

HOUSE BILL NO. 538

1/29 Introduced
1/29 Referred to Education & Cultural Resources
2/15 Hearing
2/16 Adverse Committee Report
2/18 Rereferred to Education & Cultural Resources
Died in Committee

1 HOUSE BILL NO. 538
 2 INTRODUCED BY Waldron
 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 THE
 7 SUPERINTENDENT OF PUBLIC INSTRUCTION; TO ELIMINATE COUNTY
 8 ACCOUNTING, REPORTING, AND DISTRIBUTION REQUIREMENTS FOR
 9 MANDATORY COUNTY LEVIES AND MISCELLANEOUS REVENUES; AMENDING
 10 SECTIONS 17-3-222, 17-3-231, 17-3-232, 20-1-301, 20-3-205,
 11 20-5-312, 20-9-121, 20-9-212, 20-9-303, 20-9-331 THROUGH
 12 20-9-333, 20-9-343, 20-9-344, 20-9-347, 20-9-348, 20-10-144,
 13 AND 77-1-507, MCA; REPEALING SECTIONS 20-9-334 AND 20-9-335,
 14 MCA; AND PROVIDING AN EFFECTIVE DATE."

15
 16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 17 Section 1. 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 state special revenue fund
 22 and to the county treasurers, who will allocate and pay all
 23 such moneys as follows: 50% to the county general fund funds
 24 of the counties where the grazing districts are located and
 25 50% to the common-school-fund-of-the-county state

1 equalization aid account in the state special revenue fund."
 2 Section 2. 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 3. 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 state special 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 4. Section 20-1-301, MCA, is amended to read:

6 "20-1-301. School fiscal year. The school fiscal year
 7 shall begin on July 1 and end on June 30. At least 180
 8 school days of pupil instruction shall be conducted during
 9 each school fiscal year, except that 175 days of pupil
 10 instruction for graduating seniors may be sufficient as
 11 provided in 20-9-313, or unless a variance for kindergarten
 12 has been granted under 20-1-302 or a district is granted a
 13 variance under the provisions of chapter 9, part 8, of this
 14 title. For any elementary or high school district that fails
 15 to provide for at least 180 school days of pupil
 16 instruction, the superintendent of public instruction shall
 17 ~~reduce the county equalization as defined in 20-9-334 and~~
 18 the state equalization as defined in 20-9-343 for the
 19 district for that school year by 1/90th for each school day
 20 less than 180 school days."

21 Section 5. Section 20-3-205, MCA, is amended to read:

22 "20-3-205. Powers and duties. The county
 23 superintendent has general supervision of the schools of the
 24 county within the limitations prescribed by this title and
 25 shall perform the following duties or acts:

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

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

7 (3) register the teacher or specialist certificates or
 8 emergency authorization of employment of any person employed
 9 in the county as a teacher, specialist, principal, or
 10 district superintendent in accordance with the provisions of
 11 20-4-202;

12 (4) act on each tuition application submitted to him
 13 in accordance with the provisions of 20-5-301, 20-5-302,
 14 20-5-304, and 20-5-311 and transmit the tuition information
 15 required by 20-5-312;

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

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

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

23 (8) fulfill all responsibilities assigned to him under
 24 the provisions of this title regulating the organization,
 25 alteration, or abandonment of districts;

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

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

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

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

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

18 (14) quarterly, unless otherwise provided by law, order
19 the county treasurer to apportion state money, county school
20 money, and any other school money subject to apportionment
21 in accordance with the provisions of 20-9-212, 20-9-334,
22 20-9-347, 20-10-145, or 20-10-146;

23 (15) act on any request to transfer average number
24 belonging (ANB) in accordance with the provisions of
25 20-9-313(3);

1 (16) calculate the estimated budgeted general fund
2 sources of revenue in accordance with the provisions of
3 20-9-348 and the other general fund revenue provisions of
4 the general fund part of this title;

5 (17) compute the revenues and the district and county
6 levy requirements for each fund included in each district's
7 final budget and report such computations to the board of
8 county commissioners in accordance with the provisions of
9 the general fund, transportation, bonds, and other school
10 funds parts of this title;

11 (18) file and forward bus driver certifications,
12 transportation contracts, and state transportation
13 reimbursement claims in accordance with the provisions of
14 20-10-103, 20-10-143, or 20-10-145;

15 (19) for districts which do not employ a district
16 superintendent or principal, recommend library book and
17 textbook selections in accordance with the provisions of
18 20-7-204 or 20-7-602;

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

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

1 (22) perform any other duty prescribed from time to
2 time by this title, any other act of the legislature, the
3 policies of the board of public education, the policies of
4 the board of regents relating to community college
5 districts, or the rules of the superintendent of public
6 instruction;

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

9 (24) keep a record of his official acts, preserve all
10 reports submitted to him under the provisions of this title,
11 preserve all books and instructional equipment or supplies,
12 keep all documents applicable to the administration of the
13 office, and surrender such records, books, supplies, and
14 equipment to his successor;

15 (25) within 90 days after the close of the school
16 fiscal year, publish an annual report in the county
17 newspaper stating the following financial information for
18 the school fiscal year just ended for each district of the
19 county:

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

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

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

1 (d) the total of the cash balances of all funds
2 maintained by the district at the end of the school fiscal
3 year; and

4 (26) hold meetings for the members of the trustees from
5 time to time at which matters for the good of the districts
6 shall be discussed."

7 Section 6. Section 20-5-312, MCA, is amended to read:

8 "20-5-312. Reporting, budgeting, and payment for high
9 school tuition. (1) At the close of the school term of each
10 school fiscal year, the trustees of each high school
11 district shall determine the rate of tuition for the current
12 school fiscal year by:

13 (a) totaling the actual expenditures from the district
14 general fund, the debt service fund, and, if the pupil is a
15 resident of another county, the retirement fund;

16 (b) dividing the amount determined in subsection
17 (1)(a) above by the ANB of the district for the current
18 fiscal year, as determined under the provisions of 20-9-311;
19 and

20 (c) subtracting the total of the per-ANB amount
21 allowed by 20-9-316 through 20-9-321 that represents the
22 foundation program as prescribed by 20-9-303 plus the
23 per-ANB amount determined by dividing the state financing of
24 the district permissive levy by the ANB of the district,
25 from the amount determined in subsection (1)(b) above.

1 (2) Before July 15, the trustees shall report to the
2 county superintendent of the county in which the district is
3 located:

4 (a) the names, addresses, and resident districts of
5 the pupils attending the schools of the district under an
6 approved tuition agreement;

7 (b) the number of days of school attended by each
8 pupil;

9 (c) the amount, if any, of each pupil's tuition
10 payment that the trustees, in their discretion, shall have
11 the authority to waive; and

12 (d) the rate of current school fiscal year tuition, as
13 determined under the provisions of this section.

14 (3) When the county superintendent receives a tuition
15 report from a district, he shall immediately send the
16 reported information to the superintendent of each district
17 in which the reported pupils reside.

18 (4) When the district superintendent receives a
19 tuition report or reports for high school pupils residing in
20 his district and attending an out-of-district high school
21 under approved tuition agreements, he shall determine the
22 total amount of tuition due such out-of-district high
23 schools on the basis of the following per-pupil schedule:
24 the rate of tuition, number of pupils attending under an
25 approved tuition agreement, and other information provided

1 by each high school district where resident district pupils
2 have attended school.

3 (5) The total amount of the high school tuition, with
4 consideration of any tuition waivers, for pupils attending a
5 high school outside the county of residence shall be
6 financed by the county basic ~~special~~ tax for high schools as
7 provided in ~~20-9-334~~ 20-9-333. In December, the county
8 superintendent shall cause the payment by county warrant of
9 the high school tuition obligations established under this
10 section out of the first moneys realized from the county
11 basic ~~special~~ tax for high schools. The payment shall be
12 made to the county treasurer of the county where each high
13 school entitled to tuition is located. The county treasurer
14 shall credit such tuition receipts to the general fund of
15 the applicable high school district, and the tuition
16 receipts shall be used in accordance with the provisions of
17 20-9-141.

18 (6) For pupils attending a high school outside their
19 district of residence but within the county of residence,
20 the total amount of the tuition, with consideration of any
21 tuition waivers, must be paid during the ensuing school
22 fiscal year. The trustees of the sending high school
23 district shall include the tuition amount in the tuition
24 fund of the preliminary and final budgets. This budgeted
25 tuition amount is not subject to the budget adjustment

1 provisions of 20-9-132. The county superintendent shall
 2 report the net tuition fund levy requirement for each high
 3 school district to the county commissioners on the second
 4 Monday of August, and a levy on the district shall be made
 5 by the county commissioners in accordance with 20-9-142.
 6 This levy requirement shall be calculated by subtracting
 7 from the total expenditure amount authorized in the final
 8 tuition fund budget the sum of the cash balance in the
 9 tuition fund at the end of the immediately preceding school
 10 fiscal year plus any other anticipated money that may be
 11 realized in the tuition fund. The trustees shall pay by
 12 warrants drawn on the tuition fund the tuition amounts owed
 13 to each district included in the county superintendent's
 14 notification. Payments shall be made whenever there is a
 15 sufficient amount of cash available in the tuition fund but
 16 no later than the end of the school fiscal year for which
 17 the budget is adopted. However, if the trustees of either
 18 the sending or receiving high school feel the transfer
 19 privilege provided by this subsection is being abused they
 20 may appeal to the county superintendent of schools who shall
 21 hold a hearing and either approve or disapprove the
 22 transfer."

23 Section 7. Section 20-9-121, MCA, is amended to read:

24 "20-9-121. County treasurer's statement of cash
 25 balances and bond information. (1) By July 10, the county

1 treasurer shall prepare a statement for each district
 2 showing the amount of cash on hand for each fund maintained
 3 by the district and the amount of the outstanding
 4 obligations against each fund at the close of the last
 5 completed school fiscal year. The county treasurer shall
 6 also include on each district's statement the details on the
 7 obligation for bond retirement and interest for the school
 8 fiscal year just beginning. The format of the statement on
 9 fund cash balances and bond information shall be prescribed
 10 by the superintendent of public instruction.

11 (2) By July 10, the county treasurer shall prepare a
 12 statement for each county school fund supported by
 13 countywide levies, except state equalization aid, showing
 14 the amount of cash on hand at the beginning of the school
 15 fiscal year, the receipts and apportionments, and the amount
 16 of cash on hand at the end of the school fiscal year, for
 17 each county school fund maintained during the immediately
 18 preceding school fiscal year. The format of this statement
 19 shall be prescribed by the superintendent of public
 20 instruction.

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

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

2 "20-9-212. Duties of county treasurer. The county
3 treasurer of each county shall:

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

12 ~~{a}--the--basic--county--tax--in--support--of--the--elementary~~
13 ~~foundation--programs;~~

14 ~~{b}--the--basic--special--tax--for--high--schools--in--support~~
15 ~~of--the--high--school--foundation--programs;~~

16 ~~{c}~~{a} the county tax in support of the county's high
17 school transportation obligation;

18 ~~{d}~~{b} the county tax in support of the high school
19 and elementary school district obligations to the retirement
20 systems of the state of Montana; and

21 ~~{e}--any--additional--county--tax--required--by--law--to~~
22 ~~provide--for--deficiency--financing--of--the--elementary~~
23 ~~foundation--programs;~~

24 ~~{f}--any--additional--county--tax--required--by--law--to~~
25 ~~provide--for--deficiency--financing--of--the--high--school~~

1 ~~foundation--programs;--and~~

2 ~~{g}~~{c} any other county tax for schools, including the
3 community colleges, which may be authorized by law and
4 levied by the county commissioners;

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

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

16 (4) keep a separate accounting of the receipts,
17 expenditures, and cash balances for each budgeted fund
18 included in the final budget of each district and for each
19 nonbudgeted fund established by each district;

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

23 (6) receive all revenue collected by and for each
24 district and deposit these receipts in the fund designated
25 by law or by the district if no fund is designated by law.

1 Interest and penalties on delinquent school taxes shall be
2 credited to the same fund and district for which the
3 original taxes were levied.

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

9 (8) register district warrants drawn on a budgeted
10 fund in accordance with 7-6-2604 when there is insufficient
11 money available in the sum of money in all funds of the
12 district to make payment of such warrant. Redemption of
13 registered warrants shall be made in accordance with
14 7-6-2116, 7-6-2605, and 7-6-2606.

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

17 (10) give each month to the trustees of each district
18 an itemized report for each fund maintained by the district,
19 showing the paid warrants, outstanding warrants, registered
20 warrants, amounts and types of revenue received, and the
21 cash balance; and

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

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

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

- 12 (a) basic county equitization tax moneys; and
- 13 (b) other state equalization aid.

14 (2) The dollar amount of the foundation program shall
15 be 80% of the maximum-general-fund-budget-without-a-voted-levy
16 limitation as set forth in the schedules in 20-9-316 through 20-9-321.
17 The foundation program of an elementary school having an ANB
18 of nine or fewer pupils for 2 consecutive years which is not
19 approved as an isolated school under the provisions of
20 20-9-302 shall be 80% of the schedule amount, but the county
21 and state shall participate in financing one-half of the
22 foundation program, and the district shall finance the
23 remaining one-half by a tax levied on the property of the
24 district. When a school of nine or fewer pupils is approved
25

1 as isolated under the provisions of 20-9-302, the county and
2 state shall participate in the financing of the total amount
3 of the foundation program.

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

19 Section 10. Section 20-9-331, MCA, is amended to read:
20 "20-9-331. Basic county tax and other revenues for
21 county equalization of the elementary district foundation
22 program. (1) It shall be the duty of the county
23 commissioners of each county to levy an annual basic tax of
24 28 mills on the dollars of the taxable value of all taxable
25 property within the county for the purposes of local and

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

7 (a) In order to determine the amount of revenue raised
8 by this levy which is retained by the county, the sum of the
9 estimated revenues identified in subsections (2)(a) through
10 (2)(f) below shall be subtracted from the sum of the county
11 elementary transportation obligation and the total of the
12 foundation programs of all elementary districts of the
13 county:

14 (b) If the basic levy prescribed by this section
15 produces more revenue than is required to finance the
16 difference determined above, the county commissioners shall
17 order the county treasurer to remit the surplus funds to the
18 state treasurer for deposit to the state special revenue
19 fund, state equalization aid account, not later than June 1
20 of the fiscal year for which the levy has been set:

21 (2) The proceeds realized from the county's portion of
22 the levy prescribed by this section and the revenues from
23 the following sources shall be used for the equalization of
24 the elementary district foundation programs of the county as
25 prescribed in 20-9-334 and a separate accounting shall be

1 kept-of-such-proceeds-and-revenues-by-the--county--treasurer
2 in-accordance-with-20-9-212(1);

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

6 (b)--the-portion-of-the-federal-flood-control-act-funds
7 distributed--to--a-county-and-designated-for-expenditure-for
8 the--benefit--of--the--county--common--schools---under---the
9 provisions-of-17-3-232;

10 (c)--all--money--paid--into--the--county--treasury-as-a
11 result-of-fines-for-violations-of-law-and-the-use--of--which
12 is-not-otherwise-specified-by-law;

13 (d)--any--money-remaining-at-the-end-of-the-immediately
14 preceding-school--fiscal--year--in--the--county--treasurer's
15 account--for--the--various-sources-of-revenue-established-or
16 referred-to-in-this-section; and

17 (e)--any-federal-or-state-money, including--anticipated
18 motor-vehicle-fees-and-reimbursement-under-the-provisions-of
19 61-3-532--and-61-3-536, distributed-to-the-county-as-payment
20 in-lieu-of-the-property-taxation-established-by--the--county
21 levy-required-by-this-section;

22 (2) The county treasurer shall:

23 (a) add to the revenue raised by the basic county tax
24 any federal or state money distributed to the county as
25 payment in lieu of the property taxation established by the

1 tax, including anticipated motor vehicle fees and
2 reimbursement received under the provisions of 61-3-532 and
3 61-3-536 during the fiscal year in which the levy applies;

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

6 (c) deposit the remaining proceeds at least monthly
7 with the state treasurer for deposit in the state
8 equalization aid account in the state special revenue fund;
9 and

10 (d) deposit the county elementary transportation
11 obligation amount in the county elementary transportation
12 account as provided in [section 19]."

13 Section 11. Section 20-9-332, MCA, is amended to read:

14 "20-9-332. Fines and penalties proceeds for elementary
15 county equalization. All fines and penalties collected under
16 the provisions of this title shall be collected by the
17 action of a court of competent jurisdiction and shall be
18 paid into the county elementary--equalization--fund--as
19 provided by 20-9-332(2)(e) treasury. The county treasurer
20 shall deposit the collections at least monthly with the
21 state treasurer for deposit in the state equalization aid
22 account in the state special revenue fund. In order to
23 implement this section and any other provision of law
24 requiring the deposit of fines in the elementary-county
25 state equalization fund aid account, the following reports

1 shall be made to the county superintendent of the county in
2 which each court or justice of the peace shall have
3 jurisdiction:

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

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

12 Section 12. Section 20-9-333, MCA, is amended to read:

13 "20-9-333. Basic ~~special-levy~~ county tax and other
14 revenues for county equalization of high school district
15 foundation program. (1) It shall be the duty of the county
16 commissioners of each county to levy an annual basic ~~special~~
17 tax for high schools of 17 mills on the dollar of the
18 taxable value of all taxable property within the county for
19 the purposes of local and state foundation program support.
20 ~~The revenue to be collected from this levy shall be~~
21 ~~apportioned to the support of the foundation programs of~~
22 ~~high school districts in the county and to the state special~~
23 ~~revenue fund, state equalization aid account, in the~~
24 ~~following manner:~~

25 (a) ~~In order to determine the amount of revenue raised~~

1 ~~by this levy which is retained by the county, the estimated~~
2 ~~revenues identified in subsections (2)(a) and (2)(b) below~~
3 ~~shall be subtracted from the sum of the county's high school~~
4 ~~tuition obligation and the total of the foundation programs~~
5 ~~of all high school districts of the county;~~

6 (b) ~~if the basic levy prescribed by this section~~
7 ~~produces more revenue than is required to finance the~~
8 ~~difference determined above, the county commissioners shall~~
9 ~~order the county treasurer to remit the surplus to the state~~
10 ~~treasurer for deposit to the state special revenue fund,~~
11 ~~state equalization aid account, not later than June 1 of the~~
12 ~~fiscal year for which the levy has been set;~~

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

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

24 (b) ~~any federal or state moneys, including anticipated~~
25 ~~motor vehicle fees and reimbursement under the provisions of~~

~~61-3-532--and--61-3-536,--distributed--to--the--county--as--a
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 high school tuition obligation;

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

(d) deposit the county high school tuition obligation amount in the county high school tuition account as provided in [section 19]."

Section 13. Section 20-9-343, MCA, is amended to read:

"20-9-343. Definition of and revenue for state equalization aid. (1) As used in this title, the term "state equalization aid" means those moneys deposited in the state special 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 money in the state equalization aid account in the state special revenue fund is appropriated to the superintendent of public instruction for distribution as provided in this chapter. 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 state special 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

1 other mineral royalties under the federal Mineral Lands
2 Leasing Act, as amended;

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

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

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

11 (h) all money received under Title 17, chapter 3, part
12 2, and 20-9-331 through 20-9-333; and

13 (i) interest and income earned by the investment of
14 money that is in the state equalization aid account in the
15 state special revenue fund.

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

22 Section 14. Section 20-9-344, MCA, is amended to read:

23 "20-9-344. Purpose of state equalization aid and
24 duties of the board of public education for distribution.

25 (1) The money available for state equalization aid shall be

1 distributed and apportioned to provide an annual minimum
2 operating revenue for the elementary and high schools in
3 each county, exclusive of revenues required for debt service
4 and for the payment of any and all costs and expense
5 incurred in connection with any adult education program,
6 recreation program, school food services program, new
7 buildings, new grounds, and transportation.

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

12 (a) adopt policies for regulating the distribution of
13 state equalization aid in accordance with the provisions of
14 law;

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

18 (c) order the superintendent of public instruction to
19 distribute the state equalization aid on the basis of each
20 district's annual entitlement to such aid as established by
21 the superintendent of public instruction. In ordering the
22 distribution of state equalization aid, the board of public
23 education shall not increase or decrease the state
24 equalization aid distribution to any district on account of
25 any difference which may occur during the school fiscal year

1 between budgeted and actual receipts from any other source
2 of school revenue.

3 (3) Should a district receive more state equalization
4 aid than it is entitled to, the county treasurer must return
5 the overpayment to the state upon the request of the
6 superintendent of public instruction in the manner
7 prescribed by the department of commerce.

8 (4) In no case may the total distributions to all
9 school districts within a county be less than the total
10 amount to which the county is entitled under federal law
11 pursuant to the Flood Control Act of 1954, 33 U.S.C.A.
12 701(c)(3); Taylor Grazing Act, 43 U.S.C.A. 3151; United
13 States Forest Service Act, 16 U.S.C.A. 500; and the Mineral
14 Lands Licensing Act, 30 U.S.C.A. 191."

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

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

22 (a) Determine the percentage that the total funds
23 state equalization aid available to all counties districts
24 in the state in support of the foundation program (including
25 the-state-moneys-available-for-state-equalization-aid) is of

1 the total amount of the foundation programs of all counties
2 districts in the state.

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

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

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

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

24 (2) The superintendent of public instruction shall
25 supply the county treasurer and the county superintendent

1 with a report of the apportionments of state equalization
2 aid to the several districts of the county, and the state
3 equalization aid shall be apportioned to such districts in
4 accordance with such report."

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

6 "20-9-348. Estimation of state equalization level and
7 state equalization aid for budget purposes. (1) The
8 apportionment of state equalization aid shall be the third
9 source of revenue in calculating the financing of the an
10 elementary district or high school district foundation
11 program~~7-and-it-shall-be-the-second--source--of--revenue--in~~
12 ~~calculating--the--financing--of--the--high--school--district~~
13 ~~foundation-program~~. In order to allow for the estimation of
14 the amount of money to be realized from this source of
15 revenue when the county superintendent is estimating the
16 general fund budget revenues, the superintendent of public
17 instruction shall annually estimate a uniform percentage of
18 each district's foundation program which that state
19 foundation program revenues ~~and-county-equalization--moneys7~~
20 ~~together7~~ will be capable of financing. Such estimate shall
21 be called the "state equalization level" and shall be based
22 on the best available data and calculated according to the
23 allocation procedure provided in 20-9-347.

24 (2) The superintendent of public instruction shall
25 notify each county superintendent of the state equalization

1 level estimate by July 1. The county superintendent shall
2 use such estimated state equalization level in establishing
3 the budget estimate of the financing available for each
4 district's foundation program for the ensuing school fiscal
5 year."

6 Section 17. Section 20-10-144, MCA, is amended to
7 read:

8 "20-10-144. Computation of revenues and net tax levy
9 requirements for the transportation fund budget. Before the
10 fourth Monday of July and in accordance with 20-9-123, the
11 county superintendent shall compute the revenue available to
12 finance the transportation fund budget of each district. The
13 county superintendent shall compute the revenue for each
14 district on the following basis:

15 (1) The "schedule amount" of the preliminary budget
16 expenditures that is derived from the rate schedules in
17 20-10-141 and 20-10-142 shall be determined by adding the
18 following amounts:

19 (a) the sum of the maximum reimbursable expenditures
20 for all approved school bus routes maintained by the
21 district (to determine the maximum reimbursable expenditure,
22 multiply the applicable rate per bus mile by the total
23 number of miles to be traveled during the ensuing school
24 fiscal year on each bus route approved by the county
25 transportation committee and maintained by such district);

1 plus

2 (b) the total of all individual transportation per
3 diem reimbursement rates for such district as determined
4 from the contracts submitted by the district multiplied by
5 the number of pupil-instruction days scheduled for the
6 ensuing school attendance year; plus

7 (c) any estimated costs for supervised home study or
8 supervised correspondence study for the ensuing school
9 fiscal year; plus

10 (d) the amount budgeted on the preliminary budget for
11 the contingency amount permitted in 20-10-143, except if
12 such amount exceeds 10% of the total of subsections (1)(a),
13 (1)(b), and (1)(c) or \$100, whichever is larger, the
14 contingency amount on the preliminary budget shall be
15 reduced to such limitation amount and used in this
16 determination of the schedule amount.

17 (2) The schedule amount determined in subsection (1)
18 or the total preliminary transportation fund budget,
19 whichever is smaller, shall be divided by 3 and the
20 resulting one-third amount shall be used to determine the
21 available state and county revenue to be budgeted on the
22 following basis:

23 (a) the resulting one-third amount shall be the
24 budgeted state transportation reimbursement, except that the
25 state transportation reimbursement for the transportation of

1 special education pupils under the provisions of 20-7-442
2 shall be two-thirds of the schedule amount attributed to the
3 transportation of special education pupils;

4 (b) the resulting one-third amount, except as provided
5 for joint elementary districts in subsection (2)(e), shall
6 be the budgeted county transportation reimbursement for
7 elementary districts and shall be financed by the basic
8 county tax under the provisions of ~~20-9-334~~ 20-9-331;

9 (c) the resulting one-third amount multiplied by 2
10 shall be the budgeted county transportation reimbursement
11 amount for high school districts financed under the
12 provisions of subsection (5) of this section, except as
13 provided for joint high school districts in subsection
14 (2)(e), and except that the county transportation
15 reimbursement for the transportation of special education
16 pupils under the provisions of 20-7-442 shall be one-third
17 of the schedule amount attributed to the transportation of
18 special education pupils;

19 (d) when the district has a sufficient amount of cash
20 for reappropriation and other sources of district revenue,
21 as determined in subsection (3), to reduce the total
22 district obligation for financing to zero, any remaining
23 amount of such district revenue and cash reappropriated
24 shall be used to reduce the county financing obligation in
25 subsections (2)(b) or (2)(c) and, if such county financing

1 obligations are reduced to zero, to reduce the state
2 financial obligation in subsection (2)(a); and

3 (e) the county revenue requirement for a joint
4 district, after the application of any district moneys under
5 subsection (2)(d) above, shall be prorated to each county
6 incorporated by the joint district in the same proportion as
7 the ANB of the joint district is distributed by pupil
8 residence in each such county.

9 (3) The total of the moneys available for the
10 reduction of property tax on the district for the
11 transportation fund shall be determined by totaling:

12 (a) anticipated federal moneys received under the
13 provisions of Title I of Public Law 81-874 or other
14 anticipated federal moneys received in lieu of such federal
15 act; plus

16 (b) anticipated payments from other districts for
17 providing school bus transportation services for such
18 district; plus

19 (c) anticipated payments from a parent or guardian for
20 providing school bus transportation services for his child;
21 plus

22 (d) anticipated interest to be earned by the
23 investment of transportation fund cash in accordance with
24 the provisions of 20-9-213(4); plus

25 (e) anticipated motor vehicle fees and reimbursement

1 under the provisions of 61-3-532 and 61-3-536; plus

2 (f) any other revenue anticipated by the trustees to
3 be earned during the ensuing school fiscal year which may be
4 used to finance the transportation fund; plus

5 (g) any cash available for reappropriation as
6 determined by subtracting the amount of the end-of-the-year
7 cash balance earmarked as the transportation fund cash
8 reserve for the ensuing school fiscal year by the trustees
9 from the end-of-the-year cash balance in the transportation
10 fund. Such cash reserve shall not be more than 20% of the
11 final transportation fund budget for the ensuing school
12 fiscal year and shall be for the purpose of paying
13 transportation fund warrants issued by the district under
14 the final transportation fund budget.

15 (4) The district levy requirement for each district's
16 transportation fund shall be computed by:

17 (a) subtracting the schedule amount calculated in
18 subsection (1) from the total preliminary transportation
19 budget amount and, for an elementary district, adding such
20 difference to the district obligation to finance one-third
21 of the schedule amount as determined in subsection (2); and

22 (b) subtracting the amount of moneys available to
23 reduce the property tax on the district, as determined in
24 subsection (3), from the amount determined in subsection
25 (4)(a) above.

1 (5) The county levy requirement for the financing of
 2 the county transportation reimbursement to high school
 3 districts shall be computed by adding all such requirements
 4 for all the high school districts of the county, including
 5 the county's obligation for reimbursements in joint high
 6 school districts.

7 (6) The transportation fund levy requirements
 8 determined in subsection (4) for each district and in
 9 subsection (5) for the county shall be reported to the
 10 county commissioners on the second Monday of August by the
 11 county superintendent as the transportation fund levy
 12 requirements for the district and for the county, and such
 13 levies shall be made by the county commissioners in
 14 accordance with 20-9-142."

15 Section 18. Section 77-1-507, MCA, is amended to read:

16 "77-1-507. School district use of proceeds. The money
 17 received by any school district under this part shall be
 18 designated as district money for the general maintenance and
 19 operation of the elementary schools of the district. Such
 20 money may be used by the district ~~as all other cash balances~~
 21 ~~are used~~ in accordance with the provisions of 20-9-335
 22 20-9-331 and 20-9-333."

23 NEW SECTION. Section 19. Accounts for portions of
 24 basic county tax revenues. The county superintendent shall
 25 apportion to the appropriate districts on a quarterly basis

1 the revenue deposited in the:

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

5 (2) county elementary transportation account in the
 6 amount required for the quarter to pay the county's
 7 obligation for elementary transportation reimbursements.

8 NEW SECTION. Section 20. Delinquent and protested
 9 taxes. Collections of delinquent and protested taxes
 10 deposited in the state equalization aid account after June
 11 30, 1985, to which a school district was entitled before or
 12 after July 1, 1985, must be returned to the county from
 13 which the taxes were received for deposit in the fund in
 14 which the taxes would have been deposited if received in a
 15 timely manner. If the delinquent or protested tax
 16 collections received from a county, when added to state
 17 equalization aid previously distributed to the school
 18 districts within that county for the school district's
 19 fiscal year for which the delinquent or protested tax
 20 collections were received, exceed the state equalization aid
 21 to which the school districts were entitled under the
 22 provisions of this chapter, the excess must remain in the
 23 state equalization aid account in the state special revenue
 24 fund for future distribution pursuant to the provisions of
 25 this chapter.

1 NEW SECTION. Section 21. Repealer. Sections 20-9-334
2 and 20-9-335, MCA, are repealed.

3 NEW SECTION. Section 22. Codification instruction.
4 Sections 19 and 20 are intended to be codified as an
5 integral part of Title 20, chapter 9, and the provisions of
6 Title 20 apply to sections 19 and 20.

7 NEW SECTION. Section 23. Effective date. This act is
8 effective July 1, 1985.

-End-