

FIRST REGULAR SESSION

# HOUSE BILL NO. 1094

95TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE LeVOTA.

2335L.011

D. ADAM CRUMBLISS, Chief Clerk

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## AN ACT

To repeal sections 160.534, 163.011, 163.031, 313.775, 313.778, and 313.822, RSMo, and to enact in lieu thereof four new sections relating to state funding for elementary and secondary education.

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

Section A. Sections 160.534, 163.011, 163.031, 313.775, 313.778, and 313.822, RSMo, are repealed and four new section enacted in lieu thereof, to be known as section 160.534, 163.011, 163.031, and 313.822, to read as follows:

160.534. [1.] For fiscal year 1996 and each subsequent fiscal year, any amount of the excursion gambling boat proceeds deposited in the gaming proceeds for education fund in excess of the amount transferred to the school district bond fund as provided in section 164.303, RSMo, shall be transferred to the classroom trust fund. Such moneys shall be distributed in the manner provided in section 163.043, RSMo.

[2. Starting in fiscal year 2009, and for each subsequent fiscal year, all excursion gambling boat proceeds deposited in the gaming proceeds for education fund in excess of the amount transferred to the classroom trust fund for fiscal year 2008 plus the amount appropriated to the school district bond fund in accordance with section 164.303, RSMo, shall be deposited into the schools first elementary and secondary education improvement fund.

3. The amounts deposited in the schools first elementary and secondary education improvement fund pursuant to this section shall constitute new and additional funding for elementary and secondary education and shall not be used to replace existing funding provided for elementary and secondary education.]

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

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

5 (2) "Average daily attendance", the quotient or the sum of the quotients obtained by  
6 dividing the total number of hours attended in a term by resident pupils between the ages of five  
7 and twenty-one by the actual number of hours school was in session in that term. To the average  
8 daily attendance of the following school term shall be added the full-time equivalent average  
9 daily attendance of summer school students. "Full-time equivalent average daily attendance of  
10 summer school students" shall be computed by dividing the total number of hours, except for  
11 physical education hours that do not count as credit toward graduation for students in grades  
12 nine, ten, eleven, and twelve, attended by all summer school pupils by the number of hours  
13 required in section 160.011, RSMo, in the school term. For purposes of determining average  
14 daily attendance under this subdivision, the term "resident pupil" shall include all children  
15 between the ages of five and twenty-one who are residents of the school district and who are  
16 attending kindergarten through grade twelve in such district. If a child is attending school in a  
17 district other than the district of residence and the child's parent is teaching in the school district  
18 or is a regular employee of the school district which the child is attending, then such child shall  
19 be considered a resident pupil of the school district which the child is attending for such period  
20 of time when the district of residence is not otherwise liable for tuition. Average daily  
21 attendance for students below the age of five years for which a school district may receive state  
22 aid based on such attendance shall be computed as regular school term attendance unless  
23 otherwise provided by law;

24 (3) "Current operating expenditures":

25 (a) For the fiscal year 2007 calculation, "current operating expenditures" shall be  
26 calculated using data from fiscal year 2004 and shall be calculated as all expenditures for  
27 instruction and support services except capital outlay and debt service expenditures minus the  
28 revenue from federal categorical sources; food service; student activities; categorical payments  
29 for transportation costs pursuant to section 163.161; state reimbursements for early childhood  
30 special education; the career ladder entitlement for the district, as provided for in sections  
31 168.500 to 168.515, RSMo; the vocational education entitlement for the district, as provided for  
32 in section 167.332, RSMo; and payments from other districts;

33 (b) In every fiscal year subsequent to fiscal year 2007, current operating expenditures  
34 shall be the amount in paragraph (a) **of this subdivision** plus any increases in state funding  
35 pursuant to sections 163.031 and 163.043 subsequent to fiscal year 2005[, not to exceed five  
36 percent, per recalculation, of the state revenue] received by a district in the 2004-05 school year  
37 from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share,

38 and free textbook payments for any district from the first preceding calculation of the state  
39 adequacy target;

40 (4) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the  
41 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for  
42 debt service;

43 (5) "Dollar-value modifier", an index of the relative purchasing power of a dollar,  
44 calculated as one plus fifteen percent of the difference of the regional wage ratio minus one,  
45 provided that the dollar value modifier shall not be applied at a rate less than 1.0:

46 (a) "County wage per job", the total county wage and salary disbursements divided by  
47 the total county wage and salary employment for each county and the city of St. Louis as reported  
48 by the Bureau of Economic Analysis of the United States Department of Commerce for the  
49 fourth year preceding the payment year;

50 (b) "Regional wage per job":

51 a. The total Missouri wage and salary disbursements of the metropolitan area as defined  
52 by the Office of Management and Budget divided by the total Missouri metropolitan wage and  
53 salary employment for the metropolitan area for the county signified in the school district number  
54 or the city of St. Louis, as reported by the Bureau of Economic Analysis of the United States  
55 Department of Commerce for the fourth year preceding the payment year and recalculated upon  
56 every decennial census to incorporate counties that are newly added to the description of  
57 metropolitan areas; or if no such metropolitan area is established, then:

58 b. The total Missouri wage and salary disbursements of the micropolitan area as defined  
59 by the Office of Management and Budget divided by the total Missouri micropolitan wage and  
60 salary employment for the micropolitan area for the county signified in the school district  
61 number, as reported by the Bureau of Economic Analysis of the United States Department of  
62 Commerce for the fourth year preceding the payment year, if a micropolitan area for such county  
63 has been established and recalculated upon every decennial census to incorporate counties that  
64 are newly added to the description of micropolitan areas; or

65 c. If a county is not part of a metropolitan or micropolitan area as established by the  
66 Office of Management and Budget, then the county wage per job, as defined in paragraph (a) of  
67 this subdivision, shall be used for the school district, as signified by the school district number;

68 (c) "Regional wage ratio", the ratio of the regional wage per job divided by the state  
69 median wage per job;

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

71 (6) "Free and reduced lunch pupil count", the number of pupils eligible for free and  
72 reduced lunch on the last Wednesday in January for the preceding school year who were enrolled

73 as students of the district, as approved by the department in accordance with applicable federal  
74 regulations;

75 (7) "Free and reduced lunch threshold" shall be calculated by dividing the total free and  
76 reduced lunch pupil count of every performance district that falls entirely above the bottom five  
77 percent and entirely below the top five percent of average daily attendance, when such districts  
78 are rank-ordered based on their current operating expenditures per average daily attendance, by  
79 the total average daily attendance of all included performance districts;

80 (8) "Limited English proficiency pupil count", the number in the preceding school year  
81 of pupils aged three through twenty-one enrolled or preparing to enroll in an elementary school  
82 or secondary school who were not born in the United States or whose native language is a  
83 language other than English or are Native American or Alaskan native, or a native resident of  
84 the outlying areas, and come from an environment where a language other than English has had  
85 a significant impact on such individuals' level of English language proficiency, or are migratory,  
86 whose native language is a language other than English, and who come from an environment  
87 where a language other than English is dominant; and have difficulties in speaking, reading,  
88 writing, or understanding the English language sufficient to deny such individuals the ability to  
89 meet the state's proficient level of achievement on state assessments described in Public Law  
90 107-10, the ability to achieve successfully in classrooms where the language of instruction is  
91 English, or the opportunity to participate fully in society;

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

97 (10) "Local effort":

98 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as the equalized  
99 assessed valuation of the property of a school district in calendar year 2004 divided by one  
100 hundred and multiplied by the performance levy less the percentage retained by the county  
101 assessor and collector plus one hundred percent of the amount received in fiscal year 2005 for  
102 school purposes from intangible taxes, fines, escheats, payments in lieu of taxes and receipts  
103 from state-assessed railroad and utility tax, one hundred percent of the amount received for  
104 school purposes pursuant to the merchants' and manufacturers' taxes under sections 150.010 to  
105 150.370, RSMo, one hundred percent of the amounts received for school purposes from federal  
106 properties under sections 12.070 and 12.080, RSMo, except when such amounts are used in the  
107 calculation of federal impact aid pursuant to P.L. 81-874, fifty percent of Proposition C revenues  
108 received for school purposes from the school district trust fund under section 163.087, and one

109 hundred percent of any local earnings or income taxes received by the district for school  
110 purposes. Under this paragraph, for a special district established under sections 162.815 to  
111 162.940, RSMo, in a county with a charter form of government and with more than one million  
112 inhabitants, a tax levy of zero shall be utilized in lieu of the performance levy for the special  
113 school district;

114 (b) In every year subsequent to fiscal year 2007, "local effort" shall be the amount  
115 calculated under paragraph (a) of this subdivision plus any increase in the amount received for  
116 school purposes from fines. If a district's assessed valuation has decreased subsequent to the  
117 calculation outlined in paragraph (a) of this subdivision, the district's local effort shall be  
118 calculated using the district's current assessed valuation in lieu of the assessed valuation utilized  
119 in **the** calculation outlined in paragraph (a) of this subdivision;

120 (11) "Membership" shall be the average of:

121 (a) The number of resident full-time students and the full-time equivalent number of  
122 part-time students who were enrolled in the public schools of the district on the last Wednesday  
123 in September of the previous year and who were in attendance one day or more during the  
124 preceding ten school days; and

125 (b) The number of resident full-time students and the full-time equivalent number of  
126 part-time students who were enrolled in the public schools of the district on the last Wednesday  
127 in January of the previous year and who were in attendance one day or more during the preceding  
128 ten school days, plus the full-time equivalent number of summer school pupils. "Full-time  
129 equivalent number of part-time students" is determined by dividing the total number of hours for  
130 which all part-time students are enrolled by the number of hours in the school term. "Full-time  
131 equivalent number of summer school pupils" is determined by dividing the total number of hours  
132 for which all summer school pupils were enrolled by the number of hours required pursuant to  
133 section 160.011, RSMo, in the school term. Only students eligible to be counted for average  
134 daily attendance shall be counted for membership;

135 (12) "Operating levy for school purposes", the sum of tax rates levied for teachers' and  
136 incidental funds plus the operating levy or sales tax equivalent pursuant to section 162.1100,  
137 RSMo, of any transitional school district containing the school district, in the payment year, not  
138 including any equalized operating levy for school purposes levied by a special school district in  
139 which the district is located;

140 (13) "Performance district", any district that has met all performance standards and  
141 indicators as established by the department of elementary and secondary education for purposes  
142 of accreditation under section 161.092, RSMo, and as reported on the final annual performance  
143 report for that district each year;

144 (14) "Performance levy", three dollars and forty-three cents;

145 (15) "School purposes" pertains to teachers' and incidental funds;

146 (16) "Special education pupil count", the number of public school students with a current  
147 individualized education program and receiving services from the resident district as of  
148 December first of the preceding school year, except for special education services provided  
149 through a school district established under sections 162.815 to 162.940, RSMo, in a county with  
150 a charter form of government and with more than one million inhabitants, in which case the sum  
151 of the students in each district within the county exceeding the special education threshold of  
152 each respective district within the county shall be counted within the special district and not in  
153 the district of residence for purposes of distributing the state aid derived from the special  
154 education pupil count;

155 (17) "Special education threshold" shall be calculated by dividing the total special  
156 education pupil count of every performance district that falls entirely above the bottom five  
157 percent and entirely below the top five percent of average daily attendance, when such districts  
158 are rank-ordered based on their current operating expenditures per average daily attendance, by  
159 the total average daily attendance of all included performance districts;

160 (18) "State adequacy target", the sum of the current operating expenditures of every  
161 performance district that falls entirely above the bottom five percent and entirely below the top  
162 five percent of average daily attendance, when such districts are rank-ordered based on their  
163 current operating expenditures per average daily attendance, divided by the total average daily  
164 attendance of all included performance districts [plus the total amount of funds placed in the  
165 schools first elementary and secondary education improvement fund in the preceding fiscal year  
166 divided by the total average daily attendance of all school districts for the preceding fiscal year].  
167 The department of elementary and secondary education shall first calculate the state adequacy  
168 target for fiscal year 2007 and recalculate the state adequacy target every two years using the  
169 most current available data[; provided that the state adequacy target shall be recalculated every  
170 year to reflect the per-pupil amount of funds placed in the schools first elementary and secondary  
171 education improvement fund in the preceding fiscal year]. The recalculation shall never result  
172 in a decrease from the previous state adequacy target amount. Should a recalculation result in  
173 an increase in the state adequacy target amount, fifty percent of that increase shall be included  
174 in the state adequacy target amount in the year of recalculation, and fifty percent of that increase  
175 shall be included in the state adequacy target amount in the subsequent year. The state adequacy  
176 target may be adjusted to accommodate available appropriations;

177 (19) "Teacher", any teacher, teacher-secretary, substitute teacher, supervisor, principal,  
178 supervising principal, superintendent or assistant superintendent, school nurse, social worker,  
179 counselor or librarian who shall, regularly, teach or be employed for no higher than grade twelve

180 more than one-half time in the public schools and who is certified under the laws governing the  
181 certification of teachers in Missouri;

182 (20) "Weighted average daily attendance", the average daily attendance plus the product  
183 of twenty-five hundredths multiplied by the free and reduced lunch pupil count that exceeds the  
184 free and reduced lunch threshold, plus the product of seventy-five hundredths multiplied by the  
185 number of special education pupil count that exceeds the special education threshold, and plus  
186 the product of six-tenths multiplied by the number of limited English proficiency pupil count that  
187 exceeds the limited English proficiency threshold. For special districts established under  
188 sections 162.815 to 162.940, RSMo, in a county with a charter form of government and with  
189 more than one million inhabitants, weighted average daily attendance shall be the average daily  
190 attendance plus the product of twenty-five hundredths multiplied by the free and reduced lunch  
191 pupil count that exceeds the free and reduced lunch threshold, plus the product of seventy-five  
192 hundredths multiplied by the sum of the special education pupil count that exceeds the threshold  
193 for each county district, plus the product of six-tenths multiplied by the limited English  
194 proficiency pupil count that exceeds the limited English proficiency threshold. None of the  
195 districts comprising a special district established under sections 162.815 to 162.940, RSMo, in  
196 a county with a charter form of government and with more than one million inhabitants, shall use  
197 any special education pupil count in calculating their weighted average daily attendance.

163.031. 1. The department of elementary and secondary education shall calculate and  
2 distribute to each school district qualified to receive state aid under section 163.021 an amount  
3 determined by multiplying the district's weighted average daily attendance by the state adequacy  
4 target, multiplying this product by the dollar value modifier for the district, and subtracting from  
5 this product the district's local effort and, in years not governed under subsection 4 of this  
6 section, subtracting payments from the classroom trust fund under section 163.043.

7 2. Other provisions of law to the contrary notwithstanding:

8 (1) For districts with an average daily attendance of more than three hundred fifty in the  
9 school year preceding the payment year:

10 (a) For the 2006-07 school year, the state revenue per weighted average daily attendance  
11 received by a district from the state aid calculation under subsections 1 and 4 of this section, as  
12 applicable, and the classroom trust fund under section 163.043 shall not be less than the state  
13 revenue received by a district in the 2005-06 school year from the foundation formula, line 14,  
14 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
15 multiplied by the sum of one plus the product of one-third multiplied by the remainder of the  
16 dollar value modifier minus one, and dividing this product by the weighted average daily  
17 attendance computed for the 2005-06 school year;

18 (b) For the 2007-08 school year, the state revenue per weighted average daily attendance  
19 received by a district from the state aid calculation under subsections 1 and 4 of this section, as  
20 applicable, and the classroom trust fund under section 163.043 shall not be less than the state  
21 revenue received by a district in the 2005-06 school year from the foundation formula, line 14,  
22 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
23 multiplied by the sum of one plus the product of two-thirds multiplied by the remainder of the  
24 dollar value modifier minus one, and dividing this product by the weighted average daily  
25 attendance computed for the 2005-06 school year;

26 (c) For the 2008-09 school year, the state revenue per weighted average daily attendance  
27 received by a district from the state aid calculation under subsections 1 and 4 of this section, as  
28 applicable, and the classroom trust fund under section 163.043 shall not be less than the state  
29 revenue received by a district in the 2005-06 school year from the foundation formula, line 14,  
30 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
31 multiplied by the dollar value modifier, and dividing this product by the weighted average daily  
32 attendance computed for the 2005-06 school year;

33 (d) For each year subsequent to the 2008-09 school year, the amount shall be no less than  
34 that computed in paragraph (c) of this subdivision, multiplied by the weighted average daily  
35 attendance pursuant to section 163.036, less any increase in revenue received from the classroom  
36 trust fund under section 163.043;

37 (2) For districts with an average daily attendance of three hundred fifty or less in the  
38 school year preceding the payment year:

39 (a) For the 2006-07 school year, the state revenue received by a district from the state  
40 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust  
41 fund under section 163.043 shall not be less than the greater of state revenue received by a  
42 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,  
43 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
44 multiplied by the sum of one plus the product of one-third multiplied by the remainder of the  
45 dollar value modifier minus one;

46 (b) For the 2007-08 school year, the state revenue received by a district from the state  
47 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust  
48 fund under section 163.043 shall not be less than the greater of state revenue received by a  
49 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,  
50 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
51 multiplied by the sum of one plus the product of two-thirds multiplied by the remainder of the  
52 dollar value modifier minus one;

53 (c) For the 2008-09 school year, the state revenue received by a district from the state  
54 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust  
55 fund under section 163.043 shall not be less than the greater of state revenue received by a  
56 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,  
57 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
58 multiplied by the dollar value modifier;

59 (d) For each year subsequent to the 2008-09 school year, the amount shall be no less than  
60 that computed in paragraph (c) of this subdivision;

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

64 3. School districts that meet the requirements of section 163.021 shall receive categorical  
65 add-on revenue as provided in this subsection. The categorical add-on for the district shall be  
66 the sum of: seventy-five percent of the district allowable transportation costs under section  
67 163.161; the career ladder entitlement for the district, as provided for in sections 168.500 to  
68 168.515, RSMo; the vocational education entitlement for the district, as provided for in section  
69 167.332, RSMo; and the district educational and screening program entitlements as provided for  
70 in sections 178.691 to 178.699, RSMo. The categorical add-on revenue amounts may be  
71 adjusted to accommodate available appropriations.

72 4. In the 2006-07 school year and each school year thereafter for [five] **three** years, those  
73 districts entitled to receive state aid under the provisions of subsection 1 of this section shall  
74 receive state aid in an amount as provided in this subsection.

75 (1) For the 2006-07 school year, the amount shall be fifteen percent of the amount of  
76 state aid calculated for the district for the 2006-07 school year under the provisions of subsection  
77 1 of this section, plus eighty-five percent of the total amount of state revenue received by the  
78 district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
79 reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received  
80 under section 163.043.

81 (2) For the 2007-08 school year, the amount shall be thirty percent of the amount of state  
82 aid calculated for the district for the 2007-08 school year under the provisions of subsection 1  
83 of this section, plus seventy percent of the total amount of state revenue received by the district  
84 for the 2005-06 school year from the foundation formula, line 14, gifted, remedial reading,  
85 exceptional pupil aid, fair share, and free textbook payments less any amounts received under  
86 section 163.043.

87 (3) For the 2008-09 school year, the amount of state aid shall be forty-four percent of the  
88 amount of state aid calculated for the district for the 2008-09 school year under the provisions

89 of subsection 1 of this section plus fifty-six percent of the total amount of state revenue received  
90 by the district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
91 reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received  
92 under section 163.043.

93 (4) For the 2009-10 school year, the amount of state aid shall be [fifty-eight] **seventy-**  
94 **two** percent of the amount of state aid calculated for the district for the 2009-10 school year  
95 under the provisions of subsection 1 of this section plus [forty-two] **twenty-eight** percent of the  
96 total amount of state revenue received by the district for the 2005-06 school year from the  
97 foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and free  
98 textbook payments less any amounts received under section 163.043.

99 (5) [For the 2010-11 school year, the amount of state aid shall be seventy-two percent  
100 of the amount of state aid calculated for the district for the 2010-11 school year under the  
101 provisions of subsection 1 of this section plus twenty-eight percent of the total amount of state  
102 revenue received by the district for the 2005-06 school year from the foundation formula, line  
103 14, gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payments less  
104 any amounts received under section 163.043.

105 (6) For the 2011-12 school year, the amount of state aid shall be eighty-six percent of  
106 the amount of state aid calculated for the district for the 2011-12 school year under the provisions  
107 of subsection 1 of this section plus fourteen percent of the total amount of state revenue received  
108 by the district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
109 reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received  
110 under section 163.043.

111 (7)] (a) Notwithstanding subdivision (18) of section 163.011, the state adequacy target  
112 may not be adjusted downward to accommodate available appropriations in any year governed  
113 by this subsection.

114 (b) a. For the 2006-07 school year, if a school district experiences a decrease in summer  
115 school average daily attendance of more than twenty percent from the district's 2005-06 summer  
116 school average daily attendance, an amount equal to the product of the percent reduction that is  
117 in excess of twenty percent of the district's summer school average daily attendance multiplied  
118 by the funds generated by the district's summer school program in the 2005-06 school year shall  
119 be subtracted from the district's current year payment amount.

120 b. For the 2007-08 school year, if a school district experiences a decrease in summer  
121 school average daily attendance of more than thirty percent from the district's 2005-06 summer  
122 school average daily attendance, an amount equal to the product of the percent reduction that is  
123 in excess of thirty percent of the district's summer school average daily attendance multiplied by

124 the funds generated by the district's summer school program in the 2005-06 school year shall be  
125 subtracted from the district's payment amount.

126 c. For the 2008-09 school year through the 2011-12 school year, if a school district  
127 experiences a decrease in summer school average daily attendance of more than thirty-five  
128 percent from the district's 2005-06 summer school average daily attendance, an amount equal to  
129 the product of the percent reduction that is in excess of thirty-five percent of the district's  
130 summer school average daily attendance multiplied by the funds generated by the district's  
131 summer school program in the 2005-06 school year shall be subtracted from the district's  
132 payment amount.

133 d. Notwithstanding the provisions of this paragraph, no such reduction shall be made in  
134 the case of a district that is receiving a payment under section 163.044 or any district whose  
135 regular school term average daily attendance for the preceding year was three hundred fifty or  
136 less.

137 e. This paragraph shall not be construed to permit any reduction applied under this  
138 paragraph to result in any district receiving a current-year payment that is less than the amount  
139 calculated for such district under subsection 2 of this section.

140 (c) If a school district experiences a decrease in its gifted program enrollment of more  
141 than twenty percent from its 2005-06 gifted program enrollment in any year governed by this  
142 subsection, an amount equal to the product of the percent reduction in the district's gifted  
143 program enrollment multiplied by the funds generated by the district's gifted program in the  
144 2005-06 school year shall be subtracted from the district's current year payment amount.

145 5. For any school district meeting the eligibility criteria for state aid as established in  
146 section 163.021, but which is considered an option district under section 163.042 and therefore  
147 receives no state aid, the commissioner of education shall present a plan to the superintendent  
148 of the school district for the waiver of rules and the duration of said waivers, in order to promote  
149 flexibility in the operations of the district and to enhance and encourage efficiency in the delivery  
150 of instructional services as provided in section 163.042.

151 6. (1) No less than seventy-five percent of the state revenue received under the  
152 provisions of subsections 1, 2, and 4 of this section shall be placed in the teachers' fund, and the  
153 remaining percent of such moneys shall be placed in the incidental fund. No less than  
154 seventy-five percent of one-half of the funds received from the school district trust fund  
155 distributed under section 163.087 shall be placed in the teachers' fund. One hundred percent of  
156 revenue received under the provisions of section 163.161 shall be placed in the incidental fund.  
157 One hundred percent of revenue received under the provisions of sections 168.500 to 168.515,  
158 RSMo, shall be placed in the teachers' fund.

159 (2) A school district shall spend for certificated compensation and tuition expenditures  
160 each year:

161 (a) An amount equal to at least seventy-five percent of the state revenue received under  
162 the provisions of subsections 1, 2, and 4 of this section;

163 (b) An amount equal to at least seventy-five percent of one-half of the funds received  
164 from the school district trust fund distributed under section 163.087 during the preceding school  
165 year; and

166 (c) Beginning in fiscal year 2008, as much as was spent per the second preceding year's  
167 weighted average daily attendance for certificated compensation and tuition expenditures the  
168 previous year from revenue produced by local and county tax sources in the teachers' fund, plus  
169 the amount of the incidental fund to teachers' fund transfer calculated to be local and county tax  
170 sources by dividing local and county tax sources in the incidental fund by total revenue in the  
171 incidental fund.

172 In the event a district fails to comply with this provision, the amount by which the district fails  
173 to spend funds as provided herein shall be deducted from the district's state revenue received  
174 under the provisions of subsections 1, 2, and 4 of this section for the following year, provided  
175 that the state board of education may exempt a school district from this provision if the state  
176 board of education determines that circumstances warrant such exemption.

177 7. If a school district's annual audit discloses that students were inappropriately identified  
178 as eligible for free and reduced lunch, special education, or limited English proficiency and the  
179 district does not resolve the audit finding, the department of elementary and secondary education  
180 shall require that the amount of aid paid pursuant to the weighting for free and reduced lunch,  
181 special education, or limited English proficiency in the weighted average daily attendance on the  
182 inappropriately identified pupils be repaid by the district in the next school year and shall  
183 additionally impose a penalty of one hundred percent of such aid paid on such pupils, which  
184 penalty shall also be paid within the next school year. Such amounts may be repaid by the  
185 district through the withholding of the amount of state aid.

313.822. A tax is imposed on the adjusted gross receipts received from gambling games  
2 authorized pursuant to sections 313.800 to 313.850 at the rate of twenty-one percent. The taxes  
3 imposed by this section shall be returned to the commission in accordance with the commission's  
4 rules and regulations who shall transfer such taxes to the director of revenue. All checks and  
5 drafts remitted for payment of these taxes and fees shall be made payable to the director of  
6 revenue. If the commission is not satisfied with the return or payment made by any licensee, it  
7 is hereby authorized and empowered to make an assessment of the amount due based upon any  
8 information within its possession or that shall come into its possession. Any licensee against  
9 whom an assessment is made by the commission may petition for a reassessment. The request

10 for reassessment shall be made within twenty days from the date the assessment was mailed or  
11 delivered to the licensee, whichever is earlier. Whereupon the commission shall give notice of  
12 a hearing for reassessment and fix the date upon which the hearing shall be held. The assessment  
13 shall become final if a request for reassessment is not received by the commission within the  
14 twenty days. Except as provided in this section, on and after April 29, 1993, all functions  
15 incident to the administration, collection, enforcement, and operation of the tax imposed by  
16 sections 144.010 to 144.525, RSMo, shall be applicable to the taxes and fees imposed by this  
17 section.

18 (1) Each excursion gambling boat shall designate a city or county as its home dock. The  
19 home dock city or county may enter into agreements with other cities or counties authorized  
20 pursuant to subsection 10 of section 313.812 to share revenue obtained pursuant to this section.  
21 The home dock city or county shall receive ten percent of the adjusted gross receipts tax  
22 collections, as levied pursuant to this section, for use in providing services necessary for the  
23 safety of the public visiting an excursion gambling boat. Such home dock city or county shall  
24 annually submit to the commission a shared revenue agreement with any other city or county.  
25 All moneys owed the home dock city or county shall be deposited and distributed to such city  
26 or county in accordance with rules and regulations of the commission. All revenues provided  
27 for in this section to be transferred to the governing body of any city not within a county and any  
28 city with a population of over three hundred fifty thousand inhabitants shall not be considered  
29 state funds and shall be deposited in such city's general revenue fund to be expended as provided  
30 for in this section.

31 (2) The remaining amount of the adjusted gross receipts tax shall be deposited in the  
32 state treasury to the credit of the "Gaming Proceeds for Education Fund" which is hereby created  
33 in the state treasury. Moneys deposited in this fund shall be kept separate from the general  
34 revenue fund as well as any other funds or accounts in the state treasury, shall be used solely for  
35 education pursuant to the Missouri Constitution and shall be considered the proceeds of  
36 excursion boat gambling and state funds pursuant to article IV, section 15 of the Missouri  
37 Constitution. All interest received on the gaming proceeds for education fund shall be credited  
38 to the gaming proceeds for education fund. Appropriation of the moneys deposited into the  
39 gaming proceeds for education fund shall be pursuant to state law.

40 (3) The state auditor shall perform an annual audit of the gaming proceeds for education  
41 fund [and the schools first elementary and secondary education improvement fund], which shall  
42 include the evaluation of whether appropriations for elementary and secondary education have  
43 increased and are being used as intended by this act. The state auditor shall make copies of each  
44 audit available to the public and to the general assembly.

2 [313.775. This act shall be known and may be cited as "The Schools First  
3 Elementary and Secondary Education Funding Initiative".]

4 [313.778. There is hereby created in the state treasury the "Schools First  
5 Elementary and Secondary Education Improvement Fund", which shall consist  
6 of taxes on excursion gambling boat proceeds as provided in subsection 2 of  
7 section 160.534, RSMo, to be used solely for the purpose of increasing funding  
8 for elementary and secondary education. The schools first elementary and  
9 secondary education improvement fund shall be state revenues collected from  
10 gaming activities for purposes of article III, section 39(d) of the constitution.  
11 Moneys in the schools first elementary and secondary education improvement  
12 fund shall be kept separate from the general revenue fund as well as any other  
13 funds or accounts in the state treasury. The state treasurer shall be custodian of  
14 the fund and may approve disbursements from the fund in accordance with  
15 sections 30.170 and 30.180, RSMo. Notwithstanding the provisions of section  
16 33.080, RSMo, to the contrary, any moneys remaining in the fund at the end of  
17 the biennium shall not revert to the credit of the general revenue fund. The state  
18 treasurer shall invest moneys in the fund in the same manner as other funds are  
19 invested. Any interest and moneys earned on such investments shall be credited  
20 to the fund.]

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