of selling tangible personal property and those services listed in section 144.020. The primary tax burden is placed upon the seller making the taxable sales of property or service and is levied at the rate provided for in section 144.020. Excluding sections 144.070, 144.440 and 144.450, the extent to which a seller is required to collect the tax from the purchaser of the taxable property or service is governed by section 144.285 and in no way affects sections 144.080 and 144.100, which require all sellers to report to the director of revenue their "gross receipts", defined herein to mean the aggregate amount of the sales price of all sales at retail, and remit tax at **[four] five** percent of their gross receipts.

144.440. 1. In addition to all other taxes now or hereafter levied and imposed upon every person for the privilege of using the highways or waterways of this state, there is hereby levied and imposed a tax equivalent to **[four] five** percent of the purchase price, as defined in section 144.070, which is paid or charged on new and used motor vehicles, trailers, boats, and outboard motors purchased or acquired for use on the highways or waters of this state which are required to be registered under the laws of the state of Missouri.

2. At the time the owner of any such motor vehicle, trailer, boat, or outboard motor makes application to the director of revenue for an official certificate of title and the registration of the same as otherwise provided by law, he shall present to the director of revenue evidence satisfactory to the director showing the purchase price paid by or charged to the applicant in the acquisition of the motor vehicle, trailer, boat, or outboard motor, or that the motor vehicle, trailer, boat, or outboard motor is not subject to the tax herein provided and, if the motor vehicle, trailer, boat, or outboard motor is subject to the tax herein provided, the applicant shall pay or cause to be paid to the director of revenue the tax provided herein.

3. In the event that the purchase price is unknown or undisclosed, or that the evidence thereof is not satisfactory to the director of revenue, the same shall be fixed by appraisalment by the director.

4. No certificate of title shall be issued for such motor vehicle, trailer, boat, or outboard motor unless the tax for the privilege of using the highways or waters of this state has been paid or the vehicle, trailer, boat, or outboard motor is registered under the provisions of subsection 5 of this section.

5. The owner of any motor vehicle, trailer, boat, or outboard motor which is to be used exclusively for rental or lease purposes may pay the tax due thereon required in section 144.020 at the time of registration or in lieu thereof may pay a use tax as provided in sections 144.010, 144.020, 144.070 and 144.440. A use tax shall be charged and paid on the amount charged for each rental or lease agreement while the motor vehicle, trailer, boat, or outboard motor is domiciled in the state. If the owner elects to pay upon each rental or lease, he shall make an affidavit to that effect in such form as the director of revenue shall require and shall remit the tax due at such times as the director of revenue shall require.

6. In the event that any leasing company which rents or leases motor vehicles, trailers, boats, or outboard motors elects to collect a use tax, all of its lease receipt would be subject to the use tax, regardless of whether or not the leasing company previously paid a sales tax when the vehicle, trailer, boat, or outboard motor was originally purchased.

7. The provisions of this section, and the tax imposed by this section, shall not apply to manufactured homes.

144.700. 1. All revenue received by the director of revenue from the tax imposed by sections 144.010 to 144.430 and 144.600 to 144.745, except that revenue derived from the rate of ~~[one cent]~~ **two cents** on the dollar of the tax which shall be held and distributed in the manner provided in sections 144.701 and 163.031, RSMo, shall be deposited in the state general revenue fund, including any payments of the taxes made under protest.

2. The director of revenue shall keep accurate records of any payment of the tax made under protest. In the event any payment shall be made under protest:

(1) A protest affidavit shall be submitted to the director of revenue within thirty days after the payment is made; and

(2) An appeal shall be taken in the manner provided in section 144.261 from any decision of the director of revenue disallowing the making of the payment under protest or an application shall be filed by a protesting taxpayer with the director of revenue for a stay of the period for appeal on the ground that a case is presently pending in the courts involving the same question, with an agreement by the taxpayer to be bound by the final decision in the pending case.

3. Nothing in this section shall be construed to apply to any refund to which the taxpayer would be entitled under any applicable provision of law.

4. All payments deposited in the state general revenue fund that are made under protest shall be retained in the state treasury if the taxpayer does not prevail. If the taxpayer prevails, then taxes paid under protest shall be refunded to the taxpayer, with all interest income derived therefrom, from funds appropriated by the general assembly for such purpose.

144.701. The revenue derived from the rate of ~~[one cent]~~ **two cents** on the dollar of the tax imposed by sections 144.010 to 144.430 and sections 144.600 to 144.745 which shall be deemed to be local tax revenue, shall be deposited by the state treasurer in a special trust fund, which is hereby created, to be known as the "School District Trust Fund". The money in the fund shall be distributed to the public school districts of the state in the manner provided in ~~[sections]~~ **section** 163.031 ~~[and 163.087]~~, RSMo, and shall be appropriated and used for no other purpose; except that, of all refunds made of taxes collected under the provisions of sections 144.010 to 144.430 and sections 144.600 to 144.745, the appropriate percentage of any refund shall be paid from the school district trust fund~~[,]~~ and except that the state may retain a fee as a charge for collecting and disbursing moneys so deposited~~[,]~~ and transfers may be made from the fund as provided in section 164.013, RSMo]. The state collection fee shall not exceed two and one-half million dollars or one

percent of the amount deposited in the fund, whichever is less. The fee shall be negotiated annually through the appropriation process. Any balance remaining in the fund at the end of an appropriation period shall not be transferred to general revenue, and the provisions of section 33.080, RSMo, shall not apply to the fund. Moneys in the trust fund shall be invested by the state treasurer in the same deposits and obligations in which state funds are authorized by law to be invested, except that the deposits and obligations shall mature and become payable in time for distribution of the funds as provided in [sections] **section** 163.031 [and 163.087], RSMo.

163.011. As used in this chapter unless the context requires otherwise:

(1) "Adjusted gross income":

(a) "District adjusted gross income per return" shall be the total Missouri individual adjusted gross income in a school district divided by the total number of Missouri income tax returns filed from the school district as reported by the state department of revenue for the second preceding year;

(b) "State adjusted gross income per return" shall be the total Missouri individual adjusted gross income divided by the total number of Missouri individual income tax returns, of those returns designating school districts, as reported by the state department of revenue for the second preceding year;

(c) "District income factor" shall be one plus thirty percent of the difference of the district income ratio minus one, except that the district income factor applied to the portion of the assessed valuation corresponding to any increase in assessed valuation above the assessed valuation of a district as of December 31, 1994, shall not exceed a value of one;

(d) "District income ratio" shall be the ratio of the district adjusted gross income per return divided by the state adjusted gross income per return;

(2) "Average daily attendance" means the quotient or the sum of the quotients obtained by dividing the total number of hours attended in a term by resident pupils between the ages of five and twenty-one by the actual number of hours school was in session in that term. To the average daily attendance of the school term shall be added the full-time equivalent average daily attendance of summer school students. "Full-time equivalent average daily attendance of summer school students" shall be computed by dividing the total number of hours attended by all summer school pupils by the number of hours required in section 160.011, RSMo, in the school term. For purposes of determining average daily attendance under this subdivision, the term "resident pupil" shall include all children between the ages of five and twenty-one who are residents of the school district and who are attending kindergarten through grade twelve in such district. If a child is attending school in a district other than the district of residence and the child's parent is teaching in the school district or is a regular employee of the school district which the child is attending, then such child shall be considered a resident pupil of the school district which the child is attending for such period of time when the district of residence is not otherwise liable for

tuition. Average daily attendance for students below the age of five years for which a school district may receive state aid based on such attendance shall be computed as regular school term attendance unless otherwise provided by law;

(3) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for debt service;

(4) "Eligible pupils" shall be the sum of the average daily attendance of the school term plus the product of two times the average daily attendance for summer school;

(5) "Equalized assessed valuation of the property of a school district" shall be determined by multiplying the assessed valuation of the real property subclasses specified in section 137.115, RSMo, times the percent of true value as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent and dividing by either the percent of true value as determined by the state tax commission on or before March fifteenth preceding the fiscal year in which the valuation will be effective as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent or the average percent of true value for the highest three of the last four years as determined and certified by the state tax commission, whichever is greater. To the equalized locally assessed valuation of each district shall be added the assessed valuation of tangible personal property. The assessed valuation of property which has previously been excluded from the tax rolls, which is being contested as not being taxable and which increases the total assessed valuation of the school district by fifty percent or more, shall not be included in the calculation of equalized assessed valuation under this subdivision;

(6) "Free and reduced lunch eligible pupil count", the number of pupils eligible for free and reduced lunch on the last Wednesday in January for the preceding school year who were enrolled as students of the district, as approved by the department in accordance with applicable federal regulations;

(7) "Guaranteed tax base" means the amount of equalized assessed valuation per eligible pupil guaranteed each school district by the state in the computation of state aid. To compute the guaranteed tax base, school districts shall be ranked annually from lowest to highest according to the amount of equalized assessed valuation per pupil. The guaranteed tax base shall be [based upon the amount of equalized assessed valuation per pupil of the school district in which the ninety-fifth percentile of the state aggregate number of pupils falls during the third preceding year and shall be] equal to the state average equalized assessed valuation per eligible pupil for the third preceding year times [two and one hundred and sixty-seven thousandths] **six**. The average equalized assessed valuation per pupil shall be the quotient of the total equalized assessed valuation of the state divided by the number of eligible pupils;

(8) "Membership" shall be the average of (1) the number of resident full-time students and

the full-time equivalent number of part-time students who were enrolled in the public schools of the district on the last Wednesday in September of the previous year and who were in attendance one day or more during the preceding ten school days and (2) the number of resident full-time students and the full-time equivalent number of part-time students who were enrolled in the public schools of the district on the last Wednesday in January of the previous year and who were in attendance one day or more during the preceding ten school days, plus the full-time equivalent number of summer school pupils. "Full-time equivalent number of part-time students" is determined by dividing the total number of hours for which all part-time students are enrolled by the number of hours in the school term. "Full-time equivalent number of summer school pupils" is determined by dividing the total number of hours for which all summer school pupils were enrolled by the number of hours required pursuant to section 160.011, RSMo, in the school term. Only students eligible to be counted for average daily attendance shall be counted for membership;

(9) "Operating levy for school purposes" means the sum of tax rates levied for teachers and incidental funds in the payment year and, **for the purposes of distributing state aid pursuant to section 163.031**, shall be, after all adjustments and equalization of the operating levy, [no less than the minimum value required in section 163.021 for eligibility for increases in state aid as calculated pursuant to section 163.031 and] no greater than a maximum value of [four dollars and sixty cents] **one dollar and twenty-five cents** per one hundred dollars assessed valuation. To equalize the operating levy, multiply the aggregate tax rates for teachers, incidental, and building funds by either the percent of true value, as determined by the state tax commission on or before March fifteenth preceding the fiscal year in which the evaluation will be effective as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent, or the average percent of true value for the highest three of the last four years as determined and certified by the state tax commission, whichever is greater, and divide by the percent of true value as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent, provided that for any district for which the equivalent sales ratio is equal to or greater than thirty-three and one-third percent, the equalized operating levy shall be the adjusted operating levy. For any county in which the equivalent sales ratio is less than thirty-one and two-thirds percent, the state tax commission shall conduct a second study in that county and shall use a sample at least twice as large as the one originally used. If the new ratio is higher than the original ratio provided by this subdivision, the new ratio shall be used for the purposes of this subdivision and for determining equalized assessed valuation pursuant to subdivision (5) of this section[. For the purposes of calculating state aid pursuant to section 163.031, for any district which has not enacted a voluntary tax rate rollback nor increased the amount of a voluntary tax rate rollback from the previous year's amount, the tax rate used to determine a district's

entitlement shall be adjusted so that any decrease in the entitlement due to a decrease in the tax rate resulting from the reassessment shall equal the decrease in the deduction for the assessed valuation of the district as a result of the change in the tax rate due to reassessment. The tax rate adjustments required under this subdivision due to reassessment shall be cumulative and shall be applied each year to determine the tax rate used to calculate the entitlement; except that whenever the actual current operating levy exceeds the tax rate calculated pursuant to this subdivision for the purpose of determining the district's entitlement, then the prior tax rate adjustments required under this subdivision due to reassessment shall be eliminated and shall not be applied in determining the tax rate used to calculate the district entitlement];

(10) "School purposes" pertains to teachers and incidental funds;

(11) "Teacher" means any teacher, teacher-secretary, substitute teacher, supervisor, principal, supervising principal, superintendent or assistant superintendent, school nurse, social worker, counselor or librarian who shall, regularly, teach or be employed for no higher than grade twelve more than one-half time in the public schools and who is certified under the laws governing the certification of teachers in Missouri;

(12) "Adjusted operating levy", the sum of tax rates for the current year for teachers and incidental funds for a school district as reported to the proper officer of each county pursuant to section 164.011, RSMo;

(13) "Current operating costs", all expenditures for instruction and support services excluding capital outlay and debt service expenditures less the revenue from federal categorical sources, food service, student activities and payments from other districts.

163.021. 1. A school district shall receive state aid for its education program only if it:

(1) Provides for a minimum of one hundred seventy-four days and one thousand forty-four hours of actual pupil attendance in a term scheduled by the board pursuant to section 160.041, RSMo, for each pupil or group of pupils, except that the board shall provide a minimum of one hundred seventy-four days and five hundred twenty-two hours of actual pupil attendance in a term for kindergarten pupils. If any school is dismissed because of inclement weather after school has been in session for three hours, that day shall count as a school day including afternoon session kindergarten students. When the aggregate hours lost in a term due to inclement weather decreases the total hours of the school term below the required minimum number of hours by more than twelve hours for all day students or six hours for one-half day kindergarten students, all such hours below the minimum must be made up in one-half day or full day additions to the term, except as provided in section 171.033, RSMo;

(2) Maintains adequate and accurate records of attendance, personnel and finances, as required by the state board of education, which shall include the preparation of a financial statement which shall be submitted to the state board of education the same as required by the provisions of section 165.111, RSMo, for districts;

(3) Levies an operating levy for school purposes of not less than one dollar and twenty-five cents after all adjustments and reductions on each one hundred dollars assessed valuation of the district;

(4) Computes average daily attendance as defined in subdivision (2) of section 163.011 as modified by section 171.031, RSMo. Whenever there has existed within the district an infectious disease, contagion, epidemic, plague or similar condition whereby the school attendance is substantially reduced for an extended period in any school year, the apportionment of school funds and all other distribution of school moneys shall be made on the basis of the school year next preceding the year in which such condition existed.

2. [No school district shall receive more state aid, as calculated in section 163.031, for its education program than it received per eligible pupil for the school year 1990-91, unless it levies an operating levy for school purposes of not less than two dollars after all adjustments and reductions beginning with the tax year which commences January 1, 1993.] For the [1994-95] **1999-2000** school year and subsequent school years, no school district shall receive more state aid, as calculated under section 163.031 for its education program, exclusive of categorical add-ons, than it received per eligible pupil for the school year [1993-94] **1998-99**, unless it has an operating levy for current school purposes of not less than [two dollars and seventy-five cents] **one dollar and twenty-five cents** after all adjustments and reductions beginning with the tax year which commences January 1, 1994]; except that, beginning in the 1997-98 school year, any district which is required, pursuant to article X, section 22 of the Missouri Constitution, to reduce its operating levy below the minimum tax rate otherwise required under this subsection shall not be construed to be in violation of this subsection for making such tax rate reduction]. Pursuant to section 10(c) of article X of the state constitution, a school district may levy the operating levy for school purposes required by this subsection [less all adjustments required pursuant to article X, section 22 of the Missouri Constitution if such rate does not exceed the highest tax rate in effect subsequent to the 1980 tax year. Nothing in this section shall be construed to mean that a school district is guaranteed to receive an amount not less than the amount the school district received per eligible pupil for the school year 1990-91]. The provisions of this subsection shall not apply to any school district located in a county of the second classification which has a nuclear power plant located in such district or to any school district located in a county of the third classification which has an electric power generation unit with a rated generating capacity of more than one hundred fifty megawatts which is owned or operated or both by a rural electric cooperative except that such school districts may levy for current school purposes and capital projects an operating levy not to exceed two dollars and seventy-five cents less all adjustments required pursuant to article X, section 22 of the Missouri Constitution.

3. No school district shall receive more state aid, as calculated in section 163.031, for its education program, exclusive of categorical add-ons, than it received per eligible pupil for the

school year 1993-1994, if the state board of education determines that the district was not in compliance in the preceding school year with the requirements of section 163.172, until such time as the board determines that the district is again in compliance with the requirements of section 163.172.

4. The department of elementary and secondary education shall evaluate the correlation between district tax rates and district assessed valuation per pupil following each biennial property tax reassessment and shall report its findings to the governor and the general assembly by December first of the year following each reassessment. The findings shall include a calculation of the minimum required property tax rate necessary to maintain a correlation of zero or less between district property tax rate and district assessed valuation per pupil and a report of assessed valuation per pupil and district property tax rate for all districts.

5. No school district shall receive state aid, pursuant to section 163.031, if such district was not in compliance, during the preceding school year, with the requirement, established pursuant to section 160.530, RSMo, to allocate revenue to the professional development committee of the district.

6. No school district shall receive more state aid, as calculated in section 163.031, for its education program, exclusive of categorical add-ons, than it received per eligible pupil for the school year 1993-1994, if the district did not comply in the preceding school year with the requirements of subsection 7 of section 163.031.

7. No school district shall receive state aid, pursuant to section 163.031, if the district failed to make a required payment in the preceding year to the school building revolving fund pursuant to section 166.300, RSMo.

[163.022. Provisions of other law to the contrary notwithstanding, the provisions of subsection 2 of section 163.021 shall not apply to any elementary school district located in a county with a population of between thirty-five thousand and thirty-six thousand residents that contains the majority of at least five school districts.]

163.031. 1. School districts which meet the requirements of section 163.021 shall be entitled to an amount computed as follows: an amount determined by multiplying the number of eligible pupils by the district's equalized operating levy for school purposes as defined in section 163.011 multiplied by the guaranteed tax base per eligible pupil times the proration factor. For the purposes of this section, the proration factor shall be equal to the sum of the total appropriation for distribution under subsections 1 and 2 of this section; and the state total of the deductions as calculated in subsection 2 of this section which do not exceed the district entitlements as adjusted by the same proration factor; divided by the amount of the state total of district entitlements before proration as calculated pursuant to this subsection.

2. From the district entitlement for each district there shall be deducted the following amounts: an amount determined by multiplying the district equalized assessed valuation by the

district's equalized operating levy for school purposes times the district income factor plus ninety percent of any payment received the current year of protested taxes due in prior years no earlier than the 1997 tax year minus the amount of any protested taxes due in the current year and for which notice of protest was received during the current year; one hundred percent of the amount received the previous year for school purposes from intangible taxes, **merchants and manufacturers replacement tax**, fines, forfeitures and escheats, **and** payments in lieu of taxes and receipts from state assessed railroad and utility tax[, except that any penalty paid after July 1, 1995, by a concentrated animal feeding operation as defined by the department of natural resources rule shall not be included]; one hundred percent of the amounts received the previous year for school purposes from federal properties pursuant to sections 12.070 and 12.080, RSMo; federal impact aid received the previous year for school purposes pursuant to P.L. 81-874 less fifty thousand dollars multiplied by ninety percent or the maximum percentage allowed by federal regulation if that percentage is less than ninety; fifty percent, or the percentage otherwise provided in section 163.087, of Proposition C revenues received the previous year for school purposes from the school district trust fund pursuant to section 163.087; one hundred percent of the amount received the previous year for school purposes from the fair share fund pursuant to section 149.015, RSMo; and one hundred percent of the amount received the previous year for school purposes from the free textbook fund, pursuant to section 148.360, RSMo.

3. School districts which meet the requirements of section 163.021 shall receive categorical add-on revenue as provided in this subsection. There shall be individual proration factors for each categorical entitlement provided for in this subsection, and each proration factor shall be determined by annual appropriations[, but no categorical proration factor shall exceed the entitlement proration factor established pursuant to subsection 1 of this section, except that the vocational education entitlement proration factor established pursuant to line 16 of subsection 6 of this section and the educational and screening program entitlements proration factor established pursuant to line 17 of subsection 6 of this section may exceed the entitlement proration factor established pursuant to subsection 1 of this section]. The categorical add-on for the district shall be the sum of: seventy-five percent of the district allowable transportation costs pursuant to section 163.161 multiplied by the proration factor; the special education approved or allowed cost entitlement for the district, provided for by section 162.975, RSMo, multiplied by the proration factor; seventy-five percent of the district gifted education approved or allowable cost entitlement as determined pursuant to section 162.975, RSMo, multiplied by the proration factor; the free and reduced lunch eligible pupil count for the district, as defined in section 163.011, multiplied by twenty percent times the guaranteed tax base per eligible pupil times the minimum value for an operating levy for school purposes as provided in section 163.011 times the proration factor; the career ladder entitlement for the district, as provided for in sections 168.500 to 168.515, RSMo, multiplied by the proration factor; the vocational education entitlement for the district, as

provided for in section 167.332, RSMo, multiplied by the proration factor and the district educational and screening program entitlements as provided for in sections 178.691 to 178.699, RSMo, times the proration factor.

4. Each district's apportionment shall be the prorated categorical add-ons plus the greater of the district's prorated entitlement minus the total deductions for the district or zero.

5. [(1) In the 1993-94 school year and all subsequent school years, pursuant to section 10(c) of article X of the state constitution, a school district shall adjust upward its operating levy for school purposes to the extent necessary for the district to at least maintain the current operating expenditures per pupil received by the district from all sources in the 1992-93 school year, except that its operating levy for school purposes shall not exceed the highest tax rate in effect subsequent to the 1980 tax year, or the minimum rate required by subsection 2 of section 163.021, whichever is less.

(2) Beginning with the 1993-94 school year, the revenue per eligible pupil received by a district from the following sources: line 1 minus line 10, or zero if line 1 minus line 10 is less than zero, plus line 14 of subsection 6 of this section; plus the product of the current assessed valuation of the district multiplied by the following tax rate - the greater of zero or the minimum rate required by subsection 2 of section 163.021 minus the district's equalized operating levy for school purposes for 1993, shall not be less than the revenue per eligible pupil received by a district in the 1992-93 school year from the foundation formula entitlement payment amount. The department of elementary and secondary education shall make an addition in the payment amount of line 19 of subsection 6 of this section to assure compliance with the provisions contained in this section.

(3) For any school district which meets the eligibility criteria for state aid as established in section 163.021, but which under subsections 1 to 4 of this section, receives no state aid for two successive school years, other than categorical add-ons, by August first following the second such school year, the commissioner of education shall present a plan to the superintendent of the school district for the waiver of rules and the duration of said waivers, in order to promote flexibility in the operations of the district and to enhance and encourage efficiency in the delivery of instructional services. The provisions of other law to the contrary notwithstanding, the plan presented to the superintendent shall provide a summary waiver, with no conditions, for the pupil testing requirements pursuant to section 160.257, RSMo. Further, the provisions of other law to the contrary notwithstanding, the plan shall detail a means for the waiver of requirements otherwise imposed on the school district related to the authority of the state board of education to classify school districts pursuant to section 161.092, RSMo, and such other rules as determined by the commissioner of education, except that such waivers shall not include the provisions established pursuant to sections 160.514 and 160.518, RSMo.

(4) In the 1993-94 school year and each school year thereafter for two years, those districts which are entitled to receive state aid under subsections 1 to 4 of this section, shall receive state

aid in an amount per eligible pupil as provided in this subsection. For the 1993-94 school year, the amount per eligible pupil shall be twenty-five percent of the amount of state aid per eligible pupil calculated for the district for the 1993-94 school year pursuant to subsections 1 to 4 of this section plus seventy-five percent of the total amount of state aid received by the district from all sources for the 1992-93 school year for which the district is entitled and which are distributed in the 1993-94 school year pursuant to subsections 1 to 4 of this section. For the 1994-95 school year, the amount per eligible pupil shall be fifty percent of the amount of state aid per eligible pupil calculated for the district for the 1994-95 school year pursuant to subsections 1 to 4 of this section plus fifty percent of the total amount of state aid received by the district from all sources for the 1992-93 school year for which the district is entitled and which are distributed in the 1994-95 school year pursuant to subsections 1 to 4 of this section. For the 1995-96 school year, the amount of state aid per eligible pupil shall be seventy-five percent of the amount of state aid per eligible pupil calculated for the district for the 1995-96 school year pursuant to subsections 1 to 4 of this section plus twenty-five percent of the total amount of state aid received by the district from all sources for the 1992-93 school year for which the district is entitled and which are distributed in the 1995-96 school year pursuant to subsections 1 to 4 of this section. Nothing in this subdivision shall be construed to limit the authority of a school district to raise its district operating levy pursuant to subdivision (1) of this subsection.

(5) If the total of state aid apportionments to all districts pursuant to subdivision (3) of this subsection is less than the total of state aid apportionments calculated pursuant to subsections 1 to 4 of this section, then the difference shall be deposited in the outstanding schools trust fund. If the total of state aid apportionments to all districts pursuant to subdivision (1) of this subsection is greater than the total of state aid apportionments calculated pursuant to subsections 1 to 4 of this section, then funds shall be transferred from the outstanding schools trust fund to the state school moneys fund to the extent necessary to fund the district entitlements as modified by subdivision (4) of this subsection for that school year with a district entitlement proration factor no less than one and such transfer shall be given priority over all other uses for the outstanding schools trust fund as otherwise provided by law.

6.] State aid shall be determined as follows:

District Entitlement

1. Number of eligible pupils x (district's equalized operating levy for school purposes) x (proration x GTB per EP)..... \$.....

Deductions

2. District equalized assessed valuation x district income factor x district's equalized operating levy for school purposes plus

ninety percent of any payment received  
the current year of protested taxes due  
in prior years no earlier than the 1997  
tax year minus the amount of any  
protested taxes due in the current year  
and for which notice of protest was  
received during the current year ..... \$.....

3. Intangible taxes, **merchants and manufacturers  
replacement tax**, fines, forfeitures, escheats,  
payments in lieu of taxes, etc. (100% of the  
amount received the previous year  
for school purposes) ..... \$.....

4. Receipts from state assessed railroad and  
utility tax (100% of the amount received  
the previous year for school purposes)..... \$.....

5. Receipts from federal properties pursuant  
to sections 12.070 and 12.080, RSMo  
(100% of the amount received the previous  
year for school purposes) ..... \$.....

6. (Federal impact aid received the previous  
year for school purposes pursuant to  
P.L. 81-874 less \$50,000) x 90% or the  
maximum percentage allowed by federal  
regulations if less than 90% ..... \$.....

[7. Fifty percent or the percentage otherwise  
provided in section 163.087 of Proposition C  
receipts from the school district trust  
fund received the previous year for school  
purposes pursuant to section 163.087 ..... \$.....

8.] **7.** One hundred percent of the amount received  
the previous year for school purposes from  
the fair share fund pursuant to section  
149.015, RSMo ..... \$.....

[9.] **8.** One hundred percent of the amount received  
the previous year for school purposes from  
the free textbook fund pursuant to section  
148.360, RSMo ..... \$.....

[10.] <b>9.</b> Total deductions (sum of lines 2-9).....	\$.....
Categorical Add-ons	
[11.] <b>10.</b> The amount distributed pursuant to section 163.161 x proration .....	\$.....
[12.] <b>11.</b> Special education approved or allowed cost entitlement for the district pursuant to section 162.975, RSMo, x proration .....	\$.....
[13.] <b>12.</b> Seventy-five percent of the gifted education approved or allowable cost entitlement as determined pursuant to section 162.975, RSMo, x proration .....	\$.....
[14.] <b>13.</b> Free and reduced lunch eligible pupil count for the district, as defined in section 163.011, x .20 x GTB per EP x the minimum value for an operating levy for school purposes as provided in section 163.011 x proration .....	\$.....
[15.] <b>14.</b> Career ladder entitlement for the district as provided for in sections 168.500 to 168.515, RSMo, x proration .....	\$.....
[16.] <b>15.</b> Vocational education entitlements for the district as provided in section 167.332, RSMo, x proration .....	\$.....
[17.] <b>16.</b> Educational and screening program entitlements for the district as provided in sections 178.691 to 178.699, RSMo, x proration .....	\$.....
[18.] <b>17.</b> Sum of categorical add-ons for the district (sum of lines 11-[17] <b>16</b> ) .....	\$.....
[19.] <b>18.</b> District apportionment (line [18] <b>17</b> plus the greater of line 1 minus line [10] <b>9</b> or zero) .....	\$.....

[7. Revenue received for school purposes by each school district pursuant to this section shall be placed in each of the incidental and teachers' funds based on the ratio of the property tax rate in the district for that fund to the total tax rate in the district for the two funds.]

[163.032. Other provisions of law to the contrary notwithstanding, beginning with the 1994-95 school year, the revenue per eligible pupil received by a district from the following sources under subsection 6 of section 163.031: line one minus line ten, or zero

if line one minus line ten is less than zero, plus line fourteen; plus the product of the current assessed valuation of the district multiplied by the following tax rate - the greater of zero or the minimum rate required for the current year by subsection 2 of section 163.021, minus the sum of the district's equalized operating levy for school purposes of 1993 and any equalized operating levy for school purposes levied for 1993 by a special school district in which the district is located, shall not be less than the revenue per eligible pupil received by a district in the 1992-93 school year from the foundation formula entitlement payment amount. The department of elementary and secondary education shall make an addition in the payment amount of line nineteen of subsection 6 of section 163.031 to assure compliance with the provisions contained in this section. For all purposes of law, a school district's equalized operating levy for school purposes does not include any equalized operating levy for school purposes levied by a special school district in which the district is located.]

[163.087. 1. Money in the school district trust fund shall be distributed to each school district in the state in the same ratio that the number of eligible pupils in the district bears to the total number of eligible pupils in all such school districts for the preceding year, except as otherwise provided in section 163.031. As used in the preceding sentence, the term "eligible pupils" has the meaning ascribed to it in section 163.011. In addition, each such district which is providing an approved program for pupils residing on federal lands shall receive an amount which shall be determined as follows: An eligible pupil count for pupils residing on federal lands shall be calculated separately for the district in the manner provided in section 163.011, treating such pupils as residents of the district for this purpose. Such eligible student count shall be multiplied by one-half of the amount to be received by the district, pursuant to this subsection, per eligible pupil not residing on federal lands.

2. Money in the fund shall be distributed monthly on or before the fifteenth day of each month. The state board of education shall certify the amounts to be distributed to the several school districts to the commissioner of administration who shall issue the warrants therefor.

3. Money received by a school district from the school district trust fund shall be deemed to be local tax revenue derived for the same fiscal year in which the money is received, for the teachers' and incidental funds, and shall be deposited to such funds of the district in proportion to operating levies for the teachers' and incidental funds. The reduction in the operating levy pursuant to section 164.013, RSMo, shall be made proportionally in the funds where the remaining one-half of the money from the school district trust fund is deposited. In the calculation of state aid for the district under the provisions of section 163.031, one-half the amount received by the district in the first

preceding year shall be deducted from the district's entitlement as provided in section 163.031.]

164.011. 1. The school board of each district annually shall prepare an estimate of the amount of money to be raised by taxation for the ensuing school year, the rate required to produce the amount, and the rate necessary to sustain the school or schools of the district for the ensuing school year, to meet principal and interest payments on the bonded debt of the district and to provide the funds to meet other legitimate district purposes. In preparing the estimate, the board shall have sole authority in determining what part of the total authorized rate shall be used to provide revenue for each of the funds as authorized by section 165.011, RSMo. For the 1996-97 school year and thereafter, [prior to setting tax rates for the teachers' and incidental funds,] the school board of each school district annually shall set the tax rate for the capital projects fund as necessary to meet the expenditures of the capital projects fund [after all transfers allowed pursuant to subsection 7 of section 165.011, RSMo, for expenditures authorized by section 177.088, RSMo, and after the following transfers if needed: in the 1996-97 school year, one-twelfth of the maximum transfer allowed by section 165.011, RSMo; in the 1997-98 school year, one-sixth of the maximum transfer allowed by section 165.011, RSMo; in the 1998-99 school year, one-half of the maximum transfer allowed by section 165.011, RSMo; and in the 1999-2000 school year and thereafter, one hundred percent of the transfers allowed by section 165.011, RSMo. Furthermore, except that the tax rate set in the capital projects fund shall not require the reduction of the equalized combined tax rates for the teachers' and incidental funds to be less than the greater of the minimum operating levy for the current year for school purposes established under subsection 2 of section 163.021, RSMo, or the 1993 tax rate as used for state aid purposes in section 163.031, RSMo, plus that portion of the full amount of any voter approved increase in the tax rate ceiling as defined in section 137.073, RSMo, approved after the first day of January, 1994, and before the thirtieth day of March, 1994, as levied in the current year, in any school district located in a county of the fourth classification that had an existing lease purchase arrangement for capital project purposes at the time of the election].

2. The school board of each district shall forward the estimate to the county clerk on or before September first. In school districts divided by county lines, the estimate shall be forwarded to the proper officer of each county in which any part of the district lies.

[164.013. 1. When the revenue from the rate of one cent on the dollar of the state sales is collected for distribution under the provisions of section 163.087, RSMo, the school board of each six-director, including special districts, urban and metropolitan school districts, after determining its budget for the school year and the rate of levy needed to produce the required revenue as provided in section 164.011, and after making any other adjustments to the levy that may be required by any other law, shall, unless at least a simple majority of district voters voting thereon have approved a proposal to forego all or

part of a reduction in the total operating levy for school purposes as provided for in this section, reduce the total operating levy for school purposes in an amount sufficient to decrease the revenue it would have received therefrom by an amount equal to fifty percent of the previous fiscal year's sales tax receipts excluding the sales tax revenue estimated to be received by the district attributable to pupils residing on federal lands and excluding the amount of sales tax revenue estimated to be necessary to offset the loss of property tax revenue to the school district under the provisions of section 50.338, RSMo, except that the provision of this section shall not require a school board to reduce its total operating levy for school purposes below an amount which is equal to the highest amount specified in subsection 2 of section 163.021, RSMo, as an eligibility requirement for state aid or increased state aid pursuant to section 163.031, RSMo. Loss of revenue, due to a decrease in the assessed valuation of real property located within the school district as a result of general reassessment, and from state-assessed railroad and utility distributable property based upon the previous fiscal year's receipts shall be considered in lowering the rate of levy to comply with this section in the year of general reassessment and in each subsequent year. For any district for which the total assessed valuation of the district is reduced as a result of a natural disaster for which the county or counties containing the district were designated a disaster area, the reduction of the total operating levy for school purposes pursuant to this section may, at the district's discretion, be calculated either on the district's current assessed valuation or upon the district's assessed valuation for the year preceding the natural disaster, until the fifth year following the designation as a disaster area or until the district's assessed valuation equals or exceeds the district's assessed valuation for the year preceding the disaster, whichever first occurs. In the event that in the immediately preceding year the school district actually received more or less sales tax revenue than estimated, the school board shall adjust its operating levy for the current year to reflect such increase or decrease. Adjustments in the tax rate of a school district pursuant to the provisions of this section shall in no way affect the eligibility of claimants for benefits, or the amount of claimants' benefits, under the provisions of sections 135.010 to 135.035, RSMo. Such claimants shall, if they are otherwise qualified, receive the benefits to which they were or would have been entitled in the year prior to March 3, 1983. There shall be transferred from the school district trust fund to the general revenue fund an amount equal to the difference in the amount paid or credited or which would have been paid or credited to individuals qualifying under sections 135.010 to 135.035, RSMo, in the year prior to March 3, 1983, and the amount paid or credited under the provisions of such sections each year thereafter. The director of revenue shall certify the amount payable from the school district trust fund to the general revenue fund to the state treasurer, the commissioner of administration and the state board of education on or

before the first day of each month. Any school district required to reduce its total operating levy under the provisions of this section shall not become ineligible for state aid under the provisions of section 163.021, RSMo, because of such required reduction. In the event a district fails to reduce its operating levy in compliance with this section, an amount equivalent to the amount by which the district fails to reduce its levy shall be deducted from the district's apportionment of state aid under the provisions of section 163.031, RSMo, for the following year.

2. In a year of general reassessment, as defined by section 137.073, RSMo, or assessment maintenance as defined by section 137.115, RSMo, in which a school district in reliance upon the information then available to it relating to the total assessed valuation of such school district revises its property tax levy pursuant to section 137.073 or 137.115, RSMo, and it is subsequently determined by decisions of the state tax commission or a court pursuant to sections 138.430 to 138.433, RSMo, or due to clerical errors or corrections in the calculation or recordation of assessed valuations that the assessed valuation of such school district has been changed, and but for such change the school district would have adopted a different levy on the date of its original action, then the school district may adjust its levy to an amount to reflect such change in assessed valuation, including, if necessary, a change in the levy reduction required by this section to the amount it would have levied had the correct assessed valuation been known to it on the date of its original action, provided:

(1) The school district first levies the maximum levy allowed without a vote of the people by article X, section 11(b) of the constitution; and

(2) The school district first adopts the tax rate ceiling otherwise authorized by other laws of this state; and

(3) The levy adjustment or reduction may include a one-time correction to recoup lost revenues the school district was entitled to receive during the prior year.]

165.011. 1. The following funds are created for the accounting of all school moneys: teachers' fund, incidental fund, free textbook fund, capital projects fund and debt service fund. The treasurer of the school district shall open an account for each fund specified in this section, and all moneys received from the county school fund and all moneys derived from taxation for teachers' wages shall be placed to the credit of the teachers' fund. All tuition fees, state moneys received under sections 162.975, RSMo, and 163.031, RSMo, and all other moneys received from the state except as herein provided shall be placed to the credit of the teachers' and incidental funds at the discretion of the district board of education. Money received from other districts for transportation, and money derived from taxation for incidental expenses shall be credited to the incidental fund. Money apportioned for free textbooks shall be credited to the free textbook fund. All money derived from taxation or received from any other source for the erection

of buildings or additions thereto and the remodeling or reconstruction of buildings and the furnishing thereof, for the payment of lease purchase obligations, for the purchase of real estate, or from sale of real estate, schoolhouses or other buildings of any kind, or school furniture, from insurance, from sale of bonds other than refunding bonds shall be placed to the credit of the capital projects fund. All moneys derived from the sale or lease of sites, buildings, facilities, furnishings and equipment by a school district as authorized under section 177.088, RSMo, shall be credited to the capital projects fund. Money derived from taxation for the retirement of bonds and the payment of interest thereon shall be credited to the debt service fund which shall be maintained as a separate bank account. Receipts from delinquent taxes shall be allocated to the several funds on the same basis as receipts from current taxes, except that where the previous years' obligations of the district would be affected by such distribution, the delinquent taxes shall be distributed according to the tax levies made for the years in which the obligations were incurred. All refunds received shall be placed to the credit of the fund from which the original expenditures were made. Money donated to the school districts shall be placed to the credit of the fund where it can be expended to meet the purpose for which it was donated and accepted. Money received from any other source whatsoever shall be placed to the credit of the fund or funds designated by the board.

2. The school board may expend from the incidental fund the sum that is necessary for the ordinary repairs of school property and an amount not to exceed the sum of expenditures for classroom instructional capital outlay, as defined by the department of elementary and secondary education by rule, in state-approved area vocational-technical schools [and .06 dollars per one hundred dollars equalized assessed valuation multiplied by the guaranteed tax base for the second preceding year multiplied by the number of resident and nonresident eligible pupils educated in the district for the second preceding year for classroom instructional capital outlay, including but not limited to payments authorized pursuant to section 177.088, RSMo]. Any and all payments authorized under section 177.088, RSMo, [except as otherwise provided in this subsection,] for the purchase or lease of sites, buildings, facilities, furnishings and equipment and all other expenditures for capital outlay shall be made from the capital projects fund. If a balance remains in the free textbook fund after books are furnished to pupils as provided in section 170.051, RSMo, it shall be transferred to the teachers' fund. The board may transfer the portion of the balance remaining in the incidental fund to the teachers' fund that is necessary for the total payment of all contracted obligations to teachers. If a balance remains in the debt service fund, after the total outstanding indebtedness for which the fund was levied is paid, the board may transfer the unexpended balance to the capital projects fund. If a balance remains in the bond proceeds after completion of the project for which the bonds were issued, the balance shall be transferred from the incidental or capital projects fund to the debt service fund. After making all placements of interest otherwise provided by law, a school district may transfer from the capital projects fund to the incidental fund the interest earned from undesignated balances in the capital projects fund.

3. Tuition shall be paid from either the teachers' or incidental funds.

[4. Other provisions of law to the contrary notwithstanding, the school board of a school district that satisfies the criteria specified in subsection 5 of this section may transfer from the incidental fund to the capital projects fund an amount not to exceed the greater of zero or the sum of .18 dollars per one hundred dollars equalized assessed valuation multiplied by the guaranteed tax base for the second preceding year multiplied by the number of resident and nonresident eligible pupils educated in the district for the second preceding year and the amount to be expended for transportation equipment that is considered an allowable cost under state board of education rules for transportation reimbursements during the current year and any amount necessary to satisfy obligations of the capital projects fund for state-approved area vocational-technical schools and an amount not to exceed .06 dollars per one hundred dollars equalized assessed valuation multiplied by the guaranteed tax base for the second preceding year multiplied by the number of resident and nonresident eligible pupils educated in the district for the second preceding year less any amount transferred pursuant to subsection 7 of this section, provided that any amount transferred pursuant to this subsection shall only be transferred as necessary to satisfy obligations of the capital projects fund less any amount expended from the incidental fund for classroom instructional capital outlay pursuant to subsection 2 of this section. For the purposes of this subsection, the guaranteed tax base and a district's count of resident and nonresident eligible pupils educated in the district shall not be less than their respective values calculated from data for the 1992-93 school year.

5. In order to transfer funds pursuant to subsection 4 of this section, a school district shall:

(1) Meet the minimum criteria for state aid and for increases in state aid for the current year established pursuant to section 163.021, RSMo;

(2) Not incur a total debt, including short-term debt and bonded indebtedness in excess of ten percent of the guaranteed tax base for the preceding payment year multiplied by the number of resident and nonresident eligible pupils educated in the district in the preceding year;

(3) Set tax rates pursuant to section 164.011, RSMo;

(4) First apply any voluntary rollbacks or reductions to the total tax rate levied to the teachers' and incidental funds;

(5) In order to be eligible to transfer funds for paying lease purchase obligations:

(a) Incur such obligations, except for obligations for lease purchase for school buses, prior to January 1, 1997;

(b) Limit the term of such obligations to no more than twenty years;

(c) Limit annual installment payments on such obligations to an amount no greater than the amount of the payment for the first full year of the obligation, including all payments of principal and interest, except that the amount of the final payment shall be limited to an amount no greater than two times the amount of such first-year payment;

(d) Limit such payments to leasing nonathletic, classroom, instructional facilities as defined by the state board of education through rule; and

(e) Not offer instruction at a higher grade level than was offered by the district on July 12, 1994.

6. A school district shall be eligible to transfer funds pursuant to subsection 7 of this section if:

(1) Prior to August 28, 1993:

(a) The school district incurred an obligation for the purpose of funding payments under a lease purchase contract authorized under section 177.088, RSMo;

(b) The school district notified the appropriate local election official to place an issue before the voters of the district for the purpose of funding payments under a lease purchase contract authorized under section 177.088, RSMo; or

(c) An issue for funding payments under a lease purchase contract authorized under section 177.088, RSMo, was approved by the voters of the district; or

(2) Prior to November 1, 1993, a school board adopted a resolution authorizing an action necessary to comply with subsection 9 of section 177.088, RSMo. Any increase in the operating levy of a district above the 1993 tax rate resulting from passage of an issue described in paragraph (b) of subdivision (1) of this subsection shall be considered as part of the 1993 tax rate for the purposes of subsection 1 of section 164.011, RSMo.

7. Prior to transferring funds pursuant to subsection 4 of this section, a school district may transfer, pursuant to this subsection, from the incidental fund to the capital projects fund an amount as necessary to satisfy an obligation of the capital projects fund that satisfies at least one of the conditions specified in subsection 6 of this section, but not to exceed its payments authorized under section 177.088, RSMo, for the purchase or lease of sites, buildings, facilities, furnishings, equipment, and all other expenditures for capital outlay, plus the amount to be expended for transportation equipment that is considered an allowable cost under state board of education rules for transportation reimbursements during the current year plus any amount necessary to satisfy obligations of the capital projects fund for state-approved area vocational-technical schools. A school district with a levy for school purposes no greater than the minimum levy specified in section 163.021, RSMo, and an obligation in the capital projects fund that satisfies at least one of the conditions specified in subsection 6 of this section, may transfer from the incidental fund to the capital projects fund the amount necessary to meet the obligation plus the transfers pursuant to subsection 4 of this section.

8. Beginning in the 1995-96 school year, the department of elementary and secondary education shall deduct from a school district's state aid calculated pursuant to section 163.031, RSMo, an amount equal to the amount of any transfer of funds from the incidental fund to the capital projects fund performed during the previous year in violation of this section.

9. On or before June 30, 1995, a school district may transfer to the capital projects fund from the balances of the teachers' and incidental funds any amount, but only to the extent that the teachers' and incidental fund unrestricted balances on June 30, 1995, are equal to or greater than eight percent of expenditures from the teachers' and incidental funds for the year ending June 30, 1995.]

[10.] 4. In addition to other transfers authorized under subsections 1 to 9 of this section, a district may transfer from the teachers' and incidental funds to the capital projects fund the amount necessary to repay costs of one or more guaranteed energy savings performance contracts to renovate buildings in the school district; provided that the contract is only for energy conservation measures, as defined in section 640.651, RSMo, and provided that the contract specifies that no payment or total of payments shall be required from the school district until at least an equal total amount of energy and energy-related operating savings and payments from the vendor pursuant to the contract have been realized by the school district.

177.088. 1. As used in this section, the following terms shall mean:

(1) "Board", the board of education, board of trustees, board of regents, or board of governors of an educational institution;

(2) "Educational institution", any school district, including all junior college districts, and any state college or university organized under chapter 174, RSMo.

2. The board of any educational institution may enter into agreements as authorized in this section with a not for profit corporation formed under the general not for profit corporation law of Missouri, chapter 355, RSMo, in order to provide for the acquisition, construction, improvement, extension, repair, remodeling, renovation and financing of sites, buildings, facilities, furnishings and equipment for the use of the educational institution for educational purposes.

3. The board may on such terms as it shall approve:

(1) Lease from the corporation sites, buildings, facilities, furnishings and equipment which the corporation has acquired or constructed; or

(2) Notwithstanding the provisions of this chapter or any other provision of law to the contrary, sell or lease at fair market value, which may be determined by appraisal, to the corporation any existing sites owned by the educational institution, together with any existing buildings and facilities thereon, in order for the corporation to acquire, construct, improve, extend, repair, remodel, renovate, furnish and equip buildings and facilities thereon, and then lease back or purchase such sites, buildings and facilities from the corporation; provided that upon selling or leasing the sites, buildings or facilities, the corporation agrees to enter into a lease for not more than one year but with not more than twenty successive options by the educational institution to renew the lease under the same conditions; and provided further that the corporation agrees to convey or sell the sites, buildings or facilities, including any improvements, extensions, renovations, furnishings or equipment, back to the educational institution with clear title at the

end of the period of successive one-year options or at any time bonds, notes or other obligations issued by the corporation to pay for the improvements, extensions, renovations, furnishings or equipment have been paid and discharged.

4. Any consideration, promissory note or deed of trust which an educational institution receives for selling or leasing property to a not for profit corporation pursuant to this section shall be placed in a separate fund or in escrow, and neither the principal or any interest thereon shall be commingled with any other funds of the educational institutions. At such time as the title or deed for property acquired, constructed, improved, extended, repaired, remodeled or renovated under this section is conveyed to the educational institution, the consideration shall be returned to the corporation.

5. The board may make rental payments to the corporation under such leases out of its general funds or out of any other available funds, provided that in no event shall the educational institution become indebted in an amount exceeding in any year the income and revenue of the educational institution for such year plus any unencumbered balances from previous years.

6. Any bonds, notes and other obligations issued by a corporation to pay for the acquisition, construction, improvements, extensions, repairs, remodeling or renovations of sites, buildings and facilities, pursuant to this section, may be secured by a mortgage, pledge or deed of trust of the sites, buildings and facilities and a pledge of the revenues received from the rental thereof to the educational institution. Such bonds, notes and other obligations issued by a corporation shall not be a debt of the educational institution and the educational institution shall not be liable thereon, and in no event shall such bonds, notes or other obligations be payable out of any funds or properties other than those acquired for the purposes of this section, and such bonds, notes and obligations shall not constitute an indebtedness of the educational institution within the meaning of any constitutional or statutory debt limitation or restriction.

7. The interest on such bonds, notes and other obligations of the corporation and the income therefrom shall be exempt from taxation by the state and its political subdivisions, except for death and gift taxes on transfers. Sites, buildings, facilities, furnishings and equipment owned by a corporation in connection with any project pursuant to this section shall be exempt from taxation.

8. The board may make all other contracts or agreements with the corporation necessary or convenient in connection with any project pursuant to this section. The corporation shall comply with sections 290.210 to 290.340, RSMo.

9. Notice that the board is considering a project pursuant to this section shall be given by publication in a newspaper published within the county in which all or a part of the educational institution is located which has general circulation within the area of the educational institution, once a week for two consecutive weeks, the last publication to be at least seven days prior to the date of the meeting of the board at which such project will be considered and acted upon.

10. [Provisions of other law to the contrary notwithstanding, the board may refinance any lease purchase agreement that satisfies at least one of the conditions specified in subsection 6 of section 165.011, RSMo, for the purpose of payment on any lease with the corporation under this section for sites, buildings, facilities, furnishings or equipment which the corporation has acquired or constructed, but such refinance shall not extend the date of maturity of any obligation, and the refinancing obligation shall not exceed the amount necessary to pay or provide for the payment of the principal of the outstanding obligations to be refinanced, together with the interest accrued thereon to the date of maturity or redemption of such obligations and any premium which may be due under the terms of such obligations and any amounts necessary for the payments of costs and expenses related to issuing such refunding obligations and to fund a capital projects reserve fund for the obligations.

11.] Provisions of other law to the contrary notwithstanding, payments made from any source by a school district, after the [latter of July 1, 1994, or July 12, 1994] **effective date of this section**, that result in the transfer of the title of real property to the school district, other than those payments made from the capital projects fund, shall be deducted as an adjustment to the funds payable to the district pursuant to section 163.031, RSMo, beginning in the year following the transfer of title to the district, as determined by the department of elementary and secondary education.

Section B. This act is hereby submitted to the qualified voters of this state for approval or rejection at a special election which is hereby ordered and which shall be held and conducted on the first Tuesday in November, 1998, pursuant to the laws and constitutional provisions of this state applicable to general elections and the submission of referendum measures by initiative petitions, and this act shall become effective when approved by a majority of the votes cast thereon at such election and not otherwise.

Copy ✓