

FIRST REGULAR SESSION

# HOUSE BILL NO. 771

## 93RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES BAKER (123) (Sponsor), BEARDEN, CORCORAN, ICET,  
SWINGER, PEARCE, KINGERY AND DEMPSEY (Co-sponsors).

Read 1<sup>st</sup> time March 10, 2005 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

2044L.02I

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### AN ACT

To repeal sections 148.360, 149.015, 160.264, 160.415, 160.531, 160.534, 160.550, 161.527, 162.081, 162.792, 162.935, 162.975, 163.005, 163.011, 163.014, 163.015, 163.021, 163.023, 163.025, 163.028, 163.031, 163.032, 163.034, 163.035, 163.036, 163.071, 163.073, 163.081, 163.087, 163.091, 163.172, 164.011, 164.303, 165.011, 165.015, 165.016, 166.260, 166.275, 167.126, 167.151, 167.332, 168.515, 170.051, 170.055, 171.121, 178.296, and 360.106, RSMo, and to enact in lieu thereof thirty-eight new sections relating to education, with an effective date and penalty provisions.

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

Section A. Sections 148.360, 149.015, 160.264, 160.415, 160.531, 160.534, 160.550,  
2 161.527, 162.081, 162.792, 162.935, 162.975, 163.005, 163.011, 163.014, 163.015, 163.021,  
3 163.023, 163.025, 163.028, 163.031, 163.032, 163.034, 163.035, 163.036, 163.071, 163.073,  
4 163.081, 163.087, 163.091, 163.172, 164.011, 164.303, 165.011, 165.015, 165.016, 166.260,  
5 166.275, 167.126, 167.151, 167.332, 168.515, 170.051, 170.055, 171.121, 178.296, and 360.106,  
6 RSMo, are repealed and thirty-eight new sections enacted in lieu thereof, to be known as sections  
7 137.776, 148.360, 149.015, 160.415, 160.534, 161.527, 162.081, 162.935, 163.011, 163.021,  
8 163.023, 163.025, 163.028, 163.031, 163.036, 163.042, 163.043, 163.071, 163.073, 163.081,  
9 163.087, 163.091, 163.172, 164.011, 164.303, 165.011, 165.016, 166.260, 166.275, 167.126,  
10 167.151, 167.332, 168.515, 170.051, 170.055, 171.121, 178.296, and 360.106, to read as  
11 follows:

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

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

- 2           (1) "Assessor", the county assessor as provided for in chapter 53, RSMo;
- 3           (2) "Certificate of value", a form for reporting the following:
- 4           (a) A statement as to whether the transaction was at arms length; and
- 5           (b) In the case of any deed not a gift, the amount of the full actual consideration
- 6 therefor, paid or to be paid, including the amount of any lien or liens thereon; and
- 7           (c) A statement of the actual or intended use of the property; or
- 8           (d) The form shall report the information required in paragraph (a) of this
- 9 subdivision and the reason or reasons why any information set out in paragraphs (b) and
- 10 (c) of this subdivision is not required, as set forth in this section;
- 11           (3) "Recorder", the recorder of deeds as provided for in chapter 59, RSMo;
- 12           (4) "Residential, commercial, or industrial real property", property which in the
- 13 most recent assessment prior to the property's transfer was assessed as residential property
- 14 or as utility, industrial, commercial, railroad, and other real property as defined in section
- 15 137.016.
- 16           2. No recorder shall accept for recording any deed or instrument by which any
- 17 interest in residential, commercial, or industrial real property within this state shall be
- 18 granted, assigned, transferred, or otherwise conveyed to, or vested in, any person or
- 19 persons unless the deed or instrument indicates, in a manner to be determined by the state
- 20 tax commission, that a completed certificate of value has been delivered to the assessor.
- 21 The assessor shall file any certificate of value received by such assessor.
- 22           3. The following persons are responsible for the delivery of a certificate of value:
- 23           (1) The grantee of the deed or instrument, or any responsible officer or agent of a
- 24 grantee which is a corporation, partnership, or other entity; or
- 25           (2) The attorney, real estate agent or broker, or title company representing the
- 26 grantee in any such transaction, or delivering the deed or other instrument to the recorder,
- 27 and including each responsible officer and agent of the foregoing.
- 28           4. Each certificate of value delivered under this section shall be affirmed by one of
- 29 the grantees, or the grantee's legal representative, as to the veracity of the declaration of
- 30 value of the residential, commercial, or industrial real property transferred.
- 31           5. The form of the certificate of value shall include the affirmation required by this
- 32 section and shall be prescribed by the state tax commission, which shall provide an
- 33 adequate supply of such forms without charge to each recorder in the state.
- 34           6. All certificates of value shall be made available by the assessor to the state tax
- 35 commission or its representatives.

36           **7. The financial data required on the certificate of value pursuant to this section**  
37 **need not be provided on a certificate of value for a transfer of title or other interest in**  
38 **residential, commercial, or industrial real property:**

39           **(1) When the consideration for the interest or property conveyed is less than one**  
40 **hundred dollars;**

41           **(2) Made solely to provide or release security for a debt or obligation;**

42           **(3) Which confirms or corrects a deed previously recorded;**

43           **(4) Between husband and wife or parent and child with only nominal actual**  
44 **consideration therefor;**

45           **(5) Made in settlement of a dissolution of marriage;**

46           **(6) Made pursuant to a sale for delinquent taxes;**

47           **(7) Made in the closing or liquidation of an estate or guardianship estate;**

48           **(8) On partition;**

49           **(9) Made by a subsidiary corporation to its parent corporation for no**  
50 **consideration, nominal consideration, or in sole consideration of the cancellation or**  
51 **surrender of the subsidiary's stock;**

52           **(10) Made in the foreclosure of a deed of trust or other security interest;**

53           **(11) If the instrument was executed prior to January 1, 2005;**

54           **(12) When the instrument is a mining or mineral lease;**

55           **(13) Of cemetery lots;**

56           **(14) When ordered by any court;**

57           **(15) When the transfer of title is to or from the United States, the state of Missouri,**  
58 **or any other instrumentality, agency, or political subdivision thereof; or**

59           **(16) When such property is located in a political subdivision which has established**  
60 **by ordinance or amendment its own system of requiring certificates of value; except that,**  
61 **in such political subdivisions, all certificates of value shall be made available to the state**  
62 **tax commission or its representatives.**

63           **8. Except as provided in subsections 1 to 7 of this section, no current or former**  
64 **assessor or state tax commissioner or any current or former deputy, employee, or agent of**  
65 **such officer shall disclose any information received as a result of the filing of a certificate**  
66 **of value required by this section. Any information received as a result of the filing of a**  
67 **certificate of value as required by this section shall be closed records and shall be exempt**  
68 **from disclosure, examination, and copying pursuant to chapter 610, RSMo.**

69           **9. Nothing in this section shall be construed to prohibit:**

70           **(1) The use of information contained in a certificate of value by the assessor for**  
71 **statistical purposes in implementing a plan of general reassessment, as defined in section**

72 **137.073, or implementing an assessment and equalization maintenance plan approved**  
73 **pursuant to section 137.115;**

74 **(2) The use of information contained in a certificate of value by the state tax**  
75 **commission in developing ratios as required by chapter 163, RSMo, or other statistical**  
76 **purposes or public proceedings;**

77 **(3) The release of information contained in a certificate of value by the assessor**  
78 **upon receipt of a written request to a party who originally delivered the certificate of value**  
79 **or such party's duly authorized representative;**

80 **(4) The publication by the state tax commission of statistics so classified as to**  
81 **prevent the identification of particular certificates of value;**

82 **(5) The disclosure of certificates of value, or information related thereto, by the**  
83 **assessor upon receipt of a written request to the state auditor or the auditor's authorized**  
84 **employees or agents who have taken the oath of confidentiality required by section 29.070,**  
85 **RSMo, or the publication or disclosure by the state auditor of information concerning the**  
86 **certificates of value provided a particular certificate of value is not disclosed.**

87 **10. No deed may be filed without a certificate of value, for which there shall be a**  
88 **filing fee of ten dollars, payable at the time of filing.**

148.360. On or before the first day of October of each year, [the commissioner of  
2 education shall apportion to the school districts of the state all of the moneys to the credit of the  
3 county foreign insurance tax fund, and warrants shall be issued in favor of the treasurers of the  
4 school districts. The moneys shall be apportioned to each school district in the state in the same  
5 proportion that the September membership of the district, determined as provided in (1) of  
6 subdivision (8) of section 163.011, RSMo, bears to the sum of the September membership of all  
7 districts in the state] **the state treasurer shall transfer the moneys in the county foreign**  
8 **insurance tax fund to the state school moneys fund for distribution to the school districts**  
9 **under section 163.031, RSMo.**

149.015. 1. A tax shall be levied upon the sale of cigarettes at an amount equal to eight  
2 and one-half mills per cigarette, until such time as the general assembly appropriates an amount  
3 equal to twenty-five percent of the net federal reimbursement allowance to the health initiatives  
4 fund, then the tax shall be six and one-half mills per cigarette beginning July [first] **1** of the fiscal  
5 year immediately after such appropriation. As used in this section, "net federal reimbursement  
6 allowance" shall mean that amount of the federal reimbursement allowance in excess of the  
7 amount of state matching funds necessary for the state to make payments required by subsection  
8 1 of section 208.471, RSMo, or, if the payments exceed the amount so required, the actual  
9 payments made for the purposes specified in subsection 1 of section 208.471, RSMo.

10           2. The tax shall be evidenced by stamps which shall be furnished by and purchased from  
11 the director or by an impression of the tax by the use of a metering machine when authorized by  
12 the director as provided in this chapter, and the stamps or impression shall be securely affixed  
13 to one end of each package in which cigarettes are contained. All cigarettes must be stamped  
14 before being sold in this state.

15           3. Cigarette tax stamps shall be purchased only from the director. All stamps shall be  
16 purchased by the director in proper denominations, shall contain such appropriate wording as the  
17 director may prescribe, and shall be of such design, character, color combinations, color changes,  
18 sizes and material as the director may, by rules and regulations, determine to afford the greatest  
19 security to the state. It shall be the duty of the director to manufacture or contract for revenue  
20 stamps required by this chapter; provided that if the stamps are contracted for, the manufacturer  
21 thereof shall be within the jurisdiction of the criminal and civil courts of this state, unless the  
22 stamps cannot be obtained in this state at a fair price or of acceptable quality. If stamps are  
23 manufactured outside of the state, the director shall take any precautions which he deems  
24 necessary to safeguard the state against forgery and misdelivery of any stamps. The director may  
25 require of the manufacturer from whom stamps are purchased a bond in an amount to be  
26 determined by him commensurate with the monetary value of the stamps, containing such  
27 conditions as he may deem necessary in order to protect the state against loss.

28           4. It shall be the intent of this chapter that the impact of the tax levied hereunder be  
29 absorbed by the consumer or user and when the tax is paid by any other person, the payment shall  
30 be considered as an advance payment and shall thereafter be added to the price of the cigarettes  
31 and recovered from the ultimate consumer or user with the person first selling the cigarettes  
32 acting as an agent of the state for the payment and collection of the tax to the state, except that  
33 in furtherance of the intent of this chapter no refund of any tax collected and remitted by a  
34 retailer upon gross receipts from a sale of cigarettes subject to tax pursuant to this chapter shall  
35 be claimed pursuant to chapter 144, RSMo, for any amount illegally or erroneously overcharged  
36 or overcollected as a result of imposition of sales tax by the retailer upon amounts representing  
37 the tax imposed pursuant to this chapter and any such tax shall either be refunded to the person  
38 who paid such tax or paid to the director. The director may recoup from any retailer any tax  
39 illegally or erroneously overcharged or overcollected unless such tax has been refunded to the  
40 person who paid such tax.

41           5. In making sales of cigarettes in the state, a wholesaler shall keep a record of the  
42 amount of tax on his gross sales. The tax shall be evidenced by appropriate stamps attached to  
43 each package of cigarettes sold. Notwithstanding any other law to the contrary, no tax stamp  
44 need be attached to a package of cigarettes transported in the state between wholesalers or  
45 distributors unless and until such package is sold to a retailer or consumer.

46           6. The tax on any cigarettes contained in packages of four, ten, twenty or similar  
47 quantities to be used solely for distribution as samples shall be computed on a per cigarette basis  
48 at the rate set forth in this section, and payment of the tax shall be remitted to the director at such  
49 time and in such manner as he may prescribe.

50           7. The revenue generated by the additional two mills tax imposed effective August 13,  
51 1982, less any three percent reduction allowed pursuant to the provisions of section 149.021,  
52 shall be placed in a separate fund entitled "The Fair Share Fund". Such moneys in the fair share  
53 fund shall be **transferred monthly to the state school moneys fund and** distributed to the  
54 [schools] **school districts** in this state [on an average daily attendance basis, except] as provided  
55 in section 163.031, RSMo.

56           8. The revenue generated by the additional two mills tax imposed effective October 1,  
57 1993, less any three percent reduction allowed pursuant to the provisions of section 149.021,  
58 shall be deposited in the health initiatives fund created in section 191.831, RSMo. When the  
59 general assembly appropriates an amount equal to twenty-five percent of the net federal  
60 reimbursement allowance to the health initiatives fund, this subsection shall expire. The  
61 additional two mills tax levied pursuant to this section shall not apply to an amount of stamped  
62 cigarettes in the possession of licensed wholesalers on October 1, 1993, up to thirty-five percent  
63 of the total cigarette sales made by such licensed wholesaler during the six months immediately  
64 preceding October 1, 1993.

160.415. 1. For the purposes of calculation and distribution of state school aid under  
2 section 163.031, RSMo, pupils enrolled in a charter school shall be included in the pupil  
3 enrollment of the school district within which each pupil resides. Each charter school shall  
4 report the names, addresses, and eligibility for free [or reduced-price] **and reduced** lunch [or  
5 other], **special education, or limited English proficiency status, as well as eligibility for**  
6 categorical aid, of pupils resident in a school district who are enrolled in the charter school to the  
7 school district in which those pupils reside [and]. **The charter school shall report the average**  
8 **daily attendance data, free and reduced lunch count, special education pupil count, and**  
9 **limited English proficiency pupil count** to the state department of elementary and secondary  
10 education. Each charter school shall promptly notify the state department of elementary and  
11 secondary education and the pupil's school district when a student discontinues enrollment at a  
12 charter school.

13           2. (1) A school district having one or more resident pupils attending a charter school  
14 shall pay to the charter school an annual amount equal to the product of the [equalized, adjusted  
15 operating levy for school purposes for the pupils' district of residence for the current year times  
16 the guaranteed tax base per eligible pupil, as defined in section 163.011, RSMo, times the  
17 number of the district's resident pupils attending the charter school] **charter school's weighted**

18 **average daily attendance and the state adequacy target, multiplied by the dollar value**  
19 **modifier for the district**, plus all other state aid attributable to such pupils[, including summer  
20 school, if applicable, and all aid provided pursuant to section 163.031, RSMo].

21 (2) The district of residence of a pupil attending a charter school shall also pay to the  
22 charter school any other federal or state aid that the district receives on account of such child.

23 (3) The amounts provided pursuant to this subsection shall be prorated for partial year  
24 enrollment for a pupil.

25 (4) A school district shall pay the amounts due pursuant to this subsection as the  
26 disbursal agent and no later than twenty days following receipt of any such funds.

27 (5) The per-pupil amount paid by a school district to a charter school shall be reduced  
28 by the amount per pupil determined by the state board of education to be needed by the district  
29 in the current year for repayment of leasehold revenue bonds obligated pursuant to a federal court  
30 desegregation action.

31 3. If a school district fails to make timely payments of any amount for which it is the  
32 disbursal agent, the state department of elementary and secondary education shall authorize  
33 payment to the charter school of the amount due pursuant to subsection 2 of this section and shall  
34 deduct the same amount from the next state school aid apportionment to the owing school  
35 district. If a charter school is paid more or less than the amounts due pursuant to subsection 2  
36 of this section, the amount of overpayment or underpayment shall be adjusted in its next payment  
37 by the school district or the department of elementary and secondary education, as appropriate.  
38 Any dispute between the school district and a charter school as to the amount owing to the  
39 charter school shall be resolved by the department of elementary and secondary education, and  
40 the department's decision shall be the final administrative action for the purposes of review  
41 pursuant to chapter 536, RSMo.

42 4. The charter school and a local school board may agree by contract for services to be  
43 provided by the school district to the charter school. The charter school may contract with any  
44 other entity for services. Such services may include but are not limited to food service, custodial  
45 service, maintenance, management assistance, curriculum assistance, media services and libraries  
46 and shall be subject to negotiation between the charter school and the local school board or other  
47 entity. Documented actual costs of such services shall be paid for by the charter school.

48 5. A charter school may enter into contracts with community partnerships and state  
49 agencies acting in collaboration with such partnerships that provide services to children and their  
50 families linked to the school.

51 6. A charter school shall be eligible for transportation state aid pursuant to section  
52 163.161, RSMo, and shall be free to contract with the local district, or any other entity, for the  
53 provision of transportation to the students of the charter school.

54 7. (1) The proportionate share of state and federal resources generated by students with  
55 disabilities or staff serving them shall be paid in full to charter schools enrolling those students  
56 by their school district where such enrollment is through a contract for services described in this  
57 section. The proportionate share of money generated under other federal or state categorical aid  
58 programs shall be directed to charter schools serving such students eligible for that aid.

59 (2) A charter school district shall provide the special services provided pursuant to  
60 section 162.705, RSMo, and may provide the special services pursuant to a contract with a  
61 school district or any provider of such services.

62 8. A charter school may not charge tuition, nor may it impose fees that a school district  
63 is prohibited from imposing.

64 9. A charter school is authorized to incur debt in anticipation of receipt of funds. A  
65 charter school may also borrow to finance facilities and other capital items. A school district  
66 may incur bonded indebtedness or take other measures to provide for physical facilities and other  
67 capital items for charter schools that it sponsors or contracts with. Upon the dissolution of a  
68 charter school, any liabilities of the corporation will be satisfied through the procedures of  
69 chapter 355, RSMo.

70 10. Charter schools shall not have the power to acquire property by eminent domain.

71 11. The governing body of a charter school is authorized to accept grants, gifts or  
72 donations of any kind and to expend or use such grants, gifts or donations. A grant, gift or  
73 donation may not be accepted by the governing body if it is subject to any condition contrary to  
74 law applicable to the charter school or other public schools, or contrary to the terms of the  
75 charter.

160.534. For fiscal year 1996 and each subsequent fiscal year, any amount of the  
2 excursion gambling boat proceeds deposited in the gaming proceeds for education fund in excess  
3 of the amount transferred to the school district bond fund as provided in section 164.303, RSMo,  
4 shall be transferred to the [state school moneys] **classroom trust** fund. Such moneys shall be  
5 [transferred on a monthly basis and shall be] distributed in the manner provided in section  
6 [163.031] **163.043**, RSMo.

161.527. 1. If a school district, which has an assessed valuation per [eligible pupil]  
2 **average daily attendance** equal to or less than the state average assessed valuation per [eligible  
3 pupil] **average daily attendance**, has transmitted by July [fifteenth] **15** to the department of  
4 elementary and secondary education the report required by section 162.821, RSMo, and such  
5 school district has received a notice pursuant to section 161.525, such school district is not  
6 required to reduce its operating levy pursuant to section 164.013, RSMo, when the district next  
7 determines its tax rate in accordance with the provisions of section 164.011, RSMo. [The state  
8 average assessed valuation per eligible pupil used in this section shall be the state average used



9 to calculate the guaranteed tax base for the state aid formula for the year the district's tax is not  
10 lowered. The district assessed valuation shall be the assessed valuation used in the calculation  
11 of the state aid formula for the year the district's tax is not lowered.] However, if a school district  
12 does not reduce its operating levy as permitted in this subsection, the school district shall not in  
13 the current and next school year increase:

14 (1) Its administrative costs; or

15 (2) The aggregate amount of funds paid for salaries of employees of the district.

16 2. The restrictions on increasing administrative costs and funds paid for salaries as  
17 provided for in subsection 1 of this section shall continue in the district for each subsequent  
18 school year until combined balances in the teachers' and incidental funds at the end of a fiscal  
19 year are equal to or exceed three percent of the amount expended from the funds during the  
20 previous fiscal year as determined by the department of elementary and secondary education.  
21 Such restrictions provided for in subsection 1 of this section shall not apply to increased  
22 expenditures of the district necessary to maintain health insurance coverage for district  
23 employees at the same level that may have been provided by the district prior to implementation  
24 of the restrictions. Further, the restrictions shall not apply to increased expenditures of the  
25 district necessary to meet the district's share of contributions for employees who are members  
26 of the public school retirement system of Missouri, the public school retirement system of the  
27 school district of Kansas City, or the public school retirement system of the city of St. Louis.

28 3. The exemption from reduction authorized by subsection 1 of this section shall be  
29 limited to two tax years, at which time the district may submit to the voters of the district the  
30 question of whether to continue such exemption.

162.081. 1. Whenever any school district in this state fails or refuses in any school year  
2 to provide for the minimum school term required by section 163.021, RSMo, or is classified  
3 unaccredited for two successive school years by the state board of education, its corporate  
4 organization shall lapse. The corporate organization of any school district that is classified as  
5 unaccredited shall lapse on June [thirtieth] **30** of the second full school year of such unaccredited  
6 classification after the school year during which the unaccredited classification is initially  
7 assigned. The territory theretofore embraced within any district that lapses pursuant to this  
8 section or any portion thereof may be attached to any district for school purposes by the state  
9 board of education; but no school district, except a district classified as unaccredited pursuant  
10 to section 163.023, RSMo, and section 160.538, RSMo, shall lapse where provision is lawfully  
11 made for the attendance of the pupils of the district at another school district that is classified as  
12 provisionally accredited or accredited by the state board of education.

13 2. Prior to or at the time any school district in this state shall lapse, but after the school  
14 district has been classified as unaccredited, the department of elementary and secondary

15 education shall conduct a public hearing at a location in the unaccredited school district. The  
16 purpose of the hearing shall be to:

17 (1) Review any plan by the district to return to accredited status; or

18 (2) Offer any technical assistance that can be provided to the district.

19 3. Except as otherwise provided in section 162.1100, in a metropolitan school district  
20 or an urban school district containing most or all of a city with a population greater than three  
21 hundred fifty thousand inhabitants and in any other school district if the local board of education  
22 does not anticipate a return to accredited status, the state board of education may appoint a  
23 special administrative board to supervise the financial operations, maintain and preserve the  
24 financial assets or, if warranted, continue operation of the educational programs within the  
25 district or what provisions might otherwise be made in the best interest of the education of the  
26 children of the district. The special administrative board shall consist of two persons who are  
27 residents of the school district, who shall serve without compensation, and a professional  
28 administrator, who shall chair the board and shall be compensated, as determined by the state  
29 board of education, in whole or in part with funds from the district.

30 4. Upon lapse of the district, the state board of education may:

31 (1) Appoint a special administrative board, if such a board has not already been  
32 appointed, and authorize the special administrative board to retain the authority granted to a  
33 board of education for the operation of all or part of the district;

34 (2) Attach the territory of the lapsed district to another district or districts for school  
35 purposes; or

36 (3) Establish one or more school districts within the territory of the lapsed district, with  
37 a governance structure consistent with the laws applicable to districts of a similar size, with the  
38 option of permitting a district to remain intact for the purposes of assessing, collecting, and  
39 distributing property taxes, to be distributed equitably on a [per eligible pupil] **weighted average**  
40 **daily attendance** basis, but to be divided for operational purposes, which shall take effect sixty  
41 days after the adjournment of the regular session of the general assembly next following the state  
42 board's decision unless a statute or concurrent resolution is enacted to nullify the state board's  
43 decision prior to such effective date.

44

45 The special administrative board may retain the authority granted to a board of education for the  
46 operation of the lapsed school district under the laws of the state in effect at the time of the lapse.

47 5. The authority of the special administrative board shall expire at the end of the third  
48 full school year following its appointment, unless extended by the state board of education. If  
49 the lapsed district is reassigned, the special administrative board shall provide an accounting of

50 all funds, assets and liabilities of the lapsed district and transfer such funds, assets, and liabilities  
51 of the lapsed district as determined by the state board of education.

52 6. Upon recommendation of the special administrative board, the state board of  
53 education may assign the funds, assets and liabilities of the lapsed district to another district or  
54 districts. Upon assignment, all authority of the special administrative board shall transfer to the  
55 assigned districts.

56 7. Neither the special administrative board nor any district or other entity assigned  
57 territory, assets or funds from a lapsed district shall be considered a successor entity for the  
58 purpose of employment contracts, unemployment compensation payment pursuant to section  
59 288.110, RSMo, or any other purpose.

60 8. If additional teachers are needed by a district as a result of increased enrollment due  
61 to the annexation of territory of a lapsed or dissolved district, such district shall grant an  
62 employment interview to any permanent teacher of the lapsed or dissolved district upon the  
63 request of such permanent teacher.

64 9. (1) The governing body of a school district, upon an initial declaration by the state  
65 board of education that such district is provisionally accredited, may, and, upon an initial  
66 declaration by the state board of education that such district is unaccredited, shall develop a plan  
67 to be submitted to the voters of the school district to divide the school district if the district  
68 cannot attain accreditation within three years of the initial declaration that such district is  
69 unaccredited. In the case of such a district being declared unaccredited, such plan shall be  
70 presented to the voters of the district before the district lapses. In the case of such a district being  
71 declared provisionally accredited, such plan may be presented before the close of the current  
72 accreditation cycle.

73 (2) The plan may provide that the school district shall remain intact for the purposes of  
74 assessing, collecting and distributing taxes for support of the schools, and the governing body  
75 of the district shall develop a plan for the distribution of such taxes equitably on a per pupil basis  
76 if the district selects this option.

77 (3) The makeup of the new districts shall be racially balanced as far as the proportions  
78 of students allow.

79 (4) If a majority of the district's voters approve the plan, the state board of education  
80 shall cooperate with the local board of education to implement the plan, which may include use  
81 of the provisions of this section to provide an orderly transition to new school districts and  
82 achievement of accredited status for such districts.

83 10. In the event that a school district with an enrollment in excess of five thousand pupils  
84 lapses, no school district shall have all or any part of such lapsed school district attached without  
85 the approval of the board of the receiving school district.

162.935. 1. Except as provided in subsection 3 of this section, each special district  
2 formed under provisions of sections 162.670 to 162.999 shall receive an amount [for each  
3 eligible pupil] equal to [the sum of the amounts received by all districts comprising the special  
4 district for the current school year under provisions of section 163.031, RSMo, divided by the  
5 total number of eligible pupils in the schools of such districts] **the district's weighted average  
6 daily attendance multiplied by the state adequacy target multiplied by the dollar value  
7 modifier minus local effort minus payments from the classroom trust fund.** A student  
8 enrolled in classes or programs in both the special district and a component district or a pupil  
9 enrolled in a local district who needs itinerant or temporary services provided by the special  
10 district shall continue his enrollment in the local district for purposes of apportionment of state  
11 aid on average daily attendance. The special district may include the pupil in classes approved  
12 for special categorical aid. The district providing transportation may claim state transportation  
13 aid.

14 2. Any special school district which is in a county of the first classification which has  
15 a population greater than nine hundred thousand is entitled to apportionment of state aid even  
16 though the tax rate levied by the special school district is less than that required by section  
17 163.021, RSMo.

18 3. For the purposes of determining state aid pursuant to section 163.031, RSMo, the  
19 operating levy for school purposes of a school district within any special school district which  
20 is not in a county of the first classification which has a population greater than nine hundred  
21 thousand shall include the operating levy for school purposes of the special school district in  
22 which such school district is located, and the district's [number of eligible pupils] **weighted daily  
23 average attendance** shall reflect the average daily attendance of all pupils resident in the district  
24 and educated by the district or by the special school district, or both. The department shall pay  
25 the funds so calculated to the school district and the special school district, respectively, in the  
26 same proportion as the school district's operating levy or special school district's operating levy,  
27 respectively, bears to the total of the operating levies of the school district and the special school  
28 district, except this distribution shall not decrease any district's allocation of [formula money per  
29 eligible pupil] **state aid multiplied by the dollar value modifier** below that which the district  
30 received for the [1992-93] **2005-2006** school year. [Such state aid shall constitute foundation  
31 formula state aid provided to such special school district pursuant to section 163.031, RSMo.]

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

2 (1) ["Adjusted gross income":

3 (a) "District adjusted gross income per return" shall be the total Missouri individual  
4 adjusted gross income in a school district divided by the total number of Missouri income tax

5 returns filed from the school district as reported by the state department of revenue for the second  
6 preceding year;

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

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

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

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

20 [(3)] (2) "Average daily attendance" [means], the quotient or the sum of the quotients  
21 obtained by dividing the total number of hours attended in a term by resident pupils between the  
22 ages of five and twenty-one by the actual number of hours school was in session in that term.  
23 To the average daily attendance of the following school term shall be added the full-time  
24 equivalent average daily attendance of summer school students. "Full-time equivalent average  
25 daily attendance of summer school students" shall be computed by dividing the total number of  
26 hours attended by all summer school pupils by the number of hours required in section 160.011,  
27 RSMo, in the school term. For purposes of determining average daily attendance under this  
28 subdivision, the term "resident pupil" shall include all children between the ages of five and  
29 twenty-one who are residents of the school district and who are attending kindergarten through  
30 grade twelve in such district. If a child is attending school in a district other than the district of  
31 residence and the child's parent is teaching in the school district or is a regular employee of the  
32 school district which the child is attending, then such child shall be considered a resident pupil  
33 of the school district which the child is attending for such period of time when the district of  
34 residence is not otherwise liable for tuition. Average daily attendance for students below the age  
35 of five years for which a school district may receive state aid based on such attendance shall be  
36 computed as regular school term attendance unless otherwise provided by law;

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

40 (5) "District equalized assessed valuation" shall be the average of the "equalized assessed  
41 valuation of the property of a school district" for the first and second preceding years;]

42 (3) **"Current operating expenditures":**

43 (a) **For the fiscal year 2007 calculation, "current operating expenditures" shall be**  
44 **calculated using data from fiscal year 2005 and shall be calculated as all expenditures for**  
45 **instruction and support services except capital outlay and debt service expenditures minus**  
46 **the revenue from federal categorical sources; food service; student activities; categorical**  
47 **payments for transportation costs pursuant to section 163.161; state reimbursements for**  
48 **early childhood special education; the career ladder entitlement for the district, as**  
49 **provided for in sections 168.500 to 168.515, RSMo; the vocational education entitlement**  
50 **for the district, as provided for in section 167.332, RSMo; and payments from other**  
51 **districts;**

52 (b) **In every fiscal year subsequent to fiscal year 2007, "current operating**  
53 **expenditures" shall be the amount in paragraph (a) plus any increases subsequent to the**  
54 **fiscal year 2007 calculation in state funding pursuant to section 163.031;**

55 [(6) "District's target rate", the district's average percentage of pupils from fiscal years  
56 2000 to 2005 scoring at or above the proficiency level on the statewide assessment system on  
57 either mathematics or reading/communication arts plus one percentage point for each year after  
58 fiscal year 2005 except that the district's target rate shall not exceed the statewide average  
59 percentage from fiscal year 2000 to fiscal year 2005 scoring at or above the proficiency level on  
60 the statewide assessment system on either mathematics or reading/communication arts;

61 (7)] (4) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the  
62 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for  
63 debt service;

64 [(8) "Eligible pupils" shall be the sum of the average daily attendance of the school term  
65 plus the product of two times the average daily attendance for summer school;]

66 (5) **"Dollar value modifier", an index of the relative purchasing power of a dollar,**  
67 **calculated as one plus fifteen percent of the difference of the district wage ratio minus one,**  
68 **provided that the dollar value modifier shall not be applied at a rate greater than 1.1, so**  
69 **that in no instance shall the modifier be allowed to increase the weight of a dollar for any**  
70 **district by more than ten percent:**

71 (a) **"County wage per job", the total county wage and salary disbursements divided**  
72 **by the total county wage and salary employment for each county and the city of St. Louis**  
73 **as reported by the Bureau of Economic Analysis of the United States Department of**  
74 **Commerce for the second preceding year;**

75 (b) **"District wage per job", the wage per job of the county signified in the school**  
76 **district number, or the city of St. Louis as applicable;**

77 (c) **"District wage ratio", the ratio of the district wage per job divided by the state**  
78 **median wage per job;**

79 (d) **"State median wage per job", the fifty-eighth highest county wage per job;**

80 [(9)] (6) "Equalized assessed valuation of the property of a school district" for a given  
81 year shall be determined by multiplying the assessed valuation of the real property subclasses  
82 specified in section 137.115, RSMo, times the percent of true value as adjusted by the  
83 department of elementary and secondary education to an equivalent sales ratio of thirty-three and  
84 one-third percent and dividing by either the percent of true value as determined by the state tax  
85 commission on or before March [fifteenth] **15** preceding the fiscal year in which the valuation  
86 will be effective as adjusted by the department of elementary and secondary education to an  
87 equivalent sales ratio of thirty-three and one-third percent or the average percent of true value  
88 for the highest three of the last four years as determined and certified by the state tax  
89 commission, whichever is greater. To the equalized locally assessed valuation of each district  
90 shall be added the assessed valuation of tangible personal property. The assessed valuation of  
91 property which has previously been excluded from the tax rolls, which is being contested as not  
92 being taxable and which increases the total assessed valuation of the school district by fifty  
93 percent or more, shall not be included in the calculation of equalized assessed valuation under  
94 this subdivision;

95 [(10)] "Fiscal instructional ratio of efficiency", the quotient of the sum of the district's  
96 current operating costs for all kindergarten through grade twelve direct instructional and direct  
97 pupil support service functions plus the costs of improvement of instruction and the cost of  
98 purchased services and supplies for operation of the facilities housing those programs, excluding  
99 student activities, divided by the sum of the district's current operating cost for kindergarten  
100 through grade twelve, plus all tuition revenue received from other districts minus all noncapital  
101 transportation costs;

102 [(11)] (7) "Free and reduced lunch [eligible] pupil count", the number of pupils eligible  
103 for free and reduced lunch on the last Wednesday in January for the preceding school year who  
104 were enrolled as students of the district, as approved by the department in accordance with  
105 applicable federal regulations;

106 [(12)] "Guaranteed tax base" means the amount of equalized assessed valuation per  
107 eligible pupil guaranteed each school district by the state in the computation of state aid. To  
108 compute the guaranteed tax base, school districts shall be ranked annually from lowest to highest  
109 according to the amount of equalized assessed valuation per pupil. The guaranteed tax base shall  
110 be based upon the amount of equalized assessed valuation per pupil of the school district in

111 which the ninety-fifth percentile of the state aggregate number of pupils falls during the third and  
112 fourth preceding years and shall be equal to the state average equalized assessed valuation per  
113 eligible pupil for the third and fourth preceding years times two and one hundred and sixty-seven  
114 thousandths; except that, for the purposes of line 14(b) the guaranteed tax base shall be no  
115 greater than the guaranteed tax base used for the 1998-99 payment year. The average equalized  
116 assessed valuation per pupil shall be the quotient of the total equalized assessed valuation of the  
117 state divided by the number of eligible pupils;]

118 **(8) "Free and reduced lunch threshold" shall be calculated by dividing the total**  
119 **free and reduced lunch pupil count of every performance district that falls entirely above**  
120 **the bottom five percent and entirely below the top five percent of average daily attendance,**  
121 **when such districts are rank-ordered based on their current operating expenditures per**  
122 **average daily attendance, by the total average daily attendance of all included performance**  
123 **districts;**

124 **(9) "Limited English proficiency threshold" shall be calculated by dividing the total**  
125 **limited English proficiency pupil count of every performance district that falls entirely**  
126 **above the bottom five percent and entirely below the top five percent of average daily**  
127 **attendance, when such districts are rank-ordered based on their current operating**  
128 **expenditures per average daily attendance, by the total average daily attendance of all**  
129 **included performance districts;**

130 **(10) "Limited English proficiency pupil count", the number of pupils aged three**  
131 **through twenty-one enrolled or preparing to enroll in an elementary school or secondary**  
132 **school who:**

133 **(a) Were not born in the United States or whose native language is a language other**  
134 **than English;**

135 **(b) Are native American or Alaskan native, or a native resident of the outlying**  
136 **areas;**

137 **(c) Come from an environment where a language other than English has had a**  
138 **significant impact on such individuals' level of English language proficiency;**

139 **(d) Are migratory, whose native language is a language other than English, and**  
140 **who come from an environment where a language other than English is dominant; or**

141 **(e) Have difficulties in speaking, reading, writing, or understanding the English**  
142 **language sufficient to deny such individuals the ability to meet the state's proficient level**  
143 **of achievement on state assessments described in Public Law 107-10, the ability to achieve**  
144 **successfully in classrooms where the language of instruction is English, or the opportunity**  
145 **to participate fully in society;**

146 **(11) "Local effort":**



147 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as the  
148 greater of:

149 a. Any amount received in fiscal year 2005 for school purposes from local property,  
150 sales, earnings, and income taxes plus one hundred percent of the amount received for  
151 school purposes from intangible taxes, fines, escheats, payments in lieu of taxes and  
152 receipts from state-assessed railroad and utility tax, one hundred percent of the amount  
153 received for school purposes pursuant to the merchants' and manufacturers' taxes under  
154 sections 150.010 to 150.370, RSMo, one hundred percent of the amounts received for school  
155 purposes from federal properties under sections 12.070 and 12.080, RSMo, fifty percent,  
156 or the percentage otherwise provided in section 163.087 of proposition C revenues received  
157 for school purposes from the school district trust fund under section 163.087; or

158 b. The equalized assessed valuation of the property of a school district in calendar  
159 year 2004 divided by one hundred and multiplied by the performance levy less the  
160 percentage retained by the county assessor plus one hundred percent of the amount  
161 received for school purposes from intangible taxes, fines, escheats, payments in lieu of taxes  
162 and receipts from state-assessed railroad and utility tax, one hundred percent of the  
163 amount received for school purposes pursuant to the merchants' and manufacturers' taxes  
164 under sections 150.010 to 150.370, RSMo, one hundred percent of the amounts received for  
165 school purposes from federal properties under sections 12.070 and 12.080, RSMo, fifty  
166 percent, or the percentage otherwise provided in section 163.087 of proposition C revenues  
167 received for school purposes from the school district trust fund under section 163.087, and  
168 one-hundred percent of any local sales, earnings, or income taxes received by the district  
169 for school purposes. No special district established under sections 162.815 to 162.940,  
170 RSMo, in a county with a charter form of government and with more than one million  
171 inhabitants shall be subject to the requirement of this subparagraph that relates to the use  
172 of the performance levy;

173 (b) In every year subsequent to fiscal year 2007, "local effort" shall be the amount  
174 calculated under paragraph (a) of this subdivision, provided that a district's assessed  
175 valuation has not decreased subsequent to the calculation outlined in paragraph (a) of this  
176 subdivision. In such cases, the district's local effort shall be calculated using the district's  
177 current assessed valuation divided by one hundred and multiplied by the operating levy  
178 utilized in the district's calculation from paragraph (a) of this subdivision, less the  
179 percentage retained by the county assessor;

180 [(13)] (12) "Membership" shall be the average of:

181 (1) The number of resident full-time students and the full-time equivalent number of  
182 part-time students who were enrolled in the public schools of the district on the last Wednesday

183 in September of the previous year and who were in attendance one day or more during the  
184 preceding ten school days; and

185 (2) The number of resident full-time students and the full-time equivalent number of  
186 part-time students who were enrolled in the public schools of the district on the last Wednesday  
187 in January of the previous year and who were in attendance one day or more during the preceding  
188 ten school days, plus the full-time equivalent number of summer school pupils.

189

190 "Full-time equivalent number of part-time students" is determined by dividing the total number  
191 of hours for which all part-time students are enrolled by the number of hours in the school term.

192 "Full-time equivalent number of summer school pupils" is determined by dividing the total  
193 number of hours for which all summer school pupils were enrolled by the number of hours  
194 required pursuant to section 160.011, RSMo, in the school term. Only students eligible to be  
195 counted for average daily attendance shall be counted for membership;

196 [(14)] **(13)** "Operating levy for school purposes" [for districts making transfers pursuant  
197 to subsection 4 of section 165.011, RSMo, based upon amounts multiplied by the guaranteed tax  
198 base, or making payments or expenditures related to obligations made pursuant to section  
199 177.088, RSMo, or any combination of such transfers, payments or expenditures, means], the  
200 sum of tax rates levied for teachers' and incidental funds plus the operating levy or sales tax  
201 equivalent pursuant to section 162.1100, RSMo, of any transitional school district containing the  
202 school district, in the payment year[, and, for other districts, means the sum of tax rates levied  
203 for incidental, teachers', debt service and capital projects funds plus the operating levy or sales  
204 tax equivalent pursuant to section 162.1100, RSMo, of any transitional school district containing  
205 the school district, with no more than eighteen cents of the sum levied in the debt service and  
206 capital projects funds. Any portion of the operating levy for school purposes levied in the debt  
207 service and capital projects funds in excess of a sum of ten cents must be authorized by a vote  
208 of the people, after August 28, 1998, approving an increase in the operating levy, or a full waiver  
209 of the rollback pursuant to section 164.013, RSMo, with a tax rate ceiling in excess of the  
210 minimum tax rate or an issuance of general obligation bond. The operating levy shall be, after  
211 all adjustments and equalization of the operating levy, no greater than a maximum value of four  
212 dollars and ninety-five cents per one hundred dollars assessed valuation, except that the operating  
213 levy shall be no greater than a maximum value of four dollars and seventy cents per one hundred  
214 dollars assessed valuation for the purposes of line 2 of subsection 6 of section 163.031. To  
215 equalize the operating levy, multiply the aggregate tax rates for teachers' and incidental funds by  
216 either the percent of true value, as determined by the state tax commission on or before March  
217 fifteenth preceding the fiscal year in which the evaluation will be effective as adjusted by the  
218 department of elementary and secondary education to an equivalent sales ratio of thirty-three and

219 one-third percent, or the average percent of true value for the highest three of the last four years  
220 as determined and certified by the state tax commission, whichever is greater, and divide by the  
221 percent of true value as adjusted by the department of elementary and secondary education to an  
222 equivalent sales ratio of thirty-three and one-third percent, provided that for any district for  
223 which the equivalent sales ratio is equal to or greater than thirty-three and one-third percent, the  
224 equalized operating levy shall be the adjusted operating levy. For any county in which the  
225 equivalent sales ratio is less than thirty-one and two-thirds percent, the state tax commission  
226 shall conduct a second study in that county and shall use a sample consisting of the parcels used  
227 as a sample in the original study combined with an equal number of newly selected parcels. If  
228 the new ratio is higher than the original ratio provided by this subdivision, the new ratio shall be  
229 used for the purposes of this subdivision and for determining equalized assessed valuation  
230 pursuant to subdivision (9) of this section. For the purposes of calculating state aid pursuant to  
231 section 163.031, for any district which has not decreased its tax rate from the previous year  
232 amount due to an increased amount of a voluntary tax rate rollback, the tax rate used to  
233 determine a district's entitlement shall be adjusted so that any decrease in the entitlement due to  
234 a decrease in the tax rate resulting from the reassessment shall equal the decrease in the  
235 deduction for the assessed valuation of the district as a result of the change in the tax rate due  
236 to reassessment. The tax rate adjustments required under this subdivision due to reassessment  
237 shall be cumulative and shall be applied each year to determine the tax rate used to calculate the  
238 entitlement]. **For purposes of law, a school district's equalized operating levy for school**  
239 **purposes shall not include any equalized operating levy for school purposes levied by a**  
240 **special school district in which the district is located;**

241 **(14) "Performance district", any district that has met all performance standards**  
242 **and indicators as established by the department of elementary and secondary education**  
243 **for purposes of accreditation under section 161.092, RSMo, and as reported on the final**  
244 **annual performance report for that district each year;**

245 **(15) "Performance levy", the median operating levy for school purposes for the**  
246 **2004-05 school year of every performance district that falls entirely above the bottom five**  
247 **percent and entirely below the top five percent of number of students, when such districts**  
248 **are rank-ordered based on their current operating expenditures per average daily**  
249 **attendance;**

250 [(15)] (16) "School purposes" pertains to teachers' and incidental funds;

251 **(17) "Special education threshold" shall be calculated by dividing the total special**  
252 **education pupil count of every performance district that falls entirely above the bottom five**  
253 **percent and entirely below the top five percent of average daily attendance, when such**

254 **districts are rank-ordered based on their current operating expenditures per average daily**  
255 **attendance, by the total average daily attendance of all included performance districts;**

256 **(18) "Special education pupil count", the number of public school students with a**  
257 **current individualized education program and receiving services from the resident district**  
258 **as of December 1 of the preceding school year;**

259 **(19) "State Adequacy Target", the sum of the current operating expenditures of**  
260 **every performance district that falls entirely above the bottom five percent and entirely**  
261 **below the top five percent of average daily attendance, when such districts are rank-**  
262 **ordered based on their current operating expenditures per average daily attendance,**  
263 **divided by the total average daily attendance of all included performance districts. The**  
264 **department of elementary and secondary education shall first calculate the state adequacy**  
265 **target for fiscal year 2007 and recalculate the state adequacy target every two years using**  
266 **the most current available data. The recalculation shall never result in a decrease from the**  
267 **previous state adequacy target amount. However, the state adequacy target may be**  
268 **adjusted to accommodate available appropriations;**

269 **[(16)] (20) "Teacher" [means], any teacher, teacher-secretary, substitute teacher,**  
270 **supervisor, principal, supervising principal, superintendent or assistant superintendent, school**  
271 **nurse, social worker, counselor or librarian who shall, regularly, teach or be employed for no**  
272 **higher than grade twelve more than one-half time in the public schools and who is certified under**  
273 **the laws governing the certification of teachers in Missouri.**

274 **(21) "Weighted average daily attendance", the average daily attendance plus the**  
275 **product of twenty-five hundredths multiplied by the free and reduced lunch pupil count**  
276 **that exceeds the free and reduced lunch threshold, plus the product of seventy-five**  
277 **hundredths multiplied by the number of special education pupil count that exceeds the**  
278 **special education threshold, and plus the product of six-tenths multiplied by the number**  
279 **of limited English proficiency pupil count that exceeds the limited English proficiency**  
280 **threshold. For special districts established under sections 162.815 to 162.940, RSMo, in a**  
281 **county with a charter form of government and with more than one million inhabitants,**  
282 **weighted average daily attendance shall be the average daily attendance plus the product**  
283 **of twenty-five hundredths multiplied by the free and reduced lunch pupil count that**  
284 **exceeds the free and reduced lunch threshold, plus the product of seventy-five hundredths**  
285 **multiplied by the sum of the special education pupil count that exceeds the threshold for**  
286 **each county district, plus the product of six-tenths multiplied by the limited English**  
287 **proficiency pupil count that exceeds the limited English proficiency threshold. None of the**  
288 **districts comprising a special district established under sections 162.815 to 162.940, RSMo,**  
289 **in a county with a charter form of government and with more than one million inhabitants,**

290 **shall use any special education pupil count in calculating their weighted average daily**  
291 **attendance.**

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

2 (1) Provides for a minimum of one hundred seventy-four days and one thousand  
3 forty-four hours of actual pupil attendance in a term scheduled by the board pursuant to section  
4 160.041, RSMo, for each pupil or group of pupils, except that the board shall provide a  
5 minimum of one hundred seventy-four days and five hundred twenty-two hours of actual pupil  
6 attendance in a term for kindergarten pupils. If any school is dismissed because of inclement  
7 weather after school has been in session for three hours, that day shall count as a school day  
8 including afternoon session kindergarten students. When the aggregate hours lost in a term due  
9 to inclement weather decreases the total hours of the school term below the required minimum  
10 number of hours by more than twelve hours for all-day students or six hours for one-half-day  
11 kindergarten students, all such hours below the minimum must be made up in one-half day or  
12 full day additions to the term, except as provided in section 171.033, RSMo;

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

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

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

26 2. Beginning with the tax year which commences January 1, [1998] **2007**, and for the  
27 [1998-99] **2007-08** school year and subsequent tax and school years, no school district shall  
28 receive more state aid, as calculated under **subsections 1 and 2 of** section 163.031, for its  
29 education program, exclusive of categorical add-ons, than it received per [eligible pupil]  
30 **weighted average daily attendance** for the school year [1993-94] **2005-06 from the**  
31 **foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and**  
32 **free textbook payment amounts**, unless it has an operating levy for school purposes, as  
33 determined pursuant to section 163.011, of not less than two dollars and seventy-five cents after  
34 all adjustments and reductions[, with no more than ten cents of this tax rate levied in the debt

35 service and capital projects funds and eligible for entry on line 1 of the state school aid formula  
36 contained in subsection 6 of section 163.031; except that,]. **However**, beginning in the  
37 [1997-98] **2006-07** school year, any district which is required, pursuant to article X, section 22  
38 of the Missouri Constitution, to reduce its operating levy below the minimum tax rate otherwise  
39 required under this subsection shall not be construed to be in violation of this subsection for  
40 making such tax rate reduction. Pursuant to section 10(c) of article X of the state constitution,  
41 a school district may levy the operating levy for school purposes required by this subsection less  
42 all adjustments required pursuant to article X, section 22 of the Missouri Constitution if such rate  
43 does not exceed the highest tax rate in effect subsequent to the 1980 tax year. Nothing in this  
44 section shall be construed to mean that a school district is guaranteed to receive an amount not  
45 less than the amount the school district received per eligible pupil for the school year 1990-91.  
46 The provisions of this subsection shall not apply to any school district located in a county of the  
47 second classification which has a nuclear power plant located in such district or to any school  
48 district located in a county of the third classification which has an electric power generation unit  
49 with a rated generating capacity of more than one hundred fifty megawatts which is owned or  
50 operated or both by a rural electric cooperative except that such school districts may levy for  
51 current school purposes and capital projects an operating levy not to exceed two dollars and  
52 seventy-five cents less all adjustments required pursuant to article X, section 22 of the Missouri  
53 Constitution.

54         3. No school district shall receive more state aid, as calculated in section 163.031, for  
55 its education program, exclusive of categorical add-ons, than it received per eligible pupil for the  
56 school year 1993-1994, if the state board of education determines that the district was not in  
57 compliance in the preceding school year with the requirements of section 163.172, until such  
58 time as the board determines that the district is again in compliance with the requirements of  
59 section 163.172.

60         4. The department of elementary and secondary education shall evaluate the correlation  
61 between district tax rates and district assessed valuation per pupil following each biennial  
62 property tax reassessment and shall report its findings to the governor and the general assembly  
63 by December [first] **1** of the year following each reassessment. The findings shall include a  
64 calculation of the minimum required property tax rate necessary to maintain a correlation of zero  
65 or less between district property tax rate and district assessed valuation per pupil and a report of  
66 assessed valuation per pupil and district property tax rate for all districts.

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

71           6. No school district shall receive more state aid, as calculated in **subsections 1 and 2**  
72 **of** section 163.031, for its education program, exclusive of categorical add-ons, than it received  
73 per [eligible pupil] **weighted average daily attendance** for the school year [1993-1994] **2005-06**  
74 **from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair**  
75 **share, and free textbook payment amounts**, if the district did not comply in the preceding  
76 school year with the requirements of subsection [7] **6** of section 163.031.

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

163.023. 1. Commencing September 1, 1997, a school district that has an operating levy  
2 for school purposes as defined in section 163.011, of less than the minimum value required by  
3 section 163.021, shall be classified as unaccredited by the state board of education and shall be  
4 deemed to be an unclassified school district for all purposes under force of law, pursuant to the  
5 authority of the state board of education to classify school districts pursuant to section 161.092,  
6 RSMo, except that no school district shall be classified as unaccredited or deemed to be an  
7 unclassified school district pursuant to this section [and section 160.538, RSMo,] if such district  
8 is ineligible to receive state aid under section 163.031, exclusive of categorical add-ons, because  
9 the [district deductions under subsection 2 of section 163.031, equal or exceed the district  
10 entitlement under subsection 1 of section 163.031] **district's local effort is greater than its**  
11 **weighted average daily attendance multiplied by the state adequacy target multiplied by**  
12 **the dollar value modifier**. No school district, except a district which is ineligible to receive  
13 state aid under section 163.031, exclusive of categorical add-ons, because the district's  
14 [deductions under subsection 2 of section 163.031, equal or exceed the district entitlement under  
15 subsection 1 of section 163.031,] **local effort is greater than its weighted average daily**  
16 **attendance multiplied by the state adequacy target multiplied by the dollar value modifier**,  
17 may be classified or reclassified as accredited until such district has an operating levy for school  
18 purposes which is equal to or greater than the minimum value required by section 163.021.  
19 Beginning July 1, 1998, the state board of education shall consider the results for a school district  
20 from the statewide assessment system developed pursuant to the provisions of section 160.518,  
21 RSMo, when classifying a school district as authorized by subdivision (9) of section 161.092,  
22 RSMo. Further, the state board of education shall consider the condition and adequacy of  
23 facilities of a school district when determining such classification.

24           2. For any school district classified unaccredited for any school year, the state board of  
25 education shall conduct procedures to classify said school district for the first school year  
26 following.

163.025. [1.] Whenever the adjusted operating levy, as defined in section 163.011, of any school district is required, pursuant to article X, section 22 of the Missouri Constitution, to be reduced below the minimum tax rate required for the current school year under section 163.021, the district shall not be classified as unaccredited under section 163.023.

[2. Other provisions of section 163.031, to the contrary notwithstanding, for the first two school years in which a school district's adjusted operating levy is required to be reduced below the minimum tax rate required for the current school year under section 163.021, pursuant to article X, section 22 of the Missouri Constitution, for the purpose of distribution of state aid under section 163.031, the district's equalized operating levy for school purposes shall be the greater of the current year's levy or the minimum tax rate required for the current school year under section 163.021, and the district shall not be rendered ineligible, pursuant to section 163.021, for increases in state aid distributed under section 163.031. The provisions of this subsection shall expire on July 1, 1997.]

163.028. Any rule or portion of a rule [promulgated pursuant to this act shall become effective only as provided pursuant to chapter 536, RSMo, including, but not limited to, section 536.028, RSMo, if applicable, after August 28, 1997. All rulemaking authority delegated prior to August 28, 1997, is of no force and effect and repealed. The provisions of this section are nonseverable and if any of the powers vested with the general assembly pursuant to section 536.028, RSMo, if applicable, to review, to delay the effective date, or to disapprove and annul a rule or portion of a rule are held unconstitutional or invalid, the purported grant of rulemaking authority and any rule so proposed and contained in the order of rulemaking shall be invalid and void], **as that term is defined in section 536.010, RSMo, that is created under the authority delegated in this act shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2005, shall be invalid and void.**

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 lesser of the district's equalized operating levy for school purposes as defined in section 163.011 or two dollars and seventy-five cents per one hundred dollars assessed valuation multiplied by the guaranteed tax base per eligible pupil times the proration factor plus an amount determined by multiplying the number of eligible pupils by the greater of zero or the district's equalized operating levy for school purposes as defined in section 163.011 minus two



8 dollars and seventy-five cents per one hundred dollars assessed valuation multiplied by the  
9 guaranteed tax base per eligible pupil times the proration factor. For the purposes of this section,  
10 the proration factor shall be equal to the sum of the total appropriation for distribution under  
11 subsections 1 and 2 of this section; and the state total of the deductions as calculated in  
12 subsection 2 of this section which do not exceed the district entitlements as adjusted by the same  
13 proration factor; divided by the amount of the state total of district entitlements before proration  
14 as calculated pursuant to this subsection; provided that, if the proration factor so calculated is  
15 greater than one, the proration factor for line 1(b) shall be the greater of one or the proration  
16 factor for line 1(a) minus five hundredths, and provided that if the proration factor so calculated  
17 is less than one, the proration factor for line 1(a) shall be the lesser of one or the proration factor  
18 for line 1(b) plus five hundredths.

19         2. From the district entitlement for each district there shall be deducted the following  
20 amounts: an amount determined by multiplying the district equalized assessed valuation by the  
21 district's equalized operating levy for school purposes times the district income factor plus ninety  
22 percent of any payment received the current year of protested taxes due in prior years no earlier  
23 than the 1997 tax year minus the amount of any protested taxes due in the current year and for  
24 which notice of protest was received during the current year; one hundred percent of the amount  
25 received the previous year for school purposes from intangible taxes, fines, forfeitures and  
26 escheats, payments in lieu of taxes and receipts from state assessed railroad and utility tax,  
27 except that any penalty paid after July 1, 1995, by a concentrated animal feeding operation as  
28 defined by the department of natural resources rule shall not be included; one hundred percent  
29 of the amounts received the previous year for school purposes from federal properties pursuant  
30 to sections 12.070 and 12.080, RSMo; federal impact aid received the previous year for school  
31 purposes pursuant to P.L. 81-874 less fifty thousand dollars multiplied by ninety percent or the  
32 maximum percentage allowed by federal regulation if that percentage is less than ninety; fifty  
33 percent, or the percentage otherwise provided in section 163.087 of Proposition C revenues  
34 received the previous year for school purposes from the school district trust fund pursuant to  
35 section 163.087; one hundred percent of the amount received the previous year for school  
36 purposes from the fair share fund pursuant to section 149.015, RSMo; and one hundred percent  
37 of the amount received the previous year for school purposes from the free textbook fund,  
38 pursuant to section 148.360, RSMo.

39         3. School districts which meet the requirements of section 163.021 shall receive  
40 categorical add-on revenue as provided in this subsection. There shall be individual proration  
41 factors for each categorical entitlement provided for in this subsection, and each proration factor  
42 shall be determined by annual appropriations, but no categorical proration factor shall exceed the  
43 entitlement proration factor established pursuant to subsection 1 of this section, except that the

44 career ladder entitlement proration factor established pursuant to line 15 of subsection 6 of this  
45 section, the vocational education entitlement proration factor established pursuant to line 16 of  
46 subsection 6 of this section, and the educational and screening program entitlements proration  
47 factor established pursuant to line 17 of subsection 6 of this section may exceed the entitlement  
48 proration factor established pursuant to subsection 1 of this section. The categorical add-on for  
49 the district shall be the sum of: seventy-five percent of the costs of adopting and providing a  
50 violence prevention program pursuant to section 161.650, RSMo, multiplied by the proration  
51 factor; seventy-five percent of the district allowable transportation costs pursuant to section  
52 163.161 multiplied by the proration factor; the special education approved or allowed cost  
53 entitlement for the district, provided for by section 162.975, RSMo, multiplied by the proration  
54 factor; seventy-five percent of the district gifted education approved or allowable cost  
55 entitlement as determined pursuant to section 162.975, RSMo, multiplied by the proration factor;  
56 the free and reduced lunch eligible pupil count for the district, as defined in section 163.011,  
57 multiplied by twenty percent, for a district with an operating levy in excess of two dollars and  
58 seventy-five cents per one hundred dollars assessed valuation, or twenty-two percent, otherwise  
59 times the guaranteed tax base per eligible pupil times two dollars and seventy-five cents per one  
60 hundred dollars assessed valuation times the proration factor plus the free and reduced lunch  
61 eligible pupil count for the district, as defined in section 163.011, times thirty percent times the  
62 guaranteed tax base per eligible pupil times the following quantity: ((the greater of zero or the  
63 district's operating levy for school purposes minus two dollars and seventy-five cents per one  
64 hundred dollars assessed valuation) times one or, beginning in the fifth year following the  
65 effective date of this section, the quotient of the district's fiscal instructional ratio of efficiency  
66 for the prior year divided by the fiscal year 1998 statewide average fiscal instructional ratio of  
67 efficiency, if the district's prior year fiscal instructional ratio of efficiency is at least five percent  
68 below the fiscal year 1998 statewide average) times the proration factor, minus court-ordered  
69 state desegregation aid received by the district for operating purposes; the career ladder  
70 entitlement for the district, as provided for in sections 168.500 to 168.515, RSMo; the vocational  
71 education entitlement for the district, as provided for in section 167.332, RSMo, multiplied by  
72 the proration factor and the district educational and screening program entitlements as provided  
73 for in sections 178.691 to 178.699, RSMo, times the proration factor.

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

76         5. (1) In the 1993-94 school year and all subsequent school years, pursuant to section  
77 10(c) of article X of the state constitution, a school district shall adjust upward its operating levy  
78 for school purposes to the extent necessary for the district to at least maintain the current  
79 operating expenditures per pupil received by the district from all sources in the 1992-93 school

80 year, except that its operating levy for school purposes shall not exceed the highest tax rate in  
81 effect subsequent to the 1980 tax year, or the minimum rate required by subsection 2 of section  
82 163.021, whichever is less.

83 (2) The revenue per eligible pupil received by a district from the following sources: line  
84 1 minus line 10, or zero if line 1 minus line 10 is less than zero, plus line 14 of subsection 6 of  
85 this section, shall not be less than the revenue per eligible pupil received by a district in the  
86 1992-93 school year from the foundation formula entitlement payment amount plus the amount  
87 of line 14 per eligible pupil that exceeds the line 14 per pupil amount from the 1997-98 school  
88 year, or the revenue per eligible pupil received by a district in the 1992-93 school year from the  
89 foundation formula entitlement payment amount plus the amount of line 14(a) per eligible pupil  
90 times the quotient of line 1 minus line 10, divided by the number of eligible pupils, or zero if line  
91 1 minus line 10 is less than zero, divided by the revenue per eligible pupil received by the district  
92 in the 1992-93 school year from the foundation formula entitlement payment amount, whichever  
93 is greater. The department of elementary and secondary education shall make an addition in the  
94 payment amount of line 19 of subsection 6 of this section to assure compliance with the  
95 provisions contained in this section.

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

110 (4) In the 1993-94 school year and each school year thereafter for two years, those  
111 districts which are entitled to receive state aid under subsections 1 to 4 of this section shall  
112 receive state aid in an amount per eligible pupil as provided in this subsection. For the 1993-94  
113 school year, the amount per eligible pupil shall be twenty-five percent of the amount of state aid  
114 per eligible pupil calculated for the district for the 1993-94 school year pursuant to subsections  
115 1 to 4 of this section plus seventy-five percent of the total amount of state aid received by the

116 district from all sources for the 1992-93 school year for which the district is entitled and which  
 117 are distributed in the 1993-94 school year pursuant to subsections 1 to 4 of this section. For the  
 118 1994-95 school year, the amount per eligible pupil shall be fifty percent of the amount of state  
 119 aid per eligible pupil calculated for the district for the 1994-95 school year pursuant to  
 120 subsections 1 to 4 of this section plus fifty percent of the total amount of state aid received by  
 121 the district from all sources for the 1992-93 school year for which the district is entitled and  
 122 which are distributed in the 1994-95 school year pursuant to subsections 1 to 4 of this section.  
 123 For the 1995-96 school year, the amount of state aid per eligible pupil shall be seventy-five  
 124 percent of the amount of state aid per eligible pupil calculated for the district for the 1995-96  
 125 school year pursuant to subsections 1 to 4 of this section plus twenty-five percent of the total  
 126 amount of state aid received by the district from all sources for the 1992-93 school year for  
 127 which the district is entitled and which are distributed in the 1995-96 school year pursuant to  
 128 subsections 1 to 4 of this section. Nothing in this subdivision shall be construed to limit the  
 129 authority of a school district to raise its district operating levy pursuant to subdivision (1) of this  
 130 subsection.

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

141 6. State aid shall be determined as follows:

District Entitlement	
143 1(a). Number of eligible pupils x (lesser of	
144 district's equalized operating levy for	
145 school purposes or two dollars	
146 and seventy-five cents per one hundred	
147 dollars assessed valuation) x (proration	
148 x GTB per EP) . . . . .	\$.....
149 1(b). Number of eligible pupils x (greater of:	
150 0, or district's equalized operating levy	
151 for school purposes minus two dollars	

152 and seventy-five cents per one hundred  
 153 dollars assessed valuation) x (proration  
 154 x GTB per EP) ..... \$.....

Deductions

156 2. District equalized assessed valuation x  
 157 district income factor x district's equalized  
 158 operating levy for school purposes  
 159 plus ninety percent of any payment  
 160 received the current year of protested  
 161 taxes due in prior years no earlier than  
 162 the 1997 tax year minus the amount of  
 163 any protested taxes due in the current  
 164 year and for which notice of protest was  
 165 received during the current  
 166 year ..... \$.....

167 3. Intangible taxes, fines, forfeitures,  
 168 escheats, payments in lieu of  
 169 taxes, etc. (100% of the amount  
 170 received the previous year for school  
 171 purposes) ..... \$.....

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

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

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

185 7. Fifty percent or the percentage otherwise  
 186 provided in section 163.087 of Proposition  
 187 C receipts from the school district trust

188 fund received the previous year for  
189 school purposes pursuant to section 163.087 ..... \$.....

190 8. One hundred percent of the amount  
191 received the previous year for  
192 school purposes from the fair share  
193 fund pursuant to section 149.015, RSMo ..... \$.....

194 9. One hundred percent of the amount  
195 received the previous year for  
196 school purposes from the free textbook  
197 fund pursuant to section 148.360, RSMo ..... \$.....

198 10. Total deductions (sum of lines 2-9) ..... \$.....

199 Categorical Add-ons

200 11. The amount distributed pursuant to  
201 section 163.161 x proration ..... \$.....

202 12. Special education approved or allowed  
203 cost entitlement for the district  
204 pursuant to section 162.975, RSMo,  
205 x proration ..... \$.....

206 13. Seventy-five percent of the gifted  
207 education approved or allowable cost  
208 entitlement as determined pursuant to  
209 section 162.975, RSMo, x proration ..... \$.....

210 14(a). Free and reduced lunch eligible pupil  
211 count for the district, as defined in  
212 section 163.011, x .20, if operating  
213 levy in excess of \$2.75, or .22,  
214 otherwise x GTB per EP x \$2.75 per  
215 \$100 AV x proration ..... \$.....

216 14(b). Free and reduced lunch eligible pupil  
217 count for the district, as defined in  
218 section 163.011 x .30 x GTB x ((the  
219 greater of zero or the district's  
220 adjusted operating levy minus \$2.75  
221 per \$100 AV) x (1.0 or, beginning in  
222 the fifth year following the effective  
223 date of this section, the district's

224	FIRE for the prior year/statewide	
225	average FIRE for FY 1998, if the	
226	district's prior year FIRE is at	
227	least five percent below the FY 1998	
228	statewide average FIRE) x proration)	
229	- court-ordered state desegregation	
230	aid received by the district for	
231	operating purposes . . . . .	\$.....
232	15. Career ladder entitlement for the district	
233	as provided for in sections 168.500 to 168.515,	
234	RSMo . . . . .	\$.....
235	16. Vocational education entitlements for	
236	the district as provided in section 167.332,	
237	RSMo, x proration . . . . .	\$.....
238	17. Educational and screening program	
239	entitlements for the district as	
240	provided in sections 178.691	
241	to 178.699, RSMo, x proration . . . . .	\$.....
242	18. Sum of categorical add-ons for the district	
243	(sum of lines 11-17) . . . . .	\$.....
244	19. District apportionment (line 18 plus the	
245	greater of line 1 minus line 10 or zero) . . . . .	\$.....]

246 **The department of elementary and secondary education shall calculate and distribute to**  
 247 **each school district qualified to receive state aid under section 163.021 an amount**  
 248 **determined by multiplying the district's weighted average daily attendance by the state**  
 249 **adequacy target, multiplying this product by the dollar value modifier for the district, and**  
 250 **subtracting from this product the district's local effort and payments from the classroom**  
 251 **trust fund under section 163.043.**

252 **2. (1) Other provisions of law to the contrary notwithstanding, for the 2006-07**  
 253 **school year, the state revenue per weighted average daily attendance received by a district**  
 254 **from the state aid calculation of subsection 1 of this section and the classroom trust fund**  
 255 **under section 163.043 shall not be less than the state revenue received by a district in the**  
 256 **2005-06 school year from the foundation formula, line 14, gifted, remedial reading,**  
 257 **exceptional pupil aid, fair share, and free textbook payment amounts multiplied by the**  
 258 **dollar value modifier divided by the weighted average daily attendance computed for the**  
 259 **2005-06 school year.**

260           (2) For each subsequent year, the amount shall be no less than the amount  
261 computed in subdivision (1) of this subsection, multiplied by the current year payment  
262 weighted average daily attendance less any revenue received from the classroom trust fund  
263 under section 163.043.

264           (3) The department of elementary and secondary education shall make an addition  
265 in the payment amount specified in subsection 1 of this section to assure compliance with  
266 the provisions contained in this subsection.

267           3. School districts that meet the requirements of section 163.021 shall receive  
268 categorical add-on revenue as provided in this subsection. The categorical add-on for the  
269 district shall be the sum of: seventy-five percent of the district allowable transportation  
270 costs under section 163.161; the career ladder entitlement for the district, as provided for  
271 in sections 168.500 to 168.515, RSMo; the vocational education entitlement for the district,  
272 as provided for in section 167.332, RSMo; and the district educational and screening  
273 program entitlements as provided for in sections 178.691 to 178.699, RSMo. The  
274 categorical add-on revenue amounts may be adjusted to accommodate available  
275 appropriations.

276           4. In the 2006-07 school year and each school year thereafter for two years, those  
277 districts entitled to receive state aid under the provisions of subsections 1 to 3 of this section  
278 shall receive state aid in an amount as provided in this subsection. For the 2006-07 school  
279 year, the amount shall be twenty-five percent of the amount of state aid calculated for the  
280 district for the 2006-07 school year under the provisions of subsections 1 to 3 of this section,  
281 plus seventy-five percent of the total amount of state revenue received by the district for  
282 the 2005-06 school year from the foundation formula, line 14, gifted, remedial reading,  
283 exceptional pupil aid, fair share, and free textbook payments. For the 2007-08 school year,  
284 the amount shall be fifty percent of the amount of state aid calculated for the district for  
285 the 2007-08 school year under the provisions of subsections 1 to 3 of this section, plus fifty  
286 percent of the total amount of state revenue received by the district for the 2005-06 school  
287 year from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid,  
288 fair share, and free textbook payments. For the 2008-09 school year, the amount of state  
289 aid shall be seventy-five percent of the amount of state aid calculated for the district for the  
290 2008-09 school year under the provisions of subsections 1 to 3 of this section plus twenty-  
291 five percent of the total amount of state revenue received by the district for the 2005-06  
292 school year from the foundation formula, line 14, gifted, remedial reading, exceptional  
293 pupil aid, fair share, and free textbook payments.

294           5. For any school district meeting the eligibility criteria for state aid as established  
295 in section 163.021, but which is considered an option district under section 163.042 and



296 **therefore receives no state aid, the commissioner of education shall present a plan to the**  
297 **superintendent of the school district for the waiver of rules and the duration of said**  
298 **waivers, in order to promote flexibility in the operations of the district and to enhance and**  
299 **encourage efficiency in the delivery of instructional services as provided in section 163.042.**

300 [7.] **6.** Revenue received for school purposes by each school district pursuant to this  
301 section shall be placed in each of the incidental and teachers' funds based on the ratio of the  
302 property tax rate in the district for that fund to the total tax rate in the district for the two funds.

303 [8. In addition to the penalty for line 14 described in subsection 6 of this section,  
304 beginning in school year 2004-05, any increase in a school district's funds received pursuant to  
305 line 14 of subsection 6 of this section over the 1997-98 school year shall be reduced by one  
306 percent for each full percentage point the percentage of the district's pupils scoring at or above  
307 five percent below the statewide average level on either mathematics or reading is less than  
308 sixty-five percent.

309 9.] **7.** If a school district's annual audit discloses that students were inappropriately  
310 identified as eligible for free [or reduced-price] **and reduced lunch, special education, or**  
311 **limited English proficiency** and the district does not resolve the audit finding, the department  
312 of elementary and secondary education shall require that the amount of [line 14] aid paid  
313 **pursuant to the weighting for free and reduced lunch, special education, or limited English**  
314 **proficiency in the weighted average daily attendance** on the inappropriately identified pupils  
315 be repaid by the district in the next school year and shall additionally impose a penalty of one  
316 hundred percent of [the line 14] **such** aid paid on such pupils, which penalty shall also be paid  
317 within the next school year. Such amounts may be repaid by the district through the withholding  
318 of the amount of state aid.

163.036. 1. In computing the amount of state aid a school district is entitled to receive  
2 for the minimum school term only under section 163.031, a school district may use an estimate  
3 of the [number of eligible pupils] **weighted average daily attendance** for the current year, **or**  
4 the [number of eligible pupils] **weighted average daily attendance** for the immediately  
5 preceding year [or the number of eligible pupils for the second preceding school year], whichever  
6 is greater. Beginning with the [2005-2006] **2006-2007** school year, the summer school [add-on  
7 for eligible pupils] **funding included in the average daily attendance** as defined in subdivision  
8 [(8)] **(2)** of section 163.011 shall include only [those eligible] **the attendance hours of** pupils  
9 that attend summer school in the current year. Beginning with the 2004-2005 school year, when  
10 a district's official calendar for the current year contributes to a more than ten percent reduction  
11 in the average daily attendance for kindergarten compared to the immediately preceding year, the  
12 [eligible pupil] payment attributable to kindergarten shall include only the current year  
13 kindergarten average daily attendance. [Except as otherwise provided in subsection 3 of this

14 section,] Any error made in the apportionment of state aid because of a difference between the  
15 actual [number of eligible pupils] **weighted average daily attendance** and the estimated  
16 [number of eligible pupils] **weighted average daily attendance** shall be corrected as provided  
17 in section 163.091, except that if the amount paid to a district estimating [eligible pupils]  
18 **weighted average daily attendance** exceeds the amount to which the district was actually  
19 entitled by more than five percent, interest at the rate of six percent shall be charged on the  
20 excess and shall be added to the amount to be deducted from the district's apportionment the next  
21 succeeding year.

22         2. Notwithstanding the provisions of subsection 1 of this section or any other provision  
23 of law, the state board of education shall make an adjustment for the immediately preceding year  
24 for any increase in the actual [number of eligible pupils] **weighted average daily attendance**  
25 above the number on which the state aid in section 163.031 was calculated. Said adjustment  
26 shall be made in the manner providing for correction of errors under subsection 1 of this section.

27         3. [(1) For any district which has, for at least five years immediately preceding the year  
28 in which the error is discovered, adopted a calendar for the school term in which elementary  
29 schools are in session for twelve months of each calendar year, any error made in the  
30 apportionment of state aid to such district because of a difference between the actual number of  
31 eligible pupils and the estimated number of eligible pupils shall be corrected as provided in  
32 section 163.091 and subsection 1 of this section, except that if the amount paid exceeds the  
33 amount to which the district was actually entitled by more than five percent and the district  
34 provides written application to the state board requesting that the deductions be made pursuant  
35 to subdivision (2) of this subsection, then the amounts shall be deducted pursuant to subdivision  
36 (2) of this subsection.

37         (2) For deductions made pursuant to this subdivision, interest at the rate of six percent  
38 shall be charged on the excess and shall be included in the amount deducted and the total amount  
39 of such excess plus accrued interest shall be deducted from the district's apportionment in equal  
40 monthly amounts beginning with the succeeding school year and extending for a period of  
41 months specified by the district in its written request and no longer than sixty months.

42         4. For the purposes of distribution of state school aid pursuant to section 163.031, a  
43 school district may elect to use the district's equalized assessed valuation for the preceding year,  
44 or an estimate of the current year's assessed valuation if the current year's equalized assessed  
45 valuation is estimated to be more than ten percent less than the district's equalized assessed  
46 valuation for the preceding year. A district shall give prior notice to the department of its  
47 intention to use the current year's assessed valuation pursuant to this subsection.] Any error  
48 made in the apportionment of state aid because of a difference between the actual equalized  
49 assessed valuation for the current year and the estimated equalized assessed valuation for the

50 current year shall be corrected as provided in section 163.091, except that if the amount paid to  
51 a district estimating current equalized assessed valuation exceeds the amount to which the  
52 district was actually entitled, interest at the rate of six percent shall be charged on the excess and  
53 shall be added to the amount to be deducted from the district's apportionment the next  
54 succeeding year.

55         5. For the purposes of distribution of state school aid pursuant to section 163.031, a  
56 school district with ten percent or more of its assessed valuation that is owned by one person or  
57 corporation as commercial or personal property who is delinquent in a property tax payment may  
58 elect, after receiving notice from the county clerk on or before March [fifteenth except in the year  
59 enacted,] **15** that more than ten percent of its current taxes due the preceding December  
60 [thirty-first] **31** by a single property owner are delinquent, to use [on line 2] **in the local effort**  
61 **calculation** of the state aid formula the district's equalized assessed valuation for the preceding  
62 year or the actual assessed valuation of the year for which the taxes are delinquent less the  
63 assessed valuation of property for which the current year's property tax is delinquent. To qualify  
64 for use of the actual assessed valuation of the year for which the taxes are delinquent less the  
65 assessed valuation of property for which the current year's property tax is delinquent, a district  
66 must notify the department of elementary and secondary education on or before April [first] **1**,  
67 except in the year enacted, of the current year amount of delinquent taxes, the assessed valuation  
68 of such property for which delinquent taxes are owed and the total assessed valuation of the  
69 district for the year in which the taxes were due but not paid. Any district giving such notice to  
70 the department of elementary and secondary education shall present verification of the accuracy  
71 of such notice obtained from the clerk of the county levying delinquent taxes. When any of the  
72 delinquent taxes identified by such notice are paid during a four-year period following the due  
73 date, the county clerk shall give notice to the district and the department of elementary and  
74 secondary education, and state aid paid to the district shall be reduced by an amount equal to the  
75 delinquent taxes received plus interest. The reduction in state aid shall occur over a period not  
76 to exceed five years and the interest rate on excess state aid not refunded shall be six percent  
77 annually.

78         6. If a district receives state aid based on equalized assessed valuation as determined by  
79 subsection 5 of this section and if prior to such notice the district was paid state aid pursuant to  
80 [subdivision (2) of subsection 5 of] section 163.031, the amount of state aid paid during the year  
81 of such notice and the first year following shall equal the sum of state aid paid pursuant to [line  
82 1 minus line 10 as defined in subsections 1, 2, 3 and 6 of] section 163.031 plus the difference  
83 between the state aid amount being paid after such notice minus the amount of state aid the  
84 district would have received pursuant to [line 1 minus line 10 as defined in subsections 1, 2, 3  
85 and 6 of] section 163.031 before such notice. To be eligible to receive state aid based on this

86 provision the district must levy during the first year following such notice at least the maximum  
87 levy permitted school districts by article X, section 11(b) of the Missouri Constitution and have  
88 a voluntary rollback of its tax rate which is no greater than one cent per one hundred dollars  
89 assessed valuation.

**163.042 1. Any school district may elect in any fiscal year to be considered an  
2 "option district". Such option districts shall not be entitled to any state aid under section  
3 163.031. In exchange for forgoing state aid, option districts shall be granted waivers from  
4 all Missouri school improvement plan provisions and any requirements otherwise imposed  
5 on the school district related to the authority of the state board of education to classify  
6 school districts under section 161.092, RSMo, all fund transfer restrictions under chapter  
7 165, RSMo, and such other rules as determined by the commissioner of education. Nothing  
8 in this section exempts any school district from their requirement to administer the state  
9 assessment. Further, such districts may choose not to comply with any requirements of  
10 federal law and any funding attached to such requirements, provided that such non-  
11 compliance is not prohibited under federal law. In any year in which a district elects to be  
12 an option district, no locally generated revenue shall be transferred to the state in any  
13 manner whatsoever.**

**14 2. Between June 1 and June 30 of each year, any district electing to be considered  
15 an option district for the following fiscal year shall notify the department of elementary  
16 and secondary education of such intention. The department shall promulgate rules  
17 concerning the specific eligibility criteria for a district to become and apply for option  
18 district status.**

**163.043. 1. For fiscal year 2007 and each subsequent fiscal year, the "Classroom  
2 Trust Fund", which is hereby created in the state treasury, shall be distributed by the state  
3 board of education to each school district in this state qualified to receive state aid  
4 pursuant to section 163.021 on an average daily attendance basis.**

**5 2. The moneys distributed pursuant to this section shall be exempt from salary  
6 compliance under section 165.016, RSMo, and the fund transfer provisions of chapter 165,  
7 RSMo. The moneys may be used by the district for:**

- 8 (1) Teacher recruitment, retention, salaries, or professional development;**
- 9 (2) School construction, renovation, or leasing;**
- 10 (3) Technology enhancements or textbooks or instructional materials;**
- 11 (4) School safety; or**
- 12 (5) Supplying additional funding for required programs, both state and federal.**

**13 3. The classroom trust fund shall consist of all moneys transferred to it under  
14 section 160.534, RSMo, all moneys otherwise appropriated or donated to it, and,**

15 **notwithstanding any other provision of law to the contrary, all unclaimed lottery prize**  
16 **money.**

17 **4. The provisions of this section shall not apply to any option district as defined in**  
18 **section 163.042.**

163.071. 1. If federal regulations permit inclusion of federal impact aid received  
2 pursuant to P.L. 81-874, in part or in full, as a [local wealth deduction] **component of local**  
3 **effort** in [section 163.031] **this chapter**, then the [eligible pupil count] **weighted average daily**  
4 **attendance** for a district which provides an approved program for pupils residing on federal  
5 lands shall include those pupils residing on federal lands in the district.

6 2. If federal regulations forbid inclusion of federal impact aid received pursuant to P.L.  
7 81-874, in part or in full, as a [local wealth deduction] **component of local effort** in [section  
8 163.031] **this chapter**, then the [eligible pupil count] **weighted average daily attendance** for  
9 a district which provides an approved program for pupils residing on federal lands shall not  
10 include those pupils residing on federal lands in the district and the district shall be entitled to  
11 state aid for pupils residing on federal lands in an amount to be determined as follows: The total  
12 amount apportioned to the district by the state under section 163.031 for resident pupils shall be  
13 divided by the average daily attendance of resident pupils in the district and the quotient resulting  
14 shall be multiplied by the number of pupils in average daily attendance in grades kindergarten  
15 through twelve residing on the federal lands. The additional state aid under this section shall be  
16 paid in the same manner as other apportionments made under section 163.031.

163.073. 1. When an education program, as approved under section 219.056, RSMo,  
2 is provided for pupils by the division of youth services in one of the facilities operated by the  
3 division for children who have been assigned there by the courts, the division of youth services  
4 shall be entitled to state aid for pupils being educated by the division of youth services in an  
5 amount to be determined as follows: The total amount apportioned to the division of youth  
6 services shall be an amount equal to the average [per-pupil] **per weighted average daily**  
7 **attendance** amount apportioned for the preceding school year under section 163.031, multiplied  
8 by the number of full-time equivalent students served by facilities operated by the division of  
9 youth services. The number of full-time equivalent students shall be determined by dividing by  
10 one hundred seventy-four days the number of student-days of education service provided by the  
11 division of youth services to elementary and secondary students who have been assigned to the  
12 division by the courts and who have been determined as inappropriate for attendance in a local  
13 public school. A student day shall mean one day of education services provided for one student.  
14 In addition, other provisions of law notwithstanding, the division of youth services shall be  
15 entitled to funds under [sections 148.360, 149.015, 162.975, RSMo, and] **section 163.087**. The  
16 number of full-time equivalent students as defined in this section shall be considered as

17 "September membership" [for the apportioning of funds under section 148.360, RSMo,] **and** as  
18 "average daily attendance" for the apportioning of funds under [section 149.015, RSMo, and as  
19 "eligible pupils" for the purpose of apportioning funds under] section 163.087.

20         2. The educational program approved under section 219.056, RSMo, as provided for  
21 pupils by the division of youth services shall qualify for funding for those services provided to  
22 handicapped or severely handicapped children [as authorized by section 162.975, RSMo]. The  
23 department of elementary and secondary education shall cooperate with the division of youth  
24 services in arriving at an equitable funding for the services provided to handicapped children in  
25 the facilities operated by the division of youth services [under the provisions of section 162.975,  
26 RSMo].

27         3. Each local school district or special school district constituting the domicile of a child  
28 placed in programs or facilities operated by the division of youth services or residing in another  
29 district pursuant to assignment by the division of youth services, shall pay toward the per pupil  
30 cost of educational services provided by the serving district or agency an amount equal to the  
31 average sum produced per child by the local tax effort of that district. A special school district  
32 shall pay the average sum produced per child by the local tax efforts of the component districts.  
33 This amount paid by the local school district or the special school district shall be on the basis  
34 of full-time equivalence as determined in section 163.011, not to exceed the actual per pupil  
35 local tax effort.

163.081. 1. Between June [fifteenth] **15** and June [thirtieth] **30** each year the secretary  
2 of each school district shall make a report to the state department of elementary and secondary  
3 education which shall contain all necessary data for calculating the amounts of state support  
4 which each district is to receive for the following school year. [The report shall be sworn to  
5 before a notary public or the county clerk.] Reports shall be forwarded to the state board of  
6 education on or before July [fifteenth] **15**. Any district secretary, superintendent or teacher who  
7 knowingly furnishes any false information in the reports, or neglects or refuses to make the  
8 reports, is guilty of a misdemeanor and shall be punished by a fine of not more than five hundred  
9 dollars or imprisonment in the county jail for not more than six months or by both such fine and  
10 imprisonment.

11         2. [Until July 1, 1982, the state board of education upon receipt of the report from the  
12 school district shall calculate the amount which each school district is to receive and on or before  
13 September fifteenth of each year shall distribute all moneys available August thirty-first to the  
14 several districts. Additional distributions of all moneys available November thirtieth and  
15 February twenty-eighth shall be made on or before December fifteenth and March fifteenth of  
16 each school year. The state board of education shall certify the amounts so apportioned to the  
17 commissioner of administration for his approval and warrants shall be issued payable to the

18 several school districts of the state and forwarded to them. Beginning July 1, 1982,] The moneys  
19 appropriated for the state schools in any such year shall be distributed to the several districts  
20 entitled thereto through twelve monthly disbursements [. Each of the first six monthly  
21 disbursements during any fiscal year shall be equal to one-twelfth of the total amount  
22 appropriated for such purpose. Each of the remaining six monthly disbursements shall be in an  
23 amount which shall not be less than seven and one-half percent of the total appropriation;],  
24 provided[, however,] that the total disbursements through the twelve payments shall not exceed  
25 the total amount appropriated for such purpose.

163.087. 1. Money in the school district trust fund shall be distributed to each school  
2 district in the state in the same ratio that the [number of eligible pupils] **weighted average daily**  
3 **attendance** in the district bears to the total [number of eligible pupils] **weighted average daily**  
4 **attendance** in all such school districts for the preceding year, except as otherwise provided in  
5 section 163.031. [As used in the preceding sentence, the term "eligible pupils" has the meaning  
6 ascribed to it in section 163.011.] In addition, each such district which is providing an approved  
7 program for pupils residing on federal lands shall receive an amount which shall be determined  
8 as follows: [An eligible pupil count] **Weighted average daily attendance** for pupils residing  
9 on federal lands shall be calculated separately for the district in the manner provided in section  
10 163.011, treating such pupils as residents of the district for this purpose. Such [eligible student  
11 count] **weighted average daily attendance** shall be multiplied by one-half of the amount to be  
12 received by the district, pursuant to this subsection, per [eligible pupil] **weighted average daily**  
13 **attendance** not residing on federal lands.

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

17 3. Money received by a school district from the school district trust fund shall be deemed  
18 to be local tax revenue derived for the same fiscal year in which the money is received, for the  
19 teachers' and incidental funds, and shall be deposited to such funds of the district in proportion  
20 to operating levies for the teachers' and incidental funds. The reduction in the operating levy  
21 pursuant to section 164.013, RSMo, shall be made proportionally in the funds where the  
22 remaining one-half of the money from the school district trust fund is deposited. In the  
23 calculation of state aid for the district under the provisions of section 163.031, one-half the  
24 amount received by the district in the first preceding year shall be [deducted from the district's  
25 entitlement] **included in local effort** as provided in section 163.031.

163.091. The state board of education may correct any error made in the apportionment  
2 of the state school moneys fund **and classroom trust fund** among the various [counties]  
3 **districts** of this state out of the state school moneys fund **and classroom trust fund** of the year

4 next following the date when the mistake was made. The state board of education shall certify  
5 the amount set apart to any school district for the purpose of correcting any error to the  
6 commissioner of administration, and the commissioner of administration shall certify the amount  
7 so apportioned for proper payment, and the district treasurer shall credit the funds as the funds  
8 of the year in which the error occurred. If any district has received funds in excess of the amount  
9 to which it was entitled, its apportionment for the next succeeding year shall be reduced  
10 accordingly.

163.172. 1. In school year 1994-95 and thereafter **until school year 2009-10**, the  
2 minimum teacher's salary shall be eighteen thousand dollars. **Beginning in school year 2009-10**  
3 **and thereafter, the minimum teacher's salary shall be twenty thousand dollars.** Beginning  
4 in the school year [1996-97] **2011-12**, for any full-time teacher with a master's degree and at least  
5 ten years teaching experience in a public school or combination of public schools, the minimum  
6 salary shall be twenty-four thousand dollars.

7 2. [Beginning with the budget requests for fiscal year 1991, the commissioner of  
8 education shall present to the appropriate committees of the general assembly information on the  
9 average Missouri teacher's salary, regional average salary data, and national average salary data.

10 3.] All school salary information shall be public information.

11 [4.] 3. As used in this section, the term "salary" shall be defined as the salary figure  
12 which appears on the teacher's contract and as determined by the local school district's basic  
13 salary schedule and does not include supplements for extra duties.

14 [5.] 4. The minimum salary for any fully certificated teacher employed on a less than  
15 full-time basis by a school district, state school for the severely handicapped, the Missouri  
16 School for the Deaf, or the Missouri School for the Blind shall be prorated to reflect the amounts  
17 provided in [subsections 1 and 2] **subsection 1** of this section.

18 [6. Beginning with the 1996-97 school year, the general assembly shall make an annual  
19 appropriation to the excellence in education fund established in section 160.268, RSMo, for the  
20 purpose of fulfilling the minimum salary requirements for public school teachers in those  
21 districts meeting the qualifications established in subsection 7 of this section. The appropriation  
22 shall be sufficient to ensure that all qualifying districts are able to comply with the minimum  
23 salary requirements of this section. The department of elementary and secondary education shall  
24 determine, prior to each school year, those districts which shall be eligible to receive funds in  
25 this subsection during the school year. A qualifying district shall be eligible to receive funds  
26 appropriated in this subsection only during the first three years following the district's qualifying  
27 for such funds.

28 7. To qualify to begin receiving funds in subsection 6 of this section, a school district  
29 shall meet all of the following criteria:



30 (1) A portion of the real property of the district shall have been removed from the tax  
31 rolls due to the impact of state or federal government action;

32 (2) The district shall have received no more state aid on a per pupil basis for each of the  
33 last three school years, exclusive of categorical funding, than the district received for the 1992-93  
34 school year;

35 (3) The salaries paid to all teachers in the district for the school year prior to qualification  
36 shall be totally compacted at the eighteen thousand dollar per year minimum established in this  
37 section;

38 (4) The district shall have in its employ for the school year prior to qualification one or  
39 more teachers with a master's degree and at least ten years' teaching experience in a public school  
40 or a combination of public schools;

41 (5) The district shall be financially distressed or have a history of deficit spending which,  
42 if continued, will cause the district to become financially distressed within three years;

43 (6) The district had an enrollment of no greater than four hundred pupils for the  
44 preceding school year; and

45 (7) The district shall have levied an operating levy for school purposes of not less than  
46 two dollars seventy-five cents per one hundred dollars of assessed valuation for the previous year  
47 and shall continue to levy at no less than that rate.

48 8. For any school year in which a school district receives funds pursuant to subsections  
49 6 and 7 of this section, such school district shall continue to expend on teacher salaries no less  
50 than the amount it expended on teacher salaries in the school year immediately prior to the  
51 school year in which it first receives such funds.

52 9. No school district receiving funds pursuant to subsections 6 and 7 of this section shall  
53 receive additional funds pursuant to subsection 6 of this section by virtue of the annexation of  
54 another school district to such school district during or after the school year immediately prior  
55 to the school year in which the annexing district first receives such funds; nor shall any school  
56 district annexed to a school district receiving funds pursuant to subsections 6 and 7 of this  
57 section also receive funds pursuant to subsection 6 of this section by virtue of such annexation  
58 if such annexation occurred during or after the school year immediately prior to the school year  
59 in which the annexing school district first receives such funds.]

164.011. 1. The school board of each district annually shall prepare an estimate of the  
2 amount of money to be raised by taxation for the ensuing school year, the rate required to  
3 produce the amount, and the rate necessary to sustain the school or schools of the district for the  
4 ensuing school year, to meet principal and interest payments on the bonded debt of the district  
5 and to provide the funds to meet other legitimate district purposes. In preparing the estimate, the  
6 board shall have sole authority in determining what part of the total authorized rate shall be used

7 to provide revenue for each of the funds as authorized by section 165.011, RSMo. [Except as  
8 provided in subsection 3 of this section, for the 1996-97 school year and thereafter,] Prior to  
9 setting tax rates for the teachers' and incidental funds, the school board of each school district  
10 annually shall set the tax rate for the capital projects fund as necessary to meet the expenditures  
11 of the capital projects fund after all transfers allowed pursuant to subsection [7] 4 of section  
12 165.011, RSMo[, for expenditures authorized by section 177.088, RSMo, and after the following  
13 transfers if needed: in the 1996-97 school year, one-twelfth of the maximum transfer allowed  
14 by section 165.011, RSMo; in the 1997-98 school year, one-sixth of the maximum transfer  
15 allowed by section 165.011, RSMo; in the 1998-99 school year, one-half of the maximum  
16 transfer allowed by section 165.011, RSMo; and in the 1999-2000 school year and thereafter, one  
17 hundred percent of the transfers allowed by section 165.011, RSMo]. Furthermore, except that  
18 the tax rate set in the capital projects fund shall not require the reduction of the equalized  
19 combined tax rates for the teachers' and incidental funds to be less than the greater of the  
20 minimum operating levy for the current year for school purposes established under subsection  
21 2 of section 163.021, RSMo[, or the 1993 tax rate as used for state aid purposes in section  
22 163.031, RSMo, plus that portion of the full amount of any voter-approved increase in the tax  
23 rate ceiling as defined in section 137.073, RSMo, approved after the first day of January, 1994,  
24 and before the thirtieth day of March, 1994, as levied in the current year, in any school district  
25 located in a county of the fourth classification that had an existing lease purchase arrangement  
26 for capital project purposes at the time of the election].

27 2. The school board of each district shall forward the estimate to the county clerk on or  
28 before September [first] 1. In school districts divided by county lines, the estimate shall be  
29 forwarded to the proper officer of each county in which any part of the district lies.

30 [3. (1) For the 1997-98 school year and thereafter, prior to setting tax rates for the  
31 teachers' and incidental funds, the school board of each school district meeting the criteria  
32 specified in subdivision (2) of this subsection annually shall set the tax rate for the capital  
33 projects fund as necessary to meet the expenditures of the capital projects fund after all transfers  
34 allowed pursuant to subsection 7 of section 165.011, RSMo, for expenditures authorized by  
35 section 177.088, RSMo, and after one hundred percent of the transfers allowed by section  
36 165.011, RSMo.

37 (2) Subdivision (1) of this subsection shall apply to each district which satisfies all of  
38 the following criteria:

39 (a) The district has a membership count for school year 1997-98 which is at least sixteen  
40 percent greater than the district's membership count for the 1991-92 school year; and

41 (b) The district passed a full waiver of Proposition C tax rate rollback pursuant to section  
42 164.013, or approved an increase to the district's tax rate ceiling on or after June 1, 1994;

43 (c) The district is in compliance with or has paid all penalties required pursuant to  
44 section 165.016, RSMo, for the 1994-95, 1995-96 and 1996-97 school years without waiver or  
45 adjustment of the base school year certificated salary percentage; and

46 (d) The district approves, prior to July 1, 1998, a proposal to issue general obligation  
47 bonds which will cause the district's bonded indebtedness to be no less than eighty-five percent  
48 of the maximum bonded indebtedness of the district.]

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 **classroom trust** fund, as provided in section 160.534, RSMo. Moneys deposited in the school  
9 district bond fund shall be used by the health and educational facilities authority, subject to  
10 appropriation, to fund the payment of costs and grants as provided in subsection 7 of section  
11 360.106 and sections 360.111 to 360.118, RSMo, and necessary costs for administration of those  
12 provisions. Notwithstanding the provisions of section 33.080, RSMo, to the contrary, moneys  
13 in the fund shall not be transferred to the credit of the general revenue fund at the end of each  
14 biennium.

165.011. 1. The following funds are created for the accounting of all school moneys:  
2 teachers' fund, incidental fund, free textbook fund, capital projects fund and debt service fund.  
3 The treasurer of the school district shall open an account for each fund specified in this section,  
4 and all moneys received from the county school fund and all moneys derived from taxation for  
5 teachers' wages shall be placed to the credit of the teachers' fund. All tuition fees, state moneys  
6 received under [sections 162.975, RSMo, and] **section 163.031, RSMo**, and all other moneys  
7 received from the state except as herein provided shall be placed to the credit of the teachers' and  
8 incidental funds at the discretion of the district board of education, **except as provided in**  
9 **subsection 6 of section 163.031, RSMo**. [The portion of state aid received by the district  
10 pursuant to section 163.031, RSMo, based upon the portion of the tax rate in the debt service or  
11 capital projects fund, respectively, which is included in the operating levy for school purposes  
12 pursuant to section 163.011, RSMo, shall be placed to the credit of the debt service fund or  
13 capital projects fund, respectively.] Money received from other districts for transportation and  
14 money derived from taxation for incidental expenses shall be credited to the incidental fund.  
15 [Money apportioned for free textbooks shall be credited to the free textbook fund.] All money  
16 derived from taxation or received from any other source for the erection of buildings or additions

17 thereto and the remodeling or reconstruction of buildings and the furnishing thereof, for the  
18 payment of lease-purchase obligations, for the purchase of real estate, or from sale of real estate,  
19 schoolhouses or other buildings of any kind, or school furniture, from insurance, from sale of  
20 bonds other than refunding bonds shall be placed to the credit of the capital projects fund. All  
21 moneys derived from the sale or lease of sites, buildings, facilities, furnishings and equipment  
22 by a school district as authorized under section 177.088, RSMo, shall be credited to the capital  
23 projects fund. Money derived from taxation for the retirement of bonds and the payment of  
24 interest thereon shall be credited to the debt service fund which shall be maintained as a separate  
25 bank account. Receipts from delinquent taxes shall be allocated to the several funds on the same  
26 basis as receipts from current taxes, except that where the previous years' obligations of the  
27 district would be affected by such distribution, the delinquent taxes shall be distributed according  
28 to the tax levies made for the years in which the obligations were incurred. All refunds received  
29 shall be placed to the credit of the fund from which the original expenditures were made. Money  
30 donated to the school districts shall be placed to the credit of the fund where it can be expended  
31 to meet the purpose for which it was donated and accepted. Money received from any other  
32 source whatsoever shall be placed to the credit of the fund or 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 the greater of  
37 [twenty-five percent of the guaranteed tax base for the preceding year] **forty thousand five**  
38 **hundred eighty-two dollars** or two and one-fourth percent of the district's [entitlement]  
39 **weighted average daily attendance multiplied by the state adequacy target multiplied by**  
40 **the dollar value modifier** for the preceding school year as established pursuant to [line 1 of  
41 subsection 6 of] section 163.031, RSMo, as of June [thirtieth] **30** of the preceding school year  
42 for classroom instructional capital outlay, including but not limited to payments authorized  
43 pursuant to section 177.088, RSMo. Any and all payments authorized under section 177.088,  
44 RSMo, except as otherwise provided in this subsection, for the purchase or lease of sites,  
45 buildings, facilities, furnishings and equipment and all other expenditures for capital outlay shall  
46 be made from the capital projects fund. [If a balance remains in the free textbook fund after  
47 books are furnished to pupils as provided in section 170.051, RSMo, it shall be transferred to the  
48 teachers' fund.] The board may transfer the portion of the balance remaining in the incidental  
49 fund to the teachers' fund that is necessary for the total payment of all contracted obligations to  
50 teachers. If a balance remains in the debt service fund, after the total outstanding indebtedness  
51 for which the fund was levied is paid, the board may transfer the unexpended balance to the  
52 capital projects fund. If a balance remains in the bond proceeds after completion of the project

53 for which the bonds were issued, the balance shall be transferred from the incidental or capital  
54 projects fund to the debt service fund. After making all placements of interest otherwise  
55 provided by law, a school district may transfer from the capital projects fund to the incidental  
56 fund the interest earned from undesignated balances in the capital projects fund. All other  
57 sections of the law notwithstanding, a school district may transfer from the incidental fund to the  
58 capital projects fund an amount equal to the capital expenditures for school safety and security  
59 purposes. A school district may borrow from one of the following funds: teachers' fund,  
60 incidental fund or capital projects fund, as necessary to meet obligations in another of those  
61 funds; provided that the full amount is repaid to the lending fund within the same fiscal year.

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

63 4. Other provisions of law to the contrary notwithstanding, the school board of a school  
64 district that satisfies the criteria specified in subsection 5 of this section may transfer from the  
65 incidental fund to the capital projects fund the sum of:

66 (1) The amount to be expended for transportation equipment that is considered an  
67 allowable cost under state board of education rules for transportation reimbursements during the  
68 current year; plus

69 (2) Any amount necessary to satisfy obligations of the capital projects fund for  
70 state-approved area vocational-technical schools; plus

71 (3) An amount not to exceed the greater of:

72 (a) [The guaranteed tax base for the preceding year] **One hundred sixty-two thousand**  
73 **three hundred twenty-six dollars; or**

74 (b) Nine percent of the [district's entitlement for the preceding school year as established  
75 pursuant to line 1 of subsection 6 of section 163.031, RSMo, as of June thirtieth of the preceding  
76 school year, less any amount expended from the incidental fund for classroom instructional  
77 capital outlay pursuant to subsection 2 of this section; provided that transfer amounts authorized  
78 pursuant to this subdivision may only be transferred by a resolution of the school board approved  
79 by a majority of the board members in office when the resolution is voted upon and identifying  
80 the specific capital projects to be funded directly by the district by the transferred funds and an  
81 estimated expenditure date; and provided that if a district did not maintain compliance with the  
82 requirements of section 165.016 the preceding year without recourse to a waiver for that year or  
83 a base year adjustment received that year or a fund balance exclusion unless the fund balance  
84 exclusion had also been used the second preceding year, the transfer amount pursuant to this  
85 subdivision may be transferred only to the extent required to meet current year obligations of the  
86 capital projects fund] **state adequacy target multiplied by the district's weighted average**  
87 **daily attendance.**

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

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

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

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

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

98           (5)] **(3)** In order to be eligible to transfer funds for paying lease purchase obligations:

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

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

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

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

108           (e) Not offer instruction at a higher grade level than was offered by the district on July  
109 12, 1994].

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

112           (1) Prior to August 28, 1993:

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

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

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

120           (2) Prior to November 1, 1993, a school board adopted a resolution authorizing an action  
121 necessary to comply with subsection 9 of section 177.088, RSMo. Any increase in the operating  
122 levy of a district above the 1993 tax rate resulting from passage of an issue described in

123 paragraph (b) of subdivision (1) of this subsection shall be considered as part of the 1993 tax rate  
124 for the purposes of subsection 1 of section 164.011, RSMo.

125 7. Prior to transferring funds pursuant to subsection 4 of this section, a school district  
126 may transfer, pursuant to this subsection, from the incidental fund to the capital projects fund an  
127 amount as necessary to satisfy an obligation of the capital projects fund that satisfies at least one  
128 of the conditions specified in subsection 6 of this section, but not to exceed its payments  
129 authorized under section 177.088, RSMo, for the purchase or lease of sites, buildings, facilities,  
130 furnishings, equipment, and all other expenditures for capital outlay, plus the amount to be  
131 expended for transportation equipment that is considered an allowable cost under state board of  
132 education rules for transportation reimbursements during the current year plus any amount  
133 necessary to satisfy obligations of the capital projects fund for state-approved area  
134 vocational-technical schools. A school district that is in compliance with section 165.016 during  
135 the second preceding year or has paid all penalties for the second preceding year may transfer  
136 from the incidental fund to the capital projects fund the amount necessary to meet the obligation  
137 plus the transfers pursuant to subsection 4 of this section.

138 8. **Beginning in the 2006-07 school year and ending in the 2010-11 school year, a**  
139 **district not making the transfer under paragraph (b) of subdivision (3) of subsection 4 of**  
140 **this section, nor making payments or expenditures related to obligations made under**  
141 **section 177.088, RSMo, may transfer to the debt service fund or the capital projects fund**  
142 **the greater of:**

143 (1) **The state aid received in the 2005-06 school year as a result of no more than**  
144 **eighteen cents of the sum of the debt service and capital projects funds levy used in the**  
145 **foundation formula and placed in the respective debt service or capital projects fund,**  
146 **whichever fund had the designated tax levy; or**

147 (2) **Four percent of the state adequacy target multiplied by the district's weighted**  
148 **average daily attendance.**

149 9. Beginning in the [1995-96] **2006-07** school year, the department of elementary and  
150 secondary education shall deduct from a school district's state aid calculated pursuant to section  
151 163.031, RSMo, an amount equal to the amount of any transfer of funds from the incidental fund  
152 to the capital projects fund performed during the previous year in violation of this section; except  
153 that the state aid shall be deducted [in equal amounts] over **no more than** [the] five school years  
154 following the school year of an unlawful transfer [provided that:] **based on a plan from the**  
155 **district approved by the commissioner of elementary and secondary education.**

156 [(1) The district shall provide written notice to the state board of education, no later than  
157 June first of the first school year following the school year of the unlawful transfer, stating the

158 district's intention to comply with the provisions of subdivisions (1) to (4) of this subsection and  
159 have state aid deducted for that unlawful transfer over a five-year period;

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

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

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

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

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

189 10. (1) Other provisions of law to the contrary notwithstanding, a school district which  
190 satisfies all conditions specified in subdivision (2) of this subsection may make the transfer  
191 allowed in subdivision (3) of this subsection.

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



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

196 (b) Have passed a full waiver of Proposition C tax rate rollback pursuant to section  
197 164.013, RSMo, or approved an increase to the district's tax rate ceiling on or after June 1, 1994;  
198 and

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

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

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

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

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

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

218 (d) The product of the district's equalized assessed valuation for 1997 times the  
219 difference of the district's equalized operating levy for school purposes for 1997 minus the  
220 district's equalized operating levy for school purposes for 1993; provided that the remaining  
221 balance in the incidental fund shall be no less than twelve percent of the total expenditures  
222 during that fiscal year from the incidental fund.

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

227 (5) Other provisions of section 165.016 to the contrary notwithstanding, the transfer of  
228 an amount of funds from either the teachers' or incidental fund to the capital projects fund  
229 pursuant to subdivision (3) of this subsection shall not be considered an expenditure from the

230 teachers' or incidental fund for the purpose of determining compliance with the provisions of  
231 subsections 1 and 2 of section 165.016.

232           11.] **10.** In addition to other transfers authorized under subsections 1 to 9 of this section,  
233 a district may transfer from the teachers' and incidental funds to the capital projects fund the  
234 amount necessary to repay costs of one or more guaranteed energy savings performance contracts  
235 to renovate buildings in the school district; provided that the contract is only for energy  
236 conservation measures, as defined in section 640.651, RSMo, and provided that the contract  
237 specifies that no payment or total of payments shall be required from the school district until at  
238 least an equal total amount of energy and energy-related operating savings and payments from  
239 the vendor pursuant to the contract have been realized by the school district.

240           [12. In addition to other transfers authorized pursuant to subsections 1 to 9 of this  
241 section, any school district that has undergone at least a twenty-percent increase in assessed  
242 valuation from the preceding year because of the construction of a power plant may make a  
243 one-time transfer on the basis of each such increase to the capital projects fund from the balances  
244 of the teachers' and incidental funds' unrestricted balances in an amount equal to twice the  
245 amount of such transfer otherwise permitted pursuant to this section for the year in which such  
246 one-time transfer is made; provided that such transfer shall be made prior to the end of the  
247 second fiscal year following the fiscal year in which the increase in assessed valuation is  
248 effective. Such one-time transfer may be made without regard to whether the transferred funds  
249 are used for current expenditures. No transfer shall be made pursuant to this subsection after  
250 June 30, 2003.

251           13.] **11.** A school district may transfer unrestricted funds from the capital projects fund  
252 to the incidental fund in any year in which that year's June [thirtieth] **30** combined incidental and  
253 teachers' funds unrestricted balance compared to the combined incidental and teachers' funds  
254 expenditures would be less than ten percent without such transfer.

255           [14. School districts that have issued qualified zone academy bonds pursuant to 26  
256 U.S.C. Section 1397E, also known as the Taxpayers Relief Act of 1997, prior to December 31,  
257 2002, and have placed bond proceeds into an interest-bearing account in the capital projects fund  
258 without meeting the requirement to set a levy in the debt service fund as required in section  
259 164.161, RSMo, shall be permitted to make transfers to the debt service fund in an amount up  
260 to but not exceeding the original amount of bond proceeds invested, under the following  
261 conditions:

262           (1) The district has an unrestricted balance in the capital projects fund equivalent to the  
263 original amount of bond proceeds invested that may be transferred to the debt service fund; or

264           (2) If the district does not have sufficient unrestricted funds in the capital projects fund  
265 pursuant to subdivision (1) of this subsection, then additional funds may be transferred from the

266 incidental fund to the debt service fund up to the amount needed to equal the original amount of  
267 bond proceeds invested, but such transfer in combination with other district expenditures may  
268 not reduce the ending fund balance in the combined teachers' and incidental funds below ten  
269 percent balance of the expenditures in those funds;

270 (3) If the transfers allowed pursuant to subdivisions (1) and (2) of this subsection are not  
271 sufficient to equal the original amount of bond proceeds invested, the district shall provide an  
272 annual tax in the debt service fund sufficient to generate the amount required within five years  
273 from June 23, 2003;

274 (4) The district shall report the following information as prescribed by the department  
275 of elementary and secondary education on the annual secretary of the board report required to  
276 be submitted pursuant to section 162.821, RSMo, for the fiscal year ending June 30, 2003:

277 (a) Documentation of the establishment of the local academy/business partnership and  
278 the ten percent business match for qualified zone academy bonds pursuant to 26 U.S.C. Section  
279 1397E;

280 (b) A detailed schedule of completed and planned expenditures for the projects as  
281 specified in the department-approved qualified zone academy bond application, identified by  
282 building with certification by the district that a minimum of ninety-five percent of the  
283 voter-approved qualified zone academy bonds will be expended within ten years from the date  
284 of the sale of bonds; and

285 (c) The business name, office location, state of incorporation, and names of any  
286 representative of the bonding institution and bond counsel, if applicable, who handled the  
287 qualified zone academy bond issuance, including all individuals who signed correspondence to  
288 or made presentations to the school district concerning such bonds; and providing the amount  
289 of fees or costs of issuance paid to the bonding institution and bond counsel stated as a whole  
290 dollar amount and as a percentage of the qualified zone academy bond;

291 (5) Any transfer made pursuant to subdivision (1) or (2) of this subsection shall be  
292 reported on the district's fiscal year 2003 financial records;

293 (6) If the district fails to provide the information in the manner prescribed by the  
294 department on the annual secretary of the board report by December 31, 2003, the amount of  
295 unrestricted fund balance transferred into the debt service fund from the capital projects fund or  
296 incidental fund shall be returned to the original fund from which the transfer was made and an  
297 annual tax established in the debt service fund sufficient to pay the principal and interest of the  
298 bonds as they fall due.

299 15. On or before August 31, 2005, a school district located in a county of the third  
300 classification without a township form of government and with more than thirty-seven thousand  
301 two hundred but less than thirty- seven thousand three hundred inhabitants and in a county of the

302 third classification without a township form of government and with more than nine thousand  
303 four hundred fifty but less than nine thousand five hundred fifty inhabitants and a school district  
304 with an assessed valuation of no less than twenty-one million seven hundred fifty thousand  
305 dollars and no more than twenty-two million dollars located in a county of the third classification  
306 without a township form of government and with more than forty thousand eight hundred but  
307 less than forty thousand nine hundred inhabitants shall be permitted to make a one-time  
308 additional transfer from the incidental fund to the capital projects fund in an appropriate amount  
309 for the specific purpose of completing a sewer project in order to comply with regulations  
310 established by the department of natural resources.

311 16. On or before August 31, 2005, a school district with an assessed valuation of at least  
312 thirty-one million dollars and less than thirty-two million dollars located in a county of the third  
313 classification without a township form of government and with more than thirty-one thousand  
314 but less than thirty-one thousand one hundred inhabitants shall be permitted to make a one-time  
315 additional transfer from the incidental fund to the capital projects fund in an appropriate amount  
316 for the specific purpose of improving the library media and technology center that serves the  
317 district's high school and middle school.

318 17.] **12.** In addition to other transfers authorized pursuant to this section, an eligible  
319 school district may transfer from the incidental fund to the capital projects fund to make  
320 expenditures which decrease the total interest cost of payments for a lease-purchase obligation  
321 authorized by section 177.088, RSMo. An eligible school district shall:

322 (1) Have never made a previous transfer pursuant to this subsection;

323 (2) Have ending cash reserves during the year of the transfer in incidental and teachers'  
324 funds combined equal to or greater than fifteen percent of expenditures;

325 (3) Decrease the interest cost of all remaining lease-purchase payments by at least the  
326 cost of refinancing plus ten percent;

327 (4) Make payments equal to or greater than the amount of the transfer for a  
328 lease-purchase obligation meeting an eligibility requirement of subsection 5 or 6 of this section;

329 (5) Levy in the incidental and teachers' funds a levy greater than two dollars and  
330 seventy-five cents during the year of the transfer and each of the two previous years;

331 (6) Demonstrate compliance with the requirements of section 165.016 or have paid all  
332 outstanding penalties to eligible staff for five consecutive years prior to the year of the transfer;  
333 and

334 (7) Have an average salary for teachers in the district which equals or exceeds for three  
335 consecutive years prior to the year of the transfer at least one of the following:

336 (a) The average salary for teachers statewide; or

337 (b) The average salary for teachers in its senatorial district.

165.016. 1. A school district shall expend as a percentage of current operating cost, for  
2 tuition, teacher retirement and compensation of certificated staff, a percentage that is for the  
3 1994-95 and 1995-96 school years no less than three percentage points less than the base school  
4 year certificated salary percentage and for the 1996-97 school year, no less than two percentage  
5 points less than the base school year certificated salary percentage. A school district may  
6 exclude transportation and school safety and security expenditures from the current operating  
7 cost calculation of the base year and the year or years for which the compliance percentage is  
8 calculated. The base school year certificated salary percentage shall be the two-year average  
9 percentage of the 1991-92 and 1992-93 school years except as otherwise established by the state  
10 board under subsection 4 of this section; except that, for any school district experiencing, over  
11 a period of three consecutive years, an average yearly increase in average daily attendance of at  
12 least three percent, the base school year certificated salary percentage may be the two-year  
13 average percentage of the last two years of such period of three consecutive years, at the  
14 discretion of the school district.

15 2. Beginning with the 1997-98 school year, a school district shall:

16 (1) Expend, as a percentage of current operating cost, as determined in subsection 1 of  
17 this section, for tuition, teacher retirement and compensation of certificated staff, a percentage  
18 that is no less than two percentage points less than the base school year certificated salary  
19 percentage; or

20 (2) For any year in which no payment of a penalty is required for the district under  
21 subsection 6 of this section, have an unrestricted fund balance in the combined incidental and  
22 teachers' funds on June thirtieth which is equal to or less than ten percent of the combined  
23 expenditures for the year from those funds.

24 3. Beginning with the 1999-2000 school year:

25 (1) As used in this subsection, "fiscal instructional ratio of efficiency" or "FIRE" means  
26 the quotient of the sum of the district's current operating costs, [as defined in section 163.011,  
27 RSMo,] **which for this section shall mean all expenditures for instruction and support**  
28 **services, excluding capital outlay and debt service expenditures less the revenue from**  
29 **federal categorical sources, food service, student activities, and payments from other**  
30 **districts**, for all kindergarten through grade twelve direct instructional and direct pupil support  
31 service functions plus the costs of improvement of instruction and the cost of purchased services  
32 and supplies for operation of the facilities housing those programs, and excluding student  
33 activities, divided by the sum of the district's current operating cost, **as defined in this**  
34 **subdivision**, for kindergarten through grade twelve, plus all tuition revenue received from other  
35 districts minus all noncapital transportation and school safety and security costs;

36 (2) A school district shall show compliance with this section in school year 1998-99 and  
37 thereafter by the method described in subsections 1 and 2 of this section, or by maintaining or  
38 increasing its fiscal instructional ratio of efficiency compared to its FIRE for the 1997-98 base  
39 year.

40 4. (1) The state board of education may exempt a school district from the requirements  
41 of this section upon receiving a request for an exemption by a school district. The request shall  
42 show the reason or reasons for the noncompliance, and the exemption shall apply for only one  
43 school year. Requests for exemptions under this subdivision may be resubmitted in succeeding  
44 years.

45 (2) A school district may request of the state board a one-time, permanent revision of the  
46 base school year certificated salary percentage. The request shall show the reason or reasons for  
47 the revision.

48 5. Any school district requesting an exemption or revision under subsection 4 of this  
49 section must notify the certified staff of the district in writing of the district's intent. Prior to  
50 granting an exemption or revision, the state board shall consider comments from certified staff  
51 of the district. The state board decision shall be final.

52 6. Any school district which is determined by the department to be in violation of the  
53 requirements of subsection 1 or 2 of this section, or both, shall compensate the building-level  
54 administrative staff and nonadministrative certificated staff during the year following the notice  
55 of violation by an additional amount which is equal to one hundred ten percent of the amount  
56 necessary to bring the district into compliance with this section for the year of violation. In any  
57 year in which a penalty is paid, the district shall pay the penalty specified in this subsection in  
58 addition to the amount required under this section for the current school year.

59 7. Any additional transfers from the teachers' or incidental fund to the capital projects  
60 fund beyond the transfers authorized by state law and state board policy in effect on January 1,  
61 1996, shall be considered expenditures from the teachers' or incidental fund for the purpose of  
62 determining compliance with the provisions of subsections 1, 2 and 3 of this section.

63 8. The provisions of this section shall not apply to any district [receiving state aid  
64 pursuant to subsection 6 of section 163.031, RSMo, based on its 1992-93 payment amount per  
65 eligible pupil, which is less than fifty percent of the statewide average payment amount per  
66 eligible pupil paid during the previous year] **wherein the local effort is greater than its  
67 weighted average daily attendance multiplied by the state adequacy target multiplied by  
68 the dollar value modifier under section 163.031.**

69 9. The provisions of subsections 1 to 8 of this section shall not apply to any district that  
70 has unrestricted fund balances in the combined incidental and teacher funds on June [thirtieth]  
71 **30** of the preceding year which are equal to or less than seventeen percent of the combined

72 expenditure for the preceding year from these funds in any year in which state funds distributed  
73 pursuant to **subsections 1 and 2 of** section 163.031, RSMo, [lines 1 to 10 plus line 14] are no  
74 more than ninety-six percent of such state funds distributed in fiscal year 2002.

75 10. The provisions of subsections 1 to 8 of this section shall not apply to any district  
76 which meets the following criteria:

77 (1) With ten percent or more of its assessed valuation that is owned by one person or  
78 corporation as commercial or personal property who is delinquent in a property tax payment;

79 (2) With unrestricted fund balances in the combined incidental and teacher funds on June  
80 [thirtieth] **30** of the preceding year which are equal to or less than one-half of the local property  
81 tax revenue for the previous year; and

82 (3) In any year in which state funds distributed pursuant to **subsections 1 and 2**  
83 **of** section 163.031, RSMo, [lines 1 to 10 plus line 14] are no more than ninety-six percent of  
84 such state funds distributed in fiscal year 2002.

166.260. There is hereby created the "Children At-Risk in Education Program" which  
2 shall be administered by the commissioner of education. The program shall be funded by  
3 moneys provided to school districts [pursuant to line 14 of subsection 6 of] **under the weighted**  
4 **average daily attendance for free and reduced lunch students furnished under** section  
5 163.031, RSMo, and used solely as determined by local boards of education for: reductions of  
6 class size in schools containing high concentrations of children who are least advantaged or who  
7 have specially identified educational needs according to rule and regulation of the state board of  
8 education; or the following:

9 (1) The program of half-day instruction for developmentally delayed and at-risk children  
10 established pursuant to section 167.260, RSMo;

11 (2) The program to provide teacher assistants in grades kindergarten through three  
12 established pursuant to section 167.263, RSMo;

13 (3) [The program of family literacy for children and families of children at risk of  
14 dropping out of school pursuant to section 160.531, RSMo;

15 (4)] The program to provide guidance counselors in grades kindergarten through nine  
16 established pursuant to section 167.265, RSMo;

17 [(5)] **(4)** The programs for pupils at risk of becoming high school dropouts established  
18 pursuant to section 167.270, RSMo, including specialized courses of instruction, alternative  
19 education programs for pregnant teens and teen mothers and supplemental services for teen  
20 mothers;

21 [(6)] **(5)** The program of support services [to pupils identified as having a high risk of  
22 dropping out of school established pursuant to section 167.280, RSMo;

23            [(7)] (6) The program of professional development committees for in-service training  
24 on teaching children identified as at risk of failing in school pursuant to section 168.400, RSMo;

25            [(8)] (7) A program to contract for mental health services to meet the needs of children  
26 who are identified as being at risk of failing school as a result of emotional or environmental  
27 factors. Eligible contractors shall be approved by the department of mental health;

28            [(9)] (8) The program of special education and other special services for at-risk and  
29 handicapped children in grades kindergarten through third grade emphasizing prevention and  
30 early intervention, rather than remediation, known as the "Success for All Program";

31            [(10)] (9) Paying for building site operating costs in the proportion that the free and  
32 [reduced-price meal] **reduced lunch** eligible student count is to the total enrollment in that  
33 building; and

34            [(11)] (10) Other programs as approved by the commissioner of education that are  
35 exclusively targeted to provide educational services for students who are least advantaged or who  
36 have specially identified educational needs.

166.275. 1. Any amount of the difference by which the total amount appropriated by the  
2 state to school districts, in accordance with a judgment or order based on the equal protection  
3 clause of the fourteenth amendment to the Constitution of the United States, for fiscal year 1999  
4 is less than the amount appropriated for the same purpose in fiscal year 1994 in addition to any  
5 unexpended appropriation for the 1998 fiscal year that results in additional unobligated resources  
6 for the state in fiscal year 1999 shall be transferred to the state school moneys fund and  
7 distributed in the manner provided in section 163.031, RSMo.

8            2. If the total amount appropriated by the state to school districts, in accordance with a  
9 judgment or order based on the equal protection clause of the fourteenth amendment to the  
10 Constitution of the United States, for fiscal year 2000 or any subsequent fiscal year is less than  
11 the amount appropriated for the same purpose in fiscal year 1999, any amount of the difference,  
12 in addition to any unexpended appropriation for the prior fiscal year that results in additional  
13 unobligated resources for the state beginning in fiscal year 2000 shall be distributed as follows:

14            (1) Up to the first seventy-five million dollars **of such funds**, or such lesser amount  
15 determined by appropriation to be sufficient to fully fund [district entitlements pursuant to]  
16 **subsections 1 and 2 of** section 163.031, RSMo, [with a proration factor no less than one, of such  
17 funds] shall be transferred to the state school moneys fund and distributed in the manner  
18 provided in section 163.031, RSMo; and

19            (2) Beginning in fiscal year 2000, after distributing funds pursuant to subdivision (1) of  
20 this subsection, the next twenty-five million dollars, or such lesser amount determined by  
21 appropriation to be sufficient, of the remaining funds shall be transferred to fully fund increases  
22 in appropriations for transportation categorical aid provided pursuant to [line 11 of subsection



23 6 of] section 163.031, RSMo, and any remainder of such twenty-five million dollars shall be  
24 transferred to fund other categorical state aid provided pursuant to section 163.031, RSMo;  
25 provided that, for school year 1999-2000 only, such increase in transportation funding may be  
26 placed by districts in their capital projects fund and shall be placed as otherwise provided by law  
27 in all other years; and

28 (3) After distributing funds pursuant to subdivisions (1) and (2) of this subsection, the  
29 next twenty-five million dollars **of such funds**, or such amount determined by appropriation to  
30 be sufficient to fully fund [district entitlements pursuant to] **subsections 1 and 2 of** section  
31 163.031, RSMo, [with a proration factor no less than one, of such funds] shall be transferred to  
32 the state school moneys fund and distributed in the manner provided in section 163.031, RSMo[;  
33 and

34 (4) After distributing funds pursuant to subdivisions (1), (2) and (3) of this subsection,  
35 any remaining funds shall be transferred to fully fund categorical state aid provided pursuant to  
36 section 163.031, RSMo, for transportation, vocational education, special education, gifted  
37 education, remedial reading and implementation costs of assessments established pursuant to  
38 section 160.526, RSMo].

167.126. 1. Children who are admitted to programs or facilities of the department of  
2 mental health or whose domicile is one school district in Missouri but who reside in another  
3 school district in Missouri as a result of placement arranged by or approved by the department  
4 of mental health, the department of social services or placement arranged by or ordered by a  
5 court of competent jurisdiction shall have a right to be provided the educational services as  
6 provided by law and shall not be denied admission to any appropriate regular public school or  
7 special school district program or program operated by the state board of education, as the case  
8 may be, where the child actually resides because of such admission or placement; provided,  
9 however, that nothing in this section shall prevent the department of mental health, the  
10 department of social services or a court of competent jurisdiction from otherwise providing or  
11 procuring educational services for such child.

12 2. Each school district or special school district constituting the domicile of any child  
13 for whom educational services are provided or procured under this section shall pay toward the  
14 per pupil costs for educational services for such child. A school district which is not a special  
15 school district shall pay an amount equal to the average sum produced per child by the local tax  
16 effort of the district of domicile. A special school district shall pay an amount not to exceed the  
17 average sum produced per child by the local tax efforts of the domiciliary districts.

18 3. When educational services have been provided by the school district or special school  
19 district in which a child actually resides, other than the district of domicile, the amounts as  
20 provided in subsection 2 for which the domiciliary school district or special school district is

21 responsible shall be paid by such district directly to the serving district. The school district, or  
22 special school district, as the case may be, shall send a written voucher for payment to the regular  
23 or special district constituting the domicile of the child served and the domiciliary school district  
24 or special school district receiving such voucher shall pay the district providing or procuring the  
25 services an amount not to exceed the average sum produced per child by the local tax efforts of  
26 the domiciliary districts. In the event the responsible district fails to pay the appropriate amount  
27 to the district within ninety days after a voucher is submitted, the state department of elementary  
28 and secondary education shall deduct the appropriate amount due from the next payments of any  
29 state financial aid due that district and shall pay the same to the appropriate district.

30 4. In cases where a child whose domicile is in one district is placed in programs or  
31 facilities operated by the department of mental health or resides in another district pursuant to  
32 assignment by that department or is placed by the department of social services or a court of  
33 competent jurisdiction into any type of publicly contracted residential site in Missouri, the  
34 department of elementary and secondary education shall, as soon as funds are appropriated, pay  
35 the serving district from funds appropriated for that purpose the amount by which the per pupil  
36 costs of the educational services exceeds the amounts received from the domiciliary district  
37 except that any other state money received by the serving district by virtue of rendering such  
38 service shall reduce the balance due.

39 5. Institutions providing a place of residence for children whose parents or guardians do  
40 not reside in the district in which the institution is located shall have authority to enroll such  
41 children in a program in the district or special district in which the institution is located and such  
42 enrollment shall be subject to the provisions of subsections 2 and 3 of this section. The  
43 provisions of this subsection shall not apply to placement authorized pursuant to subsection 1  
44 of this section or if the placement occurred for the sole purpose of enrollment in the district or  
45 special district. "Institution" as used in this subsection means a facility organized under the laws  
46 of Missouri for the purpose of providing care and treatment of juveniles.

47 6. Children residing in institutions providing a place of residence for three or more such  
48 children whose domicile is not in the state of Missouri may be admitted to schools or programs  
49 provided on a contractual basis between the school district, special district or state department  
50 or agency and the proper department or agency, or persons in the state where domicile is  
51 maintained. Such contracts shall not be permitted to place any financial burden whatsoever upon  
52 the state of Missouri, its political subdivisions, school districts or taxpayers.

53 7. For purposes of this section the domicile of the child shall be the school district where  
54 the child would have been educated if the child had not been placed in a different school district.  
55 No provision of this section shall be construed to deny any child domiciled in Missouri  
56 appropriate and necessary, gratuitous public services.

57           8. For the purpose of distributing state aid under section 163.031, RSMo, a child  
58 receiving educational services provided by the district in which the child actually resides, other  
59 than the district of domicile, shall be included [as an "eligible pupil"] **in average daily**  
60 **attendance**, as defined under section 163.011, RSMo, of the district providing the educational  
61 services for the child.

62           9. Each school district or special school district where the child actually resides, other  
63 than the district of domicile, may receive payment from the department of elementary and  
64 secondary education, in lieu of receiving the local tax effort from the domiciliary school district.  
65 Such payments from the department shall be subject to appropriation and shall only be made for  
66 children that have been placed in a school other than the domiciliary school district by a state  
67 agency or a court of competent jurisdiction and from whom excess educational costs are billed  
68 to the department of elementary and secondary education.

167.151. 1. The school board of any district, in its discretion, may admit to the school  
2 pupils not entitled to free instruction and prescribe the tuition fee to be paid by them, except as  
3 provided in sections 167.121 and 167.131.

4           2. Orphan children, children with only one parent living, and children whose parents do  
5 not contribute to their support--if the children are between the ages of six and twenty years and  
6 are unable to pay tuition--may attend the schools of any district in the state in which they have  
7 a permanent or temporary home without paying a tuition fee.

8           3. Any person who pays a school tax in any other district than that in which he resides  
9 may send his children to any public school in the district in which the tax is paid and receive as  
10 a credit on the amount charged for tuition the amount of the school tax paid to the district; except  
11 that any person who owns real estate of which eighty acres or more are used for agricultural  
12 purposes and upon which his residence is situated may send his children to public school in any  
13 school district in which a part of such real estate, contiguous to that upon which his residence  
14 is situated, lies and shall not be charged tuition therefor; so long as thirty-five percent of the real  
15 estate is located in the school district of choice. The school district of choice shall count the  
16 children [as eligible pupils] **in its average daily attendance** for the purpose of distribution of  
17 state aid through the foundation formula.

18           4. Any owner of agricultural land who, pursuant to subsection 3 of this section, has the  
19 option of sending his children to the public schools of more than one district shall exercise such  
20 option as provided in this subsection. Such person shall send written notice to all school districts  
21 involved specifying to which school district his children will attend by June [thirtieth] **30** in  
22 which such a school year begins. If notification is not received, such children shall attend the  
23 school in which the majority of his property lies. Such person shall not send any of his children  
24 to the public schools of any district other than the one to which he has sent notice pursuant to this

25 subsection in that school year or in which the majority of his property lies without paying tuition  
26 to such school district.

27           5. If a pupil is attending school in a district other than the district of residence and the  
28 pupil's parent is teaching in the school district or is a regular employee of the school district  
29 which the pupil is attending, then the district in which the pupil attends school shall allow the  
30 pupil to attend school upon payment of tuition in the same manner in which the district allows  
31 other pupils not entitled to free instruction to attend school in the district. The provisions of this  
32 subsection shall apply only to pupils attending school in a district which has an enrollment in  
33 excess of thirteen thousand pupils and not in excess of fifteen thousand pupils and which district  
34 is located in a county of the first classification with a charter form of government which has a  
35 population in excess of six hundred thousand persons and not in excess of nine hundred thousand  
36 persons.

          167.332. 1. The department of elementary and secondary education shall evaluate each  
2 alternative education plan and assess the needs of each area vocational learning center. Each  
3 area vocational learning center shall submit annually to the department of elementary and  
4 secondary education a detailed instruction plan for the implementation and continuation of the  
5 area learning center. For the purposes of receiving state aid pursuant to section 163.031, RSMo,  
6 the resident district shall count students who qualify under sections 167.320 to 167.332. A  
7 student shall be counted for the period of time he attends the area learning center to a maximum  
8 of six hours per day, even if the hours of attendance are not within the schedule of the resident  
9 district. [All funds transmitted to the resident district under section 148.360, RSMo, section  
10 149.015, RSMo, and sections 163.031 and 163.087, RSMo, for the portion of time the student  
11 attends the area learning center, shall be transferred by the resident district to the area learning  
12 center.] Additional state and federal funds appropriated by the general assembly shall be  
13 awarded to the area learning centers as determined by the department of elementary and  
14 secondary education based upon each area learning center's needs and on the level of the  
15 appropriation.

16           2. Updated instructional plans and year-end student reports shall be required annually  
17 from the area vocational learning centers and shall be a condition for additional funding. New  
18 area vocational learning centers shall be funded on a priority basis determined by the potential  
19 to be served and the community demand.

          168.515. 1. Each teacher selected to participate in a career plan established under  
2 sections 168.500 to 168.515, who meets the requirements of such plan, shall receive a salary  
3 supplement, the state's share of which shall be distributed under section 163.031, RSMo, equal  
4 to the following amounts applied to the career ladder entitlement [of line 15 of subsection 6] of  
5 section 163.031, RSMo:

6 (1) Career stage I teachers may receive up to an additional one thousand five hundred  
7 dollars per school year;

8 (2) Career stage II teachers may receive up to an additional three thousand dollars per  
9 school year;

10 (3) Career stage III teachers may receive up to an additional five thousand dollars per  
11 school year.

12

13 All teachers within each stage within the same school district shall receive equal salary  
14 supplements.

15 2. The state shall make payments pursuant to section 163.031, RSMo, to the local school  
16 district for the purpose of reimbursing the local school district for the payment of any salary  
17 supplements provided for in this section, subject to the availability of funds as appropriated each  
18 year and distributed on a variable match formula which shall be based on equalized assessed  
19 valuation of the district for the second preceding school year. [A district's equalized assessed  
20 valuation shall be multiplied by the district income factor defined in section 163.011, RSMo, and  
21 shall be known as the adjusted equalized assessed valuation.]

22 3. In distributing these matching funds, school districts shall be ranked by the adjusted  
23 equalized assessed valuation for the second preceding school year per [eligible pupil] **weighted**  
24 **average daily attendance** from the highest to the lowest and divided into three groups. Group  
25 one shall contain the highest twenty-five percent of all public school districts, groups two and  
26 three combined shall contain the remaining seventy-five percent of all public school districts.  
27 The districts in groups two and three shall be rank-ordered from largest to smallest based on  
28 enrollment as of the last Wednesday in September during the second preceding school year,  
29 group two shall contain twenty-five percent of all public school districts that are larger on the  
30 enrollment-based rank-ordered list and group three shall contain the remaining fifty percent of  
31 all public school districts. Pursuant to subsection 4 of this section, districts in group one shall  
32 receive forty percent state funding and shall contribute sixty percent local funding, group two  
33 shall receive fifty percent state funding and shall contribute fifty percent local funding and group  
34 three shall receive sixty percent state funding and shall contribute forty percent local funding.

35 4. The incremental groups are as follows:

	Percentage Group of Districts	Percentage of State Funding	Percentage of Local Funding
38 1	25%	40%	60%
39 2	25%	50%	50%
40 3	50%	60%	40%

41           5. Beginning in the 1996-97 school year, any school district in any group which  
42 participated in the career ladder program in 1995-96 and paid less than the local funding  
43 percentage required by subsection 4 of this section shall increase its local share of career ladder  
44 costs by five percentage points from the preceding year until the district pays the percentage  
45 share of cost required by subsection 4 of this section, and in no case shall the local funding  
46 percentage be increased by a greater amount for any year. For any district, the state payment  
47 shall not exceed the local payment times the state percentage share divided by the local  
48 percentage share. Any district not participating in the 1995-96 school year or any district which  
49 interrupts its career ladder program for any subsequent year shall enter the program on the  
50 cost-sharing basis required by subsection 4 of this section.

51           6. Not less than every fourth year, beginning with calendar year 1988, the general  
52 assembly, through the joint committee established under section 160.254, RSMo, shall review  
53 the amount of the career pay provided for in this section to determine if any increases are  
54 necessary to reflect the increases in the cost of living which have occurred since the salary  
55 supplements were last reviewed or set.

56           7. To participate in the salary supplement program established under this section, a  
57 school district may submit to the voters of the district a proposition to increase taxes for this  
58 purpose. If a school district's current tax rate ceiling is at or above the rate from which an  
59 increase would require a two-thirds majority, the school board may submit to the voters of the  
60 district a proposition to reduce or eliminate the amount of the levy reduction resulting from  
61 section 164.013, RSMo. If a majority of the voters voting thereon vote in favor of the  
62 proposition, the board may certify that seventy-five percent of the revenue generated from this  
63 source shall be used to implement the salary supplement program established under this section.

64           8. In no case shall a school district use state funds received under this section nor local  
65 revenue generated from a tax established under subsection 7 of this section to comply with the  
66 minimum salary requirements for teachers established pursuant to section 163.172, RSMo.

67           9. Beginning in the 1996-97 school year, for any teacher who participated in the career  
68 program in the 1995-96 school year, continues to participate in the program thereafter, and  
69 remains qualified to receive career pay pursuant to section 168.510, the state's share of the  
70 teacher's salary supplement shall continue to be the percentage paid by the state in the 1995-96  
71 school year, notwithstanding any provisions of subsection 4 of this section to the contrary, and  
72 the state shall continue to pay such percentage of the teacher's salary supplement until any of the  
73 following occurs:

74           (1) The teacher ceases his or her participation in the program; or

75 (2) The teacher suspends his or her participation in the program for any school year after  
76 the 1995-96 school year. If the teacher later resumes participation in the program, the state  
77 funding shall be subject to the provisions of subsection 4 of this section.

170.051. 1. As used in this section, the term "textbook" means workbooks, manuals, or  
2 other books, whether bound or in loose-leaf form, intended for use as a principal source of study  
3 material for a given class or group of students, a copy of which is expected to be available for  
4 the individual use of each pupil in such class or group.

5 2. Each public school board shall purchase and loan free all textbooks for all children  
6 who are enrolled in grades kindergarten through twelve in the public schools of the district, and  
7 may purchase textbooks and instructional materials for prekindergarten students.

8 3. Only textbooks which are filed with the state board of education pursuant to section  
9 170.061 shall be purchased and loaned under this section. No textbooks shall be purchased or  
10 loaned under this section to be used in any form of religious instruction or worship.

11 4. Each school board shall purchase [from the free textbook fund, or] from the incidental  
12 fund of the district [if the free textbook fund is insufficient,] all the new or used textbooks for  
13 all the pupils in all grades and preschool programs of the public schools of the district. The  
14 board may also expend [either textbook fund moneys or] incidental fund moneys to provide  
15 supplementary texts, library and reference books, contractual educational television services, and  
16 any other instructional supplies for all the pupils of the public schools of the district. [The board  
17 may, in its discretion, expend textbook fund moneys to provide any other instructional materials  
18 and supplies for the pupils of the public schools of the district.] All books purchased from  
19 district funds are the property of the district but shall be furnished, under rules and regulations  
20 prescribed by the school board, to the pupils without charge, except for abuse or willful  
21 destruction.

170.055. [1. When the money apportioned under the provisions of section 148.360,  
2 RSMo, is received by the treasurers of the various school districts it shall be placed to the credit  
3 of the free textbook fund of the district.

4 2.] No school board shall pay a higher price for books than is paid by any other school  
5 district in this state, or in any other state purchasing textbooks in the open market. No contract  
6 for books for a period of more than five years shall be made by any school district under the  
7 provisions of this law. Any owner, agent, solicitor or publisher of textbooks who shall offer for  
8 sale in this state or sell to any board of directors or board of education textbooks at a higher price  
9 than herein specified shall be guilty of a misdemeanor and shall upon conviction thereof be  
10 punished by a fine of not less than five hundred dollars and not more than ten thousand dollars  
11 for each offense.

171.121. If any district in this state has an average daily attendance of less than fifteen pupils as shown by the records of the last previous school year, the state board of education, after investigation that convinces it that it would be to the best interests of all concerned, shall require the board to provide for the tuition and transportation of the pupils of the district to other public schools. Separate records of the attendance of pupils from the closed district shall be kept and the district shall receive the same apportionment under [subsection 1 of] section 163.031, RSMo, as it would have received otherwise. For the first year after the closing of a district, apportionment shall be made under [subsection 3 of] section 163.031, RSMo, to the closed district on the basis of the average daily attendance of the preceding year and shall be paid by the closed district to the districts receiving its pupils in proportion to the number of pupils received by each.

178.296. 1. The school districts, except school districts which are part of a special school district, and special school districts in which county- or court-operated facilities for the care and protection of juveniles are located shall provide appropriate educational programs for those juveniles of school age who have not been graduated from the twelfth grade and who are placed in such facilities.

2. School districts and special school districts providing educational programs pursuant to subsection 1 shall be entitled to receive, for nonhandicapped children, the aid provided in section 163.031, RSMo, [and in addition special aid calculated in accordance with subsection 1 of section 162.975, RSMo, for classes approved by the department of elementary and secondary education]. Aid for programs for handicapped and severely handicapped children shall be allocated as provided by law. No school district or special school district providing educational programs pursuant to subsection 1 shall be required to expend on such programs funds in excess of those received by the district under the provisions of sections 178.295 to 178.298.

360.106. 1. As used in this section and sections 360.111 to 360.118, the following terms mean:

(1) "Funding agreement", any loan agreement, financing agreement or other agreement between the authority and a participating district under this section, providing for the use of proceeds of, security for, and the repayment of, school district bonds, and shall include a complete waiver by the participating district of all powers, rights and privileges conferred upon the participating district to institute any action authorized by any act of the Congress of the United States relating to bankruptcy on the part of the participating district;

(2) "Participating district", with respect to a particular issue of bonds, notes or other financial obligations, any school district and any public community junior college in this state which voluntarily enters into a funding agreement with the authority pursuant to this section;



12 (3) "School district bonds", any bonds, notes or other obligations issued by the authority  
13 for the purpose of making loans to, purchasing the bonds or notes of or otherwise by agreement  
14 using or providing for the use of the proceeds of the obligations by a participating district under  
15 this section and all related costs of issuance of the obligations including, but not limited to, all  
16 costs, charges, fees and expenses of underwriters, financial advisors, attorneys, consultants,  
17 accountants and of the authority.

18 2. In addition to other powers granted to the authority by sections 360.010 to 360.140,  
19 the authority shall have the power to issue school district bonds or notes for the purpose of  
20 making loans to, or purchasing the bonds, notes or other financial instruments of:

21 (1) Any school district or any public community junior college in this state for the use  
22 of the various funds of such school district or public community junior college for any lawful  
23 purpose; and

24 (2) Any school district in this state with respect to obligations issued by such school  
25 district pursuant to sections 164.121 to 164.301, RSMo, or otherwise by law.

26 3. In connection with the issuance of school district bonds pursuant to the powers  
27 granted in this section, the authority shall have all powers as set forth elsewhere in sections  
28 360.010 to 360.140, and the provisions of sections 360.010 to 360.140 shall be applicable to the  
29 issuance of school district bonds to the extent that they are not inconsistent with the provisions  
30 of this section.

31 4. School district bonds issued pursuant to this section may be secured by a pledge of  
32 payments made to the authority by the participating district, by the bonds or notes of the  
33 participating district, or by a pooling of such payments, bonds or notes of two or more of such  
34 participating districts or as otherwise set forth in the funding agreements.

35 5. The authority may invest any funds held pursuant to powers granted under this section,  
36 which are not required for immediate disbursement, in any investment approved by the authority  
37 and specified in the trust indenture or resolution pursuant to which such bonds or notes are issued  
38 without regard to any limitation otherwise imposed by section 360.120 or otherwise by law;  
39 provided, however, that each participating district shall receive the earnings, or a credit for such  
40 earnings, to the extent any such amounts invested are attributable to a particular participating  
41 district.

42 6. (1) In connection with school district bonds, upon certification by the authority to the  
43 commissioner of education and the state treasurer that the funding agreement provides for  
44 consent by a participating district for direct deposit of its state payments to the trustee, the state  
45 treasurer shall transfer, but only out of funds described in this section, directly to the trustee for  
46 such school district bonds, the amounts needed to pay the principal and interest when due on the  
47 school district bonds attributable to a particular participating district. Such transfers for any

48 school district bonds attributable to a particular participating district shall only be made out of,  
49 and to the extent of, the state payments and distributions from all funds to be made by the state  
50 to such participating district pursuant to sections 163.011 to 163.195, RSMo[, and the  
51 distributions from the fair share fund to be made by the state to such participating district  
52 pursuant to section 149.015, RSMo]. Any such transfer by the state on behalf of a participating  
53 district shall discharge the state's obligation to make such state payments to such participating  
54 district to the extent of such transfer;

55 (2) A participating district shall withdraw amounts from any of its funds established  
56 pursuant to section 165.011, RSMo, to the extent such amounts could have been used to make  
57 the payments made on its behalf by the state treasurer as provided in subdivision (1) of this  
58 subsection. Notwithstanding any provisions of section 108.180, RSMo, to the contrary, such  
59 amounts shall be deposited into the participating district's funds as provided by law in lieu of the  
60 state payments transferred to the trustee under the funding agreement;

61 (3) The authority shall from time to time develop guidelines containing certain criteria  
62 with respect to participating school districts and with respect to the issuance of school district  
63 bonds;

64 (4) Transfers made under this subsection pursuant to a school district's participation in  
65 a funding agreement under this section shall be made at no cost to the school district.

66 7. The authority shall provide for the payment of costs of issuance, costs of credit  
67 enhancement and any other costs or fees related to the issuance of any school district bonds other  
68 than reserve funds, out of the proceeds thereof or out of amounts distributed annually to the  
69 authority pursuant to sections 160.534 and 164.303, RSMo. The authority shall annually submit  
70 a request for funding of such costs to the commissioner of education in such form and at such  
71 time as he may request. A copy of such request shall be forwarded to the commissioner of  
72 administration. The authority shall provide for the payment of costs pursuant to this subsection  
73 only for bonds issued for the purpose of financing construction or renovation projects approved  
74 by voters after January 1, 1995, or refinancing construction or renovation projects or for  
75 refinance of lease purchase obligations with general obligation bonds.

76 8. Any refunding or refinancing of existing bonds of a school district under this section  
77 shall have a net present value savings of at least one and one-half percent of the par amount of  
78 the refunded bonds.

79 9. The commissioner of education shall serve as an ex officio, nonvoting, advisory  
80 member of the authority solely with regard to the exercise of powers granted pursuant to this  
81 section.

82 10. Nothing in this section or sections 360.111 to 360.118 shall be construed to relieve  
83 a school district or public community junior college of its obligation to levy a debt service levy

84 or capital projects levy sufficient to retire any obligation of the district or college as otherwise  
85 provided by law.

86 11. Any professional services provided in connection with the sale of such bonds  
87 pursuant to this section, including, but not limited to, underwriters, bond counsel, underwriters'  
88 counsel, trustee and financial advisors, shall be obtained through competitive bidding. The  
89 initial bid for professional services shall be for a period of not longer than two years, and  
90 thereafter such bids shall be awarded for a period not longer than one year.

91 12. The authority shall review the cost effectiveness of the program established under  
92 this section and sections 360.111 to 360.118 and shall, on or before the fifteenth of August of  
93 each year, provide a report to the general assembly which shall contain a report on the program,  
94 the authority's findings and a recommendation of whether this section should be repealed,  
95 strengthened or otherwise amended.

2 [160.264. 1. The "Incentives for School Excellence Program" is hereby  
3 established to promote and encourage all local school district initiatives for  
4 excellence in education, and shall commence with the 1986-87 school year. The  
5 incentives for school excellence program is a matching fund program of variable  
6 match rates.

7 2. The general assembly shall make an annual appropriation to the  
8 excellence in education fund established under section 160.268 for the purpose  
9 of providing the state's portion for the incentives for school excellence program.

10 3. There is hereby established within the department of elementary and  
11 secondary education, an advisory committee which shall be composed of  
12 twenty-one members to be appointed by the state board of education on the  
13 recommendation of the commissioner of education. This advisory committee  
14 shall make recommendations to the department regarding the incentives for  
15 school excellence program. The advisory committee shall also collect  
16 information on local school initiatives that promote excellences and shall  
17 disseminate information regarding such initiatives and the incentives program to  
18 all school districts.

19 4. The state board of education, on the recommendation of the  
20 commissioner of education, shall establish eligibility guidelines for participation  
21 by a district, a school, a group of teachers, or an individual teacher, in the  
22 incentive for school excellence program, and such pro rata provisions as are  
23 necessary. Copies of the guidelines established under this subsection shall be  
24 provided to all school districts in this state.

25 5. Program topics suitable for obtaining matching funds under the  
26 incentives for school excellence program, which matching funds may include  
27 in-kind donations, may include, but shall not be limited to, the following school  
28 improvement activities:

- (1) Teacher aides to assist in classrooms in grades K-3;

- 29 (2) Business/education partnerships;  
30 (3) Extended contracts for teachers and administrators;  
31 (4) School improvement councils;  
32 (5) Improved attendance plans;  
33 (6) School volunteer projects;  
34 (7) Parent participation programs;  
35 (8) Instructional improvement projects;  
36 (9) Writing programs;  
37 (10) Higher technology projects;  
38 (11) Advanced placement programs;  
39 (12) Opportunity classes for children who are at risk in reading and math  
40 in grades 1, 2, and 3. All districts are eligible to participate in the incentives for  
41 the school excellence program.

42 6. The commissioner of education shall cause guidelines to be developed  
43 by the department of elementary and secondary education which shall include,  
44 but shall not be limited to, information concerning the application procedures for  
45 school districts desiring to participate in the incentives for school excellence  
46 program.

47 7. The state board of education, with recommendation from the advisory  
48 committee, shall determine the district-revenue match needed to qualify for a  
49 state-revenue match under the incentives for school excellence program. The  
50 board shall recognize a school district's ability to raise the necessary matching  
51 funds to participate in the program established under this section.

52 8. Local school districts may use available revenues from any existing  
53 fund or source, except the teachers' fund, including gifts, grants, and bequests  
54 from federal, private, or other sources made available for the purpose of the  
55 incentives for school excellence program. Other provisions of this section  
56 notwithstanding, revenues in the teachers' fund may only be used for programs  
57 which relate to teachers' salaries. In no case shall a local school district use as its  
58 matching funds to participate in this program any state aid provided pursuant to  
59 sections 163.031 and 163.172, RSMo, or sections 168.500 to 168.520, RSMo.

60 9. The state board of education, at its discretion, may designate a portion  
61 of the appropriation for the incentives for school excellence program as a  
62 match-free incentive to be awarded to a school, a group of teachers, or an  
63 individual teacher to implement exemplary and innovative programs designed to  
64 improve instruction. Such match-free incentives shall be awarded to school  
65 districts for the benefit of the school, a group of teachers, or an individual teacher  
66 on a competitive grant basis according to criteria established by the state board  
67 of education with advice of the advisory committee.

68 10. Participation in the incentives for school excellence program requires  
69 the school district, school, teachers or teacher receiving the funds from the  
70 program to provide, upon request, such data as the department of elementary and  
71 secondary education deems necessary.]

2 [160.531. 1. Beginning with fiscal year 2005 and for all fiscal years  
3 thereafter, an amount, as specified in subsection 2 of this section, of the  
4 appropriation to the department of elementary and secondary education otherwise  
5 distributed to the public schools of the state pursuant to the provisions of section  
6 163.031, RSMo, shall be distributed by the department of elementary and  
7 secondary education to establish and fund family literacy programs in school  
8 attendance centers declared academically deficient by the state board of education  
9 as authorized by section 160.538 or school districts declared unaccredited or  
10 provisionally accredited by the state board of education pursuant to section  
11 161.092, RSMo.

12 2. The amount to be distributed by the department of elementary and  
13 secondary education to establish and fund family literacy programs pursuant to  
14 subsection 1 of this section shall be one and one-half percent of the total line 14  
15 distribution.

16 3. The department of elementary and secondary education shall  
17 promulgate rules for the distribution of family literacy funds.

18 4. No rule or portion of a rule promulgated pursuant to the authority of  
19 this section shall become effective unless it has been promulgated pursuant to  
20 chapter 536, RSMo.]

21 [160.550. 1. There is hereby authorized a program, subject to  
22 appropriation, for the 1995, 1996, and 1997 fiscal years to provide incentive  
23 payments to school districts to reduce pupil/teacher ratios and promote student  
24 achievement in grades kindergarten to three. In providing incentive payments  
25 authorized by this section, the state board of education, by rule and regulation,  
26 shall take into account the instructional methods that school districts use to  
27 qualify for the incentive payment. The state board of education shall promulgate  
28 any rules it deems necessary to effectively implement the provisions of this  
29 section. Any school district which achieves a pupil/teacher ratio of twenty-five  
30 to one or lower in any grades kindergarten to three shall be eligible for incentive  
31 payments pursuant to this section.

32 2. For the purposes of this section, the term "teacher" means a certificated  
33 teacher licensed to teach in Missouri, who is a regular classroom teacher in a  
34 regular instructional program. The term shall not include aides, administrators,  
35 or teachers with temporary certificates.

36 3. School districts shall be eligible for incentive payments only where the  
37 district can substantiate according to rules and regulations of the state board of  
38 education that the pupil/teacher ratio in the grade levels not affected by the  
39 program authorized by this section did not increase in order to meet the  
40 requirements for the incentive payment. Further, by rule and regulation of the  
41 state board of education, criteria shall be established to disqualify school districts  
42 from receiving incentive payments outlined in this section if such qualification

43 is due to enrollment decreases in the district that have occurred in grades  
44 kindergarten to three.

45 4. Nothing in this section shall be construed to preclude the teaching staff  
46 within a school from grouping pupils in alternative ways for instruction,  
47 including, but not limited to, team teaching, class-within-a-class, cooperative  
48 learning, and ungraded approaches to teaching; provided, however, that such  
49 alternative instructional groupings are not used in grade levels not affected by the  
50 program outlined in this section in order to meet the criteria to qualify for  
51 receiving incentive payments for the reduction in class size in grades  
52 kindergarten to three.

53 5. No rule or portion of a rule promulgated under the authority of sections  
54 160.500 to 160.538, sections 160.545 and 160.550, sections 161.099 and  
55 161.610, RSMo, sections 162.203 and 162.1010, RSMo, section 163.023, RSMo,  
56 sections 166.275 and 166.300, RSMo, section 170.254, RSMo, section 173.750,  
57 RSMo, and sections 178.585 and 178.698, RSMo, shall become effective unless  
58 it has been promulgated pursuant to the provisions of section 536.024, RSMo.]

2 [162.792. In addition to any other funds provided by law, the Missouri  
3 School for the Blind in St. Louis, and the Missouri School for the Deaf in Fulton,  
4 and the state schools for the severely handicapped shall, any other provision of  
5 law to the contrary notwithstanding, be entitled to funds under section 148.360,  
6 RSMo. The number of full-time students in those institutions described in this  
7 section shall be considered as "September membership" for the apportioning of  
funds under section 148.360, RSMo, to each institution respectively.]

2 [162.975. 1. Each school district or special school district which  
3 provides approved special education services for handicapped or severely  
4 handicapped children under sections 162.670 to 162.995 or approved extended  
5 school year services for such children, shall be entitled under section 163.031,  
6 RSMo, to receive state aid. Additional state aid for such programs shall be  
7 allocated as follows in the following order of priority:

8 (1) A school district or special school district shall receive state aid for  
9 each child receiving services on homebound status or served by contractual  
10 arrangement with a private or public agency approved by the department of  
11 elementary and secondary education. The amount paid from state aid for such  
12 services shall be adjusted annually by the percent change in the appropriation of  
13 state funds to this section for the current fiscal year compared with that for the  
14 first preceding fiscal year.

15 (2) A school district or special school district shall receive state aid for  
16 approved extended school year services for handicapped or severely handicapped  
17 children. Prior to full implementation of subdivisions (4), (5) and (6) of this  
18 subsection, state aid paid for each approved staff member shall bear the same  
ratio to the amount payable for such staff during the immediate preceding school

19 year as the ratio of the number of hours in the approved extended school year  
20 program bears to the number of hours in regular term programs for each  
21 respective school district or special school district approved under this section;  
22 provided that this amount shall be adjusted annually by the percentage change in  
23 the appropriation of state funds to this section for the current fiscal year  
24 compared with the appropriation level for the first preceding fiscal year. After  
25 full implementation of subdivisions (4), (5) and (6) of this subsection, state aid  
26 shall be paid for each approved staff in an amount which bears the same ratio to  
27 the amount payable for such staff during the immediate preceding school year as  
28 the ratio of the number of hours in the approved extended school year program  
29 bears to the number of hours in regular term programs for each respective school  
30 district or special school district approved pursuant to this section; provided that  
31 the amount payable per approved staff member pursuant to this subdivision for  
32 the year of full implementation of subdivisions (4), (5) and (6) of this subsection  
33 and thereafter shall be, on a prorated basis, two times the amount payable per  
34 approved staff member pursuant to subdivision (4) of this subsection for the  
35 current school year.

36 (3) The division of youth services within the Missouri department of  
37 social services shall receive state aid for approved special education services.  
38 State aid shall be paid for each full-time equivalent professional and  
39 paraprofessional staff member approved by the department of elementary and  
40 secondary education at the rate paid during the first full fiscal year preceding the  
41 year in which this section becomes effective plus an annual adjustment equal to  
42 the percent change in the appropriation of state funds to this section for the  
43 current fiscal year compared with the appropriation level for the first preceding  
44 year.

45 (4) A school district or special school district shall receive state aid for  
46 approved professional and paraprofessional staff who are employed or contracted  
47 to provide special education services for handicapped and severely handicapped  
48 children, including staff used by a school district or special school district to  
49 provide services before and after the normal school day for students attending  
50 nonpublic schools, who are in compliance with section 167.031, RSMo. Each  
51 school district or special school district employing or contracting for professional  
52 services or paraprofessional staff in the provision of special education services,  
53 as defined and approved by the department of elementary and secondary  
54 education, shall receive state aid at a full-time equivalent rate based upon the  
55 total allocation of funds pursuant to this subdivision, after sufficient funds are  
56 allocated for subdivisions (1), (2) and (3) of this subsection. Paraprofessional  
57 staff shall be paid at one-half the rate paid full-time equivalents of professional  
58 staff and contractors.

59 (5) Each school district or special school district providing special  
60 education services for handicapped or severely handicapped children shall receive  
61 state aid pursuant to section 163.031, RSMo, for each such eligible pupil, and

62 such school district shall receive state aid for each child domiciled in the district  
63 and enrolled in a nonpublic school, who are in compliance with section 167.031,  
64 RSMo. The per resident student rate paid for students enrolled in nonpublic  
65 schools shall be one-half that paid per eligible pupil for students enrolled in a  
66 school district or special school district.

67 (6) No more than fifty percent of the total state aid appropriated pursuant  
68 to subdivisions (4) and (5) of this subsection shall be distributed pursuant to  
69 subdivision (5) of this subsection. No less than fifty percent of the state aid  
70 appropriated pursuant to subdivisions (4) and (5) of this subsection shall be  
71 distributed pursuant to subdivision (4) of this subsection. A sufficient share of  
72 the funds appropriated pursuant to this subsection shall be appropriated pursuant  
73 to subdivisions (1), (2) and (3) of this subsection to meet the requirements of  
74 those subdivisions. To the extent allowed by appropriations, the share of funds  
75 appropriated pursuant to subdivisions (4) and (5) of this subsection under  
76 subdivision (5) shall be increased until that share is equal to fifty percent, at  
77 which time subdivisions (4), (5) and (6) of this subsection shall be considered  
78 fully implemented, and such share shall remain equal to fifty percent for all years  
79 thereafter. No district shall receive less state aid under this section than received  
80 during the year preceding that when the phased implementation was begun.

81 (7) Contractors providing professional services funded under this section  
82 shall meet the state licensing and certification requirements appropriate to their  
83 contracted duties, as determined by the department of elementary and secondary  
84 education.

85 2. For approved special education and related services provided for  
86 handicapped and severely handicapped children under five years of age, but not  
87 under the age of three, entitlements for state aid established pursuant to this  
88 section and distributed pursuant to section 163.031, RSMo, shall not exceed  
89 ninety percent of the cost of the programs as specified in project applications and  
90 approved by the department of elementary and secondary education. Such  
91 programs shall not be eligible to receive funds allocated pursuant to subsection  
92 1 of this section.

93 3. Each school district or special school district which provides an  
94 approved remedial reading program under provisions of sections 162.670 to  
95 162.995 shall receive state aid established pursuant to this subsection and  
96 distributed pursuant to section 163.031, RSMo. The amount paid from state aid  
97 for such services per full-time equivalent remedial reading teacher shall be  
98 adjusted annually by the percentage change in the appropriation of state funds for  
99 the state school aid district entitlements as established pursuant to section  
100 163.031, RSMo, for the current fiscal year compared with that for the first  
101 preceding fiscal year. Such programs shall not be eligible to receive funds  
102 allocated pursuant to subsection 1 of this section.

103 4. For approved programs for gifted children, districts shall receive state  
104 aid under section 163.031, RSMo, not to exceed seventy-five percent of the cost



105 of instructional personnel and special materials listed in project applications and  
106 approved by the department of elementary and secondary education. Such  
107 programs shall not be eligible to receive funds allocated pursuant to subsection  
108 1 of this section.]

2 [163.005. The "Schools of the Future Fund" is hereby created in the state  
3 treasury. Moneys deposited in this fund shall be considered state funds pursuant  
4 to article IV, section 15 of the Missouri Constitution. All interest received on the  
5 schools of the future fund shall be credited to the schools of the future fund.  
6 Appropriation of the moneys deposited into the schools of the future fund shall  
7 be used solely for the purpose of fully funding state aid to public schools pursuant  
to section 163.031.]

2 [163.014. Notwithstanding the provisions of section 163.011 to the  
3 contrary, beginning with the 1997-1998 payment year, the calculation of the  
4 magnitude of a tax rate decrease due to reassessment shall exclude any voted  
increase occurring in the year of reassessment dating from tax year 1995.]

2 [163.015. 1. Notwithstanding any other provision of law, for districts not  
3 making transfers pursuant to subsection 4 of section 165.011, RSMo, nor making  
4 payments or expenditures related to obligations made pursuant to section  
5 177.088, RSMo, nor any combination of such transfers, payments or  
6 expenditures, the district's operating levy for school purposes shall include the  
7 sum of tax rates levied for incidental, teachers', debt service and capital projects  
8 funds, with no more than eighteen cents of the sum levied in the debt service and  
9 capital projects funds. Any portion of the operating levy for school purposes  
10 levied in the debt service and capital projects funds in excess of a sum of ten  
11 cents must be authorized by a vote of the people, after August 28, 1998,  
12 approving an increase in the operating levy, or a full waiver of the rollback  
13 pursuant to section 164.013, RSMo, with a tax rate ceiling in excess of the  
14 minimum tax rate or an issuance of general obligation bonds.

15 2. Notwithstanding any other provision of law, beginning with the tax  
16 year which commences January 1, 1998, and for the 1998-99 school year and  
17 subsequent tax and school years, no school district shall receive more state aid,  
18 as calculated under section 163.031, for its education program, exclusive of  
19 categorical add-ons, than it received per eligible pupil for the school year  
20 1993-94, unless it has an operating levy for school purposes of not less than two  
21 dollars and seventy-five cents after all adjustments and reductions, with no more  
22 than ten cents of this tax rate levied in the debt service and capital projects funds  
23 and eligible for entry on line 1 of the state school aid formula contained in  
24 subsection 6 of section 163.031; except that any district which is required,  
25 pursuant to article X, section 22 of the Missouri Constitution, to reduce its  
operating levy below the minimum tax rate otherwise required under subsection

26 2 of section 163.021 shall not be construed to be in violation of subsection 2 of  
27 section 163.021 for making such tax rate reduction.

28 3. Notwithstanding any other provision of law, the portion of state aid  
29 received by the district pursuant to section 163.031, based upon the portion of the  
30 tax rate in the debt service or capital projects fund, respectively, which is  
31 included in the operating levy for school purposes shall be placed to the credit of  
32 the debt service fund or capital projects fund, respectively.]

2 [163.032. Other provisions of law to the contrary notwithstanding,  
3 beginning with the 1994-95 school year, the revenue per eligible pupil received  
4 by a district from the following sources under subsection 6 of section 163.031:  
5 line one minus line ten, or zero if line one minus line ten is less than zero, plus  
6 line fourteen; plus the product of the current assessed valuation of the district  
7 multiplied by the following tax rate - the greater of zero or the minimum rate  
8 required for the current year by subsection 2 of section 163.021, minus the sum  
9 of the district's equalized operating levy for school purposes of 1993 and any  
10 equalized operating levy for school purposes levied for 1993 by a special school  
11 district in which the district is located, shall not be less than the revenue per  
12 eligible pupil received by a district in the 1992-93 school year from the  
13 foundation formula entitlement payment amount. The department of elementary  
14 and secondary education shall make an addition in the payment amount of line  
15 nineteen of subsection 6 of section 163.031 to assure compliance with the  
16 provisions contained in this section. For all purposes of law, a school district's  
17 equalized operating levy for school purposes does not include any equalized  
18 operating levy for school purposes levied by a special school district in which the  
district is located.]

2 [163.034. Other provisions of subsection 5 of section 163.031, to the  
3 contrary notwithstanding, beginning with the 1995-96 school year, the revenue  
4 per eligible pupil received by a district from the following sources: line 1 minus  
5 line 10 or zero if line 1 minus line 10 is less than zero, plus line 14 as those  
6 amounts are established in subsection 6 of section 163.031, shall not be less than  
7 the revenue per eligible pupil received by a district in the 1992-93 school year  
8 from the foundation formula entitlement payment amount; provided that this  
9 section shall not be construed to limit the authority of the department of  
10 elementary and secondary education to reduce state aid payments pursuant to  
11 subsection 11 of section 177.088, RSMo, or subsection 8 of section 165.011,  
12 RSMo. The department of elementary and secondary education shall make an  
13 addition in the payment amount of line 19 of subsection 6 of section 163.031, to  
14 assure compliance with the provisions contained in this section, prior to making  
15 any deductions authorized under subsection 11 of section 177.088, RSMo, or  
subsection 8 of section 165.011, RSMo.]

2 [163.035. 1. The repeal and reenactment of sections 163.011 and  
 3 163.031 and the enactment of section 162.1060, RSMo, shall become effective  
 4 on July 1, 1999, if notification has been provided pursuant to subsection 2 of this  
 5 section.

6 2. On or within thirty days prior to March 15, 1999, the attorney general  
 7 shall provide notice to the revisor of statutes as to whether a final judgment as to  
 8 the state of Missouri and its officials is entered or has been entered in each  
 9 pending case as of May 15, 1998, which subjects one or more school districts in  
 10 this state to a federal court's jurisdiction, and if the notice provides that a final  
 11 judgment as to the state of Missouri and its officials has not been entered in each  
 12 such case, the repeal and reenactment of sections 163.011 and 163.031 and the  
 13 enactment of section 162.1060, RSMo, shall not become effective. As used in  
 14 this section, "final judgment" shall include only a judgment which disposes of all  
 15 claims involving the state of Missouri and its officials and for which final  
 16 disposition of appeals has been rendered and may include a consent judgment.  
 17 Provided, however that a settlement among the parties may include provisions for  
 18 payment for capital to be made after March 15, 1999, as long as the final  
 19 judgment approving such settlement fixes with finality the financial obligations  
 20 of the state.]

21 [165.015. 1. Notwithstanding the provisions of subsection 8 of section  
 22 165.011 to the contrary, any repayment of moneys pursuant to subsection 8 of  
 23 section 165.011 may be completed no later than the fifth fiscal year following the  
 24 year of violation.

25 2. Notwithstanding the provisions of subsection 8 of section 165.011 of  
 26 Senate Substitute No. 2 for House Committee Substitute for House Bill No. 889,  
 27 as truly agreed and finally passed by the first regular session of the ninetieth  
 28 general assembly, any school district that made an illegal transfer of funds from  
 29 the incidental fund to the capital projects fund that occurred in both fiscal years  
 30 1998 and 1999 shall not be allowed to make a repayment of funds after April 30,  
 31 2000, pursuant to the provisions of this section or subsection 8 of section 165.011  
 32 of Senate Substitute No. 2 for House Committee Substitute for House Bill No.  
 33 889, as truly agreed and finally passed by the first regular session of the ninetieth  
 34 general assembly unless the voters of such district approve an operating levy  
 35 increase to the greater of two dollars and eighty-five cents or the levy which  
 36 produces an increase in total state and local revenues as determined by the  
 37 department of elementary and secondary education which is equal to or greater  
 38 than the amount of state aid to be deducted pursuant to subsection 8 of section  
 39 165.011 by April 30, 2000. If the voters of such district fail to approve such levy  
 40 such district shall repay any funds that were illegally transferred by December 31,  
 41 2000.]

Section B. Section A of this act shall become effective July 1, 2006.