

1 HOUSE BILL NO. 313

2 INTRODUCED BY YARDLEY

3 BY REQUEST OF THE SUPERINTENDENT OF PUBLIC INSTRUCTIONS

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION  
6 75-6922, R.C.M. 1947, TO PROVIDE A METHOD FOR COMPUTING THE  
7 PERMISSIVE LEVY AND TO DETERMINE THE PERMISSIVE AMOUNT  
8 DEFICIENCY FOR ELEMENTARY AND HIGH SCHOOL DISTRICTS."

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

11 Section 1. Section 75-6922, R.C.M. 1947, is amended to  
12 read as follows:

13 "75-6922. Permissive amount and permissive levy. (1)  
14 Whenever the trustees of any district shall deem it  
15 necessary to adopt a general fund budget in excess of the  
16 foundation program amount but not in excess of the maximum  
17 general fund budget amount for such district as established  
18 by the schedule in section 75-6905, the trustees shall adopt  
19 a resolution stating the reasons and purposes for exceeding  
20 the foundation program amount. ~~The financing of such general~~  
21 ~~fund budget amount shall be known as the "permissive levy."~~

22 Such excess above the foundation program amount shall be  
23 known as the "permissive amount", and it shall be financed  
24 by a levy on the taxable value of all taxable property  
25 within the district as prescribed in section 75-6926,

1 supplemented with revenue from a levy on all the taxable  
2 property in the state.

3 (2) The district levies to be set for the purpose of  
4 funding the permissive amount are determined as follows:

5 (a) For each elementary school district, the county  
6 commissioners shall annually set a levy not exceeding nine  
7 (9) mills on all the taxable property in the district for  
8 the purpose of funding the permissive ~~levy requirements~~  
9 amount of the district. The permissive levy in mills shall  
10 be obtained by multiplying the ratio of the permissive  
11 amount to the maximum permissive amount by nine (9).

12 If the amount of revenue raised by this levy is not  
13 sufficient to ~~fully~~ fund the ~~district's~~ permissive ~~levy~~  
14 ~~requirements~~ amount in full, the amount of the deficiency  
15 shall be paid to the district from the earmarked revenue  
16 fund, permissive levy account, according to the provisions  
17 of subsection (3) of this section.

18 (b) For each high school district, the county  
19 commissioners shall annually set a levy not exceeding six  
20 (6) mills on all taxable property in the district for the  
21 purpose of funding the permissive ~~levy requirements~~ amount  
22 of the district. The permissive levy in mills shall be  
23 obtained by multiplying the ratio of the permissive levy to  
24 the maximum permissive amount by six (6).

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6 (3) The director of the department of revenue shall  
 7 annually set a levy on all the property of the state which  
 8 will produce enough revenue to fund the permissive levy  
 9 deficiency of the elementary and high school districts of  
 10 the state. The proceeds of this levy shall be deposited to  
 11 the earmarked revenue fund, permissive levy account, and  
 12 shall be distributed to the elementary and high school  
 13 districts in accordance with their entitlements as  
 14 determined by the superintendent of public instruction  
 15 according to the provisions of subsections (1) and (2) of  
 16 this section.

17 Such distribution shall be made in two payments. The  
 18 first payment shall be made at the same time as the first  
 19 distribution of state equalization aid is made after January  
 20 1 of the fiscal year. The second payment shall be made at  
 21 the same time as the last payment of state equalization aid  
 22 is made for the fiscal year. If sufficient the revenue ~~is~~  
 23 ~~not collected is not sufficient~~ to ~~completely cover the~~  
 24 ~~permissive-levy-requirement~~ finance the deficiencies of the  
 25 districts, as determined according to subsection (2), each

1 district will receive the same percentage of its ~~total~~  
 2 ~~requirement~~ deficiency. Surplus revenue in the permissive  
 3 levy account shall be used to reduce the state levy required  
 4 for the next succeeding fiscal year. Interest earned on  
 5 investment of permissive levy funds shall be deposited to  
 6 the earmarked revenue fund, permissive levy account, for  
 7 distribution during the next succeeding fiscal year."

-End-

## STATE OF MONTANA

REQUEST NO. 220-75

## FISCAL NOTE

Form BD-15

In compliance with a written request received February, 19 75, there is hereby submitted a Fiscal Note for House Bill 313 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

## DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 313, regarding public school funding, defines permissive amount as the excess above the foundation program when the general fund budget adopted exceeds the foundation program but does not exceed the maximum - budget - without - a - voted - levy. The bill further provides that the permissive levy in mills shall be the ratio of the permissive amount to the maximum permissive amount times nine mills.

## ASSUMPTIONS:

1. All factors affecting computation of the permissive amount deficiency will remain at current levels through the 1975-77 biennium. These factors include district taxable valuation, average number belonging, maximum - general - fund - budget - without - a - vote schedules, and district general fund budgets.
2. Maximum permissive amount equals 25% of the foundation program.
3. If a district budget at least equals maximum - budget - without - a - vote, then the permissive amount equals the maximum permissive amount; otherwise, the permissive amount equals the district budget minus the foundation program.
4. The bill enables certain districts that budget to use less than the maximum permissive amount to receive a larger share of state support. Districts so affected are those which cannot fund the permissive amount by a permissive levy less than that provided in this bill. Fiscal impact considers only the effect on those districts (see note).

## FISCAL IMPACT:

	FY 76	FY 77
Increase in state deficiency levy amount	\$ 20,000	\$ 20,000
Increase in state payments to local districts	<u>20,000</u>	<u>20,000</u>
Net impact on state	<u>0</u>	<u>0</u>

## CONCLUSION:

Enactment of House Bill 313 would require an increase in the state deficiency levy, providing funds of \$20,000 per year which in turn would be distributed to the local school districts affected. The effect is to redistribute the tax burden.

## NOTE:

House Bill 313 would also impact on districts that budget to use the maximum permissive amount. Those districts in which the maximum permissive amount can be funded by less than nine mills (if elementary) or six mills (if high school) would be required to levy the full nine mills or six mills, as appropriate, under the proposed law. The excess amount of tax revenue raised by the maximum permissive levy would be used to reduce the voted levy millage, or would be carried over as cash reappropriated for the following year. It is understood by the Office of Budget and Program Planning that amendments will be proposed to eliminate this problem.

*Michael H. Bellinger*  
 BUDGET DIRECTOR  
 Office of Budget and Program Planning  
 Date: February 22, 1975

Approved by Committee  
on Education

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Such excess above the foundation program amount shall be  
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by a levy on the taxable value of all taxable property  
within the district as prescribed in section 75-6926,

supplemented with revenue from a levy on all the taxable  
property in the state.

(2) The district levies to be set for the purpose of  
funding the permissive amount are determined as follows:

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commissioners shall annually set a levy not exceeding nine  
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