

HB 630 INTRODUCED BY PECK, ET AL.
CENTRALIZE COLLECTION AND DISTRIBUTION OF SCHOOL
EQUALIZATION AID WITH STATE

2/06 INTRODUCED
2/06 REFERRED TO EDUCATION & CULTURAL RESOURCES
2/07 FISCAL NOTE REQUESTED
2/18 FISCAL NOTE RECEIVED
2/20 HEARING
2/21 TABLED IN COMMITTEE

1 House BILL NO. 630
2 INTRODUCED BY Rep. Smalder Cobb

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; TO
10 PROVIDE FOR MONTHLY DISTRIBUTION OF EQUALIZATION AID MONEY;
11 AMENDING SECTIONS 17-3-222, 17-3-231, 17-3-232, 17-7-502,
12 20-1-301, 20-3-205, 20-5-312, 20-9-121, 20-9-212, 20-9-303,
13 20-9-331 THROUGH 20-9-333, 20-9-343, 20-9-344, 20-9-346
14 THROUGH 20-9-348, 20-9-352, 20-10-144, AND 77-1-507, MCA;
15 REPEALING SECTIONS 20-9-334 AND 20-9-335, MCA; AND PROVIDING
16 A DELAYED EFFECTIVE DATE."

17
18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

19 Section 1. Section 17-3-222, MCA, is amended to read:

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

1 of the counties where the grazing districts are located and
2 50% to the common-school-fund-of-the-county equalization aid
3 account in the state special revenue fund."

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

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

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

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

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

19 and

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

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



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

7 Section 4. Section 17-7-502, MCA, is amended to read:
 8 "17-7-502. Statutory appropriations -- definition --
 9 requisites for validity. (1) A statutory appropriation is an
 10 appropriation made by permanent law that authorizes spending
 11 by a state agency without the need for a biennial
 12 legislative appropriation or budget amendment.

13 (2) Except as provided in subsection (4), to be
 14 effective, a statutory appropriation must comply with both
 15 of the following provisions:

16 (a) The law containing the statutory authority must be
 17 listed in subsection (3).

18 (b) The law or portion of the law making a statutory
 19 appropriation must specifically state that a statutory
 20 appropriation is made as provided in this section.

21 (3) The following laws are the only laws containing
 22 statutory appropriations:

- 23 (a) 2-9-202;
- 24 (b) 2-17-105;
- 25 (c) 2-18-812;

- 1 (d) 10-3-203;
- 2 (e) 10-3-312;
- 3 (f) 10-3-314;
- 4 (g) 10-4-301;
- 5 (h) 13-37-304;
- 6 (i) 15-31-702;
- 7 (j) 15-36-112;
- 8 (k) 15-70-101;
- 9 (l) 16-1-404;
- 10 (m) 16-1-410;
- 11 (n) 16-1-411;
- 12 (o) 17-3-212;
- 13 (p) 17-5-404;
- 14 (q) 17-5-424;
- 15 (r) 17-5-804;
- 16 (s) 19-8-504;
- 17 (t) 19-9-702;
- 18 (u) 19-9-1007;
- 19 (v) 19-10-205;
- 20 (w) 19-10-305;
- 21 (x) 19-10-506;
- 22 (y) 19-11-512;
- 23 (z) 19-11-513;
- 24 (aa) 19-11-606;
- 25 (bb) 19-12-301;

1 (cc) 19-13-604;
 2 (dd) 20-6-406;
 3 (ee) 20-8-111;
 4 (ff) 23-5-612;
 5 (gg) 37-51-501;
 6 (hh) 53-24-206;
 7 (ii) 75-1-1101;
 8 (jj) 75-7-305;
 9 (kk) 80-2-103;
 10 (ll) 80-2-228;
 11 (mm) 90-3-301;
 12 (nn) 90-3-302;
 13 (oo) 90-15-103; and
 14 (pp) Sec. 13, HB 861, L. 1985; and
 15 (qq) 20-9-343.
 16 (4) There is a statutory appropriation to pay the
 17 principal, interest, premiums, and costs of issuing, paying,
 18 and securing all bonds, notes, or other obligations, as due,
 19 that have been authorized and issued pursuant to the laws of
 20 Montana. Agencies that have entered into agreements
 21 authorized by the laws of Montana to pay the state
 22 treasurer, for deposit in accordance with 17-2-101 through
 23 17-2-107, as determined by the state treasurer, an amount
 24 sufficient to pay the principal and interest as due on the
 25 bonds or notes have statutory appropriation authority for

1 such payments."
 2 Section 5. Section 20-1-301, MCA, is amended to read:
 3 "20-1-301. School fiscal year. The school fiscal year
 4 shall begin on July 1 and end on June 30. At least 180
 5 school days of pupil instruction shall be conducted during
 6 each school fiscal year, except that 175 days of pupil
 7 instruction for graduating seniors may be sufficient as
 8 provided in 20-9-313, or unless a variance for kindergarten
 9 has been granted under 20-1-302 or a district is granted a
 10 variance under the provisions of chapter 9, part 8, of this
 11 title. For any elementary or high school district that fails
 12 to provide for at least 180 school days of pupil
 13 instruction, the superintendent of public instruction shall
 14 reduce ~~the county equalization as defined in 20-9-334~~ and
 15 the state equalization aid as defined in 20-9-343 for the
 16 district for that school year by 1/90th for each school day
 17 less than 180 school days."
 18 Section 6. Section 20-3-205, MCA, is amended to read:
 19 "20-3-205. Powers and duties. The county
 20 superintendent has general supervision of the schools of the
 21 county within the limitations prescribed by this title and
 22 shall perform the following duties or acts:
 23 (1) determine, establish, and reestablish trustee
 24 nominating districts in accordance with the provisions of
 25 20-3-352, 20-3-353, and 20-3-354;

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

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

9 (4) act on each tuition application submitted to him
10 in accordance with the provisions of 20-5-301, 20-5-302,
11 20-5-304, and 20-5-311 and transmit the tuition information
12 required by 20-5-312;

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

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

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

20 (8) fulfill all responsibilities assigned to him under
21 the provisions of this title regulating the organization,
22 alteration, or abandonment of districts;

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

1 (10) estimate the average number belonging (ANB) of an
2 opening school in accordance with the provisions of
3 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

4 (11) process and, when required, act on school
5 isolation applications in accordance with the provisions of
6 20-9-302;

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

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

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

20 (15) act on any request to transfer average number
21 belonging (ANB) in accordance with the provisions of
22 20-9-313(3);

23 (16) calculate the estimated budgeted general fund
24 sources of revenue in accordance with the provisions of
25 20-9-348 and the other general fund revenue provisions of

1 the general fund part of this title;

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

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

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

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

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

23 (22) perform any other duty prescribed from time to
24 time by this title, any other act of the legislature, the
25 policies of the board of public education, the policies of

1 the board of regents relating to community college
2 districts, or the rules of the superintendent of public
3 instruction;

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

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

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

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

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

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

23 (d) the total of the cash balances of all funds
24 maintained by the district at the end of the school fiscal
25 year; and

1 (26) hold meetings for the members of the trustees from
2 time to time at which matters for the good of the districts
3 shall be discussed."

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

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

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

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

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

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

1 (a) the names, addresses, and resident districts of
2 the pupils attending the schools of the district under an
3 approved tuition agreement;

4 (b) the number of days of school attended by each
5 pupil;

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

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

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

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

25 (5) The total amount of the high school tuition, with

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

16 (6) For pupils attending a high school outside their
 17 district of residence but within the county of residence,
 18 the total amount of the tuition, with consideration of any
 19 tuition waivers, must be paid during the ensuing school
 20 fiscal year. The trustees of the sending high school
 21 district shall include the tuition amount in the tuition
 22 fund of the preliminary and final budgets. This budgeted
 23 tuition amount is not subject to the budget adjustment
 24 provisions of 20-9-132. The county superintendent shall
 25 report the net tuition fund levy requirement for each high

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

21 Section 8. Section 20-9-121, MCA, is amended to read:
 22 "20-9-121. County treasurer's statement of cash
 23 balances and bond information. (1) By July 10, the county
 24 treasurer shall prepare a statement for each district
 25 showing the amount of cash on hand for each fund maintained

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

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

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

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

25 "20-9-212. Duties of county treasurer. The county

1 treasurer of each county shall:

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

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

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

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

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

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

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

25 ~~(g)(c)~~ any other county tax for schools, including the

1 community colleges, which may be authorized by law and
2 levied by the county commissioners;

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

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

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

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

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

1 original taxes were levied.

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

7 (8) at the direction of the trustees of a district,
8 assist the district in the issuance and sale of tax and
9 revenue anticipation notes as provided in Title 7, chapter
10 6, part 11;

11 (9) register district warrants drawn on a budgeted
12 fund in accordance with 7-6-2604 when there is insufficient
13 money available in the sum of money in all funds of the
14 district to make payment of such warrant. Redemption of
15 registered warrants shall be made in accordance with
16 7-6-2116, 7-6-2605, and 7-6-2606.

17 (10) invest the money of any district as directed by
18 the trustees of the district within 3 working days of such
19 direction;

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

25 (12) remit promptly to the state treasurer receipts for

1 the county tax for a postsecondary vocational-technical
2 center when levied by the board of county commissioners."

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

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

15 (a) county-equalization basic tax moneys provided in
16 20-9-331 and 20-9-333; and

17 (b) state other equalization aid.

18 (2) The dollar amount of the foundation program shall
19 be 80% of the maximum-general-fund-budget-without-a-voted-levy
20 limitation as set forth in the schedules in 20-9-316 through 20-9-321.
21 The foundation program of an elementary school having an ANB
22 of nine or fewer pupils for 2 consecutive years which is not
23 approved as an isolated school under the provisions of
24 20-9-302 shall be 80% of the schedule amount, but ~~the-county~~

1 ~~and-state equalization aid~~ shall ~~participate--in--financing~~
2 ~~finance~~ one-half of the foundation program, and the district
3 shall finance the remaining one-half by a tax levied on the
4 property of the district. When a school of nine or fewer
5 pupils is approved as isolated under the provisions of
6 20-9-302, ~~the--county--and--state~~ equalization aid shall
7 ~~participate--in-the-financing-of~~ finance the total amount of
8 the foundation program.

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

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

25 "20-9-331. Basic county tax and other revenues for

1 county equalization of the elementary district foundation
 2 program. (1) It shall be the duty of the county
 3 commissioners of each county to levy an annual basic tax of
 4 28 mills on the dollars of the taxable value of all taxable
 5 property within the county for the purposes of local and
 6 state foundation program support. The revenue to be
 7 collected from this levy shall be apportioned to the support
 8 of the foundation programs of the elementary school
 9 districts in the county and to the state special revenue
 10 fund, state equalization aid account, in the following
 11 manner:

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

18 (b) If the basic levy prescribed by this section
 19 produces more revenue than is required to finance the
 20 difference determined above, the county treasurer shall
 21 remit the surplus funds to the state treasurer for deposit
 22 to the state special revenue fund, state equalization aid
 23 account, immediately upon occurrence of a surplus balance
 24 and each subsequent month thereafter, with any final
 25 remittance due no later than June 20 of the fiscal year for

1 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 Taylor Grazing Act
 10 funds distributed to a county and designated for the common
 11 school fund under the provisions of 17-3-222;

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

16 (c) all money paid into the county treasury as a
 17 result of fines for violations of law and the use of which
 18 is not otherwise specified by law;

19 (d) any money remaining at the end of the immediately
 20 preceding school fiscal year in the county treasurer's
 21 account for the various sources of revenue established or
 22 referred to in this section;

23 (e) any federal or state money, including anticipated
 24 or reappropriated motor vehicle fees and reimbursement under
 25 the provisions of 61-3-532 and 61-3-536, distributed to the

1 ~~county as payment in lieu of the property taxation~~
 2 ~~established by the county levy required by this section, and~~
 3 ~~(f) net proceeds taxes for new production, as defined~~
 4 ~~in 15-23-601.~~

5 (2) The county treasurer shall:

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

10 (i) motor vehicle fees and reimbursement received
 11 under the provisions of 61-3-532 and 61-3-536 during the
 12 fiscal year in which the levy applies; and

13 (ii) net proceeds taxes for new production as defined
 14 in 15-23-601;

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

17 (c) deposit the remaining proceeds with the state
 18 treasurer as provided in 15-1-504 for deposit in the
 19 equalization aid account in the state special revenue fund;
 20 and

21 (d) deposit the county elementary transportation
 22 obligation amount in the county elementary transportation
 23 account as provided in [section 22]."

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

25 "20-9-332. Fines and penalties proceeds for elementary

1 county equalization. All fines and penalties collected under
 2 the provisions of this title shall be collected by the
 3 action of a court of competent jurisdiction and shall be
 4 paid into the county elementary equalization fund as
 5 provided by 20-9-331(2)(c) treasury. The county treasurer
 6 shall deposit the collections with the state treasurer as
 7 provided in 15-1-504 for deposit in the equalization aid
 8 account in the state special revenue fund. In order to
 9 implement this section and any other provision of law
 10 requiring the deposit of fines in the elementary county
 11 equalization fund aid account, the following reports shall
 12 be made to the county superintendent of the county in which
 13 each court or justice of the peace shall have jurisdiction:

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

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

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

23 "20-9-333. Basic special levy tax and other revenues
 24 for county equalization of high school district foundation
 25 program. (1) It shall be the duty of the county

1 commissioners of each county to levy an annual basic special
 2 tax for high schools of 17 mills on the dollar of the
 3 taxable value of all taxable property within the county for
 4 the purposes of local and state foundation program support.
 5 The revenue to be collected from this levy shall be
 6 apportioned to the support of the foundation programs of
 7 high school districts in the county and to the state special
 8 revenue fund, state equalization aid account, in the
 9 following manner:

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

16 (b) If the basic levy prescribed by this section
 17 produces more revenue than is required to finance the
 18 difference determined above, the county treasurer shall
 19 remit the surplus to the state treasurer for deposit to the
 20 state special revenue fund, state equalization aid account,
 21 immediately upon occurrence of a surplus balance and each
 22 subsequent month thereafter, with any final remittance due
 23 no later than June 20 of the fiscal year for which the levy
 24 has been set:

25 (2) The proceeds realized from the county's portion of

1 the levy prescribed in this section and the revenues from
 2 the following sources shall be used for the equalization of
 3 the high school district foundation programs of the county
 4 as prescribed in 20-9-334, and a separate accounting shall
 5 be kept of these proceeds by the county treasurer in
 6 accordance with 20-9-212(1):

7 (a) any money remaining at the end of the immediately
 8 preceding school fiscal year in the county treasurer's
 9 accounts for the various sources of revenue established in
 10 this section;

11 (b) any federal or state moneys, including anticipated
 12 or reappropriated motor vehicle fees and reimbursement under
 13 the provisions of 61-3-532 and 61-3-536, distributed to the
 14 county as a payment in lieu of the property taxation
 15 established by the county levy required by this section; and

16 (c) net proceeds taxes for new production, as defined
 17 in 15-23-601:

18 (2) The county treasurer shall:

19 (a) add to the revenue raised by the basic tax any
 20 federal or state money distributed to the county as payment
 21 in lieu of the property taxation established by the tax,
 22 including:

23 (i) motor vehicle fees and reimbursement received
 24 under the provisions of 61-3-532 and 61-3-536 during the
 25 fiscal year in which the levy applies; and

1 (ii) net proceeds taxes for new production as defined
2 in 15-23-601;

3 (b) subtract from the proceeds of subsection (2)(a)
4 the county high school tuition obligation;

5 (c) deposit the remaining proceeds with the state
6 treasurer as provided in 15-1-504 for deposit in the
7 equalization aid account in the state special revenue fund;

8 and

9 (d) deposit the county high school tuition obligation
10 amount in the county high school tuition account as provided
11 in [section 22]."

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

13 "20-9-343. Definition of and revenue for state
14 equalization aid. (1) As used in this title, the term "state
15 equalization aid" means those moneys deposited in the state
16 special revenue fund as required in this section plus any
17 legislative appropriation of moneys from other sources for
18 distribution to the public schools for the purpose of
19 equalization of the foundation program.

20 (2) The legislative appropriation for state
21 equalization aid shall be made in a single sum for the
22 biennium. The money in the equalization aid account in the
23 state special revenue fund is statutorily appropriated as
24 provided in 17-7-502 to the superintendent of public
25 instruction for distribution as provided in this chapter.

1 The superintendent of public instruction has authority to
2 spend such appropriation, together with the earmarked
3 revenues provided in subsection (3), as required for
4 foundation program purposes throughout the biennium.

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

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

10 (b) 25% of all moneys, except as provided in
11 15-31-702, received from the collection of corporation
12 license taxes under chapter 31 of Title 15, as provided by
13 15-1-501;

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

16 (d) 100% of the moneys received from the treasurer of
17 the United States as the state's shares of oil, gas, and
18 other mineral royalties under the federal Mineral Lands
19 Leasing Act, as amended;

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

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

24 (g) ~~in addition to these revenues,~~ the surplus
25 revenues collected by the counties for foundation program

1 support according to 20-9-331 and 20-9-333 ~~shall be paid~~
2 ~~into the same state special revenue fund;~~

3 (h) all money received under Title 17, chapter 3, part
4 2; and

5 (i) interest and income earned by the investment of
6 money that is in the equalization aid account in the state
7 special revenue fund.

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

14 Section 15. Section 20-9-344, MCA, is amended to read:

15 "20-9-344. Purpose of state equalization aid and
16 duties of the board of public education for distribution --
17 conditions of first payment. (1) The money available for
18 state equalization aid shall be distributed and apportioned
19 to provide an annual minimum operating revenue for the
20 elementary and high schools in each county, exclusive of
21 revenues required for debt service and for the payment of
22 any and all costs and expense incurred in connection with
23 any adult education program, recreation program, school food
24 services program, new buildings, new grounds, and
25 transportation.

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

5 (a) adopt policies for regulating the distribution of
6 state equalization aid in accordance with the provisions of
7 law and in a manner that would ~~most effectively meet the~~
8 ~~financial needs of districts~~ provide for monthly
9 distribution of money in the equalization aid account until
10 each school district receives its annual equalization aid
11 entitlement;

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

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

25 (3) Should a district receive more state equalization

1 aid than it is entitled to, the county treasurer must return
2 the overpayment to the state upon the request of the
3 superintendent of public instruction in the manner
4 prescribed by the department of commerce.

5 (4) The first payment of state equalization aid must
6 be:

7 ~~{a}--based-on-an-estimate-of--20%--of--each--district's~~
8 ~~entitlement;--and~~

9 {b} distributed by July 15 of the school fiscal year.

10 {5} In no case may the total distributions to all
11 school districts within a county be less than the total
12 amount to which the county is entitled under federal law
13 pursuant to the Flood Control Act of 1954, 33 U.S.C.A.
14 701c-3; Taylor Grazing Act, 43 U.S.C.A. 315i; United States
15 Forest Service Act, 16 U.S.C.A. 500; and the Mineral Lands
16 Licensing Act, 30 U.S.C.A. 191."

17 Section 16. Section 20-9-346, MCA, is amended to read:
18 "20-9-346. Duties of the superintendent of public
19 instruction for state equalization aid distribution. The
20 superintendent of public instruction shall administer the
21 distribution of the state equalization aid by:

22 (1) establishing each district's annual entitlement to
23 state equalization aid, based on the data reported in the
24 budget for each district that has been duly adopted for the
25 current school fiscal year and verified by the

1 superintendent of public instruction and by applying such
2 verified data under the provisions of the state equalization
3 aid allocation procedure prescribed in 20-9-347;

4 (2) recommending to the board of public education the
5 annual entitlement of all districts to state equalization
6 aid to enable the board of public education to order the
7 distribution of state equalization aid;

8 (3) distributing by state warrant the state
9 equalization aid, for each district entitled to such aid, to
10 the county treasurer of the county where the district is
11 located, in accordance with the distribution ordered by the
12 board of public education;

13 (4) keeping a record in his office of the full and
14 complete data concerning moneys available for state
15 equalization aid and the entitlements for state equalization
16 aid of the several districts of the state;

17 (5) reporting to the board of public education the
18 estimated amount which will be available for state
19 equalization aid; and

20 (6) reporting to both branches of the state
21 legislature in any year when a session is convened:

22 (a) the figures and data available in his office
23 concerning distributions of state equalization aid during
24 the preceding 2 school fiscal years;

25 (b) the amount of state equalization aid then

1 available;

2 (c) the apportionment made of such available moneys
3 but not yet distributed; and

4 (d) the latest estimate of accruals of moneys
5 available for state equalization aid."

6 Section 17. Section 20-9-347, MCA, is amended to read:

7 "20-9-347. Formula for state equalization aid
8 apportionment. (1) The superintendent of public instruction
9 shall apportion the state equalization aid, individually for
10 the elementary districts of a county or the high school
11 districts of a county, in accordance with 20-9-346 and on
12 the basis of the following procedure:

13 (a) Determine the percentage that the total funds
14 equalization aid available to all counties districts in the
15 state in support of the foundation program ~~{including-the~~
16 ~~state-moneys-available-for-state-equalization-aid}~~ is of the
17 total amount of the foundation programs of all counties
18 districts in the state.

19 ~~{b)--Determine--the--percentage--that--the--total--funds~~
20 ~~available--in--each--county--in--support--of--the--foundation~~
21 ~~programs--in--such--county--(excluding-state-moneys-available~~
22 ~~for-state-equalization-aid)--is-of-the-total--amount--of--the~~
23 ~~foundation-programs-of-all-districts-of-such-county;~~

24 ~~{c)--Counties--in--which--the--percentage--determined--in~~
25 ~~subsection--(1)(b)--exceeds--the--percentage--determined--in~~

1 ~~subsection--(1)(a)--shall--not--be--entitled--to--an--apportionment~~
2 ~~of--the--state--equalization--aid;~~

3 ~~{d)--After--elimination--of--the--counties--referred--to--in~~
4 ~~subsection--(1)(c),--determine--the--percentage--that--the--total~~
5 ~~moneys--available--to--all--remaining--counties--in--support--of--the~~
6 ~~foundation--program--(including--the--state--moneys--available--for~~
7 ~~state--equalization--aid)--is--of--the--total--amount--of--the~~
8 ~~foundation--programs--of--all--such--remaining--counties;~~

9 ~~{e)(b) Each district, except as provided in~~
10 ~~20-9-303(2), of each remaining county shall be entitled to~~
11 ~~an apportionment of the state equalization aid which shall~~
12 ~~be the difference between the percentage determined in~~
13 ~~subsection (1)(d)--and--the--percentage--determined--for--such~~
14 ~~county--in--subsection--(1)(b) (1)(a) multiplied by the~~
15 ~~foundation program amount for such district.~~

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

22 Section 18. Section 20-9-348, MCA, is amended to read:

23 "20-9-348. Estimation of state equalization aid for
24 budget purposes. The apportionment of state equalization aid
25 shall be the second source of revenue in calculating the

1 financing of the elementary district foundation program and
 2 the high school district foundation program. In order to
 3 allow for the estimation of the amount of money to be
 4 realized from this source of revenue when the county
 5 superintendent is estimating the general fund budget
 6 revenues, the county superintendent shall consider that the
 7 ~~state-foundation-program-revenues--and--county~~ equalization
 8 ~~aid moneys,--together,~~ will be capable of financing 100% of
 9 the foundation program."

10 Section 19. Section 20-9-352, MCA, is amended to read:

11 "20-9-352. Permissive amount and permissive levy. (1)
 12 Whenever the trustees of any district shall deem it
 13 necessary to adopt a general fund budget in excess of the
 14 foundation program amount but not in excess of the maximum
 15 general fund budget amount for such district as established
 16 by the schedules in 20-9-316 through 20-9-321, the trustees
 17 shall adopt a resolution stating the reasons and purposes
 18 for exceeding the foundation program amount. Such excess
 19 above the foundation program amount shall be known as the
 20 "permissive amount", and it shall be financed by a levy on
 21 the taxable value of all taxable property within the
 22 district as prescribed in 20-9-141, supplemented with any
 23 biennial appropriation by the legislature for this purpose.
 24 The proceeds of such an appropriation shall be deposited to
 25 the state special revenue fund, permissive account.

1 (2) The district levies to be set for the purpose of
 2 funding the permissive amount are determined as follows:

3 (a) For each elementary school district, the county
 4 commissioners shall annually set a levy not exceeding 6
 5 mills on all the taxable property in the district for the
 6 purpose of funding the permissive amount of the district.
 7 The permissive levy in mills shall be obtained by
 8 multiplying the ratio of the permissive amount to the
 9 maximum permissive amount by 6 or by using the number of
 10 mills which would fund the permissive amount, whichever is
 11 less. If the amount of revenue raised by this levy, plus
 12 anticipated or reappropriated motor vehicle fees and
 13 reimbursement under the provisions of 61-3-532 and 61-3-536,
 14 is not sufficient to fund the permissive amount in full, the
 15 amount of the deficiency shall be paid to the district from
 16 the state special revenue fund according to the provisions
 17 of subsections (3) and (4) of this section.

18 (b) For each high school district, the county
 19 commissioners shall annually set a levy not exceeding 4
 20 mills on all taxable property in the district for the
 21 purpose of funding the permissive amount of the district.
 22 The permissive levy in mills shall be obtained by
 23 multiplying the ratio of the permissive levy to the maximum
 24 permissive amount by 4 or by using the number of mills which
 25 would fund the permissive amount, whichever is less. If the

1 amount of revenue raised by this levy, plus anticipated
 2 motor vehicle fees and reimbursement under the provisions of
 3 61-3-532 and 61-3-536, and plus net proceeds taxes for new
 4 production, as defined in 15-23-601, is not sufficient to
 5 fund the permissive amount in full, the amount of the
 6 deficiency shall be paid to the district from the state
 7 special revenue fund according to the provisions of
 8 subsections (3) and (4) of this section.

9 (3) The superintendent of public instruction shall, if
 10 the appropriation by the legislature for the permissive
 11 account for the biennium is insufficient, request the budget
 12 director to submit a request for a supplemental
 13 appropriation in the second year of the biennium. The
 14 supplemental appropriation shall provide enough revenue to
 15 fund the permissive deficiency of the elementary and high
 16 school districts of the state. The proceeds of this
 17 appropriation shall be deposited to the state special
 18 revenue fund, permissive account, and shall be distributed
 19 to the elementary and high school districts in accordance
 20 with their entitlements as determined by the superintendent
 21 of public instruction according to the provisions of
 22 subsections (1) and (2) of this section.

23 (4) Distribution under this section from the state
 24 special revenue fund shall be made in two payments. The
 25 first payment shall be made at the same time as the first

1 distribution of state equalization aid is made after January
 2 1 of the fiscal year. The second payment shall be made at
 3 the same time as the last payment of state equalization aid
 4 is made for the fiscal year. If the appropriation is not
 5 sufficient to finance the deficiencies of the districts as
 6 determined according to subsection (2), each district will
 7 receive the same percentage of its deficiency. Surplus
 8 revenue in the second year of the biennium may be used to
 9 reduce the appropriation required for the next succeeding
 10 biennium or may be transferred to the state equalization aid
 11 state special revenue fund if revenues in that fund are
 12 insufficient to meet foundation program requirements."

13 Section 20. Section 20-10-144, MCA, is amended to
 14 read:

15 "20-10-144. Computation of revenues and net tax levy
 16 requirements for the transportation fund budget. Before the
 17 fourth Monday of July and in accordance with 20-9-123, the
 18 county superintendent shall compute the revenue available to
 19 finance the transportation fund budget of each district. The
 20 county superintendent shall compute the revenue for each
 21 district on the following basis:

22 (1) The "schedule amount" of the preliminary budget
 23 expenditures that is derived from the rate schedules in
 24 20-10-141 and 20-10-142 shall be determined by adding the
 25 following amounts:

1 (a) the sum of the maximum reimbursable expenditures
 2 for all approved school bus routes maintained by the
 3 district (to determine the maximum reimbursable expenditure,
 4 multiply the applicable rate per bus mile by the total
 5 number of miles to be traveled during the ensuing school
 6 fiscal year on each bus route approved by the county
 7 transportation committee and maintained by such district);
 8 plus

9 (b) the total of all individual transportation per
 10 diem reimbursement rates for such district as determined
 11 from the contracts submitted by the district multiplied by
 12 the number of pupil-instruction days scheduled for the
 13 ensuing school attendance year; plus

14 (c) any estimated costs for supervised home study or
 15 supervised correspondence study for the ensuing school
 16 fiscal year; plus

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

24 (2) The schedule amount determined in subsection (1)
 25 or the total preliminary transportation fund budget,

1 whichever is smaller, shall be divided by 3 and the
 2 resulting one-third amount shall be used to determine the
 3 available state and county revenue to be budgeted on the
 4 following basis:

5 (a) the resulting one-third amount shall be the
 6 budgeted state transportation reimbursement, except that the
 7 state transportation reimbursement for the transportation of
 8 special education pupils under the provisions of 20-7-442
 9 shall be two-thirds of the schedule amount attributed to the
 10 transportation of special education pupils;

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

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

1 (d) when the district has a sufficient amount of cash
 2 for reappropriation and other sources of district revenue,
 3 as determined in subsection (3), to reduce the total
 4 district obligation for financing to zero, any remaining
 5 amount of such district revenue and cash reappropriated
 6 shall be used to reduce the county financing obligation in
 7 subsections (2)(b) or (2)(c) and, if such county financing
 8 obligations are reduced to zero, to reduce the state
 9 financial obligation in subsection (2)(a); and

10 (e) the county revenue requirement for a joint
 11 district, after the application of any district moneys under
 12 subsection (2)(d) above, shall be prorated to each county
 13 incorporated by the joint district in the same proportion as
 14 the ANB of the joint district is distributed by pupil
 15 residence in each such county.

16 (3) The total of the moneys available for the
 17 reduction of property tax on the district for the
 18 transportation fund shall be determined by totaling:

19 (a) anticipated federal moneys received under the
 20 provisions of Title I of Public Law 81-874 or other
 21 anticipated federal moneys received in lieu of such federal
 22 act; plus

23 (b) anticipated payments from other districts for
 24 providing school bus transportation services for such
 25 district; plus

1 (c) anticipated payments from a parent or guardian for
 2 providing school bus transportation services for his child;
 3 plus

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

7 (e) anticipated motor vehicle fees and reimbursement
 8 under the provisions of 61-3-532 and 61-3-536; plus

9 (f) net proceeds taxes for new production, as defined
 10 in 15-23-601; plus

11 (g) any other revenue anticipated by the trustees to
 12 be earned during the ensuing school fiscal year which may be
 13 used to finance the transportation fund; plus

14 (h) any cash available for reappropriation as
 15 determined by subtracting the amount of the end-of-the-year
 16 cash balance earmarked as the transportation fund cash
 17 reserve for the ensuing school fiscal year by the trustees
 18 from the end-of-the-year cash balance in the transportation
 19 fund. Such cash reserve shall not be more than 20% of the
 20 final transportation fund budget for the ensuing school
 21 fiscal year and shall be for the purpose of paying
 22 transportation fund warrants issued by the district under
 23 the final transportation fund budget.

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

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

6 (b) subtracting the amount of moneys available to
7 reduce the property tax on the district, as determined in
8 subsection (3), from the amount determined in subsection
9 (4)(a) above.

10 (5) The county levy requirement for the financing of
11 the county transportation reimbursement to high school
12 districts shall be computed by adding all such requirements
13 for all the high school districts of the county, including
14 the county's obligation for reimbursements in joint high
15 school districts.

16 (6) The transportation fund levy requirements
17 determined in subsection (4) for each district and in
18 subsection (5) for the county shall be reported to the
19 county commissioners on the second Monday of August by the
20 county superintendent as the transportation fund levy
21 requirements for the district and for the county, and such
22 levies shall be made by the county commissioners in
23 accordance with 20-9-142."

24 Section 21. Section 77-1-507, MCA, is amended to read:

25 "77-1-507. School district use of proceeds. The money

1 received by any school district under this part shall be
2 designated as district money for the general maintenance and
3 operation of the elementary schools of the district. Such
4 money may be used by the district ~~as all other cash balances~~
5 ~~are--used~~ in accordance with the provisions of ~~20-9-335~~
6 20-9-331."

7 NEW SECTION. Section 22. Accounts for portions of
8 basic tax revenues. The county superintendent shall
9 apportion to the appropriate districts on a quarterly basis
10 the revenue from the basic tax provided in 20-9-331 and
11 20-9-333 and deposit it in the:

12 (1) county elementary transportation account in the
13 amount required for the quarter to pay the county's
14 obligation for elementary transportation reimbursements; and

15 (2) county high school tuition account in the amount
16 required for the quarter to pay the county's obligation for
17 high school out-of-county tuition.

18 NEW SECTION. Section 23. Delinquent and protested
19 taxes. Collections of delinquent and protested taxes
20 deposited in the equalization aid account after June 30,
21 1988, to which a school district was entitled before July 1,
22 1988, must be returned to the county from which the taxes
23 were received for deposit in the fund in which the taxes
24 would have been deposited if received in a timely manner. If
25 the delinquent or protested tax collections received from a

1 county, when added to equalization aid previously
 2 distributed to the school districts within that county for
 3 the school district's fiscal year for which the delinquent
 4 or protested tax collections were received, exceed the
 5 equalization aid to which the school districts were entitled
 6 under the provisions of this chapter, the excess must remain
 7 in the equalization aid account in the state special revenue
 8 fund for future distribution pursuant to the provisions of
 9 this chapter.

10 NEW SECTION. Section 24. Extension of authority. Any
 11 existing authority of the superintendent of public
 12 instruction or the board of public education to make rules
 13 on the subject of the provisions of this act is extended to
 14 the provisions of this act.

15 NEW SECTION. Section 25. Repealer. Sections 20-9-334
 16 and 20-9-335, MCA, are repealed.

17 NEW SECTION. Section 26. Codification instruction.
 18 Sections 22 and 23 are intended to be codified as an
 19 integral part of Title 20, chapter 9, and the provisions of
 20 Title 20 apply to sections 22 and 23.

21 NEW SECTION. Section 27. Name change. (1) In all
 22 sections of the Montana Code Annotated not contained in this
 23 act, including the following sections, wherein reference is
 24 made to state equalization aid, the code commissioner shall
 25 change the reference to equalization aid: 15-1-501,

1 15-35-108, 20-2-121, 20-3-106, 20-6-406, 20-7-117, 20-7-415,
 2 20-9-304, 20-9-342, 20-9-801, and 90-6-211, MCA.

3 (2) In all new provisions passed by the 50th
 4 legislature wherein reference is made to state equalization
 5 aid, county equalization, basic special tax, or basic county
 6 tax, the code commissioner shall change the references, in
 7 consultation with the superintendent of public instruction,
 8 to the name changes in this act.

9 NEW SECTION. Section 28. Effective date. This act is
 10 effective July 1, 1988.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB630, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to centralize the funding and administration of equalization for school district foundation programs in the Office of the Superintendent of Public Instruction; to eliminate county accounting, reporting, and distribution requirements for mandatory county levies and miscellaneous revenues; to provide for monthly distribution of equalization aid money.

ASSUMPTIONS:


1. The maximum general budget without a vote will be \$286,185,000 in FY89.
2. The average number belonging will be 152,592 in FY89.
3. The foundation program schedules remain at the 1987 level.
4. County foundation revenue collections less high school tuition payments will be \$93,952,000 in FY89.
5. State revenue sources for the foundation program will total \$131,764,000 in FY89.

FISCAL IMPACT:Revenues:

Effective Date - July 1, 1988

	FY89		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
State Equalization Account	\$ 131,764,000	\$225,716,000	\$ 93,952,000
county Equalization Account	93,952,000	0	(93,952,000)
TOTAL	\$ 225,716,000	\$225,716,000	\$ 0

- NOTE: 1. The Legislative Auditor has audited a limited sample of counties regarding revenues raised to support the foundation program. The results show that in some cases, interest earnings from investment of foundation program revenue have been diverted for other uses. This bill will insure that all interest earnings are returned to the state equalization account.
2. The same legislative audit also found that payments in excess of entitlement have been made to school districts due to errors in calculation of available county revenues collected for the foundation purposes. These errors totalled over \$680,000 in FY85. This bill will prevent these over-distributions from occurring in the future.

 DATE 2/10/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

 DATE 2/19/87
 RAY PECK, PRIMARY SPONSOR

Fiscal Note for HB630, as introduced.**HB 630**