

SENATE BILL NO. 17

INTRODUCED BY BLAYLOCK
BY REQUEST OF THE LEGISLATIVE OVERSIGHT
COMMITTEE ON SCHOOL FUNDING IMPLEMENTATION

IN THE SENATE

DECEMBER 28, 1990	INTRODUCED AND REFERRED TO COMMITTEE ON EDUCATION & CULTURAL RESOURCES.
JANUARY 7, 1991	FIRST READING.
FEBRUARY 7, 1991	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
FEBRUARY 8, 1991	PRINTING REPORT.
FEBRUARY 9, 1991	ON MOTION, CONSIDERATION PASSED FOR THE DAY.
FEBRUARY 11, 1991	ON MOTION, CONSIDERATION PASSED TO PREPARE AN AMENDMENT.
FEBRUARY 12, 1991	SECOND READING, DO PASS.
FEBRUARY 13, 1991	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 47; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 13, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON EDUCATION & CULTURAL RESOURCES.
FEBRUARY 14, 1991	FIRST READING.
APRIL 2, 1991	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
APRIL 5, 1991	SECOND READING, CONCURRED IN AS AMENDED.
APRIL 6, 1991	THIRD READING, CONCURRED IN. AYES, 93; NOES, 5.
	RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 9, 1991

RECEIVED FROM HOUSE.

ON MOTION, CONSIDERATION PASSED
UNTIL THE 76TH LEGISLATIVE DAY

APRIL 17, 1991

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 18, 1991

ON MOTION, TAKEN FROM THIRD READING
AND PLACED ON SECOND READING.

APRIL 19, 1991

SECOND READING, AMENDMENTS NOT
CONCURRED IN.

ON MOTION, CONFERENCE COMMITTEE
REQUESTED.

APRIL 23, 1991

CONFERENCE COMMITTEE APPOINTED.

IN THE HOUSE

APRIL 23, 1991

ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

APRIL 25, 1991

ON MOTION, CONFERENCE COMMITTEE
DISSOLVED.

IN THE SENATE

APRIL 25, 1991

ON MOTION, CONFERENCE COMMITTEE
DISSOLVED.

ON MOTION, FREE CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

FREE CONFERENCE COMMITTEE REPORTED.

IN THE HOUSE

APRIL 25, 1991

ON MOTION, FREE CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

FREE CONFERENCE COMMITTEE REPORT ADOPTED.

IN THE SENATE

APRIL 29, 1991

SECOND READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

THIRD READING, FREE CONFERENCE

COMMITTEE REPORT ADOPTED.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 SENATE BILL NO. 17
2 INTRODUCED BY BLAYLOCK
3 BY REQUEST OF THE LEGISLATIVE OVERSIGHT
4 COMMITTEE ON SCHOOL FUNDING IMPLEMENTATION
5
6 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
7 SCHOOL LAW IN COMPLIANCE WITH NEW SCHOOL FUNDING PROVISIONS
8 AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FOR SCHOOL
9 DISTRICTS; TO ALLOW A DISTRICT TO AMEND THE ADOPTED GENERAL
10 FUND BUDGET AND TO EXCEED ANY APPLICABLE BUDGET LIMITATION
11 IN CERTAIN CIRCUMSTANCES; TO ALLOW SCHOOL DISTRICTS TO
12 TRANSPORT PRESCHOOL SPECIAL EDUCATION STUDENTS; TO LIMIT
13 STATE TRANSPORTATION REIMBURSEMENT TO 180 PUPIL-INSTRUCTION
14 DAYS; TO ADJUST THE SCHOOL DISTRICT BONDING LIMITATION TO
15 COMPENSATE FOR CHANGES IN DISTRICT TAXABLE VALUATION;
16 AMENDING SECTIONS 15-24-1402, 20-3-106, 20-3-205, 20-3-324,
17 20-5-307, 20-5-312, 20-7-713, 20-9-104, 20-9-141, 20-9-142,
18 20-9-145, 20-9-161, 20-9-162, 20-9-163, 20-9-164, 20-9-165,
19 20-9-166, 20-9-201, 20-9-206, 20-9-208, 20-9-209, 20-9-210,
20 20-9-214, 20-9-221, 20-9-231, 20-9-301, 20-9-315, 20-9-321,
21 20-9-344, 20-9-353, 20-9-360, 20-9-361, 20-9-366, 20-9-367,
22 20-9-368, 20-9-406, 20-9-435, 20-9-438, 20-9-439, 20-9-471,
23 20-9-501, 20-9-504, 20-9-505, 20-9-507, 20-10-101,
24 20-10-143, 20-10-144, 20-10-145, AND 20-15-404, MCA;
25 REPEALING SECTIONS 15-10-103, 20-9-111, AND 20-9-167, MCA;

1 AND PROVIDING EFFECTIVE DATES AND A RETROACTIVE
2 APPLICABILITY DATE."

3
4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

5 **Section 1.** Section 20-3-106, MCA, is amended to read:

6 "20-3-106. Supervision of schools -- powers and duties.
7 The superintendent of public instruction has the general
8 supervision of the public schools and districts of the
9 state, and he shall perform the following duties or acts in
10 implementing and enforcing the provisions of this title:

11 (1) resolve any controversy resulting from the
12 proration of costs by a joint board of trustees under the
13 provisions of 20-3-362;

14 (2) issue, renew, or deny teacher certification and
15 emergency authorizations of employment;

16 (3) negotiate reciprocal tuition agreements with other
17 states in accordance with the provisions of 20-5-314;

18 (4) serve on the teachers' retirement board in
19 accordance with the provisions of 2-15-1010;

20 (5) approve or disapprove the orders of a high school
21 boundary commission in accordance with the provisions of
22 20-6-311;

23 (6) approve or disapprove the opening or reopening of a
24 school in accordance with the provisions of 20-6-502,
25 20-6-503, 20-6-504, or 20-6-505;



1 (7) approve or disapprove school isolation within the
2 limitations prescribed by 20-9-302;

3 (8) generally supervise the school budgeting procedures
4 prescribed by law in accordance with the provisions of
5 20-9-102 and prescribe the school budget format in
6 accordance with the provisions of 20-9-103 and 20-9-506;

7 (9) establish a system of communication for calculating
8 joint district revenues in accordance with the provisions of
9 20-9-151;

10 (10) approve or disapprove the adoption of a district's
11 emergency budget amendment resolution under the conditions
12 prescribed in 20-9-163 and publish adopt rules for an
13 application for additional state aid for an-emergency a
14 budget amendment in accordance with the approval and
15 disbursement provisions of 20-9-166;

16 (11) generally supervise the school financial
17 administration provisions as prescribed by 20-9-201(2);

18 (12) prescribe and furnish the annual report forms to
19 enable the districts to report to the county superintendent
20 in accordance with the provisions of 20-9-213(5) and the
21 annual report forms to enable the county superintendents to
22 report to the superintendent of public instruction in
23 accordance with the provisions of 20-3-209;

24 (13) approve, disapprove, or adjust an increase of the
25 average number belonging (ANB) in accordance with the

1 provisions of 20-9-313 and 20-9-314;

2 (14) distribute state equalization aid in support of the
3 foundation program and guaranteed tax base aid, in
4 accordance with the provisions of 20-9-331, 20-9-333,
5 20-9-342, 20-9-346, 20-9-347, and 20-9-366 through 20-9-369;

6 (15) distribute state impact aid in accordance with the
7 provisions of 20-9-304;

8 (16) provide for the uniform and equal provision of
9 transportation by performing the duties prescribed by the
10 provisions of 20-10-112;

11 (17) approve or disapprove an adult education program
12 for which a district proposes to levy a tax in accordance
13 with the provisions of 20-7-705;

14 (18) request, accept, deposit, and expend federal money
15 in accordance with the provisions of 20-9-603;

16 (19) authorize the use of federal money for the support
17 of an interlocal cooperative agreement in accordance with
18 the provisions of 20-9-703 and 20-9-704;

19 (20) prescribe the form and contents of and approve or
20 disapprove interstate contracts in accordance with the
21 provisions of 20-9-705;

22 (21) approve or disapprove the conduct of school on a
23 Saturday or on pupil-instruction-related days in accordance
24 with the provisions of 20-1-303 and 20-1-304;

25 (22) recommend standards of accreditation for all

1 schools to the board of public education and evaluate
2 compliance with the standards and recommend accreditation
3 status of every school to the board of public education in
4 accordance with the provisions of 20-7-101 and 20-7-102;

5 (23) collect and maintain a file of curriculum guides
6 and assist schools with instructional programs in accordance
7 with the provisions of 20-7-113 and 20-7-114;

8 (24) establish and maintain a library of visual, aural,
9 and other educational media in accordance with the
10 provisions of 20-7-201;

11 (25) license textbook dealers and initiate prosecution
12 of textbook dealers violating the law in accordance with the
13 provisions of the textbooks part of this title;

14 (26) as the governing agent and executive officer of the
15 state of Montana for K-12 vocational education, adopt the
16 policies prescribed by and in accordance with the provisions
17 of 20-7-301;

18 (27) supervise and coordinate the conduct of special
19 education in the state in accordance with the provisions of
20 20-7-403;

21 (28) administer the traffic education program in
22 accordance with the provisions of 20-7-502;

23 (29) administer the school food services program in
24 accordance with the provisions of 20-10-201, 20-10-202, and
25 20-10-203;

1 (30) review school building plans and specifications in
2 accordance with the provisions of 20-6-622;

3 (31) prescribe the method of identification and signals
4 to be used by school safety patrols in accordance with the
5 provisions of 20-1-408;

6 (32) provide schools with information and technical
7 assistance for compliance with the student assessment rules
8 provided for in 20-2-121 and collect and summarize the
9 results of the student assessment for the board of public
10 education and the legislature;

11 (33) administer the distribution of guaranteed tax base
12 aid for county retirement levy obligations in accordance
13 with 20-9-366 through 20-9-369; and

14 (34) perform any other duty prescribed from time to time
15 by this title, any other act of the legislature, or the
16 policies of the board of public education."

17 **Section 2.** Section 20-3-205, MCA, is amended to read:

18 "20-3-205. Powers and duties. The county superintendent
19 has general supervision of the schools of the county within
20 the limitations prescribed by this title and shall perform
21 the following duties or acts:

22 (1) determine, establish, and reestablish trustee
23 nominating districts in accordance with the provisions of
24 20-3-352, 20-3-353, and 20-3-354;

25 (2) administer and file the oaths of members of the

1 boards of trustees of the districts in his county in
2 accordance with the provisions of 20-3-307;

3 (3) register the teacher or specialist certificates or
4 emergency authorization of employment of any person employed
5 in the county as a teacher, specialist, principal, or
6 district superintendent in accordance with the provisions of
7 20-4-202;

8 (4) act on each tuition application submitted to him in
9 accordance with the provisions of 20-5-301, 20-5-302,
10 20-5-304, and 20-5-311 and transmit the tuition information
11 required by 20-5-312;

12 (5) file a copy of the audit report for a district in
13 accordance with the provisions of 20-9-203;

14 (6) classify districts in accordance with the
15 provisions of 20-6-201 and 20-6-301;

16 (7) keep a transcript and reconcile the district
17 boundaries of the county in accordance with the provisions
18 of 20-6-103;

19 (8) fulfill all responsibilities assigned to him under
20 the provisions of this title regulating the organization,
21 alteration, or abandonment of districts;

22 (9) act on any unification proposition and, if
23 approved, establish additional trustee nominating districts
24 in accordance with 20-6-312 and 20-6-313;

25 (10) estimate the average number belonging (ANB) of an

1 opening school in accordance with the provisions of
2 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

3 (11) process and, when required, act on school isolation
4 applications in accordance with the provisions of 20-9-302;

5 (12) complete the budgets, compute the budgeted revenues
6 and tax levies, file final budgets and emergency--budgets
7 budget amendments, and fulfill such other responsibilities
8 assigned to him under the provisions of this title
9 regulating school budgeting systems;

10 (13) submit an annual financial report to the
11 superintendent of public instruction in accordance with the
12 provisions of 20-9-211;

13 (14) monthly, unless otherwise provided by law, order
14 the county treasurer to apportion state money, county school
15 money, and any other school money subject to apportionment
16 in accordance with the provisions of 20-9-212, 20-9-334,
17 20-9-347, 20-10-145, or 20-10-146;

18 (15) act on any request to transfer average number
19 belonging (ANB) in accordance with the provisions of
20 20-9-313(3);

21 (16) calculate the estimated budgeted general fund
22 sources of revenue in accordance with the provisions of
23 20-9-348 and the other general fund revenue provisions of
24 the general fund part of this title;

25 (17) compute the revenues and the district and county

1 levy requirements for each fund included in each district's
 2 final budget and report the computations to the board of
 3 county commissioners in accordance with the provisions of
 4 the general fund, transportation, bonds, and other school
 5 funds parts of this title;

6 (18) file and forward bus driver certifications,
 7 transportation contracts, and state transportation
 8 reimbursement claims in accordance with the provisions of
 9 20-10-103, 20-10-143, or 20-10-145;

10 (19) for districts which that do not employ a district
 11 superintendent or principal, recommend library book and
 12 textbook selections in accordance with the provisions of
 13 20-7-204 or 20-7-602;

14 (20) notify the superintendent of public instruction of
 15 a textbook dealer's activities when required under the
 16 provisions of 20-7-605 and otherwise comply with the
 17 textbook dealer provisions of this title;

18 (21) act on district requests to allocate federal money
 19 for indigent children for school food services in accordance
 20 with the provisions of 20-10-205;

21 (22) perform any other duty prescribed from time to time
 22 by this title, any other act of the legislature, the
 23 policies of the board of public education, the policies of
 24 the board of regents relating to community college
 25 districts, or the rules of the superintendent of public

1 instruction;

2 (23) administer the oath of office to trustees without
 3 the receipt of pay for administering the oath;

4 (24) keep a record of his official acts, preserve all
 5 reports submitted to him under the provisions of this title,
 6 preserve all books and instructional equipment or supplies,
 7 keep all documents applicable to the administration of the
 8 office, and surrender all records, books, supplies, and
 9 equipment to his successor;

10 (25) within 90 days after the close of the school fiscal
 11 year, publish an annual report in the county newspaper
 12 stating the following financial information for the school
 13 fiscal year just ended for each district of the county:

14 (a) the total of the cash balances of all funds
 15 maintained by the district at the beginning of the year;

16 (b) the total receipts that were realized in each fund
 17 maintained by the district;

18 (c) the total expenditures that were made from each
 19 fund maintained by the district; and

20 (d) the total of the cash balances of all funds
 21 maintained by the district at the end of the school fiscal
 22 year; and

23 (26) hold meetings for the members of the trustees from
 24 time to time at which matters for the good of the districts
 25 must be discussed."

Section 3. Section 20-3-324, MCA, is amended to read:

"20-3-324. Powers and duties. As prescribed elsewhere in this title, the trustees of each district shall:

(1) employ or dismiss a teacher, principal, or other assistant upon the recommendation of the district superintendent, the county high school principal, or other principal as the board considers necessary, accepting or rejecting any recommendation as the trustees in their sole discretion determine, in accordance with the provisions of Title 20, chapter 4;

(2) employ and dismiss administrative personnel, clerks, secretaries, teacher aides, custodians, maintenance personnel, school bus drivers, food service personnel, nurses, and any other personnel considered necessary to carry out the various services of the district;

(3) administer the attendance and tuition provisions and otherwise govern the pupils of the district in accordance with the provisions of the pupils chapter of this title;

(4) call, conduct, and certify the elections of the district in accordance with the provisions of the school elections chapter of this title;

(5) participate in the teachers' retirement system of the state of Montana in accordance with the provisions of the teachers' retirement system chapter of Title 19;

(6) participate in district boundary change actions in accordance with the provisions of the districts chapter of this title;

(7) organize, open, close, or acquire isolation status for the schools of the district in accordance with the provisions of the school organization part of this title;

(8) adopt and administer the annual budget or an emergency a budget amendment of the district in accordance with the provisions of the school budget system part of this title;

(9) conduct the fiscal business of the district in accordance with the provisions of the school financial administration part of this title;

(10) establish the ANB, foundation program, permissive, additional levy, cash operating reserve, and state impact aid amount amounts for the general fund of the district in accordance with the provisions of the general fund part of this title;

(11) establish, maintain, budget, and finance the transportation program of the district in accordance with the provisions of the transportation parts of this title;

(12) issue, refund, sell, budget, and redeem the bonds of the district in accordance with the provisions of the bonds parts of this title;

(13) when applicable, establish, financially administer,

1 and budget for the tuition fund, retirement fund, building
 2 reserve fund, adult education fund, nonoperating fund,
 3 school food services fund, miscellaneous federal programs
 4 fund, building fund, lease or rental agreement fund, traffic
 5 education fund, and interlocal cooperative agreement fund in
 6 accordance with the provisions of the other school funds
 7 parts of this title;

8 (14) when applicable, administer any interlocal
 9 cooperative agreement, gifts, legacies, or devises in
 10 accordance with the provisions of the miscellaneous
 11 financial parts of this title;

12 (15) hold in trust, acquire, and dispose of the real and
 13 personal property of the district in accordance with the
 14 provisions of the school sites and facilities part of this
 15 title;

16 (16) operate the schools of the district in accordance
 17 with the provisions of the school calendar part of this
 18 title;

19 (17) establish and maintain the instructional services
 20 of the schools of the district in accordance with the
 21 provisions of the instructional services, textbooks,
 22 vocational education, and special education parts of this
 23 title;

24 (18) establish and maintain the school food services of
 25 the district in accordance with the provisions of the school

1 food services parts of this title;

2 (19) make reports from time to time as the county
 3 superintendent, superintendent of public instruction, and
 4 board of public education may require;

5 (20) retain, when considered advisable, a physician or
 6 registered nurse to inspect the sanitary conditions of the
 7 school or the general health conditions of each pupil and,
 8 upon request, make available to any parent or guardian any
 9 medical reports or health records maintained by the district
 10 pertaining to his child;

11 (21) for each member of the trustees, visit each school
 12 of the district not less than once each school fiscal year
 13 to examine its management, conditions, and needs, except
 14 trustees from a first-class school district may share the
 15 responsibility for visiting each school in the district;

16 (22) procure and display outside daily in suitable
 17 weather at each school of the district an American flag that
 18 measures not less than 4 feet by 6 feet;

19 (23) adopt and administer a district policy on
 20 assessment for placement of any child who enrolls in a
 21 school of the district from a nonpublic school that is not
 22 accredited, as required in 20-5-110; and

23 (24) perform any other duty and enforce any other
 24 requirements for the government of the schools prescribed by
 25 this title, the policies of the board of public education,

1 or the rules of the superintendent of public instruction."

2 **Section 4.** Section 20-5-307, MCA, is amended to read:

3 "20-5-307. Budgeting, levy requirement, and paying
4 elementary tuition. (1) The tuition amount that has been
5 established in 20-5-305 ~~shall~~ must be paid during the
6 ensuing school fiscal year. The trustees of the elementary
7 district shall include ~~such~~ the amount in the tuition fund
8 of the preliminary budget. If the trustees should fail to
9 include ~~such~~ the amount or any portion of it in the
10 preliminary budget, they shall adjust the budgeted amount in
11 adopting the final budget to provide for the total tuition
12 amount that is due during the ensuing school fiscal year.
13 ~~Such~~ The adjustment ~~shall--not--be~~ is not subject to the
14 budget adjustment provisions of 20-9-132.

15 (2) The county superintendent shall report the net
16 tuition fund levy requirement for each elementary district
17 to the county commissioners on the second Monday of August,
18 and a levy on the district ~~shall~~ must be made by the county
19 commissioners in accordance with 20-9-142. ~~Such~~ The levy
20 requirement ~~shall~~ must be calculated by subtracting from the
21 total expenditure amount authorized in the final tuition
22 fund budget the sum of the ~~cash~~ fund balance in the tuition
23 fund at the end of the immediately preceding school fiscal
24 year plus any other anticipated ~~moneys~~ money that may be
25 realized in the tuition fund.

1 (3) The trustees shall pay by warrants drawn on the
2 tuition fund the tuition amounts owed to each district
3 included in the county superintendent's notification
4 provided under the provisions of 20-5-306. At least one-half
5 of the payments must be made in December, and the remaining
6 payments must be made by June 15 of the fiscal year.

7 (4) Any unanticipated tuition receipts for the current
8 school fiscal year must be deposited in the district
9 miscellaneous programs fund and may be used for that year in
10 the manner provided for in that fund. For the ensuing school
11 fiscal year, the receipts must be credited to the district
12 general fund budget and used in the manner provided for in
13 20-9-141."

14 **Section 5.** Section 20-5-312, MCA, is amended to read:

15 "20-5-312. Reporting, budgeting, and payment for high
16 school tuition. (1) Except as provided in subsection (2), at
17 the close of the school term of each school fiscal year, the
18 trustees of each high school district shall determine the
19 rate of tuition for the current school fiscal year by:

20 (a) totaling the actual expenditures from the district
21 general fund, the debt service fund, and, if the pupil is a
22 resident of another county, the retirement fund;

23 (b) dividing the amount determined in subsection (1)(a)
24 above by the ANB of the district as determined under the
25 provisions of 20-9-311; and

1 (c) subtracting from the amount determined in
 2 subsection (1)(b) the per-ANB amount allowed by the
 3 foundation program schedules and the per-ANB amount of
 4 guaranteed tax base aid as provided in 20-9-366 through
 5 20-9-369.

6 (2) The tuition for a full-time high school special
 7 education pupil must be determined under rules adopted by
 8 the superintendent of public instruction for the calculation
 9 of tuition for full-time high school special education
 10 pupils as designated in 20-9-311 for funding purposes.

11 (3) Before July 15, the trustees shall report to the
 12 county superintendent of the county in which the district is
 13 located:

14 (a) the names, addresses, and resident districts of the
 15 pupils attending the schools of the district under an
 16 approved tuition agreement;

17 (b) the number of days of school attended by each
 18 pupil;

19 (c) the amount, if any, of each pupil's tuition payment
 20 that the trustees, in their discretion, have the authority
 21 to waive; and

22 (d) the rate of current school fiscal year tuition, as
 23 determined under the provisions of this section.

24 (4) When the county superintendent receives a tuition
 25 report from a district, he shall immediately send the

1 reported information to the superintendent of each district
 2 in which the reported pupils reside.

3 (5) When the district superintendent receives a tuition
 4 report or reports for high school pupils residing in his
 5 district and attending an out-of-district high school under
 6 approved tuition agreements, he shall determine the total
 7 amount of tuition due the out-of-district high schools on
 8 the basis of the following per-pupil schedule: the rate of
 9 tuition, number of pupils attending under an approved
 10 tuition agreement, and other information provided by each
 11 high school district where resident district pupils have
 12 attended school.

13 (6) The total amount of the high school tuition, with
 14 consideration of any tuition waivers, for pupils attending a
 15 high school outside the county of residence must be financed
 16 by the county basic special tax for high schools as provided
 17 in 20-9-334. In December, the county superintendent shall
 18 cause the payment by county warrant of at least one-half of
 19 the high school tuition obligations established under this
 20 section out of the first money realized from the county
 21 basic special tax for high schools. The remaining
 22 obligations must be paid by June 15 of the school fiscal
 23 year. The payments must be made to the county treasurer of
 24 the county where each high school entitled to tuition is
 25 located. The Except as provided in subsection (8), the

1 county treasurer shall credit tuition receipts to the
2 general fund of the applicable high school district, and the
3 tuition receipts must be used in accordance with the
4 provisions of 20-9-141.

5 (7) For pupils attending a high school outside their
6 district of residence but within the county of residence,
7 the total amount of the tuition, with consideration of any
8 tuition waivers, must be paid during the ensuing school
9 fiscal year. The trustees of the sending high school
10 district shall include the tuition amount in the tuition
11 fund of the preliminary and final budgets. This budgeted
12 tuition amount is not subject to the budget adjustment
13 provisions of 20-9-132. The county superintendent shall
14 report the net tuition fund levy requirement for each high
15 school district to the county commissioners on the second
16 Monday of August, and a levy on the district must be made by
17 the county commissioners in accordance with 20-9-142. The
18 levy requirement must be calculated by subtracting from the
19 total expenditure amount authorized in the final tuition
20 fund budget the sum of the cash fund balance in the tuition
21 fund at the end of the immediately preceding school fiscal
22 year plus any other anticipated money that may be realized
23 in the tuition fund. The trustees shall pay by warrants
24 drawn on the tuition fund the tuition amounts owed to each
25 district included in the county superintendent's

1 notification. Payments must be made whenever there is a
2 sufficient amount of cash available in the tuition fund but
3 no later than the end of the school fiscal year for which
4 the budget is adopted. However, if the trustees of either
5 the sending or receiving high school district feel the
6 transfer privilege provided by this subsection is being
7 abused, they may appeal to the county superintendent of
8 schools, who shall hold a hearing and either approve or
9 disapprove the transfer.

10 (8) Any unanticipated tuition receipts for the current
11 school fiscal year must be deposited in the district
12 miscellaneous programs fund and may be used for that year in
13 the manner provided for in that fund. For the ensuing school
14 fiscal year, the receipts must be credited to the district
15 general fund budget and used in the manner provided for in
16 20-9-141."

17 **Section 6.** Section 20-7-713, MCA, is amended to read:

18 "20-7-713. Adult basic education fund cash operating
19 reserve. At the end of each school fiscal year, the trustees
20 of any a school district that operates an adult basic
21 education program may designate what the portion of the
22 adult basic education fund end-of-the-year cash fund balance
23 that is to be earmarked as cash operating reserve for the
24 purpose of paying, whenever a cash flow shortage occurs,
25 adult basic education fund warrants issued by the district

1 from July 1 through June 30 of the ensuing school fiscal
 2 year. The amount of the adult basic education fund cash
 3 balance that is earmarked as cash operating reserve may not
 4 exceed 35% of the final adult basic education fund budget
 5 for the ensuing school fiscal year."

6 **Section 7.** Section 20-9-104, MCA, is amended to read:

7 "20-9-104. General fund cash operating reserve. (1) At
 8 the end of each school fiscal year, the trustees of each
 9 district shall designate the portion of the general fund
 10 end-of-the-year cash fund balance that is to be earmarked as
 11 cash operating reserve for the purpose of paying general
 12 fund warrants issued by the district from July 1 to November
 13 30 of the ensuing school fiscal year. Except as provided in
 14 subsections (3) and (4), the amount of the general fund cash
 15 balance that is earmarked as cash operating reserve may not
 16 exceed the following percentages of the final general fund
 17 budget for the ensuing school fiscal year:

18 (a) 35% for a district that did not receive state
 19 equalization aid during the current school fiscal year;

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

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

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

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

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

13 (b) the unused balance of any amount received in
 14 settlement of tax payments protested prior to July 1, 1990;
 15 or

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

18 (4) The limitation of subsection (1) does not apply
 19 when the amount earmarked as cash operating reserve is
 20 \$10,000 or less."

21 **Section 8.** Section 20-9-141, MCA, is amended to read:

22 "20-9-141. Computation of general fund net levy
 23 requirement by county superintendent. (1) The county
 24 superintendent shall compute the levy requirement for each
 25 district's general fund on the basis of the following

1 procedure:

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

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

8 (ii) any additional general fund budget amount adopted
9 by the trustees of the district under the provisions of
10 20-9-145 and 20-9-353, including any additional levies
11 authorized by the electors of the district.

12 (b) Determine the money available for the reduction of
13 the property tax on the district for the general fund by
14 totaling:

15 (i) anticipated federal money received under the
16 provisions of Title I of Public Law 81-874 or other
17 anticipated federal money received in lieu of that federal
18 act;

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

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

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

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

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

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

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

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

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

16 (xi) any other revenue anticipated by the trustees to be
17 received during the ensuing school fiscal year which that
18 may be used to finance the general fund, excluding any
19 guaranteed tax base aid.

20 (c) Subtract Notwithstanding the provisions of
21 subsection (2), subtract the money available to reduce the
22 property tax required to finance the general fund that has
23 been determined in subsection (1)(b) from the--total
24 requirement-determined-in-subsection-(1)(a)- any additional
25 general fund budget amount adopted by the trustees of the

1 district as the permissive amount under the provisions of
 2 20-9-145 to determine the general fund permissive net levy
 3 requirement.

4 (d) Subtract any amount remaining after the
 5 determination in subsection (1)(c) from any additional
 6 funding requirement to be met by a district levy as provided
 7 in 20-9-303 and 20-9-353 to determine the additional general
 8 fund levy requirement.

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

16 (b) The county commissioners shall calculate the number
 17 of mills to be levied on the taxable property in the
 18 district to finance the general fund permissive net levy
 19 requirement by dividing the amount determined in subsection
 20 (1)(c) by the sum of:

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

24 (ii) the taxable valuation of the district divided by
 25 1,000.

1 ~~(2)(3)~~ The net general fund levy requirement determined
 2 in ~~subsection (1)(c)~~ subsections (1)(c) and (1)(d) must be
 3 reported to the county commissioners on the second Monday of
 4 August by the county superintendent as the general fund
 5 permissive net levy requirement and the additional general
 6 fund levy requirement for the district, and a levy must be
 7 made set by the county commissioners in accordance with
 8 20-9-142."

9 **Section 9.** Section 20-9-142, MCA, is amended to read:

10 "20-9-142. Fixing and levying taxes by board of county
 11 commissioners. On the second Monday in August, the county
 12 superintendent shall place before the board of county
 13 commissioners the final adopted budget of the district ~~and~~
 14 ~~any-emergency-budget-adopted-by--the--district--during--the~~
 15 ~~previous--school-fiscal-year.~~ It shall be is the duty of the
 16 board of county commissioners to fix and levy on all the
 17 taxable value of all the real and personal property within
 18 the district all district and county taxation required to
 19 finance, within the limitations provided by law, the final
 20 budget ~~and-any-emergency-budget-of-the-district."~~

21 **Section 10.** Section 20-9-145, MCA, is amended to read:

22 "20-9-145. ~~Over~~schedule-permissive Permissive amount of
 23 general fund budget -- permissive levy. Whenever the
 24 trustees of any a district determine it necessary to adopt a
 25 general fund budget in excess of the foundation program

1 amount for that district, the trustees shall adopt a
 2 resolution stating the reasons and purposes for exceeding
 3 the foundation program amount. This amount is the
 4 "permissive amount" and may not exceed ~~{the--equivalent--of~~
 5 ~~the--percent--to--be--determined--that--is--112%--of--FY--1988~~
 6 ~~district--general--fund--and--insurance--fund--expenditures}~~ 35%
 7 of the foundation program amount. It must be financed by the
 8 ~~district--and--established--as--provided--in--20--9--142~~ a levy on
 9 the taxable value of all property within the district, by
 10 any guaranteed tax base aid for which the district may be
 11 eligible, and by other revenue available to the district for
 12 other than foundation program support."

13 **Section 11.** Section 20-9-161, MCA, is amended to read:

14 "20-9-161. Definition of emergency budget amendment for
 15 budgeting purposes. As used in this title, unless the
 16 context clearly indicates otherwise, the term "emergency"
 17 "budget amendment" for the purpose of school budgeting shall
 18 be means an amendment to an adopted budget of the district
 19 for the following reasons:

20 (1) an increase in the enrollment of an elementary or
 21 high school district ~~over--the--immediately--preceding--school~~
 22 ~~fiscal--year--which~~ that is:

23 (a) at least 6% more than the enrollment of the
 24 preceding school fiscal year; and

25 (b) beyond what could reasonably have been anticipated

1 at the time of the adoption of the budget for the
 2 ~~then-current~~ current school fiscal year whenever, because of
 3 ~~such~~ the enrollment increase, the district's budget for any
 4 or all of the regularly budgeted funds does not provide
 5 sufficient financing to properly maintain and support the
 6 district for the entire current school fiscal year;

7 (2) the destruction or impairment of any school
 8 property necessary to the maintenance of the school, by
 9 fire, flood, storm, riot, insurrection, or any act of God,
 10 to ~~such~~ an extent ~~as--to--render--such~~ rendering school
 11 property unfit for its present school use;

12 (3) a judgment for damages against the district
 13 ~~rendered~~ issued by a court after the adoption of the budget
 14 for the current year;

15 (4) an enactment of legislation after the adoption of
 16 the budget for the current year that imposes an additional
 17 financial obligation on the district; or

18 (5) receipt of settlement of taxes protested in a prior
 19 school fiscal year and a determination by the trustees that
 20 it is necessary to expend all or a portion of the settlement
 21 amount for a project or projects that were deferred from a
 22 previous general fund budget of the district as a result of
 23 the protested taxes; or

24 ~~{5}~~(6) any other ~~reason--of--similar--consequences--that~~
 25 ~~has--been--approved--by--the--superintendent--of--public~~

1 ~~instruction-upon-petition-by-the-trustees-of-the-district-or~~
 2 ~~by--the--board-of-regents-upon-petition-by-the-trustees-of-a~~
 3 ~~community-college-district~~ unforeseen need of the district
 4 that cannot be postponed until the next school year without
 5 dire consequences affecting the safety of the students and
 6 district employees or the educational functions of the
 7 district."

8 **Section 12.** Section 20-9-162, MCA, is amended to read:

9 "20-9-162. Authorization for emergency budget amendment
 10 adoption. Emergency---budgets (1) Notwithstanding the
 11 provisions of subsections (2) and (3), a budget amendment
 12 may be adopted at any time of the school fiscal year, except
 13 that emergency-budgets a budget amendment required by an
 14 enrollment increase that could not have been anticipated at
 15 the time of the adoption of the regular budget as provided
 16 in 20-9-161(1) may not be adopted until after December-31
 17 October 1.

18 (2) If a budget amendment for the reasons provided in
 19 20-9-161(1) through (4) does not cause the district general
 20 fund budget to exceed the limitations in 20-9-315, the
 21 trustees may approve expenditures within the budget
 22 amendment by a resolution as provided in 20-9-163. The
 23 trustees shall send a copy of the resolution to the
 24 superintendent of public instruction.

25 (3) The trustees shall submit the following to the

1 superintendent of public instruction for approval in the
 2 manner provided in 20-9-163:

3 (a) a budget amendment for the reasons provided in
 4 20-9-161(5) and (6); and

5 (b) a budget amendment for any reason provided in
 6 20-9-161(1) through (4) that causes the district general
 7 fund budget to exceed the limitations in 20-9-315."

8 **Section 13.** Section 20-9-163, MCA, is amended to read:

9 "20-9-163. Resolution for emergency budget amendment --
 10 petition to superintendent of public instruction or--to--the
 11 board---of---regents. (1) Whenever Notwithstanding the
 12 provisions of subsection (3), whenever the trustees of any a
 13 district decide that an-emergency-exists a budget amendment
 14 is necessary, they may adopt a resolution proclaiming such
 15 emergency the budget amendment by a unanimous majority vote
 16 of all-members-present-at-any-meeting-for-which-each-trustee
 17 has--been--given--reasonable-notice-of-the-time-and-place-of
 18 holding-such-meeting the trustees. The emergency budget
 19 amendment resolution shall must also state the facts
 20 constituting the emergency need for the budget amendment,
 21 the estimated amount of money required to meet-the-emergency
 22 fund the budget amendment, the funds affected by the
 23 emergency the budget amendment, and the time and place when
 24 the board will meet for the purpose of considering and
 25 adopting an-emergency a budget amendment for such funds for

1 the current school fiscal year.

2 (2) If the trustees decide that an emergency exists for
 3 any reason other than the conditions specified in
 4 subsections (1), (2), (3), or (4) of 20-9-161, they shall
 5 petition the superintendent of public instruction or, in the
 6 case of a community college district, the board of regents
 7 for permission to adopt a resolution of emergency. Such
 8 petition shall set forth in writing the reasons for the
 9 request, the district funds affected by the emergency, the
 10 estimated amount of money required to meet such emergency
 11 for each affected fund, the anticipated sources of financing
 12 for the emergency expenditures, and such other information
 13 as may be required by the superintendent of public
 14 instruction or the board of regents. The petition shall be
 15 signed by each trustee of a school district determine that
 16 the proposed budget amendment will cause the district
 17 general fund to exceed the limitations of 20-9-315, the
 18 trustees shall petition the superintendent of public
 19 instruction for permission to adopt a resolution for a
 20 budget amendment. The petition must set forth in writing the
 21 reasons for the request, the district funds affected by the
 22 budget amendment, the estimated amount of money required for
 23 the budget amendment for each affected fund, the anticipated
 24 sources of financing for the budget amendment expenditures,
 25 and any other information required by the superintendent of

1 public instruction. The petition must be signed by a
 2 majority of the trustees.

3 (3) The superintendent of public instruction or, in the
 4 case of a community college district, the board of regents
 5 shall promptly approve or disapprove the petition requesting
 6 approval to adopt a resolution of emergency for a budget
 7 amendment. If the petition is approved, the trustees may
 8 then adopt a resolution of emergency for a budget amendment
 9 and may subsequently take all other steps required for the
 10 adoption of an emergency a budget amendment. Approval of a
 11 petition by the superintendent of public instruction or the
 12 board of regents shall merely authorize authorizes the board
 13 of trustees to initiate emergency a budget proceedings
 14 amendment by resolution and shall does not relieve the
 15 trustees of the necessity of complying with the requirements
 16 of the school emergency budgeting laws. Approval of the
 17 petition shall may not be construed as approval of any
 18 subsequent application for increased state aid on account of
 19 such emergency the budget amendment."

20 Section 14. Section 20-9-164, MCA, is amended to read:

21 "20-9-164. Notice of emergency budget amendment
 22 resolution. A copy of the emergency budget amendment
 23 resolution shall must be published one time in a newspaper
 24 that will give notice to the largest number of people of the
 25 district as determined by the trustees, and a copy of the

1 resolution ~~shall~~ must be posted at each schoolhouse of the
 2 district. A copy of the emergency budget amendment
 3 resolution ~~shall~~ must also be delivered to the county
 4 superintendent and to the county clerk as the clerk of the
 5 board of county commissioners of the county. The
 6 publication, posting, and delivery of the resolution ~~shall~~
 7 must be done not less than 1 week before the day specified
 8 in the resolution for the consideration and adoption of an
 9 emergency a budget amendment."

10 **Section 15.** Section 20-9-165, MCA, is amended to read:

11 "20-9-165. Emergency-----budget Budget amendment
 12 limitation, preparation, and adoption procedures. (1) The
 13 meeting of the trustees to consider and adopt an-emergency a
 14 budget shall amendment must be open to the public, and any
 15 taxpayer in the district ~~shall-have~~ has the right to appear
 16 and be heard. If at ~~such-a~~ the meeting a majority of the
 17 trustees present ~~shall~~ find that an-emergency--exists there
 18 is sufficient need for a budget amendment, the trustees may
 19 make and adopt a preliminary emergency budget amendment, on
 20 the regular budget form, setting forth fully the facts
 21 constituting the emergency need for the budget amendment. In
 22 adopting the preliminary emergency budget amendment, the
 23 trustees may budget for any fund which that was included on
 24 the final budget of the district for the current school
 25 fiscal year. The budget ~~shall~~ must be itemized to show the

1 amount appropriated for each item as required on the budget
 2 form.

3 (2) When the emergency budget amendment is due-to-any
 4 increase the result of increased enrollment, the maximum
 5 amount of the emergency budget amendment for all funds ~~shall~~
 6 must be determined in the following manner:

7 (a) Determine the total amount in the final budget for
 8 the current school fiscal year of all funds affected by the
 9 emergency enrollment increase, less any amounts appropriated
 10 as capital outlay and any amount appropriated for addition
 11 to the cash operating reserve.

12 (b) Divide the amount determined in subsection (2)(a)
 13 by the number of pupils originally enrolled in such the
 14 district during the immediately preceding school fiscal
 15 year. The resulting cost per pupil ~~shall-constitute~~ is the
 16 maximum permissible per-pupil expenditure in the emergency
 17 budget amendment.

18 (c) Determine the enrollment increase of the current
 19 school fiscal year by subtracting the number of pupils
 20 originally enrolled during the immediately preceding school
 21 fiscal year from 106% of the number of pupils enrolled for
 22 the current school year. The result ~~shall--be~~ is the
 23 enrollment increase for the current school fiscal year.

24 (d) Multiply the cost per pupil determined in
 25 subsection (2)(b) by the enrollment increase determined in

subsubsection (2)(c). The result ~~shall be~~ is the maximum limitation on ~~an emergency a~~ budget amendment for ~~emergencies amendments due to an increase of~~ resulting from increased enrollment.

~~(e) in the case of a community college district, by budget amendment.~~

(3) ~~in the event of any other type of emergency~~ For other types of budget amendments, the budget ~~shall be~~ amendment is limited, ~~by those to the~~ expenditures deemed considered by the trustees to be reasonable and necessary to finance the stated conditions of the emergency budget amendment and the preliminary emergency budget shall amendment must be accompanied with include the details of the proposed expenditures.

(4) Whenever the trustees adopt a preliminary emergency budget amendment for the transportation fund, the trustees shall attach to ~~such the~~ budget amendment a copy of each transportation contract ~~which that~~ is connected with the emergency budget amendment and ~~which that~~ has been prepared and executed in accordance with the school transportation contract laws.

(5) After the trustees have adopted the emergency budget amendment by a majority vote of the trustees, it ~~shall must~~ be signed by the chairman of the trustees and the clerk of the district and copies ~~shall must~~ be sent to the

county superintendent, the county treasurer, and the superintendent of public instruction. ~~in the case of a community college district, copies of the emergency budget shall be sent to the county superintendent, the county treasurer, and the board of regents."~~

Section 16. Section 20-9-166, MCA, is amended to read:

"20-9-166. State financial aid for emergency budgets budget amendments. Whenever a final emergency budget amendment has been adopted for the general fund or the transportation fund to finance the cost of an emergency amendment due to an resulting from increased enrollment or any other reason approved by the superintendent of public instruction under the provisions of 20-9-163, the trustees may apply to the superintendent of public instruction for an increased payment from the state public school equalization aid account for the foundation program or for state transportation reimbursement, or both. The superintendent of public instruction shall ~~publish~~ adopt rules for ~~such the~~ application. The superintendent of public instruction shall approve or disapprove each application for increased state aid made in accordance with this section. When the superintendent of public instruction approves an application, he shall determine the additional amount of state aid from the state public school equalization aid account or the state transportation reimbursement ~~which that~~

1 will be made available to the applicant district because of
 2 the ~~emergency-caused--by--an~~ increase in enrollment. The
 3 superintendent of public instruction shall notify the
 4 applicant district of his approval or disapproval and, in
 5 the event of approval, the amount of additional state aid
 6 that will be made available for the general fund or the
 7 transportation fund. The superintendent of public
 8 instruction shall disburse ~~such-emergency~~ the state aid to
 9 the eligible district at the time the next regular state aid
 10 payment is made."

11 **Section 17.** Section 20-9-201, MCA, is amended to read:

12 "**20-9-201. Definitions and application.** (1) As used in
 13 this title, unless the context clearly indicates otherwise,
 14 "fund" means a separate detailed account of receipts and
 15 expenditures for a specific purpose as authorized by law or
 16 by the superintendent of public instruction under the
 17 provisions of subsection (2). Funds are classified as
 18 follows:

19 (a) A "budgeted fund" means any fund for which a budget
 20 must be adopted in order to expend money from the fund. The
 21 general fund, transportation fund, bus depreciation reserve
 22 fund, ~~elementary~~ tuition fund, retirement fund, debt service
 23 fund, ~~leased--facilities-fund~~, building reserve fund, adult
 24 education fund, nonoperating fund, and any other funds ~~so~~
 25 designated by the legislature are budgeted funds.

1 (b) A "nonbudgeted fund" means any fund for which a
 2 budget is not required in order to expend money on deposit
 3 in the fund. The school food services fund, miscellaneous
 4 ~~federal~~ programs fund, building fund, lease or rental
 5 agreement fund, traffic education fund, interlocal
 6 cooperative fund, extracurricular fund, metal mines tax
 7 reserve fund, endowment fund, and any other funds ~~so~~
 8 designated by the legislature are nonbudgeted funds.

9 (2) The school financial administration provisions of
 10 this title apply to all money of any elementary or high
 11 school district ~~except--the-extracurricular-money-realized~~
 12 ~~from-pupil-activities.~~ Elementary and high school districts
 13 shall record the receipt and disbursement of all money in
 14 accordance with generally accepted accounting principles.
 15 The superintendent of public instruction has general
 16 supervisory authority as prescribed by law over the school
 17 financial administration provisions, as they relate to
 18 elementary and high school districts. ~~He~~ The superintendent
 19 of public instruction shall adopt rules necessary to secure
 20 compliance with the law.

21 (3) Except as otherwise provided by law, whenever the
 22 trustees of a district determine that a fund is inactive and
 23 will no longer be used, the trustees shall close the fund by
 24 transferring all cash and other account balances to the
 25 general fund if the fund does not have a cash or fund

1 balance deficit."

2 **Section 18.** Section 20-9-206, MCA, is amended to read:

3 **"20-9-206. Entering appropriations on accounting**
4 **records of county treasurer.** (1) When the county treasurer
5 receives the final budgets of the districts from the county
6 superintendent, he shall open a fund for each budgeted fund
7 included on the final budget of each district by entering
8 the amount appropriated for the fund on his accounting
9 record.

10 (2) Whenever the county treasurer receives a final
11 emergency budget amendment for a district from the county
12 superintendent, he shall increase the amount of the
13 regularly adopted final budget by the amount of the
14 emergency-budgeted-fund included--on the final emergency
15 budget amendment."

16 **Section 19.** Section 20-9-208, MCA, is amended to read:

17 **"20-9-208. Transfer among appropriation items of a**
18 **fund.** (1) Whenever it appears to the trustees of any a
19 district that the appropriated amount of any an item of a
20 budgeted fund of the final budget or the-emergency a budget
21 amendment is in excess of the amount actually required
22 during the school fiscal year for such the appropriation
23 item, the trustees may transfer any or all of the excess
24 appropriation amount to any other appropriation item of the
25 same budgeted fund.

1 (~~2~~) ~~Such-transfers-shall~~ Transfers may not be made
2 between different funds of the same district or between
3 similar funds of different districts except as specifically
4 provided by this title. The trustees shall enter the
5 authorized transfers upon the permanent records of the
6 district."

7 **Section 20.** Section 20-9-209, MCA, is amended to read:

8 **"20-9-209. Lapse of budgeted appropriations and**
9 **provision for unpaid claims.** (1) All appropriations for a
10 budgeted fund in the regular ~~or-emergency~~ budget or for a
11 budget amendment for a given school fiscal year ~~shall~~ lapse
12 on the last day of such the school fiscal year except the
13 appropriations for:

14 (a) uncompleted improvements in progress of
15 construction; and

16 (b) any an obligation for the purchase of personal
17 property ordered but not paid for during the current fiscal
18 year and recorded with the county treasurer in the manner
19 and on forms prescribed by the superintendent of public
20 instruction.

21 (2) Any A lawful claim presented to the district for
22 payment under a lapsed appropriation ~~shall--be~~ is an
23 obligation of the budget for the next ensuing school fiscal
24 year."

25 **Section 21.** Section 20-9-210, MCA, is amended to read:

1 "20-9-210. Expenditure limitation and cash retention of
2 nonbudgeted fund. The expenditure limitation, at any time
3 during the school fiscal year, for a nonbudgeted fund shall
4 be is the amount of cash balance of such the nonbudgeted
5 fund. ~~The cash balance of a nonbudgeted fund shall remain to~~
6 ~~the credit of such nonbudgeted fund from year to year unless~~
7 ~~a transfer is specifically authorized by this title."~~

8 **Section 22.** Section 20-9-214, MCA, is amended to read:

9 "20-9-214. Fees. (1) The trustees of any a district
10 may:

11 (a) require pupils in the commercial, industrial arts,
12 music, domestic science, scientific, or agricultural courses
13 to pay reasonable fees to cover the actual cost of breakage
14 and of excessive supplies used; and

15 (b) charge pupils a reasonable fee for any a course or
16 activity not reasonably related to a recognized academic and
17 educational goal of the district or any a course or activity
18 held outside normal school functions. The trustees may waive
19 the fee in cases of financial hardship.

20 (2) The fees collected pursuant to ~~subsection (1)~~ shall
21 be subsection (1)(a) must be deposited in the general fund,
22 and the fees collected pursuant to subsection (1)(b) must be
23 deposited in a nonbudgeted fund as provided in 20-9-210."

24 **Section 23.** Section 20-9-221, MCA, is amended to read:

25 "20-9-221. Procedure for issuance of warrants. (1) The

1 trustees of each district shall issue all warrants, and the
2 warrants shall must identify:

3 (a) the budgeted fund or nonbudgeted fund on which the
4 warrant is drawn; and

5 (b) the warrant as ~~an emergency~~ a budget amendment
6 warrant if it is drawn on ~~an emergency~~ a budget amendment.

7 (2) ~~Any warrant~~ All warrants issued by a district shall
8 must be countersigned by the chairman of the trustees and
9 the clerk of the district before the ~~warrant shall be~~
10 warrants are negotiable. Facsimile signatures may be used in
11 accordance with the provisions of 2-16-114. A facsimile
12 signature device used under authority of this section must
13 may not be available to the other countersigner of the
14 warrant, or the device must have a nonresettable metering
15 control that can provide a positive reconciliation between
16 the number of warrants issued and the number of signatures
17 applied. Either split signature plates or a double signature
18 plate may be used according to the requirements of the
19 district. The signature plates and the device keys must be
20 kept secure by the district clerk under the supervision of
21 the board of trustees of the district.

22 (3) The trustees shall issue warrants in single copy or
23 in triplicate copy. When the warrants are issued in single
24 copy, the trustees shall immediately provide a listing of
25 the issued warrants on a fund-by-fund basis to the county

1 treasurer and retain a copy of the listing in the district
 2 accounting records. When the warrants are issued in
 3 triplicate, the original copy of the warrant shall must be
 4 delivered to the payee, the duplicate shall must be sent
 5 immediately to the county treasurer, and the triplicate
 6 shall must be retained by the district for accounting record
 7 purposes. The duplicate and triplicate copies shall must be
 8 identified on the face of the warrant as "Not
 9 Negotiable--Copy of Original".

10 (4) However, the trustees may elect to issue warrants
 11 in payment of wages and salaries on a direct deposit basis
 12 to the employee's account in a local bank, provided the
 13 consent of the employee has been obtained and the employee
 14 is given an itemized statement of payroll deductions for
 15 each pay period."

16 **Section 24.** Section 20-9-231, MCA, is amended to read:

17 **"20-9-231. Metal mines tax reserve account fund.** (1)
 18 The governing body of a local school district receiving tax
 19 collections under 15-37-117(1)(d) may establish a metal
 20 mines tax reserve account fund to be used to hold the
 21 collections. The governing body may hold money in the
 22 account fund for any time period deemed considered
 23 appropriate by the governing body. Money held in the account
 24 fund may not be considered as cash fund balance for the
 25 purpose of reducing mill levies.

1 (2) Money may be expended from the account fund for any
 2 purpose provided by law.

3 (3) Money in the account fund must be invested as
 4 provided by law. Interest and income from the investment of
 5 the metal mines tax reserve account fund must be credited to
 6 the account fund.

7 (4) The fund must be financially administered as a
 8 nonbudgeted fund under the provisions of this title."

9 **Section 25.** Section 20-9-301, MCA, is amended to read:

10 **"20-9-301. Purpose of foundation program and definition**
 11 **of general fund budget.** (1) A uniform system of free public
 12 schools sufficient for the education of and open to all
 13 school age children of the state must be established and
 14 maintained throughout the state of Montana. The state shall
 15 aid in the support of its ~~several~~ school districts on the
 16 basis of their financial need as measured by the foundation
 17 program and in the manner established in this title.

18 (2) The principal budgetary vehicle for achieving the
 19 minimum financing as established by the foundation program
 20 is the general fund budget of the district. The purpose of
 21 the general fund budget is to finance those general
 22 maintenance and operational costs of a district not financed
 23 by other funds established for special purposes in this
 24 title.

25 (3) The amount of the general fund budget for each

1 school fiscal year may not exceed the financing limitations
 2 established by this title but may not be less than the
 3 amount established by law as the foundation program. The
 4 general fund budget must be financed by the foundation
 5 program revenues and may be supplemented by ~~an additional a~~
 6 permissive levy, voted levy and, or other revenue, as
 7 provided by 20-9-145 and 20-9-353."

8 **Section 26.** Section 20-9-315, MCA, is amended to read:

9 "20-9-315. Maximum general fund budget and exceptions.

10 (1) The total amount of the general fund budget of any a
 11 district may not be greater than the district's foundation
 12 program as provided in 20-9-303, except when a district has
 13 adopted ~~an--emergency-general-fund a~~ budget amendment under
 14 the provisions of 20-9-165 or when a district satisfies the
 15 requirements of 20-9-145 and 20-9-353.

16 (2) Notwithstanding the provisions of subsection (1),
 17 for school fiscal year 1991 and succeeding years, a
 18 district's maximum general fund budget may not exceed the
 19 greater of:

20 (a) ~~{the-equivalent-of-the--percent--to--be--determined~~
 21 ~~that--is--112%--of--FY--1988--district--general--fund--and--insurance~~
 22 ~~fund-expenditures}~~ 135% of the foundation program amount
 23 provided for in 20-9-303; or

24 (b) 104% of the district's general fund budget amount
 25 for the previous school fiscal year, including any school

1 district expenses from the previous school fiscal year
 2 approved for inclusion in this calculation by the
 3 superintendent of public instruction under [section 50].

4 (3) Subsection (2) does not apply when the source of
 5 funding for the excess amount is any of the following:

6 (a) ~~Public Law 81-874 funds are-the--source--of--funding~~
 7 ~~for--the-excess-amount,~~ until the state receives approval of
 8 an application to equalize the funds under 20 U.S.C. 240(d);
 9 or

10 (b) general bonus payments under 20-6-401."

11 **Section 27.** Section 20-9-321, MCA, is amended to read:

12 "20-9-321. Foundation program and contingency funds for
 13 special education. (1) For the purpose of establishing the
 14 foundation program amount for a current year special
 15 education program for a school district, the superintendent
 16 of public instruction shall determine the total estimated
 17 cost of the special education program for the school
 18 district on the basis of a special education program budget
 19 submitted by the district. The budget must be prepared on
 20 forms provided by the superintendent of public instruction
 21 and must set out for each program:

22 (a) the estimated allowable costs associated with
 23 operating the program where allowable costs are as defined
 24 in 20-7-431;

25 (b) the number of pupils expected to be enrolled in the

1 program; and

2 (c) any other data required by the superintendent of
3 public instruction for budget justification purposes and to
4 administer the provisions of 20-9-315 through 20-9-321.

5 (2) The total amount of allowable costs approved by the
6 superintendent of public instruction is the special
7 education foundation program amount for current year special
8 education program purposes. The total amount of allowable
9 costs that are approved for the special education budget may
10 not, under any condition, be less than the foundation
11 program amount for one regular ANB for each full-time
12 special pupil in the school district.

13 (3) If a special education program is implemented or
14 expanded during a given school term too late to be included
15 in the determination of the district foundation program for
16 the school year as prescribed in this part, allowable costs
17 approved under the budgeting provisions of subsections (1)
18 and (2) for the operation of the program during the given
19 year must be funded from any legislative appropriation for
20 contingency financing for special education. Contingency
21 funds granted under this subsection must be deposited in a
22 separate account of the miscellaneous programs fund of the
23 district as provided in 20-9-507. However, if contingency
24 funds are not available, then subject to the approval of the
25 program by the superintendent under the emergency budget

1 amendment provisions of 20-9-161(5)(6), allowable costs for
2 the given year may be funded in the miscellaneous programs
3 fund by other revenue sources and added to the foundation
4 program amount for special education for the subsequent
5 school year under the provisions of [section 50]. The
6 allowable costs must be recorded as previous year special
7 education expenses in the school district budget for the
8 subsequent school year.

9 (4) The sum of the previous year special education
10 expenses as defined in subsection (3) and the foundation
11 program amount for current year special education as defined
12 in subsections (1) and (2) is the special education budget
13 for accounting purposes.

14 (5) The foundation program amount for special education
15 must be added to the foundation program amount of the
16 regular program ANB defined in 20-9-311 and 20-9-313 to
17 obtain the total foundation program amount for the
18 district."

19 **Section 28.** Section 20-9-344, MCA, is amended to read:
20 "20-9-344. Purpose of state equalization aid and duties
21 of the board of public education for distribution --
22 conditions of first payment. (1) The money available for
23 state equalization aid must be distributed and apportioned
24 to provide an annual minimum operating revenue for the
25 elementary and high schools in each county, exclusive of

1 revenues required for debt service and for the payment of
2 any costs and expense incurred in connection with any adult
3 education program, recreation program, school food services
4 program, new buildings and grounds, and transportation.

5 (2) The board of public education shall administer and
6 distribute the state equalization aid in the manner and with
7 the powers and duties provided by law. To this end, the
8 board of public education shall:

9 (a) adopt policies for regulating the distribution of
10 state equalization aid in accordance with the provisions of
11 law and in a manner that provides for monthly distribution
12 to each district of its foundation program amount and to
13 each county and district distribution of its guaranteed tax
14 base aid;

15 (b) have the power to require reports from the county
16 superintendents, budget boards, county treasurers, and
17 trustees as it considers necessary; and

18 (c) order the superintendent of public instruction to
19 distribute the state equalization aid on the basis of each
20 district's annual entitlement to the aid as established by
21 the superintendent of public instruction. In ordering the
22 distribution of state equalization aid, the board of public
23 education may not increase or decrease the state
24 equalization aid distribution to any district on account of
25 any difference that may occur during the school fiscal year

1 between budgeted and actual receipts from any other source
2 of school revenue.

3 (3) The board of public education may order the
4 superintendent of public instruction to withhold
5 distribution of state equalization aid or order the county
6 superintendent of schools to withhold county equalization
7 money from a district when the district fails to:

8 (a) submit reports or budgets as required by law or
9 rules adopted by the board of public education; or

10 (b) maintain accredited status.

11 (4) Prior to any proposed order by the board of public
12 education to withhold distribution of state equalization aid
13 or county equalization money, the district is entitled to a
14 contested case hearing before the board of public education,
15 as provided under the Montana Administrative Procedure Act.

16 (5) If a district or county receives more state
17 equalization aid than it is entitled to, the county
18 treasurer shall return the overpayment to the state upon the
19 request of the superintendent of public instruction in the
20 manner prescribed by the department---of---commerce
21 superintendent of public instruction.

22 (6) (a) The first foundation program payment and
23 guaranteed tax base aid payment must be based on an estimate
24 of 20% of the entitlement of each district or county and
25 distributed by July 15 of the school fiscal year.

1 (b) Each subsequent monthly payment must be at least 7%
2 of the entitlement of each district or county."

3 **Section 29.** Section 20-9-353, MCA, is amended to read:

4 "20-9-353. Additional levy for general fund -- election
5 for authorization to impose. (1) Except as limited by
6 20-9-315(2), the trustees of any a district may propose to
7 adopt a general fund budget in excess of the foundation
8 program and the permissive amount for the district for any
9 of the following purposes:

10 (a) building, altering, repairing, or enlarging any
11 schoolhouse of the district;

12 (b) furnishing additional school facilities for the
13 district;

14 (c) acquisition of land for the district;

15 (d) proper maintenance and operation of the school
16 programs of the district; or

17 (e) severance pay for district employees.

18 (2) When the trustees of any a district determine that
19 an additional amount of financing is required for the
20 general fund budget that is in excess of the statutory
21 schedule amount, the trustees shall submit the proposition
22 of an additional levy to raise the excess amount of general
23 fund financing to the electors who are qualified under
24 20-20-301 to vote upon the proposition, except that an
25 election is not required to permit the school trustees to

1 use any funds available to finance the additional amount
2 other than those funds to be raised by the additional levy.
3 The special election must be called and conducted in the
4 manner prescribed by this title for school elections. The
5 ballot for the election must state only the amount of money
6 to be raised by additional property taxation, the
7 approximate number of mills required to raise the money, and
8 the purpose for which the money will be expended. The ballot
9 must be in the following format:

10 PROPOSITION

11 Shall a levy be made in addition to the levies
12 authorized by law in the number of mills as may be necessary
13 to raise the sum of (state the amount to be raised by
14 additional tax levy), and being approximately (give number)
15 mills, for the purpose of (insert the purpose for which the
16 additional tax levy is made)?

17 FOR the levy.

18 AGAINST the levy.

19 (3) If the election on any additional levy for the
20 general fund is approved by a majority vote of the electors
21 voting at the election, the proposition carries and the
22 trustees may use any portion or all of the authorized amount
23 in adopting the preliminary general fund budget. The
24 trustees shall certify the additional levy amount authorized
25 by the special election on the budget form that is submitted

1 to the county superintendent, and the county commissioners
2 shall levy the authorized number of mills on the taxable
3 value of all taxable property within the district, as
4 prescribed in 20-9-141, to raise the amount of the
5 additional levy.

6 (4) Authorization to levy an additional tax under the
7 provisions of this section is effective for only 1 school
8 fiscal year and must be authorized by a special election
9 conducted before August 1 of the school fiscal year for
10 which it is effective."

11 **Section 30.** Section 20-9-360, MCA, is amended to read:

12 "20-9-360. State equalization aid levy. ~~{1}~~ There is a
13 levy of 40 mills imposed by the county commissioners of each
14 county on all taxable property within the state, except
15 property for which a tax or fee is required under 23-2-517,
16 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204.
17 ~~Except--as--provided--in--subsection--{2},--proceeds~~ Proceeds of
18 the levy must be remitted to the state treasurer and must be
19 deposited to the credit of the state special revenue fund
20 for state equalization aid to the public schools of Montana.

21 ~~{2}--For--the--benefit--of--each--municipality--that--created~~
22 ~~an--urban--renewal--area--and--adopted--a--tax--increment--financing~~
23 ~~provision--for--the--urban--renewal--area--prior--to--July--17--1990,~~
24 ~~each--year--the--state--treasurer--shall--distribute--to--the--county~~
25 ~~an--amount--of--the--state--equalization--levy--equal--to--the--tax~~

1 ~~increment--derived--by--the--municipality--for--the--fiscal--year~~
2 ~~ending--June--30--1989--from--the--levy--for--property--taxes--for~~
3 ~~school--district--purposes--against--property--within--the--urban~~
4 ~~renewal--district--less--the--amount--of--tax--increment--actually~~
5 ~~received--by--the--municipality--in--each--year--as--a--result--of--the~~
6 ~~imposition--of--mill--levies--for--school--district--purposes."~~

7 **Section 31.** Section 20-9-361, MCA, is amended to read:

8 "20-9-361. State and county equalization revenue --
9 statutory appropriation. Revenue received in support of
10 state and county equalization under the provisions of
11 20-9-331, 20-9-333, and 20-9-343 is statutorily
12 appropriated, as provided in 17-7-502, to:

13 ~~{1}~~ the superintendent of public instruction to be used
14 for county equalization and state equalization aid for the
15 public schools, as provided by law, and must be accounted
16 for in accordance with generally accepted accounting
17 principles; and

18 ~~{2}--counties--as--provided--in--20-9-360{2}."~~

19 **Section 32.** Section 20-9-366, MCA, is amended to read:

20 "20-9-366. Definitions. As used in 20-9-366 through
21 20-9-369, the following definitions apply:

22 (1) "County mill value per elementary ANB" or "county
23 mill value per high school ANB" means the sum of the current
24 taxable valuation of all property in the county plus the
25 taxable value of oil and gas net proceeds determined under

1 15-23-607(4) for production occurring after March 31, 1990,
 2 plus the taxable value of coal gross proceeds determined
 3 under 15-23-703(3) plus all the taxable value of nonlevy
 4 revenue for the support of schools the elementary school and
 5 high school district retirement funds, other than Public Law
 6 81-874 funds, divided by 1,000, with the quotient divided by
 7 the total county elementary ANB count or the total county
 8 high school ANB count used to calculate the elementary
 9 school districts' and high school districts' current year
 10 foundation program amounts. The taxable value of nonlevy
 11 revenue for the purpose of computing guaranteed tax base aid
 12 for schools the county retirement fund is the amount of
 13 nonlevy revenue received--by--a--district deposited in the
 14 elementary school or high school district retirement fund in
 15 the previous year, including for fiscal year 1991 the
 16 revenue received in fiscal year 1990 from the net proceeds
 17 taxation of oil and natural gas and including for fiscal
 18 year 1992 and thereafter the local government severance tax,
 19 divided by the number of mills levied by the district county
 20 in the previous year in support of the elementary school and
 21 high school district retirement funds, multiplied by 1,000.

22 (2) "District mill value per ANB" means the current
 23 taxable valuation of all property in the district plus the
 24 taxable value of oil and gas net proceeds determined under
 25 15-23-607(4) for production occurring after March 31, 1990,

1 plus the taxable value of coal gross proceeds determined
 2 under 15-23-703(3) plus all the taxable value of nonlevy
 3 revenue for the support of schools the school district's
 4 general fund, other than Public Law 81-874 funds, divided by
 5 1,000, with the quotient divided by the ANB count of the
 6 district used to calculate the district's current year
 7 foundation program schedule amount. The taxable value of
 8 nonlevy revenue for the purpose of computing guaranteed tax
 9 base aid for schools is the amount of nonlevy revenue
 10 received--by deposited in a district district's general fund
 11 in the previous year, including for fiscal year 1991 the
 12 revenue received in fiscal year 1990 from the net proceeds
 13 taxation of oil and natural gas and including for fiscal
 14 year 1992 and thereafter the local government severance tax,
 15 divided by the number of mills levied by the district in the
 16 previous year in support of the district's general fund,
 17 multiplied by 1,000.

18 (3) "~~Guaranteed--overschedule---general---fund---budget~~
 19 Permissive amount" means that portion of a district's
 20 general fund budget in excess of the foundation program
 21 amount for the district, as provided in 20-9-316 through
 22 20-9-321, but not exceeding ~~135%~~ 35% of the district's
 23 foundation program amount, and which excess is authorized
 24 under the provisions of 20-9-145 and 20-9-353.

25 (4) "Statewide district mill value per elementary ANB"

1 or "statewide district mill value per high school ANB" means
 2 the sum of the current taxable valuation of all property in
 3 the state plus the taxable value of oil and gas net proceeds
 4 determined under 15-23-607(4) for production occurring after
 5 March 31, 1990, plus the taxable value of coal gross
 6 proceeds determined under 15-23-703(3) plus all the taxable
 7 value of nonlevy revenue for the support of ~~schools~~ the
 8 general funds of all school districts, other than Public Law
 9 81-874 funds, divided by 1,000, with the quotient divided by
 10 the total state elementary ANB count or the total state high
 11 school ANB count used to calculate the elementary school
 12 districts' and high school districts' current year
 13 foundation program amounts. The taxable value of nonlevy
 14 revenue for the purpose of computing guaranteed tax base aid
 15 for schools is the amount of nonlevy revenue ~~received-by-a~~
 16 district deposited to the general fund of a school district
 17 in the previous year, including for fiscal year 1991 the
 18 revenue received in fiscal year 1990 from the net proceeds
 19 taxation of oil and natural gas and including for fiscal
 20 year 1992 and thereafter the local government severance tax,
 21 divided by the number of mills levied by the district in the
 22 previous year in support of the district general fund,
 23 multiplied by 1,000.

24 (5) "Statewide county mill value per elementary ANB" or
 25 "statewide county mill value per high school ANB" means the

1 sum of the current taxable valuation of all property in the
 2 state plus the taxable value of oil and gas net proceeds
 3 determined under 15-23-607(4) for production occurring after
 4 March 31, 1990, plus the taxable value of coal gross
 5 proceeds determined under 15-23-703(3) plus all the taxable
 6 value of nonlevy revenue for the support of the elementary
 7 school or high school district retirement fund, other than
 8 Public Law 81-874 funds, divided by 1,000, with the quotient
 9 divided by the total state elementary ANB count or the total
 10 state high school ANB count used to calculate the elementary
 11 school districts' and high school districts' current year
 12 foundation program amounts. The taxable value of nonlevy
 13 revenue for the purpose of computing guaranteed tax base aid
 14 for the county retirement fund is the amount of nonlevy
 15 revenue deposited in the elementary school or high school
 16 district retirement fund the previous year, including for
 17 fiscal year 1991 the revenue received in fiscal year 1990
 18 from the net proceeds taxation of oil and natural gas and
 19 including for fiscal year 1992 and thereafter the local
 20 government severance tax, divided by the number of mills
 21 levied by the county in the previous year in support of the
 22 elementary school and high school retirement funds,
 23 multiplied by 1,000."

24 **Section 33.** Section 20-9-367, MCA, is amended to read:
 25 "20-9-367. Eligibility to receive guaranteed tax base

1 aid. (1) If the district mill value per ANB of any
 2 elementary or high school district is less than the
 3 corresponding statewide district mill value per elementary
 4 ANB or high school ANB, the district may receive guaranteed
 5 tax base aid based on the number of mills levied in the
 6 district in support of its ~~guaranteed~~ ~~overschedule~~
 7 permissive amount of the general fund budget.

8 (2) If the county mill value per elementary ANB or high
 9 school ANB is less than the corresponding statewide county
 10 mill value per elementary ANB or high school ANB, the county
 11 may receive guaranteed tax base aid based on the number of
 12 mills levied in the county in support of the retirement fund
 13 budgets of the respective elementary or high school
 14 districts in the county."

15 **Section 34.** Section 20-9-368, MCA, is amended to read:

16 "20-9-368. Amount of guaranteed tax base aid --
 17 reversion. (1) The amount of guaranteed tax base aid per ANB
 18 that a county may receive in support of the retirement fund
 19 budgets of the elementary school districts in the county is
 20 the difference between the county mill value per elementary
 21 ANB and the statewide county mill value per elementary ANB,
 22 multiplied by the number of mills levied in support of the
 23 retirement fund budgets of the elementary districts in the
 24 county.

25 (2) The amount of guaranteed tax base aid per ANB that

1 a county may receive in support of the retirement fund
 2 budgets of the high school districts in the county is the
 3 difference between the county mill value per high school ANB
 4 and the statewide county mill value per high school ANB,
 5 multiplied by the number of mills levied in support of the
 6 retirement fund budgets of the high school districts in the
 7 county.

8 (3) The amount of guaranteed tax base aid per ANB that
 9 a district may receive in support of its ~~guaranteed~~
 10 ~~overschedule~~ permissive amount of the general fund budget is
 11 the difference between the district mill value per ANB and
 12 the corresponding statewide district mill value per ANB,
 13 multiplied by the number of mills levied in support of the
 14 district's ~~guaranteed~~ ~~overschedule~~ permissive amount of the
 15 general fund budget.

16 (4) Guaranteed tax base aid provided to any county or
 17 district under this section is earmarked to finance the fund
 18 or portion of the fund for which it is provided. If the
 19 actual expenditures from the fund or portion of the fund for
 20 which guaranteed tax base aid is earmarked are less than the
 21 amount budgeted, the guaranteed tax base aid reverts in
 22 proportion to the amount budgeted but not expended. If a
 23 county or district receives more guaranteed tax base aid
 24 than it is entitled to, the excess must be returned to the
 25 state as required by 20-9-344."

1 **Section 35.** Section 20-9-406, MCA, is amended to read:

2 *20-9-406. Limitations on amount of bond issue. (1) The
3 maximum amount for which each school district may become
4 indebted by the issuance of bonds, including all
5 indebtedness represented by outstanding bonds of previous
6 issues and registered warrants, is 45% of the taxable value
7 of the property subject to taxation as ascertained by the
8 last completed assessment for state, county, and school
9 taxes previous to the incurring of such the indebtedness,
10 including:

11 (a) the taxable value of coal gross proceeds as
12 determined for county bonding purposes in 15-23-703(2);

13 (b) the taxable value of oil and gas net proceeds as
14 determined for county bonding purposes in 15-23-607(3); and

15 (c) the amount of the value of any other oil and gas
16 production occurring after December 31, 1988, multiplied by
17 60%.

18 (2) The 45% maximum, however, may not pertain to
19 indebtedness imposed by special improvement district
20 obligations or assessments against the school district or to
21 bonds issued for the repayment of tax protests lost by the
22 district. All bonds issued in excess of such the amount
23 ~~shall--be--null--and~~ are void, except as provided in this
24 section.

25 ~~+2+~~(3) When the total indebtedness of a school district

1 has reached the 45% limitation prescribed in this section,
2 the school district may pay all reasonable and necessary
3 expenses of the school district on a cash basis in
4 accordance with the financial administration provisions of
5 this chapter.

6 ~~+3+~~(4) Whenever bonds are issued for the purpose of
7 refunding bonds, any moneys money to the credit of the debt
8 service fund for the payment of the bonds to be refunded ~~are~~
9 is applied towards the payment of such the bonds and the
10 refunding bond issue is decreased accordingly."

11 **Section 36.** Section 20-9-435, MCA, is amended to read:

12 *20-9-435. Delivery of school district bonds and
13 disposition of sale moneys. (1) After the school district
14 bonds have been registered, the county treasurer shall:

15 (a) when the board of investments has purchased such
16 the bonds, forward the bonds to such the state board which,
17 in turn, shall cause send the bonds ~~to-be-sent~~ to the state
18 treasurer and shall cause the bonds to be paid for in the
19 manner provided by law; or

20 (b) when if the purchaser is anybody other than the
21 board of investments, deliver the bonds to such the
22 purchaser when full payment of the bonds has been made by
23 the purchaser.

24 (2) If any of the trustees fails or refuses to pay into
25 the proper county treasury the money arising from the sale

1 of ~~any--bonds~~ a bond, he is guilty of a felony and shall be
 2 punished by imprisonment in the state prison for not less
 3 than 1 year or more than 10 years, or by a fine of not more
 4 than \$50,000, or by both ~~such-fine-and-imprisonment~~.

5 (3) All money realized from the sale of school district
 6 bonds ~~shall~~ must be paid to the county treasurer, and he
 7 shall credit such the money to the building fund of the
 8 school district issuing the bonds, except money realized for
 9 accrued interest or the purposes defined in 20-9-403(1)(c)
 10 and (1)(d) ~~shall~~ must be deposited in the debt service fund
 11 ~~for-the-purchase-of-such-bonds~~. The money realized from the
 12 sale of school district bonds ~~shall~~ must be immediately
 13 available to such the school district, and the trustees may
 14 expend such the money without budgeted authorization only
 15 for the purposes for which the bonds were authorized by the
 16 school district bond election. Under the provisions of
 17 7-6-2802, the trustees may invest the money for which there
 18 is no immediate demand and the interest earned by such
 19 investment ~~shall~~ must be used in the manner provided therein
 20 in 7-6-2802. After the full accomplishment of the purpose or
 21 purposes of a bond issue, the excess money realized from
 22 such the bond issue ~~shall~~ must be transferred to the debt
 23 service fund of the school district to be used for the
 24 redemption or purchase of bonds of such the issue."

25 **Section 37.** Section 20-9-438, MCA, is amended to read:

1 "20-9-438. Preparation of debt service fund budget --
 2 cash operating reserve. (1) The trustees of each school
 3 district having outstanding bonds shall include in the debt
 4 service fund of the preliminary budget adopted in accordance
 5 with 20-9-113 an amount of money that is necessary to pay
 6 the interest and the principal amount becoming due during
 7 the ensuing school fiscal year for each series or
 8 installment of bonds, according to the terms and conditions
 9 of such the bonds and the redemption plans of the trustees.

10 (2) The trustees shall also include in the debt service
 11 fund of the preliminary budget:

12 (a) the amount of money necessary to pay the special
 13 improvement district assessments levied against the school
 14 district which that become due during the ensuing school
 15 fiscal year; and

16 (b) a limited cash operating reserve for the school
 17 fiscal year following the ensuing school fiscal year as
 18 provided in subsection (3).

19 (3) At the end of each school fiscal year, the trustees
 20 of a school district may designate a portion of the
 21 end-of-the-year cash fund balance of the debt service fund
 22 to be earmarked as a limited cash operating reserve for the
 23 purpose of paying, whenever a cash flow shortage occurs,
 24 debt service fund warrants and bond obligations which that
 25 must be paid from July 1 through November 30 of the school

1 fiscal year following the ensuing school fiscal year. Any
 2 portion of the debt service fund end-of-the-year cash fund
 3 balance not earmarked for limited cash operating reserve
 4 purposes must be reappropriated to be used for property tax
 5 reduction as provided in 20-9-439.

6 (4) The county superintendent shall compare the
 7 preliminary budgeted amount for the debt service fund with
 8 the bond retirement and interest requirement and the special
 9 improvement district assessments for the school fiscal year
 10 just beginning as reported by the county treasurer in his
 11 statement supplied under the provisions of 20-9-121. If the
 12 county superintendent finds that the requirement stated by
 13 the county treasurer is more than the preliminary budget
 14 amount, the county superintendent shall increase the
 15 budgeted amount for interest or principal in the debt
 16 service fund of the preliminary budget. The amount confirmed
 17 or revised by the county superintendent ~~shall be~~ is the
 18 final budget expenditure amount for the debt service fund of
 19 such the school district."

20 **Section 38.** Section 20-9-439, MCA, is amended to read:

21 "20-9-439. Computation of net levy requirement --
 22 procedure when levy inadequate. (1) The county
 23 superintendent shall compute the levy requirement for each
 24 school district's debt service fund on the basis of the
 25 following procedure:

1 (a) determine the total moneys money available in the
 2 debt service fund for the reduction of the property tax on
 3 the district by totaling:

4 (i) the end-of-the-year cash fund balance, ~~less--any~~
 5 ~~outstanding--warrants~~ in the debt service fund ~~and,~~ less any
 6 limited cash operating reserve as provided in 20-9-438;

7 (ii) anticipated interest to be earned by the investment
 8 of debt service cash in accordance with the provisions of
 9 20-9-213(4) or by the investment of bond proceeds under the
 10 provisions of 20-9-435; and

11 (iii) any other moneys money anticipated by the trustees
 12 to be available in the debt service fund during the ensuing
 13 school fiscal year from such sources as legally authorized
 14 money transfers into the debt service fund or from rental
 15 income;

16 (b) the total amount available to reduce the property
 17 tax, determined in subsection (1)(a), ~~shall~~ must be
 18 subtracted from the final budget expenditure amount for the
 19 debt service fund as established in 20-9-438;

20 (c) the net debt service fund levy requirement
 21 determined in subsection (1)(b) ~~shall~~ must be reported to
 22 the county commissioners on the second Monday of August by
 23 the county superintendent as the net debt service fund levy
 24 requirement for the district, and a levy ~~shall~~ must be made
 25 by the county commissioners in accordance with 20-9-142.

1 (2) If the board of county commissioners ~~shall fail~~
 2 fails in any school fiscal year to make a levy for any issue
 3 or series of bonds of any a school district sufficient to
 4 raise the ~~moneys~~ money necessary for payment of interest and
 5 principal becoming due during the next ensuing school fiscal
 6 year, in such any amounts ~~as--are~~ established under the
 7 provisions of this section, the holder of any bond of such
 8 the issue or series or any taxpayer of the district may
 9 apply to the district court of the county in which such the
 10 school district is located for a writ of mandate to compel
 11 the board of county commissioners of such the county to make
 12 a sufficient levy for such purposes. If, upon the hearing of
 13 such the application, it ~~shall--appear~~ appears to the
 14 satisfaction of the court that the board of county
 15 commissioners of such the county has failed to make a levy
 16 or has made a levy that is insufficient to raise the amount
 17 required to be raised as established in the manner provided
 18 in this section, the court shall determine the amount of
 19 such the deficiency and shall issue a writ of mandate
 20 directed to and requiring the board of county commissioners,
 21 at the next meeting for the purpose of fixing tax levies for
 22 county purposes, to fix and make a levy against all taxable
 23 property in such the school district that is sufficient to
 24 raise the amount of such the deficiency. ~~Such The~~ The levy ~~shall~~
 25 be is in addition to any levy required to be made at that

1 time for the ~~then-ensuing~~ ensuing school fiscal year. Any
 2 costs ~~which~~ that may be allowed or awarded the petitioner in
 3 ~~any-such~~ the proceeding ~~shall~~ must be paid by the members of
 4 the board of county commissioners and ~~shall~~ may not be a
 5 charge against the school district or the county."

6 **Section 39.** Section 20-9-471, MCA, is amended to read:

7 **"20-9-471. Issuance of short-term obligations --**
 8 **authorization -- conditions.** (1) The trustees of a school
 9 district may, without a vote of the electors of the
 10 district, issue and sell to the board of investments
 11 **short-term** obligations for the purpose of financing all or a
 12 portion of:

13 (a) the costs of vehicles and equipment;

14 (b) the costs associated with renovating,
 15 rehabilitating, and remodeling facilities, including but not
 16 limited to roof repairs, heating, plumbing, and electrical
 17 systems;

18 (c) any other capital expenditure the district is
 19 otherwise authorized to make, subject to subsection (4); and

20 (d) the costs associated with the issuance and sale of
 21 the **short-term** obligations.

22 (2) The term of the **short-term** obligation may not
 23 exceed 5 full fiscal years.

24 (3) At the time of issuing the obligation, there must
 25 exist an amount in the budget for the current fiscal year

1 available and sufficient to make the debt service payment on
 2 the obligation coming due in the current year. The budget
 3 for each following year in which any portion of the
 4 principal of and interest on the obligation is due must
 5 provide for payment of such that principal and interest.

6 (4) The proceeds of the short-term obligation may not
 7 be used to acquire real property or construct a facility.

8 (5) An obligation issued is payable from any legally
 9 available fund of the district and constitutes a general
 10 obligation of the district.

11 (6) The obligation may bear interest at a fixed or
 12 variable rate and may be sold to the board of investments at
 13 par, at a discount, or with a premium, and upon any other
 14 terms and conditions that the trustees determine to be in
 15 the best interests of the district.

16 (7) The principal amount of the short-term obligation,
 17 when added to the outstanding bonded indebtedness of the
 18 district, may not exceed the debt limitation established in
 19 20-9-406."

20 **Section 40.** Section 20-9-501, MCA, is amended to read:

21 "20-9-501. Retirement fund. (1) The trustees of any a
 22 district employing personnel who are members of the
 23 teachers' retirement system or the public employees'
 24 retirement system or who are covered by unemployment
 25 insurance or who are covered by any federal social security

1 system requiring employer contributions shall establish a
 2 retirement fund for the purposes of budgeting and paying the
 3 employer's contributions to such the systems. The district's
 4 contribution for each employee who is a member of the
 5 teachers' retirement system must be calculated in accordance
 6 with Title 19, chapter 4, part 6. The district's
 7 contribution for each employee who is a member of the public
 8 employees' retirement system must be calculated in
 9 accordance with 19-3-801. The district's contributions for
 10 each employee covered by any federal social security system
 11 must be paid in accordance with federal law and regulation.
 12 The district's contribution for each employee who is covered
 13 by unemployment insurance must be paid in accordance with
 14 Title 39, chapter 51, part 11.

15 (2) The trustees of any a district required to make a
 16 contribution to any a system referred to in subsection (1)
 17 shall include in the retirement fund of the preliminary
 18 budget the estimated amount of the employer's contribution.
 19 After the final retirement fund budget has been adopted, the
 20 trustees shall pay the employer contributions to such the
 21 systems in accordance with the financial administration
 22 provisions of this title.

23 (3) When the final retirement fund budget has been
 24 adopted, the county superintendent shall establish the levy
 25 requirement by:

1 (a) determining the sum of the money available to
 2 reduce the retirement fund levy requirement by adding:

3 (i) any anticipated money that may be realized in the
 4 retirement fund during the ensuing school fiscal year,
 5 including anticipated revenue from property taxes and fees
 6 imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
 7 61-3-537, and 67-3-204;

8 ~~(ii) anticipated-guaranteed-tax-base-aid-in-support--of~~
 9 ~~retirement;~~

10 ~~{iii}~~ net proceeds taxes and local government severance
 11 taxes on any other oil and gas production occurring after
 12 December 31, 1988;

13 ~~{iv}~~{iii} coal gross proceeds taxes under 15-23-703; and

14 ~~{v}~~{iv} any cash fund balance available for
 15 reappropriation as determined by subtracting the amount of
 16 the end-of-the-year cash fund balance earmarked as the
 17 retirement fund cash operating reserve for the ensuing
 18 school fiscal year by the trustees from the end-of-the-year
 19 cash fund balance in the retirement fund. The retirement
 20 fund cash operating reserve may not be more than 35% of the
 21 final retirement fund budget for the ensuing school fiscal
 22 year and must be used for the purpose of paying retirement
 23 fund warrants issued by the district under the final
 24 retirement fund budget; and

25 {v} any other revenue anticipated that may be realized

1 in the retirement fund during the ensuing school fiscal
 2 year, excluding any guaranteed tax base aid.

3 (b) notwithstanding the provisions of subsection (8),
 4 subtracting the money available for reduction of the levy
 5 requirement, as determined in subsection (3)(a), from the
 6 budgeted amount for expenditures in the final retirement
 7 fund budget.

8 (4) The county superintendent shall:

9 (a) total the net retirement fund levy requirements
 10 separately for all elementary school districts, all high
 11 school districts, and all community college districts of the
 12 county, including any prorated joint district or special
 13 education cooperative agreement levy requirements; and

14 (b) report each levy requirement to the county
 15 commissioners on the second Monday of August as the
 16 respective county levy requirements for elementary district,
 17 high school district, and community college district
 18 retirement funds.

19 (5) The county commissioners shall fix and set the
 20 county levy in accordance with 20-9-142.

21 (6) The net retirement fund levy requirement for a
 22 joint elementary district or a joint high school district
 23 must be prorated to each county in which a part of the
 24 district is located in the same proportion as the district
 25 ANB of the joint district is distributed by pupil residence

1 in each county. The county superintendents of the counties
2 affected shall jointly determine the net retirement fund
3 levy requirement for each county as provided in 20-9-151.

4 (7) The net retirement fund levy requirement for
5 districts that are members of special education cooperative
6 agreements must be prorated to each county in which the
7 district is located in the same proportion as the ~~budget for~~
8 ~~the special education cooperative agreement of the district~~
9 ~~bears to the total budget of the cooperative~~ special
10 education cooperative budget is prorated to the member
11 school districts. The county superintendents of the counties
12 affected shall jointly determine the net retirement fund
13 levy requirement for each county in the same manner as
14 provided in 20-9-151 and fix and levy the net retirement
15 fund levy for each county in the same manner as provided in
16 20-9-152.

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

24 (b) The county commissioners shall calculate the number
25 of mills to be levied on the taxable property in the county

1 to finance the retirement fund net levy requirement by
2 dividing the amount determined in subsection (4)(a) by the
3 sum of:

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

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

9 **Section 41.** Section 20-9-504, MCA, is amended to read:

10 "20-9-504. Extracurricular fund for pupil functions.

11 (1) The government of the pupils of the school within a
12 district or the administration of a school on behalf of the
13 pupils may establish an extracurricular fund for the
14 purposes of the receipts and expenditures of money collected
15 for pupil extracurricular functions with the approval of the
16 trustees of the district. All extracurricular moneys of any
17 a pupil organization of the school ~~shall~~ must be deposited
18 and expended by check from a bank account maintained for the
19 extracurricular fund.

20 (2) An accounting system for the extracurricular fund
21 recommended by the ~~department of commerce~~ shall
22 superintendent of public instruction must be implemented by
23 the trustees. Such The accounting system ~~shall~~ must provide
24 for:

25 (a) the internal control of the cash receipts and

1 expenditures of the money; and

2 (b) a general account that can be reconciled with the
3 bank account for the extracurricular fund and reconciled
4 with the detailed accounts within the extracurricular fund
5 maintained for each student function."

6 **Section 42.** Section 20-9-505, MCA, is amended to read:

7 "20-9-505. Purpose and establishment of nonoperating
8 fund. (1) The trustees of ~~any~~ a district that will not
9 operate ~~any~~ a school during the ensuing school fiscal year
10 shall establish a nonoperating fund on the first day of ~~such~~
11 the school fiscal year. In establishing the nonoperating
12 fund, the trustees shall cause the transfer of the
13 end-of-the-year cash fund balance of each fund maintained by
14 the district during the immediately preceding school fiscal
15 year to the nonoperating fund. However, cash fund balances
16 of the debt service fund and the miscellaneous ~~federal~~
17 programs fund, if any, ~~shall~~ must be maintained in their
18 individual funds.

19 (2) The trustees of a district establishing a
20 nonoperating fund for the first year of nonoperation may
21 earmark a portion of the nonoperating fund cash balance as a
22 nonoperating fund cash operating reserve when they
23 anticipate the reopening of a school in the following school
24 fiscal year. ~~Such-cash~~ The operating reserve ~~shall~~ may not
25 be more than the general fund cash operating reserve

1 designated for the immediately preceding school fiscal year.
2 If a school is not operated in the following school fiscal
3 year, the authority of the trustees to earmark a
4 nonoperating fund cash operating reserve ~~shall-terminate~~
5 terminates and the ~~moneys~~ money earmarked as ~~a--cash~~ an
6 operating reserve ~~shall~~ must be used to reduce the levy
7 requirement of the nonoperating fund. If the trustees
8 acquire approval to reopen a school in the following school
9 fiscal year under the provisions of 20-6-502 or 20-6-503 and
10 operate ~~such~~ the school, the nonoperating fund cash
11 operating reserve ~~shall~~ must be restored as the general fund
12 cash operating reserve.

13 (3) The purpose of the nonoperating fund ~~shall-be~~ is to
14 centralize the financing and budgeting for the limited
15 functions of a district not operating a school. ~~Such~~ The
16 functions ~~shall~~ include:

- 17 (a) elementary tuition obligations to other districts;
18 (b) transportation of the resident pupils;
19 (c) maintenance of district-owned property; and
20 (d) any other nonoperating school function of the
21 district ~~deemed~~ considered necessary by the trustees or
22 required by law.

23 (4) Any expenditure of nonoperating fund ~~moneys-shall~~
24 money must be made in accordance with the financial
25 administration provisions of this title for a budgeted

1 fund."

2 **Section 43.** Section 20-9-507, MCA, is amended to read:

3 "20-9-507. Miscellaneous programs fund. (1) The
4 trustees of any a district receiving grants--of money from
5 local, state, or federal moneys, or other district sources
6 other than moneys money under the provisions of Title I of
7 Public Law 81-874 or federal moneys money designated for
8 deposit in a specific fund of the district shall establish a
9 miscellaneous programs fund for the deposit of ~~such--moneys~~
10 the money. ~~Such--moneys~~ The money may be a reimbursement of
11 expenditures already realized by the district or may be a
12 grant of moneys money for the financing of expenditures to
13 be realized by the district for a special, approved program
14 to be operated by the district. When the ~~moneys--are~~ money is
15 a reimbursement, the ~~moneys--shall~~ money may be expended at
16 the discretion of the trustees for school purposes. When the
17 ~~moneys--are~~ money is a grant, the ~~moneys--shall~~ money must be
18 expended according to the conditions of the program approval
19 by the superintendent of public instruction or any other
20 approval agent. Within the miscellaneous programs fund, the
21 trustees shall cause a separate accounting to be maintained
22 for each federal grant program and for the aggregate of all
23 reimbursement moneys money.

24 (2) The financial administration of the miscellaneous
25 programs fund shall must be in accordance with the financial

1 administration provisions of this title for a nonbudgeted
2 fund ~~which--shall--be--applied--by--individua--grant--programs--or~~
3 ~~for--the--aggregate--amount--of--the--reimbursement--moneys--rather~~
4 ~~than--on--the--basis--of--the--total--fund."~~

5 **Section 44.** Section 20-10-101, MCA, is amended to read:

6 "20-10-101. Definitions. As used in this title, unless
7 the context clearly indicates otherwise, the following
8 definitions apply:

9 (1) "Transportation" ~~shall--mean~~ means:

10 (a) a district's conveyance of a pupil by a school bus
11 between his legal residence and the school designated by the
12 trustees for his attendance; or

13 (b) ~~a--district's--conveyance--of--a--pupil--by--a--school--bus~~
14 ~~between--his--regular--school---of---attendance---and---the~~
15 ~~vocational--technical--secondary--schools--designated--by--the~~
16 ~~trustees--for--his--attendance--if--the--secondary--school--is~~
17 ~~located--in--some--other--school--district;--or~~

18 (c) "individual transportation" whereby a district is
19 relieved of actually conveying a pupil. ~~Such--individua~~
20 Individual transportation may include paying the parent or
21 guardian for conveying the pupil, reimbursing the parent or
22 guardian for the pupil's board and room, or providing
23 supervised correspondence study or supervised home study.

24 (2) An "eligible transportee" ~~shall--mean~~ means a public
25 school pupil who:

1 (a) is ~~not-less-than~~ 5 years of age ~~nor or older and~~
 2 has ~~not~~ attained his 21st birthday ~~or who is a handicapped~~
 3 ~~preschool child between the ages of 3 and 6;~~

4 (b) is a resident of the state of Montana;

5 (c) regardless of district and county boundaries,
 6 resides at least 3 miles, over the shortest practical route,
 7 from the nearest operating public elementary school or
 8 public high school, whichever the case may be; and

9 (d) is ~~deemed-by-law~~ considered to reside with his
 10 parent or guardian who maintains legal residence within the
 11 boundaries of the district furnishing the transportation
 12 regardless of where the eligible transportee actually lives
 13 when attending school.

14 (3) (a) A "school bus" means, except as provided in
 15 subsection (3)(b), any motor vehicle that:

16 (i) complies with the bus standards established by the
 17 board of public education as verified by the Montana
 18 department of justice's semiannual inspection of school
 19 buses and the superintendent of public instruction; and

20 (ii) is owned by a district or other public agency and
 21 operated for the transportation of pupils to or from school
 22 or owned by a carrier under contract with a district or
 23 public agency to provide transportation of pupils to or from
 24 school.

25 (b) A school bus does not include a vehicle that is:

1 (i) privately owned and not operated for compensation
 2 under this title;

3 (ii) privately owned and operated for reimbursement
 4 under 20-10-142;

5 (iii) either district-owned or privately owned, designed
 6 to carry not more than nine passengers, and used to
 7 transport pupils to or from activity events or to transport
 8 pupils to their homes in case of illness or other emergency
 9 situations; or

10 (iv) an over-the-road passenger coach used only to
 11 transport pupils to activity events."

12 **Section 45.** Section 20-10-143, MCA, is amended to read:

13 "20-10-143. Budgeting for transportation and
 14 transmittal of transportation contracts. (1) The trustees of
 15 any a district furnishing transportation to pupils who are
 16 residents of such the district ~~shall~~ have the authority and
 17 it ~~shall-be~~ is their duty to provide a transportation fund
 18 budget that is adequate to finance such the district's
 19 transportation contractual obligations and any other
 20 transportation expenditures necessary for the conduct of its
 21 transportation program. The transportation fund budget ~~shall~~
 22 must include:

23 (a) an adequate amount to finance the maintenance and
 24 operation of district owned and operated school buses;

25 (b) the annual contracted amount for the maintenance

1 and operation of school buses by a private party;

2 (c) the annual contracted amount for individual
3 transportation, including any increased amount ~~due~~ to
4 because of isolation, which ~~shall~~ may not exceed the
5 schedule amounts prescribed in 20-10-142;

6 (d) any amount necessary for the purchase, rental, or
7 insurance of school buses; and

8 (e) any other amount necessary to finance the
9 administration, operation, or maintenance of the
10 transportation program of the district, as determined by the
11 trustees.

12 (2) The trustees may include a contingency amount in
13 the transportation fund budget for the purpose of enabling
14 the district to fulfill any obligation to provide
15 transportation in accordance with the transportation law for
16 any pupils not residing in the district at the time of the
17 adoption of the preliminary budget and who subsequently
18 became residents of such the district during the school
19 fiscal year or pupils who have become eligible transportees
20 since the adoption of the preliminary budget because their
21 legal residence has been changed. The budgeted contingency
22 amount ~~shall~~ may not exceed 10% of the transportation
23 schedule amount as calculated under the provisions of
24 20-10-141 and 20-10-142 for all transportation services
25 authorized by such the schedule and provided by the district

1 unless 10% of such the transportation schedule amount ~~shall~~
2 be is less than \$100, in which case \$100 ~~shall--be is~~ the
3 maximum limitation for such the budgeted contingency amount.

4 (3) As provided in 20-9-162, an emergency amendment to
5 the transportation fund budget may be adopted subject to the
6 provisions of the emergency-budgeting budget amendment law.

7 (4) The transportation fund budgeted expenditures
8 appropriated by the trustees ~~shall~~ must be reported on the
9 regular budget form prescribed by the superintendent of
10 public instruction in accordance with 20-9-103, and the
11 adoption of the transportation fund budget ~~shall~~ must be
12 completed in accordance with the school budgeting laws. When
13 the adopted preliminary budget is sent to the county
14 superintendent, the trustees shall also send copies of all
15 completed transportation contracts for school bus
16 transportation and individual transportation to the county
17 superintendent. Such The contracts ~~shall~~ must substantiate
18 all contracted transportation services incorporated in the
19 preliminary budget, and after the county superintendent has
20 utilized the contracts for such that purpose but before the
21 fourth Monday of July, he shall send all the transportation
22 contracts received by him to the superintendent of public
23 instruction. When the county superintendent determines a
24 deviation between the preliminary transportation fund budget
25 amount for contracted transportation services and the

1 contracted amount for such the services, he shall
 2 immediately call the deviation to the attention of the
 3 appropriate trustees and shall allow the trustees to change
 4 the preliminary budgeted amount to compensate for such the
 5 deviation."

6 **Section 46.** Section 20-10-144, MCA, is amended to read:

7 "20-10-144. Computation of revenues and net tax levy
 8 requirements for the transportation fund budget. Before the
 9 fourth Monday of July and in accordance with 20-9-123, the
 10 county superintendent shall compute the revenue available to
 11 finance the transportation fund budget of each district. The
 12 county superintendent shall compute the revenue for each
 13 district on the following basis:

14 (1) The "schedule amount" of the preliminary budget
 15 expenditures that is derived from the rate schedules in
 16 20-10-141 and 20-10-142 must be determined by adding the
 17 following amounts:

18 (a) the sum of the maximum reimbursable expenditures
 19 for all approved school bus routes maintained by the
 20 district (to determine the maximum reimbursable expenditure,
 21 multiply the applicable rate per bus mile by the total
 22 number of miles to be traveled during the ensuing school
 23 fiscal year on each bus route approved by the county
 24 transportation committee and maintained by such district);
 25 plus

1 (b) the total of all individual transportation per diem
 2 reimbursement rates for the district as determined from the
 3 contracts submitted by the district multiplied by the number
 4 of pupil-instruction days scheduled for the ensuing school
 5 attendance year; plus

6 (c) any estimated costs for supervised home study or
 7 supervised correspondence study for the ensuing school
 8 fiscal year; plus

9 (d) the amount budgeted on the preliminary budget for
 10 the contingency amount permitted in 20-10-143, except if the
 11 amount exceeds 10% of the total of subsections (1)(a),
 12 (1)(b), and (1)(c) or \$100, whichever is larger, the
 13 contingency amount on the preliminary budget must be reduced
 14 to the limitation amount and used in this determination of
 15 the schedule amount.

16 (2) The schedule amount determined in subsection (1) or
 17 the total preliminary transportation fund budget, whichever
 18 is smaller, is divided by 3 and the resulting one-third
 19 amount is used to determine the available state and county
 20 revenue to be budgeted on the following basis:

21 (a) the resulting one-third amount is the budgeted
 22 state transportation reimbursement, except that the state
 23 transportation reimbursement for the transportation of
 24 special education pupils under the provisions of 20-7-442
 25 must be two-thirds of the schedule amount attributed to the

1 transportation of special education pupils;

2 (b) the resulting one-third amount, except as provided
3 for joint elementary districts in subsection (2)(e), is the
4 budgeted county transportation reimbursement for elementary
5 districts and must be financed by the basic county tax under
6 the provisions of 20-9-334;

7 (c) the resulting one-third amount multiplied by 2 is
8 the budgeted county transportation reimbursement amount for
9 high school districts financed under the provisions of
10 subsection (5), except as provided for joint high school
11 districts in subsection (2)(e), and except that the county
12 transportation reimbursement for the transportation of
13 special education pupils under the provisions of 20-7-442
14 must be one-third of the schedule amount attributed to the
15 transportation of special education pupils;

16 (d) when the district has a sufficient amount of cash
17 for reappropriation and other sources of district revenue,
18 as determined in subsection (3), to reduce the total
19 district obligation for financing to zero, any remaining
20 amount of district revenue and cash reappropriated must be
21 used to reduce the county financing obligation in subsection
22 (2)(b) or (2)(c) and, if the county financing obligations
23 are reduced to zero, to reduce the state financial
24 obligation in subsection (2)(a); and

25 (e) the county revenue requirement for a joint

1 district, after the application of any district money under
2 subsection (2)(d), must be prorated to each county
3 incorporated by the joint district in the same proportion as
4 the ANB of the joint district is distributed by pupil
5 residence in each county.

6 (3) The total of the money available for the reduction
7 of property tax on the district for the transportation fund
8 must be determined by totaling:

9 (a) anticipated federal money received under the
10 provisions of Title I of Public Law 81-874 or other
11 anticipated federal money received in lieu of that federal
12 act; plus

13 (b) anticipated payments from other districts for
14 providing school bus transportation services for the
15 district; plus

16 (c) anticipated payments from a parent or guardian for
17 providing school bus transportation services for his child;
18 plus

19 (d) anticipated or reappropriated interest to be earned
20 by the investment of transportation fund cash in accordance
21 with the provisions of 20-9-213(4); plus

22 (e) anticipated or reappropriated revenue from property
23 taxes and fees imposed under 23-2-517, 23-2-803,
24 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204; plus

25 (f) gross proceeds taxes from coal under 15-23-703;

1 plus

2 (g) net proceeds taxes for interim production and new
3 production, as defined in 15-23-601, and local government
4 severance taxes on any other production occurring after
5 December 31, 1988; plus

6 (h) any other revenue anticipated by the trustees to be
7 earned during the ensuing school fiscal year which that may
8 be used to finance the transportation fund; plus

9 (i) any cash fund balance available for reappropriation
10 as determined by subtracting the amount of the
11 end-of-the-year cash fund balance earmarked as the
12 transportation fund cash operating reserve for the ensuing
13 school fiscal year by the trustees from the end-of-the-year
14 cash fund balance in the transportation fund. The cash
15 operating reserve may not be more than 20% of the final
16 transportation fund budget for the ensuing school fiscal
17 year and is for the purpose of paying transportation fund
18 warrants issued by the district under the final
19 transportation fund budget.

20 (4) The district levy requirement for each district's
21 transportation fund must be computed by:

22 (a) subtracting the schedule amount calculated in
23 subsection (1) from the total preliminary transportation
24 budget amount and, for an elementary district, adding the
25 difference to the district obligation to finance one-third

1 of the schedule amount as determined in subsection (2); and

2 (b) subtracting the amount of money available to reduce
3 the property tax on the district, as determined in
4 subsection (3), from the amount determined in subsection
5 (4)(a).

6 (5) The county levy requirement for the financing of
7 the county transportation reimbursement to high school
8 districts is computed by adding all requirements for all the
9 high school districts of the county, including the county's
10 obligation for reimbursements in joint high school
11 districts.

12 (6) The transportation fund levy requirements
13 determined in subsection (4) for each district and in
14 subsection (5) for the county must be reported to the county
15 commissioners on the second Monday of August by the county
16 superintendent as the transportation fund levy requirements
17 for the district and for the county, and the levies must be
18 made by the county commissioners in accordance with
19 20-9-142."

20 **Section 47.** Section 20-10-145, MCA, is amended to read:

21 "20-10-145. State transportation reimbursement. (1) Any
22 A district providing school bus transportation or individual
23 transportation in accordance with the transportation law,
24 board of public education transportation policy, and
25 superintendent of public instruction transportation rules

1 ~~shall~~ must receive a state reimbursement of its
 2 transportation expenditures under the transportation
 3 reimbursement rate provisions of 20-10-141 and 20-10-142.
 4 The state transportation reimbursement ~~shall~~ may not exceed
 5 one-third of the reimbursement amounts established in ~~such~~
 6 ~~sections 20-10-141 and 20-10-142~~ or one-third of the
 7 district's transportation fund budget, whichever is smaller,
 8 and ~~shall~~ must be computed on the basis of the number of
 9 days the transportation services were actually rendered, not
 10 to exceed 180 pupil-instruction days. In determining the
 11 amount of the state transportation reimbursement, ~~no an~~
 12 amount claimed by a district ~~shall~~ may not be considered for
 13 reimbursement unless ~~such the~~ amount has been paid in the
 14 regular manner provided for the payment of other financial
 15 obligations of the district.

16 (2) Requests for the state transportation reimbursement
 17 ~~shall~~ must be made by each district semiannually during the
 18 school fiscal year on the claim forms and procedure
 19 promulgated by the superintendent of public instruction. The
 20 claims for state transportation reimbursements ~~shall~~ must be
 21 routed by the district to the county superintendent, who
 22 after reviewing ~~such the~~ claims shall send them to the
 23 superintendent of public instruction. The superintendent of
 24 public instruction shall establish the validity and accuracy
 25 of the claims for the state transportation reimbursements by

1 determining their compliance with the transportation law,
 2 board of public education transportation policy, and the
 3 transportation rules of the superintendent of public
 4 instruction. After making any necessary adjustments to ~~such~~
 5 ~~the claims, he--shall--cause-their-payment-by-ordering the~~
 6 superintendent of public instruction shall order a
 7 disbursement from the state ~~moneys~~ money appropriated by the
 8 legislature of the state of Montana for the state
 9 transportation reimbursement. ~~Such The~~ payment of all the
 10 district's claims within one county ~~shall~~ must be made to
 11 the county treasurer of ~~such the~~ county, and the county
 12 superintendent shall apportion ~~such the~~ payment in
 13 accordance with the apportionment order supplied by the
 14 superintendent of public instruction."

15 **Section 48.** Section 15-24-1402, MCA, is amended to
 16 read:

17 "15-24-1402. New or expanding industry -- assessment.
 18 (1) In the first 5 years after a construction permit is
 19 issued, qualifying improvements or modernized processes that
 20 represent new industry or expansion of an existing industry,
 21 as designated in the approving resolution, ~~shall~~ must be
 22 taxed at 50% of their taxable value. Each year thereafter,
 23 the percentage ~~shall~~ must be increased by equal percentages
 24 until the full taxable value is attained in the 10th year.
 25 In subsequent years, the property ~~shall~~ must be taxed at

1 100% of its taxable value.

2 (2) (a) In order for a taxpayer to receive the tax
3 benefits described in subsection (1), the governing body of
4 the affected county or the incorporated city or town must
5 have approved by separate resolution for each project,
6 following due notice as defined in 76-15-103 and a public
7 hearing, the use of the schedule provided for in subsection
8 (1) for its respective jurisdiction. The governing body may
9 not grant approval for the project until all of the
10 applicant's taxes have been paid in full. Taxes paid under
11 protest do not preclude approval.

12 (b) The governing body may end the tax benefits by
13 majority vote at any time, but the tax benefits may not be
14 denied an industrial facility that previously qualified for
15 the benefits.

16 (c) The resolution provided for in subsection (2)(a)
17 ~~shall~~ must include a definition of the improvements or
18 modernized processes that qualify for the tax treatment that
19 is to be allowed in the taxing jurisdiction. The resolution
20 may provide that real property other than land, personal
21 property, improvements, or any combination thereof is
22 eligible for the tax benefits described in subsection (1).

23 (3) The taxpayer ~~must~~ shall apply to the county
24 assessor on a form provided by the department of revenue for
25 the tax treatment allowed under subsection (1). The

1 application by the taxpayer must first be approved by the
2 governing body of the appropriate local taxing jurisdiction,
3 and the governing body ~~must~~ shall indicate in its approval
4 that the property of the applicant qualifies for the tax
5 treatment provided for in this section. Upon receipt of the
6 form with the approval of the governing body of the affected
7 taxing jurisdiction, the assessor shall make the assessment
8 change pursuant to this section.

9 (4) The tax benefit described in subsection (1) applies
10 only to the number of mills levied and assessed for local
11 high school district and elementary school district purposes
12 and to the number of mills levied and assessed by the
13 governing body approving the benefit over which the
14 governing body has sole discretion. In no case may the
15 benefit described in subsection (1) apply to levies or
16 assessments required under Title 15, chapter 10, 20-9-331,
17 20-9-333, 20-9-360, or otherwise required under state law."

18 **Section 49.** Section 20-15-404, MCA, is amended to read:

19 "20-15-404. Trustees to adhere to certain other laws.
20 Unless the context clearly indicates otherwise, the trustees
21 of a community college district shall adhere to:

22 (1) ~~adhere to~~ the teachers' retirement provisions of
23 Title 19, chapter 47-~~as-amended~~;

24 (2) ~~adhere to~~ the provisions of 20-1-201, 20-1-205,
25 20-1-211, and 20-1-2127-~~as-amended~~;

1 (3) ~~adhere--to~~ the school property provisions of
2 20-6-604, 20-6-605, 20-6-621, 20-6-622, 20-6-624, 20-6-631,
3 and 20-6-633 through 20-6-636~~7-as-amended~~;

4 (4) ~~adhere--to~~ the adult education provisions of
5 20-7-701 through 20-7-713~~7-as-amended~~;

6 (5) ~~adhere-to~~ the administration of finances provisions
7 of 20-9-115, 20-9-134, ~~subsections-(2)-(3)-(4)-and-(5)-of~~
8 ~~20-9-1617--20-9-1637--20-9-1657~~ 20-9-207, 20-9-208, 20-9-210,
9 20-9-215, 20-9-221 through 20-9-224, and 20-9-512~~7---as~~
10 ~~amended~~;

11 (6) ~~adhere--to~~ the school bond provisions of 20-9-401
12 through 20-9-412, 20-9-421 through 20-9-446, 20-9-451
13 through 20-9-456, and 20-9-461 through 20-9-465~~7-as-amended~~;

14 (7) ~~adhere--to~~ the special purpose funds provisions of
15 20-9-502, 20-9-503, 20-9-507, 20-9-508, and 20-9-511~~7--as~~
16 ~~amended~~;

17 (8) ~~adhere--to~~ the educational cooperative agreements
18 provisions of 20-9-701 through 20-9-704~~7-as-amended~~;

19 (9) ~~adhere-to~~ the school elections provisions of Title
20 20, chapter 20~~7-as-amended~~;

21 (10) ~~adhere---to~~ the students' rights provisions of
22 20-25-511 through 20-25-516~~7-as-amended~~; and

23 (11) ~~adhere-to~~ the health provisions of 50-1-206."

24 NEW SECTION. Section 50. Approval to amend general
25 fund budget for ensuing school fiscal year. (1) The trustees

1 of a district may determine that expenses from the following
2 sources will need to be funded by the general fund budget in
3 the ensuing school fiscal year:

4 (a) a budget amendment authorized under the provisions
5 of 20-9-161 through 20-9-163;

6 (b) metal mines tax reserve fund authorized in
7 20-9-231;

8 (c) special education expenditures approved under the
9 provisions of 20-9-321(3);

10 (d) transfer of services from or dissolution of a
11 special education cooperative; and

12 (e) tuition receipts deposited in the miscellaneous
13 programs fund.

14 (2) Whenever the trustees determine that expenses from
15 the sources in subsection (1) will need to be funded by the
16 general fund in the ensuing year, the trustees shall
17 petition the superintendent of public instruction for
18 approval to add the expenditures from any of the sources to
19 the current year's general fund budget for the purposes of
20 calculating the ensuing year's general fund budget
21 limitation. The petition must set forth in writing the
22 specific reasons for the request and a report of the actual
23 expenditures.

24 (3) The superintendent of public instruction shall
25 promptly approve or disapprove the petition for approval to

1 add the expenditures from the sources in subsection (1) to
2 the current year's general fund budget for the purposes of
3 calculating the ensuing year's general fund budget.

4 NEW SECTION. Section 51. Definition of emergency for
5 budgeting purposes. As used in this chapter, unless the
6 context clearly indicates otherwise, the term "emergency"
7 for the purpose of community college budgeting means:

8 (1) the destruction or impairment of any community
9 college district property necessary to the maintenance of
10 the district, by fire, flood, storm, riot, insurrection, or
11 act of God, to an extent rendering the property unfit for
12 its present use;

13 (2) a judgment for damages against the district issued
14 by a court after the adoption of the budget for the current
15 year;

16 (3) an enactment of legislation after the adoption of
17 the budget for the current year that imposes an additional
18 financial obligation on the district; or

19 (4) any other reason of similar consequence that has
20 been approved by the board of regents upon petition by the
21 trustees of the district.

22 NEW SECTION. Section 52. Resolution for emergency
23 budget -- petition to the board of regents. (1) Whenever the
24 trustees of a community college district decide that an
25 emergency exists, they may adopt a resolution proclaiming

1 the emergency by a unanimous vote of all members present at
2 any meeting for which each trustee has been given reasonable
3 notice of the time and place of holding the meeting. The
4 emergency resolution must also state the facts constituting
5 the emergency, the estimated amount of money required to
6 meet the emergency, the funds affected by the emergency, and
7 the time and place the board will meet for the purpose of
8 considering and adopting an emergency budget for the funds
9 for the current school fiscal year.

10 (2) If the trustees decide that an emergency exists for
11 any reason other than the conditions specified in 20-9-161
12 (1) through (3), they shall petition the board of regents
13 for permission to adopt a resolution of emergency. The
14 petition must set forth in writing the reasons for the
15 request, the district funds affected by the emergency, the
16 estimated amount of money required to meet the emergency for
17 each affected fund, the anticipated sources of financing for
18 the emergency expenditures, and any other information
19 required by the board of regents. The petition must be
20 signed by each trustee.

21 (3) The board of regents shall promptly approve or
22 disapprove the petition requesting approval to adopt a
23 resolution of emergency. If the petition is approved, the
24 trustees may adopt a resolution of emergency and take all
25 other steps required for the adoption of an emergency

1 budget. Approval of a petition by the board of regents
2 authorizes the board of trustees to initiate emergency
3 budget proceedings by resolution and does not relieve the
4 trustees of the necessity of complying with the requirements
5 of the emergency budgeting laws.

6 NEW SECTION. Section 53. Emergency budget limitation,
7 preparation, and adoption procedures. (1) The meeting of the
8 trustees of a community college district to consider and
9 adopt an emergency budget must be open to the public, and
10 any taxpayer in the district has the right to appear and be
11 heard. If at the meeting a majority of the trustees present
12 find that an emergency exists, the trustees may make and
13 adopt a preliminary emergency budget, on the regular budget
14 form, setting forth fully the facts constituting the
15 emergency. In adopting the preliminary emergency budget, the
16 trustees may budget for any fund that was included on the
17 final budget of the district for the current fiscal year.
18 The budget must be itemized to show the amount appropriated
19 for each item as required on the budget form.

20 (2) When the emergency is the result of increased
21 enrollment, the maximum amount of the emergency budget for
22 all funds must be determined by budget amendment.

23 (3) If another type of emergency occurs, the budget
24 must be limited to the expenditures considered by the
25 trustees to be reasonable and necessary to finance the

1 conditions of the emergency and the preliminary emergency
2 budget must include the details of the proposed
3 expenditures.

4 (4) After a majority of the trustees have voted to
5 adopt the emergency budget, it must be signed by the
6 chairman of the trustees and the clerk of the district and
7 copies must be sent to the county superintendent, the county
8 treasurer, and the board of regents.

9 NEW SECTION. Section 54. Determination of available
10 financing -- fixing and levying property taxation for an
11 emergency budget. (1) After the last day of the fiscal year
12 for which an emergency budget has been adopted, the county
13 treasurer shall determine the amount of the cash balance
14 that is available to finance the emergency budget's
15 outstanding warrants or registered warrants for each fund
16 included on the emergency budget. The available amount of
17 the cash balance of each fund must be determined by
18 deducting from the county treasurer's year-end cash balance
19 for the fund the outstanding warrants or registered warrants
20 issued under the regularly adopted final budget for the fund
21 and the cash reserve for the fund that the trustees have
22 established, within the limitations of law, for the
23 following fiscal year.

24 (2) The county treasurer shall prepare and deliver a
25 statement on the financial status of each fund included on

1 an emergency budget for a district that had an emergency
2 budget during the preceding year to the board of county
3 commissioners by the first Monday in August. The statement
4 for each district emergency budget must include:

5 (a) the total amount of emergency warrants that are
6 outstanding or registered against each fund of the district;

7 (b) the amount of the cash balance in each fund
8 included on the emergency budget that is available to
9 finance the outstanding warrants or registered warrants; and

10 (c) after consideration of the available money in
11 subsection (2)(b), the additional amount of money that is
12 required to finance the outstanding warrants or registered
13 warrants and interest on the warrants and that must be
14 raised by a tax levy.

15 (3) For each fund of the emergency budget of each
16 district requiring a tax levy as established by subsection
17 (2)(c), the board of county commissioners shall, at the time
18 all other district and county taxes are fixed and levied,
19 levy a tax on the taxable property of each applicable
20 district that will raise sufficient financing to pay the
21 amount established by the county treasurer.

22 NEW SECTION. Section 55. Repealer. Sections 15-10-103,
23 20-9-111, and 20-9-167, MCA, are repealed.

24 NEW SECTION. Section 56. Codification instruction. (1)
25 [Section 50] is intended to be codified as an integral part

1 of Title 20, and the provisions of Title 20 apply to
2 [section 50].

3 (2) [Sections 51 through 54] are intended to be
4 codified as an integral part of Title 20, chapter 15, and
5 the provisions of Title 20, chapter 15, apply to [sections
6 51 through 54].

7 NEW SECTION. Section 57. Retroactive applicability.
8 [Sections 1 through 50] apply retroactively, within the
9 meaning of 1-2-109, to the school fiscal year beginning July
10 1, 1990.

11 NEW SECTION. Section 58. Effective date. (1) [Sections
12 1 through 50 and this section] are effective on passage and
13 approval.

14 (2) [Sections 51 through 54] are effective July 1,
15 1991.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0017, second reading.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to generally revise school law in compliance with new school funding provisions and generally accepted accounting principles for school districts; to allow a district to amend the adopted general fund budget and exceed any applicable budget limitation in certain circumstances; to allow school districts to transport preschool special education students; to limit state transportation reimbursement to 180 pupil instruction days; to adjust school district bonding limitation to compensate for changes in district taxable valuation; to extend the allocation of percentages of the individual income tax and the corporate license and income tax to the state general fund, the debt service account for long-range building program bonds, and the state equalization aid account for public schools; amending various sections; repealing various sections; and providing effective and applicability dates.

ASSUMPTIONS:

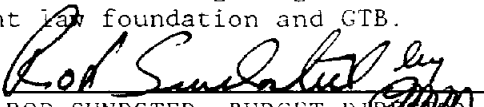
1. Current law allocates 100 percent of the personal and corporate income taxes excluding that on financial institutions to the general fund in FY92 and thereafter.
2. Personal and corporate income taxes allocated to the debt service account for long range building program bonds will be transferred to the general fund.
3. HB0384, as introduced, revenue estimates for public school equalization and the general fund are used.
4. Executive estimates for the cost of foundation and GTB.
5. Any FY92 surplus in the equalization account will be carried forward to FY93 to reduce general fund appropriation.

FISCAL IMPACT:Office of Public Instruction:

	<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>
<u>Expenditures:</u>						
School Foundation and GTB	393,797,000	393,797,000	0	393,325,000	393,325,000	0
<u>Funding:</u>						
General Fund	102,511,000	0	(102,511,000)	129,831,000	1,998,000	(127,833,000)
School Equalization (02)	<u>291,286,000</u>	<u>393,797,000</u>	<u>102,511,000</u>	<u>263,494,000</u>	<u>391,327,000</u>	<u>127,833,000</u>
Total	393,797,000	393,797,000	0	393,325,000	393,325,000	0
<u>Revenues:</u>						
General Fund	562,288,000	449,878,000	(112,410,000)	579,601,000	391,667,000	(117,934,000)

Net Impact:

None, the increase in school equalization funding for school foundation and GTB is less than the reduction in general fund revenue in FY92 as \$9,989,000 is added to the fund balance of the equalization account. In FY93 the increase in school equalization funding is greater than the reduction in general fund revenue as the fund balance from FY92 is used to fund the current law foundation and GTB.


 ROD SUNDSTED, BUDGET DIRECTOR
 Office of Budget and Program Planning
 DATE 2/11/91


 CHET BLAYLOCK, PRIMARY SPONSOR
 DATE 2/11/91

Fiscal Note for SB0017, second reading

SB 17

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0017, second reading, revised.

DESCRIPTION OF PROPOSED LEGISLATION:


An act to generally revise school law in compliance with new school funding provisions and generally accepted accounting principles for school districts; to allow a district to amend the adopted general fund budget and exceed any applicable budget limitation in certain circumstances; to allow school districts to transport preschool special education students; to limit state transportation reimbursement to 180 pupil instruction days; to adjust school district bonding limitation to compensate for changes in district taxable valuation; to extend the allocation of percentages of the individual income tax and the corporate license and income tax to the state general fund, the debt service account for long-range building program bonds, and the state equalization aid account for public schools; amending various sections; repealing various sections; and providing effective and applicability dates.

ASSUMPTIONS:

1. Current law allocates 100 percent of the personal and corporate income taxes excluding that on financial institutions to the general fund in FY92 and thereafter.
2. Personal and corporate income taxes allocated to the debt service account for long range building program bonds will be transferred to the general fund.
3. Revenue estimates from HB0384, as introduced for public school equalization and the general fund are used.
4. Executive estimates for the current law cost of foundation and GTB.
5. Any FY92 surplus in the equalization account will be carried forward to FY93 to reduce general fund appropriation.
6. The Office of Public Instruction currently reimburses for no more than 180 days of transportation, therefore the limit in section 46 will have no fiscal impact.
7. The state cost of GTB will increase \$2,618,000 as excess reserves which are currently required to be applied against the district permissive will be used to fund the voted portion of their budget.
8. Revenues to the 40 mill statewide levy will increase by \$85,000 as the tax reduction for new and expanding industries no longer applies to this levy.

FISCAL IMPACT:

see next page


 ROD SUNDSTED, BUDGET DIRECTOR
 Office of Budget and Program Planning

3-13-91
 DATE


 CHET BLAYLOCK, PRIMARY SPONSOR

3/18/91
 DATE

Fiscal Note for SB0017, second reading, revised

SB 17-2
 Rev.

Fiscal Note Request, SB0017, second reading, revised.

Form BD-15

Page 2

FISCAL IMPACT:

Office of Public Instruction:

	FY '92			FY '93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
School Foundation and GTB	393,797,000	396,415,000	2,618,000	393,325,000	395,943,000	2,618,000
<u>Funding:</u>						
General Fund	102,511,000	0	(102,511,000)	129,831,000	7,064,000	(122,767,000)
School Equalization (02)	<u>291,286,000</u>	<u>396,415,000</u>	<u>105,129,000</u>	<u>263,494,000</u>	<u>388,879,000</u>	<u>125,385,000</u>
Total	393,797,000	396,415,000	2,618,000	393,325,000	395,943,000	2,618,000
<u>Revenues:</u>						
General Fund	562,288,000	449,878,000	(112,410,000)	579,601,000	391,667,000	(117,934,000)
School Equalization (02)	259,320,000	371,815,000	112,495,000	263,494,000	381,513,000	118,019,000

Net Impact:

The combined effect on general fund and school equalization funds will be a loss of \$5,066,000. The total cost of school equalization will increase by \$5,236,000 as reserves resulting from PL874 funds, protested and delinquent taxes, and tax audits are no longer applied against the permissive amount. Revenues will increase \$170,000 as the tax reduction for new and expanding industries will not be applicable to the 40 mill statewide levy.

SB17-2
Rev.

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0017, second reading, revised.

DESCRIPTION OF PROPOSED LEGISLATION:

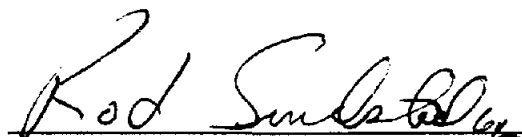
An act to generally revise school law in compliance with new school funding provisions and generally accepted accounting principles for school districts; to allow a district to amend the adopted general fund budget and exceed any applicable budget limitation in certain circumstances; to allow school districts to transport preschool special education students; to limit state transportation reimbursement to 180 pupil instruction days; to adjust school district bonding limitation to compensate for changes in district taxable valuation; to extend the allocation of percentages of the individual income tax and the corporate license and income tax to the state general fund, the debt service account for long-range building program bonds, and the state equalization aid account for public schools; amending various sections; repealing various sections; and providing effective and applicability dates.

ASSUMPTIONS:

1. Current law allocates 100 percent of the personal and corporate income taxes, excluding that on financial institutions, to the general fund in FY92 and thereafter.
2. Personal and corporate income taxes allocated to the debt service account for long range building program bonds will be transferred to the general fund.
3. Revenue estimates from HB0384, as introduced for public school equalization and the general fund, are used.
4. Executive estimates for the current law cost of foundation and GTB.
5. Any FY92 surplus in the equalization account will be carried forward to FY93 to reduce general fund appropriation.
6. The Office of Public Instruction currently reimburses for no more than 180 days of transportation, therefore the limit in section 46 will have no fiscal impact.
7. The state cost of GTB will increase \$1,867,000 as excess reserves which are currently required to be applied against the district permissive will be used to fund the voted portion of their budget.
8. Revenues to the 40 mill statewide levy will increase by \$85,000 as the tax reduction for new and expanding industries no longer applies to this levy.

FISCAL IMPACT:

see next page


ROD SUNDSTED, BUDGET DIRECTOR *mmr* DATE 7/19/91
Office of Budget and Program Planning


CHET BLAYLOCK, PRIMARY SPONSOR DATE 4/19/91
Fiscal Note for SB0017, second reading, revised **SB17-2**

FISCAL IMPACT:

Office of Public Instruction:

	FY '92			FY '93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
School Foundation and GTB	393,797,000	395,237,000	1,440,000	393,325,000	394,765,000	1,440,000
<u>Funding:</u>						
General Fund	102,511,000	0	(102,511,000)	129,831,000	4,708,000	(124,269,000)
School Equalization (02)	<u>291,286,000</u>	<u>395,237,000</u>	<u>103,951,000</u>	<u>263,494,000</u>	<u>390,057,000</u>	<u>126,136,000</u>
Total	393,797,000	395,237,000	1,440,000	393,325,000	394,765,000	1,440,000
<u>Revenues:</u>						
General Fund	562,288,000	449,878,000	(112,410,000)	579,601,000	391,667,000	(117,934,000)
School Equalization (02)	259,320,000	371,815,000	112,495,000	263,494,000	381,513,000	118,019,000

Net Impact:

The combined effect on general fund and school equalization funds will be a loss of \$2,710,000. The total cost of school equalization will increase by \$2,880,000 as reserves resulting from PL874 funds, protested and delinquent taxes, and tax audits are no longer applied against the permissive amount. Revenues will increase \$170,000 as the tax reduction for new and expanding industries will not be applicable to the 40 mill statewide levy.

SB17-02

APPROVED BY COMM. ON EDUCATION AND CULTURAL RESOURCES

1 SENATE BILL NO. 17
 2 INTRODUCED BY BLAYLOCK
 3 BY REQUEST OF THE LEGISLATIVE OVERSIGHT
 4 COMMITTEE ON SCHOOL FUNDING IMPLEMENTATION
 5
 6 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
 7 SCHOOL LAW IN COMPLIANCE WITH NEW SCHOOL FUNDING PROVISIONS
 8 AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FOR SCHOOL
 9 DISTRICTS; TO ALLOW A DISTRICT TO AMEND THE ADOPTED GENERAL
 10 FUND BUDGET AND TO EXCEED ANY APPLICABLE BUDGET LIMITATION
 11 IN CERTAIN CIRCUMSTANCES; TO ALLOW SCHOOL DISTRICTS TO
 12 TRANSPORT PRESCHOOL SPECIAL EDUCATION STUDENTS; TO LIMIT
 13 STATE TRANSPORTATION REIMBURSEMENT TO 180 PUPIL-INSTRUCTION
 14 DAYS; TO ADJUST THE SCHOOL DISTRICT BONDING LIMITATION TO
 15 COMPENSATE FOR CHANGES IN DISTRICT TAXABLE VALUATION; TO
 16 EXTEND THE ALLOCATION OF PERCENTAGES OF THE INDIVIDUAL
 17 INCOME TAX AND THE CORPORATE LICENSE AND INCOME TAX TO THE
 18 STATE GENERAL FUND, THE DEBT SERVICE ACCOUNT FOR LONG-RANGE
 19 BUILDING PROGRAM BONDS, AND THE STATE EQUALIZATION AID
 20 ACCOUNT FOR PUBLIC SCHOOLS; AMENDING SECTIONS 15-1-501,
 21 15-24-1402, 20-3-106, 20-3-205, 20-3-324, 20-5-307,
 22 20-5-312, 20-7-713, 20-9-104, 20-9-141, 20-9-142, 20-9-145,
 23 20-9-161, 20-9-162, 20-9-163, 20-9-164, 20-9-165, 20-9-166,
 24 20-9-201, 20-9-206, 20-9-208, 20-9-209, 20-9-210, 20-9-214,
 25 20-9-221, 20-9-231, 20-9-301, 20-9-315, 20-9-321, 20-9-344,

1 20-9-353, 20-9-360, ~~20-9-361~~, 20-9-366, 20-9-367, 20-9-368,
 2 20-9-406, 20-9-435, 20-9-438, 20-9-439, 20-9-471, 20-9-501,
 3 20-9-504, 20-9-505, 20-9-507, 20-10-101, 20-10-143,
 4 20-10-144, 20-10-145, AND 20-15-404, MCA; REPEALING SECTIONS
 5 15-10-103, 20-9-111, AND 20-9-167, MCA; AND PROVIDING
 6 EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE."
 7

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 9 **Section 1.** Section 20-3-106, MCA, is amended to read:
 10 "20-3-106. Supervision of schools -- powers and duties.
 11 The superintendent of public instruction has the general
 12 supervision of the public schools and districts of the
 13 state, and he shall perform the following duties or acts in
 14 implementing and enforcing the provisions of this title:
 15 (1) resolve any controversy resulting from the
 16 proration of costs by a joint board of trustees under the
 17 provisions of 20-3-362;
 18 (2) issue, renew, or deny teacher certification and
 19 emergency authorizations of employment;
 20 (3) negotiate reciprocal tuition agreements with other
 21 states in accordance with the provisions of 20-5-314;
 22 (4) serve on the teachers' retirement board in
 23 accordance with the provisions of 2-15-1010;
 24 (5) approve or disapprove the orders of a high school
 25 boundary commission in accordance with the provisions of



1 20-6-311;

2 (6) approve or disapprove the opening or reopening of a
3 school in accordance with the provisions of 20-6-502,
4 20-6-503, 20-6-504, or 20-6-505;

5 (7) approve or disapprove school isolation within the
6 limitations prescribed by 20-9-302;

7 (8) generally supervise the school budgeting procedures
8 prescribed by law in accordance with the provisions of
9 20-9-102 and prescribe the school budget format in
10 accordance with the provisions of 20-9-103 and 20-9-506;

11 (9) establish a system of communication for calculating
12 joint district revenues in accordance with the provisions of
13 20-9-151;

14 (10) approve or disapprove the adoption of a district's
15 emergency budget amendment resolution under the conditions
16 prescribed in 20-9-163 and publish adopt rules for an
17 application for additional state aid for an--emergency a
18 budget amendment in accordance with the approval and
19 disbursement provisions of 20-9-166;

20 (11) generally supervise the school financial
21 administration provisions as prescribed by 20-9-201(2);

22 (12) prescribe and furnish the annual report forms to
23 enable the districts to report to the county superintendent
24 in accordance with the provisions of 20-9-213(5) and the
25 annual report forms to enable the county superintendents to

1 report to the superintendent of public instruction in
2 accordance with the provisions of 20-3-209;

3 (13) approve, disapprove, or adjust an increase of the
4 average number belonging (ANB) in accordance with the
5 provisions of 20-9-313 and 20-9-314;

6 (14) distribute state equalization aid in support of the
7 foundation program and guaranteed tax base aid, in
8 accordance with the provisions of 20-9-331, 20-9-333,
9 20-9-342, 20-9-346, 20-9-347, and 20-9-366 through 20-9-369;

10 (15) distribute state impact aid in accordance with the
11 provisions of 20-9-304;

12 (16) provide for the uniform and equal provision of
13 transportation by performing the duties prescribed by the
14 provisions of 20-10-112;

15 (17) approve or disapprove an adult education program
16 for which a district proposes to levy a tax in accordance
17 with the provisions of 20-7-705;

18 (18) request, accept, deposit, and expend federal money
19 in accordance with the provisions of 20-9-603;

20 (19) authorize the use of federal money for the support
21 of an interlocal cooperative agreement in accordance with
22 the provisions of 20-9-703 and 20-9-704;

23 (20) prescribe the form and contents of and approve or
24 disapprove interstate contracts in accordance with the
25 provisions of 20-9-705;

1 (21) approve or disapprove the conduct of school on a
2 Saturday or on pupil-instruction-related days in accordance
3 with the provisions of 20-1-303 and 20-1-304;

4 (22) recommend standards of accreditation for all
5 schools to the board of public education and evaluate
6 compliance with the standards and recommend accreditation
7 status of every school to the board of public education in
8 accordance with the provisions of 20-7-101 and 20-7-102;

9 (23) collect and maintain a file of curriculum guides
10 and assist schools with instructional programs in accordance
11 with the provisions of 20-7-113 and 20-7-114;

12 (24) establish and maintain a library of visual, aural,
13 and other educational media in accordance with the
14 provisions of 20-7-201;

15 (25) license textbook dealers and initiate prosecution
16 of textbook dealers violating the law in accordance with the
17 provisions of the textbooks part of this title;

18 (26) as the governing agent and executive officer of the
19 state of Montana for K-12 vocational education, adopt the
20 policies prescribed by and in accordance with the provisions
21 of 20-7-301;

22 (27) supervise and coordinate the conduct of special
23 education in the state in accordance with the provisions of
24 20-7-403;

25 (28) administer the traffic education program in

1 accordance with the provisions of 20-7-502;

2 (29) administer the school food services program in
3 accordance with the provisions of 20-10-201, 20-10-202, and
4 20-10-203;

5 (30) review school building plans and specifications in
6 accordance with the provisions of 20-6-622;

7 (31) prescribe the method of identification and signals
8 to be used by school safety patrols in accordance with the
9 provisions of 20-1-408;

10 (32) provide schools with information and technical
11 assistance for compliance with the student assessment rules
12 provided for in 20-2-121 and collect and summarize the
13 results of the student assessment for the board of public
14 education and the legislature;

15 (33) administer the distribution of guaranteed tax base
16 aid for county retirement levy obligations in accordance
17 with 20-9-366 through 20-9-369; and

18 (34) perform any other duty prescribed from time to time
19 by this title, any other act of the legislature, or the
20 policies of the board of public education."

21 **Section 2.** Section 20-3-205, MCA, is amended to read:

22 "20-3-205. Powers and duties. The county superintendent
23 has general supervision of the schools of the county within
24 the limitations prescribed by this title and shall perform
25 the following duties or acts:

1 (1) determine, establish, and reestablish trustee
2 nominating districts in accordance with the provisions of
3 20-3-352, 20-3-353, and 20-3-354;

4 (2) administer and file the oaths of members of the
5 boards of trustees of the districts in his county in
6 accordance with the provisions of 20-3-307;

7 (3) register the teacher or specialist certificates or
8 emergency authorization of employment of any person employed
9 in the county as a teacher, specialist, principal, or
10 district superintendent in accordance with the provisions of
11 20-4-202;

12 (4) act on each tuition application submitted to him in
13 accordance with the provisions of 20-5-301, 20-5-302,
14 20-5-304, and 20-5-311 and transmit the tuition information
15 required by 20-5-312;

16 (5) file a copy of the audit report for a district in
17 accordance with the provisions of 20-9-203;

18 (6) classify districts in accordance with the
19 provisions of 20-6-201 and 20-6-301;

20 (7) keep a transcript and reconcile the district
21 boundaries of the county in accordance with the provisions
22 of 20-6-103;

23 (8) fulfill all responsibilities assigned to him under
24 the provisions of this title regulating the organization,
25 alteration, or abandonment of districts;

1 (9) act on any unification proposition and, if
2 approved, establish additional trustee nominating districts
3 in accordance with 20-6-312 and 20-6-313;

4 (10) estimate the average number belonging (ANB) of an
5 opening school in accordance with the provisions of
6 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

7 (11) process and, when required, act on school isolation
8 applications in accordance with the provisions of 20-9-302;

9 (12) complete the budgets, compute the budgeted revenues
10 and tax levies, file final budgets and emergency-budgets
11 budget amendments, and fulfill such other responsibilities
12 assigned to him under the provisions of this title
13 regulating school budgeting systems;

14 (13) submit an annual financial report to the
15 superintendent of public instruction in accordance with the
16 provisions of 20-9-211;

17 (14) monthly, unless otherwise provided by law, order
18 the county treasurer to apportion state money, county school
19 money, and any other school money subject to apportionment
20 in accordance with the provisions of 20-9-212, 20-9-334,
21 20-9-347, 20-10-145, or 20-10-146;

22 (15) act on any request to transfer average number
23 belonging (ANB) in accordance with the provisions of
24 20-9-313(3);

25 (16) calculate the estimated budgeted general fund

1 sources of revenue in accordance with the provisions of
 2 20-9-348 and the other general fund revenue provisions of
 3 the general fund part of this title;

4 (17) compute the revenues and the district and county
 5 levy requirements for each fund included in each district's
 6 final budget and report the computations to the board of
 7 county commissioners in accordance with the provisions of
 8 the general fund, transportation, bonds, and other school
 9 funds parts of this title;

10 (18) file and forward bus driver certifications,
 11 transportation contracts, and state transportation
 12 reimbursement claims in accordance with the provisions of
 13 20-10-103, 20-10-143, or 20-10-145;

14 (19) for districts ~~which~~ that do not employ a district
 15 superintendent or principal, recommend library book and
 16 textbook selections in accordance with the provisions of
 17 20-7-204 or 20-7-602;

18 (20) notify the superintendent of public instruction of
 19 a textbook dealer's activities when required under the
 20 provisions of 20-7-605 and otherwise comply with the
 21 textbook dealer provisions of this title;

22 (21) act on district requests to allocate federal money
 23 for indigent children for school food services in accordance
 24 with the provisions of 20-10-205;

25 (22) perform any other duty prescribed from time to time

1 by this title, any other act of the legislature, the
 2 policies of the board of public education, the policies of
 3 the board of regents relating to community college
 4 districts, or the rules of the superintendent of public
 5 instruction;

6 (23) administer the oath of office to trustees without
 7 the receipt of pay for administering the oath;

8 (24) keep a record of his official acts, preserve all
 9 reports submitted to him under the provisions of this title,
 10 preserve all books and instructional equipment or supplies,
 11 keep all documents applicable to the administration of the
 12 office, and surrender all records, books, supplies, and
 13 equipment to his successor;

14 (25) within 90 days after the close of the school fiscal
 15 year, publish an annual report in the county newspaper
 16 stating the following financial information for the school
 17 fiscal year just ended for each district of the county:

18 (a) the total of the cash balances of all funds
 19 maintained by the district at the beginning of the year;

20 (b) the total receipts that were realized in each fund
 21 maintained by the district;

22 (c) the total expenditures that were made from each
 23 fund maintained by the district; and

24 (d) the total of the cash balances of all funds
 25 maintained by the district at the end of the school fiscal

1 year; and

2 (26) hold meetings for the members of the trustees from
3 time to time at which matters for the good of the districts
4 must be discussed."

5 **Section 3.** Section 20-3-324, MCA, is amended to read:

6 "20-3-324. Powers and duties. As prescribed elsewhere
7 in this title, the trustees of each district shall:

8 (1) employ or dismiss a teacher, principal, or other
9 assistant upon the recommendation of the district
10 superintendent, the county high school principal, or other
11 principal as the board considers necessary, accepting or
12 rejecting any recommendation as the trustees in their sole
13 discretion determine, in accordance with the provisions of
14 Title 20, chapter 4;

15 (2) employ and dismiss administrative personnel,
16 clerks, secretaries, teacher aides, custodians, maintenance
17 personnel, school bus drivers, food service personnel,
18 nurses, and any other personnel considered necessary to
19 carry out the various services of the district;

20 (3) administer the attendance and tuition provisions
21 and otherwise govern the pupils of the district in
22 accordance with the provisions of the pupils chapter of this
23 title;

24 (4) call, conduct, and certify the elections of the
25 district in accordance with the provisions of the school

1 elections chapter of this title;

2 (5) participate in the teachers' retirement system of
3 the state of Montana in accordance with the provisions of
4 the teachers' retirement system chapter of Title 19;

5 (6) participate in district boundary change actions in
6 accordance with the provisions of the districts chapter of
7 this title;

8 (7) organize, open, close, or acquire isolation status
9 for the schools of the district in accordance with the
10 provisions of the school organization part of this title;

11 (8) adopt and administer the annual budget or an
12 emergency a budget amendment of the district in accordance
13 with the provisions of the school budget system part of this
14 title;

15 (9) conduct the fiscal business of the district in
16 accordance with the provisions of the school financial
17 administration part of this title;

18 (10) establish the ANB, foundation program, permissive,
19 additional levy, cash operating reserve, and state impact
20 aid amount amounts for the general fund of the district in
21 accordance with the provisions of the general fund part of
22 this title;

23 (11) establish, maintain, budget, and finance the
24 transportation program of the district in accordance with
25 the provisions of the transportation parts of this title;

1 (12) issue, refund, sell, budget, and redeem the bonds
2 of the district in accordance with the provisions of the
3 bonds parts of this title;

4 (13) when applicable, establish, financially administer,
5 and budget for the tuition fund, retirement fund, building
6 reserve fund, adult education fund, nonoperating fund,
7 school food services fund, miscellaneous federal programs
8 fund, building fund, lease or rental agreement fund, traffic
9 education fund, and interlocal cooperative agreement fund in
10 accordance with the provisions of the other school funds
11 parts of this title;

12 (14) when applicable, administer any interlocal
13 cooperative agreement, gifts, legacies, or devises in
14 accordance with the provisions of the miscellaneous
15 financial parts of this title;

16 (15) hold in trust, acquire, and dispose of the real and
17 personal property of the district in accordance with the
18 provisions of the school sites and facilities part of this
19 title;

20 (16) operate the schools of the district in accordance
21 with the provisions of the school calendar part of this
22 title;

23 (17) establish and maintain the instructional services
24 of the schools of the district in accordance with the
25 provisions of the instructional services, textbooks,

1 vocational education, and special education parts of this
2 title;

3 (18) establish and maintain the school food services of
4 the district in accordance with the provisions of the school
5 food services parts of this title;

6 (19) make reports from time to time as the county
7 superintendent, superintendent of public instruction, and
8 board of public education may require;

9 (20) retain, when considered advisable, a physician or
10 registered nurse to inspect the sanitary conditions of the
11 school or the general health conditions of each pupil and,
12 upon request, make available to any parent or guardian any
13 medical reports or health records maintained by the district
14 pertaining to his child;

15 (21) for each member of the trustees, visit each school
16 of the district not less than once each school fiscal year
17 to examine its management, conditions, and needs, except
18 trustees from a first-class school district may share the
19 responsibility for visiting each school in the district;

20 (22) procure and display outside daily in suitable
21 weather at each school of the district an American flag that
22 measures not less than 4 feet by 6 feet;

23 (23) adopt and administer a district policy on
24 assessment for placement of any child who enrolls in a
25 school of the district from a nonpublic school that is not

1 accredited, as required in 20-5-110; and

2 (24) perform any other duty and enforce any other
3 requirements for the government of the schools prescribed by
4 this title, the policies of the board of public education,
5 or the rules of the superintendent of public instruction."

6 **Section 4.** Section 20-5-307, MCA, is amended to read:

7 **"20-5-307. Budgeting, levy requirement, and paying**
8 **elementary tuition.** (1) The tuition amount that has been
9 established in 20-5-305 ~~shall~~ must be paid during the
10 ensuing school fiscal year. The trustees of the elementary
11 district shall include such the amount in the tuition fund
12 of the preliminary budget. If the trustees should fail to
13 include such the amount or any portion of it in the
14 preliminary budget, they shall adjust the budgeted amount in
15 adopting the final budget to provide for the total tuition
16 amount that is due during the ensuing school fiscal year.
17 ~~Such The~~ adjustment ~~shall-not--be~~ is not subject to the
18 budget adjustment provisions of 20-9-132.

19 (2) The county superintendent shall report the net
20 tuition fund levy requirement for each elementary district
21 to the county commissioners on the second Monday of August,
22 and a levy on the district ~~shall~~ must be made by the county
23 commissioners in accordance with 20-9-142. ~~Such The~~ levy
24 requirement ~~shall~~ must be calculated by subtracting from the
25 total expenditure amount authorized in the final tuition

1 fund budget the sum of the cash fund balance in the tuition
2 fund at the end of the immediately preceding school fiscal
3 year plus any other anticipated moneys money that may be
4 realized in the tuition fund.

5 (3) The trustees shall pay by warrants drawn on the
6 tuition fund the tuition amounts owed to each district
7 included in the county superintendent's notification
8 provided under the provisions of 20-5-306. At least one-half
9 of the payments must be made in December, and the remaining
10 payments must be made by June 15 of the fiscal year.

11 (4) Any unanticipated tuition receipts RECEIVED UNDER
12 THE PROVISIONS OF CHAPTER 7, PART 4, OR THIS PART for the
13 current school fiscal year must be deposited in A SEPARATE
14 ACCOUNT OF the district miscellaneous programs fund and may
15 be used for that year in the manner provided for in that
16 fund. For the ensuing school fiscal year, the receipts must
17 be credited to the district general fund budget and-used--in
18 the-manner-provided-for-in-20-9-141."

19 **Section 5.** Section 20-5-312, MCA, is amended to read:

20 **"20-5-312. Reporting, budgeting, and payment for high**
21 **school tuition.** (1) Except as provided in subsection (2), at
22 the close of the school term of each school fiscal year, the
23 trustees of each high school district shall determine the
24 rate of tuition for the current school fiscal year by:

25 (a) totaling the actual expenditures from the district

1 general fund, the debt service fund, and, if the pupil is a
2 resident of another county, the retirement fund;

3 (b) dividing the amount determined in subsection (1)(a)
4 above by the ANB of the district as determined under the
5 provisions of 20-9-311; and

6 (c) subtracting from the amount determined in
7 subsection (1)(b) the per-ANB amount allowed by the
8 foundation program schedules and the per-ANB amount of
9 guaranteed tax base aid as provided in 20-9-366 through
10 20-9-369.

11 (2) The tuition for a full-time high school special
12 education pupil must be determined under rules adopted by
13 the superintendent of public instruction for the calculation
14 of tuition for full-time high school special education
15 pupils as designated in 20-9-311 for funding purposes.

16 (3) Before July 15, the trustees shall report to the
17 county superintendent of the county in which the district is
18 located:

19 (a) the names, addresses, and resident districts of the
20 pupils attending the schools of the district under an
21 approved tuition agreement;

22 (b) the number of days of school attended by each
23 pupil;

24 (c) the amount, if any, of each pupil's tuition payment
25 that the trustees, in their discretion, have the authority

1 to waive; and

2 (d) the rate of current school fiscal year tuition, as
3 determined under the provisions of this section.

4 (4) When the county superintendent receives a tuition
5 report from a district, he shall immediately send the
6 reported information to the superintendent of each district
7 in which the reported pupils reside.

8 (5) When the district superintendent receives a tuition
9 report or reports for high school pupils residing in his
10 district and attending an out-of-district high school under
11 approved tuition agreements, he shall determine the total
12 amount of tuition due the out-of-district high schools on
13 the basis of the following per-pupil schedule: the rate of
14 tuition, number of pupils attending under an approved
15 tuition agreement, and other information provided by each
16 high school district where resident district pupils have
17 attended school.

18 (6) The total amount of the high school tuition, with
19 consideration of any tuition waivers, for pupils attending a
20 high school outside the county of residence must be financed
21 by the county basic special tax for high schools as provided
22 in 20-9-334. In December, the county superintendent shall
23 cause the payment by county warrant of at least one-half of
24 the high school tuition obligations established under this
25 section out of the first money realized from the county

1 basic special tax for high schools. The remaining
 2 obligations must be paid by June 15 of the school fiscal
 3 year. The payments must be made to the county treasurer of
 4 the county where each high school entitled to tuition is
 5 located. The Except as provided in subsection (8), the
 6 county treasurer shall credit tuition receipts to the
 7 general fund of the applicable high school district, and the
 8 tuition receipts must be used in accordance with the
 9 provisions of 20-9-141.

10 (7) For pupils attending a high school outside their
 11 district of residence but within the county of residence,
 12 the total amount of the tuition, with consideration of any
 13 tuition waivers, must be paid during the ensuing school
 14 fiscal year. The trustees of the sending high school
 15 district shall include the tuition amount in the tuition
 16 fund of the preliminary and final budgets. This budgeted
 17 tuition amount is not subject to the budget adjustment
 18 provisions of 20-9-132. The county superintendent shall
 19 report the net tuition fund levy requirement for each high
 20 school district to the county commissioners on the second
 21 Monday of August, and a levy on the district must be made by
 22 the county commissioners in accordance with 20-9-142. The
 23 levy requirement must be calculated by subtracting from the
 24 total expenditure amount authorized in the final tuition
 25 fund budget the sum of the ~~cash~~ fund balance in the tuition

1 fund at the end of the immediately preceding school fiscal
 2 year plus any other anticipated money that may be realized
 3 in the tuition fund. The trustees shall pay by warrants
 4 drawn on the tuition fund the tuition amounts owed to each
 5 district included in the county superintendent's
 6 notification. Payments must be made whenever there is a
 7 sufficient amount of cash available in the tuition fund but
 8 no later than the end of the school fiscal year for which
 9 the budget is adopted. However, if the trustees of either
 10 the sending or receiving high school district feel the
 11 transfer privilege provided by this subsection is being
 12 abused, they may appeal to the county superintendent of
 13 schools, who shall hold a hearing and either approve or
 14 disapprove the transfer.

15 (8) Any unanticipated tuition receipts RECEIVED UNDER
 16 THE PROVISIONS OF CHAPTER 7, PART 4, OR THIS PART for the
 17 current school fiscal year must be deposited in A SEPARATE
 18 ACCOUNT OF the district miscellaneous programs fund and may
 19 be used for that year in the manner provided for in that
 20 fund. For the ensuing school fiscal year, the receipts must
 21 be credited to the district general fund budget ~~and used--in~~
 22 ~~the-manner-provided-for-in-20-9-141.~~"

23 **Section 6.** Section 20-7-713, MCA, is amended to read:
 24 "20-7-713. Adult basic education fund ~~cash~~ operating
 25 reserve. At the end of each school fiscal year, the trustees

1 of any a school district that operates an adult basic
 2 education program may designate what the portion of the
 3 adult basic education fund end-of-the-year cash fund balance
 4 that is to be earmarked as cash operating reserve for the
 5 purpose of paying, whenever a cash flow shortage occurs,
 6 adult basic education fund warrants issued by the district
 7 from July 1 through June 30 of the ensuing school fiscal
 8 year. The amount of the adult basic education fund cash
 9 balance that is earmarked as cash operating reserve may not
 10 exceed 35% of the final adult basic education fund budget
 11 for the ensuing school fiscal year."

12 **Section 7.** Section 20-9-104, MCA, is amended to read:

13 "20-9-104. General fund cash operating reserve. (1) At
 14 the end of each school fiscal year, the trustees of each
 15 district shall designate the portion of the general fund
 16 end-of-the-year cash fund balance that is to be earmarked as
 17 cash operating reserve for the purpose of paying general
 18 fund warrants issued by the district from July 1 to November
 19 30 of the ensuing school fiscal year. Except as provided in
 20 subsections ~~(3)~~(5) and ~~(4)~~(6), the amount of the general
 21 fund cash balance that is earmarked as cash operating
 22 reserve may not exceed the following percentages of the
 23 final general fund budget for the ensuing school fiscal
 24 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.

11 (3) ANY UNRESERVED FUND BALANCE THAT IS EQUAL TO OR
 12 LESS THAN THE PRIOR YEAR'S EXCESS RESERVES AS PROVIDED IN
 13 SUBSECTION (5) MAY BE USED TO FUND THE PERMISSIVE LEVY
 14 PROVIDED BY 20-9-145 OR THE VOTED LEVY PROVIDED BY 20-9-353.

15 (4) Any portion of the general fund end-of-the-year
 16 cash fund balance that is not earmarked-for-cash-operating
 17 -reserve--purposes RESERVED UNDER SUBSECTION (2) OR
 18 REAPPROPRIATED UNDER SUBSECTION (3) is cash FUND BALANCE
 19 reappropriated and must be used for property tax reduction
 20 as provided in 20-9-141(1)(b)(iii).

21 ~~(3)~~(5) The limitation of subsection (1) does not apply
 22 when the amount in excess of the limitation is equal to or
 23 less than one or more of the following:

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

1 (b) the unused balance of any amount received;

2 (I) in settlement of tax payments protested IN A prior

3 to July 1, 1990 SCHOOL FISCAL YEAR;

4 (II) IN TAXES FROM A PRIOR SCHOOL FISCAL YEAR AS A

5 RESULT OF A TAX AUDIT BY THE DEPARTMENT OF REVENUE OR ITS

6 AGENTS; AND

7 (III) IN DELINQUENT TAXES FROM A PRIOR SCHOOL FISCAL

8 YEAR; or

9 (c) any amount received as a general bonus payment

10 under 20-6-401.

11 ~~(4)~~(6) The limitation of subsection (1) does not apply

12 when the amount earmarked as ~~cash~~ operating reserve is

13 \$10,000 or less."

14 **Section 8.** Section 20-9-141, MCA, is amended to read:

15 "20-9-141. Computation of general fund net levy

16 requirement by county superintendent. (1) The county

17 superintendent shall compute the levy requirement for each

18 district's general fund on the basis of the following

19 procedure:

20 (a) Determine the funding required for the district's

21 final general fund budget less the amount established by the

22 schedules in 20-9-316 through 20-9-321 by totaling:

23 (i) the district's nonisolated school foundation

24 program requirement to be met by a district levy as provided

25 in 20-9-303; and

1 (ii) any additional general fund budget amount adopted

2 by the trustees of the district under the provisions of

3 20-9-145 and 20-9-353, including any additional levies

4 authorized by the electors of the district.

5 (b) Determine the money available for the reduction of

6 the property tax on the district for the general fund by

7 totaling:

8 (i) anticipated federal money received under the

9 provisions of Title I of Public Law 81-874 or other

10 anticipated federal money received in lieu of that federal

11 act;

12 (ii) anticipated tuition payments for out-of-district

13 pupils under the provisions of 20-5-303, 20-5-307, 20-5-312,

14 and 20-5-313;

15 (iii) general fund cash balance reappropriated, as

16 established under the provisions of 20-9-104;

17 (iv) anticipated or reappropriated state impact aid

18 received under the provisions of 20-9-304;

19 (v) anticipated or reappropriated revenue from property

20 taxes and fees imposed under 23-2-517, 23-2-803,

21 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204;

22 (vi) anticipated net proceeds taxes for interim

23 production and new production, as defined in 15-23-601;

24 (vii) anticipated revenue from local government

25 severance taxes as provided in 15-36-112;

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

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

6 (x) anticipated revenue from corporation license taxes
7 collected from financial institutions under the provisions
8 of 15-31-702; and

9 (xi) any other revenue anticipated by the trustees to be
10 received during the ensuing school fiscal year which that
11 may be used to finance the general fund, excluding any
12 guaranteed tax base aid.

13 (c) Subtract Notwithstanding the provisions of
14 subsection (2), subtract the money available to reduce the
15 property tax required to finance the general fund that has
16 been determined in subsection (1)(b) from the---total
17 requirement--determined-in-subsection-(1)(a)- any additional
18 general fund budget amount adopted by the trustees of the
19 district as the permissive amount under the provisions of
20 20-9-145 to determine the general fund permissive net levy
21 requirement.

22 (d) Subtract any amount remaining after the
23 determination in subsection (1)(c) from any additional
24 funding requirement to be met by a district levy as provided
25 in 20-9-303 and 20-9-353 to determine the additional general

1 fund levy requirement.

2 (2) ~~(a) For a district that is eligible for guaranteed~~
3 ~~tax base aid under the provisions of 20-9-367, the county~~
4 ~~superintendent shall provide the board of county~~
5 ~~commissioners with the amount of guaranteed tax base aid~~
6 ~~that the district will receive for each mill levied, as~~
7 ~~certified by the superintendent of public instruction, to~~
8 ~~fund the general fund permissive net levy requirement.~~

9 (b) The county commissioners SUPERINTENDENT shall
10 calculate the number of mills to be levied on the taxable
11 property in the district to finance the general fund
12 permissive net levy requirement by dividing the amount
13 determined in subsection (1)(c) by the sum of:

14 (i) (A) the amount of guaranteed tax base aid that the
15 district will receive for each mill levied, as certified by
16 the superintendent of public instruction; and

17 (ii) (B) the taxable valuation of the district divided
18 by 1,000.

19 (3) The net general fund levy requirement determined
20 in subsection--(1)(c) subsections (1)(c) and (1)(d) must be
21 reported to the county commissioners on the second Monday of
22 August by the county superintendent as the general fund
23 permissive net levy requirement and the additional general
24 fund levy requirement for the district, and a levy must be
25 made set by the county commissioners in accordance with

1 20-9-142."

2 **Section 9.** Section 20-9-142, MCA, is amended to read:

3 "20-9-142. Fixing and levying taxes by board of county
4 commissioners. On the second Monday in August, the county
5 superintendent shall place before the board of county
6 commissioners the final adopted budget of the district and
7 ~~any--emergency--budget--adopted--by--the--district--during--the~~
8 ~~previous--school--fiscal--year.~~ It shall be is the duty of the
9 board of county commissioners to fix and levy on all the
10 taxable value of all the real and personal property within
11 the district all district and county taxation required to
12 finance, within the limitations provided by law, the final
13 budget ~~and--any--emergency--budget--of--the--district."~~

14 **Section 10.** Section 20-9-145, MCA, is amended to read:

15 "20-9-145. ~~Overschedule~~ Permissive amount of
16 general fund budget -- permissive levy. Whenever the
17 trustees of any a district determine it necessary to adopt a
18 general fund budget in excess of the foundation program
19 amount for that district, the trustees shall adopt a
20 resolution stating the reasons and purposes for exceeding
21 the foundation program amount. This amount is the
22 "permissive amount" and may not exceed ~~{the--equivalent--of~~
23 ~~the--percent--to--be--determined--that--is--112%--of--FY--1988~~
24 ~~district--general--fund--and--insurance--fund--expenditures}~~ 35%
25 of the foundation program amount. It must be financed by the

1 ~~district--and--established--as--provided--in--20-9-142~~ a levy on
2 the taxable value of all property within the district, by
3 any guaranteed tax base aid for which the district may be
4 eligible, and by other revenue available to the district for
5 other than foundation program support."

6 **Section 11.** Section 20-9-161, MCA, is amended to read:

7 "20-9-161. Definition of emergency budget amendment for
8 budgeting purposes. As used in this title, unless the
9 context clearly indicates otherwise, the term "emergency"
10 "budget amendment" for the purpose of school budgeting ~~shall~~
11 be means an amendment to an adopted budget of the district
12 for the following reasons:

13 (1) an increase^a in the enrollment of an elementary or
14 high school district ~~over--the--immediately--preceding--school~~
15 ~~fiscal--year--which~~ that is:

16 ~~{a}--at--least--6%--more--than--the--enrollment--of--the~~
17 ~~preceding--school--fiscal--year;--and~~

18 ~~{b}~~ beyond what could reasonably have been anticipated
19 at the time of the adoption of the budget for the
20 then-current current school fiscal year whenever, because of
21 such the enrollment increase, the district's budget for any
22 or all of the regularly budgeted funds does not provide
23 sufficient financing to properly maintain and support the
24 district for the entire current school fiscal year;

25 (2) the destruction or impairment of any school

1 property necessary to the maintenance of the school, by
2 fire, flood, storm, riot, insurrection, or any act of God,
3 to such an extent as--to--render--such rendering school
4 property unfit for its present school use;

5 (3) a judgment for damages against the district
6 rendered issued by a court after the adoption of the budget
7 for the current year;

8 (4) an enactment of legislation after the adoption of
9 the budget for the current year that imposes an additional
10 financial obligation on the district; or

11 (5) receipt of:

12 (A) settlement of taxes protested in a prior school
13 fiscal year;

14 (B) TAXES FROM A PRIOR SCHOOL FISCAL YEAR AS THE RESULT
15 OF A TAX AUDIT BY THE DEPARTMENT OF REVENUE OR ITS AGENTS;

16 (C) DELINQUENT TAXES FROM A PRIOR SCHOOL FISCAL YEAR;
17 and

18 (D) a determination by the trustees that it is
19 necessary to expend all or a portion of the settlement
20 amount TAXES RECEIVED UNDER SUBSECTION (5)(A), (5)(B), OR
21 (5)(C) for a project or projects that were deferred from a
22 previous general-fund budget of the district as a result of
23 the protested taxes; or

24 (5)(6) any other reason-of--similar--consequences--that
25 has--been--approved--by--the--superintendent--of--public

1 ~~instruction-upon-petition-by-the-trustees-of-the-district-or~~
2 ~~by-the-board-of-regents-upon-petition-by-the-trustees--of--a~~
3 ~~community--college-district unforeseen need of the district~~
4 ~~that cannot be postponed until the next school year without~~
5 ~~dire consequences affecting the safety of the students and~~
6 ~~district employees or the educational functions of the~~
7 ~~district."~~

8 **Section 12.** Section 20-9-162, MCA, is amended to read:

9 "20-9-162. Authorization for emergency budget amendment
10 adoption. Emergency---budgets (1) Notwithstanding the
11 provisions of subsections (2) and (3), a budget amendment
12 may be adopted at any time of the school fiscal year, except
13 that emergency--budgets a budget amendment required by an
14 enrollment increase that could not have been anticipated at
15 the time of the adoption of the regular budget as provided
16 in 20-9-161(1) may not be adopted until after December--31
17 October 1.

18 (2) If a budget amendment for the reasons provided in
19 20-9-161(1) through (4) does not cause the district general
20 fund budget to exceed the limitations in 20-9-315, the
21 trustees may approve expenditures---within the budget
22 amendment by a resolution as provided in 20-9-163. The
23 trustees shall send a copy of the resolution to the
24 superintendent-of-public-instruction COUNTY SUPERINTENDENT
25 AND TO THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY.

1 (3) The trustees shall submit the following to the
 2 superintendent of public instruction for approval in the
 3 manner provided in 20-9-163:

4 (a) a budget amendment for the reasons provided in
 5 20-9-161(5) and (6); and

6 (b) a budget amendment for any reason provided in
 7 20-9-161(1) through (4) that causes the district general
 8 fund budget to exceed the limitations in 20-9-315."

9 **Section 13.** Section 20-9-163, MCA, is amended to read:

10 "20-9-163. Resolution for emergency budget amendment --
 11 petition to superintendent of public instruction or--to--the
 12 board---of---regents. (1) Whenever Notwithstanding the
 13 provisions of subsection (3), whenever the trustees of any a
 14 district decide that an-emergency-exists a budget amendment
 15 is necessary, they may adopt a resolution proclaiming such
 16 emergency the budget amendment by a unanimous majority vote
 17 of all-members-present-at-any-meeting-for-which-each-trustee
 18 has--been--given--reasonable-notice-of-the-time-and-place-of
 19 holding-such-meeting the trustees. The emergency budget
 20 amendment resolution shall must also state the facts
 21 constituting the emergency need for the budget amendment,
 22 the estimated amount of money required to meet-the-emergency
 23 fund the budget amendment, the funds affected by the
 24 emergency the budget amendment, and the time and place when
 25 the board will meet for the purpose of considering and

1 adopting an-emergency a budget amendment for such funds for
 2 the current school fiscal year.

3 (2) If the trustees decide-that-an-emergency-exists-for
 4 any--reason--other--than---the---conditions---specified---in
 5 subsections--(1)--(2)--(3)--or--(4)--of-20-9-161, they shall
 6 petition-the-superintendent-of-public-instruction-or, in-the
 7 case-of-a-community-college-district, the-board--of--regents
 8 for--permission--to--adopt--a--resolution-of-emergency. Such
 9 petition-shall-set-forth-in--writing--the--reasons--for--the
 10 request,--the--district-funds-affected-by-the-emergency, the
 11 estimated-amount-of-money-required-to--meet--such--emergency
 12 for-each-affected-fund, the-anticipated-sources-of-financing
 13 for--the--emergency-expenditures, and-such-other-information
 14 as--may--be--required--by--the--superintendent---of---public
 15 instruction--or--the-board-of-regents. The-petition-shall-be
 16 signed-by-each-trustee. of a school district determine that
 17 the proposed budget amendment will cause the district
 18 general fund to exceed the limitations of 20-9-315 OR IS FOR
 19 THE REASONS PROVIDED IN 20-9-161(5) AND 20-9-161(6), the
 20 trustees shall petition the superintendent of public
 21 instruction for permission to adopt a resolution for a
 22 budget amendment. The petition must set forth in writing the
 23 reasons for the request, the district funds affected by the
 24 budget amendment, the estimated amount of money required for
 25 the budget amendment for each affected fund, the anticipated

1 sources of financing for the budget amendment expenditures,
 2 and any other information required by the superintendent of
 3 public instruction. The petition must be signed by a
 4 majority of the trustees.

5 (3) The superintendent of public instruction ~~or, in the~~
 6 ~~case of a community college district, the board of regents~~
 7 shall promptly approve or disapprove the petition requesting
 8 approval to adopt a resolution ~~of emergency~~ for a budget
 9 amendment. If the petition is approved, the trustees may
 10 then adopt a resolution ~~of emergency~~ for a budget amendment
 11 and ~~may subsequently~~ take all other steps required for the
 12 adoption of ~~an emergency a budget amendment~~. Approval of a
 13 petition by the superintendent of public instruction ~~or the~~
 14 ~~board of regents shall merely authorize~~ authorizes the board
 15 of trustees to initiate emergency a budget proceedings
 16 amendment by resolution and ~~shall does~~ not relieve the
 17 trustees of the necessity of complying with the requirements
 18 of the school emergency budgeting laws. Approval of the
 19 petition ~~shall may~~ not be construed as approval of any
 20 subsequent application for increased state aid on account of
 21 ~~such emergency the budget amendment.~~"

22 **Section 14.** Section 20-9-164, MCA, is amended to read:

23 "20-9-164. Notice of emergency budget amendment
 24 resolution. A copy of the emergency budget amendment
 25 resolution ~~shall must~~ be published one time in a newspaper

1 that will give notice to the largest number of people of the
 2 district as determined by the trustees, and a copy of the
 3 resolution ~~shall must~~ be posted at each schoolhouse of the
 4 district. A copy of the emergency budget amendment
 5 resolution ~~shall must~~ also be delivered to the county
 6 superintendent and to the county clerk as the clerk of the
 7 board of county commissioners of the county. The
 8 publication, posting, and delivery of the resolution ~~shall~~
 9 must be done not less than 1 week before the day specified
 10 in the resolution for the consideration and adoption of an
 11 emergency a budget amendment."

12 **Section 15.** Section 20-9-165, MCA, is amended to read:

13 "20-9-165. ~~Emergency~~ Budget amendment
 14 limitation, preparation, and adoption procedures. (1) The
 15 meeting of the trustees to consider and adopt ~~an emergency a~~
 16 budget shall amendment must be open to the public, and any
 17 taxpayer in the district ~~shall have~~ has the right to appear
 18 and be heard. If at ~~such a~~ the meeting a majority of the
 19 trustees present ~~shall find that an emergency exists there~~
 20 is sufficient need for a budget amendment, the trustees may
 21 make and adopt a preliminary emergency budget amendment, on
 22 the regular budget form, setting forth fully the facts
 23 constituting the emergency need for the budget amendment. In
 24 adopting the preliminary emergency budget amendment, the
 25 trustees may budget for any fund which that was included on

1 the final budget of the district for the current school
2 fiscal year. The budget shall must be itemized to show the
3 amount appropriated for each item as required on the budget
4 form.

5 (2) When the emergency budget amendment is due-to-any
6 increase the result of increased enrollment, the maximum
7 amount of the emergency budget amendment for all funds shall
8 must be determined in the following manner:

9 (a) Determine the total amount in the final budget for
10 the current school fiscal year of all funds affected by the
11 emergency enrollment increase, less any amounts appropriated
12 as capital outlay and any amount appropriated for addition
13 to the cash operating reserve.

14 (b) Divide the amount determined in subsection (2)(a)
15 by the number of pupils originally enrolled in such the
16 district during the immediately preceding school fiscal
17 year. The resulting cost per pupil shall-constitute is the
18 maximum permissible per-pupil expenditure in the emergency
19 budget amendment.

20 (c) Determine the enrollment increase of the current
21 school fiscal year by subtracting the number of pupils
22 originally enrolled during the immediately preceding school
23 fiscal year from ~~106%~~ of the number of pupils enrolled for
24 the current school year. The result shall--be is the
25 enrollment increase for the current school fiscal year.

1 (d) Multiply the cost per pupil determined in
2 subsection (2)(b) by the enrollment increase determined in
3 subsection (2)(c). The result shall--be is the maximum
4 limitation on an--emergency a budget amendment for
5 emergencies amendments due-to-an-increase-of resulting from
6 increased enrollment.

7 ~~(e) In the case of a community college district, by~~
8 ~~budget amendment.~~

9 (3) In--the--event--of--any--other--type--of--emergency For
10 other types of budget amendments, the budget shall--be
11 amendment is limited by--those to the expenditures deemed
12 considered by the trustees to be reasonable and necessary to
13 finance the stated conditions of the emergency budget
14 amendment and the preliminary emergency budget shall
15 amendment must be--accompanied-with include the details of
16 the proposed expenditures.

17 (4) Whenever the trustees adopt a preliminary emergency
18 budget amendment for the transportation fund, the trustees
19 shall attach to such the budget amendment a copy of each
20 transportation contract which that is connected with the
21 emergency budget amendment and which that has been prepared
22 and executed in accordance with the school transportation
23 contract laws.

24 (5) After the trustees have adopted the emergency
25 budget amendment by a majority vote of the trustees, it

1 ~~shall~~ must be signed by the chairman of the trustees and the
 2 clerk of the district and copies ~~shall~~ must be sent to the
 3 county superintendent, the county treasurer, and the
 4 superintendent of public instruction. ~~In--the--case--of--a~~
 5 ~~community--college--district, copies of the emergency budget~~
 6 ~~shall be sent to the county superintendent, the county~~
 7 ~~treasurer, and the board of regents."~~

8 **Section 16.** Section 20-9-166, MCA, is amended to read:

9 "20-9-166. State financial aid for emergency budgets
 10 budget amendments. Whenever a final emergency budget
 11 amendment has been adopted for the general fund or the
 12 transportation fund to finance the cost of an emergency
 13 amendment due to an resulting from increased enrollment or
 14 any other reason approved by the superintendent of public
 15 instruction under the provisions of 20-9-163, the trustees
 16 may apply to the superintendent of public instruction for an
 17 increased payment from the state public school equalization
 18 aid account for the foundation program or for state
 19 transportation reimbursement, or both. The superintendent of
 20 public instruction shall ~~publish~~ adopt rules for ~~such~~ the
 21 application. The superintendent of public instruction shall
 22 approve or disapprove each application for increased state
 23 aid made in accordance with 20-9-314 AND this section. When
 24 the superintendent of public instruction approves an
 25 application, he shall determine the additional amount of

1 state aid from the state public school equalization aid
 2 account or the state transportation reimbursement ~~which~~ that
 3 will be made available to the applicant district because of
 4 the ~~emergency caused by an~~ increase in enrollment. The
 5 superintendent of public instruction shall notify the
 6 applicant district of his approval or disapproval and, in
 7 the event of approval, the amount of additional state aid
 8 that will be made available for the general fund or the
 9 transportation fund. The superintendent of public
 10 instruction shall disburse ~~such emergency~~ the state aid to
 11 the eligible district at the time the next regular state aid
 12 payment is made."

13 **Section 17.** Section 20-9-201, MCA, is amended to read:

14 "20-9-201. Definitions and application. (1) As used in
 15 this title, unless the context clearly indicates otherwise,
 16 "fund" means a separate detailed account of receipts and
 17 expenditures for a specific purpose as authorized by law or
 18 by the superintendent of public instruction under the
 19 provisions of subsection (2). Funds are classified as
 20 follows:

21 (a) A "budgeted fund" means any fund for which a budget
 22 must be adopted in order to expend money from the fund. The
 23 general fund, transportation fund, bus depreciation reserve
 24 fund, ~~elementary~~ tuition fund, retirement fund, debt service
 25 fund, ~~leased--facilities--fund,~~ building reserve fund, adult

1 education fund, nonoperating fund, and any other funds so
2 designated by the legislature are budgeted funds.

3 (b) A "nonbudgeted fund" means any fund for which a
4 budget is not required in order to expend money on deposit
5 in the fund. The school food services fund, miscellaneous
6 federal programs fund, building fund, lease or rental
7 agreement fund, traffic education fund, interlocal
8 cooperative fund, extracurricular fund, metal mines tax
9 reserve fund, endowment fund, and any other funds so
10 designated by the legislature are nonbudgeted funds.

11 (2) The school financial administration provisions of
12 this title apply to all money of any elementary or high
13 school district ~~except--the-extracurricular-money-realized~~
14 ~~from-pupil-activities~~. Elementary and high school districts
15 shall record the receipt and disbursement of all money in
16 accordance with generally accepted accounting principles.
17 The superintendent of public instruction has general
18 supervisory authority as prescribed by law over the school
19 financial administration provisions, as they relate to
20 elementary and high school districts. ~~He~~ The superintendent
21 of public instruction shall adopt rules necessary to secure
22 compliance with the law.

23 {3} Except as otherwise provided by law, whenever the
24 trustees of a district determine that a fund is inactive and
25 will no longer be used, the trustees shall close the fund by

1 transferring all cash and other account balances to the
2 general fund if the fund does not have a cash or fund
3 balance deficit."

4 **Section 18.** Section 20-9-206, MCA, is amended to read:

5 "20-9-206. Entering appropriations on accounting
6 records of county treasurer. (1) When the county treasurer
7 receives the final budgets of the districts from the county
8 superintendent, he shall open a fund for each budgeted fund
9 included on the final budget of each district by entering
10 the amount appropriated for the fund on his accounting
11 record.

12 (2) Whenever the county treasurer receives a final
13 emergency budget amendment for a district from the county
14 superintendent, he shall increase the amount of the
15 regularly adopted final budget by the amount of the
16 ~~emergency-budgeted-fund included--on~~ the final emergency
17 budget amendment."

18 **Section 19.** Section 20-9-208, MCA, is amended to read:

19 "20-9-208. Transfer among appropriation items of a
20 fund. (1) Whenever it appears to the trustees of any a
21 district that the appropriated amount of any an item of a
22 budgeted fund of the final budget or ~~the-emergency a~~ budget
23 amendment is in excess of the amount actually required
24 during the school fiscal year for ~~such~~ the appropriation
25 item, the trustees may transfer any or all of the excess

1 appropriation amount to any other appropriation item of the
2 same budgeted fund.

3 (2) ~~Such transfers shall~~ Transfers may not be made
4 between different funds of the same district or between
5 similar funds of different districts except as specifically
6 provided by this title. The trustees shall enter the
7 authorized transfers upon the permanent records of the
8 district."

9 **Section 20.** Section 20-9-209, MCA, is amended to read:

10 "20-9-209. Lapse of budgeted appropriations and
11 provision for unpaid claims. (1) All appropriations for a
12 budgeted fund in the regular ~~or emergency~~ budget or for a
13 budget amendment for a given school fiscal year ~~shall~~ lapse
14 on the last day of ~~such~~ the school fiscal year except the
15 appropriations for:

16 (a) uncompleted improvements in progress of
17 construction; and

18 (b) ~~any~~ an obligation for the purchase of personal
19 property ordered but not paid for during the current fiscal
20 year and recorded with the county treasurer in the manner
21 and on forms prescribed by the superintendent of public
22 instruction.

23 (2) ~~Any~~ A lawful claim presented to the district for
24 payment under a lapsed appropriation ~~shall--be~~ is an
25 obligation of the budget for the next ensuing school fiscal

1 year."

2 **Section 21.** Section 20-9-210, MCA, is amended to read:

3 "20-9-210. ~~Expenditure limitation and cash retention of~~
4 ~~nonbudgeted fund. The expenditure limitation, at any time~~
5 ~~during the school fiscal year, for a nonbudgeted fund shall~~
6 ~~be is~~ the amount of cash balance of ~~such~~ the nonbudgeted
7 fund. ~~The cash balance of a nonbudgeted fund shall remain to~~
8 ~~the credit of such nonbudgeted fund from year to year unless~~
9 ~~a transfer is specifically authorized by this title."~~

10 **Section 22.** Section 20-9-214, MCA, is amended to read:

11 "20-9-214. Fees. (1) The trustees of ~~any~~ a district
12 may:

13 (a) require pupils in the commercial, industrial arts,
14 music, domestic science, scientific, or agricultural courses
15 to pay reasonable fees to cover the actual cost of breakage
16 and of excessive supplies used; and

17 (b) charge pupils a reasonable fee for ~~any~~ a course or
18 activity not reasonably related to a recognized academic and
19 educational goal of the district or ~~any~~ a course or activity
20 held outside normal school functions. The trustees may waive
21 the fee in cases of financial hardship.

22 (2) The fees collected pursuant to ~~subsection (1)~~ ~~shall~~
23 ~~be~~ subsection (1)(a) must be deposited in the general fund,
24 and the fees collected pursuant to subsection (1)(b) must be
25 deposited in a nonbudgeted fund as provided in 20-9-210."

1 **Section 23.** Section 20-9-221, MCA, is amended to read:

2 "20-9-221. Procedure for issuance of warrants. (1) The
3 trustees of each district shall issue all warrants, and the
4 warrants shall must identify:

5 (a) the budgeted fund or nonbudgeted fund on which the
6 warrant is drawn; and

7 (b) the warrant as ~~an--emergency~~ a budget amendment
8 warrant if it is drawn on ~~an--emergency~~ a budget amendment.

9 (2) ~~Any-warrant~~ All warrants issued by a district shall
10 must be countersigned by the chairman of the trustees and
11 the clerk of the district before the ~~warrant--shall--be~~
12 warrants are negotiable. Facsimile signatures may be used in
13 accordance with the provisions of 2-16-114. A facsimile
14 signature device used under authority of this section must
15 may not be available to the other countersigner of the
16 warrant, or the device must have a nonresettable metering
17 control that can provide a positive reconciliation between
18 the number of warrants issued and the number of signatures
19 applied. Either split signature plates or a double signature
20 plate may be used according to the requirements of the
21 district. The signature plates and the device keys must be
22 kept secure by the district clerk under the supervision of
23 the board of trustees of the district.

24 (3) The trustees shall issue warrants in single copy or
25 in triplicate copy. When the warrants are issued in single

1 copy, the trustees shall immediately provide a listing of
2 the issued warrants on a fund-by-fund basis to the county
3 treasurer and retain a copy of the listing in the district
4 accounting records. When the warrants are issued in
5 triplicate, the original copy of the warrant shall must be
6 delivered to the payee, the duplicate shall must be sent
7 immediately to the county treasurer, and the triplicate
8 shall must be retained by the district for accounting record
9 purposes. The duplicate and triplicate copies shall must be
10 identified on the face of the warrant as "Not
11 Negotiable--Copy of Original".

12 (4) However, the trustees may elect to issue warrants
13 in payment of wages and salaries on a direct deposit basis
14 to the employee's account in a local bank, provided the
15 consent of the employee has been obtained and the employee
16 is given an itemized statement of payroll deductions for
17 each pay period."

18 **Section 24.** Section 20-9-231, MCA, is amended to read:

19 "20-9-231. Metal mines tax reserve account fund. (1)
20 The governing body of a local school district receiving tax
21 collections under 15-37-117(1)(d) may establish a metal
22 mines tax reserve account fund to be used to hold the
23 collections. The governing body may hold money in the
24 account fund for any time period deemed considered
25 appropriate by the governing body. Money held in the account

1 fund may not be considered as cash fund balance for the
2 purpose of reducing mill levies.

3 (2) Money may be expended from the account fund for any
4 purpose provided by law.

5 (3) Money in the account fund must be invested as
6 provided by law. Interest and income from the investment of
7 the metal mines tax reserve account fund must be credited to
8 the account fund.

9 (4) The fund must be financially administered as a
10 nonbudgeted fund under the provisions of this title."

11 **Section 25.** Section 20-9-301, MCA, is amended to read:

12 "20-9-301. Purpose of foundation program and definition
13 of general fund budget. (1) A uniform system of free public
14 schools sufficient for the education of and open to all
15 school age children of the state must be established and
16 maintained throughout the state of Montana. The state shall
17 aid in the support of its ~~several~~ school districts on the
18 basis of their financial need as measured by the foundation
19 program and in the manner established in this title.

20 (2) The principal budgetary vehicle for achieving the
21 minimum financing as established by the foundation program
22 is the general fund budget of the district. The purpose of
23 the general fund budget is to finance those general
24 maintenance and operational costs of a district not financed
25 by other funds established for special purposes in this

1 title.

2 (3) The amount of the general fund budget for each
3 school fiscal year may not exceed the financing limitations
4 established by this title but may not be less than the
5 amount established by law as the foundation program. The
6 general fund budget must be financed by the foundation
7 program revenues and may be supplemented by ~~an additional a~~
8 permissive levy, voted levy and, or other revenue, as
9 provided by 20-9-145 and 20-9-353."

10 **Section 26.** Section 20-9-315, MCA, is amended to read:

11 "20-9-315. **Maximum general fund budget and exceptions.**

12 (1) The total amount of the general fund budget of any a
13 district may not be greater than the district's foundation
14 program as provided in 20-9-303, except when a district has
15 adopted ~~an emergency general fund a~~ budget amendment under
16 the provisions of 20-9-165 or when a district satisfies the
17 requirements of 20-9-145 and 20-9-353.

18 (2) Notwithstanding the provisions of subsection (1),
19 for school fiscal year 1991 and succeeding years, a
20 district's maximum general fund budget may not exceed the
21 greater of:

22 (a) ~~{the equivalent of the percent to be determined~~
23 ~~that is 112% of FY 1988 district general fund and insurance~~
24 ~~fund expenditures} 135% of the foundation program amount
25 provided for in 20-9-303; or~~

1 (b) 104% of the district's general fund budget amount
 2 for the previous school fiscal year, including any school
 3 district expenses from the previous school fiscal year
 4 approved for inclusion in this calculation by the
 5 superintendent of public instruction under [section 50].

6 (3) Subsection (2) does not apply when the source of
 7 funding for the excess amount is any of the following:

8 (a) Public Law 81-874 funds are the source of funding
 9 for the excess amount, until the state receives approval of
 10 an application to equalize the funds under 20 U.S.C. 240(d);
 11 or

12 (b) general bonus payments under 20-6-401."

13 **Section 27.** Section 20-9-321, MCA, is amended to read:

14 "20-9-321. Foundation program and contingency funds for
 15 special education. (1) For the purpose of establishing the
 16 foundation program amount for a current year special
 17 education program for a school district, the superintendent
 18 of public instruction shall determine the total estimated
 19 cost of the special education program for the school
 20 district on the basis of a special education program budget
 21 submitted by the district. The budget must be prepared on
 22 forms provided by the superintendent of public instruction
 23 and must set out for each program:

24 (a) the estimated allowable costs associated with
 25 operating the program where allowable costs are as defined

1 in 20-7-431;

2 (b) the number of pupils expected to be enrolled in the
 3 program; and

4 (c) any other data required by the superintendent of
 5 public instruction for budget justification purposes and to
 6 administer the provisions of 20-9-315 through 20-9-321.

7 (2) The total amount of allowable costs approved by the
 8 superintendent of public instruction is the special
 9 education foundation program amount for current year special
 10 education program purposes. The total amount of allowable
 11 costs that are approved for the special education budget may
 12 not, under any condition, be less than the foundation
 13 program amount for one regular ANB for each full-time
 14 special pupil in the school district.

15 (3) If a special education program is implemented or
 16 expanded during a given school term too late to be included
 17 in the determination of the district foundation program for
 18 the school year as prescribed in this part, allowable costs
 19 approved under the budgeting provisions of subsections (1)
 20 and (2) for the operation of the program during the given
 21 year must be funded from any legislative appropriation for
 22 contingency financing for special education. Contingency
 23 funds granted under this subsection must be deposited in a
 24 separate account of the miscellaneous programs fund of the
 25 district as provided in 20-9-507. However, if contingency

1 funds are not available, then subject to the approval of the
 2 program by the superintendent under the emergency budget
 3 amendment provisions of 20-9-161+5+(6), allowable costs for
 4 the given year may be funded in the miscellaneous programs
 5 fund by other revenue sources and added to the foundation
 6 program amount for special education for the subsequent
 7 school year under the provisions of [section 50]. The
 8 allowable costs must be recorded as previous year special
 9 education expenses in the school district budget for the
 10 subsequent school year.

11 (4) The sum of the previous year special education
 12 expenses as defined in subsection (3) and the foundation
 13 program amount for current year special education as defined
 14 in subsections (1) and (2) is the special education budget
 15 for accounting purposes.

16 (5) The foundation program amount for special education
 17 must be added to the foundation program amount of the
 18 regular program ANB defined in 20-9-311 and 20-9-313 to
 19 obtain the total foundation program amount for the
 20 district."

21 **Section 28.** Section 20-9-344, MCA, is amended to read:

22 "20-9-344. Purpose of state equalization aid and duties
 23 of the board of public education for distribution --
 24 conditions of first payment. (1) The money available for
 25 state equalization aid must be distributed and apportioned

1 to provide an annual minimum operating revenue for the
 2 elementary and high schools in each county, exclusive of
 3 revenues required for debt service and for the payment of
 4 any costs and expense incurred in connection with any adult
 5 education program, recreation program, school food services
 6 program, new buildings and grounds, and transportation.

7 (2) The board of public education shall administer and
 8 distribute the state equalization aid in the manner and with
 9 the powers and duties provided by law. To this end, the
 10 board of public education shall:

11 (a) adopt policies for regulating the distribution of
 12 state equalization aid in accordance with the provisions of
 13 law and in a manner that provides for monthly distribution
 14 to each district of its foundation program amount and to
 15 each county and district distribution of its guaranteed tax
 16 base aid;

17 (b) have the power to require reports from the county
 18 superintendents, budget boards, county treasurers, and
 19 trustees as it considers necessary; and

20 (c) order the superintendent of public instruction to
 21 distribute the state equalization aid on the basis of each
 22 district's annual entitlement to the aid as established by
 23 the superintendent of public instruction. In ordering the
 24 distribution of state equalization aid, the board of public
 25 education may not increase or decrease the state

1 equalization aid distribution to any district on account of
 2 any difference that may occur during the school fiscal year
 3 between budgeted and actual receipts from any other source
 4 of school revenue.

5 (3) The board of public education may order the
 6 superintendent of public instruction to withhold
 7 distribution of state equalization aid or order the county
 8 superintendent of schools to withhold county equalization
 9 money from a district when the district fails to:

10 (a) submit reports or budgets as required by law or
 11 rules adopted by the board of public education; or

12 (b) maintain accredited status.

13 (4) Prior to any proposed order by the board of public
 14 education to withhold distribution of state equalization aid
 15 or county equalization money, the district is entitled to a
 16 contested case hearing before the board of public education,
 17 as provided under the Montana Administrative Procedure Act.

18 (5) If a district or county receives more state
 19 equalization aid than it is entitled to, the county
 20 treasurer shall return the overpayment to the state upon the
 21 request of the superintendent of public instruction in the
 22 manner prescribed by the ~~department---of---commerce~~
 23 superintendent of public instruction.

24 (6) (a) The first foundation program payment and
 25 guaranteed tax base aid payment must be based on an estimate

1 of 20% of the entitlement of each district or county and
 2 distributed by July 15 of the school fiscal year.

3 (b) Each subsequent monthly payment must be at least 7%
 4 of the entitlement of each district or county."

5 **Section 29.** Section 20-9-353, MCA, is amended to read:

6 "20-9-353. Additional levy for general fund -- election
 7 for authorization to impose. (1) Except as limited by
 8 20-9-315(2), the trustees of any a district may propose to
 9 adopt a general fund budget in excess of the foundation
 10 program and the permissive amount for the district for any
 11 of the following purposes:

12 (a) building, altering, repairing, or enlarging any
 13 schoolhouse of the district;

14 (b) furnishing additional school facilities for the
 15 district;

16 (c) acquisition of land for the district;

17 (d) proper maintenance and operation of the school
 18 programs of the district; or

19 (e) severance pay for district employees.

20 (2) When the trustees of any a district determine that
 21 an additional amount of financing is required for the
 22 general fund budget that is in excess of the statutory
 23 schedule amount AND THE PERMISSIVE AMOUNT, the trustees
 24 shall submit the proposition of an additional levy to raise
 25 the excess amount of general fund financing to the electors

1 who are qualified under 20-20-301 to vote upon the
 2 proposition, except that an election is not required to
 3 permit the school trustees to use any funds available to
 4 finance the additional amount other than those funds to be
 5 raised by the additional levy. The special election must be
 6 called and conducted in the manner prescribed by this title
 7 for school elections. The ballot for the election must state
 8 only the amount of money to be raised by additional property
 9 taxation, the approximate number of mills required to raise
 10 the money, and the purpose for which the money will be
 11 expended. The ballot must be in the following format:

12 PROPOSITION

13 Shall a levy be made in addition to the levies
 14 authorized by law in the number of mills as may be necessary
 15 to raise the sum of (state the amount to be raised by
 16 additional tax levy), and being approximately (give number)
 17 mills, for the purpose of (insert the purpose for which the
 18 additional tax levy is made)?

- 19 FOR the levy.
 20 AGAINST the levy.

21 (3) If the election on any additional levy for the
 22 general fund is approved by a majority vote of the electors
 23 voting at the election, the proposition carries and the
 24 trustees may use any portion or all of the authorized amount
 25 in adopting the preliminary general fund budget. The

1 trustees shall certify the additional levy amount authorized
 2 by the special election on the budget form that is submitted
 3 to the county superintendent, and the county commissioners
 4 shall levy the authorized number of mills on the taxable
 5 value of all taxable property within the district, as
 6 prescribed in 20-9-141, to raise the amount of the
 7 additional levy.

8 (4) Authorization to levy an additional tax under the
 9 provisions of this section is effective for only 1 school
 10 fiscal year and must be authorized by a special election
 11 conducted before August 1 of the school fiscal year for
 12 which it is effective."

13 **Section 30.** Section 20-9-360, MCA, is amended to read:

14 "20-9-360. State equalization aid levy. ~~(1)~~ (1) There
 15 is a levy of 40 mills imposed by the county commissioners of
 16 each county on all taxable property within the state, except
 17 property for which a tax or fee is required under 23-2-517,
 18 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204.
 19 ~~Except as provided in subsection (2),~~ Proceeds
 20 EXCEPT AS PROVIDED IN SUBSECTION (2), PROCEEDS of the levy
 21 must be remitted to the state treasurer and must be
 22 deposited to the credit of the state special revenue fund
 23 for state equalization aid to the public schools of Montana.
 24 ~~(2) For the benefit of each municipality that created~~
 25 ~~an urban renewal area and adopted a tax increment financing~~

1 ~~provision for the urban renewal area prior to July 1, 1990,~~
 2 ~~each year the state treasurer shall distribute to the county~~
 3 ~~an amount of the state equalization levy equal to the tax~~
 4 ~~increment derived by the municipality for the fiscal year~~
 5 ~~ending June 30, 1989, from the levy for property taxes for~~
 6 ~~school district purposes against property within the urban~~
 7 ~~renewal district, less the amount of tax increment actually~~
 8 ~~received by the municipality in each year as a result of the~~
 9 ~~imposition of mill levies for school district purposes.~~

10 (2) FOR THE BENEFIT OF EACH MUNICIPALITY THAT CREATED
 11 AN URBAN RENEWAL AREA AND ADOPTED A TAX INCREMENT FINANCING
 12 PROVISION FOR THE URBAN RENEWAL AREA PRIOR TO JULY 1, 1990,
 13 THE STATE TREASURER SHALL DISTRIBUTE EACH FISCAL YEAR FROM
 14 THE STATE EQUALIZATION AID LEVY TO THE MUNICIPALITY THE
 15 AMOUNT, IF ANY, EQUAL TO THE PRODUCT OF THE INCREMENTAL
 16 TAXABLE VALUE OF THE URBAN RENEWAL AREA TIMES THE REDUCED
 17 SCHOOL LEVY FOR THE AREA, EACH CALCULATED FOR THE FISCAL
 18 YEAR. THE REDUCED SCHOOL LEVY FOR A FISCAL YEAR IS THE
 19 DIFFERENCE BETWEEN THE AGGREGATE AMOUNT OF ALL PROPERTY TAX
 20 LEVIES FOR SCHOOL PURPOSES IN THE URBAN RENEWAL AREA,
 21 EXPRESSED IN MILLS, IN THE FISCAL YEAR ENDED JUNE 30, 1989,
 22 AND THE AGGREGATE AMOUNT OF ALL PROPERTY TAX LEVIES FOR
 23 SCHOOL PURPOSES IN THE AREA OR THE DISTRICT, EXPRESSED IN
 24 MILLS, IN THE FISCAL YEAR, INCLUDING THE STATE EQUALIZATION
 25 AID LEVY. THE STATE TREASURER SHALL DISTRIBUTE THE AMOUNTS

1 TO MUNICIPALITIES IN TWO EQUAL INSTALLMENTS ON DECEMBER 31
 2 AND JUNE 30 OF THE FISCAL YEAR."

3 ~~Section 31, Section 20-9-361, MCA, is amended to read:~~
 4 ~~"20-9-361, State and county equalization revenue ---~~
 5 ~~statutory appropriation, Revenue received in support of~~
 6 ~~state and county equalization under the provisions of~~
 7 ~~20-9-331, 20-9-333, and 20-9-343 is statutorily~~
 8 ~~appropriated, as provided in 17-7-502, to:~~

9 ~~(1) the superintendent of public instruction to be used~~
 10 ~~for county equalization and state equalization aid for the~~
 11 ~~public schools, as provided by law, and must be accounted~~
 12 ~~for in accordance with generally accepted accounting~~
 13 ~~principles, and~~

14 ~~(2) counties as provided in 20-9-360(2)."~~

15 **Section 31.** Section 20-9-366, MCA, is amended to read:

16 "20-9-366. Definitions. As used in 20-9-366 through
 17 20-9-369, the following definitions apply:

18 (1) "County mill value per elementary ANB" or "county
 19 mill value per high school ANB" means the sum of the current
 20 taxable valuation of all property in the county plus the
 21 taxable value of oil and gas net proceeds determined under
 22 15-23-607(4) for production occurring after March 31, 1990,
 23 plus the taxable value of coal gross proceeds determined
 24 under 15-23-703(3) plus all the taxable value of nonlevy
 25 revenue for the support of schools the elementary school and

1 high school district retirement funds, other than Public Law
 2 81-874 funds, divided by 1,000, with the quotient divided by
 3 the total county elementary ANB count or the total county
 4 high school ANB count used to calculate the elementary
 5 school districts' and high school districts' current year
 6 foundation program amounts. The taxable value of nonlevy
 7 revenue for the purpose of computing guaranteed tax base aid
 8 for schools the county retirement fund is the amount of
 9 nonlevy revenue received-by--a--district deposited in the
 10 elementary school or high school district retirement fund in
 11 the previous year, including for fiscal year 1991 the
 12 revenue received in fiscal year 1990 from the net proceeds
 13 taxation of oil and natural gas and including for fiscal
 14 year 1992 and thereafter the local government severance tax,
 15 divided by the number of mills levied by the district county
 16 in the previous year in support of the elementary school and
 17 high school district retirement funds, multiplied by 1,000.

18 (2) "District mill value per ANB" means the current
 19 taxable valuation of all property in the district plus the
 20 taxable value of oil and gas net proceeds determined under
 21 15-23-607(4) for production occurring after March 31, 1990,
 22 plus the taxable value of coal gross proceeds determined
 23 under 15-23-703(3) plus all the taxable value of nonlevy
 24 revenue for the support of schools the school district's
 25 general fund, other than Public Law 81-874 funds, divided by

1 1,000, with the quotient divided by the ANB count of the
 2 district used to calculate the district's current year
 3 foundation program schedule amount. The taxable value of
 4 nonlevy revenue for the purpose of computing guaranteed tax
 5 base aid for schools is the amount of nonlevy revenue
 6 received-by deposited in a district district's general fund
 7 in the previous year, including for fiscal year 1991 the
 8 revenue received in fiscal year 1990 from the net proceeds
 9 taxation of oil and natural gas and including for fiscal
 10 year 1992 and thereafter the local government severance tax,
 11 divided by the number of mills levied by the district in the
 12 previous year in support of the district's general fund,
 13 multiplied by 1,000.

14 (3) "~~Guaranteed---overschedule---general---fund---budget~~
 15 Permissive amount" means that portion of a district's
 16 general fund budget in excess of the foundation program
 17 amount for the district, as provided in 20-9-316 through
 18 20-9-321, but not exceeding ~~±35%~~ 35% of the district's
 19 foundation program amount, and which excess is authorized
 20 under the provisions of 20-9-145 and 20-9-353.

21 (4) "Statewide district mill value per elementary ANB"
 22 or "statewide district mill value per high school ANB" means
 23 the sum of the current taxable valuation of all property in
 24 the state plus the taxable value of oil and gas net proceeds
 25 determined under 15-23-607(4) for production occurring after

1 March 31, 1990, plus the taxable value of coal gross
 2 proceeds determined under 15-23-703(3) plus all the taxable
 3 value of nonlevy revenue for the support of schools the
 4 general funds of all school districts, other than Public Law
 5 81-874 funds, divided by 1,000, with the quotient divided by
 6 the total state elementary ANB count or the total state high
 7 school ANB count used to calculate the elementary school
 8 districts' and high school districts' current year
 9 foundation program amounts. The taxable value of nonlevy
 10 revenue for the purpose of computing guaranteed tax base aid
 11 for schools is the amount of nonlevy revenue received--by--a
 12 district deposited to the general fund of a school district
 13 in the previous year, including for fiscal year 1991 the
 14 revenue received in fiscal year 1990 from the net proceeds
 15 taxation of oil and natural gas and including for fiscal
 16 year 1992 and thereafter the local government severance tax,
 17 divided by the number of mills levied by the district in the
 18 previous year in support of the district general fund,
 19 multiplied by 1,000.

20 (5) "Statewide county mill value per elementary ANB" or
 21 "statewide county mill value per high school ANB" means the
 22 sum of the current taxable valuation of all property in the
 23 state plus the taxable value of oil and gas net proceeds
 24 determined under 15-23-607(4) for production occurring after
 25 March 31, 1990, plus the taxable value of coal gross

1 proceeds determined under 15-23-703(3) plus all the taxable
 2 value of nonlevy revenue for the support of the elementary
 3 school or high school district retirement fund, other than
 4 Public Law 81-874 funds, divided by 1,000, with the quotient
 5 divided by the total state elementary ANB count or the total
 6 state high school ANB count used to calculate the elementary
 7 school districts' and high school districts' current year
 8 foundation program amounts. The taxable value of nonlevy
 9 revenue for the purpose of computing guaranteed tax base aid
 10 for the county retirement fund is the amount of nonlevy
 11 revenue deposited in the elementary school or high school
 12 district retirement fund the previous year, including for
 13 fiscal year 1991 the revenue received in fiscal year 1990
 14 from the net proceeds taxation of oil and natural gas and
 15 including for fiscal year 1992 and thereafter the local
 16 government severance tax, divided by the number of mills
 17 levied by the county in the previous year in support of the
 18 elementary school and high school retirement funds,
 19 multiplied by 1,000."

20 **Section 32.** Section 20-9-367, MCA, is amended to read:
 21 "20-9-367. Eligibility to receive guaranteed tax base
 22 aid. (1) If the district mill value per ANB of any
 23 elementary or high school district is less than the
 24 corresponding statewide district mill value per elementary
 25 ANB or high school ANB, the district may receive guaranteed

1 tax base aid based on the number of mills levied in the
2 district in support of its guaranteed--overschedule
3 permissive amount of the general fund budget.

4 (2) If the county mill value per elementary ANB or high
5 school ANB is less than the corresponding statewide county
6 mill value per elementary ANB or high school ANB, the county
7 may receive guaranteed tax base aid based on the number of
8 mills levied in the county in support of the retirement fund
9 budgets of the respective elementary or high school
10 districts in the county."

11 **Section 33.** Section 20-9-368, MCA, is amended to read:

12 "20-9-368. Amount of guaranteed tax base aid --
13 reversion. (1) The amount of guaranteed tax base aid per ANB
14 that a county may receive in support of the retirement fund
15 budgets of the elementary school districts in the county is
16 the difference between the county mill value per elementary
17 ANB and the statewide county mill value per elementary ANB,
18 multiplied by the number of mills levied in support of the
19 retirement fund budgets of the elementary districts in the
20 county.

21 (2) The amount of guaranteed tax base aid per ANB that
22 a county may receive in support of the retirement fund
23 budgets of the high school districts in the county is the
24 difference between the county mill value per high school ANB
25 and the statewide county mill value per high school ANB,

1 multiplied by the number of mills levied in support of the
2 retirement fund budgets of the high school districts in the
3 county.

4 (3) The amount of guaranteed tax base aid per ANB that
5 a district may receive in support of its guaranteed
6 overschedule permissive amount of the general fund budget is
7 the difference between the district mill value per ANB and
8 the corresponding statewide district mill value per ANB,
9 multiplied by the number of mills levied in support of the
10 district's guaranteed overschedule permissive amount of the
11 general fund budget.

12 (4) Guaranteed tax base aid provided to any county or
13 district under this section is earmarked to finance the fund
14 or portion of the fund for which it is provided. If the
15 actual expenditures from the fund or portion of the fund for
16 which guaranteed tax base aid is earmarked are less than the
17 amount budgeted, the guaranteed tax base aid reverts in
18 proportion to the amount budgeted but not expended. If a
19 county or district receives more guaranteed tax base aid
20 than it is entitled to, the excess must be returned to the
21 state as required by 20-9-344."

22 **Section 34.** Section 20-9-406, MCA, is amended to read:

23 "20-9-406. Limitations on amount of bond issue. (1) The
24 maximum amount for which each school district may become
25 indebted by the issuance of bonds, including all

1 indebtedness represented by outstanding bonds of previous
2 issues and registered warrants, is 45% of the taxable value
3 of the property subject to taxation as ascertained by the
4 last completed assessment for state, county, and school
5 taxes previous to the incurring of such the indebtedness,
6 including:

7 (a) the taxable value of coal gross proceeds as
8 determined for county bonding purposes in 15-23-703(2);

9 (b) the taxable value of oil and gas net proceeds as
10 determined for county bonding purposes in 15-23-607(3); and

11 (c) the amount of the value of any other oil and gas
12 production occurring after December 31, 1988, multiplied by
13 60%.

14 (2) The 45% maximum, however, may not pertain to
15 indebtedness imposed by special improvement district
16 obligations or assessments against the school district or to
17 bonds issued for the repayment of tax protests lost by the
18 district. All bonds issued in excess of such the amount
19 ~~shall-be-null-and~~ are void, except as provided in this
20 section.

21 ~~(2)~~(3) When the total indebtedness of a school district
22 has reached the 45% limitation prescribed in this section,
23 the school district may pay all reasonable and necessary
24 expenses of the school district on a cash basis in
25 accordance with the financial administration provisions of

1 this chapter.

2 ~~(3)~~(4) Whenever bonds are issued for the purpose of
3 refunding bonds, any moneys money to the credit of the debt
4 service fund for the payment of the bonds to be refunded are
5 is applied towards the payment of such the bonds and the
6 refunding bond issue is decreased accordingly."

7 **Section 35.** Section 20-9-435, MCA, is amended to read:

8 "20-9-435. Delivery of school district bonds and
9 disposition of sale moneys. (1) After the school district
10 bonds have been registered, the county treasurer shall:

11 (a) when the board of investments has purchased such
12 the bonds, forward the bonds to such the state board which,
13 in turn, shall cause send the bonds ~~to-be-sent~~ to the state
14 treasurer and shall cause the bonds to be paid for in the
15 manner provided by law; or

16 (b) when if the purchaser is anybody other than the
17 board of investments, deliver the bonds to such the
18 purchaser when full payment of the bonds has been made by
19 the purchaser.

20 (2) If any of the trustees fails or refuses to pay into
21 the proper county treasury the money arising from the sale
22 of ~~any-bonds~~ a bond, he is guilty of a felony and shall be
23 punished by imprisonment in the state prison for not less
24 than 1 year or more than 10 years, or by a fine of not more
25 than \$50,000, or by both ~~such-fine-and-imprisonment~~.

1 (3) All money realized from the sale of school district
 2 bonds ~~shall~~ must be paid to the county treasurer, and he
 3 shall credit ~~such~~ the money to the building fund of the
 4 school district issuing the bonds, except money realized for
 5 accrued interest or the purposes defined in 20-9-403(1)(c)
 6 and (1)(d) ~~shall~~ must be deposited in the debt service fund
 7 ~~for--the-purchase-of-such-bonds~~. The money realized from the
 8 sale of school district bonds ~~shall~~ must be immediately
 9 available to ~~such~~ the school district, and the trustees may
 10 expend ~~such~~ the money without budgeted authorization only
 11 for the purposes for which the bonds were authorized by the
 12 school district bond election. Under the provisions of
 13 7-6-2802, the trustees may invest the money for which there
 14 is no immediate demand and the interest earned by ~~such~~
 15 investment ~~shall~~ must be used in the manner provided therein
 16 in 7-6-2802. After the full accomplishment of the purpose or
 17 purposes of a bond issue, the excess money realized from
 18 ~~such~~ the bond issue ~~shall~~ must be transferred to the debt
 19 service fund of the school district to be used for the
 20 redemption or purchase of bonds of ~~such~~ the issue."

21 **Section 36.** Section 20-9-438, MCA, is amended to read:

22 "20-9-438. Preparation of debt service fund budget --
 23 cash operating reserve. (1) The trustees of each school
 24 district having outstanding bonds shall include in the debt
 25 service fund of the preliminary budget adopted in accordance

1 with 20-9-113 an amount of money that is necessary to pay
 2 the interest and the principal amount becoming due during
 3 the ensuing school fiscal year for each series or
 4 installment of bonds, according to the terms and conditions
 5 of ~~such~~ the bonds and the redemption plans of the trustees.

6 (2) The trustees shall also include in the debt service
 7 fund of the preliminary budget:

8 (a) the amount of money necessary to pay the special
 9 improvement district assessments levied against the school
 10 district ~~which~~ that become due during the ensuing school
 11 fiscal year; and

12 (b) a limited cash operating reserve for the school
 13 fiscal year following the ensuing school fiscal year as
 14 provided in subsection (3).

15 (3) At the end of each school fiscal year, the trustees
 16 of a school district may designate a portion of the
 17 end-of-the-year cash fund balance of the debt service fund
 18 to be earmarked as a limited cash operating reserve for the
 19 purpose of paying, whenever a cash flow shortage occurs,
 20 debt service fund warrants and bond obligations ~~which~~ that
 21 must be paid from July 1 through November 30 of the school
 22 fiscal year following the ensuing school fiscal year. Any
 23 portion of the debt service fund end-of-the-year cash fund
 24 balance not earmarked for limited cash operating reserve
 25 purposes must be reappropriated to be used for property tax

1 reduction as provided in 20-9-439.

2 (4) The county superintendent shall compare the
3 preliminary budgeted amount for the debt service fund with
4 the bond retirement and interest requirement and the special
5 improvement district assessments for the school fiscal year
6 just beginning as reported by the county treasurer in his
7 statement supplied under the provisions of 20-9-121. If the
8 county superintendent finds that the requirement stated by
9 the county treasurer is more than the preliminary budget
10 amount, the county superintendent shall increase the
11 budgeted amount for interest or principal in the debt
12 service fund of the preliminary budget. The amount confirmed
13 or revised by the county superintendent ~~shall--be~~ is the
14 final budget expenditure amount for the debt service fund of
15 ~~such the~~ school district."

16 **Section 37.** Section 20-9-439, MCA, is amended to read:

17 "20-9-439. Computation of net levy requirement --
18 procedure when levy inadequate. (1) The county
19 superintendent shall compute the levy requirement for each
20 school district's debt service fund on the basis of the
21 following procedure:

22 (a) determine the total moneys money available in the
23 debt service fund for the reduction of the property tax on
24 the district by totaling:

25 (i) the end-of-the-year cash fund balance, ~~less any~~

1 ~~outstanding-warrants~~ in the debt service fund ~~and,~~ less any
2 ~~limited cash operating~~ reserve as provided in 20-9-438;

3 (ii) anticipated interest to be earned by the investment
4 of debt service cash in accordance with the provisions of
5 20-9-213(4) or by the investment of bond proceeds under the
6 provisions of 20-9-435; and

7 (iii) any other moneys money anticipated by the trustees
8 to be available in the debt service fund during the ensuing
9 school fiscal year from such sources as legally authorized
10 money transfers into the debt service fund or from rental
11 income;

12 (b) the total amount available to reduce the property
13 tax, determined in subsection (1)(a), ~~shall~~ must be
14 subtracted from the final budget expenditure amount for the
15 debt service fund as established in 20-9-438;

16 (c) the net debt service fund levy requirement
17 determined in subsection (1)(b) ~~shall~~ must be reported to
18 the county commissioners on the second Monday of August by
19 the county superintendent as the net debt service fund levy
20 requirement for the district, and a levy ~~shall~~ must be made
21 by the county commissioners in accordance with 20-9-142.

22 (2) If the board of county commissioners ~~shall--fail~~
23 fails in any school fiscal year to make a levy for any issue
24 or series of bonds of any a school district sufficient to
25 raise the moneys money necessary for payment of interest and

1 principal becoming due during the next ensuing school fiscal
 2 year, in ~~such any~~ amounts ~~as--are~~ established under the
 3 provisions of this section, the holder of any bond of such
 4 the issue or series or any taxpayer of the district may
 5 apply to the district court of the county in which such the
 6 school district is located for a writ of mandate to compel
 7 the board of county commissioners of such the county to make
 8 a sufficient levy for such purposes. If, upon the hearing of
 9 such the application, it ~~shall--appear~~ appears to the
 10 satisfaction of the court that the board of county
 11 commissioners of such the county has failed to make a levy
 12 or has made a levy that is insufficient to raise the amount
 13 required to be raised as established in the manner provided
 14 in this section, the court shall determine the amount of
 15 such the deficiency and shall issue a writ of mandate
 16 directed to and requiring the board of county commissioners,
 17 at the next meeting for the purpose of fixing tax levies for
 18 county purposes, to fix and make a levy against all taxable
 19 property in such the school district that is sufficient to
 20 raise the amount of such the deficiency. Such The levy ~~shall~~
 21 be is in addition to any levy required to be made at that
 22 time for the ~~then-ensuing~~ ensuing school fiscal year. Any
 23 costs which that may be allowed or awarded the petitioner in
 24 any-such the proceeding ~~shall must~~ be paid by the members of
 25 the board of county commissioners and ~~shall may~~ not be a

1 charge against the school district or the county."

2 **Section 38.** Section 20-9-471, MCA, is amended to read:

3 "**20-9-471. Issuance of short-term obligations --**
 4 **authorization -- conditions.** (1) The trustees of a school
 5 district may, without a vote of the electors of the
 6 district, issue and sell to the board of investments
 7 **short-term** obligations for the purpose of financing all or a
 8 portion of:

- 9 (a) the costs of vehicles and equipment;
 10 (b) the costs associated with renovating,
 11 rehabilitating, and remodeling facilities, including but not
 12 limited to roof repairs, heating, plumbing, and electrical
 13 systems;
 14 (c) any other capital expenditure the district is
 15 otherwise authorized to make, subject to subsection (4); and
 16 (d) the costs associated with the issuance and sale of
 17 the **short-term** obligations.

18 (2) The term of the **short-term** obligation may not
 19 exceed 5 full fiscal years.

20 (3) At the time of issuing the obligation, there must
 21 exist an amount in the budget for the current fiscal year
 22 available and sufficient to make the debt service payment on
 23 the obligation coming due in the current year. The budget
 24 for each following year in which any portion of the
 25 principal of and interest on the obligation is due must

1 provide for payment of such that principal and interest.

2 (4) The proceeds of the short-term obligation may not
3 be used to acquire real property or construct a facility.

4 (5) An obligation issued is payable from any legally
5 available fund of the district and constitutes a general
6 obligation of the district.

7 (6) The obligation may bear interest at a fixed or
8 variable rate and may be sold to the board of investments at
9 par, at a discount, or with a premium, and upon any other
10 terms and conditions that the trustees determine to be in
11 the best interests of the district.

12 (7) The principal amount of the short-term obligation,
13 when added to the outstanding bonded indebtedness of the
14 district, may not exceed the debt limitation established in
15 20-9-406."

16 **Section 39.** Section 20-9-501, MCA, is amended to read:

17 "20-9-501. Retirement fund. (1) The trustees of any a
18 district employing personnel who are members of the
19 teachers' retirement system or the public employees'
20 retirement system or who are covered by unemployment
21 insurance or who are covered by any federal social security
22 system requiring employer contributions shall establish a
23 retirement fund for the purposes of budgeting and paying the
24 employer's contributions to such the systems. The district's
25 contribution for each employee who is a member of the

1 teachers' retirement system must be calculated in accordance
2 with Title 19, chapter 4, part 6. The district's
3 contribution for each employee who is a member of the public
4 employees' retirement system must be calculated in
5 accordance with 19-3-801. The district's contributions for
6 each employee covered by any federal social security system
7 must be paid in accordance with federal law and regulation.
8 The district's contribution for each employee who is covered
9 by unemployment insurance must be paid in accordance with
10 Title 39, chapter 51, part 11.

11 (2) The trustees of any a district required to make a
12 contribution to any a system referred to in subsection (1)
13 shall include in the retirement fund of the preliminary
14 budget the estimated amount of the employer's contribution.
15 After the final retirement fund budget has been adopted, the
16 trustees shall pay the employer contributions to such the
17 systems in accordance with the financial administration
18 provisions of this title.

19 (3) When the final retirement fund budget has been
20 adopted, the county superintendent shall establish the levy
21 requirement by:

22 (a) determining the sum of the money available to
23 reduce the retirement fund levy requirement by adding:

24 (i) any anticipated money that may be realized in the
25 retirement fund during the ensuing school fiscal year,

1 including anticipated revenue from property taxes and fees
 2 imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
 3 61-3-537, and 67-3-204;

4 ~~(ii) anticipated--guaranteed--tax-base-aid-in-support-of~~
 5 ~~retirement;~~

6 ~~(iii)~~ net proceeds taxes and local government severance
 7 taxes on any other oil and gas production occurring after
 8 December 31, 1988;

9 ~~(iv)~~(iii) coal gross proceeds taxes under 15-23-703; and

10 ~~(v)~~(iv) any cash fund balance available for
 11 reappropriation as determined by subtracting the amount of
 12 the end-of-the-year cash fund balance earmarked as the
 13 retirement fund cash operating reserve for the ensuing
 14 school fiscal year by the trustees from the end-of-the-year
 15 cash fund balance in the retirement fund. The retirement
 16 fund cash operating reserve may not be more than 35% of the
 17 final retirement fund budget for the ensuing school fiscal
 18 year and must be used for the purpose of paying retirement
 19 fund warrants issued by the district under the final
 20 retirement fund budget; and

21 (v) any other revenue anticipated that may be realized
 22 in the retirement fund during the ensuing school fiscal
 23 year, excluding any guaranteed tax base aid.

24 (b) notwithstanding the provisions of subsection (8),
 25 subtracting the money available for reduction of the levy

1 requirement, as determined in subsection (3)(a), from the
 2 budgeted amount for expenditures in the final retirement
 3 fund budget.

4 (4) The county superintendent shall:

5 (a) total the net retirement fund levy requirements
 6 separately for all elementary school districts, all high
 7 school districts, and all community college districts of the
 8 county, including any prorated joint district or special
 9 education cooperative agreement levy requirements; and

10 (b) report each levy requirement to the county
 11 commissioners on the second Monday of August as the
 12 respective county levy requirements for elementary district,
 13 high school district, and community college district
 14 retirement funds.

15 (5) The county commissioners shall fix and set the
 16 county levy in accordance with 20-9-142.

17 (6) The net retirement fund levy requirement for a
 18 joint elementary district or a joint high school district
 19 must be prorated to each county in which a part of the
 20 district is located in the same proportion as the district
 21 ANB of the joint district is distributed by pupil residence
 22 in each county. The county superintendents of the counties
 23 affected shall jointly determine the net retirement fund
 24 levy requirement for each county as provided in 20-9-151.

25 (7) The net retirement fund levy requirement for

1 districts that are members of special education cooperative
 2 agreements must be prorated to each county in which the
 3 district is located in the same proportion as the budget for
 4 the special education cooperative agreement of the district
 5 bears to the total budget of the cooperative special
 6 education cooperative budget is prorated to the member
 7 school districts. The county superintendents of the counties
 8 affected shall jointly determine the net retirement fund
 9 levy requirement for each county in the same manner as
 10 provided in 20-9-151 and THE COUNTY COMMISSIONERS SHALL fix
 11 and levy the net retirement fund levy for each county in the
 12 same manner as provided in 20-9-152.

13 ~~(8) (a) For a county that is eligible for guaranteed~~
 14 ~~tax base aid under the provisions of 20-9-367, the county~~
 15 ~~superintendent shall provide the board of county~~
 16 ~~commissioners with the amount of guaranteed tax base aid~~
 17 ~~that the county will receive for each mill levied, as~~
 18 ~~certified by the superintendent of public instruction, to~~
 19 ~~fund the retirement fund net levy requirement.~~

20 (b) The county commissioners SUPERINTENDENT shall
 21 calculate the number of mills to be levied on the taxable
 22 property in the county to finance the retirement fund net
 23 levy requirement by dividing the amount determined in
 24 subsection (4)(a) by the sum of:

25 (i)(A) the amount of guaranteed tax base aid that the

1 county will receive for each mill levied, as certified by
 2 the superintendent of public instruction; and
 3 (ii)(B) the taxable valuation of the district divided
 4 by 1,000."

5 **Section 40.** Section 20-9-504, MCA, is amended to read:

6 **"20-9-504. Extracurricular fund for pupil functions.**
 7 (1) The government of the pupils of the school within a
 8 district or the administration of a school on behalf of the
 9 pupils may establish an extracurricular fund for the
 10 purposes of the receipts and expenditures of money collected
 11 for pupil extracurricular functions with the approval of the
 12 trustees of the district. All extracurricular moneys of any
 13 a pupil organization of the school shall must be deposited
 14 and expended by check from a bank account maintained for the
 15 extracurricular fund.

16 (2) An accounting system for the extracurricular fund
 17 recommended by the department of commerce shall
 18 superintendent of public instruction must be implemented by
 19 the trustees. Such The accounting system shall must provide
 20 for:

21 (a) the internal control of the cash receipts and
 22 expenditures of the money; and

23 (b) a general account that can be reconciled with the
 24 bank account for the extracurricular fund and reconciled
 25 with the detailed accounts within the extracurricular fund

1 maintained for each student function."

2 **Section 41.** Section 20-9-505, MCA, is amended to read:

3 "20-9-505. Purpose and establishment of nonoperating
4 fund. (1) The trustees of any a district that will not
5 operate any a school during the ensuing school fiscal year
6 shall establish a nonoperating fund on the first day of such
7 the school fiscal year. In establishing the nonoperating
8 fund, the trustees shall cause the transfer of the
9 end-of-the-year cash fund balance of each fund maintained by
10 the district during the immediately preceding school fiscal
11 year to the nonoperating fund. However, cash fund balances
12 of the debt service fund and the miscellaneous federal
13 programs fund, if any, shall must be maintained in their
14 individual funds.

15 (2) The trustees of a district establishing a
16 nonoperating fund for the first year of nonoperation may
17 earmark a portion of the nonoperating fund cash balance as a
18 nonoperating fund cash operating reserve when they
19 anticipate the reopening of a school in the following school
20 fiscal year. Such-cash The operating reserve shall may not
21 be more than the general fund cash operating reserve
22 designated for the immediately preceding school fiscal year.
23 If a school is not operated in the following school fiscal
24 year, the authority of the trustees to earmark a
25 nonoperating fund cash operating reserve shall-terminate

1 terminates and the moneys money earmarked as a--cash an
2 operating reserve shall must be used to reduce the levy
3 requirement of the nonoperating fund. If the trustees
4 acquire approval to reopen a school in the following school
5 fiscal year under the provisions of 20-6-502 or 20-6-503 and
6 operate such the school, the nonoperating fund cash
7 operating reserve shall must be restored as the general fund
8 cash operating reserve.

9 (3) The purpose of the nonoperating fund shall-be is to
10 centralize the financing and budgeting for the limited
11 functions of a district not operating a school. Such The
12 functions shall include:

- 13 (a) elementary tuition obligations to other districts;
14 (b) transportation of the resident pupils;
15 (c) maintenance of district-owned property; and
16 (d) any other nonoperating school function of the
17 district deemed considered necessary by the trustees or
18 required by law.

19 (4) Any expenditure of nonoperating fund moneys-shall
20 money must be made in accordance with the financial
21 administration provisions of this title for a budgeted
22 fund."

23 **Section 42.** Section 20-9-507, MCA, is amended to read:

24 "20-9-507. Miscellaneous programs fund. (1) The
25 trustees of any a district receiving grants--of money from

1 local, state, or federal moneys, or other district sources
 2 PROVIDED IN 20-5-307(4), 20-5-312(8), AND 20-9-321(3) other
 3 than moneys money under the provisions of Title I of Public
 4 Law 81-874 or federal moneys money designated for deposit in
 5 a specific fund of the district shall establish a
 6 miscellaneous programs fund for the deposit of such-moneys
 7 the money. ~~Such-moneys~~ The money may be a reimbursement of
 8 MISCELLANEOUS PROGRAM FUND expenditures already realized by
 9 the district or may be a grant of moneys money for the
 10 financing of expenditures to be realized by the district for
 11 a special, approved program to be operated by the district.
 12 When the ~~moneys-are~~ money is a reimbursement, the ~~moneys~~
 13 ~~shall~~ money may be expended at the discretion of the
 14 trustees for school purposes. When the ~~moneys-are~~ money is a
 15 grant, the ~~moneys-shall~~ money must be expended according to
 16 the conditions of the program approval by the superintendent
 17 of public instruction or any other approval agent. Within
 18 the miscellaneous programs fund, the trustees shall cause a
 19 separate accounting to be maintained for each federal grant
 20 program and for the aggregate of all reimbursement ~~moneys~~
 21 money.

22 (2) The financial administration of the miscellaneous
 23 programs fund ~~shall~~ must be in accordance with the financial
 24 administration provisions of this title for a nonbudgeted
 25 fund ~~which-shall-be-applied-by-individual-grant-programs-or~~

1 ~~for-the-aggregate-amount-of-the-reimbursement-moneys--rather~~
 2 ~~than-on-the-basis-of-the-total-fund."~~

3 **Section 43.** Section 20-10-101, MCA, is amended to read:
 4 ***20-10-101. Definitions.** As used in this title, unless
 5 the context clearly indicates otherwise, the following
 6 definitions apply:

- 7 (1) "Transportation" ~~shall-mean~~ means:
 8 (a) a district's conveyance of a pupil by a school bus
 9 between his legal residence and the school designated by the
 10 trustees for his attendance; or
 11 (b) ~~a--district's-conveyance-of-a-pupil-by-a-school-bus~~
 12 ~~between--his--regular---school---of---attendance---and---the~~
 13 ~~vocational-technical--secondary--schools--designated--by-the~~
 14 ~~trustees-for-his--attendance--if--the--secondary--school--is~~
 15 ~~located-in-some-other-school-district;--or~~

16 (c) "individual transportation" whereby a district is
 17 relieved of actually conveying a pupil. ~~Such--individual~~
 18 Individual transportation may include paying the parent or
 19 guardian for conveying the pupil, reimbursing the parent or
 20 guardian for the pupil's board and room, or providing
 21 supervised correspondence study or supervised home study.

22 (2) An "eligible transportee" ~~shall-mean~~ means a public
 23 school pupil who:

- 24 (a) is ~~not-less-than~~ 5 years of age ~~nor~~ or older and
 25 has not attained his 21st birthday or who is a handicapped

1 preschool child between the ages of 3 and 6;

2 (b) is a resident of the state of Montana;

3 (c) regardless of district and county boundaries,
4 resides at least 3 miles, over the shortest practical route,
5 from the nearest operating public elementary school or
6 public high school, whichever the case may be; and

7 (d) is ~~deemed-by-law~~ considered to reside with his
8 parent or guardian who maintains legal residence within the
9 boundaries of the district furnishing the transportation
10 regardless of where the eligible transportee actually lives
11 when attending school.

12 (3) (a) A "school bus" means, except as provided in
13 subsection (3)(b), any motor vehicle that:

14 (i) complies with the bus standards established by the
15 board of public education as verified by the Montana
16 department of justice's semiannual inspection of school
17 buses and the superintendent of public instruction; and

18 (ii) is owned by a district or other public agency and
19 operated for the transportation of pupils to or from school
20 or owned by a carrier under contract with a district or
21 public agency to provide transportation of pupils to or from
22 school.

23 (b) A school bus does not include a vehicle that is:

24 (i) privately owned and not operated for compensation
25 under this title;

1 (ii) privately owned and operated for reimbursement
2 under 20-10-142;

3 (iii) either district-owned or privately owned, designed
4 to carry not more than nine passengers, and used to
5 transport pupils to or from activity events or to transport
6 pupils to their homes in case of illness or other emergency
7 situations; or

8 (iv) an over-the-road passenger coach used only to
9 transport pupils to activity events."

10 **Section 44.** Section 20-10-143, MCA, is amended to read:

11 **"20-10-143. Budgeting for transportation and**
12 **transmittal of transportation contracts.** (1) The trustees of
13 **any a** district furnishing transportation to pupils who are
14 residents of ~~such the~~ the district ~~shall~~ have the authority and
15 it ~~shall-be~~ is their duty to provide a transportation fund
16 budget that is adequate to finance ~~such the~~ the district's
17 transportation contractual obligations and any other
18 transportation expenditures necessary for the conduct of its
19 transportation program. The transportation fund budget ~~shall~~
20 must include:

21 (a) an adequate amount to finance the maintenance and
22 operation of district owned and operated school buses;

23 (b) the annual contracted amount for the maintenance
24 and operation of school buses by a private party;

25 (c) the annual contracted amount for individual

1 transportation, including any increased amount ~~due---to~~
 2 because of isolation, which ~~shall~~ may not exceed the
 3 schedule amounts prescribed in 20-10-142;

4 (d) any amount necessary for the purchase, rental, or
 5 insurance of school buses; and

6 (e) any other amount necessary to finance the
 7 administration, operation, or maintenance of the
 8 transportation program of the district, as determined by the
 9 trustees.

10 (2) The trustees may include a contingency amount in
 11 the transportation fund budget for the purpose of enabling
 12 the district to fulfill any obligation to provide
 13 transportation in accordance with the transportation law for
 14 any pupils not residing in the district at the time of the
 15 adoption of the preliminary budget and who subsequently
 16 became residents of ~~such the~~ district during the school
 17 fiscal year or pupils who have become eligible transportees
 18 since the adoption of the preliminary budget because their
 19 legal residence has been changed. The budgeted contingency
 20 amount ~~shall~~ may not exceed 10% of the transportation
 21 schedule amount as calculated under the provisions of
 22 20-10-141 and 20-10-142 for all transportation services
 23 authorized by ~~such the~~ schedule and provided by the district
 24 unless 10% of ~~such the~~ transportation schedule amount ~~shall~~
 25 be is less than \$100, in which case \$100 ~~shall--be~~ is the

1 maximum limitation for ~~such the~~ budgeted contingency amount.

2 (3) As provided in 20-9-162, an emergency amendment to
 3 the transportation fund budget may be adopted subject to the
 4 provisions of the emergency-budgeting budget amendment law.

5 (4) The transportation fund budgeted expenditures
 6 appropriated by the trustees ~~shall~~ must be reported on the
 7 regular budget form prescribed by the superintendent of
 8 public instruction in accordance with 20-9-103, and the
 9 adoption of the transportation fund budget ~~shall~~ must be
 10 completed in accordance with the school budgeting laws. When
 11 the adopted preliminary budget is sent to the county
 12 superintendent, the trustees shall also send copies of all
 13 completed transportation contracts for school bus
 14 transportation and individual transportation to the county
 15 superintendent. ~~Such The~~ contracts ~~shall~~ must substantiate
 16 all contracted transportation services incorporated in the
 17 preliminary budget, and after the county superintendent has
 18 utilized the contracts for ~~such that~~ purpose but before the
 19 fourth Monday of July, he shall send all the transportation
 20 contracts received by him to the superintendent of public
 21 instruction. When the county superintendent determines a
 22 deviation between the preliminary transportation fund budget
 23 amount for contracted transportation services and the
 24 contracted amount for ~~such the~~ services, he shall
 25 immediately call the deviation to the attention of the

1 appropriate trustees and shall allow the trustees to change
2 the preliminary budgeted amount to compensate for such the
3 deviation."

4 **Section 45.** Section 20-10-144, MCA, is amended to read:

5 "20-10-144. Computation of revenues and net tax levy
6 requirements for the transportation fund budget. Before the
7 fourth Monday of July and in accordance with 20-9-123, the
8 county superintendent shall compute the revenue available to
9 finance the transportation fund budget of each district. The
10 county superintendent shall compute the revenue for each
11 district on the following basis:

12 (1) The "schedule amount" of the preliminary budget
13 expenditures that is derived from the rate schedules in
14 20-10-141 and 20-10-142 must be determined by adding the
15 following amounts:

16 (a) the sum of the maximum reimbursable expenditures
17 for all approved school bus routes maintained by the
18 district (to determine the maximum reimbursable expenditure,
19 multiply the applicable rate per bus mile by the total
20 number of miles to be traveled during the ensuing school
21 fiscal year on each bus route approved by the county
22 transportation committee and maintained by such district);
23 plus

24 (b) the total of all individual transportation per diem
25 reimbursement rates for the district as determined from the

1 contracts submitted by the district multiplied by the number
2 of pupil-instruction days scheduled for the ensuing school
3 attendance year; plus

4 (c) any estimated costs for supervised home study or
5 supervised correspondence study for the ensuing school
6 fiscal year; plus

7 (d) the amount budgeted on the preliminary budget for
8 the contingency amount permitted in 20-10-143, except if the
9 amount exceeds 10% of the total of subsections (1)(a),
10 (1)(b), and (1)(c) or \$100, whichever is larger, the
11 contingency amount on the preliminary budget must be reduced
12 to the limitation amount and used in this determination of
13 the schedule amount.

14 (2) The schedule amount determined in subsection (1) or
15 the total preliminary transportation fund budget, whichever
16 is smaller, is divided by 3 and the resulting one-third
17 amount is used to determine the available state and county
18 revenue to be budgeted on the following basis:

19 (a) the resulting one-third amount is the budgeted
20 state transportation reimbursement, except that the state
21 transportation reimbursement for the transportation of
22 special education pupils under the provisions of 20-7-442
23 must be two-thirds of the schedule amount attributed to the
24 transportation of special education pupils;

25 (b) the resulting one-third amount, except as provided

1 for joint elementary districts in subsection (2)(e), is the
2 budgeted county transportation reimbursement for elementary
3 districts and must be financed by the basic county tax under
4 the provisions of 20-9-334;

5 (c) the resulting one-third amount multiplied by 2 is
6 the budgeted county transportation reimbursement amount for
7 high school districts financed under the provisions of
8 subsection (5), except as provided for joint high school
9 districts in subsection (2)(e), and except that the county
10 transportation reimbursement for the transportation of
11 special education pupils under the provisions of 20-7-442
12 must be one-third of the schedule amount attributed to the
13 transportation of special education pupils;

14 (d) when the district has a sufficient amount of cash
15 for reappropriation and other sources of district revenue,
16 as determined in subsection (3), to reduce the total
17 district obligation for financing to zero, any remaining
18 amount of district revenue and cash reappropriated must be
19 used to reduce the county financing obligation in subsection
20 (2)(b) or (2)(c) and, if the county financing obligations
21 are reduced to zero, to reduce the state financial
22 obligation in subsection (2)(a); and

23 (e) the county revenue requirement for a joint
24 district, after the application of any district money under
25 subsection (2)(d), must be prorated to each county

1 incorporated by the joint district in the same proportion as
2 the ANB of the joint district is distributed by pupil
3 residence in each county.

4 (3) The total of the money available for the reduction
5 of property tax on the district for the transportation fund
6 must be determined by totaling:

7 (a) anticipated federal money received under the
8 provisions of Title I of Public Law 81-874 or other
9 anticipated federal money received in lieu of that federal
10 act; plus

11 (b) anticipated payments from other districts for
12 providing school bus transportation services for the
13 district; plus

14 (c) anticipated payments from a parent or guardian for
15 providing school bus transportation services for his child;
16 plus

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

20 (e) anticipated or reappropriated revenue from property
21 taxes and fees imposed under 23-2-517, 23-2-803,
22 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204; plus

23 (f) gross proceeds taxes from coal under 15-23-703;
24 plus

25 (g) net proceeds taxes for interim production and new

1 production, as defined in 15-23-601, and local government
2 severance taxes on any other production occurring after
3 December 31, 1988; plus

4 (h) any other revenue anticipated by the trustees to be
5 earned during the ensuing school fiscal year which that may
6 be used to finance the transportation fund; plus

7 (i) any cash fund balance available for reappropriation
8 as determined by subtracting the amount of the
9 end-of-the-year cash fund balance earmarked as the
10 transportation fund cash operating reserve for the ensuing
11 school fiscal year by the trustees from the end-of-the-year
12 cash fund balance in the transportation fund. The cash
13 operating reserve may not be more than 20% of the final
14 transportation fund budget for the ensuing school fiscal
15 year and is for the purpose of paying transportation fund
16 warrants issued by the district under the final
17 transportation fund budget.

18 (4) The district levy requirement for each district's
19 transportation fund must be computed by:

20 (a) subtracting the schedule amount calculated in
21 subsection (1) from the total preliminary transportation
22 budget amount and, for an elementary district, adding the
23 difference to the district obligation to finance one-third
24 of the schedule amount as determined in subsection (2); and

25 (b) subtracting the amount of money available to reduce

1 the property tax on the district, as determined in
2 subsection (3), from the amount determined in subsection
3 (4)(a).

4 (5) The county levy requirement for the financing of
5 the county transportation reimbursement to high school
6 districts is computed by adding all requirements for all the
7 high school districts of the county, including the county's
8 obligation for reimbursements in joint high school
9 districts.

10 (6) The transportation fund levy requirements
11 determined in subsection (4) for each district and in
12 subsection (5) for the county must be reported to the county
13 commissioners on the second Monday of August by the county
14 superintendent as the transportation fund levy requirements
15 for the district and for the county, and the levies must be
16 made by the county commissioners in accordance with
17 20-9-142."

18 **Section 46.** Section 20-10-145, MCA, is amended to read:

19 "20-10-145. State transportation reimbursement. (1) Any
20 A district providing school bus transportation or individual
21 transportation in accordance with the transportation law,
22 board of public education transportation policy, and
23 superintendent of public instruction transportation rules
24 ~~shall~~ must receive a state reimbursement of its
25 transportation expenditures under the transportation

1 reimbursement rate provisions of 20-10-141 and 20-10-142.
 2 The state transportation reimbursement ~~shall~~ may not exceed
 3 one-third of the reimbursement amounts established in such
 4 sections 20-10-141 and 20-10-142 or one-third of the
 5 district's transportation fund budget, whichever is smaller,
 6 and ~~shall~~ must be computed on the basis of the number of
 7 days the transportation services were actually rendered, not
 8 to exceed 180 pupil-instruction days. In determining the
 9 amount of the state transportation reimbursement, no an
 10 amount claimed by a district ~~shall~~ may not be considered for
 11 reimbursement unless such the amount has been paid in the
 12 regular manner provided for the payment of other financial
 13 obligations of the district.

14 (2) Requests for the state transportation reimbursement
 15 ~~shall~~ must be made by each district semiannually during the
 16 school fiscal year on the claim forms and procedure
 17 promulgated by the superintendent of public instruction. The
 18 claims for state transportation reimbursements ~~shall~~ must be
 19 routed by the district to the county superintendent, who
 20 after reviewing such the claims shall send them to the
 21 superintendent of public instruction. The superintendent of
 22 public instruction shall establish the validity and accuracy
 23 of the claims for the state transportation reimbursements by
 24 determining their compliance with the transportation law,
 25 board of public education transportation policy, and the

1 transportation rules of the superintendent of public
 2 instruction. After making any necessary adjustments to such
 3 ~~the~~ claims, he--shall--cause-their-payment-by-ordering the
 4 superintendent of public instruction shall order a
 5 disbursement from the state moneys money appropriated by the
 6 legislature of the state of Montana for the state
 7 transportation reimbursement. Such The payment of all the
 8 district's claims within one county ~~shall~~ must be made to
 9 the county treasurer of such the county, and the county
 10 superintendent shall apportion such the payment in
 11 accordance with the apportionment order supplied by the
 12 superintendent of public instruction."

13 **SECTION 47. SECTION 15-1-501, MCA, IS AMENDED TO READ:**

14 "15-1-501. Disposition of money from certain designated
 15 license and other taxes. (1) The state treasurer shall
 16 deposit to the credit of the state general fund all money
 17 received by him from the collection of:

18 (a) fees from driver's licenses, motorcycle
 19 endorsements, and duplicate driver's licenses as provided in
 20 61-5-121;

21 (b) electrical energy producer's license taxes under
 22 chapter 51;

23 (c) severance taxes allocated to the general fund under
 24 chapter 36;

25 (d) liquor license taxes under Title 16;

1 (e) telephone company license taxes under chapter 53;
2 and

3 (f) inheritance and estate taxes under Title 72,
4 chapter 16.

5 (2) All money received from the collection of income
6 taxes under chapter 30 of this title must be deposited as
7 follows:

8 (a) ~~57% in fiscal year 1990 and 50% in fiscal year~~
9 ~~1991~~, 59.5% to the credit of the state general fund;

10 (b) ~~9.8% in fiscal year 1990 and 8.7% in fiscal year~~
11 ~~1991~~, to the credit of the debt service account for
12 long-range building program bonds as described in 17-5-408;
13 and

14 (c) ~~33.2% in fiscal year 1990 and 41.3% in fiscal year~~
15 ~~1991~~, 31.8% to the credit of the state special revenue fund
16 for state equalization aid to the public schools of Montana
17 as described in 20-9-343.

18 (3) All money received from the collection of
19 corporation license and income taxes under chapter 31 of
20 this title, except as provided in 15-31-702, must be
21 deposited as follows:

22 (a) ~~64% in fiscal year 1990 and 61% in fiscal year~~
23 ~~1991~~, to the credit of the state general fund;

24 (b) ~~11% in fiscal year 1990 and 10.5% in fiscal year~~
25 ~~1991~~, to the credit of the debt service account for

1 long-range building program bonds as described in 17-5-408;
2 and

3 (c) ~~25% in fiscal year 1990 and 28.5% in fiscal year~~
4 ~~1991~~, to the credit of the state special revenue fund for
5 state equalization aid to the public schools of Montana as
6 described in 20-9-343.

7 (4) The state treasurer shall also deposit to the
8 credit of the state general fund all money received by him
9 from the collection of license taxes, fees, and all net
10 revenues and receipts from all other sources under the
11 operation of the Montana Alcoholic Beverage Code.

12 (5) After the distribution provided for in 15-36-112,
13 the remainder of the oil severance tax collections must be
14 deposited in the general fund."

15 **Section 48.** Section 15-24-1402, MCA, is amended to
16 read:

17 "15-24-1402. New or expanding industry -- assessment.

18 (1) In the first 5 years after a construction permit is
19 issued, qualifying improvements or modernized processes that
20 represent new industry or expansion of an existing industry,
21 as designated in the approving resolution, shall must be
22 taxed at 50% of their taxable value. Each year thereafter,
23 the percentage shall must be increased by equal percentages
24 until the full taxable value is attained in the 10th year.
25 In subsequent years, the property shall must be taxed at

1 100% of its taxable value.

2 (2) (a) In order for a taxpayer to receive the tax
3 benefits described in subsection (1), the governing body of
4 the affected county or the incorporated city or town must
5 have approved by separate resolution for each project,
6 following due notice as defined in 76-15-103 and a public
7 hearing, the use of the schedule provided for in subsection
8 (1) for its respective jurisdiction. The governing body may
9 not grant approval for the project until all of the
10 applicant's taxes have been paid in full. Taxes paid under
11 protest do not preclude approval.

12 (b) The governing body may end the tax benefits by
13 majority vote at any time, but the tax benefits may not be
14 denied an industrial facility that previously qualified for
15 the benefits.

16 (c) The resolution provided for in subsection (2)(a)
17 shall must include a definition of the improvements or
18 modernized processes that qualify for the tax treatment that
19 is to be allowed in the taxing jurisdiction. The resolution
20 may provide that real property other than land, personal
21 property, improvements, or any combination thereof is
22 eligible for the tax benefits described in subsection (1).

23 (3) The taxpayer must shall apply to the county
24 assessor on a form provided by the department of revenue for
25 the tax treatment allowed under subsection (1). The

1 application by the taxpayer must first be approved by the
2 governing body of the appropriate local taxing jurisdiction,
3 and the governing body must shall indicate in its approval
4 that the property of the applicant qualifies for the tax
5 treatment provided for in this section. Upon receipt of the
6 form with the approval of the governing body of the affected
7 taxing jurisdiction, the assessor shall make the assessment
8 change pursuant to this section.

9 (4) The tax benefit described in subsection (1) applies
10 only to the number of mills levied and assessed for local
11 high school district and elementary school district purposes
12 and to the number of mills levied and assessed by the
13 governing body approving the benefit over which the
14 governing body has sole discretion. In no case may the
15 benefit described in subsection (1) apply to levies or
16 assessments required under Title 15, chapter 10, 20-9-331,
17 20-9-333, 20-9-360, or otherwise required under state law."

18 **Section 49.** Section 20-15-404, MCA, is amended to read:

19 **"20-15-404.** Trustees to adhere to certain other laws.
20 Unless the context clearly indicates otherwise, the trustees
21 of a community college district shall adhere to:

22 (1) adhere--to the teachers' retirement provisions of
23 Title 19, chapter 4~~7--as-amended~~;

24 (2) adhere-to the provisions of 20-1-201, 20-1-205,
25 20-1-211, and 20-1-212~~7--as-amended~~;

1 (3) ~~adhere---to~~ the school property provisions of
2 20-6-604, 20-6-605, 20-6-621, 20-6-622, 20-6-624, 20-6-631,
3 and 20-6-633 through 20-6-636~~7-as-amended~~;

4 (4) ~~adhere---to~~ the adult education provisions of
5 20-7-701 through 20-7-713~~7-as-amended~~;

6 (5) ~~adhere-to~~ the administration of finances provisions
7 of 20-9-115, 20-9-134, ~~subsections-(2)-7-(3)-7-(4)-7-and-(5)-of~~
8 ~~20-9-161-7-20-9-163-7-20-9-165-7~~ 20-9-207, 20-9-208, 20-9-210,
9 20-9-215, 20-9-221 through 20-9-224, and 20-9-512~~7--as~~
10 ~~amended~~;

11 (6) ~~adhere-to~~ the school bond provisions of 20-9-401
12 through 20-9-412, 20-9-421 through 20-9-446, 20-9-451
13 through 20-9-456, and 20-9-461 through 20-9-465~~7-as-amended~~;

14 (7) ~~adhere-to~~ the special purpose funds provisions of
15 20-9-502, 20-9-503, 20-9-507, 20-9-508, and 20-9-511~~7-as~~
16 ~~amended~~;

17 (8) ~~adhere-to~~ the educational cooperative agreements
18 provisions of 20-9-701 through 20-9-704~~7-as-amended~~;

19 (9) ~~adhere--to~~ the school elections provisions of Title
20 20, chapter 20~~7-as-amended~~;

21 (10) ~~adhere--to~~ the students' rights provisions of
22 20-25-511 through 20-25-516~~7-as-amended~~; and

23 (11) ~~adhere-to~~ the health provisions of 50-1-206."

24 NEW SECTION. Section 50. Approval to amend general
25 fund budget for ensuing school fiscal year. (1) The trustees

1 of a district may determine that expenses from the following
2 sources will need to be funded by the general fund budget in
3 the ensuing school fiscal year:

4 (a) a budget amendment authorized under the provisions
5 of 20-9-161 through 20-9-163;

6 (b) metal mines tax reserve fund authorized in
7 20-9-231;

8 (c) special education expenditures approved under the
9 provisions of 20-9-321(3);

10 (d) transfer of services from or dissolution of a
11 special education cooperative; and

12 (e) tuition receipts deposited in the miscellaneous
13 programs fund.

14 (2) Whenever the trustees determine that expenses from
15 the sources in subsection (1) will need to be funded by the
16 general fund in the ensuing year, the trustees shall
17 petition the superintendent of public instruction for
18 approval to add the expenditures from any of the sources to
19 the current year's general fund budget for the purposes of
20 calculating the ensuing year's general fund budget
21 limitation. The petition must set forth in writing the
22 specific reasons for the request and a report of the actual
23 expenditures.

24 (3) The superintendent of public instruction shall
25 promptly approve or disapprove the petition for approval to

1 add the expenditures from the sources in subsection (1) to
 2 the current year's general fund budget for the purposes of
 3 calculating the ensuing year's general fund budget.

4 **NEW SECTION. Section 51.** Definition of emergency for
 5 budgeting purposes. As used in this chapter, unless the
 6 context clearly indicates otherwise, the term "emergency"
 7 for the purpose of community college budgeting means:

8 (1) the destruction or impairment of any community
 9 college district property necessary to the maintenance of
 10 the district, by fire, flood, storm, riot, insurrection, or
 11 act of God, to an extent rendering the property unfit for
 12 its present use;

13 (2) a judgment for damages against the district issued
 14 by a court after the adoption of the budget for the current
 15 year;

16 (3) an enactment of legislation after the adoption of
 17 the budget for the current year that imposes an additional
 18 financial obligation on the district; or

19 (4) any other reason of similar consequence that has
 20 been approved by the board of regents upon petition by the
 21 trustees of the district.

22 **NEW SECTION. Section 52.** Resolution for emergency
 23 budget -- petition to the board of regents. (1) Whenever the
 24 trustees of a community college district decide that an
 25 emergency exists, they may adopt a resolution proclaiming

1 the emergency by a unanimous vote of all members present at
 2 any meeting for which each trustee has been given reasonable
 3 notice of the time and place of holding the meeting. The
 4 emergency resolution must also state the facts constituting
 5 the emergency, the estimated amount of money required to
 6 meet the emergency, the funds affected by the emergency, and
 7 the time and place the board will meet for the purpose of
 8 considering and adopting an emergency budget for the funds
 9 for the current school fiscal year.

10 (2) If the trustees decide that an emergency exists for
 11 any reason other than the conditions specified in 20-9-161
 12 (1) through (3), they shall petition the board of regents
 13 for permission to adopt a resolution of emergency. The
 14 petition must set forth in writing the reasons for the
 15 request, the district funds affected by the emergency, the
 16 estimated amount of money required to meet the emergency for
 17 each affected fund, the anticipated sources of financing for
 18 the emergency expenditures, and any other information
 19 required by the board of regents. The petition must be
 20 signed by each trustee.

21 (3) The board of regents shall promptly approve or
 22 disapprove the petition requesting approval to adopt a
 23 resolution of emergency. If the petition is approved, the
 24 trustees may adopt a resolution of emergency and take all
 25 other steps required for the adoption of an emergency

1 budget. Approval of a petition by the board of regents
 2 authorizes the board of trustees to initiate emergency
 3 budget proceedings by resolution and does not relieve the
 4 trustees of the necessity of complying with the requirements
 5 of the emergency budgeting laws.

6 NEW SECTION. Section 53. Emergency budget limitation,
 7 preparation, and adoption procedures. (1) The meeting of the
 8 trustees of a community college district to consider and
 9 adopt an emergency budget must be open to the public, and
 10 any taxpayer in the district has the right to appear and be
 11 heard. If at the meeting a majority of the trustees present
 12 find that an emergency exists, the trustees may make and
 13 adopt a preliminary emergency budget, on the regular budget
 14 form, setting forth fully the facts constituting the
 15 emergency. In adopting the preliminary emergency budget, the
 16 trustees may budget for any fund that was included on the
 17 final budget of the district for the current fiscal year.
 18 The budget must be itemized to show the amount appropriated
 19 for each item as required on the budget form.

20 (2) When the emergency is the result of increased
 21 enrollment, the maximum amount of the emergency budget for
 22 all funds must be determined by budget amendment.

23 (3) If another type of emergency occurs, the budget
 24 must be limited to the expenditures considered by the
 25 trustees to be reasonable and necessary to finance the

1 conditions of the emergency and the preliminary emergency
 2 budget must include the details of the proposed
 3 expenditures.

4 (4) After a majority of the trustees have voted to
 5 adopt the emergency budget, it must be signed by the
 6 chairman of the trustees and the clerk of the district and
 7 copies must be sent to the county superintendent, the county
 8 treasurer, and the board of regents.

9 NEW SECTION. Section 54. Determination of available
 10 financing -- fixing and levying property taxation for an
 11 emergency budget. (1) After the last day of the fiscal year
 12 for which an emergency budget has been adopted, the county
 13 treasurer shall determine the amount of the cash balance
 14 that is available to finance the emergency budget's
 15 outstanding warrants or registered warrants for each fund
 16 included on the emergency budget. The available amount of
 17 the cash balance of each fund must be determined by
 18 deducting from the county treasurer's year-end cash balance
 19 for the fund the outstanding warrants or registered warrants
 20 issued under the regularly adopted final budget for the fund
 21 and the cash reserve for the fund that the trustees have
 22 established, within the limitations of law, for the
 23 following fiscal year.

24 (2) The county treasurer shall prepare and deliver a
 25 statement on the financial status of each fund included on

1 an emergency budget for a district that had an emergency
2 budget during the preceding year to the board of county
3 commissioners by the first Monday in August. The statement
4 for each district emergency budget must include:

5 (a) the total amount of emergency warrants that are
6 outstanding or registered against each fund of the district;

7 (b) the amount of the cash balance in each fund
8 included on the emergency budget that is available to
9 finance the outstanding warrants or registered warrants; and

10 (c) after consideration of the available money in
11 subsection (2)(b), the additional amount of money that is
12 required to finance the outstanding warrants or registered
13 warrants and interest on the warrants and that must be
14 raised by a tax levy.

15 (3) For each fund of the emergency budget of each
16 district requiring a tax levy as established by subsection
17 (2)(c), the board of county commissioners shall, at the time
18 all other district and county taxes are fixed and levied,
19 levy a tax on the taxable property of each applicable
20 district that will raise sufficient financing to pay the
21 amount established by the county treasurer.

22 NEW SECTION. Section 55. Repealer. Sections 15-10-103,
23 20-9-111, and 20-9-167, MCA, are repealed.

24 NEW SECTION. Section 56. Codification instruction. (1)
25 [Section 50] is intended to be codified as an integral part

1 of Title 20, and the provisions of Title 20 apply to
2 [section 50].

3 (2) [Sections 51 through 54] are intended to be
4 codified as an integral part of Title 20, chapter 15, and
5 the provisions of Title 20, chapter 15, apply to [sections
6 51 through 54].

7 NEW SECTION. Section 57. Retroactive applicability.
8 [Sections 1 through 46 AND 48 THROUGH 50] apply
9 retroactively, within the meaning of 1-2-109, to the school
10 fiscal year beginning July 1, 1990.

11 NEW SECTION. Section 58. Effective date. (1) [Sections
12 1 through 50 46, 48 THROUGH 57, and this section] are
13 effective on passage and approval.

14 (2) [~~Sections--51--through--54~~]--are [SECTION 47] IS
15 effective July 1, 1991.

-End-

1 SENATE BILL NO. 17
 2 INTRODUCED BY BLAYLOCK
 3 BY REQUEST OF THE LEGISLATIVE OVERSIGHT
 4 COMMITTEE ON SCHOOL FUNDING IMPLEMENTATION
 5
 6 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
 7 SCHOOL LAW IN COMPLIANCE WITH NEW SCHOOL FUNDING PROVISIONS
 8 AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FOR SCHOOL
 9 DISTRICTS; TO ALLOW A DISTRICT TO AMEND THE ADOPTED GENERAL
 10 FUND BUDGET AND TO EXCEED ANY APPLICABLE BUDGET LIMITATION
 11 IN CERTAIN CIRCUMSTANCES; TO ALLOW SCHOOL DISTRICTS TO
 12 TRANSPORT PRESCHOOL SPECIAL EDUCATION STUDENTS; TO LIMIT
 13 STATE TRANSPORTATION REIMBURSEMENT TO 180 PUPIL-INSTRUCTION
 14 DAYS; TO ADJUST THE SCHOOL DISTRICT BONDING LIMITATION TO
 15 COMPENSATE FOR CHANGES IN DISTRICT TAXABLE VALUATION; TO
 16 EXTEND THE ALLOCATION OF PERCENTAGES OF THE INDIVIDUAL
 17 INCOME TAX AND THE CORPORATE LICENSE AND INCOME TAX TO THE
 18 STATE GENERAL FUND, THE DEBT SERVICE ACCOUNT FOR LONG-RANGE
 19 BUILDING PROGRAM BONDS, AND THE STATE EQUALIZATION AID
 20 ACCOUNT FOR PUBLIC SCHOOLS; AMENDING SECTIONS 15-1-501,
 21 15-24-1402, 20-3-106, 20-3-205, 20-3-324, 20-5-307,
 22 20-5-312, 20-7-713, 20-9-104, 20-9-141, 20-9-142, 20-9-145,
 23 20-9-161, 20-9-162, 20-9-163, 20-9-164, 20-9-165, 20-9-166,
 24 20-9-201, 20-9-206, 20-9-208, 20-9-209, 20-9-210, 20-9-214,
 25 20-9-221, 20-9-231, 20-9-301, 20-9-315, 20-9-321, 20-9-344,

1 20-9-353, 20-9-360, ~~20-9-361~~, 20-9-366, 20-9-367, 20-9-368,
 2 20-9-406, 20-9-435, 20-9-438, 20-9-439, 20-9-471, 20-9-501,
 3 20-9-504, 20-9-505, 20-9-507, 20-10-101, 20-10-143,
 4 20-10-144, 20-10-145, AND 20-15-404, MCA; REPEALING SECTIONS
 5 15-10-103, 20-9-111, AND 20-9-167, MCA; AND PROVIDING
 6 EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE."
 7

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

9 Section 1. Section 20-3-106, MCA, is amended to read:

10 "20-3-106. Supervision of schools -- powers and duties.

11 The superintendent of public instruction has the general
 12 supervision of the public schools and districts of the
 13 state, and he shall perform the following duties or acts in
 14 implementing and enforcing the provisions of this title:

15 (1) resolve any controversy resulting from the
 16 proration of costs by a joint board of trustees under the
 17 provisions of 20-3-362;

18 (2) issue, renew, or deny teacher certification and
 19 emergency authorizations of employment;

20 (3) negotiate reciprocal tuition agreements with other
 21 states in accordance with the provisions of 20-5-314;

22 (4) serve on the teachers' retirement board in
 23 accordance with the provisions of 2-15-1010;

24 (5) approve or disapprove the orders of a high school
 25 boundary commission in accordance with the provisions of

THIRD READING



1 20-6-311;

2 (6) approve or disapprove the opening or reopening of a

3 school in accordance with the provisions of 20-6-502,

4 20-6-503, 20-6-504, or 20-6-505;

5 (7) approve or disapprove school isolation within the

6 limitations prescribed by 20-9-302;

7 (8) generally supervise the school budgeting procedures

8 prescribed by law in accordance with the provisions of

9 20-9-102 and prescribe the school budget format in

10 accordance with the provisions of 20-9-103 and 20-9-506;

11 (9) establish a system of communication for calculating

12 joint district revenues in accordance with the provisions of

13 20-9-151;

14 (10) approve or disapprove the adoption of a district's

15 emergency budget amendment resolution under the conditions

16 prescribed in 20-9-163 and ~~publish~~ adopt rules for an

17 application for additional state aid for an--emergency a

18 budget amendment in accordance with the approval and

19 disbursement provisions of 20-9-166;

20 (11) generally supervise the school financial

21 administration provisions as prescribed by 20-9-201(2);

22 (12) prescribe and furnish the annual report forms to

23 enable the districts to report to the county superintendent

24 in accordance with the provisions of 20-9-213(5) and the

25 annual report forms to enable the county superintendents to

1 report to the superintendent of public instruction in

2 accordance with the provisions of 20-3-209;

3 (13) approve, disapprove, or adjust an increase of the

4 average number belonging (ANB) in accordance with the

5 provisions of 20-9-313 and 20-9-314;

6 (14) distribute state equalization aid in support of the

7 foundation program and guaranteed tax base aid, in

8 accordance with the provisions of 20-9-331, 20-9-333,

9 20-9-342, 20-9-346, 20-9-347, and 20-9-366 through 20-9-369;

10 (15) distribute state impact aid in accordance with the

11 provisions of 20-9-304;

12 (16) provide for the uniform and equal provision of

13 transportation by performing the duties prescribed by the

14 provisions of 20-10-112;

15 (17) approve or disapprove an adult education program

16 for which a district proposes to levy a tax in accordance

17 with the provisions of 20-7-705;

18 (18) request, accept, deposit, and expend federal money

19 in accordance with the provisions of 20-9-603;

20 (19) authorize the use of federal money for the support

21 of an interlocal cooperative agreement in accordance with

22 the provisions of 20-9-703 and 20-9-704;

23 (20) prescribe the form and contents of and approve or

24 disapprove interstate contracts in accordance with the

25 provisions of 20-9-705;

1 (21) approve or disapprove the conduct of school on a
2 Saturday or on pupil-instruction-related days in accordance
3 with the provisions of 20-1-303 and 20-1-304;

4 (22) recommend standards of accreditation for all
5 schools to the board of public education and evaluate
6 compliance with the standards and recommend accreditation
7 status of every school to the board of public education in
8 accordance with the provisions of 20-7-101 and 20-7-102;

9 (23) collect and maintain a file of curriculum guides
10 and assist schools with instructional programs in accordance
11 with the provisions of 20-7-113 and 20-7-114;

12 (24) establish and maintain a library of visual, aural,
13 and other educational media in accordance with the
14 provisions of 20-7-201;

15 (25) license textbook dealers and initiate prosecution
16 of textbook dealers violating the law in accordance with the
17 provisions of the textbooks part of this title;

18 (26) as the governing agent and executive officer* of the
19 state of Montana for K-12 vocational education, adopt the
20 policies prescribed by and in accordance with the provisions
21 of 20-7-301;

22 (27) supervise and coordinate the conduct of special
23 education in the state in accordance with the provisions of
24 20-7-403;

25 (28) administer the traffic education program in

1 accordance with the provisions of 20-7-502;

2 (29) administer the school food services program in
3 accordance with the provisions of 20-10-201, 20-10-202, and
4 20-10-203;

5 (30) review school building plans and specifications in
6 accordance with the provisions of 20-6-622;

7 (31) prescribe the method of identification and signals
8 to be used by school safety patrols in accordance with the
9 provisions of 20-1-408;

10 (32) provide schools with information and technical
11 assistance for compliance with the student assessment rules
12 provided for in 20-2-121 and collect and summarize the
13 results of the student assessment for the board of public
14 education and the legislature;

15 (33) administer the distribution of guaranteed tax base
16 aid for county retirement levy obligations in accordance
17 with 20-9-366 through 20-9-369; and

18 (34) perform any other duty prescribed from time to time
19 by this title, any other act of the legislature, or the
20 policies of the board of public education."

21 **Section 2.** Section 20-3-205, MCA, is amended to read:

22 "20-3-205. **Powers and duties.** The county superintendent
23 has general supervision of the schools of the county within
24 the limitations prescribed by this title and shall perform
25 the following duties or acts:

1 (1) determine, establish, and reestablish trustee
2 nominating districts in accordance with the provisions of
3 20-3-352, 20-3-353, and 20-3-354;

4 (2) administer and file the oaths of members of the
5 boards of trustees of the districts in his county in
6 accordance with the provisions of 20-3-307;

7 (3) register the teacher or specialist certificates or
8 emergency authorization of employment of any person employed
9 in the county as a teacher, specialist, principal, or
10 district superintendent in accordance with the provisions of
11 20-4-202;

12 (4) act on each tuition application submitted to him in
13 accordance with the provisions of 20-5-301, 20-5-302,
14 20-5-304, and 20-5-311 and transmit the tuition information
15 required by 20-5-312;

16 (5) file a copy of the audit report for a district in
17 accordance with the provisions of 20-9-203;

18 (6) classify districts in accordance with the
19 provisions of 20-6-201 and 20-6-301;

20 (7) keep a transcript and reconcile the district
21 boundaries of the county in accordance with the provisions
22 of 20-6-103;

23 (8) fulfill all responsibilities assigned to him under
24 the provisions of this title regulating the organization,
25 alteration, or abandonment of districts;

1 (9) act on any unification proposition and, if
2 approved, establish additional trustee nominating districts
3 in accordance with 20-6-312 and 20-6-313;

4 (10) estimate the average number belonging (ANB) of an
5 opening school in accordance with the provisions of
6 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

7 (11) process and, when required, act on school isolation
8 applications in accordance with the provisions of 20-9-302;

9 (12) complete the budgets, compute the budgeted revenues
10 and tax levies, file final budgets and emergency-budgets
11 budget amendments, and fulfill ~~such~~ other responsibilities
12 assigned to him under the provisions of this title
13 regulating school budgeting systems;

14 (13) submit an annual financial report to the
15 superintendent of public instruction in accordance with the
16 provisions of 20-9-211;

17 (14) monthly, unless otherwise provided by law, order
18 the county treasurer to apportion state money, county school
19 money, and any other school money subject to apportionment
20 in accordance with the provisions of 20-9-212, 20-9-334,
21 20-9-347, 20-10-145, or 20-10-146;

22 (15) act on any request to transfer average number
23 belonging (ANB) in accordance with the provisions of
24 20-9-313(3);

25 (16) calculate the estimated budgeted general fund

1 sources of revenue in accordance with the provisions of
2 20-9-348 and the other general fund revenue provisions of
3 the general fund part of this title;

4 (17) compute the revenues and the district and county
5 levy requirements for each fund included in each district's
6 final budget and report the computations to the board of
7 county commissioners in accordance with the provisions of
8 the general fund, transportation, bonds, and other school
9 funds parts of this title;

10 (18) file and forward bus driver certifications,
11 transportation contracts, and state transportation
12 reimbursement claims in accordance with the provisions of
13 20-10-103, 20-10-143, or 20-10-145;

14 (19) for districts ~~which~~ that do not employ a district
15 superintendent or principal, recommend library book and
16 textbook selections in accordance with the provisions of
17 20-7-204 or 20-7-602;

18 (20) notify the superintendent of public instruction of
19 a textbook dealer's activities when required under the
20 provisions of 20-7-605 and otherwise comply with the
21 textbook dealer provisions of this title;

22 (21) act on district requests to allocate federal money
23 for indigent children for school food services in accordance
24 with the provisions of 20-10-205;

25 (22) perform any other duty prescribed from time to time

1 by this title, any other act of the legislature, the
2 policies of the board of public education, the policies of
3 the board of regents relating to community college
4 districts, or the rules of the superintendent of public
5 instruction;

6 (23) administer the oath of office to trustees without
7 the receipt of pay for administering the oath;

8 (24) keep a record of his official acts, preserve all
9 reports submitted to him under the provisions of this title,
10 preserve all books and instructional equipment or supplies,
11 keep all documents applicable to the administration of the
12 office, and surrender all records, books, supplies, and
13 equipment to his successor;

14 (25) within 90 days after the close of the school fiscal
15 year, publish an annual report in the county newspaper
16 stating the following financial information for the school
17 fiscal year just ended for each district of the county:

18 (a) the total of the cash balances of all funds
19 maintained by the district at the beginning of the year;

20 (b) the total receipts that were realized in each fund
21 maintained by the district;

22 (c) the total expenditures that were made from each
23 fund maintained by the district; and

24 (d) the total of the cash balances of all funds
25 maintained by the district at the end of the school fiscal

1 year; and

2 (26) hold meetings for the members of the trustees from
3 time to time at which matters for the good of the districts
4 must be discussed."

5 **Section 3.** Section 20-3-324, MCA, is amended to read:

6 **"20-3-324. Powers and duties.** As prescribed elsewhere
7 in this title, the trustees of each district shall:

8 (1) employ or dismiss a teacher, principal, or other
9 assistant upon the recommendation of the district
10 superintendent, the county high school principal, or other
11 principal as the board considers necessary, accepting or
12 rejecting any recommendation as the trustees in their sole
13 discretion determine, in accordance with the provisions of
14 Title 20, chapter 4;

15 (2) employ and dismiss administrative personnel,
16 clerks, secretaries, teacher aides, custodians, maintenance
17 personnel, school bus drivers, food service personnel,
18 nurses, and any other personnel considered necessary to
19 carry out the various services of the district;

20 (3) administer the attendance and tuition provisions
21 and otherwise govern the pupils of the district in
22 accordance with the provisions of the pupils chapter of this
23 title;

24 (4) call, conduct, and certify the elections of the
25 district in accordance with the provisions of the school

1 elections chapter of this title;

2 (5) participate in the teachers' retirement system of
3 the state of Montana in accordance with the provisions of
4 the teachers' retirement system chapter of Title 19;

5 (6) participate in district boundary change actions in
6 accordance with the provisions of the districts chapter of
7 this title;

8 (7) organize, open, close, or acquire isolation status
9 for the schools of the district in accordance with the
10 provisions of the school organization part of this title;

11 (8) adopt and administer the annual budget or an
12 emergency a budget amendment of the district in accordance
13 with the provisions of the school budget system part of this
14 title;

15 (9) conduct the fiscal business of the district in
16 accordance with the provisions of the school financial
17 administration part of this title;

18 (10) establish the ANB, foundation program, permissive,
19 additional levy, cash operating reserve, and state impact
20 aid amount amounts for the general fund of the district in
21 accordance with the provisions of the general fund part of
22 this title;

23 (11) establish, maintain, budget, and finance the
24 transportation program of the district in accordance with
25 the provisions of the transportation parts of this title;

1 (12) issue, refund, sell, budget, and redeem the bonds
2 of the district in accordance with the provisions of the
3 bonds parts of this title;

4 (13) when applicable, establish, financially administer,
5 and budget for the tuition fund, retirement fund, building
6 reserve fund, adult education fund, nonoperating fund,
7 school food services fund, miscellaneous federal programs
8 fund, building fund, lease or rental agreement fund, traffic
9 education fund, and interlocal cooperative agreement fund in
10 accordance with the provisions of the other school funds
11 parts of this title;

12 (14) when applicable, administer any interlocal
13 cooperative agreement, gifts, legacies, or devises in
14 accordance with the provisions of the miscellaneous
15 financial parts of this title;

16 (15) hold in trust, acquire, and dispose of the real and
17 personal property of the district in accordance with the
18 provisions of the school sites and facilities part of this
19 title;

20 (16) operate the schools of the district in accordance
21 with the provisions of the school calendar part of this
22 title;

23 (17) establish and maintain the instructional services
24 of the schools of the district in accordance with the
25 provisions of the instructional services, textbooks,

1 vocational education, and special education parts of this
2 title;

3 (18) establish and maintain the school food services of
4 the district in accordance with the provisions of the school
5 food services parts of this title;

6 (19) make reports from time to time as the county
7 superintendent, superintendent of public instruction, and
8 board of public education may require;

9 (20) retain, when considered advisable, a physician or
10 registered nurse to inspect the sanitary conditions of the
11 school or the general health conditions of each pupil and,
12 upon request, make available to any parent or guardian any
13 medical reports or health records maintained by the district
14 pertaining to his child;

15 (21) for each member of the trustees, visit each school
16 of the district not less than once each school fiscal year
17 to examine its management, conditions, and needs, except
18 trustees from a first-class school district may share the
19 responsibility for visiting each school in the district;

20 (22) procure and display outside daily in suitable
21 weather at each school of the district an American flag that
22 measures not less than 4 feet by 6 feet;

23 (23) adopt and administer a district policy on
24 assessment for placement of any child who enrolls in a
25 school of the district from a nonpublic school that is not

1 accredited, as required in 20-5-110; and

2 (24) perform any other duty and enforce any other
3 requirements for the government of the schools prescribed by
4 this title, the policies of the board of public education,
5 or the rules of the superintendent of public instruction."

6 **Section 4.** Section 20-5-307, MCA, is amended to read:

7 **"20-5-307. Budgeting, levy requirement, and paying**
8 **elementary tuition.** (1) The tuition amount that has been
9 established in 20-5-305 ~~shall~~ must be paid during the
10 ensuing school fiscal year. The trustees of the elementary
11 district shall include ~~such~~ the amount in the tuition fund
12 of the preliminary budget. If the trustees should fail to
13 include ~~such~~ the amount or any portion of it in the
14 preliminary budget, they shall adjust the budgeted amount in
15 adopting the final budget to provide for the total tuition
16 amount that is due during the ensuing school fiscal year.
17 ~~Such~~ The adjustment ~~shall-not--be~~ is not subject to the
18 budget adjustment provisions of 20-9-132.

19 (2) The county superintendent shall report the net
20 tuition fund levy requirement for each elementary district
21 to the county commissioners on the second Monday of August,
22 and a levy on the district ~~shall~~ must be made by the county
23 commissioners in accordance with 20-9-142. ~~Such~~ The levy
24 requirement ~~shall~~ must be calculated by subtracting from the
25 total expenditure amount authorized in the final tuition

1 fund budget the sum of the cash fund balance in the tuition
2 fund at the end of the immediately preceding school fiscal
3 year plus any other anticipated ~~moneys~~ money that may be
4 realized in the tuition fund.

5 (3) The trustees shall pay by warrants drawn on the
6 tuition fund the tuition amounts owed to each district
7 included in the county superintendent's notification
8 provided under the provisions of 20-5-306. At least one-half
9 of the payments must be made in December, and the remaining
10 payments must be made by June 15 of the fiscal year.

11 (4) Any unanticipated tuition receipts RECEIVED UNDER
12 THE PROVISIONS OF CHAPTER 7, PART 4, OR THIS PART for the
13 current school fiscal year must be deposited in A SEPARATE
14 ACCOUNT OF the district miscellaneous programs fund and may
15 be used for that year in the manner provided for in that
16 fund. For the ensuing school fiscal year, the receipts must
17 be credited to the district general fund budget and-used--in
18 the-manner-provided-for-in-20-9-142."

19 **Section 5.** Section 20-5-312, MCA, is amended to read:

20 **"20-5-312. Reporting, budgeting, and payment for high**
21 **school tuition.** (1) Except as provided in subsection (2), at
22 the close of the school term of each school fiscal year, the
23 trustees of each high school district shall determine the
24 rate of tuition for the current school fiscal year by:

25 (a) totaling the actual expenditures from the district

1 general fund, the debt service fund, and, if the pupil is a
2 resident of another county, the retirement fund;

3 (b) dividing the amount determined in subsection (1)(a)
4 above by the ANB of the district as determined under the
5 provisions of 20-9-311; and

6 (c) subtracting from the amount determined in
7 subsection (1)(b) the per-ANB amount allowed by the
8 foundation program schedules and the per-ANB amount of
9 guaranteed tax base aid as provided in 20-9-366 through
10 20-9-369.

11 (2) The tuition for a full-time high school special
12 education pupil must be determined under rules adopted by
13 the superintendent of public instruction for the calculation
14 of tuition for full-time high school special education
15 pupils as designated in 20-9-311 for funding purposes.

16 (3) Before July 15, the trustees shall report to the
17 county superintendent of the county in which the district is
18 located:

19 (a) the names, addresses, and resident districts of the
20 pupils attending the schools of the district under an
21 approved tuition agreement;

22 (b) the number of days of school attended by each
23 pupil;

24 (c) the amount, if any, of each pupil's tuition payment
25 that the trustees, in their discretion, have the authority

1 to waive; and

2 (d) the rate of current school fiscal year tuition, as
3 determined under the provisions of this section.

4 (4) When the county superintendent receives a tuition
5 report from a district, he shall immediately send the
6 reported information to the superintendent of each district
7 in which the reported pupils reside.

8 (5) When the district superintendent receives a tuition
9 report or reports for high school pupils residing in his
10 district and attending an out-of-district high school under
11 approved tuition agreements, he shall determine the total
12 amount of tuition due the out-of-district high schools on
13 the basis of the following per-pupil schedule: the rate of
14 tuition, number of pupils attending under an approved
15 tuition agreement, and other information provided by each
16 high school district where resident district pupils have
17 attended school.

18 (6) The total amount of the high school tuition, with
19 consideration of any tuition waivers, for pupils attending a
20 high school outside the county of residence must be financed
21 by the county basic special tax for high schools as provided
22 in 20-9-334. In December, the county superintendent shall
23 cause the payment by county warrant of at least one-half of
24 the high school tuition obligations established under this
25 section out of the first money realized from the county

1 basic special tax for high schools. The remaining
 2 obligations must be paid by June 15 of the school fiscal
 3 year. The payments must be made to the county treasurer of
 4 the county where each high school entitled to tuition is
 5 located. The Except as provided in subsection (8), the
 6 county treasurer shall credit tuition receipts to the
 7 general fund of the applicable high school district, and the
 8 tuition receipts must be used in accordance with the
 9 provisions of 20-9-141.

10 (7) For pupils attending a high school outside their
 11 district of residence but within the county of residence,
 12 the total amount of the tuition, with consideration of any
 13 tuition waivers, must be paid during the ensuing school
 14 fiscal year. The trustees of the sending high school
 15 district shall include the tuition amount in the tuition
 16 fund of the preliminary and final budgets. This budgeted
 17 tuition amount is not subject to the budget adjustment
 18 provisions of 20-9-132. The county superintendent shall
 19 report the net tuition fund levy requirement for each high
 20 school district to the county commissioners on the second
 21 Monday of August, and a levy on the district must be made by
 22 the county commissioners in accordance with 20-9-142. The
 23 levy requirement must be calculated by subtracting from the
 24 total expenditure amount authorized in the final tuition
 25 fund budget the sum of the cash fund balance in the tuition

1 fund at the end of the immediately preceding school fiscal
 2 year plus any other anticipated money that may be realized
 3 in the tuition fund. The trustees shall pay by warrants
 4 drawn on the tuition fund the tuition amounts owed to each
 5 district included in the county superintendent's
 6 notification. Payments must be made whenever there is a
 7 sufficient amount of cash available in the tuition fund but
 8 no later than the end of the school fiscal year for which
 9 the budget is adopted. However, if the trustees of either
 10 the sending or receiving high school district feel the
 11 transfer privilege provided by this subsection is being
 12 abused, they may appeal to the county superintendent of
 13 schools, who shall hold a hearing and either approve or
 14 disapprove the transfer.

15 (8) Any unanticipated tuition receipts RECEIVED UNDER
 16 THE PROVISIONS OF CHAPTER 7, PART 4, OR THIS PART for the
 17 current school fiscal year must be deposited in A SEPARATE
 18 ACCOUNT OF the district miscellaneous programs fund and may
 19 be used for that year in the manner provided for in that
 20 fund. For the ensuing school fiscal year, the receipts must
 21 be credited to the district general fund budget ~~and used in~~
 22 ~~the manner provided for in 20-9-141.~~"

23 **Section 6.** Section 20-7-713, MCA, is amended to read:
 24 "20-7-713. Adult basic education fund cash operating
 25 reserve. At the end of each school fiscal year, the trustees

1 of any a school district that operates an adult basic
 2 education program may designate what the portion of the
 3 adult basic education fund end-of-the-year cash fund balance
 4 that is to be earmarked as cash operating reserve for the
 5 purpose of paying, whenever a cash flow shortage occurs,
 6 adult basic education fund warrants issued by the district
 7 from July 1 through June 30 of the ensuing school fiscal
 8 year. The amount of the adult basic education fund cash
 9 balance that is earmarked as cash operating reserve may not
 10 exceed 35% of the final adult basic education fund budget
 11 for the ensuing school fiscal year."

12 **Section 7.** Section 20-9-104, MCA, is amended to read:

13 "20-9-104. General fund cash operating reserve. (1) At
 14 the end of each school fiscal year, the trustees of each
 15 district shall designate the portion of the general fund
 16 end-of-the-year cash fund balance that is to be earmarked as
 17 cash operating reserve for the purpose of paying general
 18 fund warrants issued by the district from July 1 to November
 19 30 of the ensuing school fiscal year. Except as provided in
 20 subsections ~~(3)(5)~~ and ~~(4)(6)~~, the amount of the general
 21 fund cash balance that is earmarked as cash operating
 22 reserve may not exceed the following percentages of the
 23 final general fund budget for the ensuing school fiscal
 24 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.

11 (3) ANY UNRESERVED FUND BALANCE THAT IS EQUAL TO OR
 12 LESS THAN THE PRIOR YEAR'S EXCESS RESERVES AS PROVIDED IN
 13 SUBSECTION (5) MAY BE USED TO FUND THE PERMISSIVE LEVY
 14 PROVIDED BY 20-9-145 OR THE VOTED LEVY PROVIDED BY 20-9-353.

15 (4) Any portion of the general fund end-of-the-year
 16 cash fund balance that is not ~~earmarked-for-cash-operating~~
 17 ~~reserve--purposes~~ RESERVED UNDER SUBSECTION (2) OR
 18 REAPPROPRIATED UNDER SUBSECTION (3) is CASH FUND BALANCE
 19 reappropriated and must be used for property tax reduction
 20 as provided in 20-9-141(1)(b)(iii).

21 ~~(3)(5)~~ The limitation of subsection (1) does not apply
 22 when the amount in excess of the limitation is equal to or
 23 less than one or more of the following:

24 (a) any amount received ~~during--the--current--school~~
 25 ~~fiscal-year~~ under Public Law 81-874;

- 1 (b) the unused balance of any amount received:
- 2 (I) in settlement of tax payments protested IN A prior
- 3 ~~to July 17, 1998~~ SCHOOL FISCAL YEAR;
- 4 (II) IN TAXES FROM A PRIOR SCHOOL FISCAL YEAR AS A
- 5 RESULT OF A TAX AUDIT BY THE DEPARTMENT OF REVENUE OR ITS
- 6 AGENTS; AND
- 7 (III) IN DELINQUENT TAXES FROM A PRIOR SCHOOL FISCAL
- 8 YEAR; or
- 9 (c) any amount received as a general bonus payment
- 10 under 20-6-401.

11 {4}(6) The limitation of subsection (1) does not apply
 12 when the amount earmarked as cash operating reserve is
 13 \$10,000 or less."

14 **Section 8.** Section 20-9-141, MCA, is amended to read:

15 "20-9-141. Computation of general fund net levy
 16 requirement by county superintendent. (1) The county
 17 superintendent shall compute the levy requirement for each
 18 district's general fund on the basis of the following
 19 procedure:

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

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

- 1 (ii) any additional general fund budget amount adopted
- 2 by the trustees of the district under the provisions of
- 3 20-9-145 and 20-9-353, including any additional levies
- 4 authorized by the electors of the district.

5 (b) Determine the money available for the reduction of
 6 the property tax on the district for the general fund by
 7 totaling:

- 8 (i) anticipated federal money received under the
- 9 provisions of Title I of Public Law 81-874 or other
- 10 anticipated federal money received in lieu of that federal
- 11 act;

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

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

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

- 19 (v) anticipated or reappropriated revenue from property
- 20 taxes and fees imposed under 23-2-517, 23-2-803,
- 21 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204;

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

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

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

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

6 (x) anticipated revenue from corporation license taxes
7 collected from financial institutions under the provisions
8 of 15-31-702; and

9 (xi) any other revenue anticipated by the trustees to be
10 received during the ensuing school fiscal year which that
11 may be used to finance the general fund, excluding any
12 guaranteed tax base aid.

13 (c) Subtract Notwithstanding the provisions of
14 subsection (2), subtract the money available to reduce the
15 property tax required to finance the general fund that has
16 been determined in subsection (1)(b) from the---total
17 requirement--determined-in-subsection-(1)(a)- any additional
18 general fund budget amount adopted by the trustees of the
19 district as the permissive amount under the provisions of
20 20-9-145 to determine the general fund permissive net levy
21 requirement.

22 (d) Subtract any amount remaining after the
23 determination in subsection (1)(c) from any additional
24 funding requirement to be met by a district levy as provided
25 in 20-9-303 and 20-9-353 to determine the additional general

1 fund levy requirement.

2 (2) ~~(a) For a district that is eligible for guaranteed~~
3 ~~tax base aid under the provisions of 20-9-367, the county~~
4 ~~superintendent shall provide the board of county~~
5 ~~commissioners with the amount of guaranteed tax base aid~~
6 ~~that the district will receive for each mill levied, as~~
7 ~~certified by the superintendent of public instruction to~~
8 ~~fund the general fund permissive net levy requirement.~~

9 (b) The county commissioners SUPERINTENDENT shall
10 calculate the number of mills to be levied on the taxable
11 property in the district to finance the general fund
12 permissive net levy requirement by dividing the amount
13 determined in subsection (1)(c) by the sum of:

14 (i) (A) the amount of guaranteed tax base aid that the
15 district will receive for each mill levied, as certified by
16 the superintendent of public instruction; and

17 (ii) (B) the taxable valuation of the district divided
18 by 1,000.

19 (3) The net general fund levy requirement determined
20 in subsection--(1)(c) subsections (1)(c) and (1)(d) must be
21 reported to the county commissioners on the second Monday of
22 August by the county superintendent as the general fund
23 permissive net levy requirement and the additional general
24 fund levy requirement for the district, and a levy must be
25 made set by the county commissioners in accordance with

1 20-9-142."

2 **Section 9.** Section 20-9-142, MCA, is amended to read:

3 "20-9-142. Fixing and levying taxes by board of county
4 commissioners. On the second Monday in August, the county
5 superintendent shall place before the board of county
6 commissioners the final adopted budget of the district and
7 any--emergency--budget--adopted--by--the--district--during--the
8 previous--school--fiscal--year. It shall be is the duty of the
9 board of county commissioners to fix and levy on all the
10 taxable value of all the real and personal property within
11 the district all district and county taxation required to
12 finance, within the limitations provided by law, the final
13 budget and any emergency budget of the district."

14 **Section 10.** Section 20-9-145, MCA, is amended to read:

15 "20-9-145. Overschedule-permissive Permissive amount of
16 general fund budget -- permissive levy. Whenever the
17 trustees of any a district determine it necessary to adopt a
18 general fund budget in excess of the foundation program
19 amount for that district, the trustees shall adopt a
20 resolution stating the reasons and purposes for exceeding
21 the foundation program amount. This amount is the
22 "permissive amount" and may not exceed {the equivalent of
23 the percent to be determined that is 112% of FY 1988
24 district general fund and insurance fund expenditures} 35%
25 of the foundation program amount. It must be financed by the

1 ~~district and established as provided in 20-9-142~~ a levy on
2 the taxable value of all property within the district, by
3 any guaranteed tax base aid for which the district may be
4 eligible, and by other revenue available to the district for
5 other than foundation program support."

6 **Section 11.** Section 20-9-161, MCA, is amended to read:

7 "20-9-161. Definition of emergency budget amendment for
8 budgeting purposes. As used in this title, unless the
9 context clearly indicates otherwise, the term "emergency"
10 "budget amendment" for the purpose of school budgeting shall
11 be means an amendment to an adopted budget of the district
12 for the following reasons:

13 (1) an increase in the enrollment of an elementary or
14 high school district over the immediately preceding school
15 fiscal year which that is;

16 ~~(a) at least 6% more than the enrollment of the~~
17 ~~preceding school fiscal year; and~~

18 ~~(b) beyond what could reasonably have been anticipated~~
19 ~~at the time of the adoption of the budget for the~~
20 ~~then-current current school fiscal year whenever, because of~~
21 ~~such the enrollment increase, the district's budget for any~~
22 ~~or all of the regularly budgeted funds does not provide~~
23 ~~sufficient financing to properly maintain and support the~~
24 ~~district for the entire current school fiscal year;~~

25 (2) the destruction or impairment of any school

1 property necessary to the maintenance of the school, by
 2 fire, flood, storm, riot, insurrection, or any act of God,
 3 to such an extent as--to--render--such rendering school
 4 property unfit for its present school use;

5 (3) a judgment for damages against the district
 6 rendered issued by a court after the adoption of the budget
 7 for the current year;

8 (4) an enactment of legislation after the adoption of
 9 the budget for the current year that imposes an additional
 10 financial obligation on the district; or

11 (5) receipt of:

12 (A) settlement of taxes protested in a prior school
 13 fiscal year;

14 (B) TAXES FROM A PRIOR SCHOOL FISCAL YEAR AS THE RESULT
 15 OF A TAX AUDIT BY THE DEPARTMENT OF REVENUE OR ITS AGENTS;

16 (C) DELINQUENT TAXES FROM A PRIOR SCHOOL FISCAL YEAR;
 17 and

18 (D) a determination by the trustees that it is
 19 necessary to expend all or a portion of the settlement
 20 amount TAXES RECEIVED UNDER SUBSECTION (5)(A), (5)(B), OR
 21 (5)(C) for a project or projects that were deferred from a
 22 previous general-fund budget of the district as a result of
 23 the protested taxes; or

24 (5)(6) any other reason-of--similar--consequences--that
 25 has--been--approved--by--the--superintendent--of--public

1 instruction-upon-petition-by-the-trustees-of-the-district-or
 2 by-the-board-of-regents-upon-petition-by-the-trustees--of--a
 3 community--college-district unforeseen need of the district
 4 that cannot be postponed until the next school year without
 5 dire consequences affecting the safety of the students and
 6 district employees or the educational functions of the
 7 district."

8 **Section 12.** Section 20-9-162, MCA, is amended to read:
 9 "20-9-162. Authorization for emergency budget amendment
 10 adoption. Emergency--budgets (1) Notwithstanding the
 11 provisions of subsections (2) and (3), a budget amendment
 12 may be adopted at any time of the school fiscal year, except
 13 that emergency--budgets a budget amendment required by an
 14 enrollment increase that could not have been anticipated at
 15 the time of the adoption of the regular budget as provided
 16 in 20-9-161(1) may not be adopted until after December--31
 17 October 1.

18 (2) If a budget amendment for the reasons provided in
 19 20-9-161(1) through (4) does not cause the district general
 20 fund budget to exceed the limitations in 20-9-315, the
 21 trustees may approve expenditures---within the budget
 22 amendment by a resolution as provided in 20-9-163. The
 23 trustees shall send a copy of the resolution to the
 24 superintendent-of-public-instruction COUNTY SUPERINTENDENT
 25 AND TO THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY.

1 (3) The trustees shall submit the following to the
 2 superintendent of public instruction for approval in the
 3 manner provided in 20-9-163:

4 (a) a budget amendment for the reasons provided in
 5 20-9-161(5) and (6); and

6 (b) a budget amendment for any reason provided in
 7 20-9-161(1) through (4) that causes the district general
 8 fund budget to exceed the limitations in 20-9-315."

9 **Section 13.** Section 20-9-163, MCA, is amended to read:

10 "20-9-163. Resolution for emergency budget amendment --
 11 petition to superintendent of public instruction or--to--the
 12 board---of---regents. (1) Whenever Notwithstanding the
 13 provisions of subsection (3), whenever the trustees of any a
 14 district decide that an-emergency-exists a budget amendment
 15 is necessary, they may adopt a resolution proclaiming such
 16 emergency the budget amendment by a unanimous majority vote
 17 of all-members-present-at-any-meeting-for-which-each-trus:ee
 18 has--been--given--reasonable-notice-of-the-time-and-place-of
 19 holding-such-meeting the trustees. The emergency budget
 20 amendment resolution shall must also state the facts
 21 constituting the emergency need for the budget amendment,
 22 the estimated amount of money required to meet-the-emergency
 23 fund the budget amendment, the funds affected by the
 24 emergency the budget amendment, and the time and place when
 25 the board will meet for the purpose of considering and

1 adopting an-emergency a budget amendment for such funds for
 2 the current school fiscal year.

3 (2) If the trustees ~~decide that an emergency exists for~~
 4 ~~any--reason--other--than--the---conditions---specified---in~~
 5 ~~subsections--(1)--(2)--(3)--or--(4)--of--20-9-161, they shall~~
 6 ~~petition the superintendent of public instruction or, in the~~
 7 ~~case of a community college district, the board of regents~~
 8 ~~for--permission--to--adopt--a--resolution-of-emergency,--Such~~
 9 ~~petition shall set forth in writing the reasons for the~~
 10 ~~request, the district funds affected by the emergency, the~~
 11 ~~estimated amount of money required to meet such emergency~~
 12 ~~for each affected fund, the anticipated sources of financing~~
 13 ~~for the emergency expenditures, and such other information~~
 14 ~~as may be required by the superintendent of public~~
 15 ~~instruction or the board of regents. The petition shall be~~
 16 ~~signed by each trustee; of a school district determine that~~
 17 the proposed budget amendment will cause the district
 18 general fund to exceed the limitations of 20-9-315 OR IS FOR
 19 THE REASONS PROVIDED IN 20-9-161(5) AND 20-9-161(6), the
 20 trustees shall petition the superintendent of public
 21 instruction for permission to adopt a resolution for a
 22 budget amendment. The petition must set forth in writing the
 23 reasons for the request, the district funds affected by the
 24 budget amendment, the estimated amount of money required for
 25 the budget amendment for each affected fund, the anticipated

1 sources of financing for the budget amendment expenditures,
 2 and any other information required by the superintendent of
 3 public instruction. The petition must be signed by a
 4 majority of the trustees.

5 (3) The superintendent of public instruction ~~or in the~~
 6 ~~case of a community college district, the board of regents~~
 7 shall promptly approve or disapprove the petition requesting
 8 approval to adopt a resolution ~~of emergency~~ for a budget
 9 amendment. If the petition is approved, the trustees may
 10 then adopt a resolution ~~of emergency~~ for a budget amendment
 11 and ~~may subsequently~~ take all other steps required for the
 12 adoption of ~~an emergency~~ a budget amendment. Approval of a
 13 petition by the superintendent of public instruction ~~or the~~
 14 ~~board of regents shall merely authorize~~ authorizes the board
 15 of trustees to initiate emergency a budget proceedings
 16 amendment by resolution and ~~shall~~ does not relieve the
 17 trustees of the necessity of complying with the requirements
 18 of the school emergency budgeting laws. Approval of the
 19 petition ~~shall~~ may not be construed as approval of any
 20 subsequent application for increased state aid on account of
 21 ~~such emergency~~ the budget amendment."

22 **Section 14.** Section 20-9-164, MCA, is amended to read:

23 "20-9-164. Notice of emergency budget amendment
 24 resolution. A copy of the emergency budget amendment
 25 resolution ~~shall~~ must be published one time in a newspaper

1 that will give notice to the largest number of people of the
 2 district as determined by the trustees, and a copy of the
 3 resolution ~~shall~~ must be posted at each schoolhouse of the
 4 district. A copy of the emergency budget amendment
 5 resolution ~~shall~~ must also be delivered to the county
 6 superintendent and to the county clerk as the clerk of the
 7 board of county commissioners of the county. The
 8 publication, posting, and delivery of the resolution ~~shall~~
 9 must be done not less than 1 week before the day specified
 10 in the resolution for the consideration and adoption of an
 11 emergency a budget amendment."

12 **Section 15.** Section 20-9-165, MCA, is amended to read:

13 "20-9-165. ~~Emergency~~ Budget amendment
 14 limitation, preparation, and adoption procedures. (1) The
 15 meeting of the trustees to consider and adopt ~~an emergency a~~
 16 budget shall amendment must be open to the public, and any
 17 taxpayer in the district ~~shall have~~ has the right to appear
 18 and be heard. If at ~~such a~~ the meeting a majority of the
 19 trustees present ~~shall~~ find that ~~an emergency exists~~ there
 20 is sufficient need for a budget amendment, the trustees may
 21 make and adopt a preliminary emergency budget amendment, on
 22 the regular budget form, setting forth fully the facts
 23 constituting the emergency need for the budget amendment. In
 24 adopting the preliminary emergency budget amendment, the
 25 trustees may budget for any fund ~~which that~~ was included on

1 the final budget of the district for the current school
2 fiscal year. The budget ~~shall~~ must be itemized to show the
3 amount appropriated for each item as required on the budget
4 form.

5 (2) When the emergency budget amendment is ~~due-to-any~~
6 increase the result of increased enrollment, the maximum
7 amount of the emergency budget amendment for all funds ~~shall~~
8 must be determined in the following manner:

9 (a) Determine the total amount in the final budget for
10 the current school fiscal year of all funds affected by the
11 emergency enrollment increase, less any amounts appropriated
12 as capital outlay and any amount appropriated for addition
13 to the cash operating reserve.

14 (b) Divide the amount determined in subsection (2)(a)
15 by the number of pupils originally enrolled in such the
16 district during the immediately preceding school fiscal
17 year. The resulting cost per pupil ~~shall-constitute~~ is the
18 maximum permissible per-pupil expenditure in the emergency
19 budget amendment.

20 (c) Determine the enrollment increase of the current
21 school fiscal year by subtracting the number of pupils
22 originally enrolled during the immediately preceding school
23 fiscal year from ~~106% of~~ the number of pupils enrolled for
24 the current school year. The result ~~shall-be~~ is the
25 enrollment increase for the current school fiscal year.

1 (d) Multiply the cost per pupil determined in
2 subsection (2)(b) by the enrollment increase determined in
3 subsection (2)(c). The result ~~shall-be~~ is the maximum
4 limitation on an emergency a budget amendment for
5 emergencies amendments due-to-an-increase-of resulting from
6 increased enrollment.

7 ~~(e)--in-the-case-of-a--community--college--district--by~~
8 ~~budget-amendment.~~

9 (3) ~~In--the--event--of--any-other-type-of-emergency~~ For
10 other types of budget amendments, the budget ~~shall-be~~
11 amendment is limited by ~~those to the~~ those expenditures deemed
12 considered by the trustees to be reasonable and necessary to
13 finance the stated conditions of the emergency budget
14 amendment and the preliminary emergency budget shall
15 amendment must be-accompanied-with include the details of
16 the proposed expenditures.

17 (4) Whenever the trustees adopt a preliminary emergency
18 budget amendment for the transportation fund, the trustees
19 shall attach to such the budget amendment a copy of each
20 transportation contract which that is connected with the
21 emergency budget amendment and which that has been prepared
22 and executed in accordance with the school transportation
23 contract laws.

24 (5) After the trustees have adopted the emergency
25 budget amendment by a majority vote of the trustees, it

1 ~~shall~~ must be signed by the chairman of the trustees and the
 2 clerk of the district and copies ~~shall~~ must be sent to the
 3 county superintendent, the county treasurer, and the
 4 superintendent of public instruction. ~~In--the--case--of--a~~
 5 ~~community--college--district, copies of the emergency budget~~
 6 ~~shall be sent to the county superintendent, the county~~
 7 ~~treasurer, and the board of regents."~~

8 **Section 16.** Section 20-9-166, MCA, is amended to read:

9 "20-9-166. State financial aid for emergency budgets
 10 budget amendments. Whenever a final emergency budget
 11 amendment has been adopted for the general fund or the
 12 transportation fund to finance the cost of an emergency
 13 amendment due to an resulting from increased enrollment or
 14 any other reason approved by the superintendent of public
 15 instruction under the provisions of 20-9-163, the trustees
 16 may apply to the superintendent of public instruction for an
 17 increased payment from the state public school equalization
 18 aid account for the foundation program or for state
 19 transportation reimbursement, or both. The superintendent of
 20 public instruction shall ~~publish~~ adopt rules for such the
 21 application. The superintendent of public instruction shall
 22 approve or disapprove each application for increased state
 23 aid made in accordance with 20-9-314 AND this section. When
 24 the superintendent of public instruction approves an
 25 application, he shall determine the additional amount of

1 state aid from the state public school equalization aid
 2 account or the state transportation reimbursement ~~which~~ that
 3 will be made available to the applicant district because of
 4 the ~~emergency-caused--by--an~~ increase in enrollment. The
 5 superintendent of public instruction shall notify the
 6 applicant district of his approval or disapproval and, in
 7 the event of approval, the amount of additional state aid
 8 that will be made available for the general fund or the
 9 transportation fund. The superintendent of public
 10 instruction shall disburse ~~such emergency~~ the state aid to
 11 the eligible district at the time the next regular state aid
 12 payment is made."

13 **Section 17.** Section 20-9-201, MCA, is amended to read:

14 "20-9-201. **Definitions and application.** (1) As used in
 15 this title, unless the context clearly indicates otherwise,
 16 "fund" means a separate detailed account of receipts and
 17 expenditures for a specific purpose as authorized by law or
 18 by the superintendent of public instruction under the
 19 provisions of subsection (2). Funds are classified as
 20 follows:

21 (a) A "budgeted fund" means any fund for which a budget
 22 must be adopted in order to expend money from the fund. The
 23 general fund, transportation fund, bus depreciation reserve
 24 fund, elementary tuition fund, retirement fund, debt service
 25 fund, ~~leased--facilities--fund,~~ building reserve fund, adult

1 education fund, nonoperating fund, and any other funds so
2 designated by the legislature are budgeted funds.

3 (b) A "nonbudgeted fund" means any fund for which a
4 budget is not required in order to expend money on deposit
5 in the fund. The school food services fund, miscellaneous
6 federal programs fund, building fund, lease or rental
7 agreement fund, traffic education fund, interlocal
8 cooperative fund, extracurricular fund, metal mines tax
9 reserve fund, endowment fund, and any other funds so
10 designated by the legislature are nonbudgeted funds.

11 (2) The school financial administration provisions of
12 this title apply to all money of any elementary or high
13 school district ~~except--the-extracurricular-money-realized~~
14 ~~from-pupil-activities.~~ Elementary and high school districts
15 shall record the receipt and disbursement of all money in
16 accordance with generally accepted accounting principles.
17 The superintendent of public instruction has general
18 supervisory authority as prescribed by law over the school
19 financial administration provisions, as they relate to
20 elementary and high school districts. ~~He~~ The superintendent
21 of public instruction shall adopt rules necessary to secure
22 compliance with the law.

23 (3) Except as otherwise provided by law, whenever the
24 trustees of a district determine that a fund is inactive and
25 will no longer be used, the trustees shall close the fund by

1 transferring all cash and other account balances to the
2 general fund if the fund does not have a cash or fund
3 balance deficit."

4 **Section 18.** Section 20-9-206, MCA, is amended to read:

5 "20-9-206. Entering appropriations on accounting
6 records of county treasurer. (1) When the county treasurer
7 receives the final budgets of the districts from the county
8 superintendent, he shall open a fund for each budgeted fund
9 included on the final budget of each district by entering
10 the amount appropriated for the fund on his accounting
11 record.

12 (2) Whenever the county treasurer receives a final
13 emergency budget amendment for a district from the county
14 superintendent, he shall increase the amount of the
15 regularly adopted final budget by the amount of the
16 emergency-budgeted-fund included--on the final emergency
17 budget amendment."

18 **Section 19.** Section 20-9-208, MCA, is amended to read:

19 "20-9-208. Transfer among appropriation items of a
20 fund. (1) Whenever it appears to the trustees of any a
21 district that the appropriated amount of any an item of a
22 budgeted fund of the final budget or the-emergency a budget
23 amendment is in excess of the amount actually required
24 during the school fiscal year for such the appropriation
25 item, the trustees may transfer any or all of the excess

1 appropriation amount to any other appropriation item of the
2 same budgeted fund.

3 ~~(2) Such-transfers-shall~~ Transfers may not be made
4 between different funds of the same district or between
5 similar funds of different districts except as specifically
6 provided by this title. The trustees shall enter the
7 authorized transfers upon the permanent records of the
8 district."

9 **Section 20.** Section 20-9-209, MCA, is amended to read:

10 ~~"20-9-209. Lapse of budgeted appropriations and~~
11 ~~provision for unpaid claims. (1) All appropriations for a~~
12 ~~budgeted fund in the regular or-emergency budget or for a~~
13 ~~budget amendment~~ for a given school fiscal year ~~shall~~ lapse
14 on the last day of ~~such the~~ school fiscal year except the
15 appropriations for:

16 (a) uncompleted improvements in progress of
17 construction; and

18 (b) any an obligation for the purchase of personal
19 property ordered but not paid for during the current fiscal
20 year and recorded with the county treasurer in the manner
21 and on forms prescribed by the superintendent of public
22 instruction.

23 (2) Any a lawful claim presented to the district for
24 payment under a lapsed appropriation ~~shall--be~~ is an
25 obligation of the budget for the next ensuing school fiscal

1 year."

2 **Section 21.** Section 20-9-210, MCA, is amended to read:

3 ~~"20-9-210. Expenditure limitation and-cash-retention of~~
4 ~~nonbudgeted fund. The expenditure limitation, at any time~~
5 ~~during the school fiscal year, for a nonbudgeted fund shall~~
6 ~~be~~ is the amount of cash balance of ~~such the~~ nonbudgeted
7 fund. ~~The-cash-balance-of-a-nonbudgeted-fund-shall-remain-to~~
8 ~~the-credit-of-such-nonbudgeted-fund-from-year-to-year-unless~~
9 ~~a-transfer-is-specifically-authorized-by-this-title."~~

10 **Section 22.** Section 20-9-214, MCA, is amended to read:

11 ~~"20-9-214. Fees. (1) The trustees of any a district~~
12 ~~may:~~

13 (a) require pupils in the commercial, industrial arts,
14 music, domestic science, scientific, or agricultural courses
15 to pay reasonable fees to cover the actual cost of breakage
16 and of excessive supplies used; and

17 (b) charge pupils a reasonable fee for any a course or
18 activity not reasonably related to a recognized academic and
19 educational goal of the district or any a course or activity
20 held outside normal school functions. The trustees may waive
21 the fee in cases of financial hardship.

22 (2) The fees collected pursuant to ~~subsection-(1)-shall~~
23 ~~be~~ subsection (1)(a) must be deposited in the general fund,
24 and the fees collected pursuant to subsection (1)(b) must be
25 deposited in a nonbudgeted fund as provided in 20-9-210."

1 **Section 23.** Section 20-9-221, MCA, is amended to read:

2 **"20-9-221. Procedure for issuance of warrants.** (1) The
3 trustees of each district shall issue all warrants, and the
4 warrants ~~shall~~ must identify:

5 (a) the budgeted fund or nonbudgeted fund on which the
6 warrant is drawn; and

7 (b) the warrant as ~~an--emergency~~ a budget amendment
8 warrant if it is drawn on ~~an--emergency~~ a budget amendment.

9 (2) ~~Any-warrant~~ All warrants issued by a district ~~shall~~
10 must be countersigned by the chairman of the trustees and
11 the clerk of the district before the ~~warrant--shall--be~~
12 warrants are negotiable. Facsimile signatures may be used in
13 accordance with the provisions of 2-16-114. A facsimile
14 signature device used under authority of this section must
15 may not be available to the other countersigner of the
16 warrant, or the device must have a nonresettable metering
17 control that can provide a positive reconciliation between
18 the number of warrants issued and the number of signatures
19 applied. Either split signature plates or a double signature
20 plate may be used according to the requirements of the
21 district. The signature plates and the device keys must be
22 kept secure by the district clerk under the supervision of
23 the board of trustees of the district.

24 (3) The trustees shall issue warrants in single copy or
25 in triplicate copy. When the warrants are issued in single

1 copy, the trustees shall immediately provide a listing of
2 the issued warrants on a fund-by-fund basis to the county
3 treasurer and retain a copy of the listing in the district
4 accounting records. When the warrants are issued in
5 triplicate, the original copy of the warrant ~~shall~~ must be
6 delivered to the payee, the duplicate ~~shall~~ must be sent
7 immediately to the county treasurer, and the triplicate
8 ~~shall~~ must be retained by the district for accounting record
9 purposes. The duplicate and triplicate copies ~~shall~~ must be
10 identified on the face of the warrant as "Not
11 Negotiable--Copy of Original".

12 (4) However, the trustees may elect to issue warrants
13 in payment of wages and salaries on a direct deposit basis
14 to the employee's account in a local bank, provided the
15 consent of the employee has been obtained and the employee
16 is given an itemized statement of payroll deductions for
17 each pay period."

18 **Section 24.** Section 20-9-231, MCA, is amended to read:

19 **"20-9-231. Metal mines tax reserve account fund.** (1)
20 The governing body of a local school district receiving tax
21 collections under 15-37-117(1)(d) may establish a metal
22 mines tax reserve account fund to be used to hold the
23 collections. The governing body may hold money in the
24 account fund for any time period deemed considered
25 appropriate by the governing body. Money held in the account

1 fund may not be considered as cash fund balance for the
2 purpose of reducing mill levies.

3 (2) Money may be expended from the account fund for any
4 purpose provided by law.

5 (3) Money in the account fund must be invested as
6 provided by law. Interest and income from the investment of
7 the metal mines tax reserve account fund must be credited to
8 the account fund.

9 (4) The fund must be financially administered as a
10 nonbudgeted fund under the provisions of this title."

11 **Section 25.** Section 20-9-301, MCA, is amended to read:

12 "20-9-301. **Purpose of foundation program and definition**
13 **of general fund budget.** (1) A uniform system of free public
14 schools sufficient for the education of and open to all
15 school age children of the state must be established and
16 maintained throughout the state of Montana. The state shall
17 aid in the support of its ~~several~~ school districts on the
18 basis of their financial need as measured by the foundation
19 program and in the manner established in this title.

20 (2) The principal budgetary vehicle for achieving the
21 minimum financing as established by the foundation program
22 is the general fund budget of the district. The purpose of
23 the general fund budget is to finance those general
24 maintenance and operational costs of a district not financed
25 by other funds established for special purposes in this

1 title.

2 (3) The amount of the general fund budget for each
3 school fiscal year may not exceed the financing limitations
4 established by this title but may not be less than the
5 amount established by law as the foundation program. The
6 general fund budget must be financed by the foundation
7 program revenues and may be supplemented by ~~an additional~~ a
8 permissive levy, voted levy and, or other revenue, as
9 provided by 20-9-145 and 20-9-353."

10 **Section 26.** Section 20-9-315, MCA, is amended to read:

11 "20-9-315. **Maximum general fund budget and exceptions.**

12 (1) The total amount of the general fund budget of any a
13 district may not be greater than the district's foundation
14 program as provided in 20-9-303, except when a district has
15 adopted ~~an emergency general fund~~ a budget amendment under
16 the provisions of 20-9-165 or when a district satisfies the
17 requirements of 20-9-145 and 20-9-353.

18 (2) Notwithstanding the provisions of subsection (1),
19 for school fiscal year 1991 and succeeding years, a
20 district's maximum general fund budget may not exceed the
21 greater of:

22 (a) ~~{the equivalent of the percent to be determined~~
23 ~~that is 112% of FY 1988 district general fund and insurance~~
24 ~~fund expenditures}~~ 135% of the foundation program amount
25 provided for in 20-9-303; or

1 (b) 104% of the district's general fund budget amount
 2 for the previous school fiscal year, including any school
 3 district expenses from the previous school fiscal year
 4 approved for inclusion in this calculation by the
 5 superintendent of public instruction under [section 50].

6 (3) Subsection (2) does not apply when the source of
 7 funding for the excess amount is any of the following:

8 (a) Public Law 81-874 funds are the source of funding
 9 for the excess amount, until the state receives approval of
 10 an application to equalize the funds under 20 U.S.C. 240(d);
 11 or

12 (b) general bonus payments under 20-6-401."

13 **Section 27.** Section 20-9-321, MCA, is amended to read:

14 "20-9-321. Foundation program and contingency funds for
 15 special education. (1) For the purpose of establishing the
 16 foundation program amount for a current year special
 17 education program for a school district, the superintendent
 18 of public instruction shall determine the total estimated
 19 cost of the special education program for the school
 20 district on the basis of a special education program budget
 21 submitted by the district. The budget must be prepared on
 22 forms provided by the superintendent of public instruction
 23 and must set out for each program:

24 (a) the estimated allowable costs associated with
 25 operating the program where allowable costs are as defined

1 in 20-7-431;

2 (b) the number of pupils expected to be enrolled in the
 3 program; and

4 (c) any other data required by the superintendent of
 5 public instruction for budget justification purposes and to
 6 administer the provisions of 20-9-315 through 20-9-321.

7 (2) The total amount of allowable costs approved by the
 8 superintendent of public instruction is the special
 9 education foundation program amount for current year special
 10 education program purposes. The total amount of allowable
 11 costs that are approved for the special education budget may
 12 not, under any condition, be less than the foundation
 13 program amount for one regular ANB for each full-time
 14 special pupil in the school district.

15 (3) If a special education program is implemented or
 16 expanded during a given school term too late to be included
 17 in the determination of the district foundation program for
 18 the school year as prescribed in this part, allowable costs
 19 approved under the budgeting provisions of subsections (1)
 20 and (2) for the operation of the program during the given
 21 year must be funded from any legislative appropriation for
 22 contingency financing for special education. Contingency
 23 funds granted under this subsection must be deposited in a
 24 separate account of the miscellaneous programs fund of the
 25 district as provided in 20-9-507. However, if contingency

1 funds are not available, then subject to the approval of the
 2 program by the superintendent under the emergency budget
 3 amendment provisions of 20-9-161~~(5)~~(6), allowable costs for
 4 the given year may be funded in the miscellaneous programs
 5 fund by other revenue sources and added to the foundation
 6 program amount for special education for the subsequent
 7 school year under the provisions of [section 50]. The
 8 allowable costs must be recorded as previous year special
 9 education expenses in the school district budget for the
 10 subsequent school year.

11 (4) The sum of the previous year special education
 12 expenses as defined in subsection (3) and the foundation
 13 program amount for current year special education as defined
 14 in subsections (1) and (2) is the special education budget
 15 for accounting purposes.

16 (5) The foundation program amount for special education
 17 must be added to the foundation program amount of the
 18 regular program ANB defined in 20-9-311 and 20-9-313 to
 19 obtain the total foundation program amount for the
 20 district."

21 **Section 28.** Section 20-9-344, MCA, is amended to read:

22 "20-9-344. Purpose of state equalization aid and duties
 23 of the board of public education for distribution --
 24 conditions of first payment. (1) The money available for
 25 state equalization aid must be distributed and apportioned

1 to provide an annual minimum operating revenue for the
 2 elementary and high schools in each county, exclusive of
 3 revenues required for debt service and for the payment of
 4 any costs and expense incurred in connection with any adult
 5 education program, recreation program, school food services
 6 program, new buildings and grounds, and transportation.

7 (2) The board of public education shall administer and
 8 distribute the state equalization aid in the manner and with
 9 the powers and duties provided by law. To this end, the
 10 board of public education shall:

11 (a) adopt policies for regulating the distribution of
 12 state equalization aid in accordance with the provisions of
 13 law and in a manner that provides for monthly distribution
 14 to each district of its foundation program amount and to
 15 each county and district distribution of its guaranteed tax
 16 base aid;

17 (b) have the power to require reports from the county
 18 superintendents, budget boards, county treasurers, and
 19 trustees as it considers necessary; and

20 (c) order the superintendent of public instruction to
 21 distribute the state equalization aid on the basis of each
 22 district's annual entitlement to the aid as established by
 23 the superintendent of public instruction. In ordering the
 24 distribution of state equalization aid, the board of public
 25 education may not increase or decrease the state

1 equalization aid distribution to any district on account of
 2 any difference that may occur during the school fiscal year
 3 between budgeted and actual receipts from any other source
 4 of school revenue.

5 (3) The board of public education may order the
 6 superintendent of public instruction to withhold
 7 distribution of state equalization aid or order the county
 8 superintendent of schools to withhold county equalization
 9 money from a district when the district fails to:

10 (a) submit reports or budgets as required by law or
 11 rules adopted by the board of public education; or

12 (b) maintain accredited status.

13 (4) Prior to any proposed order by the board of public
 14 education to withhold distribution of state equalization aid
 15 or county equalization money, the district is entitled to a
 16 contested case hearing before the board of public education,
 17 as provided under the Montana Administrative Procedure Act.

18 (5) If a district or county receives more state
 19 equalization aid than it is entitled to, the county
 20 treasurer shall return the overpayment to the state upon the
 21 request of the superintendent of public instruction in the
 22 manner prescribed by the department---of---commerce
 23 superintendent of public instruction.

24 (6) (a) The first foundation program payment and
 25 guaranteed tax base aid payment must be based on an estimate

1 of 20% of the entitlement of each district or county and
 2 distributed by July 15 of the school fiscal year.

3 (b) Each subsequent monthly payment must be at least 7%
 4 of the entitlement of each district or county."

5 **Section 29.** Section 20-9-353, MCA, is amended to read:

6 "20-9-353. Additional levy for general fund -- election
 7 for authorization to impose. (1) Except as limited by
 8 20-9-315(2), the trustees of any a district may propose to
 9 adopt a general fund budget in excess of the foundation
 10 program and the permissive amount for the district for any
 11 of the following purposes:

12 (a) building, altering, repairing, or enlarging any
 13 schoolhouse of the district;

14 (b) furnishing additional school facilities for the
 15 district;

16 (c) acquisition of land for the district;

17 (d) proper maintenance and operation of the school
 18 programs of the district; or

19 (e) severance pay for district employees.

20 (2) When the trustees of any a district determine that
 21 an additional amount of financing is required for the
 22 general fund budget that is in excess of the statutory
 23 schedule amount AND THE PERMISSIVE AMOUNT, the trustees
 24 shall submit the proposition of an additional levy to raise
 25 the excess amount of general fund financing to the electors

1 who are qualified under 20-20-301 to vote upon the
 2 proposition, except that an election is not required to
 3 permit the school trustees to use any funds available to
 4 finance the additional amount other than those funds to be
 5 raised by the additional levy. The special election must be
 6 called and conducted in the manner prescribed by this title
 7 for school elections. The ballot for the election must state
 8 only the amount of money to be raised by additional property
 9 taxation, the approximate number of mills required to raise
 10 the money, and the purpose for which the money will be
 11 expended. The ballot must be in the following format:

12 PROPOSITION

13 Shall a levy be made in addition to the levies
 14 authorized by law in the number of mills as may be necessary
 15 to raise the sum of (state the amount to be raised by
 16 additional tax levy), and being approximately (give number)
 17 mills, for the purpose of (insert the purpose for which the
 18 additional tax levy is made)?

- 19 FOR the levy.
 20 AGAINST the levy.

21 (3) If the election on any additional levy for the
 22 general fund is approved by a majority vote of the electors
 23 voting at the election, the proposition carries and the
 24 trustees may use any portion or all of the authorized amount
 25 in adopting the preliminary general fund budget. The

1 trustees shall certify the additional levy amount authorized
 2 by the special election on the budget form that is submitted
 3 to the county superintendent, and the county commissioners
 4 shall levy the authorized number of mills on the taxable
 5 value of all taxable property within the district, as
 6 prescribed in 20-9-141, to raise the amount of the
 7 additional levy.

8 (4) Authorization to levy an additional tax under the
 9 provisions of this section is effective for only 1 school
 10 fiscal year and must be authorized by a special election
 11 conducted before August 1 of the school fiscal year for
 12 which it is effective."

13 **Section 30.** Section 20-9-360, MCA, is amended to read:

14 "20-9-360. State equalization aid levy. ~~(1)~~ (1) There
 15 is a levy of 40 mills imposed by the county commissioners of
 16 each county on all taxable property within the state, except
 17 property for which a tax or fee is required under 23-2-517,
 18 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204.

19 ~~Except as provided in subsection (2), proceeds~~ Proceeds
 20 EXCEPT AS PROVIDED IN SUBSECTION (2), PROCEEDS of the levy
 21 must be remitted to the state treasurer and must be
 22 deposited to the credit of the state special revenue fund
 23 for state equalization aid to the public schools of Montana.

24 ~~(2) For the benefit of each municipality that created~~
 25 ~~an urban renewal area and adopted a tax increment financing~~

1 ~~provision for the urban renewal area prior to July 1, 1990,~~
 2 ~~each year the state treasurer shall distribute to the county~~
 3 ~~an amount of the state equalization levy equal to the tax~~
 4 ~~increment derived by the municipality for the fiscal year~~
 5 ~~ending June 30, 1989, from the levy for property taxes for~~
 6 ~~school district purposes against property within the urban~~
 7 ~~renewal district, less the amount of tax increment actually~~
 8 ~~received by the municipality in each year as a result of the~~
 9 ~~imposition of mill levies for school district purposes.~~

10 (2) FOR THE BENEFIT OF EACH MUNICIPALITY THAT CREATED
 11 AN URBAN RENEWAL AREA AND ADOPTED A TAX INCREMENT FINANCING
 12 PROVISION FOR THE URBAN RENEWAL AREA PRIOR TO JULY 1, 1990,
 13 THE STATE TREASURER SHALL DISTRIBUTE EACH FISCAL YEAR FROM
 14 THE STATE EQUALIZATION AID LEVY TO THE MUNICIPALITY THE
 15 AMOUNT, IF ANY, EQUAL TO THE PRODUCT OF THE INCREMENTAL
 16 TAXABLE VALUE OF THE URBAN RENEWAL AREA TIMES THE REDUCED
 17 SCHOOL LEVY FOR THE AREA, EACH CALCULATED FOR THE FISCAL
 18 YEAR. THE REDUCED SCHOOL LEVY FOR A FISCAL YEAR IS THE
 19 DIFFERENCE BETWEEN THE AGGREGATE AMOUNT OF ALL PROPERTY TAX
 20 LEVIES FOR SCHOOL PURPOSES IN THE URBAN RENEWAL AREA,
 21 EXPRESSED IN MILLS, IN THE FISCAL YEAR ENDED JUNE 30, 1989,
 22 AND THE AGGREGATE AMOUNT OF ALL PROPERTY TAX LEVIES FOR
 23 SCHOOL PURPOSES IN THE AREA OR THE DISTRICT, EXPRESSED IN
 24 MILLS, IN THE FISCAL YEAR, INCLUDING THE STATE EQUALIZATION
 25 AID LEVY. THE STATE TREASURER SHALL DISTRIBUTE THE AMOUNTS

1 TO MUNICIPALITIES IN TWO EQUAL INSTALLMENTS ON DECEMBER 31
 2 AND JUNE 30 OF THE FISCAL YEAR."

3 ~~Section 31, Section 20-9-361, MCA, is amended to read:~~
 4 ~~"20-9-361, State and county equalization revenue, statutory~~
 5 ~~appropriation, Revenue received in support of~~
 6 ~~state and county equalization under the provisions of~~
 7 ~~20-9-331, 20-9-333, and 20-9-343 is statutorily~~
 8 ~~appropriated, as provided in 17-7-502, to:~~

9 ~~(1) the superintendent of public instruction to be used~~
 10 ~~for county equalization and state equalization aid for the~~
 11 ~~public schools, as provided by law, and must be accounted~~
 12 ~~for in accordance with generally accepted accounting~~
 13 ~~principles; and~~

14 ~~(2) counties as provided in 20-9-360(2)."~~

15 **Section 31.** Section 20-9-366, MCA, is amended to read:
 16 "20-9-366. Definitions. As used in 20-9-366 through
 17 20-9-369, the following definitions apply:

18 (1) "County mill value per elementary ANB" or "county
 19 mill value per high school ANB" means the sum of the current
 20 taxable valuation of all property in the county plus the
 21 taxable value of oil and gas net proceeds determined under
 22 15-23-607(4) for production occurring after March 31, 1990,
 23 plus the taxable value of coal gross proceeds determined
 24 under 15-23-703(3) plus all the taxable value of nonlevy
 25 revenue for the support of schools the elementary school and

1 high school district retirement funds, other than Public Law
 2 81-874 funds, divided by 1,000, with the quotient divided by
 3 the total county elementary ANB count or the total county
 4 high school ANB count used to calculate the elementary
 5 school districts' and high school districts' current year
 6 foundation program amounts. The taxable value of nonlevy
 7 revenue for the purpose of computing guaranteed tax base aid
 8 for schools the county retirement fund is the amount of
 9 nonlevy revenue received-by--a--district deposited in the
 10 elementary school or high school district retirement fund in
 11 the previous year, including for fiscal year 1991 the
 12 revenue received in fiscal year 1990 from the net proceeds
 13 taxation of oil and natural gas and including for fiscal
 14 year 1992 and thereafter the local government severance tax,
 15 divided by the number of mills levied by the district county
 16 in the previous year in support of the elementary school and
 17 high school district retirement funds, multiplied by 1,000.

18 (2) "District mill value per ANB" means the current
 19 taxable valuation of all property in the district plus the
 20 taxable value of oil and gas net proceeds determined under
 21 15-23-607(4) for production occurring after March 31, 1990,
 22 plus the taxable value of coal gross proceeds determined
 23 under 15-23-703(3) plus all the taxable value of nonlevy
 24 revenue for the support of schools the school district's
 25 general fund, other than Public Law 81-874 funds, divided by

1 1,000, with the quotient divided by the ANB count of the
 2 district used to calculate the district's current year
 3 foundation program schedule amount. The taxable value of
 4 nonlevy revenue for the purpose of computing guaranteed tax
 5 base aid for schools is the amount of nonlevy revenue
 6 received-by deposited in a district district's general fund
 7 in the previous year, including for fiscal year 1991 the
 8 revenue received in fiscal year 1990 from the net proceeds
 9 taxation of oil and natural gas and including for fiscal
 10 year 1992 and thereafter the local government severance tax,
 11 divided by the number of mills levied by the district in the
 12 previous year in support of the district's general fund,
 13 multiplied by 1,000.

14 (3) "~~Guaranteed---overschedule---general---fund---budget~~
 15 Permissive amount" means that portion of a district's
 16 general fund budget in excess of the foundation program
 17 amount for the district, as provided in 20-9-316 through
 18 20-9-321, but not exceeding ~~45%~~ 35% of the district's
 19 foundation program amount, and which excess is authorized
 20 under the provisions of 20-9-145 and 20-9-353.

21 (4) "Statewide district mill value per elementary ANB"
 22 or "statewide district mill value per high school ANB" means
 23 the sum of the current taxable valuation of all property in
 24 the state plus the taxable value of oil and gas net proceeds
 25 determined under 15-23-607(4) for production occurring after

1 March 31, 1990, plus the taxable value of coal gross
 2 proceeds determined under 15-23-703(3) plus all the taxable
 3 value of nonlevy revenue for the support of ~~schools~~ the
 4 general funds of all school districts, other than Public Law
 5 81-874 funds, divided by 1,000, with the quotient divided by
 6 the total state elementary ANB count or the total state high
 7 school ANB count used to calculate the elementary school
 8 districts' and high school districts' current year
 9 foundation program amounts. The taxable value of nonlevy
 10 revenue for the purpose of computing guaranteed tax base aid
 11 for schools is the amount of nonlevy revenue received--by--a
 12 district deposited to the general fund of a school district
 13 in the previous year, including for fiscal year 1991 the
 14 revenue received in fiscal year 1990 from the net proceeds
 15 taxation of oil and natural gas and including for fiscal
 16 year 1992 and thereafter the local government severance tax,
 17 divided by the number of mills levied by the district in the
 18 previous year in support of the district general fund,
 19 multiplied by 1,000.

20 (5) "Statewide county mill value per elementary ANB" or
 21 "statewide county mill value per high school ANB" means the
 22 sum of the current taxable valuation of all property in the
 23 state plus the taxable value of oil and gas net proceeds
 24 determined under 15-23-607(4) for production occurring after
 25 March 31, 1990, plus the taxable value of coal gross

1 proceeds determined under 15-23-703(3) plus all the taxable
 2 value of nonlevy revenue for the support of the elementary
 3 school or high school district retirement fund, other than
 4 Public Law 81-874 funds, divided by 1,000, with the quotient
 5 divided by the total state elementary ANB count or the total
 6 state high school ANB count used to calculate the elementary
 7 school districts' and high school districts' current year
 8 foundation program amounts. The taxable value of nonlevy
 9 revenue for the purpose of computing guaranteed tax base aid
 10 for the county retirement fund is the amount of nonlevy
 11 revenue deposited in the elementary school or high school
 12 district retirement fund the previous year, including for
 13 fiscal year 1991 the revenue received in fiscal year 1990
 14 from the net proceeds taxation of oil and natural gas and
 15 including for fiscal year 1992 and thereafter the local
 16 government severance tax, divided by the number of mills
 17 levied by the county in the previous year in support of the
 18 elementary school and high school retirement funds,
 19 multiplied by 1,000."

20 **Section 32.** Section 20-9-367, MCA, is amended to read:
 21 "20-9-367. Eligibility to receive guaranteed tax base
 22 aid. (1) If the district mill value per ANB of any
 23 elementary or high school district is less than the
 24 corresponding statewide district mill value per elementary
 25 ANB or high school ANB, the district may receive guaranteed

1 tax base aid based on the number of mills levied in the
2 district in support of its ~~guaranteed--overschedule~~
3 permissive amount of the general fund budget.

4 (2) If the county mill value per elementary ANB or high
5 school ANB is less than the corresponding statewide county
6 mill value per elementary ANB or high school ANB, the county
7 may receive guaranteed tax base aid based on the number of
8 mills levied in the county in support of the retirement fund
9 budgets of the respective elementary or high school
10 districts in the county."

11 **Section 33.** Section 20-9-368, MCA, is amended to read:

12 "20-9-368. Amount of guaranteed tax base aid --
13 reversion. (1) The amount of guaranteed tax base aid per ANB
14 that a county may receive in support of the retirement fund
15 budgets of the elementary school districts in the county is
16 the difference between the county mill value per elementary
17 ANB and the statewide county mill value per elementary ANB,
18 multiplied by the number of mills levied in support of the
19 retirement fund budgets of the elementary districts in the
20 county.

21 (2) The amount of guaranteed tax base aid per ANB that
22 a county may receive in support of the retirement fund
23 budgets of the high school districts in the county is the
24 difference between the county mill value per high school ANB
25 and the statewide county mill value per high school ANB,

1 multiplied by the number of mills levied in support of the
2 retirement fund budgets of the high school districts in the
3 county.

4 (3) The amount of guaranteed tax base aid per ANB that
5 a district may receive in support of its ~~guaranteed~~
6 ~~overschedule~~ permissive amount of the general fund budget is
7 the difference between the district mill value per ANB and
8 the corresponding statewide district mill value per ANB,
9 multiplied by the number of mills levied in support of the
10 district's ~~guaranteed overschedule~~ permissive amount of the
11 general fund budget.

12 (4) Guaranteed tax base aid provided to any county or
13 district under this section is earmarked to finance the fund
14 or portion of the fund for which it is provided. If the
15 actual expenditures from the fund or portion of the fund for
16 which guaranteed tax base aid is earmarked are less than the
17 amount budgeted, the guaranteed tax base aid reverts in
18 proportion to the amount budgeted but not expended. If a
19 county or district receives more guaranteed tax base aid
20 than it is entitled to, the excess must be returned to the
21 state as required by 20-9-344."

22 **Section 34.** Section 20-9-406, MCA, is amended to read:

23 "20-9-406. Limitations on amount of bond issue. (1) The
24 maximum amount for which each school district may become
25 indebted by the issuance of bonds, including all

1 indebtedness represented by outstanding bonds of previous
2 issues and registered warrants, is 45% of the taxable value
3 of the property subject to taxation as ascertained by the
4 last completed assessment for state, county, and school
5 taxes previous to the incurring of such the indebtedness,
6 including:

7 (a) the taxable value of coal gross proceeds as
8 determined for county bonding purposes in 15-23-703(2);

9 (b) the taxable value of oil and gas net proceeds as
10 determined for county bonding purposes in 15-23-607(3); and

11 (c) the amount of the value of any other oil and gas
12 production occurring after December 31, 1988, multiplied by
13 60%.

14 (2) The 45% maximum, however, may not pertain to
15 indebtedness imposed by special improvement district
16 obligations or assessments against the school district or to
17 bonds issued for the repayment of tax protests lost by the
18 district. All bonds issued in excess of such the amount
19 shall-be-null-and are void, except as provided in this
20 section.

21 ~~(2)~~(3) When the total indebtedness of a school district
22 has reached the 45% limitation prescribed in this section,
23 the school district may pay all reasonable and necessary
24 expenses of the school district on a cash basis in
25 accordance with the financial administration provisions of

1 this chapter.

2 ~~(3)~~(4) Whenever bonds are issued for the purpose of
3 refunding bonds, any ~~moneys~~ money to the credit of the debt
4 service fund for the payment of the bonds to be refunded ~~are~~
5 is applied towards the payment of such the bonds and the
6 refunding bond issue is decreased accordingly."

7 **Section 35.** Section 20-9-435, MCA, is amended to read:

8 "20-9-435. Delivery of school district bonds and
9 disposition of sale moneys. (1) After the school district
10 bonds have been registered, the county treasurer shall:

11 (a) when the board of investments has purchased such
12 the bonds, forward the bonds to such the state board which,
13 in turn, shall cause send the bonds ~~to-be-sent~~ to the state
14 treasurer and shall cause the bonds to be paid for in the
15 manner provided by law; or

16 (b) when if the purchaser is anybody other than the
17 board of investments, deliver the bonds to such the
18 purchaser when full payment of the bonds has been made by
19 the purchaser.

20 (2) If any of the trustees fails or refuses to pay into
21 the proper county treasury the money arising from the sale
22 of ~~any-bonds~~ a bond, he is guilty of a felony and shall be
23 punished by imprisonment in the state prison for not less
24 than 1 year or more than 10 years, or by a fine of not more
25 than \$50,000, or ~~by both such-fine-and-imprisonment.~~

1 (3) All money realized from the sale of school district
 2 bonds ~~shall~~ must be paid to the county treasurer, and he
 3 shall credit such the money to the building fund of the
 4 school district issuing the bonds, except money realized for
 5 accrued interest or the purposes defined in 20-9-403(1)(c)
 6 and (1)(d) ~~shall~~ must be deposited in the debt service fund
 7 ~~for--the-purchase-of-such-bonds~~. The money realized from the
 8 sale of school district bonds ~~shall~~ must be immediately
 9 available to such the school district, and the trustees may
 10 expend such the money without budgeted authorization only
 11 for the purposes for which the bonds were authorized by the
 12 school district bond election. Under the provisions of
 13 7-6-2802, the trustees may invest the money for which there
 14 is no immediate demand and the interest earned by such
 15 investment ~~shall~~ must be used in the manner provided therein
 16 in 7-6-2802. After the full accomplishment of the purpose or
 17 purposes of a bond issue, the excess money realized from
 18 such the bond issue ~~shall~~ must be transferred to the debt
 19 service fund of the school district to be used for the
 20 redemption or purchase of bonds of such the issue."

21 **Section 36.** Section 20-9-438, MCA, is amended to read:

22 "20-9-438. Preparation of debt service fund budget --
 23 cash operating reserve. (1) The trustees of each school
 24 district having outstanding bonds shall include in the debt
 25 service fund of the preliminary budget adopted in accordance

1 with 20-9-113 an amount of money that is necessary to pay
 2 the interest and the principal amount becoming due during
 3 the ensuing school fiscal year for each series or
 4 installment of bonds, according to the terms and conditions
 5 of such the bonds and the redemption plans of the trustees.

6 (2) The trustees shall also include in the debt service
 7 fund of the preliminary budget:

8 (a) the amount of money necessary to pay the special
 9 improvement district assessments levied against the school
 10 district which that become due during the ensuing school
 11 fiscal year; and

12 (b) a limited cash operating reserve for the school
 13 fiscal year following the ensuing school fiscal year as
 14 provided in subsection (3).

15 (3) At the end of each school fiscal year, the trustees
 16 of a school district may designate a portion of the
 17 end-of-the-year cash fund balance of the debt service fund
 18 to be earmarked as a limited cash operating reserve for the
 19 purpose of paying, whenever a cash flow shortage occurs,
 20 debt service fund warrants and bond obligations which that
 21 must be paid from July 1 through November 30 of the school
 22 fiscal year following the ensuing school fiscal year. Any
 23 portion of the debt service fund end-of-the-year cash fund
 24 balance not earmarked for limited cash operating reserve
 25 purposes must be reappropriated to be used for property tax

1 reduction as provided in 20-9-439.

2 (4) The county superintendent shall compare the
3 preliminary budgeted amount for the debt service fund with
4 the bond retirement and interest requirement and the special
5 improvement district assessments for the school fiscal year
6 just beginning as reported by the county treasurer in his
7 statement supplied under the provisions of 20-9-121. If the
8 county superintendent finds that the requirement stated by
9 the county treasurer is more than the preliminary budget
10 amount, the county superintendent shall increase the
11 budgeted amount for interest or principal in the debt
12 service fund of the preliminary budget. The amount confirmed
13 or revised by the county superintendent shall--be is the
14 final budget expenditure amount for the debt service fund of
15 such the school district."

16 **Section 37.** Section 20-9-439, MCA, is amended to read:

17 **"20-9-439. Computation of net levy requirement --**
18 **procedure when levy inadequate.** (1) The county
19 superintendent shall compute the levy requirement for each
20 school district's debt service fund on the basis of the
21 following procedure:

22 (a) determine the total moneys money available in the
23 debt service fund for the reduction of the property tax on
24 the district by totaling:

25 (i) the end-of-the-year cash fund balance, less-any

1 ~~outstanding-warrants~~ in the debt service fund and, less any
2 limited cash operating reserve as provided in 20-9-438;

3 (ii) anticipated interest to be earned by the investment
4 of debt service cash in accordance with the provisions of
5 20-9-213(4) or by the investment of bond proceeds under the
6 provisions of 20-9-435; and

7 (iii) any other moneys money anticipated by the trustees
8 to be available in the debt service fund during the ensuing
9 school fiscal year from such sources as legally authorized
10 money transfers into the debt service fund or from rental
11 income;

12 (b) the total amount available to reduce the property
13 tax, determined in subsection (1)(a), shall must be
14 subtracted from the final budget expenditure amount for the
15 debt service fund as established in 20-9-438;

16 (c) the net debt service fund levy requirement
17 determined in subsection (1)(b) shall must be reported to
18 the county commissioners on the second Monday of August by
19 the county superintendent as the net debt service fund levy
20 requirement for the district, and a levy shall must be made
21 by the county commissioners in accordance with 20-9-142.

22 (2) If the board of county commissioners shall--fail
23 fails in any school fiscal year to make a levy for any issue
24 or series of bonds of any a school district sufficient to
25 raise the moneys money necessary for payment of interest and

1 principal becoming due during the next ensuing school fiscal
 2 year, in such any amounts ~~as--are~~ established under the
 3 provisions of this section, the holder of any bond of such
 4 the issue or series or any taxpayer of the district may
 5 apply to the district court of the county in which such the
 6 school district is located for a writ of mandate to compel
 7 the board of county commissioners of such the county to make
 8 a sufficient levy for such purposes. If, upon the hearing of
 9 such the application, it ~~shall--appear~~ appears to the
 10 satisfaction of the court that the board of county
 11 commissioners of such the county has failed to make a levy
 12 or has made a levy that is insufficient to raise the amount
 13 required to be raised as established in the manner provided
 14 in this section, the court shall determine the amount of
 15 such the deficiency and shall issue a writ of mandate
 16 directed to and requiring the board of county commissioners,
 17 at the next meeting for the purpose of fixing tax levies for
 18 county purposes, to fix and make a levy against all taxable
 19 property in such the school district that is sufficient to
 20 raise the amount of such the deficiency. Such The levy ~~shall~~
 21 be is in addition to any levy required to be made at that
 22 time for the ~~then-ensuing~~ ensuing school fiscal year. Any
 23 costs which that may be allowed or awarded the petitioner in
 24 ~~any-such the~~ proceeding ~~shall must~~ be paid by the members of
 25 the board of county commissioners and ~~shall may~~ not be a

1 charge against the school district or the county."

2 **Section 38.** Section 20-9-471, MCA, is amended to read:

3 **"20-9-471. Issuance of short-term obligations --**
 4 **authorization -- conditions.** (1) The trustees of a school
 5 district may, without a vote of the electors of the
 6 district, issue and sell to the board of investments
 7 **short-term** obligations for the purpose of financing all or a
 8 portion of:

- 9 (a) the costs of vehicles and equipment;
 10 (b) the costs associated with renovating,
 11 rehabilitating, and remodeling facilities, including but not
 12 limited to roof repairs, heating, plumbing, and electrical
 13 systems;
 14 (c) any other capital expenditure the district is
 15 otherwise authorized to make, subject to subsection (4); and
 16 (d) the costs associated with the issuance and sale of
 17 the **short-term** obligations.

18 (2) The term of the **short-term** obligation may not
 19 exceed 5 full fiscal years.

20 (3) At the time of issuing the obligation, there must
 21 exist an amount in the budget for the current fiscal year
 22 available and sufficient to make the debt service payment on
 23 the obligation coming due in the current year. The budget
 24 for each following year in which any portion of the
 25 principal of and interest on the obligation is due must

1 provide for payment of such that principal and interest.

2 (4) The proceeds of the short-term obligation may not
3 be used to acquire real property or construct a facility.

4 (5) An obligation issued is payable from any legally
5 available fund of the district and constitutes a general
6 obligation of the district.

7 (6) The obligation may bear interest at a fixed or
8 variable rate and may be sold to the board of investments at
9 par, at a discount, or with a premium, and upon any other
10 terms and conditions that the trustees determine to be in
11 the best interests of the district.

12 (7) The principal amount of the short-term obligation,
13 when added to the outstanding bonded indebtedness of the
14 district, may not exceed the debt limitation established in
15 20-9-406."

16 **Section 39.** Section 20-9-501, MCA, is amended to read:

17 "20-9-501. Retirement fund. (1) The trustees of any a
18 district employing personnel who are members of the
19 teachers' retirement system or the public employees'
20 retirement system or who are covered by unemployment
21 insurance or who are covered by any federal social security
22 system requiring employer contributions shall establish a
23 retirement fund for the purposes of budgeting and paying the
24 employer's contributions to such the systems. The district's
25 contribution for each employee who is a member of the

1 teachers' retirement system must be calculated in accordance
2 with Title 19, chapter 4, part 6. The district's
3 contribution for each employee who is a member of the public
4 employees' retirement system must be calculated in
5 accordance with 19-3-801. The district's contributions for
6 each employee covered by any federal social security system
7 must be paid in accordance with federal law and regulation.
8 The district's contribution for each employee who is covered
9 by unemployment insurance must be paid in accordance with
10 Title 39, chapter 51, part 11.

11 (2) The trustees of any a district required to make a
12 contribution to any a system referred to in subsection (1)
13 shall include in the retirement fund of the preliminary
14 budget the estimated amount of the employer's contribution.
15 After the final retirement fund budget has been adopted, the
16 trustees shall pay the employer contributions to such the
17 systems in accordance with the financial administration
18 provisions of this title.

19 (3) When the final retirement fund budget has been
20 adopted, the county superintendent shall establish the levy
21 requirement by:

22 (a) determining the sum of the money available to
23 reduce the retirement fund levy requirement by adding:

24 (i) any anticipated money that may be realized in the
25 retirement fund during the ensuing school fiscal year,

1 including anticipated revenue from property taxes and fees
2 imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
3 61-3-537, and 67-3-204;

4 ~~(ii) anticipated--guaranteed--tax-base-aid-in-support-of~~
5 ~~retirement;~~

6 ~~(iii) net proceeds taxes and local government severance~~
7 ~~taxes on any other oil and gas production occurring after~~
8 ~~December 31, 1988;~~

9 ~~(iv)(iii) coal gross proceeds taxes under 15-23-703; and~~

10 ~~(v)(iv) any cash fund balance available for~~
11 ~~reappropriation as determined by subtracting the amount of~~
12 ~~the end-of-the-year cash fund balance earmarked as the~~
13 ~~retirement fund cash operating reserve for the ensuing~~
14 ~~school fiscal year by the trustees from the end-of-the-year~~
15 ~~cash fund balance in the retirement fund. The retirement~~
16 ~~fund cash operating reserve may not be more than 35% of the~~
17 ~~final retirement fund budget for the ensuing school fiscal~~
18 ~~year and must be used for the purpose of paying retirement~~
19 ~~fund warrants issued by the district under the final~~
20 ~~retirement fund budget; and~~

21 ~~(v) any other revenue anticipated that may be realized~~
22 ~~in the retirement fund during the ensuing school fiscal~~
23 ~~year, excluding any guaranteed tax base aid.~~

24 (b) notwithstanding the provisions of subsection (8),
25 subtracting the money available for reduction of the levy

1 requirement, as determined in subsection (3)(a), from the
2 budgeted amount for expenditures in the final retirement
3 fund budget.

4 (4) The county superintendent shall:

5 (a) total the net retirement fund levy requirements
6 separately for all elementary school districts, all high
7 school districts, and all community college districts of the
8 county, including any prorated joint district or special
9 education cooperative agreement levy requirements; and

10 (b) report each levy requirement to the county
11 commissioners on the second Monday of August as the
12 respective county levy requirements for elementary district,
13 high school district, and community college district
14 retirement funds.

15 (5) The county commissioners shall fix and set the
16 county levy in accordance with 20-9-142.

17 (6) The net retirement fund levy requirement for a
18 joint elementary district or a joint high school district
19 must be prorated to each county in which a part of the
20 district is located in the same proportion as the district
21 ANB of the joint district is distributed by pupil residence
22 in each county. The county superintendents of the counties
23 affected shall jointly determine the net retirement fund
24 levy requirement for each county as provided in 20-9-151.

25 (7) The net retirement fund levy requirement for

1 districts that are members of special education cooperative
 2 agreements must be prorated to each county in which the
 3 district is located in the same proportion as the budget for
 4 ~~the special education cooperative agreement of the district~~
 5 ~~bears to the total budget of the cooperative special~~
 6 ~~education cooperative budget is prorated to the member~~
 7 school districts. The county superintendents of the counties
 8 affected shall jointly determine the net retirement fund
 9 levy requirement for each county in the same manner as
 10 provided in 20-9-151 and THE COUNTY COMMISSIONERS SHALL fix
 11 and levy the net retirement fund levy for each county in the
 12 same manner as provided in 20-9-152.

13 ~~(8) (a) For a county that is eligible for guaranteed~~
 14 ~~tax base aid under the provisions of 20-9-367, the county~~
 15 ~~superintendent shall provide the board of county~~
 16 ~~commissioners with the amount of guaranteed tax base aid~~
 17 ~~that the county will receive for each mill levied, as~~
 18 ~~certified by the superintendent of public instruction, to~~
 19 ~~fund the retirement fund net levy requirement.~~

20 ~~(b) The county commissioners SUPERINTENDENT shall~~
 21 ~~calculate the number of mills to be levied on the taxable~~
 22 ~~property in the county to finance the retirement fund net~~
 23 ~~levy requirement by dividing the amount determined in~~
 24 ~~subsection (4)(a) by the sum of:~~

25 ~~(i)(A) the amount of guaranteed tax base aid that the~~

1 county will receive for each mill levied, as certified by
 2 the superintendent of public instruction; and
 3 (ii)(B) the taxable valuation of the district divided
 4 by 1,000."

5 **Section 40.** Section 20-9-504, MCA, is amended to read:

6 **"20-9-504. Extracurricular fund for pupil functions.**

7 (1) The government of the pupils of the school within a
 8 district or the administration of a school on behalf of the
 9 pupils may establish an extracurricular fund for the
 10 purposes of the receipts and expenditures of money collected
 11 for pupil extracurricular functions with the approval of the
 12 trustees of the district. All extracurricular moneys of any
 13 a pupil organization of the school shall must be deposited
 14 and expended by check from a bank account maintained for the
 15 extracurricular fund.

16 (2) An accounting system for the extracurricular fund
 17 recommended by the department of commerce shall
 18 superintendent of public instruction must be implemented by
 19 the trustees. Such The accounting system shall must provide
 20 for:

21 (a) the internal control of the cash receipts and
 22 expenditures of the money; and

23 (b) a general account that can be reconciled with the
 24 bank account for the extracurricular fund and reconciled
 25 with the detailed accounts within the extracurricular fund

1 maintained for each student function."

2 **Section 41.** Section 20-9-505, MCA, is amended to read:

3 "20-9-505. Purpose and establishment of nonoperating
4 fund. (1) The trustees of any a district that will not
5 operate any a school during the ensuing school fiscal year
6 shall establish a nonoperating fund on the first day of such
7 the school fiscal year. In establishing the nonoperating
8 fund, the trustees shall cause the transfer of the
9 end-of-the-year cash fund balance of each fund maintained by
10 the district during the immediately preceding school fiscal
11 year to the nonoperating fund. However, cash fund balances
12 of the debt service fund and the miscellaneous federal
13 programs fund, if any, shall must be maintained in their
14 individual funds.

15 (2) The trustees of a district establishing a
16 nonoperating fund for the first year of nonoperation may
17 earmark a portion of the nonoperating fund cash balance as a
18 nonoperating fund cash operating reserve when they
19 anticipate the reopening of a school in the following school
20 fiscal year. Such-cash The operating reserve shall may not
21 be more than the general fund cash operating reserve
22 designated for the immediately preceding school fiscal year.
23 If a school is not operated in the following school fiscal
24 year, the authority of the trustees to earmark a
25 nonoperating fund cash operating reserve shall-terminate

1 terminates and the moneys money earmarked as a--cash an
2 operating reserve shall must be used to reduce the levy
3 requirement of the nonoperating fund. If the trustees
4 acquire approval to reopen a school in the following school
5 fiscal year under the provisions of 20-6-502 or 20-6-503 and
6 operate such the school, the nonoperating fund cash
7 operating reserve shall must be restored as the general fund
8 cash operating reserve.

9 (3) The purpose of the nonoperating fund shall-be is to
10 centralize the financing and budgeting for the limited
11 functions of a district not operating a school. Such The
12 functions shall include:

- 13 (a) elementary tuition obligations to other districts;
14 (b) transportation of the resident pupils;
15 (c) maintenance of district-owned property; and
16 (d) any other nonoperating school function of the
17 district deemed considered necessary by the trustees or
18 required by law.

19 (4) Any expenditure of nonoperating fund moneys-shall
20 money must be made in accordance with the financial
21 administration provisions of this title for a budgeted
22 fund."

23 **Section 42.** Section 20-9-507, MCA, is amended to read:

24 "20-9-507. Miscellaneous programs fund. (1) The
25 trustees of any a district receiving grants--of money from

1 local, state, or federal moneys, or other district sources
 2 PROVIDED IN 20-5-307(4), 20-5-312(8), AND 20-9-321(3) other
 3 than moneys money under the provisions of Title I of Public
 4 Law 81-874 or federal moneys money designated for deposit in
 5 a specific fund of the district shall establish a
 6 miscellaneous programs fund for the deposit of such-moneys
 7 the money. Such-moneys The money may be a reimbursement of
 8 MISCELLANEOUS PROGRAM FUND expenditures already realized by
 9 the district or may be a grant of moneys money for the
 10 financing of expenditures to be realized by the district for
 11 a special, approved program to be operated by the district.
 12 When the moneys-are money is a reimbursement, the moneys
 13 shall money may be expended at the discretion of the
 14 trustees for school purposes. When the moneys-are money is a
 15 grant, the moneys-shall money must be expended according to
 16 the conditions of the program approval by the superintendent
 17 of public instruction or any other approval agent. Within
 18 the miscellaneous programs fund, the trustees shall cause a
 19 separate accounting to be maintained for each federal grant
 20 program and for the aggregate of all reimbursement moneys
 21 money.

22 (2) The financial administration of the miscellaneous
 23 programs fund shall must be in accordance with the financial
 24 administration provisions of this title for a nonbudgeted
 25 fund which-shall-be-applied-by-individual-grant-programs-or

1 for-the-aggregate-amount-of-the-reimbursement-moneys--rather
 2 than-on-the-basis-of-the-total-fund."

3 **Section 43.** Section 20-10-101, MCA, is amended to read:
 4 "20-10-101. Definitions. As used in this title, unless
 5 the context clearly indicates otherwise, the following
 6 definitions apply:

- 7 (1) "Transportation" shall-mean means:
- 8 (a) a district's conveyance of a pupil by a school bus
 9 between his legal residence and the school designated by the
 10 trustees for his attendance; or
- 11 (b) a--district's-conveyance-of-a-pupil-by-a-school-bus
 12 between--his--regular---school---of---attendance---and---the
 13 vocational-technical--secondary--schools--designated--by-the
 14 trustees-for-his--attendance--if--the--secondary--school--is
 15 located-in-some-other-school-district;-or
- 16 (c) "individual transportation" whereby a district is
 17 relieved of actually conveying a pupil. Such--individual
 18 Individual transportation may include paying the parent or
 19 guardian for conveying the pupil, reimbursing the parent or
 20 guardian for the pupil's board and room, or providing
 21 supervised correspondence study or supervised home study.
- 22 (2) An "eligible transportee" shall-mean means a public
 23 school pupil who:
- 24 (a) is not-less-than 5 years of age nor or older and
 25 has not attained his 21st birthday or who is a handicapped

1 preschool child between the ages of 3 and 6;

2 (b) is a resident of the state of Montana;

3 (c) regardless of district and county boundaries,
4 resides at least 3 miles, over the shortest practical route,
5 from the nearest operating public elementary school or
6 public high school, whichever the case may be; and

7 (d) is ~~deemed-by-law~~ considered to reside with his
8 parent or guardian who maintains legal residence within the
9 boundaries of the district furnishing the transportation
10 regardless of where the eligible transportee actually lives
11 when attending school.

12 (3) (a) A "school bus" means, except as provided in
13 subsection (3)(b), any motor vehicle that:

14 (i) complies with the bus standards established by the
15 board of public education as verified by the Montana
16 department of justice's semiannual inspection of school
17 buses and the superintendent of public instruction; and

18 (ii) is owned by a district or other public agency and
19 operated for the transportation of pupils to or from school
20 or owned by a carrier under contract with a district or
21 public agency to provide transportation of pupils to or from
22 school.

23 (b) A school bus does not include a vehicle that is:

24 (i) privately owned and not operated for compensation
25 under this title;

1 (ii) privately owned and operated for reimbursement
2 under 20-10-142;

3 (iii) either district-owned or privately owned, designed
4 to carry not more than nine passengers, and used to
5 transport pupils to or from activity events or to transport
6 pupils to their homes in case of illness or other emergency
7 situations; or

8 (iv) an over-the-road passenger coach used only to
9 transport pupils to activity events."

10 **Section 44.** Section 20-10-143, MCA, is amended to read:

11 "20-10-143. Budgeting for transportation and
12 transmittal of transportation contracts. (1) The trustees of
13 any a district furnishing transportation to pupils who are
14 residents of ~~such the~~ the district ~~shall~~ have the authority and
15 it ~~shall-be~~ is their duty to provide a transportation fund
16 budget that is adequate to finance ~~such the~~ the district's
17 transportation contractual obligations and any other
18 transportation expenditures necessary for the conduct of its
19 transportation program. The transportation fund budget ~~shall~~
20 must include:

21 (a) an adequate amount to finance the maintenance and
22 operation of district owned and operated school buses;

23 (b) the annual contracted amount for the maintenance
24 and operation of school buses by a private party;

25 (c) the annual contracted amount for individual

1 transportation, including any increased amount due---to
2 because of isolation, which shall may not exceed the
3 schedule amounts prescribed in 20-10-142;

4 (d) any amount necessary for the purchase, rental, or
5 insurance of school buses; and

6 (e) any other amount necessary to finance the
7 administration, operation, or maintenance of the
8 transportation program of the district, as determined by the
9 trustees.

10 (2) The trustees may include a contingency amount in
11 the transportation fund budget for the purpose of enabling
12 the district to fulfill any obligation to provide
13 transportation in accordance with the transportation law for
14 any pupils not residing in the district at the time of the
15 adoption of the preliminary budget and who subsequently
16 became residents of such the district during the school
17 fiscal year or pupils who have become eligible transportees
18 since the adoption of the preliminary budget because their
19 legal residence has been changed. The budgeted contingency
20 amount shall may not exceed 10% of the transportation
21 schedule amount as calculated under the provisions of
22 20-10-141 and 20-10-142 for all transportation services
23 authorized by such the schedule and provided by the district
24 unless 10% of such the transportation schedule amount shall
25 be is less than \$100, in which case \$100 shall--be is the

1 maximum limitation for such the budgeted contingency amount.

2 (3) As provided in 20-9-162, an emergency amendment to
3 the transportation fund budget may be adopted subject to the
4 provisions of the emergency-budgeting budget amendment law.

5 (4) The transportation fund budgeted expenditures
6 appropriated by the trustees shall must be reported on the
7 regular budget form prescribed by the superintendent of
8 public instruction in accordance with 20-9-103, and the
9 adoption of the transportation fund budget shall must be
10 completed in accordance with the school budgeting laws. When
11 the adopted preliminary budget is sent to the county
12 superintendent, the trustees shall also send copies of all
13 completed transportation contracts for school bus
14 transportation and individual transportation to the county
15 superintendent. Such The contracts shall must substantiate
16 all contracted transportation services incorporated in the
17 preliminary budget, and after the county superintendent has
18 utilized the contracts for such that purpose but before the
19 fourth Monday of July, he shall send all the transportation
20 contracts received by him to the superintendent of public
21 instruction. When the county superintendent determines a
22 deviation between the preliminary transportation fund budget
23 amount for contracted transportation services and the
24 contracted amount for such the services, he shall
25 immediately call the deviation to the attention of the

1 appropriate trustees and shall allow the trustees to change
2 the preliminary budgeted amount to compensate for such the
3 deviation."

4 **Section 45.** Section 20-10-144, MCA, is amended to read:

5 "20-10-144. **Computation of revenues and net tax levy**
6 **requirements for the transportation fund budget.** Before the
7 fourth Monday of July and in accordance with 20-9-123, the
8 county superintendent shall compute the revenue available to
9 finance the transportation fund budget of each district. The
10 county superintendent shall compute the revenue for each
11 district on the following basis:

12 (1) The "schedule amount" of the preliminary budget
13 expenditures that is derived from the rate schedules in
14 20-10-141 and 20-10-142 must be determined by adding the
15 following amounts:

16 (a) the sum of the maximum reimbursable expenditures
17 for all approved school bus routes maintained by the
18 district (to determine the maximum reimbursable expenditure,
19 multiply the applicable rate per bus mile by the total
20 number of miles to be traveled during the ensuing school
21 fiscal year on each bus route approved by the county
22 transportation committee and maintained by such district);
23 plus

24 (b) the total of all individual transportation per diem
25 reimbursement rates for the district as determined from the

1 contracts submitted by the district multiplied by the number
2 of pupil-instruction days scheduled for the ensuing school
3 attendance year; plus

4 (c) any estimated costs for supervised home study or
5 supervised correspondence study for the ensuing school
6 fiscal year; plus

7 (d) the amount budgeted on the preliminary budget for
8 the contingency amount permitted in 20-10-143, except if the
9 amount exceeds 10% of the total of subsections (1)(a),
10 (1)(b), and (1)(c) or \$100, whichever is larger, the
11 contingency amount on the preliminary budget must be reduced
12 to the limitation amount and used in this determination of
13 the schedule amount.

14 (2) The schedule amount determined in subsection (1) or
15 the total preliminary transportation fund budget, whichever
16 is smaller, is divided by 3 and the resulting one-third
17 amount is used to determine the available state and county
18 revenue to be budgeted on the following basis:

19 (a) the resulting one-third amount is the budgeted
20 state transportation reimbursement, except that the state
21 transportation reimbursement for the transportation of
22 special education pupils under the provisions of 20-7-442
23 must be two-thirds of the schedule amount attributed to the
24 transportation of special education pupils;

25 (b) the resulting one-third amount, except as provided

1 for joint elementary districts in subsection (2)(e), is the
 2 budgeted county transportation reimbursement for elementary
 3 districts and must be financed by the basic county tax under
 4 the provisions of 20-9-334;

5 (c) the resulting one-third amount multiplied by 2 is
 6 the budgeted county transportation reimbursement amount for
 7 high school districts financed under the provisions of
 8 subsection (5), except as provided for joint high school
 9 districts in subsection (2)(e), and except that the county
 10 transportation reimbursement for the transportation of
 11 special education pupils under the provisions of 20-7-442
 12 must be one-third of the schedule amount attributed to the
 13 transportation of special education pupils;

14 (d) when the district has a sufficient amount of cash
 15 for reappropriation and other sources of district revenue,
 16 as determined in subsection (3), to reduce the total
 17 district obligation for financing to zero, any remaining
 18 amount of district revenue and cash reappropriated must be
 19 used to reduce the county financing obligation in subsection
 20 (2)(b) or (2)(c) and, if the county financing obligations
 21 are reduced to zero, to reduce the state financial
 22 obligation in subsection (2)(a); and

23 (e) the county revenue requirement for a joint
 24 district, after the application of any district money under
 25 subsection (2)(d), must be prorated to each county

1 incorporated by the joint district in the same proportion as
 2 the ANB of the joint district is distributed by pupil
 3 residence in each county.

4 (3) The total of the money available for the reduction
 5 of property tax on the district for the transportation fund
 6 must be determined by totaling:

7 (a) anticipated federal money received under the
 8 provisions of Title I of Public Law 81-874 or other
 9 anticipated federal money received in lieu of that federal
 10 act; plus

11 (b) anticipated payments from other districts for
 12 providing school bus transportation services for the
 13 district; plus

14 (c) anticipated payments from a parent or guardian for
 15 providing school bus transportation services for his child;
 16 plus

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

20 (e) anticipated or reappropriated revenue from property
 21 taxes and fees imposed under 23-2-517, 23-2-803,
 22 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204; plus

23 (f) gross proceeds taxes from coal under 15-23-703;
 24 plus

25 (g) net proceeds taxes for interim production and new

1 production, as defined in 15-23-601, and local government
2 severance taxes on any other production occurring after
3 December 31, 1988; plus

4 (h) any other revenue anticipated by the trustees to be
5 earned during the ensuing school fiscal year which that may
6 be used to finance the transportation fund; plus

7 (i) any cash fund balance available for reappropriation
8 as determined by subtracting the amount of the
9 end-of-the-year cash fund balance earmarked as the
10 transportation fund cash operating reserve for the ensuing
11 school fiscal year by the trustees from the end-of-the-year
12 cash fund balance in the transportation fund. The cash
13 operating reserve may not be more than 20% of the final
14 transportation fund budget for the ensuing school fiscal
15 year and is for the purpose of paying transportation fund
16 warrants issued by the district under the final
17 transportation fund budget.

18 (4) The district levy requirement for each district's
19 transportation fund must be computed by:

20 (a) subtracting the schedule amount calculated in
21 subsection (1) from the total preliminary transportation
22 budget amount and, for an elementary district, adding the
23 difference to the district obligation to finance one-third
24 of the schedule amount as determined in subsection (2); and

25 (b) subtracting the amount of money available to reduce

1 the property tax on the district, as determined in
2 subsection (3), from the amount determined in subsection
3 (4)(a).

4 (5) The county levy requirement for the financing of
5 the county transportation reimbursement to high school
6 districts is computed by adding all requirements for all the
7 high school districts of the county, including the county's
8 obligation for reimbursements in joint high school
9 districts.

10 (6) The transportation fund levy requirements
11 determined in subsection (4) for each district and in
12 subsection (5) for the county must be reported to the county
13 commissioners on the second Monday of August by the county
14 superintendent as the transportation fund levy requirements
15 for the district and for the county, and the levies must be
16 made by the county commissioners in accordance with
17 20-9-142."

18 **Section 46.** Section 20-10-145, MCA, is amended to read:

19 "20-10-145. State transportation reimbursement. (1) Any
20 A district providing school bus transportation or individual
21 transportation in accordance with the transportation law,
22 board of public education transportation policy, and
23 superintendent of public instruction transportation rules
24 ~~shall~~ must receive a state reimbursement of its
25 transportation expenditures under the transportation

1 reimbursement rate provisions of 20-10-141 and 20-10-142.
 2 The state transportation reimbursement ~~shall~~ may not exceed
 3 one-third of the reimbursement amounts established in ~~such~~
 4 ~~sections 20-10-141 and 20-10-142~~ or one-third of the
 5 district's transportation fund budget, whichever is smaller,
 6 and ~~shall~~ must be computed on the basis of the number of
 7 days the transportation services were actually rendered, not
 8 to exceed 180 pupil-instruction days. In determining the
 9 amount of the state transportation reimbursement, ~~no~~ an
 10 amount claimed by a district ~~shall~~ may not be considered for
 11 reimbursement unless ~~such~~ the amount has been paid in the
 12 regular manner provided for the payment of other financial
 13 obligations of the district.

14 (2) Requests for the state transportation reimbursement
 15 ~~shall~~ must be made by each district semiannually during the
 16 school fiscal year on the claim forms and procedure
 17 promulgated by the superintendent of public instruction. The
 18 claims for state transportation reimbursements ~~shall~~ must be
 19 routed by the district to the county superintendent, who
 20 after reviewing ~~such~~ the claims shall send them to the
 21 superintendent of public instruction. The superintendent of
 22 public instruction shall establish the validity and accuracy
 23 of the claims for the state transportation reimbursements by
 24 determining their compliance with the transportation law,
 25 board of public education transportation policy, and the

1 transportation rules of the superintendent of public
 2 instruction. After making any necessary adjustments to ~~such~~
 3 ~~the~~ claims, ~~he--shall--cause--their--payment--by--ordering~~ the
 4 superintendent of public instruction shall order a
 5 disbursement from the state moneys money appropriated by the
 6 legislature of the state of Montana for the state
 7 transportation reimbursement. ~~Such~~ The payment of all the
 8 district's claims within one county ~~shall~~ must be made to
 9 the county treasurer of ~~such~~ the county, and the county
 10 superintendent shall apportion ~~such~~ the payment in
 11 accordance with the apportionment order supplied by the
 12 superintendent of public instruction."

13 **SECTION 47. SECTION 15-1-501, MCA, IS AMENDED TO READ:**

14 "15-1-501. Disposition of money from certain designated
 15 license and other taxes. (1) The state treasurer shall
 16 deposit to the credit of the state general fund all money
 17 received by him from the collection of:

18 (a) fees from driver's licenses, motorcycle
 19 endorsements, and duplicate driver's licenses as provided in
 20 61-5-121;

21 (b) electrical energy producer's license taxes under
 22 chapter 51;

23 (c) severance taxes allocated to the general fund under
 24 chapter 36;

25 (d) liquor license taxes under Title 16;

1 (e) telephone company license taxes under chapter 53;
2 and

3 (f) inheritance and estate taxes under Title 72,
4 chapter 16.

5 (2) All money received from the collection of income
6 taxes under chapter 30 of this title must be deposited as
7 follows:

8 (a) ~~57% in fiscal year 1990 and 50% in fiscal year~~
9 ~~1991~~, 59.5% to the credit of the state general fund;

10 (b) ~~9.8% in fiscal year 1990 and 8.7% in fiscal year~~
11 ~~1991~~, to the credit of the debt service account for
12 long-range building program bonds as described in 17-5-408;
13 and

14 (c) ~~33.2% in fiscal year 1990 and 41.3% in fiscal year~~
15 ~~1991~~, 31.8% to the credit of the state special revenue fund
16 for state equalization aid to the public schools of Montana
17 as described in 20-9-343.

18 (3) All money received from the collection of
19 corporation license and income taxes under chapter 31 of
20 this title, except as provided in 15-31-702, must be
21 deposited as follows:

22 (a) ~~64% in fiscal year 1990 and 61% in fiscal year~~
23 ~~1991~~, to the credit of the state general fund;

24 (b) ~~11% in fiscal year 1990 and 10.5% in fiscal year~~
25 ~~1991~~, to the credit of the debt service account for

1 long-range building program bonds as described in 17-5-408;
2 and

3 (c) ~~25% in fiscal year 1990 and 28.5% in fiscal year~~
4 ~~1991~~, to the credit of the state special revenue fund for
5 state equalization aid to the public schools of Montana as
6 described in 20-9-343.

7 (4) The state treasurer shall also deposit to the
8 credit of the state general fund all money received by him
9 from the collection of license taxes, fees, and all net
10 revenues and receipts from all other sources under the
11 operation of the Montana Alcoholic Beverage Code.

12 (5) After the distribution provided for in 15-36-112,
13 the remainder of the oil severance tax collections must be
14 deposited in the general fund."

15 **Section 48.** Section 15-24-1402, MCA, is amended to
16 read:

17 "15-24-1402. New or expanding industry -- assessment.
18 (1) In the first 5 years after a construction permit is
19 issued, qualifying improvements or modernized processes that
20 represent new industry or expansion of an existing industry,
21 as designated in the approving resolution, ~~shall~~ must be
22 taxed at 50% of their taxable value. Each year thereafter,
23 the percentage ~~shall~~ must be increased by equal percentages
24 until the full taxable value is attained in the 10th year.
25 In subsequent years, the property ~~shall~~ must be taxed at

1 100% of its taxable value.

2 (2) (a) In order for a taxpayer to receive the tax
3 benefits described in subsection (1), the governing body of
4 the affected county or the incorporated city or town must
5 have approved by separate resolution for each project,
6 following due notice as defined in 76-15-103 and a public
7 hearing, the use of the schedule provided for in subsection
8 (1) for its respective jurisdiction. The governing body may
9 not grant approval for the project until all of the
10 applicant's taxes have been paid in full. Taxes paid under
11 protest do not preclude approval.

12 (b) The governing body may end the tax benefits by
13 majority vote at any time, but the tax benefits may not be
14 denied an industrial facility that previously qualified for
15 the benefits.

16 (c) The resolution provided for in subsection (2)(a)
17 shall must include a definition of the improvements or
18 modernized processes that qualify for the tax treatment that
19 is to be allowed in the taxing jurisdiction. The resolution
20 may provide that real property other than land, personal
21 property, improvements, or any combination thereof is
22 eligible for the tax benefits described in subsection (1).

23 (3) The taxpayer must shall apply to the county
24 assessor on a form provided by the department of revenue for
25 the tax treatment allowed under subsection (1). The

1 application by the taxpayer must first be approved by the
2 governing body of the appropriate local taxing jurisdiction,
3 and the governing body must shall indicate in its approval
4 that the property of the applicant qualifies for the tax
5 treatment provided for in this section. Upon receipt of the
6 form with the approval of the governing body of the affected
7 taxing jurisdiction, the assessor shall make the assessment
8 change pursuant to this section.

9 (4) The tax benefit described in subsection (1) applies
10 only to the number of mills levied and assessed for local
11 high school district and elementary school district purposes
12 and to the number of mills levied and assessed by the
13 governing body approving the benefit over which the
14 governing body has sole discretion. In no case may the
15 benefit described in subsection (1) apply to levies or
16 assessments required under Title 15, chapter 10, 20-9-331,
17 20-9-333, 20-9-360, or otherwise required under state law."

18 **Section 49.** Section 20-15-404, MCA, is amended to read:

19 **"20-15-404. Trustees to adhere to certain other laws.**
20 Unless the context clearly indicates otherwise, the trustees
21 of a community college district shall adhere to:

22 (1) ~~adhere--to~~ the teachers' retirement provisions of
23 Title 19, chapter 47-~~as-amended~~;

24 (2) ~~adhere-to~~ the provisions of 20-1-201, 20-1-205,
25 20-1-211, and 20-1-2127-~~as-amended~~;

1 (3) ~~adhere---to~~ the school property provisions of
 2 20-6-604, 20-6-605, 20-6-621, 20-6-622, 20-6-624, 20-6-631,
 3 and 20-6-633 through 20-6-636~~7-as-amended~~;

4 (4) ~~adhere---to~~ the adult education provisions of
 5 20-7-701 through 20-7-713~~7-as-amended~~;

6 (5) ~~adhere-to~~ the administration of finances provisions
 7 of 20-9-115, 20-9-134, ~~subsections-(2)7-(3)7-(4)7-and-(5)7-of~~
 8 ~~20-9-1617-20-9-1637-20-9-1657~~ 20-9-207, 20-9-208, 20-9-210,
 9 20-9-215, 20-9-221 through 20-9-224, and 20-9-512~~7--as~~
 10 ~~amended~~;

11 (6) ~~adhere-to~~ the school bond provisions of 20-9-401
 12 through 20-9-412, 20-9-421 through 20-9-446, 20-9-451
 13 through 20-9-456, and 20-9-461 through 20-9-465~~7-as-amended~~;

14 (7) ~~adhere-to~~ the special purpose funds provisions of
 15 20-9-502, 20-9-503, 20-9-507, 20-9-508, and 20-9-511~~7-as~~
 16 ~~amended~~;

17 (8) ~~adhere-to~~ the educational cooperative agreements
 18 provisions of 20-9-701 through 20-9-704~~7-as-amended~~;

19 (9) ~~adhere--to~~ the school elections provisions of Title
 20 20, chapter 20~~7-as-amended~~;

21 (10) ~~adhere--to~~ the students' rights provisions of
 22 20-25-511 through 20-25-516~~7-as-amended~~; and

23 (11) ~~adhere-to~~ the health provisions of 50-1-206."

24 NEW SECTION. Section 50. Approval to amend general
 25 fund budget for ensuing school fiscal year. (1) The trustees

1 of a district may determine that expenses from the following
 2 sources will need to be funded by the general fund budget in
 3 the ensuing school fiscal year:

4 (a) a budget amendment authorized under the provisions
 5 of 20-9-161 through 20-9-163;

6 (b) metal mines tax reserve fund authorized in
 7 20-9-231;

8 (c) special education expenditures approved under the
 9 provisions of 20-9-321(3);

10 (d) transfer of services from or dissolution of a
 11 special education cooperative; and

12 (e) tuition receipts deposited in the miscellaneous
 13 programs fund.

14 (2) Whenever the trustees determine that expenses from
 15 the sources in subsection (1) will need to be funded by the
 16 general fund in the ensuing year, the trustees shall
 17 petition the superintendent of public instruction for
 18 approval to add the expenditures from any of the sources to
 19 the current year's general fund budget for the purposes of
 20 calculating the ensuing year's general fund budget
 21 limitation. The petition must set forth in writing the
 22 specific reasons for the request and a report of the actual
 23 expenditures.

24 (3) The superintendent of public instruction shall
 25 promptly approve or disapprove the petition for approval to

1 add the expenditures from the sources in subsection (1) to
2 the current year's general fund budget for the purposes of
3 calculating the ensuing year's general fund budget.

4 NEW SECTION. Section 51. Definition of emergency for
5 budgeting purposes. As used in this chapter, unless the
6 context clearly indicates otherwise, the term "emergency"
7 for the purpose of community college budgeting means:

8 (1) the destruction or impairment of any community
9 college district property necessary to the maintenance of
10 the district, by fire, flood, storm, riot, insurrection, or
11 act of God, to an extent rendering the property unfit for
12 its present use;

13 (2) a judgment for damages against the district issued
14 by a court after the adoption of the budget for the current
15 year;

16 (3) an enactment of legislation after the adoption of
17 the budget for the current year that imposes an additional
18 financial obligation on the district; or

19 (4) any other reason of similar consequence that has
20 been approved by the board of regents upon petition by the
21 trustees of the district.

22 NEW SECTION. Section 52. Resolution for emergency
23 budget -- petition to the board of regents. (1) Whenever the
24 trustees of a community college district decide that an
25 emergency exists, they may adopt a resolution proclaiming

1 the emergency by a unanimous vote of all members present at
2 any meeting for which each trustee has been given reasonable
3 notice of the time and place of holding the meeting. The
4 emergency resolution must also state the facts constituting
5 the emergency, the estimated amount of money required to
6 meet the emergency, the funds affected by the emergency, and
7 the time and place the board will meet for the purpose of
8 considering and adopting an emergency budget for the funds
9 for the current school fiscal year.

10 (2) If the trustees decide that an emergency exists for
11 any reason other than the conditions specified in 20-9-161
12 (1) through (3), they shall petition the board of regents
13 for permission to adopt a resolution of emergency. The
14 petition must set forth in writing the reasons for the
15 request, the district funds affected by the emergency, the
16 estimated amount of money required to meet the emergency for
17 each affected fund, the anticipated sources of financing for
18 the emergency expenditures, and any other information
19 required by the board of regents. The petition must be
20 signed by each trustee.

21 (3) The board of regents shall promptly approve or
22 disapprove the petition requesting approval to adopt a
23 resolution of emergency. If the petition is approved, the
24 trustees may adopt a resolution of emergency and take all
25 other steps required for the adoption of an emergency

1 budget. Approval of a petition by the board of regents
2 authorizes the board of trustees to initiate emergency
3 budget proceedings by resolution and does not relieve the
4 trustees of the necessity of complying with the requirements
5 of the emergency budgeting laws.

6 NEW SECTION. Section 53. Emergency budget limitation,
7 preparation, and adoption procedures. (1) The meeting of the
8 trustees of a community college district to consider and
9 adopt an emergency budget must be open to the public, and
10 any taxpayer in the district has the right to appear and be
11 heard. If at the meeting a majority of the trustees present
12 find that an emergency exists, the trustees may make and
13 adopt a preliminary emergency budget, on the regular budget
14 form, setting forth fully the facts constituting the
15 emergency. In adopting the preliminary emergency budget, the
16 trustees may budget for any fund that was included on the
17 final budget of the district for the current fiscal year.
18 The budget must be itemized to show the amount appropriated
19 for each item as required on the budget form.

20 (2) When the emergency is the result of increased
21 enrollment, the maximum amount of the emergency budget for
22 all funds must be determined by budget amendment.

23 (3) If another type of emergency occurs, the budget
24 must be limited to the expenditures considered by the
25 trustees to be reasonable and necessary to finance the

1 conditions of the emergency and the preliminary emergency
2 budget must include the details of the proposed
3 expenditures.

4 (4) After a majority of the trustees have voted to
5 adopt the emergency budget, it must be signed by the
6 chairman of the trustees and the clerk of the district and
7 copies must be sent to the county superintendent, the county
8 treasurer, and the board of regents.

9 NEW SECTION. Section 54. Determination of available
10 financing -- fixing and levying property taxation for an
11 emergency budget. (1) After the last day of the fiscal year
12 for which an emergency budget has been adopted, the county
13 treasurer shall determine the amount of the cash balance
14 that is available to finance the emergency budget's
15 outstanding warrants or registered warrants for each fund
16 included on the emergency budget. The available amount of
17 the cash balance of each fund must be determined by
18 deducting from the county treasurer's year-end cash balance
19 for the fund the outstanding warrants or registered warrants
20 issued under the regularly adopted final budget for the fund
21 and the cash reserve for the fund that the trustees have
22 established, within the limitations of law, for the
23 following fiscal year.

24 (2) The county treasurer shall prepare and deliver a
25 statement on the financial status of each fund included on

1 an emergency budget for a district that had an emergency
2 budget during the preceding year to the board of county
3 commissioners by the first Monday in August. The statement
4 for each district emergency budget must include:

5 (a) the total amount of emergency warrants that are
6 outstanding or registered against each fund of the district;

7 (b) the amount of the cash balance in each fund
8 included on the emergency budget that is available to
9 finance the outstanding warrants or registered warrants; and

10 (c) after consideration of the available money in
11 subsection (2)(b), the additional amount of money that is
12 required to finance the outstanding warrants or registered
13 warrants and interest on the warrants and that must be
14 raised by a tax levy.

15 (3) For each fund of the emergency budget of each
16 district requiring a tax levy as established by subsection
17 (2)(c), the board of county commissioners shall, at the time
18 all other district and county taxes are fixed and levied,
19 levy a tax on the taxable property of each applicable
20 district that will raise sufficient financing to pay the
21 amount established by the county treasurer.

22 NEW SECTION. Section 55. Repealer. Sections 15-10-103,
23 20-9-111, and 20-9-167, MCA, are repealed.

24 NEW SECTION. Section 56. Codification instruction. (1)
25 [Section 50] is intended to be codified as an integral part

1 of Title 20, and the provisions of Title 20 apply to
2 [section 50].

3 (2) [Sections 51 through 54] are intended to be
4 codified as an integral part of Title 20, chapter 15, and
5 the provisions of Title 20, chapter 15, apply to [sections
6 51 through 54].

7 NEW SECTION. Section 57. Retroactive applicability.
8 [Sections 1 through 46 AND 48 THROUGH 50] apply
9 retroactively, within the meaning of 1-2-109, to the school
10 fiscal year beginning July 1, 1990.

11 NEW SECTION. Section 58. Effective date. (1) [Sections
12 1 through 50 46, 48 THROUGH 57, and this section] are
13 effective on passage and approval.

14 (2) ~~{Sections--51--through--54}--are~~ [SECTION 47] IS
15 effective July 1, 1991.

-End-

HOUSE STANDING COMMITTEE REPORT

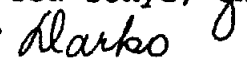
April 2, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Education and Cultural Resources report that Senate Bill 17 (third reading copy -- blue) be concurred in as amended.

Signed: _____


Ted Schye, Chairman

Carried by: Rep. 

And, that such amendments read:

1. Page 104, line 7.

Following: line 6

Insert: "NEW SECTION. Section 57. Coordination instruction. If House Bill No. 580 is passed and approved and if it contains a section amending 20-9-366, then the amendments to 20-9-366 in [this act] are void."

Renumber: subsequent sections

2. Page 104, line 12.

Strike: "57"

Insert: "58"

HOUSE COMMITTEE OF THE WHOLE AMENDMENT
Senate Bill 17
Representative Darko

April 5, 1991 9:23 am
Page 1 of 1

Mr. Chairman: I move to amend Senate Bill 17 (third reading copy
-- blue).

Signed: Paula Darko
Representative Darko

And, that such amendments to Senate Bill 17 read as follows:

1. Page 22, line 13.
Following: "TO"
Strike: "FUND"
Insert: "reduce"

2. Page 22, line 14.
Following: "OR"
Insert: "to reduce"

ADOPT

REJECT

HOUSE
SB 17

1 SENATE BILL NO. 17

2 INTRODUCED BY BLAYLOCK

3 BY REQUEST OF THE LEGISLATIVE OVERSIGHT

4 COMMITTEE ON SCHOOL FUNDING IMPLEMENTATION

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
7 SCHOOL LAW IN COMPLIANCE WITH NEW SCHOOL FUNDING PROVISIONS
8 AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FOR SCHOOL
9 DISTRICTS; TO ALLOW A DISTRICT TO AMEND THE ADOPTED GENERAL
10 FUND BUDGET AND TO EXCEED ANY APPLICABLE BUDGET LIMITATION
11 IN CERTAIN CIRCUMSTANCES; TO ALLOW SCHOOL DISTRICTS TO
12 TRANSPORT PRESCHOOL SPECIAL EDUCATION STUDENTS; TO LIMIT
13 STATE TRANSPORTATION REIMBURSEMENT TO 180 PUPIL-INSTRUCTION
14 DAYS; TO ADJUST THE SCHOOL DISTRICT BONDING LIMITATION TO
15 COMPENSATE FOR CHANGES IN DISTRICT TAXABLE VALUATION; TO
16 EXTEND THE ALLOCATION OF PERCENTAGES OF THE INDIVIDUAL
17 INCOME TAX AND THE CORPORATE LICENSE AND INCOME TAX TO THE
18 STATE GENERAL FUND, THE DEBT SERVICE ACCOUNT FOR LONG-RANGE
19 BUILDING PROGRAM BONDS, AND THE STATE EQUALIZATION AID
20 ACCOUNT FOR PUBLIC SCHOOLS; AMENDING SECTIONS 15-1-501,
21 15-24-1402, 20-3-106, 20-3-205, 20-3-324, 20-5-307,
22 20-5-312, 20-7-713, 20-9-104, 20-9-141, 20-9-142, 20-9-145,
23 20-9-161, 20-9-162, 20-9-163, 20-9-164, 20-9-165, 20-9-166,
24 20-9-201, 20-9-206, 20-9-208, 20-9-209, 20-9-210, 20-9-214,
25 20-9-221, 20-9-231, 20-9-301, 20-9-315, 20-9-321, 20-9-344,

1 20-9-353, 20-9-360, ~~20-9-361~~, 20-9-366, 20-9-367, 20-9-368,
2 20-9-406, 20-9-435, 20-9-438, 20-9-439, 20-9-471, 20-9-501,
3 20-9-504, 20-9-505, 20-9-507, 20-10-101, 20-10-143,
4 20-10-144, 20-10-145, AND 20-15-404, MCA; REPEALING SECTIONS
5 15-10-103, 20-9-111, AND 20-9-167, MCA; AND PROVIDING
6 EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 **Section 1.** Section 20-3-106, MCA, is amended to read:

10 **"20-3-106. Supervision of schools -- powers and duties.**

11 The superintendent of public instruction has the general
12 supervision of the public schools and districts of the
13 state, and he shall perform the following duties or acts in
14 implementing and enforcing the provisions of this title:

15 (1) resolve any controversy resulting from the
16 prorotation of costs by a joint board of trustees under the
17 provisions of 20-3-362;

18 (2) issue, renew, or deny teacher certification and
19 emergency authorizations of employment;

20 (3) negotiate reciprocal tuition agreements with other
21 states in accordance with the provisions of 20-5-314;

22 (4) serve on the teachers' retirement board in
23 accordance with the provisions of 2-15-1010;

24 (5) approve or disapprove the orders of a high school
25 boundary commission in accordance with the provisions of

1 20-6-311;

2 (6) approve or disapprove the opening or reopening of a

3 school in accordance with the provisions of 20-6-502,

4 20-6-503, 20-6-504, or 20-6-505;

5 (7) approve or disapprove school isolation within the

6 limitations prescribed by 20-9-302;

7 (8) generally supervise the school budgeting procedures

8 prescribed by law in accordance with the provisions of

9 20-9-102 and prescribe the school budget format in

10 accordance with the provisions of 20-9-103 and 20-9-506;

11 (9) establish a system of communication for calculating

12 joint district revenues in accordance with the provisions of

13 20-9-151;

14 (10) approve or disapprove the adoption of a district's

15 emergency budget amendment resolution under the conditions

16 prescribed in 20-9-163 and publish adopt rules for an

17 application for additional state aid for an--emergency a

18 budget amendment in accordance with the approval and

19 disbursement provisions of 20-9-166;

20 (11) generally supervise the school financial

21 administration provisions as prescribed by 20-9-201(2);

22 (12) prescribe and furnish the annual report forms to

23 enable the districts to report to the county superintendent

24 in accordance with the provisions of 20-9-213(5) and the

25 annual report forms to enable the county superintendents to

1 report to the superintendent of public instruction in

2 accordance with the provisions of 20-3-209;

3 (13) approve, disapprove, or adjust an increase of the

4 average number belonging (ANB) in accordance with the

5 provisions of 20-9-313 and 20-9-314;

6 (14) distribute state equalization aid in support of the

7 foundation program and guaranteed tax base aid, in

8 accordance with the provisions of 20-9-331, 20-9-333,

9 20-9-342, 20-9-346, 20-9-347, and 20-9-366 through 20-9-369;

10 (15) distribute state impact aid in accordance with the

11 provisions of 20-9-304;

12 (16) provide for the uniform and equal provision of

13 transportation by performing the duties prescribed by the

14 provisions of 20-10-112;

15 (17) approve or disapprove an adult education program

16 for which a district proposes to levy a tax in accordance

17 with the provisions of 20-7-705;

18 (18) request, accept, deposit, and expend federal money

19 in accordance with the provisions of 20-9-603;

20 (19) authorize the use of federal money for the support

21 of an interlocal cooperative agreement in accordance with

22 the provisions of 20-9-703 and 20-9-704;

23 (20) prescribe the form and contents of and approve or

24 disapprove interstate contracts in accordance with the

25 provisions of 20-9-705;

1 (21) approve or disapprove the conduct of school on a
2 Saturday or on pupil-instruction-related days in accordance
3 with the provisions of 20-1-303 and 20-1-304;

4 (22) recommend standards of accreditation for all
5 schools to the board of public education and evaluate
6 compliance with the standards and recommend accreditation
7 status of every school to the board of public education in
8 accordance with the provisions of 20-7-101 and 20-7-102;

9 (23) collect and maintain a file of curriculum guides
10 and assist schools with instructional programs in accordance
11 with the provisions of 20-7-113 and 20-7-114;

12 (24) establish and maintain a library of visual, aural,
13 and other educational media in accordance with the
14 provisions of 20-7-201;

15 (25) license textbook dealers and initiate prosecution
16 of textbook dealers violating the law in accordance with the
17 provisions of the textbooks part of this title;

18 (26) as the governing agent and executive officer of the
19 state of Montana for K-12 vocational education, adopt the
20 policies prescribed by and in accordance with the provisions
21 of 20-7-301;

22 (27) supervise and coordinate the conduct of special
23 education in the state in accordance with the provisions of
24 20-7-403;

25 (28) administer the traffic education program in

1 accordance with the provisions of 20-7-502;

2 (29) administer the school food services program in
3 accordance with the provisions of 20-10-201, 20-10-202, and
4 20-10-203;

5 (30) review school building plans and specifications in
6 accordance with the provisions of 20-6-622;

7 (31) prescribe the method of identification and signals
8 to be used by school safety patrols in accordance with the
9 provisions of 20-1-408;

10 (32) provide schools with information and technical
11 assistance for compliance with the student assessment rules
12 provided for in 20-2-121 and collect and summarize the
13 results of the student assessment for the board of public
14 education and the legislature;

15 (33) administer the distribution of guaranteed tax base
16 aid for county retirement levy obligations in accordance
17 with 20-9-366 through 20-9-369; and

18 (34) perform any other duty prescribed from time to time
19 by this title, any other act of the legislature, or the
20 policies of the board of public education."

21 **Section 2.** Section 20-3-205, MCA, is amended to read:

22 "20-3-205. Powers and duties. The county superintendent
23 has general supervision of the schools of the county within
24 the limitations prescribed by this title and shall perform
25 the following duties or acts:

1 (1) determine, establish, and reestablish trustee
2 nominating districts in accordance with the provisions of
3 20-3-352, 20-3-353, and 20-3-354;

4 (2) administer and file the oaths of members of the
5 boards of trustees of the districts in his county in
6 accordance with the provisions of 20-3-307;

7 (3) register the teacher or specialist certificates or
8 emergency authorization of employment of any person employed
9 in the county as a teacher, specialist, principal, or
10 district superintendent in accordance with the provisions of
11 20-4-202;

12 (4) act on each tuition application submitted to him in
13 accordance with the provisions of 20-5-301, 20-5-302,
14 20-5-304, and 20-5-311 and transmit the tuition information
15 required by 20-5-312;

16 (5) file a copy of the audit report for a district in
17 accordance with the provisions of 20-9-203;

18 (6) classify districts in accordance with the
19 provisions of 20-6-201 and 20-6-301;

20 (7) keep a transcript and reconcile the district
21 boundaries of the county in accordance with the provisions
22 of 20-6-103;

23 (8) fulfill all responsibilities assigned to him under
24 the provisions of this title regulating the organization,
25 alteration, or abandonment of districts;

1 (9) act on any unification proposition and, if
2 approved, establish additional trustee nominating districts
3 in accordance with 20-6-312 and 20-6-313;

4 (10) estimate the average number belonging (ANB) of an
5 opening school in accordance with the provisions of
6 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

7 (11) process and, when required, act on school isolation
8 applications in accordance with the provisions of 20-9-302;

9 (12) complete the budgets, compute the budgeted revenues
10 and tax levies, file final budgets and emergency-budgets
11 budget amendments, and fulfill such other responsibilities
12 assigned to him under the provisions of this title
13 regulating school budgeting systems;

14 (13) submit an annual financial report to the
15 superintendent of public instruction in accordance with the
16 provisions of 20-9-211;

17 (14) monthly, unless otherwise provided by law, order
18 the county treasurer to apportion state money, county school
19 money, and any other school money subject to apportionment
20 in accordance with the provisions of 20-9-212, 20-9-334,
21 20-9-347, 20-10-145, or 20-10-146;

22 (15) act on any request to transfer average number
23 belonging (ANB) in accordance with the provisions of
24 20-9-313(3);

25 (16) calculate the estimated budgeted general fund

1 sources of revenue in accordance with the provisions of
2 20-9-348 and the other general fund revenue provisions of
3 the general fund part of this title;

4 (17) compute the revenues and the district and county
5 levy requirements for each fund included in each district's
6 final budget and report the computations to the board of
7 county commissioners in accordance with the provisions of
8 the general fund, transportation, bonds, and other school
9 funds parts of this title;

10 (18) file and forward bus driver certifications,
11 transportation contracts, and state transportation
12 reimbursement claims in accordance with the provisions of
13 20-10-103, 20-10-143, or 20-10-145;

14 (19) for districts which that do not employ a district
15 superintendent or principal, recommend library book and
16 textbook selections in accordance with the provisions of
17 20-7-204 or 20-7-602;

18 (20) notify the superintendent of public instruction of
19 a textbook dealer's activities when required under the
20 provisions of 20-7-605 and otherwise comply with the
21 textbook dealer provisions of this title;

22 (21) act on district requests to allocate federal money
23 for indigent children for school food services in accordance
24 with the provisions of 20-10-205;

25 (22) perform any other duty prescribed from time to time

1 by this title, any other act of the legislature, the
2 policies of the board of public education, the policies of
3 the board of regents relating to community college
4 districts, or the rules of the superintendent of public
5 instruction;

6 (23) administer the oath of office to trustees without
7 the receipt of pay for administering the oath;

8 (24) keep a record of his official acts, preserve all
9 reports submitted to him under the provisions of this title,
10 preserve all books and instructional equipment or supplies,
11 keep all documents applicable to the administration of the
12 office, and surrender all records, books, supplies, and
13 equipment to his successor;

14 (25) within 90 days after the close of the school fiscal
15 year, publish an annual report in the county newspaper
16 stating the following financial information for the school
17 fiscal year just ended for each district of the county:

18 (a) the total of the cash balances of all funds
19 maintained by the district at the beginning of the year;

20 (b) the total receipts that were realized in each fund
21 maintained by the district;

22 (c) the total expenditures that were made from each
23 fund maintained by the district; and

24 (d) the total of the cash balances of all funds
25 maintained by the district at the end of the school fiscal

1 year; and

2 (26) hold meetings for the members of the trustees from
3 time to time at which matters for the good of the districts
4 must be discussed."

5 **Section 3.** Section 20-3-324, MCA, is amended to read:

6 "20-3-324. **Powers and duties.** As prescribed elsewhere
7 in this title, the trustees of each district shall:

8 (1) employ or dismiss a teacher, principal, or other
9 assistant upon the recommendation of the district
10 superintendent, the county high school principal, or other
11 principal as the board considers necessary, accepting or
12 rejecting any recommendation as the trustees in their sole
13 discretion determine, in accordance with the provisions of
14 Title 20, chapter 4;

15 (2) employ and dismiss administrative personnel,
16 clerks, secretaries, teacher aides, custodians, maintenance
17 personnel, school bus drivers, food service personnel,
18 nurses, and any other personnel considered necessary to
19 carry out the various services of the district;

20 (3) administer the attendance and tuition provisions
21 and otherwise govern the pupils of the district in
22 accordance with the provisions of the pupils chapter of this
23 title;

24 (4) call, conduct, and certify the elections of the
25 district in accordance with the provisions of the school

1 elections chapter of this title;

2 (5) participate in the teachers' retirement system of
3 the state of Montana in accordance with the provisions of
4 the teachers' retirement system chapter of Title 19;

5 (6) participate in district boundary change actions in
6 accordance with the provisions of the districts chapter of
7 this title;

8 (7) organize, open, close, or acquire isolation status
9 for the schools of the district in accordance with the
10 provisions of the school organization part of this title;

11 (8) adopt and administer the annual budget or an
12 emergency a budget amendment of the district in accordance
13 with the provisions of the school budget system part of this
14 title;

15 (9) conduct the fiscal business of the district in
16 accordance with the provisions of the school financial
17 administration part of this title;

18 (10) establish the ANB, foundation program, permissive,
19 additional levy, cash operating reserve, and state impact
20 aid amount amounts for the general fund of the district in
21 accordance with the provisions of the general fund part of
22 this title;

23 (11) establish, maintain, budget, and finance the
24 transportation program of the district in accordance with
25 the provisions of the transportation parts of this title;

1 (12) issue, refund, sell, budget, and redeem the bonds
2 of the district in accordance with the provisions of the
3 bonds parts of this title;

4 (13) when applicable, establish, financially administer,
5 and budget for the tuition fund, retirement fund, building
6 reserve fund, adult education fund, nonoperating fund,
7 school food services fund, miscellaneous federal programs
8 fund, building fund, lease or rental agreement fund, traffic
9 education fund, and interlocal cooperative agreement fund in
10 accordance with the provisions of the other school funds
11 parts of this title;

12 (14) when applicable, administer any interlocal
13 cooperative agreement, gifts, legacies, or devises in
14 accordance with the provisions of the miscellaneous
15 financial parts of this title;

16 (15) hold in trust, acquire, and dispose of the real and
17 personal property of the district in accordance with the
18 provisions of the school sites and facilities part of this
19 title;

20 (16) operate the schools of the district in accordance
21 with the provisions of the school calendar part of this
22 title;

23 (17) establish and maintain the instructional services
24 of the schools of the district in accordance with the
25 provisions of the instructional services, textbooks,

1 vocational education, and special education parts of this
2 title;

3 (18) establish and maintain the school food services of
4 the district in accordance with the provisions of the school
5 food services parts of this title;

6 (19) make reports from time to time as the county
7 superintendent, superintendent of public instruction, and
8 board of public education may require;

9 (20) retain, when considered advisable, a physician or
10 registered nurse to inspect the sanitary conditions of the
11 school or the general health conditions of each pupil and,
12 upon request, make available to any parent or guardian any
13 medical reports or health records maintained by the district
14 pertaining to his child;

15 (21) for each member of the trustees, visit each school
16 of the district not less than once each school fiscal year
17 to examine its management, conditions, and needs, except
18 trustees from a first-class school district may share the
19 responsibility for visiting each school in the district;

20 (22) procure and display outside daily in suitable
21 weather at each school of the district an American flag that
22 measures not less than 4 feet by 6 feet;

23 (23) adopt and administer a district policy on
24 assessment for placement of any child who enrolls in a
25 school of the district from a nonpublic school that is not

1 accredited, as required in 20-5-110; and

2 (24) perform any other duty and enforce any other
3 requirements for the government of the schools prescribed by
4 this title, the policies of the board of public education,
5 or the rules of the superintendent of public instruction."

6 **Section 4.** Section 20-5-307, MCA, is amended to read:

7 "20-5-307. Budgeting, levy requirement, and paying
8 elementary tuition. (1) The tuition amount that has been
9 established in 20-5-305 ~~shall~~ must be paid during the
10 ensuing school fiscal year. The trustees of the elementary
11 district shall include ~~such~~ the amount in the tuition fund
12 of the preliminary budget. If the trustees should fail to
13 include ~~such~~ the amount or any portion of it in the
14 preliminary budget, they shall adjust the budgeted amount in
15 adopting the final budget to provide for the total tuition
16 amount that is due during the ensuing school fiscal year.
17 ~~Such~~ The adjustment ~~shall not be~~ is not subject to the
18 budget adjustment provisions of 20-9-132.

19 (2) The county superintendent shall report the net
20 tuition fund levy requirement for each elementary district
21 to the county commissioners on the second Monday of August,
22 and a levy on the district ~~shall~~ must be made by the county
23 commissioners in accordance with 20-9-142. ~~Such~~ The levy
24 requirement ~~shall~~ must be calculated by subtracting from the
25 total expenditure amount authorized in the final tuition

1 fund budget the sum of the cash fund balance in the tuition
2 fund at the end of the immediately preceding school fiscal
3 year plus any other anticipated moneys money that may be
4 realized in the tuition fund.

5 (3) The trustees shall pay by warrants drawn on the
6 tuition fund the tuition amounts owed to each district
7 included in the county superintendent's notification
8 provided under the provisions of 20-5-306. At least one-half
9 of the payments must be made in December, and the remaining
10 payments must be made by June 15 of the fiscal year.

11 (4) Any unanticipated tuition receipts RECEIVED UNDER
12 THE PROVISIONS OF CHAPTER 7, PART 4, OR THIS PART for the
13 current school fiscal year must be deposited in A SEPARATE
14 ACCOUNT OF the district miscellaneous programs fund and may
15 be used for that year in the manner provided for in that
16 fund. For the ensuing school fiscal year, the receipts must
17 be credited to the district general fund budget and used--in
18 the manner provided for in 20-9-141."

19 **Section 5.** Section 20-5-312, MCA, is amended to read:

20 "20-5-312. Reporting, budgeting, and payment for high
21 school tuition. (1) Except as provided in subsection (2), at
22 the close of the school term of each school fiscal year, the
23 trustees of each high school district shall determine the
24 rate of tuition for the current school fiscal year by:

25 (a) totaling the actual expenditures from the district

1 general fund, the debt service fund, and, if the pupil is a
2 resident of another county, the retirement fund;

3 (b) dividing the amount determined in subsection (1)(a)
4 above by the ANB of the district as determined under the
5 provisions of 20-9-311; and

6 (c) subtracting from the amount determined in
7 subsection (1)(b) the per-ANB amount allowed by the
8 foundation program schedules and the per-ANB amount of
9 guaranteed tax base aid as provided in 20-9-366 through
10 20-9-369.

11 (2) The tuition for a full-time high school special
12 education pupil must be determined under rules adopted by
13 the superintendent of public instruction for the calculation
14 of tuition for full-time high school special education
15 pupils as designated in 20-9-311 for funding purposes.

16 (3) Before July 15, the trustees shall report to the
17 county superintendent of the county in which the district is
18 located:

19 (a) the names, addresses, and resident districts of the
20 pupils attending the schools of the district under an
21 approved tuition agreement;

22 (b) the number of days of school attended by each
23 pupil;

24 (c) the amount, if any, of each pupil's tuition payment
25 that the trustees, in their discretion, have the authority

1 to waive; and

2 (d) the rate of current school fiscal year tuition, as
3 determined under the provisions of this section.

4 (4) When the county superintendent receives a tuition
5 report from a district, he shall immediately send the
6 reported information to the superintendent of each district
7 in which the reported pupils reside.

8 (5) When the district superintendent receives a tuition
9 report or reports for high school pupils residing in his
10 district and attending an out-of-district high school under
11 approved tuition agreements, he shall determine the total
12 amount of tuition due the out-of-district high schools on
13 the basis of the following per-pupil schedule: the rate of
14 tuition, number of pupils attending under an approved
15 tuition agreement, and other information provided by each
16 high school district where resident district pupils have
17 attended school.

18 (6) The total amount of the high school tuition, with
19 consideration of any tuition waivers, for pupils attending a
20 high school outside the county of residence must be financed
21 by the county basic special tax for high schools as provided
22 in 20-9-334. In December, the county superintendent shall
23 cause the payment by county warrant of at least one-half of
24 the high school tuition obligations established under this
25 section out of the first money realized from the county

1 basic special tax for high schools. The remaining
 2 obligations must be paid by June 15 of the school fiscal
 3 year. The payments must be made to the county treasurer of
 4 the county where each high school entitled to tuition is
 5 located. The Except as provided in subsection (8), the
 6 county treasurer shall credit tuition receipts to the
 7 general fund of the applicable high school district, and the
 8 tuition receipts must be used in accordance with the
 9 provisions of 20-9-141.

10 (7) For pupils attending a high school outside their
 11 district of residence but within the county of residence,
 12 the total amount of the tuition, with consideration of any
 13 tuition waivers, must be paid during the ensuing school
 14 fiscal year. The trustees of the sending high school
 15 district shall include the tuition amount in the tuition
 16 fund of the preliminary and final budgets. This budgeted
 17 tuition amount is not subject to the budget adjustment
 18 provisions of 20-9-132. The county superintendent shall
 19 report the net tuition fund levy requirement for each high
 20 school district to the county commissioners on the second
 21 Monday of August, and a levy on the district must be made by
 22 the county commissioners in accordance with 20-9-142. The
 23 levy requirement must be calculated by subtracting from the
 24 total expenditure amount authorized in the final tuition
 25 fund budget the sum of the cash fund balance in the tuition

1 fund at the end of the immediately preceding school fiscal
 2 year plus any other anticipated money that may be realized
 3 in the tuition fund. The trustees shall pay by warrants
 4 drawn on the tuition fund the tuition amounts owed to each
 5 district included in the county superintendent's
 6 notification. Payments must be made whenever there is a
 7 sufficient amount of cash available in the tuition fund but
 8 no later than the end of the school fiscal year for which
 9 the budget is adopted. However, if the trustees of either
 10 the sending or receiving high school district feel the
 11 transfer privilege provided by this subsection is being
 12 abused, they may appeal to the county superintendent of
 13 schools, who shall hold a hearing and either approve or
 14 disapprove the transfer.

15 (8) Any unanticipated tuition receipts RECEIVED UNDER
 16 THE PROVISIONS OF CHAPTER 7, PART 4, OR THIS PART for the
 17 current school fiscal year must be deposited in A SEPARATE
 18 ACCOUNT OF the district miscellaneous programs fund and may
 19 be used for that year in the manner provided for in that
 20 fund. For the ensuing school fiscal year, the receipts must
 21 be credited to the district general fund budget and-used--in
 22 the-manner-provided-for-in-20-9-141."

23 **Section 6.** Section 20-7-713, MCA, is amended to read:

24 "20-7-713. Adult basic education fund cash operating
 25 reserve. At the end of each school fiscal year, the trustees

1 of any a school district that operates an adult basic
 2 education program may designate what the portion of the
 3 adult basic education fund end-of-the-year cash fund balance
 4 that is to be earmarked as cash operating reserve for the
 5 purpose of paying, whenever a cash flow shortage occurs,
 6 adult basic education fund warrants issued by the district
 7 from July 1 through June 30 of the ensuing school fiscal
 8 year. The amount of the adult basic education fund cash
 9 balance that is earmarked as cash operating reserve may not
 10 exceed 35% of the final adult basic education fund budget
 11 for the ensuing school fiscal year."

12 **Section 7.** Section 20-9-104, MCA, is amended to read:

13 "20-9-104. General fund cash operating reserve. (1) At
 14 the end of each school fiscal year, the trustees of each
 15 district shall designate the portion of the general fund
 16 end-of-the-year cash fund balance that is to be earmarked as
 17 cash operating reserve for the purpose of paying general
 18 fund warrants issued by the district from July 1 to November
 19 30 of the ensuing school fiscal year. Except as provided in
 20 subsections (3)(5) and (4)(6), the amount of the general
 21 fund cash balance that is earmarked as cash operating
 22 reserve may not exceed the following percentages of the
 23 final general fund budget for the ensuing school fiscal
 24 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.

11 (3) ANY UNRESERVED FUND BALANCE THAT IS EQUAL TO OR
 12 LESS THAN THE PRIOR YEAR'S EXCESS RESERVES AS PROVIDED IN
 13 SUBSECTION (5) MAY BE USED TO FUND REDUCE THE PERMISSIVE
 14 LEVY PROVIDED BY 20-9-145 OR TO REDUCE THE VOTED LEVY
 15 PROVIDED BY 20-9-353.

16 (4) Any portion of the general fund end-of-the-year
 17 cash fund balance that is not ~~earmarked-for-cash-operating~~
 18 ~~reserve-purposes~~ RESERVED UNDER SUBSECTION (2) OR
 19 REAPPROPRIATED UNDER SUBSECTION (3) is cash FUND BALANCE
 20 reappropriated and must be used for property tax reduction
 21 as provided in 20-9-141(1)(b)(iii).

22 (3)(5) The limitation of subsection (1) does not apply
 23 when the amount in excess of the limitation is equal to or
 24 less than one or more of the following:

25 (a) any amount received ~~during--the--current--school~~

1 ~~fiscal~~-year under Public Law 81-874;

2 (b) the unused balance of any amount received:

3 (I) in settlement of tax payments protested IN A prior

4 ~~to July-17-1990~~ SCHOOL FISCAL YEAR;

5 (II) IN TAXES FROM A PRIOR SCHOOL FISCAL YEAR AS A

6 RESULT OF A TAX AUDIT BY THE DEPARTMENT OF REVENUE OR ITS

7 AGENTS; AND

8 (III) IN DELINQUENT TAXES FROM A PRIOR SCHOOL FISCAL

9 YEAR; or

10 (c) any amount received as a general bonus payment

11 under 20-6-401.

12 ~~(4)(5)~~ The limitation of subsection (1) does not apply

13 when the amount earmarked as cash operating reserve is

14 \$10,000 or less."

15 **Section 8.** Section 20-9-141, MCA, is amended to read:

16 **"20-9-141. Computation of general fund net levy**

17 **requirement by county superintendent.** (1) The county

18 superintendent shall compute the levy requirement for each

19 district's general fund on the basis of the following

20 procedure:

21 (a) Determine the funding required for the district's

22 final general fund budget less the amount established by the

23 schedules in 20-9-316 through 20-9-321 by totaling:

24 (i) the district's nonisolated school foundation

25 program requirement to be met by a district levy as provided

1 in 20-9-303; and

2 (ii) any additional general fund budget amount adopted

3 by the trustees of the district under the provisions of

4 20-9-145 and 20-9-353, including any additional levies

5 authorized by the electors of the district.

6 (b) Determine the money available for the reduction of

7 the property tax on the district for the general fund by

8 totaling:

9 (i) anticipated federal money received under the

10 provisions of Title I of Public Law 81-874 or other

11 anticipated federal money received in lieu of that federal

12 act;

13 (ii) anticipated tuition payments for out-of-district

14 pupils under the provisions of 20-5-303, 20-5-307, 20-5-312,

15 and 20-5-313;

16 (iii) general fund cash balance reappropriated, as

17 established under the provisions of 20-9-104;

18 (iv) anticipated or reappropriated state impact aid

19 received under the provisions of 20-9-304;

20 (v) anticipated or reappropriated revenue from property

21 taxes and fees imposed under 23-2-517, 23-2-803,

22 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204;

23 (vi) anticipated net proceeds taxes for interim

24 production and new production, as defined in 15-23-601;

25 (vii) anticipated revenue from local government

1 severance taxes as provided in 15-36-112;

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

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

7 (x) anticipated revenue from corporation license taxes
8 collected from financial institutions under the provisions
9 of 15-31-702; and

10 (xi) any other revenue anticipated by the trustees to be
11 received during the ensuing school fiscal year which that
12 may be used to finance the general fund, excluding any
13 guaranteed tax base aid.

14 (c) Subtract Notwithstanding the provisions of
15 subsection (2), subtract the money available to reduce the
16 property tax required to finance the general fund that has
17 been determined in subsection (1)(b) from the total
18 requirement determined in subsection (1)(a); any additional
19 general fund budget amount adopted by the trustees of the
20 district as the permissive amount under the provisions of
21 20-9-145 to determine the general fund permissive net levy
22 requirement.

23 (d) Subtract any amount remaining after the
24 determination in subsection (1)(c) from any additional
25 funding requirement to be met by a district levy as provided

1 in 20-9-303 and 20-9-353 to determine the additional general
2 fund levy requirement.

3 (2) ~~(a) For a district that is eligible for guaranteed~~
4 ~~tax base aid under the provisions of 20-9-367, the county~~
5 ~~superintendent shall provide the board of county~~
6 ~~commissioners with the amount of guaranteed tax base aid~~
7 ~~that the district will receive for each mill levied, as~~
8 ~~certified by the superintendent of public instruction, to~~
9 ~~fund the general fund permissive net levy requirement.~~

10 (b) The county commissioners SUPERINTENDENT shall
11 calculate the number of mills to be levied on the taxable
12 property in the district to finance the general fund
13 permissive net levy requirement by dividing the amount
14 determined in subsection (1)(c) by the sum of:

15 (i)(A) the amount of guaranteed tax base aid that the
16 district will receive for each mill levied, as certified by
17 the superintendent of public instruction; and

18 (i)(B) the taxable valuation of the district divided
19 by 1,000.

20 (2)(3) The net general fund levy requirement determined
21 in subsection (1)(c) subsections (1)(c) and (1)(d) must be
22 reported to the county commissioners on the second Monday of
23 August by the county superintendent as the general fund
24 permissive net levy requirement and the additional general
25 fund levy requirement for the district, and a levy must be

1 made set by the county commissioners in accordance with
2 20-9-142."

3 **Section 9.** Section 20-9-142, MCA, is amended to read:

4 "20-9-142. Fixing and levying taxes by board of county
5 commissioners. On the second Monday in August, the county
6 superintendent shall place before the board of county
7 commissioners the final adopted budget of the district and
8 ~~any-emergency-budget-adopted-by--the--district--during--the~~
9 ~~previous--school-fiscal-year.~~ It ~~shall-be~~ is the duty of the
10 board of county commissioners to fix and levy on all the
11 taxable value of all the real and personal property within
12 the district all district and county taxation required to
13 finance, within the limitations provided by law, the final
14 budget ~~and-any-emergency-budget-of-the-district."~~

15 **Section 10.** Section 20-9-145, MCA, is amended to read:

16 "20-9-145. ~~overschedule-permissive~~ Permissive amount of
17 general fund budget -- permissive levy. Whenever the
18 trustees of any a district determine it necessary to adopt a
19 general fund budget in excess of the foundation program
20 amount for that district, the trustees shall adopt a
21 resolution stating the reasons and purposes for exceeding
22 the foundation program amount. This amount is the
23 "permissive amount" and may not exceed ~~{the--equivalent--of~~
24 ~~the--percent--to--be--determined--that--is--112%--of--FY--1988~~
25 ~~district-general-fund-and-insurance-fund--expenditures}~~ 35%

1 of the foundation program amount. It must be financed by the
2 ~~district--and--established-as-provided-in-20-9-142~~ a levy on
3 the taxable value of all property within the district, by
4 any guaranteed tax base aid for which the district may be
5 eligible, and by other revenue available to the district for
6 other than foundation program support."

7 **Section 11.** Section 20-9-161, MCA, is amended to read:

8 "20-9-161. Definition of emergency budget amendment for
9 budgeting purposes. As used in this title, unless the
10 context clearly indicates otherwise, the term "emergency"
11 "budget amendment" for the purpose of school budgeting ~~shall~~
12 be means an amendment to an adopted budget of the district
13 for the following reasons:

14 (1) an increase in the enrollment of an elementary or
15 high school district ~~over-the-immediately--preceding--school~~
16 ~~fiscal-year-which that is:~~

17 ~~{a}--at--least--6%--more--than--the--enrollment--of--the~~
18 ~~preceding-school-fiscal-year; and~~

19 ~~{b}~~ beyond what could reasonably have been anticipated
20 at the time of the adoption of the budget for the
21 ~~then-current~~ current school fiscal year whenever, because of
22 such the enrollment increase, the district's budget for any
23 or all of the regularly budgeted funds does not provide
24 sufficient financing to properly maintain and support the
25 district for the entire current school fiscal year;

1 (2) the destruction or impairment of any school
2 property necessary to the maintenance of the school, by
3 fire, flood, storm, riot, insurrection, or any act of God,
4 to such an extent as--to--render--such rendering school
5 property unfit for its present school use;

6 (3) a judgment for damages against the district
7 rendered issued by a court after the adoption of the budget
8 for the current year;

9 (4) an enactment of legislation after the adoption of
10 the budget for the current year that imposes an additional
11 financial obligation on the district; or

12 (5) receipt of:

13 (A) settlement of taxes protested in a prior school
14 fiscal year;

15 (B) TAXES FROM A PRIOR SCHOOL FISCAL YEAR AS THE RESULT
16 OF A TAX AUDIT BY THE DEPARTMENT OF REVENUE OR ITS AGENTS;

17 (C) DELINQUENT TAXES FROM A PRIOR SCHOOL FISCAL YEAR;
18 and

19 (D) a determination by the trustees that it is
20 necessary to expend all or a portion of the settlement
21 amount TAXES RECEIVED UNDER SUBSECTION (5)(A), (5)(B), OR
22 (5)(C) for a project or projects that were deferred from a
23 previous general-fund budget of the district as a result of
24 the protested taxes; or

25 ~~(5)(6) any other reason--of-similar-consequences-that~~

1 ~~has--been--approved--by--the--superintendent--of--public~~
2 ~~instruction-upon-petition-by-the-trustees-of-the-district-or~~
3 ~~by--the--board-of-regents-upon-petition-by-the-trustees-of-a~~
4 ~~community-college-district unforeseen need of the district~~
5 ~~that cannot be postponed until the next school year without~~
6 ~~dire consequences affecting the safety of the students and~~
7 ~~district employees or the educational functions of the~~
8 ~~district."~~

9 **Section 12.** Section 20-9-162, MCA, is amended to read:

10 "20-9-162. Authorization for emergency budget amendment
11 adoption. Emergency---budgets (1) Notwithstanding the
12 provisions of subsections (2) and (3), a budget amendment
13 may be adopted at any time of the school fiscal year, except
14 that emergency-budgets a budget amendment required by an
15 enrollment increase that could not have been anticipated at
16 the time of the adoption of the regular budget as provided
17 in 20-9-161(1) may not be adopted until after ~~December-31~~
18 October 1.

19 (2) If a budget amendment for the reasons provided in
20 20-9-161(1) through (4) does not cause the district general
21 fund budget to exceed the limitations in 20-9-315, the
22 trustees may approve expenditures--within the budget
23 amendment by a resolution as provided in 20-9-163. The
24 trustees shall send a copy of the resolution to the
25 superintendent--of--public-instruction COUNTY SUPERINTENDENT

1 AND TO THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY.

2 (3) The trustees shall submit the following to the
3 superintendent of public instruction for approval in the
4 manner provided in 20-9-163:

5 (a) a budget amendment for the reasons provided in
6 20-9-161(5) and (6); and

7 (b) a budget amendment for any reason provided in
8 20-9-161(1) through (4) that causes the district general
9 fund budget to exceed the limitations in 20-9-315."

10 **Section 13.** Section 20-9-163, MCA, is amended to read:

11 "20-9-163. Resolution for emergency budget amendment --
12 petition to superintendent of public instruction or to the
13 board of regents. (1) Whenever Notwithstanding the
14 provisions of subsection (3), whenever the trustees of any a
15 district decide that an emergency exists a budget amendment
16 is necessary, they may adopt a resolution proclaiming such
17 emergency the budget amendment by a unanimous majority vote
18 of all members present at any meeting for which each trustee
19 has been given reasonable notice of the time and place of
20 holding such meeting the trustees. The emergency budget
21 amendment resolution shall must also state the facts
22 constituting the emergency need for the budget amendment,
23 the estimated amount of money required to meet the emergency
24 fund the budget amendment, the funds affected by the
25 emergency the budget amendment, and the time and place when

1 the board will meet for the purpose of considering and
2 adopting an emergency a budget amendment for such funds for
3 the current school fiscal year.

4 (2) ~~If the trustees decide that an emergency exists for~~
5 ~~any reason other than the conditions specified in~~
6 ~~subsections (1), (2), (3), or (4) of 20-9-161, they shall~~
7 ~~petition the superintendent of public instruction or, in the~~
8 ~~case of a community college district, the board of regents~~
9 ~~for permission to adopt a resolution of emergency. Such~~
10 ~~petition shall set forth in writing the reasons for the~~
11 ~~request, the district funds affected by the emergency, the~~
12 ~~estimated amount of money required to meet such emergency~~
13 ~~for each affected fund, the anticipated sources of financing~~
14 ~~for the emergency expenditures, and such other information~~
15 ~~as may be required by the superintendent of public~~
16 ~~instruction or the board of regents. The petition shall be~~
17 ~~signed by each trustee. of a school district determine that~~
18 the proposed budget amendment will cause the district
19 general fund to exceed the limitations of 20-9-315 OR IS FOR
20 THE REASONS PROVIDED IN 20-9-161(5) AND 20-9-161(6), the
21 trustees shall petition the superintendent of public
22 instruction for permission to adopt a resolution for a
23 budget amendment. The petition must set forth in writing the
24 reasons for the request, the district funds affected by the
25 budget amendment, the estimated amount of money required for

1 the budget amendment for each affected fund, the anticipated
 2 sources of financing for the budget amendment expenditures,
 3 and any other information required by the superintendent of
 4 public instruction. The petition must be signed by a
 5 majority of the trustees.

6 (3) The superintendent of public instruction ~~or, in the~~
 7 ~~case of a community college district, the board of regents~~
 8 shall promptly approve or disapprove the petition requesting
 9 approval to adopt a resolution ~~of emergency~~ for a budget
 10 amendment. If the petition is approved, the trustees may
 11 then adopt a resolution ~~of emergency~~ for a budget amendment
 12 and ~~may subsequently~~ take all other steps required for the
 13 adoption of ~~an emergency a~~ budget amendment. Approval of a
 14 petition by the superintendent of public instruction ~~or the~~
 15 ~~board of regents shall merely authorize~~ authorizes the board
 16 of trustees to initiate ~~emergency a~~ budget proceedings
 17 amendment by resolution and ~~shall does~~ not relieve the
 18 trustees of the necessity of complying with the requirements
 19 of the school ~~emergency~~ budgeting laws. Approval of the
 20 petition ~~shall may~~ not be construed as approval of any
 21 subsequent application for increased state aid on account of
 22 ~~such emergency~~ the budget amendment."

23 **Section 14.** Section 20-9-164, MCA, is amended to read:

24 "20-9-164. Notice of emergency budget amendment
 25 resolution. A copy of the emergency budget amendment

1 resolution ~~shall must~~ be published one time in a newspaper
 2 that will give notice to the largest number of people of the
 3 district as determined by the trustees, and a copy of the
 4 resolution ~~shall must~~ be posted at each schoolhouse of the
 5 district. A copy of the emergency budget amendment
 6 resolution ~~shall must~~ also be delivered to the county
 7 superintendent and to the county clerk as the clerk of the
 8 board of county commissioners of the county. The
 9 publication, posting, and delivery of the resolution ~~shall~~
 10 must be done not less than 1 week before the day specified
 11 in the resolution for the consideration and adoption of ~~an~~
 12 emergency a budget amendment."

13 **Section 15.** Section 20-9-165, MCA, is amended to read:

14 "20-9-165. ~~Emergency~~ Budget amendment
 15 limitation, preparation, and adoption procedures. (1) The
 16 meeting of the trustees to consider and adopt ~~an emergency a~~
 17 budget shall amendment must be open to the public, and any
 18 taxpayer in the district ~~shall have~~ has the right to appear
 19 and be heard. If at ~~such a~~ the meeting a majority of the
 20 trustees present ~~shall find that an emergency exists there~~
 21 is sufficient need for a budget amendment, the trustees may
 22 make and adopt a preliminary emergency budget amendment, on
 23 the regular budget form, setting forth fully the facts
 24 constituting the emergency need for the budget amendment. In
 25 adopting the preliminary emergency budget amendment, the

1 trustees may budget for any fund which that was included on
 2 the final budget of the district for the current school
 3 fiscal year. The budget ~~shall~~ must be itemized to show the
 4 amount appropriated for each item as required on the budget
 5 form.

6 (2) When the emergency budget amendment is ~~due--to--any~~
 7 increase the result of increased enrollment, the maximum
 8 amount of the emergency budget amendment for all funds ~~shall~~
 9 must be determined in the following manner:

10 (a) Determine the total amount in the final budget for
 11 the current school fiscal year of all funds affected by the
 12 emergency enrollment increase, less any amounts appropriated
 13 as capital outlay and any amount appropriated for addition
 14 to the cash operating reserve.

15 (b) Divide the amount determined in subsection (2)(a)
 16 by the number of pupils originally enrolled in such the
 17 district during the immediately preceding school fiscal
 18 year. The resulting cost per pupil ~~shall--constitute~~ is the
 19 maximum permissible per-pupil expenditure in the emergency
 20 budget amendment.

21 (c) Determine the enrollment increase of the current
 22 school fiscal year by subtracting the number of pupils
 23 originally enrolled during the immediately preceding school
 24 fiscal year from ~~106% of~~ the number of pupils enrolled for
 25 the current school year. The result ~~shall--be~~ is the

1 enrollment increase for the current school fiscal year.

2 (d) Multiply the cost per pupil determined in
 3 subsection (2)(b) by the enrollment increase determined in
 4 subsection (2)(c). The result ~~shall--be~~ is the maximum
 5 limitation on ~~an---emergency a~~ a budget amendment for
 6 emergencies amendments due-to-an-increase-of resulting from
 7 increased enrollment.

8 ~~(e)--in--the--case--of--a--community--college--district--by~~
 9 ~~budget-amendment-~~

10 (3) ~~In-the-event-of-any-other--type--of--emergency~~ For
 11 other types of budget amendments, the budget ~~shall--be~~
 12 amendment is limited by--those to the expenditures deemed
 13 considered by the trustees to be reasonable and necessary to
 14 finance the stated conditions of the emergency budget
 15 amendment and the preliminary emergency budget ~~shall~~
 16 amendment must be--accompanied-with include the details of
 17 the proposed expenditures.

18 (4) Whenever the trustees adopt a preliminary emergency
 19 budget amendment for the transportation fund, the trustees
 20 shall attach to such the budget amendment a copy of each
 21 transportation contract which that is connected with the
 22 emergency budget amendment and which that has been prepared
 23 and executed in accordance with the school transportation
 24 contract laws.

25 (5) After the trustees have adopted the emergency

1 budget amendment by a majority vote of the trustees, it
 2 ~~shall~~ must be signed by the chairman of the trustees and the
 3 clerk of the district and copies ~~shall~~ must be sent to the
 4 county superintendent, the county treasurer, and the
 5 superintendent of public instruction. ~~In--the--case--of--a~~
 6 ~~community--college--district--copies--of--the--emergency--budget~~
 7 ~~shall--be--sent--to--the--county--superintendent--the--county~~
 8 ~~treasurer--and--the--board--of--regents--"~~

9 **Section 16.** Section 20-9-166, MCA, is amended to read:

10 "20-9-166. State financial aid for ~~emergency--budgets~~
 11 budget amendments. Whenever a final emergency budget
 12 amendment has been adopted for the general fund or the
 13 transportation fund to finance the cost of an emergency
 14 amendment due-to-an resulting from increased enrollment or
 15 any other reason approved by the superintendent of public
 16 instruction under the provisions of 20-9-163, the trustees
 17 may apply to the superintendent of public instruction for an
 18 increased payment from the state public school equalization
 19 aid account for the foundation program or for state
 20 transportation reimbursement, or both. The superintendent of
 21 public instruction shall ~~publish~~ adopt rules for ~~such~~ the
 22 application. The superintendent of public instruction shall
 23 approve or disapprove each application for increased state
 24 aid made in accordance with 20-9-314 AND this section. When
 25 the superintendent of public instruction approves an

1 application, he shall determine the additional amount of
 2 state aid from the state public school equalization aid
 3 account or the state transportation reimbursement ~~which~~ that
 4 will be made available to the applicant district because of
 5 the ~~emergency--caused--by--an~~ increase in enrollment. The
 6 superintendent of public instruction shall notify the
 7 applicant district of his approval or disapproval and, in
 8 the event of approval, the amount of additional state aid
 9 that will be made available for the general fund or the
 10 transportation fund. The superintendent of public
 11 instruction shall disburse ~~such--emergency~~ the state aid to
 12 the eligible district at the time the next regular state aid
 13 payment is made."

14 **Section 17.** Section 20-9-201, MCA, is amended to read:

15 "20-9-201. Definitions and application. (1) As used in
 16 this title, unless the context clearly indicates otherwise,
 17 "fund" means a separate detailed account of receipts and
 18 expenditures for a specific purpose as authorized by law ~~or~~
 19 by the superintendent of public instruction under the
 20 provisions of subsection (2). Funds are classified as
 21 follows:

22 (a) A "budgeted fund" means any fund for which a budget
 23 must be adopted in order to expend money from the fund. The
 24 general fund, transportation fund, bus depreciation reserve
 25 fund, elementary tuition fund, retirement fund, debt service

1 fund, ~~leased-facilities-fund~~, building reserve fund, adult
2 education fund, nonoperating fund, and any other funds so
3 designated by the legislature are budgeted funds.

4 (b) A "nonbudgeted fund" means any fund for which a
5 budget is not required in order to expend money on deposit
6 in the fund. The school food services fund, miscellaneous
7 ~~federal~~ programs fund, building fund, lease or rental
8 agreement fund, traffic education fund, interlocal
9 cooperative fund, extracurricular fund, metal mines tax
10 reserve fund, endowment fund, and any other funds so
11 designated by the legislature are nonbudgeted funds.

12 (2) The school financial administration provisions of
13 this title apply to all money of any elementary or high
14 school district ~~except the--extracurricular--money--realized~~
15 ~~from--pupil-activities~~. Elementary and high school districts
16 shall record the receipt and disbursement of all money in
17 accordance with generally accepted accounting principles.
18 The superintendent of public instruction has general
19 supervisory authority as prescribed by law over the school
20 financial administration provisions, as they relate to
21 elementary and high school districts. ~~He~~ The superintendent
22 of public instruction shall adopt rules necessary to secure
23 compliance with the law.

24 (3) Except as otherwise provided by law, whenever the
25 trustees of a district determine that a fund is inactive and

1 will no longer be used, the trustees shall close the fund by
2 transferring all cash and other account balances to the
3 general fund if the fund does not have a cash or fund
4 balance deficit."

5 **Section 18.** Section 20-9-206, MCA, is amended to read:

6 "20-9-206. Entering appropriations on accounting
7 records of county treasurer. (1) When the county treasurer
8 receives the final budgets of the districts from the county
9 superintendent, he shall open a fund for each budgeted fund
10 included on the final budget of each district by entering
11 the amount appropriated for the fund on his accounting
12 record.

13 (2) Whenever the county treasurer receives a final
14 emergency budget amendment for a district from the county
15 superintendent, he shall increase the amount of the
16 regularly adopted final budget by the amount of ~~the~~
17 ~~emergency--budgeted--fund included--on~~ the final ~~emergency~~
18 budget amendment."

19 **Section 19.** Section 20-9-208, MCA, is amended to read:

20 "20-9-208. Transfer among appropriation items of a
21 fund. (1) Whenever it appears to the trustees of any a
22 district that the appropriated amount of any an item of a
23 budgeted fund of the final budget or ~~the-emergency a~~ budget
24 amendment is in excess of the amount actually required
25 during the school fiscal year for such the appropriation

1 item, the trustees may transfer any or all of the excess
2 appropriation amount to any other appropriation item of the
3 same budgeted fund.

4 (2) ~~Such transfers shall~~ Transfers may not be made
5 between different funds of the same district or between
6 similar funds of different districts except as specifically
7 provided by this title. The trustees shall enter the
8 authorized transfers upon the permanent records of the
9 district."

10 **Section 20.** Section 20-9-209, MCA, is amended to read:

11 "**20-9-209.** Lapse of budgeted appropriations and
12 provision for unpaid claims. (1) All appropriations for a
13 budgeted fund in the regular ~~or emergency~~ budget ~~or for a~~
14 budget amendment for a given school fiscal year ~~shall~~ lapse
15 on the last day of such the school fiscal year except the
16 appropriations for:

17 (a) uncompleted improvements in progress of
18 construction; and

19 (b) any an obligation for the purchase of personal
20 property ordered but not paid for during the current fiscal
21 year and recorded with the county treasurer in the manner
22 and on forms prescribed by the superintendent of public
23 instruction.

24 (2) Any A lawful claim presented to the district for
25 payment under a lapsed appropriation ~~shall--be~~ is an

1 obligation of the budget for the next ensuing school fiscal
2 year."

3 **Section 21.** Section 20-9-210, MCA, is amended to read:

4 "**20-9-210.** ~~Expenditure limitation and cash retention of~~
5 ~~nonbudgeted fund.~~ The expenditure limitation, at any time
6 during the school fiscal year, for a nonbudgeted fund ~~shall~~
7 be is the amount of cash balance of such the nonbudgeted
8 fund. ~~The cash balance of a nonbudgeted fund shall remain to~~
9 ~~the credit of such nonbudgeted fund from year to year unless~~
10 ~~a transfer is specifically authorized by this title."~~

11 **Section 22.** Section 20-9-214, MCA, is amended to read:

12 "**20-9-214.** Fees. (1) The trustees of any a district
13 may:

14 (a) require pupils in the commercial, industrial arts,
15 music, domestic science, scientific, or agricultural courses
16 to pay reasonable fees to cover the actual cost of breakage
17 and of excessive supplies used; and

18 (b) charge pupils a reasonable fee for any a course or
19 activity not reasonably related to a recognized academic and
20 educational goal of the district or any a course or activity
21 held outside normal school functions. The trustees may waive
22 the fee in cases of financial hardship.

23 (2) The fees collected pursuant to ~~subsection (1) shall~~
24 be subsection (1)(a) must be deposited in the general fund,
25 and the fees collected pursuant to subsection (1)(b) must be

1 deposited in a nonbudgeted fund as provided in 20-9-210."

2 **Section 23.** Section 20-9-221, MCA, is amended to read:

3 "20-9-221. Procedure for issuance of warrants. (1) The
4 trustees of each district shall issue all warrants, and the
5 warrants ~~shall~~ must identify:

6 (a) the budgeted fund or nonbudgeted fund on which the
7 warrant is drawn; and

8 (b) the warrant as ~~an--emergency~~ a budget amendment
9 warrant if it is drawn on ~~an--emergency~~ a budget amendment.

10 (2) ~~Any-warrant~~ All warrants issued by a district ~~shall~~
11 must be countersigned by the chairman of the trustees and
12 the clerk of the district before the ~~warrant--shall--be~~
13 warrants are negotiable. Facsimile signatures may be used in
14 accordance with the provisions of 2-16-114. A facsimile
15 signature device used under authority of this section must
16 may not be available to the other countersigner of the
17 warrant, or the device must have a nonresettable metering
18 control that can provide a positive reconciliation between
19 the number of warrants issued and the number of signatures
20 applied. Either split signature plates or a double signature
21 plate may be used according to the requirements of the
22 district. The signature plates and the device keys must be
23 kept secure by the district clerk under the supervision of
24 the board of trustees of the district.

25 (3) The trustees shall issue warrants in single copy or

1 in triplicate copy. When the warrants are issued in single
2 copy, the trustees shall immediately provide a listing of
3 the issued warrants on a fund-by-fund basis to the county
4 treasurer and retain a copy of the listing in the district
5 accounting records. When the warrants are issued in
6 triplicate, the original copy of the warrant ~~shall~~ must be
7 delivered to the payee, the duplicate ~~shall~~ must be sent
8 immediately to the county treasurer, and the triplicate
9 ~~shall~~ must be retained by the district for accounting record
10 purposes. The duplicate and triplicate copies ~~shall~~ must be
11 identified on the face of the warrant as "Not
12 Negotiable--Copy of Original".

13 (4) However, the trustees may elect to issue warrants
14 in payment of wages and salaries on a direct deposit basis
15 to the employee's account in a local bank, provided the
16 consent of the employee has been obtained and the employee
17 is given an itemized statement of payroll deductions for
18 each pay period."

19 **Section 24.** Section 20-9-231, MCA, is amended to read:

20 "20-9-231. Metal mines tax reserve account fund. (1)
21 The governing body of a local school district receiving tax
22 collections under 15-37-117(1)(d) may establish a metal
23 mines tax reserve account fund to be used to hold the
24 collections. The governing body may hold money in the
25 account fund for any time period deemed considered

1 appropriate by the governing body. Money held in the account
2 fund may not be considered as cash fund balance for the
3 purpose of reducing mill levies.

4 (2) Money may be expended from the account fund for any
5 purpose provided by law.

6 (3) Money in the account fund must be invested as
7 provided by law. Interest and income from the investment of
8 the metal mines tax reserve account fund must be credited to
9 the account fund.

10 (4) The fund must be financially administered as a
11 nonbudgeted fund under the provisions of this title."

12 **Section 25.** Section 20-9-301, MCA, is amended to read:

13 "20-9-301. Purpose of foundation program and definition
14 of general fund budget. (1) A uniform system of free public
15 schools sufficient for the education of and open to all
16 school age children of the state must be established and
17 maintained throughout the state of Montana. The state shall
18 aid in the support of its ~~several~~ school districts on the
19 basis of their financial need as measured by the foundation
20 program and in the manner established in this title.

21 (2) The principal budgetary vehicle for achieving the
22 minimum financing as established by the foundation program
23 is the general fund budget of the district. The purpose of
24 the general fund budget is to finance those general
25 maintenance and operational costs of a district not financed

1 by other funds established for special purposes in this
2 title.

3 (3) The amount of the general fund budget for each
4 school fiscal year may not exceed the financing limitations
5 established by this title but may not be less than the
6 amount established by law as the foundation program. The
7 general fund budget must be financed by the foundation
8 program revenues and may be supplemented by ~~an additional~~ a
9 permissive levy, voted levy and, or other revenue, as
10 provided by 20-9-145 and 20-9-353."

11 **Section 26.** Section 20-9-315, MCA, is amended to read:

12 "20-9-315. Maximum general fund budget and exceptions.

13 (1) The total amount of the general fund budget of ~~any~~ a
14 district may not be greater than the district's foundation
15 program as provided in 20-9-303, except when a district has
16 adopted ~~an emergency general fund~~ a budget amendment under
17 the provisions of 20-9-165 or when a district satisfies the
18 requirements of 20-9-145 and 20-9-353.

19 (2) Notwithstanding the provisions of subsection (1),
20 for school fiscal year 1991 and succeeding years, a
21 district's maximum general fund budget may not exceed the
22 greater of:

23 (a) ~~{the equivalent of the percent to be determined~~
24 ~~that is 112% of FY-1988 district general fund and insurance~~
25 ~~fund expenditures} 135% of the foundation program amount~~

1 provided for in 20-9-303; or

2 (b) 104% of the district's general fund budget amount
3 for the previous school fiscal year, including any school
4 district expenses from the previous school fiscal year
5 approved for inclusion in this calculation by the
6 superintendent of public instruction under [section 50].

7 (3) Subsection (2) does not apply when the source of
8 funding for the excess amount is any of the following:

9 (a) ~~Public Law 81-874 funds are the source of funding~~
10 ~~for the excess amount~~, until the state receives approval of
11 an application to equalize the funds under 20 U.S.C. 240(d);
12 or

13 (b) general bonus payments under 20-6-401."

14 **Section 27.** Section 20-9-321, MCA, is amended to read:

15 **"20-9-321. Foundation program and contingency funds for**
16 **special education.** (1) For the purpose of establishing the
17 foundation program amount for a current year special
18 education program for a school district, the superintendent
19 of public instruction shall determine the total estimated
20 cost of the special education program for the school
21 district on the basis of a special education program budget
22 submitted by the district. The budget must be prepared on
23 forms provided by the superintendent of public instruction
24 and must set out for each program:

25 (a) the estimated allowable costs associated with

1 operating the program where allowable costs are as defined
2 in 20-7-431;

3 (b) the number of pupils expected to be enrolled in the
4 program; and

5 (c) any other data required by the superintendent of
6 public instruction for budget justification purposes and to
7 administer the provisions of 20-9-315 through 20-9-321.

8 (2) The total amount of allowable costs approved by the
9 superintendent of public instruction is the special
10 education foundation program amount for current year special
11 education program purposes. The total amount of allowable
12 costs that are approved for the special education budget may
13 not, under any condition, be less than the foundation
14 program amount for one regular ANB for each full-time
15 special pupil in the school district.

16 (3) If a special education program is implemented or
17 expanded during a given school term too late to be included
18 in the determination of the district foundation program for
19 the school year as prescribed in this part, allowable costs
20 approved under the budgeting provisions of subsections (1)
21 and (2) for the operation of the program during the given
22 year must be funded from any legislative appropriation for
23 contingency financing for special education. Contingency
24 funds granted under this subsection must be deposited in a
25 separate account of the miscellaneous programs fund of the

1 district as provided in 20-9-507. However, if contingency
 2 funds are not available, then subject to the approval of the
 3 program by the superintendent under the emergency budget
 4 amendment provisions of 20-9-161(5)(6), allowable costs for
 5 the given year may be funded in the miscellaneous programs
 6 fund by other revenue sources and added to the foundation
 7 program amount for special education for the subsequent
 8 school year under the provisions of [section 50]. The
 9 allowable costs must be recorded as previous year special
 10 education expenses in the school district budget for the
 11 subsequent school year.

12 (4) The sum of the previous year special education
 13 expenses as defined in subsection (3) and the foundation
 14 program amount for current year special education as defined
 15 in subsections (1) and (2) is the special education budget
 16 for accounting purposes.

17 (5) The foundation program amount for special education
 18 must be added to the foundation program amount of the
 19 regular program ANB defined in 20-9-311 and 20-9-313 to
 20 obtain the total foundation program amount for the
 21 district."

22 **Section 28.** Section 20-9-344, MCA, is amended to read:

23 "20-9-344. Purpose of state equalization aid and duties
 24 of the board of public education for distribution --
 25 conditions of first payment. (1) The money available for

1 state equalization aid must be distributed and apportioned
 2 to provide an annual minimum operating revenue for the
 3 elementary and high schools in each county, exclusive of
 4 revenues required for debt service and for the payment of
 5 any costs and expense incurred in connection with any adult
 6 education program, recreation program, school food services
 7 program, new buildings and grounds, and transportation.

8 (2) The board of public education shall administer and
 9 distribute the state equalization aid in the manner and with
 10 the powers and duties provided by law. To this end, the
 11 board of public education shall:

12 (a) adopt policies for regulating the distribution of
 13 state equalization aid in accordance with the provisions of
 14 law and in a manner that provides for monthly distribution
 15 to each district of its foundation program amount and to
 16 each county and district distribution of its guaranteed tax
 17 base aid;

18 (b) have the power to require reports from the county
 19 superintendents, budget boards, county treasurers, and
 20 trustees as it considers necessary; and

21 (c) order the superintendent of public instruction to
 22 distribute the state equalization aid on the basis of each
 23 district's annual entitlement to the aid as established by
 24 the superintendent of public instruction. In ordering the
 25 distribution of state equalization aid, the board of public

1 education may not increase or decrease the state
2 equalization aid distribution to any district on account of
3 any difference that may occur during the school fiscal year
4 between budgeted and actual receipts from any other source
5 of school revenue.

6 (3) The board of public education may order the
7 superintendent of public instruction to withhold
8 distribution of state equalization aid or order the county
9 superintendent of schools to withhold county equalization
10 money from a district when the district fails to:

11 (a) submit reports or budgets as required by law or
12 rules adopted by the board of public education; or

13 (b) maintain accredited status.

14 (4) Prior to any proposed order by the board of public
15 education to withhold distribution of state equalization aid
16 or county equalization money, the district is entitled to a
17 contested case hearing before the board of public education,
18 as provided under the Montana Administrative Procedure Act.

19 (5) If a district or county receives more state
20 equalization aid than it is entitled to, the county
21 treasurer shall return the overpayment to the state upon the
22 request of the superintendent of public instruction in the
23 manner prescribed by the ~~department---of---commerce~~
24 superintendent of public instruction.

25 (6) (a) The first foundation program payment and

1 guaranteed tax base aid payment must be based on an estimate
2 of 20% of the entitlement of each district or county and
3 distributed by July 15 of the school fiscal year.

4 (b) Each subsequent monthly payment must be at least 7%
5 of the entitlement of each district or county."

6 **Section 29.** Section 20-9-353, MCA, is amended to read:

7 **"20-9-353. Additional levy for general fund -- election**
8 **for authorization to impose.** (1) Except as limited by
9 20-9-315(2), the trustees of any a district may propose to
10 adopt a general fund budget in excess of the foundation
11 program and the permissive amount for the district for any
12 of the following purposes:

13 (a) building, altering, repairing, or enlarging any
14 schoolhouse of the district;

15 (b) furnishing additional school facilities for the
16 district;

17 (c) acquisition of land for the district;

18 (d) proper maintenance and operation of the school
19 programs of the district; or

20 (e) severance pay for district employees.

21 (2) When the trustees of any a district determine that
22 an additional amount of financing is required for the
23 general fund budget that is in excess of the statutory
24 schedule amount AND THE PERMISSIVE AMOUNT, the trustees
25 shall submit the proposition of an additional levy to raise

1 the excess amount of general fund financing to the electors
 2 who are qualified under 20-20-301 to vote upon the
 3 proposition, except that an election is not required to
 4 permit the school trustees to use any funds available to
 5 finance the additional amount other than those funds to be
 6 raised by the additional levy. The special election must be
 7 called and conducted in the manner prescribed by this title
 8 for school elections. The ballot for the election must state
 9 only the amount of money to be raised by additional property
 10 taxation, the approximate number of mills required to raise
 11 the money, and the purpose for which the money will be
 12 expended. The ballot must be in the following format:

13 PROPOSITION

14 Shall a levy be made in addition to the levies
 15 authorized by law in the number of mills as may be necessary
 16 to raise the sum of (state the amount to be raised by
 17 additional tax levy), and being approximately (give number)
 18 mills, for the purpose of (insert the purpose for which the
 19 additional tax levy is made)?

- 20 FOR the levy.
 21 AGAINST the levy.

22 (3) If the election on any additional levy for the
 23 general fund is approved by a majority vote of the electors
 24 voting at the election, the proposition carries and the
 25 trustees may use any portion or all of the authorized amount

1 in adopting the preliminary general fund budget. The
 2 trustees shall certify the additional levy amount authorized
 3 by the special election on the budget form that is submitted
 4 to the county superintendent, and the county commissioners
 5 shall levy the authorized number of mills on the taxable
 6 value of all taxable property within the district, as
 7 prescribed in 20-9-141, to raise the amount of the
 8 additional levy.

9 (4) Authorization to levy an additional tax under the
 10 provisions of this section is effective for only 1 school
 11 fiscal year and must be authorized by a special election
 12 conducted before August 1 of the school fiscal year for
 13 which it is effective."

14 **Section 30.** Section 20-9-360, MCA, is amended to read:

15 "20-9-360. State equalization aid levy. ~~{1}~~ (1) There
 16 is a levy of 40 mills imposed by the county commissioners of
 17 each county on all taxable property within the state, except
 18 property for which a tax or fee is required under 23-2-517,
 19 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204.
 20 ~~Except--as--provided--in--subsection--(2)--proceeds~~ Proceeds
 21 EXCEPT AS PROVIDED IN SUBSECTION (2), PROCEEDS of the levy
 22 must be remitted to the state treasurer and must be
 23 deposited to the credit of the state special revenue fund
 24 for state equalization aid to the public schools of Montana.
 25 ~~{2}--For-the-benefit-of-each-municipality--that--created~~

1 an--urban-renewal-area-and-adopted-a-tax-increment-financing
 2 provision-for-the-urban-renewal-area-prior-to-July-17--1990,
 3 each-year-the-state-treasurer-shall-distribute-to-the-county
 4 an--amount--of--the-state-equalization-levy-equal-to-the-tax
 5 increment-derived-by-the-municipality-for--the--fiscal--year
 6 ending--June--30,--1989,--from-the-levy-for-property-taxes-for
 7 school-district-purposes-against-property-within--the--urban
 8 renewal--district,--less-the-amount-of-tax-increment-actually
 9 received-by-the-municipality-in-each-year-as-a-result-of-the
 10 imposition-of-mill-levies-for-school-district-purposes;

11 (2) FOR THE BENEFIT OF EACH MUNICIPALITY THAT CREATED
 12 AN URBAN RENEWAL AREA AND ADOPTED A TAX INCREMENT FINANCING
 13 PROVISION FOR THE URBAN RENEWAL AREA PRIOR TO JULY 1, 1990,
 14 THE STATE TREASURER SHALL DISTRIBUTE EACH FISCAL YEAR FROM
 15 THE STATE EQUALIZATION AID LEVY TO THE MUNICIPALITY THE
 16 AMOUNT, IF ANY, EQUAL TO THE PRODUCT OF THE INCREMENTAL
 17 TAXABLE VALUE OF THE URBAN RENEWAL AREA TIMES THE REDUCED
 18 SCHOOL LEVY FOR THE AREA, EACH CALCULATED FOR THE FISCAL
 19 YEAR. THE REDUCED SCHOOL LEVY FOR A FISCAL YEAR IS THE
 20 DIFFERENCE BETWEEN THE AGGREGATE AMOUNT OF ALL PROPERTY TAX
 21 LEVIES FOR SCHOOL PURPOSES IN THE URBAN RENEWAL AREA,
 22 EXPRESSED IN MILLS, IN THE FISCAL YEAR ENDED JUNE 30, 1989,
 23 AND THE AGGREGATE AMOUNT OF ALL PROPERTY TAX LEVIES FOR
 24 SCHOOL PURPOSES IN THE AREA OR THE DISTRICT, EXPRESSED IN
 25 MILLS, IN THE FISCAL YEAR, INCLUDING THE STATE EQUALIZATION

1 AID LEVY. THE STATE TREASURER SHALL DISTRIBUTE THE AMOUNTS
 2 TO MUNICIPALITIES IN TWO EQUAL INSTALLMENTS ON DECEMBER 31
 3 AND JUNE 30 OF THE FISCAL YEAR."

4 Section 31,--Section 20-9-361,--MCA,--is--amended--to--read--
 5 "20-9-361,--State--and--county--equalization--revenue--
 6 statutory--appropriation,--Revenue--received--in--support--of
 7 state--and--county--equalization--under--the--provisions--of
 8 20-9-331,--20-9-333,--and--20-9-343--is--statutorily
 9 appropriated,--as--provided--in--17-7-502,--to:

10 (1)--the--superintendent--of--public--instruction--to--be--used
 11 for--county--equalization--and--state--equalization--aid--for--the
 12 public--schools,--as--provided--by--law,--and--must--be--accounted
 13 for--in--accordance--with--generally--accepted--accounting
 14 principles,--and

15 (2)--counties--as--provided--in--20-9-360(2)."

16 **Section 31.** Section 20-9-366, MCA, is amended to read:
 17 "20-9-366. Definitions. As used in 20-9-366 through
 18 20-9-369, the following definitions apply:

19 (1) "County mill value per elementary ANB" or "county
 20 mill value per high school ANB" means the sum of the current
 21 taxable valuation of all property in the county plus the
 22 taxable value of oil and gas net proceeds determined under
 23 15-23-607(4) for production occurring after March 31, 1990,
 24 plus the taxable value of coal gross proceeds determined
 25 under 15-23-703(3) plus all the taxable value of nonlevy

1 revenue for the support of ~~schools~~ the elementary school and
 2 high school district retirement funds, other than Public Law
 3 81-874 funds, divided by 1,000, with the quotient divided by
 4 the total county elementary ANB count or the total county
 5 high school ANB count used to calculate the elementary
 6 school districts' and high school districts' current year
 7 foundation program amounts. The taxable value of nonlevy
 8 revenue for the purpose of computing guaranteed tax base aid
 9 for ~~schools~~ the county retirement fund is the amount of
 10 nonlevy revenue ~~received--by--a--district~~ deposited in the
 11 elementary school or high school district retirement fund in
 12 the previous year, including for fiscal year 1991 the
 13 revenue received in fiscal year 1990 from the net proceeds
 14 taxation of oil and natural gas and including for fiscal
 15 year 1992 and thereafter the local government severance tax,
 16 divided by the number of mills levied by the district county
 17 in the previous year in support of the elementary school and
 18 high school district retirement funds, multiplied by 1,000.

19 (2) "District mill value per ANB" means the current
 20 taxable valuation of all property in the district plus the
 21 taxable value of oil and gas net proceeds determined under
 22 15-23-607(4) for production occurring after March 31, 1990,
 23 plus the taxable value of coal gross proceeds determined
 24 under 15-23-703(3) plus all the taxable value of nonlevy
 25 revenue for the support of ~~schools~~ the school district's

1 general fund, other than Public Law 81-874 funds, divided by
 2 1,000, with the quotient divided by the ANB count of the
 3 district used to calculate the district's current year
 4 foundation program schedule amount. The taxable value of
 5 nonlevy revenue for the purpose of computing guaranteed tax
 6 base aid for schools is the amount of nonlevy revenue
 7 ~~received--by~~ deposited in a district district's general fund
 8 in the previous year, including for fiscal year 1991 the
 9 revenue received in fiscal year 1990 from the net proceeds
 10 taxation of oil and natural gas and including for fiscal
 11 year 1992 and thereafter the local government severance tax,
 12 divided by the number of mills levied by the district in the
 13 previous year in support of the district's general fund,
 14 multiplied by 1,000.

15 (3) "~~Guaranteed--overschedule---general---fund---budget~~
 16 Permissive amount" means that portion of a district's
 17 general fund budget in excess of the foundation program
 18 amount for the district, as provided in 20-9-316 through
 19 20-9-321, but not exceeding ~~135%~~ 35% of the district's
 20 foundation program amount, and which excess is authorized
 21 under the provisions of 20-9-145 and 20-9-353.

22 (4) "Statewide district mill value per elementary ANB"
 23 or "statewide district mill value per high school ANB" means
 24 the sum of the current taxable valuation of all property in
 25 the state plus the taxable value of oil and gas net proceeds

1 determined under 15-23-607(4) for production occurring after
 2 March 31, 1990, plus the taxable value of coal gross
 3 proceeds determined under 15-23-703(3) plus all the taxable
 4 value of nonlevy revenue for the support of schools the
 5 general funds of all school districts, other than Public Law
 6 81-874 funds, divided by 1,000, with the quotient divided by
 7 the total state elementary ANB count or the total state high
 8 school ANB count used to calculate the elementary school
 9 districts' and high school districts' current year
 10 foundation program amounts. The taxable value of nonlevy
 11 revenue for the purpose of computing guaranteed tax base aid
 12 for schools is the amount of nonlevy revenue received-by-a
 13 district deposited to the general fund of a school district
 14 in the previous year, including for fiscal year 1991 the
 15 revenue received in fiscal year 1990 from the net proceeds
 16 taxation of oil and natural gas and including for fiscal
 17 year 1992 and thereafter the local government severance tax,
 18 divided by the number of mills levied by the district in the
 19 previous year in support of the district general fund,
 20 multiplied by 1,000.

21 (5) "Statewide county mill value per elementary ANB" or
 22 "statewide county mill value per high school ANB" means the
 23 sum of the current taxable valuation of all property in the
 24 state plus the taxable value of oil and gas net proceeds
 25 determined under 15-23-607(4) for production occurring after

1 March 31, 1990, plus the taxable value of coal gross
 2 proceeds determined under 15-23-703(3) plus all the taxable
 3 value of nonlevy revenue for the support of the elementary
 4 school or high school district retirement fund, other than
 5 Public Law 81-874 funds, divided by 1,000, with the quotient
 6 divided by the total state elementary ANB count or the total
 7 state high school ANB count used to calculate the elementary
 8 school districts' and high school districts' current year
 9 foundation program amounts. The taxable value of nonlevy
 10 revenue for the purpose of computing guaranteed tax base aid
 11 for the county retirement fund is the amount of nonlevy
 12 revenue deposited in the elementary school or high school
 13 district retirement fund the previous year, including for
 14 fiscal year 1991 the revenue received in fiscal year 1990
 15 from the net proceeds taxation of oil and natural gas and
 16 including for fiscal year 1992 and thereafter the local
 17 government severance tax, divided by the number of mills
 18 levied by the county in the previous year in support of the
 19 elementary school and high school retirement funds,
 20 multiplied by 1,000."

21 **Section 32.** Section 20-9-367, MCA, is amended to read:
 22 **"20-9-367.** Eligibility to receive guaranteed tax base
 23 aid. (1) If the district mill value per ANB of any
 24 elementary or high school district is less than the
 25 corresponding statewide district mill value per elementary

1 ANB or high school ANB, the district may receive guaranteed
 2 tax base aid based on the number of mills levied in the
 3 district in support of its ~~guaranteed---overschedule~~
 4 permissive amount of the general fund budget.

5 (2) If the county mill value per elementary ANB or high
 6 school ANB is less than the corresponding statewide county
 7 mill value per elementary ANB or high school ANB, the county
 8 may receive guaranteed tax base aid based on the number of
 9 mills levied in the county in support of the retirement fund
 10 budgets of the respective elementary or high school
 11 districts in the county."

12 **Section 33.** Section 20-9-368, MCA, is amended to read:

13 "20-9-368. Amount of guaranteed tax base aid --
 14 reversion. (1) The amount of guaranteed tax base aid per ANB
 15 that a county may receive in support of the retirement fund
 16 budgets of the elementary school districts in the county is
 17 the difference between the county mill value per elementary
 18 ANB and the statewide county mill value per elementary ANB,
 19 multiplied by the number of mills levied in support of the
 20 retirement fund budgets of the elementary districts in the
 21 county.

22 (2) The amount of guaranteed tax base aid per ANB that
 23 a county may receive in support of the retirement fund
 24 budgets of the high school districts in the county is the
 25 difference between the county mill value per high school ANB

1 and the statewide county mill value per high school ANB,
 2 multiplied by the number of mills levied in support of the
 3 retirement fund budgets of the high school districts in the
 4 county.

5 (3) The amount of guaranteed tax base aid per ANB that
 6 a district may receive in support of its ~~guaranteed~~
 7 ~~overschedule~~ permissive amount of the general fund budget is
 8 the difference between the district mill value per ANB and
 9 the corresponding statewide district mill value per ANB,
 10 multiplied by the number of mills levied in support of the
 11 district's ~~guaranteed overschedule~~ permissive amount of the
 12 general fund budget.

13 (4) Guaranteed tax base aid provided to any county or
 14 district under this section is earmarked to finance the fund
 15 or portion of the fund for which it is provided. If the
 16 actual expenditures from the fund or portion of the fund for
 17 which guaranteed tax base aid is earmarked are less than the
 18 amount budgeted, the guaranteed tax base aid reverts in
 19 proportion to the amount budgeted but not expended. If a
 20 county or district receives more guaranteed tax base aid
 21 than it is entitled to, the excess must be returned to the
 22 state as required by 20-9-344."

23 **Section 34.** Section 20-9-406, MCA, is amended to read:

24 "20-9-406. Limitations on amount of bond issue. (1) The
 25 maximum amount for which each school district may become

1 indebted by the issuance of bonds, including all
 2 indebtedness represented by outstanding bonds of previous
 3 issues and registered warrants, is 45% of the taxable value
 4 of the property subject to taxation as ascertained by the
 5 last completed assessment for state, county, and school
 6 taxes previous to the incurring of ~~such~~ the indebtedness,
 7 including:

8 (a) the taxable value of coal gross proceeds as
 9 determined for county bonding purposes in 15-23-703(2);

10 (b) the taxable value of oil and gas net proceeds as
 11 determined for county bonding purposes in 15-23-607(3); and

12 (c) the amount of the value of any other oil and gas
 13 production occurring after December 31, 1988, multiplied by
 14 60%.

15 (2) The 45% maximum, however, may not pertain to
 16 indebtedness imposed by special improvement district
 17 obligations or assessments against the school district or to
 18 bonds issued for the repayment of tax protests lost by the
 19 district. All bonds issued in excess of ~~such~~ the amount
 20 ~~shall--be--null--and~~ are void, except as provided in this
 21 section.

22 ~~(2)~~(3) When the total indebtedness of a school district
 23 has reached the 45% limitation prescribed in this section,
 24 the school district may pay all reasonable and necessary
 25 expenses of the school district on a cash basis in

1 accordance with the financial administration provisions of
 2 this chapter.

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

8 **Section 35.** Section 20-9-435, MCA, is amended to read:

9 "20-9-435. Delivery of school district bonds and
 10 disposition of sale moneys. (1) After the school district
 11 bonds have been registered, the county treasurer shall:

12 (a) when the board of investments has purchased ~~such~~
 13 the bonds, forward the bonds to ~~such~~ the state board which,
 14 in turn, shall ~~cause send~~ send the bonds ~~to-be-sent~~ to the state
 15 treasurer and shall cause the bonds to be paid for in the
 16 manner provided by law; or

17 (b) ~~when~~ if the purchaser is anybody other than the
 18 board of investments, deliver the bonds to ~~such~~ the
 19 purchaser when full payment of the bonds has been made by
 20 the purchaser.

21 (2) If any of the trustees fails or refuses to pay into
 22 the proper county treasury the money arising from the sale
 23 of ~~any--bonds~~ a bond, he is guilty of a felony and shall be
 24 punished by imprisonment in the state prison for not less
 25 than 1 year or more than 10 years, or by a fine of not more

1 than \$50,000, or by both ~~such fine and imprisonment~~.

2 (3) All money realized from the sale of school district
3 bonds ~~shall~~ must be paid to the county treasurer, and he
4 shall credit such the money to the building fund of the
5 school district issuing the bonds, except money realized for
6 accrued interest or the purposes defined in 20-9-403(1)(c)
7 and (1)(d) ~~shall~~ must be deposited in the debt service fund
8 ~~for the purchase of such bonds~~. The money realized from the
9 sale of school district bonds ~~shall~~ must be immediately
10 available to such the school district, and the trustees may
11 expend such the money without budgeted authorization only
12 for the purposes for which the bonds were authorized by the
13 school district bond election. Under the provisions of
14 7-6-2802, the trustees may invest the money for which there
15 is no immediate demand and the interest earned by such
16 investment ~~shall~~ must be used in the manner provided ~~therein~~
17 in 7-6-2802. After the full accomplishment of the purpose or
18 purposes of a bond issue, the excess money realized from
19 such the bond issue ~~shall~~ must be transferred to the debt
20 service fund of the school district to be used for the
21 redemption or purchase of bonds of such the issue."

22 **Section 36.** Section 20-9-438, MCA, is amended to read:

23 "20-9-438. Preparation of debt service fund budget --
24 cash operating reserve. (1) The trustees of each school
25 district having outstanding bonds shall include in the debt

1 service fund of the preliminary budget adopted in accordance
2 with 20-9-113 an amount of money that is necessary to pay
3 the interest and the principal amount becoming due during
4 the ensuing school fiscal year for each series or
5 installment of bonds, according to the terms and conditions
6 of such the bonds and the redemption plans of the trustees.

7 (2) The trustees shall also include in the debt service
8 fund of the preliminary budget:

9 (a) the amount of money necessary to pay the special
10 improvement district assessments levied against the school
11 district ~~which that~~ become due during the ensuing school
12 fiscal year; and

13 (b) a limited cash operating reserve for the school
14 fiscal year following the ensuing school fiscal year as
15 provided in subsection (3).

16 (3) At the end of each school fiscal year, the trustees
17 of a school district may designate a portion of the
18 end-of-the-year cash fund balance of the debt service fund
19 to be earmarked as a limited cash operating reserve for the
20 purpose of paying, whenever a cash flow shortage occurs,
21 debt service fund warrants and bond obligations ~~which that~~
22 must be paid from July 1 through November 30 of the school
23 fiscal year following the ensuing school fiscal year. Any
24 portion of the debt service fund end-of-the-year cash fund
25 balance not earmarked for limited cash operating reserve

1 purposes must be reappropriated to be used for property tax
2 reduction as provided in 20-9-439.

3 (4) The county superintendent shall compare the
4 preliminary budgeted amount for the debt service fund with
5 the bond retirement and interest requirement and the special
6 improvement district assessments for the school fiscal year
7 just beginning as reported by the county treasurer in his
8 statement supplied under the provisions of 20-9-121. If the
9 county superintendent finds that the requirement stated by
10 the county treasurer is more than the preliminary budget
11 amount, the county superintendent shall increase the
12 budgeted amount for interest or principal in the debt
13 service fund of the preliminary budget. The amount confirmed
14 or revised by the county superintendent ~~shall be~~ is the
15 final budget expenditure amount for the debt service fund of
16 such the school district."

17 **Section 37.** Section 20-9-439, MCA, is amended to read:

18 "20-9-439. Computation of net levy requirement --
19 procedure when levy inadequate. (1) The county
20 superintendent shall compute the levy requirement for each
21 school district's debt service fund on the basis of the
22 following procedure:

23 (a) determine the total ~~moneys~~ money available in the
24 debt service fund for the reduction of the property tax on
25 the district by totaling:

1 (i) the end-of-the-year cash fund balance, ~~less--any~~
2 ~~outstanding--warrants~~ in the debt service fund and, less any
3 limited cash operating reserve as provided in 20-9-438;

4 (ii) anticipated interest to be earned by the investment
5 of debt service cash in accordance with the provisions of
6 20-9-213(4) or by the investment of bond proceeds under the
7 provisions of 20-9-435; and

8 (iii) any other ~~moneys~~ money anticipated by the trustees
9 to be available in the debt service fund during the ensuing
10 school fiscal year from such sources as legally authorized
11 money transfers into the debt service fund or from rental
12 income;

13 (b) the total amount available to reduce the property
14 tax, determined in subsection (1)(a), ~~shall~~ must be
15 subtracted from the final budget expenditure amount for the
16 debt service fund as established in 20-9-438;

17 (c) the net debt service fund levy requirement
18 determined in subsection (1)(b) ~~shall~~ must be reported to
19 the county commissioners on the second Monday of August by
20 the county superintendent as the net debt service fund levy
21 requirement for the district, and a levy ~~shall~~ must be made
22 by the county commissioners in accordance with 20-9-142.

23 (2) If the board of county commissioners ~~shall-fail~~
24 fails in any school fiscal year to make a levy for any issue
25 or series of bonds of any a school district sufficient to

1 raise the ~~moneys~~ money necessary for payment of interest and
 2 principal becoming due during the next ensuing school fiscal
 3 year, in such any amounts ~~as--are~~ established under the
 4 provisions of this section, the holder of any bond of such
 5 the issue or series or any taxpayer of the district may
 6 apply to the district court of the county in which such the
 7 school district is located for a writ of mandate to compel
 8 the board of county commissioners of such the county to make
 9 a sufficient levy for such purposes. If, upon the hearing of
 10 such the application, it ~~shall--appear~~ appears to the
 11 satisfaction of the court that the board of county
 12 commissioners of such the county has failed to make a levy
 13 or has made a levy that is insufficient to raise the amount
 14 required to be raised as established in the manner provided
 15 in this section, the court shall determine the amount of
 16 such the deficiency and shall issue a writ of mandate
 17 directed to and requiring the board of county commissioners,
 18 at the next meeting for the purpose of fixing tax levies for
 19 county purposes, to fix and make a levy against all taxable
 20 property in such the school district that is sufficient to
 21 raise the amount of such the deficiency. Such The levy ~~shall~~
 22 be is in addition to any levy required to be made at that
 23 time for the ~~then-ensuing~~ ensuing school fiscal year. Any
 24 costs ~~which that~~ may be allowed or awarded the petitioner in
 25 ~~any-such the~~ proceeding ~~shall must~~ be paid by the members of

1 the board of county commissioners and ~~shall~~ may not be a
 2 charge against the school district or the county."

3 **Section 38.** Section 20-9-471, MCA, is amended to read:
 4 "20-9-471. Issuance of short-term obligations --
 5 authorization -- conditions. (1) The trustees of a school
 6 district may, without a vote of the electors of the
 7 district, issue and sell to the board of investments
 8 short-term obligations for the purpose of financing all or a
 9 portion of:
 10 (a) the costs of vehicles and equipment;
 11 (b) the costs associated with renovating,
 12 rehabilitating, and remodeling facilities, including but not
 13 limited to roof repairs, heating, plumbing, and electrical
 14 systems;
 15 (c) any other capital expenditure the district is
 16 otherwise authorized to make, subject to subsection (4); and
 17 (d) the costs associated with the issuance and sale of
 18 the short-term obligations.
 19 (2) The term of the short-term obligation may not
 20 exceed 5 full fiscal years.
 21 (3) At the time of issuing the obligation, there must
 22 exist an amount in the budget for the current fiscal year
 23 available and sufficient to make the debt service payment on
 24 the obligation coming due in the current year. The budget
 25 for each following year in which any portion of the

1 principal of and interest on the obligation is due must
2 provide for payment of such that principal and interest.

3 (4) The proceeds of the short-term obligation may not
4 be used to acquire real property or construct a facility.

5 (5) An obligation issued is payable from any legally
6 available fund of the district and constitutes a general
7 obligation of the district.

8 (6) The obligation may bear interest at a fixed or
9 variable rate and may be sold to the board of investments at
10 par, at a discount, or with a premium, and upon any other
11 terms and conditions that the trustees determine to be in
12 the best interests of the district.

13 (7) The principal amount of the short-term obligation,
14 when added to the outstanding bonded indebtedness of the
15 district, may not exceed the debt limitation established in
16 20-9-406."

17 **Section 39.** Section 20-9-501, MCA, is amended to read:

18 *20-9-501. Retirement fund. (1) The trustees of any a
19 district employing personnel who are members of the
20 teachers' retirement system or the public employees'
21 retirement system or who are covered by unemployment
22 insurance or who are covered by any federal social security
23 system requiring employer contributions shall establish a
24 retirement fund for the purposes of budgeting and paying the
25 employer's contributions to such the systems. The district's

1 contribution for each employee who is a member of the
2 teachers' retirement system must be calculated in accordance
3 with Title 19, chapter 4, part 6. The district's
4 contribution for each employee who is a member of the public
5 employees' retirement system must be calculated in
6 accordance with 19-3-801. The district's contributions for
7 each employee covered by any federal social security system
8 must be paid in accordance with federal law and regulation.
9 The district's contribution for each employee who is covered
10 by unemployment insurance must be paid in accordance with
11 Title 39, chapter 51, part 11.

12 (2) The trustees of any a district required to make a
13 contribution to any a system referred to in subsection (1)
14 shall include in the retirement fund of the preliminary
15 budget the estimated amount of the employer's contribution.
16 After the final retirement fund budget has been adopted, the
17 trustees shall pay the employer contributions to such the
18 systems in accordance with the financial administration
19 provisions of this title.

20 (3) When the final retirement fund budget has been
21 adopted, the county superintendent shall establish the levy
22 requirement by:

23 (a) determining the sum of the money available to
24 reduce the retirement fund levy requirement by adding:

25 (i) any anticipated money that may be realized in the

1 retirement fund during the ensuing school fiscal year,
 2 including anticipated revenue from property taxes and fees
 3 imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
 4 61-3-537, and 67-3-204;

5 ~~(ii) anticipated-guaranteed-tax-base-aid-in--support--of~~
 6 ~~retirement;~~

7 ~~{iii}~~ net proceeds taxes and local government severance
 8 taxes on any other oil and gas production occurring after
 9 December 31, 1988;

10 ~~{iv}~~~~(iii)~~ coal gross proceeds taxes under 15-23-703; and

11 ~~{v}~~~~(iv)~~ any cash fund balance available for
 12 reappropriation as determined by subtracting the amount of
 13 the end-of-the-year cash fund balance earmarked as the
 14 retirement fund cash operating reserve for the ensuing
 15 school fiscal year by the trustees from the end-of-the-year
 16 cash fund balance in the retirement fund. The retirement
 17 fund cash operating reserve may not be more than 35% of the
 18 final retirement fund budget for the ensuing school fiscal
 19 year and must be used for the purpose of paying retirement
 20 fund warrants issued by the district under the final
 21 retirement fund budget; and

22 (v) any other revenue anticipated that may be realized
 23 in the retirement fund during the ensuing school fiscal
 24 year, excluding any guaranteed tax base aid.

25 (b) notwithstanding the provisions of subsection (8),

1 subtracting the money available for reduction of the levy
 2 requirement, as determined in subsection (3)(a), from the
 3 budgeted amount for expenditures in the final retirement
 4 fund budget.

5 (4) The county superintendent shall:

6 (a) total the net retirement fund levy requirements
 7 separately for all elementary school districts, all high
 8 school districts, and all community college districts of the
 9 county, including any prorated joint district or special
 10 education cooperative agreement levy requirements; and

11 (b) report each levy requirement to the county
 12 commissioners on the second Monday of August as the
 13 respective county levy requirements for elementary district,
 14 high school district, and community college district
 15 retirement funds.

16 (5) The county commissioners shall fix and set the
 17 county levy in accordance with 20-9-142.

18 (6) The net retirement fund levy requirement for a
 19 joint elementary district or a joint high school district
 20 must be prorated to each county in which a part of the
 21 district is located in the same proportion as the district
 22 ANB of the joint district is distributed by pupil residence
 23 in each county. The county superintendents of the counties
 24 affected shall jointly determine the net retirement fund
 25 levy requirement for each county as provided in 20-9-151.

1 (7) The net retirement fund levy requirement for
 2 districts that are members of special education cooperative
 3 agreements must be prorated to each county in which the
 4 district is located in the same proportion as the budget for
 5 ~~the special education cooperative agreement of the district~~
 6 ~~bears to the total budget of the cooperative~~ special
 7 education cooperative budget is prorated to the member
 8 school districts. The county superintendents of the counties
 9 affected shall jointly determine the net retirement fund
 10 levy requirement for each county in the same manner as
 11 provided in 20-9-151 and THE COUNTY COMMISSIONERS SHALL fix
 12 and levy the net retirement fund levy for each county in the
 13 same manner as provided in 20-9-152.

14 ~~(B) (a) For a county that is eligible for guaranteed~~
 15 ~~tax base aid under the provisions of 20-9-367, the county~~
 16 ~~superintendent shall provide the board of county~~
 17 ~~commissioners with the amount of guaranteed tax base aid~~
 18 ~~that the county will receive for each mill levied, as~~
 19 ~~certified by the superintendent of public instruction, to~~
 20 ~~fund the retirement fund net levy requirement;~~

21 (b) The county commissioners SUPERINTENDENT shall
 22 calculate the number of mills to be levied on the taxable
 23 property in the county to finance the retirement fund net
 24 levy requirement by dividing the amount determined in
 25 subsection (4)(a) by the sum of:

1 (i)(A) the amount of guaranteed tax base aid that the
 2 county will receive for each mill levied, as certified by
 3 the superintendent of public instruction; and
 4 (ii)(B) the taxable valuation of the district divided
 5 by 1,000."

6 **Section 40.** Section 20-9-504, MCA, is amended to read:

7 "20-9-504. Extracurricular fund for pupil functions.

8 (1) The government of the pupils of the school within a
 9 district or the administration of a school on behalf of the
 10 pupils may establish an extracurricular fund for the
 11 purposes of the receipts and expenditures of money collected
 12 for pupil extracurricular functions with the approval of the
 13 trustees of the district. All extracurricular moneys of any
 14 a pupil organization of the school ~~shall~~ must be deposited
 15 and expended by check from a bank account maintained for the
 16 extracurricular fund.

17 (2) An accounting system for the extracurricular fund
 18 recommended by the ~~department of commerce~~ shall
 19 superintendent of public instruction must be implemented by
 20 the trustees. Such The accounting system ~~shall~~ must provide
 21 for:

22 (a) the internal control of the cash receipts and
 23 expenditures of the money; and

24 (b) a general account that can be reconciled with the
 25 bank account for the extracurricular fund and reconciled

1 with the detailed accounts within the extracurricular fund
2 maintained for each student function."

3 **Section 41.** Section 20-9-505, MCA, is amended to read:

4 "20-9-505. Purpose and establishment of nonoperating
5 fund. (1) The trustees of any a district that will not
6 operate any a school during the ensuing school fiscal year
7 shall establish a nonoperating fund on the first day of such
8 the school fiscal year. In establishing the nonoperating
9 fund, the trustees shall cause the transfer of the
10 end-of-the-year cash fund balance of each fund maintained by
11 the district during the immediately preceding school fiscal
12 year to the nonoperating fund. However, cash fund balances
13 of the debt service fund and the miscellaneous federal
14 programs fund, if any, shall must be maintained in their
15 individual funds.

16 (2) The trustees of a district establishing a
17 nonoperating fund for the first year of nonoperation may
18 earmark a portion of the nonoperating fund cash balance as a
19 nonoperating fund cash operating reserve when they
20 anticipate the reopening of a school in the following school
21 fiscal year. Such-cash The operating reserve shall may not
22 be more than the general fund cash operating reserve
23 designated for the immediately preceding school fiscal year.
24 If a school is not operated in the following school fiscal
25 year, the authority of the trustees to earmark a

1 nonoperating fund cash operating reserve shall--terminate
2 terminates and the moneys money earmarked as a-cash an
3 operating reserve shall must be used to reduce the levy
4 requirement of the nonoperating fund. If the trustees
5 acquire approval to reopen a school in the following school
6 fiscal year under the provisions of 20-6-502 or 20-6-503 and
7 operate such the school, the nonoperating fund cash
8 operating reserve shall must be restored as the general fund
9 cash operating reserve.

10 (3) The purpose of the nonoperating fund shall-be is to
11 centralize the financing and budgeting for the limited
12 functions of a district not operating a school. Such The
13 functions shall include:

- 14 (a) elementary tuition obligations to other districts;
- 15 (b) transportation of the resident pupils;
- 16 (c) maintenance of district-owned property; and
- 17 (d) any other nonoperating school function of the
18 district deemed considered necessary by the trustees or
19 required by law.

20 (4) Any expenditure of nonoperating fund moneys--shall
21 money must be made in accordance with the financial
22 administration provisions of this title for a budgeted
23 fund."

24 **Section 42.** Section 20-9-507, MCA, is amended to read:

25 "20-9-507. Miscellaneous programs fund. (1) The

1 trustees of any a district receiving grants-of money from
 2 local, state, or federal moneys, or other district sources
 3 PROVIDED IN 20-5-307(4), 20-5-312(8), AND 20-9-321(3) other
 4 than moneys money under the provisions of Title I of Public
 5 Law 81-874 or federal moneys money designated for deposit in
 6 a specific fund of the district shall establish a
 7 miscellaneous programs fund for the deposit of such--moneys
 8 the money. Such-moneys The money may be a reimbursement of
 9 MISCELLANEOUS PROGRAM FUND expenditures already realized by
 10 the district or may be a grant of moneys money for the
 11 financing of expenditures to be realized by the district for
 12 a special, approved program to be operated by the district.
 13 When the moneys--are money is a reimbursement, the moneys
 14 shall money may be expended at the discretion of the
 15 trustees for school purposes. When the moneys-are money is a
 16 grant, the moneys-shall money must be expended according to
 17 the conditions of the program approval by the superintendent
 18 of public instruction or any other approval agent. Within
 19 the miscellaneous programs fund, the trustees shall cause a
 20 separate accounting to be maintained for each federal grant
 21 program and for the aggregate of all reimbursement moneys
 22 money.

23 (2) The financial administration of the miscellaneous
 24 programs fund shall must be in accordance with the financial
 25 administration provisions of this title for a nonbudgeted

1 fund which-shall-be-applied-by-individual-grant-programs--or
 2 for--the-aggregate-amount-of-the-reimbursement-moneys-rather
 3 than-on-the-basis-of-the-total-fund."

4 Section 43. Section 20-10-101, MCA, is amended to read:
 5 "20-10-101. Definitions. As used in this title, unless
 6 the context clearly indicates otherwise, the following
 7 definitions apply:

8 (1) "Transportation" shall-mean means:
 9 (a) a district's conveyance of a pupil by a school bus
 10 between his legal residence and the school designated by the
 11 trustees for his attendance; or
 12 (b) a-district's-conveyance-of-a-pupil-by-a-school--bus
 13 between---his---regular---school---of---attendance--and--the
 14 vocational-technical-secondary--schools--designated--by--the
 15 trustees--for--his--attendance--if--the--secondary-school-is
 16 located-in-some-other-school-district;-or

17 (c) "individual transportation" whereby a district is
 18 relieved of actually conveying a pupil. Such-individual
 19 Individual transportation may include paying the parent or
 20 guardian for conveying the pupil, reimbursing the parent or
 21 guardian for the pupil's board and room, or providing
 22 supervised correspondence study or supervised home study.

23 (2) An "eligible transportee" shall-mean means a public
 24 school pupil who:

25 (a) is not--less--than 5 years of age nor or older and

1 has not attained his 21st birthday or who is a handicapped
2 preschool child between the ages of 3 and 6;

3 (b) is a resident of the state of Montana;

4 (c) regardless of district and county boundaries,
5 resides at least 3 miles, over the shortest practical route,
6 from the nearest operating public elementary school or
7 public high school, whichever the case may be; and

8 (d) is ~~deemed--by--law~~ considered to reside with his
9 parent or guardian who maintains legal residence within the
10 boundaries of the district furnishing the transportation
11 regardless of where the eligible transportee actually lives
12 when attending school.

13 (3) (a) A "school bus" means, except as provided in
14 subsection (3)(b), any motor vehicle that:

15 (i) complies with the bus standards established by the
16 board of public education as verified by the Montana
17 department of justice's semiannual inspection of school
18 buses and the superintendent of public instruction; and

19 (ii) is owned by a district or other public agency and
20 operated for the transportation of pupils to or from school
21 or owned by a carrier under contract with a district or
22 public agency to provide transportation of pupils to or from
23 school.

24 (b) A school bus does not include a vehicle that is:

25 (i) privately owned and not operated for compensation

1 under this title;

2 (ii) privately owned and operated for reimbursement
3 under 20-10-142;

4 (iii) either district-owned or privately owned, designed
5 to carry not more than nine passengers, and used to
6 transport pupils to or from activity events or to transport
7 pupils to their homes in case of illness or other emergency
8 situations; or

9 (iv) an over-the-road passenger coach used only to
10 transport pupils to activity events."

11 **Section 44.** Section 20-10-143, MCA, is amended to read:

12 "20-10-143. Budgeting for transportation and
13 transmittal of transportation contracts. (1) The trustees of
14 any a district furnishing transportation to pupils who are
15 residents of ~~such the~~ district ~~shall~~ have the authority and
16 it ~~shall--be~~ is their duty to provide a transportation fund
17 budget that is adequate to finance ~~such the~~ district's
18 transportation contractual obligations and any other
19 transportation expenditures necessary for the conduct of its
20 transportation program. The transportation fund budget ~~shall~~
21 must include:

22 (a) an adequate amount to finance the maintenance and
23 operation of district owned and operated school buses;

24 (b) the annual contracted amount for the maintenance
25 and operation of school buses by a private party;

1 (c) the annual contracted amount for individual
2 transportation, including any increased amount ~~due--to~~
3 because of isolation, which ~~shall~~ may not exceed the
4 schedule amounts prescribed in 20-10-142;

5 (d) any amount necessary for the purchase, rental, or
6 insurance of school buses; and

7 (e) any other amount necessary to finance the
8 administration, operation, or maintenance of the
9 transportation program of the district, as determined by the
10 trustees.

11 (2) The trustees may include a contingency amount in
12 the transportation fund budget for the purpose of enabling
13 the district to fulfill any obligation to provide
14 transportation in accordance with the transportation law for
15 any pupils not residing in the district at the time of the
16 adoption of the preliminary budget and who subsequently
17 became residents of such the district during the school
18 fiscal year or pupils who have become eligible transportees
19 since the adoption of the preliminary budget because their
20 legal residence has been changed. The budgeted contingency
21 amount ~~shall~~ may not exceed 10% of the transportation
22 schedule amount as calculated under the provisions of
23 20-10-141 and 20-10-142 for all transportation services
24 authorized by such the schedule and provided by the district
25 unless 10% of such the transportation schedule amount ~~shall~~

1 ~~be is~~ less than \$100, in which case \$100 ~~shall-be is~~ the
2 maximum limitation for such the budgeted contingency amount.

3 (3) As provided in 20-9-162, an emergency amendment to
4 the transportation fund budget may be adopted subject to the
5 provisions of the emergency-budgeting budget amendment law.

6 (4) The transportation fund budgeted expenditures
7 appropriated by the trustees ~~shall~~ must be reported on the
8 regular budget form prescribed by the superintendent of
9 public instruction in accordance with 20-9-103, and the
10 adoption of the transportation fund budget ~~shall~~ must be
11 completed in accordance with the school budgeting laws. When
12 the adopted preliminary budget is sent to the county
13 superintendent, the trustees shall also send copies of all
14 completed transportation contracts for school bus
15 transportation and individual transportation to the county
16 superintendent. Such The contracts ~~shall~~ must substantiate
17 all contracted transportation services incorporated in the
18 preliminary budget, and after the county superintendent has
19 utilized the contracts for such that purpose but before the
20 fourth Monday of July, he shall send all the transportation
21 contracts received by him to the superintendent of public
22 instruction. When the county superintendent determines a
23 deviation between the preliminary transportation fund budget
24 amount for contracted transportation services and the
25 contracted amount for such the services, he shall

1 immediately call the deviation to the attention of the
2 appropriate trustees and shall allow the trustees to change
3 the preliminary budgeted amount to compensate for such the
4 deviation."

5 **Section 45.** Section 20-10-144, MCA, is amended to read:

6 **"20-10-144. Computation of revenues and net tax levy**
7 **requirements for the transportation fund budget.** Before the
8 fourth Monday of July and in accordance with 20-9-123, the
9 county superintendent shall compute the revenue available to
10 finance the transportation fund budget of each district. The
11 county superintendent shall compute the revenue for each
12 district on the following basis:

13 (1) The "schedule amount" of the preliminary budget
14 expenditures that is derived from the rate schedules in
15 20-10-141 and 20-10-142 must be determined by adding the
16 following amounts:

17 (a) the sum of the maximum reimbursable expenditures
18 for all approved school bus routes maintained by the
19 district (to determine the maximum reimbursable expenditure,
20 multiply the applicable rate per bus mile by the total
21 number of miles to be traveled during the ensuing school
22 fiscal year on each bus route approved by the county
23 transportation committee and maintained by such district);
24 plus

25 (b) the total of all individual transportation per diem

1 reimbursement rates for the district as determined from the
2 contracts submitted by the district multiplied by the number
3 of pupil-instruction days scheduled for the ensuing school
4 attendance year; plus

5 (c) any estimated costs for supervised home study or
6 supervised correspondence study for the ensuing school
7 fiscal year; plus

8 (d) the amount budgeted on the preliminary budget for
9 the contingency amount permitted in 20-10-143, except if the
10 amount exceeds 10% of the total of subsections (1)(a),
11 (1)(b), and (1)(c) or \$100, whichever is larger, the
12 contingency amount on the preliminary budget must be reduced
13 to the limitation amount and used in this determination of
14 the schedule amount.

15 (2) The schedule amount determined in subsection (1) or
16 the total preliminary transportation fund budget, whichever
17 is smaller, is divided by 3 and the resulting one-third
18 amount is used to determine the available state and county
19 revenue to be budgeted on the following basis:

20 (a) the resulting one-third amount is the budgeted
21 state transportation reimbursement, except that the state
22 transportation reimbursement for the transportation of
23 special education pupils under the provisions of 20-7-442
24 must be two-thirds of the schedule amount attributed to the
25 transportation of special education pupils;

1 (b) the resulting one-third amount, except as provided
 2 for joint elementary districts in subsection (2)(e), is the
 3 budgeted county transportation reimbursement for elementary
 4 districts and must be financed by the basic county tax under
 5 the provisions of 20-9-334;

6 (c) the resulting one-third amount multiplied by 2 is
 7 the budgeted county transportation reimbursement amount for
 8 high school districts financed under the provisions of
 9 subsection (5), except as provided for joint high school
 10 districts in subsection (2)(e), and except that the county
 11 transportation reimbursement for the transportation of
 12 special education pupils under the provisions of 20-7-442
 13 must be one-third of the schedule amount attributed to the
 14 transportation of special education pupils;

15 (d) when the district has a sufficient amount of cash
 16 for reappropriation and other sources of district revenue,
 17 as determined in subsection (3), to reduce the total
 18 district obligation for financing to zero, any remaining
 19 amount of district revenue and cash reappropriated must be
 20 used to reduce the county financing obligation in subsection
 21 (2)(b) or (2)(c) and, if the county financing obligations
 22 are reduced to zero, to reduce the state financial
 23 obligation in subsection (2)(a); and

24 (e) the county revenue requirement for a joint
 25 district, after the application of any district money under

1 subsection (2)(d), must be prorated to each county
 2 incorporated by the joint district in the same proportion as
 3 the ANB of the joint district is distributed by pupil
 4 residence in each county.

5 (3) The total of the money available for the reduction
 6 of property tax on the district for the transportation fund
 7 must be determined by totaling:

8 (a) anticipated federal money received under the
 9 provisions of Title I of Public Law 81-874 or other
 10 anticipated federal money received in lieu of that federal
 11 act; plus

12 (b) anticipated payments from other districts for
 13 providing school bus transportation services for the
 14 district; plus

15 (c) anticipated payments from a parent or guardian for
 16 providing school bus transportation services for his child;
 17 plus

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

21 (e) anticipated or reappropriated revenue from property
 22 taxes and fees imposed under 23-2-517, 23-2-803,
 23 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204; plus

24 (f) gross proceeds taxes from coal under 15-23-703;
 25 plus

1 (g) net proceeds taxes for interim production and new
2 production, as defined in 15-23-601, and local government
3 severance taxes on any other production occurring after
4 December 31, 1988; plus

5 (h) any other revenue anticipated by the trustees to be
6 earned during the ensuing school fiscal year which that may
7 be used to finance the transportation fund; plus

8 (i) any cash fund balance available for reappropriation
9 as determined by subtracting the amount of the
10 end-of-the-year cash fund balance earmarked as the
11 transportation fund cash operating reserve for the ensuing
12 school fiscal year by the trustees from the end-of-the-year
13 cash fund balance in the transportation fund. The cash
14 operating reserve may not be more than 20% of the final
15 transportation fund budget for the ensuing school fiscal
16 year and is for the purpose of paying transportation fund
17 warrants issued by the district under the final
18 transportation fund budget.

19 (4) The district levy requirement for each district's
20 transportation fund must be computed by:

21 (a) subtracting the schedule amount calculated in
22 subsection (1) from the total preliminary transportation
23 budget amount and, for an elementary district, adding the
24 difference to the district obligation to finance one-third
25 of the schedule amount as determined in subsection (2); and

1 (b) subtracting the amount of money available to reduce
2 the property tax on the district, as determined in
3 subsection (3), from the amount determined in subsection
4 (4)(a).

5 (5) The county levy requirement for the financing of
6 the county transportation reimbursement to high school
7 districts is computed by adding all requirements for all the
8 high school districts of the county, including the county's
9 obligation for reimbursements in joint high school
10 districts.

11 (6) The transportation fund levy requirements
12 determined in subsection (4) for each district and in
13 subsection (5) for the county must be reported to the county
14 commissioners on the second Monday of August by the county
15 superintendent as the transportation fund levy requirements
16 for the district and for the county, and the levies must be
17 made by the county commissioners in accordance with
18 20-9-142."

19 **Section 46.** Section 20-10-145, MCA, is amended to read:

20 "20-10-145. State transportation reimbursement. (1) Any
21 A district providing school bus transportation or individual
22 transportation in accordance with the transportation law,
23 board of public education transportation policy, and
24 superintendent of public instruction transportation rules
25 ~~shall~~ must receive a state reimbursement of its

1 transportation expenditures under the transportation
 2 reimbursement rate provisions of 20-10-141 and 20-10-142.
 3 The state transportation reimbursement ~~shall~~ may not exceed
 4 one-third of the reimbursement amounts established in such
 5 ~~sections~~ 20-10-141 and 20-10-142 or one-third of the
 6 district's transportation fund budget, whichever is smaller,
 7 and ~~shall~~ must be computed on the basis of the number of
 8 days the transportation services were actually rendered, not
 9 to exceed 180 pupil-instruction days. In determining the
 10 amount of the state transportation reimbursement, ~~no~~ an
 11 amount claimed by a district ~~shall~~ may not be considered for
 12 reimbursement unless ~~such~~ the amount has been paid in the
 13 regular manner provided for the payment of other financial
 14 obligations of the district.

15 (2) Requests for the state transportation reimbursement
 16 ~~shall~~ must be made by each district semiannually during the
 17 school fiscal year on the claim forms and procedure
 18 promulgated by the superintendent of public instruction. The
 19 claims for state transportation reimbursements ~~shall~~ must be
 20 routed by the district to the county superintendent, who
 21 after reviewing ~~such~~ the claims shall send them to the
 22 superintendent of public instruction. The superintendent of
 23 public instruction shall establish the validity and accuracy
 24 of the claims for the state transportation reimbursements by
 25 determining their compliance with the transportation law,

1 board of public education transportation policy, and the
 2 transportation rules of the superintendent of public
 3 instruction. After making any necessary adjustments to ~~such~~
 4 ~~the claims, he shall cause their payment by ordering the~~
 5 superintendent of public instruction shall order a
 6 disbursement from the state moneys money appropriated by the
 7 legislature of the state of Montana for the state
 8 transportation reimbursement. ~~Such~~ The payment of all the
 9 district's claims within one county ~~shall~~ must be made to
 10 the county treasurer of ~~such~~ the county, and the county
 11 superintendent shall apportion ~~such~~ the payment in
 12 accordance with the apportionment order supplied by the
 13 superintendent of public instruction."

14 **SECTION 47. SECTION 15-1-501, MCA, IS AMENDED TO READ:**

15 "15-1-501. Disposition of money from certain designated
 16 license and other taxes. (1) The state treasurer shall
 17 deposit to the credit of the state general fund all money
 18 received by him from the collection of:

19 (a) fees from driver's licenses, motorcycle
 20 endorsements, and duplicate driver's licenses as provided in
 21 61-5-121;

22 (b) electrical energy producer's license taxes under
 23 chapter 51;

24 (c) severance taxes allocated to the general fund under
 25 chapter 36;

1 (d) liquor license taxes under Title 16;
 2 (e) telephone company license taxes under chapter 53;
 3 and
 4 (f) inheritance and estate taxes under Title 72,
 5 chapter 16.

6 (2) All money received from the collection of income
 7 taxes under chapter 30 of this title must be deposited as
 8 follows:

9 (a) ~~57% in fiscal year 1990 and 50% in fiscal year~~
 10 ~~1991~~, 59.5% to the credit of the state general fund;

11 (b) ~~9.8% in fiscal year 1990 and 8.7% in fiscal year~~
 12 ~~1991~~, to the credit of the debt service account for
 13 long-range building program bonds as described in 17-5-408;
 14 and

15 (c) ~~33.2% in fiscal year 1990 and 41.3% in fiscal year~~
 16 ~~1991~~, 31.8% to the credit of the state special revenue fund
 17 for state equalization aid to the public schools of Montana
 18 as described in 20-9-343.

19 (3) All money received from the collection of
 20 corporation license and income taxes under chapter 31 of
 21 this title, except as provided in 15-31-702, must be
 22 deposited as follows:

23 (a) ~~64% in fiscal year 1990 and 61% in fiscal year~~
 24 ~~1991~~, to the credit of the state general fund;

25 (b) ~~11% in fiscal year 1990 and 10.5% in fiscal year~~

1 ~~1991~~, to the credit of the debt service account for
 2 long-range building program bonds as described in 17-5-408;
 3 and

4 (c) ~~25% in fiscal year 1990 and 28.5% in fiscal year~~
 5 ~~1991~~, to the credit of the state special revenue fund for
 6 state equalization aid to the public schools of Montana as
 7 described in 20-9-343.

8 (4) The state treasurer shall also deposit to the
 9 credit of the state general fund all money received by him
 10 from the collection of license taxes, fees, and all net
 11 revenues and receipts from all other sources under the
 12 operation of the Montana Alcoholic Beverage Code.

13 (5) After the distribution provided for in 15-36-112,
 14 the remainder of the oil severance tax collections must be
 15 deposited in the general fund."

16 **Section 48.** Section 15-24-1402, MCA, is amended to
 17 read:

18 **"15-24-1402. New or expanding industry -- assessment.**

19 (1) In the first 5 years after a construction permit is
 20 issued, qualifying improvements or modernized processes that
 21 represent new industry or expansion of an existing industry,
 22 as designated in the approving resolution, ~~shall~~ must be
 23 taxed at 50% of their taxable value. Each year thereafter,
 24 the percentage ~~shall~~ must be increased by equal percentages
 25 until the full taxable value is attained in the 10th year.

1 In subsequent years, the property ~~shall~~ must be taxed at
2 100% of its taxable value.

3 (2) (a) In order for a taxpayer to receive the tax
4 benefits described in subsection (1), the governing body of
5 the affected county or the incorporated city or town must
6 have approved by separate resolution for each project,
7 following due notice as defined in 76-15-103 and a public
8 hearing, the use of the schedule provided for in subsection
9 (1) for its respective jurisdiction. The governing body may
10 not grant approval for the project until all of the
11 applicant's taxes have been paid in full. Taxes paid under
12 protest do not preclude approval.

13 (b) The governing body may end the tax benefits by
14 majority vote at any time, but the tax benefits may not be
15 denied an industrial facility that previously qualified for
16 the benefits.

17 (c) The resolution provided for in subsection (2)(a)
18 ~~shall~~ must include a definition of the improvements or
19 modernized processes that qualify for the tax treatment that
20 is to be allowed in the taxing jurisdiction. The resolution
21 may provide that real property other than land, personal
22 property, improvements, or any combination thereof is
23 eligible for the tax benefits described in subsection (1).

24 (3) The taxpayer must shall apply to the county
25 assessor on a form provided by the department of revenue for

1 the tax treatment allowed under subsection (1). The
2 application by the taxpayer must first be approved by the
3 governing body of the appropriate local taxing jurisdiction,
4 and the governing body must shall indicate in its approval
5 that the property of the applicant qualifies for the tax
6 treatment provided for in this section. Upon receipt of the
7 form with the approval of the governing body of the affected
8 taxing jurisdiction, the assessor shall make the assessment
9 change pursuant to this section.

10 (4) The tax benefit described in subsection (1) applies
11 only to the number of mills levied and assessed for local
12 high school district and elementary school district purposes
13 and to the number of mills levied and assessed by the
14 governing body approving the benefit over which the
15 governing body has sole discretion. In no case may the
16 benefit described in subsection (1) apply to levies or
17 assessments required under Title 15, chapter 10, 20-9-331,
18 20-9-333, 20-9-360, or otherwise required under state law."

19 **Section 49.** Section 20-15-404, MCA, is amended to read:

20 "20-15-404. Trustees to adhere to certain other laws.
21 Unless the context clearly indicates otherwise, the trustees
22 of a community college district shall adhere to:

23 (1) ~~adhere to~~ the teachers' retirement provisions of
24 Title 19, chapter 4, ~~as amended~~;

25 (2) ~~adhere to~~ the provisions of 20-1-201, 20-1-205,

1 20-1-211, and 20-1-212~~7-as-amended~~;

2 (3) ~~adhere--to~~ the school property provisions of

3 20-6-604, 20-6-605, 20-6-621, 20-6-622, 20-6-624, 20-6-631,

4 and 20-6-633 through 20-6-636~~7-as-amended~~;

5 (4) ~~adhere--to~~ the adult education provisions of

6 20-7-701 through 20-7-713~~7-as-amended~~;

7 (5) ~~adhere--to~~ the administration of finances provisions

8 of 20-9-115, 20-9-134, ~~subsections-(2)7-(3)7-(4)7-and-(5)7-of~~

9 ~~20-9-1617--20-9-1637-20-9-1657~~, 20-9-207, 20-9-208, 20-9-210,

10 20-9-215, 20-9-221 through 20-9-224, and 20-9-512~~7---as~~

11 ~~amended~~;

12 (6) ~~adhere--to~~ the school bond provisions of 20-9-401

13 through 20-9-412, 20-9-421 through 20-9-446, 20-9-451

14 through 20-9-456, and 20-9-461 through 20-9-465~~7-as-amended~~;

15 (7) ~~adhere--to~~ the special purpose funds provisions of

16 20-9-502, 20-9-503, 20-9-507, 20-9-508, and 20-9-511~~7--as~~

17 ~~amended~~;

18 (8) ~~adhere--to~~ the educational cooperative agreements

19 provisions of 20-9-701 through 20-9-704~~7-as-amended~~;

20 (9) ~~adhere--to~~ the school elections provisions of Title

21 20, chapter 20~~7-as-amended~~;

22 (10) ~~adhere---to~~ the students' rights provisions of

23 20-25-511 through 20-25-516~~7-as-amended~~; and

24 (11) ~~adhere--to~~ the health provisions of 50-1-206."

25 NEW SECTION. Section 50. Approval to amend general

1 fund budget for ensuing school fiscal year. (1) The trustees

2 of a district may determine that expenses from the following

3 sources will need to be funded by the general fund budget in

4 the ensuing school fiscal year:

5 (a) a budget amendment authorized under the provisions

6 of 20-9-161 through 20-9-163;

7 (b) metal mines tax reserve fund authorized in

8 20-9-231;

9 (c) special education expenditures approved under the

10 provisions of 20-9-321(3);

11 (d) transfer of services from or dissolution of a

12 special education cooperative; and

13 (e) tuition receipts deposited in the miscellaneous

14 programs fund.

15 (2) Whenever the trustees determine that expenses from

16 the sources in subsection (1) will need to be funded by the

17 general fund in the ensuing year, the trustees shall

18 petition the superintendent of public instruction for

19 approval to add the expenditures from any of the sources to

20 the current year's general fund budget for the purposes of

21 calculating the ensuing year's general fund budget

22 limitation. The petition must set forth in writing the

23 specific reasons for the request and a report of the actual

24 expenditures.

25 (3) The superintendent of public instruction shall

1 promptly approve or disapprove the petition for approval to
 2 add the expenditures from the sources in subsection (1) to
 3 the current year's general fund budget for the purposes of
 4 calculating the ensuing year's general fund budget.

5 NEW SECTION. Section 51. Definition of emergency for
 6 budgeting purposes. As used in this chapter, unless the
 7 context clearly indicates otherwise, the term "emergency"
 8 for the purpose of community college budgeting means:

9 (1) the destruction or impairment of any community
 10 college district property necessary to the maintenance of
 11 the district, by fire, flood, storm, riot, insurrection, or
 12 act of God, to an extent rendering the property unfit for
 13 its present use;

14 (2) a judgment for damages against the district issued
 15 by a court after the adoption of the budget for the current
 16 year;

17 (3) an enactment of legislation after the adoption of
 18 the budget for the current year that imposes an additional
 19 financial obligation on the district; or

20 (4) any other reason of similar consequence that has
 21 been approved by the board of regents upon petition by the
 22 trustees of the district.

23 NEW SECTION. Section 52. Resolution for emergency
 24 budget -- petition to the board of regents. (1) Whenever the
 25 trustees of a community college district decide that an

1 emergency exists, they may adopt a resolution proclaiming
 2 the emergency by a unanimous vote of all members present at
 3 any meeting for which each trustee has been given reasonable
 4 notice of the time and place of holding the meeting. The
 5 emergency resolution must also state the facts constituting
 6 the emergency, the estimated amount of money required to
 7 meet the emergency, the funds affected by the emergency, and
 8 the time and place the board will meet for the purpose of
 9 considering and adopting an emergency budget for the funds
 10 for the current school fiscal year.

11 (2) If the trustees decide that an emergency exists for
 12 any reason other than the conditions specified in 20-9-161
 13 (1) through (3), they shall petition the board of regents
 14 for permission to adopt a resolution of emergency. The
 15 petition must set forth in writing the reasons for the
 16 request, the district funds affected by the emergency, the
 17 estimated amount of money required to meet the emergency for
 18 each affected fund, the anticipated sources of financing for
 19 the emergency expenditures, and any other information
 20 required by the board of regents. The petition must be
 21 signed by each trustee.

22 (3) The board of regents shall promptly approve or
 23 disapprove the petition requesting approval to adopt a
 24 resolution of emergency. If the petition is approved, the
 25 trustees may adopt a resolution of emergency and take all

1 other steps required for the adoption of an emergency
 2 budget. Approval of a petition by the board of regents
 3 authorizes the board of trustees to initiate emergency
 4 budget proceedings by resolution and does not relieve the
 5 trustees of the necessity of complying with the requirements
 6 of the emergency budgeting laws.

7 **NEW SECTION. Section 53. Emergency budget limitation,**
 8 **preparation, and adoption procedures.** (1) The meeting of the
 9 trustees of a community college district to consider and
 10 adopt an emergency budget must be open to the public, and
 11 any taxpayer in the district has the right to appear and be
 12 heard. If at the meeting a majority of the trustees present
 13 find that an emergency exists, the trustees may make and
 14 adopt a preliminary emergency budget, on the regular budget
 15 form, setting forth fully the facts constituting the
 16 emergency. In adopting the preliminary emergency budget, the
 17 trustees may budget for any fund that was included on the
 18 final budget of the district for the current fiscal year.
 19 The budget must be itemized to show the amount appropriated
 20 for each item as required on the budget form.

21 (2) When the emergency is the result of increased
 22 enrollment, the maximum amount of the emergency budget for
 23 all funds must be determined by budget amendment.

24 (3) If another type of emergency occurs, the budget
 25 must be limited to the expenditures considered by the

1 trustees to be reasonable and necessary to finance the
 2 conditions of the emergency and the preliminary emergency
 3 budget must include the details of the proposed
 4 expenditures.

5 (4) After a majority of the trustees have voted to
 6 adopt the emergency budget, it must be signed by the
 7 chairman of the trustees and the clerk of the district and
 8 copies must be sent to the county superintendent, the county
 9 treasurer, and the board of regents.

10 **NEW SECTION. Section 54. Determination of available**
 11 **financing -- fixing and levying property taxation for an**
 12 **emergency budget.** (1) After the last day of the fiscal year
 13 for which an emergency budget has been adopted, the county
 14 treasurer shall determine the amount of the cash balance
 15 that is available to finance the emergency budget's
 16 outstanding warrants or registered warrants for each fund
 17 included on the emergency budget. The available amount of
 18 the cash balance of each fund must be determined by
 19 deducting from the county treasurer's year-end cash balance
 20 for the fund the outstanding warrants or registered warrants
 21 issued under the regularly adopted final budget for the fund
 22 and the cash reserve for the fund that the trustees have
 23 established, within the limitations of law, for the
 24 following fiscal year.

25 (2) The county treasurer shall prepare and deliver a

1 statement on the financial status of each fund included on
2 an emergency budget for a district that had an emergency
3 budget during the preceding year to the board of county
4 commissioners by the first Monday in August. The statement
5 for each district emergency budget must include:

6 (a) the total amount of emergency warrants that are
7 outstanding or registered against each fund of the district;

8 (b) the amount of the cash balance in each fund
9 included on the emergency budget that is available to
10 finance the outstanding warrants or registered warrants; and

11 (c) after consideration of the available money in
12 subsection (2)(b), the additional amount of money that is
13 required to finance the outstanding warrants or registered
14 warrants and interest on the warrants and that must be
15 raised by a tax levy.

16 (3) For each fund of the emergency budget of each
17 district requiring a tax levy as established by subsection
18 (2)(c), the board of county commissioners shall, at the time
19 all other district and county taxes are fixed and levied,
20 levy a tax on the taxable property of each applicable
21 district that will raise sufficient financing to pay the
22 amount established by the county treasurer.

23 NEW SECTION. Section 55. Repealer. Sections 15-10-103,
24 20-9-111, and 20-9-167, MCA, are repealed.

25 NEW SECTION. Section 56. Codification instruction. (1)

1 [Section 50] is intended to be codified as an integral part
2 of Title 20, and the provisions of Title 20 apply to
3 [section 50].

4 (2) [Sections 51 through 54] are intended to be
5 codified as an integral part of Title 20, chapter 15, and
6 the provisions of Title 20, chapter 15, apply to [sections
7 51 through 54].

8 NEW SECTION. SECTION 57. COORDINATION INSTRUCTION. IF
9 HOUSE BILL NO. 580 IS PASSED AND APPROVED AND IF IT CONTAINS
10 A SECTION AMENDING 20-9-366, THEN THE AMENDMENTS TO 20-9-366
11 IN [THIS ACT] ARE VOID.

12 NEW SECTION. Section 58. Retroactive applicability.
13 [Sections 1 through 46 AND 48 THROUGH 50] apply
14 retroactively, within the meaning of 1-2-109, to the school
15 fiscal year beginning July 1, 1990.

16 NEW SECTION. Section 59. Effective date. (1) [Sections
17 1 through 50 46, 48 THROUGH 57 58, and this section] are
18 effective on passage and approval.

19 (2) ~~{Sections--51--through--54}--are~~ [SECTION 47] IS
20 effective July 1, 1991.

-End-

Free Conference Committee
on Senate Bill No. 17
Report No. 1, April 25, 1991

April 25, 1991
Page 2 of 2

Page 1 of 2

Mr. President and Mr. Speaker:

We, your Free Conference Committee on Senate Bill No. 17, met and considered Senate Bill No. 17 (reference copy - salmon) and we recommend that Senate Bill No. 17 (reference copy - salmon) be amended as follows:

1. Page 103, line 23.

Following; line 22

Insert: "Section 55. Section 15-1-501, MCA, is amended to read:

"15-1-501. Disposition of money from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all money received by him from the collection of:

(a) fees from driver's licenses, motorcycle endorsements, and duplicate driver's licenses as provided in 61-5-121;

(b) electrical energy producer's license taxes under chapter 51;

(c) severance taxes allocated to the general fund under chapter 36;

(d) liquor license taxes under Title 16;

(e) telephone company license taxes under chapter 53; and

(f) inheritance and estate taxes under Title 72, chapter

16.

(2) All money received from the collection of income taxes under chapter 30 of this title must be deposited as follows:

(a) ~~57% in fiscal year 1990 and 50% in fiscal year 1991, 62.8%~~ to the credit of the state general fund;

(b) ~~9.8% in fiscal year 1990 and 8.7% in fiscal year 1991,~~ to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and

(c) ~~33.2% in fiscal year 1990 and 41.3% in fiscal year 1991, 28.5%~~ to the credit of the state special revenue fund for state equalization aid to the public schools of Montana as described in 20-9-343.

(3) All money received from the collection of corporation license and income taxes under chapter 31 of this title, except as provided in 15-31-702, must be deposited as follows:

(a) ~~64% in fiscal year 1990 and 61% in fiscal year 1991,~~ to the credit of the state general fund;

(b) ~~11% in fiscal year 1990 and 10.5% in fiscal year 1991,~~ to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and

(c) ~~25% in fiscal year 1990 and 28.5% in fiscal year 1991,~~ to the credit of the state special revenue fund for state equalization aid to the public schools of Montana as described in 20-9-343.

ADOPT

REJECT

890925CC.Sji

(4) The state treasurer shall also deposit to the credit of the state general fund all money received by him from the collection of license taxes, fees, and all net revenues and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code.

(5) After the distribution provided for in 15-36-112, the remainder of the oil severance tax collections must be deposited in the general fund."
Renumber; subsequent sections

2. Page 104, line 17.

Strike: "58"

Insert: "54, 56 through 59"

3. Page 104, line 20.

Strike: "1991"

Insert: "1993"

4. Page 104.

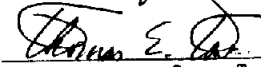
Following: line 20

Insert: "(3) [Section 55] is effective July 1, 1991"

And that this Free Conference Committee report be adopted.

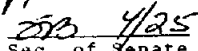
For the Senate:


Chair, Sen. Blaylock

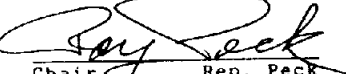

Sen. Towe

Sen. Brown

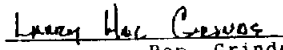

Sec. of Senate


Sec. of Senate

For the House:


Chair, Rep. Peck


Rep. Darko


Rep. Grinde

FCCR #1
SB 17
890925CC.Sji



AN ACT TO GENERALLY REVISE SCHOOL LAW IN COMPLIANCE WITH NEW SCHOOL FUNDING PROVISIONS AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FOR SCHOOL DISTRICTS; TO ALLOW A DISTRICT TO AMEND THE ADOPTED GENERAL FUND BUDGET AND TO EXCEED ANY APPLICABLE BUDGET LIMITATION IN CERTAIN CIRCUMSTANCES; TO ALLOW SCHOOL DISTRICTS TO TRANSPORT PRESCHOOL SPECIAL EDUCATION STUDENTS; TO LIMIT STATE TRANSPORTATION REIMBURSEMENT TO 180 PUPIL-INSTRUCTION DAYS; TO ADJUST THE SCHOOL DISTRICT BONDING LIMITATION TO COMPENSATE FOR CHANGES IN DISTRICT TAXABLE VALUATION; TO EXTEND THE ALLOCATION OF PERCENTAGES OF THE INDIVIDUAL INCOME TAX AND THE CORPORATE LICENSE AND INCOME TAX TO THE STATE GENERAL FUND, THE DEBT SERVICE ACCOUNT FOR LONG-RANGE BUILDING PROGRAM BONDS, AND THE STATE EQUALIZATION AID ACCOUNT FOR PUBLIC SCHOOLS; AMENDING SECTIONS 15-1-501, 15-24-1402, 20-3-106, 20-3-205, 20-3-324, 20-5-307, 20-5-312, 20-7-713, 20-9-104, 20-9-141, 20-9-142, 20-9-145, 20-9-161, 20-9-162, 20-9-163, 20-9-164, 20-9-165, 20-9-166, 20-9-201, 20-9-206, 20-9-208, 20-9-209, 20-9-210, 20-9-214, 20-9-221, 20-9-231, 20-9-301, 20-9-315, 20-9-321, 20-9-344, 20-9-353, 20-9-360, 20-9-366, 20-9-367, 20-9-368, 20-9-406, 20-9-435, 20-9-438, 20-9-439, 20-9-471, 20-9-501, 20-9-504, 20-9-505, 20-9-507, 20-10-101, 20-10-143, 20-10-144, 20-10-145, AND 20-15-404, MCA; REPEALING SECTIONS 15-10-103, 20-9-111, AND 20-9-167, MCA; AND PROVIDING EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE.

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

Section 1. Section 20-3-106, MCA, is amended to read:

"20-3-106. **Supervision of schools -- powers and duties.** The superintendent of public instruction has the general supervision of the public schools and districts of the state, and he shall perform the following duties or acts in implementing and enforcing the provisions of this title:

- (1) resolve any controversy resulting from the proration of costs by a joint board of trustees under the provisions of 20-3-362;
- (2) issue, renew, or deny teacher certification and emergency authorizations of employment;
- (3) negotiate reciprocal tuition agreements with other states in accordance with the provisions of 20-5-314;
- (4) serve on the teachers' retirement board in accordance with the provisions of 2-15-1010;
- (5) approve or disapprove the orders of a high school boundary commission in accordance with the provisions of 20-6-311;
- (6) approve or disapprove the opening or reopening of a school in accordance with the provisions of 20-6-502, 20-6-503, 20-6-504, or 20-6-505;
- (7) approve or disapprove school isolation within the limitations prescribed by 20-9-302;
- (8) generally supervise the school budgeting procedures prescribed by law in accordance with the provisions of 20-9-102

and prescribe the school budget format in accordance with the provisions of 20-9-103 and 20-9-506;

(9) establish a system of communication for calculating joint district revenues in accordance with the provisions of 20-9-151;

(10) approve or disapprove the adoption of a district's emergency budget amendment resolution under the conditions prescribed in 20-9-163 and publish adopt rules for an application for additional state aid for an-emergency a budget amendment in accordance with the approval and disbursement provisions of 20-9-166;

(11) generally supervise the school financial administration provisions as prescribed by 20-9-201(2);

(12) prescribe and furnish the annual report forms to enable the districts to report to the county superintendent in accordance with the provisions of 20-9-213(5) and the annual report forms to enable the county superintendents to report to the superintendent of public instruction in accordance with the provisions of 20-3-209;

(13) approve, disapprove, or adjust an increase of the average number belonging (ANB) in accordance with the provisions of 20-9-313 and 20-9-314;

(14) distribute state equalization aid in support of the foundation program and guaranteed tax base aid, in accordance with the provisions of 20-9-331, 20-9-333, 20-9-342, 20-9-346, 20-9-347, and 20-9-366 through 20-9-369;

(15) distribute state impact aid in accordance with the provisions of 20-9-304;

(16) provide for the uniform and equal provision of transportation by performing the duties prescribed by the provisions of 20-10-112;

(17) approve or disapprove an adult education program for which a district proposes to levy a tax in accordance with the provisions of 20-7-705;

(18) request, accept, deposit, and expend federal money in accordance with the provisions of 20-9-603;

(19) authorize the use of federal money for the support of an interlocal cooperative agreement in accordance with the provisions of 20-9-703 and 20-9-704;

(20) prescribe the form and contents of and approve or disapprove interstate contracts in accordance with the provisions of 20-9-705;

(21) approve or disapprove the conduct of school on a Saturday or on pupil-instruction-related days in accordance with the provisions of 20-1-303 and 20-1-304;

(22) recommend standards of accreditation for all schools to the board of public education and evaluate compliance with the standards and recommend accreditation status of every school to the board of public education in accordance with the provisions of 20-7-101 and 20-7-102;

(23) collect and maintain a file of curriculum guides and

assist schools with instructional programs in accordance with the provisions of 20-7-113 and 20-7-114;

(24) establish and maintain a library of visual, aural, and other educational media in accordance with the provisions of 20-7-201;

(25) license textbook dealers and initiate prosecution of textbook dealers violating the law in accordance with the provisions of the textbooks part of this title;

(26) as the governing agent and executive officer of the state of Montana for K-12 vocational education, adopt the policies prescribed by and in accordance with the provisions of 20-7-301;

(27) supervise and coordinate the conduct of special education in the state in accordance with the provisions of 20-7-403;

(28) administer the traffic education program in accordance with the provisions of 20-7-502;

(29) administer the school food services program in accordance with the provisions of 20-10-201, 20-10-202, and 20-10-203;

(30) review school building plans and specifications in accordance with the provisions of 20-6-622;

(31) prescribe the method of identification and signals to be used by school safety patrols in accordance with the provisions of 20-1-408;

(32) provide schools with information and technical assistance for compliance with the student assessment rules provided for in 20-2-121 and collect and summarize the results of the student

assessment for the board of public education and the legislature;

(33) administer the distribution of guaranteed tax base aid for county retirement levy obligations in accordance with 20-9-366 through 20-9-369; and

(34) perform any other duty prescribed from time to time by this title, any other act of the legislature, or the policies of the board of public education."

Section 2. Section 20-3-205, MCA, is amended to read:

"20-3-205. Powers and duties. The county superintendent has general supervision of the schools of the county within the limitations prescribed by this title and shall perform the following duties or acts:

(1) determine, establish, and reestablish trustee nominating districts in accordance with the provisions of 20-3-352, 20-3-353, and 20-3-354;

(2) administer and file the oaths of members of the boards of trustees of the districts in his county in accordance with the provisions of 20-3-307;

(3) register the teacher or specialist certificates or emergency authorization of employment of any person employed in the county as a teacher, specialist, principal, or district superintendent in accordance with the provisions of 20-4-202;

(4) act on each tuition application submitted to him in accordance with the provisions of 20-5-301, 20-5-302, 20-5-304, and 20-5-311 and transmit the tuition information required by

20-5-312;

(5) file a copy of the audit report for a district in accordance with the provisions of 20-9-203;

(6) classify districts in accordance with the provisions of 20-6-201 and 20-6-301;

(7) keep a transcript and reconcile the district boundaries of the county in accordance with the provisions of 20-6-103;

(8) fulfill all responsibilities assigned to him under the provisions of this title regulating the organization, alteration, or abandonment of districts;

(9) act on any unification proposition and, if approved, establish additional trustee nominating districts in accordance with 20-6-312 and 20-6-313;

(10) estimate the average number belonging (ANB) of an opening school in accordance with the provisions of 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

(11) process and, when required, act on school isolation applications in accordance with the provisions of 20-9-302;

(12) complete the budgets, compute the budgeted revenues and tax levies, file final budgets and emergency--budgets budget amendments, and fulfill such other responsibilities assigned to him under the provisions of this title regulating school budgeting systems;

(13) submit an annual financial report to the superintendent of public instruction in accordance with the provisions of

20-9-211;

(14) monthly, unless otherwise provided by law, order the county treasurer to apportion state money, county school money, and any other school money subject to apportionment in accordance with the provisions of 20-9-212, 20-9-334, 20-9-347, 20-10-145, or 20-10-146;

(15) act on any request to transfer average number belonging (ANB) in accordance with the provisions of 20-9-313(3);

(16) calculate the estimated budgeted general fund sources of revenue in accordance with the provisions of 20-9-348 and the other general fund revenue provisions of the general fund part of this title;

(17) compute the revenues and the district and county levy requirements for each fund included in each district's final budget and report the computations to the board of county commissioners in accordance with the provisions of the general fund, transportation, bonds, and other school funds parts of this title;

(18) file and forward bus driver certifications, transportation contracts, and state transportation reimbursement claims in accordance with the provisions of 20-10-103, 20-10-143, or 20-10-145;

(19) for districts which that do not employ a district superintendent or principal, recommend library book and textbook selections in accordance with the provisions of 20-7-204 or

20-7-602;

(20) notify the superintendent of public instruction of a textbook dealer's activities when required under the provisions of 20-7-605 and otherwise comply with the textbook dealer provisions of this title;

(21) act on district requests to allocate federal money for indigent children for school food services in accordance with the provisions of 20-10-205;

(22) perform any other duty prescribed from time to time by this title, any other act of the legislature, the policies of the board of public education, the policies of the board of regents relating to community college districts, or the rules of the superintendent of public instruction;

(23) administer the oath of office to trustees without the receipt of pay for administering the oath;

(24) keep a record of his official acts, preserve all reports submitted to him under the provisions of this title, preserve all books and instructional equipment or supplies, keep all documents applicable to the administration of the office, and surrender all records, books, supplies, and equipment to his successor;

(25) within 90 days after the close of the school fiscal year, publish an annual report in the county newspaper stating the following financial information for the school fiscal year just ended for each district of the county:

(a) the total of the cash balances of all funds maintained by

the district at the beginning of the year;

(b) the total receipts that were realized in each fund maintained by the district;

(c) the total expenditures that were made from each fund maintained by the district; and

(d) the total of the cash balances of all funds maintained by the district at the end of the school fiscal year; and

(26) hold meetings for the members of the trustees from time to time at which matters for the good of the districts must be discussed."

Section 3. Section 20-3-324, MCA, is amended to read:

"20-3-324. Powers and duties. As prescribed elsewhere in this title, the trustees of each district shall:

(1) employ or dismiss a teacher, principal, or other assistant upon the recommendation of the district superintendent, the county high school principal, or other principal as the board considers necessary, accepting or rejecting any recommendation as the trustees in their sole discretion determine, in accordance with the provisions of Title 20, chapter 4;

(2) employ and dismiss administrative personnel, clerks, secretaries, teacher aides, custodians, maintenance personnel, school bus drivers, food service personnel, nurses, and any other personnel considered necessary to carry out the various services of the district;

(3) administer the attendance and tuition provisions and

otherwise govern the pupils of the district in accordance with the provisions of the pupils chapter of this title;

(4) call, conduct, and certify the elections of the district in accordance with the provisions of the school elections chapter of this title;

(5) participate in the teachers' retirement system of the state of Montana in accordance with the provisions of the teachers' retirement system chapter of Title 19;

(6) participate in district boundary change actions in accordance with the provisions of the districts chapter of this title;

(7) organize, open, close, or acquire isolation status for the schools of the district in accordance with the provisions of the school organization part of this title;

(8) adopt and administer the annual budget or an-emergency a budget amendment of the district in accordance with the provisions of the school budget system part of this title;

(9) conduct the fiscal business of the district in accordance with the provisions of the school financial administration part of this title;

(10) establish the ANB, foundation program, permissive, additional levy, cash operating reserve, and state impact aid amount amounts for the general fund of the district in accordance with the provisions of the general fund part of this title;

(11) establish, maintain, budget, and finance the

transportation program of the district in accordance with the provisions of the transportation parts of this title;

(12) issue, refund, sell, budget, and redeem the bonds of the district in accordance with the provisions of the bonds parts of this title;

(13) when applicable, establish, financially administer, and budget for the tuition fund, retirement fund, building reserve fund, adult education fund, nonoperating fund, school food services fund, miscellaneous federal programs fund, building fund, lease or rental agreement fund, traffic education fund, and interlocal cooperative agreement fund in accordance with the provisions of the other school funds parts of this title;

(14) when applicable, administer any interlocal cooperative agreement, gifts, legacies, or devises in accordance with the provisions of the miscellaneous financial parts of this title;

(15) hold in trust, acquire, and dispose of the real and personal property of the district in accordance with the provisions of the school sites and facilities part of this title;

(16) operate the schools of the district in accordance with the provisions of the school calendar part of this title;

(17) establish and maintain the instructional services of the schools of the district in accordance with the provisions of the instructional services, textbooks, vocational education, and special education parts of this title;

(18) establish and maintain the school food services of the

district in accordance with the provisions of the school food services parts of this title;

(19) make reports from time to time as the county superintendent, superintendent of public instruction, and board of public education may require;

(20) retain, when considered advisable, a physician or registered nurse to inspect the sanitary conditions of the school or the general health conditions of each pupil and, upon request, make available to any parent or guardian any medical reports or health records maintained by the district pertaining to his child;

(21) for each member of the trustees, visit each school of the district not less than once each school fiscal year to examine its management, conditions, and needs, except trustees from a first-class school district may share the responsibility for visiting each school in the district;

(22) procure and display outside daily in suitable weather at each school of the district an American flag that measures not less than 4 feet by 6 feet;

(23) adopt and administer a district policy on assessment for placement of any child who enrolls in a school of the district from a nonpublic school that is not accredited, as required in 20-5-110; and

(24) perform any other duty and enforce any other requirements for the government of the schools prescribed by this title, the policies of the board of public education, or the rules of the

superintendent of public instruction."

Section 4. Section 20-5-307, MCA, is amended to read:

"20-5-307. Budgeting, levy requirement, and paying elementary tuition. (1) The tuition amount that has been established in 20-5-305 ~~shall~~ must be paid during the ensuing school fiscal year. ~~The~~ trustees of the elementary district shall include ~~such~~ the amount in the tuition fund of the preliminary budget. If the trustees should fail to include ~~such~~ the amount or any portion of it in the preliminary budget, they shall adjust the budgeted amount in adopting the final budget to provide for the total tuition amount that is due during the ensuing school fiscal year. ~~Such~~ The adjustment ~~shall--not--be~~ is not subject to the budget adjustment provisions of 20-9-132.

(2) The county superintendent shall report the net tuition fund levy requirement for each elementary district to the county commissioners on the second Monday of August, and a levy on the district ~~shall~~ must be made by the county commissioners in accordance with 20-9-142. ~~Such~~ The levy requirement ~~shall~~ must be calculated by subtracting from the total expenditure amount authorized in the final tuition fund budget the sum of the cash fund balance in the tuition fund at the end of the immediately preceding school fiscal year plus any other anticipated ~~moneys~~ money that may be realized in the tuition fund.

(3) The trustees shall pay by warrants drawn on the tuition fund the tuition amounts owed to each district included in the

county superintendent's notification provided under the provisions of 20-5-306. At least one-half of the payments must be made in December, and the remaining payments must be made by June 15 of the fiscal year.

(4) Any unanticipated tuition receipts received under the provisions of chapter 7, part 4, or this part for the current school fiscal year must be deposited in a separate account of the district miscellaneous programs fund and may be used for that year in the manner provided for in that fund. For the ensuing school fiscal year, the receipts must be credited to the district general fund budget."

Section 5. Section 20-5-312, MCA, is amended to read:

"20-5-312. Reporting, budgeting, and payment for high school tuition. (1) Except as provided in subsection (2), at the close of the school term of each school fiscal year, the trustees of each high school district shall determine the rate of tuition for the current school fiscal year by:

(a) totaling the actual expenditures from the district general fund, the debt service fund, and, if the pupil is a resident of another county, the retirement fund;

(b) dividing the amount determined in subsection (1)(a) above by the ANB of the district as determined under the provisions of 20-9-311; and

(c) subtracting from the amount determined in subsection (1)(b) the per-ANB amount allowed by the foundation program

schedules and the per-ANB amount of guaranteed tax base aid as provided in 20-9-366 through 20-9-369.

(2) The tuition for a full-time high school special education pupil must be determined under rules adopted by the superintendent of public instruction for the calculation of tuition for full-time high school special education pupils as designated in 20-9-311 for funding purposes.

(3) Before July 15, the trustees shall report to the county superintendent of the county in which the district is located:

(a) the names, addresses, and resident districts of the pupils attending the schools of the district under an approved tuition agreement;

(b) the number of days of school attended by each pupil;

(c) the amount, if any, of each pupil's tuition payment that the trustees, in their discretion, have the authority to waive; and

(d) the rate of current school fiscal year tuition, as determined under the provisions of this section.

(4) When the county superintendent receives a tuition report from a district, he shall immediately send the reported information to the superintendent of each district in which the reported pupils reside.

(5) When the district superintendent receives a tuition report or reports for high school pupils residing in his district and attending an out-of-district high school under approved

tuition agreements, he shall determine the total amount of tuition due the out-of-district high schools on the basis of the following per-pupil schedule: the rate of tuition, number of pupils attending under an approved tuition agreement, and other information provided by each high school district where resident district pupils have attended school.

(6) The total amount of the high school tuition, with consideration of any tuition waivers, for pupils attending a high school outside the county of residence must be financed by the county basic special tax for high schools as provided in 20-9-334. In December, the county superintendent shall cause the payment by county warrant of at least one-half of the high school tuition obligations established under this section out of the first money realized from the county basic special tax for high schools. The remaining obligations must be paid by June 15 of the school fiscal year. The payments must be made to the county treasurer of the county where each high school entitled to tuition is located. The Except as provided in subsection (8), the county treasurer shall credit tuition receipts to the general fund of the applicable high school district, and the tuition receipts must be used in accordance with the provisions of 20-9-141.

(7) For pupils attending a high school outside their district of residence but within the county of residence, the total amount of the tuition, with consideration of any tuition waivers, must be paid during the ensuing school fiscal year. The trustees of the

sending high school district shall include the tuition amount in the tuition fund of the preliminary and final budgets. This budgeted tuition amount is not subject to the budget adjustment provisions of 20-9-132. The county superintendent shall report the net tuition fund levy requirement for each high school district to the county commissioners on the second Monday of August, and a levy on the district must be made by the county commissioners in accordance with 20-9-142. The levy requirement must be calculated by subtracting from the total expenditure amount authorized in the final tuition fund budget the sum of the cash fund balance in the tuition fund at the end of the immediately preceding school fiscal year plus any other anticipated money that may be realized in the tuition fund. The trustees shall pay by warrants drawn on the tuition fund the tuition amounts owed to each district included in the county superintendent's notification. Payments must be made whenever there is a sufficient amount of cash available in the tuition fund but no later than the end of the school fiscal year for which the budget is adopted. However, if the trustees of either the sending or receiving high school district feel the transfer privilege provided by this subsection is being abused, they may appeal to the county superintendent of schools, who shall hold a hearing and either approve or disapprove the transfer.

(8) Any unanticipated tuition receipts received under the provisions of chapter 7, part 4, or this part for the current school fiscal year must be deposited in a separate account of the

district miscellaneous programs fund and may be used for that year in the manner provided for in that fund. For the ensuing school fiscal year, the receipts must be credited to the district general fund budget."

Section 6. Section 20-7-713, MCA, is amended to read:

"20-7-713. Adult basic education fund cash operating reserve. At the end of each school fiscal year, the trustees of any a school district that operates an adult basic education program may designate what the portion of the adult basic education fund end-of-the-year cash fund balance that is to be earmarked as cash operating reserve for the purpose of paying, whenever a cash flow shortage occurs, adult basic education fund warrants issued by the district from July 1 through June 30 of the ensuing school fiscal year. The amount of the adult basic education fund cash balance that is earmarked as cash operating reserve may not exceed 35% of the final adult basic education fund budget for the ensuing school fiscal year."

Section 7. Section 20-9-104, MCA, is amended to read:

"20-9-104. General fund cash operating reserve. (1) At the end of each school fiscal year, the trustees of each district shall designate the portion of the general fund end-of-the-year cash fund balance that is to be earmarked as cash operating reserve for the purpose of paying general fund warrants issued by the district from July 1 to November 30 of the ensuing school fiscal year. Except as provided in subsections ~~(3)~~(5) and ~~(4)~~(6),

the amount of the general fund cash balance that is earmarked as cash operating reserve may not exceed the following percentages of the final general fund budget for the ensuing school fiscal year:

(a) 35% for a district that did not receive state equalization aid during the current school fiscal year;

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

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

(2) The amount held as cash operating reserve may not be used for property tax reduction in the manner permitted by 20-9-141(1)(b) for other receipts.

(3) Any unreserved fund balance that is equal to or less than the prior year's excess reserves as provided in subsection (5) may be used to reduce the permissive levy provided by 20-9-145 or to reduce the voted levy provided by 20-9-353.

(4) Any portion of the general fund end-of-the-year cash fund balance that is not earmarked-for-cash reserve-purposes reserved under subsection (2) or reappropriated under subsection (3) is cash fund balance reappropriated and must be used for property tax reduction as provided in 20-9-141(1)(b)(iii).

~~(3)~~(5) The limitation of subsection (1) does not apply when the amount in excess of the limitation is equal to or less than

one or more of the following:

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

(b) the unused balance of any amount received;

(i) in settlement of tax payments protested in a prior to July-17-1998 school fiscal year;

(ii) in taxes from a prior school fiscal year as a result of a tax audit by the department of revenue or its agents; and

(iii) in delinquent taxes from a prior school fiscal year; or

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

~~(4)~~(6) The limitation of subsection (1) does not apply when the amount earmarked as cash operating reserve is \$10,000 or less."

Section 8. Section 20-9-141, MCA, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xi) any other revenue anticipated by the trustees to be received during the ensuing school fiscal year which that may be used to finance the general fund, excluding any guaranteed tax base aid.

(c) Subtract Notwithstanding the provisions of subsection (2), subtract the money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from the--total--requirement--determined---in subsection--(1)(a): any additional general fund budget amount adopted by the trustees of the district as the permissive amount under the provisions of 20-9-145 to determine the general fund permissive net levy requirement.

(d) Subtract any amount remaining after the determination in subsection (1)(c) from any additional funding requirement to be met by a district levy as provided in 20-9-303 and 20-9-353 to determine the additional general fund levy requirement.

(2) The county superintendent shall calculate the number of mills to be levied on the taxable property in the district to finance the general fund permissive net levy requirement by

dividing the amount determined in subsection (1)(c) by the sum of:

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

(b) the taxable valuation of the district divided by 1,000.

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

Section 9. Section 20-9-142, MCA, is amended to read:

"20-9-142. Fixing and levying taxes by board of county commissioners. On the second Monday in August, the county superintendent shall place before the board of county commissioners the final adopted budget of the district and any emergency budget adopted by the district during the previous school fiscal year. It shall be is the duty of the board of county commissioners to fix and levy on all the taxable value of all the real and personal property within the district all district and county taxation required to finance, within the limitations provided by law, the final budget and any emergency budget of the district."

Section 10. Section 20-9-145, MCA, is amended to read:

~~"20-9-145. Overschedule--permissive~~ Permissive amount of general fund budget -- permissive levy. Whenever the trustees of any a district determine it necessary to adopt a general fund budget in excess of the foundation program amount for that district, the trustees shall adopt a resolution stating the reasons and purposes for exceeding the foundation program amount. This amount is the "permissive amount" and may not exceed ~~{the equivalent-of-the-percent-to-be-determined-that-is-112%-of-FY-1988 district--general-fund-and-insurance-fund-expenditures}~~ 35% of the foundation program amount. It must be financed by ~~the district-and established-as-provided-in-20-9-142~~ a levy on the taxable value of all property within the district, by any guaranteed tax base aid for which the district may be eligible, and by other revenue available to the district for other than foundation program support."

Section 11. Section 20-9-161, MCA, is amended to read:

"20-9-161. Definition of emergency budget amendment for budgeting purposes. As used in this title, unless the context clearly indicates otherwise, the term "emergency" "budget amendment" for the purpose of school budgeting ~~shall-be~~ means an amendment to an adopted budget of the district for the following reasons:

(1) an increase in the enrollment of an elementary or high school district ~~over-the-immediately-preceding-school-fiscal-year~~ which that is beyond what could reasonably have been anticipated

at the time of the adoption of the budget for the ~~then-current~~ current school fiscal year whenever, because of such the enrollment increase, the district's budget for any or all of the regularly budgeted funds does not provide sufficient financing to properly maintain and support the district for the entire current school fiscal year;

(2) the destruction or impairment of any school property necessary to the maintenance of the school, by fire, flood, storm, riot, insurrection, or any act of God, to ~~such an extent as-to~~ render-such rendering school property unfit for its present school use;

(3) a judgment for damages against the district ~~rendered~~ issued by a court after the adoption of the budget for the current year;

(4) an enactment of legislation after the adoption of the budget for the current year that imposes an additional financial obligation on the district; or

(5) receipt of:

(a) settlement of taxes protested in a prior school fiscal year;

(b) taxes from a prior school fiscal year as the result of a tax audit by the department of revenue or its agents;

(c) delinquent taxes from a prior school fiscal year; and

(d) a determination by the trustees that it is necessary to expend all or a portion of the taxes received under subsection

(5)(a), (5)(b), or (5)(c) for a project or projects that were deferred from a previous budget of the district as a result of the protested taxes; or

†5) (6) any other reason-of-similar-consequences-that-has-been approved-by-the-superintendent-of-public-instruction-upon-petition by-the-trustees-of-the-district-or-by-the-board-of-regents-upon petition---by---the---trustees---of---a---community---college---district unforeseen need of the district that cannot be postponed until the next school year without dire consequences affecting the safety of the students and district employees or the educational functions of the district."

Section 12. Section 20-9-162, MCA, is amended to read:

"20-9-162. Authorization for emergency budget amendment adoption. Emergency-budgets (1) Notwithstanding the provisions of subsections (2) and (3), a budget amendment may be adopted at any time of the school fiscal year, except that emergency--budgets a budget amendment required by an enrollment increase that could not have been anticipated at the time of the adoption of the regular budget as provided in 20-9-161(1) may not be adopted until after December-31 October 1.

(2) If a budget amendment for the reasons provided in 20-9-161(1) through (4) does not cause the district general fund budget to exceed the limitations in 20-9-315, the trustees may approve the budget amendment by a resolution as provided in 20-9-163. The trustees shall send a copy of the resolution to the

county superintendent and to the board of county commissioners of the county.

(3) The trustees shall submit the following to the superintendent of public instruction for approval in the manner provided in 20-9-163:

(a) a budget amendment for the reasons provided in 20-9-161(5) and (6); and

(b) a budget amendment for any reason provided in 20-9-161(1) through (4) that causes the district general fund budget to exceed the limitations in 20-9-315."

Section 13. Section 20-9-163, MCA, is amended to read:

"20-9-163. Resolution for emergency budget amendment -- petition to superintendent of public instruction or-to--the--board of---regents. (1) Whenever Notwithstanding the provisions of subsection (3), whenever the trustees of any a district decide that an-emergency-exists a budget amendment is necessary, they may adopt a resolution proclaiming such-emergency the budget amendment by a unanimous majority vote of all-members-present-at-any-meeting for--which--each--trustee--has-been-given-reasonable-notice-of-the time-and-place-of-holding-such-meeting the trustees. The emergency budget amendment resolution shall must also state the facts constituting the emergency need for the budget amendment, the estimated amount of money required to meet-the-emergency fund the budget amendment, the funds affected by the-emergency the budget amendment, and the time and place when the board will meet for the

purpose of considering and adopting an emergency a budget amendment for such funds for the current school fiscal year.

(2) If the trustees decide that an emergency exists for any reason other than the conditions specified in subsections (1), (2), (3), or (4) of 20-9-161, they shall petition the superintendent of public instruction or, in the case of a community college district, the board of regents for permission to adopt a resolution of emergency. Such petition shall set forth in writing the reasons for the request, the district funds affected by the emergency, the estimated amount of money required to meet such emergency for each affected fund, the anticipated sources of financing for the emergency expenditures, and such other information as may be required by the superintendent of public instruction or the board of regents. The petition shall be signed by each trustee of a school district determine that the proposed budget amendment will cause the district general fund to exceed the limitations of 20-9-315 or is for the reasons provided in 20-9-161(5) and 20-9-161(6), the trustees shall petition the superintendent of public instruction for permission to adopt a resolution for a budget amendment. The petition must set forth in writing the reasons for the request, the district funds affected by the budget amendment, the estimated amount of money required for the budget amendment for each affected fund, the anticipated sources of financing for the budget amendment expenditures, and any other information required by the superintendent of public

instruction. The petition must be signed by a majority of the trustees.

(3) The superintendent of public instruction or, in the case of a community college district, the board of regents shall promptly approve or disapprove the petition requesting approval to adopt a resolution of emergency for a budget amendment. If the petition is approved, the trustees may then adopt a resolution of emergency for a budget amendment and may subsequently take all other steps required for the adoption of an emergency a budget amendment. Approval of a petition by the superintendent of public instruction or the board of regents shall merely authorize authorizes the board of trustees to initiate emergency a budget proceedings amendment by resolution and shall does not relieve the trustees of the necessity of complying with the requirements of the school emergency budgeting laws. Approval of the petition shall may not be construed as approval of any subsequent application for increased state aid on account of such emergency the budget amendment."

Section 14. Section 20-9-164, MCA, is amended to read:

"20-9-164. Notice of emergency budget amendment resolution. A copy of the emergency budget amendment resolution shall must be published one time in a newspaper that will give notice to the largest number of people of the district as determined by the trustees, and a copy of the resolution shall must be posted at each schoolhouse of the district. A copy of the emergency budget

amendment resolution shall must also be delivered to the county superintendent and to the county clerk as the clerk of the board of county commissioners of the county. The publication, posting, and delivery of the resolution shall must be done not less than 1 week before the day specified in the resolution for the consideration and adoption of ~~an-emergency~~ a budget amendment."

Section 15. Section 20-9-165, MCA, is amended to read:

"20-9-165. ~~Emergency---budget~~ Budget amendment limitation, preparation, and adoption procedures. (1) The meeting of the trustees to consider and adopt ~~an--emergency~~ a budget shall amendment must be open to the public, and any taxpayer in the district shall--have has the right to appear and be heard. If at ~~such-a~~ the meeting a majority of the trustees present shall find that ~~an--emergency--exists~~ there is sufficient need for a budget amendment, the trustees may make and adopt a preliminary emergency budget amendment, on the regular budget form, setting forth fully the facts constituting the emergency need for the budget amendment. In adopting the preliminary emergency budget amendment, the trustees may budget for any fund which that was included on the final budget of the district for the current school fiscal year. The budget shall must be itemized to show the amount appropriated for each item as required on the budget form.

(2) When the emergency budget amendment is ~~due--to--any~~ increase the result of increased enrollment, the maximum amount of the emergency budget amendment for all funds shall must be

determined in the following manner:

(a) Determine the total amount in the final budget for the current school fiscal year of all funds affected by the emergency enrollment increase, less any amounts appropriated as capital outlay and any amount appropriated for addition to the cash operating reserve.

(b) Divide the amount determined in subsection (2)(a) by the number of pupils originally enrolled in ~~such~~ the district during the immediately preceding school fiscal year. The resulting cost per pupil shall--constitute is the maximum permissible per-pupil expenditure in the emergency budget amendment.

(c) Determine the enrollment increase of the current school fiscal year by subtracting the number of pupils originally enrolled during the immediately preceding school fiscal year from the number of pupils enrolled for the current school year. The result shall--be is the enrollment increase for the current school fiscal year.

(d) Multiply the cost per pupil determined in subsection (2)(b) by the enrollment increase determined in subsection (2)(c). The result shall--be is the maximum limitation on ~~an-emergency~~ a budget amendment for emergencies amendments due-to-an-increase--of resulting from increased enrollment.

~~te)--in--the--case--of--a--community--college--district--by--budget~~ amendment:

(3) ~~In-the-event-of-any-other-type--of--emergency~~ For other

types of budget amendments, the budget ~~shall be~~ amendment is limited by those to the expenditures deemed considered by the trustees to be reasonable and necessary to finance the stated conditions of the emergency budget amendment and the preliminary emergency budget shall amendment must be accompanied with include the details of the proposed expenditures.

(4) Whenever the trustees adopt a preliminary emergency budget amendment for the transportation fund, the trustees shall attach to such the budget amendment a copy of each transportation contract which that is connected with the emergency budget amendment and which that has been prepared and executed in accordance with the school transportation contract laws.

(5) After the trustees have adopted the emergency budget amendment by a majority vote of the trustees, it ~~shall~~ must be signed by the chairman of the trustees and the clerk of the district and copies ~~shall~~ must be sent to the county superintendent, the county treasurer, and the superintendent of public instruction. ~~In the case of a community college district, copies of the emergency budget shall be sent to the county superintendent, the county treasurer, and the board of regents.~~

Section 16. Section 20-9-166, MCA, is amended to read:

"20-9-166. State financial aid for ~~emergency budgets~~ budget amendments. Whenever a final emergency budget amendment has been adopted for the general fund or the transportation fund to finance the cost of an emergency amendment due to an resulting from

increased enrollment or any other reason approved by the superintendent of public instruction under the provisions of 20-9-163, the trustees may apply to the superintendent of public instruction for an increased payment from the state public school equalization aid account for the foundation program or for state transportation reimbursement, or both. The superintendent of public instruction shall ~~publish~~ adopt rules for such the application. The superintendent of public instruction shall approve or disapprove each application for increased state aid made in accordance with 20-9-314 and this section. When the superintendent of public instruction approves an application, he shall determine the additional amount of state aid from the state public school equalization aid account or the state transportation reimbursement ~~which that~~ will be made available to the applicant district because of the ~~emergency--caused--by--an~~ increase in enrollment. The superintendent of public instruction shall notify the applicant district of his approval or disapproval and, in the event of approval, the amount of additional state aid that will be made available for the general fund or the transportation fund. The superintendent of public instruction shall disburse such emergency the state aid to the eligible district at the time the next regular state aid payment is made."

Section 17. Section 20-9-201, MCA, is amended to read:

"20-9-201. Definitions and application. (1) As used in this title, unless the context clearly indicates otherwise, "fund"

means a separate detailed account of receipts and expenditures for a specific purpose as authorized by law or by the superintendent of public instruction under the provisions of subsection (2). Funds are classified as follows:

(a) A "budgeted fund" means any fund for which a budget must be adopted in order to expend money from the fund. The general fund, transportation fund, bus depreciation reserve fund, elementary tuition fund, retirement fund, debt service fund, ~~leased--facilities--fund,~~ building reserve fund, adult education fund, nonoperating fund, and any other funds so designated by the legislature are budgeted funds.

(b) A "nonbudgeted fund" means any fund for which a budget is not required in order to expend money on deposit in the fund. The school food services fund, miscellaneous ~~federal~~ programs fund, building fund, lease or rental agreement fund, traffic education fund, interlocal cooperative fund, extracurricular fund, metal mines tax reserve fund, endowment fund, and any other funds so designated by the legislature are nonbudgeted funds.

(2) The school financial administration provisions of this title apply to all money of any elementary or high school district ~~except--the--extracurricular-money-realized-from-pupil-activities.~~ Elementary and high school districts shall record the receipt and disbursement of all money in accordance with generally accepted accounting principles. The superintendent of public instruction has general supervisory authority as prescribed by law over the

school financial administration provisions, as they relate to elementary and high school districts. ~~He~~ The superintendent of public instruction shall adopt rules necessary to secure compliance with the law.

(3) Except as otherwise provided by law, whenever the trustees of a district determine that a fund is inactive and will no longer be used, the trustees shall close the fund by transferring all cash and other account balances to the general fund if the fund does not have a cash or fund balance deficit."

Section 18. Section 20-9-206, MCA, is amended to read:

"20-9-206. Entering appropriations on accounting records of county treasurer. (1) When the county treasurer receives the final budgets of the districts from the county superintendent, he shall open a fund for each budgeted fund included on the final budget of each district by entering the amount appropriated for the fund on his accounting record.

(2) Whenever the county treasurer receives a final emergency budget amendment for a district from the county superintendent, he shall increase the amount of the regularly adopted final budget by the amount of ~~the-emergency-budgeted-fund included-on~~ the final emergency budget amendment."

Section 19. Section 20-9-208, MCA, is amended to read:

"20-9-208. Transfer among appropriation items of a fund. (1) Whenever it appears to the trustees of any a district that the appropriated amount of any an item of a budgeted fund of the final

budget or ~~the emergency~~ a budget amendment is in excess of the amount actually required during the school fiscal year for ~~such~~ the appropriation item, the trustees may transfer any or all of the excess appropriation amount to any other appropriation item of the same budgeted fund.

(2) ~~Such transfers shall~~ Transfers may not be made between different funds of the same district or between similar funds of different districts except as specifically provided by this title. The trustees shall enter the authorized transfers upon the permanent records of the district."

Section 20. Section 20-9-209, MCA, is amended to read:

"20-9-209. Lapse of budgeted appropriations and provision for unpaid claims. (1) All appropriations for a budgeted fund in the regular ~~or emergency~~ budget or for a budget amendment for a given school fiscal year ~~shall~~ lapse on the last day of ~~such~~ the school fiscal year except the appropriations for:

(a) uncompleted improvements in progress of construction; and
 (b) any an obligation for the purchase of personal property ordered but not paid for during the current fiscal year and recorded with the county treasurer in the manner and on forms prescribed by the superintendent of public instruction.

(2) Any A lawful claim presented to the district for payment under a lapsed appropriation ~~shall be~~ is an obligation of the budget for the next ensuing school fiscal year."

Section 21. Section 20-9-210, MCA, is amended to read:

"20-9-210. Expenditure limitation and ~~cash retention~~ of nonbudgeted fund. The expenditure limitation, at any time during the school fiscal year, for a nonbudgeted fund ~~shall be~~ is the amount of cash balance of ~~such~~ the nonbudgeted fund. ~~The cash balance of a nonbudgeted fund shall remain to the credit of such nonbudgeted fund from year to year unless a transfer is specifically authorized by this title.~~"

Section 22. Section 20-9-214, MCA, is amended to read:

"20-9-214. Fees. (1) The trustees of any a district may:

(a) require pupils in the commercial, industrial arts, music, domestic science, scientific, or agricultural courses to pay reasonable fees to cover the actual cost of breakage and of excessive supplies used; and

(b) charge pupils a reasonable fee for any a course or activity not reasonably related to a recognized academic and educational goal of the district or any a course or activity held outside normal school functions. The trustees may waive the fee in cases of financial hardship.

(2) The fees collected pursuant to ~~subsection (1) shall be~~ subsection (1)(a) must be deposited in the general fund, and the fees collected pursuant to subsection (1)(b) must be deposited in a nonbudgeted fund as provided in 20-9-210."

Section 23. Section 20-9-221, MCA, is amended to read:

"20-9-221. Procedure for issuance of warrants. (1) The trustees of each district shall issue all warrants, and the

warrants shall must identify:

(a) the budgeted fund or nonbudgeted fund on which the warrant is drawn; and

(b) the warrant as an-emergency a budget amendment warrant if it is drawn on an-emergency a budget amendment.

(2) Any-warrant All warrants issued by a district shall must be countersigned by the chairman of the trustees and the clerk of the district before the warrant-shall-be warrants are negotiable. Facsimile signatures may be used in accordance with the provisions of 2-16-114. A facsimile signature device used under authority of this section must may not be available to the other countersigner of the warrant, or the device must have a nonresettable metering control that can provide a positive reconciliation between the number of warrants issued and the number of signatures applied. Either split signature plates or a double signature plate may be used according to the requirements of the district. The signature plates and the device keys must be kept secure by the district clerk under the supervision of the board of trustees of the district.

(3) The trustees shall issue warrants in single copy or in triplicate copy. When the warrants are issued in single copy, the trustees shall immediately provide a listing of the issued warrants on a fund-by-fund basis to the county treasurer and retain a copy of the listing in the district accounting records. When the warrants are issued in triplicate, the original copy of

the warrant shall must be delivered to the payee, the duplicate shall must be sent immediately to the county treasurer, and the triplicate shall must be retained by the district for accounting record purposes. The duplicate and triplicate copies shall must be identified on the face of the warrant as "Not Negotiable--Copy of Original".

(4) However, the trustees may elect to issue warrants in payment of wages and salaries on a direct deposit basis to the employee's account in a local bank, provided the consent of the employee has been obtained and the employee is given an itemized statement of payroll deductions for each pay period."

Section 24. Section 20-9-231, MCA, is amended to read:

"20-9-231. Metal mines tax reserve account fund. (1) The governing body of a local school district receiving tax collections under 15-37-117(1)(d) may establish a metal mines tax reserve account fund to be used to hold the collections. The governing body may hold money in the account fund for any time period deemed considered appropriate by the governing body. Money held in the account fund may not be considered as cash fund balance for the purpose of reducing mill levies.

(2) Money may be expended from the account fund for any purpose provided by law.

(3) Money in the account fund must be invested as provided by law. Interest and income from the investment of the metal mines tax reserve account fund must be credited to the account fund.

(4) The fund must be financially administered as a nonbudgeted fund under the provisions of this title."

Section 25. Section 20-9-301, MCA, is amended to read:

"20-9-301. Purpose of foundation program and definition of general fund budget. (1) A uniform system of free public schools sufficient for the education of and open to all-school age children of the state must be established and maintained throughout the state of Montana. The state shall aid in the support of its ~~several~~ school districts on the basis of their financial need as measured by the foundation program and in the manner established in this title.

(2) The principal budgetary vehicle for achieving the minimum financing as established by the foundation program is the general fund budget of the district. The purpose of the general fund budget is to finance those general maintenance and operational costs of a district not financed by other funds established for special purposes in this title.

(3) The amount of the general fund budget for each school fiscal year may not exceed the financing limitations established by this title but may not be less than the amount established by law as the foundation program. The general fund budget must be financed by the foundation program revenues and may be supplemented by ~~an additional~~ a permissive levy, voted levy and, or other revenue, as provided by 20-9-145 and 20-9-353."

Section 26. Section 20-9-315, MCA, is amended to read:

"20-9-315. Maximum general fund budget and exceptions. (1) The total amount of the general fund budget of any a district may not be greater than the district's foundation program as provided in 20-9-303, except when a district has adopted ~~an emergency general fund~~ a budget amendment under the provisions of 20-9-165 ~~or~~ when a district satisfies the requirements of 20-9-145 and 20-9-353.

(2) Notwithstanding the provisions of subsection (1), for school fiscal year 1991 and succeeding years, a district's maximum general fund budget may not exceed the greater of:

(a) ~~{the equivalent of the percent to be determined that is 112% of FY-1988 district general fund and insurance fund expenditures}~~ 135% of the foundation program amount provided for in 20-9-303; or

(b) 104% of the district's general fund budget amount for the previous school fiscal year, including any school district expenses from the previous school fiscal year approved for inclusion in this calculation by the superintendent of public instruction under [section 50].

(3) Subsection (2) does not apply when the source of funding for the excess amount is any of the following:

(a) Public Law 81-874 funds are the source of funding for the excess amount, until the state receives approval of an application to equalize the funds under 20 U.S.C. 240(d); or

(b) general bonus payments under 20-6-401."

Section 27. Section 20-9-321, MCA, is amended to read:

"20-9-321. Foundation program and contingency funds for special education. (1) For the purpose of establishing the foundation program amount for a current year special education program for a school district, the superintendent of public instruction shall determine the total estimated cost of the special education program for the school district on the basis of a special education program budget submitted by the district. The budget must be prepared on forms provided by the superintendent of public instruction and must set out for each program:

(a) the estimated allowable costs associated with operating the program where allowable costs are as defined in 20-7-431;

(b) the number of pupils expected to be enrolled in the program; and

(c) any other data required by the superintendent of public instruction for budget justification purposes and to administer the provisions of 20-9-315 through 20-9-321.

(2) The total amount of allowable costs approved by the superintendent of public instruction is the special education foundation program amount for current year special education program purposes. The total amount of allowable costs that are approved for the special education budget may not, under any condition, be less than the foundation program amount for one regular ANB for each full-time special pupil in the school district.

(3) If a special education program is implemented or expanded during a given school term too late to be included in the determination of the district foundation program for the school year as prescribed in this part, allowable costs approved under the budgeting provisions of subsections (1) and (2) for the operation of the program during the given year must be funded from any legislative appropriation for contingency financing for special education. Contingency funds granted under this subsection must be deposited in a separate account of the miscellaneous programs fund of the district as provided in 20-9-507. However, if contingency funds are not available, then subject to the approval of the program by the superintendent under the emergency budget amendment provisions of 20-9-161~~5~~(6), allowable costs for the given year may be funded in the miscellaneous programs fund by other revenue sources and added to the foundation program amount for special education for the subsequent school year under the provisions of [section 50]. The allowable costs must be recorded as previous year special education expenses in the school district budget for the subsequent school year.

(4) The sum of the previous year special education expenses as defined in subsection (3) and the foundation program amount for current year special education as defined in subsections (1) and (2) is the special education budget for accounting purposes.

(5) The foundation program amount for special education must be added to the foundation program amount of the regular program

ANB defined in 20-9-311 and 20-9-313 to obtain the total foundation program amount for the district."

Section 28. Section 20-9-344, MCA, is amended to read:

"20-9-344. Purpose of state equalization aid and duties of the board of public education for distribution -- conditions of first payment. (1) The money available for state equalization aid must be distributed and apportioned to provide an annual minimum operating revenue for the elementary and high schools in each county, exclusive of revenues required for debt service and for the payment of any costs and expense incurred in connection with any adult education program, recreation program, school food services program, new buildings and grounds, and transportation.

(2) The board of public education shall administer and distribute the state equalization aid in the manner and with the powers and duties provided by law. To this end, the board of public education shall:

(a) adopt policies for regulating the distribution of state equalization aid in accordance with the provisions of law and in a manner that provides for monthly distribution to each district of its foundation program amount and to each county and district distribution of its guaranteed tax base aid;

(b) have the power to require reports from the county superintendents, budget boards, county treasurers, and trustees as it considers necessary; and

(c) order the superintendent of public instruction to

distribute the state equalization aid on the basis of each district's annual entitlement to the aid as established by the superintendent of public instruction. In ordering the distribution of state equalization aid, the board of public education may not increase or decrease the state equalization aid distribution to any district on account of any difference that may occur during the school fiscal year between budgeted and actual receipts from any other source of school revenue.

(3) The board of public education may order the superintendent of public instruction to withhold distribution of state equalization aid or order the county superintendent of schools to withhold county equalization money from a district when the district fails to:

(a) submit reports or budgets as required by law or rules adopted by the board of public education; or

(b) maintain accredited status.

(4) Prior to any proposed order by the board of public education to withhold distribution of state equalization aid or county equalization money, the district is entitled to a contested case hearing before the board of public education, as provided under the Montana Administrative Procedure Act.

(5) If a district or county receives more state equalization aid than it is entitled to, the county treasurer shall return the overpayment to the state upon the request of the superintendent of public instruction in the manner prescribed by the department of

commerce superintendent of public instruction.

(6) (a) The first foundation program payment and guaranteed tax base aid payment must be based on an estimate of 20% of the entitlement of each district or county and distributed by July 15 of the school fiscal year.

(b) Each subsequent monthly payment must be at least 7% of the entitlement of each district or county."

Section 29. Section 20-9-353, MCA, is amended to read:

"20-9-353. Additional levy for general fund -- election for authorization to impose. (1) Except as limited by 20-9-315(2), the trustees of any a district may propose to adopt a general fund budget in excess of the foundation program and the permissive amount for the district for any of the following purposes:

- (a) building, altering, repairing, or enlarging any schoolhouse of the district;
- (b) furnishing additional school facilities for the district;
- (c) acquisition of land for the district;
- (d) proper maintenance and operation of the school programs of the district; or
- (e) severance pay for district employees.

(2) When the trustees of any a district determine that an additional amount of financing is required for the general fund budget that is in excess of the statutory schedule amount and the permissive amount, the trustees shall submit the proposition of an additional levy to raise the excess amount of general fund

financing to the electors who are qualified under 20-20-301 to vote upon the proposition, except that an election is not required to permit the school trustees to use any funds available to finance the additional amount other than those funds to be raised by the additional levy. The special election must be called and conducted in the manner prescribed by this title for school elections. The ballot for the election must state only the amount of money to be raised by additional property taxation, the approximate number of mills required to raise the money, and the purpose for which the money will be expended. The ballot must be in the following format:

PROPOSITION

Shall a levy be made in addition to the levies authorized by law in the number of mills as may be necessary to raise the sum of (state the amount to be raised by additional tax levy), and being approximately (give number) mills, for the purpose of (insert the purpose for which the additional tax levy is made)?

- FOR the levy.
- AGAINST the levy.

(3) If the election on any additional levy for the general fund is approved by a majority vote of the electors voting at the election, the proposition carries and the trustees may use any portion or all of the authorized amount in adopting the preliminary general fund budget. The trustees shall certify the additional levy amount authorized by the special election on the

budget form that is submitted to the county superintendent, and the county commissioners shall levy the authorized number of mills on the taxable value of all taxable property within the district, as prescribed in 20-9-141, to raise the amount of the additional levy.

(4) Authorization to levy an additional tax under the provisions of this section is effective for only 1 school fiscal year and must be authorized by a special election conducted before August 1 of the school fiscal year for which it is effective."

Section 30. Section 20-9-360, MCA, is amended to read:

"20-9-360. State equalization aid levy. (1) There is a levy of 40 mills imposed by the county commissioners of each county on all taxable property within the state, except property for which a tax or fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204. Except as provided in subsection (2), proceeds of the levy must be remitted to the state treasurer and must be deposited to the credit of the state special revenue fund for state equalization aid to the public schools of Montana.

(2) For the benefit of each municipality that created an urban renewal area and adopted a tax increment financing provision for the urban renewal area prior to July 1, 1990, each year the state treasurer shall distribute to the county an amount--of each fiscal year from the state equalization levy equal to the tax increment derived by the municipality aid levy to the municipality the amount, if any, equal to the product of the incremental

taxable value of the urban renewal area times the reduced school levy for the area, each calculated for the fiscal year ending June 30, 1989, from the levy for property taxes for school district purposes against property within the urban renewal district, less the amount of tax increment actually received by the municipality in each year as a result of the imposition of mill levies for school district purposes. The reduced school levy for a fiscal year is the difference between the aggregate amount of all property tax levies for school purposes in the urban renewal area, expressed in mills, in the fiscal year ended June 30, 1989, and the aggregate amount of all property tax levies for school purposes in the area or the district, expressed in mills, in the fiscal year, including the state equalization aid levy. The state treasurer shall distribute the amounts to municipalities in two equal installments on December 31 and June 30 of the fiscal year."

Section 31. Section 20-9-366, MCA, is amended to read:

"20-9-366. Definitions. As used in 20-9-366 through 20-9-369, the following definitions apply:

(1) "County mill value per elementary ANB" or "county mill value per high school ANB" means the sum of the current taxable valuation of all property in the county plus the taxable value of oil and gas net proceeds determined under 15-23-607(4) for production occurring after March 31, 1990, plus the taxable value of coal gross proceeds determined under 15-23-703(3) plus all the taxable value of nonlevy revenue for the support of schools the

elementary school and high school district retirement funds, other than Public Law 81-874 funds, divided by 1,000, with the quotient divided by the total county elementary ANB count or the total county high school ANB count used to calculate the elementary school districts' and high school districts' current year foundation program amounts. The taxable value of nonlevy revenue for the purpose of computing guaranteed tax base aid for schools the county retirement fund is the amount of nonlevy revenue received-by-a-district deposited in the elementary school or high school district retirement fund in the previous year, including for fiscal year 1991 the revenue received in fiscal year 1990 from the net proceeds taxation of oil and natural gas and including for fiscal year 1992 and thereafter the local government severance tax, divided by the number of mills levied by the district county in the previous year in support of the elementary school and high school district retirement funds, multiplied by 1,000.

(2) "District mill value per ANB" means the current taxable valuation of all property in the district plus the taxable value of oil and gas net proceeds determined under 15-23-607(4) for production occurring after March 31, 1990, plus the taxable value of coal gross proceeds determined under 15-23-703(3) plus all the taxable value of nonlevy revenue for the support of schools the school district's general fund, other than Public Law 81-874 funds, divided by 1,000, with the quotient divided by the ANB count of the district used to calculate the district's current

year foundation program schedule amount. The taxable value of nonlevy revenue for the purpose of computing guaranteed tax base aid for schools is the amount of nonlevy revenue received--by deposited in a district district's general fund in the previous year, including for fiscal year 1991 the revenue received in fiscal year 1990 from the net proceeds taxation of oil and natural gas and including for fiscal year 1992 and thereafter the local government severance tax, divided by the number of mills levied by the district in the previous year in support of the district's general fund, multiplied by 1,000.

(3) "Guaranteed--overschedule--general-fund-budget Permissive amount" means that portion of a district's general fund budget in excess of the foundation program amount for the district, as provided in 20-9-316 through 20-9-321, but not exceeding ~~±95%~~ 35% of the district's foundation program amount, and which excess is authorized under the provisions of 20-9-145 and 20-9-353.

(4) "Statewide district mill value per elementary ANB" or "statewide district mill value per high school ANB" means the sum of the current taxable valuation of all property in the state plus the taxable value of oil and gas net proceeds determined under 15-23-607(4) for production occurring after March 31, 1990, plus the taxable value of coal gross proceeds determined under 15-23-703(3) plus all the taxable value of nonlevy revenue for the support of schools the general funds of all school districts, other than Public Law 81-874 funds, divided by 1,000, with the

quotient divided by the total state elementary ANB count or the total state high school ANB count used to calculate the elementary school districts' and high school districts' current year foundation program amounts. The taxable value of nonlevy revenue for the purpose of computing guaranteed tax base aid for schools is the amount of nonlevy revenue received-by-a-district deposited to the general fund of a school district in the previous year, including for fiscal year 1991 the revenue received in fiscal year 1990 from the net proceeds taxation of oil and natural gas and including for fiscal year 1992 and thereafter the local government severance tax, divided by the number of mills levied by the district in the previous year in support of the district general fund, multiplied by 1,000.

(5) "Statewide county mill value per elementary ANB" or "statewide county mill value per high school ANB" means the sum of the current taxable valuation of all property in the state plus the taxable value of oil and gas net proceeds determined under 15-23-607(4) for production occurring after March 31, 1990, plus the taxable value of coal gross proceeds determined under 15-23-703(3) plus all the taxable value of nonlevy revenue for the support of the elementary school or high school district retirement fund, other than Public Law 81-874 funds, divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state high school ANB count used to calculate the elementary school districts' and high school districts'

current year foundation program amounts. The taxable value of nonlevy revenue for the purpose of computing guaranteed tax base aid for the county retirement fund is the amount of nonlevy revenue deposited in the elementary school or high school district retirement fund the previous year, including for fiscal year 1991 the revenue received in fiscal year 1990 from the net proceeds taxation of oil and natural gas and including for fiscal year 1992 and thereafter the local government severance tax, divided by the number of mills levied by the county in the previous year in support of the elementary school and high school retirement funds, multiplied by 1,000."

Section 32. Section 20-9-367, MCA, is amended to read:

"20-9-367. Eligibility to receive guaranteed tax base aid.

(1) If the district mill value per ANB of any elementary or high school district is less than the corresponding statewide district mill value per elementary ANB or high school ANB, the district may receive guaranteed tax base aid based on the number of mills levied in the district in support of its guaranteed-overschedule permissive amount of the general fund budget.

(2) If the county mill value per elementary ANB or high school ANB is less than the corresponding statewide county mill value per elementary ANB or high school ANB, the county may receive guaranteed tax base aid based on the number of mills levied in the county in support of the retirement fund budgets of the respective elementary or high school districts in the county."

Section 33. Section 20-9-368, MCA, is amended to read:

"20-9-368. Amount of guaranteed tax base aid -- reversion.

(1) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the elementary school districts in the county is the difference between the county mill value per elementary ANB and the statewide county mill value per elementary ANB, multiplied by the number of mills levied in support of the retirement fund budgets of the elementary districts in the county.

(2) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the high school districts in the county is the difference between the county mill value per high school ANB and the statewide county mill value per high school ANB, multiplied by the number of mills levied in support of the retirement fund budgets of the high school districts in the county.

(3) The amount of guaranteed tax base aid per ANB that a district may receive in support of its guaranteed-overschedule permissive amount of the general fund budget is the difference between the district mill value per ANB and the corresponding statewide district mill value per ANB, multiplied by the number of mills levied in support of the district's guaranteed overschedule permissive amount of the general fund budget.

(4) Guaranteed tax base aid provided to any county or district under this section is earmarked to finance the fund or

portion of the fund for which it is provided. If the actual expenditures from the fund or portion of the fund for which guaranteed tax base aid is earmarked are less than the amount budgeted, the guaranteed tax base aid reverts in proportion to the amount budgeted but not expended. If a county or district receives more guaranteed tax base aid than it is entitled to, the excess must be returned to the state as required by 20-9-344."

Section 34. Section 20-9-406, MCA, is amended to read:

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

(a) the taxable value of coal gross proceeds as determined for county bonding purposes in 15-23-703(2);

(b) the taxable value of oil and gas net proceeds as determined for county bonding purposes in 15-23-607(3); and

(c) the amount of the value of any other oil and gas production occurring after December 31, 1988, multiplied by 60%.

(2) The 45% maximum, however, may not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district or to bonds issued for the repayment

of tax protests lost by the district. All bonds issued in excess of such ~~the amount shall be null and~~ are void, except as provided in this section.

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

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

Section 35. Section 20-9-435, MCA, is amended to read:

"20-9-435. Delivery of school district bonds and disposition of sale moneys. (1) After the school district bonds have been registered, the county treasurer shall:

(a) when the board of investments has purchased such the bonds, forward the bonds to such the state board which, in turn, shall cause send the bonds ~~to be sent~~ to the state treasurer and shall cause the bonds to be paid for in the manner provided by law; or

(b) ~~when~~ if the purchaser is anybody other than the board of investments, deliver the bonds to such the purchaser when full payment of the bonds has been made by the purchaser.

(2) If any of the trustees fails or refuses to pay into the proper county treasury the money arising from the sale of any bonds a bond, he is guilty of a felony and shall be punished by imprisonment in the state prison for not less than 1 year or more than 10 years, or by a fine of not more than \$50,000, or by both ~~such fine and imprisonment.~~

(3) All money realized from the sale of school district bonds ~~shall~~ must be paid to the county treasurer, and he shall credit such the money to the building fund of the school district issuing the bonds, except money realized for accrued interest or the purposes defined in 20-9-403(1)(c) and (1)(d) ~~shall~~ must be deposited in the debt service fund ~~for the purchase of such bonds.~~ The money realized from the sale of school district bonds ~~shall~~ must be immediately available to such the school district, and the trustees may expend such the money without budgeted authorization only for the purposes for which the bonds were authorized by the school district bond election. Under the provisions of 7-6-2802, the trustees may invest the money for which there is no immediate demand and the interest earned by such investment shall must be used in the manner provided therein in 7-6-2802. After the full accomplishment of the purpose or purposes of a bond issue, the excess money realized from such the bond issue ~~shall~~ must be transferred to the debt service fund of the school district to be used for the redemption or purchase of bonds of such the issue."

Section 36. Section 20-9-438, MCA, is amended to read:

*20-9-438. Preparation of debt service fund budget -- cash operating reserve. (1) The trustees of each school district having outstanding bonds shall include in the debt service fund of the preliminary budget adopted in accordance with 20-9-113 an amount of money that is necessary to pay the interest and the principal amount becoming due during the ensuing school fiscal year for each series or installment of bonds, according to the terms and conditions of such the bonds and the redemption plans of the trustees.

(2) The trustees shall also include in the debt service fund of the preliminary budget:

(a) the amount of money necessary to pay the special improvement district assessments levied against the school district which that become due during the ensuing school fiscal year; and

(b) a limited cash operating reserve for the school fiscal year following the ensuing school fiscal year as provided in subsection (3).

(3) At the end of each school fiscal year, the trustees of a school district may designate a portion of the end-of-the-year cash fund balance of the debt service fund to be earmarked as a limited cash operating reserve for the purpose of paying, whenever a cash flow shortage occurs, debt service fund warrants and bond obligations which that must be paid from July 1 through November 30 of the school fiscal year following the ensuing school fiscal

year. Any portion of the debt service fund end-of-the-year cash fund balance not earmarked for limited cash operating reserve purposes must be reappropriated to be used for property tax reduction as provided in 20-9-439.

(4) The county superintendent shall compare the preliminary budgeted amount for the debt service fund with the bond retirement and interest requirement and the special improvement district assessments for the school fiscal year just beginning as reported by the county treasurer in his statement supplied under the provisions of 20-9-121. If the county superintendent finds that the requirement stated by the county treasurer is more than the preliminary budget amount, the county superintendent shall increase the budgeted amount for interest or principal in the debt service fund of the preliminary budget. The amount confirmed or revised by the county superintendent ~~shall be~~ is the final budget expenditure amount for the debt service fund of such the school district."

Section 37. Section 20-9-439, MCA, is amended to read:

*20-9-439. Computation of net levy requirement -- procedure when levy inadequate. (1) The county superintendent shall compute the levy requirement for each school district's debt service fund on the basis of the following procedure:

(a) determine the total moneys money available in the debt service fund for the reduction of the property tax on the district by totaling:

(i) the end-of-the-year cash fund balance, less--any ~~outstanding-warrants~~ in the debt service fund and, less any limited cash operating reserve as provided in 20-9-438;

(ii) anticipated interest to be earned by the investment of debt service cash in accordance with the provisions of 20-9-213(4) or by the investment of bond proceeds under the provisions of 20-9-435; and

(iii) any other moneys money anticipated by the trustees to be available in the debt service fund during the ensuing school fiscal year from such sources as legally authorized money transfers into the debt service fund or from rental income;

(b) the total amount available to reduce the property tax, determined in subsection (1)(a), ~~shall~~ must be subtracted from the final budget expenditure amount for the debt service fund as established in 20-9-438;

(c) the net debt service fund levy requirement determined in subsection (1)(b) ~~shall~~ must be reported to the county commissioners on the second Monday of August by the county superintendent as the net debt service fund levy requirement for the district, and a levy ~~shall~~ must be made by the county commissioners in accordance with 20-9-142.

(2) If the board of county commissioners ~~shall-fail~~ fails in any school fiscal year to make a levy for any issue or series of bonds of any a school district sufficient to raise the moneys money necessary for payment of interest and principal becoming due

during the next ensuing school fiscal year, in such any amounts as are established under the provisions of this section, the holder of any bond of such the issue or series or any taxpayer of the district may apply to the district court of the county in which such the school district is located for a writ of mandate to ~~compel~~ the board of county commissioners of such the county to make a sufficient levy for such purposes. If, upon the hearing of such the application, it ~~shall-appear~~ appears to the satisfaction of the court that the board of county commissioners of such the county has failed to make a levy or has made a levy that is insufficient to raise the amount required to be raised as established in the manner provided in this section, the court shall determine the amount of such the deficiency and shall issue a writ of mandate directed to and requiring the board of county commissioners, at the next meeting for the purpose of fixing tax levies for county purposes, to fix and make a levy against all taxable property in such the school district that is sufficient to raise the amount of such the deficiency. Such The levy ~~shall~~ be is in addition to any levy required to be made at that time for the ~~then-ensuing~~ ensuing school fiscal year. Any costs which that may be allowed or awarded the petitioner in ~~any-such the~~ the proceeding ~~shall~~ must be paid by the members of the board of county commissioners and ~~shall~~ may not be a charge against the school district or the county."

Section 38. Section 20-9-471, MCA, is amended to read:

"20-9-471. Issuance of short-term obligations -- authorization -- conditions. (1) The trustees of a school district may, without a vote of the electors of the district, issue and sell to the board of investments short-term obligations for the purpose of financing all or a portion of:

- (a) the costs of vehicles and equipment;
- (b) the costs associated with renovating, rehabilitating, and remodeling facilities, including but not limited to roof repairs, heating, plumbing, and electrical systems;
- (c) any other capital expenditure the district is otherwise authorized to make, subject to subsection (4); and
- (d) the costs associated with the issuance and sale of the short-term obligations.

(2) The term of the short-term obligation may not exceed 5 full fiscal years.

(3) At the time of issuing the obligation, there must exist an amount in the budget for the current fiscal year available and sufficient to make the debt service payment on the obligation coming due in the current year. The budget for each following year in which any portion of the principal of and interest on the obligation is due must provide for payment of such that principal and interest.

(4) The proceeds of the short-term obligation may not be used to acquire real property or construct a facility.

(5) An obligation issued is payable from any legally

available fund of the district and constitutes a general obligation of the district.

(6) The obligation may bear interest at a fixed or variable rate and may be sold to the board of investments at par, at a discount, or with a premium, and upon any other terms and conditions that the trustees determine to be in the best interests of the district.

(7) The principal amount of the short-term obligation, when added to the outstanding bonded indebtedness of the district, may not exceed the debt limitation established in 20-9-406."

Section 39. Section 20-9-501, MCA, is amended to read:

"20-9-501. Retirement fund. (1) The trustees of any a district employing personnel who are members of the teachers' retirement system or the public employees' retirement system or who are covered by unemployment insurance or who are covered by any federal social security system requiring employer contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's contributions to such the systems. The district's contribution for each employee who is a member of the teachers' retirement system must be calculated in accordance with Title 19, chapter 4, part 6. The district's contribution for each employee who is a member of the public employees' retirement system must be calculated in accordance with 19-3-801. The district's contributions for each employee covered by any federal social security system must be paid in accordance

with federal law and regulation. The district's contribution for each employee who is covered by unemployment insurance must be paid in accordance with Title 39, chapter 51, part 11.

(2) The trustees of any a district required to make a contribution to any a system referred to in subsection (1) shall include in the retirement fund of the preliminary budget the estimated amount of the employer's contribution. After the final retirement fund budget has been adopted, the trustees shall pay the employer contributions to such the systems in accordance with the financial administration provisions of this title.

(3) When the final retirement fund budget has been adopted, the county superintendent shall establish the levy requirement by:

(a) determining the sum of the money available to reduce the retirement fund levy requirement by adding:

(i) any anticipated money that may be realized in the retirement fund during the ensuing school fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204;

~~(ii) anticipated--guaranteed--tax--base--aid--in--support---of retirement;~~

~~(iii) net proceeds taxes and local government severance taxes on any other oil and gas production occurring after December 31, 1988;~~

~~(iv)(iii) coal gross proceeds taxes under 15-23-703; and~~

~~(v)(iv) any cash fund balance available for reappropriation as~~

determined by subtracting the amount of the end-of-the-year cash fund balance earmarked as the retirement fund cash operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year cash fund balance in the retirement fund. The retirement fund cash operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund budget; and

(v) any other revenue anticipated that may be realized in the retirement fund during the ensuing school fiscal year, excluding any guaranteed tax base aid.

(b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in the final retirement fund budget.

(4) The county superintendent shall:

(a) total the net retirement fund levy requirements separately for all elementary school districts, all high school districts, and all community college districts of the county, including any prorated joint district or special education cooperative agreement levy requirements; and

(b) report each levy requirement to the county commissioners on the second Monday of August as the respective county levy requirements for elementary district, high school district, and

community college district retirement funds.

(5) The county commissioners shall fix and set the county levy in accordance with 20-9-142.

(6) The net retirement fund levy requirement for a joint elementary district or a joint high school district must be prorated to each county in which a part of the district is located in the same proportion as the district ANB of the joint district is distributed by pupil residence in each county. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.

(7) The net retirement fund levy requirement for districts that are members of special education cooperative agreements must be prorated to each county in which the district is located in the same proportion as ~~the budget--for--the--special--education cooperative-agreement-of-the-district-bears-to-the-total-budget-of the-cooperative~~ special education cooperative budget is prorated to the member school districts. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county in the same manner as provided in 20-9-151 and the county commissioners shall fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152.

(8) The county superintendent shall calculate the number of mills to be levied on the taxable property in the county to

finance the retirement fund net levy requirement by dividing the amount determined in subsection (4)(a) by the sum of:

- (a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as certified by the superintendent of public instruction; and
- (b) the taxable valuation of the district divided by 1,000."

Section 40. Section 20-9-504, MCA, is amended to read:

"20-9-504. Extracurricular fund for pupil functions. (1) The government of the pupils of the school within a district or the administration of a school on behalf of the pupils may establish an extracurricular fund for the purposes of the receipts and expenditures of money collected for pupil extracurricular functions with the approval of the trustees of the district. All extracurricular moneys of any a pupil organization of the school shall must be deposited and expended by check from a bank account maintained for the extracurricular fund.

(2) An accounting system for the extracurricular fund recommended by the ~~department-of-commerce shall~~ superintendent of public instruction must be implemented by the trustees. Such The accounting system shall must provide for:

- (a) the internal control of the cash receipts and expenditures of the money; and
- (b) a general account that can be reconciled with the bank account for the extracurricular fund and reconciled with the detailed accounts within the extracurricular fund maintained for

each student function."

Section 41. Section 20-9-505, MCA, is amended to read:

"20-9-505. Purpose and establishment of nonoperating fund.

(1) The trustees of any a district that will not operate any a school during the ensuing school fiscal year shall establish a nonoperating fund on the first day of such the school fiscal year. In establishing the nonoperating fund, the trustees shall cause the transfer of the end-of-the-year cash fund balance of each fund maintained by the district during the immediately preceding school fiscal year to the nonoperating fund. However, cash fund balances of the debt service fund and the miscellaneous ~~federal~~ programs fund, if any, ~~shall must~~ be maintained in their individual funds.

(2) The trustees of a district establishing a nonoperating fund for the first year of nonoperation may earmark a portion of the nonoperating fund cash balance as a nonoperating fund cash operating reserve when they anticipate the reopening of a school in the following school fiscal year. ~~Such-cash~~ The operating reserve ~~shall may~~ not be more than the general fund cash operating reserve designated for the immediately preceding school fiscal year. If a school is not operated in the following school fiscal year, the authority of the trustees to earmark a nonoperating fund cash operating reserve ~~shall-terminate~~ terminates and the moneys money earmarked as ~~a-cash~~ an operating reserve ~~shall must~~ be used to reduce the levy requirement of the nonoperating fund. If the trustees acquire approval to reopen a school in the following

school fiscal year under the provisions of 20-6-502 or 20-6-503 and operate such the school, the nonoperating fund cash operating reserve ~~shall must~~ be restored as the general fund cash operating reserve.

(3) The purpose of the nonoperating fund ~~shall-be~~ is to centralize the financing and budgeting for the limited functions of a district not operating a school. ~~Such~~ The functions ~~shall~~ include:

- (a) elementary tuition obligations to other districts;
- (b) transportation of the resident pupils;
- (c) maintenance of district-owned property; and
- (d) any other nonoperating school function of the district ~~deemed~~ considered necessary by the trustees or required by law.

(4) Any expenditure of nonoperating fund ~~moneys-shall~~ money ~~must~~ be made in accordance with the financial administration provisions of this title for a budgeted fund."

Section 42. Section 20-9-507, MCA, is amended to read:

"20-9-507. Miscellaneous programs fund. (1) The trustees of any a district receiving grants-of money from local, state, or federal moneys, or other sources provided in 20-5-307(4), 20-5-312(8), and 20-9-321(3) other than moneys money under the provisions of Title I of Public Law 81-874 or federal moneys money designated for deposit in a specific fund of the district shall establish a miscellaneous programs fund for the deposit of such moneys the money. ~~Such-moneys~~ The money may be a reimbursement of

miscellaneous program fund expenditures already realized by the district or may be a grant of moneys money for the financing of expenditures to be realized by the district for a special, approved program to be operated by the district. When the moneys are money is a reimbursement, the moneys--~~shall~~ money may be expended at the discretion of the trustees for school purposes. When the moneys-are money is a grant, the moneys-~~shall~~ money must be expended according to the conditions of the program approval by the superintendent of public instruction or any other approval agent. Within the miscellaneous programs fund, the trustees shall cause a separate accounting to be maintained for each federal grant program and for the aggregate of all reimbursement moneys money.

(2) The financial administration of the miscellaneous programs fund ~~shall~~ must be in accordance with the financial administration provisions of this title for a nonbudgeted fund ~~which shall be apportioned by individual grant programs or for the aggregate amount of the reimbursement moneys rather than on the basis of the total fund.~~

Section 43. Section 20-10-101, MCA, is amended to read:

"20-10-101. Definitions. As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

- (1) "Transportation" ~~shall mean~~ means:
- (a) a district's conveyance of a pupil by a school bus

between his legal residence and the school designated by the trustees for his attendance; or

(b) ~~a district's conveyance of a pupil by a school bus between his regular school of attendance and the vocational-technical-secondary schools designated by the trustees for his attendance if the secondary school is located in some other school district; or~~

(c) "individual transportation" whereby a district is relieved of actually conveying a pupil. ~~Such individual~~ Individual transportation may include paying the parent or guardian for conveying the pupil, reimbursing the parent or guardian for the pupil's board and room, or providing supervised correspondence study or supervised home study.

(2) An "eligible transportee" ~~shall mean~~ means a public school pupil who:

(a) is ~~not less than~~ 5 years of age nor or older and has not attained his 21st birthday or who is a handicapped preschool child between the ages of 3 and 6;

(b) is a resident of the state of Montana;

(c) regardless of district and county boundaries, resides at least 3 miles, over the shortest practical route, from the nearest operating public elementary school or public high school, whichever the case may be; and

(d) is ~~deemed by law~~ considered to reside with his parent or guardian who maintains legal residence within the boundaries of

the district furnishing the transportation regardless of where the eligible transportee actually lives when attending school.

(3) (a) A "school bus" means, except as provided in subsection (3)(b), any motor vehicle that:

(i) complies with the bus standards established by the board of public education as verified by the Montana department of justice's semiannual inspection of school buses and the superintendent of public instruction; and

(ii) is owned by a district or other public agency and operated for the transportation of pupils to or from school or owned by a carrier under contract with a district or public agency to provide transportation of pupils to or from school.

(b) A school bus does not include a vehicle that is:

(i) privately owned and not operated for compensation under this title;

(ii) privately owned and operated for reimbursement under 20-10-142;

(iii) either district-owned or privately owned, designed to carry not more than nine passengers, and used to transport pupils to or from activity events or to transport pupils to their homes in case of illness or other emergency situations; or

(iv) an over-the-road passenger coach used only to transport pupils to activity events."

Section 44. Section 20-10-143, MCA, is amended to read:

"20-10-143. Budgeting for transportation and transmittal of

transportation contracts. (1) The trustees of any a district furnishing transportation to pupils who are residents of such the district ~~shall~~ have the authority and it ~~shall-be~~ is their duty to provide a transportation fund budget that is adequate to finance ~~such the~~ district's transportation contractual obligations and any other transportation expenditures necessary for the conduct of its transportation program. The transportation fund budget ~~shall~~ must include:

(a) an adequate amount to finance the maintenance and operation of district owned and operated school buses;

(b) the annual contracted amount for the maintenance and operation of school buses by a private party;

(c) the annual contracted amount for individual transportation, including any increased amount ~~due-to~~ because of isolation, which ~~shall~~ may not exceed the schedule amounts prescribed in 20-10-142;

(d) any amount necessary for the purchase, rental, or insurance of school buses; and

(e) any other amount necessary to finance the administration, operation, or maintenance of the transportation program of the district, as determined by the trustees.

(2) The trustees may include a contingency amount in the transportation fund budget for the purpose of enabling the district to fulfill any obligation to provide transportation in accordance with the transportation law for any pupils not residing

in the district at the time of the adoption of the preliminary budget and who subsequently became residents of such the district during the school fiscal year or pupils who have become eligible transportees since the adoption of the preliminary budget because their legal residence has been changed. The budgeted contingency amount ~~shall~~ may not exceed 10% of the transportation schedule amount as calculated under the provisions of 20-10-141 and 20-10-142 for all transportation services authorized by such the schedule and provided by the district unless 10% of such the transportation schedule amount ~~shall-be~~ is less than \$100, in which case \$100 ~~shall-be~~ is the maximum limitation for such the budgeted contingency amount.

(3) As provided in 20-9-162, an emergency amendment to the transportation fund budget may be adopted subject to the provisions of the emergency-budgeting budget amendment law.

(4) The transportation fund budgeted expenditures appropriated by the trustees ~~shall~~ must be reported on the regular budget form prescribed by the superintendent of public instruction in accordance with 20-9-103, and the adoption of the transportation fund budget ~~shall~~ must be completed in accordance with the school budgeting laws. When the adopted preliminary budget is sent to the county superintendent, the trustees shall also send copies of all completed transportation contracts for school bus transportation and individual transportation to the county superintendent. Such The contracts ~~shall~~ must substantiate

all contracted transportation services incorporated in the preliminary budget, and after the county superintendent has utilized the contracts for such that purpose but before the fourth Monday of July, he shall send all the transportation contracts received by him to the superintendent of public instruction. When the county superintendent determines a deviation between the preliminary transportation fund budget amount for contracted transportation services and the contracted amount for such the services, he shall immediately call the deviation to the attention of the appropriate trustees and shall allow the trustees to change the preliminary budgeted amount to compensate for such the deviation."

Section 45. Section 20-10-144, MCA, is amended to read:

"20-10-144. Computation of revenues and net tax levy requirements for the transportation fund budget. Before the fourth Monday of July and in accordance with 20-9-123, the county superintendent shall compute the revenue available to finance the transportation fund budget of each district. The county superintendent shall compute the revenue for each district on the following basis:

(1) The "schedule amount" of the preliminary budget expenditures that is derived from the rate schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

(a) the sum of the maximum reimbursable expenditures for all approved school bus routes maintained by the district (to

determine the maximum reimbursable expenditure, multiply the applicable rate per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus route approved by the county transportation committee and maintained by such district); plus

(b) the total of all individual transportation per diem reimbursement rates for the district as determined from the contracts submitted by the district multiplied by the number of pupil-instruction days scheduled for the ensuing school attendance year; plus

(c) any estimated costs for supervised home study or supervised correspondence study for the ensuing school fiscal year; plus

(d) the amount budgeted on the preliminary budget for the contingency amount permitted in 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100, whichever is larger, the contingency amount on the preliminary budget must be reduced to the limitation amount and used in this determination of the schedule amount.

(2) The schedule amount determined in subsection (1) or the total preliminary transportation fund budget, whichever is smaller, is divided by 3 and the resulting one-third amount is used to determine the available state and county revenue to be budgeted on the following basis:

(a) the resulting one-third amount is the budgeted state

transportation reimbursement, except that the state transportation reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be two-thirds of the schedule amount attributed to the transportation of special education pupils;

(b) the resulting one-third amount, except as provided for joint elementary districts in subsection (2)(e), is the budgeted county transportation reimbursement for elementary districts and must be financed by the basic county tax under the provisions of 20-9-334;

(c) the resulting one-third amount multiplied by 2 is the budgeted county transportation reimbursement amount for high school districts financed under the provisions of subsection (5), except as provided for joint high school districts in subsection (2)(e), and except that the county transportation reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be one-third of the schedule amount attributed to the transportation of special education pupils;

(d) when the district has a sufficient amount of cash for reappropriation and other sources of district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero, any remaining amount of district revenue and cash reappropriated must be used to reduce the county financing obligation in subsection (2)(b) or (2)(c) and, if the county financing obligations are reduced to zero, to reduce the

state financial obligation in subsection (2)(a); and

(e) the county revenue requirement for a joint district, after the application of any district money under subsection (2)(d), must be prorated to each county incorporated by the joint district in the same proportion as the ANB of the joint district is distributed by pupil residence in each county.

(3) The total of the money available for the reduction of property tax on the district for the transportation fund must be determined by totaling:

(a) anticipated federal money received under the provisions of Title I of Public Law 81-874 or other anticipated federal money received in lieu of that federal act; plus

(b) anticipated payments from other districts for providing school bus transportation services for the district; plus

(c) anticipated payments from a parent or guardian for providing school bus transportation services for his child; plus

(d) anticipated or reappropriated interest to be earned by the investment of transportation fund cash in accordance with the provisions of 20-9-213(4); plus

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

(f) gross proceeds taxes from coal under 15-23-703; plus

(g) net proceeds taxes for interim production and new production, as defined in 15-23-601, and local government

severance taxes on any other production occurring after December 31, 1988; plus

(h) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year which that may be used to finance the transportation fund; plus

(i) any cash fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year cash fund balance earmarked as the transportation fund cash operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year cash fund balance in the transportation fund. The cash operating reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year and is for the purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.

(4) The district levy requirement for each district's transportation fund must be computed by:

(a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation budget amount and, for an elementary district, adding the difference to the district obligation to finance one-third of the schedule amount as determined in subsection (2); and

(b) subtracting the amount of money available to reduce the property tax on the district, as determined in subsection (3), from the amount determined in subsection (4)(a).

(5) The county levy requirement for the financing of the

county transportation reimbursement to high school districts is computed by adding all requirements for all the high school districts of the county, including the county's obligation for reimbursements in joint high school districts.

(6) The transportation fund levy requirements determined in subsection (4) for each district and in subsection (5) for the county must be reported to the county commissioners on the second Monday of August by the county superintendent as the transportation fund levy requirements for the district and for the county, and the levies must be made by the county commissioners in accordance with 20-9-142."

Section 46. Section 20-10-145, MCA, is amended to read:

"20-10-145. State transportation reimbursement. (1) Any A district providing school bus transportation or individual transportation in accordance with the transportation law, board of public education transportation policy, and superintendent of public instruction transportation rules ~~shall~~ must receive a state reimbursement of its transportation expenditures under the transportation reimbursement rate provisions of 20-10-141 and 20-10-142. The state transportation reimbursement ~~shall~~ may not exceed one-third of the reimbursement amounts established in ~~such~~ sections 20-10-141 and 20-10-142 or one-third of the district's transportation fund budget, whichever is smaller, and ~~shall~~ must be computed on the basis of the number of days the transportation services were actually rendered, not to exceed 180

pupil-instruction days. In determining the amount of the state transportation reimbursement, ~~no~~ an amount claimed by a district ~~shall~~ may not be considered for reimbursement unless ~~such~~ the amount has been paid in the regular manner provided for the payment of other financial obligations of the district.

(2) Requests for the state transportation reimbursement ~~shall~~ must be made by each district semiannually during the school fiscal year on the claim forms and procedure promulgated by the superintendent of public instruction. The claims for state transportation reimbursements ~~shall~~ must be routed by the district to the county superintendent, who after reviewing ~~such~~ the claims shall send them to the superintendent of public instruction. The superintendent of public instruction shall establish the validity and accuracy of the claims for the state transportation reimbursements by determining their compliance with the transportation law, board of public education transportation policy, and the transportation rules of the superintendent of public instruction. After making any necessary adjustments to ~~such~~ the claims, ~~he--shall--cause--their--payment--by--ordering~~ the superintendent of public instruction shall order a disbursement from the state ~~moneys~~ money appropriated by the legislature of the state of Montana for the state transportation reimbursement. ~~Such~~ The payment of all the district's claims within one county ~~shall~~ must be made to the county treasurer of ~~such~~ the county, and the county superintendent shall apportion ~~such~~ the payment in

accordance with the apportionment order supplied by the superintendent of public instruction."

Section 47. Section 15-1-501, MCA, is amended to read:

"15-1-501. Disposition of money from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all money received by him from the collection of:

- (a) fees from driver's licenses, motorcycle endorsements, and duplicate driver's licenses as provided in 61-5-121;
- (b) electrical energy producer's license taxes under chapter 51;
- (c) severance taxes allocated to the general fund under chapter 36;
- (d) liquor license taxes under Title 16;
- (e) telephone company license taxes under chapter 53; and
- (f) inheritance and estate taxes under Title 72, chapter 16.

(2) All money received from the collection of income taxes under chapter 30 of this title must be deposited as follows:

- (a) ~~57%~~ in fiscal year 1990 and ~~50%~~ in fiscal year 1991, 59.5% to the credit of the state general fund;
- (b) ~~9.8%~~ in fiscal year 1990 and ~~8.7%~~ in fiscal year 1991, to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and
- (c) ~~33.2%~~ in fiscal year 1990 and ~~41.3%~~ in fiscal year 1991, 31.8% to the credit of the state special revenue fund for state

equalization aid to the public schools of Montana as described in 20-9-343.

(3) All money received from the collection of corporation license and income taxes under chapter 31 of this title, except as provided in 15-31-702, must be deposited as follows:

- (a) ~~64%~~ in fiscal year 1990 and ~~61%~~ in fiscal year 1991, to the credit of the state general fund;
- (b) ~~11%~~ in fiscal year 1990 and ~~10.5%~~ in fiscal year 1991, to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and
- (c) ~~25%~~ in fiscal year 1990 and ~~28.5%~~ in fiscal year 1991, to the credit of the state special revenue fund for state equalization aid to the public schools of Montana as described in 20-9-343.

(4) The state treasurer shall also deposit to the credit of the state general fund all money received by him from the collection of license taxes, fees, and all net revenues and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code.

(5) After the distribution provided for in 15-36-112, the remainder of the oil severance tax collections must be deposited in the general fund."

Section 48. Section 15-24-1402, MCA, is amended to read:

"15-24-1402. New or expanding industry -- assessment. (1) In the first 5 years after a construction permit is issued,

the warrants and that must be raised by a tax levy.

(3) For each fund of the emergency budget of each district requiring a tax levy as established by subsection (2)(c), the board of county commissioners shall, at the time all other district and county taxes are fixed and levied, levy a tax on the taxable property of each applicable district that will raise sufficient financing to pay the amount established by the county treasurer.

Section 55. Section 15-1-501, MCA, is amended to read:

"15-1-501. Disposition of money from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all money received by him from the collection of:

(a) fees from driver's licenses, motorcycle endorsements, and duplicate driver's licenses as provided in 61-5-121;

(b) electrical energy producer's license taxes under chapter 51;

(c) severance taxes allocated to the general fund under chapter 36;

(d) liquor license taxes under Title 16;

(e) telephone company license taxes under chapter 53; and

(f) inheritance and estate taxes under Title 72, chapter 16.

(2) All money received from the collection of income taxes under chapter 30 of this title must be deposited as follows:

(a) ~~57% in fiscal year 1990 and 50% in fiscal year 1991~~

62.8% to the credit of the state general fund;

(b) ~~9.8% in fiscal year 1990 and 8.7% in fiscal year 1991~~, to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and

(c) ~~33.2% in fiscal year 1990 and 41.3% in fiscal year 1991~~, 28.5% to the credit of the state special revenue fund for state equalization aid to the public schools of Montana as described in 20-9-343.

(3) All money received from the collection of corporation license and income taxes under chapter 31 of this title, except as provided in 15-31-702, must be deposited as follows:

(a) ~~64% in fiscal year 1990 and 61% in fiscal year 1991~~, to the credit of the state general fund;

(b) ~~11% in fiscal year 1990 and 10.5% in fiscal year 1991~~, to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and

(c) ~~25% in fiscal year 1990 and 28.5% in fiscal year 1991~~, to the credit of the state special revenue fund for state equalization aid to the public schools of Montana as described in 20-9-343.

(4) The state treasurer shall also deposit to the credit of the state general fund all money received by him from the collection of license taxes, fees, and all net revenues and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code.

SB 0017

(5) After the distribution provided for in 15-36-112, the remainder of the oil severance tax collections must be deposited in the general fund."

Section 56. Repealer. Sections 15-10-103, 20-9-111, and 20-9-167, MCA, are repealed.

Section 57. Codification instruction. (1) [Section 50] is intended to be codified as an integral part of Title 20, and the provisions of Title 20 apply to [section 50].

(2) [Sections 51 through 54] are intended to be codified as an integral part of Title 20, chapter 15, and the provisions of Title 20, chapter 15, apply to [sections 51 through 54].

Section 58. Coordination instruction. If House Bill No. 580 is passed and approved and if it contains a section amending 20-9-366, then the amendments to 20-9-366 in [this act] are void.

Section 59. Retroactive applicability. [Sections 1 through 46 and 48 through 50] apply retroactively, within the meaning of 1-2-109, to the school fiscal year beginning July 1, 1990.

Section 60. Effective date. (1) [Sections 1 through 46, 48 through 54, 56 through 59, and this section] are effective on passage and approval.

(2) [Section 47] is effective July 1, 1993.

(3) [Section 55] is effective July 1, 1991.

budget must be open to the public, and any taxpayer in the district has the right to appear and be heard. If at the meeting a majority of the trustees present find that an emergency exists, the trustees may make and adopt a preliminary emergency budget, on the regular budget form, setting forth fully the facts constituting the emergency. In adopting the preliminary emergency budget, the trustees may budget for any fund that was included on the final budget of the district for the current fiscal year. The budget must be itemized to show the amount appropriated for each item as required on the budget form.

(2) When the emergency is the result of increased enrollment, the maximum amount of the emergency budget for all funds must be determined by budget amendment.

(3) If another type of emergency occurs, the budget must be limited to the expenditures considered by the trustees to be reasonable and necessary to finance the conditions of the emergency and the preliminary emergency budget must include the details of the proposed expenditures.

(4) After a majority of the trustees have voted to adopt the emergency budget, it must be signed by the chairman of the trustees and the clerk of the district and copies must be sent to the county superintendent, the county treasurer, and the board of regents.

Section 54. Determination of available financing -- fixing and levying property taxation for an emergency budget. (1) After

the last day of the fiscal year for which an emergency budget has been adopted, the county treasurer shall determine the amount of the cash balance that is available to finance the emergency budget's outstanding warrants or registered warrants for each fund included on the emergency budget. The available amount of the cash balance of each fund must be determined by deducting from the county treasurer's year-end cash balance for the fund the outstanding warrants or registered warrants issued under the regularly adopted final budget for the fund and the cash reserve for the fund that the trustees have established, within the limitations of law, for the following fiscal year.

(2) The county treasurer shall prepare and deliver a statement on the financial status of each fund included on an emergency budget for a district that had an emergency budget during the preceding year to the board of county commissioners by the first Monday in August. The statement for each district emergency budget must include:

(a) the total amount of emergency warrants that are outstanding or registered against each fund of the district;

(b) the amount of the cash balance in each fund included on the emergency budget that is available to finance the outstanding warrants or registered warrants; and

(c) after consideration of the available money in subsection (2)(b), the additional amount of money that is required to finance the outstanding warrants or registered warrants and interest on

Section 51. Definition of emergency for budgeting purposes.

As used in this chapter, unless the context clearly indicates otherwise, the term "emergency" for the purpose of community college budgeting means:

(1) the destruction or impairment of any community college district property necessary to the maintenance of the district, by fire, flood, storm, riot, insurrection, or act of God, to an extent rendering the property unfit for its present use;

(2) a judgment for damages against the district issued by a court after the adoption of the budget for the current year;

(3) an enactment of legislation after the adoption of the budget for the current year that imposes an additional financial obligation on the district; or

(4) any other reason of similar consequence that has been approved by the board of regents upon petition by the trustees of the district.

Section 52. Resolution for emergency budget -- petition to the board of regents. (1) Whenever the trustees of a community college district decide that an emergency exists, they may adopt a resolution proclaiming the emergency by a unanimous vote of all members present at any meeting for which each trustee has been given reasonable notice of the time and place of holding the meeting. The emergency resolution must also state the facts constituting the emergency, the estimated amount of money required to meet the emergency, the funds affected by the emergency, and

the time and place the board will meet for the purpose of considering and adopting an emergency budget for the funds for the current school fiscal year.

(2) If the trustees decide that an emergency exists for any reason other than the conditions specified in 20-9-161 (1) through (3), they shall petition the board of regents for permission to adopt a resolution of emergency. The petition must set forth in writing the reasons for the request, the district funds affected by the emergency, the estimated amount of money required to meet the emergency for each affected fund, the anticipated sources of financing for the emergency expenditures, and any other information required by the board of regents. The petition must be signed by each trustee.

(3) The board of regents shall promptly approve or disapprove the petition requesting approval to adopt a resolution of emergency. If the petition is approved, the trustees may adopt a resolution of emergency and take all other steps required for the adoption of an emergency budget. Approval of a petition by the board of regents authorizes the board of trustees to initiate emergency budget proceedings by resolution and does not relieve the trustees of the necessity of complying with the requirements of the emergency budgeting laws.

Section 53. Emergency budget limitation, preparation, and adoption procedures. (1) The meeting of the trustees of a community college district to consider and adopt an emergency

qualifying improvements or modernized processes that represent new industry or expansion of an existing industry, as designated in the approving resolution, ~~shall~~ must be taxed at 50% of their taxable value. Each year thereafter, the percentage ~~shall~~ must be increased by equal percentages until the full taxable value is attained in the 10th year. In subsequent years, the property ~~shall~~ must be taxed at 100% of its taxable value.

(2) (a) In order for a taxpayer to receive the tax benefits described in subsection (1), the governing body of the affected county or the incorporated city or town must have approved by separate resolution for each project, following due notice as defined in 76-15-103 and a public hearing, the use of the schedule provided for in subsection (1) for its respective jurisdiction. The governing body may not grant approval for the project until all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude approval.

(b) The governing body may end the tax benefits by majority vote at any time, but the tax benefits may not be denied an industrial facility that previously qualified for the benefits.

(c) The resolution provided for in subsection (2)(a) ~~shall~~ must include a definition of the improvements or modernized processes that qualify for the tax treatment that is to be allowed in the taxing jurisdiction. The resolution may provide that real property other than land, personal property, improvements, or any combination thereof is eligible for the tax benefits described in

subsection (1).

(3) The taxpayer ~~must~~ shall apply to the county assessor on a form provided by the department of revenue for the tax treatment allowed under subsection (1). The application by the taxpayer must first be approved by the governing body of the appropriate local taxing jurisdiction, and the governing body ~~must~~ shall indicate in its approval that the property of the applicant qualifies for the tax treatment provided for in this section. Upon receipt of the form with the approval of the governing body of the affected taxing jurisdiction, the assessor shall make the assessment change pursuant to this section.

(4) The tax benefit described in subsection (1) applies only to the number of mills levied and assessed for local high school district and elementary school district purposes and to the number of mills levied and assessed by the governing body approving the benefit over which the governing body has sole discretion. In no case may the benefit described in subsection (1) apply to levies or assessments required under Title 15, chapter 10, 20-9-331, 20-9-333, 20-9-360, or otherwise required under state law."

Section 49. Section 20-15-404, MCA, is amended to read:

"20-15-404. Trustees to adhere to certain other laws. Unless the context clearly indicates otherwise, the trustees of a community college district shall adhere to:

(1) ~~adhere to~~ the teachers' retirement provisions of Title 19, chapter 4, ~~as amended~~;

(2) ~~adhere to~~ the provisions of 20-1-201, 20-1-205, 20-1-211, and 20-1-212~~7-as-amended~~;

(3) ~~adhere to~~ the school property provisions of 20-6-604, 20-6-605, 20-6-621, 20-6-622, 20-6-624, 20-6-631, and 20-6-633 through 20-6-636~~7-as-amended~~;

(4) ~~adhere to~~ the adult education provisions of 20-7-701 through 20-7-713~~7-as-amended~~;

(5) ~~adhere to~~ the administration of finances provisions of 20-9-115, 20-9-134, ~~subsections--(2)--(3)--(4)--and--(5)--of~~ 20-9-161~~7--20-9-1637--20-9-1657~~, 20-9-207, 20-9-208, 20-9-210, 20-9-215, 20-9-221 through 20-9-224, and 20-9-512~~7-as-amended~~;

(6) ~~adhere to~~ the school bond provisions of 20-9-401 through 20-9-412, 20-9-421 through 20-9-446, 20-9-451 through 20-9-456, and 20-9-461 through 20-9-465~~7-as-amended~~;

(7) ~~adhere to~~ the special purpose funds provisions of 20-9-502, 20-9-503, 20-9-507, 20-9-508, and 20-9-511~~7-as-amended~~;

(8) ~~adhere to~~ the educational cooperative agreements provisions of 20-9-701 through 20-9-704~~7-as-amended~~;

(9) ~~adhere to~~ the school elections provisions of Title 20, chapter 20~~7-as-amended~~;

(10) ~~adhere to~~ the students' rights provisions of 20-25-511 through 20-25-516~~7-as-amended~~; and

(11) ~~adhere to~~ the health provisions of 50-1-206."

Section 50. Approval to amend general fund budget for ensuing school fiscal year. (1) The trustees of a district may determine

that expenses from the following sources will need to be funded by the general fund budget in the ensuing school fiscal year:

(a) a budget amendment authorized under the provisions of 20-9-161 through 20-9-163;

(b) metal mines tax reserve fund authorized in 20-9-231;

(c) special education expenditures approved under the provisions of 20-9-321(3);

(d) transfer of services from or dissolution of a special education cooperative; and

(e) tuition receipts deposited in the miscellaneous programs fund.

(2) Whenever the trustees determine that expenses from the sources in subsection (1) will need to be funded by the general fund in the ensuing year, the trustees shall petition the superintendent of public instruction for approval to add the expenditures from any of the sources to the current year's general fund budget for the purposes of calculating the ensuing year's general fund budget limitation. The petition must set forth in writing the specific reasons for the request and a report of the actual expenditures.

(3) The superintendent of public instruction shall promptly approve or disapprove the petition for approval to add the expenditures from the sources in subsection (1) to the current year's general fund budget for the purposes of calculating the ensuing year's general fund budget.