

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1711
91ST GENERAL ASSEMBLY

Reported from the Committee on Budget, February 12, 2002, with recommendation that the House Committee Substitute for House Bill No. 1711 Do Pass.

TED WEDEL, Chief Clerk

3884L.04C

AN ACT

To repeal section 163.011, RSMo, and to enact in lieu thereof one new section relating to state school aid, with an emergency clause.

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

Section A. Section 163.011, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 163.011, to read as follows:

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

(1) "Adjusted gross income":

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

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

(c) "District income factor" shall be one plus thirty percent of the difference of the district income ratio minus one, except that the district income factor applied to the portion of the assessed valuation corresponding to any increase in assessed valuation above the assessed

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

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) "Average daily attendance" means the quotient or the sum of the quotients obtained
21 by dividing the total number of hours attended in a term by resident pupils between the ages of
22 five and twenty-one by the actual number of hours school was in session in that term. To the
23 average daily attendance of the following school term shall be added the full-time equivalent
24 average daily attendance of summer school students. "Full-time equivalent average daily
25 attendance of summer school students" shall be computed by dividing the total number of hours
26 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**
41 **assessed valuation of the property of a school district" for the first and second preceding**
42 **years;**

43 (6) "District's target rate", the district's average percentage of pupils from fiscal years
44 2000 to 2005 scoring at or above the proficiency level on the statewide assessment system on
45 either mathematics or reading/communication arts plus one percentage point for each year after
46 fiscal year 2005 except that the district's target rate shall not exceed the statewide average
47 percentage from fiscal year 2000 to fiscal year 2005 scoring at or above the proficiency level on
48 the statewide assessment system on either mathematics or reading/communication arts;

49 [(6)] (7) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to

50 the 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for
51 debt service;

52 [(7)] (8) "Eligible pupils" shall be the sum of the average daily attendance of the school
53 term plus the product of two times the average daily attendance for summer school;

54 [(8)] (9) "Equalized assessed valuation of the property of a school district" **for a given**
55 **year** shall be determined by multiplying the assessed valuation of the real property subclasses
56 specified in section 137.115, RSMo, times the percent of true value as adjusted by the
57 department of elementary and secondary education to an equivalent sales ratio of thirty-three and
58 one-third percent and dividing by either the percent of true value as determined by the state tax
59 commission on or before March fifteenth preceding the fiscal year in which the valuation will
60 be effective as adjusted by the department of elementary and secondary education to an
61 equivalent sales ratio of thirty-three and one-third percent or the average percent of true value
62 for the highest three of the last four years as determined and certified by the state tax
63 commission, whichever is greater. To the equalized locally assessed valuation of each district
64 shall be added the assessed valuation of tangible personal property. The assessed valuation of
65 property which has previously been excluded from the tax rolls, which is being contested as not
66 being taxable and which increases the total assessed valuation of the school district by fifty
67 percent or more, shall not be included in the calculation of equalized assessed valuation under
68 this subdivision;

69 [(9)] (10) "Fiscal instructional ratio of efficiency", the quotient of the sum of the district's
70 current operating costs for all kindergarten through grade twelve direct instructional and direct
71 pupil support service functions plus the costs of improvement of instruction and the cost of
72 purchased services and supplies for operation of the facilities housing those programs, excluding
73 student activities, divided by the sum of the district's current operating cost for kindergarten
74 through grade twelve, plus all tuition revenue received from other districts minus all noncapital
75 transportation costs;

76 [(10)] (11) "Free and reduced lunch eligible pupil count", the number of pupils eligible
77 for free and reduced lunch on the last Wednesday in January for the preceding school year who
78 were enrolled as students of the district, as approved by the department in accordance with
79 applicable federal regulations;

80 [(11)] (12) "Guaranteed tax base" means the amount of equalized assessed valuation per
81 eligible pupil guaranteed each school district by the state in the computation of state aid. To
82 compute the guaranteed tax base, school districts shall be ranked annually from lowest to highest
83 according to the amount of equalized assessed valuation per pupil. The guaranteed tax base shall
84 be based upon the amount of equalized assessed valuation per pupil of the school district in
85 which the ninety-fifth percentile of the state aggregate number of pupils falls during the third **and**

86 **fourth** preceding [year] **years** and shall be equal to the state average equalized assessed
87 valuation per eligible pupil for the third **and fourth** preceding [year] **years** times two and one
88 hundred and sixty-seven thousandths; except that, for the purposes of line 14(b) the guaranteed
89 tax base shall be no greater than the guaranteed tax base used for the 1998-99 payment year. The
90 average equalized assessed valuation per pupil shall be the quotient of the total equalized
91 assessed valuation of the state divided by the number of eligible pupils;

92 [(12)] **(13)** "Membership" shall be the average of (1) the number of resident full-time
93 students and the full-time equivalent number of part-time students who were enrolled in the
94 public schools of the district on the last Wednesday in September of the previous year and who
95 were in attendance one day or more during the preceding ten school days and (2) the number of
96 resident full-time students and the full-time equivalent number of part-time students who were
97 enrolled in the public schools of the district on the last Wednesday in January of the previous
98 year and who were in attendance one day or more during the preceding ten school days, plus the
99 full-time equivalent number of summer school pupils. "Full-time equivalent number of part-time
100 students" is determined by dividing the total number of hours for which all part-time students
101 are enrolled by the number of hours in the school term. "Full-time equivalent number of summer
102 school pupils" is determined by dividing the total number of hours for which all summer school
103 pupils were enrolled by the number of hours required pursuant to section 160.011, RSMo, in the
104 school term. Only students eligible to be counted for average daily attendance shall be counted
105 for membership;

106 [(13)] **(14)** "Operating levy for school purposes" for districts making transfers pursuant
107 to subsection 4 of section 165.011, RSMo, based upon amounts multiplied by the guaranteed tax
108 base, or making payments or expenditures related to obligations made pursuant to section
109 177.088, RSMo, or any combination of such transfers, payments or expenditures, means the sum
110 of tax rates levied for teachers' and incidental funds plus the operating levy or sales tax
111 equivalent pursuant to section 162.1100, RSMo, of any transitional school district containing the
112 school district, in the payment year, and, for other districts, means the sum of tax rates levied for
113 incidental, teachers', debt service and capital projects funds plus the operating levy or sales tax
114 equivalent pursuant to section 162.1100, RSMo, of any transitional school district containing the
115 school district, with no more than eighteen cents of the sum levied in the debt service and capital
116 projects funds. Any portion of the operating levy for school purposes levied in the debt service
117 and capital projects funds in excess of a sum of ten cents must be authorized by a vote of the
118 people, after August 28, 1998, approving an increase in the operating levy, or a full waiver of the
119 rollback pursuant to section 164.013, RSMo, with a tax rate ceiling in excess of the minimum
120 tax rate or an issuance of general obligation bond. The operating levy shall be, after all
121 adjustments and equalization of the operating levy, no greater than a maximum value of four

122 dollars and ninety-five cents per one hundred dollars assessed valuation, except that the operating
123 levy shall be no greater than a maximum value of four dollars and seventy cents per one hundred
124 dollars assessed valuation for the purposes of line 2 of subsection 6 of section 163.031. To
125 equalize the operating levy, multiply the aggregate tax rates for teachers' and incidental funds by
126 either the percent of true value, as determined by the state tax commission on or before March
127 fifteenth preceding the fiscal year in which the evaluation will be effective as adjusted by the
128 department of elementary and secondary education to an equivalent sales ratio of thirty-three and
129 one-third percent, or the average percent of true value for the highest three of the last four years
130 as determined and certified by the state tax commission, whichever is greater, and divide by the
131 percent of true value as adjusted by the department of elementary and secondary education to an
132 equivalent sales ratio of thirty-three and one-third percent, provided that for any district for
133 which the equivalent sales ratio is equal to or greater than thirty-three and one-third percent, the
134 equalized operating levy shall be the adjusted operating levy. For any county in which the
135 equivalent sales ratio is less than thirty-one and two-thirds percent, the state tax commission
136 shall conduct a second study in that county and shall use a sample consisting of the parcels used
137 as a sample in the original study combined with an equal number of newly selected parcels. If
138 the new ratio is higher than the original ratio provided by this subdivision, the new ratio shall be
139 used for the purposes of this subdivision and for determining equalized assessed valuation
140 pursuant to subdivision (8) of this section. For the purposes of calculating state aid pursuant to
141 section 163.031, for any district which has not decreased its tax rate from the previous year
142 amount due to an increased amount of a voluntary tax rate rollback, the tax rate used to
143 determine a district's entitlement shall be adjusted so that any decrease in the entitlement due to
144 a decrease in the tax rate resulting from the reassessment shall equal the decrease in the
145 deduction for the assessed valuation of the district as a result of the change in the tax rate due
146 to reassessment. The tax rate adjustments required under this subdivision due to reassessment
147 shall be cumulative and shall be applied each year to determine the tax rate used to calculate the
148 entitlement;

149 [(14)] **(15)** "School purposes" pertains to teachers' and incidental funds;

150 [(15)] **(16)** "Teacher" means any teacher, teacher-secretary, substitute teacher, supervisor,
151 principal, supervising principal, superintendent or assistant superintendent, school nurse, social
152 worker, counselor or librarian who shall, regularly, teach or be employed for no higher than
153 grade twelve more than one-half time in the public schools and who is certified under the laws
154 governing the certification of teachers in Missouri.

Section B. Because immediate action is necessary to provide equalized calculation of
2 state aid for school districts, the enactment of section A of this act is deemed necessary for the
3 immediate preservation of the public health, welfare, peace, and safety, and is hereby declared

4 to be an emergency act within the meaning of the constitution, and the enactment of section A
5 of this act shall be in full force and effect on July 1, 2002, or upon its passage and approval,
6 whichever occurs later.