

HOUSE BILL 575

Introduced by Kadas, et al.

2/04	Introduced
2/06	Referred to Ed. Fund. Select Committee
2/07	Fiscal Note Requested
2/09	Hearing
2/18	Fiscal Note Received
2/22	Fiscal Note Printed
3/02	Hearing
3/04	Hearing
3/07	Hearing
3/09	Hearing
3/10	Hearing
3/14	Hearing
3/15	Hearing
3/16	Hearing
3/17	Hearing
3/22	Hearing
3/23	Tabled in Committee

1 HOUSE BILL NO. 575
2 INTRODUCED BY Kachas
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE STATE
5 EQUALIZATION OF PUBLIC SCHOOL FUNDING FOR THE PURPOSE OF
6 PROVIDING FURTHER EQUALITY OF EDUCATIONAL OPPORTUNITY; TO
7 ELIMINATE THE RETIREMENT LEVIES AND TO ELIMINATE THE SCHOOL
8 DISTRICT PERMISSIVE, TUITION, TRANSPORTATION, ADULT
9 EDUCATION, AND COMPREHENSIVE INSURANCE LEVIES; TO COMBINE
10 ALL DISTRICT BUDGETED FUNDS UNDER THE GENERAL FUND BUDGET OF
11 A DISTRICT, EXCEPT FUNDS FOR CAPITAL IMPROVEMENT; TO
12 INCREASE THE FOUNDATION PROGRAM FUNDING SCHEDULES TO REFLECT
13 FUNDS ADDED TO DISTRICT GENERAL FUND BUDGETS; TO REDUCE THE
14 CASH RESERVE FUND FOR A DISTRICT RECEIVING STATE
15 EQUALIZATION PAYMENTS; TO LIMIT, WITH A 5-YEAR PHASE-IN
16 PERIOD, THE GENERAL FUND BUDGETS OF SCHOOL DISTRICTS; TO
17 INCREASE COUNTY EQUALIZATION LEVIES; TO EXCLUDE SCHOOL
18 DISTRICT LEVIES FROM THE PROPERTY TAX LIMITATION; TO CHANGE
19 THE METHOD OF CALCULATING THE AVERAGE NUMBER OF STUDENTS
20 BELONGING (ANB) TO A SCHOOL DISTRICT FOR FUNDING PURPOSES;
21 TO ELIMINATE TUITION PAYMENTS BETWEEN DISTRICTS; TO PROVIDE
22 FOR A STATUTORY APPROPRIATION; TO PROVIDE AN APPROPRIATION
23 FOR SCHOOL FUNDING; TO PROVIDE THAT THE SUPERINTENDENT OF
24 PUBLIC INSTRUCTION STUDY METHODS OF DISTRIBUTING
25 TRANSPORTATION FUNDS FOR SCHOOL FISCAL YEAR 1991; TO PROVIDE

1 FOR AN INTERIM STUDY OF SCHOOL CAPITAL OUTLAY COSTS AND DEBT
2 SERVICE COSTS; AMENDING SECTIONS 15-10-402, 17-3-213,
3 17-7-502, 19-4-605, 20-1-101, 20-3-106, 20-3-205, 20-3-210,
4 20-3-324, 20-3-331, 20-5-101, 20-5-102, 20-5-301, 20-5-302,
5 20-5-311, 20-5-314, 20-6-401, 20-6-406, 20-6-608, 20-7-420,
6 20-7-421, 20-7-424, 20-7-442, 20-7-705, 20-7-713, 20-9-104,
7 20-9-141, 20-9-165, 20-9-166, 20-9-201, 20-9-212, 20-9-301,
8 20-9-303, 20-9-304, 20-9-311, 20-9-313, 20-9-314, 20-9-316
9 THROUGH 20-9-321, 20-9-331, 20-9-333 THROUGH 20-9-335,
10 20-9-343, 20-9-344, 20-9-353, 20-9-505, 20-10-101,
11 20-10-104, 20-10-105, 20-10-112, 20-10-143, AND 23-5-1027,
12 MCA; REPEALING SECTIONS 20-5-303 THROUGH 20-5-307, 20-5-312,
13 20-5-313, 20-9-105, 20-9-352, 20-9-501, 20-9-531, 20-9-532,
14 20-10-141, 20-10-142, AND 20-10-144 THROUGH 20-10-146, MCA;
15 AND PROVIDING EFFECTIVE DATES."

16
17 WHEREAS, it is the intent of the Legislature to provide
18 further equality of educational opportunity for students in
19 the elementary schools and high schools of Montana by
20 revising the school funding structure to provide funding
21 mechanisms that enhance the equalization of school district
22 costs included in the general fund budgets of school
23 districts and that enhance the equitable use of available
24 revenues for school funding purposes.
25

INTRODUCED BILL

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HB 575

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

Section 1. Section 15-10-402, MCA, is amended to read:

"15-10-402. Property tax limited to 1986 levels. (1)

Except as provided in subsections (2) and (3), the amount of taxes levied on property described in 15-6-133, 15-6-134, 15-6-136, 15-6-139, 15-6-142, and 15-6-144 may not, for any taxing jurisdiction, exceed the amount levied for taxable year 1986.

(2) The limitation contained in subsection (1) does not apply to levies for rural improvement districts, Title 7, chapter 12, part 21; special improvement districts, Title 7, chapter 12, part 41; the school district levies in 20-9-331, 20-9-333, and 20-9-353; or bonded indebtedness.

(3) New construction or improvements to or deletions from property described in subsection (1) are subject to taxation at 1986 levels.

(4) As used in this section, the "amount of taxes levied" and the "amount levied" mean the actual dollar amount of taxes imposed on an individual piece of property, notwithstanding an increase or decrease in value due to inflation, reappraisal, adjustments in the percentage multiplier used to convert appraised value to taxable value, changes in the number of mills levied, or increase or decrease in the value of a mill."

Section 2. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition --
requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

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

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

(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.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-25-123; 15-31-702; 15-36-112; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-4-109; 20-6-406; 20-8-111; 20-9-343; 23-5-610; 23-5-1027; 33-31-212; 33-31-401; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 67-3-205; 75-1-1101; 75-7-305; 76-12-123; 80-2-103; 80-2-228; 82-11-136; 90-3-301; 90-3-302; 90-3-412; 90-4-215; 90-9-306;

90-15-103; section 13, House Bill No. 861, Laws of 1985; and section 1, Chapter 454, Laws of 1987.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments. (In subsection (3): pursuant to sec. 15, Ch. 607, L. 1987, the inclusion of 15-65-121 terminates June 30, 1989; pursuant to sec. 10, Ch. 664, L. 1987, the inclusion of 39-71-2504 terminates June 30, 1991; and pursuant to sec. 6, Ch. 454, L. 1987, the inclusion of sec. 1, Ch. 454, L. 1987, terminates July 1, 1988.)"

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

"17-3-213. Allocation to general road fund and countywide school levies. (1) The forest reserve funds so apportioned to each county ~~shall~~ must be apportioned by the county treasurer in each county ~~between-the-several-funds~~ as follows:

(a) to the general road fund, 66 2/3% of the total

amount received;

(b) to the following ~~countywide-school-levies~~, 33 1/3% of the total sum received:

(i) ~~the-annual-basic-tax-levy~~ county equalization for elementary schools provided for in 20-9-331; and

(ii) ~~the--annual--special--tax~~ county equalization for high schools provided for in 20-9-333;

~~(iii)-the-high-school-transportation-fund-provided--for in-20-10-143;~~

~~(iv)-the---elementary--teacher--retirement--and--social security-fund-provided-for-in-20-9-501;~~

~~(v)-the-high--school--teacher--retirement--and--social security-fund-provided-for-in-20-9-501.~~

(2) The apportionment of money to the funds provided for under subsection (1)(b) ~~shall~~ must be made by the county superintendent based on the proportion that ~~the-mill-levy-of~~ each fund bears to the total ~~number-of--mills~~ for all the funds. Whenever the total amount of money available for apportionment under this section is greater than the total requirements of ~~a-levy~~ the funds, the excess money and any interest income must be retained in a separate reserve fund, to be reapportioned in the ensuing school fiscal year to the ~~levies funds~~ designated in subsection (1)(b).

(3) In counties ~~wherein~~ in which special road districts have been created according to law, the board of

1 county commissioners shall distribute a proportionate share
2 of the 66 2/3% of the total amount received for the general
3 road fund to ~~such the~~ special road district--or districts
4 within the county based upon the percentage that the total
5 area of ~~such the~~ road district bears to the total area of
6 the entire county."

7 **Section 4.** Section 19-4-605, MCA, is amended to read:

8 "19-4-605. Pension accumulation fund -- employer's
9 contribution. The pension accumulation fund is the fund in
10 which the reserves for payment of pensions and annuities
11 ~~shall must~~ be accumulated and from which pensions,
12 annuities, and benefits in lieu thereof--~~shall of pensions~~
13 ~~and annuities must~~ be paid to or on account of beneficiaries
14 credited with prior service. Contributions to and payments
15 from the pension accumulation fund ~~shall must~~ be made as
16 follows:

17 (1) Each employer shall pay into the pension
18 accumulation fund an amount equal to 7.428% of the earned
19 compensation of each member employed during the whole or
20 part of the preceding payroll period.

21 (2) If the employer is a district or community college
22 district, the trustees shall budget and pay for the
23 employer's contribution ~~under the provisions of 20-9-501.~~

24 (3) If the employer is the superintendent of public
25 instruction, a public institution of the state of Montana, a

1 unit of the Montana university system, or the Montana state
2 school for the deaf and blind, the legislature shall
3 appropriate to the employer an adequate amount to allow the
4 payment of the employer's contribution.

5 (4) If the employer is a county, the county
6 commissioners shall budget and pay for the employer's
7 contribution in the manner provided by law for the adoption
8 of a county budget and for payments under the budget.

9 (5) All interest and other earnings realized on the
10 ~~moneys money~~ of the retirement system ~~shall must~~ be credited
11 to the pension accumulation fund, and the amount required to
12 allow regular interest on the annuity savings fund ~~shall~~
13 ~~must~~ be transferred to that fund from the pension
14 accumulation fund.

15 (6) All pensions, annuities, and benefits in lieu
16 thereof--~~shall of pensions and annuities must~~ be paid from
17 the pension accumulation fund.

18 (7) The retirement board may, in its discretion,
19 transfer from the pension accumulation fund an amount
20 necessary to cover expenses of administration."

21 **Section 5.** Section 20-1-101, MCA, is amended to read:

22 "20-1-101. Definitions. As used in this title, unless
23 the context clearly indicates otherwise, the following
24 definitions apply:

25 (1) "Agricultural experiment station" means the

1 agricultural experiment station established at Montana state
2 university.

3 (2) "Average number belonging" or "ANB" ~~shall mean~~
4 means the average number of regularly enrolled, full-time
5 pupils attending the public schools of a district for each
6 school day of the school year used, as calculated under the
7 provisions of 20-9-311.

8 (3) "The board of public education" is the board
9 created by Article X, section 9, subsection (3), of the 1972
10 Montana constitution and 2-15-1507.

11 (4) "Board of regents" means the board of regents of
12 higher education created by Article X, section 9, subsection
13 (2), of the 1972 Montana constitution and 2-15-1505.

14 (5) "Commissioner" means the commissioner of higher
15 education created by Article X, section 9, subsection (2),
16 of the 1972 Montana constitution and 2-15-1506.

17 (6) "County superintendent" means the county
18 government official who is the school officer of the county.

19 (7) "District superintendent" means any person who
20 holds a valid class 3 Montana teacher certificate with a
21 superintendent's endorsement that has been issued by the
22 superintendent of public instruction under the provisions of
23 this title and the policies adopted by the board of public
24 education and who has been employed by a district as a
25 district superintendent.

1 (8) "K-12 vocational education" means vocational
2 education in public school kindergarten through grade 12.

3 (9) "Principal" means any person who holds a valid
4 class 3 Montana teacher certificate with an applicable
5 principal's endorsement that has been issued by the
6 superintendent of public instruction under the provisions of
7 this title and the policies adopted by the board of public
8 education and who has been employed by a district as a
9 principal. For the purposes of this title, any reference to
10 a teacher shall be construed as including a principal, as
11 herein defined.

12 (10) "Pupil" means any child who is 6 years of age or
13 older on or before September 10 of the year in which the
14 child is to enroll or has been enrolled by special
15 permission of the board of trustees under 20-5-101(3) but
16 has not yet reached his 19th birthday and who is enrolled in
17 a school established and maintained under the laws of the
18 state of Montana at public expense. For purposes of
19 calculating the average number belonging (ANB) pursuant to
20 20-9-311, the definition of pupil includes a person who has
21 not yet reached his 19th birthday by September 10 of the
22 year and is enrolled under 20-5-101(3) in a school
23 established and maintained under the laws of the state at
24 public expense.

25 (11) "Pupil instruction" means the conduct of organized

1 instruction of pupils enrolled in public schools while under
2 the supervision of a teacher.

3 (12) "Regents" means the board of regents of higher
4 education.

5 (13) "School food services" means a service of
6 providing food for the pupils of a district on a nonprofit
7 basis and shall include any food service financially
8 assisted through funds or commodities provided by the United
9 States government.

10 (14) "The state board of education" is the board
11 composed of the board of public education and the board of
12 regents as specified in Article X, section 9, subsection
13 (1), of the 1972 Montana constitution.

14 (15) "State university" means the Montana state
15 university, located at Bozeman.

16 (16) "Superintendent of public instruction" means that
17 state government official designated as a member of the
18 executive branch by the constitution of Montana.

19 (17) "System" means the Montana university system.

20 (18) "Teacher" means any person, except a district
21 superintendent, who holds a valid Montana teacher
22 certificate that has been issued by the superintendent of
23 public instruction under the provisions of this title and
24 the policies adopted by the board of public education and
25 who is employed by a district as a member of its

1 instructional, supervisory, or administrative staff. This
2 definition of a teacher shall also include any person for
3 whom an emergency authorization of employment of such person
4 has been issued under the provisions of 20-4-111.

5 (19) "Textbook" means a book or manual used as a
6 principal source of study material for a given class or
7 group of students.

8 (20) "Textbook dealer" means any party, company,
9 corporation, or other organization selling, offering to
10 sell, or offering for adoption textbooks to districts in the
11 state of Montana.

12 (21) "Trustees" means the governing board of a
13 district.

14 (22) "University" means the university of Montana,
15 located at Missoula.

16 (23) "Vocational education" means the instruction to
17 prepare or improve the pupil for gainful employment that
18 does not require a baccalaureate or higher degree. This
19 definition of vocational education shall include guidance
20 and prevocational, related, or technical instruction
21 necessary to prepare the pupil for further vocational
22 education or for entry into employment.

23 (24) "Vocational-technical center" means an institution
24 used principally for the provision of vocational-technical
25 education to persons who qualify as vocational-technical

1 students. These centers are designated by the board of
2 regents upon direction by the legislature. All other public
3 or private institutions or schools are hereby prohibited
4 from using this title.

5 (25) "Vocational-technical education" means
6 vocational-technical education of vocational-technical
7 students that is conducted by a vocational-technical center,
8 a unit of the Montana university system, or a community
9 college as designated by the board of regents."

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

11 "20-3-106. Supervision of schools -- powers and
12 duties. The superintendent of public instruction has the
13 general supervision of the public schools and districts of
14 the state, and he shall perform the following duties or acts
15 in implementing and enforcing the provisions of this title:

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

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

21 (3) negotiate reciprocal tuition attendance agreements
22 with other states in accordance with the provisions of
23 20-5-314;

24 (4) serve on the teachers' retirement board in
25 accordance with the provisions of 2-15-1010;

1 (5) approve or disapprove the orders of a high school
2 boundary commission in accordance with the provisions of
3 20-6-311;

4 (6) approve or disapprove the opening or reopening of
5 a school in accordance with the provisions of 20-6-502,
6 20-6-503, 20-6-504, or 20-6-505;

7 (7) approve or disapprove school isolation within the
8 limitations prescribed by 20-9-302;

9 (8) generally supervise the school budgeting
10 procedures prescribed by law in accordance with the
11 provisions of 20-9-102 and prescribe the school budget
12 format in accordance with the provisions of 20-9-103 and
13 20-9-506;

14 (9) establish a system of communication for
15 calculating joint district revenues in accordance with the
16 provisions of 20-9-151;

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

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

24 (12) prescribe and furnish the annual report forms to
25 enable the districts to report to the county superintendent

1 in accordance with the provisions of 20-9-213(5) and the
2 annual report forms to enable the county superintendents to
3 report to the superintendent of public instruction in
4 accordance with the provisions of 20-3-209;

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

8 (14) distribute state equalization aid in support of
9 the foundation program in accordance with the provisions of
10 20-9-342, 20-9-346, and 20-9-347;

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

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

16 ~~{17}-approve--or--disapprove-an-adult-education-program~~
17 ~~for-which-a-district-proposes-to-levy-a-tax-in--accordance~~
18 ~~with-the-provisions-of-20-7-705;~~

19 {18}{17} request, accept, deposit, and expend federal
20 moneys money in accordance with the provisions of 20-9-603;

21 {19}{18} authorize the use of federal moneys money for
22 the support of an interlocal cooperative agreement in
23 accordance with the provisions of 20-9-703 and 20-9-704;

24 {20}{19} prescribe the form and contents of and approve
25 or disapprove interstate contracts in accordance with the

1 provisions of 20-9-705;

2 {21}{20} approve or disapprove the conduct of school on
3 a Saturday or on pupil-instruction-related days in
4 accordance with the provisions of 20-1-303 and 20-1-304;

5 {22}{21} recommend standards of accreditation for all
6 schools to the board of public education and evaluate
7 compliance with such the standards and recommend
8 accreditation status of every school to the board of public
9 education in accordance with the provisions of 20-7-101 and
10 20-7-102;

11 {23}{22} collect and maintain a file of curriculum
12 guides and assist schools with instructional programs in
13 accordance with the provisions of 20-7-113 and 20-7-114;

14 {24}{23} establish and maintain a library of visual,
15 aural, and other educational media in accordance with the
16 provisions of 20-7-201;

17 {25}{24} license textbook dealers and initiate
18 prosecution of textbook dealers violating the law in
19 accordance with the provisions of the textbooks part of this
20 title;

21 {26}{25} as the governing agent and executive officer
22 of the state of Montana for K-12 vocational education, adopt
23 the policies prescribed by and in accordance with the
24 provisions of 20-7-301;

25 {27}{26} supervise and coordinate the conduct of

special education in the state in accordance with the provisions of 20-7-403;

~~(28)~~ (27) administer the traffic education program in accordance with the provisions of 20-7-502;

~~(29)~~ (28) administer the school food services program in accordance with the provisions of 20-10-201, 20-10-202, and 20-10-203;

~~(30)~~ (29) review school building plans and specifications in accordance with the provisions of 20-6-622;

~~(31)~~ (30) prescribe the method of identification and signals to be used by school safety patrols in accordance with the provisions of 20-1-408;

~~(32)~~ (31) provide schools with information and technical assistance for compliance with the student assessment rules provided for in 20-2-121 and collect and summarize the results of such the student assessment for the board of public education and the legislature; and

~~(33)~~ administer--the--distribution--of--state--retirement equalization aid in accordance with 20-9-532; and

~~(34)~~ (32) perform any other duty prescribed from time to time by this title, any other act of the legislature, or the policies of the board of public education. ~~(subsection--(33) effective July 17, 1988--sec 87-6357-b7-19877)~~

Section 7. Section 20-3-205, MCA, is amended to read:

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

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

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

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

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

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

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

(7) keep a transcript and reconcile the district boundaries of the county in accordance with the provisions

1 of 20-6-103;

2 (8) fulfill all responsibilities assigned to him under
3 the provisions of this title regulating the organization,
4 alteration, or abandonment of districts;

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

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

11 (11) process and, when required, act on school
12 isolation applications in accordance with the provisions of
13 20-9-302;

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

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

22 (14) quarterly, unless otherwise provided by law, order
23 the county treasurer to apportion state money, county school
24 money, and any other school money subject to apportionment
25 in accordance with the provisions of 20-9-212, 20-9-334, or

1 20-9-347, 20-10-145, or 20-10-146;

2 (15) act on any request to transfer average number
3 belonging (ANB) in accordance with the provisions of
4 20-9-313(3);

5 (16) calculate the estimated budgeted general fund
6 sources of revenue in accordance with the provisions of
7 20-9-348 and the other general fund revenue provisions of
8 the general fund part of this title;

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

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

19 (19) for districts which do not employ a district
20 superintendent or principal, recommend library book and
21 textbook selections in accordance with the provisions of
22 20-7-204 or 20-7-602;

23 (20) notify the superintendent of public instruction of
24 a textbook dealer's activities when required under the
25 provisions of 20-7-605 and otherwise comply with the

1 textbook dealer provisions of this title;

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

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

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

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

19 (25) within 90 days after the close of the school
20 fiscal year, publish an annual report in the county
21 newspaper stating the following financial information for
22 the school fiscal year just ended for each district of the
23 county;

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

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

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

5 (d) the total of the cash balances of all funds
6 maintained by the district at the end of the school fiscal
7 year; and

8 (26) hold meetings for the members of the trustees from
9 time to time at which matters for the good of the districts
10 shall be discussed."

11 **Section 8.** Section 20-3-210, MCA, is amended to read:

12 **"20-3-210. Controversy appeals and hearings.** (1)
13 Except as provided under 20-3-211, the county superintendent
14 shall hear and decide all matters of controversy arising in
15 his county as a result of decisions of the trustees of a
16 district in the county. When appeals are made under 20-4-204
17 relating to the termination of services of a tenure teacher
18 or under 20-4-207 relating to the dismissal of a teacher
19 under contract, the county superintendent may appoint a
20 qualified attorney at law to act as a legal adviser who
21 shall assist the superintendent in preparing findings of
22 fact and conclusions of law. Subsequently, either the
23 teacher or trustees may appeal to the superintendent of
24 public instruction under the provisions for appeal of
25 controversies in this title. Furthermore--he The county

1 superintendent shall hear and decide all controversies
2 arising under:

3 (a) section ~~20-5-304~~ 20-5-301 or 20-5-311 relating to
4 the approval of tuition attendance applications; or

5 (b) any other provision of this title for which a
6 procedure for resolving controversies is not expressly
7 prescribed.

8 (2) The county superintendent shall hear the appeal
9 and take testimony in order to determine the facts related
10 to the controversy and may administer oaths to the witnesses
11 that testify at the hearing. He shall prepare a written
12 transcript of the hearing proceedings. The decision on the
13 matter of controversy which is made by the county
14 superintendent ~~shall~~ must be based upon the facts
15 established at such the hearing.

16 (3) The decision of the county superintendent may be
17 appealed to the superintendent of public instruction, and if
18 it is appealed, the county superintendent shall supply a
19 transcript of the hearing and any other documents entered as
20 testimony at the hearing to the superintendent of public
21 instruction.

22 (4) ~~Cost~~ Costs incurred by the office of the county
23 superintendent ~~shall~~ must be paid from the general fund
24 budget of the county in which the controversy is initiated."

25 **Section 9.** Section 20-3-324, MCA, is amended to read:

1 "20-3-324. Powers and duties. As prescribed elsewhere
2 in this title, the trustees of each district shall ~~have--the~~
3 ~~power--and--it--shall--be--their--duty--to--perform--the--following~~
4 ~~duties--or--acts:~~

5 (1) employ or dismiss a teacher, principal, or other
6 assistant upon the recommendation of the district
7 superintendent, the county high school principal, or other
8 principal as the board ~~may--deem~~ considers necessary,
9 accepting or rejecting such any recommendation as the
10 trustees ~~shall~~ in their sole discretion determine, in
11 accordance with the provisions of Title 20, chapter 4;

12 (2) employ and dismiss administrative personnel,
13 clerks, secretaries, teacher aides, custodians, maintenance
14 personnel, school bus drivers, food service personnel,
15 nurses, and any other personnel ~~deemed~~ considered necessary
16 to carry out the various services of the district;

17 (3) administer the attendance ~~and--tuition~~ provisions
18 and otherwise govern the pupils of the district in
19 accordance with the provisions of the pupils chapter of this
20 title;

21 (4) call, conduct, and certify the elections of the
22 district in accordance with the provisions of the school
23 elections chapter of this title;

24 (5) participate in the teachers' retirement system of
25 the state of Montana in accordance with the provisions of

1 the teachers' retirement system chapter of Title 19;

2 (6) participate in district boundary change actions in
3 accordance with the provisions of the districts chapter of
4 this title;

5 (7) organize, open, close, or acquire isolation status
6 for the schools of the district in accordance with the
7 provisions of the school organization part of this title;

8 (8) adopt and administer the annual budget or an
9 emergency budget of the district in accordance with the
10 provisions of the school budget system part of this title;

11 (9) conduct the fiscal business of the district in
12 accordance with the provisions of the school financial
13 administration part of this title;

14 (10) establish the ANB, foundation program, ~~permissive~~
15 ~~levy~~, additional levy, cash reserve, and state impact aid
16 amount for the general fund of the district in accordance
17 with the provisions of the general fund part of this title;

18 (11) establish, maintain, and budget, ~~and finance~~ the
19 transportation program within the general fund budget of the
20 district in accordance with the provisions of the
21 transportation parts of this title;

22 (12) issue, refund, sell, budget, and redeem the bonds
23 of the district in accordance with the provisions of the
24 bonds parts of this title;

25 (13) when applicable, establish, financially

1 administer, and budget for the ~~tuition--fund--retirement~~
2 ~~fund~~, building reserve fund, ~~adult--education--fund~~,
3 nonoperating fund, school food services fund, miscellaneous
4 federal programs fund, building fund, lease or rental
5 agreement fund, traffic education fund, and interlocal
6 cooperative agreement fund in accordance with the provisions
7 of the other school funds parts of this title;

8 (14) when applicable, administer any interlocal
9 cooperative agreement, gifts, legacies, or devises in
10 accordance with the provisions of the miscellaneous
11 financial parts of this title;

12 (15) hold in trust, acquire, and dispose of the real
13 and personal property of the district in accordance with the
14 provisions of the school sites and facilities part of this
15 title;

16 (16) operate the schools of the district in accordance
17 with the provisions of the school calendar part of this
18 title;

19 (17) establish and maintain the instructional services
20 of the schools of the district in accordance with the
21 provisions of the instructional services, textbooks,
22 vocational education, and special education parts of this
23 title;

24 (18) establish and maintain the school food services of
25 the district in accordance with the provisions of the school

1 food services parts of this title;

2 (19) make such reports from time to time as the county
3 superintendent, superintendent of public instruction, and
4 board of public education may require;

5 (20) retain, when deemed considered advisable, a
6 physician or registered nurse to inspect the sanitary
7 conditions of the school or the general health conditions of
8 each pupil and, upon request, make available to any parent
9 or guardian any medical reports or health records maintained
10 by the district pertaining to his child;

11 (21) for each member of the trustees, visit each school
12 of the district not less than once each school fiscal year
13 to examine its management, conditions, and needs, except
14 trustees from a first-class school district may share the
15 responsibility for visiting each school in the district;

16 (22) procure and display outside daily in suitable
17 weather at each school of the district an American flag
18 ~~which shall be~~ that measures not less than 4 feet by 6 feet;
19 and

20 (23) perform any other duty and enforce any other
21 requirements for the government of the schools prescribed by
22 this title, the policies of the board of public education,
23 or the rules of the superintendent of public instruction."

24 **Section 10.** Section 20-3-331, MCA, is amended to read:

25 "20-3-331. Purchase of liability insurance. The

1 trustees of any district may purchase insurance coverage for
2 the district, trustees, and employees against liability for
3 the death, injury, or disability of any person or damage to
4 property. The trustees shall include the cost of coverage in
5 the general fund budget of the district."

6 **Section 11.** Section 20-5-101, MCA, is amended to read:

7 "20-5-101. Admittance of child to school. (1) The
8 trustees shall assign and admit any child to a school in the
9 district when the child is:

10 (a) 6 years of age or older on or before September 10
11 of the year in which the child is to enroll but has not yet
12 reached his 19th birthday;

13 (b) a resident of the district; and

14 (c) otherwise qualified under the provisions of this
15 title to be admitted to such the school.

16 (2) The trustees of any district ~~shall have the~~
17 ~~authority to~~ may assign and admit any nonresident child to a
18 school in the district under the ~~tuition out-of-district~~
19 attendance provisions of this title.

20 (3) The trustees may at their discretion assign and
21 admit a child to a school in the district who is under 6
22 years of age or an adult who is 19 years of age or older if
23 there are exceptional circumstances that merit waiving the
24 age provision of this section."

25 **Section 12.** Section 20-5-102, MCA, is amended to read:

1 **"20-5-102. Compulsory enrollment and excuses. (1)**

2 Except as provided in subsection (2), any parent, guardian,
3 or other person who is responsible for the care of any child
4 who is 7 years of age or older prior to the first day of
5 school in any school fiscal year shall cause the child to be
6 instructed in the program prescribed by the board of public
7 education pursuant to 20-7-111 until the later of the
8 following dates:

9 (a) the child's 16th birthday; or

10 (b) the date of completion of the work of the 8th
11 grade.

12 (2) ~~Such~~ A parent, guardian, or other person shall
13 enroll the child in the school assigned by the trustees of
14 the district within the first week of the school term or
15 when he establishes residence in the district unless the
16 child is:

17 (a) enrolled in a school of another district or state
18 under any of the tuition out-of-district attendance
19 provisions of this title;

20 (b) provided with supervised correspondence study or
21 supervised home study under the transportation provisions of
22 this title;

23 (c) excused from enrollment in a school of the
24 district when it is shown that his bodily or mental
25 condition does not permit his attendance and the child

1 cannot be instructed under the special education provisions
2 of this title;

3 (d) excused from compulsory school attendance upon a
4 determination by a district judge that such attendance is
5 not in the best interest of the child;

6 (e) excused by the board of trustees upon a
7 determination that such attendance by a child who has
8 attained the age of 16 is not in the best interest of the
9 child and the school; or

10 (f) enrolled in a nonpublic or home school that
11 complies with the provisions of 20-5-109. For the purposes
12 of this subsection (f), a home school is the instruction by
13 a parent of his child, stepchild, or ward in his residence
14 and a nonpublic school includes a parochial, church,
15 religious, or private school.

16 (3) The excuse provided for in subsection (2)(c) of
17 this section ~~shall~~ must be issued by the district
18 superintendent or the county superintendent when there is no
19 district superintendent employed by the district. Whenever
20 an excuse is denied by the applicable official, an appeal of
21 ~~such the~~ decision may be made to the district court of the
22 county within 10 days after the decision upon giving a bond
23 in the amount set by the court to pay all costs of the
24 appeal. The decision of the district court ~~shall-be~~ is
25 final."

Section 13. Section 20-5-301, MCA, is amended to read:

"20-5-301. Elementary tuition attendance outside district of residence with mandatory approval. (1) Any child may be enrolled in and attend an elementary school outside of the elementary district in which he resides when ~~such~~ the elementary school is located in:

(a) any other district of the county of his residence;

(b) a county adjoining his county of residence; or

(c) a district of another state that is adjacent to the county of his residence.

(2) When a parent or guardian of a child wishes to have his child attend a school under the provisions of this section, he shall apply to the county superintendent of the county of his residence before July 1 of the school fiscal year for which he seeks approval except in those cases when substantial changes in circumstances occurred subsequently to justify later application. The application ~~shall~~ must be made on ~~a~~-tuition an attendance agreement form supplied by the county superintendent and ~~shall~~ must be approved, before permission to enroll in and attend school outside of the district under the provisions of this section may be granted, by:

(a) ~~the--trustees--of--the--elementary--district--in--which--the--child--resides;~~

~~(b)~~ the trustees of the district where the child

wishes to attend school; and

~~(c)~~(b) the county superintendent of the county of the child's residence.

(3) In considering the approval of ~~a--tuition an~~ attendance application, the ~~tuition~~ approval agents prescribed in ~~this-section subsection (2)~~ shall approve ~~such~~ the application for a resident child when:

(a) the child resides less than 3 miles from the school which he wishes to attend and more than 3 miles from any school of his resident elementary district;

(b) the child resides more than 3 miles from any school of his resident elementary district and ~~such~~ the district does not provide transportation under the provisions of this title;

(c) the child resides more than 3 miles from any school of his resident elementary district, the resident district does not provide transportation under the provisions of this title, and school bus transportation is furnished by the district operating the school which he wishes to attend;

(d) the child is a member of a family who must send another child outside of the elementary district to attend high school and the child of elementary age may more conveniently attend an elementary school where the high school is located, provided the child resides more than 3

1 miles from an elementary school of the resident district or
2 the parent must move to the elementary district where the
3 high school is located in order to enroll the other child in
4 high school;

5 (e) the child has been declared by a court of
6 competent jurisdiction to be an abused, neglected, or
7 dependent child, as defined in 41-3-102, or a delinquent
8 youth, as defined in 41-5-103, and has been ordered to be
9 placed in a licensed youth care facility which is approved
10 by the department of family services and as a result of the
11 order the child is required to attend elementary school
12 outside of the district of his residence; [for purposes of
13 this subsection, the prescribed geographic relationship of
14 the receiving district to the district of residence does not
15 apply]; or

16 (f) the child is required to attend elementary school
17 outside the district of residence as the result of an order
18 of a court of competent jurisdiction. For the purposes of
19 this subsection (f), the following do not apply:

20 (i) the prescribed geographic relationship of the
21 receiving district to the district of residence in this
22 subsection (3); or

23 (ii) an order issued under Title 40, chapter 4, part 2.

24 (4) The trustees of the district where the school to
25 be attended is located may disapprove a---tuition an

1 attendance agreement that satisfies any of the mandatory
2 approval conditions specified in subsection (3) above when
3 they find that, due to insufficient room and overcrowding,
4 the accreditation of the school would be adversely affected
5 by the acceptance of the child. In the event of disapproval,
6 the trustees shall ~~so~~ notify the parent in writing within 15
7 days of the first receipt of the application.

8 (5) The county superintendent shall notify the parent
9 or guardian and the trustees of the district where the child
10 wishes to attend school of the attendance agreement approval
11 or disapproval. If an attendance agreement is disapproved by
12 any approval agent, the parent may appeal the disapproval to
13 the county superintendent and, subsequently, to the
14 superintendent of public instruction under the provisions
15 for the appeal of controversies under this title."

16 **Section 14.** Section 20-5-302, MCA, is amended to read:

17 "20-5-302. Elementary tuition attendance outside
18 district of residence with discretionary approval. In
19 considering the approval of a--tuition an attendance
20 application that is not required to be approved under the
21 provisions of 20-5-301, the tuition approval agents
22 prescribed in 20-5-301 may approve such the application when
23 such the approval agents, individually, determine that the
24 tuition attendance agreement should be approved because of:

25 (1) the distance and road conditions between the

child's residence and any school of his resident district;

(2) the trading center of the child's parents;

(3) an opportunity to live with his relatives;

(4) dormitory facilities in the district to be attended;

(5) the living conditions of the child's family;

(6) the availability of transportation; or

(7) the type of educational program available in the school to be attended."

Section 15. Section 20-5-311, MCA, is amended to read:

"20-5-311. High school tuition attendance outside district of residence. (1) Any child may be enrolled in and attend a high school outside of the high school district in which he resides when such the high school is located in Montana or in a county of another state that is adjacent to the state of Montana. When a parent or guardian of a child wishes to have his child attend a school under the provisions of this section, he shall apply to the county superintendent of the county of his residence before July 1 of the school fiscal year for which he seeks approval except in those cases when substantial changes in circumstances occurred occur subsequently to and justify later application. Such The application ~~shall~~ must be made on a tuition an attendance agreement form supplied by the county superintendent. ~~The trustees-of-the-district-of--residence,~~

the trustees of the district in which the child wishes to attend school, and the county superintendent are the approval agents for ~~tuition-to~~ attendance at another high school within or outside the county of residence. ~~The county--superintendent--of--the--county-of-residence-and-the trustees-of-the-district-in-which-the-child-wishes-to-attend school-are-the-approval-agents-for--attendance--outside--the county.~~

(2) (a) (i) The approval agents shall approve a ~~tuition~~ an attendance application when a child lives closer to a high school of another district than any high school located within his resident district or when, due to road or geographic conditions, it is impractical to attend the high school nearest his residence.

(ii) However, the approval agents are not required to approve a ~~tuition~~ an attendance application for a student seeking to attend a high school outside the state of Montana or the resident district if the resident district provides transportation. This exception does not apply when:

(A) ~~--the child resides in a county different from the county wherein~~ in which the school he wishes to attend is located; ~~or~~

(B) ~~--the child has enrolled in a high school outside his resident district and has received an approved tuition agreement on or before April 30, 1985. For the purposes of~~

~~this subsection (2)(a)(ii)(B), the child has the right to continue his high school education in the receiving high school outside his resident district on an approved tuition agreement, subject to the provisions of this section.~~

(b) The approval agents shall approve a--tuition an attendance application when a child, as a result of a court order, is required to attend high school outside the district of residence:

~~(i) but within the state of Montana or another state, whether or not that state maintains a reciprocal tuition attendance agreement under 20-5-314, or~~

~~(ii) in a state that does not have a reciprocal tuition agreement pursuant to 20-5-314. The amount of daily tuition may not be greater than the average daily cost per student in the district of residence. The amount of annual tuition may not be greater than the average annual cost per student in the district of residence. The county superintendent shall calculate the average annual and the average daily cost per student. For purposes of this subsection (b), the following do not apply:~~

~~(A) an order issued under Title 40, chapter 4, part 2;~~

~~(B) placement of a child pursuant to Title 20, chapter 7, part 4.~~

(c) In approving a--tuition an attendance agreement under this provision section, the approval agents may

require the child to attend the high school closest to his residence. The approval agents may approve any other tuition attendance application that satisfies the geographic requirements of this section.

(3) The trustees of the district where the child wishes to attend school shall approve or disapprove any tuition attendance application submitted to them under the provisions of this section within 15 days after the receipt of the application.

(4) The county superintendent shall notify the parent or guardian and the trustees of the district where the child wishes to attend school of the tuition attendance agreement approval or disapproval. If a--tuition an attendance agreement is disapproved by one or more approval agents, the parent may appeal such the disapproval to the county superintendent and, subsequently, to the superintendent of public instruction under the provision for the appeal of controversies in this title.

(5) The approval of any tuition attendance agreement by all of the applicable approval agents or upon appeal ~~shall authorize~~ authorizes the child named in such the agreement to enroll in and attend the school named in such the agreement for the ensuing school fiscal year."

Section 16. Section 20-5-314, MCA, is amended to read:
"20-5-314. Reciprocal tuition attendance agreement

1 with adjoining state. (1) The superintendent of public
 2 instruction ~~shall--have--the--authority--to~~ may execute a
 3 reciprocal tuition attendance agreement with the
 4 superintendent of public instruction or a department of
 5 education of any state adjoining Montana to allow the
 6 eligible children of Montana to attend school in the
 7 adjoining state and to allow children of the adjoining state
 8 to attend school in Montana. In negotiating a reciprocal
 9 tuition attendance agreement, the ~~tuition--rates--prescribed~~
 10 ~~by--20-5-305-and-20-5-312-shall-be-waived-and-the~~ reciprocal
 11 tuition rate may be negotiated as a flat amount or an
 12 actual-cost-per-pupil amount. The superintendent of public
 13 instruction shall supply a copy of any reciprocal tuition
 14 attendance agreement that is executed to the county
 15 superintendent of each county that may be affected by ~~such~~
 16 the agreement.

17 (2) Any tuition attendance agreement approved under
 18 the provisions of 20-5-301, 20-5-302, or 20-5-311 for a
 19 child's attendance at a school outside of the state shall be
 20 completed in accordance with the applicable ~~reciprocal~~
 21 tuition-agreement section."

22 **Section 17.** Section 20-6-401, MCA, is amended to read:

23 "20-6-401. **Definitions.** As used in this part, unless
 24 the context clearly indicates otherwise, the following
 25 definitions apply:

1 (1) "Component districts" ~~are~~ means the elementary or
 2 high school districts incorporated into the enlarged
 3 district.

4 (2) "Eligible pupils" ~~shall--be~~ means the average
 5 number belonging (ANB) for the current school year in the
 6 operating schools of the component districts and the ~~tuition~~
 7 pupils residing in the component districts and attending
 8 another district's school under the ~~tuition~~ out-of-district
 9 attendance provisions of the school laws, except that the
 10 pupils residing in the component district having the largest
 11 total number of pupils ~~shall-be~~ are ineligible for bonus
 12 payment consideration.

13 (3) "Enlarged district" ~~is~~ means the elementary or
 14 high school district resulting from the consolidation or
 15 annexation of two or more component districts.

16 (4) "General bonus payment" for first- and
 17 second-class school districts ~~shall~~ must be \$300 per
 18 eligible pupil per year for a period of 3 years and ~~will~~
 19 must be deposited in the enlarged district's general fund.
 20 General bonus payment for third-class school districts ~~shall~~
 21 must be \$500 per eligible pupil per year for a period of 3
 22 years and ~~will~~ must be deposited in the enlarged district's
 23 general fund. ~~Such~~ The general bonus payment ~~shall~~ must be
 24 made from the state school equalization aid account.

25 (5) "Transportation bonus payment" ~~will--be--the~~

~~provision of 66-2/3%~~ is state financing of the on-schedule transportation amount ~~as provided by the transportation provisions of the school laws~~ adopted by the trustees for the general fund budget of the enlarged district and approved by the superintendent of public instruction. When an eligible pupil is entitled to transportation, the enlarged district ~~shall be~~ is entitled to the transportation bonus payment for such the eligible pupil for a period of 3 years. Such The payment ~~shall must~~ be made from the state transportation equalization aid account. When the eligible pupil rides a bus providing transportation for ineligible pupils, the 66 2/3% state financing ~~of the on-schedule amount~~ for this payment ~~shall must~~ be prorated to provide such financing for the eligible pupil."

Section 18. Section 20-6-406, MCA, is amended to read:

"20-6-406. Disbursal and deposit of bonus payments. On or before June 30 of the next 3 consecutive years following the year of application, the superintendent of public instruction shall disburse the bonus payments for approved applications to the enlarged school district, ~~and such The~~ disbursement is statutorily appropriated as provided in 17-7-502. The general bonus payment ~~shall and the~~ transportation bonus payment must be deposited by the county treasurer in the enlarged district's general fund, ~~and the~~ transportation bonus payment shall be deposited by the

~~county treasurer in the transportation fund.~~ These bonus payments ~~shall~~ may not be considered as a part of the regular state equalization aid or state transportation aid received by the enlarged district."

Section 19. Section 20-6-608, MCA, is amended to read:

"20-6-608. Authority and duty of trustees to insure district property. The trustees of any district shall ~~have the authority and it shall be their duty to~~ insure any or all real and personal property of the district. The trustees shall include the cost of insurance in the general fund budget of the district."

Section 20. Section 20-7-420, MCA, is amended to read:

"20-7-420. Residency requirements for financial responsibility for special education. (1) In accordance with the provisions of 1-1-215, a child's district of residence for special education purposes is the residence of his parents or of his guardian unless otherwise determined by the court. This applies to a child living at home, in an institution, or under foster care. If the parent has left the state, the parent's last known district of residence is the child's district of residence.

(2) ~~The district of residence is financially responsible for tuition as established under 20-5-305 and 20-5-312 for special education students.~~

Section 21. Section 20-7-421, MCA, is amended to read:

"20-7-421. Arranging attendance in another district in lieu of a special education program -- state payment of tuition. (1) With the approval of the superintendent of public instruction, the trustees may arrange for the attendance of a child in need of special education in a special education program in another district within the state of Montana. The superintendent of public instruction shall provide through the allowable cost schedule in 20-7-431 100% of the costs associated with the child's attendance in another district.

~~(2) Tuition as required under 20-5-305 and 20-5-312 may be charged as provided in 20-7-420.~~

Section 22. Section 20-7-424, MCA, is amended to read:

"20-7-424. No tuition when attending a state institution. When a child is attending an institution supported solely by funds of the state of Montana, the resident district or county shall may not be required to pay tuition to the state institution for such the child--but whenever at the recommendation of institution officials such child attends classes conducted by a school within a local district, the district or county, whichever is applicable, wherein the parents or guardian of the child maintain legal residence shall pay tuition to the district or county operating the school in accordance with the provisions of 20-5-305 or 20-7-421, whichever section applies to the

circumstances--of--the--child. Transportation payments shall must be made for students enrolled in such classes or receiving training, including summer sessions, at the state institution. The schedule of transportation payments shall must be approved in accordance with existing special education transportation payment schedules and shall must be approved by the county transportation committee and the superintendent of public instruction."

Section 23. Section 20-7-442, MCA, is amended to read:

"20-7-442. State transportation reimbursement for special education children. Districts providing children with transportation to a special education class or program and complying with the special education transportation regulations promulgated by the superintendent of public instruction shall be are eligible for a transportation reimbursement. The reimbursement shall must be calculated from a schedule established by the superintendent of public instruction with--the--state--providing--two-thirds--of--the reimbursement--and--the--county--in--which--the--children--reside providing the remainder."

Section 24. Section 20-7-705, MCA, is amended to read:

"20-7-705. Adult education fund funding. (1) A separate adult education fund shall must be established when an adult education program is operated by a district--or community college district. The financial administration of

1 such the fund shall must comply with the budgeting,
2 financing, and expenditure provisions of the laws governing
3 ~~the-schools~~ community colleges.

4 (2) Whenever the trustees of any school district
5 establish an adult education program under the provisions of
6 20-7-702, they shall ~~establish-an-adult-education-fund-under~~
7 ~~the--provisions--of-this-section~~ budget and fund the program
8 through the general fund budget of the district.

9 (3) The general fund of a school district or the adult
10 education fund shall--be of a community college is the
11 depository for all federal, state, and district moneys money
12 received by the district in support of the adult education
13 program.

14 ~~†3†~~(4) The trustees of any community college district
15 may authorize the levy of a tax of not more than 1 mill on
16 the district,~~except-that-trustees-of-a-county--high--school~~
17 ~~district-that-is-not-unified-with-an-elementary-district-may~~
18 ~~authorize--a--levy-of-not-more-than-2-mills-on-the-district,~~
19 for the operation of an adult education program when the
20 superintendent of public instruction has approved the
21 educational program to be supported by such the levy. The
22 approval of the superintendent of public instruction shall
23 ~~have-been~~ must be acquired by the trustees before the fourth
24 Monday of June in order to include the expenditures to be
25 financed by the levy in the preliminary budget. The

1 superintendent of public instruction shall promulgate rules
2 and forms for such the approval.

3 ~~†4†~~(5) Whenever the trustees of any district decide to
4 offer an adult education program during the ensuing school
5 fiscal year, they shall budget for the cost of such the
6 program in the general fund or the adult education fund of
7 the preliminary budget. Any expenditures in support of the
8 adult education program under the final adult education
9 budget shall must be made in accordance with the financial
10 administration provisions of this title for a budgeted fund.

11 ~~†5†~~(6) When a tax levy for an adult education program
12 which has been approved by the superintendent of public
13 instruction is included as a revenue item on the final adult
14 education budget, the county superintendent shall report
15 such the levy requirement to the county commissioners on the
16 second Monday of August and a levy on the district shall
17 must be made by the county commissioners in accordance with
18 20-9-142."

19 **Section 25.** Section 20-7-713, MCA, is amended to read:

20 "20-7-713. **Adult basic education fund cash reserve.** At
21 the end of each school fiscal year, the trustees of any
22 ~~school~~ community college district that operates an adult
23 basic education program may designate ~~what~~ the portion of
24 the adult basic education fund end-of-the-year cash balance
25 that is to be earmarked as cash reserve for the purpose of

1 paying, whenever a cash flow shortage occurs, adult basic
2 education fund warrants issued by the district from July 1
3 through June 30 of the ensuing school fiscal year. The
4 amount of the adult basic education fund cash balance that
5 is earmarked as cash reserve may not exceed 35% of the final
6 adult basic education fund budget for the ensuing school
7 fiscal year."

8 **Section 26.** Section 20-9-104, MCA, is amended to read:

9 "20-9-104. General fund cash reserve. (1) At the end
10 of each school fiscal year, the trustees of each district
11 shall designate ~~what the~~ portion of the general fund
12 end-of-the-year cash balance ~~shall that must~~ be earmarked as
13 cash reserve for the purpose of paying general fund warrants
14 issued by the district from July 1 to November 30 of the
15 ensuing school fiscal year. The Except as provided in
16 subsection (2), the amount of the general fund cash balance
17 that is earmarked as cash reserve ~~shall may~~ not exceed 35%
18 of the final general fund budget for the ensuing school
19 fiscal year and ~~shall may~~ not be used for property tax
20 reduction in the manner permitted by 20-9-141(1)(b) for
21 other receipts. Any portion of the general fund
22 end-of-the-year cash balance that is not earmarked for cash
23 reserve purposes ~~shall-be is~~ cash reappropriated which ~~shall~~
24 must be used for property tax reduction as provided in
25 20-9-141~~(1)(b)(iii)~~(1)(b)(ii).

1 (2) If a school district receives state equalization
2 aid for school fiscal year 1995 or any succeeding years, the
3 amount of the general fund cash balance that is earmarked as
4 cash reserve may not exceed 20% of the final general fund
5 budget for the school fiscal year. If the balance exceeds
6 that amount, the excess must be subtracted from the
7 district's state equalization aid in support of the
8 foundation program as calculated in 20-9-347. The trustees
9 of a district may appeal the use of excess cash reserve
10 money to the county superintendent and, subsequently, to the
11 superintendent of public instruction under the provisions
12 for the appeal of controversies under this title."

13 **Section 27.** Section 20-9-141, MCA, is amended to read:

14 "20-9-141. Computation of general fund net levy
15 requirement by county superintendent. (1) The county
16 superintendent shall compute the levy requirement for each
17 district's general fund on the basis of the following
18 procedure:

19 (a) Determine the total of the funding required for
20 the district's final general fund budget less the amount
21 established by the schedules in 20-9-316 through 20-9-321 by
22 totaling:

23 (i) the district's nonisolated school foundation
24 program requirement to be met by a district levy as provided
25 in 20-9-303; and

1 ~~{ii}-the-district's-permissive-levy-amount-as--provided~~
2 ~~in-20-9-352,-and~~

3 ~~{iii}{ii}~~ any additional general fund budget amount
4 adopted by the trustees of the district under the provisions
5 of 20-9-353, including any additional levies authorized by
6 the electors of the district.

7 (b) Determine the ~~total-of-the-moneys~~ money available
8 for the reduction of the property tax on the district for
9 the general fund by totaling:

10 (i) anticipated federal ~~moneys~~ money received under
11 the provisions of Title I of Public Law 81-874 or other
12 anticipated federal ~~moneys~~ money received in lieu of such
13 federal ~~that~~ act;

14 ~~{ii}-anticipated-tuition-payments--for--out-of-district~~
15 ~~pupils-under-the-provisions-of-20-5-303,-20-5-307,-20-5-312,~~
16 ~~and-20-5-313,~~

17 ~~{iii}{ii}~~ general fund cash reappropriated, as
18 established under the provisions of 20-9-104;

19 ~~{iv}{iii}~~ anticipated or reappropriated state impact
20 aid received under the provisions of 20-9-304;

21 ~~{v}{iv}~~ anticipated revenue from ~~vehicle-property-taxes~~
22 fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
23 61-3-521, and 61-3-537, and 67-3-204;

24 ~~{vi}{v}~~ anticipated net proceeds taxes for interim
25 production and new production, as defined in 15-23-601;

1 ~~{vii}{vi}~~ anticipated interest to be earned or
2 reappropriated interest earned by the investment of general
3 fund cash in accordance with the provisions of 20-9-213(4);
4 and

5 (vii) anticipated revenue from corporation license
6 taxes collected from financial institutions under the
7 provisions of 15-31-702; and

8 (viii) any other revenue anticipated by the trustees to
9 be received during the ensuing school fiscal year which may
10 be used to finance the general fund.

11 (c) Subtract ~~the--total-of-the-moneys~~ money available
12 to reduce the property tax required to finance the general
13 fund that has been determined in subsection (1)(b) from the
14 total requirement determined in subsection (1)(a).

15 (2) The net general fund levy requirement determined
16 in subsection (1)(c) ~~shall~~ must be reported to the county
17 commissioners on the second Monday of August by the county
18 superintendent as the general fund levy requirement for the
19 district, and a levy ~~shall~~ must be made by the county
20 commissioners in accordance with 20-9-142."

21 **Section 28.** Section 20-9-165, MCA, is amended to read:

22 "20-9-165. **Emergency budget limitation, preparation,**
23 **and adoption procedures.** (1) The meeting of the trustees to
24 consider and adopt an emergency budget ~~shall-be~~ is open to
25 the public, and any taxpayer in the district ~~shall-have~~ has

1 the right to appear and be heard. If at ~~such-a~~ the meeting a
 2 majority of the trustees present ~~shall~~ find that an
 3 emergency exists, the trustees may make and adopt a
 4 preliminary emergency budget, on the regular budget form,
 5 setting forth fully the facts constituting the emergency. In
 6 adopting the preliminary emergency budget, the trustees may
 7 budget for any fund which was included on the final budget
 8 of the district for the current school fiscal year. The
 9 budget ~~shall~~ must be itemized to show the amount
 10 appropriated for each item as required on the budget form.

11 (2) When the emergency is due to ~~any~~ an increase of
 12 enrollment, the maximum amount of the emergency budget for
 13 all funds ~~shall~~ must be determined in the following manner:

14 (a) Determine the total amount in the final budget for
 15 the current school fiscal year of all funds affected by the
 16 emergency, less any amounts appropriated as capital outlay
 17 and any amount appropriated for addition to the cash
 18 reserve.

19 (b) Divide the amount determined in subsection (2)(a)
 20 by the number of pupils originally enrolled in ~~such~~ the
 21 district during the immediately preceding school fiscal
 22 year. The resulting cost per pupil ~~shall---constitute~~
 23 constitutes the maximum permissible per-pupil expenditure in
 24 the emergency budget.

25 (c) Determine the enrollment increase of the current

1 school fiscal year by subtracting the number of pupils
 2 originally enrolled during the immediately preceding school
 3 fiscal year from the number of pupils enrolled for the
 4 current school fiscal year. The result ~~shall-be~~ is the
 5 enrollment increase for the current school fiscal year.

6 (d) Multiply the cost per pupil determined in
 7 subsection (2)(b) by the enrollment increase determined in
 8 subsection (2)(c). The result ~~shall--be~~ is the maximum
 9 limitation on an emergency budget for emergencies due to an
 10 increase of enrollment.

11 (e) In the case of a community college district, by
 12 budget amendment.

13 (3) In the event of any other type of emergency, the
 14 budget ~~shall-be~~ is limited by those expenditures ~~deemed~~
 15 considered by the trustees to be reasonable and necessary to
 16 finance the stated conditions of the emergency and the
 17 preliminary emergency budget ~~shall~~ must be accompanied with
 18 the details of the proposed expenditures.

19 (4) Whenever the trustees adopt a preliminary
 20 emergency budget ~~for-the-transportation--fund~~ that affects
 21 the district transportation program, the trustees shall
 22 attach to ~~such~~ the budget a copy of each transportation
 23 contract which is connected with the emergency and which has
 24 been prepared and executed in accordance with the school
 25 transportation contract laws.

(5) After the trustees have adopted the emergency budget by a majority vote of the trustees, it ~~shall~~ must be signed by the chairman of the trustees and the clerk of the district and copies ~~shall~~ must be sent to the county superintendent, the county treasurer, and the superintendent of public instruction. In the case of a community college district, copies of the emergency budget ~~shall~~ must be sent to the county superintendent, the county treasurer, and the board of regents."

Section 29. Section 20-9-166, MCA, is amended to read:

"20-9-166. State financial aid for emergency budgets.

Whenever a final emergency budget has been adopted for the general fund ~~or-the-transportation-fund~~ to finance the cost of an emergency due to an increased enrollment or any other reason approved by the superintendent of public instruction under the provisions of 20-9-163, the trustees may apply to the superintendent of public instruction for an increased payment from the state public school equalization aid account for the foundation program ~~or---for--state transportation-reimbursement, or-both.~~ The superintendent of public instruction shall publish rules for ~~such~~ application. The superintendent of public instruction shall approve or disapprove each application for increased state aid made in accordance with this section. When the superintendent of public instruction approves an application, he shall

determine the additional amount of state aid from the state public school equalization aid account ~~or--the--state transportation-reimbursement~~ which ~~will-be-made~~ is available to the applicant district because of the emergency caused by an increase in enrollment. The superintendent of public instruction shall notify the applicant district of his approval or disapproval and, in the event of approval, the amount of additional state aid that ~~will--be--made~~ is available for the general fund ~~or-the--transportation--fund.~~ The superintendent of public instruction shall disburse ~~such the~~ emergency state aid to the eligible district at the time the next regular state aid payment is made."

Section 30. Section 20-9-201, MCA, is amended to read:

"20-9-201. Definitions and application. (1) As used in this title, unless the context clearly indicates otherwise, "fund" means a separate detailed account of receipts and expenditures for a specific purpose as authorized by law. Funds are classified as follows:

(a) A "budgeted fund" means any fund for which a budget must be adopted in order to expend any money from ~~such the~~ fund. The general fund, ~~transportation--fund,~~ bus depreciation reserve fund, ~~elementary---tuition--fund,~~ retirement-fund, debt service fund, leased facilities fund, building reserve fund, ~~adult-education-fund,~~ nonoperating fund, ~~vocational-technical-center-fund,~~ and any other funds

1 so designated by the legislature ~~shall--be~~ are budgeted
2 funds.

3 (b) A "nonbudgeted fund" means any fund for which a
4 budget is not required in order to expend any money on
5 deposit in ~~such the~~ fund. The school food services fund,
6 miscellaneous federal programs fund, building fund, lease or
7 rental agreement fund, traffic education fund, interlocal
8 cooperative fund, and any other funds so designated by the
9 legislature ~~shall--be~~ are nonbudgeted funds.

10 (2) The school financial administration provisions of
11 this title apply to all money of any elementary or high
12 school district except the extracurricular money realized
13 from pupil activities. The superintendent of public
14 instruction has general supervisory authority as prescribed
15 by law over the school financial administration provisions,
16 as they relate to elementary and high school districts, as
17 prescribed-by-law-and He shall ~~establish-such~~ adopt rules as
18 are necessary to secure compliance with the law."

19 **Section 31.** Section 20-9-212, MCA, is amended to read:

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

22 (1) receive and hold all school money subject to
23 apportionment and keep a separate accounting of its
24 apportionment to the ~~several~~ districts which are entitled to
25 a portion of such the money according to the apportionments

1 ordered by the county superintendent. A separate accounting
2 ~~shall~~ must be maintained for each county fund supported by a
3 countywide levy for a specific, authorized purpose,
4 including:

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

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

9 ~~{c}--the-county-tax-in-support--of--the--county's--high~~
10 ~~school-transportation-obligation;~~

11 ~~{d}--the-county-tax-in-support--of--the-high-school~~
12 ~~obligations-to--the--retirement--systems--of--the--state--of~~
13 ~~Montana;~~

14 ~~{e}--any--additional--county--tax--required--by--law-to~~
15 ~~provide--for--deficiency---financing---of---the---elementary~~
16 ~~foundation-programs;~~

17 ~~{f}--any--additional--county--tax--required--by--law-to~~
18 ~~provide--for--deficiency--financing--of--the---high---school~~
19 ~~foundation-programs; and~~

20 ~~{g}{c}~~ (c) any other county tax for schools, including the
21 community colleges, which that may be authorized by law and
22 levied by the county commissioners;

23 (2) whenever requested, notify the county
24 superintendent and the superintendent of public instruction
25 of the amount of county school money on deposit in ~~each--of~~

1 ~~the-funds-enumerated~~ any fund provided for in subsection (1)
 2 ~~of--this--section~~ and the amount of any other school money
 3 subject to apportionment and apportion ~~such~~ the county and
 4 other school money to the districts in accordance with the
 5 apportionment ordered by the county superintendent;

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

9 (4) keep a separate accounting of the receipts,
 10 expenditures, and cash balances for each budgeted fund
 11 included in the final budget of each district and for each
 12 nonbudgeted fund established by each district;

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

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

22 (7) send all ~~revenues~~ revenue received for a joint
 23 district, part of which is situated in his county, to the
 24 county treasurer designated as the custodian of ~~such~~
 25 ~~revenues~~ the revenue, no later than December 15 of each year

1 and every 3 months thereafter until the end of the school
 2 fiscal year;

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

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

13 (10) invest the money of any district as directed by
 14 the trustees of the district within 3 working days of ~~such~~
 15 the direction;

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

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

24 **Section 32.** Section 20-9-301, MCA, is amended to read:
 25 "20-9-301. Purpose and---definition of foundation

program and definition of general fund budget. (1) A uniform system of free public schools sufficient for the education of and open to all school age children of the state ~~shall~~ must be established and maintained throughout the state of Montana. The state shall aid in the support of its several school districts on the basis of their financial need as measured by the foundation program and in the manner established in this title.

(2) The principal budgetary vehicle for achieving the minimum financing as established by the foundation program ~~shall--be~~ is the general fund budget of the district. The purpose of the general fund ~~shall--be~~ budget is to finance those general maintenance and operational costs of a district not financed by other funds established for special purposes in this title, including transportation, employee retirement benefits, insurance, and adult education.

(3) The amount of the general fund budget for each school fiscal year ~~shall~~ may not exceed the financing limitations established by this title but ~~shall--be--no~~ may not be less than the amount established by law as the foundation program. The general fund budget ~~shall~~ must be financed by the foundation program revenues and may be supplemented by the ~~permissive--levy--and~~ additional voted ~~levies~~ levy in the manner provided by law."

Section 33. Section 20-9-303, MCA, is amended to read:

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

- (a) county equalization ~~moneys~~ money; and
- (b) state equalization aid.

(2) The dollar amount of the foundation program ~~shall~~ be-----80% is 100% of the ~~maximum-general-fund-budget-without-a-voted-levy--limitation~~ as--set-forth-in-the schedules in 20-9-316 through 20-9-321. The foundation program of an elementary school having an ANB of nine or fewer pupils for 2 consecutive years which is not approved as an isolated school under the provisions of 20-9-302 ~~shall--be--80%~~ is 100% of the schedule amount, but the county and state shall participate in financing one-half of the foundation program, and the district shall finance the remaining one-half by a tax levied on the property of the district. When a school of nine or fewer pupils is

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

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

20 **Section 34.** Section 20-9-304, MCA, is amended to read:

21 **"20-9-304.** Eligibility for and payment of state impact
22 aid. Any A district which ~~shall--have~~ has children of
23 employees of a public institution may be eligible for state
24 impact aid under the following provisions:

25 (1) An "employee" means an employee of a public

1 institution under the administration of the department of
2 institutions, as defined in 53-1-202, or the department of
3 family services, as defined in 2-15-2401, who resides on the
4 property of such a public institution.

5 (2) A school district ~~shall~~ must receive annually from
6 ~~moneys~~ money available for state equalization aid \$150 for
7 each elementary pupil and \$250 for each high school pupil
8 whose parents are employees of an institution located in the
9 school district where the pupil attends school or in a
10 school district which has ~~a-tuition~~ an attendance agreement
11 with the district where the pupil attends school.

12 (3) A district which is eligible for state impact aid
13 shall apply for ~~such~~ the aid to the superintendent of public
14 instruction in the manner prescribed ~~by--the~~ in rules
15 ~~prescribed~~ adopted by the superintendent of public
16 instruction.

17 (4) The ~~distribution--of~~ state impact aid ~~shall~~ money
18 must be deposited in the general fund of the district and
19 ~~shall~~ may not be considered as a part of the state
20 equalization aid but ~~shall~~ must be used to reduce the
21 property tax in support of the general fund of the
22 district."

23 **Section 35.** Section 20-9-311, MCA, is amended to read:

24 **"20-9-311.** Calculation of average number belonging
25 (ANB). (1) ~~Average--number--belonging--shall-be-computed-by~~

1 determining the total of the aggregate days of attendance by
 2 regularly enrolled, full-time pupils during the current
 3 school fiscal year plus the aggregate days of absence by
 4 regularly enrolled, full-time pupils during the current
 5 school fiscal year and by dividing such total by 180.
 6 However, when a school district has approval to operate less
 7 than 180 school days under 20-9-804, such total shall be
 8 calculated in accordance with the provisions of 20-9-805.
 9 Attendance for a part of a morning session or a part of an
 10 afternoon session by a pupil shall be counted as attendance
 11 for one-half day. In calculating the ANB for pupils enrolled
 12 in a program established under 20-7-117 prior to January 1,
 13 1974, or pursuant to 20-7-117(1), attendance at or absence
 14 from a regular session of the program for at least 2 hours
 15 of either a morning or an afternoon session will be counted
 16 as one-half of a day attended or absent as the case may be.
 17 If a variance has been granted as provided in 20-1-302, ANB
 18 will be computed in a manner prescribed by the
 19 superintendent of public instruction, but in no case shall
 20 the ANB exceed one-half for each kindergarten pupil. When
 21 any pupil has been absent, with or without excuse, for more
 22 than 10 consecutive school days, including
 23 pupil instruction related days, his absence after the 10th
 24 day of absence shall not be included in the aggregate days
 25 of absence and his enrollment in the school shall not be

1 considered in the calculation of the average number
 2 belonging until he resumes attendance at school. The average
 3 number belonging (ANB) for the current school fiscal year
 4 must be calculated by:

5 (a) taking a count of regularly enrolled, full-time
 6 pupils on the first school day of each month from October
 7 through March of the current school fiscal year;

8 (b) dividing the sum of the six pupil enrollment
 9 counts by six.

10 (2) If a student spends less than half his time in the
 11 regular program and the balance of his time in school in the
 12 special education program, he shall be is considered a
 13 full-time special pupil but shall may not be considered
 14 regularly enrolled for ANB purposes. If a student spends
 15 half or more of his time in school in the regular program
 16 and the balance of his time in the special education
 17 program, he shall be is considered regularly enrolled for
 18 ANB purposes.

19 (3) The average number belonging of the regularly
 20 enrolled, full-time pupils for the public schools of a
 21 district must be based on the aggregate of all the regularly
 22 enrolled, full-time pupils attending the schools of the
 23 district, except that when:

24 (a) a school of the district is located more than 3
 25 miles beyond the incorporated limits of a city or town or

from another school of the district, all of the regularly enrolled, full-time pupils of the school must be calculated individually for ANB purposes;

(b) a junior high school has been approved and accredited as a junior high school, all of the regularly enrolled, full-time pupils of the junior high school ~~shall~~ must be considered as high school district pupils for ANB purposes;

(c) a middle school has been approved and accredited, in which case pupils below the 7th grade ~~shall~~ must be considered elementary school pupils for ANB purposes and the 7th and 8th grade pupils ~~shall~~ must be considered high school pupils for ANB purposes; or

(d) a school has not been accredited by the board of public education, the regularly enrolled, full-time pupils attending the nonaccredited school ~~shall~~ may not be eligible for average number belonging calculation purposes, nor will an average number belonging for the nonaccredited school be used in determining the foundation program for ~~such the~~ district.

(4) ~~When 11th or 12th grade students are regularly enrolled on a part-time basis, high schools may calculate the ANB to include an "equivalent ANB" for those students. An "equivalent ANB" must be calculated for pupils enrolled in a kindergarten program established under 20-7-117 or in~~

any other approved part-time school program. The method for calculating an equivalent ANB ~~shall~~ must be determined in a manner prescribed by the superintendent of public instruction."

Section 36. Section 20-9-313, MCA, is amended to read:

"20-9-313. Circumstances under which the regular average number belonging may be increased. The average number belonging of a school for a given school fiscal year, calculated in accordance with the ANB formula prescribed in 20-9-311, may be increased when:

(1) the opening of a new elementary school or the reopening of an elementary school has been approved in accordance with 20-6-502. The average number belonging for ~~such the~~ school ~~shall~~ must be established by the county superintendent and approved, disapproved, or adjusted by the superintendent of public instruction.

(2) the opening or reopening of a high school or a branch of the county high school has been approved in accordance with 20-6-503, 20-6-504, or 20-6-505. The average number belonging for ~~such the~~ high school ~~shall~~ must be established by the county superintendent's estimate, after an investigation of the probable number of pupils that will attend ~~such the~~ high school.

(3) a district anticipates an increase in the average number belonging due to the closing of any private or public

school in the district or a neighboring district. The estimated increase in average number belonging ~~shall~~ must be established by the trustees and the county superintendent and approved, disapproved, or adjusted by the superintendent of public instruction no later than the fourth Monday in June.

(4) a district anticipates an unusual enrollment increase in the ensuing school fiscal year. The increase in average number belonging ~~shall~~ must be based on estimates of increased enrollment approved by the superintendent of public instruction and ~~shall~~ must be computed in the manner prescribed by 20-9-314.

(5) for the initial year of operation of a program established under 20-7-117(1), the ANB to be used for budget purposes is the same as one-half the number of 5-year-old children residing in the district as of September 10 of the preceding school fiscal year, either as shown on the official school census or as determined by some other procedure approved by the superintendent of public instruction;

(6) a ~~special~~ full-time special pupil, as defined in 20-9-311, in a given school fiscal year ~~will~~ may no longer be considered a ~~special~~ full-time special pupil in the ensuing school fiscal year (the superintendent of public instruction may grant one ANB for ~~such~~ the pupil for the

ensuing school fiscal year); or

(7) a high school district provides early graduation for any student who completes graduation requirements in less than eight semesters or the equivalent amount of secondary school enrollment ~~or when a high school district provides early graduation for a class of students who have completed the requirements for graduation after 175 pupil instruction days in the 12th grade.~~ The increase ~~shall~~ must be established by the trustees as though the student had attended to the end of the school fiscal year and ~~shall~~ must be approved, disapproved, or adjusted by the superintendent of public instruction."

Section 37. Section 20-9-314, MCA, is amended to read:

"20-9-314. Procedures for determining eligibility and amount of increased average number belonging due to unusual enrollment increase. A district which anticipates an unusual increase in enrollment in the ensuing school fiscal year, as provided for in 20-9-313(4), may increase its foundation program for the ensuing school fiscal year in accordance with the following provisions:

(1) The district shall ~~estimate~~ compute the current year's average number belonging ~~by totaling the aggregate days of attendance and aggregate days of absence realized in the district through April 30 and dividing such total by 180.~~ The resulting average number belonging shall be

1 ~~increased-by-the-ratio-that--the--total--number--of--planned~~
 2 ~~school--days--in-the-current-school-fiscal-year-bears-to-the~~
 3 ~~number-of-school-days-completed-through-April-30~~ as provided
 4 in 20-9-311.

5 (2) Prior to May 10, the district shall estimate the
 6 probable average number belonging to be realized during the
 7 ensuing school fiscal year, based on as much factual
 8 information as may be available to the district.

9 (3) No later than May 10, the district shall submit
 10 its application for an unusual enrollment increase to the
 11 superintendent of public instruction. ~~Such~~ The application
 12 ~~shall~~ must include:

13 (a) the previous year's average number belonging;

14 (b) ~~the-estimate-of~~ the current school fiscal year's
 15 average number belonging, as provided in subsection (1)
 16 ~~above;~~

17 (c) the estimated average number belonging for the
 18 ensuing school fiscal year, including the factual
 19 information on which the estimate is based, as provided in
 20 subsection (2) ~~above;~~ and

21 (d) any other information or data that may be
 22 requested by the superintendent of public instruction.

23 (4) The superintendent of public instruction shall
 24 immediately review all the factors of the application and
 25 shall approve or disapprove the application or adjust the

1 estimated average number belonging for the ensuing school
 2 fiscal year. After approving an estimate, with or without
 3 adjustment, the superintendent of public instruction shall:

4 (a) determine the percentage increase which the
 5 estimated average number belonging for the ensuing fiscal
 6 year is over the current year's average number belonging;
 7 and

8 (b) approve an increase of the average number
 9 belonging used to establish the ensuing year's foundation
 10 program in accordance with subsection (6) if the increase in
 11 subsection (4)(a) is at least 6%.

12 (5) The superintendent of public instruction shall
 13 notify the district of his decision by the fourth Monday in
 14 June.

15 (6) Whenever an unusual enrollment increase is
 16 approved by the superintendent of public instruction, the
 17 increase of the average number belonging used to establish
 18 the foundation program for the ensuing school fiscal year
 19 ~~shall--be~~ is the difference between the approved estimated
 20 average number belonging for the ensuing school fiscal year
 21 and 106% of the current year's average number belonging. The
 22 amount ~~so determined shall--be~~ is the maximum allowable
 23 increase added to the actual average number belonging for
 24 the current school fiscal year for the purpose of
 25 establishing the ensuing year's foundation program.

(7) Any equalization or entitlement increases resulting from provisions of this section ~~shall must~~ be reviewed at the end of the ensuing school fiscal year. If the actual average number belonging is less than the average number belonging used for foundation program and entitlement calculations, the superintendent of public instruction shall revise the foundation program and entitlement calculations using the actual average number belonging. All payments received by the district in excess of the revised entitlements ~~shall-be are~~ overpayments subject to the refund provisions of 20-9-344(3)."

Section 38. Section 20-9-316, MCA, is amended to read:

"20-9-316. Elementary school maximum budget schedule for ~~1985-86~~ 1989-90. (1) For each elementary school having an ANB of nine or fewer pupils, the maximum ~~shall-be-\$19,959~~ is \$20,158 if ~~said the~~ school is approved as an isolated school.

(2) For schools with an ANB of 10 pupils but less than 18 pupils, the maximum ~~shall-be-\$19,959~~ is \$20,158 plus ~~\$834-10~~ \$842.50 per pupil on the basis of the average number belonging over nine.

(3) For schools with an ANB of at least 14 pupils but less than 18 pupils that qualify for instructional aide funding under 20-9-322, the maximum ~~shall-be--\$27,714~~ is \$33,042 plus ~~\$834-10~~ \$842.50 per pupil on the basis of the

average number belonging over 14.

(4) For schools with an ANB of 18 pupils and employing one teacher, the maximum ~~shall-be-\$27,466~~ is \$27,741 plus ~~\$834-10~~ \$842.50 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 25.

(5) For schools with an ANB of 18 pupils and employing two full-time teachers, the maximum ~~shall-be-\$43,851~~ is \$44,290 plus ~~\$522-40~~ \$527.60 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 50.

(6) For schools having an ANB in excess of 40, the maximum, on the basis of the total pupils (ANB) in the district, ~~for-elementary-pupils-will-be~~ is as follows:

(a) For a school having an ANB of more than 40 and employing a minimum of three teachers, the maximum of ~~\$17,938~~ shall \$1,957 must be decreased at the rate of ~~\$1-88~~ \$1.90 for each additional pupil until the total number (ANB) ~~shall have-reached-a-total-of~~ reaches 100 pupils.

(b) For a school having an ANB of more than 100 pupils, the maximum of ~~\$17,025~~ shall \$1,843 must be decreased at the rate of ~~\$1-72~~ \$1.74 for each additional pupil until the ANB ~~shall-have-reached~~ reaches 300 pupils.

(c) For a school having an ANB of more than 300 pupils, the maximum ~~shall may~~ not exceed ~~\$17,481~~ \$1,496 for each pupil.

(7) The maximum per pupil for all pupils (ANB) and for all elementary schools ~~shall~~ must be computed on the basis of the amount allowed ~~herein~~ in this section on account of the last eligible pupil (ANB). All elementary schools operated within the incorporated limits of a city or town ~~shall~~ must be treated as one school for the purpose of this schedule."

Section 39. Section 20-9-317, MCA, is amended to read:

"20-9-317. High school maximum budget schedule for ~~1985-86~~ 1989-90. (1) For each high school having an ANB of 24 or fewer pupils, the maximum ~~shall--be--\$113,700~~ is \$114,845.

(2) For a secondary high school having an ANB of more than 24 pupils, the maximum ~~\$47,730~~ of \$4,785 must be decreased at the rate of ~~\$25-04~~ \$26.10 for each additional pupil until the ANB ~~shall-have-reached-a-total-of~~ reaches 40 ~~such~~ pupils.

(3) For a school having an ANB of more than 40 pupils, the maximum of ~~\$47,324~~ \$4,368 must be decreased at the rate of ~~\$25-04~~ \$26.10 for each additional pupil until the ANB ~~shall-have-reached~~ reaches 100 pupils.

(4) For a school having an ANB of more than 100 pupils, ~~a~~ the maximum of ~~\$27,774--~~ \$2,802 must be decreased at the rate of ~~\$4-32~~ \$4.37 for each additional pupil until the ANB ~~shall-have-reached~~ reaches 200 pupils.

(5) For a school having an ANB of more than 200 pupils, the maximum of ~~\$27,342~~ \$2,365 must be decreased by ~~\$2-30~~ \$2.40 for each additional pupil until the ANB ~~shall~~ have-reached reaches 300 pupils.

(6) For a school having an ANB of more than 300 pupils, the maximum of ~~\$27,104~~ \$2,125 must be decreased at the rate of 44 cents for each additional pupil until the ANB ~~shall-have-reached~~ reaches 600 pupils.

(7) For a school having an ANB over of more than 600 pupils, the maximum ~~shall~~ may not exceed ~~\$17,973~~ \$1,993 per pupil.

(8) The maximum per pupil for all pupils (ANB) and for all high schools ~~shall~~ must be computed on the basis of the amount allowed ~~herein~~ in this section on account of the last eligible pupil (ANB). All high schools and junior high schools which have been approved and accredited as junior high schools, operated within the incorporated limits of a city or town, ~~shall~~ must be treated as one school for the purpose of this schedule."

Section 40. Section 20-9-318, MCA, is amended to read:

"20-9-318. Elementary school maximum budget schedule for ~~1987-88~~ 1990-91 and succeeding years. For ~~1987-88~~ 1990-91 and succeeding school years, the elementary school maximum budget schedule is as follows:

(1) For each elementary school having an ANB of nine

1 or fewer pupils, the maximum ~~shall be \$20,158~~ is \$43,572 if
2 ~~said the~~ school is approved as an isolated school.

3 (2) For schools with an ANB of 10 pupils but less than
4 18 pupils, the maximum ~~shall be \$20,158~~ is \$43,572 plus
5 ~~\$842-50~~ \$1,821 per pupil on the basis of the average number
6 belonging over nine.

7 (3) For schools with an ANB of at least 14 pupils but
8 less than 18 pupils that qualify for instructional aide
9 funding under 20-9-322, the maximum ~~shall be \$33,042~~ is
10 \$71,420 plus ~~\$842-50~~ \$1,821 per pupil on the basis of the
11 average number belonging over 14.

12 (4) For schools with an ANB of 18 pupils and employing
13 one teacher, the maximum ~~shall be \$27,741~~ is \$59,962 plus
14 ~~\$842-50~~ \$1,821 per pupil on the basis of the average number
15 belonging over 18, not to exceed an ANB of 25.

16 (5) For schools with an ANB of 18 pupils and employing
17 two full-time teachers, the maximum ~~shall be \$44,290~~ is
18 \$95,733 plus ~~\$527-60~~ \$1,140 per pupil on the basis of the
19 average number belonging over 18, not to exceed an ANB of
20 50.

21 (6) For schools having an ANB in excess of 40, the
22 maximum, on the basis of the total pupils (ANB) in the
23 district, ~~for elementary pupils will be~~ is as follows:

24 (a) For a school having an ANB of more than 40 and
25 employing a minimum of three teachers, the maximum of \$17957

1 ~~shall~~ \$4,230 must be decreased at the rate of ~~\$1-90~~ \$4.11
2 for each additional pupil until the total number (ANB) ~~shall~~
3 ~~have reached a total of~~ reaches 100 pupils.

4 (b) For a school having an ANB of more than 100
5 pupils, the maximum of ~~\$1,843-shall~~ \$3,984 must be decreased
6 at the rate of ~~\$1-74~~ \$3.76 for each additional pupil until
7 the ANB ~~shall have reached~~ reaches 300 pupils.

8 (c) For a school having an ANB of more than 300
9 pupils, the maximum ~~shall may~~ not exceed ~~\$1,496~~ \$3,234 for
10 each pupil.

11 (7) The maximum per pupil for all pupils (ANB) and for
12 all elementary schools ~~shall must~~ be computed on the basis
13 of the amount allowed herein in this section on account of
14 the last eligible pupil (ANB). All elementary schools
15 operated within the incorporated limits of a city or town
16 ~~shall must~~ be treated as one school for the purpose of this
17 schedule."

18 **Section 41.** Section 20-9-319, MCA, is amended to read:
19 "20-9-319. High school maximum budget schedule for
20 ~~1987-88~~ 1990-91 and succeeding years. For ~~1987-88~~ 1990-91
21 and succeeding school years, the high school maximum budget
22 schedule is as follows:

23 (1) For each high school having an ANB of 24 or fewer
24 pupils, the maximum ~~shall be \$114,845~~ is \$248,237.

25 (2) For a secondary high school having an ANB of more

1 than 24 pupils, the maximum ~~\$4,785-shall~~ of \$10,343 must be
 2 decreased at the rate of ~~\$26-10~~ \$56 for each additional
 3 pupil until the ANB ~~shall-have-reached-a-total-of~~ reaches 40
 4 such pupils.

5 (3) For a school having an ANB of more than 40 pupils,
 6 the maximum of ~~\$4,368-shall~~ \$9,441 must be decreased at the
 7 rate of ~~\$26-10~~ \$56 for each additional pupil until the ANB
 8 ~~shall-have-reached~~ reaches 100 pupils.

9 (4) For a school having an ANB of more than 100
 10 pupils, a the maximum of ~~\$2,882--shall~~ \$6,057 must be
 11 decreased at the rate of ~~\$4-37~~ \$9 for each additional pupil
 12 until the ANB ~~shall-have-reached~~ reaches 200 pupils.

13 (5) For a school having an ANB of more than 200
 14 pupils, the maximum of ~~\$2,365-shall~~ \$5,112 must be decreased
 15 by ~~\$2-40~~ \$5 for each additional pupil until the ANB ~~shall~~
 16 ~~have-reached~~ reaches 300 pupils.

17 (6) For a school having an ANB of more than 300
 18 pupils, the maximum of ~~\$2,125-shall~~ \$4,593 must be decreased
 19 at the rate of ~~44~~ 95 cents for each additional pupil until
 20 the ANB ~~shall-have-reached~~ reaches 600 pupils.

21 (7) For a school having an ANB over of more than 600
 22 pupils, the maximum ~~shall~~ may not exceed ~~\$1,993~~ \$4,308 per
 23 pupil.

24 (8) The maximum per pupil for all pupils (ANB) and for
 25 all high schools ~~shall~~ must be computed on the basis of the

1 amount allowed herein in this section on account of the last
 2 eligible pupil (ANB). All high schools and junior high
 3 schools which have been approved and accredited as junior
 4 high schools, operated within the incorporated limits of a
 5 city or town, ~~shall~~ must be treated as one school for the
 6 purpose of this schedule."

7 **Section 42.** Section 20-9-320, MCA, is amended to read:

8 "20-9-320. Maximum general fund budget for junior high
 9 school. (1) The general fund budget amount for an approved
 10 and accredited junior high school ~~shall~~ must be prorated
 11 between the elementary district general fund budget and the
 12 high school district general fund budget in the following
 13 manner:

14 (a) determine the per-ANB schedule amount for the
 15 school, as defined by 20-9-317 and 20-9-319, from the high
 16 school schedule;

17 (b) calculate the ANB for the regularly enrolled
 18 full-time pupils enrolled in the 7th and 8th grades of the
 19 junior high school;

20 (c) multiply the per-ANB schedule amount determined in
 21 subsection (1)(a) by the ANB calculated in subsection (1)(b)
 22 to determine the authorized general fund budget amount which
 23 ~~shall--be~~ available for the elementary district general fund
 24 budget; and

25 (d) subtract the amount determined in subsection

(1)(c) from the total authorized general fund budget amount for the school to determine the authorized general fund budget amount ~~which shall be~~ available for the high school district general fund budget.

(2) The general fund budget amount determined for each school of a district under the schedules provided in 20-9-316 through 20-9-319 ~~shall must~~ be totaled to determine the ~~maximum-general-fund-budget-without-a-voted-levy~~ foundation program for such the district."

Section 43. Section 20-9-321, MCA, is amended to read:

"20-9-321. ~~Maximum--general--fund--budget~~ Foundation program amount and contingency funds for special education.

(1) For the purpose of establishing the ~~maximum-budget-without-a-vote~~ foundation program amount for a current year special education program for a school district, the superintendent of public instruction ~~will~~ shall determine the total estimated cost of the special education program for the school district on the basis of a special education program budget submitted by the district. The budget ~~will must~~ be prepared on forms provided by the superintendent of public instruction and ~~will must~~ set out for each program:

(a) the estimated allowable costs associated with operating the program where allowable costs are as defined in 20-7-431;

(b) the number of pupils expected to be enrolled in the program; and

(c) any other data required by the superintendent of public instruction for budget justification purposes and to administer the provisions of 20-9-315 through 20-9-321.

(2) The total amount of allowable costs approved by the superintendent of public instruction ~~shall be is~~ the special education ~~maximum-budget-without-a-vote~~ foundation program amount for current year special education program purposes. The total amount of allowable costs that are approved for the special education budget ~~shall may~~ not, under any condition, be less than the ~~maximum-budget-without-a-vote~~ foundation program amount for one regular ANS for each ~~special~~ full-time special pupil in the school district.

(3) If a special education program is implemented or expanded during a given school term too late to be included in the determination of the district ~~maximum-budget-without-a-vote~~ foundation program amount for the school year as prescribed in this part, allowable costs approved under the budgeting provisions of subsections (1) and (2) for the operation of the program during the given year must be funded from any legislative appropriation for contingency financing for special education. Contingency funds granted under this subsection must be deposited in a

1 separate account of the miscellaneous programs fund of the
 2 district as provided in 20-9-507. However, if contingency
 3 funds are not available, then subject to the approval of the
 4 program by the superintendent under the emergency budget
 5 provisions of 20-9-161(5), allowable costs for the given
 6 year may be added to the ~~maximum-budget-without-a-vote~~
 7 foundation program amount for special education for the
 8 subsequent school year. ~~Such~~ The allowable costs must be
 9 recorded as previous year special education expenses in the
 10 school district budget for the subsequent school year.

11 (4) The sum of the previous year special education
 12 expenses as defined in subsection (3) ~~above~~ and the
 13 ~~maximum-budget-without-a-vote~~ foundation program amount for
 14 current year special education as defined in subsections (1)
 15 and (2) ~~shall--be~~ is the special education budget for
 16 accounting purposes.

17 (5) The ~~maximum-budget-without-a-vote~~ foundation
 18 program amount for special education ~~will~~ must be added to
 19 the ~~maximum-budget-without-a-vote~~ foundation program amount
 20 of the regular program ANB defined in 20-9-311 and 20-9-313
 21 to obtain the total ~~maximum-budget-without-a-vote~~ foundation
 22 program amount for the district."

23 **Section 44.** Section 20-9-331, MCA, is amended to read:

24 "20-9-331. Basic county tax and other revenues for
 25 county equalization of the elementary district foundation

1 program. (1) It ~~shall--be~~ is the duty of the county
 2 commissioners of each county to levy an annual basic tax of
 3 ~~20~~ 103 mills on the dollars of the taxable value of all
 4 taxable property within the county~~7--except--for--vehicles~~
 5 ~~subject--to--taxation-under-61-3-504(2)7~~ for the purposes of
 6 local and state foundation program support. The revenue to
 7 be collected from this levy ~~shall~~ must be apportioned to the
 8 support of the foundation programs of the elementary school
 9 districts in the county and to the state special revenue
 10 fund, state equalization aid account, in the following
 11 manner:

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

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

1 which the levy has been set.

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

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

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

17 (c) all money paid into the county treasury as a
18 result of fines for violations of law, except money paid to
19 a justice's court, and the use of which is not otherwise
20 specified by law;

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

25 (e) any federal or state money distributed to the

1 county as payment in lieu of the property taxation
2 ~~established by the county levy required by this section,~~
3 including federal forest reserve funds allocated under the
4 provisions of 17-3-213;

5 (f) net proceeds taxes for interim production and new
6 production, as defined in 15-23-601; and

7 (g) anticipated revenue from ~~vehicle property taxes~~
8 fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
9 61-3-521, and 61-3-537, and 67-3-204."

10 **Section 45.** Section 20-9-333, MCA, is amended to read:

11 "20-9-333. Basic special levy and other revenues for
12 county equalization of high school district foundation
13 program. (1) It ~~shall be~~ is the duty of the county
14 commissioners of each county to levy an annual basic special
15 tax for high schools of ~~17~~ 63 mills on the dollar of the
16 taxable value of all taxable property within the county,
17 ~~except for vehicles subject to taxation under 61-3-504(2);~~
18 for the purposes of local and state foundation program
19 support. The revenue to be collected from this levy ~~shall~~
20 must be apportioned to the support of the foundation
21 programs of high school districts in the county and to the
22 state special revenue fund, state equalization aid account,
23 in the following manner:

24 (a) In order to determine the amount of revenue raised
25 by this levy which is retained by the county, the sum of the

estimated revenues identified in subsections--(2)(a)-and
 (2)(b)-below-shall-be subsection (2) is subtracted from the
 sum--of--the-county's-high-school-tuition-obligation-and the
 total of the foundation programs of all high school
 districts of the county.

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

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

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

(b) any federal or state ~~moneys~~ money distributed to
 the county as a payment in lieu of the property taxation
~~established-by-the-county-levy--required--by--this--section,~~
including federal forest reserve funds allocated under the
provisions of 17-3-213;

(c) net proceeds taxes for interim production and new
 production, as defined in 15-23-601; and

(d) anticipated revenue from ~~vehicle-property-taxes~~
fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
61-3-521, and 61-3-537, and 67-3-204."

Section 46. Section 20-9-334, MCA, is amended to read:

"20-9-334. Apportionment of county equalization ~~moneys~~
money by county superintendent. The county superintendent
 shall separately apportion the revenues deposited in the
~~basic--county-tax~~ county equalization account for elementary
~~schools~~ and the revenues deposited in the ~~basic-special--tax~~
county equalization account for high schools account to the
 several districts of the county on a monthly basis. The
 apportionments shall be known as "county equalization ~~moneys~~
money". ~~Before--the-county-superintendent-makes-the-monthly~~
~~apportionments,-he-shall:-~~

~~(1)--deduct-from-the-revenues-available--in--the--basic~~
~~county--tax-account-the-amount-required-for-the-month-to-pay~~
~~the--county's--obligation--for--elementary--transportation~~
~~reimbursements,-and~~

~~(2) deduct from the revenues available in the basic special tax for high schools account the amount required for the month to pay the county's obligation for high school out-of-county tuition.~~

Section 47. Section 20-9-335, MCA, is amended to read:

"20-9-335. Formula for apportionment of county equalization moneys money. (1) After making such deductions prescribed in 20-9-334, the The county superintendent shall apportion the remaining amount of moneys money available in the basic county tax county equalization account to the several public elementary districts of the county and in the basic special tax county equalization account for high schools account to the several public secondary high school districts of the county in proportion to their needs under the foundation program in accordance with the following procedure:

(a) determine the percentage that the county equalization moneys money available for the support of the foundation programs of the public elementary districts in the county is of the total amount of the foundation programs of all public elementary districts;

(b) multiply the foundation program amount of each public elementary district by the percentage determined in subsection (1)(a) above to determine the portion of the county equalization moneys money available to each public

elementary district.

(2) The above procedure ~~shall~~ described in subsections (1)(a) and (1)(b) must also be applied for public secondary high school districts.

(3) No territory situated within a county ~~shall~~ may be excluded from the apportionment of the county equalization moneys money under this section solely because ~~such~~ the territory lies within the boundaries of a joint district. Cash balances to the credit of any district at the end of a school fiscal year ~~shall~~ may not be considered in the apportionment procedure prescribed in this section.

(4) The county equalization moneys money apportioned under these procedures ~~shall constitute~~ constitutes the first source of revenue in calculating the financing of the public elementary and secondary high school district foundation program. The county superintendent shall use the apportionment procedure prescribed in this section in computing the estimated revenues for the financing of the ensuing year's foundation program for budgeting purposes."

Section 48. Section 20-9-343, MCA, is amended to read:

"20-9-343. Definition of and revenue for state equalization aid. (1) As used in this title, the term "state equalization aid" means ~~those moneys~~ the money deposited in the state special revenue fund as required in this section plus any legislative appropriation of money from other

sources for distribution to the public schools for the purpose of equalization of the foundation program.

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

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

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

(a) ~~31.8% of all~~ money received from the collection of income taxes under chapter 30 of Title 15, as provided in 15-1-501;

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

(c) ~~100% of the~~ money allocated to state equalization from the collection of the severance tax on coal;

(d) ~~100% of the~~ money received from the treasurer of

the United States as the state's shares of oil, gas, and other mineral royalties under the federal Mineral Lands Leasing Act, as amended;

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

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

(g) income from the lottery, as provided for in 23-5-1027; and

~~(g)~~ (h) in addition to these revenues, the surplus revenues collected by the counties for foundation program support according to 20-9-331 and 20-9-333.

(4) Any surplus revenue in the state equalization aid account in the second year of a biennium may be used to reduce the appropriation required for the next succeeding biennium."

Section 49. Section 20-9-344, MCA, is amended to read:

"20-9-344. Purpose of state equalization aid and duties of the board of public education for distribution -- conditions of first payment. (1) The money available for state equalization aid ~~shall~~ must be distributed and apportioned to provide an annual minimum operating revenue for the elementary and high schools in each county, exclusive of revenues required for debt service and for the payment of any ~~and all~~ costs and expense incurred in connection with any ~~adult education program,~~ recreation

1 program, school food services program, and new buildings,
2 new and grounds,~~and-transportation~~.

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

7 (a) adopt policies ~~for--regulating~~ to regulate the
8 distribution of state equalization aid in accordance with
9 the provisions of law~~--and--in--a--manner--that--would--most~~
10 ~~effectively-meet-the-financial-needs-of-districts~~ subsection
11 (4) and to provide for monthly distribution of money in the
12 state equalization aid account in a monthly amount equaling
13 at least 8% of entitlement until each district receives its
14 annual equalization aid entitlement;

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

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

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

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

8 (4) The first payment of state equalization aid must
9 be:

10 (a) based on an estimate of ~~20%~~ 10% of each district's
11 entitlement; and

12 (b) distributed by July 15 of the school fiscal year."

13 **Section 50.** Section 20-9-353, MCA, is amended to read:

14 "20-9-353. Additional levy for general fund --
15 election for authorization to impose. (1) The Except as
16 provided in subsections (5) and (6), the trustees of any
17 district may propose to adopt a general fund budget in
18 excess of the general fund budget amount for ~~such~~ the
19 district as established by the schedules in 20-9-316 through
20 ~~20-9-321~~ 20-9-320 for any of the following purposes:

21 (a) building, altering, repairing, or enlarging any
22 schoolhouse of the district;

23 (b) furnishing additional school facilities for the
24 district;

25 (c) acquisition of land for the district;

(d) proper maintenance and operation of the school programs of the district.

(2) When the trustees of any district determine that an additional amount of financing is required for the general fund budget that is in excess of the statutory schedule amount, the trustees shall submit the proposition of an additional levy to raise such the excess amount of general fund financing to the electors who are qualified under 20-20-301 to vote upon such the proposition, except that no an election ~~shall be~~ is not required to permit the school trustees to use any funds available to finance the additional amount other than those funds to be raised by the additional levy. Such The special election ~~shall~~ must be called and conducted in the manner prescribed by this title for school elections. The ballot for such the election ~~shall~~ must state only the amount of money to be raised by additional property taxation, the approximate number of mills required to raise such the money, and the purpose for which such the money will be expended, ~~and it shall~~ The ballot must be in the following format:

PROPOSITION

Shall a levy be made in addition to the levies authorized by law in such the number of mills as may be necessary to raise the sum of (state the amount to be raised by additional tax levy), and being approximately (give

number) mills, for the purpose of (insert the purpose for which the additional tax levy is made)?

☐ FOR the levy.

☐ AGAINST the levy.

(3) If the election on any additional levy for the general fund is approved by a majority vote of those the electors voting at such the election, the proposition ~~shall~~ carry carries and the trustees may use any portion or all of the authorized amount in adopting the preliminary general fund budget. The trustees shall certify the additional levy amount authorized by ~~such--a~~ the special election on the budget form that is submitted to the county superintendent, and the county commissioners shall levy such the authorized number of mills on the taxable value of all taxable property within the district, as prescribed in 20-9-141, ~~as--are~~ required to raise the amount of such the additional levy.

(4) Authorization to levy an additional tax under the provisions of this section ~~shall be~~ is effective for only 1 school fiscal year and ~~shall~~ must be authorized by a special election conducted before August 1 of the school fiscal year for which it is effective.

(5) Except as provided in subsection (6), after school fiscal year 1994, the trustees of a district may not adopt a general fund budget that exceeds 117% of the total of:

(a) the amount set forth in the schedules in 20-9-316

through 20-9-320;

(b) any transportation funding included in the general fund budget of the district; and

(c) any special education funding for the district.

(6) Until the state meets the federal test for use of federal funds under Title 1 of Public Law 81-874 as a local source of wealth, as set forth in 20 U.S.C. 240(d), the trustees of a district may adopt a general fund budget in excess of the limitations in subsection (5) if Public Law 81-874 funds are the sole source of funding for the excess amount."

Section 51. Section 20-9-505, MCA, is amended to read:

"20-9-505. Purpose and establishment of nonoperating fund. (1) The trustees of any district that will not operate any a school during the ensuing school fiscal year shall establish a nonoperating fund on the first day of such the school fiscal year. In establishing the nonoperating fund, the trustees shall cause the transfer of the end-of-the-year cash balance of each fund maintained by the district during the immediately preceding school fiscal year to the nonoperating fund. However, cash balances of the debt service fund and the miscellaneous federal programs fund, if any, shall must be maintained in their individual funds.

(2) The trustees of a district establishing a nonoperating fund for the first year of nonoperation may

earmark a portion of the nonoperating fund cash balance as a nonoperating fund cash reserve when they anticipate the reopening of a school in the following school fiscal year. Such The cash reserve ~~shall~~ may not be more than the general fund cash reserve designated for the immediately preceding school fiscal year. If a school is not operated in the following school fiscal year, the authority of the trustees to earmark a nonoperating fund cash reserve ~~shall--terminate~~ terminates and the ~~moneys~~ money earmarked as a cash reserve ~~shall must~~ be used to reduce the levy requirement of the nonoperating fund. If the trustees acquire approval to reopen a school in the following school fiscal year under the provisions of 20-6-502 or 20-6-503 and operate such the school, the nonoperating fund cash reserve ~~shall~~ must be restored as the general fund cash reserve.

(3) The purpose of the nonoperating fund ~~shall-be~~ is to centralize the financing and budgeting for the limited functions of a district not operating a school. Such The functions ~~shall~~ include:

(a) ~~elementary-tuition-obligations-to-other-districts;~~
 (b) ~~transportation-of-the-resident-pupils;~~
 (c) (a) maintenance of district-owned property; and
 (d) (b) any other nonoperating school function of the district deemed considered necessary by the trustees or required by law.

(4) Any expenditure of nonoperating fund moneys--shall money must be made in accordance with the financial administration provisions of this title for a budgeted fund."

Section 52. Section 20-10-101, MCA, is amended to read:

"20-10-101. Definitions. As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "Transportation" shall-mean means:

(a) a district's conveyance of a pupil by a school bus between his legal residence and the school designated by the trustees for his attendance; or

~~(b) a district's conveyance of a pupil by a school bus between his regular school of attendance and the vocational-technical-secondary schools designated by the trustees for his attendance if the secondary school is located in some other school district; or~~

~~(c)~~ (b) "individual transportation" whereby a district is relieved of actually conveying a pupil. Such The individual transportation may include paying the parent or guardian for conveying the pupil, reimbursing the parent or guardian for the pupil's board and room, or providing supervised correspondence study or supervised home study.

(2) An "eligible transportee" shall-mean means a

public school pupil who:

(a) is not less than 5 years of age nor has attained his 21st birthday;

(b) is a resident of the state of Montana;

(c) regardless of district and county boundaries, resides at least 3 miles, over the shortest practical route, from the nearest operating public elementary school or public high school, whichever the case may be; and

(d) is deemed by law to reside with his parent or guardian who maintains legal residence within the boundaries of the district furnishing the transportation regardless of where the eligible transportee actually lives when attending school.

(3) (a) A "school bus" means, except as provided in subsection (3)(b), any motor vehicle that:

(i) complies with the bus standards established by the board of public education as verified by the Montana department of justice's semiannual inspection of school buses and the superintendent of public instruction; and

(ii) is owned by a district or other public agency and operated for the transportation of pupils to or from school or owned by a carrier under contract with a district or public agency to provide transportation of pupils to or from school.

(b) A school bus does not include a vehicle that is:

1 (i) privately owned and not operated for compensation
2 under this title;

3 ~~(iii)-privately--owned--and--operated--for-reimbursement~~
4 ~~under-20-10-142;~~

5 ~~(iii)~~(ii) either district-owned or privately owned,
6 designed to carry not more than nine passengers, and used to
7 transport pupils to or from activity events or to transport
8 pupils to their homes in case of illness or other emergency
9 situations; or

10 ~~(iv)~~(iii) an over-the-road passenger coach used only to
11 transport pupils to activity events."

12 **Section 53.** Section 20-10-104, MCA, is amended to
13 read:

14 "20-10-104. Penalty for violating law or rules. (1)
15 Every district, its trustees and employees, and every person
16 under a transportation contract with a district ~~shall be~~ is
17 subject to the policies prescribed by the board of public
18 education and the rules prescribed by the superintendent of
19 public instruction. When a district knowingly violates a
20 transportation law or board of public education
21 transportation policy, ~~such~~ the district shall forfeit any
22 reimbursement ~~otherwise---payable---under---20-10-145---and~~
23 ~~20-10-146~~ for bus miles actually traveled during that fiscal
24 year in violation of such law or policies. The county
25 superintendent shall suspend ~~all--such~~ any reimbursements

1 payable to the district until the district corrects the
2 violation. When the district corrects the violation, the
3 county superintendent shall resume paying any reimbursements
4 to the district, but the amount forfeited may not be paid to
5 the district.

6 (2) When a person operating a bus under contract with
7 a district knowingly fails to comply with the transportation
8 law or the board of public education transportation
9 policies, the district may not pay him for any bus miles
10 traveled during the contract year in violation of such law
11 or policies. Upon discovering ~~such~~ a violation, the trustees
12 of the district shall give written notice to the person that
13 unless the violation is corrected within 10 days of the
14 giving of notice, the contract will be canceled. The
15 trustees of a district shall order the operation of a bus
16 operated under contract suspended when the bus is being
17 operated in violation of transportation law or policies and
18 the trustees find that ~~such~~ the violation jeopardizes the
19 safety of pupils."

20 **Section 54.** Section 20-10-105, MCA, is amended to
21 read:

22 "20-10-105. Determination of residence. When the
23 residence of an eligible transportee is a matter of
24 controversy and is an issue before a board of trustees, a
25 county transportation committee, or the superintendent of

1 public instruction, the residence shall ~~must~~ be established
 2 on the basis of the general state residence law as provided
 3 in 1-1-215. Whenever any district or county is determined to
 4 be responsible for ~~paying--tuition--for~~ any pupil in
 5 accordance with 20-5-301, 20-5-302, or 20-5-311, the
 6 residence of the pupil for ~~tuition~~ attendance purposes is
 7 the residence of the pupil for transportation purposes."

8 **Section 55.** Section 20-10-112, MCA, is amended to
 9 read:

10 "20-10-112. Duties of the superintendent of public
 11 instruction. In order to have a uniform and equal provision
 12 of transportation by all districts in the state of Montana,
 13 the superintendent of public instruction shall:

14 (1) prescribe rules and forms for the implementation
 15 and administration of the transportation policies adopted by
 16 the board of public education;

17 (2) prescribe rules for the approval of school bus
 18 routing by the county transportation committee;

19 ~~{3}--prescribe--the--format---of---the---contract---for~~
 20 ~~individual---transportation---and---supply---each---county~~
 21 ~~superintendent-with-a-sufficient-number-of---such---contracts;~~

22 ~~{4}--prescribe--rules--for--the--approval-of-individual~~
 23 ~~transportation-contracts,--including--the--increases--of--the~~
 24 ~~schedule--rates--due--to--isolation--under-the-policy-of-the~~
 25 ~~board-of-public-education,--and--provide-a-degree-of-isolation~~

1 ~~chart-to-school-district-trustees-to-serve-as-a-guide;~~

2 ~~{5}{3}~~ approve, disapprove, or adjust all school bus
 3 routing submitted by the county superintendent; and

4 ~~{6}--approve,--disapprove,--or--adjust--all--individual~~
 5 ~~transportation---contracts---submitted---by---the---county~~
 6 ~~superintendent;~~

7 ~~{7}{4}~~ prescribe rules for the consideration of
 8 controversies appealed to him and rule on such the
 9 controversies; and

10 ~~{8}--disburse-the-state-transportation-reimbursement-in~~
 11 ~~accordance-with-the-provisions-of-law-and-the-transportation~~
 12 ~~policies-of-the-board-of-public-education."~~

13 **Section 56.** Section 20-10-143, MCA, is amended to
 14 read:

15 "20-10-143. Budgeting for transportation and
 16 transmittal-of-transportation-contracts. (1) The trustees of
 17 any district furnishing transportation to pupils who are
 18 residents of such the district shall ~~have-the-authority--and~~
 19 ~~it--shall--be--their--duty--to~~ provide a transportation fund
 20 budget for funding of transportation with a portion of the
 21 general fund that is adequate to finance such the district's
 22 transportation contractual obligations and any other
 23 transportation expenditures necessary for the conduct of its
 24 transportation program. The transportation general fund
 25 budget shall include:

(a) an adequate amount to finance the maintenance and operation of district owned and operated school buses;

(b) the annual contracted amount for the maintenance and operation of school buses by a private party;

(c) the annual contracted amount for individual transportation, including any increased amount due to isolation, which shall not exceed the schedule amounts prescribed in 20-10-142;

(d) any amount necessary for the purchase, rental, or insurance of school buses; and

(e) any other amount necessary to finance the administration, operation, or maintenance of the transportation program of the district, as determined by the trustees.

(2) The trustees may include a contingency amount in the transportation general fund budget for the purpose of enabling the district to fulfill any obligation to provide transportation in accordance with the transportation law for:

(a) any pupils not residing in the district at the time of the adoption of the preliminary budget and who subsequently became residents of such the district during the school fiscal year; or

(b) pupils who have become eligible transportees since the adoption of the preliminary budget because their legal

residence has been changed. The budgeted contingency amount shall not exceed 10% of the transportation schedule amount as calculated under the provisions of 20-10-141 and 20-10-142 for all transportation services authorized by such schedule and provided by the district unless 10% of such transportation schedule amount shall be less than \$100, in which case \$100 shall be the maximum limitation for such budgeted contingency amount.

(3) As provided in 20-9-162, an emergency transportation fund budget may be adopted subject to the provisions of the emergency budgeting law.

(4) The transportation fund budgeted expenditures appropriated by the trustees shall be reported on the regular budget form prescribed by the superintendent of public instruction in accordance with 20-9-103, and the adoption of the transportation fund budget shall be completed in accordance with the school budgeting laws. When the adopted preliminary budget is sent to the county superintendent, the trustees shall also send copies of all completed transportation contracts for school bus transportation and individual transportation to the county superintendent. Such contracts shall substantiate all contracted transportation services incorporated in the preliminary budget, and after the county superintendent has utilized the contracts for such purpose but before the

1 ~~fourth-Monday-of-July, he shall send all the transportation~~
 2 ~~contracts--received--by--him--to--the--superintendent--of--public~~
 3 ~~instruction--When--the--county--superintendent--determines--a~~
 4 ~~deviation--between--the--preliminary--transportation--fund--budget~~
 5 ~~amount---for---contracted---transportation---services---and---the~~
 6 ~~contracted--amount--for--such--services, he shall immediately~~
 7 ~~call--the--deviation--to--the--attention--of--the--appropriate~~
 8 ~~trustees--and--shall--allow--the--trustees--to--change---the~~
 9 ~~preliminary---budgeted---amount---to---compensate--for--such~~
 10 ~~deviation."~~

11 **Section 57.** Section 23-5-1027, MCA, is amended to
 12 read:

13 23-5-1027. Disposition of revenue. (1) (a) As near as
 14 possible to 45% of the money paid for tickets or chances
 15 must be paid out as prize money, except as provided in
 16 subsection (1)(b).

17 (b) In the case of a regional lottery game, a maximum
 18 of 50% of the money paid for tickets or chances may be paid
 19 out as prize money.

20 (2) Up to 15% of the gross revenue from the state
 21 lottery may be used by the director to pay the operating
 22 expenses of the state lottery. Commissions paid to lottery
 23 ticket or chance sales agents are not a state lottery
 24 operating expense.

25 (3) Funds to pay the operating expenses of the lottery

1 are statutorily appropriated as provided in 17-7-502.

2 (4) That part of all gross revenue not used for the
 3 payment of prizes, commissions, and operating expenses is
 4 net revenue and must be paid quarterly from the enterprise
 5 fund established by 23-5-1026 to the superintendent of
 6 public instruction for distribution as equalization aid to
 7 the retirement fund obligations of state special revenue
 8 fund as provided for in 20-9-343 for equalization of the
 9 foundation program for elementary and high school districts
 10 in the manner provided in 20-9-532."

11 **NEW SECTION. Section 58.** Appropriation. There is
 12 appropriated from the general fund to the superintendent of
 13 public instruction \$30 million for the fiscal year ending
 14 June 30, 1991, to be used to provide each school district
 15 with at least the same amount of funding for school
 16 transportation in school fiscal year 1991 as the district
 17 expended for transportation in school fiscal year 1990.

18 **NEW SECTION. Section 59.** Study and distribution of
 19 transportation funds. The superintendent of public
 20 instruction shall:

21 (1) during fiscal year 1990, study methods of
 22 distributing transportation aid to school districts in an
 23 equalized manner, including but not limited to
 24 transportation funding based on a density factor for school
 25 district populations;

1 (2) seek the advice and recommendations of the board
2 of public education during the study process; and

3 (3) on approval of the board of public education,
4 distribute the appropriation in [section 58] to school
5 districts for school fiscal year 1991.

6 NEW SECTION. **Section 60.** Legislative interim study of
7 equalization of school district capital outlay and debt
8 service costs. An appropriate interim legislative committee
9 is assigned to study methods of equalizing school district
10 capital improvement, building, and debt service costs. The
11 committee shall report the findings of the study to the 52nd
12 legislature and, if necessary, draft legislation to
13 implement its findings.

14 NEW SECTION. **Section 61.** Repealer. Sections 20-5-303
15 through 20-5-307, 20-5-312, 20-5-313, 20-9-105, 20-9-352,
16 20-9-501, 20-9-531, 20-9-532, 20-10-141, 20-10-142, and
17 20-10-144 through 20-10-146, MCA, are repealed.

18 NEW SECTION. **Section 62.** Extension of authority. Any
19 existing authority to make rules on the subject of the
20 provisions of [this act] is extended to the provisions of
21 [this act].

22 NEW SECTION. **Section 63.** Effective dates. (1) Except
23 as provided in subsection (2), [this act] is effective July
24 1, 1990.

25 (2) [Sections 38, 39, 58 through 60, and this section]

1 are effective July 1, 1989.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

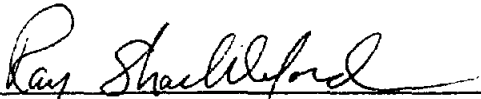
In compliance with a written request, there is hereby submitted a Fiscal Note for HB575, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to increase the state equalization of public school funding for the purpose of providing further equality of educational opportunity; to eliminate the retirement levies and to eliminate the school district permissive, tuition, transportation, adult education, and comprehensive insurance levies; to combine all district budgeted funds under the general fund budget of a district, except funds for capital improvement; to increase the foundation program funding schedules to reflect funds added to district general fund budgets; to reduce the cash reserve fund for a district receiving state equalization payments; to limit, with a 5-year phase-in period, the general fund budgets of school districts; to increase county equalization levies; to exclude school district levies from the property tax limitation; to change the method of calculating the average number of students belonging (ANB) to a school district for funding purposes; to eliminate tuition payments between districts; to provide for a statutory appropriation; to provide an appropriation for school funding; to provide that the Superintendent of Public Instruction study methods of distributing transportation funds for school fiscal year 1991; to provide for an interim study of school capital outlay costs and debt service costs; amending Sections 15-10-402, 17-3-213, 17-7-502, 19-4-605, 20-1-101, 20-3-106, 20-3-205, 20-3-210, 20-3-324, 20-3-331, 20-5-101, 20-5-102, 20-5-301, 20-5-302, 20-5-311, 20-5-314, 20-6-401, 20-6-406, 20-6-608, 20-7-420, 20-7-421, 20-7-424, 20-7-442, 20-7-705, 20-7-713, 20-9-104, 20-9-141, 20-9-165, 20-9-166, 20-9-201, 20-9-212, 20-9-301, 20-9-303, 20-9-304, 20-9-311, 20-9-313, 20-9-314, 20-9-316 through 20-9-321, 20-9-331, 20-9-333 through 20-9-335, 20-9-343, 20-9-344, 20-9-353, 20-9-505, 20-10-101, 20-10-104, 20-10-105, 20-10-112, 20-10-143, and 23-5-1027, MCA; repealing Sections 20-5-303 through 20-5-307, 20-5-312, 20-5-313, 20-9-105, 20-9-352, 20-9-501, 20-9-531, 20-9-532, 20-10-141, 20-10-142, and 20-10-144 through 20-10-146, MCA; and providing effective dates.

ASSUMPTIONS:

1. Individual income tax collections are estimated to be \$239,124,000 in FY90 and \$254,428,000 in FY91, with 31.8% each year available for state equalization aid.(REAC)
2. Corporation tax receipts are estimated to be \$49,207,000 in FY90 and \$49,503,000 in FY91, with 22.9% each year available for state equalization aid.(REAC)
3. Coal severance tax receipts are estimated to be \$52,884,000 in FY90 and \$45,683,000 in FY91, with 3.8% each year available for state equalization aid.(REAC)
4. Interest earnings from the Education Coal Trust are estimated to be \$1,372,000 in FY90 and \$1,701,000 in FY91, with 67.5% available for state equalization aid.(REAC)
5. Royalties from the Federal Mineral Leasing Act are estimated to be \$22,686,000 in FY90 and \$23,494,000 in FY91. All receipts are available for state equalization aid.(REAC)


RAY SHACKLEFORD, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING

DATE 2/17/89


MIKE KADAS, PRIMARY SPONSOR

DATE 2/20/89Fiscal Note for HB575, as introduced**HB 575**

Fiscal Note Request HB575 as introduced

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6. Revenue raised from the Lottery is estimated to be \$13,500,000 in FY90 and FY91, with 40% available for state equalization of retirement costs.(MDOC)
7. The taxable value of all property is estimated to be \$1,899,969,000 in FY90 and \$1,869,831,000 in FY91. Revenue raised through the mandatory 45 mills for state equalization aid is estimated to be \$85,499,000 in FY90 and \$84,142,000 in FY91.(REAC)
8. Revenue generated by the 45 mills for state equalization on vehicle fees is estimated to be \$1,371,000 in FY90 and \$1,567,000 in FY91. (REAC)
9. Miscellaneous revenue generated from vehicle fees for state equalization aid is estimated to be \$4,310,000 in FY90 and \$4,310,000 in FY91. (REAC)
10. Total receipts from interest and income are estimated to be \$33,485,000 in FY90 and \$34,353,000 in FY91. (REAC)
11. There are no changes in school funding for FY90; figures from the executive budget were used with no inflation (2% increase was removed.) Schedules were increased by a factor of 2.17% (117% increase) for FY91. The result was derived by removing the 2%/year increase and then inserting a 117% increase.
12. Total transportation fund expenditures for FY88 were \$28.3 million. We assume that the entire \$30.0 million appropriated in (section 58) will be needed to fund district transportation budgets (section 56).
13. District permissive amount contributions will be discontinued in FY91.
14. Added costs to the state for adult education and comprehensive insurance are included in the general fund formula total; retirement is also included in the combined formula amount.
15. The number of meetings that the Committee will conduct during the 1990-91 biennium is estimated to be six meetings.
16. All legislators will attend all meetings.
17. One-half of the Reps. and one-half of the Senators will claim one-day's salary and meals.
18. One-half of the Reps. and one-half of the Senators will travel sufficient distance to require lodging for each meeting; these Reps. and Senators will also claim 2 days' salary, 2 days' meals, and 1 night's lodging reimbursement.
19. All meetings of the Committee will be 1-day meetings.
20. Salary for legislators will remain at \$52.13 per day.
21. Benefits for legislators will be 8% of salary.
22. Meals, lodging, and mileage reimbursement will remain as under current law.
23. Mileage for Reps. will average 367 miles round trip.
24. Mileage for Senators will average 383 miles round trip.
25. The costs of the study will include printing and postage, and publication of a final report.
26. All costs for the study will be paid by the Legislative Council from funds appropriated for interim studies.
27. The Legislative Council will provide staff to the Committee within current resources.

HB 575

FISCAL IMPACT:

	Current	FY90		Current	FY91	
	Law	Proposed		Law	Proposed	
	Law	Law	Difference	Law	Law	Difference
Revenues:	\$264,899,000	\$264,899,000	\$ -0-	\$278,132,540	\$533,714,486	\$255,581,946
Expenditures:						
Foundation Program	\$278,355,000	\$278,355,000	\$ -0-	\$276,678,000	\$522,314,040	\$245,636,040
OPI	-0-	757,000	757,000	-0-	614,000	614,000
Legislative Council	-0-	15,093	15,093	-0-	-0-	-0-
Total Expenditures	\$278,355,000	\$279,127,093	\$ 772,093	\$276,678,000	\$522,928,040	\$246,250,040
Net Effect:						
(Revenue less Expenditure)						
	(\$13,456,000)	(\$14,228,093)	\$ 772,093	\$ 1,454,540	\$ 10,786,446	\$ 9,331,906

EFFECT ON COUNTY:

1. Local levies for comprehensive insurance, transportation, tuition, and adult education will be eliminated.
2. County levies for retirement will be eliminated.

LONG-RANGE EFFECTS:

This legislation will significantly change property tax levies.

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

1. Allocation of forest funds in (Section 3) is unnecessarily complicated. Either allocation of the entire amount to elementary county equalization or allocation based on the mill rates in (Section 44) and (Section 45) would be simpler.
2. (Section 17) page 41, lines 1 and 12 are inconsistent; also, the amended language seems to allow a 100% bonus. This could be corrected by: Insert-page 41, line 5, after 'public instruction': "and not otherwise funded by state equalization.
3. (Section 24) eliminates the district levy for adult education and adult basic education and does not allow any mechanism to fund student over 18 years old. This could be corrected by allowing adult education students participating in an approved program to be counted: Insert-page 28, line 24 after 'section': "or if the adult pupil is a participant in a program under the provisions of 20-7-701 through 20-7-705.
4. (Section 35) deletes the provision that a pupil must be dropped from the rolls for ANB purposes after 10 consecutive days of absence.
5. (Section 41) indicates schedule increases of 117% consistently except that the decrease in (Subsection 4) should be \$9.48 and the decrease in (Subsection 5) should be \$5.21.
6. (Section 51) removes the mechanism for providing transportation funding for students who reside in non-operating districts. This could be corrected by:
 - a.) Amending (Section 32) page 59, line 13: strike "a district", insert "operating and non-operating districts;
 - b.) Amending (Section 51) to allow appropriate reserves for re-opening school; and
 - c.) Delete all other references to non-operating funds and non-operating levies.

HB 575

Fiscal Note Request, HB575 as introduced

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7. There is no provision for consolidation of balance sheets in FY91 when tuition, transportation, retirement, adult education, and comprehensive insurance are combined with the General Fund.
8. Keeping Bus Depreciation Reserve as a separate fund creates two classes of districts, namely, those that contract for transportation services and those that own their own bus fleet.

HB 575