

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.

Anne BILL NO. 377

INTRODUCED BY *Berg*

BY REQUEST OF THE OFFICE OF THE GOVERNOR

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

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

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

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

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

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

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

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

(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--permissive--levy--account 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--permissive--levy--account 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--permissive--levy--account 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--{3}--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 years."

-End-

STATE OF MONTANA

REQUEST NO. 324-81

FISCAL NOTE

Form BD 15

In compliance with a written request received February 9, 1981, 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

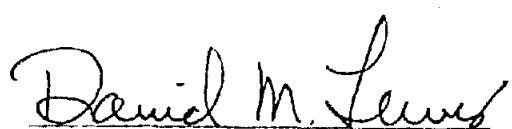
An act to simplify utilization of funds available for financing the Foundation Program and Permissive portions of Public School Budgets.

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

Am BILL NO. 377

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15 the availability of foundation program revenues from other
16 sources. Any unencumbered funds remaining in the public
17 school equalization earmarked revenue account at the end of
18 the fiscal year shall be transferred-to-the-state-permissive
19 school--levies--earmarked-revenue-account-for-the-purpose-of
20 reducing-the-statewide-levy--for--public--school--permissive
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23 Section 2. Section 20-9-351, MCA, is amended to read:

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7 director of the department of revenue to levy--separately
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10 value of all taxable property within the state as shall be
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12 programs prescribed under 20-9-348 and of permissive
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15 (2) The state treasurer shall keep a separate
16 accounting of the proceeds realized from these mill levies
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21 school districts of the state, whichever the case may be, on
22 the following basis:
23 (a) determine the total amount required from this
24 source of revenue by the several elementary or high school
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-2- SECOND READING

SB 377

1 this source of revenue;

2 (c) calculate the percentage the amount determined in
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 5 districts;

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7 year."

-End-

1 *Janet* BILL NO. 377
2 INTRODUCED BY *Berg*
3 BY REQUEST OF THE OFFICE OF THE GOVERNOR

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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--permissive--levy--account 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--permissive--levy--account 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--permissive--levy--account--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-