

FIRST REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

# HOUSE BILL NO. 334

91ST GENERAL ASSEMBLY

---

Reported from the Committee on Education-Elementary and Secondary, February 21, 2001, with recommendation that the House Committee Substitute for House Bill No. 334 Do Pass.

Taken up for Perfection March 12, 2001. House Committee Substitute for House Bill No. 334 ordered Perfected and printed.

TED WEDEL, Chief Clerk

0804L.02P

---

## AN ACT

To repeal section 163.011, RSMo 2000, relating to definitions of the individual district tax rate used on line 1 of the funding formula for public schools, and to enact in lieu thereof one new section relating to the same subject.

---

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

Section A. Section 163.011, RSMo 2000, is repealed and one new section enacted in lieu thereof, to be known as section 163.011, to read as follows: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

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

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) "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's target rate", the district's average percentage of pupils from fiscal years  
41 2000 to 2005 scoring at or above the proficiency level on the statewide assessment system on  
42 either mathematics or reading/communication arts plus one percentage point for each year after  
43 fiscal year 2005 except that the district's target rate shall not exceed the statewide average  
44 percentage from fiscal year 2000 to fiscal year 2005 scoring at or above the proficiency level on  
45 the statewide assessment system on either mathematics or reading/communication arts;

46 (6) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the  
47 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for  
48 debt service;

49 (7) "Eligible pupils" shall be the sum of the average daily attendance of the school term  
50 plus the product of two times the average daily attendance for summer school;

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

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

72 (10) "Free and reduced lunch eligible pupil count", the number of pupils eligible for free  
73 and reduced lunch on the last Wednesday in January for the preceding school year who were  
74 enrolled as students of the district, as approved by the department in accordance with applicable  
75 federal regulations;

76 (11) "Guaranteed tax base" means the amount of equalized assessed valuation per  
77 eligible pupil guaranteed each school district by the state in the computation of state aid. To  
78 compute the guaranteed tax base, school districts shall be ranked annually from lowest to highest  
79 according to the amount of equalized assessed valuation per pupil. The guaranteed tax base shall  
80 be based upon the amount of equalized assessed valuation per pupil of the school district in  
81 which the ninety-fifth percentile of the state aggregate number of pupils falls during the third  
82 preceding year and shall be equal to the state average equalized assessed valuation per eligible  
83 pupil for the third preceding year times two and one hundred and sixty-seven thousandths; except  
84 that, for the purposes of line 14(b) the guaranteed tax base shall be no greater than the guaranteed

85 tax base used for the 1998-99 payment year. The average equalized assessed valuation per pupil  
86 shall be the quotient of the total equalized assessed valuation of the state divided by the number  
87 of eligible pupils;

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

102 (13) "Operating levy for school purposes" for districts making transfers pursuant to  
103 subsection 4 of section 165.011, RSMo, based upon amounts multiplied by the guaranteed tax  
104 base, or making payments or expenditures related to obligations made pursuant to section  
105 177.088, RSMo, or any combination of such transfers, payments or expenditures, means the sum  
106 of tax rates levied for teachers' and incidental funds plus the operating levy or sales tax  
107 equivalent pursuant to section 162.1100, RSMo, of any transitional school district containing the  
108 school district, in the payment year, and, for other districts, means the sum of tax rates levied for  
109 incidental, teachers', debt service and capital projects funds plus the operating levy or sales tax  
110 equivalent pursuant to section 162.1100, RSMo, of any transitional school district containing the  
111 school district, with no more than eighteen cents of the sum levied in the debt service and capital  
112 projects funds. Any portion of the operating levy for school purposes levied in the debt service  
113 and capital projects funds in excess of a sum of ten cents must be authorized by a vote of the  
114 people, after August 28, 1998, approving an increase in the operating levy, or a full waiver of the  
115 rollback pursuant to section 164.013, RSMo, with a tax rate ceiling in excess of the minimum  
116 tax rate or an issuance of general obligation bond. The operating levy shall be, after all  
117 adjustments and equalization of the operating levy, no greater than a maximum value of four  
118 dollars and ninety-five cents per one hundred dollars assessed valuation, except that the operating  
119 levy shall be no greater than a maximum value of four dollars and seventy cents per one hundred  
120 dollars assessed valuation for the purposes of line 2 of subsection 6 of section 163.031. To

121 equalize the operating levy, multiply the aggregate tax rates for teachers' and incidental funds by  
122 either the percent of true value, as determined by the state tax commission on or before March  
123 fifteenth preceding the fiscal year in which the evaluation will be effective as adjusted by the  
124 department of elementary and secondary education to an equivalent sales ratio of thirty-three and  
125 one-third percent, or the average percent of true value for the highest three of the last four years  
126 as determined and certified by the state tax commission, whichever is greater, and divide by the  
127 percent of true value as adjusted by the department of elementary and secondary education to an  
128 equivalent sales ratio of thirty-three and one-third percent, provided that for any district for  
129 which the equivalent sales ratio is equal to or greater than thirty-three and one-third percent, the  
130 equalized operating levy shall be the adjusted operating levy. For any county in which the  
131 equivalent sales ratio is less than thirty-one and two-thirds percent, the state tax commission  
132 shall conduct a second study in that county and shall use a sample consisting of the parcels used  
133 as a sample in the original study combined with an equal number of newly selected parcels. If  
134 the new ratio is higher than the original ratio provided by this subdivision, the new ratio shall be  
135 used for the purposes of this subdivision and for determining equalized assessed valuation  
136 pursuant to subdivision (8) of this section. For the purposes of calculating state aid pursuant to  
137 section 163.031, for any district which has not enacted a voluntary tax rate rollback nor increased  
138 the amount of a voluntary tax rate rollback from the previous year's amount, the tax rate used to  
139 determine a district's entitlement shall be adjusted so that any decrease in the entitlement due to  
140 a decrease in the tax rate resulting from the reassessment shall equal the decrease in the  
141 deduction for the assessed valuation of the district as a result of the change in the tax rate due  
142 to reassessment. The tax rate adjustments required under this subdivision due to reassessment  
143 shall be cumulative and shall be applied each year to determine the tax rate used to calculate the  
144 entitlement; [except that whenever the actual current operating levy equals or exceeds the tax rate  
145 calculated pursuant to this subdivision for the purpose of determining the district's entitlement,  
146 then the prior tax rate adjustments required under this subdivision due to reassessment shall be  
147 eliminated and shall not be applied in determining the tax rate used to calculate the district  
148 entitlement, except that whenever the actual current operating levy is increased by school board  
149 action prior to January 1, 2000, or by district voter approval at any time, to a level which equals  
150 or exceeds the tax rate calculated pursuant to this subdivision for the purpose of determining the  
151 districts entitlement, then the prior tax rate adjustments required under this subdivision due to  
152 reassessment shall be eliminated after five years and shall not thereafter be applied in  
153 determining the tax rate used to calculate the district entitlement;]

154 (14) "School purposes" pertains to teachers' and incidental funds;

155 (15) "Teacher" means any teacher, teacher-secretary, substitute teacher, supervisor,

156 principal, supervising principal, superintendent or assistant superintendent, school nurse, social  
157 worker, counselor or librarian who shall, regularly, teach or be employed for no higher than  
158 grade twelve more than one-half time in the public schools and who is certified under the laws  
159 governing the certification of teachers in Missouri.