

HOUSE BILL NO. 474

Introduced: 01/24/83

Referred to Committee on Education & Cultural Resources:
01/24/83

Hearing: 1/31/83

Report: 01/31/83, Do Not Pass

Bill Killed: 02/02/83

1 *Hoyer* BILL NO. *474*
 2 INTRODUCED BY *Montwell Sales - Ellard*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO OBLIGATE AS DISTRICT
 5 RETIREMENT FUND EQUALIZATION A PORTION OF THE REVENUE FROM
 6 THE BASIC COUNTY TAXES FOR ELEMENTARY AND HIGH SCHOOL
 7 EQUALIZATION PURPOSES; TO PROVIDE THAT THE RETIREMENT FUND
 8 EQUALIZATION APPORTIONMENT FOR EACH DISTRICT IS BASED ON 7
 9 PERCENT OF THE FOUNDATION PROGRAM AMOUNT FOR THE DISTRICT;
 10 AMENDING SECTIONS 20-9-331, 20-9-333, 20-9-334, AND
 11 20-9-501, MCA."

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

14 NEW SECTION. Section 1. District retirement fund
 15 equalization. (1) To assist the counties in equalizing a
 16 portion of the financing of the retirement fund obligations
 17 of the districts of the counties as provided in 20-9-501, a
 18 portion of the revenue from the basic county tax for
 19 elementary districts as provided in 20-9-331 is obligated as
 20 elementary retirement fund equalization and a portion of the
 21 revenue from the basic special tax for high schools as
 22 provided in 20-9-333 is obligated as high school retirement
 23 fund equalization.

24 (2) The amount of the retirement fund equalization for
 25 each district is determined by multiplying by 7% the

1 foundation program amount for the district as defined in
 2 20-9-303.

3 (3) The county superintendent shall:

4 (a) apportion as provided in 20-9-334 the retirement
 5 fund equalization determined under subsection (2) for each
 6 district of the county; and

7 (b) reduce the retirement fund levy requirement as
 8 provided in 20-9-501 for each district of the county by the
 9 amount apportioned to the district under subsection (3)(a).

10 Section 2. Section 20-9-331, MCA, is amended to read:

11 "20-9-331. Basic county tax and other revenues for
 12 county equalization of the elementary district foundation
 13 program. (1) It shall be the duty of the county
 14 commissioners of each county to levy an annual basic tax of
 15 25 mills on the dollars of the taxable value of all taxable
 16 property within the county for the purposes of local and
 17 state foundation program support. The revenue to be
 18 collected from this levy shall be apportioned to the support
 19 of the foundation programs of the elementary school
 20 districts in the county and to the earmarked revenue fund,
 21 state equalization aid account, in the following manner:

22 (a) In order to determine the amount of revenue raised
 23 by this levy which is retained by the county, the sum of the
 24 estimated revenues identified in subsections (2)(a) through
 25 (2)(f) below shall be subtracted from the sum of:

-2- INTRODUCED BILL

HB 1174

1 (ii) the county elementary transportation obligation;
 2 ~~(iii) the total of the retirement fund equalization for~~
 3 ~~all the elementary districts of the county, as provided in~~
 4 ~~[section 1]; and~~

5 (iii) the total of the foundation programs of all
 6 elementary districts of the county.

7 (b) If the basic levy of 25 mills produces more
 8 revenue than is required to finance the difference
 9 determined above, the county commissioners shall order the
 10 county treasurer to remit the surplus funds to the state
 11 treasurer for deposit to the earmarked revenue fund, state
 12 equalization aid account, not later than June 1 of the
 13 fiscal year for which the levy has been set.

14 (2) The proceeds realized from the county's portion of
 15 the levy prescribed by this section and the revenues from
 16 the following sources shall be used for the equalization of
 17 the elementary district foundation programs of the county as
 18 prescribed in 20-9-334, and a separate accounting shall be
 19 kept of such proceeds and revenues by the county treasurer
 20 in accordance with 20-9-212(1):

21 (a) the portion of the federal forest reserve funds
 22 distributed to a county and designated for the common school
 23 fund under the provisions of 17-3-213;

24 (b) the portion of the federal Taylor Grazing Act
 25 funds distributed to a county and designated for the common

1 school fund under the provisions of 17-3-222;

2 (c) the portion of the federal flood control act funds
 3 distributed to a county and designated for expenditure for
 4 the benefit of the county common schools under the
 5 provisions of 17-3-232;

6 (d) all moneys which are paid into the county treasury
 7 as a result of fines for violations of law and the use of
 8 which is not otherwise specified by law;

9 (e) any money remaining at the end of the immediately
 10 preceding school fiscal year in the county treasurer's
 11 account for the various sources of revenue established or
 12 referred to in this section; and

13 (f) any federal or state moneys distributed to the
 14 county as payment in lieu of the property taxation
 15 established by the county levy required by this section."

16 Section 3. Section 20-9-333, MCA, is amended to read:

17 "20-9-333. Basic special levy and other revenues for
 18 county equalization of high school district foundation
 19 program. (1) It shall be the duty of the county
 20 commissioners of each county to levy an annual basic special
 21 tax for high schools of 15 mills on the dollar of the
 22 taxable value of all taxable property within the county for
 23 the purposes of local and state foundation program support.
 24 The revenue to be collected from this levy shall be
 25 apportioned to the support of the foundation programs of

high school districts in the county and to the earmarked revenue fund, state equalization aid account, in the following manner:

(a) In order to determine the amount of revenue raised by this levy which is retained by the county, the estimated revenues identified in subsections (2)(a) and (2)(b) below shall be subtracted from the sum of:

(i) the county's high school tuition obligation;

~~(ii) the total of the retirement fund equalization for all the high school districts of the county, as provided in [section 11]; and~~

~~(iii) the total of the foundation programs of all high school districts of the county.~~

(b) If the basic levy for 15 mills produces more revenue than is required to finance the difference determined above, the county commissioners shall order the county treasurer to remit the surplus to the state treasurer for deposit to the earmarked revenue fund, state equalization aid account, not later than June 1 of the fiscal year for which the levy has been set.

(2) The proceeds realized from the county's portion of the levy prescribed in this section and the revenues from the following sources shall be used for the equalization of the high school district foundation programs of the county as prescribed in 20-9-334, and a separate accounting shall

be kept of these proceeds by the county treasurer in accordance with 20-9-212(1):

(a) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's account for deposit of the proceeds from the levy established in this section; and

(b) any federal or state moneys distributed to the county as a payment in lieu of the property taxation established by the county levy required by this section."

Section 4. Section 20-9-334, MCA, is amended to read:

"20-9-334. Apportionment of county equalization moneys by county superintendent. The county superintendent shall separately apportion the revenues deposited in the basic county tax account and the revenues deposited in the basic special tax for high schools account to the several districts of the county on a quarterly basis. The apportionments shall be known as "county equalization moneys". Before the county superintendent makes the quarterly apportionments, he shall:

(1) deduct from the revenues available in the basic county tax account the amount required for the quarter to pay:

(a) the county's obligation for elementary transportation reimbursements; and

~~(b) the retirement fund equalization apportionment for~~

1 ~~each elementary district of the county; and~~

2 (2) deduct from the revenues available in the basic
3 special tax for high schools account the amount required for
4 the quarter to pay;

5 (a) the county's obligation for high school
6 out-of-county tuition; and

7 ~~(b) the retirement fund equalization apportionment for~~
8 ~~each high school district of the county."~~

9 Section 5. Section 20-9-501, MCA, is amended to read:
10 "20-9-501. Retirement fund. (1) The trustees of any
11 district employing personnel who are members of the
12 teachers' retirement system or the public employees'
13 retirement system or who are covered by unemployment
14 insurance or who are covered by any federal social security
15 system requiring employer contributions shall establish a
16 retirement fund for the purposes of budgeting and paying the
17 employer's contributions to such systems. The district's
18 contribution for each employee who is a member of the
19 teachers' retirement system shall be calculated in
20 accordance with Title 19, chapter 4, part 6. The district's
21 contribution for each employee who is a member of the public
22 employees' retirement system shall be calculated in
23 accordance with 19-3-801. The district may levy a special
24 tax to pay its contribution to the public employees'
25 retirement system under the conditions prescribed in

1 19-3-204. The district's contributions for each employee
2 covered by any federal social security system shall be paid
3 in accordance with federal law and regulation. The
4 district's contribution for each employee who is covered by
5 unemployment insurance shall be paid in accordance with
6 Title 19, chapter 51, part 11.

7 (2) The trustees of any district required to make a
8 contribution to any such system shall include in the
9 retirement fund of the preliminary budget the estimated
10 amount of the employer's contribution and such additional
11 moneys, within legal limitations, as they may wish to
12 provide for the retirement fund cash reserve. After the
13 final retirement fund budget has been adopted, the trustees
14 shall pay the employer contributions to such systems in
15 accordance with the financial administration provisions of
16 this title.

17 (3) When the final retirement fund budget has been
18 adopted, the county superintendent shall establish the levy
19 requirement by:

20 (a) determining the sum of the moneys available to
21 reduce the retirement fund levy requirement by adding:

22 (i) any anticipated moneys that may be realized in the
23 retirement fund during the ensuing school fiscal year,
24 ~~including any district retirement fund equalization as~~
25 ~~provided in [section 1]; and~~

1 (ii) any cash available for reappropriation as
 2 determined by subtracting the amount of the end-of-the-year
 3 cash balance earmarked as the retirement fund cash reserve
 4 for the ensuing school fiscal year by the trustees from the
 5 end-of-the-year cash balance in the retirement fund. The
 6 retirement fund cash reserve shall not be more than 35% of
 7 the final retirement fund budget for the ensuing school
 8 fiscal year and shall be used for the purpose of paying
 9 retirement fund warrants issued by the district under the
 10 final retirement fund budget.

11 (b) subtracting the total of the moneys available for
 12 reduction of the levy requirement as determined in
 13 subsection (3)(a) from the budgeted amount for expenditures
 14 in the final retirement fund budget.

15 (4) The county superintendent shall total the net
 16 retirement fund levy requirements separately for all
 17 elementary school districts, all high school districts, and
 18 all community college districts of the county, including any
 19 prorated joint district or special educational cooperative
 20 agreement levy requirements, and shall report each such levy
 21 requirement to the county commissioners on the second Monday
 22 of August as the respective county levy requirements for
 23 elementary district, high school district, and community
 24 college district retirement funds. The county commissioners
 25 shall fix and set such county levy in accordance with

1 20-9-142.

2 (5) The net retirement fund levy requirement for a
 3 joint elementary district or a joint high school district
 4 shall be prorated to each county in which a part of such
 5 district is located in the same proportion as the district
 6 ANB of the joint district is distributed by pupil residence
 7 in each such county. The county superintendents of the
 8 counties affected shall jointly determine the net retirement
 9 fund levy requirement for each county as provided in
 10 20-9-151.

11 (6) The net retirement fund levy requirement for
 12 districts that are members of special educational
 13 cooperative agreements shall be prorated to each county in
 14 which such district is located in the same proportion as the
 15 budget for the special education cooperative agreement of
 16 the district bears to the total budget of the cooperative.
 17 The county superintendents of the counties affected shall
 18 jointly determine the net retirement fund levy requirement
 19 for each county in the same manner as provided in 20-9-151
 20 and fix and levy the net retirement fund levy for each
 21 county in the same manner as provided in 20-9-152."

22 NEW SECTION. Section 6. Codification instruction.
 23 Section 1 is intended to be codified as an integral part of
 24 Title 20, chapter 9, part 3, and the provisions of Title 20
 25 apply to section 1.

STATE OF MONTANA

REQUEST NO. 256-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 27, 19 83, there is hereby submitted a Fiscal Note for House Bill 474 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

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

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 474 obligates district retirement fund equalization a portion of the revenue from the basic county taxes for elementary and high school equalization purposes and provides that the retirement fund equalization apportionment for each district is based on seven percent of the foundation program amount for the district.

ASSUMPTIONS:

- 1) Foundation program schedules will remain at the FY 1983 level.
- 2) Foundation program costs (including special education) will be \$221.12 M in FY 1984 and \$219.99 M in FY 1985.
- 3) County equalization revenue will total \$86.699 M in FY 84 and \$90.270 M in FY 1985.
- 4) Light vehicle fee replacement money is not included in county equalization revenue figures.
- 5) Any reduction in county equalization will require general fund appropriations to the state equalization account.

FISCAL IMPACT:Revenue:

	FY 84	FY 85
County Equalization		
Under Current Law	\$86.699M	\$90.270M
Under Proposed Law	71.219M	74.870M
Decrease In County Equalization	\$15.480M	\$15.040M

State general fund cost: In order to maintain the present schedules, the state general fund would have to provide an additional \$30.88 million to the state equalization account.

COMMENT:

Several factors will influence the state cost. If vehicle replacement funds are provided to schools, less general fund dollars would be required. If public school foundation schedules are increased, more state dollars would be required.

LOCAL IMPACT:

The proposed legislation would lower the current mills levied at the local level currently financing retirement systems.

FISCAL NOTE 9:FF/1

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-1-83