

SENATE BILL NO. 377

INTRODUCED BY BERG

BY REQUEST OF THE OFFICE OF THE GOVERNOR

IN THE SENATE

February 6, 1981	Introduced and referred to Committee on Finance and Claims.
February 7, 1981	Fiscal note requested.
February 10, 1981	Fiscal note returned.
February 19, 1981	Committee recommend bill do pass. Report adopted.
February 20, 1981	Bill printed and placed on members' desks.
February 21, 1981	Second reading, do pass.
February 23, 1981	Correctly engrossed.
February 24, 1981	Third reading, passed. Ayes, 50; Noes, 0. Transmitted to House.

IN THE HOUSE

March 3, 1981	Introduced and referred to Committee on Taxation.
April 11, 1981	Committee recommend bill be concurred in. Report adopted.
April 16, 1981	Second reading, concurred in.  On motion rules suspended and bill placed on third reading this day.  Third reading, concurred in. Ayes, 95; Noes, 1.

IN THE SENATE

April 17, 1981

Returned from House. Con-  
curred in. Sent to enrolling.

Reported correctly enrolled.

1 ~~Ames~~ BILL NO. 317  
 2 INTRODUCED BY Berg  
 3 BY REQUEST OF THE OFFICE OF THE GOVERNOR

4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO SIMPLIFY UTILIZATION  
 6 OF FUNDS AVAILABLE FOR FINANCING THE FOUNDATION PROGRAM AND  
 7 PERMISSIVE PORTIONS OF PUBLIC SCHOOL BUDGETS; AMENDING  
 8 SECTIONS 20-9-345, 20-9-351, AND 20-9-352, MCA."

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

11 Section 1. Section 20-9-345, MCA, is amended to read:

12 "20-9-345. Distribution of excess state equalization  
 13 moneys. Moneys appropriated for foundation program purposes  
 14 are exempt from the provisions of 17-2-108. Moneys  
 15 appropriated for foundation program purposes shall be  
 16 expended to as great an extent as possible, irrespective of  
 17 the availability of foundation program revenues from other  
 18 sources. Any unencumbered funds remaining in the public  
 19 school equalization earmarked revenue account at the end of  
 20 the fiscal year shall be transferred to the state permissive  
 21 school ~~levies earmarked revenue account for the purpose of~~  
 22 ~~reducing the statewide levy for public school permissive~~  
 23 ~~levy deficiency requirements~~ retained for funding primary  
 24 and secondary education in ensuing years."

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

1 "20-9-351. Additional state levy for state deficiency.  
 2 (1) If the estimated state equalization level made under the  
 3 provisions of 20-9-348 is less than 100% or if the  
 4 permissive funding level made under the provisions of  
 5 20-9-352 is less than 100%, it shall be the duty of the  
 6 director of the department of revenue to levy ~~separately~~  
 7 ~~for the elementary districts and the high school districts~~  
 8 additional taxes in such number of mills on the taxable  
 9 value of all taxable property within the state as shall be  
 10 required to complete the financing of the foundation  
 11 programs prescribed under 20-9-348 and of permissive  
 12 programs as prescribed under 20-9-352 of all elementary  
 13 districts or all high school districts of the state.

14 (2) The state treasurer shall keep a separate  
 15 accounting of the proceeds realized from these mill levies  
 16 and shall deposit such proceeds in the earmarked revenue  
 17 account established under 20-9-343. The superintendent of  
 18 public instruction shall apportion the proceeds of the mill  
 19 levies to the elementary districts of the state or the high  
 20 school districts of the state, whichever the case may be, on  
 21 the following basis:

- 22 (a) determine the total amount required from this
- 23 source of revenue by the several elementary or high school
- 24 districts of the state;
- 25 (b) determine the total amount of moneys available for

1 this source of revenue;

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

6 (d) multiply each elementary district or each high  
7 school district requirement for this source of revenue by  
8 the percentage calculated in subsection (2)(c).

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

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

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

8 Section 3. Section 20-9-352, MCA, is amended to read:  
9 "20-9-352. Permissive amount and permissive levy. (1)  
10 Whenever the trustees of any district shall deem it  
11 necessary to adopt a general fund budget in excess of the  
12 foundation program amount but not in excess of the maximum  
13 general fund budget amount for such district as established  
14 by the schedules in 20-9-316 through 20-9-321, the trustees  
15 shall adopt a resolution stating the reasons and purposes  
16 for exceeding the foundation program amount. Such excess  
17 above the foundation program amount shall be known as the  
18 "permissive amount", and it shall be financed by a levy on  
19 the taxable value of all taxable property within the  
20 district as prescribed in 20-9-141, supplemented with  
21 revenue from a levy on all the taxable property in the  
22 state.

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

25 (a) For each elementary school district, the county

1 commissioners shall annually set a levy not exceeding 9  
 2 mills on all the taxable property in the district for the  
 3 purpose of funding the permissive amount of the district.  
 4 The permissive levy in mills shall be obtained by  
 5 multiplying the ratio of the permissive amount to the  
 6 maximum permissive amount by 9 or by using the number of  
 7 mills which would fund the permissive amount, whichever is  
 8 less. If the amount of revenue raised by this levy is not  
 9 sufficient to fund the permissive amount in full, the amount  
 10 of the deficiency shall be paid to the district from the  
 11 earmarked revenue fund~~y~~~~-permissive-levy-account~~y according  
 12 to the provisions of ~~subsections (3) and (4)~~ 20-9-351 and  
 13 subsection (3) of this section.

14 (b) For each high school district, the county  
 15 commissioners shall annually set a levy not exceeding 6  
 16 mills on all taxable property in the district for the  
 17 purpose of funding the permissive amount of the district.  
 18 The permissive levy in mills shall be obtained by  
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 20 permissive amount by 6 or by using the number of mills which  
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3 ~~(3) The director of the department of revenue shall~~  
 4 ~~annually set a levy on all the property of the state which~~  
 5 ~~will produce enough revenue to fund the permissive levy~~  
 6 ~~deficiency of the elementary and high school districts of~~  
 7 ~~the state. The proceeds of this levy shall be deposited to~~  
 8 ~~the earmarked revenue fund~~y~~~~-permissive-levy-account~~y and~~  
 9 ~~shall be distributed to the elementary and high school~~  
 10 ~~districts in accordance with their entitlements as~~  
 11 ~~determined by the superintendent of public instruction~~  
 12 ~~according to the provisions of subsections (1) and (2) of~~  
 13 ~~this section.~~

14 ~~(4)(3)~~ Such distribution shall be made in two  
 15 payments. The first payment shall be made at the same time  
 16 as the first distribution of state equalization aid is made  
 17 after January 1 of the fiscal year. The second payment shall  
 18 be made at the same time as the last payment of state  
 19 equalization aid is made for the fiscal year. If the revenue  
 20 collected is not sufficient to finance the deficiencies of  
 21 the districts as determined according to subsection (2),  
 22 each district will receive the same percentage of its  
 23 deficiency. Surplus revenue ~~in the permissive levy account~~  
 24 ~~shall be used to reduce the state levy required for the next~~  
 25 ~~succeeding fiscal year~~ generated by the additional state

1 levy for state deficiency shall remain in the earmarked  
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7 year."

-End-

STATE OF MONTANA

REQUEST NO. 324-81

FISCAL NOTE

Form BD-15

In compliance with a written request received February 9, 19 81, there is hereby submitted a Fiscal Note for Senate Bill 377 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.

Description of Proposed Legislation

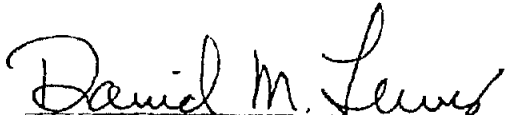
An act to simplify utilization of funds available for financing the Foundation Program and Permissive portions of Public School Budgets.

Assumptions

1. Balances in the proposed equalization account would be used to fund deficiencies in either the Foundation or Permissive Programs.
2. Any balance remaining after payment of Foundation and Permissive costs would be carried over to either Legislative consideration or reduction of ensuing year deficiencies requirements for Foundation and/or Permissive Programs.

Fiscal Impact

While this legislation has no direct fiscal impact, it does have the potential of elimination or reduction of a deficiency levy requirement for the Foundation portion of Public School funding. Current law requires any year end balance in the Foundation Equalization Account to be transferred to the Permissive Account. If there is a deficiency the following year in the Foundation and a surplus in the Permissive area, current account structure does not allow transfer of the Permissive balance back to the Foundation Equalization Account. The possible result is a deficiency levy for the Foundation Program and a cash surplus for the Permissive Program. This revision consolidates the two accounts into one, thus avoiding the transfer problem.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-10-81

Approved by Committee  
on Finance & Claims

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SB 377



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3 BY REQUEST OF THE OFFICE OF THE GOVERNOR

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO SIMPLIFY UTILIZATION  
6 OF FUNDS AVAILABLE FOR FINANCING THE FOUNDATION PROGRAM AND  
7 PERMISSIVE PORTIONS OF PUBLIC SCHOOL BUDGETS; AMENDING  
8 SECTIONS 20-9-345, 20-9-351, AND 20-9-352, MCA."

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 20-9-345, MCA, is amended to read:

12 "20-9-345. Distribution of excess state equalization  
13 moneys. Moneys appropriated for foundation program purposes  
14 are exempt from the provisions of 17-2-108. Moneys  
15 appropriated for foundation program purposes shall be  
16 expended to as great an extent as possible, irrespective of  
17 the availability of foundation program revenues from other  
18 sources. Any unencumbered funds remaining in the public  
19 school equalization earmarked revenue account at the end of  
20 the fiscal year shall be transferred-to-the-state-permissive  
21 school--levies--earmarked-revenue-account-for-the-purpose-of  
22 reducing-the-statewide-levy--for--public--school--permissive  
23 levy--deficiency--requirements retained for funding primary  
24 and secondary education in ensuing years."

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

1 "20-9-351. Additional state levy for state deficiency-  
2 (1) If the estimated state equalization level made under the  
3 provisions of 20-9-348 is less than 100% or if the  
4 permissive funding level made under the provisions of  
5 20-9-352 is less than 100%, it shall be the duty of the  
6 director of the department of revenue to levy--separately  
7 ~~for--the--elementary--districts--and--the--high--school--districts,~~  
8 additional taxes in such number of mills on the taxable  
9 value of all taxable property within the state as shall be  
10 required to complete the financing of the foundation  
11 programs prescribed under 20-9-348 and of permissive  
12 programs as prescribed under 20-9-352 of all elementary  
13 districts or all high school districts of the state.

14 (2) The state treasurer shall keep a separate  
15 accounting of the proceeds realized from these mill levies  
16 and shall deposit such proceeds in the earmarked revenue  
17 account established under 20-9-343. The superintendent of  
18 public instruction shall apportion the proceeds of the mill  
19 levies to the elementary districts of the state or the high  
20 school districts of the state, whichever the case may be, on  
21 the following basis:

22 (a) determine the total amount required from this  
23 source of revenue by the several elementary or high school  
24 districts of the state;

25 (b) determine the total amount of moneys available for



1 this source of revenue;

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

6 (d) multiply each elementary district or each high  
7 school district requirement for this source of revenue by  
8 the percentage calculated in subsection (2)(c).

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

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

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

8 Section 3. Section 20-9-352, MCA, is amended to read:  
9 "20-9-352. Permissive amount and permissive levy. (1)  
10 Whenever the trustees of any district shall deem it  
11 necessary to adopt a general fund budget in excess of the  
12 foundation program amount but not in excess of the maximum  
13 general fund budget amount for such district as established  
14 by the schedules in 20-9-316 through 20-9-321, the trustees  
15 shall adopt a resolution stating the reasons and purposes  
16 for exceeding the foundation program amount. Such excess  
17 above the foundation program amount shall be known as the  
18 "permissive amount", and it shall be financed by a levy on  
19 the taxable value of all taxable property within the  
20 district as prescribed in 20-9-141, supplemented with  
21 revenue from a levy on all the taxable property in the  
22 state.

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

25 (a) For each elementary school district, the county

1 commissioners shall annually set a levy not exceeding 9  
 2 mills on all the taxable property in the district for the  
 3 purpose of funding the permissive amount of the district.  
 4 The permissive levy in mills shall be obtained by  
 5 multiplying the ratio of the permissive amount to the  
 6 maximum permissive amount by 9 or by using the number of  
 7 mills which would fund the permissive amount, whichever is  
 8 less. If the amount of revenue raised by this levy is not  
 9 sufficient to fund the permissive amount in full, the amount  
 10 of the deficiency shall be paid to the district from the  
 11 earmarked revenue fund~~y~~~~-permissive-levy-account~~y according  
 12 to the provisions of ~~subsections (3) and (4)~~ 20-9-351 and  
 13 subsection (3) of this section.

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

1 provisions of ~~subsections (3) and (4)~~ 20-9-351 and  
 2 subsection (3) of this section.

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

14 ~~(4)~~(3) Such distribution shall be made in two  
 15 payments. The first payment shall be made at the same time  
 16 as the first distribution of state equalization aid is made  
 17 after January 1 of the fiscal year. The second payment shall  
 18 be made at the same time as the last payment of state  
 19 equalization aid is made for the fiscal year. If the revenue  
 20 collected is not sufficient to finance the deficiencies of  
 21 the districts as determined according to subsection (2),  
 22 each district will receive the same percentage of its  
 23 deficiency. ~~Surplus revenue in the permissive-levy-account~~  
 24 ~~shall be used to reduce the state levy required for the next~~  
 25 ~~succeeding fiscal year~~ generated by the additional state

1 levy for state deficiency shall remain in the earmarked  
2 revenue account to be used for elementary and high school  
3 education in ensuing years. Interest earned on investment of  
4 permissive levy funds shall be deposited to the earmarked  
5 revenue fund~~---permissive---levy---account~~ as established in  
6 20-9-343 for distribution during the next succeeding fiscal  
7 year."

-End-