

HOUSE BILL 34

Introduced by Cobb

6/20 Introduced
 Died in Process

1 HOUSE BILL NO. 34
2 INTRODUCED BY Cobb

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PUBLIC SCHOOL
5 FUNDING BY ELIMINATING THE COUNTY RETIREMENT LEVY AND
6 PROVIDING FULL REIMBURSEMENT, WITH STATE EQUALIZATION AID
7 MONEY, OF EACH DISTRICT'S RETIREMENT FUND EXPENDITURES;
8 PROVIDING FOR MONTHLY DISTRIBUTION OF RETIREMENT
9 REIMBURSEMENTS; PROVIDING AN APPROPRIATION; AMENDING
10 SECTIONS 17-3-213, 20-3-106, 20-9-212, 20-9-343, 20-9-344,
11 20-9-346, 20-9-347, 20-9-351, 20-9-501, AND 23-5-1027, MCA;
12 REPEALING SECTIONS 20-9-531 AND 20-9-532, MCA; AND PROVIDING
13 EFFECTIVE DATES."

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16 **Section 1.** Section 17-3-213, MCA, is amended to read:

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

22 (a) to the general road fund, 66 2/3% of the total
23 amount received;

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

1 (i) the annual basic tax levy for elementary schools
2 provided for in 20-9-331;

3 (ii) the annual special tax for high schools provided
4 for in 20-9-333; and

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

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

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

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

21 (3) In counties wherein in which special road
22 districts have been created according to law, the board of
23 county commissioners shall distribute a proportionate share
24 of the 66 2/3% of the total amount received for the general
25 road fund to such the special road ~~district or~~ districts



1 within the county based upon the percentage that the total
2 area of such the road district bears to the total area of
3 the entire county."

4 **Section 2.** Section 20-3-106, MCA, is amended to read:

5 "20-3-106. Supervision of schools -- powers and
6 duties. The superintendent of public instruction has the
7 general supervision of the public schools and districts of
8 the state, and he shall perform the following duties or acts
9 in implementing and enforcing the provisions of this title:

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

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

15 (3) negotiate reciprocal tuition agreements with other
16 states in accordance with the provisions of 20-5-314;

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

19 (5) approve or disapprove the orders of a high school
20 boundary commission in accordance with the provisions of
21 20-6-311;

22 (6) approve or disapprove the opening or reopening of
23 a school in accordance with the provisions of 20-6-502,
24 20-6-503, 20-6-504, or 20-6-505;

25 (7) approve or disapprove school isolation within the

1 limitations prescribed by 20-9-302;

2 (8) generally supervise the school budgeting
3 procedures prescribed by law in accordance with the
4 provisions of 20-9-102 and prescribe the school budget
5 format in accordance with the provisions of 20-9-103 and
6 20-9-506;

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

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

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

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

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

1 (14) distribute state equalization aid in support of
2 the foundation program in accordance with the provisions of
3 20-9-342, 20-9-346, and 20-9-347;

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

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

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

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

14 (19) authorize the use of federal moneys money for the
15 support of an interlocal cooperative agreement in accordance
16 with the provisions of 20-9-703 and 20-9-704;

17 (20) prescribe the form and contents of and approve or
18 disapprove interstate contracts in accordance with the
19 provisions of 20-9-705;

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

23 (22) recommend standards of accreditation for all
24 schools to the board of public education and evaluate
25 compliance with such the standards and recommend

1 accreditation status of every school to the board of public
2 education in accordance with the provisions of 20-7-101 and
3 20-7-102;

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

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

10 (25) license textbook dealers and initiate prosecution
11 of textbook dealers violating the law in accordance with the
12 provisions of the textbooks part of this title;

13 (26) as the governing agent and executive officer of
14 the state of Montana for K-12 vocational education, adopt
15 the policies prescribed by and in accordance with the
16 provisions of 20-7-301;

17 (27) supervise and coordinate the conduct of special
18 education in the state in accordance with the provisions of
19 20-7-403;

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

22 (29) administer the school food services program in
23 accordance with the provisions of 20-10-201, 20-10-202, and
24 20-10-203;

25 (30) review school building plans and specifications in

1 accordance with the provisions of 20-6-622;
 2 (31) prescribe the method of identification and signals
 3 to be used by school safety patrols in accordance with the
 4 provisions of 20-1-408;
 5 (32) provide schools with information and technical
 6 assistance for compliance with the student assessment rules
 7 provided for in 20-2-121 and collect and summarize the
 8 results of ~~such~~ the student assessment for the board of
 9 public education and the legislature;
 10 (33) administer the distribution of state retirement
 11 equalization aid in accordance with ~~20-9-532~~ 20-9-347; and
 12 (34) perform any other duty prescribed from time to
 13 time by this title, any other act of the legislature, or the
 14 policies of the board of public education."

15 **Section 3.** Section 20-9-212, MCA, is amended to read:
 16 **"20-9-212. Duties of county treasurer.** The county
 17 treasurer of each county shall:

18 (1) receive and hold all school money subject to
 19 apportionment and keep a separate accounting of its
 20 apportionment to the several districts which are entitled to
 21 a portion of ~~such~~ the money according to the apportionments
 22 ordered by the county superintendent. A separate accounting
 23 ~~shall~~ must be maintained for each county fund supported by a
 24 countywide levy for a specific, authorized purpose,
 25 including:

1 (a) the basic county tax in support of the elementary
 2 foundation programs;
 3 (b) the basic special tax for high schools in support
 4 of the high school foundation programs;
 5 (c) the county tax in support of the county's high
 6 school transportation obligation;
 7 ~~(d) the county tax in support of the high school~~
 8 ~~obligations to the retirement systems of the state of~~
 9 ~~Montana;~~
 10 ~~(e)(d)~~ any additional county tax required by law to
 11 provide for deficiency financing of the elementary
 12 foundation programs;
 13 ~~(f)(e)~~ any additional county tax required by law to
 14 provide for deficiency financing of the high school
 15 foundation programs; and
 16 ~~(g)(f)~~ any other county tax for schools, including the
 17 community colleges, which may be authorized by law and
 18 levied by the county commissioners;
 19 (2) whenever requested, notify the county
 20 superintendent and the superintendent of public instruction
 21 of the amount of county school money on deposit in each of
 22 the funds enumerated in subsection (1) of this section and
 23 the amount of any other school money subject to
 24 apportionment and apportion ~~such~~ the county and other school
 25 money to the districts in accordance with the apportionment

1 ordered by the county superintendent;

2 (3) keep a separate accounting of the expenditures for

3 each budgeted fund included in the final budget of each

4 district;

5 (4) keep a separate accounting of the receipts,

6 expenditures, and cash balances for each budgeted fund

7 included in the final budget of each district and for each

8 nonbudgeted fund established by each district;

9 (5) except as otherwise limited by law, pay all

10 warrants properly drawn on the county or district school

11 money and properly endorsed by their holders;

12 (6) receive all revenue collected by and for each

13 district and deposit these receipts in the fund designated

14 by law or by the district if no fund is designated by law.

15 Interest and penalties on delinquent school taxes shall be

16 credited to the same fund and district for which the

17 original taxes were levied.

18 (7) send all ~~revenues~~ revenue received for a joint

19 district, part of which is situated in his county, to the

20 county treasurer designated as the custodian of ~~such~~

21 ~~revenues~~ the revenue, no later than December 15 of each year

22 and every 3 months thereafter until the end of the school

23 fiscal year;

24 (8) at the direction of the trustees of a district,

25 assist the district in the issuance and sale of tax and

1 revenue anticipation notes as provided in Title 7, chapter

2 6, part 11;

3 (9) register district warrants drawn on a budgeted

4 fund in accordance with 7-6-2604 when there is insufficient

5 money available ~~in-the-sum-of-money~~ in all funds of the

6 district to make payment of ~~such~~ the warrant. Redemption of

7 registered warrants ~~shall~~ must be made in accordance with

8 7-6-2116, 7-6-2605, and 7-6-2606.

9 (10) invest the money of any district as directed by

10 the trustees of the district within 3 working days of ~~such~~

11 the direction;

12 (11) ~~give~~ each month give to the trustees of each

13 district an itemized report for each fund maintained by the

14 district, showing the paid warrants, outstanding warrants,

15 registered warrants, amounts and types of revenue received,

16 and the cash balance; and

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

18 the county tax for a vocational-technical center when levied

19 by the board of county commissioners."

20 **Section 4.** Section 20-9-343, MCA, is amended to read:

21 "20-9-343. Definition of and revenue for state

22 equalization aid. (1) As used in this title, the term "state

23 equalization aid" means ~~those-moneys~~ the money deposited in

24 the state special revenue fund as required in this section

25 plus any legislative appropriation of money from other

1 sources for distribution to the public schools for the
2 purpose purposes of reimbursement of the retirement fund
3 expenditures of the public school districts and equalization
4 of the foundation program.

5 (2) The ~~legislative--appropriation~~ legislature shall
6 biennially appropriate money for state equalization aid
7 ~~shall-be-made-in-a-single-sum-for-the-biennium~~. The
8 superintendent of public instruction ~~has authority to may~~
9 spend ~~such~~ the appropriation, together with the earmarked
10 revenues provided in subsection (3), as required for
11 retirement reimbursement and foundation program purposes
12 throughout the biennium.

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

16 (a) ~~31.0% of all~~ money received from the collection of
17 income taxes under chapter 30 of Title 15, as provided by
18 15-1-501;

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

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

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

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

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

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

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

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

14 **Section 5.** Section 20-9-344, MCA, is amended to read:

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

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

5 (a) adopt policies for regulating the distribution of
 6 state equalization aid in accordance with the provisions of
 7 law and in a manner that ~~would-most-effectively-meet-the~~
 8 ~~financial-needs-of-districts~~ provides for monthly
 9 distribution to each district of its retirement
 10 reimbursement entitlement;

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

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

24 (3) Should a district receive more state equalization
 25 aid than it is entitled to, the county treasurer ~~must~~ shall

1 return the overpayment to the state upon the request of the
 2 superintendent of public instruction in the manner
 3 prescribed by the department of commerce.

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

6 (a) based on an estimate of 20% of each district's
 7 entitlement; and

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

9 **Section 6.** Section 20-9-346, MCA, is amended to read:

10 **"20-9-346.** Duties of the superintendent of public
 11 instruction for state equalization aid distribution. The
 12 superintendent of public instruction shall administer the
 13 distribution of the state equalization aid by:

14 (1) establishing each district's annual entitlement to
 15 state equalization aid in support of its retirement fund,
 16 based on the data reported in the budget retirement and
 17 general fund budgets for each district that ~~has~~ have been
 18 duly adopted for the current school fiscal year and verified
 19 by the superintendent of public instruction and by applying
 20 such verified data under the provisions of the state
 21 equalization aid allocation procedure prescribed in
 22 20-9-347;

23 (2) recommending to the board of public education the
 24 ~~annual~~ entitlement of all districts to state equalization
 25 aid to enable the board of public education to order the

1 distribution of state equalization aid;

2 (3) distributing by state warrant the state
3 equalization aid, for each district entitled to such aid, to
4 the county treasurer of the county where the district is
5 located, in accordance with the distribution ordered by the
6 board of public education;

7 (4) keeping a record in his office of the full and
8 complete data concerning moneys money available for state
9 equalization aid and the entitlements for state equalization
10 aid of the several districts of the state;

11 (5) reporting to the board of public education the
12 estimated amount which will be available for state
13 equalization aid; and

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

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

19 (b) the amount of state equalization aid then
20 available;

21 (c) the apportionment made of such available moneys
22 money but not yet distributed; and

23 (d) the latest estimate of accruals of moneys money
24 available for state equalization aid."

25 **Section 7.** Section 20-9-347, MCA, is amended to read:

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

7 (a) Determine the percentage that the total funds
8 available to all counties in the state in support of the
9 foundation program (including the state moneys money
10 available for state equalization aid) is of the total amount
11 of the foundation programs of all counties.

12 (b) Determine the percentage that the total funds
13 available in each county in support of the foundation
14 programs in such the county (excluding state moneys money
15 available for state equalization aid) is of the total amount
16 of the foundation programs of all districts of such the
17 county.

18 (c) Counties in which the percentage determined in
19 subsection (1)(b) exceeds the percentage determined in
20 subsection (1)(a) ~~shall--not--be~~ are not entitled to an
21 apportionment of the state equalization aid.

22 (d) After elimination of the counties referred to in
23 subsection (1)(c), determine the percentage that the total
24 moneys money available to all remaining counties in support
25 of the foundation program (including the state moneys money

1 available for state equalization aid) is of the total amount
2 of the foundation programs of all such remaining counties.

3 (e) Each district of each remaining county ~~shall be~~ is
4 entitled to an apportionment of the state equalization aid
5 ~~which---shall---be~~ equal to the difference between the
6 percentage determined in subsection (1)(d) and the
7 percentage determined for ~~such~~ the county in subsection
8 (1)(b) multiplied by the foundation program amount for ~~such~~
9 the district.

10 (2) The superintendent of public instruction shall
11 apportion state equalization aid to each district in the
12 full amount of the district's retirement fund expenditures.

13 ~~(2)(3)~~ (3) The superintendent of public instruction shall
14 supply the county treasurer and the county superintendent
15 with a report of the apportionments of state equalization
16 aid to ~~the--several--districts~~ each district of the county,
17 and the state equalization aid ~~shall~~ must be apportioned to
18 ~~such~~ the districts in accordance with ~~such~~ the report."

19 **Section 8.** Section 20-9-351, MCA, is amended to read:

20 "20-9-351. Funding of deficiency in state equalization
21 aid. ~~If the foundation--program--level--made--under--the~~
22 ~~provisions--of--20-9-348--is--less--than--100%,--it--shall--be--the~~
23 ~~duty--of~~ money available for state equalization aid is not
24 sufficient to provide the foundation program schedule
25 support determined in 20-9-348 and the retirement

1 reimbursement required under 20-9-347, the superintendent of
2 public instruction to shall request the budget director to
3 submit a request for a supplemental appropriation in the
4 second year of the biennium that ~~would be~~ is sufficient to
5 complete the funding of retirement and the foundation
6 programs of the elementary or secondary schools, or both,
7 for the current biennium."

8 **Section 9.** Section 20-9-501, MCA, is amended to read:

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

1 covered by any federal social security system shall be paid
2 in accordance with federal law and regulation. The
3 district's contribution for each employee who is covered by
4 unemployment insurance shall be paid in accordance with
5 Title 39, chapter 51, part 11.

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

16 (3) When the final retirement fund budget has been
17 adopted, the county superintendent shall establish the levy
18 requirement by:

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

21 (i) any anticipated moneys that may be realized in the
22 retirement fund during the ensuing school fiscal year,
23 including anticipated revenue from vehicle property taxes
24 imposed under 61-3-594(2) and 61-3-537;

25 (ii) net proceeds taxes for interim production and new

1 production, as defined in 15-23-601; and

2 (iii) any cash available for reappropriation as
3 determined by subtracting the amount of the end of the year
4 cash balance earmarked as the retirement fund cash reserve
5 for the ensuing school fiscal year by the trustees from the
6 end of the year cash balance in the retirement fund. The
7 retirement fund cash reserve shall not be more than 35% of
8 the final retirement fund budget for the ensuing school
9 fiscal year and shall be used for the purpose of paying
10 retirement fund warrants issued by the district under the
11 final retirement fund budget;

12 (b) subtracting the total of the moneys available for
13 reduction of the levy requirement as determined in
14 subsection (3)(a) from the budgeted amount for expenditures
15 in the final retirement fund budget;

16 (4) The county superintendent shall:

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

22 (b) reduce the total retirement fund levy requirements
23 of elementary school districts and high school districts by
24 the amount available in state retirement equalization aid as
25 calculated and distributed under the provisions of 20-9-532;

1 and

2 (c) report each such levy requirement to the county

3 commissioners on the second Monday of August as the

4 respective county levy requirements for elementary district,

5 high school district, and community college district

6 retirement funds.

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

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

9 (6) The net retirement fund levy requirement for a

10 joint elementary district or a joint high school district

11 shall be prorated to each county in which a part of such

12 district is located in the same proportion as the district

13 ANB of the joint district is distributed by pupil residence

14 in each such county. The county superintendents of the

15 counties affected shall jointly determine the net retirement

16 fund levy requirement for each county as provided in

17 20-9-151.

18 (7) The net retirement fund levy requirement for

19 districts that are members of special education cooperative

20 agreements shall be prorated to each county in which such

21 district is located in the same proportion as the budget for

22 the special education cooperative agreement of the district

23 bears to the total budget of the cooperative. The county

24 superintendents of the counties affected shall jointly

25 determine the net retirement fund levy requirement for each

1 county in the same manner as provided in 20-9-151 and fix

2 and levy the net retirement fund levy for each county in the

3 same manner as provided in 20-9-152. (Subsection (4)(b)

4 effective July 17, 1988, sec. 87, Ch. 635, B, 1987.)"

5 **Section 10.** Section 23-5-1027, MCA, is amended to

6 read:

7 *23-5-1027. Disposition of revenue. (1) A minimum of

8 45% of the money paid for tickets or chances must be paid

9 out as prize money. The prize money is statutorily

10 appropriated, as provided in 17-7-502, to the lottery.

11 (2) Commissions paid to lottery ticket or chance sales

12 agents are not a state lottery operating expense.

13 (3) That part of all gross revenue not used for the

14 payment of prizes, commissions, and operating expenses,

15 together with the interest earned on the gross revenue while

16 the gross revenue is in the enterprise fund, is net revenue

17 and must be paid quarterly from the enterprise fund

18 established by 23-5-1026 to the superintendent of public

19 instruction for distribution as state equalization aid to

20 the retirement fund obligations of elementary and high

21 school districts in the manner provided in 20-9-532

22 20-9-347. The net revenue is statutorily appropriated, as

23 provided in 17-7-502, to the superintendent of public

24 instruction.

25 (4) The spending authority of the lottery may be

1 increased in accordance with this section upon review and
2 approval of a revised operation plan by the budget office."

3 NEW SECTION. Section 11. District retirement fund
4 balance -- transfer. A district that has a balance remaining
5 on July 1, 1990, in the district retirement fund shall
6 transfer the balance to the district general fund.

7 NEW SECTION. Section 12. Repealer. Sections 20-9-531
8 and 20-9-532, MCA, are repealed.

9 NEW SECTION. Section 13. Appropriation. There is
10 appropriated from the general fund [an amount] for the
11 fiscal year ending June 30, 1991, to the superintendent of
12 public instruction to be used to the extent that funds
13 appropriated in 17-7-502 are insufficient to finance the
14 retirement funds of the public school districts.

15 NEW SECTION. Section 14. Effective dates. (1)
16 [Sections 1 through 10 and 12 through 15] are effective July
17 1, 1989.

18 (2) [Section 11] is effective July 1, 1990.

-End-