

By: Senator(s) Albritton

To: Finance

SENATE BILL NO. 2583
(As Passed the Senate)

1 AN ACT TO AMEND SECTIONS 37-57-1, 37-57-104, 37-57-105 AND
2 37-61-9, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT THE COUNTY
3 BOARD OF EDUCATION SHALL BE THE AD VALOREM TAX LEVYING AUTHORITY
4 FOR ANY SCHOOL DISTRICT WHICH IS IN THE COUNTY SCHOOL SYSTEM; AND
5 FOR RELATED PURPOSES.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

7 **SECTION 1.** Section 37-57-1, Mississippi Code of 1972, is
8 amended as follows:

9 37-57-1. (1) (a) The county boards of education of the
10 various counties shall levy and collect all taxes for and on
11 behalf of all school districts which were within the county school
12 system or designated as special municipal separate school
13 districts prior to July 1, 1986. Such taxes shall be collected by
14 the county tax collector at the same time and in the same manner
15 as county taxes are collected by him, and the same penalties for
16 delinquency shall be applicable.

17 In counties wherein there is no longer an elected county
18 board of education, the elected board of trustees for the
19 consolidated school districts in the county shall be the levying
20 authority for all taxes levied for and on behalf of such
21 consolidated school district.

22 The governing authorities of the municipalities shall levy
23 and collect all taxes for and on behalf of all school districts
24 which were designated as municipal separate school districts prior
25 to July 1, 1986. Such taxes shall be collected by the municipal
26 tax collector at the same time and in the same manner as municipal
27 taxes are collected by him, and the same penalties for delinquency
28 shall be applicable.

29 The county or municipal tax collector, as the case may be,
30 shall pay such tax collections, except for taxes collected for the
31 payment of the principal of and interest on school bonds or notes
32 and except for taxes collected to defray collection costs, into
33 the school depository and report to the school board of the
34 appropriate school district at the same time and in the same
35 manner as the tax collector makes his payments and reports of
36 other taxes collected by him.

37 Provided, however, the State Board of Education shall
38 determine the appropriate levying authority for any school
39 district created or reorganized after July 1, 1987.

40 (b) For the purposes of this chapter and any other laws
41 pertaining to taxes levied or bonds or notes issued for and on
42 behalf of school districts, the term "levying authority" means the
43 county board of education of the county or the governing
44 authorities of the municipality, whichever levies taxes for and on
45 behalf of the particular school district as provided in paragraphs
46 (a) and (b) of this subsection.

47 (2) The levying authority for the school district shall, at
48 the same time and in the same manner as other taxes are levied by
49 the levying authority, levy a tax of not less than twenty-eight
50 (28) mills for the then current fiscal year, less the estimated
51 amount of the yield of the School Ad Valorem Tax Reduction Fund
52 grant to the school district as determined by the State Department
53 of Education or twenty-seven percent (27%) of the basic adequate
54 education program cost for such school district, whichever is a
55 lesser amount, upon all of the taxable property of the school
56 district, as required under Section 37-151-7(2)(a). However, in
57 no case shall the minimum local ad valorem tax effort for any
58 school district be equal to an amount that would require a millage
59 rate exceeding fifty-five (55) mills in that school district.
60 Provided, however, that if a levying authority is levying in
61 excess of fifty-five (55) mills on July 1, 1997, the levying

62 authority may levy an additional amount not exceeding three (3)
63 mills in the aggregate for the period beginning July 1, 1997, and
64 ending June 30, 2003, subject to the limitation on increased
65 receipts from ad valorem taxes prescribed in Sections 37-57-105
66 and 37-57-107. Nothing in this subsection shall be construed to
67 require any school district that is levying more than fifty-five
68 (55) mills pursuant to Sections 37-57-1 and 37-57-105 to decrease
69 its millage rate to fifty-five (55) mills or less. In making such
70 levy, the levying authority shall levy an additional amount
71 sufficient to cover anticipated delinquencies and costs of
72 collection so that the net amount of money to be produced by such
73 levy shall be equal to the amount which the school district is
74 required to contribute as its said minimum local ad valorem tax
75 effort. The tax so levied shall be collected by the tax collector
76 at the same time and in the same manner as other ad valorem taxes
77 are collected by him. The amount of taxes so collected as a
78 result of such levy shall be paid into the district maintenance
79 fund of the school district by the tax collector at the same time
80 and in the same manner as reports and payments of other ad valorem
81 taxes are made by said tax collector, except that the amount
82 collected to defray costs of collection may be paid into the
83 county general fund. The levying authority shall have the power
84 and authority to direct and cause warrants to be issued against
85 such fund for the purpose of refunding any amount of taxes
86 erroneously or illegally paid into such fund where such refund has
87 been approved in the manner provided by law.

88 **SECTION 2.** Section 37-57-104, Mississippi Code of 1972, is
89 amended as follows:

90 37-57-104. (1) Each school board shall submit to the
91 levying authority for the school district a certified copy of an
92 order adopted by the school board requesting an ad valorem tax
93 effort in dollars for the support of the school district. The
94 copy of the order shall be submitted by the school board when the

95 copies of the school district's budget are filed with the levying
96 authority pursuant to Section 37-61-9. Upon receipt of the school
97 board's order requesting the ad valorem tax effort in dollars, the
98 levying authority shall determine the millage rate necessary to
99 generate funds equal to the dollar amount requested by the school
100 board. Provided, however, that in the case of a school district
101 in the county school system, the county board of education for
102 such county shall determine the millage rate necessary to generate
103 funds equal to the requested budget without the necessity of
104 filing a certified copy with the board of supervisors of the
105 county. For the purpose of calculating this millage rate, any
106 additional amount that is levied pursuant to Section 37-57-105(1)
107 to cover anticipated delinquencies and costs of collection or any
108 amount that may be levied for the payment of the principal and
109 interest on school bonds or notes shall be excluded from the
110 limitation of fifty-five (55) mills provided for in subsection (2)
111 of this section.

112 (2) (a) Except as otherwise provided under paragraph (b) or
113 (c) of this subsection, if the millage rate necessary to generate
114 funds equal to the dollar amount requested by the school board is
115 greater than fifty-five (55) mills, and if this millage rate is
116 higher than the millage then being levied pursuant to the school
117 board's order requesting the ad valorem tax effort for the
118 currently existing fiscal year, then the levying authority shall
119 call a referendum on the question of exceeding, during the next
120 fiscal year, the then existing millage rate being levied for
121 school district purposes. The referendum shall be scheduled for
122 not more than six (6) weeks after the date on which the levying
123 authority receives the school board's order requesting the ad
124 valorem tax effort.

125 When a referendum has been called, notice of the referendum
126 shall be published at least five (5) days per week, unless the
127 only newspaper published in the school district is published less

128 than five (5) days per week, for at least three (3) consecutive
129 weeks, in at least one (1) newspaper published in the school
130 district. The notice shall be no less than one-fourth (1/4) page
131 in size, and the type used shall be no smaller than eighteen (18)
132 point and surrounded by a one-fourth-inch solid black border. The
133 notice may not be placed in that portion of the newspaper where
134 legal notices and classified advertisements appear. The first
135 publication of the notice shall be made not less than twenty-one
136 (21) days before the date fixed for the referendum, and the last
137 publication shall be made not more than seven (7) days before that
138 date. If no newspaper is published in the school district, then
139 the notice shall be published in a newspaper having a general
140 circulation in the school district. The referendum shall be held,
141 as far as is practicable, in the same manner as other referendums
142 and elections are held in the county or municipality. At the
143 referendum, all registered, qualified electors of the school
144 district may vote. The ballots used at the referendum shall have
145 printed thereon a brief statement of the amount and purpose of the
146 increased tax levy and the words "FOR INCREASING THE MILLAGE
147 LEVIED FOR SCHOOL DISTRICT PURPOSES FROM (MILLAGE RATE CURRENTLY
148 LEVIED) MILLS TO (MILLAGE RATE REQUIRED UNDER SCHOOL BOARD'S
149 ORDER) MILLS," and "AGAINST INCREASING THE MILLAGE LEVIED FOR
150 SCHOOL DISTRICT PURPOSES FROM (MILLAGE RATE CURRENTLY LEVIED)
151 MILLS TO (MILLAGE RATE REQUIRED UNDER SCHOOL BOARD'S ORDER)
152 MILLS." The voter shall vote by placing a cross (X) or checkmark
153 (✓) opposite his choice on the proposition.

154 If a majority of the registered, qualified electors of the
155 school district who vote in the referendum vote in favor of the
156 question, then the ad valorem tax effort in dollars requested by
157 the school board shall be approved. However, if a majority of the
158 registered, qualified electors who vote in the referendum vote
159 against the question, the millage rate levied by the levying
160 authority shall not exceed the millage then being levied pursuant

161 to the school board's order requesting the ad valorem tax effort
162 for the then currently existing fiscal year.

163 Nothing in this subsection shall be construed to require any
164 school district that is levying more than fifty-five (55) mills
165 pursuant to Sections 37-57-1 and 37-57-105 to decrease its millage
166 rate to fifty-five (55) mills or less. Further, nothing in this
167 subsection shall be construed to require a referendum in a school
168 district where the requested ad valorem tax effort in dollars
169 requires a millage rate of greater than fifty-five (55) mills but
170 the requested dollar amount does not require any increase in the
171 then existing millage rate. Further, nothing in this subsection
172 shall be construed to require a referendum in a school district
173 where, because of a decrease in the assessed valuation of the
174 district, a millage rate of greater than fifty-five (55) mills is
175 necessary to generate funds equal to the dollar amount generated
176 by the ad valorem tax effort for the currently existing fiscal
177 year.

178 (b) Provided, however, that if a levying authority is
179 levying in excess of fifty-five (55) mills on July 1, 1997, the
180 levying authority may levy an additional amount not exceeding
181 three (3) mills in the aggregate for the period beginning July 1,
182 1997, and ending June 30, 2003, subject to the limitation on
183 increased receipts from ad valorem taxes prescribed in Sections
184 37-57-105 and 37-57-107.

185 (c) If the levying authority for any school district
186 lawfully has decreased the millage levied for school district
187 purposes, but subsequently determines that there is a need to
188 increase the millage rate due to a disaster in which the Governor
189 has declared a disaster emergency or the President of the United
190 States has declared an emergency or major disaster, then the
191 levying authority may increase the millage levied for school
192 district purposes up to an amount that does not exceed the millage
193 rate in any one (1) of the immediately preceding ten (10) fiscal

194 years without any referendum that otherwise would be required
195 under this subsection.

196 (3) If the millage rate necessary to generate funds equal to
197 the dollar amount requested by the school board is equal to
198 fifty-five (55) mills or less, but the dollar amount requested by
199 the school board exceeds the next preceding fiscal year's ad
200 valorem tax effort in dollars by more than four percent (4%), but
201 not more than seven percent (7%) (as provided for under subsection
202 (4) of this section), then the school board shall publish notice
203 thereof at least five (5) days per week, unless the only newspaper
204 published in the school district is published less than five (5)
205 days per week, for at least three (3) consecutive weeks in a
206 newspaper published in the school district. The notice shall be
207 no less than one-fourth (1/4) page in size, and the type used
208 shall be no smaller than eighteen (18) point and surrounded by a
209 one-fourth-inch solid black border. The notice may not be placed
210 in that portion of the newspaper where legal notices and
211 classified advertisements appear. The first publication shall be
212 made not less than fifteen (15) days before the final adoption of
213 the budget by the school board. If no newspaper is published in
214 the school district, then the notice shall be published in a
215 newspaper having a general circulation in the school district. If
216 at any time before the adoption of the budget a petition signed by
217 not less than twenty percent (20%) or fifteen hundred (1500),
218 whichever is less, of the registered, qualified electors of the
219 school district is filed with the school board requesting that a
220 referendum be called on the question of exceeding the next
221 preceding fiscal year's ad valorem tax effort in dollars by more
222 than four percent (4%), then the school board shall adopt, not
223 later than the next regular meeting, a resolution calling a
224 referendum to be held within the school district upon the
225 question. The referendum shall be called and held, and notice
226 thereof shall be given, in the same manner provided for in

227 subsection (2) of this section. The ballot shall contain the
228 language "FOR THE SCHOOL TAX INCREASE OVER FOUR PERCENT (4%)" and
229 "AGAINST THE SCHOOL TAX INCREASE OVER FOUR PERCENT (4%)." If a
230 majority of the registered, qualified electors of the school
231 district who vote in the referendum vote in favor of the question,
232 then the increase requested by the school board shall be approved.
233 For the purposes of this subsection, the revenue sources excluded
234 from the increase limitation under Section 37-57-107 also shall be
235 excluded from the limitation described in this subsection in the
236 same manner as they are excluded under Section 37-57-107.
237 Provided, however, that any increases requested by the school
238 board as a result of the required local contribution to the
239 Mississippi Adequate Education Program, as certified to the local
240 school district by the State Board of Education under Section
241 37-151-7(2), Mississippi Code of 1972, shall not be subject to the
242 four percent (4%) and/or seven percent (7%) tax increase
243 limitations provided in this section.

244 (4) If the millage rate necessary to generate funds equal to
245 the dollar amount requested by the school board is equal to
246 fifty-five (55) mills or less, but the dollar amount requested by
247 the school board exceeds the seven percent (7%) increase
248 limitation provided for in Section 37-57-107, the school board may
249 exceed the seven percent (7%) increase limitation only after the
250 school board has determined the need for additional revenues and
251 three-fifths (3/5) of the registered, qualified electors voting in
252 a referendum called by the levying authority have voted in favor
253 of the increase. The notice and manner of holding the referendum
254 shall be as prescribed in subsection (2) of this section for a
255 referendum on the question of increasing the millage rate in
256 school districts levying more than fifty-five (55) mills for
257 school district purposes.

258 (5) The aggregate receipts from ad valorem taxes levied for
259 school district purposes pursuant to Sections 37-57-1 and

260 37-57-105, excluding collection fees, additional revenue from the
261 ad valorem tax on any newly constructed properties or any existing
262 properties added to the tax rolls or any properties previously
263 exempt which were not assessed in the next preceding year, and
264 amounts received by school districts from the School Ad Valorem
265 Tax Reduction Fund pursuant to Section 37-61-35, shall be subject
266 to the increase limitation under this section and Section
267 37-57-107.

268 (6) The school board shall pay * * * all costs that are
269 incurred by the levying authority in the calling and holding of
270 any election under this section.

271 (7) The provisions of this section shall not be construed to
272 affect in any manner the authority of school boards to levy
273 millage for the following purposes:

274 (a) The issuance of bonds, notes and certificates of
275 indebtedness, as authorized in Sections 37-59-1 through 37-59-45
276 and Sections 37-59-101 through 37-59-115;

277 (b) The lease of property for school purposes, as
278 authorized under the Emergency School Leasing Authority Act of
279 1986 (Sections 37-7-351 through 37-7-359);

280 (c) The lease or lease-purchase of school buildings, as
281 authorized under Section 37-7-301;

282 (d) The issuance of promissory notes in the event of a
283 shortfall of ad valorem taxes and/or revenue from local sources,
284 as authorized under Section 27-39-333; and

285 (e) The construction of school buildings outside the
286 school district, as authorized under Section 37-7-401.

287 Any millage levied for the purposes specified in this
288 subsection shall be excluded from the millage limitations
289 established under this section.

290 **SECTION 3.** Section 37-57-105, Mississippi Code of 1972, is
291 amended as follows:

292 37-57-105. (1) In addition to the taxes levied under
293 Section 37-57-1, the levying authority for the school district, as
294 defined in Section 37-57-1, upon receipt of a certified copy of an
295 order adopted by the school board of the school district
296 requesting an ad valorem tax effort in dollars for the support of
297 the school district, shall, at the same time and in the same
298 manner as other ad valorem taxes are levied, levy an annual ad
299 valorem tax in the amount fixed in such order upon all of the
300 taxable property of such school district, which shall not be less
301 than the millage rate certified by the State Board of Education as
302 the uniform minimum school district ad valorem tax levy for the
303 support of the adequate education program in such school district
304 under Section 37-57-1. Provided, however, that in the case of a
305 school district in the county school system, the county board of
306 education shall levy the amount fixed by the State Board of
307 Education and shall not be required to submit an order to the
308 county board of supervisors. Provided, however, that any school
309 district levying less than the uniform minimum school district ad
310 valorem tax levy on July 1, 1997, shall only be required to
311 increase its local district maintenance levy in four (4) mill
312 annual increments in order to attain such millage requirements.
313 In making such levy, the levying authority shall levy an
314 additional amount sufficient to cover anticipated delinquencies
315 and costs of collection so that the net amount of money to be
316 produced by such levy shall be equal to the amount which is
317 requested by said school board. The proceeds of such tax levy,
318 excluding levies for the payment of the principal of and interest
319 on school bonds or notes and excluding levies for costs of
320 collection, shall be placed in the school depository to the credit
321 of the school district and shall be expended in the manner
322 provided by law for the purpose of supplementing teachers'
323 salaries, extending school terms, purchasing furniture, supplies
324 and materials, and for all other lawful operating and incidental

325 expenses of such school district, funds for which are not provided
326 by adequate education program fund allotments.

327 The monies authorized to be received by school districts from
328 the School Ad Valorem Tax Reduction Fund pursuant to Section
329 37-61-35 shall be included as ad valorem tax receipts. The
330 levying authority for the school district, as defined in Section
331 37-57-1, shall reduce the ad valorem tax levy for such school
332 district in an amount equal to the amount distributed to such
333 school district from the School Ad Valorem Tax Reduction Fund each
334 calendar year pursuant to said Section 37-61-35. Such reduction
335 shall not be less than the millage rate necessary to generate a
336 reduction in ad valorem tax receipts equal to the funds
337 distributed to such school district from the School Ad Valorem Tax
338 Reduction Fund pursuant to Section 37-61-35. Such reduction shall
339 not be deemed to be a reduction in the aggregate amount of support
340 from ad valorem taxation for purposes of Section 37-19-11. The
341 millage levy certified by the State Board of Education as the
342 uniform minimum ad valorem tax levy or the millage levy that would
343 generate funds in an amount equal to a school district's district
344 entitlement, as defined in Section 37-22-1(2)(e), shall be subject
345 to the provisions of this paragraph.

346 In any county where there is located a nuclear generating
347 power plant on which a tax is assessed under Section 27-35-309(3),
348 such required levy and revenue produced thereby may be reduced by
349 the levying authority in an amount in proportion to a reduction in
350 the base revenue of any such county from the previous year. Such
351 reduction shall be allowed only if the reduction in base revenue
352 equals or exceeds five percent (5%). "Base revenue" shall mean
353 the revenue received by the county from the ad valorem tax levy
354 plus the revenue received by the county from the tax assessed
355 under Section 27-35-309(3) and authorized to be used for any
356 purposes for which a county is authorized by law to levy an ad
357 valorem tax. For purposes of determining if the reduction equals

358 or exceeds five percent (5%), a levy of millage equal to the prior
359 year's millage shall be hypothetically applied to the current
360 year's ad valorem tax base to determine the amount of revenue to
361 be generated from the ad valorem tax levy. For the purposes of
362 this section and Section 37-57-107, the portion of the base
363 revenue used for the support of any school district shall be
364 deemed to be the aggregate receipts from ad valorem taxes for the
365 support of any school district. This paragraph shall apply to
366 taxes levied for the 1987 fiscal year and for each fiscal year
367 thereafter. If the Mississippi Supreme Court or another court
368 finally adjudicates that the tax levied under Section 27-35-309(3)
369 is unconstitutional, then this paragraph shall stand repealed.

370 (2) When the tax is levied upon the territory of any school
371 district located in two (2) or more counties, the order of the
372 school board requesting the levying of such tax shall be certified
373 to the levying authority of each of the counties involved, and
374 each of the levying authorities shall levy the tax in the manner
375 specified herein. The taxes so levied shall be collected by the
376 tax collector of the levying authority involved and remitted by
377 the tax collector to the school depository of the home county to
378 the credit of the school district involved as provided
379 above * * *.

380 (3) The aggregate receipts from ad valorem taxes levied for
381 school district purposes, excluding collection fees, pursuant to
382 this section and Section 37-57-1 shall be subject to the increased
383 limitation under Section 37-57-107; however, if the ad valorem tax
384 effort in dollars requested by the school district for the fiscal
385 year exceeds the next preceding fiscal year's ad valorem tax
386 effort in dollars by more than four percent (4%) but not more than
387 seven percent (7%), then the school board shall publish notice
388 thereof once each week for at least three (3) consecutive weeks in
389 a newspaper having general circulation in the school district
390 involved, with the first publication thereof to be made not less

391 than fifteen (15) days prior to the final adoption of the budget
392 by the school board. If at any time prior to said adoption a
393 petition signed by not less than twenty percent (20%) or fifteen
394 hundred (1500), whichever is less, of the qualified electors of
395 the school district involved shall be filed with the school board
396 requesting that an election be called on the question of exceeding
397 the next preceding fiscal year's ad valorem tax effort in dollars
398 by more than four percent (4%) but not more than seven percent
399 (7%), then the school board shall, not later than the next regular
400 meeting, adopt a resolution calling an election to be held within
401 such school district upon such question. The election shall be
402 called and held, and notice thereof shall be given, in the same
403 manner for elections upon the questions of the issuance of the
404 bonds of school districts, and the results thereof shall be
405 certified to the school board. The ballot shall contain the
406 language "For the School Tax Increase Over Four Percent (4%)" and
407 "Against the School Tax Increase Over Four Percent (4%)." If a
408 majority of the qualified electors of the school district who
409 voted in such election shall vote in favor of the question, then
410 the stated increase requested by the school board shall be
411 approved. For the purposes of this paragraph, the revenue sources
412 excluded from the increased limitation under Section 37-57-107
413 shall also be excluded from the limitation described herein in the
414 same manner as they are excluded under Section 37-57-107.

415 **SECTION 4.** Section 37-61-9, Mississippi Code of 1972, is
416 amended as follows:

417 37-61-9. (1) On or before the fifteenth day of August of
418 each year, the local school board of each school district, with
419 the assistance of the superintendent of schools * * *, shall
420 prepare and file with the levying authority for the school
421 district, as defined in Section 37-57-1, Mississippi Code of 1972,
422 at least two (2) copies of a budget of estimated expenditures for
423 the support, maintenance and operation of the public schools of

424 the school district for the fiscal year commencing on July 1 of
425 such year. Provided, however, that for school districts in the
426 county school system, the county board of education shall not be
427 required to file copies of its budget with the county board of
428 supervisors, since the county board of education is the levying
429 authority for the county school system. Such budget shall be
430 prepared on forms prescribed and provided by the State Auditor and
431 shall contain such information as the State Auditor may require.

432 (2) In addition, on or before the fifteenth day of August of
433 each year, the local school board of each school district, with
434 the assistance of the superintendent of schools or administrative
435 superintendent, shall prepare and file with the State Department
436 of Education such budgetary information as the State Board of
437 Education may require. The State Board of Education shall
438 prescribe and provide forms to each school district for this
439 purpose.

440 (3) Prior to the adoption of a budget pursuant to this
441 section, the school board of each school district shall hold at
442 least one (1) public hearing to provide the general public with an
443 opportunity to comment on the taxing and spending plan
444 incorporated in the proposed budget. Public hearings held
445 pursuant to this subsection shall be conducted on a weekday after
446 5:30 p.m. so that members of the general public may be better able
447 to attend. The public hearing shall be held at least one (1) week
448 prior to the adoption of the budget. Notice of the public hearing
449 shall be published once a week for at least three (3) consecutive
450 weeks in at least one (1) newspaper published in the school
451 district, the first publication of the notice to be made not less
452 than twenty-one (21) days prior to the date fixed for the hearing
453 and the last publication to be made not less than seven (7) days
454 prior to the date of the hearing. After final adoption of the
455 budget, a synopsis of such budget in a form prescribed by the
456 State Department of Audit shall be published in a newspaper having

457 general circulation in the school district on a date different
458 from the date on which the county or any municipality therein may
459 publish its budget.

460 (4) Beginning with the fiscal year 1995-1996, there shall be
461 imposed limitations on budgeted expenditures for certain
462 administration costs, as defined hereinafter, in an amount not
463 greater than One Hundred Fifty Thousand Dollars (\$150,000.00) plus
464 four percent (4%) of the expenditures of all school districts each
465 year. For purposes of this subsection, "administration costs"
466 shall be defined as expenditures for salaries and fringe benefits
467 paid for central administration costs from all sources of revenue
468 in the following expenditure functions as defined in the
469 MISSISSIPPI PUBLIC SCHOOL DISTRICT FINANCIAL ACCOUNTING MANUAL:

470 2300 = Support Services - General Administration
471 2310 = Board of Education Services
472 2320 = Executive Administration Services
473 2330 = Special Area Administration Services
474 2500 = Business Services
475 2510 = Fiscal Services
476 2520 = Purchasing Services
477 2530 = Warehousing and Distributing Services
478 2540 = Printing, Publishing and Duplicating Services
479 2590 = Other Support Services - Business
480 2800 = Support Services - Central
481 2810 = Planning, Research, Development and Evaluation
482 2820 = Information Services
483 2830 = Staff Services
484 2840 = Data Processing Services

485 Any costs classified as "administration costs" for purposes
486 of this subsection which can be demonstrated by the local school
487 district to be an expenditure that results in a net cost savings
488 to the district that may otherwise require budget expenditures for

489 functions not covered under the definition of administration costs
490 herein may be excluded from the limitations imposed herein. The
491 local school board shall make a specific finding of such costs and
492 spread such finding upon its minutes, which shall be subject to
493 the approval of the Office of Educational Accountability of the
494 State Department of Education. Any school district required to
495 make expenditure cuts, as a result of application of this
496 subsection, shall not be required to reduce such expenditures more
497 than twenty-five percent (25%) in any year in order to comply with
498 this mandate.

499 The State Auditor shall ensure that functions in all
500 expenditure categories to which this administrative limitation
501 applies shall be properly classified.

502 This section shall not apply to central administration with
503 five (5) or less full-time employees, or to those school districts
504 which can substantiate that comparable reductions have occurred in
505 administrative costs for the five-year period immediately prior to
506 school year 1993-1994. In the event the application of this
507 section may jeopardize the fiscal integrity or operations of the
508 school district, have an adverse impact on the ability of the
509 district to deliver educational services, or otherwise restrict
510 the district from achieving or maintaining a quality education
511 program, the State Board of Education shall be authorized to
512 exempt the application of this section to such school district
513 pursuant to rules and regulations of the State Board of Education
514 consistent with the intent of this section.

515 **SECTION 5.** This act shall take effect and be in force from
516 and after July 1, 2004.