

MINUTES

**MONTANA SENATE
53rd LEGISLATURE - REGULAR SESSION**

FREE CONFERENCE COMMITTEE ON SENATE BILL 667

Call to Order: By Chairman Tom Towe, on April 22, 1993, at 10:45 a.m.

ROLL CALL

Members Present:

Senator Tom Towe, Chairman, Senator Barry "Spook" Stang, Senator Bob Brown, Rep. Bill Boharski, Rep. Ray Peck, Rep. H. S. "Sonny" Hanson.

Members Excused: None.

Members Absent: None.

Staff Present:

Andrea L. Merrill, Legislative Council
Eddy McClure, Legislative Council
Bonnie Stark, Committee Secretary

Discussion:

Chairman Tom Towe opened the meeting by stating he would continue with the list of items on the staff-prepared Amendments By Senate Select Committee and Senate Floor (Exhibit No. 1 to 4/20/93 meeting; a copy is attached to these minutes). He said there are two issues to be resolved in this meeting, if possible. They are Item #12, the PL 874 issue, and Item #10, the capital outlay and debt service equalization issue.

ITEM #12: Allowed districts receiving Public Law 81-874 (PL874) Funds to transfer from new impact aid fund to general fund.

Eddy McClure, Legislative Council Staff, said she has an amendment proposal and presented Exhibit No. 1 to these minutes (HB066734.AEM). Ms. McClure said this proposal is basically what Curt Nichols, a member of the Governor's Budget Office, presented during the last meeting. There is still a disagreement between Mr. Nichols and Lynda Brannon, a representative of the Indian Impact Aid Districts Association, on what the affect of this amendment would be and what the Federal authorities would say about it. She has asked both parties to be prepared to factually substantiate their sides of the issue during this meeting.

Ms. McClure said this is transition language--how to get PL874 funds into the new fund. The debate is on whether HB 667 inadvertently or intentionally reduces State aid by moving the PL874 funds to a separate account.

Curt Nichols explained that in FY '94, the caps and the minimum growth limits are driven off the FY '93 budget. The language in HB 667 now would include the FY '93 budget, including the PL874 funds. What this amendment will do is segregate the FY '93 budget into two parts: the PL874 part and the regular budget, which then becomes the equalized HB 667.

Chairman Towe asked if it is being segregated only for calculating the FY '94 budget, and that is what is meant by the transition rule. Mr. Nichols said this is correct.

Lynda Brannon said that by removing the anticipated and reappropriated dollars in the FY '93 budget, the State is reducing many of those districts down below the 80% level, and this will virtually off-set the State revenue that districts would have available to them.

Chairman Towe asked Ms. Brannon if she is saying that this transition rule to separate the FY '93 budget could reduce a district's GF budget to below the 80% level. Ms. Brannon said it would reduce State aid because many districts show up as budgeting way below 80%.

Chairman Towe asked if a district would get more State aid when going below the 80%, instead of less State aid. Ms. Brannon said they would not because they are limited to either 20% or 104% growth. Chairman Towe said these districts would have to levy to get to the 20%, but aren't those districts also entitled to a larger percentage of GTB as a result? Ms. Brannon said no, because the closer the district is to 80%, the more they are going to have to levy. The amount of the levy is what GTB subsidy is paid on. The lower the district budget is, the less the mill levy, the less the State aid.

Rep. Boharski explained the reason for this is because if the PL874 is taken out of the budget amount, the district will drop down to, for instance, to 60%. In the first year, if they only go 1/5 of the way to close the gap, that is all they will get GTB money on. If the PL874 money is left in there, they will probably be somewhere above the 80%, so they will get GTB on everything up to 80%, whether it is mill levies or matching PL874 money with State money. They will get the whole range from 60% to 80% subsidized. If PL874 money is taken out and they start at 60%, they will have less to subsidize because the budget the State subsidizes might only grow to 68% or whatever.

Chairman Towe asked if the GTB will be based on the 80%. Rep. Boharski said the GTB will be based on the amount below 80% that is defined as the district budget. If the district is moved

down and then takes five years to move up to 80%, the first year the State will only subsidize, for example, 67% or 68%. If the PL874 is left in their budget, they are already over the 80%, so the first year the State is subsidizing everything up to 80%. It will cost the State more in subsidy.

Chairman Towe asked how this would reduce GTB. Mr. Nichols said it wouldn't. What we are talking about is whether we increase GTB a little bit, or a lot. The only way to argue that it decreases GTB is to assume a district already could get the 80%, which is the way HB 667 reads now, and they would get less under this amendment. The district will get a 20% increase and GTB on it. With this amendment, the district will not go all the way to 80% right away.

Rep. Peck asked Rep. Mike Kadas if he has an observation on this issue. Rep. Kadas said the way the bill reads now, PL874 funds can be used to match GTB all the way up to the 80% amount. He is not clear whether using that will require a vote or not. If it doesn't require a vote, then it seems easy for a district with PL874 to get to the 80% without any difficulty at all. If they do require a vote to use the PL874 funds for the match on the GTB, then there might be a problem. He can't imagine a school district voting down the use of GTB to displace local millage. Rep. Kadas said he doesn't think this is a major impact on the PL874 districts. He thinks they can get to the 80% without a considerable effort, and then all the rest of their PL874 money is in the separate account and they have fewer restrictions on using that money than there are on the general fund monies.

Chairman Towe asked if the reason a district would get less GTB State assistance is if HB 667 froze the budget below 60% and there is a cap of 20% the first year, it would come up to 67%, for instance. At 67% the district would have less GTB subsidy coming in than if it was at 80%, where they would get the maximum GTB subsidy. Rep. Kadas said that is the argument, but he thinks there is some clear argument in opposition to that idea. For instance, if they are at 60% and the district is limited under HB 667 of only going to 67%, even though they could go to 80% with a vote, and if all the PL874 money is included in their budget, assuming they were at 85%, that means they still have a big chunk of PL874 money that is there on the side and it is presumed they will get that same amount next time. If they continue to get this same amount, they will still be able to get to the same level of budget that they are at now. If something happens at the Federal level, and that PL874 money evaporates, then there is a serious problem. However, as long as there is still PL874 money, the district can get to the same amount, plus they will be getting increased State dollars phased in over five years. That is in case they don't vote to use the PL874 money to displace local property tax effort.

Rod Svee, Superintendent of Schools, Hardin, spoke to this issue saying HB 667, by itself, is not a problem for PL874 money. The difficulty with this amendment is that it creates a base year based on the old funding structure. To the extent that this amendment forces an equalization of PL874 dollars, there is a problem. If taking away State aid through HB 28 drops a district to 63%, for instance, that creates the loss of State aid under HB 667.

Rep. Boharski asked Mr. Svee what his budget is now and what percentage of that is PL874 money. Mr. Svee said the Hardin Elementary budget is approximately \$4.7 million and \$1.184 million is PL874 money.

Jim Gillett, Office of the Legislative Auditor, said with the PL874 money in the base, at the end of FY '94, Hardin Elementary would be at 100% of the maximum.

Rep. Boharski said if \$1.5 million is pulled out, Hardin Elementary will go down to approximately 75%.

Mr. Svee said that the districts that have stayed within the caps have stayed at the 4%, or in the case of the Hardin high school which lost its levies last year, they cut below 4%. There are some districts that have not stayed within the caps, and they would be ones impacted more by the amendment than Hardin will be.

MOTION:

Rep. Boharski moved adoption of the amendment as shown on Exhibit No. 1, with a wording change to (7): "For the purposes of this section, the General Fund budget for Fiscal Year ending June 30, 1993, is the General Fund budget which is funded by any State, local, and Federal funds excluding receipts for reappropriated Public Law 81-874 funds."

DISCUSSION:

Rep. Boharski said the reason he is changing the language in this amendment is he is leery of the previous language which used the word "subtract" because it could present legal problems. It is clearly stated that everybody's budget is a certain way, and everybody is treated the same.

Chairman Towe asked if this would replace the present language in (7). Ms. McClure explained this is just rearranging the language in (7).

Chairman Towe said this language will allow us to do what the Federal government wants done; that is, to exclude PL874 funds from the General Fund budgets and put that money into a separate account. We want to make sure there is no problem in making the transition, and going back to the FY '93 budget as

segregated will work.

Ms. McClure said her conversations with the Federal government indicate they do not look at the State's intent, they look at the effect.

Rep. Boharski said the Budget Office estimates that the transition language is worth a savings of approximately \$3.6 million.

VOTE:

The motion CARRIED on oral vote, with Senator Stang voting "NO". (HB066734.AEM)

ITEM #3: Removed "optional" vote between BASE budget level and 90% level.

DISCUSSION:

Chairman Towe asked Rep. Kadas to explain his concerns with this issue. Rep. Kadas said this relates to the growth caps between the 80% and 100% BASE budget levels. The way HB 667 reads now, the cap is 104% of the previous year's budget, with a vote to go any amount above that. He thinks there is a balance to be found with the property tax system and the Legislators are responsible for funding this, not just school trustees. With HB 667, this control has all been turned over to trustees and gives them a lot of authority over property tax. What he suggests, is to allow a permissive to 100% of the previous year's budget, on either a straight dollar amount or per ANB amount, and allow 4% growth over that amount on a voted levy.

Rep. Kadas used the illustration of Ravalli County as a low-effort property tax county. They do not vote additional mills to fund their schools. They are funding their schools on 135%--the State share and the GTB amount. The budget percentage level for most districts in Ravalli county ranges between 65% and 80%. Every district that is currently spending above a 75% average is voting mills now. When the permissive levy is limited to 100% of their actual budget, a number of districts who are currently voting mills will not have to vote them anymore. Missoula County districts, for instance, could go all the way to 90% on a permissive, with no vote whatsoever. If they wanted to go to 94%, they would have to go to a vote. He thinks this is plenty of flexibility, and he is concerned about the impacts on the property tax system, and what the property taxpayers' response will be to HB 667. Rep. Kadas said allowing a permissive on the current budget only is a compromise. It is a big step to afford schools that much flexibility, and give them inflationary growth over that if they can go out and get the vote. Now, most districts are going out to get the voted approval. He thinks the voters need to continue to be involved in the inflationary increases.

Eric Feaver, Montana Education Association (MEA), said there are probably a dozen representatives of the education community in this room who would say this has been the very issue they have been fighting for throughout this session--the opportunity for trustees to exert their authority and to be held accountable for doing so. Mr. Feaver said he is one of the people not optimistic that trustees will go the 104% all over the State. He doesn't see an exorbitant rush to grab the highest possible dollar. The trustees may be even more sensitive to what could potentially happen to them and their school communities in light of the recent school bond elections that failed. Mr. Feaver suggests providing that as the budget increase, and then let the voters decide on the merits of that decision when they elect the trustees. Mr. Feaver urged this Committee not to go to Rep. Kadas' point of view. He thinks that is a step backwards. Greater accountability should fall to the school trustees and they should see themselves more intimately involved in the decision-making process, instead of simply passing those things on.

Chairman Towe asked Mr. Feaver about Cascade County figures. The elementary schools in Great Falls are at 90%. He asked Mr. Feaver if what he is saying is that for the FY '93 budget year, they can't levy the full budget they requested since they couldn't get their mill levy passed. However, for the FY '94 year, after HB 667 is passed, then Great Falls elementary schools would be able to go to the same budget without a vote. Mr. Feaver said he couldn't answer for the Great Falls trustees, but he thinks they will be responsive just as the Legislators are.

Chairman Towe asked Mr. Feaver if, throughout the state, most of the school districts between the 80% and 100% are on a voted budget at the present time. So what this Legislature will do will be to allow the same trustees to take that budget and go up to as much as 104% without a vote, even though at the present time all of them have to have a vote to get there. Mr. Feaver said the \$32 million is taken out of school funding, and mills go up in most districts, the trustees are not going to look at even permissively imposed mill increases of the magnitude being considered here.

Senator Stang asked if there is anything in HB 667 that prohibits the trustees, rather than doing it permissively, to put it out for a vote. If they decide that they don't want to do this permissively, do they have the option of putting it out for a vote? Mr. Feaver said he hopes the language in this bill is not confusing, but permissive means at the option of the trustees, not of the voters. If it is permissive, then it is the trustees' obligation to impose.

Rep. Boharski said he had inserted language in HB 667 which would do what Mr. Feaver suggested, that would have left it up to the local board of trustees to go to a vote if they so chose. If they wanted to do it without a vote, then they could do it

without a vote. However, this language was taken out of the bill. Ms. McClure said that language appeared on Page 1, Line 25, and has been stricken from HB 667.

Pat Melby, Underfunded Schools Coalition, said Rep. Kadas presented his proposal as a compromise. The way this bill came out of the House, the people in the educational community opposed it vigorously and wanted the permissive authority up to the current level. HB 667 is the compromise. He urges this Committee to hold tight with that compromise, and not accept something from Rep. Kadas that he has been unsuccessful in getting into the bill all along. The compromise worked out is that the educational community was asking for permissive levies to 100%, that they only have to vote it if they are over 100%. The way it came out of the House, there was the vote between 80% and 90%, the option to vote. If the trustees have the right (the permissive ability) to raise the levies, or the option to vote, that ends up being a vote. It may as well be set as a vote; don't play a game and say it's permissive. HB667 will be placing a huge mill increase on a lot of school districts, and those districts, in order to catch up with inflation, are going to have to go out to a vote that they will lose.

Rep. Kadas responded that there is some confusion here. He is talking about tying this to 100% of the previous year's budget. The educators are talking about 100% of the maximum entitlement.

Rep. Peck asked for clarification. Is Rep. Kadas saying a school district would be allowed to go 100% of the previous year's budget plus the 4%? Rep. Kadas said "no". He is saying the trustees would go to 100% of the previous year's budget, or 100% of the previous year's budget per ANB per enrollment, and could go to 104% of the previous year's budget or the previous year's budget per ANB only with a vote.

Rep. Alvin Ellis said as HB 667 came out of the House it was quite different because there was the opportunity of a board to put the budget up for a vote if they chose between 80% and 100% of the goal. They could do it permissively or put it to a vote, except when they reached 90%, and it was then automatically voted. They have districts rejecting levies that are down in the 70% bracket, and now they are forcing them to go up. He can understand going to 80% and forcing them to do that, but once above 80%, they get no State support. Rep. Ellis said he is with Rep. Kadas on this proposal.

MOTION:

Rep. Boharski moved that any increase that is not mandatory would be optional to a voted levy, and it is up to the board of trustees to make that determination. This would not raise any caps and it wouldn't go above any limitations a district presently has.

DISCUSSION:

Senator Brown said the whole system of funding education is to get the schools between the 80% band and 100% band and keep them there. If a school board is put in a position of having to make a choice of whether to run a levy election or not, he thinks Mr. Melby is right. For the most part, they are going to put it out to the people for a vote; they will duck the issue, particularly if it involves property taxes. It makes sense to him to recognize that inflation is a fact. If 4% is a reasonable definition of inflation, and the trustees have the permissive authority to raise their budgets up to 4% if they choose to do so, it seems a better guarantee the districts will stay within the 80% and 100% range. He opposes the motion.

Chairman Towe is persuaded there could be a problem in some districts where the State is forcing them to go up fairly substantially in their mill levies, and to add inflation may cause some hardships. He thinks the motion is not a good idea.

Rep. Boharski said under the current law, one of the reasons the districts are concerned is that some districts have passed 4% for at least three years. If they lose one election, they go down 12%. That is why they are afraid of losing the elections. Under what he is proposing, they don't lose anything; they just stay where they were and they get an ANB adjustment if they need it.

Rep. Peck said his reservation about the optional vote is different from Senator Brown's. He is not sure the trustees would feel compelled to go out for the vote; he thinks the opposite would be true. His reservation is that if it is put out on an optional basis and they vote it down, isn't the authority still with the board that they can go ahead with it under HB 667.

VOTE:

The motion FAILED 4-2 on Roll Call Vote (#1).

ITEM #10: Amended Senate version of SB 32 (GTB aid for debt service fund).

MOTION:

Senator Stang moved adoption of the amendment offered at the April 21st meeting as Exhibit No. 1, a copy of which is attached to these minutes. (HB066723.aam)

DISCUSSION:

Senator Stang said this is the so-called compromise that puts the cap on school facility equalization funding at \$2 million. The members of his caucus have said that Rep. Hanson's proposal might have some merit if it was fully funded. If it is

fully funded, there would be school districts getting an enormous amount of money they won't know how to spend. However, the chance of that getting fully funded is probably close to zero. It seems to be the wish of the educational community and his caucus that since there is such a restricted amount of money to use, it does more good to give that money to schools who currently need it because of growth and who are in need of new buildings, rather than to distribute it in smaller amounts to areas where it isn't needed.

Rep. Hanson said he will vote against this amendment. Their caucus has not had a chance to study this issue.

Chairman Towe said he has some difficulty understanding Rep. Hanson's proposal of dividing the \$2 million among every district. There is not enough money to make an impact on each district. If there are some schools that need some help, we need to do something to help them.

Rep. Hanson agreed that the amount of funding is a big issue. However, the small districts that are not expanding will have to spend money on health and safety issues, accreditation and normal capital modifications. Some of these small expenses do not justify bonding. They are also concerned that once the process is started, the State will never go back to a true equalization procedure. It will get back to subsidizing those school districts that are fortunate enough to pass a bond issue.

Ms. McClure said she did visit with Mae Nan Ellingson, Dorsey Whitney bond counsel, on this issue. Ms. Ellingson's comments on the cap was that bond counsel might approve bonds in spite of the biennial amount. The only problem is, they want to make sure that if there is a cap on any proposal, it is very clear that the general obligation of the school district was obligated to levy the amount in case the State did not. Ms. Ellingson wanted the Committee to know that as far as bond counsel is concerned, any concept picked out, if it is part of HB 667 as a whole new system, will be a stronger presumption of equalization. They would not get into a situation of trying to judge the adequacy of either program. Their preference is that it be part of a big system, but they would not judge the adequacy, and they would issue bonds and presume that there was constitutionality until someone said otherwise.

Senator Brown said there is not enough money to fully equalize school facilities and it seems to him that either concept is imminently challengeable. If there is a lid put on this, what happens to the districts that come in after the money is used up. Or, on the other hand, the money is spread so thin, there isn't anything in it for anybody. Either way, there is a big problem. The Senator said he is voting against this motion because he thinks Rep. Hanson and Rep. Boharski ought to have the opportunity to go back to their caucus and see if they can come back with a different idea.

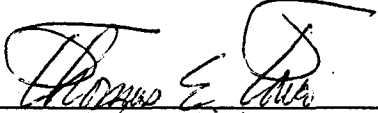
Senator Stang said that his intent in making the motion is to force this issue back to caucus.

VOTE:

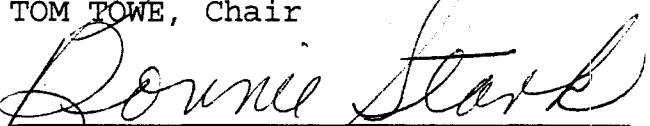
The motion FAILED 4-2 on Roll Call Vote (#2).

ADJOURNMENT

Adjournment: The meeting adjourned at 11:50 a.m.



TOM TOWE, Chair



BONNIE STARK, Secretary

TT/bjs

ROLL CALL VOTE #1

(FREE) CONFERENCE COMMITTEE >

BILL NO. HB 667

DATE 4-22-93

TIME 10:45

A.M. P.M.

NAME	YES	NO
Sen. Towle		✓
Sen. Stang		✓
Sen. Brown		✓
Rep. Boharski	✓	
Rep. Peck		✓
Rep. S. Hanson	✓	

Downie Stark
SECRETARY

Tom Love
CHAIR

MOTION: Failed 4-2.

ROLL CALL VOTE #2

(FREE) CONFERENCE COMMITTEE >

BILL NO.

HB 667

DATE 4-22-93

TIME 10:45 A.M. P.M.

NAME	YES	NO
Sen. Towe	✓	
Sen. Stang	✓	
Sen. Brown		✓
Rep. Boharski		✓
Rep. Peck		✓
Rep. S. Hanson		✓

Donnie Stark
SECRETARY

Tom Lowe
CHAIR

MOTION: Failed 4-2

Amendments to House Bill No. 667
Reference Reading Copy

Requested by Conference Committee on House Bill 667
For the Committees of the Whole

Prepared by Eddy McClure
April 20, 1993

1. Page 12, line 17.
Following: "(A)"
Strike: "If"
Insert: "Except as provided in subsection (7), if"
2. Page 12, lines 18 and 19.
Following: "beginning"
Strike: remainder of line 18 through "SECTION"
Insert: "July 1, 1994,"
3. Page 17, line 19.
Following: "(3)"
Strike: "WHENEVER"
Insert: "Except as provided in subsection (7), whenever"
4. Page 18, line 11.
Following: "(A)"
Strike: "IF"
Insert: "Except as provided in subsection (7), if"
5. Page 19, line 24.
Following: line 23
Insert: "(7) When calculating the general fund budget or general fund per-ANB budget for the school fiscal year beginning July 1, 1993, a school district shall subtract any budgeted Public Law 81-874 receipts and reappropriated Public Law 81-874 funds for the school fiscal year ending June 30, 1993."

HOUSE BILL 667 (ORANGE REFERENCE COPY)
AMENDMENTS BY SENATE SELECT COMMITTEE AND
SENATE FLOOR

LEGISLATION COMMITTEE
EXHIBIT NO. 1
DATE 4-20-93
NO. H 13667

1. Required 3 years (not 5) to reach BASE budget level (80% level), by the greater of the following limitations:
 - (a) 104% of previous year GF budget;
 - (b) 104% of previous year GF budget per-ANB x current year's ANB; or
 - (c)(i) 33 1/3% of range between GF budget for SFY June 30, 1993 and BASE budget for July 1, 1993;
 - (ii) 50% of range between GF budget for SFY June 30, 1994 and BASE beginning July 1, 1994; or
 - (iii) remainder of range between GF budget for SFY ending June 30, 1995 and BASE beginning July 1, 1995
2. Required voter approval to exceed limitations below 80%
3. Removed "optional" vote between BASE budget level and 90% level but retained voter approval to exceed following limitations in 80% to 100% level:
 - (a) 104% of previous year GF budget; or
 - (b) 104% of previous year GF budget per ANB x current year's ANB
4. Froze district budget growth above maximum level (100%) until the maximum GF budget for the district is reached.
5. Voter approval for districts above maximum not required for first 2 years
6. Added "weighted" GTB for GF budgets of eligible districts. Replaces per mill per ANB method with a ratio that compares the district taxable value to 40% of the district's maximum GF budget.
7. Changed Stop/Loss on per-ANB entitlements:
Lowered High school and junior high stop/loss from 1000 to 800
Lowered Elementary school stop/loss from 2,500 to 1,000
8. Senate amendments resulted in state guaranteed tax base level of 191% (May be 168%-170%, if \$30 million in Senate changes are not funded.)

9. Created parallel system for funding special education with GTB for 25%, 10% local effort, and 65% from allowable cost payments. Coordinates with SB 348 (Halligan)
10. Amended in Senate version of SB 32 (GTB aid for debt service fund). Changed effective date to passage and approval so districts can seek voter and OPI approval in preparation for debt service equalization.
11. Based ANB Count on an average enrollment count for October 1 and February 1 of the previous year
12. Allowed districts receiving 874 funds to transfer from new impact aid fund to general fund to offset portion of district mills for BASE budget levy below 80%, with state paying GTB (complies with federal requirements). Districts using 874 funds for BASE levy support must levy a minimum tax effort based on least prior year statewide average BASE budget levy.
13. Removed House "Wanzenried" amendment limiting districts' administrative expenses to 95% of 2-year average.
14. Replaced monthly 8% SEA payment with a 10% payment to avoid district cashflow problems
15. Allowed a school of district that is more than 20 miles from another school of a district to receive separate basic entitlement
16. Added interim study of nonlevy revenue
17. Appropriated \$400,000 to OPI for implementation
18. Provided moratorium on allow a district to create a new school district out of the territory of an existing district
19. Required any OPI audit to be done by contract rather than Office of the Legislative Auditor
20. Act is void if Senate Bill No. 436 (realty transfer tax) is not passed and approved.

Final Conf Copy
SENATE TAXATION
EXHIBIT NO. 1
DATE 4-21-93 H.
BILL NO. HB 667

Amendments to House Bill No. 667
Reference Reading Copy

For the Conference Committee on HB 667

Prepared by Andrea Merrill
April 21, 1993

1. Title, page 3, line 10.

Following: "ANB;"

Insert: "LIMITING STATE SUPPORT FOR SCHOOL FACILITY EQUALIZATION TO \$2 MILLION FOR THE BIENNIUM ENDING JUNE 30, 1995; ALLOWING THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO PRORATE TO ELIGIBLE DISTRICTS THE AVAILABLE APPROPRIATION FOR EQUALIZATION OF DEBT SERVICE FUNDS;"

2. Page 91, line 2.

Following: line 1

Insert: "(2) for the purposes of guaranteed tax base aid for the debt service funds of districts, limiting the distribution of state equalization aid to no more than \$700,000 for the school fiscal year ending June 30, 1994, and \$1.3 million for the school fiscal year ending June 30, 1995, to the districts that are eligible under the provisions of 20-9-366 through 20-9-369 and [section 39] by:

(i) determining by May 1 of each school fiscal year the number of mills levied in each district for debt service on bonds that were issued after [the effective date of this section] and that qualify for guaranteed tax base aid under the provisions of 20-9-366 through 20-9-369 and [section 39];

(ii) based on the limitation of state equalization aid for debt service purposes in this subsection, determining the percentage of guaranteed tax base aid that each eligible district will receive;

(iv) distributing that amount to each eligible district for reducing the property tax for the debt service fund for the ensuing school fiscal year; and

(iii) determining at the end of a school fiscal year or a biennium if there is an unused portion of the amount of state equalization aid appropriated in this subsection to be carried into either the next school fiscal year or the next biennium for the purposes of this subsection."

Renumber: subsequent subsections

3. Page 115, line 12.

Following: "20-9-435;"

Insert: "(iii) guaranteed tax base based on the debt service mills for the prior school fiscal year that qualified for aid under the provisions of 20-9-366 through 20-9-369, [section 30], and 20-9-346;"

Renumber: subsequent subsection