

HOUSE BILL 343

Introduced by J. Johnson, et al.

1/22	Introduced
1/22	Referred to Education & Cultural Resources
1/23	Sponsor Withdrew
1/23	First Reading
1/23	Fiscal Note Requested
1/28	Fiscal Note Received
1/29	Fiscal Note Printed
1/30	Hearing
2/20	Tabled in Committee

1 House BILL NO. 343
 2 INTRODUCED BY [Signature]
 3 [Signature]
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW A SCHOOL
 5 DISTRICT TO APPLY ANY REAPPROPRIATED GENERAL FUND BALANCE TO
 6 THE FUNDING FOR AN ADDITIONAL GENERAL FUND BUDGET AMOUNT
 7 RATHER THAN APPLYING THE BALANCE TO THE PERMISSIVE AMOUNT
 8 ADOPTED BY THE TRUSTEES OF THE DISTRICT; AMENDING SECTIONS
 9 20-9-104 AND 20-9-141, MCA; AND PROVIDING AN EFFECTIVE
 10 DATE."
 11

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

13 **Section 1.** Section 20-9-104, MCA, is amended to read:

14 "20-9-104. General fund cash operating reserve. (1) At
 15 the end of each school fiscal year, the trustees of each
 16 district shall designate the portion of the general fund
 17 end-of-the-year cash fund balance that is to be earmarked as
 18 cash operating reserve for the purpose of paying general
 19 fund warrants issued by the district from July 1 to November
 20 30 of the ensuing school fiscal year. Except as provided in
 21 subsections (3) and (4), the amount of the general fund cash
 22 balance that is earmarked as cash operating reserve may not
 23 exceed the following percentages of the final general fund
 24 budget for the ensuing school fiscal year:

25 (a) 35% for a district that did not receive state

1 equalization aid during the current school fiscal year;

2 (b) 30% for a district that received state equalization
 3 aid equal to 25% or less of its foundation program schedule
 4 entitlement in the current school fiscal year; and

5 (c) 20% for a district that received state equalization
 6 aid equal to more than 25% of its foundation program
 7 schedule entitlement in the current school fiscal year.

8 (2) The amount held as cash operating reserve may not
 9 be used for property tax reduction in the manner permitted
 10 by 20-9-141(1)(b) for other receipts. Any portion of the
 11 general fund end-of-the-year cash fund balance that is not
 12 earmarked for cash operating reserve purposes is cash
 13 reappropriated and must be used for property tax reduction
 14 as provided in 20-9-141(1)(b)(iii).

15 (3) The limitation of subsection (1) does not apply
 16 when the amount in excess of the limitation is equal to or
 17 less than one or more of the following:

18 (a) any amount received during the current school
 19 fiscal year under Public Law 81-874;

20 (b) the unused balance of any amount received in
 21 settlement of tax payments protested prior to July 1, 1990;
 22 or

23 (c) any amount received as a general bonus payment
 24 under 20-6-401.

25 (4) The limitation of subsection (1) does not apply



1 when the amount earmarked as cash operating reserve is
2 \$10,000 or less."

3 **Section 2.** Section 20-9-141, MCA, is amended to read:

4 "20-9-141. Computation of general fund net levy
5 requirement by county superintendent. (1) The county
6 superintendent shall compute the levy requirement for each
7 district's general fund on the basis of the following
8 procedure:

9 (a) Determine the funding required for the district's
10 final general fund budget less the amount established by the
11 schedules in 20-9-316 through 20-9-321 by totaling:

12 (i) the district's nonisolated school foundation
13 program requirement to be met by a district levy as provided
14 in 20-9-303; and

15 (ii) any additional general fund budget amount adopted
16 by the trustees of the district under the provisions of
17 20-9-145 and 20-9-353, including any additional levies
18 authorized by the electors of the district.

19 (b) Determine the money available for the reduction of
20 the property tax on the district for the general fund by
21 totaling:

22 (i) anticipated federal money received under the
23 provisions of Title I of Public Law 81-874 or other
24 anticipated federal money received in lieu of that federal
25 act;

1 (ii) anticipated tuition payments for out-of-district
2 pupils under the provisions of 20-5-303, 20-5-307, 20-5-312,
3 and 20-5-313;

4 (iii) general fund cash balance reappropriated, as
5 established under the provisions of 20-9-104;

6 (iv) anticipated or reappropriated state impact aid
7 received under the provisions of 20-9-304;

8 (v) anticipated or reappropriated revenue from property
9 taxes and fees imposed under 23-2-517, 23-2-803,
10 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204;

11 (vi) anticipated net proceeds taxes for interim
12 production and new production, as defined in 15-23-601;

13 (vii) anticipated revenue from local government
14 severance taxes as provided in 15-36-112;

15 (viii) anticipated revenue from coal gross proceeds
16 under 15-23-703;

17 (ix) anticipated interest to be earned or reappropriated
18 interest earned by the investment of general fund cash in
19 accordance with the provisions of 20-9-213(4);

20 (x) anticipated revenue from corporation license taxes
21 collected from financial institutions under the provisions
22 of 15-31-702; and

23 (xi) any other revenue anticipated by the trustees to be
24 received during the ensuing school fiscal year which that
25 may be used to finance the general fund, excluding any

1 guaranteed tax base aid.

2 (c) Subtract Notwithstanding the provisions of
 3 subsection (2), subtract the money available to reduce the
 4 property tax required to finance the general fund that has
 5 been determined in subsection (1)(b), except any general
 6 fund balance reappropriated as provided in subsection
 7 (1)(b)(iii), from the--total--requirement--determined---in
 8 subsection--(1)(a) any additional general fund budget amount
 9 adopted by the trustees of the district as the permissive
 10 amount under the provisions of 20-9-145 to determine the
 11 general fund permissive net levy requirement.

12 (d) Subtract any amount remaining after the
 13 determination in subsection (1)(c), including any general
 14 fund balance reappropriated as provided in (1)(b)(iii), from
 15 any additional funding requirement to be met by a district
 16 levy as provided in 20-9-303 and 20-9-353 to determine the
 17 additional general fund levy requirement.

18 (2) (a) For a district that is eligible for guaranteed
 19 tax base aid under the provisions of 20-9-367, the county
 20 superintendent shall provide the board of county
 21 commissioners with the amount of guaranteed tax base aid
 22 that the district will receive for each mill levied, as
 23 certified by the superintendent of public instruction, to
 24 fund the general fund permissive net levy requirement.

25 (b) The county commissioners shall calculate the number

1 of mills to be levied on the taxable property in the
 2 district to finance the general fund permissive net levy
 3 requirement by dividing the amount determined in subsection
 4 (1)(c) by the sum of:

5 (i) the amount of guaranteed tax base aid that the
 6 district will receive for each mill levied, as certified by
 7 the superintendent of public instruction; and

8 (ii) the taxable valuation of the district divided by
 9 1,000.

10 (3) The net general fund levy requirement determined in
 11 subsection subsections (1)(c) and (1)(d) must be reported to
 12 the county commissioners on the second Monday of August by
 13 the county superintendent as the general fund permissive net
 14 levy requirement and the additional general fund levy
 15 requirement for the district, and a levy must be made set by
 16 the county commissioners in accordance with 20-9-142."

17 NEW SECTION. Section 3. Effective date. [This act] is
 18 effective July 1, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0343, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to allow a school district to apply any reappropriated general fund balance to the funding for an additional general fund budget amount rather than applying the balance to the permissive amount adopted by the trustees of the district.

ASSUMPTIONS:

1. Under this act no general fund balance would be applied to funding the permissive.
2. District guaranteed tax base subsidy per mill remains constant at FY 1991 levels.
3. Districts budgets do not increase as a result of this act.
4. Cash reappropriated remains constant at the FY 1991 level.

FISCAL IMPACT:OFFICE OF PUBLIC INSTRUCTIONExpenditures:

	<u>FY '92</u>			<u>FY '93</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Permissive Guaranteed Tax Base (GTB) aid	31,650,000	36,150,000	4,500,000	32,500,000	37,000,000	4,500,000

Funding:

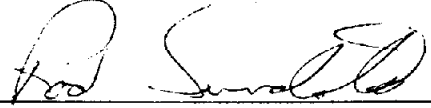
General fund	31,650,000	36,150,000	4,500,000	32,500,000	37,000,000	4,500,000
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The legislation will result in lower property tax levies in districts which receive GTB aid and levy to spend above the permissive amount as state GTB aid will increase to replace reappropriated fund balance which will then be used to fund the voted amount.

TECHNICAL NOTES:

Districts which do not have a voted amount would not be able to spend their reappropriated general fund balance to fund their permissive amount. There are no provisions for the excess general fund balance reappropriated to be used to fund the permissive once the voted has been fully funded. Given these problems, it is uncertain how the excess will be treated under current reserve limits.

 1-26-91
 ROD SUNDSTED, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

 1/27/91
 JOHN JOHNSON, PRIMARY SPONSOR DATE

Fiscal Note for HB0343, as introduced**HB 343**