

SECOND REGULAR SESSION

HOUSE BILL NO. 3275

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE RIGGS.

7065H.011

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal sections 164.011, 165.011, and 165.051, RSMo, and to enact in lieu thereof three new sections relating to moneys in school funds, with a delayed effective date.

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

Section A. Sections 164.011, 165.011, and 165.051, RSMo, are repealed and three
2 new sections enacted in lieu thereof, to be known as sections 164.011, 165.011, and 165.051,
3 to read as follows:

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
4 the ensuing school year, to meet principal and interest payments on the bonded debt of the
5 district and to provide the funds to meet other legitimate district purposes. In preparing the
6 estimate, the board shall have sole authority in determining what part of the total authorized
7 rate shall be used to provide revenue for each of the funds as authorized by section 165.011.
8 Prior to setting tax rates for the teachers' and incidental funds, the school board of each school
9 district annually shall set the tax rate for the capital projects fund as necessary to meet the
10 expenditures of the capital projects fund after all transfers allowed pursuant to subsection **[4]**
11 **5** of section 165.011. Furthermore the tax rate set in the capital projects fund shall not require
12 the reduction of the equalized combined tax rates for the teachers' and incidental funds to be
13 less than the greater of the minimum operating levy for the current year for school purposes
14 established under subsection 2 of section 163.021.

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.

15 2. The school board of each district shall forward the estimate to the county clerk on
16 or before September first. In school districts divided by county lines, the estimate shall be
17 forwarded to the proper officer of each county in which any part of the district lies.

18 3. When revising its tax rate each year, the aggregate increase in the valuation of
19 property assessed by the state tax commission for the current year over that of the previous
20 year shall be considered new construction and improvement.

21 4. The department of elementary and secondary education and any other government
22 agency involved in the tax rate process shall update the necessary forms, reports, and
23 documents in order to implement the provisions of this section.

 165.011. 1. **(1)** The following funds are created for the accounting of all school
2 moneys: "Teachers' Fund", "Incidental Fund", "Capital Projects Fund" and "Debt Service
3 Fund". The treasurer of the school district shall open an account for each fund specified in
4 this section~~[, and]~~.

5 **(2)** All moneys received from the county school fund and all moneys derived from
6 taxation for teachers' wages shall be placed to the credit of the teachers' fund.

7 **(3)** All tuition fees, state moneys received under section 163.031, and all other
8 moneys received from the state except as herein provided shall be placed to the credit of the
9 teachers' and incidental funds at the discretion of the district board of education, except as
10 provided in subsection 5 of section 163.031.

11 **(4)** Money received from other districts for transportation and money derived from
12 taxation for incidental expenses shall be credited to the incidental fund.

13 **(5)** All money derived from taxation or received from any other source for the
14 erection of buildings or additions thereto and the remodeling or reconstruction of buildings
15 and the furnishing thereof, for the payment of lease-purchase obligations, for the purchase of
16 real estate, or from sale of real estate, schoolhouses or other buildings of any kind, or school
17 furniture, from insurance, from sale of bonds other than refunding bonds shall be placed to the
18 credit of the capital projects fund.

19 **(6)** All moneys derived from the sale or lease of sites, buildings, facilities,
20 furnishings, and equipment by a school district as authorized under section 177.088 shall be
21 credited to the capital projects fund.

22 **(7)** Money derived from taxation for the retirement of bonds and the payment of
23 interest thereon shall be credited to the debt service fund, which shall be maintained as a
24 separate bank account.

25 **(8)** 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
28 according to the tax levies made for the years in which the obligations were incurred.

29 **(9)** All refunds received shall be placed to the credit of the fund from which the
30 original expenditures were made.

31 **(10)** Money donated to the school districts shall be placed to the credit of the fund
32 where it can be expended to meet the purpose for which it was donated and accepted.

33 **(11)** Money received from any other source whatsoever shall be placed to the credit of
34 the fund or funds designated by the board.

35 2. **(1)** The school board may transfer any portion of the unrestricted balance
36 remaining in the incidental fund to the teachers' fund.

37 **(2)** Any district that uses an incidental fund transfer to pay for more than twenty-five
38 percent of the annual certificated compensation obligation of the district and has an incidental
39 fund balance on June thirtieth in any year in excess of fifty percent of the combined incidental
40 teachers' fund expenditures for the fiscal year just ended shall be required to transfer the
41 excess from the incidental fund to the teachers' fund.

42 **(3)** If a balance remains in the debt service fund, after the total outstanding
43 indebtedness for which the fund was levied is paid, the board may transfer the unexpended
44 balance to the ~~[capital projects fund]~~ **teachers' fund.**

45 **(4)** If a balance remains in the bond proceeds after completion of the project for
46 which the bonds were issued, the balance shall be transferred from the incidental or capital
47 projects fund to the debt service fund.

48 **(5)** After making all placements of interest otherwise provided by law, a school
49 district may transfer from the capital projects fund to the ~~[incidental]~~ **teachers' fund** the
50 interest earned from undesignated balances in the capital projects fund.

51 **3.** A school district may borrow from one of the following funds: teachers' fund,
52 incidental fund, or capital projects fund, as necessary to meet obligations in another of those
53 funds; provided that the full amount is repaid to the lending fund within the same fiscal year.

54 ~~[3-]~~ **4.** Tuition shall be paid from either the teachers' or incidental funds. Employee
55 benefits for certificated staff shall be paid from the teachers' fund.

56 ~~[4-]~~ **5. (1)** Other provisions of law to the contrary notwithstanding, the school board
57 of a school district that meets the provisions of subsection 5 of section 163.031 may transfer
58 from the incidental fund to the capital projects fund the sum of:

59 ~~[(1)]~~ **(a)** The amount to be expended for transportation equipment that is considered
60 an allowable cost under state board of education rules for transportation reimbursements
61 during the current year; plus

62 ~~[(2)]~~ **(b)** Any amount necessary to satisfy obligations of the capital projects fund for
63 state-approved area vocational-technical schools; plus

64 ~~[(3)]~~ **(c)** Current year obligations for lease-purchase obligations entered into prior to
65 January 1, 1997; plus

66 ~~[(4)]~~ (d) The amount necessary to repay costs of one or more guaranteed energy
67 savings performance contracts to renovate buildings in the school district, provided that the
68 contract is only for energy conservation measures as defined in section 640.651 and provided
69 that the contract specifies that no payment or total of payments shall be required from the
70 school district until at least an equal total amount of energy and energy-related operating
71 savings and payments from the vendor pursuant to the contract have been realized by the
72 school district; plus

73 ~~[(5)]~~ (e) An amount not to exceed the greater of:

74 ~~[(a)]~~ a. One hundred sixty-two thousand three hundred twenty-six dollars; or

75 ~~[(b)]~~ b. Seven percent of the state adequacy target multiplied by the district's
76 weighted average daily attendance~~[-]~~.

77

78 ~~[provided that]~~

79 (2) Transfer amounts in excess of **ten percent of the** current year obligations of the
80 capital projects fund authorized under this ~~[subdivision]~~ **subsection** may be transferred only
81 by a resolution of the school board approved by a majority of the board members in office
82 when the resolution is voted on and identifying the specific capital projects to be funded
83 directly by the district by the transferred funds and an estimated expenditure date, **which**
84 **shall be within one fiscal year.**

85 ~~[-]~~ 6. Beginning in the 2006-07 school year, a district meeting the provisions of
86 subsection 5 of section 163.031 and not making the transfer under **paragraph (e) of**
87 subdivision ~~[(5)]~~ (1) of subsection ~~[4]~~ **5** of this section, nor making payments or expenditures
88 related to obligations made under section 177.088 may transfer from the incidental fund to the
89 debt service fund or the capital projects fund the greater of:

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

94 (2) Five percent of the state adequacy target multiplied by the district's weighted
95 average daily attendance.

96 ~~[-]~~ 7. Beginning in the 2006-07 school year, the department of elementary and
97 secondary education shall deduct from a school district's state aid calculated pursuant to
98 section 163.031 an amount equal to the amount of any transfer of funds from the incidental
99 fund to the capital projects fund or debt service fund performed during the previous year in
100 violation of this section; except that the state aid shall be deducted over no more than five
101 school years following the school year of an unlawful transfer based on a plan from the
102 district approved by the commissioner of elementary and secondary education.

103 [7-] **8. (1)** A school district may transfer unrestricted funds from the capital projects
104 fund to the incidental fund in any year to avoid becoming financially stressed as defined in
105 subsection 1 of section 161.520.

106 **(2)** If on June thirtieth of any fiscal year the sum of unrestricted balances in a school
107 district's incidental fund and teacher's fund is less than twenty percent of the sum of the
108 school district's expenditures from those funds for the fiscal year ending on that June thirtieth,
109 the school district may, during the next succeeding fiscal year, transfer to its incidental fund
110 an amount up to and including the amount of the unrestricted balance in its capital projects
111 fund on that June thirtieth.

112 **(3)** For purposes of this subsection, in addition to any other restrictions that may
113 apply to funds in the school district's capital projects fund, any funds that are derived from the
114 proceeds of one or more general obligation bond issues shall be considered restricted funds
115 and shall not be transferred to the school district's incidental fund.

116 **9. Beginning in the 2027-28 school year and in all subsequent school years:**

117 **(1) All interest earned from balances in the teachers' fund, incidental fund,**
118 **capital projects fund, and debt service fund created under subsection 1 of this section**
119 **shall be used to supplement, not supplant, moneys used for teacher salaries to the extent**
120 **that such interest is not otherwise obligated by other provisions of state law; and**

121 **(2) The capital projects fund shall be capped at a maximum of ten percent of**
122 **undesignated balances with any undesignated balances over ten percent to be**
123 **transferred at the beginning of the fiscal year to the teachers' fund, which shall be**
124 **used to supplement, not supplant, moneys used for teacher salaries.**

165.051. If any school district has money in the teachers', incidental, capital projects
2 or debt service fund not needed within a reasonable period of time for the purpose for which
3 the money was received, the school board in the district, if it deems it advisable, may invest
4 the funds in either open time deposits or certificates of deposit secured under the provisions of
5 sections 110.010 and 110.020; or in bonds, redeemable at maturity at par, of the state of
6 Missouri, of the United States, or of any wholly owned corporation of the United States; or in
7 other short term obligations of the United States, or in any instrument permitted by law for the
8 investment of state moneys. No open time deposits shall be made or bonds purchased to
9 mature beyond the date that the funds are needed for the purpose for which they were
10 received by the school district. Interest accruing from the investment of the surplus funds in
11 such deposits or bonds shall be credited to the **teachers' fund** [~~from which the money was~~
12 ~~invested~~] **and shall be used to supplement, not supplant, moneys used for teacher salaries**
13 **to the extent that such interest is not otherwise obligated by other provisions of state**
14 **law.**

Section B. The repeal and reenactment of sections 164.011, 165.011, and 165.051 of
2 this act shall become effective upon July 1, 2027.

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