

SENATE BILL NO. 183  
INTRODUCED BY REGAN  
BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

IN THE SENATE

|                   |   |
|-------------------|---|
| JANUARY 21, 1987  | INTRODUCED AND REFERRED TO COMMITTEE<br>ON TAXATION.            |
| FEBRUARY 21, 1987 | COMMITTEE RECOMMEND BILL<br>DO PASS AS AMENDED. REPORT ADOPTED. |
| FEBRUARY 23, 1987 | PRINTING REPORT.  |
| FEBRUARY 24, 1987 | SECOND READING, DO PASS.  |
| FEBRUARY 25, 1987 | ENGROSSING REPORT.  |
|                   | THIRD READING, PASSED.<br>AYES, 45; NOES, 5.                    |
|                   | TRANSMITTED TO HOUSE.   |

## IN THE HOUSE

|                |  |
|----------------|--|
| MARCH 3, 1987  | INTRODUCED AND REFERRED TO COMMITTEE<br>ON TAXATION.   |
| APRIL 10, 1987 | COMMITTEE RECOMMEND BILL BE<br>CONCURRED IN AS AMENDED. REPORT<br>ADOPTED.                           |
| APRIL 13, 1987 | ON MOTION, RULES SUSPENDED TO PLACE<br>BILL ON SECOND AND THIRD READING THE<br>83RD LEGISLATIVE DAY. |
| APRIL 14, 1987 | SECOND READING, CONCURRED IN AS<br>AMENDED.  |
|                | THIRD READING, CONCURRED IN.<br>AYES, 50; NOES, 48.  |

APRIL 14, 1987

ON MOTION, RECONSIDER PREVIOUS ACTION.

THIRD READING, CONCURRED IN.  
AYES, 50; NOES, 49.

RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 16, 1987

RECEIVED FROM HOUSE.

SECOND READING, AMENDMENTS  
CONCURRED IN.

APRIL 17, 1987

THIRD READING, AMENDMENTS  
CONCURRED IN.

SENT TO ENROLLING.

APRIL 20, 1987

ENROLLING REPORT.

SIGNED BY PRESIDENT.

IN THE HOUSE

APRIL 20, 1987

SIGNED BY SPEAKER.

IN THE SENATE

APRIL 20, 1987

DELIVERED TO GOVERNOR.

APRIL 22, 1987

RETURNED FROM GOVERNOR WITH  
RECOMMENDED AMENDMENTS.

APRIL 23, 1987

ON MOTION, GOVERNOR'S RECOM-  
MENDED AMENDMENTS PLACED ON  
SECOND READING THIS DAY.

SECOND READING, GOVERNOR'S RECOM-  
MENDED AMENDMENTS CONCURRED IN.

THIRD READING, GOVERNOR'S RECOM-  
MENDED AMENDMENTS CONCURRED IN.

TRANSMITTED TO HOUSE.

IN THE HOUSE

APRIL 23, 1987

SECOND READING, GOVERNOR'S RECOMMENDED AMENDMENTS CONCURRED IN.

THIRD READING, GOVERNOR'S RECOMMENDED AMENDMENTS CONCURRED IN.

RETURNED TO SENATE.

IN THE SENATE

APRIL 24, 1987

RECEIVED FROM HOUSE.

SENT TO ENROLLING.

1 Senate BILL NO. 183  
2 INTRODUCED BY Dale  
3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE  
4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE, THROUGH A  
6 STATEWIDE LEVY AND THE NET LOTTERY REVENUE, STATE AID TO  
7 ASSIST THE COUNTIES IN EQUALIZING A PORTION OF THE  
8 RETIREMENT FUND OBLIGATIONS OF ELEMENTARY AND HIGH SCHOOL  
9 DISTRICTS; TO PROVIDE A METHOD FOR DETERMINING THE LEVEL OF  
10 STATE AID AND DISTRIBUTING SUCH AID; AMENDING SECTIONS  
11 17-7-502, 20-3-106, AND 20-9-501, MCA, AND SECTION 13,  
12 CHAPTER 669, LAWS OF 1985; AND PROVIDING A DELAYED EFFECTIVE  
13 DATE."  
14  
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
16  
17 NEW SECTION. Section 1. Purpose -- policy. (1) It is  
18 the purpose of [this act] to respond to the provisions of  
19 Initiative 105 adopted by the voters on November 4, 1986.  
20  
21 (2) [Sections 2 through 4] provide property tax relief  
22 for the types of property described in Initiative 105, and  
23 for all other property subject to ad valorem taxation in  
24 Montana. [Section 3] provides the alternative source of  
25 revenue required by Initiative 105.  
26  
27 (3) It is the policy of the 50th legislature that the  
28 provisions of [this act] meet the requirements set forth in

1 Initiative 105, adopted by the voters of Montana on November  
2 4, 1986.

3 NEW SECTION. Section 2. State retirement equalization  
4 account. There is a state retirement equalization account in  
5 the state special revenue fund. Money from the statewide  
6 levy determined in [section 3] must be deposited in the  
7 account. The money in the account is statutorily  
8 appropriated, as provided in 17-7-502, to the superintendent  
9 of public instruction to assist the counties in equalizing a  
10 portion of the retirement fund obligations as provided in  
11 20-9-501.

12 NEW SECTION. Section 3. Determination of statewide  
13 levy for retirement equalization aid. (1) To assist the  
14 counties in equalizing a portion of the retirement fund  
15 obligations of the elementary and high school districts for  
16 the ensuing school fiscal year, the superintendent of public  
17 instruction shall:

18 (a) determine the amount of statewide levy funding  
19 that is necessary, when combined with the net lottery  
20 revenue from the prior fiscal year as determined by [section  
21 13, Chapter 669, Laws of 1985] and any surplus revenue from  
22 the prior taxable year in the account provided in [section  
23 2], to provide a funding amount equal to 63% of the  
24 statewide total for retirement fund obligations, as provided  
25 in 20-9-501, for the prior school fiscal year; and



1        (b) report the required amount of statewide levy  
2 funding determined in subsection (1)(a) to the director of  
3 the department of revenue by August 1 of the current school  
4 fiscal year.

5        (2) The director shall annually set a levy, on all the  
6 real property in the state, that will produce the amount  
7 reported in subsection (1)(b). The proceeds of the levy must  
8 be deposited in the state retirement equalization account  
9 established in [section 2].

10        NEW SECTION. Section 4. Calculation and distribution  
11 of retirement equalization aid. (1) The superintendent of  
12 public instruction shall administer the distribution of  
13 retirement equalization aid by:

14        (a) determining the estimated revenue available from:

15        (i) the statewide levy and the net lottery revenue as  
16 provided in [section 3]; and

17        (ii) any surplus revenue as provided in subsection (2);

18        (b) establishing the estimated dollar amount per  
19 average number belonging (ANB) by dividing the amount  
20 determined in subsection (1)(a) by the total state ANB for  
21 the prior school fiscal year;

22        (c) notifying each county superintendent by the fourth  
23 Monday in July of the estimated retirement equalization aid  
24 available to the county, calculated separately for  
25 elementary and high school districts and prorated as

1        specified in 20-9-501 for any joint school district, so that  
2 each county superintendent may use the amounts in the manner  
3 prescribed in 20-9-501 to calculate the retirement fund levy  
4 requirements for elementary and high school districts in the  
5 county;

6        (d) distributing in two payments, by state warrant,  
7 the amount of retirement equalization aid for each county.  
8 The first payment must be made by December 15 of the school  
9 fiscal year. The second payment must be made at the time of  
10 the last payment of state equalization aid as provided in  
11 20-9-344; and

12        (e) keeping a record of the complete data concerning  
13 revenue available for retirement equalization aid and the  
14 distribution of such aid.

15        (2) If the actual proceeds available for retirement  
16 equalization are not sufficient to finance the estimated  
17 dollar amount per ANB provided for in subsection (1)(b),  
18 each county will receive a prorated amount.

19        Section 5. Section 17-7-502, MCA, is amended to read:  
20        "17-7-502. Statutory appropriations -- definition --  
21 requisites for validity. (1) A statutory appropriation is an  
22 appropriation made by permanent law that authorizes spending  
23 by a state agency without the need for a biennial  
24 legislative appropriation or budget amendment.

25        (2) Except as provided in subsection (4), to be

1 effective, a statutory appropriation must comply with both  
2 of the following provisions:

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

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

8 (3) The following laws are the only laws containing  
9 statutory appropriations:

10 (a) 2-9-202;

11 (b) 2-17-105;

12 (c) 2-18-812;

13 (d) 10-3-203;

14 (e) 10-3-312;

15 (f) 10-3-314;

16 (g) 10-4-301;

17 (h) 13-37-304;

18 (i) 15-31-702;

19 (j) 15-36-112;

20 (k) 15-70-101;

21 (l) 16-1-404;

22 (m) 16-1-410;

23 (n) 16-1-411;

24 (o) 17-3-212;

25 (p) 17-5-404;

1 (q) 17-5-424;

2 (r) 17-5-804;

3 (s) 19-8-504;

4 (t) 19-9-702;

5 (u) 19-9-1007;

6 (v) 19-10-205;

7 (w) 19-10-305;

8 (x) 19-10-506;

9 (y) 19-11-512;

10 (z) 19-11-513;

11 (aa) 19-11-606;

12 (bb) 19-12-301;

13 (cc) 19-13-604;

14 (dd) 20-6-406;

15 (ee) 20-8-111;

16 (ff) 23-5-612;

17 (gg) 37-51-501;

18 (hh) 53-24-206;

19 (ii) 75-1-1101;

20 (jj) 75-7-305;

21 (kk) 80-2-103;

22 (ll) 80-2-228;

23 (mm) 90-3-301;

24 (nn) 90-3-302;

25 (oo) 90-15-103; and

1                   (pp) Sec. 13, HB 861, L. 1985; and  
 2                   (qq) [section 2].

3                   (4) There is a statutory appropriation to pay the  
 4 principal, interest, premiums, and costs of issuing, paying,  
 5 and securing all bonds, notes, or other obligations, as due,  
 6 that have been authorized and issued pursuant to the laws of  
 7 Montana. Agencies that have entered into agreements  
 8 authorized by the laws of Montana to pay the state  
 9 treasurer, for deposit in accordance with 17-2-101 through  
 10 17-2-107, as determined by the state treasurer, an amount  
 11 sufficient to pay the principal and interest as due on the  
 12 bonds or notes have statutory appropriation authority for  
 13 such payments."

14                   Section 6. Section 20-3-106, MCA, is amended to read:

15                   "20-3-106. Supervision of schools -- powers and  
 16 duties. The superintendent of public instruction has the  
 17 general supervision of the public schools and districts of  
 18 the state, and he shall perform the following duties or acts  
 19 in implementing and enforcing the provisions of this title:

20                   (1) resolve any controversy resulting from the  
 21 proration of costs by a joint board of trustees under the  
 22 provisions of 20-3-362;

23                   (2) issue, renew, or deny teacher certification and  
 24 emergency authorizations of employment;

25                   (3) negotiate reciprocal tuition agreements with other

1                   states in accordance with the provisions of 20-5-314;  
 2                   (4) serve on the teachers' retirement board in  
 3 accordance with the provisions of 2-15-1010;  
 4                   (5) approve or disapprove the orders of a high school  
 5 boundary commission in accordance with the provisions of  
 6 20-6-311;  
 7                   (6) approve or disapprove the opening or reopening of  
 8 a school in accordance with the provisions of 20-6-502,  
 9 20-6-503, 20-6-504, or 20-6-505;  
 10                  (7) approve or disapprove school isolation within the  
 11 limitations prescribed by 20-9-302;  
 12                  (8) generally supervise the school budgeting  
 13 procedures prescribed by law in accordance with the  
 14 provisions of 20-9-102 and prescribe the school budget  
 15 format in accordance with the provisions of 20-9-103 and  
 16 20-9-506;  
 17                  (9) establish a system of communication for  
 18 calculating joint district revenues in accordance with the  
 19 provisions of 20-9-151;  
 20                  (10) approve or disapprove the adoption of a district's  
 21 emergency budget resolution under the conditions prescribed  
 22 in 20-9-163 and publish rules for an application for  
 23 additional state aid for an emergency budget in accordance  
 24 with the approval and disbursement provisions of 20-9-166;  
 25                  (11) generally supervise the school financial

1 administration provisions as prescribed by 20-9-201(2);  
2 (12) prescribe and furnish the annual report forms to  
3 enable the districts to report to the county superintendent  
4 in accordance with the provisions of 20-9-213(5) and the  
5 annual report forms to enable the county superintendents to  
6 report to the superintendent of public instruction in  
7 accordance with the provisions of 20-3-209;

8 (13) approve, disapprove, or adjust an increase of the  
9 average number belonging (ANB) in accordance with the  
10 provisions of 20-9-313 and 20-9-314;

11 (14) distribute state equalization aid in support of  
12 the foundation program in accordance with the provisions of  
13 20-9-342, 20-9-346, and 20-9-347;

14 (15) distribute state impact aid in accordance with the  
15 provisions of 20-9-304;

16 (16) provide for the uniform and equal provision of  
17 transportation by performing the duties prescribed by the  
18 provisions of 20-10-112;

19 (17) approve or disapprove an adult education program  
20 for which a district proposes to levy a tax in accordance  
21 with the provisions of 20-7-705;

22 (18) request, accept, deposit, and expend federal  
23 moneys in accordance with the provisions of 20-9-603;

24 (19) authorize the use of federal moneys for the  
25 support of an interlocal cooperative agreement in accordance

1 with the provisions of 20-9-703 and 20-9-704;  
2 (20) prescribe the form and contents of and approve or  
3 disapprove interstate contracts in accordance with the  
4 provisions of 20-9-705;

5 (21) approve or disapprove the conduct of school on a  
6 Saturday or on pupil-instruction-related days in accordance  
7 with the provisions of 20-1-303 and 20-1-304;

8 (22) recommend standards of accreditation for all  
9 schools to the board of public education and evaluate  
10 compliance with such standards and recommend accreditation  
11 status of every school to the board of public education in  
12 accordance with the provisions of 20-7-101 and 20-7-102;

13 (23) collect and maintain a file of curriculum guides  
14 and assist schools with instructional programs in accordance  
15 with the provisions of 20-7-113 and 20-7-114;

16 (24) establish and maintain a library of visual, aural,  
17 and other educational media in accordance with the  
18 provisions of 20-7-201;

19 (25) license textbook dealers and initiate prosecution  
20 of textbook dealers violating the law in accordance with the  
21 provisions of the textbooks part of this title;

22 (26) as the governing agent and executive officer of  
23 the state of Montana for vocational education, adopt the  
24 policies prescribed by and in accordance with the provisions  
25 of 20-7-301;

1        (27) consider applications for the designation of a  
 2 postsecondary vocational-technical center in accordance with  
 3 the provisions of 20-7-311;

4        (28) establish a fund for the handling of postsecondary  
 5 vocational-technical center fees in accordance with the  
 6 provisions of 20-7-333;

7        (29) supervise and coordinate the conduct of special  
 8 education in the state in accordance with the provisions of  
 9 20-7-403;

10       (30) administer the traffic education program in  
 11 accordance with the provisions of 20-7-502;

12       (31) administer the school food services program in  
 13 accordance with the provisions of 20-10-201, 20-10-202, and  
 14 20-10-203;

15       (32) review school building plans and specifications in  
 16 accordance with the provisions of 20-6-622;

17       (33) prescribe the method of identification and signals  
 18 to be used by school safety patrols in accordance with the  
 19 provisions of 20-1-408; and

20       (34) administer the distribution of state retirement  
 21 equalization aid in accordance with [sections 3 and 4]; and

22       ~~+34+~~(35) perform any other duty prescribed from time to  
 23 time by this title, any other act of the legislature, or the  
 24 policies of the board of public education."

25       Section 7. Section 20-9-501, MCA, is amended to read:

1        "20-9-501. Retirement fund. (1) The trustees of any  
 2 district employing personnel who are members of the  
 3 teachers' retirement system or the public employees'  
 4 retirement system or who are covered by unemployment  
 5 insurance or who are covered by any federal social security  
 6 system requiring employer contributions shall establish a  
 7 retirement fund for the purposes of budgeting and paying the  
 8 employer's contributions to such systems. The district's  
 9 contribution for each employee who is a member of the  
 10 teachers' retirement system shall be calculated in  
 11 accordance with Title 19, chapter 4, part 6. The district's  
 12 contribution for each employee who is a member of the public  
 13 employees' retirement system shall be calculated in  
 14 accordance with 19-3-801. The district may levy a special  
 15 tax to pay its contribution to the public employees'  
 16 retirement system under the conditions prescribed in  
 17 19-3-204. The district's contributions for each employee  
 18 covered by any federal social security system shall be paid  
 19 in accordance with federal law and regulation. The  
 20 district's contribution for each employee who is covered by  
 21 unemployment insurance shall be paid in accordance with  
 22 Title 39, chapter 51, part 11.

23       (2) The trustees of any district required to make a  
 24 contribution to any such system shall include in the  
 25 retirement fund of the preliminary budget the estimated

1 amount of the employer's contribution and such additional  
 2 moneys, within legal limitations, as they may wish to  
 3 provide for the retirement fund cash reserve. After the  
 4 final retirement fund budget has been adopted, the trustees  
 5 shall pay the employer contributions to such systems in  
 6 accordance with the financial administration provisions of  
 7 this title.

8 (3) When the final retirement fund budget has been  
 9 adopted, the county superintendent shall establish the levy  
 10 requirement by:

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

13 (i) any anticipated moneys that may be realized in the  
 14 retirement fund during the ensuing school fiscal year,  
 15 including anticipated motor vehicle fees and reimbursement  
 16 under the provisions of 61-3-532 and 61-3-536;

17 (ii) net proceeds taxes for new production, as defined  
 18 in 15-23-601; and

19 (iii) any cash available for reappropriation as  
 20 determined by subtracting the amount of the end-of-the-year  
 21 cash balance earmarked as the retirement fund cash reserve  
 22 for the ensuing school fiscal year by the trustees from the  
 23 end-of-the-year cash balance in the retirement fund. The  
 24 retirement fund cash reserve shall not be more than 35% of  
 25 the final retirement fund budget for the ensuing school

1 fiscal year and shall be used for the purpose of paying  
 2 retirement fund warrants issued by the district under the  
 3 final retirement fund budget.

4 (b) subtracting the total of the moneys available for  
 5 reduction of the levy requirement as determined in  
 6 subsection (3)(a) from the budgeted amount for expenditures  
 7 in the final retirement fund budget.

8 (4) The county superintendent shall:

9 (a) total the net retirement fund levy requirements  
 10 separately for all elementary school districts, all high  
 11 school districts, and all community college districts of the  
 12 county, including any prorated joint district or special  
 13 education cooperative agreement levy requirements,---and  
 14 shall;

15 (b) reduce the total retirement fund levy requirements  
 16 of elementary school districts and high school districts by  
 17 the amount available in state retirement equalization aid as  
 18 calculated and distributed under the provisions of [section  
 19 4]; and

20 (c) report each such levy requirement to the county  
 21 commissioners on the second Monday of August as the  
 22 respective county levy requirements for elementary district,  
 23 high school district, and community college district  
 24 retirement funds.

25 (5) The county commissioners shall fix and set such

1 county levy in accordance with 20-9-142.

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

11 ~~(6)(7)~~ The net retirement fund levy requirement for  
 12 districts that are members of special education cooperative  
 13 agreements shall be prorated to each county in which such  
 14 district is located in the same proportion as the budget for  
 15 the special education cooperative agreement of the district  
 16 bears to the total budget of the cooperative. The county  
 17 superintendents of the counties affected shall jointly  
 18 determine the net retirement fund levy requirement for each  
 19 county in the same manner as provided in 20-9-151 and fix  
 20 and levy the net retirement fund levy for each county in the  
 21 same manner as provided in 20-9-152."

22 Section 8. Section 13, Chapter 669, Laws of 1985, is  
 23 amended to read:

24 "Section 13. Disposition of revenue. (1) As near as  
 25 possible to 45% of the money paid for tickets or chances in

1 each separate state lottery game must be paid out as prize  
 2 money for the game.

3 (2) Up to 15% of the gross revenue from the state  
 4 lottery may be used by the director to pay the operating  
 5 expenses of the state lottery. Commissions paid to lottery  
 6 ticket or chance sales agents are a state lottery operating  
 7 expense.

8 (3) That part of all gross revenue not used for the  
 9 payment of prizes and operating expenses is net revenue and  
 10 must be paid quarterly from the enterprise fund established  
 11 by [section 12] to the superintendent of public instruction  
 12 for distribution as equalization aid to the retirement fund  
 13 required--by--20-9-501---~~{The--net--revenue--is--statutorily--~~  
 14 ~~appropriated,--as--provided--in--{section--2--of--House--Bill--127--}~~  
 15 ~~The--superintendent--of--public--instruction--shall--establish--the~~  
 16 ~~dollar--amount--per--ANB--by--dividing--the--net--lottery--revenue~~  
 17 ~~for--the--school--year--by--the--total--state--ANB--in--the--prior~~  
 18 ~~school--year--He--shall--then--notify--each--county--superintendent~~  
 19 ~~by--the--fourth--Monday--of--duty--of--the--total--retirement--fund~~  
 20 ~~equalization--aid--available--to--the--county--as--calculated~~  
 21 ~~separately--for--elementary--and--high--school--districts--using~~  
 22 ~~the--prior--year's--ANB--and--prorated--as--specified--in~~  
 23 ~~20-9-501(6)--for--any--joint--school--district--and--each--county~~  
 24 ~~superintendent--must--use--such--amounts--to--reduce--the--total~~  
 25 ~~retirement--fund--levy--requirement--for--elementary--school~~

1 districts-and-the-total-retirement-fund-levy-requirement-for  
2 high---school---districts.---The--superintendent--of--public  
3 instruction--shall--then--distribute--by--state--warrant--the--total  
4 amount-of-retirement-fund-equatilization-aid-for--each--county  
5 by--October--1--of--the--school--fiscal--year fund obligations of  
6 elementary and high school districts in the manner provided  
7 in [section 3]."

8 NEW SECTION. Section 9. Codification instruction.  
9 Sections 1 through 4 are intended to be codified as an  
10 integral part of Title 20, chapter 9, part 5, and the  
11 provisions of Title 20 apply to sections 1 through 4.

12 NEW SECTION. Section 10. Effective date. This act is  
13 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 SB183, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to provide through a statewide levy and the net lottery revenue, state aid to assist the counties in equalizing a portion of the retirement fund obligations of elementary and high school districts; to provide a method for determining the level of state aid and distributing such aid.

ASSUMPTIONS:

1. The amount raised statewide for teachers' retirement in FY86 was \$47,553,272. For the purposes of this note, assume this amount stays constant through FY89.
2. The lottery revenue available to offset property tax levies for teachers' retirement will be \$7,463,225 in FY88 and \$9,120,500 in FY89.
3. Assume the statewide property valuation will be \$1,997,193,000 in FY88 and \$2,024,661,000 in FY89.

FISCAL IMPACT:

|  | FY88                |                     |              | FY89                |                     |                |
|--|---------------------|---------------------|--------------|---------------------|---------------------|----------------|
| Revenues:  | Current Law         | Proposed Law        | Difference   | Current Law         | Proposed Law        | Difference     |
| County Retirement                                  |                     |                     |              |                     |                     |                |
| Levy   | \$40,090,047        | \$47,553,272        | \$7,463,225  | \$38,432,772        | \$17,594,711        | (\$20,838,061) |
| Lottery Revenue                                    | 7,463,225           | 0                   | ( 7,463,225) | 9,120,500           | 7,463,225           | ( 1,657,275)   |
| Statewide Levy                                     | 0                   | 0                   | 0            | 0                   | 22,495,336          | 22,495,336     |
| <b>TOTAL AVAILABLE FOR<br/>TEACHERS RETIREMENT</b> | <b>\$47,553,272</b> | <b>\$47,553,272</b> | <b>\$0</b>   | <b>\$47,553,272</b> | <b>\$47,553,272</b> | <b>\$0</b>     |

A statewide levy of approximately 11 mills in FY89 would be required to fulfill the provisions of this proposal.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

As shown in the table above, the local retirement levy will increase over current law in FY88 because the proposal delays the distribution of lottery revenue until FY89. Beginning in FY89, lottery revenue collected in the prior fiscal year will be distributed to reduce local levies for teacher retirement programs.

The implementation of a statewide levy may cause county levies to increase over current level in high valuation counties; retirement levies in low valuation counties may decrease from current level.

*David L. Hunter* DATE 1/21/87  
DAVID L. HUNTER, BUDGET DIRECTOR  
Office of Budget and Program Planning

*Pat Regan* DATE  
PAT REGAN, PRIMARY SPONSOR

Fiscal Note for SB183, as introduced.

SB 183

APPROVED BY COMMITTEE  
ON TAXATION

1 SENATE BILL NO. 183  
2 INTRODUCED BY REGAN  
3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE  
4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE, THROUGH A  
6 STATEWIDE LEVY AND THE NET LOTTERY REVENUE, STATE AID TO  
7 ASSIST THE COUNTIES IN EQUALIZING A PORTION OF THE  
8 RETIREMENT FUND OBLIGATIONS OF ELEMENTARY AND HIGH SCHOOL  
9 DISTRICTS; TO PROVIDE A METHOD FOR DETERMINING THE LEVEL OF  
10 STATE AID AND DISTRIBUTING SUCH AID; AMENDING SECTIONS  
11 17-7-502, 20-3-106, AND 20-9-501, MCA, AND SECTION 13,  
12 CHAPTER 669, LAWS OF 1985; AND PROVIDING A DELAYED EFFECTIVE  
13 DATE."

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

16        NEW SECTION. Section 1. Purpose -- policy. (1) It is  
17    the purpose of [this act] to respond to the provisions of  
18    Initiative 105 adopted by the voters on November 4, 1986.

19 (2) [Sections 2 through 4] provide property tax relief  
20 for the types of property described in Initiative 105, and  
21 for all other property subject to ad valorem taxation in  
22 Montana. [Section 3] provides the alternative source of  
23 revenue required by Initiative 105.

24 (3) It is the policy of the 50th legislature that the  
25 provisions of [this act] meet the requirements set forth in

1 Initiative 105, adopted by the voters of Montana on November  
2 4, 1986.

3 NEW SECTION. Section 2. State retirement equalization  
4 account -- AUTHORIZATION TO APPROPRIATE. There is a state  
5 retirement equalization account in the state special revenue  
6 fund. Money from the statewide levy determined in (section  
7 3) must be deposited in the account. The LEGISLATURE MAY  
8 APPROPRIATE THE money in the account is--statutorily  
9 ~~appropriated, as provided in I-7-7-502,~~ to the superintendent  
10 of public instruction to assist the counties in equalizing a  
11 portion of the retirement fund obligations as provided in  
12 20-9-501.

13        NEW SECTION. Section 3. Determination of statewide  
14        levy for retirement equalization aid. (1) To assist the  
15        counties in equalizing a portion of the retirement fund  
16        obligations of the elementary and high school districts for  
17        the ensuing school fiscal year, the superintendent of public  
18        instruction shall:

19 (a) determine the amount of statewide levy funding  
20 that is necessary, when combined with the net lottery  
21 revenue from the prior fiscal year as determined by [section  
22 13, Chapter 669, Laws of 1985] and any surplus revenue from  
23 the prior taxable year in the account provided in [section  
24 2], to provide a funding amount equal to 63 $\frac{1}{2}$  of the  
25 statewide total for retirement fund obligations, as provided



1 in 20-9-501, for the prior school fiscal year; and  
 2 (b) report the required amount of statewide levy  
 3 funding determined in subsection (1)(a) to the director of  
 4 the department of revenue by August 1 of the current school  
 5 fiscal year.

6 (2) The director shall annually set a levy, on all the  
 7 real property in the state, that will produce the amount  
 8 reported in subsection (1)(b). The proceeds of the levy must  
 9 be deposited in the state retirement equalization account  
 10 established in [section 2].

11 NEW SECTION. Section 4. Calculation and distribution  
 12 of retirement equalization aid. (1) The superintendent of  
 13 public instruction shall administer the distribution of  
 14 retirement equalization aid by:

15 (a) determining the estimated revenue available from:  
 16 (i) the statewide levy and the net lottery revenue as  
 17 provided in [section 3]; and

18 (ii) any surplus revenue as provided in subsection (2);

19 (b) establishing the estimated dollar amount per  
 20 average number belonging (ANB) by dividing the amount  
 21 determined in subsection (1)(a) by the total state ANB for  
 22 the prior school fiscal year;

23 (c) notifying each county superintendent by the fourth  
 24 Monday in July of the estimated retirement equalization aid  
 25 available to the county, calculated separately for

1 elementary and high school districts and prorated as  
 2 specified in 20-9-501 for any joint school district, so that  
 3 each county superintendent may use the amounts in the manner  
 4 prescribed in 20-9-501 to calculate the retirement fund levy  
 5 requirements for elementary and high school districts in the  
 6 county;

7 (d) distributing in two payments, by state warrant,  
 8 the amount of retirement equalization aid for each county.  
 9 The first payment must be made by December 15 of the school  
 10 fiscal year. The second payment must be made at the time of  
 11 the last payment of state equalization aid as provided in  
 12 20-9-344; and

13 (e) keeping a record of the complete data concerning  
 14 revenue available for retirement equalization aid and the  
 15 distribution of such aid.

16 (2) If the actual proceeds available for retirement  
 17 equalization are not sufficient to finance the estimated  
 18 dollar amount per ANB provided for in subsection (1)(b),  
 19 each county will receive a prorated amount.

20 ~~Section 5. Section 17-7-502, MCA, is amended to read:~~  
 21 ~~"17-7-502. Statutory--appropriations----definition--~~  
 22 ~~requisites-for-validity---(1) A statutory--appropriation--is~~  
 23 ~~an--appropriation--made--by--permanent--law--that--authorizes~~  
 24 ~~spending--by--a--state--agency--without--the--need--for--a--biennial~~  
 25 ~~legislative--appropriation--or--budget--amendment."~~

1        {2}--Except--as--provided--in--subsection--{4},--to--be  
 2 effective--a--statutory--appropriation--must--comply--with--both  
 3 of--the--following--provisions:  
 4        {a}--The--law--containing--the--statutory--authority--must--be  
 5 listed--in--subsection--{3}--.  
 6        {b}--The--law--or--portion--of--the--law--making--a--statutory  
 7 appropriation--must--specifically--state--that--a--statutory  
 8 appropriation--is--made--as--provided--in--this--section.  
 9        {3}--The--following--laws--are--the--only--laws--containing  
 10 statutory--appropriations:  
 11        {a}--2-9-202;  
 12        {b}--2-17-105;  
 13        {c}--2-18-812;  
 14        {d}--10-3-203;  
 15        {e}--10-3-312;  
 16        {f}--10-3-314;  
 17        {g}--10-4-301;  
 18        {h}--13-37-304;  
 19        {i}--15-31-702;  
 20        {j}--15-36-112;  
 21        {k}--15-70-101;  
 22        {l}--16-1-404;  
 23        {m}--16-1-410;  
 24        {n}--16-1-411;  
 25        {o}--17-3-212;

1        {p}--17-5-404;  
 2        {q}--17-5-424;  
 3        {r}--17-5-804;  
 4        {s}--19-8-504;  
 5        {t}--19-9-702;  
 6        {u}--19-9-1007;  
 7        {v}--19-10-205;  
 8        {w}--19-10-305;  
 9        {x}--19-10-506;  
 10        {y}--19-11-512;  
 11        {z}--19-11-513;  
 12        {aa}--19-11-606;  
 13        {bb}--19-12-301;  
 14        {cc}--19-13-604;  
 15        {dd}--20-6-406;  
 16        {ee}--20-8-111;  
 17        {ff}--23-5-612;  
 18        {gg}--37-51-501;  
 19        {hh}--53-24-206;  
 20        {ii}--75-1-1101;  
 21        {jj}--75-7-305;  
 22        {kk}--80-2-103;  
 23        {ll}--80-2-228;  
 24        {mm}--90-3-301;  
 25        {nn}--90-3-302;

1        ~~too}-90-15-103;--and~~

2        ~~tpp}-See:-13,-HB-061,-b,-1985,-and~~

3        ~~too}-{{section-2}};~~

4        ~~{4)--There-is-a--statutory--appropriation--to--pay--the~~  
 5        ~~principal,-interest,-premiums,-and-costs-of-issuing,-paying,~~  
 6        ~~and-securing-all-bonds,-notes,-or-other-obligations,-as-due,~~  
 7        ~~that-have-been-authorized-and-issued-pursuant-to-the-laws-of~~  
 8        ~~Montana.---Agencies---that---have--entered--into--agreements~~  
 9        ~~authorized--by--the--laws--of--Montana--to--pay--the--state~~  
 10       ~~treasurer,--for--deposit-in-accordance-with-17-2-101-through~~  
 11       ~~17-2-107,-as-determined-by-the-state--treasurer,--an--amount~~  
 12       ~~sufficient--to--pay-the-principal-and-interest-as-due-on-the~~  
 13       ~~bonds-or-notes-have-statutory--appropriation--authority--for~~  
 14       ~~such-payments.\*\*~~

15       Section 5. Section 20-3-106, MCA, is amended to read:

16       "20-3-106. Supervision of schools -- powers and  
 17       duties. The superintendent of public instruction has the  
 18       general supervision of the public schools and districts of  
 19       the state, and he shall perform the following duties or acts  
 20       in implementing and enforcing the provisions of this title:

21       (1) resolve any controversy resulting from the  
 22       proration of costs by a joint board of trustees under the  
 23       provisions of 20-3-362;

24       (2) issue, renew, or deny teacher certification and  
 25       emergency authorizations of employment;

1        (3) negotiate reciprocal tuition agreements with other  
 2        states in accordance with the provisions of 20-5-314;  
 3        (4) serve on the teachers' retirement board in  
 4        accordance with the provisions of 2-15-1010;  
 5        (5) approve or disapprove the orders of a high school  
 6        boundary commission in accordance with the provisions of  
 7        20-6-311;  
 8        (6) approve or disapprove the opening or reopening of  
 9        a school in accordance with the provisions of 20-6-502,  
 10       20-6-503, 20-6-504, or 20-6-505;  
 11       (7) approve or disapprove school isolation within the  
 12       limitations prescribed by 20-9-302;  
 13       (8) generally supervise the school budgeting  
 14       procedures prescribed by law in accordance with the  
 15       provisions of 20-9-102 and prescribe the school budget  
 16       format in accordance with the provisions of 20-9-103 and  
 17       20-9-506;  
 18       (9) establish a system of communication for  
 19       calculating joint district revenues in accordance with the  
 20       provisions of 20-9-151;  
 21       (10) approve or disapprove the adoption of a district's  
 22       emergency budget resolution under the conditions prescribed  
 23       in 20-9-163 and publish rules for an application for  
 24       additional state aid for an emergency budget in accordance  
 25       with the approval and disbursement provisions of 20-9-166;

1        (11) generally supervise the school financial  
2 administration provisions as prescribed by 20-9-201(2);

3        (12) prescribe and furnish the annual report forms to  
4 enable the districts to report to the county superintendent  
5 in accordance with the provisions of 20-9-213(5) and the  
6 annual report forms to enable the county superintendents to  
7 report to the superintendent of public instruction in  
8 accordance with the provisions of 20-3-209;

9        (13) approve, disapprove, or adjust an increase of the  
10 average number belonging (ANB) in accordance with the  
11 provisions of 20-9-313 and 20-9-314;

12        (14) distribute state equalization aid in support of  
13 the foundation program in accordance with the provisions of  
14 20-9-342, 20-9-346, and 20-9-347;

15        (15) distribute state impact aid in accordance with the  
16 provisions of 20-9-304;

17        (16) provide for the uniform and equal provision of  
18 transportation by performing the duties prescribed by the  
19 provisions of 20-10-112;

20        (17) approve or disapprove an adult education program  
21 for which a district proposes to levy a tax in accordance  
22 with the provisions of 20-7-705;

23        (18) request, accept, deposit, and expend federal  
24 moneys in accordance with the provisions of 20-9-603;

25        (19) authorize the use of federal moneys for the

1        support of an interlocal cooperative agreement in accordance  
2 with the provisions of 20-9-703 and 20-9-704;

3        (20) prescribe the form and contents of and approve or  
4 disapprove interstate contracts in accordance with the  
5 provisions of 20-9-705;

6        (21) approve or disapprove the conduct of school on a  
7 Saturday or on pupil-instruction-related days in accordance  
8 with the provisions of 20-1-303 and 20-1-304;

9        (22) recommend standards of accreditation for all  
10 schools to the board of public education and evaluate  
11 compliance with such standards and recommend accreditation  
12 status of every school to the board of public education in  
13 accordance with the provisions of 20-7-101 and 20-7-102;

14        (23) collect and maintain a file of curriculum guides  
15 and assist schools with instructional programs in accordance  
16 with the provisions of 20-7-113 and 20-7-114;

17        (24) establish and maintain a library of visual, aural,  
18 and other educational media in accordance with the  
19 provisions of 20-7-201;

20        (25) license textbook dealers and initiate prosecution  
21 of textbook dealers violating the law in accordance with the  
22 provisions of the textbooks part of this title;

23        (26) as the governing agent and executive officer of  
24 the state of Montana for vocational education, adopt the  
25 policies prescribed by and in accordance with the provisions

1       of 20-7-301;

2           (27) consider applications for the designation of a  
3       postsecondary vocational-technical center in accordance with  
4       the provisions of 20-7-311;

5           (28) establish a fund for the handling of postsecondary  
6       vocational-technical center fees in accordance with the  
7       provisions of 20-7-333;

8           (29) supervise and coordinate the conduct of special  
9       education in the state in accordance with the provisions of  
10      20-7-403;

11          (30) administer the traffic education program in  
12       accordance with the provisions of 20-7-502;

13          (31) administer the school food services program in  
14       accordance with the provisions of 20-10-201, 20-10-202, and  
15      20-10-203;

16          (32) review school building plans and specifications in  
17       accordance with the provisions of 20-6-622;

18          (33) prescribe the method of identification and signals  
19       to be used by school safety patrols in accordance with the  
20       provisions of 20-1-408; and

21          (34) administer the distribution of state retirement  
22       equalization aid in accordance with [sections 3 and 4]; and

23          t34}{35) perform any other duty prescribed from time to  
24       time by this title, any other act of the legislature, or the  
25       policies of the board of public education."

1           Section 6. Section 20-9-501, MCA, is amended to read:  
2           "20-9-501. Retirement fund. (1) The trustees of any  
3       district employing personnel who are members of the  
4       teachers' retirement system or the public employees'  
5       retirement system or who are covered by unemployment  
6       insurance or who are covered by any federal social security  
7       system requiring employer contributions shall establish a  
8       retirement fund for the purposes of budgeting and paying the  
9       employer's contributions to such systems. The district's  
10      contribution for each employee who is a member of the  
11       teachers' retirement system shall be calculated in  
12       accordance with Title 19, chapter 4, part 6. The district's  
13      contribution for each employee who is a member of the public  
14       employees' retirement system shall be calculated in  
15       accordance with 19-3-801. The district may levy a special  
16       tax to pay its contribution to the public employees'  
17       retirement system under the conditions prescribed in  
18      19-3-204. The district's contributions for each employee  
19       covered by any federal social security system shall be paid  
20       in accordance with federal law and regulation. The  
21       district's contribution for each employee who is covered by  
22       unemployment insurance shall be paid in accordance with  
23       Title 39, chapter 51, part 11.

24          (2) The trustees of any district required to make a  
25       contribution to any such system shall include in the

1 retirement fund of the preliminary budget the estimated  
 2 amount of the employer's contribution and such additional  
 3 moneys, within legal limitations, as they may wish to  
 4 provide for the retirement fund cash reserve. After the  
 5 final retirement fund budget has been adopted, the trustees  
 6 shall pay the employer contributions to such systems in  
 7 accordance with the financial administration provisions of  
 8 this title.

9 (3) When the final retirement fund budget has been  
 10 adopted, the county superintendent shall establish the levy  
 11 requirement by:

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

14 (i) any anticipated moneys that may be realized in the  
 15 retirement fund during the ensuing school fiscal year,  
 16 including anticipated motor vehicle fees and reimbursement  
 17 under the provisions of 61-3-532 and 61-3-536;

18 (ii) net proceeds taxes for new production, as defined  
 19 in 15-23-601; and

20 (iii) any cash available for reappropriation as  
 21 determined by subtracting the amount of the end-of-the-year  
 22 cash balance earmarked as the retirement fund cash reserve  
 23 for the ensuing school fiscal year by the trustees from the  
 24 end-of-the-year cash balance in the retirement fund. The  
 25 retirement fund cash reserve shall not be more than 35% of

1 the final retirement fund budget for the ensuing school  
 2 fiscal year and shall be used for the purpose of paying  
 3 retirement fund warrants issued by the district under the  
 4 final retirement fund budget.

5 (b) subtracting the total of the moneys available for  
 6 reduction of the levy requirement as determined in  
 7 subsection (3)(a) from the budgeted amount for expenditures  
 8 in the final retirement fund budget.

9 (4) The county superintendent shall:

10 (a) total the net retirement fund levy requirements  
 11 separately for all elementary school districts, all high  
 12 school districts, and all community college districts of the  
 13 county, including any prorated joint district or special  
 14 education cooperative agreement levy requirements,---and  
 15 shall;

16 (b) reduce the total retirement fund levy requirements  
 17 of elementary school districts and high school districts by  
 18 the amount available in state retirement equalization aid as  
 19 calculated and distributed under the provisions of [section  
 20 4]; and

21 (c) report each such levy requirement to the county  
 22 commissioners on the second Monday of August as the  
 23 respective county levy requirements for elementary district,  
 24 high school district, and community college district  
 25 retirement funds.

1       (5) The county commissioners shall fix and set such  
 2 county levy in accordance with 20-9-142.

3       t5t{6} The net retirement fund levy requirement for a  
 4 joint elementary district or a joint high school district  
 5 shall be prorated to each county in which a part of such  
 6 district is located in the same proportion as the district  
 7 ANB of the joint district is distributed by pupil residence  
 8 in each such county. The county superintendents of the  
 9 counties affected shall jointly determine the net retirement  
 10 fund levy requirement for each county as provided in  
 11 20-9-151.

12       t6t{7} The net retirement fund levy requirement for  
 13 districts that are members of special education cooperative  
 14 agreements shall be prorated to each county in which such  
 15 district is located in the same proportion as the budget for  
 16 the special education cooperative agreement of the district  
 17 bears to the total budget of the cooperative. The county  
 18 superintendents of the counties affected shall jointly  
 19 determine the net retirement fund levy requirement for each  
 20 county in the same manner as provided in 20-9-151 and fix  
 21 and levy the net retirement fund levy for each county in the  
 22 same manner as provided in 20-9-152."

23       Section 7. Section 13, Chapter 669, Laws of 1985, is  
 24 amended to read:

25       "Section 13. Disposition of revenue. (1) As near as

1       possible to 45% of the money paid for tickets or chances in  
 2 each separate state lottery game must be paid out as prize  
 3 money for the game.

4               (2) Up to 15% of the gross revenue from the state  
 5 lottery may be used by the director to pay the operating  
 6 expenses of the state lottery. Commissions paid to lottery  
 7 ticket or chance sales agents are a state lottery operating  
 8 expense.

9               (3) That part of all gross revenue not used for the  
 10 payment of prizes and operating expenses is net revenue and  
 11 must be paid quarterly from the enterprise fund established  
 12 by [section 12] to the superintendent of public instruction  
 13 for distribution as equalization aid to the retirement funds  
 14 required--by--20-9-501--{The--net--revenue--is--statutorily  
 15 appropriated,--as--provided--in--{section--2--of--House--Bill--12}--}  
 16 The--superintendent--of--public--instruction--shall--establish--the  
 17 dollar--amount--per--ANB--by--dividing--the--net--lottery--revenue  
 18 for--the--school--year--by--the--total--state--ANB--in--the--prior  
 19 school--year--He--shall--then--notify--each--county--superintendent  
 20 by--the--fourth--Monday--of--July--of--the--total--retirement--fund  
 21 equalization--aid--available--to--the--county--as--calculated  
 22 separately--for--elementary--and--high--school--districts--using  
 23 the--prior--year's--ANB--and--prorated--as--specified--in  
 24 20-9-501{6}--for--any--joint--school--district,--and--each--county  
 25 superintendent--must--use--such--amounts--to--reduce--the--total

1 retirement--fund--levy--requirement--for--elementary--school  
2 districts-and-the-total-retirement-fund-levy-requirement-for  
3 high---school---districts.---The--superintendent--of--public  
4 instruction-shall-then-distribute-by-state-warrant-the-total  
5 amount-of-retirement-fund-equalization-aid-for--each--county  
6 by--October--1-of-the-school-fiscal-year fund obligations of  
7 elementary and high school districts in the manner provided  
8 in [section 3]."

9 NEW SECTION. Section 8. Codification instruction.  
10 Sections 1 through 4 are intended to be codified as an  
11 integral part of Title 20, chapter 9, part 5, and the  
12 provisions of Title 20 apply to sections 1 through 4.

13 NEW SECTION. Section 9. Effective date. This act is  
14 effective July 1, 1988.

-End-

1 SENATE BILL NO. 103  
2 INTRODUCED BY REGAN  
3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE, THROUGH A  
6 STATEWIDE LEVY AND THE NET LOTTERY REVENUE, STATE AID TO  
7 ASSIST THE COUNTIES IN EQUALIZING A PORTION OF THE  
8 RETIREMENT FUND OBLIGATIONS OF ELEMENTARY AND HIGH SCHOOL  
9 DISTRICTS; TO PROVIDE A METHOD FOR DETERMINING THE LEVEL OF  
10 STATE AID AND DISTRIBUTING SUCH AID; AMENDING SECTIONS  
11 17-7-502, 20-3-106, AND 20-9-501, MCA, AND SECTION 13,  
12 CHAPTER 669, LAWS OF 1985; AND PROVIDING A DELAYED EFFECTIVE  
13 DATE."

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

16            NEW SECTION. Section 1. Purpose -- policy. (1) It is  
17    the purpose of [this act] to respond to the provisions of  
18    Initiative 105 adopted by the voters on November 4, 1986.

19 (2) [Sections 2 through 4] provide property tax relief  
20 for the types of property described in Initiative 105, and  
21 for all other property subject to ad valorem taxation in  
22 Montana. [Section 3] provides the alternative source of  
23 revenue required by Initiative 105.

24 (3) It is the policy of the 50th legislature that the  
25 provisions of [this act] meet the requirements set forth in

1 Initiative 105, adopted by the voters of Montana on November  
2 4, 1986.

3           NEW SECTION. Section 2. State retirement equalization  
4 account -- AUTHORIZATION TO APPROPRIATE. There is a state  
5 retirement equalization account in the state special revenue  
6 fund. Money from the statewide levy determined in [section  
7 3] must be deposited in the account. The LEGISLATURE MAY  
8 APPROPRIATE THE money in the account is--statutorily  
9 appropriated, as provided in 17-7-502, to the superintendent  
10 of public instruction to assist the counties in equalizing a  
11 portion of the retirement fund obligations as provided in  
12 20-9-501.

13        NEW SECTION. Section 3. Determination of statewide  
14        levy for retirement equalization aid. (1) To assist the  
15        counties in equalizing a portion of the retirement fund  
16        obligations of the elementary and high school districts for  
17        the ensuing school fiscal year, the superintendent of public  
18        instruction shall:

19 (a) determine the amount of statewide levy funding  
20 that is necessary, when combined with the net lottery  
21 revenue from the prior fiscal year as determined by [section  
22 13, Chapter 669, Laws of 1985] and any surplus revenue from  
23 the prior taxable year in the account provided in [section  
24 2], to provide a funding amount equal to 63% of the  
25 statewide total for retirement fund obligations, as provided

1 in 20-9-501, for the prior school fiscal year; and  
 2 (b) report the required amount of statewide levy  
 3 funding determined in subsection (1)(a) to the director of  
 4 the department of revenue by August 1 of the current school  
 5 fiscal year.

6 (2) The director shall annually set a levy, on all the  
 7 real property in the state, that will produce the amount  
 8 reported in subsection (1)(b). The proceeds of the levy must  
 9 be deposited in the state retirement equalization account  
 10 established in [section 2].

11 NEW SECTION. Section 4. Calculation and distribution  
 12 of retirement equalization aid. (1) The superintendent of  
 13 public instruction shall administer the distribution of  
 14 retirement equalization aid by:

15 (a) determining the estimated revenue available from:  
 16 (i) the statewide levy and the net lottery revenue as  
 17 provided in [section 3]; and  
 18 (ii) any surplus revenue as provided in subsection (2);  
 19 (b) establishing the estimated dollar amount per  
 20 average number belonging (ANB) by dividing the amount  
 21 determined in subsection (1)(a) by the total state ANB for  
 22 the prior school fiscal year;  
 23 (c) notifying each county superintendent by the fourth  
 24 Monday in July of the estimated retirement equalization aid  
 25 available to the county, calculated separately for

1 elementary and high school districts and prorated as  
 2 specified in 20-9-501 for any joint school district, so that  
 3 each county superintendent may use the amounts in the manner  
 4 prescribed in 20-9-501 to calculate the retirement fund levy  
 5 requirements for elementary and high school districts in the  
 6 county;

7 (d) distributing in two payments, by state warrant,  
 8 the amount of retirement equalization aid for each county.  
 9 The first payment must be made by December 15 of the school  
 10 fiscal year. The second payment must be made at the time of  
 11 the last payment of state equalization aid as provided in  
 12 20-9-344; and

13 (e) keeping a record of the complete data concerning  
 14 revenue available for retirement equalization aid and the  
 15 distribution of such aid.

16 (2) If the actual proceeds available for retirement  
 17 equalization are not sufficient to finance the estimated  
 18 dollar amount per ANB provided for in subsection (1)(b),  
 19 each county will receive a prorated amount.

20 Section-5---Section-17-7-502,-MEA,-is-amended-to--read:  
 21 #17-7-502---Statutory--appropriations----definition--  
 22 requisites-for-validity---(i) A statutory--appropriation--is  
 23 an--appropriation--made--by--permanent--law--that--authorizes  
 24 spending--by--a--state--agency--without--the--need--for--a--biennial  
 25 legislative--appropriation--or--budget--amendment--

1       {2}--Except--as--provided--in--subsection--{4}--to--be  
 2       effective, a statutory appropriation must comply--with--both  
 3       of-the-following-provisions:  
 4        {a}--The law containing the statutory authority must be  
 5       listed in subsection--{3}--.  
 6        {b}--The--law--or--portion--of--the--law--making--a--statutory  
 7       appropriation--must--specifically--state--that--a--statutory  
 8       appropriation--is--made--as--provided--in--this--section:  
 9        {3}--The--following--laws--are--the--only--laws--containing  
 10       statutory appropriations:  
 11        {a}--2-9-202;  
 12        {b}--2-17-105;  
 13        {c}--2-18-812;  
 14        {d}--10-3-203;  
 15        {e}--10-3-312;  
 16        {f}--10-3-314;  
 17        {g}--10-4-301;  
 18        {h}--13-37-304;  
 19        {i}--15-31-702;  
 20        {j}--15-36-112;  
 21        {k}--15-70-101;  
 22        {l}--16-1-404;  
 23        {m}--16-1-410;  
 24        {n}--16-1-411;  
 25        {o}--17-3-212;

1        {p}--17-5-404;  
 2        {q}--17-5-424;  
 3        {r}--17-5-804;  
 4        {t}--19-8-504;  
 5        {u}--19-9-702;  
 6        {u}--19-9-1007;  
 7        {v}--19-10-205;  
 8        {w}--19-10-305;  
 9        {x}--19-10-506;  
 10       {y}--19-11-512;  
 11       {z}--19-11-513;  
 12       {aa}--19-11-606;  
 13       {bb}--19-12-301;  
 14       {cc}--19-13-604;  
 15       {dd}--20-6-406;  
 16       {ee}--20-8-111;  
 17       {ff}--23-5-612;  
 18       {gg}--37-51-501;  
 19       {hh}--53-24-206;  
 20       {ii}--75-1-1101;  
 21       {jj}--75-7-305;  
 22       {kk}--80-2-103;  
 23       {ll}--80-2-228;  
 24       {mm}--90-3-301;  
 25       {nn}--90-3-302;

1        ~~fee~~-90-15-103; and  
 2        ~~ppp~~-Sec--13, HB-0617, br-1985; and  
 3        ~~qqq~~-{section-2}.

4        ~~(4) --There-is-a--statutory--appropriation--to--pay--the~~  
 5        ~~principal,-interest,-premiums,-and-costs-of-issuing,-paying,~~  
 6        ~~and-securing-all-bonds,-notes,-or-other-obligations,-as-due,~~  
 7        ~~that-have-been-authorized-and-issued-pursuant-to-the-laws-of~~  
 8        ~~Montana;--Agencies--that--have--entered--into--agreements~~  
 9        ~~authorized--by--the--laws--of--Montana--to--pay--the--state~~  
 10       ~~treasurer,--for--deposit-in-accordance-with-17-2-101-through~~  
 11       ~~17-2-107, as-determined-by-the-state--treasurer,--an--amount~~  
 12       ~~sufficient--to--pay--the--principal-and-interest-as-due-on-the~~  
 13       ~~bonds-or-notes-have-statutory--appropriation--authority--for~~  
 14       ~~such-payments--\*~~

15       Section 5. Section 20-3-106, MCA, is amended to read:  
 16       "20-3-106. Supervision of schools -- powers and  
 17       duties. The superintendent of public instruction has the  
 18       general supervision of the public schools and districts of  
 19       the state, and he shall perform the following duties or acts  
 20       in implementing and enforcing the provisions of this title:  
 21       (1) resolve any controversy resulting from the  
 22       proration of costs by a joint board of trustees under the  
 23       provisions of 20-3-362;  
 24       (2) issue, renew, or deny teacher certification and  
 25       emergency authorizations of employment;

1        (3) negotiate reciprocal tuition agreements with other  
 2        states in accordance with the provisions of 20-5-314;  
 3        (4) serve on the teachers' retirement board in  
 4        accordance with the provisions of 2-15-1010;  
 5        (5) approve or disapprove the orders of a high school  
 6        boundary commission in accordance with the provisions of  
 7        20-6-311;  
 8        (6) approve or disapprove the opening or reopening of  
 9        a school in accordance with the provisions of 20-6-502,  
 10       20-6-503, 20-6-504, or 20-6-505;  
 11       (7) approve or disapprove school isolation within the  
 12       limitations prescribed by 20-9-302;  
 13       (8) generally supervise the school budgeting  
 14       procedures prescribed by law in accordance with the  
 15       provisions of 20-9-102 and prescribe the school budget  
 16       format in accordance with the provisions of 20-9-103 and  
 17       20-9-506;  
 18       (9) establish a system of communication for  
 19       calculating joint district revenues in accordance with the  
 20       provisions of 20-9-151;  
 21       (10) approve or disapprove the adoption of a district's  
 22       emergency budget resolution under the conditions prescribed  
 23       in 20-9-163 and publish rules for an application for  
 24       additional state aid for an emergency budget in accordance  
 25       with the approval and disbursement provisions of 20-9-166;

1       (11) generally supervise the school financial  
2 administration provisions as prescribed by 20-9-201(2);

3       (12) prescribe and furnish the annual report forms to  
4 enable the districts to report to the county superintendent  
5 in accordance with the provisions of 20-9-213(5) and the  
6 annual report forms to enable the county superintendents to  
7 report to the superintendent of public instruction in  
8 accordance with the provisions of 20-3-209;

9       (13) approve, disapprove, or adjust an increase of the  
10 average number belonging (ANB) in accordance with the  
11 provisions of 20-9-313 and 20-9-314;

12       (14) distribute state equalization aid in support of  
13 the foundation program in accordance with the provisions of  
14 20-9-342, 20-9-346, and 20-9-347;

15       (15) distribute state impact aid in accordance with the  
16 provisions of 20-9-304;

17       (16) provide for the uniform and equal provision of  
18 transportation by performing the duties prescribed by the  
19 provisions of 20-10-112;

20       (17) approve or disapprove an adult education program  
21 for which a district proposes to levy a tax in accordance  
22 with the provisions of 20-7-705;

23       (18) request, accept, deposit, and expend federal  
24 moneys in accordance with the provisions of 20-9-603;

25       (19) authorize the use of federal moneys for the

1       support of an interlocal cooperative agreement in accordance  
2 with the provisions of 20-9-703 and 20-9-704;

3       (20) prescribe the form and contents of and approve or  
4 disapprove interstate contracts in accordance with the  
5 provisions of 20-9-705;

6       (21) approve or disapprove the conduct of school on a  
7 Saturday or on pupil-instruction-related days in accordance  
8 with the provisions of 20-1-303 and 20-1-304;

9       (22) recommend standards of accreditation for all  
10 schools to the board of public education and evaluate  
11 compliance with such standards and recommend accreditation  
12 status of every school to the board of public education in  
13 accordance with the provisions of 20-7-101 and 20-7-102;

14       (23) collect and maintain a file of curriculum guides  
15 and assist schools with instructional programs in accordance  
16 with the provisions of 20-7-113 and 20-7-114;

17       (24) establish and maintain a library of visual, aural,  
18 and other educational media in accordance with the  
19 provisions of 20-7-201;

20       (25) license textbook dealers and initiate prosecution  
21 of textbook dealers violating the law in accordance with the  
22 provisions of the textbooks part of this title;

23       (26) as the governing agent and executive officer of  
24 the state of Montana for vocational education, adopt the  
25 policies prescribed by and in accordance with the provisions

1 of 20-7-301;

2 (27) consider applications for the designation of a  
3 postsecondary vocational-technical center in accordance with  
4 the provisions of 20-7-311;

5 (28) establish a fund for the handling of postsecondary  
6 vocational-technical center fees in accordance with the  
7 provisions of 20-7-333;

8 (29) supervise and coordinate the conduct of special  
9 education in the state in accordance with the provisions of  
10 20-7-403;

11 (30) administer the traffic education program in  
12 accordance with the provisions of 20-7-502;

13 (31) administer the school food services program in  
14 accordance with the provisions of 20-10-201, 20-10-202, and  
15 20-10-203;

16 (32) review school building plans and specifications in  
17 accordance with the provisions of 20-6-622;

18 (33) prescribe the method of identification and signals  
19 to be used by school safety patrols in accordance with the  
20 provisions of 20-1-408; and

21 (34) administer the distribution of state retirement  
22 equalization aid in accordance with (sections 3 and 4); and

23 ~~t34~~(35) perform any other duty prescribed from time to  
24 time by this title, any other act of the legislature, or the  
25 policies of the board of public education."

1 Section 6. Section 20-9-501, MCA, is amended to read:  
2 "20-9-501. Retirement fund. (1) The trustees of any  
3 district employing personnel who are members of the  
4 teachers' retirement system or the public employees'  
5 retirement system or who are covered by unemployment  
6 insurance or who are covered by any federal social security  
7 system requiring employer contributions shall establish a  
8 retirement fund for the purposes of budgeting and paying the  
9 employer's contributions to such systems. The district's  
10 contribution for each employee who is a member of the  
11 teachers' retirement system shall be calculated in  
12 accordance with Title 19, chapter 4, part 6. The district's  
13 contribution for each employee who is a member of the public  
14 employees' retirement system shall be calculated in  
15 accordance with 19-3-801. The district may levy a special  
16 tax to pay its contribution to the public employees'  
17 retirement system under the conditions prescribed in  
18 19-3-204. The district's contributions for each employee  
19 covered by any federal social security system shall be paid  
20 in accordance with federal law and regulation. The  
21 district's contribution for each employee who is covered by  
22 unemployment insurance shall be paid in accordance with  
23 Title 39, chapter 51, part 11.

24 (2) The trustees of any district required to make a  
25 contribution to any such system shall include in the

1      retirement fund of the preliminary budget the estimated  
 2      amount of the employer's contribution and such additional  
 3      moneys, within legal limitations, as they may wish to  
 4      provide for the retirement fund cash reserve. After the  
 5      final retirement fund budget has been adopted, the trustees  
 6      shall pay the employer contributions to such systems in  
 7      accordance with the financial administration provisions of  
 8      this title.

9      (3) When the final retirement fund budget has been  
 10     adopted, the county superintendent shall establish the levy  
 11     requirement by:

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

14     (i) any anticipated moneys that may be realized in the  
 15     retirement fund during the ensuing school fiscal year,  
 16     including anticipated motor vehicle fees and reimbursement  
 17     under the provisions of 61-3-532 and 61-3-536;

18     (ii) net proceeds taxes for new production, as defined  
 19     in 15-23-601; and

20     (iii) any cash available for reappropriation as  
 21     determined by subtracting the amount of the end-of-the-year  
 22     cash balance earmarked as the retirement fund cash reserve  
 23     for the ensuing school fiscal year by the trustees from the  
 24     end-of-the-year cash balance in the retirement fund. The  
 25     retirement fund cash reserve shall not be more than 35% of

1      the final retirement fund budget for the ensuing school  
 2      fiscal year and shall be used for the purpose of paying  
 3      retirement fund warrants issued by the district under the  
 4      final retirement fund budget.

5      (b) subtracting the total of the moneys available for  
 6      reduction of the levy requirement as determined in  
 7      subsection (3)(a) from the budgeted amount for expenditures  
 8      in the final retirement fund budget.

9      (4) The county superintendent shall:

10     (a) total the net retirement fund levy requirements  
 11     separately for all elementary school districts, all high  
 12     school districts, and all community college districts of the  
 13     county, including any prorated joint district or special  
 14     education cooperative agreement levy requirements---and  
 15     shall;

16     (b) reduce the total retirement fund levy requirements  
 17     of elementary school districts and high school districts by  
 18     the amount available in state retirement equalization aid as  
 19     calculated and distributed under the provisions of (section  
 20     4); and

21     (c) report each such levy requirement to the county  
 22     commissioners on the second Monday of August as the  
 23     respective county levy requirements for elementary district,  
 24     high school district, and community college district  
 25     retirement funds.

1       (5) The county commissioners shall fix and set such  
 2 county levy in accordance with 20-9-142.

3       (5)(6) The net retirement fund levy requirement for a  
 4 joint elementary district or a joint high school district  
 5 shall be prorated to each county in which a part of such  
 6 district is located in the same proportion as the district  
 7 ANB of the joint district is distributed by pupil residence  
 8 in each such county. The county superintendents of the  
 9 counties affected shall jointly determine the net retirement  
 10 fund levy requirement for each county as provided in  
 11 20-9-151.

12       (6)(7) The net retirement fund levy requirement for  
 13 districts that are members of special education cooperative  
 14 agreements shall be prorated to each county in which such  
 15 district is located in the same proportion as the budget for  
 16 the special education cooperative agreement of the district  
 17 bears to the total budget of the cooperative. The county  
 18 superintendents of the counties affected shall jointly  
 19 determine the net retirement fund levy requirement for each  
 20 county in the same manner as provided in 20-9-151 and fix  
 21 and levy the net retirement fund levy for each county in the  
 22 same manner as provided in 20-9-152."

23       Section 7. Section 13, Chapter 669, Laws of 1985, is  
 24 amended to read:

25       "Section 13. Disposition of revenue. (1) As near as

1       possible to 45% of the money paid for tickets or chances in  
 2 each separate state lottery game must be paid out as prize  
 3 money for the game.

4       (2) Up to 15% of the gross revenue from the state  
 5 lottery may be used by the director to pay the operating  
 6 expenses of the state lottery. Commissions paid to lottery  
 7 ticket or chance sales agents are a state lottery operating  
 8 expense.

9       (3) That part of all gross revenue not used for the  
 10 payment of prizes and operating expenses is net revenue and  
 11 must be paid quarterly from the enterprise fund established  
 12 by (section 12) to the superintendent of public instruction  
 13 for distribution as equalization aid to the retirement funds  
 14 required--by--20-9-501--{The--net--revenue--is--statutorily  
 15 appropriated,--as--provided--in--{section--2--of--House--Bill--127,}--}  
 16 The--superintendent--of--public--instruction--shall--establish--the  
 17 dollar--amount--per--ANB--by--dividing--the--net--lottery--revenue  
 18 for--the--school--year--by--the--total--state--ANB--in--the--prior  
 19 school--year--He--shall--then--notify--each--county--superintendent  
 20 by--the--fourth--Monday--of--duty--of--the--total--retirement--fund  
 21 equalization--aid--available--to--the--county--as--calculated  
 22 separately--for--elementary--and--high--school--districts--using  
 23 the--prior--year's--ANB--and--prorated--as--specified--in  
 24 20-9-501{6}--for--any--joint--school--district--and--each--county  
 25 superintendent--must--use--such--amounts--to--reduce--the--total

1   retirement--fund--levy--requirement--for--elementary--school  
2   districts-and-the-total-retirement-fund-levy-requirement-for  
3   high---school---districts.---The--superintendent--of--public  
4   instruction-shall-then-distribute-by-state-warrant-the-total  
5   amount-of-retirement-fund-equalization-aid-for--each--county  
6   by--October--1--of--the--school--fiscal--year fund obligations of  
7   elementary and high school districts in the manner provided  
8   in [section 3]."

9        NEW SECTION. Section 8. Codification instruction.  
10      Sections 1 through 4 are intended to be codified as an  
11      integral part of Title 20, chapter 9, part 5, and the  
12      provisions of Title 20 apply to sections 1 through 4.

13        NEW SECTION. Section 9. Effective date. This act is  
14      effective July 1, 1988.

-End-

## SENATE BILL NO. 183

INTRODUCED BY REGAN

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE, THROUGH A STATEWIDE LEVY AND THE NET LOTTERY REVENUE, STATE AID TO ASSIST THE COUNTIES IN EQUALIZING A PORTION OF THE RETIREMENT FUND OBLIGATIONS OF ELEMENTARY AND HIGH SCHOOL DISTRICTS; TO PROVIDE A METHOD FOR DETERMINING-THE-LEVELS--OF STATE--AID--AND DISTRIBUTING SUCH AID; AMENDING SECTIONS 17-7-502, 20-3-106, AND 20-9-501, MCA, AND SECTION 13, CHAPTER 669, LAWS OF 1985; AND PROVIDING A DELAYED EFFECTIVE DATE."

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

~~NEW SECTION. Section 1. Purpose--policy--that it is the purpose of this act to respond to the provisions of Initiative-105 adopted by the voters on November 4, 1986.~~  
~~that Sections 2 through 4 provide property tax relief for the types of property described in Initiative-105, and for all other property subject to ad valorem taxation in Montana. Section 3 provides the alternative source of revenue required by Initiative-105.~~

~~that it is the policy of the 50th legislature that the provisions of this act meet the requirements set forth in~~

1 Initiative-105, adopted by the voters of Montana on November  
2 47-1986.

3 NEW SECTION. Section 1. State retirement equalization  
4 account -- AUTHORIZATION TO APPROPRIATE. There is a state  
5 retirement equalization account in the state special revenue  
6 fund. Money from the statewide levy determined in (section  
7 3] must be deposited in the account. The LEGISLATURE MAY  
8 APPROPRIATE THE money in the account ~~is---statutorily~~  
9 ~~appropriated, as provided in 17-7-502, to the superintendent~~  
10 of public instruction to assist the counties in equalizing a  
11 portion of the retirement fund obligations as provided in  
12 20-9-501.

13 NEW SECTION. Section 2. Determination--of--statewide  
14 STATEWIDE levy for retirement equalization aid. ~~that~~ To  
15 assist the counties in equalizing a portion of the  
16 retirement fund obligations of the elementary and high  
17 school districts for the ensuing school fiscal year, the  
18 ~~superintendent-of-public-instruction-shall~~

19 ~~that~~ determine--the--amount--of--statewide--levy--funding  
20 that is--necessary,--when--combined--with--the--net--lottery  
21 revenue--from--the--prior--fiscal--year--as--determined--by--section  
22 137--Chapter 669--laws--of--1985--and--any--surplus--revenue--from  
23 the--prior--taxable--year--in--the--account--provided--in--section  
24 217--to--provide--a--funding--amount--equal--to--63%--of--the  
25 statewide--total--for--retirement--fund--obligations,--as--provided

1 in-20-9-501,-for-the-prior-school-fiscal-year,-and  
 2 tb)--report--the--required--amount--of--statewide--levy  
 3 funding--determined--in-subsection-(1)(a)--to-the-director--of  
 4 the-department--of--revenue--by--August-1--of--the-current--school  
 5 fiscal--year.

6 (2)--The director OF THE DEPARTMENT OF REVENUE shall  
 7 annually set a 9-MILL levy, on all the real property in the  
 8 state--that--will--produce--the--amount--reported--in--subsection  
 9 (1)(b). The proceeds of the levy must be deposited in the  
 10 state retirement equalization account established in  
 11 [section 2 1].

12 NEW SECTION. Section 3. Calculation and distribution  
 13 of retirement equalization aid. (1) The superintendent of  
 14 public instruction shall administer the distribution of  
 15 retirement equalization aid by:

16 (a) determining the estimated revenue available from:  
 17 (i) the statewide levy PROVIDED FOR IN [SECTION 2] and  
 18 the net lottery revenue as provided in [section-9] [SECTION  
 19 4 OF HOUSE BILL NO. 374]; and

20 (ii) any surplus revenue as provided in subsection (2);  
 21 (b) establishing the estimated dollar amount per  
 22 average number belonging (ANB) by dividing the amount  
 23 determined in subsection (1)(a) by the total state ANB for  
 24 the prior school fiscal year;

25 (c) notifying each county superintendent by the fourth

1 Monday in July of the estimated retirement equalization aid  
 2 available to the county, calculated separately for  
 3 elementary and high school districts and prorated as  
 4 specified in 20-9-501 for any joint school district, so that  
 5 each county superintendent may use the amounts in the manner  
 6 prescribed in 20-9-501 to calculate the retirement fund levy  
 7 requirements for elementary and high school districts in the  
 8 county;

9 (d) distributing in two payments, by state warrant,  
 10 the amount of retirement equalization aid for each county.  
 11 The first payment must be made by December 15 of the school  
 12 fiscal year. The second payment must be made at the time of  
 13 the last payment of state equalization aid as provided in  
 14 20-9-344; and

15 (e) keeping a record of the complete data concerning  
 16 revenue available for retirement equalization aid and the  
 17 distribution of such aid.

18 (2) If the actual proceeds available for retirement  
 19 equalization are not sufficient to finance the estimated  
 20 dollar amount per ANB provided for in subsection (1)(b),  
 21 each county will receive a prorated amount.

22 Section-5--Section-17-7-5027-MEA7-is-amended-to--read:  
 23 "17-7-5027--Statutory--appropriations-----definition--  
 24 requisites-for-validity--(1) A statutory appropriation is  
 25 an--appropriation--made--by--permanent--law--that--authorizes

1 spending-by-a-state-agency-without-the-need-for--a--biennial-legislative-appropriation-or-budget-amendment;  
 2  
 3 (2)--Except--as--provided--in--subsection--(4)--to--be  
 4 effective--a--statutory-appropriation-must-comply--with--both  
 5 of-the-following-provisions:  
 6  
 7 (a)--The--law-containing-the-statutory-authority-must-be  
 listed-in-subsection-(3);  
 8  
 9 (b)--The--law--or--portion-of-the--law-making-a--statutory  
 appropriation--must--specifically--state--that--a--statutory  
 appropriation-is-made-as--provided-in--this--section;  
 10  
 11 (3)--The--following--laws--are-the-only--laws-containing  
 statutory-appropriations:  
 12  
 13 (a)--2-9-202;  
 14  
 15 (b)--2-17-105;  
 16  
 17 (c)--2-18-812;  
 18  
 19 (d)--10-3-203;  
 20  
 21 (e)--10-3-312;  
 22  
 23 (f)--10-3-314;  
 24  
 25 (g)--10-4-303;  
 26  
 27 (h)--13-37-304;  
 28  
 29 (i)--15-31-702;  
 30  
 31 (j)--15-36-112;  
 32  
 33 (k)--15-70-101;  
 34  
 35 (l)--16-1-404;  
 36  
 37 (m)--16-1-410;

1 (n)--16-1-411;  
 2  
 3 (o)--17-3-212;  
 4  
 5 (p)--17-5-404;  
 6  
 7 (q)--17-5-424;  
 8  
 9 (r)--17-5-804;  
 10  
 11 (s)--19-8-504;  
 12  
 13 (t)--19-9-702;  
 14  
 15 (u)--19-9-1007;  
 16  
 17 (v)--19-10-205;  
 18  
 19 (w)--19-10-305;  
 20  
 21 (x)--19-10-506;  
 22  
 23 (y)--19-11-512;  
 24  
 25 (z)--19-11-513;

1       tmm-90-3-301;  
 2       tnn-90-3-302;  
 3       tcc-90-15-103;-and  
 4       tpp-Sec. -13,-HB-061,-b--1985,-and  
 5       tqq-+section-2+.

6       t4;--There-is-a--statutory--appropriation--to--pay--the  
 7       principal,-interest,-premiums,-and-costs-of-issuing,-paying,-  
 8       and-securing-all-bonds,-notes,-or-other-obligations,-as-due,-  
 9       that-have-been-authorized-and-issued-pursuant-to-the-laws-of  
 10      Montana;---Agencies---that---have--entered--into--agreements  
 11      authorized--by--the--laws--of--Montana--to--pay--the---state  
 12      treasurer,--for--deposit-in-accordance-with-17-2-101-through  
 13      17-2-107,-as-determined-by-the-state--treasurer,--an--amount  
 14      sufficient--to--pay-the-principal-and-interest-as-due-on-the  
 15      bonds-or-notes-have-statutory--appropriation--authority--for  
 16      such-payments--"

17       Section 4. Section 20-3-106, MCA, is amended to read:  
 18       "20-3-106. Supervision of schools -- powers and  
 19       duties. The superintendent of public instruction has the  
 20       general supervision of the public schools and districts of  
 21       the state, and he shall perform the following duties or acts  
 22       in implementing and enforcing the provisions of this title:

23       (1) resolve any controversy resulting from the  
 24       proration of costs by a joint board of trustees under the  
 25       provisions of 20-3-362;

1       (2) issue, renew, or deny teacher certification and  
 2       emergency authorizations of employment;  
 3       (3) negotiate reciprocal tuition agreements with other  
 4       states in accordance with the provisions of 20-5-314;  
 5       (4) serve on the teachers' retirement board in  
 6       accordance with the provisions of 2-15-1010;  
 7       (5) approve or disapprove the orders of a high school  
 8       boundary commission in accordance with the provisions of  
 9       20-6-311;  
 10      (6) approve or disapprove the opening or reopening of  
 11      a school in accordance with the provisions of 20-6-502,  
 12      20-6-503, 20-6-504, or 20-6-505;  
 13      (7) approve or disapprove school isolation within the  
 14      limitations prescribed by 20-9-302;  
 15      (8) generally supervise the school budgeting  
 16      procedures prescribed by law in accordance with the  
 17      provisions of 20-9-102 and prescribe the school budget  
 18      format in accordance with the provisions of 20-9-103 and  
 19      20-9-506;  
 20      (9) establish a system of communication for  
 21      calculating joint district revenues in accordance with the  
 22      provisions of 20-9-151;  
 23      (10) approve or disapprove the adoption of a district's  
 24      emergency budget resolution under the conditions prescribed  
 25      in 20-9-163 and publish rules for an application for

1 additional state aid for an emergency budget in accordance  
2 with the approval and disbursement provisions of 20-9-166;  
3 (11) generally supervise the school financial  
4 administration provisions as prescribed by 20-9-201(2);  
5 (12) prescribe and furnish the annual report forms to  
6 enable the districts to report to the county superintendent  
7 in accordance with the provisions of 20-9-213(5) and the  
8 annual report forms to enable the county superintendents to  
9 report to the superintendent of public instruction in  
10 accordance with the provisions of 20-3-209;  
11 (13) approve, disapprove, or adjust an increase of the  
12 average number belonging (ANB) in accordance with the  
13 provisions of 20-9-313 and 20-9-314;  
14 (14) distribute state equalization aid in support of  
15 the foundation program in accordance with the provisions of  
16 20-9-342, 20-9-346, and 20-9-347;  
17 (15) distribute state impact aid in accordance with the  
18 provisions of 20-9-304;  
19 (16) provide for the uniform and equal provision of  
20 transportation by performing the duties prescribed by the  
21 provisions of 20-10-112;  
22 (17) approve or disapprove an adult education program  
23 for which a district proposes to levy a tax in accordance  
24 with the provisions of 20-7-705;  
25 (18) request, accept, deposit, and expend federal

1 moneys in accordance with the provisions of 20-9-603;  
2 (19) authorize the use of federal moneys for the  
3 support of an interlocal cooperative agreement in accordance  
4 with the provisions of 20-9-703 and 20-9-704;  
5 (20) prescribe the form and contents of and approve or  
6 disapprove interstate contracts in accordance with the  
7 provisions of 20-9-705;  
8 (21) approve or disapprove the conduct of school on a  
9 Saturday or on pupil-instruction-related days in accordance  
10 with the provisions of 20-1-303 and 20-1-304;  
11 (22) recommend standards of accreditation for all  
12 schools to the board of public education and evaluate  
13 compliance with such standards and recommend accreditation  
14 status of every school to the board of public education in  
15 accordance with the provisions of 20-7-101 and 20-7-102;  
16 (23) collect and maintain a file of curriculum guides  
17 and assist schools with instructional programs in accordance  
18 with the provisions of 20-7-113 and 20-7-114;  
19 (24) establish and maintain a library of visual, aural,  
20 and other educational media in accordance with the  
21 provisions of 20-7-201;  
22 (25) license textbook dealers and initiate prosecution  
23 of textbook dealers violating the law in accordance with the  
24 provisions of the textbooks part of this title;  
25 (26) as the governing agent and executive officer of

1 the state of Montana for vocational education, adopt the  
2 policies prescribed by and in accordance with the provisions  
3 of 20-7-301;

4 (27) consider applications for the designation of a  
5 postsecondary vocational-technical center in accordance with  
6 the provisions of 20-7-311;

7 (28) establish a fund for the handling of postsecondary  
8 vocational-technical center fees in accordance with the  
9 provisions of 20-7-333;

10 (29) supervise and coordinate the conduct of special  
11 education in the state in accordance with the provisions of  
12 20-7-403;

13 (30) administer the traffic education program in  
14 accordance with the provisions of 20-7-502;

15 (31) administer the school food services program in  
16 accordance with the provisions of 20-10-201, 20-10-202, and  
17 20-10-203;

18 (32) review school building plans and specifications in  
19 accordance with the provisions of 20-6-622;

20 (33) prescribe the method of identification and signals  
21 to be used by school safety patrols in accordance with the  
22 provisions of 20-1-408; and

23 (34) administer the distribution of state retirement  
24 equalization aid in accordance with {sections--3-and-4}  
25 {SECTION 3}; and

1 ~~{34}~~{35} perform any other duty prescribed from time to  
2 time by this title, any other act of the legislature, or the  
3 policies of the board of public education."

4 Section 5. Section 20-9-501, MCA, is amended to read:  
5 "20-9-501. Retirement fund. (1) The trustees of any  
6 district employing personnel who are members of the  
7 teachers' retirement system or the public employees'  
8 retirement system or who are covered by unemployment  
9 insurance or who are covered by any federal social security  
10 system requiring employer contributions shall establish a  
11 retirement fund for the purposes of budgeting and paying the  
12 employer's contributions to such systems. The district's  
13 contribution for each employee who is a member of the  
14 teachers' retirement system shall be calculated in  
15 accordance with Title 19, chapter 4, part 6. The district's  
16 contribution for each employee who is a member of the public  
17 employees' retirement system shall be calculated in  
18 accordance with 19-3-801. The district may levy a special  
19 tax to pay its contribution to the public employees'  
20 retirement system under the conditions prescribed in  
21 19-3-204. The district's contributions for each employee  
22 covered by any federal social security system shall be paid  
23 in accordance with federal law and regulation. The  
24 district's contribution for each employee who is covered by  
25 unemployment insurance shall be paid in accordance with

## 1    Title 39, chapter 51, part 11.

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

12        (3) When the final retirement fund budget has been  
 13 adopted, the county superintendent shall establish the levy  
 14 requirement by:

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

17            (i) any anticipated moneys that may be realized in the  
 18 retirement fund during the ensuing school fiscal year,  
 19 including anticipated motor vehicle fees and reimbursement  
 20 under the provisions of 61-3-532 and 61-3-536;

21            (ii) net proceeds taxes for new production, as defined  
 22 in 15-23-601; and

23            (iii) any cash available for reappropriation as  
 24 determined by subtracting the amount of the end-of-the-year  
 25 cash balance earmarked as the retirement fund cash reserve

1        for the ensuing school fiscal year by the trustees from the  
 2 end-of-the-year cash balance in the retirement fund. The  
 3 retirement fund cash reserve shall not be more than 35% of  
 4 the final retirement fund budget for the ensuing school  
 5 fiscal year and shall be used for the purpose of paying  
 6 retirement fund warrants issued by the district under the  
 7 final retirement fund budget.

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

12        (4) The county superintendent shall:

13            (a) total the net retirement fund levy requirements  
 14 separately for all elementary school districts, all high  
 15 school districts, and all community college districts of the  
 16 county, including any prorated joint district or special  
 17 education cooperative agreement levy requirements---and  
 18 shall;

19            (b) reduce the total retirement fund levy requirements  
 20 of elementary school districts and high school districts by  
 21 the amount available in state retirement equalization aid as  
 22 calculated and distributed under the provisions of [section  
 23 4 3]; and

24            (c) report each such levy requirement to the county  
 25 commissioners on the second Monday of August as the

1       respective county levy requirements for elementary district,  
 2       high school district, and community college district  
 3       retirement funds.

4       (5) The county commissioners shall fix and set such  
 5       county levy in accordance with 20-9-142.

6       t5t(6) The net retirement fund levy requirement for a  
 7       joint elementary district or a joint high school district  
 8       shall be prorated to each county in which a part of such  
 9       district is located in the same proportion as the district  
 10      ANB of the joint district is distributed by pupil residence  
 11      in each such county. The county superintendents of the  
 12      counties affected shall jointly determine the net retirement  
 13      fund levy requirement for each county as provided in  
 14      20-9-151.

15       t6t(7) The net retirement fund levy requirement for  
 16      districts that are members of special education cooperative  
 17      agreements shall be prorated to each county in which such  
 18      district is located in the same proportion as the budget for  
 19      the special education cooperative agreement of the district  
 20      bears to the total budget of the cooperative. The county  
 21      superintendents of the counties affected shall jointly  
 22      determine the net retirement fund levy requirement for each  
 23      county in the same manner as provided in 20-9-151 and fix  
 24      and levy the net retirement fund levy for each county in the  
 25      same manner as provided in 20-9-152."

1       Section 6. Section 13, Chapter 669, Laws of 1985, is  
 2       amended to read:

3       "Section 13. Disposition of revenue. (1) As near as  
 4       possible to 45% of the money paid for tickets or chances in  
 5       each separate state lottery game must be paid out as prize  
 6       money for the game.

7       (2) Up to 15% of the gross revenue from the state  
 8       lottery may be used by the director to pay the operating  
 9       expenses of the state lottery. Commissions paid to lottery  
 10      ticket or chance sales agents are a state lottery operating  
 11      expense.

12       (3) That part of all gross revenue not used for the  
 13      payment of prizes and operating expenses is net revenue and  
 14      must be paid quarterly from the enterprise fund established  
 15      by [section 12] to the superintendent of public instruction  
 16      for distribution as equalization aid to the retirement funds  
 17      required--by--20-9-50t--{The--net--revenue--is--statutorily  
 18      appropriated--as--provided-in-[section-2-of-House-Bill-t2t-]--  
 19      The-superintendent-of-public-instruction-shall-establish-the  
 20      dollar-amount-per-ANB-by-dividing-the--net--lottery--revenue  
 21      for--the--school--year--by--the--total--state-ANB-in-the-prior  
 22      school-year--He-shall-then-notify-each-county-superintendent  
 23      by-the-fourth-Monday-of-duty-of-the--total--retirement--fund  
 24      equalization--aid--available--to--the--county--as--calculated  
 25      separately-for-elementary-and-high--school--districts--using

1 the---prior---year's---ANB---and---prorated---as---specified---in  
2 20-9-503(6)---for-any-joint-school-district---and---each---county  
3 superintendent---must---use---such---amounts---to-reduce-the-total  
4 retirement---fund---levy---requirement---for---elementary---school  
5 districts---and---the-total---retirement---fund---levy---requirement---for  
6 high---school---districts.---The---superintendent---of---public  
7 instruction---shall---then---distribute---by-state---warrant---the-total  
8 amount---of---retirement---fund---equalization---aid---for---each---county  
9 by---October---1---of---the---school---fiscal---year fund obligations of  
10 elementary and high school districts in the manner provided  
11 in [section 3 OF SENATE BILL NO. 183]."

12 NEW SECTION. Section 7. Codification instruction.  
13 Sections 1 through 4 3 are intended to be codified as an  
14 integral part of Title 20, chapter 9, part 5, and the  
15 provisions of Title 20 apply to sections 1 through 4 3.

16 NEW SECTION. SECTION 8. COORDINATION INSTRUCTION. IF  
17 THIS BILL IS PASSED AND APPROVED, THE LAST SENTENCE OF  
18 SECTION 13, CHAPTER 669, LAWS OF 1985, AS IT APPEARS IN  
19 SECTION 4 OF HOUSE BILL NO. 374 IS VOID. THE SENTENCE READS:  
20 "THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL THEN  
21 DISTRIBUTE BY STATE WARRANT THE TOTAL AMOUNT OF NET LOTTERY  
22 REVENUE AVAILABLE THAT HAS BEEN DEPOSITED IN THE  
23 SUPERINTENDENT OF PUBLIC INSTRUCTION LOTTERY ACCOUNT FOR  
24 EACH COUNTY BY OCTOBER 1 OF THE SCHOOL FISCAL YEAR."

25 NEW SECTION. Section 9. Effective date. This act is

1 effective July 1, 1988.

-End-

GOVERNOR'S AMENDMENTS  
TO SENATE BILL 183  
(Reference Copy)  
April 22, 1987

1. Title, line 5.  
Following: "THROUGH"  
Strike: "A"
2. Title, line 6.  
Following: line 5  
Strike: "STATEWIDE LEVY AND"
3. Title, line 7.  
Following: "ASSIST"  
Strike: "THE"  
Insert: "HIGH LEVY"  
Strike: "EQUALIZING"  
Insert: "PAYMENT OF"
4. Title, line 9.  
Following: "METHOD"  
Insert: "OF ESTABLISHING COUNTY ENTITLEMENT AND"
5. Page 2, line 6.  
Following: "money"  
Strike: "from the statewide levy"
6. Page 2, line 7.  
Following: line 6  
Strike: "3"  
Insert: "2"
7. Page 2, line 13 through page 3, line 11.  
Strike: section 2 in its entirety  
Renumber: subsequent sections
8. Page 3, line 17.  
Following: "available from" on line 16  
Strike: ":" on line 16 through "and" on line 17
9. Page 3, lines 19 and 20.  
Following: "374];" on line 19  
Strike: ";" on line 19 through "2" on line 20
10. Page 3.  
Following: line 20  
Insert: "(b) establishing a list containing each county that levied in  
the prior school fiscal year in excess of 9 mills to fund its  
required contribution for retirement fund obligations;"  
Renumber: subsequent subsections

11. Page 3, line 23.  
Following: "total"  
Strike: "state"  
Following: "ANB"  
Insert: "of the counties listed pursuant to (1)(b)"
12. Page 3, line 25.  
Strike: "each"  
Following: "notify"  
Insert: "the"  
Following: "superintendent"  
Insert: "of each county listed in (1)(b)"
13. Page 4, line 9.  
Following: "distributing"  
Strike: remainder of line 9  
Insert: "by October 1"
14. Page 4, line 10.  
Following: "county"  
Strike: "."  
Insert: "listed pursuant to (1)(b)"
15. Page 4, lines 11 through 14.  
Following: line 10  
Strike: line 11 in its entirety through "20-9-344" on line 14
16. Page 4, line 20.  
Following: "subsection"  
Strike: "(1)(b)"  
Insert: "(1)(c)"
17. Page 4, line 21.  
Following: "county"  
Strike: "will"  
Insert: "listed pursuant to (1)(b) must"
18. Page 11, line 25.  
Following: "[section"  
Strike: "3"  
Insert: "2"
19. Page 14, line 23.  
Following: "4"  
Strike: "3"  
Insert: "2"
20. Page 17, line 11.  
Following "section 3"  
Strike: "OF SENATE BILL NO. 183"  
Insert: "2"

## STANDING COMMITTEE REPORT

Page 1 of 3

HOUSE

APRIL 10

1987

Mr. Speaker: We, the committee on HOUSE TAXATION  
report SENATE BILL NO. 183

do pass       be concurred in  
 do not pass       be not concurred in

has amended  
 statement of intent attached

Be amended as follows:

*Ramirez*  
Representative Jack Ramirez, Chairman

1. Title, line 5.  
Following: "THROUGH"  
Strike: "A"

2. Title, line 6.  
Strike: "STATEWIDE LEVY AND"

3. Title, line 7.  
Strike: "THE COUNTIES IN EQUALIZING"  
Insert: "IN PAYMENT OF"

4. Title, line 8.  
Following "OF"  
Insert: "HIGH LEVY"

5. Title, line 9.  
Following: "METHOD"  
Insert: "OF ESTABLISHING DISTRICT ENTITLEMENT AND"

6. Page 1 line 16 through page 2, line 2.  
Strike: section 1 in its entirety  
Renumber: subsequent sections

7. Page 2, line 7.  
Strike: "3"  
Insert: "2"

8. Page 2, line 14.  
Following: line 13  
Insert: "reference"  
Following: "aid"  
Insert: "calculations"

SB 183

April 10, 1987

Page 2 of 3

9. Page 2, line 18 through page 3, line 10. .... 19  
Strike: ":" on page 2, line 18 through "2]." on line 10 of page

3.

Insert: "establish a reference mill levy for calculating retirement fund obligations. The reference mill levy is the number of mills that would be required if the state conducted a statewide mill levy for total retirement fund obligations. If an elementary school district or high school district levies an amount greater than the reference mill levy it is entitled to receive state retirement equalization aid calculated and distributed in accordance with [section 3]."

10. Page 3, line 15.

Strike: ":" (i) the statewide levy and" on line 16

11. Page 3, lines 16.

Strike: "as" through "(2)" on line 18

Insert: "from the prior fiscal year as determined by [section 13, Chapter 669, Laws of 1985]"

12. Page 3.

Following: line 18

Insert: "(b) establishing affected elementary and high school districts as those that without the state assistance provided in this section would be required to levy a property tax in an amount greater than the reference mill levy established in [section 2]"

Renumber: subsequent subsections

13. Page 3, line 21.

Strike: "state"

Following: "ANB"

Insert: "of affected districts established in subsection (1)(b)"

14. Page 3, line 23.

Following: "each"

Insert: "affected"

15. Page 3, line 25.

Following: "for"

Insert: "affected"

16. Page 4, line 8.

Following: "each"

Insert: "affected"

17. Page 4, line 18.

Strike: "(1)(b)"

Insert: "(1)(c)"

THIRD reading copy ( BLUE )  
color

*Carried by  
Rep. Asay*

*Ramirez*  
Representative Jack Ramirez,  
Chairman

SB 183  
Page 3 of 3

.....April 10, 1987. 19.....

18. Page 4, line 19.  
Following: "each"  
Insert: "affected"

19. Page 11, line 22.  
Following: "sections"  
Insert: "2 and"  
Strike: "and 4"

20. Page 14, line 18.  
Following: "aid"  
Insert: ", if any,"

21. Page 14, line 20  
Strike: "4"  
Insert: "3"

22. Page 17, line 8.  
Strike: "3"  
Insert: "2"

23. Page 17, line 10.  
Strike: "4"  
Insert: "3"

24. Page 17, line 12.  
Strike: "4"  
Insert: "3"

25. Page 17.  
Following: line 12  
Insert: "NEW SECTION. Section 8. Coordination instruction. If this bill is passed and approved the last sentence of Section 13, Chapter 669, Laws of 1985, as it appears in Section 4, of House Bill 374 is void. The sentence reads: "The superintendent of public instruction shall then distribute by state warrant the total amount of net lottery revenue available that has been deposited in the superintendent of public instruction lottery account for each county by October 1 of the school fiscal year."

Renumber: subsequent section

  
Representative Jack Ramirez  
Chairman.

## COMMITTEE OF THE WHOLE AMENDMENT

HOUSE

MR. CHAIRMAN: I MOVE TO AMEND SB 183

4-13-87  
DATE  
10:45  
TIME

3rd reading copy ( blue Color ) as follows:

AMENDING THE HOUSE TAXATION STANDING COMMITTEE REPORT  
DATED APRIL 10, 1987, WHICH AMENDED SB 183.

1) Strip the Standing Committee amendments in their entirety

## COMMITTEE OF THE WHOLE AMENDMENT

4-14-87  
DATE  
14:30  
TIME

MR. CHAIRMAN: I MOVE TO AMEND SB 183

3rd reading copy ( blue Color ) as follows:

Page 1, line 16.  
Strike: new section 1 in its entirety

Renumber subsequent sections

ADOPT

REJECT

4131045T.CW

*Deon Bradley*  
Rep. Bradley

ADOPT

REJECT

4141430T.CW

*Ramirez*  
Rep. Ramirez

**COMMITTEE OF THE WHOLE AMENDMENT** Page 1 of 2

4-14-87  
DATE  
12:00  
TIME

MR. CHAIRMAN: I MOVE TO AMEND SB 183

3rd reading copy ( blue ) as follows:  
Color

1) Title, lines 9 and 10.

Following: "FOR"

Strike: the remainder of line 9 through "AND" on line 10

2) Page 2, line 13.

Strike: "Determination of statewide"

Insert: "Statewide"

3) Page 2, line 14.

Strike: "(1)"

4) Page 2, lines 17 to page 3, line 6.

Following: "year, the"

Strike: the remainder of line 17 through "(2) The" on page 3, line 6.

5) Page 3, line 6.

Following: "director"

Insert: "of the department of revenue"

Following: "set a"

Insert: "9-mill"

Following: "levy"

Strike: ","

6) Page 3, lines 7 and 8.

Following: "state"

Strike: the remainder of line 7 through "(1) (b)" on line 8

7) Page 3, line 16.

Following: "levy"

Insert: "provided for in [section 3]"

8) Page 3, line 17.

Strike: "[section 3]"

Insert: "[section 4, Chapter 161, Laws of 1987]"

9) Page 11, line 22.

Strike: "[sections 3 and 4]"

Insert: "[section 4]"

CONTINUED

10) Page 17, line 8.  
Strike: "[section 3]"  
Insert: "[section 4]"

11) Page 17, following line 12.  
Insert: "NEW SECTION. Section 9. Coordination instruction.  
If this bill is passed and approved the last sentence of  
Section 13, Chapter 669, Laws of 1985, as it appears in  
Section 4, of House Bill 374 is void. The sentence reads:  
"The superintendent of public instruction shall then distribute  
by state warrant the total amount of net lottery revenue  
available that has been deposited in the superintendent of  
public instruction lottery account for each county by October 1  
of the school fiscal year."

Renumber subsequent section

*Ramirez*  
Rep. Ramirez

ADOPT

REJECT

## SENATE BILL NO. 183

INTRODUCED BY REGAN

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE, THROUGH A STATEWIDE--LEVY--AND THE NET LOTTERY REVENUE, STATE AID TO ASSIST THE HIGH-LEVY COUNTIES IN EQUALIZING PAYMENT OF A PORTION OF THE RETIREMENT FUND OBLIGATIONS OF ELEMENTARY AND HIGH SCHOOL DISTRICTS; TO PROVIDE A METHOD OF ESTABLISHING COUNTY ENTITLEMENT AND FOR DETERMINING-THE--LEVEL--OF--STATE AID--AND DISTRIBUTING SUCH AID; AMENDING SECTIONS 17-7-502, 20-3-106, AND 20-9-501, MCA, AND SECTION 13, CHAPTER 669, LAWS OF 1985; AND PROVIDING A DELAYED EFFECTIVE DATE."

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

NEW SECTION:--Section 1--Purpose---policy---{it}--It is the--purpose--of--{this act}--to respond to the provisions of Initiative-105-adopted-by-the-voters-on-November-4-1986.

{2}--{Sections 2-through-4}--provide-property-tax-relief for-the-types-of-property-described-in-Initiative-105--and for--all--other--property--subject-to-ad-valorem-taxation-in Montana.{Section 3}--provides--the--alternative--source--of revenue-required-by-Initiative-105.

{3}--{it}--is-the-policy-of-the-50th-legislature-that-the provisions-of-{this act}--meet-the-requirements-set-forth--in

1 Initiative-105--adopted-by-the-voters-of-Montana-on-November  
 2 4-1986.  
 3 NEW SECTION. Section 1. State retirement equalization  
 4 account -- AUTHORIZATION TO APPROPRIATE. There is a state  
 5 retirement equalization account in the state special revenue  
 6 fund. Money from-the-statewide-levy determined in {section 3  
 7 21} must be deposited in the account. The LEGISLATURE MAY  
 8 APPROPRIATE THE money in the account is--statutorily  
 9 appropriated, as-provided-in-17-7-502, to the superintendent  
 10 of public instruction to assist the counties in equalizing a  
 11 portion of the retirement fund obligations as provided in  
 12 20-9-501.

13 NEW SECTION:--Section 2--Determination--of--statewide  
 14 STATEWIDE levy--for--retirement--equalization--aid: {it} To  
 15 assist--the--counties--in--equalizing--a--portion--of--the  
 16 retirement-fund--obligations--of--the--elementary--and--high  
 17 school--districts--for--the--ensuing-school-fiscal-year, the  
 18 superintendent-of-public-instruction-shall:

19 {it}--determine-the-amount--of--statewide--levy--funding  
 20 that--is--necessary,--when--combined--with--the--net--lottery  
 21 revenue--from--the--prior--fiscal--year--as--determined--by--{section  
 22 13, Chapter 669, Laws of 1985}--and--any--surplus--revenue--from  
 23 the--prior--taxable--year--in--the--account--provided--in--{section  
 24 2},--to--provide--a--funding--amount--equal--to--63%--of--the  
 25 statewide--total--for--retirement--fund--obligations,--as--provided

1 in-20-9-501,-for-the-prior-school-fiscal-year,-and  
 2 ~~fb~~--report--the--required--amount--of--statewide--levy  
 3 funding-determined-in-subsection-1)ta) to-the--director--of  
 4 the--department-of-revenue-by-August-1-of-the-current-school  
 5 fiscal--year.

6 ~~2) --The director OF-THE-DEPARTMENT--OF--REVENUE shall~~  
 7 annually--set-a 9-MILL levy, on-all-the-real-property-in-the  
 8 state,-that-will-produce-the-amount-reported--in--subsection  
 9 ~~1)fb):--The--proceeds--of-the--levy--must--be--deposited--in--the~~  
 10 state--retirement--equalization--account--established--in  
 11 ~~section 2~~ ~~1~~;

12 NEW SECTION. Section 2. Calculation and distribution  
 13 of retirement equalization aid. (1) The superintendent of  
 14 public instruction shall administer the distribution of  
 15 retirement equalization aid by:

16 (a) determining the estimated revenue available from:  
 17 ~~1) --the--statewide--levy PROVIDED-FOR-IN-{SECTION-2}~~ and  
 18 the net lottery revenue as provided in ~~1) [SECTION~~  
 19 4 OF HOUSE BILL NO. 374];-and

20 ~~1) any-surplus-revenue-as-provided-in-subsection-12;~~

21 (B) ESTABLISHING A LIST CONTAINING EACH COUNTY THAT  
LEVIED IN THE PRIOR SCHOOL FISCAL YEAR IN EXCESS OF 9 MILLS  
TO FUND ITS REQUIRED CONTRIBUTION FOR RETIREMENT FUND  
OBLIGATIONS;

25 ~~fb)(C) establishing the estimated dollar amount per~~

1 average number belonging (ANB) by dividing the amount  
 2 determined in subsection (1)(a) by the total state ANB OF  
 3 THE COUNTIES LISTED PURSUANT TO SUBSECTION (1)(B) for the  
 4 prior school fiscal year;  
 5 ~~1) (D) notifying each THE county superintendent OF~~  
 6 EACH COUNTY LISTED IN SUBSECTION (1)(B) by the fourth Monday  
 7 in July of the estimated retirement equalization aid  
 8 available to the county, calculated separately for  
 9 elementary and high school districts and prorated as  
 10 specified in 20-9-501 for any joint school district, so that  
 11 each county superintendent may use the amounts in the manner  
 12 prescribed in 20-9-501 to calculate the retirement fund levy  
 13 requirements for elementary and high school districts in the  
 14 county;

15 ~~1) (E) distributing in-two-payments,-by-state-warrant,~~  
 16 BY OCTOBER 1 the amount of retirement equalization aid for  
 17 each county,-~~1) the-first-payment-must-be-made-by--December--15~~  
 18 ~~ef--the-school-fiscal-year--1) the-second-payment-must-be-made~~  
 19 ~~at-the-time-of-the-last-payment-of-state-equalization-aid-as~~  
 20 ~~provided-in-20-9-344 LISTED PURSUANT TO SUBSECTION (1)(B);~~  
 21 and

22 ~~1) (F) keeping a record of the complete data~~  
 23 concerning revenue available for retirement equalization aid  
 24 and the distribution of such aid.

25 (2) If the actual proceeds available for retirement

1 equalization are not sufficient to finance the estimated  
 2 dollar amount per ANB provided for in subsection ~~t17tbt~~  
 3 (1)(C), each county ~~will~~ LISTED PURSUANT TO SUBSECTION  
 4 (1)(B) MUST receive a prorated amount.

5 Section-5---Section-17-7-5027-MEA7-is-amended-to---read:  
 6 ~~"17-7-5027--Statutory--appropriations-----definition--~~  
 7 ~~requisites-for-validity---(1) A statutory--appropriation--is~~  
 8 ~~an--appropriation--made--by--permanent--law--that--authorizes~~  
 9 ~~spending--by--a--state--agency--without--the--need--for--a--biennial~~  
 10 ~~legislative--appropriation--or--budget--amendment--~~

11 ~~t27--Except--as--provided--in--subsection--(4),--to--be~~  
 12 ~~effective,--a--statutory--appropriation--must--comply--with--both~~  
 13 ~~of--the--following--provisions:~~

14 ~~t47--The--law--containing--the--statutory--authority--must--be~~  
 15 ~~listed--in--subsection--t37--~~

16 ~~t57--The--law--or--portion--of--the--law--making--a--statutory~~  
 17 ~~appropriation--must--specifically--state--that--a--statutory~~  
 18 ~~appropriation--is--made--as--provided--in--this--section--~~

19 ~~t37--The--following--laws--are--the--only--laws--containing~~  
 20 ~~statutory--appropriations:~~

21 ~~t67--2-9-2027~~

22 ~~t67--2-17-1057~~

23 ~~t67--2-18-0127~~

24 ~~t67--10-3-2037~~

25 ~~t67--10-3-3127~~

1 ~~t67--10-3-3147~~  
 2 ~~t67--10-4-3017~~  
 3 ~~t67--13-37-3047~~  
 4 ~~t67--15-31-7027~~  
 5 ~~t67--15-36-1127~~  
 6 ~~t67--15-70-1037~~  
 7 ~~t67--16-1-4047~~  
 8 ~~t67--16-1-4107~~  
 9 ~~t67--16-1-4117~~  
 10 ~~t67--17-3-2127~~  
 11 ~~t67--17-5-4047~~  
 12 ~~t67--17-5-4247~~  
 13 ~~t67--17-5-8047~~  
 14 ~~t67--19-8-5047~~  
 15 ~~t67--19-9-7027~~  
 16 ~~t67--19-9-10077~~  
 17 ~~t67--19-10-2057~~  
 18 ~~t67--19-10-3057~~  
 19 ~~t67--19-10-5067~~  
 20 ~~t67--19-11-5127~~  
 21 ~~t67--19-11-5137~~  
 22 ~~t67--19-11-6067~~  
 23 ~~t67--19-12-3017~~  
 24 ~~t67--19-13-6047~~  
 25 ~~t67--20-6-4067~~

1       tee}-20-8-1117  
 2       fff}-23-5-6127  
 3       tgg}-37-51-5017  
 4       thh}-53-24-2067  
 5       tii}-75-1-11017  
 6       tjj}-75-7-3057  
 7       tkk}-80-2-1037  
 8       tii}-80-2-2287  
 9       tmm}-90-3-3017  
 10       tnn}-90-3-3027  
 11       too}-90-15-1037-and  
 12       tpp}-See--197-HB-8617-B--1985--and  
 13       tqq}-Section-27

14       (4)--There-is-a--statutory--appropriation--to--pay--the  
 15       principal--interest--premiums--and--costs--of--issuing--paying--  
 16       and--securing--all--bonds--notes--or--other--obligations--as--due,  
 17       that--have--been--authorized--and--issued--pursuant--to--the--laws--of  
 18       Montana--Agencies--that--have--entered--into--agreements  
 19       authorized--by--the--laws--of--Montana--to--pay--the--state  
 20       treasurer--for--deposit--in--accordance--with--17-2-101--through  
 21       17-2-107--as--determined--by--the--state--treasurer--an--amount  
 22       sufficient--to--pay--the--principal--and--interest--as--due--on--the  
 23       bonds--or--notes--have--statutory--appropriation--authority--for  
 24       such--payments--"u

25       Section 3. Section 20-3-106, MCA, is amended to read:

1       "20-3-106. Supervision of schools -- powers and  
 2       duties. The superintendent of public instruction has the  
 3       general supervision of the public schools and districts of  
 4       the state, and he shall perform the following duties or acts  
 5       in implementing and enforcing the provisions of this title:  
 6               (1) resolve any controversy resulting from the  
 7       proration of costs by a joint board of trustees under the  
 8       provisions of 20-3-362;  
 9               (2) issue, renew, or deny teacher certification and  
 10       emergency authorizations of employment;  
 11               (3) negotiate reciprocal tuition agreements with other  
 12       states in accordance with the provisions of 20-5-314;  
 13               (4) serve on the teachers' retirement board in  
 14       accordance with the provisions of 2-15-1010;  
 15               (5) approve or disapprove the orders of a high school  
 16       boundary commission in accordance with the provisions of  
 17       20-6-311;  
 18               (6) approve or disapprove the opening or reopening of  
 19       a school in accordance with the provisions of 20-6-502,  
 20       20-6-503, 20-6-504, or 20-6-505;  
 21               (7) approve or disapprove school isolation within the  
 22       limitations prescribed by 20-9-302;  
 23               (8) generally supervise the school budgeting  
 24       procedures prescribed by law in accordance with the  
 25       provisions of 20-9-102 and prescribe the school budget

1 format in accordance with the provisions of 20-9-103 and  
2 20-9-506;

3 (9) establish a system of communication for  
4 calculating joint district revenues in accordance with the  
5 provisions of 20-9-151;

6 (10) approve or disapprove the adoption of a district's  
7 emergency budget resolution under the conditions prescribed  
8 in 20-9-163 and publish rules for an application for  
9 additional state aid for an emergency budget in accordance  
10 with the approval and disbursement provisions of 20-9-166;

11 (11) generally supervise the school financial  
12 administration provisions as prescribed by 20-9-201(2);

13 (12) prescribe and furnish the annual report forms to  
14 enable the districts to report to the county superintendent  
15 in accordance with the provisions of 20-9-213(5) and the  
16 annual report forms to enable the county superintendents to  
17 report to the superintendent of public instruction in  
18 accordance with the provisions of 20-3-209;

19 (13) approve, disapprove, or adjust an increase of the  
20 average number belonging (ANB) in accordance with the  
21 provisions of 20-9-313 and 20-9-314;

22 (14) distribute state equalization aid in support of  
23 the foundation program in accordance with the provisions of  
24 20-9-342, 20-9-346, and 20-9-347;

25 (15) distribute state impact aid in accordance with the

1 provisions of 20-9-304;

2 (16) provide for the uniform and equal provision of  
3 transportation by performing the duties prescribed by the  
4 provisions of 20-10-112;

5 (17) approve or disapprove an adult education program  
6 for which a district proposes to levy a tax in accordance  
7 with the provisions of 20-7-705;

8 (18) request, accept, deposit, and expend federal  
9 moneys in accordance with the provisions of 20-9-603;

10 (19) authorize the use of federal moneys for the  
11 support of an interlocal cooperative agreement in accordance  
12 with the provisions of 20-9-703 and 20-9-704;

13 (20) prescribe the form and contents of and approve or  
14 disapprove interstate contracts in accordance with the  
15 provisions of 20-9-705;

16 (21) approve or disapprove the conduct of school on a  
17 Saturday or on pupil-instruction-related days in accordance  
18 with the provisions of 20-1-303 and 20-1-304;

19 (22) recommend standards of accreditation for all  
20 schools to the board of public education and evaluate  
21 compliance with such standards and recommend accreditation  
22 status of every school to the board of public education in  
23 accordance with the provisions of 20-7-101 and 20-7-102;

24 (23) collect and maintain a file of curriculum guides  
25 and assist schools with instructional programs in accordance

1 with the provisions of 20-7-113 and 20-7-114;

2 (24) establish and maintain a library of visual, aural,

3 and other educational media in accordance with the

4 provisions of 20-7-201;

5 (25) license textbook dealers and initiate prosecution

6 of textbook dealers violating the law in accordance with the

7 provisions of the textbooks part of this title;

8 (26) as the governing agent and executive officer of

9 the state of Montana for vocational education, adopt the

10 policies prescribed by and in accordance with the provisions

11 of 20-7-301;

12 (27) consider applications for the designation of a

13 postsecondary vocational-technical center in accordance with

14 the provisions of 20-7-311;

15 (28) establish a fund for the handling of postsecondary

16 vocational-technical center fees in accordance with the

17 provisions of 20-7-333;

18 (29) supervise and coordinate the conduct of special

19 education in the state in accordance with the provisions of

20 20-7-403;

21 (30) administer the traffic education program in

22 accordance with the provisions of 20-7-502;

23 (31) administer the school food services program in

24 accordance with the provisions of 20-10-201, 20-10-202, and

25 20-10-203;

1 (32) review school building plans and specifications in

2 accordance with the provisions of 20-6-622;

3 (33) prescribe the method of identification and signals

4 to be used by school safety patrols in accordance with the

5 provisions of 20-1-408; and

6 (34) administer the distribution of state retirement

7 equalization aid in accordance with fsections--3-and-4}

8 [SECTION 3 2]; and

9 (34)(35) perform any other duty prescribed from time to

10 time by this title, any other act of the legislature, or the

11 policies of the board of public education."

12 Section 4. Section 20-9-501, MCA, is amended to read:

13 "20-9-501. Retirement fund. (1) The trustees of any

14 district employing personnel who are members of the

15 teachers' retirement system or the public employees'

16 retirement system or who are covered by unemployment

17 insurance or who are covered by any federal social security

18 system requiring employer contributions shall establish a

19 retirement fund for the purposes of budgeting and paying the

20 employer's contributions to such systems. The district's

21 contribution for each employee who is a member of the

22 teachers' retirement system shall be calculated in

23 accordance with Title 19, chapter 4, part 6. The district's

24 contribution for each employee who is a member of the public

25 employees' retirement system shall be calculated in

1 accordance with 19-3-801. The district may levy a special  
 2 tax to pay its contribution to the public employees'  
 3 retirement system under the conditions prescribed in  
 4 19-3-204. The district's contributions for each employee  
 5 covered by any federal social security system shall be paid  
 6 in accordance with federal law and regulation. The  
 7 district's contribution for each employee who is covered by  
 8 unemployment insurance shall be paid in accordance with  
 9 Title 39, chapter 51, part 11.

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

20 (3) When the final retirement fund budget has been  
 21 adopted, the county superintendent shall establish the levy  
 22 requirement by:

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

25 (i) any anticipated moneys that may be realized in the

1 retirement fund during the ensuing school fiscal year,  
 2 including anticipated motor vehicle fees and reimbursement  
 3 under the provisions of 61-3-532 and 61-3-536;  
 4 (ii) net proceeds taxes for new production, as defined  
 5 in 15-23-601; and  
 6 (iii) any cash available for reappropriation as  
 7 determined by subtracting the amount of the end-of-the-year  
 8 cash balance earmarked as the retirement fund cash reserve  
 9 for the ensuing school fiscal year by the trustees from the  
 10 end-of-the-year cash balance in the retirement fund. The  
 11 retirement fund cash reserve shall not be more than 35% of  
 12 the final retirement fund budget for the ensuing school  
 13 fiscal year and shall be used for the purpose of paying  
 14 retirement fund warrants issued by the district under the  
 15 final retirement fund budget.

16 (b) subtracting the total of the moneys available for  
 17 reduction of the levy requirement as determined in  
 18 subsection (3)(a) from the budgeted amount for expenditures  
 19 in the final retirement fund budget.

20 (4) The county superintendent shall:  
 21 (a) total the net retirement fund levy requirements  
 22 separately for all elementary school districts, all high  
 23 school districts, and all community college districts of the  
 24 county, including any prorated joint district or special  
 25 education cooperative agreement levy requirements---and

1 ~~shall;~~

2 (b) reduce the total retirement fund levy requirements  
 3 of elementary school districts and high school districts by  
 4 the amount available in state retirement equalization aid as  
 5 calculated and distributed under the provisions of [section  
 6 4-3-2]; and

7 (c) report each such levy requirement to the county  
 8 commissioners on the second Monday of August as the  
 9 respective county levy requirements for elementary district,  
 10 high school district, and community college district  
 11 retirement funds.

12 (5) The county commissioners shall fix and set such  
 13 county levy in accordance with 20-9-142.

14 t57(6) The net retirement fund levy requirement for a  
 15 joint elementary district or a joint high school district  
 16 shall be prorated to each county in which a part of such  
 17 district is located in the same proportion as the district  
 18 ANB of the joint district is distributed by pupil residence  
 19 in each such county. The county superintendents of the  
 20 counties affected shall jointly determine the net retirement  
 21 fund levy requirement for each county as provided in  
 22 20-9-151.

23 t67(7) The net retirement fund levy requirement for  
 24 districts that are members of special education cooperative  
 25 agreements shall be prorated to each county in which such

1 district is located in the same proportion as the budget for  
 2 the special education cooperative agreement of the district  
 3 bears to the total budget of the cooperative. The county  
 4 superintendents of the counties affected shall jointly  
 5 determine the net retirement fund levy requirement for each  
 6 county in the same manner as provided in 20-9-151 and fix  
 7 and levy the net retirement fund levy for each county in the  
 8 same manner as provided in 20-9-152."

9 Section 5. Section 13, Chapter 669, Laws of 1985, is  
 10 amended to read:

11 "Section 13. Disposition of revenue. (1) As near as  
 12 possible to 45% of the money paid for tickets or chances in  
 13 each separate state lottery game must be paid out as prize  
 14 money for the game.

15 (2) Up to 15% of the gross revenue from the state  
 16 lottery may be used by the director to pay the operating  
 17 expenses of the state lottery. Commissions paid to lottery  
 18 ticket or chance sales agents are a state lottery operating  
 19 expense.

20 (3) That part of all gross revenue not used for the  
 21 payment of prizes and operating expenses is net revenue and  
 22 must be paid quarterly from the enterprise fund established  
 23 by [section 12] to the superintendent of public instruction  
 24 for distribution as equalization aid to the retirement funds  
 25 required--by--20-9-501--#The--net--revenue--is--statutorily

1 appropriated,--as--provided--in--section--2--of--House--Bill--12}.)  
 2 The--superintendent--of--public--instruction--shall--establish--the  
 3 dollar--amount--per--ANB--by--dividing--the--net--lottery--revenue  
 4 for--the--school--year--by--the--total--state--ANB--in--the--prior  
 5 school--year. He--shall--then--notify--each--county--superintendent  
 6 by--the--fourth--Monday--of--July--of--the--total--retirement--fund  
 7 equalization--aid--available--to--the--county,--as--calculated  
 8 separately--for--elementary--and--high--school--districts--using  
 9 the--prior--year's--ANB--and--prorated--as--specified--in  
 10 20-9-501&67--for--any--joint--school--district,--and--each--county  
 11 superintendent--must--use--such--amounts--to--reduce--the--total  
 12 retirement--fund--levy--requirement--for--elementary--school  
 13 districts--and--the--total--retirement--fund--levy--requirement--for  
 14 high--school--districts. The--superintendent--of--public  
 15 instruction--shall--then--distribute--by--state--warrant--the--total  
 16 amount--of--retirement--fund--equalization--aid--for--each--county  
 17 by--October--1--of--the--school--fiscal--year fund obligations of  
 18 elementary and high school districts in the manner provided  
 19 in [section 3 OF-SENATE-Bill-No:-183 2]."

20 NEW SECTION. Section 6. Codification instruction.  
 21 Sections 1 through 4 3 AND 2 are intended to be codified as  
 22 an integral part of Title 20, chapter 9, part 5, and the  
 23 provisions of Title 20 apply to sections 1 through 4 3 AND  
 24 2.

25 NEW SECTION. SECTION 7. COORDINATION INSTRUCTION. IF

1 THIS BILL IS PASSED AND APPROVED, THE LAST SENTENCE OF  
 2 SECTION 13, CHAPTER 669, LAWS OF 1985, AS IT APPEARS IN  
 3 SECTION 4 OF HOUSE BILL NO. 374 IS VOID. THE SENTENCE READS:  
 4 "THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL THEN  
 5 DISTRIBUTE BY STATE WARRANT THE TOTAL AMOUNT OF NET LOTTERY  
 6 REVENUE AVAILABLE THAT HAS BEEN DEPOSITED IN THE  
 7 SUPERINTENDENT OF PUBLIC INSTRUCTION LOTTERY ACCOUNT FOR  
 8 EACH COUNTY BY OCTOBER 1 OF THE SCHOOL FISCAL YEAR."

9 NEW SECTION. Section 8. Effective date. This act is  
 10 effective July 1, 1988.

-End-