

1 H.B. BILL NO. 110
2 INTRODUCED BY NATH

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW THE TRUSTEES
5 OF A SCHOOL DISTRICT TO ESTABLISH A DEBT SERVICE FUND CASH
6 RESERVE THAT MAY NOT EXCEED 50 PERCENT OF THE FINAL DEBT
7 SERVICE FUND BUDGET; AND AMENDING SECTIONS 20-9-438 AND
8 20-9-439, MCA."
9

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

11 Section 1. Section 20-9-438, MCA, is amended to read:
12 "20-9-438. Preparation of debt service fund budget --
13 cash reserve. (1) The trustees of each school district
14 having outstanding bonds shall include in the debt service
15 fund of the preliminary budget adopted in accordance with
16 20-9-113 an amount of money that is necessary to pay the
17 interest and the principal amount becoming due during the
18 ensuing school fiscal year for each series or installment of
19 bonds, according to the terms and conditions of such bonds
20 and the redemption plans of the trustees.

21 (2) The trustees shall also include in the debt
22 service fund of the preliminary budget:

23 (a) the amount of money necessary to pay the special
24 improvement district assessments levied against the school
25 district which become due during the ensuing school fiscal

1 year; and
2 (b) a cash reserve for the ensuing school fiscal year
3 as provided in subsection (3).

4 (3) At the end of each school fiscal year, the
5 trustees of a school district may designate a portion of the
6 end-of-the-year cash balance of the debt service fund to be
7 earmarked as a cash reserve for the purpose of paying,
8 whenever a cash flow shortage occurs, debt service fund
9 warrants and bond obligations issued by the district from
10 July 1 through June 30 of the ensuing school fiscal year.
11 The amount of debt service fund cash balance that is
12 earmarked as a cash reserve may not exceed 50% of the final
13 debt service fund budget for the ensuing school fiscal year
14 and may not be used for property tax reduction in the manner
15 permitted by 20-9-439. Any portion of the debt service fund
16 end-of-the-year cash balance not earmarked for cash reserve
17 purposes must be reappropriated to be used for property tax
18 reduction as provided in 20-9-439.

19 (4) The county superintendent shall compare the
20 preliminary budgeted amount for the debt service fund with
21 the bond retirement and interest requirement and the special
22 improvement district assessments for the school fiscal year
23 just beginning as reported by the county treasurer in his
24 statement supplied under the provisions of 20-9-121. If the
25 county superintendent finds that the requirement stated by

1 the county treasurer is more than the preliminary budget
 2 amount, the county superintendent shall increase the
 3 budgeted amount for interest or principal in the debt
 4 service fund of the preliminary budget. The amount confirmed
 5 or revised by the county superintendent shall be the final
 6 budget expenditure amount for the debt service fund of such
 7 school district."

8 Section 2. Section 20-9-439, MCA, is amended to read:

9 "20-9-439. Computation of net levy requirement --
 10 procedure when levy inadequate. (1) The county
 11 superintendent shall compute the levy requirement for each
 12 school district's debt service fund on the basis of the
 13 following procedure:

14 (a) determine the total moneys available in the debt
 15 service fund for the reduction of the property tax on the
 16 district by totaling:

17 (i) the end-of-the-year cash balance, less any
 18 outstanding warrants in the debt service fund and less any
 19 cash reserve for the ensuing school fiscal year as provided
 20 in 20-9-438;

21 (ii) anticipated interest to be earned by the
 22 investment of debt service cash in accordance with the
 23 provisions of 20-9-213(4) or by the investment of bond
 24 proceeds under the provisions of 20-9-435; and

25 (iii) any other moneys anticipated by the trustees to

1 be available in the debt service fund during the ensuing
 2 school fiscal year from such sources as legally authorized
 3 money transfers into the debt service fund or from rental
 4 income;

5 (b) the total amount available to reduce the property
 6 tax, determined in subsection (1)(a), shall be subtracted
 7 from the final budget expenditure amount for the debt
 8 service fund as established in 20-9-438;

9 (c) the net debt service fund levy requirement
 10 determined in subsection (1)(b) shall be reported to the
 11 county commissioners on the second Monday of August by the
 12 county superintendent as the net debt service fund levy
 13 requirement for the district, and a levy shall be made by
 14 the county commissioners in accordance with 20-9-142.

15 (2) If the board of county commissioners shall fail in
 16 any school fiscal year to make a levy for any issue or
 17 series of bonds of any school district sufficient to raise
 18 the moneys necessary for payment of interest and principal
 19 becoming due during the next ensuing school fiscal year, in
 20 such amounts as are established under the provisions of this
 21 section, the holder of any bond of such issue or series or
 22 any taxpayer of the district may apply to the district court
 23 of the county in which such school district is located for a
 24 writ of mandate to compel the board of county commissioners
 25 of such county to make a sufficient levy for such purposes.

1 If, upon the hearing of such application, it shall appear to
2 the satisfaction of the court that the board of county
3 commissioners of such county has failed to make a levy or
4 has made a levy that is insufficient to raise the amount
5 required to be raised as established in the manner provided
6 in this section, the court shall determine the amount of
7 such deficiency and shall issue a writ of mandate directed
8 to and requiring the board of county commissioners, at the
9 next meeting for the purpose of fixing tax levies for county
10 purposes, to fix and make a levy against all taxable
11 property in such school district that is sufficient to raise
12 the amount of such deficiency. Such levy shall be in
13 addition to any levy required to be made at that time for
14 the then-ensuing school fiscal year. Any costs which may be
15 allowed or awarded the petitioner in any such proceeding
16 shall be paid by the members of the board of county
17 commissioners and shall not be a charge against the school
18 district or the county."

-End-

APPROVED BY COMM. ON EDUCATION AND CULTURAL RESOURCES

HOUSE BILL NO. 118
INTRODUCED BY NATHE

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW THE TRUSTEES OF A SCHOOL DISTRICT TO ESTABLISH A DEBT SERVICE FUND LIMITED CASH RESERVE THAT MAY NOT EXCEED 50 PERCENT OF THE FINAL DEBT SERVICE FUND BUDGET; AND AMENDING SECTIONS 20-9-438 AND 20-9-439, MCA."

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

Section 1. Section 20-9-438, MCA, is amended to read:

"20-9-438. Preparation of debt service fund budget -- cash reserve. (1) The trustees of each school district having outstanding bonds shall include in the debt service fund of the preliminary budget adopted in accordance with 20-9-113 an amount of money that is necessary to pay the interest and the principal amount becoming due during the ensuing school fiscal year for each series or installment of bonds, according to the terms and conditions of such bonds and the redemption plans of the trustees.

(2) The trustees shall also include in the debt service fund of the preliminary budget:

(a) the amount of money necessary to pay the special improvement district assessments levied against the school district which become due during the ensuing school fiscal

year; and

(b) a LIMITED cash reserve for the SCHOOL FISCAL YEAR FOLLOWING THE ensuing school fiscal year as provided in subsection (3).

(3) At the end of each school fiscal year, the trustees of a school district may designate a portion of the end-of-the-year cash balance of the debt service fund to be earmarked as a LIMITED cash reserve for the purpose of paying, whenever a cash flow shortage occurs, debt service fund warrants and bond obligations issued by the district WHICH MUST BE PAID from July 1 through June 30 NOVEMBER 30 of the SCHOOL FISCAL YEAR FOLLOWING THE ensuing school fiscal year. The amount of debt service fund cash balance that is earmarked as a cash reserve may not exceed 50% of the final debt service fund budget for the ensuing school fiscal year and may not be used for property tax reduction in the manner permitted by 20-9-439. Any portion of the debt service fund end-of-the-year cash balance not earmarked for LIMITED cash reserve purposes must be reappropriated to be used for property tax reduction as provided in 20-9-439.

(4) The county superintendent shall compare the preliminary budgeted amount for the debt service fund with the bond retirement and interest requirement and the special improvement district assessments for the school fiscal year just beginning as reported by the county treasurer in his



1 statement supplied under the provisions of 20-9-121. If the
 2 county superintendent finds that the requirement stated by
 3 the county treasurer is more than the preliminary budget
 4 amount, the county superintendent shall increase the
 5 budgeted amount for interest or principal in the debt
 6 service fund of the preliminary budget. The amount confirmed
 7 or revised by the county superintendent shall be the final
 8 budget expenditure amount for the debt service fund of such
 9 school district."

10 Section 2. Section 20-9-439, MCA, is amended to read:

11 "20-9-439. Computation of net levy requirement --
 12 procedure when levy inadequate. (1) The county
 13 superintendent shall compute the levy requirement for each
 14 school district's debt service fund on the basis of the
 15 following procedure:

16 (a) determine the total moneys available in the debt
 17 service fund for the reduction of the property tax on the
 18 district by totaling:

19 (i) the end-of-the-year cash balance, less any
 20 outstanding warrants in the debt service fund and less any
 21 LIMITED cash reserve for-the-ensuing-school-fiscal-year as
 22 provided in 20-9-438;

23 (ii) anticipated interest to be earned by the
 24 investment of debt service cash in accordance with the
 25 provisions of 20-9-213(4) or by the investment of bond

1 proceeds under the provisions of 20-9-435; and

2 (iii) any other moneys anticipated by the trustees to
 3 be available in the debt service fund during the ensuing
 4 school fiscal year from such sources as legally authorized
 5 money transfers into the debt service fund or from rental
 6 income;

7 (b) the total amount available to reduce the property
 8 tax, determined in subsection (1)(a), shall be subtracted
 9 from the final budget expenditure amount for the debt
 10 service fund as established in 20-9-438;

11 (c) the net debt service fund levy requirement
 12 determined in subsection (1)(b) shall be reported to the
 13 county commissioners on the second Monday of August by the
 14 county superintendent as the net debt service fund levy
 15 requirement for the district, and a levy shall be made by
 16 the county commissioners in accordance with 20-9-142.

17 (2) If the board of county commissioners shall fail in
 18 any school fiscal year to make a levy for any issue or
 19 series of bonds of any school district sufficient to raise
 20 the moneys necessary for payment of interest and principal
 21 becoming due during the next ensuing school fiscal year, in
 22 such amounts as are established under the provisions of this
 23 section, the holder of any bond of such issue or series or
 24 any taxpayer of the district may apply to the district court
 25 of the county in which such school district is located for a

1 writ of mandate to compel the board of county commissioners
2 of such county to make a sufficient levy for such purposes.
3 If, upon the hearing of such application, it shall appear to
4 the satisfaction of the court that the board of county
5 commissioners of such county has failed to make a levy or
6 has made a levy that is insufficient to raise the amount
7 required to be raised as established in the manner provided
8 in this section, the court shall determine the amount of
9 such deficiency and shall issue a writ of mandate directed
10 to and requiring the board of county commissioners, at the
11 next meeting for the purpose of fixing tax levies for county
12 purposes, to fix and make a levy against all taxable
13 property in such school district that is sufficient to raise
14 the amount of such deficiency. Such levy shall be in
15 addition to any levy required to be made at that time for
16 the then-ensuing school fiscal year. Any costs which may be
17 allowed or awarded the petitioner in any such proceeding
18 shall be paid by the members of the board of county
19 commissioners and shall not be a charge against the school
20 district or the county."

-End-

1 HOUSE BILL NO. 118

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6 ~~LIMITED CASH RESERVE THAT MAY NOT EXCEED 50 PERCENT OF THE~~
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19 bonds, according to the terms and conditions of such bonds
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21 (2) The trustees shall also include in the debt
22 service fund of the preliminary budget:

23 (a) the amount of money necessary to pay the special
24 improvement district assessments levied against the school
25 district which become due during the ensuing school fiscal

1 year; and

2 (b) a LIMITED cash reserve for the SCHOOL FISCAL YEAR
3 FOLLOWING THE ensuing school fiscal year as provided in
4 subsection (3).

5 (3) At the end of each school fiscal year, the
6 trustees of a school district may designate a portion of the
7 end-of-the-year cash balance of the debt service fund to be
8 earmarked as a LIMITED cash reserve for the purpose of
9 paying, whenever a cash flow shortage occurs, debt service
10 fund warrants and bond obligations issued--by--the--district
11 WHICH MUST BE PAID from July 1 through June 30 NOVEMBER 30
12 of the SCHOOL FISCAL YEAR FOLLOWING THE ensuing school
13 fiscal year. The--amount-of-debt-service-fund-cash-balance
14 that-is-earmarked-as-a-cash-reserve-may-not--exceed--50%--of
15 the--final--debt--service-fund-budget-for-the-ensuing-school
16 fiscal-year-and-may-not-be-used-for-property--tax--reduction
17 in-the-manner-permitted-by-20-9-439. Any portion of the debt
18 service fund end-of-the-year cash balance not earmarked for
19 LIMITED cash reserve purposes must be reappropriated to be
20 used for property tax reduction as provided in 20-9-439.

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22 preliminary budgeted amount for the debt service fund with
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 22 such amounts as are established under the provisions of this
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 24 any taxpayer of the district may apply to the district court
 25 of the county in which such school district is located for a

1 writ of mandate to compel the board of county commissioners
2 of such county to make a sufficient levy for such purposes.
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-End-