

HCS SCS SB 1170 -- SCHOOL CONSTRUCTION AND LEASES

SPONSOR: Mayer (Swinger)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Rural Community Development by a vote of 10 to 0.

This substitute establishes the Rebuild Missouri Schools Program which requires the State Board of Education to distribute no-interest funding to eligible school districts to help pay the costs of emergency projects because of severe damage or destruction due to an act of God or extreme weather events such as tornadoes, floods, or hail which renders the facility, or a substantial portion of it, unusable for the purpose it was serving before the destructive event.

Districts applying for funding must enter into an agreement with the state board stipulating that the funding can only be used to pay for the costs of the emergency project; the district will not pay interest for the funding; and the district will repay the funding in annual installments. The annual installments will be subject to an annual appropriation made by the local school board from the district's incidental fund or capital project fund. Installments do not need to be made in equal amounts, will be deposited into the newly created Rebuild Missouri Schools Fund, and can be paid over a 20-year period. The district must pledge to the state board that the school facilities being repaired or rebuilt as part of the emergency project will be used and occupied until the funding is repaid.

Funding awarded by the state board for an emergency project cannot exceed the cost of the project, less the amount of any insurance proceeds or other money received by the district as a result of the severe damage. If the district receives insurance payments after receiving funding from this program, it must pay the state board any money in excess of the project's costs. These payments will be in addition to the annual installment payment and will be made when the annual installment is due.

Districts that received severe damage after April 1, 2006, cannot be excluded from participating in the program.

The substitute, also, increases the 20-year limit on lease purchase agreements for boards of educational institutions to 25 years.

The provisions regarding the Rebuild Missouri Schools Program will expire six years from the effective date.

The substitute contains an emergency clause for the provisions

regarding the Rebuild Missouri Schools Program.

FISCAL NOTE: Estimated Cost on General Revenue Fund of Not expected to exceed \$100,000 in FY 2009, FY 2010, and FY 2011. No impact on Other State Funds in FY 2009, FY 2010, and FY 2011.

PROPONENTS: Supporters say that the bill will give immediate relief to the school district in Caruthersville, which suffered devastating losses from a tornado in April 2006. The program will be in place for school districts that receive severe damage from future storms. The state will not pay the entire cost for rebuilding the facilities, only the costs which remain after the schools receive money from insurance policies and government agencies like Federal Emergency Management Agency or State Emergency Management Agency. The schools repay the money, without interest, to the state, so that the fund is always replenished.

Testifying for the bill were Representative Swinger for Senator Mayer; and George K. Baum.

OPPONENTS: There was no opposition voiced to the committee.