

HOUSE BILL NO. 809

Introduced: 02/15/83

Referred to Committee on Education & Cultural Resources:  
02/15/83

Hearing: 2/18/83

Report: 02/18/83, Do Pass, As Amended

2nd Reading: 02/22/83, Do Pass

3rd Reading: 02/23/83, Do Pass

Transmitted to Senate: 02/23/83

Referred to Committee on Education & Cultural Resources:  
3/1/83

Hearing: 3/9/83

Report: 3/24/83, Be Not Concurred In

Bill Killed: 3/24/83

1 House BILL NO. 809  
 2 INTRODUCED BY Watson Lindstreet Balmer  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CENTRALIZE THE  
 5 FUNDING AND ADMINISTRATION OF EQUALIZATION AID FOR SCHOOL  
 6 DISTRICT FOUNDATION PROGRAMS IN THE OFFICE OF SUPERINTENDENT  
 7 OF PUBLIC INSTRUCTION; TO ELIMINATE COUNTY ACCOUNTING,  
 8 REPORTING, AND DISTRIBUTION REQUIREMENTS FOR MANDATORY  
 9 COUNTY LEVIES AND MISCELLANEOUS REVENUES; AMENDING SECTIONS  
 10 17-3-211 THROUGH 17-3-214, 17-3-222, 17-3-231, 17-3-232,  
 11 20-9-121, 20-9-212, 20-9-303, 20-9-331 THROUGH 20-9-333,  
 12 20-9-343, 20-9-347, AND 20-9-348, MCA; REPEALING SECTIONS  
 13 20-9-334 AND 20-9-335, MCA; AND PROVIDING AN EFFECTIVE  
 14 DATE."

15  
 16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17 Section 1. Section 17-3-211, MCA, is amended to read:

18 "17-3-211. Forest reserve money. The state treasurer,  
 19 for the purpose of carrying out the provisions of an act of  
 20 congress of May 23, 1908, 35 United States Statutes at  
 21 Large, p. 260, and all acts subsequent thereto, shall divide  
 22 and distribute all forest reserve moneys received by the  
 23 state thereunder to the state equalization aid account in  
 24 the earmarked revenue fund and among the several counties  
 25 entitled thereto and pay the same to the state equalization

1 aid account in the earmarked revenue fund and the several  
 2 county treasurers of such counties within 30 days after  
 3 receiving same, as directed by the state auditor."

4 Section 2. Section 17-3-212, MCA, is amended to read:  
 5 "17-3-212. Apportionment of forest reserve funds among  
 6 counties. The state auditor shall apportion ~~aid~~ the  
 7 counties' share of the forest reserve funds between the  
 8 several counties as follows: all funds received from each  
 9 forest reserve shall be apportioned between the counties in  
 10 which such forest reserve is situated in proportion to the  
 11 acreage of such forest reserve in each county, and the state  
 12 treasurer shall pay the several amounts so apportioned to  
 13 the respective counties."

14 Section 3. Section 17-3-213, MCA, is amended to read:

15 "17-3-213. Allocation to county general fund and  
 16 common-school-fund state equalization aid account. (1) The  
 17 forest reserve funds ~~so apportioned to each county~~ shall be  
 18 apportioned by the county state treasurer ~~in each county~~  
 19 ~~between the several funds~~ as follows:

20 (a) to the general road fund funds of the counties,  
 21 66 2/3% of the total amount received, to be apportioned to  
 22 each county under the provisions of 17-3-212;

23 (b) to the common-school state equalization aid  
 24 account in the earmarked revenue fund, 33 1/3% of the total  
 25 sum received.

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1 (2) In counties wherein special road districts have  
2 been created according to law, the board of county  
3 commissioners shall distribute a proportionate share of the  
4 66 2/3% of the total amount received for the general road  
5 fund to such special road district or districts within the  
6 county based upon the percentage that the total area of such  
7 road district bears to the total area of the entire county."

8 Section 4. Section 17-3-214, MCA, is amended to read:

9 "17-3-214. Correction of errors in apportionment. In  
10 the event of any error or errors made in the apportionment  
11 or distribution of ~~said any county's share of the~~ forest  
12 reserve funds, such error or errors shall be corrected by  
13 the state auditor and state treasurer, equalizing future  
14 payments to the several counties so that the total  
15 proportionate sum received by each county shall be as fixed  
16 in 17-3-212."

17 Section 5. Section 17-3-222, MCA, is amended to read:

18 "17-3-222. Apportionment of moneys to ~~state treasurer~~  
19 and counties. It shall be the duty of the state treasurer to  
20 properly apportion and allocate these moneys to the ~~state~~  
21 ~~equalization aid account in the earmarked revenue fund and~~  
22 ~~to the county treasurers, who will allocate and pay all such~~  
23 ~~moneys as follows: 50% to the county general fund funds of~~  
24 ~~the counties where the grazing districts are located and 50%~~  
25 ~~to the common school fund of the county state equalization~~

1 ~~aid account in the earmarked revenue fund."~~

2 Section 6. Section 17-3-231, MCA, is amended to read:

3 "17-3-231. Flood Control Act -- distribution of  
4 revenues to counties. All moneys received or hereafter to be  
5 received by the state from the secretary of the treasury of  
6 the United States, under and by virtue of the Flood Control  
7 Act of 1954, under 33 U.S.C.A., section 701-c-3, shall be  
8 distributed by the state ~~to the county treasurers of the~~  
9 ~~counties of the state wherein the flood control land is~~  
10 ~~situated as provided in 17-3-232."~~

11 Section 7. Section 17-3-232, MCA, is amended to read:

12 "17-3-232. Deposit and expenditure of funds by  
13 counties. (1) All money received pursuant to 17-3-231 must  
14 be deposited as follows:

15 (a) 50% to the state treasurer for deposit in the  
16 state equalization aid account in the earmarked revenue  
17 fund; and

18 (b) 50% to the county treasurers of the counties of  
19 the state where the flood control land is situated.

20 (2) All moneys received or to be received by the  
21 county treasurers of the counties of the state wherein such  
22 flood control land is situated shall be deposited in the  
23 funds designated as the county common school tax fund and  
24 the general public road fund and ~~shall be expended as~~  
25 ~~follows: of all moneys received or to be received, 50% shall~~

1 ~~be expended for the benefit of the county common schools in~~  
 2 ~~the county concerned and 50% shall be~~ expended for the  
 3 benefit of the general public roads in the county  
 4 concerned."

5 Section 8. Section 20-9-121, MCA, is amended to read:

6 "20-9-121. County treasurer's statement of cash  
 7 balances and bond information. (1) By July 10, the county  
 8 treasurer shall prepare a statement for each district  
 9 showing the amount of cash on hand for each fund maintained  
 10 by the district and the amount of the outstanding  
 11 obligations against each fund at the close of the last  
 12 completed school fiscal year. The county treasurer shall  
 13 also include on each district's statement the details on the  
 14 obligation for bond retirement and interest for the school  
 15 fiscal year just beginning. The format of the statement on  
 16 fund cash balances and bond information shall be prescribed  
 17 by the superintendent of public instruction.

18 (2) By July 10, the county treasurer shall prepare a  
 19 statement for each county school fund supported by  
 20 countywide levies except state equalization aid, showing the  
 21 amount of cash on hand at the beginning of the school fiscal  
 22 year, the receipts and apportionments, and the amount of  
 23 cash on hand at the end of the school fiscal year, for each  
 24 county school fund maintained during the immediately  
 25 preceding school fiscal year. The format of this statement

1 shall be prescribed by the superintendent of public  
 2 instruction.

3 (3) On or before July 10, the county treasurer shall  
 4 deliver the statements of district and county fund cash  
 5 balances and the bond information for each district to the  
 6 county superintendent who shall attach such district  
 7 statements to the applicable district's preliminary budget."

8 Section 9. Section 20-9-212, MCA, is amended to read:

9 "20-9-212. Duties of county treasurer. The county  
 10 treasurer of each county shall:

11 (1) receive and hold all school money subject to  
 12 apportionment, except state equalization money, and keep a  
 13 separate accounting of its apportionment to the several  
 14 districts which are entitled to a portion of such money  
 15 according to the apportionments ordered by the county  
 16 superintendent. A separate accounting shall be maintained  
 17 for each county fund supported by a countywide levy for a  
 18 specific, authorized purpose, including:

19 ~~(a) the basic county tax in support of the elementary~~  
 20 ~~foundation programs;~~

21 ~~(b) the basic special tax for high schools in support~~  
 22 ~~of the high school foundation programs;~~

23 ~~(c) the county tax in support of the county's high~~  
 24 ~~school transportation obligation;~~

25 ~~(d) the county tax in support of the high school~~

1 ~~and elementary school district~~ obligations to the retirement  
 2 ~~systems of the state of Montana;~~  
 3 ~~(e) any additional county tax required by law to~~  
 4 ~~provide for deficiency financing of the elementary~~  
 5 ~~foundation program;~~  
 6 ~~(f) any additional county tax required by law to~~  
 7 ~~provide for deficiency financing of the high school~~  
 8 ~~foundation program;~~ and  
 9 (g)(1) any other county tax for schools, including the  
 10 community colleges, which may be authorized by law and  
 11 levied by the county commissioners;  
 12 (2) whenever requested, notify the county  
 13 superintendent and the superintendent of public instruction  
 14 of the amount of county school money on deposit in each of  
 15 the funds enumerated in subsection (1) of this section and  
 16 the amount of any other school money subject to  
 17 apportionment and apportion such county and other school  
 18 money to the districts in accordance with the apportionment  
 19 ordered by the county superintendent;  
 20 (3) keep a separate accounting of the expenditures for  
 21 each budgeted fund included in the final budget of each  
 22 district;  
 23 (4) keep a separate accounting of the receipts,  
 24 expenditures, and cash balances for each budgeted fund  
 25 included in the final budget of each district and for each

1 nonbudgeted fund established by each district;  
 2 (5) except as otherwise limited by law, pay all  
 3 warrants properly drawn on the county or district school  
 4 money and properly endorsed by their holders;  
 5 (6) receive all revenue collected by and for each  
 6 district and deposit these receipts in the fund designated  
 7 by law or by the district if no fund is designated by law.  
 8 Interest and penalties on delinquent school taxes shall be  
 9 credited to the same fund and district for which the  
 10 original taxes were levied.  
 11 (7) send all revenues received for a joint district,  
 12 part of which is situated in his county, to the county  
 13 treasurer designated as the custodian of such revenues, no  
 14 later than December 15 of each year and every 3 months  
 15 thereafter until the end of the school fiscal year;  
 16 (8) register district warrants drawn on a budgeted  
 17 fund in accordance with 7-6-2604 when there is insufficient  
 18 money available in the sum of money in all funds of the  
 19 district to make payment of such warrant. Redemption of  
 20 registered warrants shall be made in accordance with  
 21 7-6-2116, 7-6-2605, and 7-6-2606.  
 22 (9) invest the money of any district as directed by  
 23 the trustees of the district;  
 24 (10) give to the trustees of each district, at least  
 25 quarterly, an itemized report for each fund maintained by

1 the district, showing the paid warrants, outstanding  
2 warrants, registered warrants, amounts and types of revenue  
3 received, and the cash balance; and

4 (11) remit promptly to the state treasurer receipts for  
5 the county tax for a postsecondary vocational-technical  
6 center when levied by the board of county commissioners."

7 Section 10. Section 20-9-303, MCA, is amended to read:

8 "20-9-303. Definition of foundation program and its  
9 proportion of the maximum-general-fund-without-a-voted-levy  
10 schedule amount -- nonisolated school foundation program  
11 financing -- special education funds. (1) As used in this  
12 title, the term "foundation program" shall mean the minimum  
13 operating expenditures, as established herein, that are  
14 sufficient to provide for the educational program of a  
15 school. The foundation program relates only to those  
16 expenditures authorized by a district's general fund budget  
17 and shall not include expenditures from any other fund. It  
18 shall be financed by:

19 (a) basic county equalization tax moneys; and

20 (b) other state equalization aid.

21 (2) The dollar amount of the foundation program shall  
22 be 80% of the maximum-general-fund-budget-without-a-voted-levy limitation  
23 as set forth in the schedules in 20-9-316 through 20-9-321.  
24 The foundation program of an elementary school having an ANB  
25

1 of nine or fewer pupils for 2 consecutive years which is not  
2 approved as an isolated school under the provisions of  
3 20-9-302 shall be 80% of the schedule amount, but the county  
4 and state shall participate in financing one-half of the  
5 foundation program, and the district shall finance the  
6 remaining one-half by a tax levied on the property of the  
7 district. When a school of nine or fewer pupils is approved  
8 as isolated under the provisions of 20-9-302, the county and  
9 state shall participate in the financing of the total amount  
10 of the foundation program.

11 (3) Funds provided to support the special education  
12 accounting budget may be expended only for special education  
13 purposes as approved by the superintendent of public  
14 instruction in accordance with the special education  
15 budgeting provisions of this title. Expenditures for special  
16 education shall be accounted for separately from the balance  
17 of the school district general fund. Transfers between items  
18 within the special education budget for accounting purposes  
19 may be made at the discretion of the board of trustees in  
20 accordance with the financial administration part of this  
21 title. The unexpended balance of the special education  
22 accounting budget shall carry over to the next year to  
23 reduce the amount of funding required to finance the  
24 district's ensuing year's maximum-budget-without-a-vote for  
25 special education."

1 Section 11. Section 20-9-331, MCA, is amended to read:

2 \*20-9-331. Basic county tax and other revenues for  
3 county equalization of the elementary district foundation  
4 program. (1) It shall be the duty of the county  
5 commissioners of each county to levy an annual basic tax of  
6 25 mills on the dollars of the taxable value of all taxable  
7 property within the county for the purposes of local and  
8 state foundation program support. The--revenue--to--be  
9 collected--from--this--levy--shall--be--apportioned--to--the--support  
10 of--the--foundation--programs--of--the--elementary--school  
11 districts--in--the--county--and--to--the--earmarked--revenue--fund  
12 state equalization aid account in the following manner:

13 (a)--in order to determine the amount of revenue raised  
14 by this levy which is retained by the county, the sum of the  
15 estimated revenues identified in subsections (2)(a)--through  
16 (2)(f)--below shall be subtracted from the sum of the county  
17 elementary transportation obligation and the total of the  
18 foundation programs of all elementary districts of the  
19 county:

20 (b)--if the basic levy of 25 mills produces more  
21 revenue than is required to finance the difference  
22 determined above, the county commissioners shall order the  
23 county treasurer to remit the surplus funds to the state  
24 treasurer for deposit to the earmarked revenue fund; state  
25 equalization aid account not later than June 1 of the

1 fiscal year for which the levy has been set:

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

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

12 (b)--the portion of the federal Taylor Grazing Act  
13 funds distributed to a county and designated for the common  
14 school fund under the provisions of 17-3-222;

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

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

22 (e)--any money remaining at the end of the immediately  
23 preceding school fiscal year in the county treasurer's  
24 account for the various sources of revenue established or  
25 referred to in this section; and

~~{f}--any--federal--or--state--moneys--distributed--to--the  
county--as--payment--in--lieu--of--the--property--taxation  
established--by--the--county--levy--required--by--this--section--~~

{2}--The county treasurer shall:

{a}--add to the revenue raised by the basic county tax  
any federal or state money distributed to the county as  
payment in lieu of the property taxation established by the  
tax;

{b}--subtract from the proceeds of subsection {2} {a}  
the county elementary transportation obligation;

{c}--deposit the remaining proceeds at least monthly  
with the state treasurer for deposit in the state  
equalization aid account in the earmarked revenue fund; and

{d}--deposit the county elementary transportation  
obligation amount in the county elementary transportation  
account as provided in [section 17]."

Section 12. Section 20-9-332, MCA, is amended to read:

"20-9-332. Fines and penalties proceeds for elementary  
county equalization. All fines and penalties collected under  
the provisions of this title shall be collected by the  
action of a court of competent jurisdiction and shall be  
paid into the county elementary--equalization--fund--as  
provided--by--20-9-331(2)(d) treasury. The county treasurer  
shall deposit the collections at least monthly with the  
state treasurer for deposit in the state equalization aid

account in the earmarked revenue fund. In order to implement  
this section and any other provision of law requiring the  
deposit of fines in the elementary-county state equalization  
fund aid account, the following reports shall be made to the  
county superintendent of the county in which each court or  
justice of the peace shall have jurisdiction:

(1) during the month of September, each justice of the  
peace shall report all fines imposed and collected during  
the preceding year, indicating the type of violation and the  
date of collection; and

(2) at the close of each term, the clerk of each  
district court shall report all fines imposed and collected  
during the term, indicating the type of violation and the  
date of collection."

Section 13. Section 20-9-333, MCA, is amended to read:

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



1 revenue---fundy---state---equalization---aid---accounty---in---the  
2 following-manner:

3 (a)---In-order-to-determine-the-amount-of-revenue-raised  
4 by-this-levy-which-is-retained-by-the-county--the--estimated  
5 revenues---identified---in-subsections-(2)(a)-and-(2)(b)-below  
6 shall-be-subtracted-from-the-sum-of-the-county's-high-school  
7 tuition-obligation-and-the-total-of-the-foundation--programs  
8 of-all-high-school-districts-of-the-county.

9 (b)---If-the-basic-levy-for-15-mills-produces-more  
10 revenue---than---is---required---to---finance---the---difference  
11 determined-above--the-county-commissioners-shall-order-the  
12 county-treasurer-to-remitt-the-surplus-to-the-state-treasurer  
13 for--deposit--to---the---earmarked---revenue---fundy---state  
14 equalization---aid---accounty---not---later---than---June-1-of-the  
15 fiscal-year-for-which-the-levy-has-been-set.

16 (2)---The-proceeds-realized-from-the-county's-portion-of  
17 the-levy-prescribed-in-this-section-and--the--revenues--from  
18 the--following-sources-shall-be-used-for-the-equalization-of  
19 the-high-school-district-foundation-programs-of-the-county  
20 as-prescribed-in-20-9-343-and-a-separate-accounting-shall  
21 be-kept--of--these--proceeds--by--the--county--treasurer--in  
22 accordance-with-20-9-212(1):

23 (a)---any--money-remaining-at-the-end-of-the-immediate  
24 preceding-school--fiscal--year--in--the--county--treasurer's  
25 account---for---deposit---of---the---proceeds---from---the---levy

1 established-in-this-section-and

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

5 (2)---The-county-treasurer-shall:

6 (a)---add-to-the-revenue-raised-by-the-basic-county-tax  
7 any-federal-or-state-money-distributed-to-the-county-as  
8 payment-in-lieu-of-the-property-taxation-established-by-the  
9 tax;

10 (b)---subtract--from--the--proceeds-of-subsection-(2)(a)  
11 the-county-high-school-tuition-obligation;

12 (c)---deposit-the-remaining-proceeds--at--least--monthly  
13 with--the--state--treasurer--for--deposit--in--the--state  
14 equalization-aid-account-in-the-earmarked-revenue-fund; and

15 (d)---deposit--the-county-high-school-tuition-obligation  
16 amount-in-the-county-high-school-tuition-account-as-provided  
17 in-[section-17]a."

18 Section 14. Section 20-9-343, MCA, is amended to read:

19 "20-9-343. Definition of and revenue for state  
20 equalization aid. (1) As used in this title, the term "state  
21 equalization aid" means those moneys deposited in the  
22 earmarked revenue fund as required in this section plus any  
23 legislative appropriation of moneys from other sources for  
24 distribution to the public schools for the purpose of  
25 equalization of the foundation program.

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

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

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

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

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

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

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

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

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

~~(h) all money received under Title 17, chapter 3, part 2, and 20-9-331 through 20-9-333.~~

(4) Any surplus revenue in the state equalization aid account in the second year of a biennium may be used to reduce the appropriation required for the next succeeding biennium [or may be transferred to the state permissive account if revenues in that fund are insufficient to meet the state's permissive amount obligation]."

Section 15. Section 20-9-347, MCA, is amended to read:

"20-9-347. Formula for state equalization aid apportionment. (1) The superintendent of public instruction shall apportion the state equalization aid, individually for the elementary districts of a county or the high school districts of a county, in accordance with 20-9-346 and on the basis of the following procedure:

(a) Determine the percentage that the total funds ~~state equalization aid~~ available to all ~~counties~~ districts in the state in support of the foundation program ~~(including the state moneys available for state equalization aid)~~ is of the total amount of the foundation programs of all ~~counties~~ districts in the state.

1       (b) Determine the percentage that the total funds  
2       available in each county in support of the foundation  
3       programs in such county (excluding state moneys available  
4       for state equalization aid) is of the total amount of the  
5       foundation programs of all districts of such county.

6       (c) Counties in which the percentage determined in  
7       subsection (1)(b) exceeds the percentage determined in  
8       subsection (1)(a) shall not be entitled to an apportionment  
9       of the state equalization aid.

10       (d) After elimination of the counties referred to in  
11       subsection (1)(c), determine the percentage that the total  
12       moneys available to all remaining counties in support of the  
13       foundation program (including the state moneys available for  
14       state equalization aid) is of the total amount of the  
15       foundation programs of all such remaining counties.

16       (e)(1) Each district of each remaining county shall be  
17       entitled to an apportionment of the state equalization aid  
18       which shall be the difference between the percentage  
19       determined in subsection (1)(d)(a) and the percentage  
20       determined for such county in subsection (1)(b) multiplied  
21       by the foundation program amount for such district.

22       (2) The superintendent of public instruction shall  
23       supply the county treasurer and the county superintendent  
24       with a report of the apportionments of state equalization  
25       aid to the several districts of the county, and the state

1       equalization aid shall be apportioned to such districts in  
2       accordance with such report."

3       Section 16. Section 20-9-348, MCA, is amended to read:

4       "20-9-348. Estimation of state equalization level and  
5       state equalization aid for budget purposes. (1) The  
6       apportionment of state equalization aid shall be the third  
7       source of revenue in calculating the financing of the an  
8       elementary district or high school district foundation  
9       program and it shall be the second source of revenue in  
10       calculating the financing of the high school district  
11       foundation program. In order to allow for the estimation of  
12       the amount of money to be realized from this source of  
13       revenue when the county superintendent is estimating the  
14       general fund budget revenues, the superintendent of public  
15       instruction shall annually estimate a uniform percentage of  
16       each district's foundation program which ~~that~~ state  
17       foundation program revenues ~~and county equalization moneys~~  
18       together will be capable of financing. Such estimate shall  
19       be called the "state equalization level" and shall be based  
20       on the best available data and calculated according to the  
21       allocation procedure provided in 20-9-347.

22       (2) The superintendent of public instruction shall  
23       notify each county superintendent of the state equalization  
24       level estimate by July 1. The county superintendent shall  
25       use such estimated state equalization level in establishing

1 the budget estimate of the financing available for each  
2 district's foundation program for the ensuing school fiscal  
3 year."

4 **NEW\_SECTION.** Section 17. Accounts for portions of  
5 basic county tax revenues. The county superintendent shall  
6 apportion to the appropriate districts on a quarterly basis  
7 the revenue deposited in the:

8 (1) county high school tuition account in the amount  
9 required for the quarter to pay the county's obligation for  
10 high school out-of-county tuition; and

11 (2) county elementary transportation account in the  
12 amount required for the quarter to pay the county's  
13 obligation for elementary transportation reimbursements.

14 **NEW\_SECTION.** Section 18. Repealer. Sections 20-9-334  
15 and 20-9-335, MCA, are repealed.

16 **NEW\_SECTION.** Section 19. Codification instruction.  
17 Section 17 is intended to be codified as an integral part of  
18 Title 20, chapter 9, and the provisions of Title 20 apply to  
19 section 17.

20 **NEW\_SECTION.** Section 20. Effective date. This act is  
21 effective July 1, 1983.

-End-

STATE OF MONTANA

REQUEST NO. 437-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 16, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 809 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.

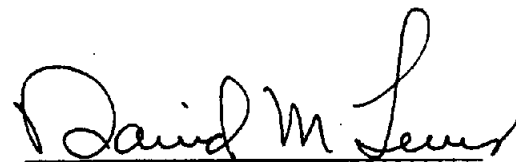
DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 809 centralizes the funding and administration of equalization aid for school district Foundation Programs in the Office of Superintendent of Public Instruction; and eliminates county accounting, reporting, and distribution requirements for mandatory county levies and miscellaneous revenues.

FISCAL IMPACT:

This bill will have no fiscal impact under existing law. Because of proposed efficiencies in handling school funding, no additional administration expense is expected.

FISCAL NOTE 14:BB/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-19-83

App. by comm. on education  
and cultural resources

HOUSE BILL NO. 809

INTRODUCED BY WALDRON,

NORDTVEDT, BARDANOUVE

A BILL FOR AN ACT ENTITLED: "AN ACT TO CENTRALIZE THE FUNDING AND ADMINISTRATION OF EQUALIZATION AID FOR SCHOOL DISTRICT FOUNDATION PROGRAMS IN THE OFFICE OF SUPERINTENDENT OF PUBLIC INSTRUCTION; TO ELIMINATE COUNTY ACCOUNTING, REPORTING, AND DISTRIBUTION REQUIREMENTS FOR MANDATORY COUNTY LEVIES AND MISCELLANEOUS REVENUES; AMENDING SECTIONS 17-3-211 THROUGH 17-3-214, 17-3-222, 17-3-231, 17-3-232, 20-9-121, 20-9-212, 20-9-303, 20-9-331 THROUGH 20-9-333, 20-9-343, ~~20-9-344~~, 20-9-347, AND 20-9-348, MCA; REPEALING SECTIONS 20-9-334 AND 20-9-335, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 17-3-211, MCA, is amended to read:

"17-3-211. Forest reserve money. The state treasurer, for the purpose of carrying out the provisions of an act of congress of May 23, 1908, 35 United States Statutes at Large, p. 260, and all acts subsequent thereto, shall divide and distribute all forest reserve moneys received by the state thereunder to the state equalization aid account in the earmarked revenue fund and among the several counties

entitled thereto and pay the same to the state equalization aid account in the earmarked revenue fund and the several county treasurers of such counties within 30 days after receiving same, as directed by the state auditor."

Section 2. Section 17-3-212, MCA, is amended to read:

"17-3-212. Apportionment of forest reserve funds among counties. The state auditor shall apportion ~~said the~~ counties' share of the forest reserve funds between the several counties as follows: all funds received from each forest reserve shall be apportioned between the counties in which such forest reserve is situated in proportion to the acreage of such forest reserve in each county, and the state treasurer shall pay the several amounts so apportioned to the respective counties."

Section 3. Section 17-3-213, MCA, is amended to read:

"17-3-213. Allocation to county general fund and common-school-fund state equalization aid account. (1) The forest reserve funds ~~so-apportioned-to-each-county~~ shall be apportioned by the county ~~state~~ treasurer ~~to-each-county between-the-several-funds~~ as follows:

(a) to the general road fund funds of the counties, 66 2/3% of the total amount received, ~~to be apportioned to each county under the provisions of 17-3-212;~~

(b) to the common-school state equalization aid account in the earmarked revenue fund, 33 1/3% of the total

sum received.

(2) In counties wherein special road districts have been created according to law, the board of county commissioners shall distribute a proportionate share of the 66 2/3% of the total amount received for the general road fund to such special road district or districts within the county based upon the percentage that the total area of such road district bears to the total area of the entire county."

Section 4. Section 17-3-214, MCA, is amended to read:

"17-3-214. Correction of errors in apportionment. In the event of any error or errors made in the apportionment or distribution of ~~said any county's share of the~~ forest reserve funds, such error or errors shall be corrected by the state auditor and state treasurer, equalizing future payments to the several counties so that the total proportionate sum received by each county shall be as fixed in 17-3-212."

Section 5. Section 17-3-222, MCA, is amended to read:

"17-3-222. Apportionment of moneys to ~~state treasurer~~ and counties. It shall be the duty of the state treasurer to properly apportion and allocate these moneys to the ~~state~~ equalization aid account in the earmarked revenue fund and to the county treasurers, ~~who will allocate and pay all such~~ moneys as follows: 50% to the county general fund ~~funds of~~ the counties where the grazing districts are located and 50%

to the common-school-fund-of-the-county state equalization aid account in the earmarked revenue fund."

Section 6. Section 17-3-231, MCA, is amended to read:

"17-3-231. Flood Control Act -- distribution of revenues to counties. All moneys received or hereafter to be received by the state from the secretary of the treasury of the United States, under and by virtue of the Flood Control Act of 1954, under 33 U.S.C.A., section 701-c-3, shall be distributed by the state ~~to the county treasurers of the counties of the state wherein the flood control land is~~ situated as provided in 17-3-232."

Section 7. Section 17-3-232, MCA, is amended to read:

"17-3-232. Deposit and expenditure of funds by ~~counties.~~ (1) All money received pursuant to 17-3-231 must be deposited as follows:

(a) 50% to the state treasurer for deposit in the state equalization aid account in the earmarked revenue fund and

(b) 50% to the county treasurers of the counties of the state where the flood control land is situated.

(2) All moneys received or to be received by the county treasurers of the counties of the state wherein such flood control land is situated shall be deposited in the ~~funds designated as the county common-school-tax-fund and~~ the general public road fund and ~~shall be expended as~~

~~follows: of all moneys received or to be received, 50% shall~~  
~~be expended for the benefit of the county common schools in~~  
~~the county concerned and 50% shall be~~ expended for the  
 benefit of the general public roads in the county  
 concerned."

Section 8. Section 20-9-121, MCA, is amended to read:

"20-9-121. County treasurer's statement of cash  
 balances and bond information. (1) By July 10, the county  
 treasurer shall prepare a statement for each district  
 showing the amount of cash on hand for each fund maintained  
 by the district and the amount of the outstanding  
 obligations against each fund at the close of the last  
 completed school fiscal year. The county treasurer shall  
 also include on each district's statement the details on the  
 obligation for bond retirement and interest for the school  
 fiscal year just beginning. The format of the statement on  
 fund cash balances and bond information shall be prescribed  
 by the superintendent of public instruction.

(2) By July 10, the county treasurer shall prepare a  
 statement for each county school fund supported by  
 countywide levies except state equalization aid, showing the  
 amount of cash on hand at the beginning of the school fiscal  
 year, the receipts and apportionments, and the amount of  
 cash on hand at the end of the school fiscal year, for each  
 county school fund maintained during the immediately

preceding school fiscal year. The format of this statement  
 shall be prescribed by the superintendent of public  
 instruction.

(3) On or before July 10, the county treasurer shall  
 deliver the statements of district and county fund cash  
 balances and the bond information for each district to the  
 county superintendent who shall attach such district  
 statements to the applicable district's preliminary budget."

Section 9. Section 20-9-212, MCA, is amended to read:

"20-9-212. Duties of county treasurer. The county  
 treasurer of each county shall:

(1) receive and hold all school money subject to  
 apportionment, except state equalization money, and keep a  
 separate accounting of its apportionment to the several  
 districts which are entitled to a portion of such money  
 according to the apportionments ordered by the county  
 superintendent. A separate accounting shall be maintained  
 for each county fund supported by a countywide levy for a  
 specific, authorized purpose, including:

(a) ~~the basic county tax in support of the elementary~~  
~~foundation programs;~~

(b) ~~the basic special tax for high schools in support~~  
~~of the high school foundation programs;~~

(c) ~~(a)~~ the county tax in support of the county's high  
 school transportation obligation;



~~(d)(1) the county tax in support of the high school and elementary school district obligations to the retirement systems of the state of Montana;~~

~~(e) any additional county tax required by law to provide for deficiency financing of the elementary foundation programs;~~

~~(f) any additional county tax required by law to provide for deficiency financing of the high school foundation programs;~~ and

~~(g)(1) any other county tax for schools, including the community colleges, which may be authorized by law and levied by the county commissioners;~~

(2) whenever requested, notify the county superintendent and the superintendent of public instruction of the amount of county school money on deposit in each of the funds enumerated in subsection (1) of this section and the amount of any other school money subject to apportionment and apportion such county and other school money to the districts in accordance with the apportionment ordered by the county superintendent;

(3) keep a separate accounting of the expenditures for each budgeted fund included in the final budget of each district;

(4) keep a separate accounting of the receipts, expenditures, and cash balances for each budgeted fund

included in the final budget of each district and for each nonbudgeted fund established by each district;

(5) except as otherwise limited by law, pay all warrants properly drawn on the county or district school money and properly endorsed by their holders;

(6) receive all revenue collected by and for each district and deposit these receipts in the fund designated by law or by the district if no fund is designated by law. Interest and penalties on delinquent school taxes shall be credited to the same fund and district for which the original taxes were levied.

(7) send all revenues received for a joint district, part of which is situated in his county, to the county treasurer designated as the custodian of such revenues, no later than December 15 of each year and every 3 months thereafter until the end of the school fiscal year;

(8) register district warrants drawn on a budgeted fund in accordance with 7-6-2604 when there is insufficient money available in the sum of money in all funds of the district to make payment of such warrant. Redemption of registered warrants shall be made in accordance with 7-6-2116, 7-6-2605, and 7-6-2606.

(9) invest the money of any district as directed by the trustees of the district;

(10) give to the trustees of each district, at least

1 quarterly, an itemized report for each fund maintained by  
2 the district, showing the paid warrants, outstanding  
3 warrants, registered warrants, amounts and types of revenue  
4 received, and the cash balance; and

5 (11) remit promptly to the state treasurer receipts for  
6 the county tax for a postsecondary vocational-technical  
7 center when levied by the board of county commissioners."

8 Section 10. Section 20-9-303, MCA, is amended to read:

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

20 (a) basic county equalization tax moneys; and

21 (b) other state equalization aid.

22 (2) The dollar amount of the foundation program shall  
23 be 80% of the  
24 maximum-general-fund-budget-without-a-voted-levy limitation  
25 as set forth in the schedules in 20-9-316 through 20-9-321.

1 The foundation program of an elementary school having an ANB  
2 of nine or fewer pupils for 2 consecutive years which is not  
3 approved as an isolated school under the provisions of  
4 20-9-302 shall be 80% of the schedule amount, but the county  
5 and state shall participate in financing one-half of the  
6 foundation program, and the district shall finance the  
7 remaining one-half by a tax levied on the property of the  
8 district. When a school of nine or fewer pupils is approved  
9 as isolated under the provisions of 20-9-302, the county and  
10 state shall participate in the financing of the total amount  
11 of the foundation program.

12 (3) Funds provided to support the special education  
13 accounting budget may be expended only for special education  
14 purposes as approved by the superintendent of public  
15 instruction in accordance with the special education  
16 budgeting provisions of this title. Expenditures for special  
17 education shall be accounted for separately from the balance  
18 of the school district general fund. Transfers between items  
19 within the special education budget for accounting purposes  
20 may be made at the discretion of the board of trustees in  
21 accordance with the financial administration part of this  
22 title. The unexpended balance of the special education  
23 accounting budget shall carry over to the next year to  
24 reduce the amount of funding required to finance the  
25 district's ensuing year's maximum-budget-without-a-vote for

1 special education."

2 Section 11. Section 20-9-331, MCA, is amended to read:

3 "20-9-331. Basic county tax and other revenues for  
4 county equalization of the elementary district foundation  
5 program. (1) It shall be the duty of the county  
6 commissioners of each county to levy an annual basic tax of  
7 25 mills on the dollars of the taxable value of all taxable  
8 property within the county for the purposes of local and  
9 state foundation program support. The revenue to be  
10 collected from this levy shall be apportioned to the support  
11 of the foundation programs of the elementary school  
12 districts in the county and to the earmarked revenue fund  
13 state equalization aid account in the following manner:

14 (a) in order to determine the amount of revenue raised  
15 by this levy which is retained by the county the sum of the  
16 estimated revenues identified in subsections (2)(a) through  
17 (2)(f) below shall be subtracted from the sum of the county  
18 elementary transportation obligation and the total of the  
19 foundation programs of all elementary districts of the  
20 county.

21 (b) if the basic levy of 25 mills produces more  
22 revenue than is required to finance the difference  
23 determined above the county commissioners shall order the  
24 county treasurer to remit the surplus funds to the state  
25 treasurer for deposit to the earmarked revenue fund state

1 equalization aid account not later than June 1 of the  
2 fiscal year for which the levy has been set.

3 (2) The proceeds realized from the county's portion of  
4 the levy prescribed by this section and the revenues from  
5 the following sources shall be used for the equalization of  
6 the elementary district foundation programs of the county as  
7 prescribed in 20-9-334 and a separate accounting shall be  
8 kept of such proceeds and revenues by the county treasurer  
9 in accordance with 20-9-212(1):

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

13 (b) the portion of the federal Taylor Grazing Act  
14 funds distributed to a county and designated for the common  
15 school fund under the provisions of 17-3-222;

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

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

23 (e) any money remaining at the end of the immediately  
24 preceding school fiscal year in the county treasurer's  
25 account for the various sources of revenue established or

referred-to-in-this-section-and

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

(2) The county treasurer shall:

(a) add to the revenue raised by the basic county tax any federal or state money distributed to the county as payment in lieu of the property taxation established by the tax; INCLUDING ANTICIPATED MOTOR VEHICLE FEES AND REIMBURSEMENT RECEIVED UNDER THE PROVISIONS OF 61-3-532 AND 61-3-536 DURING THE FISCAL YEAR IN WHICH THE LEVY APPLIES;

(b) subtract from the proceeds of subsection (2)(a) the county elementary transportation obligation;

(c) deposit the remaining proceeds at least monthly with the state treasurer for deposit in the state equalization aid account in the earmarked revenue fund; and

(d) deposit the county elementary transportation obligation amount in the county elementary transportation account as provided in [section 17]."

Section 12. Section 20-9-332, MCA, is amended to read:

"20-9-332. Fines and penalties proceeds for elementary county equalization. All fines and penalties collected under the provisions of this title shall be collected by the action of a court of competent jurisdiction and shall be paid into the county elementary--equalization--fund--as

provided-by-20-9-331(2)(d) treasury. The county treasurer shall deposit the collections at least monthly with the state treasurer for deposit in the state equalization aid account in the earmarked revenue fund. In order to implement this section and any other provision of law requiring the deposit of fines in the elementary-county state equalization fund aid account, the following reports shall be made to the county superintendent of the county in which each court or justice of the peace shall have jurisdiction:

(1) during the month of September, each justice of the peace shall report all fines imposed and collected during the preceding year, indicating the type of violation and the date of collection; and

(2) at the close of each term, the clerk of each district court shall report all fines imposed and collected during the term, indicating the type of violation and the date of collection."

Section 13. Section 20-9-333, MCA, is amended to read:

"20-9-333. Basic ~~special~~ levy county tax and other revenues for county equalization of high school district foundation program. (1) It shall be the duty of the county commissioners of each county to levy an annual basic ~~special~~ tax for high schools of 15 mills on the dollar of the taxable value of all taxable property within the county for the purposes of local and state foundation program support.

1 The revenue to be collected from this levy shall be  
2 apportioned to the support of the foundation programs of  
3 high school districts in the county and to the earmarked  
4 revenue fund, state equalization aid account in the  
5 following manner:

6 (a) in order to determine the amount of revenue raised  
7 by this levy which is retained by the county, the estimated  
8 revenues identified in subsections (2)(a) and (2)(b) below  
9 shall be subtracted from the sum of the county's high school  
10 tuition obligation and the total of the foundation programs  
11 of all high school districts of the county.

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

19 (2) The proceeds realized from the county's portion of  
20 the levy prescribed in this section and the revenues from  
21 the following sources shall be used for the equalization of  
22 the high school district foundation programs of the county  
23 as prescribed in 20-9-334, and a separate accounting shall  
24 be kept of these proceeds by the county treasurer in  
25 accordance with 20-9-212(1).

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

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

8 (2) The county treasurer shall:

9 (a) add to the revenue raised by the basic county tax  
10 any federal or state money distributed to the county as  
11 payment in lieu of the property taxation established by the  
12 taxes INCLUDING ANTICIPATED MOTOR VEHICLE FEES AND  
13 REIMBURSEMENT RECEIVED UNDER THE PROVISIONS OF 61-3-532 AND  
14 61-3-536 DURING THE FISCAL YEAR IN WHICH THE LEVY APPLIES;

15 (b) subtract from the proceeds of subsection (2)(a)  
16 the county high school tuition obligations;

17 (c) deposit the remaining proceeds at least monthly  
18 with the state treasurer for deposit in the state  
19 equalization aid account in the earmarked revenue fund; and

20 (d) deposit the county high school tuition obligation  
21 amount in the county high school tuition account as provided  
22 in [section 171]."

23 Section 14. Section 20-9-343, MCA, is amended to read:

24 "20-9-343. Definition of and revenue for state  
25 equalization aid. (1) As used in this title, the term "state

equalization aid" means those moneys deposited in the earmarked revenue fund as required in this section plus any legislative appropriation of moneys from other sources for distribution to the public schools for the purpose of equalization of the foundation program.

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

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

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

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

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

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

Leasing Act, as amended;

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

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

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

~~(h) all money received under Title 17, chapter 3, part 2, and 20-9-331 through 20-9-333.~~

(4) Any surplus revenue in the state equalization aid account in the second year of a biennium may be used to reduce the appropriation required for the next succeeding biennium or may be transferred to the state permissive account if revenues in that fund are insufficient to meet the state's permissive amount obligation."

~~SECTION 15. SECTION 20-9-344, MCA, IS AMENDED TO READ:~~

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

(1) The money available for state equalization aid shall be distributed and apportioned to provide an annual minimum operating revenue for the elementary and high schools in each county, exclusive of revenues required for debt service and for the payment of any and all costs and expense

1 incurred in connection with any adult education program,  
2 recreation program, school food services program, new  
3 buildings, new grounds, and transportation.

4 (2) The board of public education shall administer and  
5 distribute the state equalization aid in the manner and with  
6 the powers and duties provided by law. To this end, the  
7 board of public education shall:

8 (a) adopt policies for regulating the distribution of  
9 state equalization aid in accordance with the provisions of  
10 law;

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

14 (c) order the superintendent of public instruction to  
15 distribute the state equalization aid on the basis of each  
16 district's annual entitlement to such aid as established by  
17 the superintendent of public instruction. In ordering the  
18 distribution of state equalization aid, the board of public  
19 education shall not increase or decrease the state  
20 equalization aid distribution to any district on account of  
21 any difference which may occur during the school fiscal year  
22 between budgeted and actual receipts from any other source  
23 of school revenue.

24 (3) Should a district receive more state equalization  
25 aid than it is entitled to, the county treasurer must return

1 the overpayment to the state upon the request of the  
2 superintendent of public instruction in the manner  
3 prescribed by the department of administration.

4 ~~(4) In no case may the total distributions to all~~  
5 ~~school districts within a county be less than the total~~  
6 ~~amount to which the county is entitled under federal law~~  
7 ~~pursuant to the Flood Control Act of 1954, 33 U.S.C.A.~~  
8 ~~101(c)(3); Taylor Grazing Act, 43 U.S.C.A. 3151; United~~  
9 ~~States Forest Service Act, 16 U.S.C.A. 500; and the Mineral~~  
10 ~~Lands Licensing Act, 30 U.S.C.A. 191a."~~

11 Section 16. Section 20-9-347, MCA, is amended to read:

12 "20-9-347. Formula for state equalization aid  
13 apportionment. (1) The superintendent of public instruction  
14 shall apportion the state equalization aid, individually for  
15 the elementary districts of a county or the high school  
16 districts of a county, in accordance with 20-9-346 and on  
17 the basis of the following procedure:

18 (a) Determine the percentage that the total funds  
19 ~~state equalization aid~~ available to all counties districts  
20 in the state in support of the foundation program ~~(including~~  
21 ~~the state moneys available for state equalization aid)~~ is of  
22 the total amount of the foundation programs of all counties  
23 ~~districts in the state.~~

24 ~~(b) Determine the percentage that the total funds~~  
25 ~~available in each county in support of the foundation~~

programs-in-such-county-(excluding--state--moneys--available  
for--state--equalization--aid)-is-of-the-total-amount-of-the  
foundation-programs-of-all-districts-of-such-county.

(c)--Counties-in-which-the-percentage--determined--in  
subsection--(1)(b)--exceeds--the--percentage--determined--in  
subsection--(1)(a)--shall-not-be-entitled-to-an-apportionment  
of-the-state-equalization-aid.

(d)--After--elimination--of-the-counties-referred-to-in  
subsection--(1)(c)--determine-the-percentage-that--the--total  
moneys-available-to-all-remaining-counties-in-support-of-the  
foundation-program--(including-the-state-moneys-available-for  
state--equalization--aid)--is--of--the--total--amount-of-the  
foundation-programs-of-all-such-remaining-counties.

(e)(b) Each district of each remaining county shall be  
entitled to an apportionment of the state equalization aid  
which shall be the--difference--between the percentage  
determined in subsection (1)(d)(a) and--the--percentage  
determined--for--such-county-in-subsection--(1)(b) multiplied  
by the foundation program amount for such district.

(2) The superintendent of public instruction shall  
supply the county treasurer and the county superintendent  
with a report of the apportionments of state equalization  
aid to the several districts of the county, and the state  
equalization aid shall be apportioned to such districts in  
accordance with such report."

Section 17. Section 20-9-348, MCA, is amended to read:

"20-9-348. Estimation of state equalization level and  
state equalization aid for budget purposes. (1) The  
apportionment of state equalization aid shall be the third  
source of revenue in calculating the financing of the an  
elementary district or high school district foundation  
program and it shall be the second source of revenue in  
calculating the financing of the high school district  
foundation program. In order to allow for the estimation of  
the amount of money to be realized from this source of  
revenue when the county superintendent is estimating the  
general fund budget revenues, the superintendent of public  
instruction shall annually estimate a uniform percentage of  
each district's foundation program which that state  
foundation program revenues and county equalization moneys  
together will be capable of financing. Such estimate shall  
be called the "state equalization level" and shall be based  
on the best available data and calculated according to the  
allocation procedure provided in 20-9-347.

(2) The superintendent of public instruction shall  
notify each county superintendent of the state equalization  
level estimate by July 1. The county superintendent shall  
use such estimated state equalization level in establishing  
the budget estimate of the financing available for each  
district's foundation program for the ensuing school fiscal



1 year."

2 NEW SECTION. Section 18. Accounts for portions of  
3 basic county tax revenues. The county superintendent shall  
4 apportion to the appropriate districts on a quarterly basis  
5 the revenue deposited in the:

6 (1) county high school tuition account in the amount  
7 required for the quarter to pay the county's obligation for  
8 high school out-of-county tuition; and

9 (2) county elementary transportation account in the  
10 amount required for the quarter to pay the county's  
11 obligation for elementary transportation reimbursements.

12 NEW SECTION. Section 19. Repealer. Sections 20-9-334  
13 and 20-9-335, MCA, are repealed.

14 NEW SECTION. Section 20. Codification Instruction.  
15 Section 17 18 is intended to be codified as an integral part  
16 of Title 20, chapter 9, and the provisions of Title 20 apply  
17 to section 17 18.

18 NEW SECTION. Section 21. Effective date. This act is  
19 effective July 1, 1983.

-End-

HOUSE BILL NO. 809  
INTRODUCED BY WALDRON,  
NORDTVEDT, BARDANQUE

A BILL FOR AN ACT ENTITLED: "AN ACT TO CENTRALIZE THE FUNDING AND ADMINISTRATION OF EQUALIZATION AID FOR SCHOOL DISTRICT FOUNDATION PROGRAMS IN THE OFFICE OF SUPERINTENDENT OF PUBLIC INSTRUCTION; TO ELIMINATE COUNTY ACCOUNTING, REPORTING, AND DISTRIBUTION REQUIREMENTS FOR MANDATORY COUNTY LEVIES AND MISCELLANEOUS REVENUES; AMENDING SECTIONS 17-3-211 THROUGH 17-3-214, 17-3-222, 17-3-231, 17-3-232, 20-9-121, 20-9-212, 20-9-303, 20-9-331 THROUGH 20-9-333, 20-9-343, ~~20-9-344~~, 20-9-347, AND 20-9-348, MCA; REPEALING SECTIONS 20-9-334 AND 20-9-335, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 17-3-211, MCA, is amended to read:

"17-3-211. Forest reserve money. The state treasurer, for the purpose of carrying out the provisions of an act of congress of May 23, 1908, 35 United States Statutes at Large, p. 260, and all acts subsequent thereto, shall divide and distribute all forest reserve moneys received by the state thereunder to the state equalization aid account in the earmarked revenue fund and among the several counties

entitled thereto and pay the same to the state equalization aid account in the earmarked revenue fund and the several county treasurers of such counties within 30 days after receiving same, as directed by the state auditor."

Section 2. Section 17-3-212, MCA, is amended to read:

"17-3-212. Apportionment of forest reserve funds among counties. The state auditor shall apportion ~~and the counties' share of the~~ forest reserve funds between the several counties as follows: all funds received from each forest reserve shall be apportioned between the counties in which such forest reserve is situated in proportion to the acreage of such forest reserve in each county, and the state treasurer shall pay the several amounts so apportioned to the respective counties."

Section 3. Section 17-3-213, MCA, is amended to read:

"17-3-213. Allocation to ~~county general fund and common-school fund~~ state equalization aid account. (1) The forest reserve funds ~~so apportioned to each county~~ shall be apportioned by the ~~county state~~ treasurer ~~in each county between the several funds~~ as follows:

(a) to the general road fund ~~funds of the counties~~, 66 2/3% of the total amount received, ~~to be apportioned to each county under the provisions of 17-3-212;~~

(b) to the ~~common-school~~ state equalization aid account in the earmarked revenue fund, 33 1/3% of the total

1 sum received.

2 (2) In counties wherein special road districts have  
3 been created according to law, the board of county  
4 commissioners shall distribute a proportionate share of the  
5 66 2/3% of the total amount received for the general road  
6 fund to such special road district or districts within the  
7 county based upon the percentage that the total area of such  
8 road district bears to the total area of the entire county."

9 Section 4. Section 17-3-214, MCA, is amended to read:

10 "17-3-214. Correction of errors in apportionment. In  
11 the event of any error or errors made in the apportionment  
12 or distribution of ~~said any county's share of the~~ forest  
13 reserve funds, such error or errors shall be corrected by  
14 the state auditor and state treasurer, equalizing future  
15 payments to the several counties so that the total  
16 proportionate sum received by each county shall be as fixed  
17 in 17-3-212."

18 Section 5. Section 17-3-222, MCA, is amended to read:

19 "17-3-222. Apportionment of moneys to ~~state treasurer~~  
20 ~~and counties.~~ It shall be the duty of the state treasurer to  
21 properly apportion and allocate these moneys to the state  
22 ~~equalization aid account in the earmarked revenue fund and~~  
23 ~~to the county treasurers who will allocate and pay all such~~  
24 ~~moneys as follows: 50% to the county general fund funds of~~  
25 ~~the counties where the grazing districts are located and 50%~~

1 to the common-school-fund-of-the-county state equalization  
2 aid account in the earmarked revenue fund."

3 Section 6. Section 17-3-231, MCA, is amended to read:

4 "17-3-231. Flood Control Act -- distribution of  
5 revenues to counties. All moneys received or hereafter to be  
6 received by the state from the secretary of the treasury of  
7 the United States, under and by virtue of the Flood Control  
8 Act of 1954, under 33 U.S.C.A., section 701-c-3, shall be  
9 distributed by the state ~~to the county treasurers of the~~  
10 ~~counties of the state wherein the flood control land is~~  
11 ~~situated as provided in 17-3-212."~~

12 Section 7. Section 17-3-232, MCA, is amended to read:

13 "17-3-232. Deposit and expenditure of funds by  
14 counties. ~~(1) All money received pursuant to 17-3-231 must~~  
15 ~~be deposited as follows:~~

16 ~~(a) 50% to the state treasurer for deposit in the~~  
17 ~~state equalization aid account in the earmarked revenue~~  
18 ~~fund; and~~

19 ~~(b) 50% to the county treasurers of the counties of~~  
20 ~~the state where the flood control land is situated,~~

21 ~~(2) All moneys received or to be received by the~~  
22 ~~county treasurers of the counties of the state wherein such~~  
23 ~~flood control land is situated shall be deposited in the~~  
24 ~~funds designated as the county common school tax fund and~~  
25 ~~the general public road fund and shall be expended as~~

1 ~~follows: of all moneys received or to be received, 50% shall~~  
 2 ~~be expended for the benefit of the county common schools in~~  
 3 ~~the county concerned and 50% shall be~~ expended for the  
 4 benefit of the general public roads in the county  
 5 concerned."

6 Section 8. Section 20-9-121, MCA, is amended to read:

7 "20-9-121. County treasurer's statement of cash  
 8 balances and bond information. (1) By July 10, the county  
 9 treasurer shall prepare a statement for each district  
 10 showing the amount of cash on hand for each fund maintained  
 11 by the district and the amount of the outstanding  
 12 obligations against each fund at the close of the last  
 13 completed school fiscal year. The county treasurer shall  
 14 also include on each district's statement the details on the  
 15 obligation for bond retirement and interest for the school  
 16 fiscal year just beginning. The format of the statement on  
 17 fund cash balances and bond information shall be prescribed  
 18 by the superintendent of public instruction.

19 (2) By July 10, the county treasurer shall prepare a  
 20 statement for each county school fund supported by  
 21 countywide levies except state equalization aid, showing the  
 22 amount of cash on hand at the beginning of the school fiscal  
 23 year, the receipts and apportionments, and the amount of  
 24 cash on hand at the end of the school fiscal year, for each  
 25 county school fund maintained during the immediately

1 preceding school fiscal year. The format of this statement  
 2 shall be prescribed by the superintendent of public  
 3 instruction.

4 (3) On or before July 10, the county treasurer shall  
 5 deliver the statements of district and county fund cash  
 6 balances and the bond information for each district to the  
 7 county superintendent who shall attach such district  
 8 statements to the applicable district's preliminary budget."

9 Section 9. Section 20-9-212, MCA, is amended to read:

10 "20-9-212. Duties of county treasurer. The county  
 11 treasurer of each county shall:

12 (1) receive and hold all school money subject to  
 13 apportionment, except state equalization money, and keep a  
 14 separate accounting of its apportionment to the several  
 15 districts which are entitled to a portion of such money  
 16 according to the apportionments ordered by the county  
 17 superintendent. A separate accounting shall be maintained  
 18 for each county fund supported by a countywide levy for a  
 19 specific, authorized purpose, including:

20 (a) ~~the basic county tax in support of the elementary~~  
 21 ~~foundation program;~~

22 (b) ~~the basic special tax for high schools in support~~  
 23 ~~of the high school foundation program;~~

24 (c) (a) the county tax in support of the county's high  
 25 school transportation obligation;

1 ~~(d)(1) the county tax in support of the high school~~  
 2 ~~and elementary school district obligations to the retirement~~  
 3 ~~systems of the state of Montana;~~

4 ~~(e) any additional county tax required by law to~~  
 5 ~~provide for deficiency financing of the elementary~~  
 6 ~~foundation programs;~~

7 ~~(f) any additional county tax required by law to~~  
 8 ~~provide for deficiency financing of the high school~~  
 9 ~~foundation programs; and~~

10 ~~(g)(1) any other county tax for schools, including the~~  
 11 ~~community colleges, which may be authorized by law and~~  
 12 ~~levied by the county commissioners;~~

13 (2) whenever requested, notify the county  
 14 superintendent and the superintendent of public instruction  
 15 of the amount of county school money on deposit in each of  
 16 the funds enumerated in subsection (1) of this section and  
 17 the amount of any other school money subject to  
 18 apportionment and apportion such county and other school  
 19 money to the districts in accordance with the apportionment  
 20 ordered by the county superintendent;

21 (3) keep a separate accounting of the expenditures for  
 22 each budgeted fund included in the final budget of each  
 23 district;

24 (4) keep a separate accounting of the receipts,  
 25 expenditures, and cash balances for each budgeted fund

1 included in the final budget of each district and for each  
 2 nonbudgeted fund established by each district;

3 (5) except as otherwise limited by law, pay all  
 4 warrants properly drawn on the county or district school  
 5 money and properly endorsed by their holders;

6 (6) receive all revenue collected by and for each  
 7 district and deposit these receipts in the fund designated  
 8 by law or by the district if no fund is designated by law.  
 9 Interest and penalties on delinquent school taxes shall be  
 10 credited to the same fund and district for which the  
 11 original taxes were levied.

12 (7) send all revenues received for a joint district,  
 13 part of which is situated in his county, to the county  
 14 treasurer designated as the custodian of such revenues, no  
 15 later than December 15 of each year and every 3 months  
 16 thereafter until the end of the school fiscal year;

17 (8) register district warrants drawn on a budgeted  
 18 fund in accordance with 7-6-2604 when there is insufficient  
 19 money available in the sum of money in all funds of the  
 20 district to make payment of such warrant. Redemption of  
 21 registered warrants shall be made in accordance with  
 22 7-6-2116, 7-6-2605, and 7-6-2606.

23 (9) invest the money of any district as directed by  
 24 the trustees of the district;

25 (10) give to the trustees of each district, at least

1 quarterly, an itemized report for each fund maintained by  
2 the district, showing the paid warrants, outstanding  
3 warrants, registered warrants, amounts and types of revenue  
4 received, and the cash balance; and

5 (11) remit promptly to the state treasurer receipts for  
6 the county tax for a postsecondary vocational-technical  
7 center when levied by the board of county commissioners."

8 Section 10. Section 20-9-303, MCA, is amended to read:

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

20 (a) ~~basic~~ county equalization tax moneys; and

21 (b) ~~other~~ state equalization aid.

22 (2) The dollar amount of the foundation program shall  
23 be 80% of the maximum-general-fund-budget-without-a-voted-levy limitation  
24 as set forth in the schedules in 20-9-316 through 20-9-321.

1 The foundation program of an elementary school having an ANB  
2 of nine or fewer pupils for 2 consecutive years which is not  
3 approved as an isolated school under the provisions of  
4 20-9-302 shall be 80% of the schedule amount, but the county  
5 and state shall participate in financing one-half of the  
6 foundation program, and the district shall finance the  
7 remaining one-half by a tax levied on the property of the  
8 district. When a school of nine or fewer pupils is approved  
9 as isolated under the provisions of 20-9-302, the county and  
10 state shall participate in the financing of the total amount  
11 of the foundation program.

12 (3) Funds provided to support the special education  
13 accounting budget may be expended only for special education  
14 purposes as approved by the superintendent of public  
15 instruction in accordance with the special education  
16 budgeting provisions of this title. Expenditures for special  
17 education shall be accounted for separately from the balance  
18 of the school district general fund. Transfers between items  
19 within the special education budget for accounting purposes  
20 may be made at the discretion of the board of trustees in  
21 accordance with the financial administration part of this  
22 title. The unexpended balance of the special education  
23 accounting budget shall carry over to the next year to  
24 reduce the amount of funding required to finance the  
25 district's ensuing year's maximum-budget-without-a-vote for

1 special education."

2 Section 11. Section 20-9-331, MCA, is amended to read:

3 "20-9-331. Basic county tax and other revenues for  
4 county equalization of the elementary district foundation  
5 program. (1) It shall be the duty of the county  
6 commissioners of each county to levy an annual basic tax of  
7 25 mills on the dollars of the taxable value of all taxable  
8 property within the county for the purposes of local and  
9 state foundation program support. The revenue to be  
10 collected from this levy shall be apportioned to the support  
11 of the foundation programs of the elementary school  
12 districts in the county and to the earmarked revenue fund  
13 state equalization aid account in the following manner:

14 (a) In order to determine the amount of revenue raised  
15 by this levy which is retained by the county, the sum of the  
16 estimated revenues identified in subsections (2)(e) through  
17 (2)(f) below shall be subtracted from the sum of the county  
18 elementary transportation obligation and the total of the  
19 foundation programs of all elementary districts of the  
20 county;

21 (b) If the basic levy of 25 mills produces more  
22 revenue than is required to finance the difference  
23 determined above, the county commissioners shall order the  
24 county treasurer to remit the surplus funds to the state  
25 treasurer for deposit to the earmarked revenue fund; state

1 equalization aid account, not later than the end of the  
2 fiscal year for which the levy has been set;

3 (2) The proceeds realized from the county's portion of  
4 the levy prescribed by this section and the revenues from  
5 the following sources shall be used for the equalization of  
6 the elementary district foundation programs of the county as  
7 prescribed in 20-9-334, and a separate accounting shall be  
8 kept of such proceeds and revenues by the county treasurer  
9 in accordance with 20-9-212(1);

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

13 (b) the portion of the federal Taylor Grazing Act  
14 funds distributed to a county and designated for the common  
15 school fund under the provisions of 17-3-222;

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

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

23 (e) any money remaining at the end of the immediately  
24 preceding school fiscal year in the county treasurer's  
25 account for the various sources of revenue established or

referred-to-in-this-section-and

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

(2) The county treasurer shall:

(a) add to the revenue raised by the basic county tax any federal or state money distributed to the county as payment in lieu of the property taxation established by the tax, INCLUDING ANTICIPATED MOTOR VEHICLE FEES AND REIMBURSEMENT RECEIVED UNDER THE PROVISIONS OF 61-3-532 AND 61-3-536 DURING THE FISCAL YEAR IN WHICH THE LEVY APPLIES;

(b) subtract from the proceeds of subsection (2)(a) the county elementary transportation obligation;

(c) deposit the remaining proceeds at least monthly with the state treasurer for deposit in the state equalization aid account in the earmarked revenue fund; and

(d) deposit the county elementary transportation obligation amount in the county elementary transportation account as provided in [section 17]."

Section 12. Section 20-9-332, MCA, is amended to read:

"20-9-332. Fines and penalties proceeds for elementary county equalization. All fines and penalties collected under the provisions of this title shall be collected by the action of a court of competent jurisdiction and shall be paid into the county elementary equalization fund as

provided by 20-9-331(2)(d) treasury. The county treasurer shall deposit the collections at least monthly with the state treasurer for deposit in the state equalization aid account in the earmarked revenue fund. In order to implement this section and any other provision of law requiring the deposit of fines in the elementary-county state equalization fund aid account, the following reports shall be made to the county superintendent of the county in which each court or justice of the peace shall have jurisdiction:

(1) during the month of September, each justice of the peace shall report all fines imposed and collected during the preceding year, indicating the type of violation and the date of collection; and

(2) at the close of each term, the clerk of each district court shall report all fines imposed and collected during the term, indicating the type of violation and the date of collection."

Section 13. Section 20-9-333, MCA, is amended to read:

"20-9-333. Basic special levy county tax and other revenues for county equalization of high school district foundation program. (1) It shall be the duty of the county commissioners of each county to levy an annual basic special tax for high schools of 15 mills on the dollar of the taxable value of all taxable property within the county for the purposes of local and state foundation program support.



1 The revenue to be collected from this levy shall be  
2 apportioned to the support of the foundation programs of  
3 high school districts in the county and to the earmarked  
4 revenue fund, state equalization aid account in the  
5 following manner:

6 (a) in order to determine the amount of revenue raised  
7 by this levy which is retained by the county, the estimated  
8 revenues identified in subsections (2)(a) and (2)(b) below  
9 shall be subtracted from the sum of the county's high school  
10 tuition obligation and the total of the foundation programs  
11 of all high school districts of the county:

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

19 (2) The proceeds realized from the county's portion of  
20 the levy prescribed in this section and the revenues from  
21 the following sources shall be used for the equalization of  
22 the high school district foundation programs of the county  
23 as prescribed in 20-9-334 and a separate accounting shall  
24 be kept of these proceeds by the county treasurer in  
25 accordance with 20-9-212(1):

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

5 (b) any federal or state money distributed to the  
6 county as a payment in lieu of the property taxation  
7 established by the county levy required by this section:

8 (2) The county treasurer shall:

9 (a) add to the revenue raised by the basic county tax  
10 any federal or state money distributed to the county as  
11 payment in lieu of the property taxation established by the  
12 tax, INCLUDING ANTICIPATED MOTOR VEHICLE FEES AND  
13 REIMBURSEMENT RECEIVED UNDER THE PROVISIONS OF 61-3-512 AND  
14 61-3-536 DURING THE FISCAL YEAR IN WHICH THE LEVY APPLIES:

15 (b) subtract from the proceeds of subsection (2)(a)  
16 the county high school tuition obligation:

17 (c) deposit the remaining proceeds at least monthly  
18 with the state treasurer for deposit in the state  
19 equalization aid account in the earmarked revenue fund and

20 (d) deposit the county high school tuition obligation  
21 amount in the county high school tuition account as provided  
22 in [section 17]."

23 Section 14. Section 20-9-343, MCA, is amended to read:  
24 "20-9-343. Definition of and revenue for state  
25 equalization aid. (1) As used in this title, the term "state

equalization aid" means those moneys deposited in the earmarked revenue fund as required in this section plus any legislative appropriation of moneys from other sources for distribution to the public schools for the purpose of equalization of the foundation program.

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

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

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

(b) 25% of all moneys, except as provided in 15-31-702, received from the collection of corporation license taxes under chapter 31 of Title 15, as provided by 15-1-511;

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

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

Leasing Act, as amended;

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

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

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

~~(h) all money received under Title 17, chapter 3, part 2, and 20-9-331 through 20-9-333.~~

(4) Any surplus revenue in the state equalization aid account in the second year of a biennium may be used to reduce the appropriation required for the next succeeding biennium [or may be transferred to the state permissive account if revenues in that fund are insufficient to meet the state's permissive amount obligation]."

SECTION 15. SECTION 20-9-344, MCA, IS AMENDED TO READ:

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

(1) The money available for state equalization aid shall be distributed and apportioned to provide an annual minimum operating revenue for the elementary and high schools in each county, exclusive of revenues required for debt service and for the payment of any and all costs and expense

1 incurred in connection with any adult education program,  
2 recreation program, school food services program, new  
3 buildings, new grounds, and transportation.

4 (2) The board of public education shall administer and  
5 distribute the state equalization aid in the manner and with  
6 the powers and duties provided by law. To this end, the  
7 board of public education shall:

8 (a) adopt policies for regulating the distribution of  
9 state equalization aid in accordance with the provisions of  
10 law;

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

14 (c) order the superintendent of public instruction to  
15 distribute the state equalization aid on the basis of each  
16 district's annual entitlement to such aid as established by  
17 the superintendent of public instruction. In ordering the  
18 distribution of state equalization aid, the board of public  
19 education shall not increase or decrease the state  
20 equalization aid distribution to any district on account of  
21 any difference which may occur during the school fiscal year  
22 between budgeted and actual receipts from any other source  
23 of school revenue.

24 (3) Should a district receive more state equalization  
25 aid than it is entitled to, the county treasurer must return

1 the overpayment to the state upon the request of the  
2 superintendent of public instruction in the manner  
3 prescribed by the department of administration.

4 ~~(4) In no case may the total distributions to all~~  
5 ~~school districts within a county be less than the total~~  
6 ~~amount to which the county is entitled under federal law~~  
7 ~~pursuant to the Flood Control Act of 1954, 33 U.S.C.A.~~  
8 ~~701(c)(3); Taylor Grazing Act, 43 U.S.C.A. 3151; United~~  
9 ~~States Forest Service Act, 16 U.S.C.A. 500; and the Mineral~~  
10 ~~Lands Licensing Act, 30 U.S.C.A. 191a."~~

11 Section 16. Section 20-9-347, MCA, is amended to read:

12 "20-9-347. Formula for state equalization aid  
13 apportionment. (1) The superintendent of public instruction  
14 shall apportion the state equalization aid, individually for  
15 the elementary districts of a county or the high school  
16 districts of a county, in accordance with 20-9-346 and on  
17 the basis of the following procedure:

18 (a) Determine the percentage that the total funds  
19 ~~state equalization aid~~ available to all counties districts  
20 in the state in support of the foundation program ~~(including~~  
21 ~~the state moneys available for state equalization aid)~~ is of  
22 the total amount of the foundation programs of all counties  
23 ~~districts in the state.~~

24 ~~(b) Determine the percentage that the total funds~~  
25 ~~available in each county in support of the foundation~~

1 programs-in-such-county-(excluding--state--moneys--available  
2 for--state--equalization--aid)--is-of-the-total-amount-of-the  
3 foundation-programs-of-all-districts-of-such-county;

4 (c)--Counties-in-which--the--percentage--determined--in  
5 subsection--(1)(b)--exceeds--the--percentage--determined--in  
6 subsection--(1)(a)--shall--not--be--entitled--to--an--apportionment  
7 of--the--state--equalization--aid;

8 (d)--After--elimination--of--the--counties--referred--to--in  
9 subsection--(1)(c)--determine--the--percentage--that--the--total  
10 moneys--available--to--all--remaining--counties--in--support--of--the  
11 foundation--program--(including--the--state--moneys--available--for  
12 state--equalization--aid)--is--of--the--total--amount--of--the  
13 foundation--programs--of--all--such--remaining--counties;

14 (e)(1) Each district of each remaining county shall be  
15 entitled to an apportionment of the state equalization aid  
16 which shall be the--difference--between the percentage  
17 determined in subsection (1)(d)(1) and--the--percentage  
18 determined--for--such-county--in--subsection--(1)(b) multiplied  
19 by the foundation program amount for such district.

20 (2) The superintendent of public instruction shall  
21 supply the county treasurer and the county superintendent  
22 with a report of the apportionments of state equalization  
23 aid to the several districts of the county, and the state  
24 equalization aid shall be apportioned to such districts in  
25 accordance with such report."

1 Section 17. Section 20-9-348, MCA, is amended to read:

2 "20-9-348. Estimation of state equalization level and  
3 state equalization aid for budget purposes. (1) The  
4 apportionment of state equalization aid shall be the third  
5 source of revenue in calculating the financing of the an  
6 elementary district or high school district foundation  
7 program--and--it--shall--be--the--second--source--of--revenue--in  
8 calculating--the--financing--of--the--high--school--district  
9 foundation--program. In order to allow for the estimation of  
10 the amount of money to be realized from this source of  
11 revenue when the county superintendent is estimating the  
12 general fund budget revenues, the superintendent of public  
13 instruction shall annually estimate a uniform percentage of  
14 each district's foundation program which ~~that~~ state  
15 foundation program revenues and county equalization moneys  
16 together will be capable of financing. Such estimate shall  
17 be called the "state equalization level" and shall be based  
18 on the best available data and calculated according to the  
19 allocation procedure provided in 20-9-347.

20 (2) The superintendent of public instruction shall  
21 notify each county superintendent of the state equalization  
22 level estimate by July 1. The county superintendent shall  
23 use such estimated state equalization level in establishing  
24 the budget estimate of the financing available for each  
25 district's foundation program for the ensuing school fiscal

1 year."

2 NEW SECTION. Section 18. Accounts for portions of  
3 basic county tax revenues. The county superintendent shall  
4 apportion to the appropriate districts on a quarterly basis  
5 the revenue deposited in the:

6 (1) county high school tuition account in the amount  
7 required for the quarter to pay the county's obligation for  
8 high school out-of-county tuition; and

9 (2) county elementary transportation account in the  
10 amount required for the quarter to pay the county's  
11 obligation for elementary transportation reimbursements.

12 NEW SECTION. Section 19. Repealer. Sections 20-9-334  
13 and 20-9-335, MCA, are repealed.

14 NEW SECTION. Section 20. Codification instruction.  
15 Section ~~17~~ 18 is intended to be codified as an integral part  
16 of Title 20, chapter 9, and the provisions of Title 20 apply  
17 to section ~~17~~ 18.

18 NEW SECTION. Section 21. Effective date. This act is  
19 effective July 1, 1983.

-End-