

SENATE BILL NO. 98

INTRODUCED BY HIMSL, REGAN, BLAYLOCK, B. BROWN,  
KOLSTAD, JACOBSON

IN THE SENATE

January 12, 1981	Introduced and referred to Committee on Taxation.  Fiscal note requested.
January 17, 1981	Fiscal note returned.
February 9, 1981	Committee recommend bill do pass. Report adopted.
February 10, 1981	Bill printed and placed on members' desks.
February 11, 1981	Second reading, do pass.
February 12, 1981	Correctly engrossed.
February 13, 1981	Third reading, passed. Ayes, 49; Noes, 0. Transmitted to House.

IN THE HOUSE

February 14, 1981	Introduced and referred to Committee on Education.
March 28, 1981	Committee recommend bill be not concurred in as amended. Report adopted.  Objection to adverse committee report. Motion to place on second reading.
March 30, 1981	Second reading, concurred in.  On motion rules suspended and bill placed on third reading this day.

March 30, 1981

On motion rules suspended and bill allowed to be transmitted on 71st legislative day. Motion adopted.

March 31, 1981

Third reading, concurred in. Ayes, 55; Noes, 42.

IN THE SENATE

April 1, 1981

Returned from House. Concurred in. Sent to enrolling.

Reported correctly enrolled.

1 *Amended* BILL NO. *98*  
 2 INTRODUCED BY *Timothy Blaylock, Bob Brown*  
 3 *Kristen Jacobson*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE THE AUTHORITY  
 5 OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO DIRECT THE  
 6 IMPOSITION OF STATEWIDE DEFICIENCY TAX LEVIES; REVISING THE  
 7 METHOD OF FINANCING ELEMENTARY AND SECONDARY SCHOOLS;  
 8 AMENDING SECTIONS 20-3-205, 20-9-303, 20-9-343, 20-9-344,  
 9 20-9-351, AND 20-9-352, MCA; REPEALING SECTION 20-9-345,  
 10 MCA; AND PROVIDING AN EFFECTIVE DATE."

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

12 Section 1. Section 20-9-303, MCA, is amended to read:

13 "20-9-303. Definition of foundation program and its  
 14 proportion of the maximum-general-fund-without-a-voted-levy  
 15 schedule amount -- nonisolated school foundation program  
 16 financing -- special education funds. (1) As used in this  
 17 title, the term "foundation program" shall mean the minimum  
 18 operating expenditures, as established herein, that are  
 19 sufficient to provide for the educational program of a  
 20 school. The foundation program relates only to those  
 21 expenditures authorized by a district's general fund budget  
 22 and shall not include expenditures from any other fund. It  
 23 shall be financed by:

24 (a) county equalization moneys; and

1 (b) state equalization aid; and  
 2 ~~(c) when required, moneys from an additional state~~  
 3 ~~levy for a state deficiency.~~

4 (2) The dollar amount of the foundation program shall  
 5 be 80% of the the  
 6 maximum-general-fund-budget-without-a-voted-levy limitation  
 7 as set forth in the schedules in 20-9-316 through 20-9-321.  
 8 The foundation program of an elementary school having an ANB  
 9 of nine or fewer pupils which is not approved as an isolated  
 10 school under the provisions of 20-9-302 shall be 80% of the  
 11 schedule amount, but the county and state shall participate  
 12 in financing one-half of the foundation program, and the  
 13 district shall finance the remaining one-half by a tax  
 14 levied on the property of the district. When a school of  
 15 nine or fewer pupils is approved as isolated under the  
 16 provisions of 20-9-302, the county and state shall  
 17 participate in the financing of the total amount of the  
 18 foundation program.

19 (3) Funds provided to support the special education  
 20 accounting budget may be expended only for special education  
 21 purposes as approved by the superintendent of public  
 22 instruction in accordance with the special education  
 23 budgeting provisions of this title. Expenditures for special  
 24 education shall be accounted for separately from the balance  
 25 of the school district general fund. Transfers between items

1 within the special education budget for accounting purposes  
 2 may be made at the discretion of the board of trustees in  
 3 accordance with the financial administration part of this  
 4 title. The unexpended balance of the special education  
 5 accounting budget shall carry over to the next year to  
 6 reduce the amount of funding required to finance the  
 7 district's ensuing year's maximum-budget-without-a-vote for  
 8 special education."

9 Section 2. Section 20-9-343, MCA, is amended to read:

10 "20-9-343. Definition of and revenue for state  
 11 equalization aid. (1) As used in this title, the term "state  
 12 equalization aid" means those moneys deposited in the  
 13 earmarked revenue fund as required in this section plus any  
 14 legislative appropriation of moneys from other sources for  
 15 distribution to the public schools for the purpose of  
 16 equalization of the foundation program.

17 ~~(2) The legislative appropriation for state~~  
 18 ~~equalization aid shall be made in a single sum for the~~  
 19 ~~biennium. The superintendent of public instruction has~~  
 20 ~~authority to spend such appropriation, together with the~~  
 21 ~~earmarked revenues provided in subsection (3), as required~~  
 22 ~~for foundation program purposes throughout the biennium.~~

23 ~~(2)(3)~~ The following shall be paid into the earmarked  
 24 revenue fund for state equalization aid to public schools of  
 25 the state:

1 (a) 25% of all moneys received from the collection of  
 2 income taxes under chapter 30 of Title 15;

3 (b) 25% of all moneys, except as provided in  
 4 15-31-702, received from the collection of corporation  
 5 license taxes under chapter 31 of Title 15, as provided by  
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7 (c) 10% of the moneys received from the collection of  
 8 the severance tax on coal under chapter 35 of Title 15;

9 (d) 62 1/2% of the moneys received from the treasurer  
 10 of the United States as the state's shares of oil, gas, and  
 11 other mineral royalties under the federal Mineral Lands  
 12 Leasing Act, as amended;

13 (e) interest and income moneys described in 20-9-341  
 14 and 20-9-342;

15 (f) income from the local impact and education trust  
 16 fund account; and

17 (g) in addition to these revenues, the surplus  
 18 revenues collected by the counties for foundation program  
 19 support according to 20-9-331 and 20-9-333 shall be paid  
 20 into the same earmarked revenue fund.

21 ~~(4) Any surplus revenue in the state equalization aid~~  
 22 ~~account in the second year of a biennium may be used to~~  
 23 ~~reduce the appropriation required for the next succeeding~~  
 24 ~~biennium or may be transferred to the state permissive~~  
 25 ~~account if revenues in that fund are insufficient to meet~~

1 the state's permissive amount obligation."

2 Section 3. Section 20-9-351, MCA, is amended to read:

3 "20-9-351. ~~Additional state levy for state deficiency~~  
4 Funding of deficiency in state equalization aid. (1) If the  
5 estimated state equalization level made under the provisions  
6 of 20-9-348 is less than 100%, it shall be the duty of the  
7 ~~director of the department of revenue to levy separately~~  
8 ~~for the elementary districts and the high school districts~~  
9 ~~additional taxes in such number of mills on the taxable~~  
10 ~~value of all taxable property within the state as shall be~~  
11 ~~required to complete the financing of the foundation~~  
12 ~~programs of all elementary districts or all high school~~  
13 ~~districts of the state~~ superintendent of public instruction  
14 to seek a supplemental appropriation in the second year of  
15 the biennium that would be sufficient to complete the  
16 funding of the foundation program of the elementary or  
17 secondary schools, or both, for the current biennium.

18 (2) ~~The state treasurer shall keep a separate~~  
19 ~~accounting of the proceeds realized from these mill levies.~~  
20 ~~The superintendent of public instruction shall apportion the~~  
21 ~~proceeds of the mill levies to the elementary districts of~~  
22 ~~the state or the high school districts of the state,~~  
23 ~~whichever the case may be, on the following basis:~~

24 (a) ~~determine the total amount required from this~~  
25 ~~source of revenue by the several elementary or high school~~

1 ~~districts of the state;~~

2 (b) ~~determine the total amount of moneys available for~~  
3 ~~this source of revenue;~~

4 (c) ~~calculate the percentage the amount determined in~~  
5 ~~subsection (2)(b) is of the amounts determined separately in~~  
6 ~~subsection (2)(a) for all elementary or all high school~~  
7 ~~districts;~~

8 (d) ~~multiply each elementary district or each high~~  
9 ~~school district requirement for this source of revenue by~~  
10 ~~the percentage calculated in subsection (2)(c);~~

11 (3) ~~When the total amount of the proceeds realized~~  
12 ~~from these mill levies is greater than the requirements of~~  
13 ~~all the elementary districts or high school districts of the~~  
14 ~~state, whichever the case may be, the excess amount of~~  
15 ~~moneys shall be retained by the state for reduction of the~~  
16 ~~ensuing year's additional state levy for elementary schools~~  
17 ~~or high schools, or, if there is no additional state levy~~  
18 ~~under this section, the excess may be transferred to the~~  
19 ~~state equalization aid account for the reduction of the~~  
20 ~~legislative appropriations.~~

21 (4) ~~The apportionment of state moneys under this~~  
22 ~~section shall be known as the "additional state levy for~~  
23 ~~state deficiency" and it shall be the last source of~~  
24 ~~revenue in calculating the financing of the elementary~~  
25 ~~district foundation program and the high school district~~

1 foundation-program

2 ~~(5) The superintendent of public instruction shall~~  
3 ~~compute the budgeted requirement for this source of revenue~~  
4 ~~for each district and shall supply the total state~~  
5 ~~requirements for the elementary district foundation programs~~  
6 ~~and the high school district foundation programs to the~~  
7 ~~director of the department of revenue on the second Monday~~  
8 ~~of August.~~

9 Section 4. Section 20-9-352, MCA, is amended to read:

10 \*20-9-352. Permissive amount and permissive levy. (1)  
11 Whenever the trustees of any district shall deem it  
12 necessary to adopt a general fund budget in excess of the  
13 foundation program amount but not in excess of the maximum  
14 general fund budget amount for such district as established  
15 by the schedules in 20-9-316 through 20-9-321, the trustees  
16 shall adopt a resolution stating the reasons and purposes  
17 for exceeding the foundation program amount. Such excess  
18 above the foundation program amount shall be known as the  
19 "permissive amount", and it shall be financed by a levy on  
20 the taxable value of all taxable property within the  
21 district as prescribed in 20-9-141, supplemented with  
22 ~~revenue from a levy on all the taxable property in the state~~  
23 ~~any biennial appropriation by the legislature for this~~  
24 ~~purpose.~~

25 (2) The district levies to be set for the purpose of

1 funding the permissive amount are determined as follows:

2 (a) For each elementary school district, the county  
3 commissioners shall annually set a levy not exceeding 9  
4 mills on all the taxable property in the district for the  
5 purpose of funding the permissive amount of the district.  
6 The permissive levy in mills shall be obtained by  
7 multiplying the ratio of the permissive amount to the  
8 maximum permissive amount by 9 or by using the number of  
9 mills which would fund the permissive amount, whichever is  
10 less. If the amount of revenue raised by this levy is not  
11 sufficient to fund the permissive amount in full, the amount  
12 of the deficiency shall be paid to the district from the  
13 earmarked revenue fund, permissive levy account, according  
14 to the provisions of subsections (3) and (4) of this  
15 section.

16 (b) For each high school district, the county  
17 commissioners shall annually set a levy not exceeding 6  
18 mills on all taxable property in the district for the  
19 purpose of funding the permissive amount of the district.  
20 The permissive levy in mills shall be obtained by  
21 multiplying the ratio of the permissive levy to the maximum  
22 permissive amount by 6 or by using the number of mills which  
23 would fund the permissive amount, whichever is less. If the  
24 amount of revenue raised by this levy is not sufficient to  
25 fund the permissive amount in full, the amount of the

1 deficiency shall be paid to the district from the earmarked  
2 revenue fund, permissive levy account, according to the  
3 provisions of subsections (3) and (4) of this section.

4 ~~(3) The director of the department of revenue shall~~  
5 ~~annually set a levy on all the property of the state which~~  
6 ~~will produce. The superintendent of public instruction shall,~~  
7 ~~if the appropriation by the legislature for the permissive~~  
8 ~~account for the biennium is insufficient, seek a~~  
9 ~~supplemental appropriation in the second year of the~~  
10 ~~biennium. Such appropriation shall provide enough revenue to~~  
11 fund the permissive levy deficiency of the elementary and  
12 high school districts of the state. The proceeds of this  
13 levy appropriation shall be deposited to the earmarked  
14 revenue fund, permissive levy account, and shall be  
15 distributed to the elementary and high school districts in  
16 accordance with their entitlements as determined by the  
17 superintendent of public instruction according to the  
18 provisions of subsections (1) and (2) of this section.

19 (4) Such distribution shall be made in two payments.  
20 The first payment shall be made at the same time as the  
21 first distribution of state equalization aid is made after  
22 January 1 of the fiscal year. The second payment shall be  
23 made at the same time as the last payment of state  
24 equalization aid is made for the fiscal year. If the revenue  
25 collected appropriation is not sufficient to finance the

1 deficiencies of the districts as determined according to  
2 subsection (2), each district will receive the same  
3 percentage of its deficiency. Surplus revenue in the  
4 permissive levy account ~~shall in the second year of the~~  
5 biennium may be used to reduce the state-levy appropriation  
6 required for the next succeeding fiscal-year ~~biennium or may~~  
7 be transferred to the state equalization aid earmarked  
8 revenue fund if revenues in that fund are insufficient to  
9 meet foundation program requirements. Interest earned on  
10 investment of permissive-levy funds shall be deposited to  
11 the earmarked revenue fund, permissive-levy account, for  
12 distribution during the next succeeding fiscal year."

13 Section 5. Section 20-3-205, MCA, is amended to read:  
14 "20-3-205. Powers and duties. The county  
15 superintendent has general supervision of the schools of the  
16 county within the limitations prescribed by this title and  
17 shall perform the following duties or acts:

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

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

24 (3) register the teacher or specialist certificates or  
25 emergency authorization of employment of any person employed

1 in the county as a teacher, specialist, principal, or  
 2 district superintendent in accordance with the provisions of  
 3 20-4-202;

4 (4) act on each tuition application submitted to him  
 5 in accordance with the provisions of 20-5-301, 20-5-302,  
 6 20-5-304, and 20-5-311 and transmit the tuition information  
 7 required by 20-5-312;

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

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

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

15 (8) fulfill all responsibilities assigned to him under  
 16 the provisions of this title regulating the organization,  
 17 alteration, or abandonment of districts;

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

21 (10) estimate the average number belonging (ANB) of an  
 22 opening school in accordance with the provisions of  
 23 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

24 (11) process and, when required, act on school  
 25 isolation applications in accordance with the provisions of

1 20-9-302;

2 (12) complete the budgets, compute the budgeted  
 3 revenues and tax levies, give notices of the budget  
 4 meetings, file final and emergency budgets, and fulfill such  
 5 other responsibilities assigned to him under the provisions  
 6 of this title regulating school budgeting systems;

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

10 (14) quarterly, unless otherwise provided by law, order  
 11 the county treasurer to apportion state money, county school  
 12 money, and any other school money subject to apportionment  
 13 in accordance with the provisions of 20-9-212, 20-9-334,  
 14 20-9-347, ~~20-9-351~~, 20-10-145, or 20-10-146;

15 (15) act on any request to transfer average number  
 16 belonging (ANB) in accordance with the provisions of  
 17 20-9-313(3);

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

22 (17) compute the revenues and the district and county  
 23 levy requirements for each fund included in each district's  
 24 final budget and report such computations to the board of  
 25 county commissioners in accordance with the provisions of



1 the general fund, transportation, bonds, and other school  
2 funds parts of this title;

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

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

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

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

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

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

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

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

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

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

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

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

21 (26) hold meetings for the members of the trustees from  
22 time to time at which matters for the good of the districts  
23 shall be discussed."

24 Section 6. Section 20-9-344, MCA, is amended to read:  
25 "20-9-344. Purpose of state equalization aid and

1 duties of the board of public education for distribution.  
 2 ~~(1) Except as provided in 20-9-345, the~~ moneys available  
 3 for state equalization aid shall be distributed and  
 4 apportioned to provide an annual minimum operating revenue  
 5 for the elementary and high schools in each county,  
 6 exclusive of revenues required for debt service and for the  
 7 payment of any and all costs and expense incurred in  
 8 connection with any adult education program, recreation  
 9 program, school food services program, new buildings, new  
 10 grounds, and transportation.

11 (2) The board of public education shall administer and  
 12 distribute the state equalization aid in the manner and with  
 13 the powers and duties provided by law. To this end, the  
 14 board of public education shall:

15 (a) adopt policies for regulating the distribution of  
 16 state equalization aid in accordance with the provisions of  
 17 law;

18 (b) have the power to require such reports from the  
 19 county superintendents, budget boards, county treasurers,  
 20 and trustees as it may deem necessary; and

21 (c) order the superintendent of public instruction to  
 22 distribute the state equalization aid on the basis of each  
 23 district's annual entitlement to such aid as established by  
 24 the superintendent of public instruction. In ordering the  
 25 distribution of state equalization aid, the board of public

1 education shall not increase or decrease the state  
 2 equalization aid distribution to any district on account of  
 3 any difference which may occur during the school fiscal year  
 4 between budgeted and actual receipts from any other source  
 5 of school revenue.

6 (3) Should a district receive more state equalization  
 7 aid than it is entitled to, the county treasurer must return  
 8 the overpayment to the state upon the request of the  
 9 superintendent of public instruction in the manner  
 10 prescribed by the municipal division of the department of  
 11 community affairs."

12 Section 7. Repealer. Section 20-9-345, MCA, is  
 13 repealed.

14 Section 8. Effective date. This act is effective July  
 15 1, 1981.

-End-

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STATE OF MONTANA

REQUEST NO. 85-81

FISCAL NOTE

Form BD-15

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In compliance with a written request received January 13, 19 81, there is hereby submitted a Fiscal Note for Senate Bill 98 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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.


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Description of Proposed Legislation

An act to remove the authority of the Superintendent of Public Instruction to direct the imposition of statewide deficiency tax levies; revising the method of financing elementary and secondary schools.

Fiscal Impact

Under current law, deficiencies in the school foundation program are covered by a statewide property tax levy. The proposed legislation would use the general fund to cover deficiencies rather than the property tax levy.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-16-81

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Approved by Committee on Taxation

1  
2 INTRODUCED BY *Steve* *James* *Blaylock* *Rob Brown*  
3 *Robert Jackson* BILL NO. *98*

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5 OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO DIRECT THE  
6 IMPOSITION OF STATEWIDE DEFICIENCY TAX LEVIES; REVISING THE  
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2 Section 3. Section 20-9-351, MCA, is amended to read:

3 "20-9-351. ~~Additional state levy for state deficiency~~  
4 Funding of deficiency in state equalization aid. (1) If the  
5 estimated state equalization level made under the provisions  
6 of 20-9-348 is less than 100%, it shall be the duty of the  
7 ~~director of the department of revenue to levy separately~~  
8 ~~for the elementary districts and the high school districts~~  
9 ~~additional taxes in such number of mills on the taxable~~  
10 ~~value of all taxable property within the state as shall be~~  
11 ~~required to complete the financing of the foundation~~  
12 ~~programs of all elementary districts or all high school~~  
13 ~~districts of the state~~ superintendent of public instruction  
14 to seek a supplemental appropriation in the second year of  
15 the biennium that would be sufficient to complete the  
16 funding of the foundation program of the elementary or  
17 secondary schools, or both, for the current biennium.

18 (2) ~~The state treasurer shall keep a separate~~  
19 ~~accounting of the proceeds realized from these mill levies.~~  
20 ~~The superintendent of public instruction shall apportion the~~  
21 ~~proceeds of the mill levies to the elementary districts of~~  
22 ~~the state or the high school districts of the state,~~  
23 ~~whichever the case may be, on the following basis:~~

24 (a) ~~determine the total amount required from this~~  
25 ~~source of revenue by the several elementary or high school~~

1 ~~districts of the state;~~

2 ~~(b) determine the total amount of moneys available for~~  
3 ~~this source of revenue;~~

4 ~~(c) calculate the percentage the amount determined in~~  
5 ~~subsection (2)(b) is of the amounts determined separately in~~  
6 ~~subsection (2)(a) for all elementary or all high school~~  
7 ~~districts;~~

8 ~~(d) multiply each elementary district or each high~~  
9 ~~school district requirement for this source of revenue by~~  
10 ~~the percentage calculated in subsection (2)(c);~~

11 (3) ~~When the total amount of the proceeds realized~~  
12 ~~from these mill levies is greater than the requirements of~~  
13 ~~all the elementary districts or high school districts of the~~  
14 ~~state, whichever the case may be, the excess amount of~~  
15 ~~moneys shall be retained by the state for reduction of the~~  
16 ~~enuing year's additional state levy for elementary schools~~  
17 ~~or high schools or, if there is no additional state levy~~  
18 ~~under this section, the excess may be transferred to the~~  
19 ~~state equalization aid account for the reduction of the~~  
20 ~~legislative appropriations.~~

21 (4) ~~The apportionment of state moneys under this~~  
22 ~~section shall be known as the "additional state levy for~~  
23 ~~state deficiency" and it shall be the last source of~~  
24 ~~revenue in calculating the financing of the elementary~~  
25 ~~district foundation program and the high school district~~

1 foundation-program»

2 ~~{5}--The--superintendent--of--public--instruction--shall~~  
 3 ~~compute--the--budgeted--requirement--for--this--source--of--revenue~~  
 4 ~~for--each--district--and--shall--supply--the--total--state~~  
 5 ~~requirements--for--the--elementary--district--foundation--programs~~  
 6 ~~and--the--high--school--district--foundation--programs--to--the~~  
 7 ~~director--of--the--department--of--revenue--on--the--second--Monday~~  
 8 ~~of--August.»~~

9 Section 4. Section 20-9-352, MCA, is amended to read:

10 "20-9-352. Permissive amount and permissive levy. (1)  
 11 Whenever the trustees of any district shall deem it  
 12 necessary to adopt a general fund budget in excess of the  
 13 foundation program amount but not in excess of the maximum  
 14 general fund budget amount for such district as established  
 15 by the schedules in 20-9-316 through 20-9-321, the trustees  
 16 shall adopt a resolution stating the reasons and purposes  
 17 for exceeding the foundation program amount. Such excess  
 18 above the foundation program amount shall be known as the  
 19 "permissive amount", and it shall be financed by a levy on  
 20 the taxable value of all taxable property within the  
 21 district as prescribed in 20-9-141, supplemented with  
 22 ~~revenue from a levy on all the taxable property in the state~~  
 23 ~~any biennial appropriation by the legislature for this~~  
 24 ~~purpose.~~

25 (2) The district levies to be set for the purpose of

1 funding the permissive amount are determined as follows:

2 (a) For each elementary school district, the county  
 3 commissioners shall annually set a levy not exceeding 9  
 4 mills on all the taxable property in the district for the  
 5 purpose of funding the permissive amount of the district.  
 6 The permissive levy in mills shall be obtained by  
 7 multiplying the ratio of the permissive amount to the  
 8 maximum permissive amount by 9 or by using the number of  
 9 mills which would fund the permissive amount, whichever is  
 10 less. If the amount of revenue raised by this levy is not  
 11 sufficient to fund the permissive amount in full, the amount  
 12 of the deficiency shall be paid to the district from the  
 13 earmarked revenue fund, permissive levy account, according  
 14 to the provisions of subsections (3) and (4) of this  
 15 section.

16 (b) For each high school district, the county  
 17 commissioners shall annually set a levy not exceeding 6  
 18 mills on all taxable property in the district for the  
 19 purpose of funding the permissive amount of the district.  
 20 The permissive levy in mills shall be obtained by  
 21 multiplying the ratio of the permissive levy to the maximum  
 22 permissive amount by 6 or by using the number of mills which  
 23 would fund the permissive amount, whichever is less. If the  
 24 amount of revenue raised by this levy is not sufficient to  
 25 fund the permissive amount in full, the amount of the

1 deficiency shall be paid to the district from the earmarked  
2 revenue fund, permissive levy account, according to the  
3 provisions of subsections (3) and (4) of this section.

4 ~~(3) The director of the department of revenue shall~~  
5 ~~annually set a levy on all the property of the state which~~  
6 ~~will produce the superintendent of public instruction shall~~  
7 ~~if the appropriation by the legislature for the permissive~~  
8 ~~account for the biennium is insufficient, seek a~~  
9 ~~supplemental appropriation in the second year of the~~  
10 ~~biennium. Such appropriation shall provide enough revenue to~~  
11 fund the permissive levy deficiency of the elementary and  
12 high school districts of the state. The proceeds of this  
13 levy appropriation shall be deposited to the earmarked  
14 revenue fund, permissive levy account, and shall be  
15 distributed to the elementary and high school districts in  
16 accordance with their entitlements as determined by the  
17 superintendent of public instruction according to the  
18 provisions of subsections (1) and (2) of this section.

19 (4) Such distribution shall be made in two payments.  
20 The first payment shall be made at the same time as the  
21 first distribution of state equalization aid is made after  
22 January 1 of the fiscal year. The second payment shall be  
23 made at the same time as the last payment of state  
24 equalization aid is made for the fiscal year. If the revenue  
25 collected appropriation is not sufficient to finance the

1 deficiencies of the districts as determined according to  
2 subsection (2), each district will receive the same  
3 percentage of its deficiency. Surplus revenue in the  
4 permissive levy account shall in the second year of the  
5 biennium may be used to reduce the state levy appropriation  
6 required for the next succeeding fiscal year biennium or may  
7 be transferred to the state equalization aid earmarked  
8 revenue fund if revenues in that fund are insufficient to  
9 meet foundation program requirements. Interest earned on  
10 investment of permissive levy funds shall be deposited to  
11 the earmarked revenue funds permissive levy account for  
12 distribution during the next succeeding fiscal year."

13 Section 5. Section 20-3-205, MCA, is amended to read:  
14 "20-3-205. Powers and duties. The county  
15 superintendent has general supervision of the schools of the  
16 county within the limitations prescribed by this title and  
17 shall perform the following duties or acts:

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

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

24 (3) register the teacher or specialist certificates or  
25 emergency authorization of employment of any person employed



1 in the county as a teacher, specialist, principal, or  
2 district superintendent in accordance with the provisions of  
3 20-4-202;

4 (4) act on each tuition application submitted to him  
5 in accordance with the provisions of 20-5-301, 20-5-302,  
6 20-5-304, and 20-5-311 and transmit the tuition information  
7 required by 20-5-312;

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

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

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

15 (8) fulfill all responsibilities assigned to him under  
16 the provisions of this title regulating the organization,  
17 alteration, or abandonment of districts;

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

21 (10) estimate the average number belonging (ANB) of an  
22 opening school in accordance with the provisions of  
23 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

24 (11) process and, when required, act on school  
25 isolation applications in accordance with the provisions of

1 20-9-302;

2 (12) complete the budgets, compute the budgeted  
3 revenues and tax levies, give notices of the budget  
4 meetings, file final and emergency budgets, and fulfill such  
5 other responsibilities assigned to him under the provisions  
6 of this title regulating school budgeting systems;

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

10 (14) quarterly, unless otherwise provided by law, order  
11 the county treasurer to apportion state money, county school  
12 money, and any other school money subject to apportionment  
13 in accordance with the provisions of 20-9-212, 20-9-334,  
14 20-9-347, ~~20-9-351~~ 20-10-145, or 20-10-146;

15 (15) act on any request to transfer average number  
16 belonging (ANB) in accordance with the provisions of  
17 20-9-313(3);

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

22 (17) compute the revenues and the district and county  
23 levy requirements for each fund included in each district's  
24 final budget and report such computations to the board of  
25 county commissioners in accordance with the provisions of

1 the general fund, transportation, bonds, and other school  
2 funds parts of this title;

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

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

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

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

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

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

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

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

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

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

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

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

21 (26) hold meetings for the members of the trustees from  
22 time to time at which matters for the good of the districts  
23 shall be discussed."

24 Section 6. Section 20-9-344, MCA, is amended to read:  
25 "20-9-344. Purpose of state equalization aid and

1 duties of the board of public education for distribution.  
 2 ~~(1) Except as provided in 20-9-345, the~~ The moneys available  
 3 for state equalization aid shall be distributed and  
 4 apportioned to provide an annual minimum operating revenue  
 5 for the elementary and high schools in each county,  
 6 exclusive of revenues required for debt service and for the  
 7 payment of any and all costs and expense incurred in  
 8 connection with any adult education program, recreation  
 9 program, school food services program, new buildings, new  
 10 grounds, and transportation.

11 (2) The board of public education shall administer and  
 12 distribute the state equalization aid in the manner and with  
 13 the powers and duties provided by law. To this end, the  
 14 board of public education shall:

15 (a) adopt policies for regulating the distribution of  
 16 state equalization aid in accordance with the provisions of  
 17 law;

18 (b) have the power to require such reports from the  
 19 county superintendents, budget boards, county treasurers,  
 20 and trustees as it may deem necessary; and

21 ~~(c)~~ <sup>or</sup> order the superintendent of public instruction to  
 22 distribute the state equalization aid on the basis of each  
 23 district's annual entitlement to such aid as established by  
 24 the superintendent of public instruction. In ordering the  
 25 distribution of state equalization aid, the board of public

1 education shall not increase or decrease the state  
 2 equalization aid distribution to any district on account of  
 3 any difference which may occur during the school fiscal year  
 4 between budgeted and actual receipts from any other source  
 5 of school revenue.

6 (3) Should a district receive more state equalization  
 7 aid than it is entitled to, the county treasurer must return  
 8 the overpayment to the state upon the request of the  
 9 superintendent of public instruction in the manner  
 10 prescribed by the municipal division of the department of  
 11 community affairs."

12 Section 7. Repealer. Section 20-9-345, PCA, is  
 13 repealed.

14 Section 8. Effective date. This act is effective July  
 15 1, 1981.

-End-

1  
 2 INTRODUCED BY *James Jackson* *Blaylock* *Bob Brown*  
 3 *Robert Jackson* BILL NO. *98*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE THE AUTHORITY  
 5 OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO DIRECT THE  
 6 IMPOSITION OF STATEWIDE DEFICIENCY TAX LEVIES; REVISING THE  
 7 METHOD OF FINANCING ELEMENTARY AND SECONDARY SCHOOLS;  
 8 AMENDING SECTIONS 20-3-205, 20-9-303, 20-9-343, 20-9-344,  
 9 20-9-351, AND 20-9-352, MCA; REPEALING SECTION 20-9-345,  
 10 MCA; AND PROVIDING AN EFFECTIVE DATE."

11  
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 20-9-303, MCA, is amended to read:  
 14 "20-9-303. Definition of foundation program and its  
 15 proportion of the maximum-general-fund-without-a-voted-levy  
 16 schedule amount -- nonisolated school foundation program  
 17 financing -- special education funds. (1) As used in this  
 18 title, the term "foundation program" shall mean the minimum  
 19 operating expenditures, as established herein, that are  
 20 sufficient to provide for the educational program of a  
 21 school. The foundation program relates only to those  
 22 expenditures authorized by a district's general fund budget  
 23 and shall not include expenditures from any other fund. It  
 24 shall be financed by:

25 (a) county equalization moneys; and

1 (b) state equalization aid; and  
 2 ~~(c) when required, moneys from an additional state~~  
 3 ~~levy for a state deficiency;~~

4 (2) The dollar amount of the foundation program shall  
 5 be 80% of the the  
 6 maximum-general-fund-budget-without-a-voted-levy limitation  
 7 as set forth in the schedules in 20-9-316 through 20-9-321.  
 8 The foundation program of an elementary school having an ANB  
 9 of nine or fewer pupils which is not approved as an isolated  
 10 school under the provisions of 20-9-302 shall be 80% of the  
 11 schedule amount, but the county and state shall participate  
 12 in financing one-half of the foundation program, and the  
 13 district shall finance the remaining one-half by a tax  
 14 levied on the property of the district. When a school of  
 15 nine or fewer pupils is approved as isolated under the  
 16 provisions of 20-9-302, the county and state shall  
 17 participate in the financing of the total amount of the  
 18 foundation program.

19 (3) Funds provided to support the special education  
 20 accounting budget may be expended only for special education  
 21 purposes as approved by the superintendent of public  
 22 instruction in accordance with the special education  
 23 budgeting provisions of this title. Expenditures for special  
 24 education shall be accounted for separately from the balance  
 25 of the school district general fund. Transfers between items

1 within the special education budget for accounting purposes  
 2 may be made at the discretion of the board of trustees in  
 3 accordance with the financial administration part of this  
 4 title. The unexpended balance of the special education  
 5 accounting budget shall carry over to the next year to  
 6 reduce the amount of funding required to finance the  
 7 district's ensuing year's maximum-budget-without-a-vote for  
 8 special education."

9 Section 2. Section 20-9-343, MCA, is amended to read:

10 "20-9-343. Definition of and revenue for state  
 11 equalization aid. (1) As used in this title, the term "state  
 12 equalization aid" means those moneys deposited in the  
 13 earmarked revenue fund as required in this section plus any  
 14 legislative appropriation of moneys from other sources for  
 15 distribution to the public schools for the purpose of  
 16 equalization of the foundation program.

17 ~~(2) The legislative appropriation for state~~  
 18 ~~equalization aid shall be made in a single sum for the~~  
 19 ~~biennium. The superintendent of public instruction has~~  
 20 ~~authority to spend such appropriation, together with the~~  
 21 ~~earmarked revenues provided in subsection (3), as required~~  
 22 ~~for foundation program purposes throughout the biennium.~~

23 ~~(2)(3)~~ The following shall be paid into the earmarked  
 24 revenue fund for state equalization aid to public schools of  
 25 the state:

1 (a) 25% of all moneys received from the collection of  
 2 income taxes under chapter 30 of Title 15;

3 (b) 25% of all moneys, except as provided in  
 4 15-31-702, received from the collection of corporation  
 5 license taxes under chapter 31 of Title 15, as provided by  
 6 15-1-501;

7 (c) 10% of the moneys received from the collection of  
 8 the severance tax on coal under chapter 35 of Title 15;

9 (d) 62 1/2% of the moneys received from the treasurer  
 10 of the United States as the state's shares of oil, gas, and  
 11 other mineral royalties under the federal Mineral Lands  
 12 Leasing Act, as amended;

13 (e) interest and income moneys described in 20-9-341  
 14 and 20-9-342;

15 (f) income from the local impact and education trust  
 16 fund account; and

17 (g) in addition to these revenues, the surplus  
 18 revenues collected by the counties for foundation program  
 19 support according to 20-9-331 and 20-9-333 shall be paid  
 20 into the same earmarked revenue fund.

21 ~~(4) Any surplus revenue in the state equalization aid~~  
 22 ~~account in the second year of a biennium may be used to~~  
 23 ~~reduce the appropriation required for the next succeeding~~  
 24 ~~biennium or may be transferred to the state permissive~~  
 25 ~~account if revenues in that fund are insufficient to meet~~

1 the state's permissive amount obligation.

2 Section 3. Section 20-9-351, MCA, is amended to read:

3 "20-9-351. ~~Additional state levy for state deficiency~~

4 Funding of deficiency in state equalization aid. (1) If the  
5 estimated state equalization level made under the provisions  
6 of 20-9-348 is less than 100%, it shall be the duty of the  
7 ~~director of the department of revenue to levy separately~~  
8 ~~for the elementary districts and the high school districts,~~  
9 ~~additional taxes in such number of mills on the taxable~~  
10 ~~value of all taxable property within the state as shall be~~  
11 ~~required to complete the financing of the foundation~~  
12 ~~programs of all elementary districts or all high school~~  
13 ~~districts of the state~~ superintendent of public instruction  
14 to seek a supplemental appropriation in the second year of  
15 the biennium that would be sufficient to complete the  
16 funding of the foundation program of the elementary or  
17 secondary schools, or both, for the current biennium.

18 (2) ~~The state treasurer shall keep a separate~~  
19 ~~accounting of the proceeds realized from these mill levies.~~  
20 ~~The superintendent of public instruction shall apportion the~~  
21 ~~proceeds of the mill levies to the elementary districts of~~  
22 ~~the state or the high school districts of the state,~~  
23 ~~whichever the case may be, on the following basis:~~

24 (a) ~~determine the total amount required from this~~  
25 ~~source of revenue by the several elementary or high school~~

1 ~~districts of the state;~~

2 (b) ~~determine the total amount of moneys available for~~  
3 ~~this source of revenue;~~

4 (c) ~~calculate the percentage the amount determined in~~  
5 ~~subsection (2)(b) is of the amounts determined separately in~~  
6 ~~subsection (2)(a) for all elementary or all high school~~  
7 ~~districts;~~

8 (d) ~~multiply each elementary district or each high~~  
9 ~~school district requirement for this source of revenue by~~  
10 ~~the percentage calculated in subsection (2)(c);~~

11 (3) ~~When the total amount of the proceeds realized~~  
12 ~~from these mill levies is greater than the requirements of~~  
13 ~~all the elementary districts or high school districts of the~~  
14 ~~state, whichever the case may be, the excess amount of~~  
15 ~~moneys shall be retained by the state for reduction of the~~  
16 ~~ensuing year's additional state levy for elementary schools~~  
17 ~~or high schools or, if there is no additional state levy~~  
18 ~~under this section, the excess may be transferred to the~~  
19 ~~state equalization aid account for the reduction of the~~  
20 ~~legislative appropriations.~~

21 (4) ~~The apportionment of state moneys under this~~  
22 ~~section shall be known as the "additional state levy for~~  
23 ~~state deficiency" and it shall be the last source of~~  
24 ~~revenue in calculating the financing of the elementary~~  
25 ~~district foundation program and the high school district~~

1 foundation-program

2 ~~(5) The superintendent of public instruction shall~~  
3 ~~compute the budgeted requirement for this source of revenue~~  
4 ~~for each district and shall supply the total state~~  
5 ~~requirements for the elementary district foundation programs~~  
6 ~~and the high school district foundation programs to the~~  
7 ~~director of the department of revenue on the second Monday~~  
8 ~~of August.~~

9 Section 4. Section 20-9-352, MCA, is amended to read:

10 "20-9-352. Permissive amount and permissive levy. (1)  
11 Whenever the trustees of any district shall deem it  
12 necessary to adopt a general fund budget in excess of the  
13 foundation program amount but not in excess of the maximum  
14 general fund budget amount for such district as established  
15 by the schedules in 20-9-316 through 20-9-321, the trustees  
16 shall adopt a resolution stating the reasons and purposes  
17 for exceeding the foundation program amount. Such excess  
18 above the foundation program amount shall be known as the  
19 "permissive amount", and it shall be financed by a levy on  
20 the taxable value of all taxable property within the  
21 district as prescribed in 20-9-141, supplemented with  
22 ~~revenue from a levy on all the taxable property in the state~~  
23 ~~any biennial appropriation by the legislature for this~~  
24 ~~purpose.~~

25 (2) The district levies to be set for the purpose of

1 funding the permissive amount are determined as follows:

2 (a) For each elementary school district, the county  
3 commissioners shall annually set a levy not exceeding 9  
4 mills on all the taxable property in the district for the  
5 purpose of funding the permissive amount of the district.  
6 The permissive levy in mills shall be obtained by  
7 multiplying the ratio of the permissive amount to the  
8 maximum permissive amount by 9 or by using the number of  
9 mills which would fund the permissive amount, whichever is  
10 less. If the amount of revenue raised by this levy is not  
11 sufficient to fund the permissive amount in full, the amount  
12 of the deficiency shall be paid to the district from the  
13 earmarked revenue fund, permissive levy account, according  
14 to the provisions of subsections (3) and (4) of this  
15 section.

16 (b) For each high school district, the county  
17 commissioners shall annually set a levy not exceeding 6  
18 mills on all taxable property in the district for the  
19 purpose of funding the permissive amount of the district.  
20 The permissive levy in mills shall be obtained by  
21 multiplying the ratio of the permissive levy to the maximum  
22 permissive amount by 6 or by using the number of mills which  
23 would fund the permissive amount, whichever is less. If the  
24 amount of revenue raised by this levy is not sufficient to  
25 fund the permissive amount in full, the amount of the

1 deficiency shall be paid to the district from the earmarked  
2 revenue fund, permissive levy account, according to the  
3 provisions of subsections (3) and (4) of this section.

4 ~~(3) The director of the department of revenue shall~~  
5 ~~annually set a levy on all the property of the state which~~  
6 ~~will produce the superintendent of public instruction shall,~~  
7 ~~if the appropriation by the legislature for the permissive~~  
8 ~~account for the biennium is insufficient, seek a~~  
9 ~~supplemental appropriation in the second year of the~~  
10 ~~biennium. Such appropriation shall provide enough revenue to~~  
11 fund the permissive levy deficiency of the elementary and  
12 high school districts of the state. The proceeds of this  
13 ~~levy appropriation~~ shall be deposited to the earmarked  
14 revenue fund, permissive levy account, and shall be  
15 distributed to the elementary and high school districts in  
16 accordance with their entitlements as determined by the  
17 superintendent of public instruction according to the  
18 provisions of subsections (1) and (2) of this section.

19 (4) Such distribution shall be made in two payments.  
20 The first payment shall be made at the same time as the  
21 first distribution of state equalization aid is made after  
22 January 1 of the fiscal year. The second payment shall be  
23 made at the same time as the last payment of state  
24 equalization aid is made for the fiscal year. If the revenue  
25 collected appropriation is not sufficient to finance the

1 deficiencies of the districts as determined according to  
2 subsection (2), each district will receive the same  
3 percentage of its deficiency. Surplus revenue in the  
4 permissive levy account shall in the second year of the  
5 biennium may be used to reduce the state-levy appropriation  
6 required for the next succeeding fiscal-year biennium or may  
7 be transferred to the state equalization aid earmarked  
8 revenue fund if revenues in that fund are insufficient to  
9 meet foundation program requirements. Interest earned on  
10 investment of permissive-levy funds shall be deposited to  
11 the earmarked revenue fund; permissive-levy account for  
12 distribution during the next succeeding fiscal years"

13 Section 5. Section 20-3-205, MCA, is amended to read:  
14 "20-3-205. Powers and duties. The county  
15 superintendent has general supervision of the schools of the  
16 county within the limitations prescribed by this title and  
17 shall perform the following duties or acts:

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

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

24 (3) register the teacher or specialist certificates or  
25 emergency authorization of employment of any person employed



1 in the county as a teacher, specialist, principal, or  
 2 district superintendent in accordance with the provisions of  
 3 20-4-202;

4 (4) act on each tuition application submitted to him  
 5 in accordance with the provisions of 20-5-301, 20-5-302,  
 6 20-5-304, and 20-5-311 and transmit the tuition information  
 7 required by 20-5-312;

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

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

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

15 (8) fulfill all responsibilities assigned to him under  
 16 the provisions of this title regulating the organization,  
 17 alteration, or abandonment of districts;

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

21 (10) estimate the average number belonging (ANB) of an  
 22 opening school in accordance with the provisions of  
 23 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

24 (11) process and, when required, act on school  
 25 isolation applications in accordance with the provisions of

1 20-9-302;

2 (12) complete the budgets, compute the budgeted  
 3 revenues and tax levies, give notices of the budget  
 4 meetings, file final and emergency budgets, and fulfill such  
 5 other responsibilities assigned to him under the provisions  
 6 of this title regulating school budgeting systems;

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

10 (14) quarterly, unless otherwise provided by law, order  
 11 the county treasurer to apportion state money, county school  
 12 money, and any other school money subject to apportionment  
 13 in accordance with the provisions of 20-9-212, 20-9-334,  
 14 20-9-347, ~~20-9-351~~, 20-10-145, or 20-10-146;

15 (15) act on any request to transfer average number  
 16 belonging (ANB) in accordance with the provisions of  
 17 20-9-313(3);

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

22 (17) compute the revenues and the district and county  
 23 levy requirements for each fund included in each district's  
 24 final budget and report such computations to the board of  
 25 county commissioners in accordance with the provisions of

1 the general fund, transportation, bonds, and other school  
2 funds parts of this title;

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

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

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

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

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

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

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

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

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

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

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

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

21 (26) hold meetings for the members of the trustees from  
22 time to time at which matters for the good of the districts  
23 shall be discussed."

24 Section 6. Section 20-9-344, MCA, is amended to read:  
25 "20-9-344. Purpose of state equalization aid and

1 duties of the board of public education for distribution.  
 2 ~~(1) Except as provided in 20-9-345, the~~ moneys available  
 3 for state equalization aid shall be distributed and  
 4 apportioned to provide an annual minimum operating revenue  
 5 for the elementary and high schools in each county,  
 6 exclusive of revenues required for debt service and for the  
 7 payment of any and all costs and expense incurred in  
 8 connection with any adult education program, recreation  
 9 program, school food services program, new buildings, new  
 10 grounds, and transportation.

11 (2) The board of public education shall administer and  
 12 distribute the state equalization aid in the manner and with  
 13 the powers and duties provided by law. To this end, the  
 14 board of public education shall:

15 (a) adopt policies for regulating the distribution of  
 16 state equalization aid in accordance with the provisions of  
 17 law;

18 (b) have the power to require such reports from the  
 19 county superintendents, budget boards, county treasurers,  
 20 and trustees as it may deem necessary; and

21 (c) order the superintendent of public instruction to  
 22 distribute the state equalization aid on the basis of each  
 23 district's annual entitlement to such aid as established by  
 24 the superintendent of public instruction. In ordering the  
 25 distribution of state equalization aid, the board of public

1 education shall not increase or decrease the state  
 2 equalization aid distribution to any district on account of  
 3 any difference which may occur during the school fiscal year  
 4 between budgeted and actual receipts from any other source  
 5 of school revenue.

6 (3) Should a district receive more state equalization  
 7 aid than it is entitled to, the county treasurer must return  
 8 the overpayment to the state upon the request of the  
 9 superintendent of public instruction in the manner  
 10 prescribed by the municipal division of the department of  
 11 community affairs."

12 Section 7. Repealer. Section 20-9-345, MCA, is  
 13 repealed.

14 Section 8. Effective date. This act is effective July  
 15 1, 1981.

-End-

SENATE BILL NO. 98

INTRODUCED BY HIMSL, REGAN, BLAYLOCK, B. BROWN,

KOLSTAD, JACOBSON

A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE THE AUTHORITY OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO DIRECT THE IMPOSITION OF STATEWIDE DEFICIENCY TAX LEVIES; REVISING THE METHOD OF FINANCING ELEMENTARY AND SECONDARY SCHOOLS; AMENDING SECTIONS 20-3-205, 20-9-303, 20-9-343, 20-9-344, 20-9-351, AND 20-9-352, MCA; REPEALING SECTION 20-9-345, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 20-9-303, MCA, is amended to read:

"20-9-303. Definition of foundation program and its proportion of the maximum-general-fund-without-a-voted-levy schedule amount -- nonisolated school foundation program financing -- special education funds. (1) As used in this title, the term "foundation program" shall mean the minimum operating expenditures, as established herein, that are sufficient to provide for the educational program of a school. The foundation program relates only to those expenditures authorized by a district's general fund budget and shall not include expenditures from any other fund. It shall be financed by:

(a) county equalization moneys; and

(b) state equalization aid; and

(c) ~~when required, moneys from an additional state levy for a state deficiency.~~

(2) The dollar amount of the foundation program shall be 80% of the maximum-general-fund-budget-without-a-voted-levy limitation as set forth in the schedules in 20-9-316 through 20-9-321. The foundation program of an elementary school having an ANB of nine or fewer pupils which is not approved as an isolated school under the provisions of 20-9-302 shall be 80% of the schedule amount, but the county and state shall participate in financing one-half of the foundation program, and the district shall finance the remaining one-half by a tax levied on the property of the district. When a school of nine or fewer pupils is approved as isolated under the provisions of 20-9-302, the county and state shall participate in the financing of the total amount of the foundation program.

(3) Funds provided to support the special education accounting budget may be expended only for special education purposes as approved by the superintendent of public instruction in accordance with the special education budgeting provisions of this title. Expenditures for special education shall be accounted for separately from the balance

1 of the school district general fund. Transfers between items  
 2 within the special education budget for accounting purposes  
 3 may be made at the discretion of the board of trustees in  
 4 accordance with the financial administration part of this  
 5 title. The unexpended balance of the special education  
 6 accounting budget shall carry over to the next year to  
 7 reduce the amount of funding required to finance the  
 8 district's ensuing year's maximum-budget-without-a-vote for  
 9 special education."

10 Section 2. Section 20-9-343, MCA, is amended to read:

11 "20-9-343. Definition of and revenue for state  
 12 equalization aid. (1) As used in this title, the term "state  
 13 equalization aid" means those moneys deposited in the  
 14 earmarked revenue fund as required in this section plus any  
 15 legislative appropriation of moneys from other sources for  
 16 distribution to the public schools for the purpose of  
 17 equalization of the foundation program.

18 (2) The legislative appropriation for state  
 19 equalization aid shall be made in a single sum for the  
 20 biennium. The superintendent of public instruction has  
 21 authority to spend such appropriation, together with the  
 22 earmarked revenues provided in subsection (3), as required  
 23 for foundation program purposes throughout the biennium.

24 ~~(2)(3)~~ The following shall be paid into the earmarked  
 25 revenue fund for state equalization aid to public schools of

1 the state:

2 (a) 25% of all moneys received from the collection of  
 3 income taxes under chapter 30 of Title 15;

4 (b) 25% of all moneys, except as provided in  
 5 15-31-702, received from the collection of corporation  
 6 license taxes under chapter 31 of Title 15, as provided by  
 7 15-1-501;

8 (c) 10% of the moneys received from the collection of  
 9 the severance tax on coal under chapter 35 of Title 15;

10 (d) 62 1/2% of the moneys received from the treasurer  
 11 of the United States as the state's shares of oil, gas, and  
 12 other mineral royalties under the federal Mineral Lands  
 13 Leasing Act, as amended;

14 (e) interest and income moneys described in 20-9-341  
 15 and 20-9-342;

16 (f) income from the local impact and education trust  
 17 fund account; and

18 (g) in addition to these revenues, the surplus  
 19 revenues collected by the counties for foundation program  
 20 support according to 20-9-331 and 20-9-333 shall be paid  
 21 into the same earmarked revenue fund.

22 (4) Any surplus revenue in the state equalization aid  
 23 account in the second year of a biennium may be used to  
 24 reduce the appropriation required for the next succeeding  
 25 biennium or may be transferred to the state permissive

1 account if revenues in that fund are insufficient to meet  
2 the state's permissive amount obligation."

3 Section 3. Section 20-9-351, MCA, is amended to read:

4 "20-9-351. Additional state levy for state deficiency  
5 Funding of deficiency in state equalization aid. (1) If the  
6 estimated state equalization level made under the provisions  
7 of 20-9-348 is less than 100%, it shall be the duty of the  
8 ~~director of the department of revenue to levy separately~~  
9 ~~for the elementary districts and the high school districts~~  
10 ~~additional taxes in such number of mills on the taxable~~  
11 ~~value of all taxable property within the state as shall be~~  
12 ~~required to complete the financing of the foundation~~  
13 ~~programs of all elementary districts or all high school~~  
14 ~~districts of the state~~ superintendent of public instruction  
15 to seek REQUEST THE BUDGET DIRECTOR TO SUBMIT A REQUEST FOR  
16 a supplemental appropriation in the second year of the  
17 biennium that would be sufficient to complete the funding of  
18 the foundation program of the elementary or secondary  
19 schools, or both, for the current biennium.

20 (2) ~~The state treasurer shall keep a separate~~  
21 ~~accounting of the proceeds realized from these mill levies.~~  
22 ~~The superintendent of public instruction shall apportion the~~  
23 ~~proceeds of the mill levies to the elementary districts of~~  
24 ~~the state or the high school districts of the state,~~  
25 ~~whichever the case may be, on the following basis:~~

1 (a) ~~determine the total amount required from this~~  
2 ~~source of revenue by the several elementary or high school~~  
3 ~~districts of the state;~~

4 (b) ~~determine the total amount of moneys available for~~  
5 ~~this source of revenue;~~

6 (c) ~~calculate the percentage the amount determined in~~  
7 ~~subsection (2)(b) is of the amounts determined separately in~~  
8 ~~subsection (2)(a) for all elementary or all high school~~  
9 ~~districts;~~

10 (d) ~~multiply each elementary district or each high~~  
11 ~~school district requirement for this source of revenue by~~  
12 ~~the percentage calculated in subsection (2)(c).~~

13 (3) ~~When the total amount of the proceeds realized~~  
14 ~~from these mill levies is greater than the requirements of~~  
15 ~~all the elementary districts or high school districts of the~~  
16 ~~state, whichever the case may be, the excess amount of~~  
17 ~~moneys shall be retained by the state for reduction of the~~  
18 ~~ensuing year's additional state levy for elementary schools~~  
19 ~~or high schools or, if there is no additional state levy~~  
20 ~~under this section, the excess may be transferred to the~~  
21 ~~state equalization aid account for the reduction of the~~  
22 ~~legislative appropriations.~~

23 (4) ~~The apportionment of state moneys under this~~  
24 ~~section shall be known as the "additional state levy for~~  
25 ~~state deficiency" and it shall be the last source of~~

1 ~~revenue in calculating the financing of the elementary~~  
 2 ~~district foundation program and the high school district~~  
 3 ~~foundation programs~~

4 ~~(5) The superintendent of public instruction shall~~  
 5 ~~compute the budgeted requirement for this source of revenue~~  
 6 ~~for each district and shall supply the total state~~  
 7 ~~requirements for the elementary district foundation programs~~  
 8 ~~and the high school district foundation programs to the~~  
 9 ~~director of the department of revenue on the second Monday~~  
 10 ~~of August."~~

11 Section 4. Section 20-9-352, MCA, is amended to read:

12 "20-9-352. Permissive amount and permissive levy. (1)  
 13 Whenever the trustees of any district shall deem it  
 14 necessary to adopt a general fund budget in excess of the  
 15 foundation program amount but not in excess of the maximum  
 16 general fund budget amount for such district as established  
 17 by the schedules in 20-9-316 through 20-9-321, the trustees  
 18 shall adopt a resolution stating the reasons and purposes  
 19 for exceeding the foundation program amount. Such excess  
 20 above the foundation program amount shall be known as the  
 21 "permissive amount", and it shall be financed by a levy on  
 22 the taxable value of all taxable property within the  
 23 district as prescribed in 20-9-141, supplemented with  
 24 ~~revenue from a levy on all the taxable property in the state~~  
 25 any biennial appropriation by the legislature for this

1 purpose.

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

4 (a) For each elementary school district, the county  
 5 commissioners shall annually set a levy not exceeding 9  
 6 mills on all the taxable property in the district for the  
 7 purpose of funding the permissive amount of the district.  
 8 The permissive levy in mills shall be obtained by  
 9 multiplying the ratio of the permissive amount to the  
 10 maximum permissive amount by 9 or by using the number of  
 11 mills which would fund the permissive amount, whichever is  
 12 less. If the amount of revenue raised by this levy is not  
 13 sufficient to fund the permissive amount in full, the amount  
 14 of the deficiency shall be paid to the district from the  
 15 earmarked revenue fund, permissive levy account, according  
 16 to the provisions of subsections (3) and (4) of this  
 17 section.

18 (b) For each high school district, the county  
 19 commissioners shall annually set a levy not exceeding 6  
 20 mills on all taxable property in the district for the  
 21 purpose of funding the permissive amount of the district.  
 22 The permissive levy in mills shall be obtained by  
 23 multiplying the ratio of the permissive levy to the maximum  
 24 permissive amount by 6 or by using the number of mills which  
 25 would fund the permissive amount, whichever is less. If the

1 amount of revenue raised by this levy is not sufficient to  
 2 fund the permissive amount in full, the amount of the  
 3 deficiency shall be paid to the district from the earmarked  
 4 revenue fund, permissive ~~levy~~ account, according to the  
 5 provisions of subsections (3) and (4) of this section.

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~~ The superintendent of public instruction shall,  
 9 if the appropriation by the legislature for the permissive  
 10 account for the biennium is insufficient, seek REQUEST THE  
 11 BUDGET DIRECTOR TO SUBMIT A REQUEST FOR a supplemental  
 12 appropriation in the second year of the biennium. Such  
 13 appropriation shall provide enough revenue to fund the  
 14 permissive ~~levy~~ deficiency of the elementary and high school  
 15 districts of the state. The proceeds of this ~~levy~~  
 16 appropriation shall be deposited to the earmarked revenue  
 17 fund, permissive ~~levy~~ account, and shall be distributed to  
 18 the elementary and high school districts in accordance with  
 19 their entitlements as determined by the superintendent of  
 20 public instruction according to the provisions of  
 21 subsections (1) and (2) of this section.

22 (4) Such distribution shall be made in two payments.  
 23 The first payment shall be made at the same time as the  
 24 first distribution of state equalization aid is made after  
 25 January 1 of the fiscal year. The second payment shall be

1 made at the same time as the last payment of state  
 2 equalization aid is made for the fiscal year. If the revenue  
 3 ~~collected~~ appropriation is not sufficient to finance the  
 4 deficiencies of the districts as determined according to  
 5 subsection (2), each district will receive the same  
 6 percentage of its deficiency. Surplus revenue in the  
 7 permissive ~~levy~~ account shall in the second year of the  
 8 biennium may be used to reduce the state ~~levy~~ appropriation  
 9 required for the next succeeding fiscal year biennium or may  
 10 be transferred to the state equalization aid earmarked  
 11 revenue fund if revenues in that fund are insufficient to  
 12 meet foundation program requirements. Interest earned on  
 13 investment of permissive levy funds shall be deposited to  
 14 the earmarked revenue fund, permissive levy account, for  
 15 distribution during the next succeeding fiscal year."

16 Section 5. Section 20-3-205, MCA, is amended to read:  
 17 "20-3-205. Powers and duties. The county  
 18 superintendent has general supervision of the schools of the  
 19 county within the limitations prescribed by this title and  
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21 (1) determine, establish, and reestablish trustee  
 22 nominating districts in accordance with the provisions of  
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24 (2) administer and file the oaths of members of the  
 25 boards of trustees of the districts in his county in



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2 (3) register the teacher or specialist certificates or  
3 emergency authorization of employment of any person employed  
4 in the county as a teacher, specialist, principal, or  
5 district superintendent in accordance with the provisions of  
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7 (4) act on each tuition application submitted to him  
8 in accordance with the provisions of 20-5-301, 20-5-302,  
9 20-5-304, and 20-5-311 and transmit the tuition information  
10 required by 20-5-312;

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

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

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

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

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

24 (10) estimate the average number belonging (ANB) of an  
25 opening school in accordance with the provisions of

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

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

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

13 (14) quarterly, unless otherwise provided by law, order  
14 the county treasurer to apportion state money, county school  
15 money, and any other school money subject to apportionment  
16 in accordance with the provisions of 20-9-212, 20-9-334,  
17 20-9-347, ~~20-9-351~~, 20-10-145, or 20-10-146;

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

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

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

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

6 (18) file and forward bus driver certifications,  
7 transportation contracts, and state transportation  
8 reimbursement claims in accordance with the provisions of  
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10 (19) for districts which do not employ a district  
11 superintendent or principal, recommend library book and  
12 textbook selections in accordance with the provisions of  
13 20-7-204 or 20-7-602;

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

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

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

1 instruction;

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

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

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

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

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

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

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

24 (26) hold meetings for the members of the trustees from  
25 time to time at which matters for the good of the districts

1 shall be discussed.\*

2 Section 6. Section 20-9-344, MCA, is amended to read:

3 "20-9-344. Purpose of state equalization aid and  
4 duties of the board of public education for distribution.

5 (1) ~~Except as provided in 20-9-345, the~~ The moneys available  
6 for state equalization aid shall be distributed and  
7 apportioned to provide an annual minimum operating revenue  
8 for the elementary and high schools in each county,  
9 exclusive of revenues required for debt service and for the  
10 payment of any and all costs and expense incurred in  
11 connection with any adult education program, recreation  
12 program, school food services program, new buildings, new  
13 grounds, and transportation.

14 (2) The board of public education shall administer and  
15 distribute the state equalization aid in the manner and with  
16 the powers and duties provided by law. To this end, the  
17 board of public education shall:

18 (a) adopt policies for regulating the distribution of  
19 state equalization aid in accordance with the provisions of  
20 law;

21 (b) have the power to require such reports from the  
22 county superintendents, budget boards, county treasurers,  
23 and trustees as it may deem necessary; and

24 (c) order the superintendent of public instruction to  
25 distribute the state equalization aid on the basis of each

1 district's annual entitlement to such aid as established by  
2 the superintendent of public instruction. In ordering the  
3 distribution of state equalization aid, the board of public  
4 education shall not increase or decrease the state  
5 equalization aid distribution to any district on account of  
6 any difference which may occur during the school fiscal year  
7 between budgeted and actual receipts from any other source  
8 of school revenue.

9 (3) Should a district receive more state equalization  
10 aid than it is entitled to, the county treasurer must return  
11 the overpayment to the state upon the request of the  
12 superintendent of public instruction in the manner  
13 prescribed by the municipal division of the department of  
14 community affairs.\*

15 Section 7. Repealer. Section 20-9-345, MCA, is  
16 repealed.

17 Section 8. Effective date. This act is effective July  
18 1, 1981.

-End-

House Education Committee amendments to Senate Bill 98:  
March 27, 1981

1. Page 5, line 14.

Following: "to"

Strike: "seek"

Insert: "request the budget director to submit a request for"

2. Page 9, line 2.

Following: "permissive"

Strike: "levy"

3. Page 9, line 8.

Following: "insufficient,"

Strike: "seek"

Insert: "request the budget director to submit a request for"