

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2060-03  
Bill No.: Truly Agreed and Finally Passed HCS for SB 543  
Subject: Education, Elementary and Secondary  
Type: Original  
Date: May 7, 2001

---

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 3 pages.

**FISCAL ANALYSIS**

---

### ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal would result in no increase or decrease in state cost. DESE officials assume a district meeting the criteria in the bill would have more flexibility in the expenditure of moneys in its Incidental Fund. The bill would allow a qualified district to transfer more of its Incidental Fund moneys to the Capital Projects Fund. There would be no net increase or decrease in local or state moneys.

Officials from DESE further commented that the changes in HCS for SB 543 do not cause an increase to the basic state aid formula. A shift by one or more districts of part or all of a tax rate in the Capital Projects Fund to the Incidental Fund in a future fiscal year could increase the cost of the basic state aid formula. However, since some districts make such shifts each year depending on the needs of the district, it is not possible to know whether some future shifts may happen as a result of the changes.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### DESCRIPTION

ONE-TIME TRANSFER - This legislation allows certain districts, currently including Campbell R-II in Dunklin County, to make a one-time transfer of operating funds to the Capital Projects Fund following any single year increase in assessed value of at least 20% due to the siting of a new electric generating plant.

The transfer may be made in an amount equal to twice the transfer amount otherwise permitted for the year the transfer is made. The transfer shall be made prior to the end of the second fiscal

### DESCRIPTION (Continued)

year following the fiscal year in which the increase in assessed valuation is effective. The transfer may be made without regard to whether the transferred funds are used for current expenditures. No transfer shall be made pursuant to this subsection after June 30, 2003.

**TRANSFERS OF SCHOOL FUNDS GENERALLY** - The legislation revises existing limitations on the amount of transfers of operating funds to the capital projects fund. The amount of classroom instructional capital expenses which may be made from operating funds is changed to the greater of: 1) 25% of the Guaranteed Tax Base or "GTB" (about \$33,000 for the current school year) or 2) 2.25% of the district's line 1 entitlement for the second preceding year. The act retains existing transfer authority for "grandfathered" lease purchases, allowed transportation expenses and area vocational-technical school capital expenses.

The "6 cents plus 18 cents times the GTB" transfer is replaced by authority to transfer the greater of: 1) 9% of the district's line 1 entitlement for the preceding year, or 2) the GTB (about \$130,000 for the current school year). This transfer can only be made for a capital projects purpose identified and approved by a school board resolution. This transfer is permitted each year for a district meeting the teacher salary expenditure requirements of section 165.016, RSMo, with certain limitations. For any other district, the transfer can only be made for current year expenditures. The existing eligibility criteria for transfers are retained.

**CAPITAL EXPENDITURES** - No school district shall make any expenditure for any lease purchase, pursuant to section 177.088, RSMo, and incurred on or after January 1, 1997, from the district's capital projects fund unless the district levies local capital projects fund taxes, in the current year, no less than the amount of such expenditure. Any expenditure made in violation of this requirement shall be considered an unlawful transfer of funds under section 165.011, RSMo, and that amount shall be deducted from the school district's state aid in the following school year.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Elementary and Secondary Education



Jeanne Jarrett, CPA  
Director  
May 7, 2001