

*****Adopted*****

AMENDMENT No. 1 PROPOSED TO

Senate Bill NO. 2969

By Representative(s) Committee

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

14 **SECTION 1.** Section 37-151-7, Mississippi Code of 1972, is
15 amended as follows:

16 37-151-7. The annual allocation to each school district for
17 the operation of the adequate education program shall be
18 determined as follows:

19 (1) Computation of the basic amount to be included for
20 current operation in the adequate education program. The
21 following procedure shall be followed in determining the annual
22 allocation to each school district:

23 (a) **Determination of average daily attendance.** During
24 months two (2) and three (3) of the current school year, the
25 average daily attendance of a school district shall be computed,
26 or the average daily attendance for the prior school year shall be
27 used, whichever is greater. The district's average daily
28 attendance shall be computed and currently maintained in
29 accordance with regulations promulgated by the State Board of
30 Education.

31 (b) **Determination of base student cost.** The State
32 Board of Education, on or before August 1, with adjusted estimate
33 no later than January 2, shall annually submit to the Legislative

34 Budget Office and the Governor a proposed base student cost
35 adequate to provide the following cost components of educating a
36 pupil in an average school district meeting Level III
37 accreditation standards required by the Commission on School
38 Accreditation: (i) Instructional Cost; (ii) Administrative Cost;
39 (iii) Operation and Maintenance of Plant; and (iv) Ancillary
40 Support Cost. The department shall utilize a statistical
41 methodology which considers such factors as, but not limited to,
42 (i) school size; (ii) assessed valuation per pupil; (iii) the
43 percentage of students receiving free lunch; (iv) the local
44 district maintenance tax levy; (v) other local school district
45 revenues; and (vi) the district's accreditation level, in the
46 selection of the representative Mississippi school districts for
47 which cost information shall be obtained for each of the above
48 listed cost areas.

49 For the instructional cost component, the department shall
50 determine the instructional cost of each of the representative
51 school districts selected above, excluding instructional cost of
52 self-contained special education programs and vocational education
53 programs, and the average daily attendance in the selected school
54 districts. The instructional cost is then totaled and divided by
55 the total average daily attendance for the selected school
56 districts to yield the instructional cost component. For the
57 administrative cost component, the department shall determine the
58 administrative cost of each of the representative school districts
59 selected above, excluding administrative cost of self-contained
60 special education programs and vocational education programs, and
61 the average daily attendance in the selected school districts.
62 The administrative cost is then totaled and divided by the total
63 average daily attendance for the selected school districts to
64 yield the administrative cost component. For the plant and
65 maintenance cost component, the department shall determine the
66 plant and maintenance cost of each of the representative school
67 districts selected above, excluding plant and maintenance cost of
68 self-contained special education programs and vocational education

69 programs, and the average daily attendance in the selected school
70 districts. The plant and maintenance cost is then totaled and
71 divided by the total average daily attendance for the selected
72 school districts to yield the plant and maintenance cost
73 component. For the ancillary support cost component, the
74 department shall determine the ancillary support cost of each of
75 the representative school districts selected above, excluding
76 ancillary support cost of self-contained special education
77 programs and vocational education programs, and the average daily
78 attendance in the selected school districts. The ancillary
79 support cost is then totaled and divided by the total average
80 daily attendance for the selected school districts to yield the
81 ancillary support cost component. The total base cost for each
82 year shall be the sum of the instructional cost component,
83 administrative cost component, plant and maintenance cost
84 component and ancillary support cost component, and any estimated
85 adjustments for additional state requirements as determined by the
86 State Board of Education. Provided, however, that the base
87 student cost in fiscal year 1998 shall be Two Thousand Six Hundred
88 Sixty-four Dollars (\$2,664.00).

89 (c) **Determination of the basic adequate education**
90 **program cost.** The basic amount for current operation to be
91 included in the Mississippi Adequate Education Program for each
92 school district shall be computed as follows:

93 Multiply the average daily attendance of the district by the
94 base student cost as established by the Legislature, which yields
95 the total base program cost for each school district.

96 (d) **Adjustment to the base student cost for at-risk**
97 **pupils.** The amount to be included for at-risk pupil programs for
98 each school district shall be computed as follows: Multiply the
99 base student cost for the appropriate fiscal year as determined
100 under paragraph (b) by five percent (5%), and multiply that
101 product by the number of pupils participating in the federal free
102 school lunch program in such school district, which yields the
103 total adjustment for at-risk pupil programs for such school

104 district.

105 (e) **Add-on program cost.** The amount to be allocated to
106 school districts in addition to the adequate education program
107 cost for add-on programs for each school district shall be
108 computed as follows:

109 (i) Transportation cost shall be the amount
110 allocated to such school district for the operational support of
111 the district transportation system from state funds.

112 (ii) Vocational or technical education program
113 cost shall be the amount allocated to such school district from
114 state funds for the operational support of such programs.

115 (iii) Special education program cost shall be the
116 amount allocated to such school district from state funds for the
117 operational support of such programs.

118 (iv) Gifted education program cost shall be the
119 amount allocated to such school district from state funds for the
120 operational support of such programs.

121 (v) Alternative school program cost shall be the
122 amount allocated to such school district from state funds for the
123 operational support of such programs.

124 (vi) Extended school year programs shall be the
125 amount allocated to school districts for those programs authorized
126 by law which extend beyond the normal school year.

127 (vii) University-based programs shall be the
128 amount allocated to school districts for those university-based
129 programs for handicapped children as defined and provided for in
130 Section 37-23-131 et seq., Mississippi Code of 1972.

131 (viii) Bus driver training programs shall be the
132 amount provided for those driver training programs as provided for
133 in Section 37-41-1, Mississippi Code of 1972.

134 The sum of the items listed above (i) transportation, (ii)
135 vocational or technical education, (iii) special education, (iv)
136 gifted education, (v) alternative school, (vi) extended school
137 year, (vii) university-based, and (viii) bus driver training shall
138 yield the add-on cost for each school district.

139 (f) **Total projected adequate education program cost.**

140 The total Mississippi Adequate Education Program Cost shall be the
141 sum of the total basic adequate education program cost (paragraph
142 (c)), and the adjustment to the base student cost for at-risk
143 pupils (paragraph (d)) for each school district.

144 (g) **Supplemental grant to school districts.** In
145 addition to the adequate education program grant, the State
146 Department of Education shall annually distribute an additional
147 amount as follows: Multiply the base student cost for the
148 appropriate fiscal year as determined under paragraph (b) by .13%
149 and multiply that product by the average daily attendance of each
150 school district. Such grant shall not be subject to the local
151 revenue requirement provided in subsection (2).

152 (2) **Computation of the required local revenue in support of**
153 **the adequate education program.** The amount that each district
154 shall provide toward the cost of the adequate education program
155 shall be calculated as follows:

156 (a) The State Board of Education shall certify to each
157 school district that twenty-eight (28) mills, less the estimated
158 amount of the yield of the School Ad Valorem Tax Reduction Fund
159 grants as determined by the State Department of Education, is the
160 millage rate required to provide the district required local
161 effort for that year, or twenty-seven percent (27%) of the basic
162 adequate education program cost for such school district as
163 determined under subsection (c), whichever is a lesser amount. In
164 the case of an agricultural high school the millage requirement
165 shall be set at a level which generates an equitable amount per
166 pupil to be determined by the State Board of Education.

167 (b) The State Board of Education shall determine (i)
168 the total assessed valuation of nonexempt property for school
169 purposes in each school district; (ii) assessed value of exempt
170 property owned by homeowners aged sixty-five (65) or older or
171 disabled as defined in Section 27-33-67(2), Mississippi Code of
172 1972; (iii) the school district's tax loss from exemptions
173 provided to applicants under the age of sixty-five (65) and not

174 disabled as defined in Section 27-33-67(1), Mississippi Code of
175 1972; and (iv) the school district's homestead reimbursement
176 revenues.

177 (c) The amount of the total adequate education program
178 funding which shall be contributed by each school district shall
179 be the sum of the ad valorem receipts generated by the millage
180 required under this subsection plus the following local revenue
181 sources for the appropriate fiscal year which are or may be
182 available for current expenditure by the school district:

183 One hundred percent (100%) of Grand Gulf income as prescribed
184 in Section 27-35-309.

185 (3) **Computation of the required state effort in support of**
186 **the adequate education program.**

187 (a) The required state effort in support of the
188 adequate education program shall be determined by subtracting the
189 sum of the required local tax effort as set forth in subsection
190 (2) (a) of this section and the other local revenue sources as set
191 forth in subsection (2) (c) of this section in an amount not to
192 exceed twenty-seven percent (27%) of the total projected adequate
193 education program cost as set forth in subsection (1) (f) of this
194 section from the total projected adequate education program cost
195 as set forth in subsection (1) (f) of this section.

196 (b) Provided, however, that in fiscal year 1998 and in
197 the fiscal year in which the adequate education program is fully
198 funded by the Legislature, any increase in the said state
199 contribution, including the supplemental grant to school districts
200 provided under subsection (1) (g), to any district calculated under
201 this section shall be not less than eight percent (8%) in excess
202 of the amount received by said district from state funds for the
203 fiscal year immediately preceding. For purposes of this paragraph
204 (b), state funds shall include minimum program funds less the
205 add-on programs, state Uniform Millage Assistance Grant funds,
206 Education Enhancement Funds appropriated for Uniform Millage
207 Assistance Grants and state textbook allocations, and State
208 General Funds allocated for textbooks.

209 (c) If the appropriation is less than full funding for
210 fiscal year 2003, allocations for state contributions to school
211 districts in support of the adequate education program will be
212 determined by the State Department of Education in the following
213 manner:

214 (i) Calculation of the full funding amount under
215 this chapter, with proportionate reductions as required by the
216 appropriation level.

217 (ii) Calculation of the amount equal to the state
218 funds allocated to school districts for fiscal year 2002 plus the
219 estimated amount to fund the adequate education program salary
220 schedule for fiscal year 2003. For purposes of this item (ii),
221 state funds shall be those described in paragraph (b) and an
222 amount equal to the allocation for the adequate education program
223 in fiscal year 2002, plus any additional amount required to
224 satisfy fiscal year 2003 pledges in accordance with paragraphs
225 (d), (e) and (f) of subsection (5) of this section. If a school
226 district's fiscal year 2003 pledge is different than the pledge
227 amount for fiscal year 2002, the district shall receive an amount
228 equal to the fiscal year 2003 pledge or the amount of funds
229 calculated under the adequate education formula for fiscal year
230 2002 before any pledge guarantee for fiscal year 2002, whichever
231 is greater. If the pledge is no longer in effect, the district
232 shall receive the amount of funds calculated under the formula for
233 fiscal year 2002 before any pledge guarantee for fiscal year 2002.

234 (iii) The portion of any district's allocation
235 calculated in item (i) of this paragraph which exceeds amounts as
236 calculated in item (ii) shall be reduced by an amount not to
237 exceed fifty percent (50%). The amount of funds generated by this
238 reduction of funds shall be redistributed proportionately among
239 those districts receiving insufficient funds to meet the amount
240 calculated in item (ii). In no case may any district receive
241 funds in an amount greater than the amount that the district would
242 have received under full funding of the program for fiscal year
243 2003.

244 (4) The State Adequate Education Program Fund is hereby
245 established in the State Treasury which shall be used to
246 distribute any funds specifically appropriated by the Legislature
247 to such fund, to school districts entitled to increased
248 allocations of state funds under the adequate education program
249 funding formula prescribed in Sections 37-151-3, 37-151-5 and
250 37-151-7 of this article. If the Legislature provides less funds
251 than the total state funds needed for support of such increased
252 allocations under the adequate education program, the State
253 Department of Education shall reduce all elements of the cost of
254 the adequate education program proportionately. Any such adequate
255 education program funds shall be transferred to the school
256 district maintenance fund of such district in the manner
257 prescribed in Section 37-19-47, Mississippi Code of 1972, and
258 shall be expended in the manner provided by law.

259 (5) The Interim School District Capital Expenditure Fund is
260 hereby established in the State Treasury which shall be used to
261 distribute any funds specifically appropriated by the Legislature
262 to such fund to school districts entitled to increased allocations
263 of state funds under the adequate education program funding
264 formula prescribed in Sections 37-151-3 through 37-151-7,
265 Mississippi Code of 1972, until such time as the said adequate
266 education program is fully funded by the Legislature. The
267 following percentages of the total state cost of increased
268 allocations of funds under the adequate education program funding
269 formula shall be appropriated by the Legislature into the Interim
270 School District Capital Expenditure Fund to be distributed to all
271 school districts under the formula: Nine and two-tenths percent
272 (9.2%) shall be appropriated in fiscal year 1998, twenty percent
273 (20%) shall be appropriated in fiscal year 1999, forty percent
274 (40%) shall be appropriated in fiscal year 2000, sixty percent
275 (60%) shall be appropriated in fiscal year 2001, eighty percent
276 (80%) shall be appropriated in fiscal year 2002, and one hundred
277 percent (100%) shall be appropriated in fiscal year 2003 into the
278 State Adequate Education Program Fund created in subsection (4).

279 Until July 1, 2003, such money shall be used by school districts
280 for the following purposes:

281 (a) Purchasing, erecting, repairing, equipping,
282 remodeling and enlarging school buildings and related facilities,
283 including gymnasiums, auditoriums, lunchrooms, vocational training
284 buildings, libraries, school barns and garages for transportation
285 vehicles, school athletic fields and necessary facilities
286 connected therewith, and purchasing land therefor. Any such
287 capital improvement project by a school district shall be approved
288 by the State Board of Education, and based on an approved
289 long-range plan. The State Board of Education shall promulgate
290 minimum requirements for the approval of school district capital
291 expenditure plans.

292 (b) Providing necessary water, light, heating, air
293 conditioning, and sewerage facilities for school buildings, and
294 purchasing land therefor.

295 (c) Paying debt service on existing capital improvement
296 debt of the district or refinancing outstanding debt of a district
297 if such refinancing will result in an interest cost savings to the
298 district.

299 (d) From and after October 1, 1997, through June 30,
300 1998, pursuant to a school district capital expenditure plan
301 approved by the State Department of Education, a school district
302 may pledge such funds until July 1, 2002, plus funds provided for
303 in paragraph (e) of this subsection (5) that are not otherwise
304 permanently pledged under such paragraph (e) to pay all or a
305 portion of the debt service on debt issued by the school district
306 under Sections 37-59-1 through 37-59-45, 37-59-101 through
307 37-59-115, 37-7-351 through 37-7-359, 37-41-89 through 37-41-99,
308 37-7-301, 37-7-302 and 37-41-81, Mississippi Code of 1972, or debt
309 issued by boards of supervisors for agricultural high schools
310 pursuant to Section 37-27-65, Mississippi Code of 1972, or
311 lease-purchase contracts entered into pursuant to Section 31-7-13,
312 Mississippi Code of 1972, or to retire or refinance outstanding
313 debt of a district, if such pledge is accomplished pursuant to a

314 written contract or resolution approved and spread upon the
315 minutes of an official meeting of the district's school board or
316 board of supervisors. It is the intent of this provision to allow
317 school districts to irrevocably pledge their Interim School
318 District Capital Expenditure Fund allotments as a constant stream
319 of revenue to secure a debt issued under the foregoing code
320 sections. To allow school districts to make such an irrevocable
321 pledge, the state shall take all action necessary to ensure that
322 the amount of a district's Interim School District Capital
323 Expenditure Fund allotments shall not be reduced below the amount
324 certified by the department or the district's total allotment
325 under the Interim Capital Expenditure Fund if fully funded, so
326 long as such debt remains outstanding.

327 (e) From and after October 1, 1997, through June 30,
328 1998, in addition to any other authority a school district may
329 have, any school district may issue State Aid Capital Improvement
330 Bonds secured in whole by a continuing annual pledge of any
331 Mississippi Adequate Education Program funds available to the
332 district, in an amount not to exceed One Hundred Sixty Dollars
333 (\$160.00) per pupil based on the latest completed average daily
334 attendance count certified by the department prior to the issuance
335 of the bonds. Such State Aid Capital Improvement Bonds may be
336 issued for the purposes enumerated in subsections (a), (b), (c)
337 and (g) of this section. Prior to issuing such bonds, the school
338 board of the district shall adopt a resolution declaring the
339 necessity for and its intention of issuing such bonds and
340 borrowing such money, specifying the approximate amount to be so
341 borrowed, how such money is to be used and how such indebtedness
342 is to be evidenced. Any capital improvement project financed with
343 State Aid Capital Improvement Bonds shall be approved by the
344 department, and based on an approved long-range plan. The State
345 Board of Education shall promulgate minimum requirements for the
346 approval of such school district capital expenditure plans. The
347 State Board of Education shall not approve any capital expenditure
348 plan for a pledge of funds under this paragraph unless it

349 determines (i) that the quality of instruction in such district
350 will not be reduced as a result of this pledge, and (ii) the
351 district has other revenue available to attain and maintain at
352 least Level III accreditation.

353 A district issuing State Aid Capital Improvement Bonds may
354 pledge for the repayment of such bonds all funds received by the
355 district from the state, in an amount not to exceed One Hundred
356 Sixty Dollars (\$160.00) per pupil in average daily attendance in
357 the school district as set forth above, and not otherwise
358 permanently pledged under paragraph (d) of this subsection or
359 under Section 37-61-33(2)(d), Mississippi Code of 1972. The
360 district's school board shall specify by resolution the amount of
361 state funds, which are being pledged by the district for the
362 repayment of the State Aid Capital Improvement Bonds. Once such a
363 pledge is made to secure the bonds, the district shall notify the
364 department of such pledge. Upon making such a pledge, the school
365 district may request the department which may agree to irrevocably
366 transfer a specified amount or percentage of the district's state
367 revenue pledged to repay the district's State Aid Capital
368 Improvement Bonds directly to a state or federally chartered bank
369 serving as a trustee or paying agent on such bonds for the payment
370 of all or portion of such State Aid Capital Improvement Bonds.
371 Such instructions shall be incorporated into a resolution by the
372 school board for the benefit of holders of the bonds and may
373 provide that such withholding and transfer of such other available
374 funds shall be made only upon notification by a trustee or paying
375 agent on such bonds that the amounts available to pay such bonds
376 on any payment date will not be sufficient. It is the intent of
377 this provision to allow school districts to irrevocably pledge a
378 certain, constant stream of revenue as security for State Aid
379 Capital Improvement Bonds issued hereunder. To allow school
380 districts to make such an irrevocable pledge, the state shall take
381 all action necessary to ensure that the amount of a district's
382 state revenues up to an amount equal to One Hundred Sixty Dollars
383 (\$160.00) per pupil as set forth above which have been pledged to

384 repay debt as set forth herein shall not be reduced so long as any
385 State Aid Capital Improvement Bonds are outstanding.

386 Any such State Aid Capital Improvement bonds shall mature as
387 determined by the district's school bond over a period not to
388 exceed twenty (20) years. Such bonds shall not bear a greater
389 overall maximum interest rate to maturity than that allowed in
390 Section 75-17-101, Mississippi Code of 1972. The further details
391 and terms of such bonds shall be as determined by the school board
392 of the district.

393 The provisions of this subsection shall be cumulative and
394 supplemental to any existing funding programs or other authority
395 conferred upon school districts or school boards. Debt of a
396 school district secured in whole by a pledge of revenue pursuant
397 to this section shall not be subject to any debt limitation.

398 For purposes of this paragraph (e), "State Aid Capital
399 Improvement Bond" shall mean any bond, note, or other certificate
400 of indebtedness issued by a school district under the provisions
401 hereof.

402 This paragraph (e) shall stand repealed from and after June
403 30, 1998.

404 (f) As an alternative to the authority granted under
405 paragraph (e), a school district, in its discretion, may authorize
406 the State Board of Education to withhold an amount of the
407 district's adequate education program allotment equal to up to One
408 Hundred Sixty Dollars (\$160.00) per student in average daily
409 attendance in the district to be allocated to the State Public
410 School Building Fund to the credit of such school district. A
411 school district may choose the option provided under this
412 paragraph (e) or paragraph (f), but not both. In addition to the
413 grants made by the state pursuant to Section 37-47-9, a school
414 district shall be entitled to grants based on the allotments to
415 the State Public School Building Fund credited to such school
416 district under this paragraph. This paragraph (f) shall stand
417 repealed from and after June 30, 1998.

418 (g) The State Board of Education may authorize the

419 school district to expend not more than twenty percent (20%) of
420 its annual allotment of such funds or Twenty Thousand Dollars
421 (\$20,000.00), whichever is greater, for technology needs of the
422 school district, including computers, software,
423 telecommunications, cable television, interactive video, film
424 low-power television, satellite communications, microwave
425 communications, technology-based equipment installation and
426 maintenance, and the training of staff in the use of such
427 technology-based instruction. Any such technology expenditure
428 shall be reflected in the local district technology plan approved
429 by the State Board of Education under Section 37-151-17,
430 Mississippi Code of 1972.

431 (h) To the extent a school district has not utilized
432 twenty percent (20%) of its annual allotment for technology
433 purposes under paragraph (g), a school district may expend not
434 more than twenty percent (20%) of its annual allotment or Twenty
435 Thousand Dollars (\$20,000.00), whichever is greater, for
436 instructional purposes. The State Board of Education may
437 authorize a school district to expend more than said twenty
438 percent (20%) of its annual allotment for instructional purposes
439 if it determines that such expenditures are needed for
440 accreditation purposes.

441 (i) The State Department of Education or the State
442 Board of Education may require that any project commenced pursuant
443 to this act with an estimated project cost of not less than Five
444 Million Dollars (\$5,000,000.00) shall be done only pursuant to
445 program management of the process with respect to design and
446 construction. Any individuals, partnerships, companies or other
447 entities acting as a program manager on behalf of a local school
448 district and performing program management services for projects
449 covered under this subsection shall be approved by the State
450 Department of Education.

451 Any interest accruing on any unexpended balance in the
452 Interim School District Capital Expenditure Fund shall be invested
453 by the State Treasurer and placed to the credit of each school

454 district participating in such fund in its proportionate share.

455 The provisions of this subsection shall be cumulative and
456 supplemental to any existing funding programs or other authority
457 conferred upon school districts or school boards.

458 **SECTION 2.** Section 37-151-95, Mississippi Code of 1972, is
459 amended as follows:

460 37-151-95. Adequate education program funds shall include
461 one hundred percent (100%) of the cost of the State and School
462 Employees' Life and Health Insurance Plan created under Article 7,
463 Chapter 15, Title 25, Mississippi Code of 1972, for all district
464 employees who work no less than twenty (20) hours during each week
465 and regular nonstudent school bus drivers employed by the
466 district.

467 Where the use of federal funding is allowable to defray, in
468 full or in part, the cost of participation in the insurance plan
469 by district employees who work no less than twenty (20) hours
470 during each week and regular nonstudent school bus drivers, whose
471 salaries are paid, in full or in part, by federal funds, the
472 allowance under this section shall be reduced to the extent of the
473 federal funding. Where the use of federal funds is allowable but
474 not available, it is the intent of the Legislature that school
475 districts contribute the cost of participation for such employees
476 from local funds, except that parent fees for child nutrition
477 programs shall not be increased to cover such cost.

478 The State Department of Education, in accordance with rules
479 and regulations established by the State Board of Education, may
480 withhold a school district's adequate education program funds for
481 failure of the district to timely report student, fiscal and
482 personnel data necessary to meet state and/or federal
483 requirements. The rules and regulations promulgated by the State
484 Board of Education shall require the withholding of adequate
485 education program funds for those districts that fail to remit
486 premiums, interest penalties and/or late charges under the State
487 and School Employees' Life and Health Insurance Plan.

488 Noncompliance with such rules and regulations shall result in a

489 violation of compulsory accreditation standards as established by
490 the State Board of Education and Commission on School
491 Accreditation.

492 **SECTION 3.** Section 37-151-103, Mississippi Code of 1972, is
493 amended as follows:

494 37-151-103. (1) Funds due each school district under the
495 terms of this chapter from the * * * Adequate Education Program
496 Fund shall be paid in the following manner: On the twenty-fifth
497 day of each month, or the next business date after that date,
498 there shall be paid to each school district by electronic funds
499 transfer one-twelfth (1/12) of the funds to which the district is
500 entitled from funds appropriated for the * * * Adequate Education
501 Program Fund. Provided, however, that in December said payments
502 shall be made on December 15th or the next business day after that
503 date.

504 Provided, however, that if the cash balance in the State
505 General Fund is not adequate on the due date to pay the amounts
506 due to all school districts in the state as determined by the
507 State Superintendent of Education, the State Fiscal Officer shall
508 not transfer said funds payable to any school district or
509 districts until money is available to pay the amount due to all
510 districts.

511 (2) Notwithstanding any provision of this chapter or any
512 other law requiring the number of children in average daily
513 attendance or the average daily attendance of transported children
514 to be determined on the basis of the preceding year, the State
515 Board of Education is hereby authorized and empowered to make
516 proper adjustments in allotments in cases where major changes in
517 the number of children in average daily attendance or the average
518 daily attendance of transported children occurs from one (1) year
519 to another as a result of changes or alterations in the boundaries
520 of school districts, the sending of children from one (1) county
521 or district to another upon a contract basis, the termination or
522 discontinuance of a contract for the sending of children from one
523 (1) county or district to another, a change in or relocation of

524 attendance centers, or for any other reason which would result in
525 a major decrease or increase in the number of children in average
526 daily attendance or the average daily attendance of transported
527 children during the current school year as compared with the
528 preceding year.

529 (3) In the event of an inordinately large number of
530 absentees in any school district as a result of epidemic, natural
531 disaster, or any concerted activity discouraging school
532 attendance, then in such event school attendance for the purposes
533 of determining average daily attendance under the adequate
534 education program shall be based upon the average daily attendance
535 for the preceding school year for such school district.

536 **SECTION 4.** Section 37-57-105, Mississippi Code of 1972, is
537 amended as follows:

538 37-57-105. (1) In addition to the taxes levied under
539 Section 37-57-1, the levying authority for the school district, as
540 defined in Section 37-57-1, upon receipt of a certified copy of an
541 order adopted by the school board of the school district
542 requesting an ad valorem tax effort in dollars for the support of
543 the school district, shall, at the same time and in the same
544 manner as other ad valorem taxes are levied, levy an annual ad
545 valorem tax in the amount fixed in such order upon all of the
546 taxable property of such school district, which shall not be less
547 than the millage rate certified by the State Board of Education as
548 the uniform minimum school district ad valorem tax levy for the
549 support of the adequate education program in such school district
550 under Section 37-57-1. Provided, however, that any school
551 district levying less than the uniform minimum school district ad
552 valorem tax levy on July 1, 1997, shall only be required to
553 increase its local district maintenance levy in four (4) mill
554 annual increments in order to attain such millage requirements.
555 In making such levy, the levying authority shall levy an
556 additional amount sufficient to cover anticipated delinquencies
557 and costs of collection so that the net amount of money to be
558 produced by such levy shall be equal to the amount which is

559 requested by said school board. The proceeds of such tax levy,
560 excluding levies for the payment of the principal of and interest
561 on school bonds or notes and excluding levies for costs of
562 collection, shall be placed in the school depository to the credit
563 of the school district and shall be expended in the manner
564 provided by law for the purpose of supplementing teachers'
565 salaries, extending school terms, purchasing furniture, supplies
566 and materials, and for all other lawful operating and incidental
567 expenses of such school district, funds for which are not provided
568 by adequate education program fund allotments.

569 The monies authorized to be received by school districts from
570 the School Ad Valorem Tax Reduction Fund pursuant to Section
571 37-61-35 shall be included as ad valorem tax receipts. The
572 levying authority for the school district, as defined in Section
573 37-57-1, shall reduce the ad valorem tax levy for such school
574 district in an amount equal to the amount distributed to such
575 school district from the School Ad Valorem Tax Reduction Fund each
576 calendar year pursuant to said Section 37-61-35. Such reduction
577 shall not be less than the millage rate necessary to generate a
578 reduction in ad valorem tax receipts equal to the funds
579 distributed to such school district from the School Ad Valorem Tax
580 Reduction Fund pursuant to Section 37-61-35. Such reduction shall
581 not be deemed to be a reduction in the aggregate amount of support
582 from ad valorem taxation for purposes of Section 37-19-11. The
583 millage levy certified by the State Board of Education as the
584 uniform minimum ad valorem tax levy or the millage levy that would
585 generate funds in an amount equal to a school district's district
586 entitlement, as defined in Section 37-22-1(2)(e), shall be subject
587 to the provisions of this paragraph.

588 In any county where there is located a nuclear generating
589 power plant on which a tax is assessed under Section 27-35-309(3),
590 such required levy and revenue produced thereby may be reduced by
591 the levying authority in an amount in proportion to a reduction in
592 the base revenue of any such county from the previous year. Such
593 reduction shall be allowed only if the reduction in base revenue

594 equals or exceeds five percent (5%). "Base revenue" shall mean
595 the revenue received by the county from the ad valorem tax levy
596 plus the revenue received by the county from the tax assessed
597 under Section 27-35-309(3) and authorized to be used for any
598 purposes for which a county is authorized by law to levy an ad
599 valorem tax. For purposes of determining if the reduction equals
600 or exceeds five percent (5%), a levy of millage equal to the prior
601 year's millage shall be hypothetically applied to the current
602 year's ad valorem tax base to determine the amount of revenue to
603 be generated from the ad valorem tax levy. For the purposes of
604 this section and Section 37-57-107, the portion of the base
605 revenue used for the support of any school district shall be
606 deemed to be the aggregate receipts from ad valorem taxes for the
607 support of any school district. This paragraph shall apply to
608 taxes levied for the 1987 fiscal year and for each fiscal year
609 thereafter. If the Mississippi Supreme Court or another court
610 finally adjudicates that the tax levied under Section 27-35-309(3)
611 is unconstitutional, then this paragraph shall stand repealed.

612 (2) When the tax is levied upon the territory of any school
613 district located in two (2) or more counties, the order of the
614 school board requesting the levying of such tax shall be certified
615 to the levying authority of each of the counties involved, and
616 each of the levying authorities shall levy the tax in the manner
617 specified herein. The taxes so levied shall be collected by the
618 tax collector of the levying authority involved and remitted by
619 the tax collector to the school depository of the home county to
620 the credit of the school district involved as provided above,
621 except that taxes for collection fees may be retained by the
622 levying authority for deposit into its general fund.

623 (3) The aggregate receipts from ad valorem taxes levied for
624 school district purposes, excluding collection fees, pursuant to
625 this section and Section 37-57-1 * * * shall be subject to the
626 increased limitation under Section 37-57-107; however, if the ad
627 valorem tax effort in dollars requested by the school district for
628 the fiscal year exceeds the next preceding fiscal year's ad

629 valorem tax effort in dollars by more than four percent (4%) but
630 not more than seven percent (7%), then the school board shall
631 publish notice thereof once each week for at least three (3)
632 consecutive weeks in a newspaper having general circulation in the
633 school district involved, with the first publication thereof to be
634 made not less than fifteen (15) days prior to the final adoption
635 of the budget by the school board. If at any time prior to said
636 adoption a petition signed by not less than twenty percent (20%)
637 or fifteen hundred (1500), whichever is less, of the qualified
638 electors of the school district involved shall be filed with the
639 school board requesting that an election be called on the question
640 of exceeding the next preceding fiscal year's ad valorem tax
641 effort in dollars by more than four percent (4%) but not more than
642 seven percent (7%), then the school board shall, not later than
643 the next regular meeting, adopt a resolution calling an election
644 to be held within such school district upon such question. The
645 election shall be called and held, and notice thereof shall be
646 given, in the same manner for elections upon the questions of the
647 issuance of the bonds of school districts, and the results thereof
648 shall be certified to the school board. The ballot shall contain
649 the language "For the School Tax Increase Over Four Percent (4%)"
650 and "Against the School Tax Increase Over Four Percent (4%)." If
651 a majority of the qualified electors of the school district who
652 voted in such election shall vote in favor of the question, then
653 the stated increase requested by the school board shall be
654 approved. For the purposes of this paragraph, the revenue sources
655 excluded from the increased limitation under Section 37-57-107
656 shall also be excluded from the limitation described herein in the
657 same manner as they are excluded under Section 37-57-107.

658 **SECTION 5.** Section 37-57-107, Mississippi Code of 1972, is
659 amended as follows:

660 37-57-107. Beginning with the tax levy for the 1997 fiscal
661 year and for each fiscal year thereafter, the aggregate receipts
662 from taxes levied for school district purposes pursuant to
663 Sections 37-57-105 and 37-57-1 shall not exceed the aggregate

664 receipts from those sources during any one (1) of the immediately
665 preceding three (3) fiscal years, as determined by the school
666 board, plus an increase not to exceed seven percent (7%). For the
667 purpose of this limitation, the term "aggregate receipts" when
668 used in connection with the amount of funds generated in a
669 preceding fiscal year shall not include excess receipts required
670 by law to be deposited into a special account * * *. The
671 additional revenue from the ad valorem tax on any newly
672 constructed properties or any existing properties added to the tax
673 rolls or any properties previously exempt which were not assessed
674 in the next preceding year may be excluded from the seven percent
675 (7%) increase limitation set forth herein. Taxes levied for
676 payment of principal of and interest on general obligation school
677 bonds issued heretofore or hereafter shall be excluded from the
678 seven percent (7%) increase limitation set forth herein. Any
679 additional millage levied to fund any new program mandated by the
680 Legislature shall be excluded from the limitation for the first
681 year of the levy and included within such limitation in any year
682 thereafter. For the purposes of this section, the term "new
683 program" shall include, but shall not be limited to, (a) the Early
684 Childhood Education Program required to commence with the
685 1986-1987 school year as provided by Section 37-21-7 and any
686 additional millage levied and the revenue generated therefrom,
687 which is excluded from the limitation for the first year of the
688 levy, to support the mandated Early Childhood Education Program
689 shall be specified on the minutes of the school board and of the
690 governing body making such tax levy; (b) any additional millage
691 levied and the revenue generated therefrom which shall be excluded
692 from the limitation for the first year of the levy, for the
693 purpose of generating additional local contribution funds required
694 for the adequate education program for the 2003 fiscal year and
695 for each fiscal year thereafter under Section 37-151-7(2); and (c)
696 any additional millage levied and the revenue generated therefrom
697 which shall be excluded from the limitation for the first year of
698 the levy, for the purpose of support and maintenance of any

699 agricultural high school which has been transferred to the
700 control, operation and maintenance of the school board by the
701 board of trustees of the community college district under
702 provisions of Section 37-29-272.

703 The seven percent (7%) increase limitation prescribed in this
704 section may be increased an additional amount only when the school
705 board has determined the need for additional revenues and has held
706 an election on the question of raising the limitation prescribed
707 in this section. The limitation may be increased only if
708 three-fifths (3/5) of those voting in the election shall vote for
709 the proposed increase. The resolution, notice and manner of
710 holding the election shall be as prescribed by law for the holding
711 of elections for the issuance of bonds by the respective school
712 boards. Revenues collected for the fiscal year in excess of the
713 seven percent (7%) increase limitation pursuant to an election
714 shall be included in the tax base for the purpose of determining
715 aggregate receipts for which the seven percent (7%) increase
716 limitation applies for subsequent fiscal years.

717 Except as otherwise provided for excess revenues generated
718 pursuant to an election, if revenues collected as the result of
719 the taxes levied for the fiscal year pursuant to this section and
720 Section 37-57-1 exceed the increase limitation, then it shall be
721 the mandatory duty of the school board of the school district to
722 deposit such excess receipts over and above the increase
723 limitation into a special account and credit it to the fund for
724 which the levy was made. It will be the further duty of such
725 board to hold said funds and invest the same as authorized by law.

726 Such excess funds shall be calculated in the budgets for the
727 school districts for the purpose for which such levies were made,
728 for the succeeding fiscal year. Taxes imposed for the succeeding
729 year shall be reduced by the amount of excess funds available.
730 Under no circumstances shall such excess funds be expended during
731 the fiscal year in which such excess funds are collected.

732 For the purposes of determining ad valorem tax receipts for a
733 preceding fiscal year under this section, the term "fiscal year"

734 means the fiscal year beginning October 1 and ending September 30.

735 **SECTION 6.** Sections 37-19-20 and 37-19-22, Mississippi Code
736 of 1972, which provide certain allocations under the Minimum
737 Education Program, are hereby repealed.

738 **SECTION 7.** This act shall take effect and be in force from
739 and after July 1, 2002.

**Further, amend by striking the title in its entirety and
inserting in lieu thereof the following:**

1 AN ACT TO AMEND SECTION 37-151-7, MISSISSIPPI CODE OF 1972,
2 TO PRESCRIBE THE STATE COST OF THE MISSISSIPPI ADEQUATE EDUCATION
3 PROGRAM FOR PURPOSES OF DETERMINING ALLOCATIONS TO SCHOOL
4 DISTRICTS IN FISCAL YEAR 2003; TO AMEND SECTIONS 37-151-95 AND
5 37-151-103, MISSISSIPPI CODE OF 1972, TO CLARIFY COST COMPONENTS
6 OF THE ADEQUATE EDUCATION PROGRAM FORMULA; TO AMEND SECTIONS
7 37-57-105 AND 37-57-107, MISSISSIPPI CODE OF 1972, TO CLARIFY THE
8 DELETION OF PROVISIONS RELATING TO THE REQUIRED MINIMUM PROGRAM
9 AND EQUITY FUNDING AD VALOREM TAX LEVY; TO REPEAL SECTIONS
10 37-19-20 AND 37-19-22, MISSISSIPPI CODE OF 1972, WHICH PROVIDE
11 CERTAIN ALLOCATIONS UNDER THE MINIMUM EDUCATION PROGRAM; AND FOR
12 RELATED PURPOSES.