

By: Representative Busby

To: Accountability,
Efficiency, Transparency;
Education

HOUSE BILL NO. 989

1 AN ACT TO AMEND SECTION 37-151-97, MISSISSIPPI CODE OF 1972,
 2 TO SPECIFY THE FINANCIAL INFORMATION PUBLIC SCHOOL DISTRICTS MUST
 3 PROVIDE TO THE STATE SUPERINTENDENT OF PUBLIC EDUCATION, TO BE
 4 INCLUDED IN THE SUPERINTENDENT'S ANNUAL LEGISLATIVE REPORT; TO
 5 AMEND SECTIONS 37-1-12, 37-3-11 AND 37-9-18, MISSISSIPPI CODE OF
 6 1972, IN CONFORMITY TO THE PRECEDING PROVISIONS; TO AMEND SECTION
 7 37-57-104, MISSISSIPPI CODE OF 1972, TO PROHIBIT THE LOCAL
 8 GOVERNING AUTHORITY OF ANY SCHOOL DISTRICT OPERATING WITH A BUDGET
 9 GREATER THAN ONE HUNDRED PERCENT (100%) OF THE STATE FUNDING
 10 FORMULA, FROM GRANTING AN AUTOMATIC INCREASE IN TAX LEVY TO
 11 SATISFY A SCHOOL DISTRICT'S BUDGET REQUESTS, EVEN IF THE MILLAGE
 12 RATE NECESSARY TO GENERATE THE REQUESTED FUNDS IS EQUAL TO 55
 13 MILLS OR LESS, BUT THE DOLLAR AMOUNT REQUESTED BY THE SCHOOL BOARD
 14 DOES NOT EXCEED THE NEXT PRECEDING FISCAL YEAR'S AD VALOREM TAX
 15 EFFORT IN DOLLARS BY MORE THAN FOUR PERCENT; TO AMEND SECTION
 16 37-57-105, MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; TO
 17 BRING FORWARD SECTIONS 37-57-107 AND 37-61-9, MISSISSIPPI CODE OF
 18 1972, FOR THE PURPOSE OF POSSIBLE AMENDMENTS; AND FOR RELATED
 19 PURPOSES.

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

21 **SECTION 1.** Section 37-151-97, Mississippi Code of 1972, is
 22 amended as follows:

23 37-151-97. The State Department of Education shall develop
 24 an annual reporting process to inform the Legislature, local
 25 district personnel and the general public as to the ongoing and
 26 future plans for the state's educational programs. The annual



27 reporting process will include those vital statistics and
28 statements of financial records that are commonly reported by
29 schools and districts and that can provide clear demographic,
30 strategic and educational information to constituencies such as,
31 but not limited to, the following information:

32 (a) Student enrollment, attendance, drop-out and
33 graduation;

34 (b) Overall student and district achievement;

35 (c) Budget, administrative costs and other pertinent
36 fiscal information, including:

37 (i) The receipts and disbursements of all school
38 funds handled by the board;

39 (ii) Reports of expenditures for public schools,
40 which, upon request must be made available on an individual
41 district basis by the State Department of Education;

42 1. Total Student Expenditures:

43 a. Instruction (1000s);

44 b. Other Student Instructional

45 Expenditures (2100s, 2200s);

46 2. General Administration (2300s and 2500s);

47 3. School Administration (2400s);

48 4. Other Expenditures (2600s, 2700s, 2800s,
49 3100s, 3200s); and

50 5. Nonoperational Expenditures (4000s, 5000s,
51 6000s);



52 (iii) The state funding formula budget calculation
53 for each school district;

54 (iv) The amounts and funding sources from which
55 school districts receive all monies, including:

56 1. Through the state in the form of a
57 legislative appropriation of the issuance of general obligation
58 bonds;

59 2. Received through federal grants,
60 supplements, matching or draw-down funds; local ad valorem
61 assessments or local bond issues;

62 3. Received through intermediate sources, as
63 such is defined by the department; and

64 4. Any monetary gifts, devises or bequests;

65 (v) The average daily attendance and base student
66 cost for each school district;

67 (* * *vi) The number of school districts,
68 schoolteachers employed, school administrators employed, pupils
69 taught and the attendance record of pupils therein;

70 (* * *vii) County and district levies for each
71 school district and agricultural high school;

72 (* * *viii) The condition of vocational
73 education, a list of schools to which federal and state aid has
74 been given, and a detailed statement of the expenditures of
75 federal funds and the state funds that may be provided, and the
76 ranking of subjects taught as compared with the state's needs.



77 (d) Other as directed by the State Board of Education.

78 Further, the reporting process will include an annual report
79 developed specifically to relate the mission and goals of the
80 State Board of Education, state superintendent and departments.
81 This document will become the method through which the strategic
82 planning and management process of the department is articulated
83 to the public. It will explain and inform the public of the major
84 initiatives of the department and clearly identify rationale for
85 program development and/or elimination. The report will establish
86 benchmarks, future plans and discuss the effectiveness of
87 educational programs.

88 In addition to the information specified herein, the State
89 Board of Education shall have full and plenary authority and power
90 to require the furnishing of such further, additional and
91 supplementary information as it may deem necessary for the purpose
92 of determining the cost of the adequate education program in such
93 school district for the succeeding fiscal year, the amount of the
94 adequate education program funds to be allotted to each school
95 district for the succeeding fiscal year, and for any other purpose
96 authorized by law or deemed necessary by said State Board of
97 Education.

98 It shall be the duty of the State Department of Education to
99 prescribe the forms for the reports provided for in this section.

100 **SECTION 2.** Section 37-1-12, Mississippi Code of 1972, is
101 amended as follows:



102 37-1-12. The State Board of Education shall develop and
103 promulgate regulations for annual reports from school districts,
104 including statements of financial records from each school
105 district, and from the State Department of Education to the
106 Legislature. Such regulations shall eliminate duplication, make
107 effective use of technology and enable the Legislature to monitor
108 education in Mississippi. These regulations may include methods
109 to reduce redundant reporting requirements and eliminate
110 inadequate performance measures, and the State Board of Education
111 may include any proposed legislative amendments to state law
112 necessary to improve statewide reporting mandates.

113 **SECTION 3.** Section 37-3-11, Mississippi Code of 1972, is
114 amended as follows:

115 37-3-11. The State Superintendent of Public Education shall
116 perform the duties assigned to him by the State Board of
117 Education, and he shall have the following duties:

118 (a) To serve as secretary for the State Board of
119 Education;

120 (b) To be the chief administrative officer of the State
121 Department of Education;

122 (c) To recommend to the State Board of Education, for
123 its consideration, rules and regulations for the supervision of
124 the public schools and agricultural high schools of the school
125 districts throughout the state and for the efficient organization
126 and conduct of the same;



127 (d) To collect data and make it available to the State
128 Board of Education and the Legislature for determining the proper
129 distribution of the state common school funds;

130 (e) To keep a complete record of all official acts of
131 the State Superintendent and the acts of the State Board of
132 Education;

133 (f) To prepare, have printed and furnish all officers
134 charged with the administration of the laws pertaining to the
135 public schools, such blank forms and books as may be necessary to
136 the proper discharge of their duties, which printing is to be paid
137 for out of funds provided by the Legislature;

138 (g) To have printed in pamphlet form the laws
139 pertaining to the public schools and publish therein forms for
140 conducting school business, the rules and regulations for the
141 government of schools that the State Superintendent or the State
142 Board of Education may recommend, and such other matters as may be
143 deemed worthy of public interest pertaining to the public schools,
144 which printing is to be paid for out of funds provided by the
145 Legislature;

146 (h) To meet all superintendents annually at such time
147 and place as the State Superintendent shall appoint for the
148 purpose of accumulating facts relative to schools, to review the
149 educational progress made in the various sections of the state, to
150 compare views, discuss problems, hear discussions and suggestions
151 relative to examinations and qualifications of teachers, methods



152 of instruction, textbooks, summer schools for teachers, visitation
153 of schools, consolidation of schools, health work in the schools,
154 vocational education and other matters pertaining to the public
155 school system;

156 (i) To advise all superintendents upon all matters
157 involving the welfare of the schools, and at the request of any
158 superintendent, to give an opinion upon a written statement of
159 facts on all questions and controversies arising out of the
160 interpretation and construction of the school laws, in regard to
161 rights, powers and duties of school officers and superintendents,
162 and to keep a record of all such decisions. Before giving any
163 opinion, the superintendent may submit the statement of facts to
164 the Attorney General, and it shall be the duty of the Attorney
165 General forthwith to examine such statement and suggest the proper
166 decision to be made upon such fact;

167 (j) To require annually, and as often as the State
168 Superintendent may deem proper, of all superintendents, detailed
169 reports on the educational and financial business of the various
170 districts;

171 (k) On or before January 10 in each year to prepare,
172 under the direction of the State Board of Education, the annual
173 information report of the State Department of Education as
174 described in Section 37-151-97;



175 (l) To determine the number of educable children in the
176 several school districts under rules and regulations prescribed by
177 the State Board of Education; and

178 (m) To perform such other duties as may be prescribed
179 by the State Board of Education.

180 **SECTION 4.** Section 37-9-18, Mississippi Code of 1972, is
181 amended as follows:

182 37-9-18. (1) (a) The State Board of Education shall
183 promulgate rules and regulations concerning the type of financial
184 reports required to be submitted by the superintendent of schools
185 to the local school board, and the frequency with which the
186 reports shall be submitted, but not less than annually, to the
187 State Superintendent of Public Education. The rules and
188 regulations promulgated by the board shall include:

189 (i) A requirement that the reports be listed as an
190 agenda item for discussion at a regularly scheduled meeting of the
191 board;

192 (ii) A requirement that the minutes of the board
193 meeting reflect that the reports were discussed;

194 (iii) A requirement that each board member present
195 be provided a copy of all required reports; and

196 (iv) A requirement that a copy of all required
197 reports be included in the official minutes of the board meeting
198 at which the reports were discussed.



199 (b) The State Board of Education is authorized to
200 require school districts to submit any of the required reports to
201 the State Department of Education on a basis determined by the
202 department.

203 (c) Failure to comply with any of the rules and
204 regulations established by the State Board of Education with
205 regard to reporting requirements shall constitute a violation of
206 the Mississippi Public School Accountability Standards.

207 (2) The State Auditor shall audit the financial records of
208 school districts in accordance with Section 7-7-211(e). The State
209 Auditor shall give reasonable notice to school districts regarding
210 the times during which the State Auditor will perform such audits.
211 In any fiscal year in which the State Auditor is not scheduled to
212 perform an audit, the school board shall cause all the financial
213 records of the superintendent of schools to be audited in
214 accordance with Section 7-7-211(e). If the school board so elects
215 by resolution adopted each year, the audit shall be performed by
216 the State Auditor. Contracts for the audit of public school
217 districts shall be let by the school board in the manner
218 prescribed by the State Auditor. The audit shall be conducted in
219 accordance with generally accepted auditing standards and
220 generally accepted accounting principles, and the report presented
221 thereon shall be in accordance with generally accepted accounting
222 principles. If the Auditor's opinion on the general purpose
223 financial statements is a disclaimer, as that term is defined by



224 generally accepted auditing standards, or if the State Auditor
225 determines the existence of serious financial conditions in the
226 district, the State Auditor shall immediately notify the State
227 Board of Education. Upon receiving the notice, the State
228 Superintendent of Public Education shall direct the school
229 district to immediately cease all expenditures until a financial
230 advisor is appointed by the state superintendent. However, if the
231 disclaimer is a result of conditions caused by Hurricane Katrina
232 2005 and applies to fiscal years 2005 and/or 2006, then the
233 Superintendent of Education may appoint a financial advisor, and
234 may direct the school district to immediately cease all
235 expenditures until a financial advisor is appointed. The
236 financial advisor shall be an agent of the State Board of
237 Education and shall be a certified public accountant or a
238 qualified business officer. Unless the financial advisor is an
239 employee of the State of Mississippi, they shall be deemed an
240 independent contractor. The financial advisor shall, with the
241 approval of the State Board of Education:

242 (a) Approve or disapprove all expenditures and all
243 financial obligations of the district;

244 (b) Ensure compliance with any statutes and State Board
245 of Education rules or regulations concerning expenditures by
246 school districts;

247 (c) Review salaries and the number of all district
248 personnel and make recommendations to the local school board of



249 any needed adjustments. Should such recommendations necessitate
250 the reduction in local salary supplement, such recommended
251 reductions shall be only to the extent which will result in the
252 salaries being comparable to districts similarly situated, as
253 determined by the State Board of Education. The local school
254 board, in considering either a reduction in personnel or a
255 reduction in local supplements, shall not be required to comply
256 with the time limitations prescribed in Sections 37-9-15 and
257 37-9-105 and, further, shall not be required to comply with
258 Sections 37-19-11 and 37-19-7(1) in regard to reducing local
259 supplements and the number of personnel;

260 (d) Work with the school district's business office to
261 correct all inappropriate accounting procedures and/or uses of
262 school district funds and to prepare the school district's budget
263 for the next fiscal year;

264 (e) Report frequently to the State Board of Education
265 on the corrective actions being taken and the progress being made
266 in the school district. The financial advisor shall serve until
267 such time as corrective action and progress is being made in such
268 school district as determined by the State Board of Education with
269 the concurrence of the State Auditor, or until such time as an
270 interim conservator is assigned to such district by the State
271 Board of Education under Section 37-17-6. The school district
272 shall be responsible for all expenses associated with the use of
273 the financial advisor. If the audit report reflects a failure by



274 the school district to meet accreditation standards, the State
275 Board of Education shall proceed under Section 37-17-6; and

276 (f) If a financial advisor is appointed to a school
277 district in accordance with this subsection and it is determined
278 by the financial advisor and/or any other official of the school
279 district that an audit by a certified public accountant for that
280 district was deficient in any manner, the financial advisor and/or
281 any other official of the school district shall, within thirty
282 (30) days, refer the matter to the State Board of Public
283 Accountancy for follow-up and possible disciplinary action. Any
284 disciplinary action by the State Board of Public Accountancy with
285 regard to the certified public accountant shall, within thirty
286 (30) days after notifying such certified public accountant, be
287 reported to the Office of State Auditor.

288 (3) (a) When conducting an audit of a public school
289 district, the State Auditor shall test to insure that the school
290 district is complying with the requirements of Section
291 37-61-33(3)(a)(iii) relating to classroom supply funds. The audit
292 must include a report of all classroom supply funds carried over
293 from previous years. Based upon the audit report, the State
294 Auditor shall compile a report on the compliance or noncompliance
295 by all school districts with the requirements of Section
296 37-61-33(3)(a)(iii), which report must be submitted to the
297 Chairmen of the Education and Appropriations Committees of the
298 House of Representatives and Senate.



299 (b) When conducting an audit of a public school
300 district, the State Auditor shall test to insure correct and
301 appropriate coding at the function level. The audit must include
302 a report showing correct and appropriate functional level
303 expenditure codes in expenditures by the school district.
304 Compliance standards for this audit provision shall be established
305 by the Office of the State Auditor. Based upon the audit report,
306 the State Auditor shall compile a report on the compliance or
307 noncompliance by all public school districts with correct and
308 appropriate coding at the function level, which report must be
309 submitted to the Chairmen of the Education and Appropriations
310 Committees of the House of Representatives and Senate.

311 (4) In the event the State Auditor does not perform the
312 audit examination, then the audit report of the school district
313 shall be reviewed by the State Auditor for compliance with
314 applicable state laws before final payment is made on the audit by
315 the school board. All financial records, books, vouchers,
316 cancelled checks and other financial records required by law to be
317 kept and maintained in the case of municipalities shall be
318 faithfully kept and maintained in the office of the superintendent
319 of schools under the same provisions and penalties provided by law
320 in the case of municipal officials.

321 **SECTION 5.** Section 37-57-104, Mississippi Code of 1972, is
322 amended as follows:



323 37-57-104. (1) Each school board shall submit to the
324 levying authority for the school district a certified copy of an
325 order adopted by the school board requesting an ad valorem tax
326 effort in dollars for the support of the school district. The
327 copy of the order shall be submitted by the school board when the
328 copies of the school district's budget are filed with the levying
329 authority pursuant to Section 37-61-9. Upon receipt of the school
330 board's order requesting the ad valorem tax effort in dollars, the
331 levying authority shall determine the millage rate necessary to
332 generate funds equal to the dollar amount requested by the school
333 board. For the purpose of calculating this millage rate, any
334 additional amount that is levied pursuant to Section 37-57-105(1)
335 to cover anticipated delinquencies and costs of collection or any
336 amount that may be levied for the payment of the principal and
337 interest on school bonds or notes shall be excluded from the
338 limitation of fifty-five (55) mills provided for in subsection (2)
339 of this section.

340 (2) (a) Except as otherwise provided under paragraph (b) or
341 (c) of this subsection, if the millage rate necessary to generate
342 funds equal to the dollar amount requested by the school board is
343 greater than fifty-five (55) mills, and if this millage rate is
344 higher than the millage then being levied pursuant to the school
345 board's order requesting the ad valorem tax effort for the
346 currently existing fiscal year, then the levying authority shall
347 call a referendum on the question of exceeding, during the next



348 fiscal year, the then existing millage rate being levied for
349 school district purposes. The referendum shall be scheduled for
350 not more than six (6) weeks after the date on which the levying
351 authority receives the school board's order requesting the ad
352 valorem tax effort.

353 When a referendum has been called, notice of the referendum
354 shall be published at least five (5) days per week, unless the
355 only newspaper published in the school district is published less
356 than five (5) days per week, for at least three (3) consecutive
357 weeks, in at least one (1) newspaper published in the school
358 district. The notice shall be no less than one-fourth (1/4) page
359 in size, and the type used shall be no smaller than eighteen (18)
360 point and surrounded by a one-fourth-inch solid black border. The
361 notice may not be placed in that portion of the newspaper where
362 legal notices and classified advertisements appear. The first
363 publication of the notice shall be made not less than twenty-one
364 (21) days before the date fixed for the referendum, and the last
365 publication shall be made not more than seven (7) days before that
366 date. If no newspaper is published in the school district, then
367 the notice shall be published in a newspaper having a general
368 circulation in the school district. The referendum shall be held,
369 as far as is practicable, in the same manner as other referendums
370 and elections are held in the county or municipality. At the
371 referendum, all registered, qualified electors of the school
372 district may vote. The ballots used at the referendum shall have



373 printed thereon a brief statement of the amount and purpose of the
374 increased tax levy and the words "FOR INCREASING THE MILLAGE
375 LEVIED FOR SCHOOL DISTRICT PURPOSES FROM (MILLAGE RATE CURRENTLY
376 LEVIED) MILLS TO (MILLAGE RATE REQUIRED UNDER SCHOOL BOARD'S
377 ORDER) MILLS," and "AGAINST INCREASING THE MILLAGE LEVIED FOR
378 SCHOOL DISTRICT PURPOSES FROM (MILLAGE RATE CURRENTLY LEVIED)
379 MILLS TO (MILLAGE RATE REQUIRED UNDER SCHOOL BOARD'S ORDER)
380 MILLS." The voter shall vote by placing a cross (X) or checkmark
381 (√) opposite his choice on the proposition.

382 If a majority of the registered, qualified electors of the
383 school district who vote in the referendum vote in favor of the
384 question, then the ad valorem tax effort in dollars requested by
385 the school board shall be approved. However, if a majority of the
386 registered, qualified electors who vote in the referendum vote
387 against the question, the millage rate levied by the levying
388 authority shall not exceed the millage then being levied pursuant
389 to the school board's order requesting the ad valorem tax effort
390 for the then currently existing fiscal year.

391 Nothing in this subsection shall be construed to require any
392 school district that is levying more than fifty-five (55) mills
393 pursuant to Sections 37-57-1 and 37-57-105 to decrease its millage
394 rate to fifty-five (55) mills or less. Further, nothing in this
395 subsection shall be construed to require a referendum in a school
396 district where the requested ad valorem tax effort in dollars
397 requires a millage rate of greater than fifty-five (55) mills but



398 the requested dollar amount does not require any increase in the
399 then existing millage rate. Further, nothing in this subsection
400 shall be construed to require a referendum in a school district
401 where, because of a decrease in the assessed valuation of the
402 district, a millage rate of greater than fifty-five (55) mills is
403 necessary to generate funds equal to the dollar amount generated
404 by the ad valorem tax effort for the currently existing fiscal
405 year.

406 (b) Provided, however, that if a levying authority is
407 levying in excess of fifty-five (55) mills on July 1, 1997, the
408 levying authority may levy an additional amount not exceeding
409 three (3) mills in the aggregate for the period beginning July 1,
410 1997, and ending June 30, 2003, subject to the limitation on
411 increased receipts from ad valorem taxes prescribed in Sections
412 37-57-105 and 37-57-107.

413 (c) If the levying authority for any school district
414 lawfully has decreased the millage levied for school district
415 purposes, but subsequently determines that there is a need to
416 increase the millage rate due to a disaster in which the Governor
417 has declared a disaster emergency or the President of the United
418 States has declared an emergency or major disaster, then the
419 levying authority may increase the millage levied for school
420 district purposes up to an amount that does not exceed the millage
421 rate in any one (1) of the immediately preceding ten (10) fiscal



422 years without any referendum that otherwise would be required
423 under this subsection.

424 (3) (a) Except as otherwise provided in paragraph (b) of
425 this subsection, if the millage rate necessary to generate funds
426 equal to the dollar amount requested by the school board is equal
427 to fifty-five (55) mills or less, but the dollar amount requested
428 by the school board exceeds the next preceding fiscal year's ad
429 valorem tax effort in dollars by more than four percent (4%), but
430 not more than seven percent (7%) (as provided for under subsection
431 (4) of this section), then the school board shall publish notice
432 thereof at least five (5) days per week, unless the only newspaper
433 published in the school district is published less than five (5)
434 days per week, for at least three (3) consecutive weeks in a
435 newspaper published in the school district. The notice shall be
436 no less than one-fourth (1/4) page in size, and the type used
437 shall be no smaller than eighteen (18) point and surrounded by a
438 one-fourth-inch solid black border. The notice may not be placed
439 in that portion of the newspaper where legal notices and
440 classified advertisements appear. The first publication shall be
441 made not less than fifteen (15) days before the final adoption of
442 the budget by the school board. If no newspaper is published in
443 the school district, then the notice shall be published in a
444 newspaper having a general circulation in the school district. If
445 at any time before the adoption of the budget a petition signed by
446 not less than twenty percent (20%) or fifteen hundred (1500),



447 whichever is less, of the registered, qualified electors of the
448 school district is filed with the school board requesting that a
449 referendum be called on the question of exceeding the next
450 preceding fiscal year's ad valorem tax effort in dollars by more
451 than four percent (4%), then the school board shall adopt, not
452 later than the next regular meeting, a resolution calling a
453 referendum to be held within the school district upon the
454 question. The referendum shall be called and held, and notice
455 thereof shall be given, in the same manner provided for in
456 subsection (2) of this section. The ballot shall contain the
457 language "FOR THE SCHOOL TAX INCREASE OVER FOUR PERCENT (4%)" and
458 "AGAINST THE SCHOOL TAX INCREASE OVER FOUR PERCENT (4%)." If a
459 majority of the registered, qualified electors of the school
460 district who vote in the referendum vote in favor of the question,
461 then the increase requested by the school board shall be approved.
462 For the purposes of this subsection, the revenue sources excluded
463 from the increase limitation under Section 37-57-107 also shall be
464 excluded from the limitation described in this subsection in the
465 same manner as they are excluded under Section 37-57-107.
466 Provided, however, that any increases requested by the school
467 board as a result of the required local contribution to the
468 Mississippi Adequate Education Program, as certified to the local
469 school district by the State Board of Education under Section
470 37-151-7(2), Mississippi Code of 1972, shall not be subject to the



471 four percent (4%) and/or seven percent (7%) tax increase
472 limitations provided in this section.

473 (b) The local governing authority of any school
474 district operating with a budget greater than one hundred percent
475 (100%) of the state funding formula, shall not grant an automatic
476 increase in tax levy to satisfy a school district's budget
477 requests, if the millage rate necessary to generate funds equal to
478 the dollar amount requested by the school board is equal to
479 fifty-five (55) mills or less, but the dollar amount requested by
480 the school board does not exceed the next preceding fiscal year's
481 ad valorem tax effort in dollars by more than four percent (4%).

482 (4) If the millage rate necessary to generate funds equal to
483 the dollar amount requested by the school board is equal to
484 fifty-five (55) mills or less, but the dollar amount requested by
485 the school board exceeds the seven percent (7%) increase
486 limitation provided for in Section 37-57-107, the school board may
487 exceed the seven percent (7%) increase limitation only after the
488 school board has determined the need for additional revenues and
489 three-fifths (3/5) of the registered, qualified electors voting in
490 a referendum called by the levying authority have voted in favor
491 of the increase. The notice and manner of holding the referendum
492 shall be as prescribed in subsection (2) of this section for a
493 referendum on the question of increasing the millage rate in
494 school districts levying more than fifty-five (55) mills for
495 school district purposes.



496 (5) The aggregate receipts from ad valorem taxes levied for
497 school district purposes pursuant to Sections 37-57-1 and
498 37-57-105, excluding collection fees, additional revenue from the
499 ad valorem tax on any newly constructed properties or any existing
500 properties added to the tax rolls or any properties previously
501 exempt which were not assessed in the next preceding year, and
502 amounts received by school districts from the School Ad Valorem
503 Tax Reduction Fund pursuant to Section 37-61-35, shall be subject
504 to the increase limitation under this section and Section
505 37-57-107.

506 (6) The school board shall pay to the levying authority all
507 costs that are incurred by the levying authority in the calling
508 and holding of any election under this section.

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

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

515 (b) The lease of property for school purposes, as
516 authorized under the Emergency School Leasing Authority Act of
517 1986 (Sections 37-7-351 through 37-7-359);

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



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

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

525 Any millage levied for the purposes specified in this
526 subsection shall be excluded from the millage limitations
527 established under this section.

528 **SECTION 6.** Section 37-57-105, Mississippi Code of 1972, is
529 amended as follows:

530 37-57-105. (1) In addition to the taxes levied under
531 Section 37-57-1, the levying authority for the school district, as
532 defined in Section 37-57-1, upon receipt of a certified copy of an
533 order adopted by the school board of the school district
534 requesting an ad valorem tax effort in dollars for the support of
535 the school district, shall, at the same time and in the same
536 manner as other ad valorem taxes are levied, levy an annual ad
537 valorem tax in the amount fixed in such order upon all of the
538 taxable property of such school district, which shall not be less
539 than the millage rate certified by the State Board of Education as
540 the uniform minimum school district ad valorem tax levy for the
541 support of the adequate education program in such school district
542 under Section 37-57-1. Provided, however, that any school
543 district levying less than the uniform minimum school district ad
544 valorem tax levy on July 1, 1997, shall only be required to



545 increase its local district maintenance levy in four (4) mill
546 annual increments in order to attain such millage requirements.
547 In making such levy, the levying authority shall levy an
548 additional amount sufficient to cover anticipated delinquencies
549 and costs of collection so that the net amount of money to be
550 produced by such levy shall be equal to the amount which is
551 requested by said school board. The proceeds of such tax levy,
552 excluding levies for the payment of the principal of and interest
553 on school bonds or notes and excluding levies for costs of
554 collection, shall be placed in the school depository to the credit
555 of the school district and shall be expended in the manner
556 provided by law for the purpose of supplementing teachers'
557 salaries, extending school terms, purchasing furniture, supplies
558 and materials, and for all other lawful operating and incidental
559 expenses of such school district, funds for which are not provided
560 by adequate education program fund allotments.

561 The monies authorized to be received by school districts from
562 the School Ad Valorem Tax Reduction Fund pursuant to Section
563 37-61-35 shall be included as ad valorem tax receipts. The
564 levying authority for the school district, as defined in Section
565 37-57-1, shall reduce the ad valorem tax levy for such school
566 district in an amount equal to the amount distributed to such
567 school district from the School Ad Valorem Tax Reduction Fund each
568 calendar year pursuant to said Section 37-61-35. Such reduction
569 shall not be less than the millage rate necessary to generate a



570 reduction in ad valorem tax receipts equal to the funds
571 distributed to such school district from the School Ad Valorem Tax
572 Reduction Fund pursuant to Section 37-61-35. Such reduction shall
573 not be deemed to be a reduction in the aggregate amount of support
574 from ad valorem taxation for purposes of Section 37-19-11. The
575 millage levy certified by the State Board of Education as the
576 uniform minimum ad valorem tax levy or the millage levy that would
577 generate funds in an amount equal to a school district's district
578 entitlement, as defined in Section 37-22-1(2)(e), shall be subject
579 to the provisions of this paragraph.

580 In any county where there is located a nuclear generating
581 power plant on which a tax is assessed under Section 27-35-309(3),
582 such required levy and revenue produced thereby may be reduced by
583 the levying authority in an amount in proportion to a reduction in
584 the base revenue of any such county from the previous year. Such
585 reduction shall be allowed only if the reduction in base revenue
586 equals or exceeds five percent (5%). "Base revenue" shall mean
587 the revenue received by the county from the ad valorem tax levy
588 plus the revenue received by the county from the tax assessed
589 under Section 27-35-309(3) and authorized to be used for any
590 purposes for which a county is authorized by law to levy an ad
591 valorem tax. For purposes of determining if the reduction equals
592 or exceeds five percent (5%), a levy of millage equal to the prior
593 year's millage shall be hypothetically applied to the current
594 year's ad valorem tax base to determine the amount of revenue to



595 be generated from the ad valorem tax levy. For the purposes of
596 this section and Section 37-57-107, the portion of the base
597 revenue used for the support of any school district shall be
598 deemed to be the aggregate receipts from ad valorem taxes for the
599 support of any school district. This paragraph shall apply to
600 taxes levied for the 1987 fiscal year and for each fiscal year
601 thereafter. If the Mississippi Supreme Court or another court
602 finally adjudicates that the tax levied under Section 27-35-309(3)
603 is unconstitutional, then this paragraph shall stand repealed.

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

615 (3) The aggregate receipts from ad valorem taxes levied for
616 school district purposes, excluding collection fees, pursuant to
617 this section and Section 37-57-1 shall be subject to the increased
618 limitation under Section 37-57-107; however, except as provided in
619 Section 37-57-104(3)(b), if the ad valorem tax effort in dollars



620 requested by the school district for the fiscal year exceeds the
621 next preceding fiscal year's ad valorem tax effort in dollars by
622 more than four percent (4%) but not more than seven percent (7%),
623 then the school board shall publish notice thereof once each week
624 for at least three (3) consecutive weeks in a newspaper having
625 general circulation in the school district involved, with the
626 first publication thereof to be made not less than fifteen (15)
627 days prior to the final adoption of the budget by the school
628 board. If at any time prior to said adoption a petition signed by
629 not less than twenty percent (20%) or fifteen hundred (1500),
630 whichever is less, of the qualified electors of the school
631 district involved shall be filed with the school board requesting
632 that an election be called on the question of exceeding the next
633 preceding fiscal year's ad valorem tax effort in dollars by more
634 than four percent (4%) but not more than seven percent (7%), then
635 the school board shall, not later than the next regular meeting,
636 adopt a resolution calling an election to be held within such
637 school district upon such question. The election shall be called
638 and held, and notice thereof shall be given, in the same manner
639 for elections upon the questions of the issuance of the bonds of
640 school districts, and the results thereof shall be certified to
641 the school board. The ballot shall contain the language "For the
642 School Tax Increase Over Four Percent (4%)" and "Against the
643 School Tax Increase Over Four Percent (4%)." If a majority of the
644 qualified electors of the school district who voted in such



645 election shall vote in favor of the question, then the stated
646 increase requested by the school board shall be approved. For the
647 purposes of this paragraph, the revenue sources excluded from the
648 increased limitation under Section 37-57-107 shall also be
649 excluded from the limitation described herein in the same manner
650 as they are excluded under Section 37-57-107.

651 **SECTION 7.** Section 37-57-107, Mississippi Code of 1972, is
652 brought forward as follows:

653 37-57-107. (1) Beginning with the tax levy for the 1997
654 fiscal year and for each fiscal year thereafter, the aggregate
655 receipts from taxes levied for school district purposes pursuant
656 to Sections 37-57-105 and 37-57-1 shall not exceed the aggregate
657 receipts from those sources during any one (1) of the immediately
658 preceding three (3) fiscal years, as determined by the school
659 board, plus an increase not to exceed seven percent (7%). For the
660 purpose of this limitation, the term "aggregate receipts" when
661 used in connection with the amount of funds generated in a
662 preceding fiscal year shall not include excess receipts required
663 by law to be deposited into a special account. However, the term
664 "aggregate receipts" includes any receipts required by law to be
665 paid to a charter school. The additional revenue from the ad
666 valorem tax on any newly constructed properties or any existing
667 properties added to the tax rolls or any properties previously
668 exempt which were not assessed in the next preceding year may be
669 excluded from the seven percent (7%) increase limitation set forth



670 herein. Taxes levied for payment of principal of and interest on
671 general obligation school bonds issued heretofore or hereafter
672 shall be excluded from the seven percent (7%) increase limitation
673 set forth herein. Any additional millage levied to fund any new
674 program mandated by the Legislature shall be excluded from the
675 limitation for the first year of the levy and included within such
676 limitation in any year thereafter. For the purposes of this
677 section, the term "new program" shall include, but shall not be
678 limited to, (a) the Early Childhood Education Program required to
679 commence with the 1986-1987 school year as provided by Section
680 37-21-7 and any additional millage levied and the revenue
681 generated therefrom, which is excluded from the limitation for the
682 first year of the levy, to support the mandated Early Childhood
683 Education Program shall be specified on the minutes of the school
684 board and of the governing body making such tax levy; (b) any
685 additional millage levied and the revenue generated therefrom
686 which shall be excluded from the limitation for the first year of
687 the levy, for the purpose of generating additional local
688 contribution funds required for the adequate education program for
689 the 2003 fiscal year and for each fiscal year thereafter under
690 Section 37-151-7(2); and (c) any additional millage levied and the
691 revenue generated therefrom which shall be excluded from the
692 limitation for the first year of the levy, for the purpose of
693 support and maintenance of any agricultural high school which has
694 been transferred to the control, operation and maintenance of the



695 school board by the board of trustees of the community college
696 district under provisions of Section 37-29-272.

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

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



720 law. Such excess funds shall be calculated in the budgets for the
721 school districts for the purpose for which such levies were made,
722 for the succeeding fiscal year. Taxes imposed for the succeeding
723 year shall be reduced by the amount of excess funds available.
724 Under no circumstances shall such excess funds be expended during
725 the fiscal year in which such excess funds are collected.

726 (4) For the purposes of determining ad valorem tax receipts
727 for a preceding fiscal year under this section, the term "fiscal
728 year" means the fiscal year beginning October 1 and ending
729 September 30.

730 (5) Beginning with the 2013-2014 school year, each school
731 district in which a charter school is located shall pay to the
732 charter school an amount for each student enrolled in the charter
733 school equal to the ad valorem taxes levied per pupil for the
734 support of the school district in which the charter school is
735 located. The pro rata ad valorem taxes to be transferred to the
736 charter school must include all levies for the support of the
737 school district under Sections 37-57-1 (local contribution to the
738 adequate education program) and 37-57-105 (school district
739 operational levy) but may not include any taxes levied for the
740 retirement of school district bonded indebtedness or short-term
741 notes or any taxes levied for the support of vocational-technical
742 education programs. Payments made pursuant to this subsection by
743 a school district to a charter school must be made before the



744 expiration of three (3) business days after the funds are
745 distributed to the school district.

746 **SECTION 8.** Section 37-61-9, Mississippi Code of 1972, is
747 brought forward as follows:

748 37-61-9. (1) On or before the fifteenth day of August of
749 each year, the local school board of each school district, with
750 the assistance of the superintendent of schools, shall prepare and
751 file with the levying authority for the school district, as
752 defined in Section 37-57-1, at least two (2) copies of a budget of
753 estimated expenditures for the support, maintenance and operation
754 of the public schools of the school district for the fiscal year
755 commencing on July 1 of such year. Such budget shall be prepared
756 on forms prescribed and provided by the State Auditor and shall
757 contain such information as the State Auditor may require.

758 (2) In addition, on or before the fifteenth day of August of
759 each year, the local school board of each school district, with
760 the assistance of the superintendent of schools, shall prepare and
761 file with the State Department of Education such budgetary
762 information as the State Board of Education may require. The
763 State Board of Education shall prescribe and provide forms to each
764 school district for this purpose.

765 (3) Prior to the adoption of a budget pursuant to this
766 section, the school board of each school district shall hold at
767 least one (1) public hearing to provide the general public with an
768 opportunity to comment on the taxing and spending plan



769 incorporated in the proposed budget. The public hearing shall be
770 held at least one (1) week prior to the adoption of the budget
771 with advance notice. After final adoption of the budget, a
772 synopsis of such budget in a form prescribed by the State
773 Department of Audit shall be published in a newspaper having
774 general circulation in the school district on a date different
775 from the date on which the county or any municipality therein may
776 publish its budget.

777 (4) There shall be imposed limitations on budgeted
778 expenditures for certain administration costs, as defined
779 hereinafter, in an amount not greater than One Hundred Fifty
780 Thousand Dollars (\$150,000.00) plus four percent (4%) of the
781 expenditures of all school districts each year. For purposes of
782 this subsection, "administration costs" shall be defined as
783 expenditures for salaries and fringe benefits paid for central
784 administration costs from all sources of revenue in the following
785 expenditure functions as defined in the MISSISSIPPI PUBLIC SCHOOL
786 DISTRICT FINANCIAL ACCOUNTING MANUAL:

787 2300 = Support Services - General Administration
788 2310 = Board of Education Services
789 2320 = Executive Administration Services
790 2330 = Special Area Administration Services
791 2500 = Business Services
792 2510 = Fiscal Services
793 2520 = Purchasing Services



794 2530 = Warehousing and Distributing Services
795 2540 = Printing, Publishing and Duplicating Services
796 2590 = Other Support Services - Business

797 Any costs classified as "administration costs" for purposes
798 of this subsection which can be demonstrated by the local school
799 district to be an expenditure that results in a net cost savings
800 to the district that may otherwise require budget expenditures for
801 functions not covered under the definition of administration costs
802 herein may be excluded from the limitations imposed herein. The
803 local school board shall make a specific finding of such costs and
804 spread such finding upon its minutes, which shall be subject to
805 the approval of the Office of Educational Accountability of the
806 State Department of Education. Any school district required to
807 make expenditure cuts, as a result of application of this
808 subsection, shall not be required to reduce such expenditures more
809 than twenty-five percent (25%) in any year in order to comply with
810 this mandate.

811 The State Auditor shall ensure that functions in all
812 expenditure categories to which this administrative limitation
813 applies shall be properly classified.

814 This section shall not apply to central administration with
815 five (5) or less full-time employees, or to those school districts
816 which can substantiate that comparable reductions have occurred in
817 administrative costs for the five-year period immediately prior to
818 school year 1993-1994. In the event the application of this



819 section may jeopardize the fiscal integrity or operations of the
820 school district, have an adverse impact on the ability of the
821 district to deliver educational services, or otherwise restrict
822 the district from achieving or maintaining a quality education
823 program, the State Board of Education shall be authorized to
824 exempt the application of this section to such school district
825 pursuant to rules and regulations of the State Board of Education
826 consistent with the intent of this section.

827 **SECTION 9.** This act shall take effect and be in force from
828 and after July 1, 2020.

