

FIRST REGULAR SESSION

HOUSE BILL NO. 457

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES KREIDER, HAMPTON, BOUCHER (Co-sponsors), KENNEDY, HOSMER, FROELKER, KELLEY (47), GRAHAM, MONACO, JOHNSON (61), HOLLINGSWORTH, WILSON (42) AND BERKSTRESSER.

Read 1st time January 22, 2001, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

0930L.02I

AN ACT

To repeal sections 160.534, 164.303 and 166.300, RSMo 2000, relating to the financing of capital improvements for schools, and to enact in lieu thereof three new sections relating to the same subject.

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

Section A. Sections 160.534, 164.303 and 166.300, RSMo 2000, are repealed and three new sections enacted in lieu thereof, to be known as sections 160.534, 164.303 and 166.300, to read as follows:

160.534. [For fiscal year 1996 and each subsequent fiscal year,] **1. Except as provided in subsection 2 of this section,** any amount of the excursion gambling boat proceeds deposited in the gaming proceeds for education fund in excess of the amount transferred to the school district bond fund as provided in section 164.303, RSMo, shall be transferred to the state school moneys fund. Such moneys shall be transferred on a monthly basis and shall be distributed in the manner provided in section 163.031, RSMo.

2. The moneys transferred pursuant to this section shall be transferred on a monthly basis as follows:

(1) For fiscal year 2003, twenty percent to the school building property tax relief fund established pursuant to section 166.300, RSMo, and eighty percent to the state school moneys fund;

(2) For fiscal year 2004, forty percent to the school building property tax relief fund and sixty percent to the state school moneys fund;

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

14 **(3) For fiscal year 2005, sixty percent to the school building property tax relief fund**
15 **and forty percent to the state school moneys fund;**

16 **(4) For fiscal year 2006, eighty percent to the school building property tax relief**
17 **fund and twenty percent to the state school moneys fund; and**

18 **(5) For fiscal year 2007, one hundred percent to the school building property tax**
19 **relief fund.**

20 **3. The amount transferred annually pursuant to each subdivision of subsection 2**
21 **of this section to the school building property tax relief fund shall be replaced in the state**
22 **school moneys fund from general revenue.**

 164.303. There is hereby established in the state treasury the "School District Bond
2 Fund". Such amounts as may be necessary to fund the annual requests submitted by the health
3 and educational facilities authority to fund the payment of costs and grants as provided in
4 subsection 7 of section 360.106 and sections 360.111 to 360.118, RSMo, and necessary costs for
5 administration of those provisions, but not to exceed seven million dollars per year, shall be
6 transferred by appropriation to the fund from the gaming proceeds for education fund before any
7 amounts in the gaming proceeds for education fund are transferred [to the state school moneys
8 fund,] as provided in section 160.534, RSMo. Moneys deposited in the school district bond fund
9 shall be used by the health and educational facilities authority, subject to appropriation, to fund
10 the payment of costs and grants as provided in subsection 7 of section 360.106 and sections
11 360.111 to 360.118, RSMo, and necessary costs for administration of those provisions.
12 Notwithstanding the provisions of section 33.080, RSMo, to the contrary, moneys in the fund
13 shall not be transferred to the credit of the general revenue fund at the end of each biennium.

 166.300. 1. As used in this section, the following [words and phrase phrases] **terms**
2 shall mean:

3 (1) "Capital improvement projects", expenditures for lands or existing buildings,
4 improvements of grounds, construction of buildings, additions to buildings[,]
5 of buildings [and initial equipment purchases];

6 (2) "School facility", a structure dedicated primarily to housing teachers and students in
7 the instructional process, but shall not include buildings dedicated primarily to administrative
8 and support functions within the school.

9 2. There is hereby created a revolving fund to be known as the "School Building
10 [Revolving] **Property Tax Relief Fund**". All forfeitures of assets transferred pursuant to section
11 166.131, all gifts and bequests to such fund, **all moneys transferred to such fund pursuant to**
12 **section 160.534, RSMo**, and such moneys as may be appropriated to the fund shall be deposited
13 into the school building [revolving] **property tax relief fund** [; except that no more than four
14 hundred forty million dollars, in the aggregate, shall be transferred to the fund]. [After a fund

15 balance has been established by prior years' deposits and interest,] **Pursuant to subsection 5 of**
16 **this section, beginning with the application period prior to the 2002-2003 school year,**
17 school districts may submit applications for [lease purchases] **grants** from the [revolving] fund
18 for specific projects consistent with rules and regulations of the state board of education and
19 [subsection 3] **subsections 3 to 10** of this section, except that no school district may be permitted
20 to enter into a lease purchase from the school building revolving fund without first submitting
21 a long-range capital improvements plan. **When building replacement is caused by fire or**
22 **natural disaster, the requirement for a school district to have a long-range capital**
23 **improvements plan may be waived by the state board of education.**

24 3. To be eligible for a [lease purchase] **grant** authorized by this section:

25 (1) A school district shall meet the minimum criteria for state aid and for increases in
26 state aid established pursuant to section 163.021, RSMo;

27 (2) A school district shall provide a program which is accredited by the state board of
28 education for grades kindergarten through twelve or for grades kindergarten through eight; and

29 (3) A school district shall have an equalized, assessed valuation per eligible pupil for the
30 preceding year which is less than the statewide average equalized, assessed valuation per eligible
31 pupil for the preceding year; and

32 (4) A school district shall have a bonded indebtedness which is no less than ninety
33 percent of the constitutional limitation on indebtedness pursuant to section 26(b) of article VI
34 of the Constitution of Missouri.

35 4. [Lease purchase] Applications **for grant moneys pursuant to this section** shall be
36 funded, as funds allow, first for all applications pursuant to subdivision (1) of this subsection
37 [and], then for applications pursuant to subdivision (2) of this subsection [and], then for
38 applications pursuant to subdivision (3) of this subsection, and **then for applications pursuant**
39 **to subdivision (4) of this subsection and then for applications pursuant to subdivision (5)**
40 **of this subsection.** For funding of applications pursuant to a particular subdivision, applications
41 shall, **after all applications are received**, be funded in the order that the applications are
42 received by the department, **except that applications which include provisions for**
43 **improvement of school safety features shall be funded prior to the funding of any other**
44 **applications within a particular subdivision. The state board of education shall**
45 **promulgate rules determining the safety features necessary to attain this priority.** If two
46 or more applications are received on the same day, the district with the lowest appraised
47 valuation per pupil shall be given priority. Ranking of the applications for offering of [lease
48 purchases] **grants pursuant to this section** shall be done in the following order:

49 (1) Districts with capital replacement costs in excess of insurance proceeds due to facility
50 destruction caused by fire or natural disaster shall be ranked on the basis of percentage of

51 bonding capacity;

52 (2) Districts with a cumulative percentage growth in fall membership for the third
53 through the fifth preceding years in excess of twelve percent and which have a bonded
54 indebtedness which is no less than ninety percent of the constitutional limitation on indebtedness
55 pursuant to section 26(b) of article VI of the Constitution of Missouri; [and]

56 (3) Districts with an equalized assessed valuation per pupil which is less than the
57 statewide average equalized assessed valuation per pupil and which have a bonded indebtedness
58 which is no less than ninety percent of the constitutional limitation on indebtedness pursuant to
59 section 26(b) of article VI of the Constitution of Missouri;

60 **(4) School districts which have been held harmless from the school foundation**
61 **formula pursuant to sections 163.031 and 163.032, RSMo; and**

62 **(5) All other school districts.**

63 5. [When building replacement is caused by fire or natural disaster, the requirement for
64 a school district to have a long-range capital improvements plan may be waived by the state
65 board of education.

66 6. Each school district participating in a lease purchase from the school building
67 revolving fund shall repay such lease purchase in no more than ten annual payments made on or
68 before June thirtieth of each year. The first such payment shall be due and payable on June
69 thirtieth of the first full fiscal year following receipt of lease purchase proceeds. Lease purchase
70 repayments shall be immediately deposited to the school building revolving fund by the
71 department. Interest charged to the school district shall not exceed three percent.

72 7. Any school district which fails to obligate the full amount of a loan from the school
73 building revolving fund for the allowable lease purchase must return the unobligated amount plus
74 interest earned to the department no later than June thirtieth of the second full fiscal year after
75 receipt of loan proceeds.

76 8. If a school district fails to make an annual payment to the school building revolving
77 fund after notice of nonpayment by the department, members of the board of education and the
78 school district's superintendent shall have violated section 162.091, RSMo, and the attorney
79 general of the state of Missouri shall be notified by the state board of education to begin
80 prosecution procedures.

81 9. All property purchased pursuant to a lease purchase from the school building
82 revolving fund shall remain the property of the state until such time as the lease purchase has
83 been fully repaid pursuant to this section. If a school district does not make an annual payment
84 to the school building revolving fund after notice of nonpayment by the department, the state
85 board of education may, if the delinquency exceeds one hundred eighty days, take possession of
86 the property. As a part of the lease purchase agreement, the school district shall agree to assume

all costs, obligations and liabilities for or arising out of establishment, operation and maintenance of the lease purchase property. Other provisions of law to the contrary notwithstanding, neither the state nor any state agency shall have any obligation for such costs, obligations or liabilities unless and until the state board of education takes possession of the property pursuant to this subsection upon a school district's failure to make annual payments as required in the lease purchase agreement.] **Beginning July 1, 2002, the department of elementary and secondary education shall provide a two-year matching fund grant program for capital improvement projects on school facilities to the school districts of this state, to be paid out of the state school property tax relief fund. On or before January 1, 2002, the state board of education shall promulgate the form of such application, and such other rules as are necessary to carry out this section, so that applicants may submit grant applications for the 2002-2003 school year and every year thereafter. All applications for grants pursuant to this section shall be submitted to the state board of education on or before the first day of April so that such applications may be approved on or before the first day of July in the same year. Beginning April 1, 2002, the state board of education shall review all such applications pursuant to the priorities established in this section.**

6. Grants made pursuant to this subsection shall be made to districts on a matching funds basis. School districts shall earmark funds equal to twenty-five percent of the cost necessary to complete the project or projects for which the grant is given, and the department shall, if the grant is approved, grant the school district funds equal to seventy-five percent of the cost necessary to complete the project or projects for which the grant is given. In the event that the grant proposes a capital improvement project to a school facility that is on the National Register of Historic Places, or a similar historic buildings criteria which the state board of education may promulgate by rule, then the school district shall earmark ten percent of the funds for that specific project and the state shall grant ninety percent of the funds for that specific project.

7. Any school district receiving a grant pursuant to this section shall make a report on its progress after the first year of the grant in order to receive funds for the subsequent year. As part of the mid-grant progress report, the grantee shall report the progress of the program's development, as evidenced by the program's compliance with the original stated goals of the program. The department shall develop rules to determine compliance pursuant to this subsection, allowing for flexibility in application to varying grant projects. All grants shall be renewable, pursuant to this section, upon a satisfactory review of the initial grant by the state board of education.

8. Any school district which fails to obligate the full amount of a grant from the school building property tax relief fund for the allowable purpose shall return the

123 **unobligated amount plus interest earned to the department no later than June thirtieth of**
124 **the second full fiscal year after receipt of grant moneys.**

125 **9. No rule or portion of a rule promulgated pursuant to this section shall take effect**
126 **unless such rule has been promulgated pursuant to chapter 536, RSMo.**

127 **10. All moneys in the school building revolving fund that existed prior to August**
128 **28, 2001, shall be transferred to the school building property tax relief fund.**

129 Notwithstanding the provisions of section 33.080, RSMo, to the contrary, moneys in the school
130 building [revolving] **property tax relief** fund shall not be transferred to the credit of the general
131 revenue fund at the end of the biennium. All yield, interest, income, increment or gain received
132 from time deposit of moneys in the state treasury to the credit of the fund shall be credited by the
133 state treasurer to the fund.