

MINUTES

MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION

FREE CONFERENCE COMMITTEE ON SENATE BILL 667

Call to Order: By Chairman Tom Towe, on April 23, 1993, at 7:30 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 Towe opened this meeting by stating we will continue to address items on the staff-prepared Amendments By Senate Select Committee and Senate Floor. (See Exhibit No. 1 to 4/20/93 meeting; a copy is attached to these minutes.) Some figures will be forthcoming on the money issues outstanding in HB 667.

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

Senator Delwyn Gage, Senate District #5, appeared before this Committee to give his opinions on the use of Public Law 81-874 (PL874) funds in HB 667. Senator Gage said a concern has been expressed that PL874 districts would have a lower General Fund (GF) budget to use under HB 667 because the PL874 money is taken out and put into a new fund. For instance, a district has \$100,000 GF budget and they could go to 104% with the caps. That would mean that next year they would be at \$104,000 under normal circumstances. Under the HB 667 proposal, they must pull the PL874 money out of their GF budget. If they had \$20,000 of PL874 funds included in their GF budget, this will drop them down to \$80,000. For calculating their cap, they have to figure 104% of \$80,000 which gives them \$3,200. The next time they will have \$103,200. They will still have their PL874 money, and they can spend it, but they have to plug \$800 of PL874 money into the

\$103,200 in order to get the \$104,000 cash figure they started with. They would then be forced to use PL874 money in order to equalize. He doesn't think the Federal government will look kindly on that.

Senator Gage said that the following year, they will have to pull \$20,800 out of their budget, and they will have to plug in more PL874 money to get to their cap again. This will just keep snowballing until, theoretically, all their PL874 money will be used up in their budget.

Chairman Towe asked the Legislative Council Staff, Andrea Merrill and Eddy McClure, if their understanding is the same as that presented by Senator Gage. Ms. McClure said that is the language presently in HB 667 with the amendment presented by Curt Nichols, a member of the Governor's Budget Office, which was adopted during the first meeting on April 22nd. (HB066734.AEM)

Senator Gage suggested letting the PL874 districts calculate their GF budget on the old \$100,000 example and they could get the extra \$800 from the taxpayers rather than using their PL874 money.

Chairman Towe asked if it is possible to draft language that would say that the old budget figure will be used for the transition period for the authorized budget, but then still use the same procedure for all other purposes.

Rod Svee, Superintendent of Schools, Hardin, said he thinks the original language in HB 667 does this. Ms. McClure said this is correct.

Mr. Svee said there is an additional problem. He presented Exhibit No. 1 to these minutes. If the figures from his exhibit, and the figures Senator Gage displayed, are put into the amendment, there will be an inflated figure in the first year, one some of the schools may not be able to make up in the second year. The reference to "backfill" means that in the bill, the PL874 schools can use PL874 money instead of taxes to backfill below the 80%. Mr. Svee also presented Exhibits No. 2 and 3 to these minutes and explained them.

Rep. Boharski explained that the reason the language was changed was because there is a district out there that has one taxpayer, and he would have paid an amount of approximately 2,000 mills to bring that district to the 80% minimum budget level. The Senate Subcommittee then said a district may use PL874 money to replace any levies for under the 80% level, and the State will give Guaranteed Tax Base (GTB) aid on that PL874 money, just as it would match mill levy money.

Rep. Mike Kadas said the PL874 districts should be treated like everyone else and not use PL874 money to replace local effort. All their PL874 money can go on the above 80% amount.

Rep. Boharski asked if someone from the Office of the Legislative Auditor (OLA) could explain the huge mill values that have been presented for some districts. Jim Gillett, OLA, explained the big mill levies were a function of a K-12 district where the PL874 money wasn't allocated between the two separate districts. The PL874 money is re-allocated between the elementary and the high school parts of the district.

Mr. Svee said if the Senate Subcommittee amendment is removed, along with the amendment of Mr. Nichols, PL874 districts are on a level playing field. They would both need to be removed. They are not particularly related, but the effect is related.

Curt Nichols added that we have been assuming all along that you need a vote to go above the 104% cap, or the 20% growth allowed in the 80% level, but on a careful reading of the bill, that is not true in the first year. The way the bill reads now, anybody can go as far as they want the first year. If, in fact, that is the way it is, the fiscal note is understated right now. Chairman Towe said he doesn't think that is what was intended.

Page 17, Line 12, and Page 18, Line 6, of HB 667 were discussed. Ms. Merrill explained that the language on these pages was not intended to suggest that a district can go as far as they want. A district would have to adhere to the limitations in the bill for the first year, and wouldn't have to vote, but then in other years when a district did have a chance to have an election, they could exceed the limitations. The language in the introductory phrase on Line 12, Page 17, and Line 6, Page 18, doesn't express that properly. This will be fixed to reflect the Senate's intent. Chairman Towe asked if we are saying that there should not have to be a vote the first year? Ms. Merrill said it would just have to be clear that a district can't exceed the limitations the first year no matter what. She said there is no time to have an election to exceed any limits. The language will be clear that the districts are frozen to these limitations the first year.

MOTION/VOTE:

Rep. Boharski moved that in FY '94, the school year beginning July 1, 1993, the maximum growth allowed a district will be according to the amendment adopted on April 21, 1993, to go to five years instead of three years, and the caps to remain the same, with the percentages of 20%, 25%, 33 1/3%, 50%, and the remainder in the last year, and the first 20% will be the mandatory growth level. There will be no vote the first year. The motion CARRIED UNANIMOUSLY on oral vote.

DISCUSSION:

Chairman Towe asked Mr. Groepper and Mr. Gillett if this motion will affect what is being discussed regarding PL874 funding. Mr. Groepper said OPI's assumption was that school districts could go wherever they needed to go in the first year and that is why they weren't able to understand how there was a cost savings doing what was being discussed with the PL874 districts. If those schools have to take the PL874 out and can only grow 20% of a much smaller number, then this Committee should give some serious considerations to what Mr. Svec is saying; otherwise, the districts will be hammered down so much they will not be able to get back to where they were last year. Chairman Towe said if we do that, we lose out \$3.5 million. Mr. Groepper said the policy question being addressed here really goes beyond just PL874 districts. There are districts that had Bonneville Power Company tax money in their GF budget last year which became a part of their base, and there are other similar situations existing in other districts, and the Committee is focusing in on the one issue (PL874) because there is a fiscal note implication. Mr. Groepper thinks the Committee needs to look at these other situations in other districts with similar kinds of access to money above the 10% reserve limit that they spent last year legitimately where they might have had an unusual special education situation. The Committee needs to look beyond the cost and look at the fairness.

MOTION:

Senator Stang moved to strip the Senate Select Committee amendments in relation to the PL874 funds, and strip the amendments put into the bill on April 22 with regard to the PL874 funds.

DISCUSSION:

Senator Stang said if we leave the weighted Guaranteed Tax Base (GTB) in the bill, everybody below the 80% will levy the same amount of mills. This will bring everyone in line, and there will be no worries about the PL874 monies, and everyone will be on a level playing field. That is what we are trying to do with this bill.

Chairman Towe asked Curt Nichols to address this motion. Mr. Nichols said the transition language relates to the starting point for the FY '94 budget. Without the transition language, you are starting at the budget including the PL874 money. If the transition language is included, the starting point is the '93 budget without PL874. So, a district will be starting at a lower point, and then increasing from that point. If they vote to increase further, they have to levy the mills to get there. That is what Rep. Peck's language would do.

Rep. Boharski said we don't care how a PL874 district spends their money. They can go to 104% of the last year and use all their PL874 money on top of that. Mr. Nichols said they can spend at a level equivalent to over 100%.

Senator Stang withdrew his previous motion because there are two different issues involved.

MOTION:

Senator Stang moved to strip the Senate Subcommittee amendments requiring a PL874 district to levy at least the statewide average mills before applying the PL874 money from the new fund.

DISCUSSION:

Ms. McClure said the Senate Subcommittee adopted those amendments before this Committee added the weighted GTB. She said a district will still have to transfer their money over to the new account which was part of the Senate package. Ms. Merrill said this motion will strike (3) on Pages 125 and 126, and related references throughout the bill.

Lynda Brannon, representing Indian Impact Aid Districts Association, said once weighted GTB was put into place, it became a moot issue. Rep. Boharski said by striking this language, it takes away the ability of a PL874 district to use PL874 funds to off-set local money. Ms. Brannon said by striking the language, a district would be taking off the requirement to levy at least the previous year's state-wide average levy.

Rep. Kadas said this will not allow the use of PL874 monies to leverage State subsidy GTB dollars. That will have to come from local taxpayers. That means that all of the PL874 monies will have to be used in the 80% to 100% budget level.

VOTE:

The motion CARRIED UNANIMOUSLY on oral vote.

MOTION:

Senator Stang moved to strip the transition language, requiring a district to build a general fund budget without including PL874 money.

DISCUSSION:

Senator Stang said he makes this motion in good faith. The people he has talked to aren't so sure that the money to be saved with this amendment will be worth the gamble of losing the PL874 funds for all districts in the State.

Chairman Towe asked Mr. Groepper to express his thoughts on this motion. Mr. Groepper said he would have to go back to his earlier statements. The Committee is looking at only one kind of money (PL874), and saying they can't count whatever they spent in their budget last year using that money. There are a number of other school districts who have access to different excess reserve money, and the Committee is saying that expenditure is okay. He has to question the merit of picking on the one class of school district and saying we are not going to allow you to count those expenditures because we have figured out a way that by not counting those, that will save us money. Mr. Groepper thinks that is not the right way to build the new policy.

VOTE:

The motion FAILED on oral vote with Senators Stang and Towe voting "AYE".

DISCUSSION:

Rod Svee asked if it is possible to compromise by re-writing yesterday's amendment to limit it to a single, or current, year's receipts of PL874 monies.

Exhibit No. 4 was presented. This is the amendment adopted on April 22, including some changes Rep. Boharski wanted in it. (HB06673.AEM).

Mr. Svee said it would need to be changed to "current fiscal year receipts".

Mr. Svee said the second thing he is asking the Committee to do is to go to the Department of Education for a ruling. If the ruling favors the PL874 schools, he asked that some type of a severability clause is inserted into the language to protect the bill in case of an adverse decision. Ms. McClure said this is already included in the bill.

MOTION/VOTE:

Chairman Towe moved the adoption of the amendment on Exhibit No. 4, with "of that fiscal year" being added after "receipts", and the remainder of the sentence stricken from (7). The motion to amend (7), Page 19, Line 24, to read, "...and federal revenue, excluding PL874 receipts of the fiscal year ending June 30, 1993.", and delete the remainder of that sentence, CARRIED UNANIMOUSLY on oral vote. (HB066734.AEM, as amended.)

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

DISCUSSION:

Senator Stang asked if this Committee could discuss SB 32 so that proposal could be taken back to the caucuses.

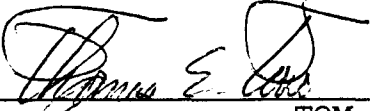
Exhibit No. 5 was distributed. Ms. Merrill explained this exhibit is a meshing of the two different ideas, with the capping of the money being the key thing. There would be \$2 million to be divided up to \$700,000 the first year, and \$1.3 the second year. This uses the entitlement idea that the House Education Committee put in, and by re-working it, it would involve the same definition of entitlement. For the first two years, a district would be entitled to have some of this money if two things happen. (1) If a district were eligible for GTB, and (2) If a district had incurred bonded indebtedness after July 1, 1991. The eligibility for GTB is just a threshold to receive the entitlement amount per ANB. But, since only \$2 million is available, each entitlement is pro-rated by the Superintendent of Public Instruction.

Rep. Hanson explained the July 1, 1991, date in 2(2)(b) was picked because it is the date of the start of the lawsuits. At this point we have to add additional language saying that is up through July 1, 1995, and at that point we want another sentence added saying, "the funds would then be expended for capital expenditures which would include debt service". Rep. Hanson said his caucus feels very strongly about this, that there has to be some money available for the rural communities that are not building new buildings.

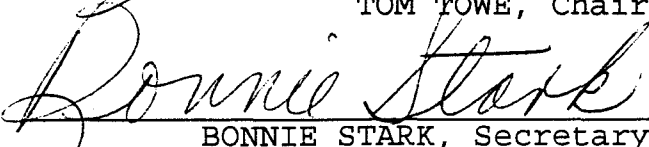
Chairman Towe said this proposal will do almost exactly what was in SB 32 with the compromise language amendment, except that, instead of having to go to the Superintendent's office, the Board of Public Education, to get permission to determine whether it was an emergency, special health needs, etc., it is determined by a formula to determine how much is allocated to each of the bonded indebtedness schools only. He thinks that makes a lot of sense. Rep. Hanson, however, wants to add something in for 1995. This amendment proposal will be discussed during the next meeting.

ADJOURNMENT

Adjournment: The meeting adjourned at 9:05 a.m.



TOM TOWE, Chair



BONNIE STARK, Secretary

School	Enroll	92-93 ANEB Budget	Current GF less 874 Sp Ed	92-93 Sp Ed	OPI	Auditor	
					min mand GF Budget	Base funding	max GF Bud.
Harlem HS	143	146 (141) 1,085,320	633,340	8,238	728,086	728,032	908,228
Simms	167	154 (149) 809,195	787,952	21,243	758,968	838,836	1,043,871
Arlee	150	(145) 833,728	496,198	17,498	743,530	717,811	893,414
Hardin El	135	4793,690 FY94 Budget Incl. Sp Ed	3,322,875 FY94 Budget minus FY93 budget	285,917	3,491,442 State Support for FY94 Budget Includes Sp. Ed.	4,014,772 their figures approx 874 (432,603)	4,955,563
Harlem	143	1,085,320	0		541,869	443,742	
Simms		841,563	32,368		703,267		
Arlee		867,077	33,349		533,514		
Hardin El		4,955,563	161,873 (auditor)		3,207,957		
		Current GF with Sp Ed	Base Funding	Diff:	4% of Current Budget	20% of Diff	
Harlem		641,578	728,032	86,454	43,412	17,291	
Simms		809,195	838,836	29,641	32,367	5,928	
Arlee		513,696	717,811	204,115	33,349	40,823	
Hardin El		3,608,792	4,014,772	405,980	191,748 (auditor)	81,196	
		max w/o allowable 874	874	may 92 taxable value	GTB mills to support FY94 Bud.	Amount to Backfill	Net 874
Harlem		684,990	443,742	7,796,679	25.11	195,775	247,967
Simms		841,562		3,484,841	31.06		
Arlee		554,519	320,032	1,712,518	40.02	68,534	251,497
Hardin		3,800,540	814,898	12,172,003	54.07	658,140	156,758
		Bud if Backfill used	Bud if levied perm mills	Comp to current if levied			
Harlem		932,957	1,128,732	+ 43,412			
Simms			841,562	+ 32,367			
Arlee		806,016	874,551	+ 40,823			
Hardin El		3,957,298	4,615,438	-178,252			

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 AB667

ELEMENTARY DISTRICT FINAL BUDGET REPORT 1992-93

OPI County Code: Legal Entity Code:

VII. -- GENERAL FUND DISTRICT REVENUES WORKSHEET

ANB and Foundation Program Schedule Amounts by Budget Unit

This section is to be completed by those districts who will be aggregating ANB but did not last year.				This section is to be completed by ALL districts.		
BUDGET UNIT	OPI CERTIFIED DISTRICT BUDGET UNIT BEFORE AGGREGATION [A]	OPI CERTIFIED AVERAGE NUMBER BELONGING, ANB [B]	FOUNDATION PROGRAM AMOUNT FROM SCHEDULES [C]	OPI CERTIFIED DISTRICT BUDGET UNIT AFTER AGGREGATION [D]	OPI CERTIFIED AVERAGE NUMBER BELONGING, ANB [E]	FOUNDATION PROGRAM AMOUNT FROM SCHEDULE [F]
01						
02						
03						
04						
05						
06						
07						
08						
09						
TOTAL		B1	C1	TOTAL		F1

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~~SENATE REVISION~~
EXHIBIT NO. 2
DATE 4-23-93
FILE NO. HB 667

1. Foundation Program Schedule Amounts

Calculation for districts who completed col. A—F (C1 minus F1 times .60)
Calculation for districts after completing col. D—F (copy amount in F1 above)
Total Foundation Program Schedule Amount (1a plus 1b)

1a		
1b		
1c		

2. District Special Education Allowable Costs

2	
---	--

3. Total District Foundation Program (Line 1c + Line 2)

3	
---	--

4. Prorated Special Education Cooperative Costs

4	
---	--

5. Permissive Budget Limit

District Foundation Program multiplied by 35% (Line 3 x .35)

Prorated Special Ed. Co-op Costs multiplied by 35% (Line 4 x .35)

Permissive Budget Limit (Line 5a + Line 5b)

5a		
5b		
5c		

6. General Fund Budget Spending Limit Components

Original Prior Year General Fund budget

Prior Year Adopted General Fund Budget Amendment (base building)

104% Budget Limit (6a + 6b x 104%)

135% Budget Limit (Line 3 + Line 5c)

Estimated P.L. 81-874 Receipts

Consolidation or Annexation Bonus Payments

6a		
6b		
6c		
6d		
6e		
6f		

7. Adopted General Fund Budget

Cannot Exceed the Greater of (Lines 6c + 6e + 6f) OR (Lines 6d + 6e + 6f)

7	
---	--

8. Permissive Amount Budgeted (Cannot Exceed Line 5c)

8	
---	--

9. Total Unreserved Fund Balance Available for Reappropriation (Must match page 2, Line 37, Col F)

Amount reappropriated for permissive budget

Balance remaining to be appropriated (Please identify amount in 9b below)

(1) P.L. 81-874 in unreserved fund balance

(2) Prior year excess reserved other than P.L. 81-874

(3) Remaining fund balance available for reappropriation (after permissive area is satisfied) (Line 9b - 9b(1) - 9b(2)

9a		
9b		
9b(1)		
9b(2)		
9b(3)		

LEMENTARY DISTRICT ANNUAL BUDGET REPORT 1992-93

OPI County Code:

EP-1E
Page 3, (2/92)

II. -- GENERAL FUND DISTRICT REVENUES WORKSHEET

NB and Foundation Program Schedule Amounts by Budget Unit

This section is to be completed by those districts who will be aggregating ANB but did not last year.				This section is to be completed by those districts who did not aggregate ANB last year.			
BUDGET UNIT	OPI CERTIFIED DISTRICT BUDGET UNIT BEFORE AGGREGATION [A]	OPI CERTIFIED AVERAGE NUMBER BELONGING, ANB [B]	FOUNDATION PROGRAM AMOUNT FROM SCHEDULES [C]	OPI CERTIFIED DISTRICT BUDGET UNIT AFTER AGGREGATION [D]	OPI CERTIFIED AVERAGE NUMBER BELONGING, ANB [E]	FOUNDATION PROGRAM AMOUNT FROM SCHEDULES [F]	FOUNDATION PROGRAM AMOUNT FROM SCHEDULES [G]
01							
02							
03							
04							
05							
06							
07							
08							
09							
TOTAL		B1	C1	TOTAL		E1	

1. Foundation Program Schedule Amounts

Calculation for districts who completed col. A—F (C1 minus F1 times .60) 1a
 Calculation for districts after completing col. D—F (copy amount in F1 above) 1b
 Total Foundation Program Schedule Amount (1a plus 1b)

1a	
1b	

2. District Special Education Allowable Costs

3. Total District Foundation Program (Line 1c + Line 2)

4. Prorated Special Education Cooperative Costs

5. Permissive Budget Limit

District Foundation Program multiplied by 35% (Line 3 x .35)
 Prorated Special Ed. Co-op Costs multiplied by 35% (Line 4 x .35)
 Permissive Budget Limit (Line 5a + Line 5b)

5a	
5b	

6. General Fund Budget Spending Limit Components

Original Prior Year General Fund Budget
 Prior Year Adopted General Fund Budget Amendment (base building)
 104% Budget Limit (6a + 6b x 104%)
 135% Budget Limit (Line 3 + Line 5c)
 Estimated P.L. 81-874 Receipts
 Consolidation or Annexation Bonus Payments

6a	
6b	
6c	
6d	
6e	
6f	

7. Adopted General Fund Budget

Cannot Exceed the Greater of (Lines 6c + 6e + 6f) OR (Lines 6d + 6e + 6f)

8. Permissive Amount Budgeted (Cannot Exceed Line 5c)

9. Total Unreserved Fund Balance Available for Reappropriation (Must match page 2, Line 37, ...)

Amount reappropriated for permissive budget
 Balance remaining to be appropriated (Please identify amount in 9b below)
 (1) P.L. 81-874 in unreserved fund balance
 (2) Prior year excess reserved other than P.L. 81-874
 (3) Remaining fund balance available for reappropriation
 (after permissive area is satisfied)
 (Line 9b - 9b(1) - 9b(2)

9a	
9b	
9b(1)	
9b(2)	
9b(3)	

PAYMENTS FOR MAINTENANCE AND OPERATION OF SCHOOLS
UNDER THE ACT OF SEPTEMBER 30, 1950, 64 STAT. 1100
(Title I of Public Law 81-874, as amended)

SCHEDULE NO. MO. 1136	VOUCHER NO. MO. 07415	FISCAL YEAR 92	DATE 06/03/92
APPLICANT NUMBER 36-MT-92-1016		CONGRESSIONAL DISTRICT 002	
TOTAL ADA 1,055.39	TOTAL CURRENT EXPENDITURES 5,487,470		
LOCAL CONTRIBUTION RATE (LCR) A: 2,352.00		B: 2,352.00	
COUNTY BIG HORN		EXHIBIT NO. <u>3</u>	
IN RESPONSE REFER TO K309/S041Z22870		DATE <u>4-23-93</u>	

ENTITLEMENT

SEC. 2	ASSESSED VALUE	S	X RATE	S.	S	
SEC. 3a	ADA	X	RATE	(% OF LCR)		ALLOCATION: HOLD HARMLESS
a(1)	10.68	XS	2,352.00	(100.0 %)	25,119.36	% \$ H-H PRORATE: 95.0%
a(1) LRH		XS		(%)		% \$ H-H CALC: 812,272.79
a(2)		XS		(%)		% \$ H-H MAX: 1,158,476.31
a(2) LRH		XS		(%)		% \$ SPED ADD-ON: 40,557.30
a(2) SPED		XS		(%)		
a(2) MLRH SPED		XS		(%)		
a(2) INDIANS	308.78	XS	2,940.00	(125.0 %)	907,813.20	
a(2) IND SPED	27.59	XS	4,410.00	(187.5 %)	121,671.90	
TOTAL 3a	347.05				\$ 1,054,604.46	H-H CALC \$ 812,216.45
SEC. 3b	ADA	X	RATE	(% OF LCR)		ALLOCATION: WAVE 1 50.0%
b(1)	.89	XS	588.00	(25.0 %)	523.32	5.0 % \$ 26.17
b(1) LRH		XS		(%)		% \$
b(2)(A)	86.32	XS	588.00	(25.0 %)	50,756.16	5.0 % \$ 2,537.81
b(2)(A) LRH		XS		(%)		% \$
b(3)		XS		(%)		% \$
b(3) LRH		XS		(%)		% \$
b(3)		XS		(%)		% \$
b(3) SPED		XS		(%)		% \$
TOTAL 3b	87.21				\$ 51,279.48	WAVE 1 \$ 2,563.98
TOTALS 3a and 3b	434.26				\$ 1,105,883.94	\$ 814,780.43
3(d) (2) (C) ADD-ON		XS			\$ 40,557.30	% \$
3(d) (2) (C) MAXIMUM		XS			NA	% \$
OTHER		XS			\$	% \$
OTHER		XS			\$	% \$
OTHER		XS			\$	% \$
OTHER		XS			\$	% \$

92-02

PAYMENT

FINAL BEFORE FR

TOTAL PAYMENTS SUMMARY (sum of line 1 and lines 20 through 26)	\$	1,105,883.94	\$	814,780.43
PRIOR PAYMENTS FOR THIS FISCAL YEAR	\$		\$	749,191.87
OVERPAYMENT - If line 28 is greater than line 27 then an overpayment of this amount exists.	\$		\$	
AMOUNT CERTIFIED FOR CURRENT PAYMENT THIS FISCAL YEAR (line 27 minus line 28)	\$		\$	65,588.56
DEDUCTIONS FOR PRIOR OVERPAYMENT(S)				
FY \$	FY \$		TOTAL \$	
FY \$	FY \$			
AMOUNT OF PAYMENT TO APPLICANT (line 30 minus line 31)	\$		\$	65,588.56

B. M. Mc Coy

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EXHIBIT NO. 4
DATE 4-23-93
FILE NO. H 6667

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) For the purpose of this section, the general fund budget or general fund per-ANB budget for the school fiscal year ending June 30, 1993, is the general fund budget funded by any state, local, and federal revenue, excluding Public Law 81-874 receipts and reappropriated Public Law 81-874 funds."

Free Conf. Comm.
~~SENATE TAXATION~~
EXHIBIT NO. 5
DATE 4-23-93
FILE NO. HB 677

1. Title, page 4, line 4.

Following: "PROVIDING"

Insert: "STATE SUPPORT FOR A PORTION OF A SCHOOL FACILITY ENTITLEMENT PER ANB BASED ON A VARIATION OF"

2. Page 118, lines 16 through page 199, line 16.

Strike: Section 39 in its entirety

Insert: "NEW SECTION. Section 39. Definitions. As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "School facility entitlement" means:

(a) \$220 per ANB for an elementary school district;

(b) \$330 per ANB for a high school district; or

(c) \$270 per ANB for an approved and accredited junior high school or middle school.

(2) "School facility entitlement amount" means the amount of state equalization aid distributed to a district that:

(a) is eligible for guaranteed tax base aid under the provisions of 20-9-366 through 20-9-369; and

(b) has incurred bonded indebtedness in the debt service fund of the district after July 1, 1991.

(3) "Total school facility entitlement" means the school facility entitlement times the total ANB for the district.

NEW SECTION. Section 40. Calculation and uses of school facility entitlement amount. (1) The school facility entitlement amount for a district is calculated in the following manner:

(a) the total school facility entitlement times (1- (district mill value per ANB/statewide mill value per ANB)) times any percentage of school facility entitlement amount calculated under the provisions of subsections (b) or (c);

(b) for the school fiscal year beginning July 1, 1993, the proration of \$700,000 and the total statewide school facility entitlement obligation; and

(c) for the school fiscal year beginning July 1, 1994, the proration of \$1,300,000 and the total statewide school facility entitlement obligation.

(2) The trustees of a district may apply school facility entitlement amount to reduce the levy requirement of the district debt service fund as provided for in 20-9-439."

Renumber: subsequent sections

3. 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 school facility entitlement amounts from the state equalization aid account to no more than \$700,000 for the school fiscal year ending June 30, 1994, and to no more than \$2 million for the biennium ending June 30, 1995, to the districts that are eligible under the provisions of 20-9-366 through 20-9-369 and [sections 39 and 40] by:

(a) 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];

(b) based on the limitation of state equalization aid for debt service purposes in this subsection (2), determining the percentage of school facility entitlement revenue that each eligible district must receive for the school fiscal year;

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

(d) at the end of the school fiscal year ending June 30, 1994, determining whether there is an unused portion of the amount of state equalization aid appropriated in this subsection (2) to be carried into the next school fiscal year for the purposes of this subsection (2)."

Renumber: subsequent subsections

4. 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 20-9-346, 20-9-366 through 20-9-369, and [section 39];"

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

~~AMENDMENT~~ *CONSTITUTION*
EXHIBIT NO. *1*
DATE *4-20-93*
BY *N 1366 P*

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.