

HOUSE BILL NO. 335

INTRODUCED BY J. JOHNSON, B. BROWN, BLAYLOCK, LARSON,
THOMAS, KIMBERLEY, SQUIRES, DAVIS, COBB

IN THE HOUSE

JANUARY 22, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON EDUCATION & CULTURAL RESOURCES.

 FIRST READING.

FEBRUARY 21, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 22, 1991 PRINTING REPORT.

MARCH 5, 1991 SECOND READING, DO PASS.

MARCH 6, 1991 ENGROSSING REPORT.

MARCH 7, 1991 THIRD READING, PASSED.
AYES, 91; NOES, 4.

 TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 8, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON EDUCATION & CULTURAL RESOURCES.

 FIRST READING.

MARCH 25, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

MARCH 28, 1991 SECOND READING, CONCURRED IN.

APRIL 1, 1991 THIRD READING, CONCURRED IN.
AYES, 48; NOES, 0.

 RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 8, 1991 RECEIVED FROM SENATE.

 SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 9, 1991

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. *335*
 2 INTRODUCED BY *John Johnson Bob Brown Blakeley*
 3 *Thomas Kimberley Guinness L. P. Ho*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW AN ELEMENTARY
 5 DISTRICT AND A HIGH SCHOOL DISTRICT WITH CONTIGUOUS
 6 BOUNDARIES TO FORM A K-12 SCHOOL DISTRICT; AMENDING SECTIONS
 7 20-6-101, 20-9-402, 20-9-406, 20-9-502, AND 20-20-101, MCA;
 8 AND PROVIDING AN EFFECTIVE DATE."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 NEW SECTION. **Section 1.** K-12 school district
 12 unification -- procedure. (1) An elementary district and a
 13 high school district with contiguous district boundaries may
 14 unify into a K-12 school district. The unification must be
 15 conducted under the following procedure:

16 (a) A unification proposition may be introduced in the
 17 districts by either of the following methods:

18 (i) the trustees may pass a resolution requesting the
 19 county superintendent to order an election to consider a
 20 unification proposition involving their districts; or

21 (ii) not less than 20% of the electors of the
 22 elementary district and the high school district who are
 23 qualified to vote under the provisions of 20-20-301 may
 24 petition the county superintendent, requesting an election
 25 to consider a unification proposition involving their

1 districts.

2 (b) When the county superintendent receives a
 3 resolution or a valid petition from each of the districts
 4 included in the unification proposition, the county
 5 superintendent shall, within 10 days after receipt of the
 6 last resolution or petition and as provided by 20-20-201,
 7 order the trustees of the districts included in the
 8 unification proposition to call a unification election.

9 (c) The districts shall call and conduct an election in
 10 the manner prescribed in this title for school elections.

11 (d) After the county superintendent receives the
 12 certificate of election provided for in 20-20-416 from the
 13 trustees of the districts included in a unification
 14 proposition, the county superintendent shall determine if
 15 the unification proposition has been approved in the
 16 districts. If the districts have approved the unification
 17 proposition, the county superintendent shall, within 10 days
 18 after receipt of the certificate of election, order the
 19 unification of the districts. The order must specify the
 20 number for the unified K-12 school district. The county
 21 superintendent shall send a copy of the order to the board
 22 of county commissioners, the trustees of the districts
 23 incorporated in the unification order, and the
 24 superintendent of public instruction.

25 NEW SECTION. **Section 2.** Funding for K-12 school



1 districts. (1) Unless otherwise provided by law, a K-12
2 school district formed under the provisions of [sections 1
3 through 3] is subject to the following provisions:

4 (a) The number of elected trustees of the K-12 school
5 district must be in accordance with the provisions of
6 20-3-341.

7 (b) Tuition for attendance in the K-12 school district
8 must be calculated according to the provisions of 20-5-311
9 through 20-5-313.

10 (c) Calculations for the following must be made
11 separately for the elementary school program and the high
12 school program:

13 (i) notwithstanding the provisions of 20-9-311(2)
14 through (4), the calculation of ANB for purposes of
15 determining the foundation program schedule payments must be
16 in accordance with the provisions of 20-9-316 through
17 20-9-319;

18 (ii) the elementary foundation program amount for the
19 district must be in accordance with the provisions of
20 20-9-331, and the high school foundation program amount for
21 the district must be in accordance with 20-9-333;

22 (iii) state equalization aid amounts must be under the
23 provisions of 20-9-347; and

24 (iv) county retirement levies must be under the
25 provisions of 20-9-501.

1 (d) For the purposes of budgeting for the K-12 school
2 district, the trustees shall adopt a single fund for any of
3 the budgeted or nonbudgeted funds described in 20-9-201 for
4 the costs of operating all grades and programs of the
5 district.

6 (2) An elementary district and a high school district
7 that form a K-12 school district under the provisions of
8 [sections 1 through 3] may not be considered an enlarged
9 district for the purpose of bonus payments under 20-6-401
10 through 20-6-408.

11 (3) Notwithstanding the provisions of subsection (2),
12 the trustees of a K-12 school district shall adhere to the
13 provisions of law for elementary and high school districts.

14 NEW SECTION. **Section 3. Contracts protected.** Whenever
15 an elementary district and a high school district form a
16 K-12 school district under the provisions of [sections 1
17 through 3], a district superintendent, principal, teacher,
18 or other employee of the school districts who has a
19 continuing contract or right of tenure under Montana law is
20 protected, and the board of trustees of the K-12 school
21 district in which the person will perform duties shall
22 recognize and give effect to the contract or right of
23 tenure.

24 **Section 4.** Section 20-6-101, MCA, is amended to read:

25 **"20-6-101. Definition of elementary and districts, high**

1 school districts, and K-12 school districts. (1) As used in
 2 this title, except as defined in 20-9-402 for bonding
 3 purposes or unless the context clearly indicates otherwise,
 4 the term "district" means the territory, regardless of
 5 county boundaries, organized under the provisions of this
 6 title to provide public educational services under the
 7 jurisdiction of the trustees prescribed by this title. High
 8 school districts may encompass all or parts of the territory
 9 of one or more elementary districts.

10 (2) An elementary district is a district organized for
 11 the purpose of providing public education for all grades up
 12 to and including grade 8 and for preschool programs and
 13 kindergartens. A high school district is a district
 14 organized for the purpose of providing those public
 15 educational services authorized by this title for all grades
 16 beyond grade 8, including postsecondary programs, except
 17 those programs administered by community college districts
 18 or the Montana university system. A K-12 school district is
 19 a district unified from the territory of an elementary
 20 district and the territory of a high school district that
 21 had contiguous boundaries and is organized for the purpose
 22 of providing public education for all grades up to and
 23 including grade 12 and for preschool programs and
 24 kindergartens.

25 (3) An elementary district ~~shall--be~~ is known as

1 "District No., County" and a high school
 2 district, except a high school district where a county high
 3 school is operated, ~~shall--be~~ is known as "High School
 4 District No., County". A K-12 school district
 5 is known as "K-12 School District No.,
 6 County". Any A district shall--be is a body corporate and, as
 7 such a body corporate, may sue and be sued, contract and be
 8 contracted with, and acquire, hold, use, and dispose of real
 9 or personal property for school purposes, within the
 10 limitations prescribed by law. Unless the context clearly
 11 indicates otherwise, the trustees of elementary districts,
 12 ~~and high school districts, shall~~ and K-12 school districts
 13 have the same types of powers, duties, and responsibilities
 14 authorized and imposed by the laws of Montana.

15 (4) Unless the context clearly indicates otherwise, an
 16 elementary district operating a high school in a county that
 17 has not been divided into high school districts ~~shall--be~~ is
 18 considered a high school district under this title and the
 19 trustees of the elementary district ~~shall--be~~ are the
 20 trustees of the high school district. ~~Such--an An~~ elementary
 21 district operating a high school ~~shall~~ may not have the
 22 bonding authority of a high school district. However, the
 23 elementary district may exercise its bonding authority, in
 24 the manner provided by law, for high school purposes.

25 (5) As used in this title, unless the context clearly

1 indicates otherwise, a county high school ~~shall--be~~ is
 2 considered a high school district subject to the limitations
 3 prescribed by law for a county high school as a result of
 4 its being a part of the county government. The boundaries of
 5 the high school district for a county high school ~~shall-be~~
 6 are:

7 (a) the high school district boundaries established by
 8 the county high school boundary commission; or

9 (b) if no ~~such~~ boundaries have been established, the
 10 county boundaries, except for any territory located in a
 11 joint high school district.

12 (6) ~~Any~~ A county high school recognized as a high
 13 school district under the provisions of subsection (5)(b)
 14 ~~above--shall~~ may not have a bonding authority. Instead, the
 15 county shall exercise its bonding authority in the manner
 16 provided in 20-9-451.

17 (7) Unless the context clearly indicates otherwise, a
 18 K-12 school district is subject to the provisions of law for
 19 elementary and high school districts."

20 **Section 5.** Section 20-9-402, MCA, is amended to read:

21 "**20-9-402.** Definition of school district for bonding
 22 purposes. For the purposes of inebting an elementary
 23 district, a high school district, or a community college
 24 district by the issuance of bonds under the provisions of
 25 this title, the term "school district" ~~shall-mean~~ means any

1 elementary district, high school district, K-12 school
 2 district, or community college district, except the
 3 following types of high schools recognized as high school
 4 districts without a bonding authority in 20-6-101:

5 (1) high schools operated by an elementary district in
 6 a county that has not been divided into high school
 7 districts; or

8 (2) county high schools located in a county that has
 9 not been divided into high school districts by the county
 10 high school boundary commission."

11 **Section 6.** Section 20-9-406, MCA, is amended to read:

12 "**20-9-406.** Limitations on amount of bond issue. (1) (a)
 13 The maximum amount for which each an elementary district or
 14 a high school district may become indebted by the issuance
 15 of bonds, including all indebtedness represented by
 16 outstanding bonds of previous issues and registered
 17 warrants, is 45% of the taxable value of the property
 18 subject to taxation as ascertained by the last completed
 19 assessment for state, county, and school taxes previous to
 20 the incurring of ~~such~~ the indebtedness.

21 (b) The maximum amount for which a K-12 school district
 22 may become indebted by the issuance of bonds, including all
 23 indebtedness represented by outstanding bonds of previous
 24 issues and registered warrants, is 90% of the taxable value
 25 of the property subject to taxation as ascertained by the

1 last completed assessment for state, county, and school
2 taxes previous to the incurring of the indebtedness.

3 (2) The ~~45%~~ maximum amounts in subsection (1), however,
4 may not pertain to indebtedness imposed by special
5 improvement district obligations or assessments against the
6 school district or to bonds issued for the repayment of tax
7 protests lost by the district. All bonds issued in excess of
8 ~~such the amount shall--be~~ are null and void, except as
9 provided in this section.

10 ~~f2)(3)~~ When the total indebtedness of a school district
11 has reached the ~~45%--limitation~~ limitations prescribed in
12 this section, the school district may pay all reasonable and
13 necessary expenses of the school district on a cash basis in
14 accordance with the financial administration provisions of
15 this chapter.

16 ~~f3)(4)~~ Whenever bonds are issued for the purpose of
17 refunding bonds, any ~~moneys~~ money to the credit of the debt
18 service fund for the payment of the bonds to be refunded are
19 applied towards the payment of ~~such the~~ bonds and the
20 refunding bond issue is decreased accordingly."

21 **Section 7.** Section 20-9-502, MCA, is amended to read:

22 **"20-9-502. Purpose and authorization of a building**
23 **reserve fund by an election.** (1) The trustees of any
24 district, with the approval of the qualified electors of the
25 district, may establish a building reserve for the purpose

1 of raising money for the future construction, equipping, or
2 enlarging of school buildings or for the purpose of
3 purchasing land needed for school purposes in the district.
4 In order to submit to the qualified electors of the district
5 a building reserve proposition for the establishment of or
6 addition to a building reserve, the trustees shall pass a
7 resolution that specifies:

8 (a) the purpose or purposes for which the new or
9 addition to the building reserve will be used;

10 (b) the duration of time over which the new or addition
11 to the building reserve will be raised in annual, equal
12 installments;

13 (c) the total amount of money that will be raised
14 during the duration of time specified in subsection (1)(b);
15 and

16 (d) any other requirements under 20-20-201 for the
17 calling of an election.

18 (2) The total amount of building reserve when added to
19 the outstanding indebtedness of the district ~~shall~~ may not
20 be more than ~~45%--of--the--taxable--value--of--the--taxable~~
21 ~~property--of--the--district~~ the limitations provided in
22 20-9-406. Such--limitation--shall be determined in the--manner
23 ~~provided--in--20-9-406.~~ A building reserve tax authorization
24 ~~shall~~ may not be for more than 20 years.

25 (3) The election ~~shall~~ must be conducted in accordance

1 with the school election laws of this title, and the
 2 electors qualified to vote in the election ~~shall~~ must be
 3 qualified under the provisions of 20-20-301. The ballot for
 4 a building reserve proposition ~~shall~~ must be substantially
 5 in the following form:

6 OFFICIAL BALLOT

7 SCHOOL DISTRICT BUILDING RESERVE ELECTION

8 INSTRUCTIONS TO VOTERS: Make an X or similar mark in the
 9 vacant square before the words "BUILDING RESERVE--YES" if
 10 you wish to vote for the establishment of a building reserve
 11 (addition to the building reserve); if you are opposed to
 12 the establishment of a building reserve (addition to the
 13 building reserve) make an X or similar mark in the square
 14 before the words "BUILDING RESERVE--NO".

15 Shall the trustees be authorized to impose an additional
 16 levy each year for years to establish a building
 17 reserve (add to the building reserve) of this school
 18 district to raise a total amount of dollars (\$....),
 19 for the purpose(s) (here state the purpose or purposes
 20 for which the building reserve will be used)?

21 BUILDING RESERVE--YES.

22 BUILDING RESERVE--NO.

23 (4) The building reserve proposition ~~shall--be~~ is
 24 approved if a majority of those electors voting at the
 25 election approve the establishment of or addition to such

1 the building reserve. The annual budgeting and taxation
 2 authority of the trustees for a building reserve ~~shall-be~~ is
 3 computed by dividing the total authorized amount by the
 4 specified number of years. The authority of the trustees to
 5 budget and impose the taxation for the annual amount to be
 6 raised for the building reserve ~~shall-lapse~~ lapses when, at
 7 a later time, a bond issue is approved by the qualified
 8 electors of the district for the same purpose or purposes
 9 for which the building reserve fund of the district was
 10 established. Whenever a subsequent bond issue is made for
 11 the same purpose or purposes of a building reserve, the
 12 money in the building reserve ~~shall~~ must be used for such
 13 purpose or purposes before any money realized by the bond
 14 issue is used."

15 **Section 8.** Section 20-20-101, MCA, is amended to read:

16 "20-20-101. Definition. As used in this title, unless
 17 the context clearly indicates otherwise, "school election"
 18 means any election conducted by a district or community
 19 college district for the purpose of electing trustees, for
 20 authorizing taxation, for authorizing the issuance of bonds
 21 by a K-12 school district, an elementary district, or a high
 22 school district, or for accepting or rejecting any
 23 proposition that may be presented to the electorate for
 24 decision in accordance with the provisions of this title."

25 NEW SECTION. **Section 9.** Codification instruction.

LC 0134/01

1 [Sections 1 through 3] are intended to be codified as an
2 integral part of Title 20, and the provisions of Title 20
3 apply to [sections 1 through 3].

4 NEW SECTION. **Section 10.** Effective date. [This act] is
5 effective July 1, 1991.

-End-

APPROVED BY COMM. ON EDUCATION AND CULTURAL RESOURCES

HOUSE BILL NO. 335

INTRODUCED BY J. JOHNSON, B. BROWN, BLAYLOCK, LARSON, THOMAS, KIMBERLEY, SQUIRES, DAVIS, COBB

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW AN ELEMENTARY DISTRICT AND TO ATTACH TO A HIGH SCHOOL DISTRICT WITH CONTIGUOUS THE SAME BOUNDARIES TO FORM A K-12 SCHOOL DISTRICT; AMENDING SECTIONS 20-6-101, 20-9-402, 20-7-705, 20-9-314, 20-9-406, AND 20-9-502, AND 20-20-101; MCA; AND PROVIDING AN EFFECTIVE DATE."

STATEMENT OF INTENT

A STATEMENT OF INTENT IS NECESSARY FOR THIS BILL TO CLARIFY THAT THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL PROMULGATE RULES TO PRESCRIBE PROCEDURES FOR BUDGETING AND FOR REVENUE DISTRIBUTION FOR K-12 SCHOOL DISTRICTS FORMED BY THE ATTACHMENT OF AN ELEMENTARY DISTRICT TO A HIGH SCHOOL DISTRICT. IT IS THE INTENT OF THE LEGISLATURE TO ENCOURAGE THE FORMATION OF K-12 SCHOOL DISTRICTS WHENEVER THE TRUSTEES AND THE ELECTORATE OF DISTRICTS WITH THE SAME BOUNDARIES CHOOSE TO DO SO. IN ORDER TO FACILITATE THIS ACTION, IT MAY BE NECESSARY FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO ADDRESS CERTAIN UNFORESEEN CIRCUMSTANCES THROUGH THE RULEMAKING PROCESS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

(Refer to Introduced Bill)

Strike everything after the enacting clause and insert:

NEW SECTION. Section 1. K-12 school districts allowed

-- definition -- procedure for creation. (1) An elementary district with the same district boundaries as a high school district may attach to the high school district for the purpose of establishing a K-12 school district.

(2) For the purposes of Title 20, unless the context clearly indicates otherwise, "K-12 school district" means a high school district with an elementary district that has been attached to the high school district under the procedures provided in this section, with the high school district remaining an organized district under the provisions of 20-6-101 and other provisions of law and the elementary district becoming an inactive district under the provisions of 20-6-101.

(3) The attachment of an elementary district to a high school district to form a K-12 school district must be conducted under the following procedure:

(a) An attachment proposition may be introduced in the districts by either of the following methods:

(i) the trustees may pass a resolution requesting the county superintendent to order an election to consider an attachment proposition involving their districts; or



1 (ii) not less than 20% of the electors of the elementary
 2 district and the high school district who are qualified to
 3 vote under the provisions of 20-20-301 may petition the
 4 county superintendent, requesting an election to consider an
 5 attachment proposition involving their districts.

6 (b)(i) When the county superintendent receives a
 7 resolution or a valid petition from each of the districts
 8 included in the attachment proposition, the county
 9 superintendent shall, within 10 days after receipt of the
 10 last resolution or petition and as provided by 20-20-201,
 11 order the trustees of the districts included in the
 12 attachment proposition to call an attachment election in
 13 conjunction with a regular school election.

14 (ii) The proposition must include the assumption of the
 15 bonded indebtedness of the elementary district by the high
 16 school district.

17 (c) The districts shall call and conduct an election in
 18 the manner prescribed in this title for school elections.

19 (d) After the county superintendent receives the
 20 certificate of election provided for in 20-20-416 from the
 21 trustees of the districts included in an attachment
 22 proposition, the county superintendent shall determine if
 23 the attachment proposition has been approved in the
 24 districts. If the districts have approved the attachment
 25 proposition, the county superintendent shall, within 10 days

1 after receipt of the certificate of election, order the
 2 attachment of the elementary district to the high school
 3 district to take effect on July 1 of the ensuing school
 4 fiscal year. Within 30 days of the order, the county
 5 superintendent shall send a copy of the order to the board
 6 of county commissioners, the trustees of the districts
 7 included in the attachment order, and the superintendent of
 8 public instruction.

9 NEW SECTION. Section 2. Funding for K-12 school
 10 districts. (1) Notwithstanding the provisions of subsections
 11 (2) through (6), a K-12 school district formed under the
 12 provisions of [section 1] is subject to the provisions of
 13 law for high school districts.

14 (2) The number of elected trustees of the K-12 school
 15 district must be based on the classification of the attached
 16 elementary district under the provisions of 20-3-341 and
 17 20-3-351.

18 (3) Calculations for the following must be made
 19 separately for the elementary school program and the high
 20 school program of a K-12 school district:

21 (a) the calculation of ANB for purposes of determining
 22 the foundation program schedule payments must be in
 23 accordance with the provisions of 20-9-311;

24 (b) the basic county tax and revenues for the
 25 elementary foundation program amount for the district must

1 be determined in accordance with the provisions of 20-9-331,
2 and the basic special tax and revenues for the high school
3 foundation program amount for the district must be
4 determined in accordance with 20-9-333; and

5 (c) the guaranteed tax base aid for the permissive levy
6 amount for a K-12 school district must be calculated
7 separately, using the mill value per elementary ANB and the
8 mill value per high school ANB as defined in 20-9-366. The
9 mills levied in support of the permissive levy of the K-12
10 school district must be prorated based on the ratio of the
11 general fund budget amounts for elementary school programs
12 to the amounts for high school programs in the year prior to
13 the formation of the K-12 school district.

14 (4) The retirement obligation and eligibility for
15 retirement guaranteed tax base aid for a K-12 school
16 district must be calculated and funded as a high school
17 district retirement obligation under the provisions of
18 20-9-501.

19 (5) For the purposes of budgeting for a K-12 school
20 district, the trustees shall adopt a single fund for any of
21 the budgeted or nonbudgeted funds described in 20-9-201 for
22 the costs of operating all grades and programs of the
23 district.

24 (6) Tuition for attendance in the K-12 school district
25 must be determined separately for high school pupils and for

1 elementary pupils under the provisions of chapter 5, part 3,
2 except that the actual expenditures used for calculations in
3 20-5-305 and 20-5-312 must be based on an amount prorated
4 between the elementary and high school programs in the
5 appropriate funds of each district in the year prior to the
6 attachment of the districts.

7 NEW SECTION. **Section 3. Transitions after formation of**
8 **K-12 school district.** (1) When an attachment order for a
9 K-12 school district becomes effective on July 1 under the
10 provisions of [section 1]:

11 (a) the board of county commissioners shall execute all
12 necessary and appropriate deeds, bills of sale, or other
13 instruments for the conveyance of title to all real and
14 personal property of the elementary district to the high
15 school district;

16 (b) the trustees of the elementary district shall
17 entrust the minutes of the board of trustees, the elementary
18 district documents, and other records to the high school
19 district to which it is attached; and

20 (c) the county treasurer shall transfer all
21 end-of-the-year warrants and fund balances of the attached
22 elementary district to the similar funds established for the
23 K-12 school district in the high school district.

24 (2) All taxes levied by and revenue due from a previous
25 school fiscal year to an elementary district attached to a

1 high school district must be payable to the appropriate fund
2 of the high school district.

3 (3) The previous year's general fund budget amounts for
4 the elementary district and the high school district that
5 form a K-12 school district must be combined to determine
6 the budget limitation for the ensuing school fiscal year
7 pursuant to 20-9-315.

8 (4) An elementary district and a high school district
9 that form a K-12 school district under the provisions of
10 [section 1] may not be considered an enlarged district for
11 the purpose of bonus payments under 20-6-401 through
12 20-6-408.

13 NEW SECTION. **Section 4.** Contracts protected. Whenever
14 an elementary district is attached to a high school district
15 to form a K-12 school district under the provisions of
16 [section 1], a district superintendent, principal, teacher,
17 or other employee of the school districts who has a
18 continuing contract or right of tenure under Montana law is
19 protected, and the board of trustees of the high school
20 district in which the person will perform duties shall
21 recognize and give effect to the contract or right of
22 tenure.

23 NEW SECTION. **Section 5.** Dissolution of K-12 school
24 district. The dissolution of a K-12 school district that has
25 been formed by the attachment of an elementary district to a

1 high school district must be conducted by introducing a
2 proposition for dissolution of the K-12 school district by
3 either of the methods set forth in [section 1(3)] for
4 formation of a K-12 school district. Following receipt of a
5 valid petition or resolution, the county superintendent
6 shall order the trustees to call an election on the
7 dissolution proposition. For the dissolution of a K-12
8 school district, the trustees and the county superintendent
9 shall adhere to the procedures for attachment set forth in
10 [section 1(3)(b) through (3)(d)] regarding an election and
11 any resulting order.

12 **Section 6.** Section 20-6-101, MCA, is amended to read:

13 **"20-6-101. Definition of elementary and high school**
14 **districts.** (1) As used in this title, except as defined in
15 20-9-402 for bonding purposes or unless the context clearly
16 indicates otherwise, the term "district" means the
17 territory, regardless of county boundaries, organized under
18 the provisions of this title to provide public educational
19 services under the jurisdiction of the trustees prescribed
20 by this title. High school districts may encompass all or
21 parts of the territory of one or more elementary districts.

22 (2) (a) An elementary district is a district organized
23 for the purpose of providing public education for all grades
24 up to and including grade 8 and for preschool programs and
25 kindergartens. An elementary district may be inactive if the

1 district attaches to a high school district under the
2 provisions of [section 1] to form a K-12 school district.

3 (b) A high school district is a district organized for
4 the purpose of providing those public educational services
5 authorized by this title for all grades beyond grade 8,
6 including postsecondary programs, except those programs
7 administered by community college districts or the Montana
8 university system. A high school district with an attached
9 elementary district may provide the educational services for
10 an elementary district through the procedures established in
11 [sections 1 through 3].

12 (3) An elementary district ~~shall--be~~ is known as
13 "District No., County" and a high school
14 district, except a high school district where a county high
15 school is operated, ~~shall--be~~ is known as "High School
16 District No., County". ~~Any A~~ district ~~shall--be~~
17 is a body corporate and, as ~~such a~~ body corporate, may sue
18 and be sued, contract and be contracted with, and acquire,
19 hold, use, and dispose of real or personal property for
20 school purposes, within the limitations prescribed by law.
21 Unless the context clearly indicates otherwise, the trustees
22 of elementary districts and high school districts ~~shall~~ have
23 the same types of powers, duties, and responsibilities
24 authorized and imposed by the laws of Montana.

25 (4) Unless the context clearly indicates otherwise, an

1 elementary district operating a high school in a county that
2 has not been divided into high school districts ~~shall--be~~ is
3 considered a high school district under this title and the
4 trustees of the elementary district ~~shall--be~~ are the
5 trustees of the high school district. ~~Such-an~~ An elementary
6 district operating a high school ~~shall~~ may not have the
7 bonding authority of a high school district. However, the
8 elementary district may exercise its bonding authority, in
9 the manner provided by law, for high school purposes.

10 (5) As used in this title, unless the context clearly
11 indicates otherwise, a county high school ~~shall--be~~ is
12 considered a high school district subject to the limitations
13 prescribed by law for a county high school as a result of
14 its being a part of the county government. The boundaries of
15 the high school district for a county high school ~~shall--be~~
16 are:

17 (a) the high school district boundaries established by
18 the county high school boundary commission; or

19 (b) if no ~~such~~ boundaries have been established, the
20 county boundaries, except for any territory located in a
21 joint high school district.

22 (6) ~~Any A~~ county high school recognized as a high
23 school district under the provisions of subsection (5)(b)
24 ~~above--shall~~ may not have a bonding authority. Instead, the
25 county shall exercise its bonding authority in the manner

1 provided in 20-9-451."

2 **Section 7.** Section 20-9-406, MCA, is amended to read:

3 **"20-9-406. Limitations on amount of bond issue.** (1) (a)
 4 The maximum amount for which each an elementary district or
 5 a high school district may become indebted by the issuance
 6 of bonds, including all indebtedness represented by
 7 outstanding bonds of previous issues and registered
 8 warrants, is 45% of the taxable value of the property
 9 subject to taxation as ascertained by the last completed
 10 assessment for state, county, and school taxes previous to
 11 the incurring of ~~such the~~ indebtedness.

12 (b) The maximum amount for which a K-12 school
 13 district, as formed pursuant to [section 1], may become
 14 indebted by the issuance of bonds, including all
 15 indebtedness represented by outstanding bonds of previous
 16 issues and registered warrants, is up to 90% of the taxable
 17 value of the property subject to taxation as ascertained by
 18 the last-completed assessment for state, county, and school
 19 taxes previous to the incurring of the indebtedness. The
 20 total indebtedness of the high school district with an
 21 attached elementary district as represented by the issuance
 22 of bonds must be limited to the sum of 45% of the taxable
 23 value of the property for elementary school program purposes
 24 and 45% of the taxable value of the property for high school
 25 program purposes.

1 (2) The 45% maximum amounts determined in subsection
 2 (1), however, may not pertain to indebtedness imposed by
 3 special improvement district obligations or assessments
 4 against the school district or to bonds issued for the
 5 repayment of tax protests lost by the district. All bonds
 6 issued in excess of such the amount shall-be are null and
 7 void, except as provided in this section.

8 ~~†2†~~(3) When the total indebtedness of a school district
 9 has reached the ~~45%--limitation~~ limitations prescribed in
 10 this section, the school district may pay all reasonable and
 11 necessary expenses of the school district on a cash basis in
 12 accordance with the financial administration provisions of
 13 this chapter.

14 ~~†3†~~(4) Whenever bonds are issued for the purpose of
 15 refunding bonds, any ~~moneys~~ money to the credit of the debt
 16 service fund for the payment of the bonds to be refunded are
 17 applied towards the payment of ~~such the~~ bonds and the
 18 refunding bond issue is decreased accordingly."

19 **Section 8.** Section 20-9-502, MCA, is amended to read:

20 **"20-9-502. Purpose and authorization of a building**
 21 **reserve fund by an election.** (1) The trustees of any
 22 district, with the approval of the qualified electors of the
 23 district, may establish a building reserve for the purpose
 24 of raising money for the future construction, equipping, or
 25 enlarging of school buildings or for the purpose of

1 purchasing land needed for school purposes in the district.
 2 In order to submit to the qualified electors of the district
 3 a building reserve proposition for the establishment of or
 4 addition to a building reserve, the trustees shall pass a
 5 resolution that specifies:

- 6 (a) the purpose or purposes for which the new or
 7 addition to the building reserve will be used;
- 8 (b) the duration of time over which the new or addition
 9 to the building reserve will be raised in annual, equal
 10 installments;
- 11 (c) the total amount of money that will be raised
 12 during the duration of time specified in subsection (1)(b);
 13 and
- 14 (d) any other requirements under 20-20-201 for the
 15 calling of an election.

16 (2) The total amount of building reserve when added to
 17 the outstanding indebtedness of the district shall may not
 18 be more than ~~45% of the taxable value of the taxable~~
 19 ~~property of the district~~ the limitations provided in
 20 20-9-406. ~~Such limitation shall be determined in the manner~~
 21 ~~provided in 20-9-406~~. A building reserve tax authorization
 22 shall may not be for more than 20 years.

23 (3) The election shall must be conducted in accordance
 24 with the school election laws of this title, and the
 25 electors qualified to vote in the election shall must be

1 qualified under the provisions of 20-20-301. The ballot for
 2 a building reserve proposition shall must be substantially
 3 in the following form:

4 OFFICIAL BALLOT

5 SCHOOL DISTRICT BUILDING RESERVE ELECTION

6 INSTRUCTIONS TO VOTERS: Make an X or similar mark in the
 7 vacant square before the words "BUILDING RESERVE--YES" if
 8 you wish to vote for the establishment of a building reserve
 9 (addition to the building reserve); if you are opposed to
 10 the establishment of a building reserve (addition to the
 11 building reserve) make an X or similar mark in the square
 12 before the words "BUILDING RESERVE--NO".

13 Shall the trustees be authorized to impose an additional
 14 levy each year for years to establish a building
 15 reserve (add to the building reserve) of this school
 16 district to raise a total amount of dollars (\$....),
 17 for the purpose(s) (here state the purpose or purposes
 18 for which the building reserve will be used)?

- 19 BUILDING RESERVE--YES.
- 20 BUILDING RESERVE--NO.

21 (4) The building reserve proposition shall ~~be~~ is
 22 approved if a majority of those electors voting at the
 23 election approve the establishment of or addition to such
 24 the building reserve. The annual budgeting and taxation
 25 authority of the trustees for a building reserve shall ~~be~~ is

1 computed by dividing the total authorized amount by the
 2 specified number of years. The authority of the trustees to
 3 budget and impose the taxation for the annual amount to be
 4 raised for the building reserve ~~shall lapse~~ lapses when, at
 5 a later time, a bond issue is approved by the qualified
 6 electors of the district for the same purpose or purposes
 7 for which the building reserve fund of the district was
 8 established. Whenever a subsequent bond issue is made for
 9 the same purpose or purposes of a building reserve, the
 10 money in the building reserve ~~shall~~ must be used for such
 11 purpose or purposes before any money realized by the bond
 12 issue is used."

13 **Section 9.** Section 20-7-705, MCA, is amended to read:

14 "20-7-705. **Adult education fund.** (1) A separate adult
 15 education fund ~~shall~~ must be established when an adult
 16 education program is operated by a district or community
 17 college district. The financial administration of such the
 18 fund ~~shall~~ must comply with the budgeting, financing, and
 19 expenditure provisions of the laws governing the schools.

20 (2) Whenever the trustees of any district establish an
 21 adult education program under the provisions of 20-7-702,
 22 they shall establish an adult education fund under the
 23 provisions of this section. The adult education fund ~~shall~~
 24 must be the depository for all federal, state, and district
 25 ~~moneys~~ money received by the district in support of the

1 adult education program.

2 (3) The trustees of any district may authorize the levy
 3 of a tax of not more than 1 mill on the district, except
 4 that trustees of a county high school district that is not
 5 unified with an elementary district or of a K-12 school
 6 district formed under the provisions of [section 1] may
 7 authorize a levy of not more than 2 mills on the district,
 8 for the operation of an adult education program when the
 9 superintendent of public instruction has approved the
 10 educational program to be supported by such the levy. The
 11 trustees shall acquire the approval of the superintendent of
 12 public instruction ~~shall have been acquired by the trustees~~
 13 before the fourth Monday of June in order to include the
 14 expenditures to be financed by the levy in the preliminary
 15 budget. The superintendent of public instruction shall
 16 promulgate rules and forms for such the approval.

17 (4) Whenever the trustees of any district decide to
 18 offer an adult education program during the ensuing school
 19 fiscal year, they shall budget for the cost of such the
 20 program in the adult education fund of the preliminary
 21 budget. Any expenditures in support of the adult education
 22 program under the final adult education budget ~~shall~~ must be
 23 made in accordance with the financial administration
 24 provisions of this title for a budgeted fund.

25 (5) When a tax levy for an adult education program

1 which that has been approved by the superintendent of public
 2 instruction is included as a revenue item on the final adult
 3 education budget, the county superintendent shall report
 4 such the levy requirement to the county commissioners on the
 5 second Monday of August and a levy on the district ~~shall~~
 6 must be made by the county commissioners in accordance with
 7 20-9-142."

8 **Section 10.** Section 20-9-314, MCA, is amended to read:

9 "20-9-314. **Procedures for determining eligibility and**
 10 **amount of increased average number belonging due to unusual**
 11 **enrollment increase.** A district which that anticipates an
 12 unusual increase in enrollment in the ensuing school fiscal
 13 year, as provided for in 20-9-313(4), may increase its
 14 foundation program for the ensuing school fiscal year in
 15 accordance with the following provisions:

16 (1) Prior to May 10, the district shall estimate the
 17 ~~probable--average-number-belonging~~ elementary or high school
 18 enrollment to be realized during the ensuing ~~ANB-calculation~~
 19 period school fiscal year, based on as much factual
 20 information as may be available to the district.

21 (2) No later than May 10, the district shall submit its
 22 application for an unusual enrollment increase by elementary
 23 or high school level to the superintendent of public
 24 instruction. The application must include:

25 (a) the ~~average--number--belonging~~ enrollment for the

1 preceding ~~ANB-calculation-period~~ school fiscal year;

2 (b) the current average number belonging used to
 3 calculate the foundation program schedule amount for the
 4 current school fiscal year;

5 (c) the average number belonging that will be used to
 6 calculate the foundation program schedule amount for the
 7 ensuing school fiscal year;

8 ~~(c)(d)~~ (d) the ~~estimated average-number-belonging--for--the~~
 9 ~~ensuing--ANB--calculation--period~~ enrollment, including the
 10 factual information on which the estimate is based, as
 11 provided in subsection (1); and

12 ~~(d)(e)~~ (e) any other information or data that may be
 13 requested by the superintendent of public instruction.

14 (3) The superintendent of public instruction shall
 15 immediately review all the factors of the application and
 16 shall approve or disapprove the application or adjust the
 17 estimated average number belonging for the ensuing ANB
 18 calculation period. After approving an estimate, with or
 19 without adjustment, the superintendent of public instruction
 20 shall:

21 (a) determine the percentage increase that the
 22 ~~estimated average--number--belonging--for--the--ensuing--ANB~~
 23 ~~calculation--period~~ enrollment increase is over the current
 24 ~~average-number-belonging~~ enrollment; and

25 (b) approve an increase of the average number belonging

1 used to establish the ensuing year's foundation program in
2 accordance with subsection (5) if the increase in subsection
3 (3)(a) is at least 6%.

4 (4) The superintendent of public instruction shall
5 notify the district of ~~his~~ the decision by the fourth Monday
6 in June.

7 (5) Whenever an unusual enrollment increase is approved
8 by the superintendent of public instruction, the increase of
9 the average number belonging used to establish the
10 foundation program for the ensuing ANB calculation period is
11 the difference between the ~~approved-estimated-average-number~~
12 ~~belonging enrollment~~ for the ensuing ANB-calculation--period
13 school fiscal year and 106% of the current ~~average-number~~
14 ~~belonging enrollment~~. The amount determined is the maximum
15 allowable increase added to the ~~actual--current~~ average
16 number belonging for the purpose of establishing the ensuing
17 year's foundation program.

18 (6) Any equalization or entitlement increases resulting
19 from provisions of this section must be reviewed at the end
20 of the ensuing school fiscal year. If the actual ~~average~~
21 ~~number-belonging enrollment~~ is less than the average number
22 belonging used for foundation program and entitlement
23 calculations, the superintendent of public instruction shall
24 revise the foundation program and entitlement calculations
25 using the actual average number belonging. All payments

1 received by the district in excess of the revised
2 entitlements are overpayments subject to the refund
3 provisions of 20-9-344(3)."

4 NEW SECTION. Section 11. Codification instruction.
5 [Sections 1 through 5] are intended to be codified as an
6 integral part of Title 20, and the provisions of Title 20
7 apply to [sections 1 through 5].

8 NEW SECTION. Section 12. Effective date. [This act] is
9 effective July 1, 1991.

-End-

1 HOUSE BILL NO. 335

2 INTRODUCED BY J. JOHNSON, B. BROWN, BLAYLOCK, LARSON,

3 THOMAS, KIMBERLEY, SQUIRES, DAVIS, COBB

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW AN ELEMENTARY
6 DISTRICT ~~AND TO ATTACH TO~~ A HIGH SCHOOL DISTRICT WITH
7 ~~ADJACENT~~ THE SAME BOUNDARIES TO FORM A K-12 SCHOOL
8 DISTRICT; AMENDING SECTIONS 20-6-101, ~~20-9-402~~, 20-7-705,
9 20-9-314, 20-9-406, AND 20-9-502, ~~AND-20-20-102~~ MCA; AND
10 PROVIDING AN EFFECTIVE DATE."

11

12 STATEMENT OF INTENT

13 A STATEMENT OF INTENT IS NECESSARY FOR THIS BILL TO
14 CLARIFY THAT THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL
15 PROMULGATE RULES TO PRESCRIBE PROCEDURES FOR BUDGETING AND
16 FOR REVENUE DISTRIBUTION FOR K-12 SCHOOL DISTRICTS FORMED BY
17 THE ATTACHMENT OF AN ELEMENTARY DISTRICT TO A HIGH SCHOOL
18 DISTRICT. IT IS THE INTENT OF THE LEGISLATURE TO ENCOURAGE
19 THE FORMATION OF K-12 SCHOOL DISTRICTS WHENEVER THE TRUSTEES
20 AND THE ELECTORATE OF DISTRICTS WITH THE SAME BOUNDARIES
21 CHOOSE TO DO SO. IN ORDER TO FACILITATE THIS ACTION, IT MAY
22 BE NECESSARY FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO
23 ADDRESS CERTAIN UNFORESEEN CIRCUMSTANCES THROUGH THE
24 RULEMAKING PROCESS.

25

There are no changes in this bill,
and will not be reprinted. Please
refer to yellow copy for complete
text.

HOUSE BILL NO. 335

INTRODUCED BY J. JOHNSON, B. BROWN, BLAYLOCK, LARSON,
THOMAS, KIMBERLEY, SQUIRES, DAVIS, COBB

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW AN ELEMENTARY DISTRICT AND TO ATTACH TO A HIGH SCHOOL DISTRICT WITH CONTIGUOUS THE SAME BOUNDARIES TO FORM A K-12 SCHOOL DISTRICT; AMENDING SECTIONS 20-6-101, 20-9-402, 20-7-705, 20-9-314, 20-9-406, AND 20-9-502, AND 20-20-101, MCA; AND PROVIDING AN EFFECTIVE DATE."

STATEMENT OF INTENT

A STATEMENT OF INTENT IS NECESSARY FOR THIS BILL TO CLARIFY THAT THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL PROMULGATE RULES TO PRESCRIBE PROCEDURES FOR BUDGETING AND FOR REVENUE DISTRIBUTION FOR K-12 SCHOOL DISTRICTS FORMED BY THE ATTACHMENT OF AN ELEMENTARY DISTRICT TO A HIGH SCHOOL DISTRICT. IT IS THE INTENT OF THE LEGISLATURE TO ENCOURAGE THE FORMATION OF K-12 SCHOOL DISTRICTS WHENEVER THE TRUSTEES AND THE ELECTORATE OF DISTRICTS WITH THE SAME BOUNDARIES CHOOSE TO DO SO. IN ORDER TO FACILITATE THIS ACTION, IT MAY BE NECESSARY FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO ADDRESS CERTAIN UNFORESEEN CIRCUMSTANCES THROUGH THE RULEMAKING PROCESS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

(Refer to Introduced Bill).

Strike everything after the enacting clause and insert:

NEW SECTION. Section 1. K-12 school districts allowed -- definition -- procedure for creation. (1) An elementary district with the same district boundaries as a high school district may attach to the high school district for the purpose of establishing a K-12 school district.

(2) For the purposes of Title 20, unless the context clearly indicates otherwise, "K-12 school district" means a high school district with an elementary district that has been attached to the high school district under the procedures provided in this section, with the high school district remaining an organized district under the provisions of 20-6-101 and other provisions of law and the elementary district becoming an inactive district under the provisions of 20-6-101.

(3) The attachment of an elementary district to a high school district to form a K-12 school district must be conducted under the following procedure:

(a) An attachment proposition may be introduced in the districts by either of the following methods:

(i) the trustees may pass a resolution requesting the county superintendent to order an election to consider an attachment proposition involving their districts; or



1 (ii) not less than 20% of the electors of the elementary
 2 district and the high school district who are qualified to
 3 vote under the provisions of 20-20-301 may petition the
 4 county superintendent, requesting an election to consider an
 5 attachment proposition involving their districts.

6 (b)(i) When the county superintendent receives a
 7 resolution or a valid petition from each of the districts
 8 included in the attachment proposition, the county
 9 superintendent shall, within 10 days after receipt of the
 10 last resolution or petition and as provided by 20-20-201,
 11 order the trustees of the districts included in the
 12 attachment proposition to call an attachment election in
 13 conjunction with a regular school election.

14 (ii) The proposition must include the assumption of the
 15 bonded indebtedness of the elementary district by the high
 16 school district.

17 (c) The districts shall call and conduct an election in
 18 the manner prescribed in this title for school elections.

19 (d) After the county superintendent receives the
 20 certificate of election provided for in 20-20-416 from the
 21 trustees of the districts included in an attachment
 22 proposition, the county superintendent shall determine if
 23 the attachment proposition has been approved in the
 24 districts. If the districts have approved the attachment
 25 proposition, the county superintendent shall, within 10 days

1 after receipt of the certificate of election, order the
 2 attachment of the elementary district to the high school
 3 district to take effect on July 1 of the ensuing school
 4 fiscal year. Within 30 days of the order, the county
 5 superintendent shall send a copy of the order to the board
 6 of county commissioners, the trustees of the districts
 7 included in the attachment order, and the superintendent of
 8 public instruction.

9 NEW SECTION. Section 2. Funding for K-12 school
 10 districts. (1) Notwithstanding the provisions of subsections
 11 (2) through (6), a K-12 school district formed under the
 12 provisions of [section 1] is subject to the provisions of
 13 law for high school districts.

14 (2) The number of elected trustees of the K-12 school
 15 district must be based on the classification of the attached
 16 elementary district under the provisions of 20-3-341 and
 17 20-3-351.

18 (3) Calculations for the following must be made
 19 separately for the elementary school program and the high
 20 school program of a K-12 school district:

21 (a) the calculation of ANB for purposes of determining
 22 the foundation program schedule payments must be in
 23 accordance with the provisions of 20-9-311;

24 (b) the basic county tax and revenues for the
 25 elementary foundation program amount for the district must

1 be determined in accordance with the provisions of 20-9-331,
2 and the basic special tax and revenues for the high school
3 foundation program amount for the district must be
4 determined in accordance with 20-9-333; and

5 (c) the guaranteed tax base aid for the permissive levy
6 amount for a K-12 school district must be calculated
7 separately, using the mill value per elementary ANB and the
8 mill value per high school ANB as defined in 20-9-366. The
9 mills PERMISSIVE AMOUNT TO BE levied ~~in support of the~~
10 ~~permissive levy of~~ FOR the K-12 school district must be
11 prorated based on the ratio of the ~~general fund budget~~
12 FOUNDATION PROGRAM amounts for elementary school programs to
13 the FOUNDATION PROGRAM amounts for high school programs ~~in~~
14 ~~the year prior to the formation of the K-12 school district.~~

15 (4) The retirement obligation and eligibility for
16 retirement guaranteed tax base aid for a K-12 school
17 district must be calculated and funded as a high school
18 district retirement obligation under the provisions of
19 20-9-501.

20 (5) For the purposes of budgeting for a K-12 school
21 district, the trustees shall adopt a single fund for any of
22 the budgeted or nonbudgeted funds described in 20-9-201 for
23 the costs of operating all grades and programs of the
24 district.

25 (6) Tuition for attendance in the K-12 school district

1 must be determined separately for high school pupils and for
2 elementary pupils under the provisions of chapter 5, part 3,
3 except that the actual expenditures used for calculations in
4 20-5-305 and 20-5-312 must be based on an amount prorated
5 between the elementary and high school programs in the
6 appropriate funds of each district in the year prior to the
7 attachment of the districts.

8 NEW SECTION. Section 3. Transitions after formation of
9 K-12 school district. (1) When an attachment order for a
10 K-12 school district becomes effective on July 1 under the
11 provisions of {section 1}:

12 (a) the board of county commissioners shall execute all
13 necessary and appropriate deeds, bills of sale, or other
14 instruments for the conveyance of title to all real and
15 personal property of the elementary district to the high
16 school district;

17 (b) the trustees of the elementary district shall
18 entrust the minutes of the board of trustees, the elementary
19 district documents, and other records to the high school
20 district to which it is attached; and

21 (c) the county treasurer shall transfer all
22 end-of-the-year warrants and fund balances of the attached
23 elementary district to the similar funds established for the
24 K-12 school district in the high school district.

25 (2) All taxes levied by and revenue due from a previous

1 school fiscal year to an elementary district attached to a
2 high school district must be payable to the appropriate fund
3 of the high school district.

4 (3) The previous year's general fund budget amounts for
5 the elementary district and the high school district that
6 form a K-12 school district must be combined to determine
7 the budget limitation for the ensuing school fiscal year
8 pursuant to 20-9-315.

9 (4) An elementary district and a high school district
10 that form a K-12 school district under the provisions of
11 [section 1] may not be considered an enlarged district for
12 the purpose of bonus payments under 20-6-401 through
13 20-6-408.

14 **NEW SECTION. Section 4. Contracts protected.** Whenever
15 an elementary district is attached to a high school district
16 to form a K-12 school district under the provisions of
17 [section 1], a district superintendent, principal, teacher,
18 or other employee of the school districts who has a
19 continuing contract or right of tenure under Montana law is
20 protected, and the board of trustees of the high school
21 district in which the person will perform duties shall
22 recognize and give effect to the contract or right of
23 tenure.

24 **NEW SECTION. Section 5. Dissolution of K-12 school**
25 **district.** The dissolution of a K-12 school district that has

1 been formed by the attachment of an elementary district to a
2 high school district must be conducted by introducing a
3 proposition for dissolution of the K-12 school district by
4 either of the methods set forth in [section 1(3)] for
5 formation of a K-12 school district. Following receipt of a
6 valid petition or resolution, the county superintendent
7 shall order the trustees to call an election on the
8 dissolution proposition. For the dissolution of a K-12
9 school district, the trustees and the county superintendent
10 shall adhere to the procedures for attachment set forth in
11 [section 1(3)(b) through (3)(d)] regarding an election and
12 any resulting order.

13 **Section 6.** Section 20-6-101, MCA, is amended to read:

14 **"20-6-101. Definition of elementary and high school**
15 **districts.** (1) As used in this title, except as defined in
16 20-9-402 for bonding purposes or unless the context clearly
17 indicates otherwise, the term "district" means the
18 territory, regardless of county boundaries, organized under
19 the provisions of this title to provide public educational
20 services under the jurisdiction of the trustees prescribed
21 by this title. High school districts may encompass all or
22 parts of the territory of one or more elementary districts.

23 (2) (a) An elementary district is a district organized
24 for the purpose of providing public education for all grades
25 up to and including grade 8 and for preschool programs and

1 kindergartens. An elementary district may be inactive if the
 2 district attaches to a high school district under the
 3 provisions of [section 1] to form a K-12 school district.

4 (b) A high school district is a district organized for
 5 the purpose of providing those public educational services
 6 authorized by this title for all grades beyond grade 8,
 7 including postsecondary programs, except those programs
 8 administered by community college districts or the Montana
 9 university system. A high school district with an attached
 10 elementary district may provide the educational services for
 11 an elementary district through the procedures established in
 12 [sections 1 through 3].

13 (3) An elementary district ~~shall--be~~ is known as
 14 "District No., County" and a high school
 15 district, except a high school district where a county high
 16 school is operated, ~~shall--be~~ is known as "High School
 17 District No., County". Any A district ~~shall-be~~
 18 is a body corporate and, as ~~such a~~ a body corporate, may sue
 19 and be sued, contract and be contracted with, and acquire,
 20 hold, use, and dispose of real or personal property for
 21 school purposes, within the limitations prescribed by law.
 22 Unless the context clearly indicates otherwise, the trustees
 23 of elementary districts and high school districts ~~shall~~ have
 24 the same types of powers, duties, and responsibilities
 25 authorized and imposed by the laws of Montana.

1 (4) Unless the context clearly indicates otherwise, an
 2 elementary district operating a high school in a county that
 3 has not been divided into high school districts ~~shall-be~~ is
 4 considered a high school district under this title and the
 5 trustees of the elementary district ~~shall--be~~ are the
 6 trustees of the high school district. ~~Such-an~~ An elementary
 7 district operating a high school ~~shall~~ may not have the
 8 bonding authority of a high school district. However, the
 9 elementary district may exercise its bonding authority, in
 10 the manner provided by law, for high school purposes.

11 (5) As used in this title, unless the context clearly
 12 indicates otherwise, a county high school ~~shall--be~~ is
 13 considered a high school district subject to the limitations
 14 prescribed by law for a county high school as a result of
 15 its being a part of the county government. The boundaries of
 16 the high school district for a county high school ~~shall--be~~
 17 are:

18 (a) the high school district boundaries established by
 19 the county high school boundary commission; or

20 (b) if no ~~such~~ boundaries have been established, the
 21 county boundaries, except for any territory located in a
 22 joint high school district.

23 (6) Any A county high school recognized as a high
 24 school district under the provisions of subsection (5)(b)
 25 ~~above-shall~~ may not have a bonding authority. Instead, the

1 county shall exercise its bonding authority in the manner
2 provided in 20-9-451."

3 **Section 7.** Section 20-9-406, MCA, is amended to read:

4 "20-9-406. Limitations on amount of bond issue. (1) (a)
5 The maximum amount for which each an elementary district or
6 a high school district may become indebted by the issuance
7 of bonds, including all indebtedness represented by
8 outstanding bonds of previous issues and registered
9 warrants, is 45% of the taxable value of the property
10 subject to taxation as ascertained by the last completed
11 assessment for state, county, and school taxes previous to
12 the incurring of such the indebtedness.

13 (b) The maximum amount for which a K-12 school
14 district, as formed pursuant to [section 1], may become
15 indebted by the issuance of bonds, including all
16 indebtedness represented by outstanding bonds of previous
17 issues and registered warrants, is up to 90% of the taxable
18 value of the property subject to taxation as ascertained by
19 the last-completed assessment for state, county, and school
20 taxes previous to the incurring of the indebtedness. The
21 total indebtedness of the high school district with an
22 attached elementary district as represented by the issuance
23 of bonds must be limited to the sum of 45% of the taxable
24 value of the property for elementary school program purposes
25 and 45% of the taxable value of the property for high school

1 program purposes.

2 (2) The 45% maximum amounts determined in subsection
3 (1), however, may not pertain to indebtedness imposed by
4 special improvement district obligations or assessments
5 against the school district or to bonds issued for the
6 repayment of tax protests lost by the district. All bonds
7 issued in excess of such the amount shall-be are null and
8 void, except as provided in this section.

9 (3) When the total indebtedness of a school district
10 has reached the 45%--limitation limitations prescribed in
11 this section, the school district may pay all reasonable and
12 necessary expenses of the school district on a cash basis in
13 accordance with the financial administration provisions of
14 this chapter.

15 (4) Whenever bonds are issued for the purpose of
16 refunding bonds, any moneys money to the credit of the debt
17 service fund for the payment of the bonds to be refunded are
18 applied towards the payment of such the bonds and the
19 refunding bond issue is decreased accordingly."

20 **Section 8.** Section 20-9-502, MCA, is amended to read:

21 "20-9-502. Purpose and authorization of a building
22 reserve fund by an election. (1) The trustees of any
23 district, with the approval of the qualified electors of the
24 district, may establish a building reserve for the purpose
25 of raising money for the future construction, equipping, or

1 enlarging of school buildings or for the purpose of
 2 purchasing land needed for school purposes in the district.
 3 In order to submit to the qualified electors of the district
 4 a building reserve proposition for the establishment of or
 5 addition to a building reserve, the trustees shall pass a
 6 resolution that specifies:

7 (a) the purpose or purposes for which the new or
 8 addition to the building reserve will be used;

9 (b) the duration of time over which the new or addition
 10 to the building reserve will be raised in annual, equal
 11 installments;

12 (c) the total amount of money that will be raised
 13 during the duration of time specified in subsection (1)(b);
 14 and

15 (d) any other requirements under 20-20-201 for the
 16 calling of an election.

17 (2) The total amount of building reserve when added to
 18 the outstanding indebtedness of the district shall may not
 19 be more than ~~45% of the taxable value of the taxable~~
 20 ~~property of the district~~ the limitations provided in
 21 ~~20-9-406. Such limitation shall be determined in the manner~~
 22 ~~provided in 20-9-406.~~ A building reserve tax authorization
 23 shall may not be for more than 20 years.

24 (3) The election shall must be conducted in accordance
 25 with the school election laws of this title, and the

1 electors qualified to vote in the election shall must be
 2 qualified under the provisions of 20-20-301. The ballot for
 3 a building reserve proposition shall must be substantially
 4 in the following form:

5 OFFICIAL BALLOT

6 SCHOOL DISTRICT BUILDING RESERVE ELECTION

7 INSTRUCTIONS TO VOTERS: Make an X or similar mark in the
 8 vacant square before the words "BUILDING RESERVE--YES" if
 9 you wish to vote for the establishment of a building reserve
 10 (addition to the building reserve); if you are opposed to
 11 the establishment of a building reserve (addition to the
 12 building reserve) make an X or similar mark in the square
 13 before the words "BUILDING RESERVE--NO".

14 Shall the trustees be authorized to impose an additional
 15 levy each year for years to establish a building
 16 reserve (add to the building reserve) of this school
 17 district to raise a total amount of dollars (\$....),
 18 for the purpose(s) (here state the purpose or purposes
 19 for which the building reserve will be used)?

20 BUILDING RESERVE--YES.

21 BUILDING RESERVE--NO.

22 (4) The building reserve proposition shall ~~be~~ is
 23 approved if a majority of those electors voting at the
 24 election approve the establishment of or addition to such
 25 the building reserve. The annual budgeting and taxation

1 authority of the trustees for a building reserve ~~shall be~~ is
 2 computed by dividing the total authorized amount by the
 3 specified number of years. The authority of the trustees to
 4 budget and impose the taxation for the annual amount to be
 5 raised for the building reserve ~~shall lapse~~ lapses when, at
 6 a later time, a bond issue is approved by the qualified
 7 electors of the district for the same purpose or purposes
 8 for which the building reserve fund of the district was
 9 established. Whenever a subsequent bond issue is made for
 10 the same purpose or purposes of a building reserve, the
 11 money in the building reserve ~~shall~~ must be used for such
 12 purpose or purposes before any money realized by the bond
 13 issue is used."

14 **Section 9.** Section 20-7-705, MCA, is amended to read:

15 "20-7-705. **Adult education fund.** (1) A separate adult
 16 education fund ~~shall~~ must be established when an adult
 17 education program is operated by a district or community
 18 college district. The financial administration of such the
 19 fund ~~shall~~ must comply with the budgeting, financing, and
 20 expenditure provisions of the laws governing the schools.

21 (2) Whenever the trustees of any district establish an
 22 adult education program under the provisions of 20-7-702,
 23 they shall establish an adult education fund under the
 24 provisions of this section. The adult education fund ~~shall~~
 25 must be the depository for all federal, state, and district

1 moneys money received by the district in support of the
 2 adult education program.

3 (3) The trustees of any district may authorize the levy
 4 of a tax of not more than 1 mill on the district, except
 5 that trustees of a county high school district that is not
 6 unified with an elementary district or of a K-12 school
 7 district formed under the provisions of [section 1] may
 8 authorize a levy of not more than 2 mills on the district,
 9 for the operation of an adult education program when the
 10 superintendent of public instruction has approved the
 11 educational program to be supported by such the levy. The
 12 trustees shall acquire the approval of the superintendent of
 13 public instruction ~~shall have been acquired by the~~ trustees
 14 before the fourth Monday of June in order to include the
 15 expenditures to be financed by the levy in the preliminary
 16 budget. The superintendent of public instruction shall
 17 promulgate rules and forms for such the approval.

18 (4) Whenever the trustees of any district decide to
 19 offer an adult education program during the ensuing school
 20 fiscal year, they shall budget for the cost of such the
 21 program in the adult education fund of the preliminary
 22 budget. Any expenditures in support of the adult education
 23 program under the final adult education budget ~~shall~~ must be
 24 made in accordance with the financial administration
 25 provisions of this title for a budgeted fund.

1 (5) When a tax levy for an adult education program
 2 which that has been approved by the superintendent of public
 3 instruction is included as a revenue item on the final adult
 4 education budget, the county superintendent shall report
 5 such the levy requirement to the county commissioners on the
 6 second Monday of August and a levy on the district ~~shall~~
 7 must be made by the county commissioners in accordance with
 8 20-9-142."

9 **Section 10.** Section 20-9-314, MCA, is amended to read:
 10 "20-9-314. Procedures for determining eligibility and
 11 amount of increased average number belonging due to unusual
 12 enrollment increase. A district which that anticipates an
 13 unusual increase in enrollment in the ensuing school fiscal
 14 year, as provided for in 20-9-313(4), may increase its
 15 foundation program for the ensuing school fiscal year in
 16 accordance with the following provisions:

17 (1) Prior to May 10, the district shall estimate the
 18 ~~probable-average-number-belonging~~ elementary or high school
 19 enrollment to be realized during the ensuing ~~ANB-calculation~~
 20 period school fiscal year, based on as much factual
 21 information as may be available to the district.

22 (2) No later than May 10, the district shall submit its
 23 application for an unusual enrollment increase by elementary
 24 or high school level to the superintendent of public
 25 instruction. The application must include:

1 (a) the ~~average-number--belonging~~ enrollment for the
 2 preceding ~~ANB-calculation-period~~ school fiscal year;

3 (b) the current average number belonging used to
 4 calculate the foundation program schedule amount for the
 5 current school fiscal year;

6 (c) the average number belonging that will be used to
 7 calculate the foundation program schedule amount for the
 8 ensuing school fiscal year;

9 ~~(c)(d)~~ (d) the estimated ~~average-number-belonging-for-the~~
 10 ~~ensuing-ANB-calculation--period~~ enrollment, including the
 11 factual information on which the estimate is based, as
 12 provided in subsection (1); and

13 ~~(d)(e)~~ (e) any other information or data that may be
 14 requested by the superintendent of public instruction.

15 (3) The superintendent of public instruction shall
 16 immediately review all the factors of the application and
 17 shall approve or disapprove the application or adjust the
 18 estimated average number belonging for the ensuing ANB
 19 calculation period. After approving an estimate, with or
 20 without adjustment, the superintendent of public instruction
 21 shall:

22 (a) determine the percentage increase that the
 23 estimated ~~average--number--belonging--for--the--ensuing-ANB~~
 24 ~~calculation-period~~ enrollment increase is over the current
 25 average-number-belonging enrollment; and

1 (b) approve an increase of the average number belonging
 2 used to establish the ensuing year's foundation program in
 3 accordance with subsection (5) if the increase in subsection
 4 (3)(a) is at least 6%.

5 (4) The superintendent of public instruction shall
 6 notify the district of ~~his~~ the decision by the fourth Monday
 7 in June.

8 (5) Whenever an unusual enrollment increase is approved
 9 by the superintendent of public instruction, the increase of
 10 the average number belonging used to establish the
 11 foundation program for the ensuing ANB calculation period is
 12 the difference between the ~~approved-estimated-average-number~~
 13 belonging enrollment for the ensuing ANB-calculation-period
 14 school fiscal year and 106% of the current ~~average--number~~
 15 belonging enrollment. The amount determined is the maximum
 16 allowable increase added to the ~~actual--current~~ average
 17 number belonging for the purpose of establishing the ensuing
 18 year's foundation program.

19 (6) Any equalization or entitlement increases resulting
 20 from provisions of this section must be reviewed at the end
 21 of the ensuing school fiscal year. If the actual ~~average~~
 22 number--belonging enrollment is less than the average number
 23 belonging used for foundation program and entitlement
 24 calculations, the superintendent of public instruction shall
 25 revise the foundation program and entitlement calculations

1 using the actual average number belonging. All payments
 2 received by the district in excess of the revised
 3 entitlements are overpayments subject to the refund
 4 provisions of 20-9-344(3)."

5 NEW SECTION. Section 11. Codification instruction.
 6 [Sections 1 through 5] are intended to be codified as an
 7 integral part of Title 20, and the provisions of Title 20
 8 apply to [sections 1 through 5].

9 NEW SECTION. SECTION 12. COORDINATION INSTRUCTION. IF
 10 HOUSE BILL NO. 470 IS PASSED AND APPROVED, THEN [SECTION 4
 11 OF THIS ACT] MUST READ AS FOLLOWS:

12 "SECTION 4. TENURE PROTECTED -- HIRING PREFERENCE FOR
 13 NONCERTIFIED EMPLOYEES. (1) WHENEVER AN ELEMENTARY
 14 DISTRICT IS ATTACHED TO A HIGH SCHOOL DISTRICT TO FORM A
 15 K-12 SCHOOL DISTRICT UNDER THE PROVISIONS OF [SECTION 1], A
 16 DISTRICT SUPERINTENDENT, PRINCIPAL, TEACHER, OR OTHER
 17 CERTIFIED EMPLOYEE OF THE ELEMENTARY DISTRICT WHO HAS A
 18 RIGHT OF TENURE UNDER MONTANA LAW CONTINUES TO HAVE TENURE
 19 IN THE K-12 DISTRICT AND THE BOARD OF TRUSTEES OF THE HIGH
 20 SCHOOL DISTRICT IN WHICH THE PERSON WILL PERFORM DUTIES
 21 SHALL RECOGNIZE AND GIVE EFFECT TO THE RIGHT OF TENURE.

22 (2) A NONCERTIFIED, NONPROBATIONARY EMPLOYEE OF AN
 23 ELEMENTARY DISTRICT THAT IS ATTACHED TO A HIGH SCHOOL
 24 DISTRICT TO FORM A K-12 DISTRICT MUST BE GIVEN PREFERENCE IN
 25 HIRING FOR ANY POSITION WITH THE K-12 DISTRICT FOR WHICH THE

HB 0335/03

1 EMPLOYEE HAS SUBSTANTIALY EQUAL QUALIFICATIONS AND, UPON
2 ACCEPTANCE OF A POSITION, MAY NOT BE GIVEN PROBATIONARY
3 STATUS."

4 NEW SECTION. Section 13. Effective date. [This act] is
5 effective July 1, 1991.

-End-