

FIRST REGULAR SESSION

[TRULY AGREED TO AND FINALLY PASSED]

HOUSE BILL NO. 725

91ST GENERAL ASSEMBLY

1796L.01T

2001

AN ACT

To repeal section 165.011, RSMo 2000, relating to transfers of funds in certain school districts, and to enact in lieu thereof one new section relating to the same subject.

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

Section A. Section 165.011, RSMo 2000, is repealed and one new section enacted in lieu thereof, to be known as section 165.011, to read as follows:

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. The portion of state aid received by the district pursuant to section 163.031, RSMo, based upon the portion of the tax rate in the debt service or capital projects fund, respectively, which is included in the operating levy for school purposes pursuant to section 163.011, RSMo, shall be placed to the credit of the debt service fund or capital projects fund, respectively. 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,

21 furnishings and equipment by a school district as authorized under section 177.088, RSMo, shall
22 be credited to the capital projects fund. Money derived from taxation for the retirement of bonds
23 and the payment of interest thereon shall be credited to the debt service fund which shall be
24 maintained as a separate bank account. Receipts from delinquent taxes shall be allocated to the
25 several funds on the same basis as receipts from current taxes, except that where the previous
26 years' obligations of the district would be affected by such distribution, the delinquent taxes shall
27 be distributed according to the tax levies made for the years in which the obligations were
28 incurred. All refunds received shall be placed to the credit of the fund from which the original
29 expenditures were made. Money donated to the school districts shall be placed to the credit of
30 the fund where it can be expended to meet the purpose for which it was donated and accepted.
31 Money received from any other source whatsoever shall be placed to the credit of the fund or
32 funds designated by the board.

33 2. The school board may expend from the incidental fund the sum that is necessary for
34 the ordinary repairs of school property and an amount not to exceed the sum of expenditures for
35 classroom instructional capital outlay, as defined by the department of elementary and secondary
36 education by rule, in state-approved area vocational-technical schools and .06 dollars per one
37 hundred dollars equalized assessed valuation multiplied by the guaranteed tax base for the
38 second preceding year multiplied by the number of resident and nonresident eligible pupils
39 educated in the district for the second preceding year for classroom instructional capital outlay,
40 including but not limited to payments authorized pursuant to section 177.088, RSMo. Any and
41 all payments authorized under section 177.088, RSMo, except as otherwise provided in this
42 subsection, for the purchase or lease of sites, buildings, facilities, furnishings and equipment and
43 all other expenditures for capital outlay shall be made from the capital projects fund. If a balance
44 remains in the free textbook fund after books are furnished to pupils as provided in section
45 170.051, RSMo, it shall be transferred to the teachers' fund. The board may transfer the portion
46 of the balance remaining in the incidental fund to the teachers' fund that is necessary for the total
47 payment of all contracted obligations to teachers. If a balance remains in the debt service fund,
48 after the total outstanding indebtedness for which the fund was levied is paid, the board may
49 transfer the unexpended balance to the capital projects fund. If a balance remains in the bond
50 proceeds after completion of the project for which the bonds were issued, the balance shall be
51 transferred from the incidental or capital projects fund to the debt service fund. After making
52 all placements of interest otherwise provided by law, a school district may transfer from the
53 capital projects fund to the incidental fund the interest earned from undesignated balances in the
54 capital projects fund. All other sections of the law notwithstanding, a school district may transfer
55 from the incidental fund to the capital projects fund an amount equal to the capital expenditures
56 for school safety and security purposes. A school district may borrow from one of the following

57 funds: teachers' fund, incidental fund or capital projects fund, as necessary to meet obligations
58 in another of those funds; provided that the full amount is repaid to the lending fund within the
59 same fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

100 (e) Not offer instruction at a higher grade level than was offered by the district on July
101 12, 1994.

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

104 (1) Prior to August 28, 1993:

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

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

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

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

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

129 transfer from the incidental fund to the capital projects fund the amount necessary to meet the
130 obligation plus the transfers pursuant to subsection 4 of this section.

131 8. Beginning in the 1995-96 school year, the department of elementary and secondary
132 education shall deduct from a school district's state aid calculated pursuant to section 163.031,
133 RSMo, an amount equal to the amount of any transfer of funds from the incidental fund to the
134 capital projects fund performed during the previous year in violation of this section; except that
135 the state aid shall be deducted in equal amounts over the five school years following the school
136 year of an unlawful transfer provided that:

137 (1) The district shall provide written notice to the state board of education, no later than
138 June first of the first school year following the school year of the unlawful transfer, stating the
139 district's intention to comply with the provisions of subdivisions (1) to (4) of this subsection and
140 have state aid deducted for that unlawful transfer over a five-year period;

141 (2) On or before September first of the second school year following the school year of
142 the unlawful transfer, the district shall approve an increase to the district's operating levy for
143 school purposes to the greater of: two dollars and seventy-five cents per one hundred dollars
144 assessed valuation or the levy which produces an increase in total state and local revenues, as
145 determined by the department, in comparison to the first school year following the school year
146 of the unlawful transfer which is equal to or greater than the amount of state aid to be deducted
147 pursuant to this subsection each school year for such unlawful transfer, provided that increases
148 required pursuant to this subdivision for subsequent unlawful transfers shall be made in
149 comparison to the latter tax rate described in this subdivision;

150 (3) During each school year after the school year in which the operating levy is increased
151 pursuant to subdivision (2) of this subsection and in which state aid is deducted pursuant to
152 subdivisions (1) to (4) of this subsection, the district shall maintain an operating levy for school
153 purposes which produces total state and local revenues for the district which are no less than the
154 total state and local revenues produced by the levy required pursuant to subdivision (2) of this
155 subsection;

156 (4) During each school year state aid is deducted pursuant to subdivisions (1) to (4) of
157 this subsection except for the 1998-99 school year, the district shall maintain compliance with
158 the requirements of section 165.016 without any recourse to waivers or base-year adjustments
159 and without the option to demonstrate compliance based upon the district's fund balances; and

160 (5) If, in any school year state aid is deducted pursuant to subdivisions (1) to (4) of this
161 subsection, the district fails to comply with any requirement of subdivisions (1) to (4) of this
162 subsection, the full, remaining amount of state aid to be deducted pursuant to this subsection
163 shall be deducted from the district's state aid payments by the department during such school
164 year.

165 9. On or before June 30, 1999, a school district may transfer to the capital projects fund
166 from the balances of the teachers' and incidental funds any amount, but only to the extent that
167 the amount transferred is equal to or less than the amount that the teachers' and incidental funds'
168 unrestricted balances on June 30, 1995, exceeded eight percent of expenditures from the teachers'
169 and incidental funds for the year ending June 30, 1995.

170 10. (1) Other provisions of law to the contrary notwithstanding, a school district which
171 satisfies all conditions specified in subdivision (2) of this subsection may make the transfer
172 allowed in subdivision (3) of this subsection.

173 (2) To make the transfer allowed under subdivision (3) of this subsection, a school
174 district shall:

175 (a) Have a membership count for school year 1997-98 which is at least sixteen percent
176 greater than the district's membership count for the 1991-92 school year; and

177 (b) Have passed a full waiver of Proposition C tax rate rollback pursuant to section
178 164.013, RSMo, or approved an increase to the district's tax rate ceiling on or after June 1, 1994;
179 and

180 (c) Be in compliance or have paid all penalties required pursuant to section 165.016 for
181 the 1994-95, 1995-96 and 1996-97 school years without waiver or adjustment of the base school
182 year certificated salary percentage; and

183 (d) After all transfers, have a remaining balance on June 30, 1998, in the combined
184 teachers' and incidental funds which is no less than ten percent of the combined expenditures
185 from those funds for the 1997-98 school year.

186 (3) A district which satisfies all of the criteria specified in paragraphs (a) to (d) of
187 subdivision (2) of this subsection may, on or before June 30, 1998, make a one-time combined
188 transfer from the teachers' and incidental funds to the capital projects fund of an amount no
189 greater than the sum of the following amounts:

190 (a) The product of the district's equalized assessed valuation for 1994 times the
191 difference of the district's equalized operating levy for school purposes for 1994 minus the
192 district's equalized operating levy for school purposes for 1993;

193 (b) The product of the district's equalized assessed valuation for 1995 times the
194 difference of the district's equalized operating levy for school purposes for 1995 minus the
195 district's equalized operating levy for school purposes for 1993;

196 (c) The product of the district's equalized assessed valuation for 1996 times the
197 difference of the district's equalized operating levy for school purposes for 1996 minus the
198 district's equalized operating levy for school purposes for 1993;

199 (d) The product of the district's equalized assessed valuation for 1997 times the
200 difference of the district's equalized operating levy for school purposes for 1997 minus the

201 district's equalized operating levy for school purposes for 1993; provided that the remaining
202 balance in the incidental fund shall be no less than twelve percent of the total expenditures
203 during that fiscal year from the incidental fund.

204 (4) A district which makes a transfer pursuant to subdivision (3) of this subsection shall
205 be subject to compliance with the requirements of section 165.016 for fiscal years 1999, 2000
206 and 2001, without the option to request a waiver or an adjustment of the base school year
207 certificated salary percentage.

208 (5) Other provisions of section 165.016 to the contrary notwithstanding, the transfer of
209 an amount of funds from either the teachers' or incidental funds to the capital projects fund
210 pursuant to subdivision (3) of this subsection shall not be considered an expenditure from the
211 teachers' or incidental fund for the purpose of determining compliance with the provisions of
212 subsections 1 and 2 of section 165.016.

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

221 **12. In addition to other transfers authorized pursuant to subsections 1 to 9 of this**
222 **section, any school district that has undergone at least a twenty percent increase in assessed**
223 **valuation in one year because of the construction of a power plant may make a one-time**
224 **transfer of twice the permitted amount pursuant to this section, provided that such**
225 **transfer shall be made prior to the end of the second fiscal year following the fiscal year**
226 **in which the increase is effective.**