

By: Senator(s) Albritton

To: Finance

## SENATE BILL NO. 2903

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. However, in the case of a school district in the county  
101 school system, the county board of education for such county shall  
102 determine the millage rate necessary to generate funds equal to  
103 the requested budget without the necessity of filing a certified  
104 copy with the board of supervisors of the county. For the purpose  
105 of calculating this millage rate, any additional amount that is  
106 levied pursuant to Section 37-57-105(1) to cover anticipated  
107 delinquencies and costs of collection or any amount that may be  
108 levied for the payment of the principal and interest on school  
109 bonds or notes shall be excluded from the limitation of fifty-five  
110 (55) mills provided for in subsection (2) of this section.

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

124 When a referendum has been called, notice of the referendum  
125 shall be published at least five (5) days per week, unless the  
126 only newspaper published in the school district is published less  
127 than five (5) days per week, for at least three (3) consecutive

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

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

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

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

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

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

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

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

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

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

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



259 37-57-105, excluding collection fees, additional revenue from the  
260 ad valorem tax on any newly constructed properties or any existing  
261 properties added to the tax rolls or any properties previously  
262 exempt which were not assessed in the next preceding year, and  
263 amounts received by school districts from the School Ad Valorem  
264 Tax Reduction Fund pursuant to Section 37-61-35, shall be subject  
265 to the increase limitation under this section and Section  
266 37-57-107.

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

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

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

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

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

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

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

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

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

291           37-57-105. (1) In addition to the taxes levied under  
292 Section 37-57-1, the levying authority for the school district, as  
293 defined in Section 37-57-1, upon receipt of a certified copy of an  
294 order adopted by the school board of the school district  
295 requesting an ad valorem tax effort in dollars for the support of  
296 the school district, shall, at the same time and in the same  
297 manner as other ad valorem taxes are levied, levy an annual ad  
298 valorem tax in the amount fixed in such order upon all of the  
299 taxable property of such school district, which shall not be less  
300 than the millage rate certified by the State Board of Education as  
301 the uniform minimum school district ad valorem tax levy for the  
302 support of the adequate education program in such school district  
303 under Section 37-57-1. However, in the case of a school district  
304 in the county school system, the county board of education shall  
305 levy the amount fixed by the State Board of Education and shall  
306 not be required to submit an order to the county board of  
307 supervisors. Provided, however, that any school district levying  
308 less than the uniform minimum school district ad valorem tax levy  
309 on July 1, 1997, shall only be required to increase its local  
310 district maintenance levy in four (4) mill annual increments in  
311 order to attain such millage requirements. In making such levy,  
312 the levying authority shall levy an additional amount sufficient  
313 to cover anticipated delinquencies and costs of collection so that  
314 the net amount of money to be produced by such levy shall be equal  
315 to the amount which is requested by said school board. The  
316 proceeds of such tax levy, excluding levies for the payment of the  
317 principal of and interest on school bonds or notes and excluding  
318 levies for costs of collection, shall be placed in the school  
319 depository to the credit of the school district and shall be  
320 expended in the manner provided by law for the purpose of  
321 supplementing teachers' salaries, extending school terms,  
322 purchasing furniture, supplies and materials, and for all other  
323 lawful operating and incidental expenses of such school district,

324 funds for which are not provided by adequate education program  
325 fund allotments.

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

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

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

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

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

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

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

416 37-61-9. (1) (a) On or before the fifteenth day of August  
417 of each year, the local school board of each school district, with  
418 the assistance of the superintendent of schools, shall prepare and  
419 file with the levying authority for the school district, as  
420 defined in Section 37-57-1, at least two (2) copies of a budget of  
421 estimated expenditures for the support, maintenance and operation  
422 of the public schools of the school district for the fiscal year

423 commencing on July 1 of such year. Such budget shall be prepared  
424 on forms prescribed and provided by the State Auditor and shall  
425 contain such information as the State Auditor may require.

426 (b) In school districts in the county school system,  
427 the county board of education shall not be required to file copies  
428 of its budget with the county board of supervisors, since the  
429 county board of education is the levying authority for the county  
430 school system.

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

438 (3) Prior to the adoption of a budget pursuant to this  
439 section, the school board of each school district shall hold at  
440 least one (1) public hearing to provide the general public with an  
441 opportunity to comment on the taxing and spending plan  
442 incorporated in the proposed budget. The public hearing shall be  
443 held at least one (1) week prior to the adoption of the budget  
444 with advance notice. After final adoption of the budget, a  
445 synopsis of such budget in a form prescribed by the State  
446 Department of Audit shall be published in a newspaper having  
447 general circulation in the school district on a date different  
448 from the date on which the county or any municipality therein may  
449 publish its budget.

450 (4) There shall be imposed limitations on budgeted  
451 expenditures for certain administration costs, as defined  
452 hereinafter, in an amount not greater than One Hundred Fifty  
453 Thousand Dollars (\$150,000.00) plus four percent (4%) of the  
454 expenditures of all school districts each year. For purposes of  
455 this subsection, "administration costs" shall be defined as

456 expenditures for salaries and fringe benefits paid for central  
457 administration costs from all sources of revenue in the following  
458 expenditure functions as defined in the MISSISSIPPI PUBLIC SCHOOL  
459 DISTRICT FINANCIAL ACCOUNTING MANUAL:

- 460           2300 =     Support Services - General Administration
- 461           2310 =     Board of Education Services
- 462           2320 =     Executive Administration Services
- 463           2330 =     Special Area Administration Services
- 464           2500 =     Business Services
- 465           2510 =     Fiscal Services
- 466           2520 =     Purchasing Services
- 467           2530 =     Warehousing and Distributing Services
- 468           2540 =     Printing, Publishing and Duplicating Services
- 469           2590 =     Other Support Services - Business

470           Any costs classified as "administration costs" for purposes  
471 of this subsection which can be demonstrated by the local school  
472 district to be an expenditure that results in a net cost savings  
473 to the district that may otherwise require budget expenditures for  
474 functions not covered under the definition of administration costs  
475 herein may be excluded from the limitations imposed herein. The  
476 local school board shall make a specific finding of such costs and  
477 spread such finding upon its minutes, which shall be subject to  
478 the approval of the Office of Educational Accountability of the  
479 State Department of Education. Any school district required to  
480 make expenditure cuts, as a result of application of this  
481 subsection, shall not be required to reduce such expenditures more  
482 than twenty-five percent (25%) in any year in order to comply with  
483 this mandate.

484           The State Auditor shall ensure that functions in all  
485 expenditure categories to which this administrative limitation  
486 applies shall be properly classified.

487           This section shall not apply to central administration with  
488 five (5) or less full-time employees, or to those school districts

489 which can substantiate that comparable reductions have occurred in  
490 administrative costs for the five-year period immediately prior to  
491 school year 1993-1994. In the event the application of this  
492 section may jeopardize the fiscal integrity or operations of the  
493 school district, have an adverse impact on the ability of the  
494 district to deliver educational services, or otherwise restrict  
495 the district from achieving or maintaining a quality education  
496 program, the State Board of Education shall be authorized to  
497 exempt the application of this section to such school district  
498 pursuant to rules and regulations of the State Board of Education  
499 consistent with the intent of this section.

500       **SECTION 5.** This act shall take effect and be in force from  
501 and after July 1, 2007.