

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 7:00 p.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 the discussion by saying the Committee has acted on most of the items listed in the staff-prepared Amendments by the Senate Select Committee and Amendments made on the Senate Floor. (See Exhibit No. 1 to 4/20/93 meeting; a copy is attached to these minutes.)

ITEM #8: Senate amendments resulting in state guaranteed tax base level of 191%.

Chairman Towe asked Curt Nichols, a member of the Governor's Budget office, for the GTB percentages if \$7 million or \$8 million in cuts were to be made. Mr. Nichols said at \$7.10 million, the Guaranteed Tax Base (GTB) level is 173%, and at \$8.18 million, it is \$180%.

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

Exhibit No. 1 to these minutes was presented by Andrea Merrill, Legislative Council Staff. These proposed amendments were prepared at the request of Representative Hanson and have been discussed in previous meetings. (HB66761.aam) Ms. Merrill said the language on the Gage amendment and the transition language has been satisfactorily reworded.

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

Jim Gillett, Office of the Legislative Auditor (OLA), addressed Exhibit No. 2 to these minutes (HB066722.aam). He said the Public Law 81-874 (PL874) amendment includes the Gage amendment and uses actual PL874 receipts rather than the reappropriated and anticipated receipts. The difference between the amendment and the way the numbers were run, is they only had an actual PL874 receipt figure for FY '92. This amount may differ slightly for FY '93.

Chairman Towe said the language on Exhibit No. 2 is language that has already been voted on.

Chairman Towe asked if there are any other items to be taken care of, such as a severability clause. Ms. McClure said there is a severability clause in the bill which was added as a matter of standard procedure. She explained this clause is added to many bills. It, in essence, says if an issue goes to Court, the rest of the bill can at least go forward.

Ms. Merrill discussed the technical amendments that have been added to HB 667.

MOTION:

Senator Stang moved to adopt the technical amendments that have no substantive changes but are necessary to put the bill in proper form, to adopt the severability clause, and to adopt an appropriation clause that will include the proper amounts after the dollar amounts are determined, and coordination instructions with every related bill that passes this Session.

DISCUSSION:

Ms. McClure said there will be an amendment that refers to an appropriation to SEA to coordinate with the Grosfield bill, if they both pass, etc. Ms. McClure said there are five sections in HB 667 that are also in SB 235, the sales tax bill. If both these bills pass, the coordination instructions will fit the two bills together.

VOTE:

The motion CARRIED UNANIMOUSLY on oral vote. (HB066722.aam)

ITEM #21: General Fund Appropriation.

Chairman Towe asked Jim Standaert, Office of the Legislative Fiscal Analyst (LFA), to explain Exhibit No. 3 to these minutes. Mr. Standaert referred to the revenue changes/disbursement changes side of the document. LFA has kept SB 32 separate from HB 667 on this exhibit, even though SB 32 is now incorporated

into HB 667. The disbursements column shows HB 667 as a \$26.386 million decrease over current state aid for schools, less \$2.049 million cost of equalizing school facilities, equals a net loss of \$24.337 million. This is figured at 180% GTB. This is targeting \$817 million in SEA direct and State GTB money. Curt Nichols' number would be between approximately \$7 million and \$8 million higher.

Theresa Cohea, Legislative Fiscal Analyst, explained that essentially, the State will lose \$132.257 million of the current law revenue in FY '95 from the SEA under SB 378. This is the amount that would normally flow into the SEA fund and under SB 378 will now go to the General Fund. Chairman Towe asked if the amount we need to appropriate in HB 667 is \$134.214 million. Mr. Standaert said this is correct.

Chairman Towe asked for an explanation of the Ending Fund Balance on Exhibit No. 3 of \$9.957 million. Is this the normal ending fund balance that is on the total GF? Ms. Cohea said it was not, that this is a separate ending fund balance for the SEA account. Historically, a balance has not been left in the SEA account, it has been left in the GF. This is a policy decision for the Legislature.

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

MOTION:

Rep. Boharski moved adoption of the amendments listed on Exhibit No. 1, but on Page 2, amendment number 10(2)(b), strike "after July 1, 1991", and on Page 1, 5(2)(a) delete the references to the effective date, and Page 2, Section 40, the building reserves, will be left in the bill.

DISCUSSION:

Senator Stang asked if this is going all the way back to pick up all existing capital debt service. Also, the building reserve will be left in. His caucus would rather see the effective date start July 1, 1991, and they did not want the building reserve accounts in the bill at this time. They were very adamant about that.

Chairman Towe said in the interest of trying to accommodate, his caucus will go along with the formula. However, this takes out the subjectivity of the approval by the Superintendent and the Board of Education. It does some other things in terms of equality on the basis of numbers of students. They are asking Rep. Boharski to give up on putting in the building reserve after July 1, 1995. The next Legislative Session can address that problem at that time. Using the effective date as of July 1, 1991, which is approximately the date of the Court decision, it will give those school districts who need some help a little bit

more than just a token.

Senator Stang asked if the Auditor's office had time to prepare the schedules from 1991 forward. Mr. Gillett said this information was being prepared by Madalyn Quinlan, OPI. Ms. Quinlan said she does not have a handout because they did not have the actual debt service payments on bonds that have been recently issued because they are not showing on the budget system yet. She said that if only bonds issued since July 1, 1991, are covered, we are looking at being able to cover about 60% of the per-student GTB subsidy that districts would be eligible for. If the decision is made to go back and cover all bonds, each district will be covered at about 15% of their GTB eligibility.

Senator Stang said it seems fairer to those schools who may have paid off their bonds and don't have any bonds right now, to start at the date of the lawsuit so that some of those that may have levied bonds five years later aren't receiving some benefits for something that other people have already paid off. He is willing to move that date back to 1991, the date of the lawsuit.

Rep. Peck said the passage of HB 667 is in danger if they don't give in on the date issue.

SUBSTITUTE MOTION:

Senator Stang offered a substitute motion to move the date on Page 1, 5(2)(a) to July 1, 1991, and leave the building reserve at the 1995 date.

DISCUSSION:

Senator Stang asked if Rep. Hanson could agree with this amendment, to start with bond indebtedness as of 1991, rather than going all the way retrospective. Senator Stang's caucus may be willing to give up the building reserve account for the 1991 date.

Rep. Hanson asked if the July, 1991, date is when the Court case was solved. Chairman Towe said that is the end of the fiscal year closest to when the Court decision came down. Pat Melby, Underfunded Schools Coalition, said the Court made a separate ruling on capital outlay and that was the effective date of the ruling, after July 1, 1991.

Rep. Hanson asked when the case was filed. Mr. Melby said it was filed in April of 1986, and the original Supreme Court decision came down in February of 1989. Rep. Hanson suggested a compromise to only going back to 1986 when it was filed. Chairman Towe said we have a date established by the Court of July, 1991, as an effective date to operate from because any bonds that are sold after that date were in jeopardy; any bonds sold before that date have already been judicially approved as valid. There is no reason to go back further than 1991.

Senator Brown said when this was studied in the Interim Committee, too, it was on the assumption that we would have \$7 million or \$8 million to put in it. A lot of things have changed since then.

Chairman Towe asked Senator Blaylock if he wanted to add any comments. Senator Blaylock said Senator Brown has stated it correctly. The Interim Committee did consider this and they would very much like to have covered all debt service but there is not enough money. He would like to keep SB 32 so that what is done will have some significance for those people who will be building in the future. If we spread it out too thin, it essentially will be meaningless. Chairman Towe asked what Senator Blaylock thinks of Senator Stang's proposal to yield on the building reserve and use the July, 1991, date. Senator Blaylock said for purposes of getting this bill through and coming to a compromise, he would support Senator Stang's substitute motion.

Senator Brown said this bill has to pass and if this Committee can't come to an agreement, the President and the Speaker will have to reconstitute the Committee tomorrow morning so they can get a committee that can do the public's business and the legislature can adjourn. This is a test of wills. Most other legislators here don't care that much about this issue. However, it is important, it involves money, and there are different rationales on how to approach fairness. We have to come to a conclusion here.

Chairman Towe said he knows Rep. Boharski feels strongly that the money should be distributed around to all the districts but those schools who passed bond issues and built buildings prior to July 1, 1991, had no expectation whatsoever that they would ever receive any assistance or benefit from the State as a result of this on their debt service retirement.

Rep. Hanson said he thinks a school district that was part of the equalization lawsuit that filed for in 1986 might think they are entitled to something down the road and they could participate in these funds because they felt wronged.

Senator Stang said he would like to have a vote on his substitute motion. He hates to see another conference committee come in and go through this because they will have to re-visit everything that is in here. Other than this part, the Committee feels comfortable with what has been done on the bill.

Senator Brown asked if the presumption is that we would adopt the rest of the amendment if this substitute amendment passes. Chairman Towe said that is correct.

VOTE:

The substitute motion FAILED (See Roll Call Vote #1).

DISCUSSION:

Senator Stang said he thinks we should adjourn and go to our caucuses to talk about the offer made by Rep. Boharski, come in first thing in the morning to vote. If we can't agree on it, go to the Speaker and the President and tell them to start over.

House Speaker John Mercer urged this Committee to try to wrap up this issue tonight. He suggested recessing for a short while and trying to get the caucuses to meet for a few minutes to work out the differences. This Committee is in the best position to solve this issue and he hopes it can be done yet tonight.

Chairman Towe called a recess. The meeting reconvened at 8:30 p.m.

MOTION:

Rep. Boharski moved that we adopt the amendments as presented except for the changes that for the 1995 biennium, we will fund only new bonds issued after July 1, 1991, and effective July 1, 1995, this would apply to all existing bond indebtedness, and that we strike (b) in New Section 40, basically eliminating the building reserve.

DISCUSSION:

Chairman Towe explained the motion, that we are leaving the July 1, 1991, date in the bill (Page 2, 10(2)(b); in addition, striking New Section 40 (2)(b) in its entirety; and adding a new sentence, which will be a new 10(4), Page 2, that will say that "after July 1, 1995, the provision limiting the bonds to July 1, 1991, will no longer have any effect and the funding will apply to all outstanding indebtedness as of that time".

Ms. McClure asked if she understands the motion and that Rep. Boharski intends to terminate the July 1, 1991, date at some point. Chairman Towe explained that as of July 1, 1995, the retroactive date of July 1, 1991, is eliminated and we go retroactive to all indebtedness outstanding as of that date. Rep. Boharski said this is correct.

Senator Stang said instructions need to be clear to the staff that it starts in 1991, and in 1995 it goes retrospective. He also said to strike all references to building reserve accounts.

VOTE:

The substitute motion CARRIED UNANIMOUSLY on oral vote.

MOTION:

Senator Brown moved that the staff draft HB 667 amendments to satisfy Item #8 (re State GTB level) by inserting a number to be determined by Committee members following caucuses the following day, and Item #20 by eliminating the references to voiding this Act if SB 436 is not passed and approved.]

VOTE:

The motion CARRIED UNANIMOUSLY on oral vote.

DISCUSSION:

Senator Brown distributed Exhibit No. 4 to these minutes. What he proposes to do is to amend this bill to require that the State would use, from potential sales tax revenue, enough money to increase public school funding at the rate of 4% per year. What that would do is virtually guarantee, unless we had run-away inflation, that we would be able to keep the schools in the 100% to 80% band, and we would be able to maintain the obligation. He thinks we are going to have to do this from some source of revenue if we are going to keep out of Court. If the Committee wants to discuss this, or lower the percentage, or use a different percentage, he would be amenable to that.

MOTION:

Senator Brown moved to amend HB 667 to require that the State would use, from sales tax revenue, enough money to increase public school funding at the rate of 4% per year from the time of the enactment of the sales tax into the future.

DISCUSSION:

Senator Stang said he opposes this motion because he doesn't like tying the sales tax to anything. First, we are using this as a way to sell the sales tax. He thinks the sales tax needs to live or die on its own, he doesn't think it needs to be tied to education or anything else. We are promising the schools something we may not be able to deliver. When we originally discussed this in the Select Committee, they defeated the motion, and defeated the notion of COLAs. In effect, when you put this amendment on the bill, you are putting a COLA on the bill of 4% a year.

Chairman Towe added his concern about the percentage. Senator Brown said he is flexible on the 4%, but if there isn't something done that is approximately 4%, that you will have the same problem that we have had that has forced us into Court

before. Chairman Towe said he has difficulty inasmuch as we don't know what that might be; it might be 6%, it might be 2%.

Rep. Peck said this looks like a statutory appropriation and he doesn't think that is the way to go to set aside anymore than we have already set aside under statutory appropriations. We are one of the leading states in the nation in that respect. He is opposed to this motion.

Rep. Boharski said his concern is that we should not set up the next legislature for any more funding than we have already set up. We would be mortgaging the future; this is dangerous and he is against it.

Senator Brown said he thinks something on the order of this has to be done or we are not going to have the new system we have created and it won't be much better than the system it has replaced if we don't fund it properly. He is afraid what may happen, unless there is some provision like this in the law, is that future legislatures may do what past legislatures have done, and that is to take the easy way out in regard to the public schools because they think they can count on local property taxpayers to make up the difference. He would rather have public schools more dependent on an equalized source of funding, such as from a sales tax. We never seem to be able to arrive at complete equality, in spite of how hard we try, because of the variance in the value of a mill and the various school districts around the school, etc. He thinks property tax is the wrong foundation for the Foundation Program.

VOTE:

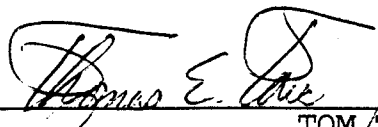
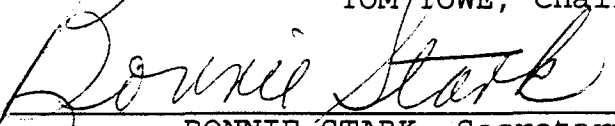
The motion FAILED on oral vote with Senator Brown voting "AYE".

MOTION/VOTE:

Senator Brown moved that the Conference Report on HB 667 be adopted. The motion CARRIED UNANIMOUSLY on oral vote.
(901925CC.Sma)

ADJOURNMENT

Adjournment: The meeting adjourned at 8:40 p.m.


TOM TOWE, Chair

BONNIE STARK, Secretary

TT/bjs

(FREE) CONFERENCE COMMITTEE

DATE 4-23-93 #3
7:00 p.m.

[illegible]

ROLL CALL VOTE # /

(FREE) CONFERENCE COMMITTEE

BILL NO.

HB 667

DATE _____

4-23-93

TIME

7100

A.M.

P.M

NAME _____

YES

NO

[illegible]

Bonnie Stark
SECRETARY

~~SECRETARY~~

Tom Love
CHAIR

CHAIR

MOTION:

Strong's substitute method

Failed 1-2 - Party vote -

Free Conf. Comm.
SENATE TAXATION
EXHIBIT NO. 1
DATE 4-23-93 #3
BILL NO. HB 667

Amendments to House Bill No. 667
Reference Reading Copy

Requested by Representative Hansen
For the Free Conference Committee on HB 667

Prepared by Andrea Merrill
April 23, 1993 ~~1993~~ *much later*

1. Title, page 3, line 4.
Following: "PROVIDING"
Insert: "STATE SUPPORT FOR A PORTION OF A SCHOOL FACILITY
ENTITLEMENT PER ANB BASED ON A VARIATION OF"
2. Title, page 4, line 7.
Following: "ANB:"
Insert: "LIMITING STATE EQUALIZATION AID FOR SCHOOL FACILITY
ENTITLEMENT TO \$ 2 MILLION FOR THE BIENNIUM ENDING JUNE 30,
1995;"
3. Page 84, line 20.
Following: "aid,"
Insert: "state reimbursement for school facilities,"
4. Page 85, line 7.
Following: "program,"
Insert: "state reimbursement for school facilities,"
5. Page 91, line 2.
Following: line 1
Insert: "(2) for the purposes of state reimbursements for school
facilities, limiting the distribution from the state equalization
aid account to no more than \$1 million 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
available for debt service purposes in this subsection,
determining the percentage of state equalization aid 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

6. Page 99, lines 20 and 21.

Strike: "DEBT" on line 20 through "SERVICE" on line 21

Insert: "school facility entitlement"

7. Page 100, line 9.

Strike: "DEBT SERVICE"

Insert: "school facility entitlement"

8. Page 103, lines 16 through 25.

Strike: subsection (4) in its entirety

Renumber: subsequent subsection

9. Page 115, line 12.

Following: "20-9-435;"

Insert: "(iii) any state reimbursement for school facilities distributed to a qualified district under the provisions of 20-9-346, [section 39], and [section 40];"

10. 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) "State reimbursement for school facilities" 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 outstanding bonded indebtedness on bonds sold 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 state reimbursement for school facilities for a district is the percentage determined in 20-9-346(2)(b) times (1-(district mill value per ANB/statewide mill value per ANB)) times the lesser of the total school facility entitlement calculated under the provisions of [section 39] or the district's current year debt service budget.

(2)(a) For the school fiscal years beginning July 1, 1993 and July 1, 1994, the trustees of a district may apply the state reimbursement for school facilities to reduce the levy requirement of the district debt service fund as provided for in 20-9-439; and

(b) For the school fiscal years beginning July 1, 1995 and July 1, 1996, the trustees of a district may also apply the state reimbursement for school facilities to reduce the levy requirement of the building reserve fund as provided for in 20-9-503."

Renumber: subsequent sections

Free Conf. Com
4-23-93 #3
Exhibit #1
HB-667

11. Page 140, line 11.

Strike: "SECTION"

Insert: "Sections"

Following: "39"

Insert: "and 40"

Strike: "IS"

Insert: "are"

12. Page 140, line 13.

Strike: "SECTION"

Insert: "Sections"

Following: "39"

Insert: "and 40"

13. Page 141, lines 12 through 16.

Strike: subsection (4) in its entirety

Fin. Conf. Comm.
~~SENATE TAXATION~~
EXHIBIT NO. 2
DATE 4-23-93 #3
BILL NO. HB 667

155. Page 19, line 24.

Following: line 24

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 received in the school fiscal year ending June 30, 1993. Before excluding any Public Law 81-874 funding, a district may increase the district general fund budget for the school fiscal year ending June 30, 1993 by the allowable increases in subsection (2) and (3)."

1109

Office of Legislative Fiscal Analyst
School Equalization Account
General Fund Appropriation Calculations

	<u>1994-95 Biennium</u>
Beginning Fund Balance	\$2.162
Receipts	
Estimated Receipts	792.335
Revenue Changes (See Attached)	<u>32.699</u>
Total Available	<u>\$827.196</u>
Disbursements	
Current Level Schedules	731.125
Guaranteed Tax Base	100.770
Transportation Costs	7.828
Disbursement Changes (See Attached)	<u>(22.484)</u>
Anticipated Disbursements	<u>\$817.239</u>
Adjustments	0.000
Residual Equity Transfer	<u>0.000</u>
Ending Fund Balance	<u>\$9.957</u>
General Fund Appropriation Without Passage of SB0378	\$0.000
Impact of SB0378 (Income, Corporation, Coal Interest from HJR 3)	(132.257)
Impact of SB0378 (Income, Corporation, Coal Interest from Other Bills)	(11.914)
General Fund Appropriation With Passage of SB0378	(\$134.214)

Free Conf. Comm.
~~SEN. TAXATION~~
 EXHIBIT NO. 3
 DATE 4-23-92 #3
 BILL NO. HB 667

**Office of Legislative Fiscal Analyst
School Equalization Account
General Fund Appropriation Calculations**

Revenue Changes

1994-95
Biennium

HB0196	Cap The Amount Of Reimbursement Paid To Eligible Taxing Jurisdictions	(1.214)
HB0219	Tax Credit For Alternative Fuels—Vehicle Conversion	(0.168)
HB0219	Tax Credit For Alternative Fuels—Vehicle Conversion	(0.129)
HB0350	Revise Coal Board Grant And Loan Program	3.300
HB0382	Establish Value Of Limestone For Net Proceeds Taxes And Ritt	(0.552)
HB0394	Revising The Montana Science & Technology Financing Act	(0.172)
HB0401	A Loan Appropriation For The Clark Fork Natural Resource Damage Claim	(0.104)
HB0469	Revise Tuition Laws; Criteria For Child To Attend School In Another District	1.000
HB0505	Allow Income Tax Deduction For Day-Care Operator Who Cares For Own Child	(0.004)
HB0616	Mhd Loan From Clean Coal Technology Demonstration Fund	(0.120)
HB0643	Land Parcel >= 20 Acres Must Be Mainly For Agriculture To Be In Ag Tax Class	0.586
HB0652	Allocate Amount Of Income From State Land Timber Sales To Dsl Timber Program	(0.534)
HB0652	Allocate Amount Of Income From State Land Timber Sales To Dsl Timber Program	0.000
HB0652	Allocate Amount Of Income From State Land Timber Sales To Dsl Timber Program	0.000
HB0667	Improving Equity By Restructuring The Fund And Budgeting For Schools	7.082
HB0667	Improving Equity By Restructuring The Fund And Budgeting For Schools	(0.625)
HB0671	Bipartisan Revision Of Income Taxes And Corporation Taxes	21.021
HB0671	Bipartisan Revision Of Income Taxes And Corporation Taxes	1.839
SB0168	Revising The Valuation And Taxation Of Agricultural Lands	1.431
SB0428	Providing That Certain Lottery Winnings Are Subject To State Withholding Tax	<u>0.062</u>

\$32.699

Disbursement Changes

1994-95
Biennium

HB0002	General Appropriations Act	(0.400)
HB0202	Generally Revise Laws Related To School District Accounting Procedures	(0.135)
HB0652	Allocate Amount Of Income From State Land Timber Sales To Dsl Timber Program	(1.000)
HB0667	Improving Equity By Restructuring The Fund And Budgeting For Schools	26.386
SB0032	Equalizing School District Facility Funding With Guaranteed Tax Base Aid	(2.049)
SB0138	Clarify That Local Gov Severance Tax Was Enacted To Replace Prop Tax Levies	0.182
SB0278	Revise Laws Related To Education Services In Children's Treatment Facilities	(0.500)
SB0348	Revise Special Education Fund Distribution	<u>0.000</u>

\$22.484

Amendments to House Bill No. 667
3rd Reading Copy

Requested by Subcommittee
For the Committee on Education

Prepared by Andrea Merrill
April 12, 1993

Free Copy Comm
~~SENATE TAXATION~~
EXHIBIT NO. 4
DATE 4-23-93 #3
BILL NO. HB 667

1. Title, page 3, line 8.

Following: "GRANT:"

Insert: "INCREASING THE BASIC ENTITLEMENT AND PER-ANB ENTITLEMENT
FOR DISTRICTS BY 4 PERCENT EACH SCHOOL FISCAL YEAR,
CONTINGENT ON PASSAGE AND VOTER APPROVAL OF LEGISLATION
PROVIDING FOR A SALES TAX;"

2. Page 91, line 9.

Following: line 8

Insert: "NEW SECTION. Section 43. Coordination. (1) If [this
act] and Senate Bill No. 235 are both passed and approved,
[Section 71] of Senate Bill No. 235, establishing the
disposition of sales tax and use tax revenue, must read as
follows:

"NEW SECTION. Section 71. Disposition of sales tax
and use tax revenue -- appropriation required. (1) Sales tax
and use tax revenue deposited in the sales tax and use tax
account established in [section 70] must be distributed
according to the provisions of subsection (2) and is
allocated in the following priorities:

(a) the amount determined under 15-1-111(6) to provide
property tax replacement revenue for each taxing
jurisdiction;

(b) to the state equalization aid account established
in 20-9-343, the amount necessary to provide an increase of
(4?)% in each fiscal year for the basic entitlement, as
defined in [section 1] and an increase of 4% in each fiscal
year for the total per-ANB entitlement, as defined in
[section 1];

(c) for the fiscal year ending June 30, 1995, the
amount determined under [section 184] to be deposited in the
workers' compensation tax account established in 39-71-2504;
and

(d) the amount of sales tax and use tax revenue
remaining after the allocations in subsections (1)(a)
through (1)(c) to be allocated in the same manner as income
tax revenue is allocated under 15-1-501(2).

(2) (a) Except as provided in subsection (1)(d),
distribution of sales tax and use tax revenue must be made
according to the provisions of the statute governing
allocation of the tax in effect on the last day of the tax
period in which the activity, enterprise, or product being
taxed was engaged in, took place, was assembled, or was
produced.

(b) All taxes collected pursuant to audit or collected
after the date the tax is payable must be distributed

according to the statute governing allocation of the tax in effect on the date the taxes are collected.

(3) This section provides for the disposition of sales tax and use tax revenue. Allocations may not be made from the sales tax and use tax account until appropriated."

(2) If [this act] and Senate Bill No. 235 are both passed and approved, then there is a new section in [this act] that reads:

"NEW SECTION. Section 44. Annual entitlement increase. For the school fiscal year beginning July 1, 1994, and each succeeding school fiscal year, the superintendent of public instruction shall increase the basic entitlement for each district in [section 1(5)] by 4% and shall increase the total per-ANB entitlement calculated for each district in [section 1(9)] by 4%."

Amendments to House Bill No. 667
Reference Reading Copy

For the Committee on

Prepared by Andrea Merrill
April 24, 1993

1. Title, page 1, line 22.

Strike: "3"

Insert: "5"

2. Title, page 2, lines 13 and 14.

Following: "BY" on line 13

Strike: remainder of line 13 through "BUDGET" on line 14

Insert: "THE DISTRICT'S DIRECT STATE AID AND 40 PERCENT OF THE
SPECIAL EDUCATION ALLOWABLE COST"

3. Title, page 2, line 15.

Strike: "40 PERCENT OF"

Following: "STATEWIDE"

Strike: remainder of line 15

Insert: "DIRECT STATE AID AND 40 PERCENT OF THE SPECIAL EDUCATION
ALLOWABLE COST"

4. Title, page 2, line 17.

Strike: "191"

Insert: "175"

5. Title, page 3, line 4.

Following: "PROVIDING"

Insert: "STATE REIMBURSEMENT FOR SCHOOL FACILITIES BASED ON A
VARIATION OF"

6. Title, page 3, line 7.

Following: "ANB:"

Insert: "LIMITING THE STATE REIMBURSEMENT FOR SCHOOL FACILITIES
TO \$2 MILLION FOR THE BIENNIUM ENDING JUNE 30, 1995;"

7. Title, page 4, line 9.

Following: "ACT:"

Insert: "APPROPRIATING FUNDS TO THE LEGISLATIVE AUDITOR TO PAY
FOR AUDIT COSTS; APPROPRIATING FUNDS TO THE LEGISLATIVE
COUNCIL FOR AN INTERIM STUDY COMMITTEE;"

8. Title, page 4, line 12.

Following: "20-3-106,"

Insert: "20-3-205,"

9. Page 4, line 14.

Strike: "20-7-117,"

Insert: "20-6-703, 20-7-306, 20-7-435,"

10. Title, page 4, line 16.

Strike: "20-9-304,"

11. Title, page 4, line 18.

Strike: "20-9-348,"

12. Title, page 4, line 20.

Following: "MCA"

Insert: ", AND SECTION 6, CHAPTER 14, SPECIAL LAWS OF JANUARY
1992"

13. Title, page 4, lines 22 and 23.

Following: "~~20-9-348,~~" on line 22

Insert: "20-9-348,"

Following: "MCA," on line 22

Strike: remainder of line 22 through "1992," on line 23

14. Page 6, line 22.

Following: "PRACTICABLE"

Insert: "; and

WHEREAS, in developing any request for proposals for software and data processing development, the superintendent of public instruction shall solicit input from school officials and organizations to accomplish the intent of [this act]"

15. Page 7, line 5.

Strike: "ANY AMOUNT UP TO"

16. Page 7, line 6.

Strike: "UP TO"

17. Page 7, line 7.

Strike: "BUDGETED IN"

Insert: "for"

18. Page 7, line 14.

Strike: "80% of"

Strike: "maximum"

Insert: "minimum"

19. Page 7, line 15.

Following: "district"

Insert: ", which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education allowable cost payment"

20. Page 8, line 17.

Following: line 16

Insert: "(7) "Direct state aid" means 40% of the basic entitlement and 40% of the total per-ANB entitlement for the general fund budget of a district and funded with state and county equalization aid."

Renumber: subsequent subsections

21. Page 8, line 20.

Following: "AND"

Insert: "up to 153% of"

22. Page 8, lines 21 and 22.

Following: "PAYMENTS" on line 21

Strike: remainder of line 21 through "PAYMENTS" on line 22

23. Page 9, line 13.

Following: "district"

Insert: "or a K-12 district high school program"

24. Page 10, line 8.

Strike: "2,000" in both places

Insert: "1,000" in both places

25. Page 10, line 9.

Strike: "2,000TH"

Insert: "1,000th"

26. Page 16, lines 18 through 24.

Strike: line 18 through "(III)" on line 24

Insert: ":

(i) may increase the general fund budget for the district by 4% of the previous year's general fund budget or by 4% of the previous year's general fund budget per-ANB multiplied by the current year's ANB for budgeting purposes; but

(ii) may not adopt a general fund budget that reflects less than the following general fund budget growth amounts"

27. Page 16, line 25.

Following: line 24

Insert: "(A) 20% of the range between the district general fund budget for the school fiscal year ending June 30, 1993, and the BASE budget for the district for the school fiscal year beginning July 1, 1993;

(B) 25% of the range between the district general fund budget for the school fiscal year ending June 30, 1994, and the BASE budget for the district for the school fiscal year beginning July 1, 1994;"

Renumber: subsequent subsections

28. Page 17, lines 1 and 3.

Strike: "1993" on both lines

Insert: "1995"

29. Page 17, lines 5 and 7.

Strike: "1994" on both lines

Insert: "1996"

30. Page 17, lines 10 and 11.

Strike: "1995" on both lines

Insert: "1997"

31. Page 17, line 12.

Following: "(B)"

Insert: "(i) For the school fiscal year beginning July 1, 1993, a district may not exceed the limitations in subsection (2) (a).

(ii)"

32. Page 17, line 19.

Following: line 18

Insert: "(c) Nothing in this section is intended to require a district to budget in excess of its BASE budget."

33. Page 18, line 8.

Strike: "LEVY"

34. Page 18, line 11.

Following: line 10

Insert: "(c) For the school fiscal year beginning July 1, 1993, a district may not exceed the limitations in subsection (3) (a)."

35. Page 18, lines 16 and 17.

Following: "THAN" on line 16

Strike: remainder of line 16 through "(I)" on line 17

36. Page 18, lines 18 through 20.

Following: "YEAR" on line 18

Strike: remainder of line 18 through "YEAR" on line 20

37. 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 received in the school fiscal year ending June 30, 1993. Before excluding any Public Law 81-874 funding, a district may increase the district general fund budget for the school fiscal year ending June 30, 1993, by the allowable increases in subsections (2) and (3).]"

38. Page 21, line 7.

Following: "additional"

Insert: "direct"

39. Page 21, line 20.

Following: "aid"

Insert: "and special education allowable cost payments"

40. Page 24, line 6.

Following: "aid"

Strike: "for county retirement levy obligations"

41. Page 34, lines 13 and 14.

Following: "~~20-9-320~~" on line 13

Strike: remainder of line 13 through "(ii)" on line 14

42. Page 35, line 13.

Strike: "20-9-502"

Insert: "20-9-353"

43. Page 35, line 14.

Strike: "OR"

Insert: "(c) the cost of constructing, purchasing, or acquiring the site or building is financed without exceeding the maximum general fund budget amount for the district and, in the case of a site purchase, the site has been approved under the provisions of 20-6-621; or"

Renumber: subsequent subsection

44. Page 39, line 12.

Strike: "44"

Insert: "41"

45. Page 49, lines 13 through 15.

Following: "less the" on line 13

Strike: remainder of line 13 through "budget" on line 15

Insert: "sum of direct state aid and the special education allowable cost payment"

46. Page 49, lines 23 and 24.

Following: "budget" on line 23

Strike: remainder of line 23 through "district" on line 24

47. Page 50, line 2.

Following: "totaling"

Insert: ":

(i) general fund balance reappropriated, as established under the provisions of 20-9-104; and

(ii)"

48. Page 50, lines 3 through 11.

Following: "EACH" on line 3

Strike: remainder of line 3 through "anticipated" on line 11

Insert: "of the following sources:

(A)"

Renumber: subsequent subsections

49. Page 50, lines 14 and 15.

Strike: subsection (III) in its entirety

Renumber: subsequent subsections

50. Page 50, lines 16 and 18.

Strike: "anticipated or reappropriated" on both lines

51. Page 50, lines 21, 23, and 25.

Strike: "anticipated" on those lines

52. Page 51, lines 2 and 3.

Following: "(IX)" on line 2

Strike: remainder of line 2 through "reappropriated" on line 3

53. Page 51, line 5.

Strike: "anticipated"

54. Page 51, lines 8 and 9.

Following: "revenue" on line 8
Strike: remainder of line 8 through "be" on line 9
Strike: "ensuing" on line 9

55. Page 51, line 24.
Strike: "levy"

56. Page 52, lines 9 through 11.
Following: "levied" on line 9
Strike: remainder of line 9 through "MILLS" on line 11

57. Page 53, line 4.
Strike: "44"
Insert: "41"

58. Page 58, line 1.
Following: "BUDGET."
Insert: "If the petition is for a budget amendment for an enrollment increase as provided in 20-9-161(1), the superintendent of public instruction shall adjust the district's maximum general fund budget based on the approved enrollment increase. Upon approval, a district may not adopt a budget amendment if the amount will cause the district to exceed the district's adjusted maximum general fund budget."

59. Page 61, lines 6 and 7.
Following: "20-9-347" on line 6
Strike: remainder of line 6 through "1" on line 7
Insert: "direct state aid"

60. Page 61, line 9.
Following: "ONE-HALF"
Insert: "of the direct state aid"

61. Page 61, line 13.
Strike: "BASE budget"
Insert: "direct state aid"

62. Page 62, lines 11 and 12.
Following: "~~shall~~" on line 11
Strike: remainder of line 11 through "budget" on line 12
Insert: "direct state aid"

63. Page 62, lines 15 and 16.
Following: "~~program~~" on line 15
Strike: remainder of line 15 through "program" on line 16
Insert: "direct state aid"

64. Page 62, lines 17 and 21.
Strike: "BASE budget" on both lines
Insert: "direct state aid"

65. Page 62, lines 19 and 20.
Following: "~~program~~" on line 19
Strike: remainder of line 19 through "budget" on line 20

Insert: "direct state aid"

66. Page 63, lines 3, 6, and 8.

Strike: "BASE budget" on those lines

Insert: "direct state aid"

67. Page 63, line 10.

Strike: "BASE budget program"

Insert: "direct state aid amount"

68. Page 63, line 13.

Strike: "BASE funding program"

Insert: "direct state aid"

69. Page 64, lines 21, 23, and 25.

Strike: "Attendance" or "attendance" on those lines

Insert: "Enrollment" or "enrollment"

70. Page 65, lines 10 and 11.

Following: "days," on line 10

Strike: remainder of line 10 through "days," on line 11

71. Page 66, line 7.

Following: "SPECIAL"

Insert: "education"

72. Page 69, line 14.

Following: "program"

Insert: "basic entitlement and"

73. Page 69, line 24.

Strike: "preceding"

Insert: "current"

74. Page 70, lines 2 and 5.

Following: "~~amount~~" on both lines

Insert: "basic entitlement and"

75. Page 70, line 23.

Following: "program"

Insert: "basic entitlement and"

76. Page 71, lines 7 and 13.

Following: "program" on both lines

Insert: "basic entitlement and"

77. Page 71, line 25 through page 72, line 16.

Strike: subsection (7) in its entirety

78. Page 74, lines 15 through 25.

Following: "20-9-507." on line 15

Strike: remainder of line 15 through "year." on line 25

79. Page 76, lines 2 through 8.

Strike: lines 2 through 8 in their entirety

80. Page 76, lines 20 and 21.

Following: "payment" on line 20

Strike: remainder of line 20 through "services" on line 21

81. Page 76, line 22.

Following: "board"

Insert: "for special education services"

82. Page 79, lines 13 and 14.

Following: "year's" on line 13

Strike: remainder of line 13 through "program" on line 14

Insert: "special education allowable cost"

83. Page 80, lines 1 through 9.

Strike: subsection (8) in its entirety

84. Page 84, lines 20 and 21.

Following: "aid," on line 20

Insert: "state reimbursement for school facilities,"

Following: "FUNDS" on line 20

Strike: remainder of line 20 through "ACCOUNT" on line 21

85. Page 85, line 7.

Following: "1"

Insert: "state reimbursement for school facilities,"

86. Page 85, line 10.

Strike: "0.128% FOR"

87. Page 88, lines 11 through 13.

Following: "aid" on line 11

Strike: remainder of line 11 through "money" on line 13

88. Page 89, lines 11 and 12.

Following: "equalization" on line 11

Strike: remainder of line 11 through "1" on line 12

Insert: "direct state aid"

89. Page 89, lines 14 and 15.

Following: "THE" on line 14

Strike: remainder of line 14 through "1" on line 15

Insert: "direct state aid"

90. Page 89, line 18.

Strike: "SENT"

Insert: "submitted"

91. Page 90, lines 6 and 7.

Following: "equalization" on line 6

Strike: remainder of line 6 through "aid," on line 7

Insert: "direct state aid"

92. Page 90, lines 8 and 9.

Following: "equalization" on line 8

Strike: remainder of line 8 through "BASE" on line 9

Insert: "direct state"

93. Page 90, lines 16, 18, and 20.

Following: "state" on those lines

Insert: "and county"

94. Page 90, line 24 through page 91, line 1.

Following: "instruction" on line 24

Strike: remainder of page 90, line 24 through "20-9-347" on page 91, line 1

95. Page 91, line 2.

Following: line 1

Insert: "(2) for the purposes of state reimbursements for school facilities, limiting the distribution from the state equalization aid account to no more than \$1 million 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 38 and 39] 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 as provided in [section 38(2)(b)(i) or (2)(b)(ii)] and that qualify for guaranteed tax base aid under the provisions of 20-9-366 through 20-9-369 and [section 38];

(b) based on the limitation of state equalization aid available for debt service purposes in this subsection (2), determining the percentage of state equalization aid 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

96. Page 91, lines 3 and 11.

Strike: "state equalization" on both lines

Insert: "BASE"

97. Page 91, line 18.

Following: "state"

Insert: "and county"

98. Page 92, line 4.

Strike: "Formula for"

Insert: "Distribution of"

99. Page 92, line 5.

Strike: "apportionment"

Insert: "and special education allowable cost payments"

100. Page 92, line 6 through page 93, line 19.
Strike: subsection (1) in its entirety
Renumber: subsequent subsections

101. Page 93, line 22.
Following: "with a"
Insert: "monthly"
Strike: "apportionments"
Insert: "payment"

102. Page 93, line 24 through page 94, line 2.
Following: "county" on line 24
Strike: remainder of line 24 through "report" on page 94, line 2

103. Page 94, line 9.
Strike: "(2)(b)"
Insert: "(1)(b)"

104. Page 94, line 25 through page 95, line 1.
Following: "AID" on line 25
Strike: remainder of page 94, line 25 through "aid" on page 95,
line 1

105. Page 95, line 2.
Following: line 1
Insert: "(3) The superintendent of public instruction shall:
(a) distribute special education allowable cost payments to
districts; and
(b) supply the county treasurer and the county
superintendent of public instruction with a report of payments
for special education allowable costs to districts of the
county."

106. Page 95, lines 2 through 16.
Strike: section 28 in its entirety
Renumber: subsequent sections

107. Page 97, line 14.
Strike: "only"

108. Page 97, line 22.
Strike: "raise"
Insert: "expend"

109. Page 97, line 23.
Strike: "raised"
Insert: "expended"

110. Page 99, lines 6, 7, and 20.
Strike: "taxable" on those lines
Insert: "mill"

111. Page 99, lines 18 and 19.
Strike: "40%" on line 18 through "OF" on line 19

Following: "THE" on line 19
 Insert: "sum of the"
 Following: "YEAR"
 Strike: "MAXIMUM GENERAL FUND BUDGET"
 Insert: "direct state aid and 40% of the special education allowable cost payment"

112. Page 99, lines 20 and 21.
 Strike: "DEBT" on line 20 through "RETIREMENT" on line 21
 Insert: "school facility entitlement"

113. Page 100, lines 7 and 8.
 Strike: "taxable" on both lines
 Insert: "mill"

114. Page 100, line 9.
 Strike: "DEBT SERVICE"
 Insert: "school facility entitlement"

115. Page 100, line 17.
 Following: "Statewide"
 Insert: "elementary"

116. Page 100, line 19.
 Strike: "FOR ELEMENTARY DISTRICTS"

117. Page 100, line 20.
 Following: line 19
 Insert: "high school"
 Strike: "FOR HIGH SCHOOL DISTRICTS"

118. Page 100, line 24.
 Strike: "191"
 Insert: "175"

119. Page 100, line 25.
 Following: "total"
 Insert: "sum of either the"

120. Page 101, line 2.
 Strike: "and"
 Insert: "or the"

121. Page 101, lines 3 and 4.
 Following: "entitlement" on line 3
 Strike: remainder of line 3 through "BUDGET" on line 4
 Insert: "direct state aid and 40% of special education allowable costs"

122. Page 101, line 11.
 Following: line 10
 Insert: "elementary or high school"

123. Page 101, lines 11 through 13.
 Following: "RATIO" on line 11

Strike: remainder of line 11 through "DISTRICTS" on line 13

124. Page 101, lines 14 through 17.

Following: "levied" on line 14

Strike: remainder of line 14 through "MILLS," on line 17

125. Page 101, lines 21, 22, and 24.

Strike: "taxable" on those lines

Insert: "mill"

Following: "~~e~~" on line 22

Strike: "1"

Insert: "or"

126. Page 101, line 23.

Strike: ", OR THE DISTRICT TAXABLE VALUE PER ANB"

127. Page 102, line 5.

Following: line 4

Insert: "(3) For the purposes of [sections 38 and 39], if the district mill value per elementary ANB or the district mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or statewide mill value per high school ANB, the district may receive guaranteed tax base aid based on the number of mills levied in support of the debt service fund."

128. Page 102, lines 10, 11, 18, and 19.

Strike: "taxable" on those lines

Insert: "mill"

129. Page 103, lines 16 through 25.

Strike: subsection (4) in its entirety

Renumber: subsequent subsection

130. Page 107, lines 21, 23, and 25.

Strike: "Attendance" or "attendance" on those lines

Insert: "Enrollment" or "enrollment"

131. Page 108, lines 10 and 11.

Following: "days," on line 10

Strike: remainder of line 10 through "days," on line 11

132. Page 109, line 20.

Following: "(a)"

Insert: "(i) a school of the district is located more than 20 miles beyond the incorporated limits of a city or town located in the district and at least 20 miles from any other school of the district, the number of regularly enrolled, full-time pupils of the school must be calculated separately for ANB purposes and the district must receive a basic entitlement for the school calculated separately from the other schools of the district;

(ii) a school of the district is located more than 20 miles from any other school of the district and no incorporated territory is involved in the district, the number of regularly

enrolled, full-time pupils of the school must be calculated separately for ANB purposes and the district must receive a basic entitlement for the school calculated separately from the other schools of the district; or

(iii) the superintendent of public instruction approves an application not to aggregate when conditions exist affecting transportation, such as poor roads, mountains, rivers, or other obstacles to travel, or when any other condition exists that would result in an unusual hardship to the pupils of the school if they were transported to another school, the number of regularly enrolled, full-time pupils of the school must be calculated separately for ANB purposes and the district must receive a basic entitlement for the school calculated separately from the other schools of the district;

(b) "

Renumber: subsequent subsections

133. Page 111, line 3.

Following: "statewide"

Insert: "and district"

134. Page 111, line 9.

Following: "each"

Insert: "school district and"

135. Page 111, line 10.

Following: "statewide"

Strike: "and"

Insert: ", "

Following: "county"

Insert: ", and district"

136. Page 111, line 12.

Following: "statewide"

Strike: "and"

Insert: ", "

Following: "county"

Insert: ", and district"

137. Page 111, line 14.

Following: "counties"

Insert: "and districts"

138. Page 112, line 10.

Following: line 9

Insert: "(4) For the purposes of implementing 20-9-366 through 20-9-368 and this section for the school fiscal year beginning July 1, 1993, the superintendent of public instruction shall estimate the direct state aid for a district for the school fiscal year beginning July 1, 1993, in order to calculate the district and statewide guaranteed tax base ratios for that school fiscal year. For succeeding school fiscal years, the superintendent of public instruction shall calculate the district and statewide guaranteed tax base ratios by applying the prior year's

direct state aid payment."

139. Page 115, line 12.

Following: "20-9-435;"

Insert: "(iii) any state reimbursement for school facilities distributed to a qualified district under the provisions of 20-9-346, [section 38], and [section 39];"

Renumber: subsequent subsection

140. Page 115, line 23 through page 116, line 6.

Strike: subsection (c) in its entirety

141. Page 116, line 8.

Strike: "(1)(c)"

Insert: "(1)(b)"

142. Page 117, lines 19 and 20.

Following: "20-5-307(4)" on line 19

Strike: ", "

Insert: "and"

Following: "20-5-312(8)" on line 20

Strike: ", and 20-9-321"

143. Page 118, line 16 through page 119, line 16.

Strike: Section 39 in its entirety

Insert: "**NEW SECTION. Section 38. 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) "State reimbursement for school facilities" 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)(i) for the school fiscal years beginning July 1, 1993, and July 1, 1994, has outstanding bonded indebtedness on bonds sold in the debt service fund of the district after July 1, 1991;

(ii) for the school fiscal year beginning July 1, 1995, and for succeeding school fiscal years, has outstanding bonded indebtedness on bonds sold in the debt service fund of the district in any year.

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

NEW SECTION. Section 39. Calculation and uses of school facility entitlement amount. (1) The state reimbursement for school facilities for a district is the percentage determined in 20-9-346(2)(b) times (1-(district mill value per ANB/statewide mill value per ANB)) times the lesser of the total school facility entitlement calculated under the provisions of [section 38] or the district's current year debt service obligations on bonds that qualify under the provisions of [section 38(2)(b)(i)]

or (2)(b)(ii)].

(2) For the school fiscal years beginning July 1, 1993, and July 1, 1994, the trustees of a district may apply the state reimbursement for school facilities to reduce the levy requirement for all outstanding bonded indebtedness on bonds sold in the debt service fund of the district after July 1, 1991.

(3) For the school fiscal year beginning July 1, 1995, and for succeeding school fiscal years, the trustees of a district may apply the state reimbursement for school facilities to reduce the levy requirement of all bonded indebtedness in the district debt service fund."

Renumber: subsequent sections

144. Page 121, line 11 through page 124, line 24.

Strike: sections 41, 42, and 43 in their entirety

Renumber: subsequent sections

145. Page 125, line 11 through page 126, line 4.

Strike: subsection (3) in its entirety

146. Page 134, lines 5 and 7.

Strike: "foundation programs" on both lines

Insert: "BASE aid"

147. Page 136, line 17.

Strike: "in support of the elementary foundation programs"

148. Page 136, lines 18 and 19.

Following: "tax" on line 18

Strike: remainder of line 18 through "programs" on line 19

149. Page 137, line 25 and page 138, lines 1, 3, 8, and 20.

Strike: "foundation program" on those lines

Insert: "direct state aid"

150. Page 138, line 22.

Following: line 21

Insert: "Section 48. 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 budget amendments, and fulfill 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 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 49. Section 20-6-703, MCA, is amended to read:

"20-6-703. Transitions after formation of K-12 school district. (1) When an attachment order for a K-12 school district becomes effective on July 1 under the provisions of 20-6-701:

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

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

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

(2) All taxes levied by and revenue due from a previous school fiscal year to an elementary district attached to a high school district must be payable to the appropriate fund of the high school district.

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

315 [section 3].

(4) An elementary district and a high school district that form a K-12 school district under the provisions of 20-6-701 may not be considered an enlarged district for the purpose of bonus payments under 20-6-401 through 20-6-408."

Section 50. Section 20-7-306, MCA, is amended to read:

"20-7-306. Distribution of secondary vocational education and industrial arts funds. (1) The superintendent of public instruction shall categorize secondary vocational programs into one of five weighted categories based upon the relative additional costs of those programs.

(2) The superintendent of public instruction shall determine the weighted category to be assigned industrial arts programs.

(3) The superintendent of public instruction shall adjust the weighted categories as necessary to assure that the procedures outlined in ~~subsections~~ subsection (4) and ~~(5)~~ do not result in entitlements that exceed the amount appropriated.

(4) Funding must be based upon the average number belonging (ANB) for secondary vocational education and industrial arts programs of the high school district in the ANB calculation period immediately preceding the year for which funding is requested. The ANB must be computed for each separate secondary vocational education and industrial arts program.

(5) For secondary vocational education programs, the ANB generated for each category established in subsection (1) must be multiplied by the factor for that category, and the product must be multiplied by the ~~applicable ANB dollar value established by 20-9-319~~ district's direct state aid per-ANB. Industrial arts programs must be funded at 50% of the category assigned. The high school district is entitled to receive for secondary vocational education and industrial arts, the total of the computation of all secondary vocational education and industrial arts categories.

~~(6)~~ (5) The superintendent of public instruction shall annually distribute the funds allocated in this section by November 1. The money received by the high school district must be deposited into the subfund of the miscellaneous programs fund established by 20-9-507 and may be expended only for approved secondary vocational education and industrial arts programs. The expenditure of the money must be reported in the annual trustees' report as required by 20-9-213."

Section 51. Section 20-7-435, MCA, is amended to read:

"20-7-435. Funding of educational programs at in-state children's psychiatric hospitals and in-state residential treatment programs for eligible children with emotional disturbances. (1) It is the intent of the legislature that eligible children in in-state children's psychiatric hospitals and residential treatment facilities be provided with an appropriate educational opportunity in a cost-effective manner.

(2) The superintendent of public instruction may contract with an in-state children's psychiatric hospital or residential treatment facility for provision of an educational program for an

eligible child in the hospital or treatment facility.

(3) Whenever the superintendent of public instruction contracts with an in-state children's psychiatric hospital or residential treatment facility for provision of an educational program for an eligible child in the children's psychiatric hospital or residential treatment facility, the superintendent of public instruction shall:

(a) monitor the provision of an appropriate educational opportunity for the child attending the hospital or residential treatment facility;

(b) negotiate the approval of allowable costs under the provisions of 20-7-431 for allowable costs for providing special education, including the costs of retirement benefits, federal social security system contributions, and unemployment compensation insurance; and

(c) fund 100% of any approved allowable costs under this section from funds appropriated for this purpose. An appropriation in excess of the allowable costs required under the provisions of this section must revert to the state equalization aid account.

(4) A supplemental education fee or tuition may not be charged for an eligible Montana child who receives inpatient treatment in an in-state children's psychiatric hospital or residential treatment facility.

(5) If a children's psychiatric hospital or residential treatment facility fails to provide an appropriate educational opportunity for an eligible child at the children's psychiatric hospital or residential treatment facility or fails to negotiate a contract under the provisions of subsection (2), the superintendent of public instruction shall negotiate with the school district in which the children's psychiatric hospital or residential treatment facility is located for the supervision and implementation of an appropriate educational program for a child attending the children's psychiatric hospital or residential treatment facility. The amount negotiated with the school district must be consistent with allowable costs that may be negotiated under the provisions of subsection (3).

(6) Funds provided to a district under this section:

(a) must be deposited in the miscellaneous programs fund of the district that provides the education program for an eligible child, regardless of the age or grade placement of the child who is served under a negotiated contract; and

(b) are not subject to the budget limitations in ~~20-9-315 [section 3], and~~

~~(c) may not be included in the foundation program amount of the district."~~

Renumber: subsequent sections

151. Page 138, line 22.

Strike: "APPROPRIATION."

Insert: "Appropriations. (1) "

152. Page 139, line 2.

Following: line 1

Insert: "(2) If House Bill No. 667 and Senate Bill No. 378 are

passed and approved, then there is appropriated from the general fund \$124,910,000 to the state equalization aid account for the biennium ending June 30, 1995.

(3) There is appropriated from the general fund to the Montana legislative council for the biennium ending June 30, 1995, \$20,000 for the interim study to be assigned and conducted as provided in [section 63]."

153. Page 139, line 3.

Following: "BIENNIUM"

Insert: " -- appropriation"

154. Page 139, lines 3 through 5.

Strike: "ANY" on line 3 through "AUDIT." on line 5

Insert: "(1) The legislative audit committee, in accordance with its constitutional authority to supervise legislative postaudits, shall ensure the independence of the audit of the office of the superintendent of public instruction conducted pursuant to Title 5, chapter 13, during the 1994-95 biennium. It is the intent of the legislature that the biennial financial compliance audit for the 2 fiscal years ending June 30, 1994, be contracted. To the extent that the legislative audit committee contracts with a private firm to conduct a portion of the audit or the entire audit, including audit work required to complete the statewide audit and the federal single audit, the total cost of all audit work during the biennium must be paid first from the line item appropriation to the office of the superintendent of public instruction for audit costs.

(2) There is appropriated from the general fund to the legislative auditor \$40,000 for the biennium ending June 30, 1995, to be used if the line item appropriation to the office of the superintendent of public instruction is insufficient to pay the total audit costs."

155. Page 139, line 13.

Strike: "20-9-212," and "20-9-335."

156. Page 140, line 1.

Following: "DISTRICT."

Insert: "(1) "

157. Page 140, line 6.

Following: line 5

Insert: "(2) This section does not apply to a petition to create a new elementary or high school district that was filed prior to [the effective date of this section]."

158. Page 140, lines 7 and 10.

Strike: "44"

Insert: "41"

159. Page 140, line 11.

Strike: "[SECTION 41 39] IS"

Insert: "[Sections 38 and 39] are"

160. Page 140, line 13.

Strike: "SECTION"

Insert: "sections"

Following: "41"

Insert: "38 and"

161. Page 140, line 21.

Strike: "THROUGH (4)"

Insert: "and (3)"

162. Page 141, line 8.

Strike: "SECTION"

Insert: "Sections"

Following: "23"

Insert: "and 33"

163. Page 141, line 9.

Strike: "IS"

Insert: "are"

Strike: "APPLIES"

Insert: "apply"

164. Page 141, lines 12 through 16.

Strike: subsection (4) in its entirety

165. Page 141, line 20.

Following: "348]"

Insert: ", amending 20-9-303,"

166. Page 141, line 23.

Following: "348]"

Insert: ", amending 20-9-311,"

167. Page 142, line 2.

Following: "348]"

Insert: ", amending 20-9-321,"

168. Page 142, line 7.

Following: line 6.

Insert: "(5) If House Bill No. 667 and House Bill No. 469 are passed and approved, then [section 4(1)] of House Bill No. 469 must read as follows:

"(1) Except as provided in subsections (3) and (4), whenever a child has approval to attend a school outside of the child's district of residence under the provisions of [section 1 or 2], the basis of the rate of tuition is a flat rate for each of the 15 district-size groupings determined by rule by the superintendent of public instruction by March 15 of each year, using statewide district expenditure and revenue data for the general fund, debt service fund, and retirement fund to determine the average district contribution."

(6) If House Bill No. 667 and House Bill No. 202 are passed and approved, then [section 12] of House Bill No. 202, amending 20-9-322, is void.

(7) If House Bill No. 667 and Senate Bill No. 235 are passed and approved, then [section 143] of Senate Bill No. 235, amending 20-9-439, is void.

(8) If House Bill No. 667 is passed and approved and if Senate Bill No. 235 is approved by the electorate, then the amendments to 20-9-344, 20-9-347, 20-9-366, and 20-9-368 in [this act] and in Senate Bill No. 235 are void and those sections are amended to read as follows:

Section 20-9-344, MCA, is amended to read:

~~"20-9-344. Purpose of state equalization aid and duties~~
Duties of board of public education for distribution of BASE aid.

~~(1) The money available for state equalization aid must be distributed and apportioned to provide:~~

~~(a) 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; and~~

~~(b) the Montana educational telecommunications network as provided in 20-32-101.~~

(2) The board of public education shall administer and distribute the state equalization BASE aid and state advances for county equalization 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 BASE aid, state retirement obligation payments, and state advances for county equalization in accordance with the provisions of law;

(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 BASE 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 BASE aid, the board of public education may not increase or decrease the state equalization BASE 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)(2)~~ The board of public education may order the superintendent of public instruction to withhold distribution of state equalization BASE 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)(3)~~ Prior to any proposed order by the board of public education to withhold distribution of state equalization BASE 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)~~(4) If a district or county receives more state equalization BASE 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 superintendent of public instruction.

~~(6)~~(5) Except as provided in 20-9-347(3), the ~~foundation program payment and guaranteed tax base~~ BASE aid payment must be distributed according to the following schedule:

(a) from August to May October of the school fiscal year, ~~8% 10%~~ of the ~~foundation program payment~~ direct state aid to each district;

(b) from December to April of the school fiscal year, 10% of the direct state aid to each district;

~~(b)~~(c) in November of the school fiscal year, one-half of the guaranteed tax base aid payment and one-half of the state retirement obligation payment to each district or county that has submitted a final budget to the superintendent of public instruction in accordance with the provisions of 20-9-134;

~~(c)~~(d) in May of the school fiscal year, the remainder of the guaranteed tax base aid payment and one-half of the state retirement obligation payment to each district or county; and

~~(d)~~(e) in June of:-

(i) ~~the 1993 school fiscal year, one half of the remaining foundation program payment of each district and on July 15, 1993, the remaining school fiscal year 1993 foundation program payment of each district; and~~

(ii) the school fiscal year, one-half of the remaining foundation program payment to each district of direct state aid and on the following July 15, the remaining payment to each district of direct state aid for the school fiscal year ending on the preceding June 30.

~~(7)~~(6) The distribution of ~~foundation program payments and guaranteed tax base aid~~ provided for in subsection ~~(6)~~ (5) must occur by the last working day of each month."

Section 20-9-347, MCA, is amended to read:

"20-9-347. ~~Formula for state equalization~~ Distribution of BASE aid apportionment in support of foundation base funding program and retirement -- exceptions. ~~(1) The superintendent of public instruction shall apportion the state equalization aid available for support of the foundation program, individually for the elementary districts of a county or the high school districts of a county, in accordance with 20-9-346 and on the basis of the following procedure:-~~

~~(a) Determine the percentage that the total funds available to all counties in the state in support of the foundation program (including the state money available for state equalization aid in support of the foundation program) is of the total amount of the foundation programs of all counties.-~~

~~(b) Determine the percentage that the total funds available in each county in support of the foundation programs in the county (excluding state money available for state equalization aid in support of the foundation program) is of the total amount of the foundation programs of all districts of the county.-~~

~~(c) Counties in which the percentage determined in subsection (1)(b) exceeds the percentage determined in subsection (1)(a) are not entitled to an apportionment of the state equalization aid in support of the foundation program.~~

~~(d) After elimination of the counties referred to in subsection (1)(c), determine the percentage that the total money available to all remaining counties in support of the foundation program (including the state money available for state equalization aid in support of the foundation program) is of the total amount of the foundation programs of all remaining counties.~~

~~(e) Each district of each remaining county is entitled to an apportionment of the state equalization aid in support of the foundation program equal to the difference between the percentage determined in subsection (1)(d) and the percentage determined for the county in subsection (1)(b) multiplied by the foundation program amount for the district.~~

(1) The superintendent of public instruction shall apportion state retirement obligation payments to each district in support of the district's retirement fund obligations. The superintendent of public instruction shall adopt rules to ensure that for school fiscal year 1995 and succeeding years, each district receives state retirement obligation payments equal to the full amount required by the elementary districts and high school districts in the county.

(2) The superintendent of public instruction shall:

(a) supply the county treasurer and the county superintendent with a monthly report of the apportionments payment of state equalization BASE aid in support of the foundation BASE funding program of each district of the county, and the state equalization aid in support of the foundation program must be apportioned to the districts in accordance with the report;

(b) in the manner described in 20-9-344, provide for a state advance to each county in an amount that is no less than the amount anticipated to be raised for the basic county tax fund as provided in 20-9-331 and for the basic special tax fund as provided in 20-9-333;

(c) adopt rules to implement the provisions of subsection (2)(b).

(3) (a) The superintendent of public instruction is authorized to adjust the schedule prescribed in 20-9-344 for distribution of the foundation program and guaranteed tax base BASE aid payments if the distribution will cause a district to register warrants under the provisions of 20-9-212(9)(8).

(b) To qualify for an adjustment in the payment schedule, a district shall demonstrate to the superintendent of public instruction, in the manner required by the office, that the payment schedule prescribed in 20-9-344 will result in insufficient money available in all funds of the district to make payment of the district's warrants. The county treasurer shall confirm the anticipated deficit. Nothing in this This section may not be construed to authorize the superintendent of public instruction to exceed a district's annual payment for state and county equalization BASE aid."

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 retirement mill value per elementary ANB" or "county retirement mill value per high school ANB" means the sum of the taxable valuation in the previous year of all property in the county 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.~~

~~(2)(1)(a) "District guaranteed tax base ratio" for guaranteed tax base funding for the base budget of an eligible district means the taxable valuation in the previous year of all property in the district divided by the sum of the district's current year direct state aid and 40% of the special education allowable cost payment.~~

~~(b) "District mill value per ANB", for school facility entitlement purposes, means the taxable valuation in the previous year of all property in the district 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 total per-ANB entitlement amount.~~

~~(3)(2) "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 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)(a) "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", for permissive and retirement guaranteed tax base school facility entitlement purposes, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by 121% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state high school ANB amount used to calculate the elementary school districts' and high school districts' current year foundation program total per-ANB entitlement amounts.~~

~~(b) "Statewide elementary guaranteed tax base ratio" or "statewide high school guaranteed tax base ratio", for guaranteed tax base funding for the base budget of an eligible district, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by 175% and divided by 40% of the total of either the state elementary school districts' or high school districts' current year total maximum general fund budget amounts."~~

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~~

~~for 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 for 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 permissive amount of the up to 40% of the basic entitlement, up to 40% of the total per-ANB entitlement budgeted within the general fund budget, and up to 40% of the special education payment 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 permissive amount of the general fund budget calculated in the following manner:~~

~~(a) multiply 40% of the district's current year maximum general fund budget amount by the corresponding statewide guaranteed tax base ratio;~~

~~(b) subtract the taxable valuation of the district from the product obtained in subsection (1)(a); and~~

~~(c) divide the remainder by 1,000 to determine the equivalent to the dollar amount of guaranteed tax base aid for each mill levied.~~

~~(4)(2) 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."~~

169. Page 142, line 7.

Following: line 6

Insert: "NEW SECTION. Section 61. {standard} Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications."

Renumber: subsequent sections

170. Page 142, line 7.

Strike: "SECTION"

Following: "36"

Insert: "Sections 20 and"

171. Page 142, line 8.

Strike: "TERMINATES"

Insert: "terminate"

Strike: "1993"

Insert: "1994"

172. Page 142, lines 9 through 11.
Strike: section 61 in its entirety
Renumber: subsequent sections

173. Page 143, lines 15 through 18.
Following: "TEACHERS" on line 15
Strike: remainder of line 15 through "ASSOCIATION" on line 18
Insert: "and other interested persons and organizations"

174. Page 144, line 3.
Following: line 3
Insert: "NEW SECTION. **Section 64. Contingent termination.** The bracketed language in [section 3], relating to excluding Public Law 81-874 receipts, is void on the date that the superintendent of public instruction certifies to the governor that, prior to January 1, 1995, a letter has been received from the United States department of education declaring that, after analysis of [this act], the bracketed language in [section 3] violates the provisions of the federal impact aid laws and will result in the loss of federal impact aid funds."

Free Conference Committee
on House Bill No. 667
Report No. 1, April 24, 1993

Page 1 of 30

Mr. President and Mr. Speaker:

We, your Free Conference Committee on House Bill No. 667, met and considered: House Bill No. 667 in its entirety. We recommend that House Bill No. 667 (reference copy - salmon) be amended as follows:

1. Title, page 1, line 22.

Strike: "3"

Insert: "5"

2. Title, page 2, lines 13 and 14.

Following: "BY" on line 13

Strike: remainder of line 13 through "BUDGET" on line 14

Insert: "THE DISTRICT'S DIRECT STATE AID AND 40 PERCENT OF THE SPECIAL EDUCATION ALLOWABLE COST"

3. Title, page 2, line 15.

Strike: "40 PERCENT OF"

Following: "STATEWIDE"

Strike: remainder of line 15

Insert: "DIRECT STATE AID AND 40 PERCENT OF THE SPECIAL EDUCATION ALLOWABLE COST"

4. Title, page 2, line 17.

Strike: "191"

Insert: "175"

5. Title, page 3, line 4.

Following: "PROVIDING"

Insert: "STATE REIMBURSEMENT FOR SCHOOL FACILITIES BASED ON A VARIATION OF"

6. Title, page 3, line 7.

Following: "ANB;"

Insert: "LIMITING THE STATE REIMBURSEMENT FOR SCHOOL FACILITIES TO \$2 MILLION FOR THE BIENNIUM ENDING JUNE 30, 1995;"

7. Title, page 4, line 9.

Following: "ACT;"

Insert: "APPROPRIATING FUNDS TO THE LEGISLATIVE AUDITOR TO PAY FOR AUDIT COSTS; APPROPRIATING FUNDS TO THE LEGISLATIVE COUNCIL FOR AN INTERIM STUDY COMMITTEE;"

8. Title, page 4, line 12.

Following: "20-3-106,"

Insert: "20-3-205,"

ADOPT

REJECT

901925CC.Sma

9. Page 4, line 14.

Strike: "20-7-117,"

Insert: "20-6-703, 20-7-306, 20-7-435,"

10. Title, page 4, line 16.

Strike: "20-9-304,"

11. Title, page 4, line 18.

Strike: "20-9-348,"

12. Title, page 4, line 20.

Following: "MCA"

Insert: ", AND SECTION 6, CHAPTER 14, SPECIAL LAWS OF JANUARY
1992"

13. Title, page 4, lines 22 and 23.

Following: "~~20-9-348,~~" on line 22

Insert: "20-9-348,"

Following: "MCA," on line 22

Strike: remainder of line 22 through "1992," on line 23

14. Page 6, line 22.

Following: "PRACTICABLE"

Insert: "; and

WHEREAS, in developing any request for proposals for software and data processing development, the superintendent of public instruction shall solicit input from school officials and organizations to accomplish the intent of [this act]"

15. Page 7, line 5.

Strike: "ANY AMOUNT UP TO"

16. Page 7, line 6.

Strike: "UP TO"

17. Page 7, line 7.

Strike: "BUDGETED IN"

Insert: "for"

18. Page 7, line 14.

Strike: "80% of"

Strike: "maximum"

Insert: "minimum"

19. Page 7, line 15.

Following: "district"

Insert: ", which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education allowable cost payment"

20. Page 8, line 17.

Following: line 16

Insert: "(7) "Direct state aid" means 40% of the basic entitlement and 40% of the total per-ANB entitlement for the general fund budget of a district and funded with state and county equalization aid."

Renumber: subsequent subsections

21. Page 8, line 20.

Following: "AND"

Insert: "up to 153% of"

22. Page 8, lines 21 and 22.

Following: "PAYMENTS" on line 21

Strike: remainder of line 21 through "PAYMENTS" on line 22

23. Page 9, line 13.

Following: "district"

Insert: "or a K-12 district high school program"

24. Page 10, line 8.

Strike: "2,000" in both places

Insert: "1,000" in both places

25. Page 10, line 9.

Strike: "2,000TH"

Insert: "1,000th"

26. Page 16, lines 18 through 24.

Strike: line 18 through "(III)" on line 24

Insert: ":

(i) may increase the general fund budget for the district by 4% of the previous year's general fund budget or by 4% of the previous year's general fund budget per-ANB multiplied by the current year's ANB for budgeting purposes; but

(ii) may not adopt a general fund budget that reflects less than the following general fund budget growth amounts"

27. Page 16, line 25.

Following: line 24

Insert: "(A) 20% of the range between the district general fund budget for the school fiscal year ending June 30, 1993, and the BASE budget for the district for the school fiscal year beginning July 1, 1993;

(B) 25% of the range between the district general fund budget for the school fiscal year ending June 30, 1994, and the BASE budget for the district for the school fiscal year beginning July 1, 1994;"

Renumber: subsequent subsections

28. Page 17, lines 1 and 3.
Strike: "1993" on both lines
Insert: "1995"

29. Page 17, lines 5 and 7.
Strike: "1994" on both lines
Insert: "1996"

30. Page 17, lines 10 and 11.
Strike: "1995" on both lines
Insert: "1997"

31. Page 17, line 12.
Following: "(B)"
Insert: "(i) For the school fiscal year beginning July 1, 1993,
a district may not exceed the limitations in subsection (2)
(a).
(ii)"

32. Page 17, line 19.
Following: line 18
Insert: "(c) Nothing in this section is intended to require a
district to budget in excess of its BASE budget."

33. Page 18, line 8.
Strike: "LEVY"

34. Page 18, line 11.
Following: line 10
Insert: "(c) For the school fiscal year beginning July 1, 1993,
a district may not exceed the limitations in subsection (3)
(a)."

35. Page 18, lines 16 and 17.
Following: "THAN" on line 16
Strike: remainder of line 16 through "(I)" on line 17

36. Page 18, lines 18 through 20.
Following: "YEAR" on line 18
Strike: remainder of line 18 through "YEAR" on line 20

37. 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 received in the school fiscal year
ending June 30, 1993. Before excluding any Public Law 81-874

funding, a district may increase the district general fund budget for the school fiscal year ending June 30, 1993, by the allowable increases in subsections (2) and (3).]"

38. Page 21, line 7.
Following: "additional"
Insert: "direct"

39. Page 21, line 20.
Following: "aid"
Insert: "and special education allowable cost payments"

40. Page 24, line 6.
Following: "aid"
Strike: "for county retirement levy obligations"

41. Page 34, lines 13 and 14.
Following: "~~20-9-320~~" on line 13
Strike: remainder of line 13 through "(ii)" on line 14

42. Page 35, line 13.
Strike: "20-9-502"
Insert: "20-9-353"

43. Page 35, line 14.
Strike: "OR"
Insert: "(c) the cost of constructing, purchasing, or acquiring the site or building is financed without exceeding the maximum general fund budget amount for the district and, in the case of a site purchase, the site has been approved under the provisions of 20-6-621; or"
Renumber: subsequent subsection

44. Page 39, line 12.
Strike: "44"
Insert: "41"

45. Page 49, lines 13 through 15.
Following: "less the" on line 13
Strike: remainder of line 13 through "budget" on line 15
Insert: "sum of direct state aid and the special education allowable cost payment"

46. Page 49, lines 23 and 24.
Following: "budget" on line 23
Strike: remainder of line 23 through "district" on line 24

47. Page 50, line 2.
Following: "totaling"

Insert: ":

(i) general fund balance reappropriated, as established under the provisions of 20-9-104; and
(ii)"

48. Page 50, lines 3 through 11.

Following: "EACH" on line 3

Strike: remainder of line 3 through "anticipated" on line 11

Insert: "of the following sources:

(A)"

ReNUMBER: subsequent subsections

49. Page 50, lines 14 and 15.

Strike: subsection (III) in its entirety

ReNUMBER: subsequent subsections

50. Page 50, lines 16 and 18.

Strike: "anticipated or reappropriated" on both lines

51. Page 50, lines 21, 23, and 25.

Strike: "anticipated" on those lines

52. Page 51, lines 2 and 3.

Following: "(IX)" on line 2

Strike: remainder of line 2 through "reappropriated" on line 3

53. Page 51, line 5.

Strike: "anticipated"

54. Page 51, lines 8 and 9.

Following: "revenue" on line 8

Strike: remainder of line 8 through "be" on line 9

Strike: "ensuing" on line 9

55. Page 51, line 24.

Strike: "levy"

56. Page 52, lines 9 through 11.

Following: "levied" on line 9

Strike: remainder of line 9 through "MILLS" on line 11

57. Page 53, line 4.

Strike: "44"

Insert: "41"

58. Page 58, line 1.

Following: "BUDGET."

Insert: "If the petition is for a budget amendment for an enrollment increase as provided in 20-9-161(1), the

superintendent of public instruction shall adjust the district's maximum general fund budget based on the approved enrollment increase. Upon approval, a district may not adopt a budget amendment if the amount will cause the district to exceed the district's adjusted maximum general fund budget."

59. Page 61, lines 6 and 7.

Following: "~~20-9-347~~" on line 6

Strike: remainder of line 6 through "1]" on line 7

Insert: "direct state aid"

60. Page 61, line 9.

Following: "ONE-HALF"

Insert: "of the direct state aid"

61. Page 61, line 13.

Strike: "BASE budget"

Insert: "direct state aid"

62. Page 62, lines 11 and 12.

Following: "~~shall~~" on line 11

Strike: remainder of line 11 through "budget" on line 12

Insert: "direct state aid"

63. Page 62, lines 15 and 16.

Following: "program" on line 15

Strike: remainder of line 15 through "program" on line 16

Insert: "direct state aid"

64. Page 62, lines 17 and 21.

Strike: "BASE budget" on both lines

Insert: "direct state aid"

65. Page 62, lines 19 and 20.

Following: "program" on line 19

Strike: remainder of line 19 through "budget" on line 20

Insert: "direct state aid"

66. Page 63, lines 3, 6, and 8.

Strike: "BASE budget" on those lines

Insert: "direct state aid"

67. Page 63, line 10.

Strike: "BASE budget program"

Insert: "direct state aid amount"

68. Page 63, line 13.

Strike: "BASE funding program"

Insert: "direct state aid"

69. Page 64, lines 21, 23, and 25.

Strike: "Attendance" or "attendance" on those lines

Insert: "Enrollment" or "enrollment"

70. Page 65, lines 10 and 11.

Following: "days," on line 10

Strike: remainder of line 10 through "days," on line 11

71. Page 66, line 7.

Following: "SPECIAL"

Insert: "education"

72. Page 69, line 14.

Following: "program"

Insert: "basic entitlement and"

73. Page 69, line 24.

Strike: "preceding"

Insert: "current"

74. Page 70, lines 2 and 5.

Following: "amount" on both lines

Insert: "basic entitlement and"

75. Page 70, line 23.

Following: "program"

Insert: "basic entitlement and"

76. Page 71, lines 7 and 13.

Following: "program" on both lines

Insert: "basic entitlement and"

77. Page 71, line 25 through page 72, line 16.

Strike: subsection (7) in its entirety

78. Page 74, lines 15 through 25.

Following: "20-9-507." on line 15

Strike: remainder of line 15 through "year." on line 25

79. Page 76, lines 2 through 8.

Strike: lines 2 through 8 in their entirety

80. Page 76, lines 20 and 21.

Following: "payment" on line 20

Strike: remainder of line 20 through "services" on line 21

81. Page 76, line 22.

Following: "board"

Insert: "for special education services"

82. Page 79, lines 13 and 14.

Following: "year's" on line 13

Strike: remainder of line 13 through "program" on line 14

Insert: "special education allowable cost"

83. Page 80, lines 1 through 9.

Strike: subsection (8) in its entirety

84. Page 84, lines 20 and 21.

Following: "aid," on line 20

Insert: "state reimbursement for school facilities,"

Following: "FUNDS" on line 20

Strike: remainder of line 20 through "ACCOUNT" on line 21

85. Page 85, line 7.

Following: ","

Insert: "state reimbursement for school facilities,"

86. Page 85, line 10.

Strike: "0.128% FOR"

87. Page 88, lines 11 through 13.

Following: "aid" on line 11

Strike: remainder of line 11 through "money" on line 13

88. Page 89, lines 11 and 12.

Following: "equalization" on line 11

Strike: remainder of line 11 through "," on line 12

Insert: "direct state aid"

89. Page 89, lines 14 and 15.

Following: "THE" on line 14

Strike: remainder of line 14 through "," on line 15

Insert: "direct state aid"

90. Page 89, line 18.

Strike: "SENT"

Insert: "submitted"

91. Page 90, lines 6 and 7.

Following: "equalization" on line 6

Strike: remainder of line 6 through "aid," on line 7

Insert: "direct state aid"

92. Page 90, lines 8 and 9.

Following: "equalization" on line 8

Strike: remainder of line 8 through "BASE" on line 9

Insert: "direct state"

93. Page 90, lines 16, 18, and 20.

Following: "state" on those lines

Insert: "and county"

94. Page 90, line 24 through page 91, line 1.

Following: "instruction" on line 24

Strike: remainder of page 90, line 24 through "20-9-347" on page 91, line 1

95. Page 91, line 2.

Following: line 1

Insert: "(2) for the purposes of state reimbursements for school facilities, limiting the distribution from the state equalization aid account to no more than \$1 million 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 38 and 39] 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 as provided in [section 38(2)(b)(i) or (2)(b)(ii)] and that qualify for guaranteed tax base aid under the provisions of 20-9-366 through 20-9-369 and [section 38];

(b) based on the limitation of state equalization aid available for debt service purposes in this subsection (2), determining the percentage of state equalization aid 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

96. Page 91, lines 3 and 11.

Strike: "state equalization" on both lines

Insert: "BASE"

97. Page 91, line 18.

Following: "state"

Insert: "and county"

98. Page 92, line 4.

Strike: "Formula for"

Insert: "Distribution of"

99. Page 92, line 5.

Strike: "apportionment"

Insert: "and special education allowable cost payments"

100. Page 92, line 6 through page 93, line 19.

Strike: subsection (1) in its entirety

Renumber: subsequent subsections

101. Page 93, line 22.

Following: "with a"

Insert: "monthly"

Strike: "apportionments"

Insert: "payment"

102. Page 93, line 24 through page 94, line 2.

Following: "county" on line 24

Strike: remainder of line 24 through "report" on page 94, line 2

103. Page 94, line 9.

Strike: "(2)(b)"

Insert: "(1)(b)"

104. Page 94, line 25 through page 95, line 1.

Following: "AID" on line 25

Strike: remainder of page 94, line 25 through "aid" on page 95,
line 1

105. Page 95, line 2.

Following: line 1

Insert: "(3) The superintendent of public instruction shall:

(a) distribute special education allowable cost payments to districts; and

(b) supply the county treasurer and the county superintendent of public instruction with a report of payments for special education allowable costs to districts of the county."

106. Page 95, lines 2 through 16.

Strike: section 28 in its entirety

Renumber: subsequent sections

107. Page 97, line 14.

Strike: "only"

108. Page 97, line 22.

Strike: "raise"

Insert: "expend"

109. Page 97, line 23.

Strike: "raised"

Insert: "expended"

110. Page 99, lines 6, 7, and 20.

Strike: "taxable" on those lines

Insert: "mill"

111. Page 99, lines 18 and 19.

Strike: "40%" on line 18 through "OF" on line 19

Following: "THE" on line 19

Insert: "sum of the"

Following: "YEAR"

Strike: "MAXIMUM GENERAL FUND BUDGET"

Insert: "direct state aid and 40% of the special education allowable cost payment"

112. Page 99, lines 20 and 21.

Strike: "DEBT" on line 20 through "RETIREMENT" on line 21

Insert: "school facility entitlement"

113. Page 100, lines 7 and 8.

Strike: "taxable" on both lines

Insert: "mill"

114. Page 100, line 9.

Strike: "DEBT SERVICE"

Insert: "school facility entitlement"

115. Page 100, line 17.

Following: "Statewide"

Insert: "elementary"

116. Page 100, line 19.

Strike: "FOR ELEMENTARY DISTRICTS"

117. Page 100, line 20.

Following: line 19

Insert: "high school"

Strike: "FOR HIGH SCHOOL DISTRICTS"

118. Page 100, line 24.

Strike: "191"

Insert: "175"

119. Page 100, line 25.

Following: "total"

Insert: "sum of either the"

120. Page 101, line 2.

Strike: "and"

Insert: "or the"

121. Page 101, lines 3 and 4.

Following: "entitlement" on line 3

Strike: remainder of line 3 through "BUDGET" on line 4

Insert: "direct state aid and 40% of special education allowable costs"

122. Page 101, line 11.

Following: line 10

Insert: "elementary or high school"

123. Page 101, lines 11 through 13.

Following: "RATIO" on line 11

Strike: remainder of line 11 through "DISTRICTS" on line 13

124. Page 101, lines 14 through 17.

Following: "levied" on line 14

Strike: remainder of line 14 through "MILLS," on line 17

125. Page 101, lines 21, 22, and 24.

Strike: "taxable" on those lines

Insert: "mill"

Following: "or" on line 22

Strike: "/"

Insert: "or"

126. Page 101, line 23.

Strike: ", OR THE DISTRICT TAXABLE VALUE PER ANB"

127. Page 102, line 5.

Following: line 4

Insert: "(3) For the purposes of [sections 38 and 39], if the district mill value per elementary ANB or the district mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or statewide mill value per high school ANB, the district may receive guaranteed tax base aid based on the number of mills levied in support of the debt service fund."

128. Page 102, lines 10, 11, 18, and 19.

Strike: "taxable" on those lines

Insert: "mill"

129. Page 103, lines 16 through 25.

Strike: subsection (4) in its entirety

Renumber: subsequent subsection

130. Page 107, lines 21, 23, and 25.
Strike: "Attendance" or "attendance" on those lines
Insert: "Enrollment" or "enrollment"

131. Page 108, lines 10 and 11.
Following: "days," on line 10
Strike: remainder of line 10 through "days," on line 11

132. Page 109, line 20.

Following: "(a)"

Insert: "(i) a school of the district is located more than 20 miles beyond the incorporated limits of a city or town located in the district and at least 20 miles from any other school of the district, the number of regularly enrolled, full-time pupils of the school must be calculated separately for ANB purposes and the district must receive a basic entitlement for the school calculated separately from the other schools of the district;

(ii) a school of the district is located more than 20 miles from any other school of the district and no incorporated territory is involved in the district, the number of regularly enrolled, full-time pupils of the school must be calculated separately for ANB purposes and the district must receive a basic entitlement for the school calculated separately from the other schools of the district; or

(iii) the superintendent of public instruction approves an application not to aggregate when conditions exist affecting transportation, such as poor roads, mountains, rivers, or other obstacles to travel, or when any other condition exists that would result in an unusual hardship to the pupils of the school if they were transported to another school, the number of regularly enrolled, full-time pupils of the school must be calculated separately for ANB purposes and the district must receive a basic entitlement for the school calculated separately from the other schools of the district;

(b)"

Renumber: subsequent subsections

133. Page 111, line 3.
Following: "statewide"
Insert: "and district"

134. Page 111, line 9.
Following: "each"
Insert: "school district and"

135. Page 111, line 10.
Following: "statewide"
Strike: "and"

Insert: ", "
Following: "county"
Insert: ", and district"

136. Page 111, line 12.
Following: "statewide"
Strike: "and"
Insert: ", "
Following: "county"
Insert: ", and district"

137. Page 111, line 14.
Following: "counties"
Insert: "and districts"

138. Page 112, line 10.
Following: line 9
Insert: "(4) For the purposes of implementing 20-9-366 through 20-9-368 and this section for the school fiscal year beginning July 1, 1993, the superintendent of public instruction shall estimate the direct state aid for a district for the school fiscal year beginning July 1, 1993, in order to calculate the district and statewide guaranteed tax base ratios for that school fiscal year. For succeeding school fiscal years, the superintendent of public instruction shall calculate the district and statewide guaranteed tax base ratios by applying the prior year's direct state aid payment."

139. Page 115, line 12.
Following: "20-9-435;"
Insert: "(iii) any state reimbursement for school facilities distributed to a qualified district under the provisions of 20-9-346, [section 38], and [section 39];"
Renumber: subsequent subsection

140. Page 115, line 23 through page 116, line 6.
Strike: subsection (c) in its entirety

141. Page 116, line 8.
Strike: "(1)(c)"
Insert: "(1)(b)"

142. Page 117, lines 19 and 20.
Following: "20-5-307(4)" on line 19
Strike: ", "
Insert: "and"
Following: "20-5-312(8)" on line 20
Strike: ", and 20-9-321"

143. Page 118, line 16 through page 119, line 16.

Strike: Section 39 in its entirety

Insert: "NEW SECTION. Section 38. 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) "State reimbursement for school facilities" 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)(i) for the school fiscal years beginning July 1, 1993, and July 1, 1994, has outstanding bonded indebtedness on bonds sold in the debt service fund of the district after July 1, 1991;

(ii) for the school fiscal year beginning July 1, 1995, and for succeeding school fiscal years, has outstanding bonded indebtedness on bonds sold in the debt service fund of the district in any year.

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

NEW SECTION. Section 39. Calculation and uses of school facility entitlement amount. (1) The state reimbursement for school facilities for a district is the percentage determined in 20-9-346(2)(b) times (1-(district mill value per ANB/statewide mill value per ANB)) times the lesser of the total school facility entitlement calculated under the provisions of [section 38] or the district's current year debt service obligations on bonds that qualify under the provisions of [section 38(2)(b)(i) or (2)(b)(ii)].

(2) For the school fiscal years beginning July 1, 1993, and July 1, 1994, the trustees of a district may apply the state reimbursement for school facilities to reduce the levy requirement for all outstanding bonded indebtedness on bonds sold in the debt service fund of the district after July 1, 1991.

(3) For the school fiscal year beginning July 1, 1995, and for succeeding school fiscal years, the trustees of a district may apply the state reimbursement for school facilities to reduce the levy requirement of all bonded indebtedness in the district debt service fund."

Renumber: subsequent sections

144. Page 121, line 11 through page 124, line 24.

Strike: sections 41, 42, and 43 in their entirety

Renumber: subsequent sections

145. Page 125, line 11 through page 126, line 4.

Strike: subsection (3) in its entirety

146. Page 134, lines 5 and 7.

Strike: "foundation programs" on both lines

Insert: "BASE aid"

147. Page 136, line 17.

Strike: "in support of the elementary foundation programs"

148. Page 136, lines 18 and 19.

Following: "tax" on line 18

Strike: remainder of line 18 through "programs" on line 19

149. Page 137, line 25 and page 138, lines 1, 3, 8, and 20.

Strike: "foundation program" on those lines

Insert: "direct state aid"

150. Page 138, line 22.

Following: line 21

Insert: "Section 48. 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 budget amendments, and fulfill 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 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 49. Section 20-6-703, MCA, is amended to read:

"20-6-703. Transitions after formation of K-12 school district. (1) When an attachment order for a K-12 school district becomes effective on July 1 under the provisions of 20-6-701:

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

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

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

(2) All taxes levied by and revenue due from a previous school fiscal year to an elementary district attached to a high school district must be payable to the appropriate fund of the high school district.

(3) The previous year's general fund budget amounts for the elementary district and the high school district that form a K-12 school district must be combined to determine the budget

limitation for the ensuing school fiscal year pursuant to ~~20-9-315~~ [section 3].

(4) An elementary district and a high school district that form a K-12 school district under the provisions of 20-6-701 may not be considered an enlarged district for the purpose of bonus payments under 20-6-401 through 20-6-408."

Section 50. Section 20-7-306, MCA, is amended to read:

"20-7-306. Distribution of secondary vocational education and industrial arts funds. (1) The superintendent of public instruction shall categorize secondary vocational programs into one of five weighted categories based upon the relative additional costs of those programs.

(2) The superintendent of public instruction shall determine the weighted category to be assigned industrial arts programs.

(3) The superintendent of public instruction shall adjust the weighted categories as necessary to assure that the procedures outlined in ~~subsections~~ subsection (4) and ~~(5)~~ do not result in entitlements that exceed the amount appropriated.

(4) Funding must be based upon the average number belonging (ANB) for secondary vocational education and industrial arts programs of the high school district in the ANB calculation period immediately preceding the year for which funding is requested. The ANB must be computed for each separate secondary vocational education and industrial arts program.

(5) For secondary vocational education programs, the ANB generated for each category established in subsection (1) must be multiplied by the factor for that category, and the product must be multiplied by the ~~applicable ANB dollar value established by 20-9-319~~ district's direct state aid per-ANB. Industrial arts programs must be funded at 50% of the category assigned. The high school district is entitled to receive for secondary vocational education and industrial arts, the total of the computation of all secondary vocational education and industrial arts categories.

~~(6)~~(5) The superintendent of public instruction shall annually distribute the funds allocated in this section by November 1. The money received by the high school district must be deposited into the subfund of the miscellaneous programs fund established by 20-9-507 and may be expended only for approved secondary vocational education and industrial arts programs. The expenditure of the money must be reported in the annual trustees' report as required by 20-9-213."

Section 51. Section 20-7-435, MCA, is amended to read:

"20-7-435. Funding of educational programs at in-state children's psychiatric hospitals and in-state residential treatment programs for eligible children with emotional

(b) are not subject to the budget limitations in ~~20-9-315~~
[section 3], and

~~(c) may not be included in the foundation program amount of
the district."~~

Renumber: subsequent sections

151. Page 138, line 22.

Strike: "APPROPRIATION."

Insert: "Appropriations. (1)"

152. Page 139, line 2.

Following: line 1

Insert: "(2) If House Bill No. 667 and Senate Bill No. 378 are
passed and approved, then there is appropriated from the
general fund \$124,910,000 to the state equalization aid
account for the biennium ending June 30, 1995.

(3) There is appropriated from the general fund to the
Montana legislative council for the biennium ending June 30,
1995, \$20,000 for the interim study to be assigned and conducted
as provided in [section 63]."

153. Page 139, line 3.

Following: "BIENNIUM"

Insert: " -- appropriation"

154. Page 139, lines 3 through 5.

Strike: "ANY" on line 3 through "AUDIT." on line 5

Insert: "(1) The legislative audit committee, in accordance with
its constitutional authority to supervise legislative
postaudits, shall ensure the independence of the audit of
the office of the superintendent of public instruction
conducted pursuant to Title 5, chapter 13, during the 1994-
95 biennium. It is the intent of the legislature that the
biennial financial compliance audit for the 2 fiscal years
ending June 30, 1994, be contracted. To the extent that the
legislative audit committee contracts with a private firm to
conduct a portion of the audit or the entire audit,
including audit work required to complete the statewide
audit and the federal single audit, the total cost of all
audit work during the biennium must be paid first from the
line item appropriation to the office of the superintendent
of public instruction for audit costs.

(2) There is appropriated from the general fund to the
legislative auditor \$40,000 for the biennium ending June 30,
1995, to be used if the line item appropriation to the office of
the superintendent of public instruction is insufficient to pay
the total audit costs."

155. Page 139, line 13.

disturbances. (1) It is the intent of the legislature that eligible children in in-state children's psychiatric hospitals and residential treatment facilities be provided with an appropriate educational opportunity in a cost-effective manner.

(2) The superintendent of public instruction may contract with an in-state children's psychiatric hospital or residential treatment facility for provision of an educational program for an eligible child in the hospital or treatment facility.

(3) Whenever the superintendent of public instruction contracts with an in-state children's psychiatric hospital or residential treatment facility for provision of an educational program for an eligible child in the children's psychiatric hospital or residential treatment facility, the superintendent of public instruction shall:

(a) monitor the provision of an appropriate educational opportunity for the child attending the hospital or residential treatment facility;

(b) negotiate the approval of allowable costs under the provisions of 20-7-431 for allowable costs for providing special education, including the costs of retirement benefits, federal social security system contributions, and unemployment compensation insurance; and

(c) fund 100% of any approved allowable costs under this section from funds appropriated for this purpose. An appropriation in excess of the allowable costs required under the provisions of this section must revert to the state equalization aid account.

(4) A supplemental education fee or tuition may not be charged for an eligible Montana child who receives inpatient treatment in an in-state children's psychiatric hospital or residential treatment facility.

(5) If a children's psychiatric hospital or residential treatment facility fails to provide an appropriate educational opportunity for an eligible child at the children's psychiatric hospital or residential treatment facility or fails to negotiate a contract under the provisions of subsection (2), the superintendent of public instruction shall negotiate with the school district in which the children's psychiatric hospital or residential treatment facility is located for the supervision and implementation of an appropriate educational program for a child attending the children's psychiatric hospital or residential treatment facility. The amount negotiated with the school district must be consistent with allowable costs that may be negotiated under the provisions of subsection (3).

(6) Funds provided to a district under this section:

(a) must be deposited in the miscellaneous programs fund of the district that provides the education program for an eligible child, regardless of the age or grade placement of the child who is served under a negotiated contract; and

Strike: "20-9-212," and "20-9-335,"

156. Page 140, line 1.

Following: "DISTRICT."

Insert: "(1)"

157. Page 140, line 6.

Following: line 5

Insert: "(2) This section does not apply to a petition to create
a new elementary or high school district that was filed
prior to [the effective date of this section]."

158. Page 140, lines 7 and 10.

Strike: "44"

Insert: "41"

159. Page 140, line 11.

Strike: "[SECTION 41 39] IS"

Insert: "[Sections 38 and 39] are"

160. Page 140, line 13.

Strike: "SECTION"

Insert: "sections"

Following: "41"

Insert: "38 and"

161. Page 140, line 21.

Strike: "THROUGH (4)"

Insert: "and (3)"

162. Page 141, line 8.

Strike: "SECTION"

Insert: "Sections"

Following: "23"

Insert: "and 33"

163. Page 141, line 9.

Strike: "IS"

Insert: "are"

Strike: "APPLIES"

Insert: "apply"

164. Page 141, lines 12 through 16.

Strike: subsection (4) in its entirety

165. Page 141, line 20.

Following: "348]"

Insert: ", amending 20-9-303,"

166. Page 141, line 23.
Following: "348]"
Insert: ", amending 20-9-311,"

167. Page 142, line 2.
Following: "348]"
Insert: ", amending 20-9-321,"

168. Page 142, line 7.
Following: line 6.
Insert: "(5) If House Bill No. 667 and House Bill No. 469 are passed and approved, then [section 4(1)] of House Bill No. 469 must read as follows:

"(1) Except as provided in subsections (3) and (4), whenever a child has approval to attend a school outside of the child's district of residence under the provisions of [section 1 or 2], the basis of the rate of tuition is a flat rate for each of the 15 district-size groupings determined by rule by the superintendent of public instruction by March 15 of each year, using statewide district expenditure and revenue data for the general fund, debt service fund, and retirement fund to determine the average district contribution."

(6) If House Bill No. 667 and House Bill No. 202 are passed and approved, then [section 12] of House Bill No. 202, amending 20-9-322, is void.

(7) If House Bill No. 667 and Senate Bill No. 235 are passed and approved, then [section 143] of Senate Bill No. 235, amending 20-9-439, is void.

(8) If House Bill No. 667 is passed and approved and if Senate Bill No. 235 is approved by the electorate, then the amendments to 20-9-344, 20-9-347, 20-9-366, and 20-9-368 in [this act] and in Senate Bill No. 235 are void and those sections are amended to read as follows:

Section 20-9-344, MCA, is amended to read:

~~"20-9-344. Purpose of state equalization aid and duties~~
Duties of board of public education for distribution of BASE aid.

~~(1) The money available for state equalization aid must be distributed and apportioned to provide:~~

~~(a) 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, and~~

~~(b) the Montana educational telecommunications network as provided in 20-32-101.~~

(2) The board of public education shall administer and distribute the state equalization BASE aid and state advances for county equalization 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~~ BASE aid, state retirement obligation payments, and state advances for county equalization in accordance with the provisions of law;

(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~~ BASE 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 BASE aid, the board of public education may not increase or decrease the state equalization BASE 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)~~(2) The board of public education may order the superintendent of public instruction to withhold distribution of ~~state equalization~~ BASE 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)~~(3) Prior to any proposed order by the board of public education to withhold distribution of ~~state equalization~~ BASE 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)~~(4) If a district or county receives more ~~state equalization~~ BASE 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 superintendent of public instruction.

~~(6)~~(5) Except as provided in 20-9-347(3), the foundation program payment and guaranteed tax base BASE aid payment must be distributed according to the following schedule:

(a) from August to ~~May~~ October of the school fiscal year, ~~8% 10%~~ of the foundation program payment direct state aid to each district;

(b) from December to April of the school fiscal year, 10% of the direct state aid to each district;

~~(b)~~(c) in November of the school fiscal year, one-half of the guaranteed tax base aid payment and one-half of the state retirement obligation payment to each district or county that has submitted a final budget to the superintendent of public

instruction in accordance with the provisions of 20-9-134;

~~(c)(d)~~ in May of the school fiscal year, the remainder of the guaranteed tax base aid payment and one-half of the state retirement obligation payment to each district or county; and

~~(d)(e)~~ in June of—

~~(i) the 1993 school fiscal year, one half of the remaining foundation program payment of each district and on July 15, 1993, the remaining school fiscal year 1993 foundation program payment of each district; and~~

~~(ii) the school fiscal year, one-half of the remaining foundation program payment to each district of direct state aid and on the following July 15, the remaining payment to each district of direct state aid for the school fiscal year ending on the preceding June 30.~~

~~(7)(6)~~ The distribution of foundation program payments and guaranteed tax base aid provided for in subsection ~~(6)~~ (5) must occur by the last working day of each month."

Section 20-9-347, MCA, is amended to read:

"20-9-347. ~~Formula for state equalization Distribution of~~ BASE aid apportionment in support of foundation base funding program and retirement -- exceptions. ~~(1) The superintendent of public instruction shall apportion the state equalization aid available for support of the foundation program, individually for the elementary districts of a county or the high school districts of a county, in accordance with 20-9-346 and on the basis of the following procedure:~~

~~(a) Determine the percentage that the total funds available to all counties in the state in support of the foundation program (including the state money available for state equalization aid in support of the foundation program) is of the total amount of the foundation programs of all counties.~~

~~(b) Determine the percentage that the total funds available in each county in support of the foundation programs in the county (excluding state money available for state equalization aid in support of the foundation program) is of the total amount of the foundation programs of all districts of the county.~~

~~(c) Counties in which the percentage determined in subsection (1)(b) exceeds the percentage determined in subsection (1)(a) are not entitled to an apportionment of the state equalization aid in support of the foundation program.~~

~~(d) After elimination of the counties referred to in subsection (1)(c), determine the percentage that the total money available to all remaining counties in support of the foundation program (including the state money available for state equalization aid in support of the foundation program) is of the total amount of the foundation programs of all remaining counties.~~

~~(e) Each district of each remaining county is entitled to~~

~~an apportionment of the state equalization aid in support of the foundation program equal to the difference between the percentage determined in subsection (1)(d) and the percentage determined for the county in subsection (1)(b) multiplied by the foundation program amount for the district.~~

(1) The superintendent of public instruction shall apportion state retirement obligation payments to each district in support of the district's retirement fund obligations. The superintendent of public instruction shall adopt rules to ensure that for school fiscal year 1995 and succeeding years, each district receives state retirement obligation payments equal to the full amount required by the elementary districts and high school districts in the county.

(2) The superintendent of public instruction shall:

(a) supply the county treasurer and the county superintendent with a monthly report of the apportionments payment of state equalization BASE aid in support of the foundation BASE funding program of each district of the county, and the state equalization aid in support of the foundation program must be apportioned to the districts in accordance with the report;

(b) in the manner described in 20-9-344, provide for a state advance to each county in an amount that is no less than the amount anticipated to be raised for the basic county tax fund as provided in 20-9-331 and for the basic special tax fund as provided in 20-9-333;

(c) adopt rules to implement the provisions of subsection (2)(b).

(3) (a) The superintendent of public instruction is authorized to adjust the schedule prescribed in 20-9-344 for distribution of the foundation program and guaranteed tax base BASE aid payments if the distribution will cause a district to register warrants under the provisions of 20-9-212(9)(8).

(b) To qualify for an adjustment in the payment schedule, a district shall demonstrate to the superintendent of public instruction, in the manner required by the office, that the payment schedule prescribed in 20-9-344 will result in insufficient money available in all funds of the district to make payment of the district's warrants. The county treasurer shall confirm the anticipated deficit. Nothing in this This section may not be construed to authorize the superintendent of public instruction to exceed a district's annual payment for state and county equalization BASE aid."

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 retirement mill value per elementary ANB" or "county retirement mill value per high school ANB" means the sum~~

~~of the taxable valuation in the previous year of all property in the county 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.~~

~~(2)(1)(a) "District guaranteed tax base ratio" for guaranteed tax base funding for the base budget of an eligible district means the taxable valuation in the previous year of all property in the district divided by the sum of the district's current year direct state aid and 40% of the special education allowable cost payment.~~

~~(b) "District mill value per ANB", for school facility entitlement purposes, means the taxable valuation in the previous year of all property in the district 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 total per-ANB entitlement amount.~~

~~(3) (2) "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 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)(a) "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", for permissive and retirement guaranteed tax base school facility entitlement purposes, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by 121% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state high school ANB amount used to calculate the elementary school districts' and high school districts' current year foundation program total per-ANB entitlement amounts.~~

~~(b) "Statewide elementary guaranteed tax base ratio" or "statewide high school guaranteed tax base ratio", for guaranteed tax base funding for the base budget of an eligible district, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by 175% and divided by 40% of the total of either the state elementary school districts' or high school districts' current year total maximum general fund budget amounts."~~

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 for 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 for 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 permissive amount of the up to 40% of the basic entitlement, up to 40% of the total per-ANB entitlement budgeted within the general fund budget, and up to 40% of the special education payment 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 permissive amount of the general fund budget calculated in the following manner:~~

~~(a) multiply 40% of the district's current year maximum general fund budget amount by the corresponding statewide guaranteed tax base ratio;~~

~~(b) subtract the taxable valuation of the district from the product obtained in subsection (1)(a); and~~

~~(c) divide the remainder by 1,000 to determine the equivalent to the dollar amount of guaranteed tax base aid for each mill levied.~~

~~(4)(2) 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."~~

169. Page 142, line 7.

Following: line 6

Insert: "NEW SECTION. Section 61. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications."

Renumber: subsequent sections

170. Page 142, line 7.

Strike: "SECTION"

Following: "36"

Insert: "Sections 20 and"

171. Page 142, line 8.

Strike: "TERMINATES"

Insert: "terminate"

Strike: "1993"

Insert: "1994"

172. Page 142, lines 9 through 11.

Strike: section 61 in its entirety

Renumber: subsequent sections

173. Page 143, lines 15 through 18.

Following: "TEACHERS" on line 15

Strike: remainder of line 15 through "ASSOCIATION" on line 18

Insert: "and other interested persons and organizations"

174. Page 144, line 3.

Following: line 3

Insert: "NEW SECTION. Section 64. Contingent termination. The bracketed language in [section 3], relating to excluding Public Law 81-874 receipts, is void on the date that the superintendent of public instruction certifies to the governor that, prior to January 1, 1995, a letter has been received from the United States department of education declaring that, after analysis of [this act], the bracketed language in [section 3] violates the provisions of the federal impact aid laws and will result in the loss of federal impact aid funds."

And that this Free Conference Committee report be adopted.

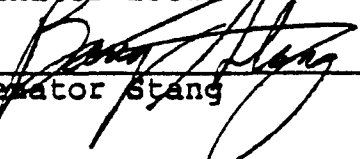
For the Senate:



Senator Towe, Chair



Senator Brown



Senator Stang

For the House:



Representative Boharski, Chair



Representative H. S. Hanson



Representative Peck

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Amd. Coord.
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Sec. of Senate

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

NO. 113667
TAXATION
EXHIBIT TO
4-20-93
NO. 113667

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.