

HOUSE BILL 39

Introduced by Kadas, et al.

6/20	Introduced
6/20	Referred to Taxation
6/21	Hearing
6/21	Fiscal Note Requested
6/23	Fiscal Note Printed
6/24	Hearing
6/26	Committee Report--Bill Passed as Amended
6/26	Fiscal Note Received
	Died in Process

1 House BILL NO. 39
2 INTRODUCED BY Kadla Sammis, Farrell NATHAN
3 Norman Blaylock, Tom Blum, C. DeLoach
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
5 PUBLIC SCHOOL FUNDING LAW AND RELATED TAXATION LAW; TO
6 REVISE THE CLASSIFICATION AND TAXABLE RATE OF CERTAIN
7 PROPERTY; TO IMPOSE A FLAT TAX RATE ON COAL GROSS PROCEEDS
8 AND ON ALL OIL AND GAS NET PROCEEDS; TO ABOLISH THE
9 EDUCATION TRUST FUND ACCOUNT; TO INCREASE THE ALLOCATION OF
10 COAL TAX PROCEEDS TO STATE EQUALIZATION AID; TO INSTITUTE A
11 5 PERCENT EDUCATION SURTAX ON INCOME; TO ELIMINATE THE
12 PRESENT PERMISSIVE PROPERTY TAX LEVIES FOR ELEMENTARY AND
13 HIGH SCHOOL DISTRICTS; TO INSTITUTE AN OVERSCHEDULE
14 PERMISSIVE LEVY IN SUPPORT OF THE DISTRICT GENERAL FUND TO
15 FUND NOT MORE THAN AN ADDITIONAL 25 PERCENT OF A DISTRICT'S
16 FOUNDATION PROGRAM SCHEDULE AMOUNT; TO INCLUDE COMPREHENSIVE
17 INSURANCE COSTS IN THE GENERAL FUND BUDGET OF SCHOOL
18 DISTRICTS; TO INCREASE THE FOUNDATION PROGRAM SCHEDULES BY 4
19 PERCENT FOR SCHOOL FISCAL YEAR 1990 AND BY AN ADDITIONAL
20 AMOUNT FOR SCHOOL FISCAL YEAR 1991 AND SUCCEEDING YEARS; TO
21 PROVIDE FOR A DISTRICT WITH A BELOW-AVERAGE PROPERTY TAX
22 MILL VALUE A GUARANTEED VALUE FOR MILLS LEVIED IN SUPPORT OF
23 THE DISTRICT'S TRANSPORTATION FUND AND RETIREMENT FUND
24 BUDGETS AND A PORTION OF THE DISTRICT'S GENERAL FUND BUDGET;
25 TO PROVIDE FOR RECAPTURE OF DISTRICT REVENUE WHEN A

1 DISTRICT'S GENERAL FUND BUDGET EXCEEDS 166 PERCENT OF ITS
2 FOUNDATION PROGRAM AMOUNT; TO FURTHER LIMIT THE GENERAL FUND
3 RESERVE OF CERTAIN DISTRICTS; TO REALLOCATE LOTTERY REVENUE
4 FROM RETIREMENT EQUALIZATION TO STATE EQUALIZATION AID; TO
5 IMPOSE A 50-MILL STATEWIDE LEVY IN SUPPORT OF STATE
6 EQUALIZATION AID; TO STATUTORILY APPROPRIATE ALL REVENUE
7 ALLOCATED BY LAW TO COUNTY AND STATE EQUALIZATION; TO
8 EXCLUDE ALL SCHOOL LEVIES FROM THE PROPERTY TAX LIMITATIONS
9 OF INITIATIVE MEASURE NO. 105; TO LIMIT TO 180 THE NUMBER OF
10 PUPIL-INSTRUCTION DAYS FOR WHICH FOUNDATION PROGRAM SUPPORT
11 MAY BE RECEIVED; TO REQUIRE DISTRIBUTION OF STATE
12 EQUALIZATION AID IN MONTHLY PAYMENTS; TO PROVIDE A STATE
13 REIMBURSEMENT FOR A PORTION OF EACH DISTRICT'S
14 TRANSPORTATION COSTS; TO INCREASE THE GENERAL BONUS PAYMENTS
15 FOR ENLARGED DISTRICTS; TO REQUIRE SCHOOL DISTRICTS TO USE
16 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; TO PROVIDE FOR A
17 LEGISLATIVE OVERSIGHT COMMITTEE ON SCHOOL FUNDING
18 IMPLEMENTATION TO DIRECT STUDIES ON FURTHER EQUALIZATION OF
19 TRANSPORTATION, INSURANCE, AND CAPITAL EXPENDITURES AND TO
20 PERFORM OTHER DUTIES; TO PROVIDE FUNDING FOR A DISTANCE
21 LEARNING TELECOMMUNICATIONS NETWORK FOR EDUCATION; TO
22 APPROPRIATE FUNDS FOR EQUALIZATION SUPPORT AND OTHER
23 PURPOSES; AMENDING SECTIONS 2-7-504, 15-1-101, 15-1-501,
24 15-6-132, 15-6-134, 15-6-138, 15-10-402, 15-10-412,
25 15-23-603, 15-23-607, 15-23-613, 15-23-703, 15-24-1102,

1 15-24-1103, 15-35-108, 17-3-213, 17-7-502, 20-3-106,
 2 20-3-205, 20-3-331, 20-5-305, 20-5-312, 20-6-401, 20-6-506,
 3 20-6-603, 20-6-608, 20-7-414, 20-7-422, 20-7-431, 20-7-442,
 4 20-9-104, 20-9-141, 20-9-201, 20-9-212, 20-9-213, 20-9-301,
 5 20-9-303, 20-9-311, 20-9-312, 20-9-315 THROUGH 20-9-322,
 6 20-9-331, 20-9-333, 20-9-334, 20-9-343, 20-9-344, 20-9-346,
 7 20-9-347, 20-9-351, 20-9-353, 20-9-501, 20-9-506, 20-10-104,
 8 20-10-141 THROUGH 20-10-145, 23-5-1027, 90-1-108, 90-6-202,
 9 90-6-212, 90-6-309, AND 90-6-402, MCA; REPEALING SECTIONS
 10 15-6-139, 15-6-140, 15-6-146, 20-9-105, 20-9-352, 20-9-513,
 11 20-9-531, 20-9-532, 20-10-146, AND 90-6-211, MCA; AND
 12 PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE."

14 STATEMENT OF INTENT

15 It is the intent of the legislature to enhance equality
 16 of educational opportunity for students in the elementary
 17 schools and secondary schools of Montana by revising the
 18 school funding laws to provide greater equalization of the
 19 funding available to school districts and to promote
 20 equalization of school district expenditures per student. It
 21 is the further intent of the legislature to preserve local
 22 control of the public school system, as guaranteed by
 23 Montana's constitution.

24 For these purposes, for school fiscal year 1991 and
 25 succeeding years, the legislature determines to equalize

1 funding aid to the school districts through the foundation
 2 program schedules in an amount equal to the following
 3 percentages of the total costs incurred by all the districts
 4 in the state in school fiscal year 1988: 76.8% of
 5 comprehensive insurance, after subtracting Public Law 81-874
 6 support for insurance, and 76.8% of general fund
 7 expenditures, after subtracting special education and Public
 8 Law 81-874 general fund support.

9 The legislature also determines to increase state
 10 funding for transportation costs in school fiscal year 1991
 11 from one-third to one-half the amount formerly provided by
 12 the statutory transportation schedules.

13 The legislature also determines to equalize funding for
 14 retirement costs, the remaining transportation costs, and
 15 for a certain overschedule portion of general fund
 16 expenditures by providing a guaranteed property tax mill
 17 value for those districts with a mill value per ANB less
 18 than the statewide mill value per ANB. The superintendent of
 19 public instruction is required to adopt rules to implement
 20 distribution of guaranteed tax base aid as provided in
 21 [sections 74 through 77]. It is intended that the rules
 22 adopted ensure the eligibility of the requesting school
 23 districts and the accountability of the districts for the
 24 guaranteed tax base aid payments they receive.

25 The legislature also determines to fully fund approved

1 allowable costs for the special education programs of the
2 school districts through the foundation program.

3 The legislature recognizes its responsibility to devise
4 an equalized system of school funding prior to July 1, 1989.
5 Because school districts necessarily began budgeting early
6 in 1989 for the 1990 school fiscal year and preliminary
7 budgets for fiscal year 1990 have been determined in
8 reliance upon the current statutory funding provisions, the
9 legislature determines that full implementation of a new
10 system for fiscal year 1990 would be impossible and would
11 create disruption and great hardship for the school
12 districts. Therefore, it is intended that equalization of
13 school funding be enhanced for school fiscal year 1990 by
14 increasing by 4% the level of funding provided through the
15 equalized portion of the current system but that other
16 funding for school fiscal year 1990 be obtained as provided
17 under current law.

18 The legislature recognizes that measures in addition to
19 the provisions in this bill are necessary to fully address
20 equalization of funding and expenditures for transportation,
21 retirement, capital improvements, and other needs of the
22 districts. Because it is necessary to identify those factors
23 that affect disparate expenditure patterns, to determine
24 whether those factors are educationally relevant, and to
25 develop data not currently available to devise methods of

1 equitably funding those needs, the legislature determines
2 that a study should be conducted, as provided in [sections
3 80 through 86], and that equitable funding methods for these
4 needs should be addressed by the 52nd legislature.

5 It is intended that while school districts may conduct
6 more than 180 days of instruction, a school district may not
7 receive foundation program support for more than 180 days of
8 pupil instruction.

9 The superintendent of public instruction is required
10 under 20-10-143(2) to adopt rules relating to emergency or
11 special circumstances that require a district to exceed the
12 limitation on its transportation fund budget imposed in that
13 section. It is intended that the rules define the
14 circumstances that may require a district to increase the
15 transportation fund budget beyond the limitation, such as
16 anticipated enrollment increases, the destruction or
17 impairment of transportation property, the need for new or
18 altered routes due to school population changes, or other
19 extenuating circumstances. It is specifically intended that
20 the rules allow appropriate increases for districts that
21 have contracts containing escalator clauses with
22 transportation providers.

23 Under 20-3-106, 20-9-102, 20-9-201, 20-9-211, and
24 20-9-213, the superintendent of public instruction is
25 authorized to supervise school financial administration and

1 to adopt rules establishing requirements for budgeting and
2 financial administration of public school districts,
3 including accounting and reporting requirements. Under
4 20-9-344, the board of public education has authority to
5 require any reports it considers necessary. It is intended
6 that school districts be required to maintain accounting
7 systems based on generally accepted accounting principles
8 and that the superintendent of public instruction adopt
9 rules necessary to implement the requirement. The
10 superintendent of public instruction shall provide training
11 and assistance to the districts as necessary to enable the
12 districts to comply.

13 It is intended that the districts be required to file
14 accurate and timely reports with the superintendent of
15 public instruction. Districts must be required to provide
16 student and school district data as may be required by the
17 superintendent of public instruction concerning the
18 condition of education in Montana, including personnel
19 information, student and school district demographics,
20 assessment of student and school district achievement, and
21 other appropriate educational factors necessary to enable
22 the legislature to assess the equality of educational
23 opportunity being provided by the public school districts
24 and to determine the amount of state aid to be distributed
25 to school districts. Districts shall also provide data

1 required to meet grant application and other national
2 reporting needs.

3 It is intended that the superintendent of public
4 instruction conduct training and provide forms for the
5 personnel responsible for completing reports. Whenever
6 possible, the superintendent of public instruction shall
7 develop methods for collecting educational data
8 electronically, using formats consistent with school
9 district data processing capabilities. The educational data
10 must be maintained in an electronic format easily accessible
11 by other state agencies and the legislature.

12 State equalization aid and county equalization money
13 may be withheld from school districts, as provided by
14 20-9-344, that do not comply with accounting and reporting
15 requirements.

16 It is intended that the superintendent of public
17 instruction employ additional personnel during school fiscal
18 year 1990 and school fiscal year 1991, not to exceed the
19 appropriation, for the purpose of establishing standard
20 accounting and reporting practices in the public school
21 districts and for implementing the additional provisions of
22 this bill.

23 The legislature determines that if county equalization
24 revenue is deficient because of noncollected tax payments,
25 state equalization aid may be provided to offset the

1 delinquency.

2
3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

4 **Section 1.** Section 2-7-504, MCA, is amended to read:

5 "2-7-504. Accounting methods. The Unless otherwise
6 required by law, the department shall prescribe the general
7 methods and details of accounting for the receipt and
8 disbursement of all moneys money belonging to governmental
9 entities referred to in this part and shall establish in
10 those offices general methods and details of accounting.
11 All governmental entity officers shall conform with the
12 standards prescribed by the department."

13 **Section 2.** Section 15-1-101, MCA, is amended to read:

14 "15-1-101. Definitions. (1) Except as otherwise
15 specifically provided, when terms mentioned in this section
16 are used in connection with taxation, they are defined in
17 the following manner:

18 (a) The term "agricultural" refers to the raising of
19 livestock, poultry, bees, and other species of domestic
20 animals and wildlife in domestication or a captive
21 environment, and the raising of field crops, fruit, and
22 other animal and vegetable matter for food or fiber.

23 (b) The term "assessed value" means the value of
24 property as defined in 15-8-111.

25 (c) The term "average wholesale value" means the value

1 to a dealer prior to reconditioning and profit margin shown
2 in national appraisal guides and manuals or the valuation
3 schedules of the department of revenue.

4 (d) (i) The term "commercial", when used to describe
5 property, means any property used or owned by a business, a
6 trade, or a nonprofit corporation as defined in 35-2-102 or
7 used for the production of income, except that property
8 described in subsection (ii).

9 (ii) The following types of property are not
10 commercial:

11 (A) agricultural lands;

12 (B) timberlands;

13 (C) single-family residences and ancillary
14 improvements and improvements necessary to the function of a
15 bona fide farm, ranch, or stock operation;

16 (D) mobile homes used exclusively as a residence
17 except when held by a distributor or dealer of trailers or
18 mobile homes as his stock in trade;

19 (E) all property described in 15-6-135; and

20 (F) all property described in 15-6-1367-and

21 ~~(G) all property described in 15-6-146.~~

22 (e) The term "comparable property" means property that
23 has similar use, function, and utility; that is influenced
24 by the same set of economic trends and physical,
25 governmental, and social factors; and that has the potential

1 of a similar highest and best use.

2 (f) The term "credit" means solvent debts, secured or
3 unsecured, owing to a person.

4 (g) The term "improvements" includes all buildings,
5 structures, fences, and improvements situated upon, erected
6 upon, or affixed to land. When the department of revenue or
7 its agent determines that the permanency of location of a
8 mobile home or housetrailer has been established, the mobile
9 home or housetrailer is presumed to be an improvement to
10 real property. A mobile home or housetrailer may be
11 determined to be permanently located only when it is
12 attached to a foundation which cannot feasibly be relocated
13 and only when the wheels are removed.

14 (h) The term "leasehold improvements" means
15 improvements to mobile homes and mobile homes located on
16 land owned by another person. This property is assessed
17 under the appropriate classification and the taxes are due
18 and payable in two payments as provided in 15-24-202.
19 Delinquent taxes on such leasehold improvements are a lien
20 only on such leasehold improvements.

21 (i) The term "livestock" means cattle, sheep, swine,
22 goats, horses, mules, and asses.

23 (j) The term "mobile home" means forms of housing
24 known as "trailers", "housetrailer", or "trailer coaches"
25 exceeding 8 feet in width or 45 feet in length, designed to

1 be moved from one place to another by an independent power
2 connected to them, or any "trailer", "housetrailer", or
3 "trailer coach" up to 8 feet in width or 45 feet in length
4 used as a principal residence.

5 (k) The term "personal property" includes everything
6 that is the subject of ownership but that is not included
7 within the meaning of the terms "real estate" and
8 "improvements".

9 (l) The term "poultry" includes all chickens, turkeys,
10 geese, ducks, and other birds raised in domestication to
11 produce food or feathers.

12 (m) The term "property" includes moneys, credits,
13 bonds, stocks, franchises, and all other matters and things,
14 real, personal, and mixed, capable of private ownership.
15 This definition must not be construed to authorize the
16 taxation of the stocks of any company or corporation when
17 the property of such company or corporation represented by
18 the stocks is within the state and has been taxed.

19 (n) The term "real estate" includes:

20 (i) the possession of, claim to, ownership of, or
21 right to the possession of land;

22 (ii) all mines, minerals, and quarries in and under the
23 land subject to the provisions of 15-23-501 and Title 15,
24 chapter 23, part 8; all timber belonging to individuals or
25 corporations growing or being on the lands of the United

1 States; and all rights and privileges appertaining thereto.

2 (o) "Research and development firm" means an entity
3 incorporated under the laws of this state or a foreign
4 corporation authorized to do business in this state whose
5 principal purpose is to engage in theoretical analysis,
6 exploration, and experimentation and the extension of
7 investigative findings and theories of a scientific and
8 technical nature into practical application for experimental
9 and demonstration purposes, including the experimental
10 production and testing of models, devices, equipment,
11 materials, and processes.

12 (p) The term "taxable value" means the percentage of
13 market or assessed value as provided for in ~~15-6-131~~ through
14 ~~15-6-149~~ Title 15, chapter 6, part 1.

15 (q) The term "weighted mean assessment ratio" means
16 the total of the assessed values divided by the total of the
17 selling prices of all area sales in the stratum.

18 (2) The phrase "municipal corporation" or
19 "municipality" or "taxing unit" shall be deemed to include a
20 county, city, incorporated town, township, school district,
21 irrigation district, drainage district, or any person,
22 persons, or organized body authorized by law to establish
23 tax levies for the purpose of raising public revenue.

24 (3) The term "state board" or "board" when used
25 without other qualification shall mean the state tax appeal

1 board."

2 **Section 3.** Section 15-6-132, MCA, is amended to read:

3 "15-6-132. Class two property -- description --
4 taxable percentage. (1) Class two property includes:
5 (a) the annual gross proceeds of metal mines;
6 ~~(b) the annual gross proceeds of underground coal~~
7 ~~mines; and~~

8 ~~(c) the annual gross proceeds of coal mines using the~~
9 ~~strip-mining method.~~

10 (2) Class two property is taxed as follows:

11 ~~(a) Property described in subsection (1)(a) is taxed~~
12 at 3% of its annual gross proceeds, as defined in 15-23-801.

13 ~~(b) Property described in subsection (1)(b) is taxed~~
14 ~~at 33 1/3% of its annual gross proceeds.~~

15 ~~(c) Property described in subsection (1)(c) is taxed~~
16 ~~at 45% of its annual gross proceeds."~~

17 **Section 4.** Section 15-6-134, MCA, is amended to read:

18 "15-6-134. Class four property -- description --
19 taxable percentage. (1) Class four property includes:

20 (a) all land except that specifically included in
21 another class;

22 (b) all improvements except those specifically
23 included in another class;

24 (c) the first \$80,000 or less of the market value of
25 any improvement on real property and appurtenant land not

1 exceeding 5 acres owned or under contract for deed and
 2 actually occupied for at least 10 months a year as the
 3 primary residential dwelling of any person whose total
 4 income from all sources including otherwise tax-exempt
 5 income of all types is not more than \$10,000 for a single
 6 person or \$12,000 for a married couple, as adjusted
 7 according to subsection (2)(b)(ii);

8 (d) all golf courses, including land and improvements
 9 actually and necessarily used for that purpose, that consist
 10 of at least 9 holes and not less than 3,000 lineal yards.

11 (2) Class four property is taxed as follows:

12 (a) Except as provided in 15-24-1402 or 15-24-1501,
 13 property described in subsections (1)(a) and (1)(b) is taxed
 14 at ~~3.86%~~ 4.3% of its market value.

15 (b) (i) Property described in subsection (1)(c) is
 16 taxed at ~~3.86%~~ 4.3% of its market value multiplied by a
 17 percentage figure based on income and determined from the
 18 following table:

Income		Income		Percentage
Single Person	Married Couple	Single Person	Married Couple	Multiplier
\$ 0 - \$ 1,000	\$ 0 - \$ 1,200			0%
1,001 - 2,000	1,201 - 2,400			10%
2,001 - 3,000	2,401 - 3,600			20%
3,001 - 4,000	3,601 - 4,800			30%
4,001 - 5,000	4,801 - 6,000			40%

1	5,001 - 6,000	6,001 - 7,200	50%
2	6,001 - 7,000	7,201 - 8,400	60%
3	7,001 - 8,000	8,401 - 9,600	70%
4	8,001 - 9,000	9,601 - 10,800	80%
5	9,001 - 10,000	10,801 - 12,000	90%

6 (ii) The income levels contained in the table in
 7 subsection (2)(b)(i) must be adjusted for inflation annually
 8 by the department of revenue. The adjustment to the income
 9 levels is determined by:

10 (A) multiplying the appropriate dollar amount from the
 11 table in subsection (2)(b)(i) by the ratio of the PCE for
 12 the second quarter of the year prior to the year of
 13 application to the PCE for the second quarter of 1986; and

14 (B) rounding the product thus obtained to the nearest
 15 whole dollar amount.

16 (iii) "PCE" means the implicit price deflator for
 17 personal consumption expenditures as published quarterly in
 18 the Survey of Current Business by the bureau of economic
 19 analysis of the U.S. department of commerce.

20 (c) Property described in subsection (1)(d) is taxed
 21 at one-half the taxable percentage rate established in
 22 subsection (2)(a).

23 (3) After July 1, 1986, no adjustment may be made by
 24 the department to the taxable percentage rate for class four
 25 property until a revaluation has been made as provided in

1 15-7-111.

2 (4) Within the meaning of comparable property as
3 defined in 15-1-101, property assessed as commercial
4 property is comparable only to other property assessed as
5 commercial property, and property assessed as other than
6 commercial property is comparable only to other property
7 assessed as other than commercial property."

8 **Section 5.** Section 15-6-138, MCA, is amended to read:

9 "15-6-138. Class eight property -- description --
10 taxable percentage. (1) Class eight property includes:

- 11 (a) all agricultural implements and equipment;
- 12 (b) all mining machinery, fixtures, equipment, tools
13 that are not exempt under 15-6-201(1)(r), and supplies
14 except:
- 15 (i) those included in class five; and
- 16 (ii) coal and ore haulers;
- 17 (c) all manufacturing machinery, fixtures, equipment,
18 tools that are not exempt under 15-6-201(1)(r), and supplies
19 except those included in class five;
- 20 (d) all trailers, including those prorated under
21 15-24-102, except those subject to taxation under
22 61-3-504(2);
- 23 (e) all goods and equipment intended for rent or
24 lease, except goods and equipment specifically included and
25 taxed in another class;

1 (f) buses and trucks having a rated capacity of more
2 than 1 ton, including those prorated under 15-24-102; and

3 (g) all other machinery except that specifically
4 included in another class;

5 (h) truck toppers weighing more than 300 pounds;

6 (i) furniture, fixtures, and equipment, except that
7 specifically included in another class, used in commercial
8 establishments as defined in this section;

9 (j) x-ray and medical and dental equipment;

10 (k) citizens' band radios and mobile telephones;

11 (l) radio and television broadcasting and transmitting
12 equipment;

13 (m) cable television systems;

14 (n) coal and ore haulers;

15 (o) theater projectors and sound equipment; and

16 (p) all other property not included in any other class
17 in this part except that property subject to a fee in lieu
18 of a property tax.

19 (2) "Coal and ore haulers" means nonhighway vehicles
20 that exceed 18,000 pounds per axle and that are primarily
21 designed and used to transport coal, ore, or other earthen
22 material in a mining or quarrying environment.

23 (3) "Commercial establishment" includes any hotel,
24 motel, office, petroleum marketing station, or service,
25 wholesale, retail, or food-handling business.

1 ~~(2)~~(4) Class eight property is taxed at ~~11%~~ 8% of its
2 market value."

3 **Section 6.** Section 15-10-402, MCA, is amended to read:

4 "15-10-402. Property tax limited to 1986 levels. (1)
5 Except as provided in subsections (2) and (3), the amount of
6 taxes levied on property described in 15-6-133, 15-6-134,
7 15-6-136, ~~15-6-139~~ 15-6-138(1)(h) through (1)(k), 15-6-142,
8 and 15-6-144 may not, for any taxing jurisdiction, exceed
9 the amount levied for taxable year 1986.

10 (2) The limitation contained in subsection (1) does
11 not apply to levies for rural improvement districts, Title
12 7, chapter 12, part 21; special improvement districts, Title
13 7, chapter 12, part 41; elementary and high school
14 districts, Title 20; or bonded indebtedness.

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

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

1 **Section 7.** Section 15-10-412, MCA, is amended to read:

2 "15-10-412. Property tax limited to 1986 levels --
3 clarification -- extension to all property classes. Section
4 15-10-402 is interpreted and clarified as follows:

5 (1) The limitation to 1986 levels is extended to apply
6 to all classes of property described in Title 15, chapter 6,
7 part 1.

8 (2) The limitation on the amount of taxes levied is
9 interpreted to mean that, except as otherwise provided in
10 this section, the actual tax liability for an individual
11 property is capped at the dollar amount due in each taxing
12 unit for the 1986 tax year. In tax years thereafter, the
13 property must be taxed in each taxing unit at the 1986 cap
14 or the product of the taxable value and mills levied,
15 whichever is less for each taxing unit, except in a taxing
16 unit that levied a tax in tax years 1983 through 1985 but
17 did not levy a tax in 1986, in which case the actual tax
18 liability for an individual property is capped at the dollar
19 amount due in that taxing unit for the 1985 tax year.

20 (3) The limitation on the amount of taxes levied does
21 not mean that no further increase may be made in the total
22 taxable valuation of a taxing unit as a result of:

23 (a) annexation of real property and improvements into
24 a taxing unit;

25 (b) construction, expansion, or remodeling of

1 improvements;

2 (c) transfer of property into a taxing unit;

3 (d) subdivision of real property;

4 (e) reclassification of property;

5 (f) increases in the amount of production or the value

6 of production for property described in 15-6-131 or

7 15-6-132;

8 (g) transfer of property from tax-exempt to taxable

9 status;

10 (h) revaluations caused by:

11 (i) cyclical reappraisal; or

12 (ii) expansion, addition, replacement, or remodeling of

13 improvements; or

14 (i) increases in property valuation pursuant to

15 15-7-111(4) through (8) in order to equalize property values

16 annually.

17 (4) The limitation on the amount of taxes levied does

18 not mean that no further increase may be made in the taxable

19 valuation or in the actual tax liability on individual

20 property in each class as a result of:

21 (a) a revaluation caused by:

22 (i) construction, expansion, replacement, or

23 remodeling of improvements that adds value to the property;

24 or

25 (ii) cyclical reappraisal;

1 (b) transfer of property into a taxing unit;

2 (c) reclassification of property;

3 (d) increases in the amount of production or the value

4 of production for property described in 15-6-131 or

5 15-6-132;

6 (e) annexation of the individual property into a new

7 taxing unit;

8 (f) conversion of the individual property from

9 tax-exempt to taxable status; or

10 (g) increases in property valuation pursuant to

11 15-7-111(4) through (8) in order to equalize property values

12 annually.

13 (5) Property in classes four, twelve, and fourteen is

14 valued according to the procedures used in 1986, including

15 the designation of 1982 as the base year, until the

16 reappraisal cycle beginning January 1, 1986, is completed

17 and new valuations are placed on the tax rolls and a new

18 base year designated, if the property is:

19 (a) new construction;

20 (b) expanded, deleted, replaced, or remodeled

21 improvements;

22 (c) annexed property; or

23 (d) property converted from tax-exempt to taxable

24 status.

25 (6) Property described in subsections (5)(a) through

1 (5)(d) that is not class four, class twelve, or class
2 fourteen property is valued according to the procedures used
3 in 1986 but is also subject to the dollar cap in each taxing
4 unit based on 1986 mills levied.

5 (7) The limitation on the amount of taxes, as
6 clarified in this section, is intended to leave the property
7 appraisal and valuation methodology of the department of
8 revenue intact. Determinations of county classifications,
9 salaries of local government officers, and all other matters
10 in which total taxable valuation is an integral component
11 are not affected by 15-10-401 and 15-10-402 except for the
12 use of taxable valuation in fixing tax levies. In fixing tax
13 levies, the taxing units of local government may anticipate
14 the deficiency in revenues resulting from the tax
15 limitations in 15-10-401 and 15-10-402, while understanding
16 that regardless of the amount of mills levied, a taxpayer's
17 liability may not exceed the dollar amount due in each
18 taxing unit for the 1986 tax year unless the taxing unit's
19 taxable valuation decreases by 5% or more from the 1986 tax
20 year. If a taxing unit's taxable valuation decreases by 5%
21 or more from the 1986 tax year, it may levy additional mills
22 to compensate for the decreased taxable valuation, but in no
23 case may the mills levied exceed a number calculated to
24 equal the revenue from property taxes for the 1986 tax year
25 in that taxing unit.

1 (8) The limitation on the amount of taxes levied does
2 not apply to the following levy or special assessment
3 categories, whether or not they are based on commitments
4 made before or after approval of 15-10-401 and 15-10-402:

- 5 (a) rural improvement districts;
- 6 (b) special improvement districts;
- 7 (c) levies pledged for the repayment of bonded
8 indebtedness, including tax increment bonds;
- 9 (d) city street maintenance districts;
- 10 (e) tax increment financing districts;
- 11 (f) satisfaction of judgments against a taxing unit;
- 12 (g) street lighting assessments; and
- 13 (h) revolving funds to support any categories
14 specified in this subsection (8); and
- 15 (i) elementary and high school districts.

16 (9) The limitation on the amount of taxes levied does
17 not apply in a taxing unit if the voters in the taxing unit
18 approve an increase in tax liability following a resolution
19 of the governing body of the taxing unit containing:

- 20 (a) a finding that there are insufficient funds to
21 adequately operate the taxing unit as a result of 15-10-401
22 and 15-10-402;
- 23 (b) an explanation of the nature of the financial
24 emergency;
- 25 (c) an estimate of the amount of funding shortfall

1 expected by the taxing unit;

2 (d) a statement that applicable fund balances are or
3 by the end of the fiscal year will be depleted;

4 (e) a finding that there are no alternative sources of
5 revenue;

6 (f) a summary of the alternatives that the governing
7 body of the taxing unit has considered; and

8 (g) a statement of the need for the increased revenue
9 and how it will be used.

10 (10) The limitation on the amount of taxes levied does
11 not apply to levies required to address the funding of
12 relief of suffering of inhabitants caused by famine,
13 conflagration, or other public calamity.

14 (11) The limitation on the amount of taxes levied by a
15 taxing jurisdiction subject to a statutory maximum mill levy
16 does not prevent a taxing jurisdiction from increasing its
17 number of mills beyond the statutory maximum mill levy to
18 produce revenue equal to its 1986 revenue.

19 (12) The limitation on the amount of taxes levied does
20 not apply to a levy increase to repay taxes paid under
21 protest in accordance with 15-1-402."

22 **Section 8.** Section 15-23-603, MCA, is amended to read:

23 *15-23-603. Net proceeds -- how computed. ~~{i}~~--Except
24 as--provided--in--subsection--{3},--the--department--of--revenue
25 shall--calculate--and--compute--from--the--returns--the--gross--sales

1 ~~proceeds--of--the--product--yielded--from--such--well--for--the--year~~
2 ~~covered--by--the--statement--and--shall--calculate--the--net~~
3 ~~proceeds--of--the--well--yielded--to--the--producer,~~~~7--which--net~~
4 ~~proceeds--shall--be--determined--by--subtracting--from--the--gross~~
5 ~~sales--proceeds--thereof--the--following:~~

6 ~~{a)--all--royalty--paid--in--cash--by--the--operator--or~~
7 ~~producer--and--the--gross--value--of--all--royalty--apportioned--in~~
8 ~~kind--by--the--operator--or--producer--that--shall--be--determined--by~~
9 ~~using--as--the--value--of--a--barrel--of--oil--or--a--cubic--foot--of--gas~~
10 ~~the--average--selling--price--for--the--calendar--year--of--a--barrel~~
11 ~~of--oil--or--a--cubic--foot--of--gas--from--the--well--out--of--which--the~~
12 ~~royalty--was--paid;~~

13 ~~{b)--all--money--expended--for--necessary--labor--and~~
14 ~~machinery--needed--and--used--in--the--operation--and--development;~~

15 ~~{c)--except--as--provided--in--subsection--{5},--all--money~~
16 ~~expended--for--necessary--supplies--needed--and--used--in--the~~
17 ~~operation--and--development;~~

18 ~~{d)--all--money--expended--for--improvements,--repairs,--and~~
19 ~~betterments--necessary--in--and--about--the--working--of--the--well;~~

20 ~~{e)--that--portion--of--all--money,--including--costs--of~~
21 ~~insurance,--expended--for--the--acquisition--and--operation--of--any~~
22 ~~vehicle--used--in--the--operation--and--development--of--the--well~~
23 ~~which--bears--the--same--ratio--to--all--money--expended--for--the~~
24 ~~acquisition--and--use--of--the--vehicle--during--the--year--covered~~
25 ~~by--the--statement--as--the--number--of--miles--the--vehicle--is--used~~

1 in-operation-and-development-of-the-well-during-the-year
 2 covered-by-the-statement-bears-to-the-total-miles-the
 3 vehicle-is-used-during-the-year-covered-by-the-statement;
 4 {f}-all-money-expended-for-fire-insurance, workers'
 5 compensation-insurance, liability-insurance, and-casualty
 6 insurance-directly-attributable-to-the-operation-and
 7 development-of-the-well-and-for-payments-by-operators-to
 8 welfare-and-retirement-funds-when-provided-for-in-wage
 9 contracts-between-operators-and-employees;
 10 {g}-all-money-expended-for-any-performance-or
 11 indemnity-bonds-required-by-the-laws-of-this-state-or-the
 12 rules-of-any-state-agency, with-respect-to-the-well-for
 13 which-the-net-proceeds-are-being-calculated;
 14 {h}-70% of-the-amount-paid-or-withheld-in-satisfaction
 15 of-liability-for-excise-taxes-imposed-by-the-U.S.-government
 16 on-the-production, sale, or-removal-of-the-natural-gas,
 17 petroleum, or-other-crude-or-mineral-oil-yielded-from-such
 18 well, other-than-the-amount-of-such-taxes-paid-by-or
 19 withheld-from-each-royalty-owner; and
 20 {i}-net-proceeds-determined-under-subsection-~~{j}~~;
 21 {2}-No-money-invested-in-the-well-and-improvements
 22 during-any-year-except-the-year-for-which-such-statement-is
 23 made-may-be-included-in-such-expenditures, except-as
 24 provided-in-15-23-604, and-such-expenditures-may-not-include
 25 the-salaries-or-any-portion-thereof-of-any-person-or-officer

1 not-actually-engaged-in-the-working-of-the-well-or
 2 superintending-the-management-thereof.
 3 {3}-For-interim-production-or-new-production, net Net
 4 proceeds are the equivalent of the gross sales proceeds,
 5 without deduction for excise taxes, of the product yielded
 6 from such well for the year covered by the statement, except
 7 that in computing the total number of barrels of petroleum
 8 and other mineral or crude oil or cubic feet of natural gas
 9 produced, there shall be deducted therefrom so much thereof
 10 as is used in the operation of the well from which the
 11 petroleum or other mineral or crude oil or natural gas is
 12 produced for pumping the petroleum or other mineral or crude
 13 oil or natural gas from the well to a tank or pipeline.
 14 {4}-To-determine-net-proceeds-under-subsection-~~{i}~~-for
 15 lease-or-unitized-areas-from-which-interim-or-new-production
 16 and-other-production-have-been-sold, the-deductions-allowed
 17 in-subsections-~~{i}~~~~{b}~~-through-~~{i}~~~~{h}~~-must-be-prorated-on-the
 18 basis-of-the-number-of-barrels-of-interim-and-new-production
 19 of-oil-or-cubic-feet-of-interim-or-new-production-of-gas-to
 20 the-number-of-barrels-of-other-production-of-oil-or-cubic
 21 feet-of-other-production-of-gas.
 22 {5}-In-calculating-the-deduction-for-money-expended
 23 for-necessary-chemical-supplies-needed-and-used-in-a
 24 tertiary-recovery-project-approved-by-the-department-of
 25 revenue, as-provided-in-15-36-101, the-department-shall

1 ~~require that the necessary chemical supplies, which include~~
 2 ~~but are not limited to carbon dioxide supplies, be amortized~~
 3 ~~over a 10-year period beginning with the year in which the~~
 4 ~~money was expended."~~

5 **Section 9.** Section 15-23-607, MCA, is amended to read:

6 "15-23-607. County assessors to compute taxes. (1)
 7 ~~Immediately after the board of county commissioners has~~
 8 ~~fixed tax levies on the second Monday in August~~ Subject to
 9 the provisions of 15-23-612 and subsection (2) of this
 10 section, the county assessor shall compute the taxes on such
 11 net proceeds, ~~except as provided in 15-23-612 and in~~
 12 ~~subsection (2),~~ and royalty assessments and shall deliver
 13 the book to the county treasurer on or before September 15.
 14 The county treasurer shall proceed to give full notice
 15 thereof to such the operator and to collect the same taxes
 16 in the manner provided by law.

17 (2) ~~For interim production or new production, as~~
 18 ~~defined in 15-23-601, the~~ The county assessor may not levy
 19 or assess any mills against the value of such interim
 20 production or new production, as defined in 15-23-601, or
 21 against the value of any other production occurring after
 22 December 31, 1988, but shall instead levy a tax as follows:

23 (a) for ~~interim production or new~~ production of
 24 petroleum or other mineral or crude oil, ~~7%:~~

25 (i) from a stripper well, as defined in 15-36-121, 5%

1 of net proceeds; or

2 (ii) from all other wells, 10% of net proceeds, as
 3 described in 15-23-603(3); or

4 (b) for ~~interim production or new~~ production of
 5 natural gas, ~~12%:~~

6 (i) from a well subject to the provisions of
 7 15-36-121(3), 8% of net proceeds; or

8 (ii) from all other wells, 16% of net proceeds, as
 9 described in 15-23-603(3).

10 (3) The amount of tax levied in subsections (2)(a) and
 11 (2)(b), divided by the appropriate tax rate and multiplied
 12 by 60%, shall be treated as taxable value for county bonding
 13 purposes.

14 (4) The operator or producer ~~shall be~~ is liable for
 15 the payment of ~~said the~~ taxes and ~~same shall~~, except as
 16 provided in 15-16-121, be the taxes are payable by and ~~shall~~
 17 must be collected from such the operators in the same manner
 18 and under the same penalties as provided for the collection
 19 of taxes upon net proceeds of mines; provided, however, that
 20 the operator may at his option withhold from the proceeds of
 21 royalty interest, either in kind or in money, an estimated
 22 amount of the tax to be paid by him upon such royalty or
 23 royalty interest. After such withholding any deviation
 24 between the estimated tax and the actual tax may be
 25 accounted for by adjusting subsequent withholdings from the

1 proceeds of royalty interests."

2 **Section 10.** Section 15-23-613, MCA, is amended to
3 read:

4 "15-23-613. Disposition of interim-production-and-new
5 production taxes on oil and gas net proceeds. The county
6 treasurer shall credit all taxes on-interim-production-and
7 new-production, as--provided--for--in collected under the
8 provisions of 15-23-607, in the relative proportions
9 required by the levies for state, county, school district,
10 and municipal purposes in the same manner as property taxes
11 were distributed in the year preceding the budget year."

12 **Section 11.** Section 15-23-703, MCA, is amended to
13 read:

14 "15-23-703. Taxation of gross proceeds -- taxable
15 value for bonding. (1) The county assessor shall prepare
16 compute from the reported gross proceeds from coal a tax
17 roll which that he shall transmit to the county treasurer on
18 or before September 15 each year. The county assessor may
19 not levy or assess any mills against the reported gross
20 proceeds of coal but shall levy a tax of 6% against the
21 value of the reported gross proceeds. The county treasurer
22 shall proceed to give full notice thereof to each coal
23 producer of the taxes due and to collect the taxes due
24 within 60 days after mailing as provided in 15-16-101.

25 (2) The amount of tax levied in subsection (1),

1 divided by the tax rate, is the taxable value of the gross
2 proceeds of coal for bonding purposes."

3 **Section 12.** Section 15-24-1102, MCA, is amended to
4 read:

5 "15-24-1102. Federal property held under contract of
6 sale. When the property is held under a contract of sale or
7 other agreement whereby upon payment the legal title is or
8 may be acquired by the person, the real property shall must
9 be assessed and taxed as defined in 15-6-131 through
10 15-6-138, 15-6-141 through 15-6-145, 15-6-147 through
11 15-6-149, and 15-8-111 without deduction on account of the
12 whole or any part of the purchase price or other sum due on
13 the property remaining unpaid. The lien for the tax may not
14 attach to, impair, or be enforced against any interest of
15 the United States in the real property."

16 **Section 13.** Section 15-24-1103, MCA, is amended to
17 read:

18 "15-24-1103. Federal property held under lease. When
19 the property is held under lease, other interest, or estate
20 therein less than the fee, except under contract of sale,
21 the property shall must be assessed and taxed as for the
22 value, as defined in 15-6-131 through 15-6-138, 15-6-141
23 through 15-6-145, and 15-6-147 through 15-6-149 of such
24 leasehold, interest, or estate in the property and the lien
25 for the tax shall attach to and be enforced against only the

1 leasehold, interest, or estate in the property. When the
 2 United States authorizes the taxation of the property for
 3 the full assessed value of the fee thereof, the property
 4 ~~shall~~ must be assessed for full assessed value as defined in
 5 15-8-111."

6 **Section 14.** Section 15-35-108, MCA, is amended to
 7 read:

8 "15-35-108. Disposal of severance taxes. Severance
 9 taxes collected under this chapter must be allocated
 10 according to the provisions in effect on the date the tax is
 11 due under 15-35-104. Severance taxes collected under the
 12 provisions of this chapter are allocated as follows:

13 (1) To the trust fund created by Article IX, section
 14 5, of the Montana constitution, 50% of total coal severance
 15 tax collections. The trust fund moneys shall be deposited
 16 in the fund established under 17-6-203(5) and invested by
 17 the board of investments as provided by law.

18 (2) Starting July 1, 1987, and ending June 30, 1993,
 19 12% of coal severance tax collections are allocated to the
 20 highway reconstruction trust fund account in the state
 21 special revenue fund.

22 (3) Coal severance tax collections remaining after the
 23 allocations provided by subsections (1) and (2) are
 24 allocated in the following percentages of the remaining
 25 balance:

1 (a) ~~20% to the state special revenue fund to the~~
 2 ~~credit of the education trust fund account and~~ 17.5% to the
 3 credit of the local impact account. Unencumbered funds
 4 remaining in the local impact account at the end of each
 5 biennium are allocated to the ~~education trust fund account~~
 6 state special revenue fund for state equalization aid to
 7 public schools of the state.

8 (b) ~~10%~~ 30% to the state special revenue fund for
 9 state equalization aid to public schools of the state;

10 (c) 1% to the state special revenue fund to the credit
 11 of the county land planning account;

12 (d) 1 1/4% to the credit of the renewable resource
 13 development bond fund;

14 (e) 5% to a nonexpendable trust fund for the purpose
 15 of parks acquisition or management, protection of works of
 16 art in the state capitol, and other cultural and aesthetic
 17 projects. Income from this trust fund shall be appropriated
 18 as follows:

19 (i) 1/3 for protection of works of art in the state
 20 capitol and other cultural and aesthetic projects; and

21 (ii) 2/3 for the acquisition, development, operation,
 22 and maintenance of any sites and areas described in
 23 23-1-102~~7~~.

24 (f) 1% to the state special revenue fund to the credit
 25 of the state library commission for the purposes of

1 providing basic library services for the residents of all
 2 counties through library federations and for payment of the
 3 costs of participating in regional and national networking;
 4 (g) 1/2 of 1% to the state special revenue fund for
 5 conservation districts;
 6 (h) 1 1/4% to the debt service fund type to the credit
 7 of the water development debt service fund;
 8 (i) 2% to the state special revenue fund for the
 9 Montana Growth Through Agriculture Act;
 10 (j) all other revenues from severance taxes collected
 11 under the provisions of this chapter to the credit of the
 12 general fund of the state."

13 **Section 15.** Section 17-3-213, MCA, is amended to read:

14 "17-3-213. Allocation to general road fund and
 15 countywide school levies. (1) The forest reserve funds so
 16 apportioned to each county shall must be apportioned by the
 17 county treasurer in each county ~~between the several funds~~ as
 18 follows:

- 19 (a) to the general road fund, 66 2/3% of the total
 20 amount received;
- 21 (b) to the following countywide school levies, 33 1/3%
 22 of the total sum received:
 - 23 (i) ~~the annual basic tax levy~~ county equalization for
 24 elementary schools provided for in 20-9-331;
 - 25 (ii) ~~the annual special tax~~ county equalization for

1 high schools provided for in 20-9-333;
 2 ~~(iii) the high school transportation fund provided for~~
 3 ~~in 20-10-143;~~
 4 ~~(iv)(iii)~~ the elementary teacher retirement and social
 5 security fund provided for in 20-9-501; and
 6 ~~(v)(iv)~~ the high school teacher retirement and social
 7 security fund provided for in 20-9-501.
 8 (2) The apportionment of money to the funds provided
 9 for under subsection (1)(b) shall must be made by the county
 10 superintendent based on the proportion that the mill levy of
 11 each fund bears to the total number of mills for all the
 12 funds. Whenever the total amount of money available for
 13 apportionment under this section is greater than the total
 14 requirements of a levy, the excess money and any interest
 15 income must be retained in a separate reserve fund, to be
 16 reapportioned in the ensuing school fiscal year to the
 17 levies designated in subsection (1)(b).
 18 (3) In counties wherein in which special road
 19 districts have been created according to law, the board of
 20 county commissioners shall distribute a proportionate share
 21 of the 66 2/3% of the total amount received for the general
 22 road fund to such the special road ~~district~~--or districts
 23 within the county based upon the percentage that the total
 24 area of such the road district bears to the total area of
 25 the entire county."

Section 16. 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; 15-37-117; 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; 20-6-406; 20-8-111; [section 72]; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101;

75-5-1100; 75-11-313; 76-12-123; 80-2-103; 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws of 1985.

(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. 10, Ch. 664, L. 1987, the inclusion of 39-71-2504 terminates June 30, 1991.)"

Section 17. Section 20-3-106, MCA, is amended to read:

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

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

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

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

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

7 (5) approve or disapprove the orders of a high school
 8 boundary commission in accordance with the provisions of
 9 20-6-311;

10 (6) approve or disapprove the opening or reopening of
 11 a school in accordance with the provisions of 20-6-502,
 12 20-6-503, 20-6-504, or 20-6-505;

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

15 (8) generally supervise the school budgeting
 16 procedures prescribed by law in accordance with the
 17 provisions of 20-9-102 and prescribe the school budget
 18 format in accordance with the provisions of 20-9-103 and
 19 20-9-506;

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

23 (10) approve or disapprove the adoption of a district's
 24 emergency budget resolution under the conditions prescribed
 25 in 20-9-163 and publish rules for an application for

1 additional state aid for an emergency budget in accordance
 2 with the approval and disbursement provisions of 20-9-166;

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

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

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

14 (14) distribute state equalization aid in support of
 15 the foundation program and guaranteed tax base aid in
 16 accordance with the provisions of 20-9-331, 20-9-333,
 17 20-9-342, 20-9-346, and 20-9-347, and [sections 74 through
 18 77];

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

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

24 (17) approve or disapprove an adult education program
 25 for which a district proposes to levy a tax in accordance

1 with the provisions of 20-7-705;

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

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

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

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

13 (22) recommend standards of accreditation for all
14 schools to the board of public education and evaluate
15 compliance with such the standards and recommend
16 accreditation status of every school to the board of public
17 education in accordance with the provisions of 20-7-101 and
18 20-7-102;

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

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

25 (25) license textbook dealers and initiate prosecution

1 of textbook dealers violating the law in accordance with the
2 provisions of the textbooks part of this title;

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

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

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

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

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

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

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

25 ~~(33)-administer-the-distribution--of--state--retirement~~

1 ~~equalization-aid-in-accordance-with-20-9-532~~; and

2 ~~(34)~~(33) perform any other duty prescribed from time to
3 time by this title, any other act of the legislature, or the
4 policies of the board of public education."

5 **Section 18.** Section 20-3-205, MCA, is amended to read:

6 **"20-3-205. Powers and duties.** The county
7 superintendent has general supervision of the schools of the
8 county within the limitations prescribed by this title and
9 shall perform the following duties or acts:

10 (1) determine, establish, and reestablish trustee
11 nominating districts in accordance with the provisions of
12 20-3-352, 20-3-353, and 20-3-354;

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

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

21 (4) act on each tuition application submitted to him
22 in accordance with the provisions of 20-5-301, 20-5-302,
23 20-5-304, and 20-5-311 and transmit the tuition information
24 required by 20-5-312;

25 (5) file a copy of the audit report for a district in

1 accordance with the provisions of 20-9-203;

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

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

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

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

13 (10) estimate the average number belonging (ANB) of an
14 opening school in accordance with the provisions of
15 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

16 (11) process and, when required, act on school
17 isolation applications in accordance with the provisions of
18 20-9-302;

19 (12) complete the budgets, compute the budgeted
20 revenues and tax levies, file final and emergency budgets,
21 and fulfill such other responsibilities assigned to him
22 under the provisions of this title regulating school
23 budgeting systems;

24 (13) submit an annual financial report to the
25 superintendent of public instruction in accordance with the

1 provisions of 20-9-211;

2 (14) ~~quarterly~~ monthly, unless otherwise provided by
3 law, order the county treasurer to apportion state money,
4 county school money, and any other school money subject to
5 apportionment in accordance with the provisions of 20-9-212,
6 20-9-334, 20-9-347, or 20-10-145, ~~or 20-10-146~~;

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

10 (16) calculate the estimated budgeted general fund
11 sources of revenue in accordance with the provisions of
12 20-9-348 and the other general fund revenue provisions of
13 the general fund part of this title;

14 (17) compute the revenues and the district and county
15 levy requirements for each fund included in each district's
16 final budget and report such the computations to the board
17 of county commissioners in accordance with the provisions of
18 the general fund, transportation, bonds, and other school
19 funds parts of this title;

20 (18) file and forward bus driver certifications,
21 transportation contracts, and state transportation
22 reimbursement claims in accordance with the provisions of
23 20-10-103, 20-10-143, or 20-10-145;

24 (19) for districts which do not employ a district
25 superintendent or principal, recommend library book and

1 textbook selections in accordance with the provisions of
2 20-7-204 or 20-7-602;

3 (20) notify the superintendent of public instruction of
4 a textbook dealer's activities when required under the
5 provisions of 20-7-605 and otherwise comply with the
6 textbook dealer provisions of this title;

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

10 (22) perform any other duty prescribed from time to
11 time by this title, any other act of the legislature, the
12 policies of the board of public education, the policies of
13 the board of regents relating to community college
14 districts, or the rules of the superintendent of public
15 instruction;

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

18 (24) keep a record of his official acts, preserve all
19 reports submitted to him under the provisions of this title,
20 preserve all books and instructional equipment or supplies,
21 keep all documents applicable to the administration of the
22 office, and surrender such all records, books, supplies, and
23 equipment to his successor;

24 (25) within 90 days after the close of the school
25 fiscal year, publish an annual report in the county

1 newspaper stating the following financial information for
2 the school fiscal year just ended for each district of the
3 county:

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

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

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

10 (d) the total of the cash balances of all funds
11 maintained by the district at the end of the school fiscal
12 year; and

13 (26) hold meetings for the members of the trustees from
14 time to time at which matters for the good of the districts
15 ~~shall~~ must be discussed."

16 **Section 19.** Section 20-3-331, MCA, is amended to read:

17 "20-3-331. Purchase of liability insurance. The
18 trustees of any district may purchase insurance coverage for
19 the district, trustees, and employees against liability for
20 the death, injury, or disability of any person or damage to
21 property. The trustees shall include the cost of coverage in
22 the general fund budget of the district."

23 **Section 20.** Section 20-5-305, MCA, is amended to read:

24 "20-5-305. Elementary tuition rates. (1) Whenever a
25 pupil of an elementary district has been granted approval to

1 attend a school outside of the district in which he resides,
2 under the provisions of 20-5-301 or 20-5-302, such the
3 district of residence shall pay tuition to the elementary
4 district where the pupil attends school. Except as provided
5 in subsection (2), the basis of the rate of tuition ~~shall~~
6 must be determined by the attended district. The rate of
7 tuition ~~shall~~ must be determined by:

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

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

14 (c) ~~subtracting the--total--of~~ from the amount
15 determined in subsection (1)(b) the per-ANB amount allowed
16 ~~by 20-9-316 through 20-9-321 that represents the foundation~~
17 ~~program as--prescribed--by 20-9-303 plus the per-ANB amount~~
18 ~~determined by dividing the state financing of--the--district~~
19 ~~permissive--levy by the ANB of the district,--from the amount~~
20 ~~determined in subsection (1)(b) schedules and the per-ANB~~
21 amount of guaranteed tax base aid as provided in [sections
22 74 through 77].

23 (2) The tuition for a full-time elementary special
24 education pupil must be determined under rules adopted by
25 the superintendent of public instruction for the calculation

1 of elementary tuition for full-time elementary special
2 education pupils as designated in 20-9-311 for funding
3 purposes."

4 **Section 21.** Section 20-5-312, MCA, is amended to read:

5 "20-5-312. Reporting, budgeting, and payment for high
6 school tuition. (1) Except as provided in subsection (2), at
7 the close of the school term of each school fiscal year, the
8 trustees of each high school district shall determine the
9 rate of tuition for the current school fiscal year by:

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

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

16 (c) subtracting the total of from the amount
17 determined in subsection (1)(b) the per-ANB amount allowed
18 by 20-9-316 through 20-9-321 that represents the foundation
19 program as prescribed by 20-9-303 plus the per-ANB amount
20 determined by dividing the state financing of the district
21 permissive levy by the ANB of the district, from the amount
22 determined in subsection (1)(b) schedules and the per-ANB
23 amount of guaranteed tax base aid as provided in [sections
24 74 through 77].

25 (2) The tuition for a full-time high school special

1 education pupil must be determined under rules adopted by
2 the superintendent of public instruction for the calculation
3 of tuition for full-time high school special education
4 pupils as designated in 20-9-311 for funding purposes.

5 (3) Before July 15, the trustees shall report to the
6 county superintendent of the county in which the district is
7 located:

8 (a) the names, addresses, and resident districts of
9 the pupils attending the schools of the district under an
10 approved tuition agreement;

11 (b) the number of days of school attended by each
12 pupil;

13 (c) the amount, if any, of each pupil's tuition
14 payment that the trustees, in their discretion, have the
15 authority to waive; and

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

18 (4) When the county superintendent receives a tuition
19 report from a district, he shall immediately send the
20 reported information to the superintendent of each district
21 in which the reported pupils reside.

22 (5) When the district superintendent receives a
23 tuition report or reports for high school pupils residing in
24 his district and attending an out-of-district high school
25 under approved tuition agreements, he shall determine the

1 total amount of tuition due ~~such~~ the out-of-district high
 2 schools on the basis of the following per-pupil schedule:
 3 the rate of tuition, number of pupils attending under an
 4 approved tuition agreement, and other information provided
 5 by each high school district where resident district pupils
 6 have attended school.

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

23 (7) For pupils attending a high school outside their
 24 district of residence but within the county of residence,
 25 the total amount of the tuition, with consideration of any

1 tuition waivers, must be paid during the ensuing school
 2 fiscal year. The trustees of the sending high school
 3 district shall include the tuition amount in the tuition
 4 fund of the preliminary and final budgets. This budgeted
 5 tuition amount is not subject to the budget adjustment
 6 provisions of 20-9-132. The county superintendent shall
 7 report the net tuition fund levy requirement for each high
 8 school district to the county commissioners on the second
 9 Monday of August, and a levy on the district must be made by
 10 the county commissioners in accordance with 20-9-142. The
 11 levy requirement must be calculated by subtracting from the
 12 total expenditure amount authorized in the final tuition
 13 fund budget the sum of the cash balance in the tuition fund
 14 at the end of the immediately preceding school fiscal year
 15 plus any other anticipated money that may be realized in the
 16 tuition fund. The trustees shall pay by warrants drawn on
 17 the tuition fund the tuition amounts owed to each district
 18 included in the county superintendent's notification.
 19 Payments must be made whenever there is a sufficient amount
 20 of cash available in the tuition fund but no later than the
 21 end of the school fiscal year for which the budget is
 22 adopted. However, if the trustees of either the sending or
 23 receiving high school district feel the transfer privilege
 24 provided by this subsection is being abused, they may appeal
 25 to the county superintendent of schools, who shall hold a

1 hearing and either approve or disapprove the transfer."

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

3 "20-6-401. Definitions. As used in this part, unless
4 the context clearly indicates otherwise, the following
5 definitions apply:

6 (1) "Component districts" means the elementary or high
7 school districts incorporated into the enlarged district.

8 (2) "Eligible pupils" means the average number
9 belonging (ANB) in the operating schools of the component
10 districts and the tuition pupils residing in the component
11 districts and attending another district's school under the
12 tuition provisions of the school laws, except that the
13 pupils residing in the component district having the largest
14 total number of pupils are ineligible for bonus payment
15 consideration.

16 (3) "Enlarged district" means the elementary or high
17 school district resulting from the consolidation or
18 annexation of two or more component districts.

19 (4) "General bonus payment" for first- and
20 second-class school districts must be ~~\$300~~ \$450 per eligible
21 pupil per year for a period of 3 years and must be deposited
22 in the enlarged district's general fund. General bonus
23 payment for third-class school districts must be ~~\$500~~ \$750
24 per eligible pupil per year for a period of 3 years and must
25 be deposited in the enlarged district's general fund. The

1 general bonus payment must be made from the state school
2 equalization aid account.

3 ~~(5) -- "Transportation bonus payment" is the provision of
4 66-2/3% state financing of the on-schedule transportation
5 amount as provided by the transportation provisions of the
6 school laws. When an eligible pupil is entitled to
7 transportation, the enlarged district is entitled to the
8 transportation bonus payment for the eligible pupil for a
9 period of 3 years. The payment must be made from the state
10 transportation aid account. When the eligible pupil rides a
11 bus providing transportation for ineligible pupils, the
12 66-2/3% state financing of the on-schedule amount for this
13 payment must be prorated to provide financing for the
14 eligible pupil."~~

15 **Section 23.** Section 20-6-506, MCA, is amended to read:

16 "20-6-506. Budgeting and cost sharing when junior high
17 school operated by elementary district and high school
18 district operating a county high school. (1) Whenever the
19 opening of a junior high school is approved for the ensuing
20 school fiscal year under 20-6-505, the county superintendent
21 shall estimate the average number belonging (ANB) after
22 investigating the probable enrollment for the junior high
23 school. The ANB determined by the county superintendent and
24 the ANB actually realized in subsequent school fiscal years
25 shall must be applied under 20-9-320 to prorate the

1 ~~maximum-general-fund-budget-without-a-voted-levy~~ foundation
 2 program schedule amount provided in 20-9-303(2)(a) between
 3 the elementary and high school districts. Each district
 4 shall adopt its general fund budget on the basis of the
 5 prorated amount and shall finance its proportionate share of
 6 the cost of operating the junior high school.

7 (2) The cost of operating the junior high school ~~shall~~
 8 must be prorated between the elementary district and the
 9 high school district on the basis of the ratio that the
 10 number of pupils of ~~their~~ each district is to the total
 11 enrollment of the junior high school."

12 **Section 24.** Section 20-6-603, MCA, is amended to read:

13 "~~20-6-603. Trustees' authority to acquire or dispose~~
 14 ~~of sites and buildings -- when election required. (1) The~~
 15 ~~trustees of any district shall-have-the-authority-to~~ may
 16 ~~purchase, build, exchange, or otherwise acquire, or sell, or~~
 17 ~~otherwise dispose of sites and buildings of the district.~~
 18 ~~Such--action--shall~~ Action may not be taken by the trustees
 19 without the approval of the qualified electors of the
 20 district at an election called for ~~such~~ the purpose of
 21 approval unless:

22 (a) a bond issue has been authorized for the purpose
 23 of constructing, purchasing, or acquiring the site or
 24 building;

25 (b) an additional levy under the provisions of

1 20-9-353 has been approved for the purpose of constructing,
 2 purchasing, or acquiring the site or building;

3 (c) the cost of constructing, purchasing, or acquiring
 4 the site or building is financed without exceeding the
 5 ~~maximum-general-fund-budget-without-a-vote-amount-prescribed~~
 6 ~~in--20-9-316--through--20-9-321~~ foundation program schedule
 7 amount provided in 20-9-303(2)(a), and, in the case of a
 8 site purchase, the site has been approved under the
 9 provisions of 20-6-621; or

10 (d) ~~moneys-are~~ money is otherwise available under the
 11 provisions of this title and the ballot for the site
 12 approval for ~~such~~ the building incorporated a description of
 13 the building to be located on the site.

14 (2) When an election is conducted under the provisions
 15 of this section, it ~~shall~~ must be called under the
 16 provisions of 20-20-201 and ~~shall~~ must be conducted in the
 17 manner prescribed by this title for school elections. An
 18 elector qualified to vote under the provisions of 20-20-301
 19 ~~shall-be-permitted-to~~ may vote in ~~such~~ the election. If a
 20 majority of those electors voting at the election approve
 21 the proposed action, the trustees may take the proposed
 22 action."

23 **Section 25.** Section 20-6-608, MCA, is amended to read:

24 "~~20-6-608. Authority and duty of trustees to insure~~
 25 ~~district property. The trustees of any district shall have~~

1 ~~the authority and it shall be their duty to~~ insure any or
 2 all real and personal property of the district. The trustees
 3 shall include the cost of insurance in the general fund
 4 budget of the district."

5 **Section 26.** Section 20-7-414, MCA, is amended to read:

6 "20-7-414. Determination of children in need and type
 7 of special education needed -- approval of classes and
 8 programs by superintendent. (1) The determination of the
 9 children requiring special education and the type of special
 10 education needed by these children ~~shall be~~ is the
 11 responsibility of the trustees, and ~~such the~~ is the
 12 ~~shall~~ must be made in compliance with the procedures
 13 established in the rules of the superintendent of public
 14 instruction. Whenever the trustees of a school district or
 15 the governing authority of an institution ~~learn~~ learns of a
 16 handicapped child in ~~their~~ its jurisdiction who is in need
 17 of special education, ~~they it~~ it shall determine whether the
 18 child is in need of a surrogate parent by determining
 19 whether the parents or guardian is unknown or unavailable or
 20 if the child is a ward of the state. The determination must
 21 be made within 10 days of the date on which the trustees of
 22 ~~a the~~ the school district or the governing authority of ~~an the~~
 23 institution learned of the presence of the child in the
 24 district. If the child is in need of a surrogate parent, the
 25 trustees of ~~a the~~ the school district or the governing authority

1 of ~~an the~~ the institution must nominate a surrogate parent for
 2 the child as provided in 20-7-461.

3 (2) Whenever the trustees of any district intend to
 4 establish a special education class or program, they shall
 5 apply for approval and funding of the class or program by
 6 the superintendent of public instruction. The superintendent
 7 of public instruction shall approve or disapprove the
 8 application for the special education class or program on
 9 the basis of its compliance with the laws of the state of
 10 Montana, the special education policies adopted by the board
 11 of public education, and the rules of the superintendent of
 12 public instruction. No special education class may be
 13 operated by the trustees without the approval of the
 14 superintendent of public instruction. Each special education
 15 class or program must be approved annually to be funded as
 16 part of the ~~maximum-budget-without-a-vote~~ foundation program
 17 for special education."

18 **Section 27.** Section 20-7-422, MCA, is amended to read:

19 "20-7-422. Out-of-state tuition for special education
 20 children. (1) If the trustees of any district recommend to
 21 the superintendent of public instruction the attendance of
 22 a child in need of special education in a special education
 23 program offered outside of the state of Montana, ~~such the~~
 24 arrangements ~~shall~~ are not be subject to the out-of-state
 25 attendance provisions of the laws governing the attendance

1 of pupils in schools outside the state of Montana.

2 (2) Whenever the attendance of a child at an
3 out-of-state special education program is approved by the
4 superintendent of public instruction, ~~it--shall--be--the~~
5 ~~responsibility-of~~ the superintendent of public instruction
6 shall, in cooperation with the department of family
7 services, to negotiate the program for the child and the
8 amount and manner of payment of tuition. The amount of
9 tuition ~~shall~~ must be included as a contracted service in
10 20-7-431(1)(a)(iii)(A) in the ~~maximum-budget-without-a-vote~~
11 foundation program amount for special education."

12 **Section 28.** Section 20-7-431, MCA, is amended to read:

13 "20-7-431. Allowable cost schedule for special
14 programs -- superintendent to make rules -- annual
15 accounting. (1) For the purpose of determining the
16 ~~maximum-budget-without-a-vote~~ foundation program amount for
17 special education as defined in 20-9-321, the following
18 schedule of allowable costs ~~shall~~ must be followed by the
19 school district in preparation of its special education
20 budget for state aid request purposes and by the
21 superintendent of public instruction in his review and
22 approval of the budget (for the purposes of determining the
23 amount of the ~~maximum-budget-without-a-vote~~ foundation
24 program for special education for the district, and as used
25 in this schedule, "full-time special pupil" and "regular

1 ANB" are to be determined in accordance with 20-9-311 and
2 20-9-313):

3 (a) instruction: salaries, benefits, supplies,
4 textbooks, and other expenses, including:

5 (i) salaries and benefits of special program teachers,
6 regular program teachers, teacher aides, special education
7 supervisors, audiologists, and speech and hearing
8 clinicians--the entire cost if employed full time in the
9 special program; if ~~such~~ the personnel are shared between
10 special and regular programs--a portion of the entire cost
11 corresponding to the entire working time which each ~~such~~
12 person devotes to the special program;

13 (ii) teaching supplies and textbooks if used
14 exclusively for special programs--the actual total cost;

15 (iii) other expenses:

16 (A) contracted services, including fees paid for
17 professional advice and consultation regarding special
18 students or the special program, and the delivery of special
19 education services by public or private agencies--the actual
20 total cost;

21 (B) transportation costs for special education
22 personnel who ~~must~~ travel on an itinerant basis from school
23 to school or district to district or to in-state child study
24 team meetings or in-state individualized education program
25 meetings--the actual cost to the district calculated on the

1 same mileage rate used by the district for other travel
2 reimbursement purposes;

3 (b) supportive services, including:

4 (i) salaries and benefits of professional supportive
5 personnel--the entire cost if employed full time in the
6 special program; if such the personnel are shared between
7 special and regular programs--a portion of the entire cost
8 corresponding to the entire working time which each such
9 person devotes to the special program. Professional
10 supportive personnel may include counselors, social workers,
11 psychologists, psychometrists, physicians, nurses, and
12 physical and occupational therapists.

13 (ii) salaries and benefits of clerical personnel for
14 who assist professional personnel in supportive
15 services--the entire cost if employed full time in the
16 special program; if such the personnel are shared between
17 special and regular programs--a portion of the entire cost
18 corresponding to the entire working time which each such
19 person devotes to the special program;

20 (c) equipment:

21 (i) equipment--the actual total cost;

22 (ii) special equipment for district-owned school buses
23 necessary to accommodate special students--the actual total
24 cost;

25 (iii) special equipment for school buses contracted to

1 transport special students--that portion of the contract
2 price attributable to the cost of special equipment or
3 personnel required to accommodate special students--the
4 actual special cost;

5 (iv) repair and maintenance of equipment--the actual
6 total cost;

7 (d) room and board costs when the special pupil has to
8 attend a program at such a distance from his home that
9 commuting is undesirable as determined by the superintendent
10 of public instruction.

11 (2) The superintendent of public instruction shall
12 ~~prior--to--September--17--1977,--revise--the~~ adopt rules in
13 accordance with the policies of the board of public
14 education for:

15 (a) keeping necessary records for supportive and
16 administrative personnel and any personnel shared between
17 special and regular programs;

18 (b) defining the total special program caseload that
19 ~~shall~~ must be assigned to specific support persons and the
20 kinds of professional specialties to be considered relevant
21 to the program before the district may count an allowable
22 cost under subsection (1)(b) of this section; and

23 (c) defining the kinds or types of equipment whose
24 costs may be counted under subsection (1)(c)(i) of this
25 section.

1 (3) An annual accounting of all expenditures of school
2 district general fund ~~moneys~~ money for special education
3 ~~shall must~~ be made by the district trustees on forms
4 furnished by the superintendent of public instruction. The
5 superintendent of public instruction shall make rules for
6 ~~such the~~ accounting.

7 (4) If a board of trustees chooses to exceed the
8 budget approved by the superintendent of public instruction,
9 costs in excess of the approved budget may not be reimbursed
10 under the ~~maximum-budget-without-a-vote~~ foundation program
11 for special education.

12 (5) Allowable costs prescribed in this section do not
13 include the costs of the teachers' retirement system, the
14 public employees' retirement system, the federal social
15 security system, or the costs for unemployment compensation
16 insurance.

17 (6) (a) Notwithstanding other provisions of the law,
18 the superintendent of public instruction ~~shall may~~ not
19 approve a ~~maximum-budget-without-a-vote~~ foundation program
20 amount for special education which that exceeds legislative
21 appropriations; however, any unexpended balance from the
22 first year of a biennial appropriation may be spent in the
23 second year of the biennium in addition to the second year
24 appropriation.

25 (b) If the total allowable cost of the special

1 education budgets exceeds legislative appropriations
2 available for special education, each district shall receive
3 a pro rata share of the available appropriations based upon
4 prioritized budget items as established by the
5 superintendent of public instruction. The amount of the
6 approved budgets in excess of the available appropriations
7 may not be reimbursed under the
8 ~~maximum-budget-without-a-vote~~ foundation program for special
9 education and is the responsibility of the school district."

10 **Section 29.** Section 20-7-442, MCA, is amended to read:

11 "20-7-442. State transportation reimbursement for
12 special education children. Districts providing children
13 with transportation to a special education class or program
14 and complying with the special education transportation
15 regulations promulgated by the superintendent of public
16 instruction ~~shall--be~~ are eligible for a the state
17 transportation reimbursement under the provisions of
18 20-10-145. The reimbursement ~~shall must~~ be calculated from a
19 schedule established by the superintendent of public
20 instruction ~~with--the--state--providing--two-thirds--of--the~~
21 ~~reimbursement--and--the--county--in--which--the--children--reside~~
22 ~~providing--the--remainder."~~

23 **Section 30.** Section 20-9-104, MCA, is amended to read:

24 "20-9-104. General fund cash reserve. (1) At the end
25 of each school fiscal year, the trustees of each district

1 shall designate ~~what~~ the portion of the general fund
 2 end-of-the-year cash balance ~~shall~~ that is to be earmarked
 3 as cash reserve for the purpose of paying general fund
 4 warrants issued by the district from July 1 to November 30
 5 of the ensuing school fiscal year. The amount of the general
 6 fund cash balance that is earmarked as cash reserve ~~shall~~
 7 may not exceed 35% the following percentages of the final
 8 general fund budget for the ensuing school fiscal year and
 9 ~~shall~~:

10 (a) 35% for a district that did not receive state
 11 equalization aid during the current school fiscal year;

12 (b) 30% for a district that received state
 13 equalization aid equal to 25% or less of its foundation
 14 program schedule entitlement in the current school fiscal
 15 year; and

16 (c) 20% for a district that received state
 17 equalization aid equal to more than 25% of its foundation
 18 program schedule entitlement in the current school fiscal
 19 year.

20 (2) The amount held as cash reserve may not be used
 21 for property tax reduction in the manner permitted by
 22 20-9-141(1)(b) for other receipts. Any portion of the
 23 general fund end-of-the-year cash balance that is not
 24 earmarked for cash reserve purposes shall--be is cash
 25 reappropriated which-shall and must be used for property tax

1 reduction as provided in 20-9-141(1)(b)(iii).

2 (3) The limitation of subsection (1) does not apply
 3 when the amount in excess of the limitation is equal to or
 4 less than:

5 (a) any amount received during the current school
 6 fiscal year under Public Law 81-874; or

7 (b) the unused balance of any amount received in
 8 settlement of tax payments protested prior to [the effective
 9 date of this section]."

10 **Section 31.** Section 20-9-141, MCA, is amended to read:

11 **"20-9-141. Computation of general fund net levy**
 12 **requirement by county superintendent. (1) The county**
 13 **superintendent shall compute the levy requirement for each**
 14 **district's general fund on the basis of the following**
 15 **procedure:**

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

20 **(i) the district's nonisolated school foundation**
 21 **program requirement to be met by a district levy as provided**
 22 **in 20-9-303;**

23 **(ii) the district's permissive levy amount as provided**
 24 **in 20-9-352 [section 78]; and**

25 **(iii) any general fund budget amount adopted by the**

1 trustees of the district under the provisions of 20-9-353,
2 including any additional levies authorized by the electors
3 of the district.

4 (b) Determine the ~~total-of-the-moneys~~ money available
5 for the reduction of the property tax on the district for
6 the general fund by totaling:

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

11 (ii) anticipated tuition payments for out-of-district
12 pupils under the provisions of 20-5-303, 20-5-307, 20-5-312,
13 and 20-5-313;

14 (iii) general fund cash reappropriated, as established
15 under the provisions of 20-9-104;

16 (iv) anticipated or reappropriated state impact aid
17 received under the provisions of 20-9-304;

18 (v) anticipated or reappropriated revenue from ~~vehicle~~
19 property taxes and fees imposed under 23-2-517, 23-2-803,
20 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-204;

21 (vi) anticipated net and gross proceeds taxes for
22 ~~interim---production---and---new---production,---as---defined---in~~
23 15-23-601 collected under 15-23-607 and 15-23-703;

24 (vii) anticipated interest to be earned or
25 reappropriated interest earned by the investment of general

1 fund cash in accordance with the provisions of 20-9-213(4);
2 and

3 (viii) anticipated revenue from corporation license
4 taxes collected from financial institutions under the
5 provisions of 15-31-702; and

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

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

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

19 **Section 32.** Section 20-9-201, MCA, is amended to read:

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

25 (a) A "budgeted fund" means any fund for which a

1 budget must be adopted in order to expend any money from
2 such the fund. The general fund, transportation fund, bus
3 depreciation reserve fund, elementary tuition fund,
4 retirement fund, debt service fund, leased facilities fund,
5 building reserve fund, adult education fund, nonoperating
6 fund, ~~vocational-technical-center-fund~~, and any other funds
7 so designated by the legislature ~~shall--be~~ are budgeted
8 funds.

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

16 (2) The school financial administration provisions of
17 this title apply to all money of any elementary or high
18 school district except the extracurricular money realized
19 from pupil activities. Elementary and high school districts
20 shall record the receipt and disbursement of all money in
21 accordance with generally accepted accounting principles.
22 The superintendent of public instruction has general
23 supervisory authority as prescribed by law over the school
24 financial administration provisions, as they relate to
25 elementary and high school districts, ~~as prescribed by law~~

1 and He shall ~~establish-such~~ adopt rules ~~as-are~~ necessary to
2 secure compliance with the law."

3 **Section 33.** Section 20-9-212, MCA, is amended to read:

4 "20-9-212. Duties of county treasurer. The county
5 treasurer of each county shall:

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

14 (a) the basic county tax in support of the elementary
15 foundation programs;

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

18 ~~(c)--the-county-tax-in-support--of--the--county's--high~~
19 ~~school-transportation-obligation;~~

20 ~~(d)~~(c) the county tax in support of the elementary and
21 high school district obligations to the retirement systems
22 of the state of Montana; and

23 ~~(e)--any-additional--county--tax--required--by--law--to~~
24 ~~provide--for--deficiency--financing--of--the--elementary~~
25 ~~foundation-programs;~~

1 ~~(f)~~--any-additional--county--tax--required--by--law--to
2 provide---for---deficiency--financing--of--the--high--school
3 foundation-programs;-and

4 ~~(g)~~(d) any other county tax for schools, including the
5 community colleges, which may be authorized by law and
6 levied by the county commissioners;

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

15 (3) keep a separate accounting of the expenditures for
16 each budgeted fund included in the final budget of each
17 district;

18 (4) keep a separate accounting of the receipts,
19 expenditures, and cash balances for each budgeted fund
20 included in the final budget of each district and for each
21 nonbudgeted fund established by each district;

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

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

1 district and deposit these receipts in the fund designated
2 by law or by the district if no fund is designated by law.
3 Interest and penalties on delinquent school taxes ~~shall~~ must
4 be credited to the same fund and district for which the
5 original taxes were levied.

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

12 (8) at the direction of the trustees of a district,
13 assist the district in the issuance and sale of tax and
14 revenue anticipation notes as provided in Title 7, chapter
15 6, part 11;

16 (9) register district warrants drawn on a budgeted
17 fund in accordance with 7-6-2604 when there is insufficient
18 money available ~~in-the-sum-of-money~~ in all funds of the
19 district to make payment of such the warrant. Redemption of
20 registered warrants ~~shall~~ must be made in accordance with
21 7-6-2116, 7-6-2605, and 7-6-2606.

22 (10) invest the money of any district as directed by
23 the trustees of the district within 3 working days of such
24 the direction;

25 (11) give each month give to the trustees of each

1 district an itemized report for each fund maintained by the
2 district, showing the paid warrants, outstanding warrants,
3 registered warrants, amounts and types of revenue received,
4 and the cash balance; and

5 (12) remit promptly to the state treasurer receipts for
6 the county tax for a vocational-technical center when levied
7 by the board of county commissioners, under the provisions
8 of 20-16-202; and

9 (13) invest the money received from the basic county
10 tax in support of the elementary foundation programs and the
11 basic special tax in support of the high school foundation
12 programs within 3 working days of receipt. The money must be
13 invested until the working day before it is required to be
14 distributed to school districts within the county or
15 remitted to the state. Permissible investments are specified
16 in 20-9-213(4). All investment income must be deposited, and
17 credited proportionately, in the funds established to
18 account for the taxes received for the purposes specified in
19 subsections (1)(a) and (1)(b)."

20 **Section 34.** Section 20-9-213, MCA, is amended to read:

21 "20-9-213. Duties of trustees. The trustees of each
22 district shall have the sole power and authority to transact
23 all fiscal business and execute all contracts in the name of
24 such the district. No person other than the trustees acting
25 as a governing board ~~shall have the authority to~~ may expend

1 ~~moneys~~ money of the district. In conducting the fiscal
2 business of the district, the trustees shall:

3 (1) cause the keeping of an accurate, detailed
4 accounting of all receipts and expenditures of school ~~moneys~~
5 money for each fund maintained by the district in accordance
6 with generally accepted accounting principles and the rules
7 prescribed by the superintendent of public instruction. The
8 record of ~~such the~~ accounting shall must be open to public
9 inspection at any meeting of the trustees.

10 (2) authorize all expenditures of district ~~moneys~~
11 money and cause warrants to be issued for the payment of
12 lawful obligations;

13 (3) ~~have the authority to~~ issue warrants on any
14 budgeted fund in anticipation of budgeted revenues, except
15 that ~~such the~~ expenditures shall may not exceed the amount
16 budgeted for ~~such the~~ the fund;

17 (4) invest any ~~moneys~~ money of the district, whenever
18 in the judgment of the trustees ~~such the~~ the investment would be
19 advantageous to the district, by directing the county
20 treasurer to invest any money of the district in direct
21 obligations of the United States government; in savings or
22 time deposits in a state or national bank, building or loan
23 association, savings and loan association, or credit union
24 insured by the FDIC, FSLIC, or NCUA located in the state; or
25 in a repurchase agreement as authorized in 7-6-213. All

1 interest collected on such the deposits or investments ~~shall~~
 2 must be credited to the fund from which the money was
 3 withdrawn, except that interest earned on account of the
 4 investment of money realized from the sale of bonds ~~shall~~
 5 must be credited to the debt service fund or the building
 6 fund, at the discretion of the board of trustees. The
 7 placement of the investment by the county treasurer ~~shall is~~
 8 not be subject to ratable distribution laws and ~~shall must~~
 9 be done in accordance with the directive from the board of
 10 trustees. A district may invest ~~moneys~~ money under the
 11 state unified investment program established in Title 17,
 12 chapter 6.

13 (5) cause the district to record every transaction in
 14 the appropriate account before the accounts are closed at
 15 the end of the fiscal year in order to properly report the
 16 receipt, use, and disposition of all money and property for
 17 which the district is accountable;

18 ~~(5)(6)~~ report annually to the county superintendent,
 19 not later than August 1, the financial activities of each
 20 fund maintained by the district during the last completed
 21 school fiscal year, on the forms prescribed and furnished by
 22 the superintendent of public instruction. Annual fiscal
 23 reports for joint school districts ~~shall must~~ be submitted
 24 to the county superintendent of each county in which part of
 25 the joint district is situated.

1 ~~(5)(7)~~ whenever requested, report any other fiscal
 2 activities to the county superintendent, superintendent of
 3 public instruction, or board of public education;

4 ~~(7)(8)~~ cause the accounting records of the district to
 5 be audited ~~annually~~ biennially as required by ~~law~~ 2-7-503;
 6 and

7 ~~(8)(9)~~ perform, in the manner permitted by law, ~~such~~
 8 other fiscal duties that are in the best interests of the
 9 district."

10 **Section 35.** Section 20-9-301, MCA, is amended to read:

11 "20-9-301. Purpose--and--definition Basic system of
 12 schools -- purpose of foundation program and definition of
 13 general fund budget. (1) A basic uniform system of free
 14 public schools sufficient for the education of and open to
 15 all school age children of the state shall must be
 16 established and maintained throughout the state of Montana.
 17 The state shall aid-in-the--support share the operational
 18 costs of its several school districts on the basis of their
 19 financial need as measured by the foundation program and--in
 20 the---manner---established--in, guaranteed tax base aid,
 21 transportation schedule reimbursement, reimbursement of
 22 special education allowable costs, and other school funding
 23 equalization provisions of this title.

24 (2) The principal budgetary vehicle for achieving the
 25 minimum financing as established by the foundation program

1 ~~shall be~~ is the general fund of the district. The purpose of
 2 the general fund ~~shall be~~ is to finance those general
 3 maintenance and operational costs of a district not financed
 4 by other funds established for special purposes in this
 5 title.

6 (3) The amount of the general fund budget for each
 7 school fiscal year ~~shall~~ may not exceed the financing
 8 limitations established by this title ~~but shall be no~~ and
 9 may not be less than the amount established by law as the
 10 foundation program. The general fund budget ~~shall~~ must be
 11 financed by the foundation program revenues amount for the
 12 district and may be supplemented by the a permissive levy,
 13 as provided in [section 78], and additional voted levies in
 14 the manner and other revenue as provided by law 20-9-353."

15 **Section 36.** Section 20-9-303, MCA, is amended to read:

16 "20-9-303. Definition of foundation program and its
 17 ~~proportion of the maximum general fund without a voted levy~~
 18 ~~schedule amount -- nonisolated school foundation program~~
 19 ~~financing -- special education funds. (1) As used in this~~
 20 ~~title, the term "foundation program" shall mean~~ means the
 21 minimum operating expenditures, as established herein in
 22 this title, that are sufficient to provide for the
 23 educational program of a school. The foundation program
 24 relates only to those expenditures authorized by a
 25 district's general fund budget and shall may not include

1 expenditures from any other fund. It ~~shall be~~ is financed
 2 by:

- 3 (a) county equalization ~~moneys~~ money, as provided in
 4 20-9-331 and 20-9-333; and
 5 (b) state equalization aid, as provided in 20-9-343;
 6 (c) appropriations for special education; and
 7 (d) a district levy, as provided in subsection (3),
 8 for support of a school not approved as an isolated school
 9 under the provisions of 20-9-302.

10 (2) ~~The dollar amount of the foundation program shall~~
 11 ~~be 80% of the maximum general fund budget without a voted levy limitation~~
 12 ~~as set forth in the schedules in 20-9-316 through 20-9-321.~~
 13 The foundation program ~~of an~~ includes:

- 14 (a) amounts in support of general education programs
 15 as provided in the schedules in 20-9-316 through 20-9-320;
 16 and
 17 (b) payments in support of special education programs
 18 under 20-9-321.

19 (3) An elementary school having an ANB of nine or
 20 fewer pupils for 2 consecutive years which is not approved
 21 as an isolated school under the provisions of 20-9-302 shall
 22 be 80% of may budget and spend the schedule amount, but the
 23 county and state shall participate in financing one-half of
 24 the foundation program, and the district shall finance the
 25

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

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

22 **Section 37.** Section 20-9-311, MCA, is amended to read:

23 "20-9-311. Calculation of average number belonging
24 (ANB). (1) Average number belonging must be computed by
25 determining the total of the aggregate days of attendance by

1 regularly enrolled, full-time pupils during the second
2 semester of the preceding school fiscal year and the first
3 semester of the current school fiscal year plus the
4 aggregate days of absence by regularly enrolled, full-time
5 pupils during the second semester of the preceding school
6 fiscal year and the first semester of the current school
7 fiscal year and by dividing the total by 180. However, when
8 a school district has approval to operate less than 180
9 school days under 20-9-804, the total must be calculated in
10 accordance with the provisions of 20-9-805. For the purpose
11 of calculating ANB under this section, the days of
12 attendance for a regularly enrolled pupil may not exceed 180
13 pupil-instruction days and 7 pupil-instruction-related days.
14 Attendance for a part of a morning session or a part of an
15 afternoon session by a pupil must be counted as attendance
16 for one-half day. In calculating the ANB for pupils enrolled
17 in a program established under ~~20-7-117-prior-to-January--17,~~
18 ~~19747--or--pursuant-to~~ 20-7-117(1), attendance at or absence
19 from a regular session of the program for at least 2 hours
20 of either a morning or an afternoon session will be counted
21 as one-half day attended or absent as the case may be. If a
22 variance has been granted as provided in 20-1-302, ANB will
23 be computed in a manner prescribed by the superintendent of
24 public instruction, but in no case may the ANB exceed
25 one-half for each kindergarten pupil. When any pupil has

1 been absent, with or without excuse, for more than 10
 2 consecutive school days, including pupil-instruction-related
 3 days, his absence after the 10th day of absence may not be
 4 included in the aggregate days of absence and his enrollment
 5 in the school may not be considered in the calculation of
 6 the average number belonging until he resumes attendance at
 7 school.

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

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

21 (a) a school of the district is located more than 3
 22 miles beyond the incorporated limits of a city or town or
 23 from another school of the district, all of the regularly
 24 enrolled, full-time pupils of the school must be calculated
 25 individually for ANB purposes;

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

5 (c) a middle school has been approved and accredited,
 6 all pupils below the 7th grade must be considered elementary
 7 school pupils for ANB purposes and the 7th and 8th grade
 8 pupils must be considered high school pupils for ANB
 9 purposes; or

10 (d) a school has not been accredited by the board of
 11 public education, the regularly enrolled, full-time pupils
 12 attending the nonaccredited school are not eligible for
 13 average number belonging calculation purposes, nor will an
 14 average number belonging for the nonaccredited school be
 15 used in determining the foundation program for the district.

16 (4) When 11th or 12th grade students are regularly
 17 enrolled on a part-time basis, high schools may calculate
 18 the ANB to include an "equivalent ANB" for those students.
 19 The method for calculating an equivalent ANB must be
 20 determined in a manner prescribed by the superintendent of
 21 public instruction."

22 **Section 38.** Section 20-9-312, MCA, is amended to read:

23 **"20-9-312. Maximum---general---fund---budget Foundation**
 24 **program schedule for grades seven and eight. The ANB**
 25 **calculated for grades 7 and 8 shall must be funded at the**

1 high school rate, ~~provided that~~ if the school meets the
 2 standards for accreditation of a middle school. When such
 3 the pupils are actually enrolled in an elementary school,
 4 the foundation program schedule amount of the general fund
 5 budget per ANB is determined from the high school schedule
 6 using the total ANB of the elementary school. To determine
 7 the total ANB of such an the elementary school, the 7th and
 8 8th grade pupils shall must be included in such the total."

9 **Section 39.** Section 20-9-315, MCA, is amended to read:

10 "20-9-315. Maximum general fund budget and --
 11 exceptions -- recapture. (1) The total amount of the general
 12 fund budget of any district shall may not be greater than
 13 the general fund budget amount specified in 20-9-316 through
 14 20-9-321 district's foundation program as provided in
 15 20-9-303, except when a district has adopted a permissive
 16 amount as provided in [section 78] or an emergency general
 17 fund budget under the provisions of 20-9-165 or when a
 18 district satisfies the requirements of 20-9-353.

19 (2) If the trustees adopt, under the provisions of
 20 [section 78] and 20-9-353, a general fund budget in excess
 21 of 166% of the district's foundation program amount, the
 22 county treasurer shall, for each percentage point over 166%
 23 by which the total general fund budget exceeds the
 24 foundation program amount, remit to the state treasurer an
 25 amount equal to 2% of the difference between the total

1 general fund budget of the district and 166% of the
 2 district's foundation program amount. The amount remitted
 3 must be from the proceeds of the additional levy or other
 4 revenue available to the district to finance the excess
 5 amount. The state treasurer shall deposit the amount in the
 6 state equalization aid account in the state special revenue
 7 fund.

8 (3) The provisions of subsection (2) do not apply if
 9 Public Law 81-874 funds are the sole source of funding for
 10 the excess amount."

11 **Section 40.** Section 20-9-316, MCA, is amended to read:

12 "20-9-316. Elementary school maximum budget schedule
 13 for 1985-86 1989-90. For the school fiscal year ending June
 14 30, 1990, the elementary school foundation program schedule
 15 is as follows:

16 (1) For each elementary school having an ANB of nine
 17 or fewer pupils, the maximum shall be \$19,959 is \$20,968 if
 18 said the school is approved as an isolated school.

19 (2) For schools with an ANB of 10 pupils but less than
 20 18 pupils, the maximum shall be \$19,959 is \$20,968 plus
 21 \$834.10 \$876.30 per pupil on the basis of the average number
 22 belonging over nine 9.

23 (3) For schools with an ANB of at least 14 pupils but
 24 less than 18 pupils that qualify for instructional aide
 25 funding under 20-9-322, the maximum shall be \$32,714 is

1 \$34,369 plus ~~\$834.10~~ \$876.30 per pupil on the basis of the
2 average number belonging over 14.

3 (4) For schools with an ANB of 18 pupils and employing
4 one teacher, the maximum ~~shall be \$27,466~~ is \$28,855 plus
5 ~~\$834.10~~ \$876.30 per pupil on the basis of the average number
6 belonging over 18, not to exceed an ANB of 25.

7 (5) For schools with an ANB of 18 pupils and employing
8 two full-time teachers, the maximum ~~shall be \$43,851~~ is
9 \$46,068 plus ~~\$522.40~~ \$548.80 per pupil on the basis of the
10 average number belonging over 18, not to exceed an ANB of
11 50.

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

15 (a) For a school having an ANB of more than 40 and
16 employing a minimum of three teachers, the maximum of ~~\$17,938~~
17 ~~shall \$2,036 must~~ be decreased at the rate of ~~\$1.80~~ \$1.98
18 for each additional pupil until the ~~total number~~ (ANB) ~~shall~~
19 ~~have reached a total of~~ reaches 100 pupils.

20 (b) For a school having an ANB of more than 100
21 pupils, the maximum of ~~\$17,825 shall~~ \$1,917 must be decreased
22 at the rate of ~~\$1.72~~ \$1.81 for each additional pupil until
23 the ANB ~~shall have reached~~ reaches 300 pupils.

24 (c) For a school having an ANB of more than 300
25 pupils, the maximum ~~shall~~ may not exceed ~~\$17,481~~ \$1,556 for

1 each pupil.

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

9 **Section 41.** Section 20-9-317, MCA, is amended to read:

10 "20-9-317. High school maximum budget schedule for
11 1985-86 1989-90. For the school fiscal year ending June 30,
12 1990, the high school foundation program schedule is as
13 follows:

14 (1) For each high school having an ANB of 24 or fewer
15 pupils, the maximum ~~shall be \$113,708~~ is \$119,462.

16 (2) For a secondary high school having an ANB of more
17 than 24 pupils, the maximum ~~\$47,738 shall~~ of \$4,978 must be
18 decreased at the rate of ~~\$25.84~~ \$27.15 for each additional
19 pupil until the ANB ~~shall have reached a total of~~ reaches 40
20 such pupils.

21 (3) For a school having an ANB of more than 40 pupils,
22 the maximum of ~~\$47,324 shall~~ \$4,543 must be decreased at the
23 rate of ~~\$25.84~~ \$27.15 for each additional pupil until the
24 ANB ~~shall have reached~~ reaches 100 pupils.

25 (4) For a school having an ANB of more than 100

1 pupils, a the maximum of ~~\$2,774--shall~~ \$2,914 must be
 2 decreased at the rate of ~~\$4.32~~ \$4.54 for each additional
 3 pupil until the ANB ~~shall-have-reached~~ reaches 200 pupils.

4 (5) For a school having an ANB of more than 200
 5 pupils, the maximum of ~~\$2,342--shall~~ \$2,460 must be decreased
 6 by ~~\$2.38~~ \$2.50 for each additional pupil until the ANB ~~shall~~
 7 ~~have-reached~~ reaches 300 pupils.

8 (6) For a school having an ANB of more than 300
 9 pupils, the maximum of ~~\$2,184--shall~~ \$2,210 must be decreased
 10 at the rate of ~~44~~ 46 cents for each additional pupil until
 11 the ANB ~~shall-have-reached~~ reaches 600 pupils.

12 (7) For a school having an ANB over of more than 600
 13 pupils, the maximum ~~shall~~ may not exceed ~~\$1,973~~ \$2,073 per
 14 pupil.

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

23 **Section 42.** Section 20-9-318, MCA, is amended to read:

24 "20-9-318. Elementary school ~~maximum-budget foundation~~
 25 program schedule for ~~1987-88~~ school fiscal year 1991 and

1 succeeding years. For ~~1987-88~~ the school fiscal year ending
 2 June 30, 1991, and succeeding school years, the elementary
 3 school ~~maximum-budget~~ foundation program schedule is as
 4 follows:

5 (1) For each elementary school having an ANB of nine
 6 or fewer pupils, the maximum ~~shall-be-\$20,150~~ is \$21,872 if
 7 ~~said~~ the school is approved as an isolated school.

8 (2) For schools with an ANB of 10 pupils but less than
 9 18 pupils, the maximum ~~shall--be-\$20,150~~ is \$21,872 plus
 10 ~~\$842.50~~ \$914.15 per pupil on the basis of the average number
 11 belonging over ~~nine~~ 9.

12 (3) For schools with an ANB of at least 14 pupils but
 13 less than 18 pupils that qualify for instructional aide
 14 funding under 20-9-322, the maximum ~~shall--be--\$33,842~~ is
 15 \$35,852 plus ~~\$842.50~~ \$914.15 per pupil on the basis of the
 16 average number belonging over 14.

17 (4) For schools with an ANB of 18 pupils and employing
 18 one teacher, the maximum ~~shall-be-\$27,741~~ is \$30,100 plus
 19 ~~\$842.50~~ \$914.15 per pupil on the basis of the average number
 20 belonging over 18, not to exceed an ANB of 25.

21 (5) For schools with an ANB of 18 pupils and employing
 22 two full-time teachers, the maximum ~~shall-be-\$44,290~~ is
 23 \$48,057 plus ~~\$527.60~~ \$572.47 per pupil on the basis of the
 24 average number belonging over 18, not to exceed an ANB of
 25 50.

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

4 (a) For a school having an ANB of more than 40 and
5 employing a minimum of three teachers, the maximum of ~~\$1,957~~
6 ~~shall be~~ \$2,123.44 is decreased at the rate of ~~\$1.90~~ \$2.06
7 for each additional pupil until the total number (ANB) ~~shall~~
8 ~~have reached~~ reaches a total of 100 pupils.

9 (b) For a school having an ANB of more than 100
10 pupils, the maximum of ~~\$1,843~~ shall be \$1,999.75 is
11 decreased at the rate of ~~\$1.74~~ \$1.13 for each additional
12 pupil until the ANB ~~shall have reached~~ reaches 300 pupils.

13 (c) For a school having an ANB of more than 300
14 pupils, the maximum ~~shall~~ may not exceed ~~\$1,496~~ \$1,769.33
15 for each pupil.

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

23 **Section 43.** Section 20-9-319, MCA, is amended to read:

24 "20-9-319. High school ~~maximum--budget~~ foundation
25 program schedule for ~~1987-88~~ school fiscal year 1991 and

1 succeeding years. For ~~1987-88~~ the school fiscal year ending
2 June 30, 1991, and succeeding school years, the high school
3 ~~maximum-budget~~ foundation program schedule is as follows:

4 (1) For each high school having an ANB of 24 or fewer
5 pupils, the maximum ~~shall be~~ ~~\$1,470.45~~ is \$133,585.

6 (2) For a ~~secondary~~ high school having an ANB of more
7 than 24 pupils, the maximum ~~\$4,785~~ ~~shall be~~ of \$5,565.80 is
8 decreased at the rate of ~~\$26.10~~ \$30.36 for each additional
9 pupil until the ANB ~~shall have reached~~ reaches a total of 40
10 such pupils.

11 (3) For a school having an ANB of more than 40 pupils,
12 the maximum of ~~\$4,368~~ ~~shall be~~ \$5,080.76 is decreased at the
13 rate of ~~\$26.10~~ \$30.36 for each additional pupil until the
14 ANB ~~shall have reached~~ reaches 100 pupils.

15 (4) For a school having an ANB of more than 100
16 pupils, ~~a~~ the maximum of ~~\$2,802~~ ~~shall be~~ \$3,259.22 is
17 decreased at the rate of ~~\$4.37~~ \$5.08 for each additional
18 pupil until the ANB ~~shall have reached~~ reaches 200 pupils.

19 (5) For a school having an ANB of more than 200
20 pupils, the maximum of ~~\$2,365~~ ~~shall be~~ \$2,750.92 is
21 decreased by ~~\$2.40~~ \$2.79 for each additional pupil until the
22 ANB ~~shall have reached~~ reaches 300 pupils.

23 (6) For a school having an ANB of more than 300
24 pupils, the maximum of ~~\$2,125~~ ~~shall be~~ \$2,471.75 is
25 decreased at the rate of ~~44~~ 51 cents for each additional

1 pupil until the ANB ~~shall have reached~~ reaches 600 pupils.

2 (7) For a school having an ANB over of more than 600
3 pupils, the maximum ~~shall~~ may not exceed \$1,999 \$2,318.21
4 per pupil.

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

13 **Section 44.** Section 20-9-320, MCA, is amended to read:

14 "20-9-320. ~~Maximum---general--fund--budget~~ Foundation
15 program schedule amount for junior high school. (1) The
16 ~~general--fund--budget~~ foundation program schedule amount for
17 an approved and accredited junior high school ~~shall~~ must be
18 prorated between the elementary district ~~general--fund--budget~~
19 foundation program schedule amount and the high school
20 district ~~general--fund--budget~~ foundation program schedule
21 amount in the following manner:

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

25 (b) calculate the ANB for the regularly enrolled

1 full-time pupils enrolled in the 7th and 8th grades of the
2 junior high school;

3 (c) multiply the per-ANB schedule amount determined in
4 subsection (1)(a) by the ANB calculated in subsection (1)(b)
5 to determine the authorized ~~general--fund--budget~~ amount ~~which~~
6 ~~shall--be~~ available for the elementary district ~~general--fund~~
7 budget foundation program; and

8 (d) subtract the amount determined in subsection
9 (1)(c) from the total authorized ~~general--fund--budget~~ amount
10 for the school to determine the authorized ~~general--fund~~
11 budget amount which--shall--be available for the high school
12 district ~~general--fund--budget~~ foundation program.

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

19 **Section 45.** Section 20-9-321, MCA, is amended to read:

20 "20-9-321. ~~Maximum--general--fund--budget~~ Foundation
21 program and contingency funds for special education. (1) For
22 the purpose of establishing the
23 ~~maximum-budget--without-a-vote~~ foundation program amount for
24 a current year special education program for a school
25 district, the superintendent of public instruction ~~will~~

1 shall determine the total estimated cost of the special
 2 education program for the school district on the basis of a
 3 special education program budget submitted by the district.
 4 The budget ~~will~~ must be prepared on forms provided by the
 5 superintendent of public instruction and ~~will~~ must set out
 6 for each program:

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

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

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

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

25 (3) If a special education program is implemented or

1 expanded during a given school term too late to be included
 2 in the determination of the district
 3 ~~maximum-budget-without-a-vote~~ foundation program for the
 4 school year as prescribed in this part, allowable costs
 5 approved under the budgeting provisions of subsections (1)
 6 and (2) for the operation of the program during the given
 7 year must be funded from any legislative appropriation for
 8 contingency financing for special education. Contingency
 9 funds granted under this subsection must be deposited in a
 10 separate account of the miscellaneous programs fund of the
 11 district as provided in 20-9-507. However, if contingency
 12 funds are not available, then subject to the approval of the
 13 program by the superintendent under the emergency budget
 14 provisions of 20-9-161(5), allowable costs for the given
 15 year may be added to the ~~maximum-budget-without-a-vote~~
 16 foundation program amount for special education for the
 17 subsequent school year. Such The allowable costs must be
 18 recorded as previous year special education expenses in the
 19 school district budget for the subsequent school year.

20 (4) The sum of the previous year special education
 21 expenses as defined in subsection (3) above and the
 22 ~~maximum-budget-without-a-vote~~ foundation program amount
 23 for current year special education as defined in subsections (1)
 24 and (2) ~~shall--be~~ is the special education budget for
 25 accounting purposes.

1 (5) The maximum-budget-without-a-vote foundation
 2 program amount for special education ~~will~~ must be added to
 3 the maximum-budget-without-a-vote foundation program amount
 4 of the regular program ANB defined in 20-9-311 and 20-9-313
 5 to obtain the total maximum-budget-without-a-vote foundation
 6 program amount for the district."

7 **Section 46.** Section 20-9-322, MCA, is amended to read:

8 "20-9-322. Elementary instructional aide funding
 9 qualification. (1) An elementary school that anticipates an
 10 ANB of at least 14 but less than 18 pupils for the ensuing
 11 school fiscal year may determine the maximum-general-fund
 12 budget foundation program amount under the provisions of
 13 20-9-316(3) or 20-9-318(3) if eligibility is approved in
 14 accordance with the following provisions:

15 (a) No later than May 10 of each year, the school
 16 district shall submit its application for approval for
 17 instructional aide funding to the superintendent of public
 18 instruction. The application must include:

19 (i) the ANB for the preceding ANB calculation period;
 20 (ii) the current ANB and the number of grade levels
 21 being taught on May 1 of the current year;

22 (iii) an estimate of the ANB and the number of grade
 23 levels anticipated for the ensuing ANB calculation period;

24 (iv) the factual information on which the estimate is
 25 based; and

1 (v) any other information or data that may be required
 2 by the superintendent of public instruction.

3 (b) The superintendent of public instruction shall
 4 immediately review all of the factors of the application and
 5 shall approve the application if the anticipated ANB is at
 6 least 14 but less than 18 pupils and a minimum of five grade
 7 levels are being taught as of May 1 of the current year or
 8 documentation is provided that indicates that the
 9 anticipated ANB will require a minimum of five grade levels
 10 to be taught in the ensuing school year.

11 (2) Whenever a school district applies for and is
 12 approved for instructional aide funding under the provisions
 13 of subsection (1), the district shall hire an instructional
 14 aide.

15 (3) For the purposes of this section, the term
 16 "instructional aide" means:

17 (a) a person who is under the direct supervision of a
 18 teacher; or

19 (b) a certified teacher."

20 **Section 47.** Section 20-9-331, MCA, is amended to read:

21 "20-9-331. Basic county tax and other revenues for
 22 county equalization of the elementary district foundation
 23 program. (1) ~~It shall be the duty of the~~ The county
 24 commissioners of each county ~~to~~ shall levy an annual basic
 25 tax of 28 mills on the ~~dollars~~ dollar of the taxable value

1 of all taxable property within the county, except for
 2 ~~vehicles--subject--to--taxation--under--61-3-504(2)~~ property
 3 subject to taxes and fees under 23-2-517, 23-2-803,
 4 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the
 5 purposes of local and state foundation program support. The
 6 revenue ~~to--be~~ collected from this levy ~~shall~~ must be
 7 apportioned to the support of the foundation programs of the
 8 elementary school districts in the county and to the state
 9 special revenue fund, state equalization aid account, in the
 10 following manner:

11 (a) In order to determine the amount of revenue raised
 12 by this levy which is retained by the county, the sum of the
 13 estimated ~~revenues~~ revenue identified in subsection (2)
 14 ~~below--shall~~ must be subtracted from the ~~sum--of--the--county~~
 15 ~~elementary--transportation--obligation--and--the~~ total of the
 16 foundation programs of all elementary districts of the
 17 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 in subsection (1)(a), the county
 21 treasurer shall remit the surplus funds to the state
 22 treasurer for deposit to the state special revenue fund,
 23 state equalization aid account, immediately upon occurrence
 24 of a surplus balance and each subsequent month thereafter,
 25 with any final remittance due no later than June 20 of the

1 fiscal year for which the levy has been set.

2 (c) If revenue from the basic levy prescribed by this
 3 section when combined with the other revenue from subsection
 4 (2) is insufficient to fully fund the percentage determined
 5 in 20-9-347(1)(b) and the county is eligible for an
 6 apportionment of state equalization aid under the provisions
 7 of 20-9-347(1)(c), the county superintendent shall notify
 8 the superintendent of public instruction of the deficiency.
 9 The superintendent of public instruction shall increase the
 10 state equalization aid payments to the districts in the
 11 affected county to offset the deficiency. A payment may not
 12 be made under this subsection (c) that allows a district to
 13 receive foundation program funding in excess of the
 14 foundation program amount of the district.

15 (2) The proceeds revenue realized from the county's
 16 portion of the levy prescribed by this section and the
 17 revenues revenue from the following sources ~~shall~~ must be
 18 used for the equalization of the elementary district
 19 foundation programs of the county as prescribed in 20-9-334,
 20 and a separate accounting ~~shall~~ must be kept of ~~such~~
 21 ~~proceeds--and--revenues~~ the revenue by the county treasurer in
 22 accordance with 20-9-212(1):

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

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

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

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

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

18 (f) net and gross proceeds taxes for--interim
19 ~~production-and-new-production,--as--defined--in--15-23-601~~
20 collected under 15-23-607 and 15-23-703; and

21 (g) anticipated revenue from vehicle property taxes
22 and 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 **Section 48.** Section 20-9-333, MCA, is amended to read:

25 "20-9-333. Basic special levy and other revenues for

1 county equalization of high school district foundation
2 program. (1) ~~It--shall--be--the--duty--of--the~~ The county
3 commissioners of each county to shall levy an annual basic
4 special tax for high schools of 17 mills on the dollar of
5 the taxable value of all taxable property within the county,
6 ~~except for vehicles-subject-to-taxation-under-61-3-504(2)~~
7 property subject to taxes and fees under 23-2-517, 23-2-803,
8 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the
9 purposes of local and state foundation program support. The
10 revenue ~~to--be~~ collected from this levy ~~shall~~ must be
11 apportioned to the support of the foundation programs of
12 high school districts in the county and to the state special
13 revenue fund, state equalization aid account, in the
14 following manner:

15 (a) In order to determine the amount of revenue raised
16 by this levy which is retained by the county, the sum of the
17 estimated revenues revenue identified in ~~subsections-(2)(a)~~
18 ~~and-(2)(b)-below-shall~~ subsection (2) must be subtracted
19 from the sum of the county's high school tuition obligation
20 and the total of the foundation programs of all high school
21 districts of the county.

22 (b) If the basic levy prescribed by this section
23 produces more revenue than is required to finance the
24 difference determined above in subsection (1)(a), the county
25 treasurer shall remit the surplus to the state treasurer for

1 deposit to the state special revenue fund, state
2 equalization aid account, immediately upon occurrence of a
3 surplus balance and each subsequent month thereafter, with
4 any final remittance due no later than June 20 of the fiscal
5 year for which the levy has been set.

6 (c) If revenue from the basic levy prescribed by this
7 section when combined with the other revenue from subsection
8 (2) is insufficient to fully fund the percentage determined
9 in 20-9-347(1)(b) and the county is eligible for an
10 apportionment of state equalization aid under the provisions
11 of 20-9-347(1)(c), the county superintendent shall notify
12 the superintendent of public instruction of the deficiency.
13 The superintendent of public instruction shall increase the
14 state equalization aid payments to the districts in the
15 affected county to offset the deficiency. A payment may not
16 be made under this subsection (c) that allows a district to
17 receive foundation program funding in excess of the
18 foundation program amount of the district.

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

1 with 20-9-212(1):

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

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

11 (c) net and gross proceeds taxes ~~for--interim~~
12 ~~production-and--new--production,--as--defined--in--15-23-601~~
13 collected under 15-23-607 and 15-23-703; and

14 (d) anticipated revenue from vehicle property taxes
15 and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
16 61-3-521, and 61-3-537, and 67-3-204."

17 **Section 49.** Section 20-9-334, MCA, is amended to read:

18 "20-9-334. Apportionment of county equalization moneys
19 money by county superintendent. The county superintendent
20 shall separately apportion the revenues deposited in the
21 basic county tax account and the revenues deposited in the
22 basic special tax for high schools account to the several
23 districts of the county on a monthly basis. The
24 apportionments ~~shall~~ must be known as "county equalization
25 moneys money". Before the county superintendent makes the

1 monthly apportionments, he the county superintendent shall:

2 ~~{1} deduct from the revenues available in the basic~~
3 ~~county tax account the amount required for the month to pay~~
4 ~~the county's obligation for elementary transportation~~
5 ~~reimbursements; and~~

6 {2} deduct from the revenues available in the basic
7 special tax for high schools account the amount required for
8 the month to pay the county's obligation for high school
9 out-of-county tuition."

10 **Section 50.** Section 20-9-343, MCA, is amended to read:

11 **"20-9-343. Definition of and revenue for state**
12 **equalization aid.** (1) As used in this title, the term "state
13 equalization aid" means ~~those moneys~~ the money deposited in
14 the state special revenue fund as required in this section
15 plus any legislative appropriation of money from other
16 sources for distribution to the public schools for the
17 purpose purposes of payment of guaranteed tax base aid and
18 equalization of the foundation program.

19 (2) ~~The legislative appropriation for state~~
20 ~~equalization aid shall be made in a single sum for the~~
21 ~~biennium. The superintendent of public instruction has~~
22 ~~authority to may spend such appropriation, together with the~~
23 ~~earmarked revenues provided in subsection {3}, funds~~
24 appropriated for state equalization aid as required for
25 guaranteed tax base aid and foundation program purposes

1 throughout the biennium.

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

5 (a) ~~31.8% of all~~ money received from the collection of
6 income taxes under chapter 30 of Title 15, as provided by
7 15-1-501;

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

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

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

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

20 (f) ~~income from the education trust fund account; and~~
21 money received from the state equalization aid levy under
22 [section 71];

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

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

1 support according to 20-9-331 and 20-9-333;

2 (i) investment income earned by investing money in the
3 state equalization aid account in the state special revenue
4 fund;

5 (j) money recaptured from school districts as provided
6 in 20-9-315; and

7 (k) money from the education surtax, as provided in
8 15-1-501.

9 (4) The superintendent of public instruction shall
10 request the board of investments to invest the money in the
11 state equalization aid account to maximize investment
12 earnings to the account.

13 ~~(4)~~(5) Any surplus revenue in the state equalization
14 aid account in the second year of a biennium may be used to
15 reduce the any appropriation required for the next
16 succeeding biennium."

17 **Section 51.** Section 20-9-344, MCA, is amended to read:

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

1 connection with any adult education program, recreation
2 program, school food services program, and new buildings,
3 new and grounds,--and-transportation.

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

8 (a) adopt policies for regulating the distribution of
9 state equalization aid in accordance with the provisions of
10 law and in a manner that ~~would most effectively meet the~~
11 ~~financial--needs---of---districts~~ provides for monthly
12 distribution to each district of its foundation program
13 amount and to each district and county of its guaranteed tax
14 base aid;

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~~ the annual entitlement of each district or county
21 to such the aid as established by the superintendent of
22 public instruction. In ordering the distribution of state
23 equalization aid, the board of public education ~~shall~~ may
24 not increase or decrease the state equalization aid
25 distribution to any district or county on account of any

1 difference which that may occur during the school fiscal
2 year between budgeted and actual receipts from any other
3 source of school revenue.

4 (3) The board of public education may order the
5 superintendent of public instruction to withhold
6 distribution of state equalization aid or order the county
7 superintendent of schools to withhold county equalization
8 money from a district when the district fails to:

9 (a) submit reports or budgets as required by law or
10 rules adopted by the board of public education; or

11 (b) maintain accredited status.

12 (4) Prior to any proposed order by the board of public
13 education to withhold distribution of state equalization aid
14 or county equalization money, the district is entitled to a
15 contested case hearing before the board of public education,
16 as provided under the Montana Administrative Procedure Act.

17 ~~(3)~~(5) Should If a district receive or county receives
18 more state equalization aid than it is entitled to, the
19 county treasurer must shall return the overpayment to the
20 state upon the request of the superintendent of public
21 instruction in the manner prescribed by the department of
22 commerce.

23 ~~(4)~~(6) (a) The first foundation program payment of
24 state--equalization--aid and payment of guaranteed tax base
25 aid must be:

1 ~~(a)~~ based on an estimate of 20% of each-district's the
2 entitlement, of each district or county and

3 ~~(b)~~ distributed by July 15 of the school fiscal year.

4 (b) Each subsequent monthly payment must be at least
5 7% of the entitlement of each district or county."

6 **Section 52.** Section 20-9-346, MCA, is amended to read:

7 "20-9-346. Duties of the superintendent of public
8 instruction for state equalization aid distribution. The
9 superintendent of public instruction shall administer the
10 distribution of the state equalization aid by:

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

21 (2) recommending to the board of public education the
22 annual entitlement of all districts and counties to state
23 equalization aid to enable the board of public education to
24 order the distribution of state equalization aid;

25 (3) distributing by state warrant or electronic

1 transfer the state equalization aid, for each district or
 2 county entitled to ~~such~~ the aid, to the county treasurer of
 3 the respective county or county where the district is
 4 located, in accordance with the distribution ordered by the
 5 board of public education;

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

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

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

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

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

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

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

24 **Section 53.** Section 20-9-347, MCA, is amended to read:

25 "20-9-347. Formula for state equalization aid

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

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

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

20 (c) Counties in which the percentage determined in
 21 subsection (1)(b) exceeds the percentage determined in
 22 subsection (1)(a) ~~shall--not--be~~ are not entitled to an
 23 apportionment of the state equalization aid in support of
 24 the foundation program.

25 (d) After elimination of the counties referred to in

1 subsection (1)(c), determine the percentage that the total
 2 moneys money available to all remaining counties in support
 3 of the foundation program (including the state moneys money
 4 available for state equalization aid in support of the
 5 foundation program) is of the total amount of the foundation
 6 programs of all such remaining counties.

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

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

22 **Section 54.** Section 20-9-351, MCA, is amended to read:

23 "20-9-351. Funding of deficiency in state equalization
 24 aid. If the ~~foundation--program--level--made--under--the~~
 25 ~~provisions of 20-9-348 is less than 100%, it shall be the~~

1 ~~duty--of~~ money available for state equalization aid is not
 2 sufficient to provide the foundation program schedule
 3 support determined in 20-9-348 and the guaranteed tax base
 4 aid required under [sections 74 through 77], the
 5 superintendent of public instruction ~~to shall~~ request the
 6 budget director to submit a request for a supplemental
 7 appropriation in the second year of the biennium that ~~would~~
 8 be is sufficient to complete the funding of guaranteed tax
 9 base aid and the foundation programs of the elementary or
 10 secondary schools, or both, for the current biennium."

11 **Section 55.** Section 20-9-353, MCA, is amended to read:

12 "20-9-353. Additional levy for general fund --
 13 election for authorization to impose. (1) The trustees of
 14 any district may propose to adopt a general fund budget in
 15 excess of the ~~general--fund--budget~~ foundation program and
 16 permissive amount for such the district ~~as--established--by~~
 17 ~~the--schedules--in--20-9-316--through--20-9-321~~ for any of the
 18 following purposes:

19 (a) building, altering, repairing, or enlarging any
 20 schoolhouse of the district;

21 (b) furnishing additional school facilities for the
 22 district;

23 (c) acquisition of land for the district;

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

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

20 PROPOSITION

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

1 which the additional tax levy is made)?

2 FOR the levy.

3 AGAINST the levy.

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

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

21 **Section 56.** Section 20-9-501, MCA, is amended to read:
 22 "20-9-501. Retirement fund. (1) The trustees of any
 23 district employing personnel who are members of the
 24 teachers' retirement system or the public employees'
 25 retirement system or who are covered by unemployment

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

19 (2) The trustees of any district required to make a
 20 contribution to any ~~such~~ system referred to in subsection
 21 (1) shall include in the retirement fund of the preliminary
 22 budget the estimated amount of the employer's contribution
 23 and ~~such~~ additional moneys money, within legal limitations,
 24 as they may wish to provide for the retirement fund cash
 25 reserve. After the final retirement fund budget has been

1 adopted, the trustees shall pay the employer contributions
 2 to such systems in accordance with the financial
 3 administration provisions of this title.

4 (3) When the final retirement fund budget has been
 5 adopted, the county superintendent shall establish the levy
 6 requirement by:

7 (a) determining the sum of the moneys money available
 8 to reduce the retirement fund levy requirement by adding:

9 (i) any anticipated moneys money that may be realized
 10 in the retirement fund during the ensuing school fiscal
 11 year, including anticipated revenue from ~~vehicle~~ property
 12 taxes and fees imposed under 23-2-517, 23-2-803,
 13 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-204;

14 (ii) net and gross proceeds taxes ~~for---interim~~
 15 ~~production--and--new--production,--as--defined--in--15-23-601~~
 16 collected under 15-23-607 and 15-23-703; and

17 (iii) any cash available for reappropriation as
 18 determined by subtracting the amount of the end-of-the-year
 19 cash balance earmarked as the retirement fund cash reserve
 20 for the ensuing school fiscal year by the trustees from the
 21 end-of-the-year cash balance in the retirement fund. The
 22 retirement fund cash reserve ~~shall~~ may not be more than 35%
 23 of the final retirement fund budget for the ensuing school
 24 fiscal year and ~~shall~~ must be used for the purpose of paying
 25 retirement fund warrants issued by the district under the

1 final retirement fund budget.

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

6 (4) The county superintendent shall:

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

12 ~~(b)--reduce-the-total-retirement-fund-levy-requirements~~
13 ~~of-elementary-school-districts-and-high-school-districts--by~~
14 ~~the-amount-available-in-state-retirement-equalization-aid-as~~
15 ~~calculated-and-distributed-under-the-provisions-of-20-9-532;~~
16 and

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

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

24 (6) The net retirement fund levy requirement for a
25 joint elementary district or a joint high school district

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

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

19 **Section 57.** Section 20-9-506, MCA, is amended to read:

20 "20-9-506. Budgeting and net levy requirement for
21 nonoperating fund. (1) The trustees of any district which
22 that does not operate a school or will not operate a school
23 during the ensuing school fiscal year shall adopt a
24 nonoperating school district budget in accordance with the
25 school budgeting provisions of this title. Such nonoperating

1 budget ~~shall~~ must contain the nonoperating fund and, when
 2 appropriate, a debt service fund. The nonoperating budget
 3 form ~~shall~~ must be promulgated and distributed by the
 4 superintendent of public instruction under the provisions of
 5 20-9-103.

6 (2) After the adoption of a final budget for the
 7 nonoperating fund, the county superintendent shall compute
 8 the net levy requirement for ~~such~~ the fund by subtracting
 9 from the amount authorized by ~~such~~ the budget the sum of:

10 (a) the end-of-the-year cash balance of the
 11 nonoperating fund or, if it is the first year of
 12 nonoperation, the cash balance determined under the transfer
 13 provisions of 20-9-505;

14 (b) the estimated state ~~and--county~~ transportation
 15 ~~reimbursements~~ reimbursement; and

16 (c) any other ~~moneys~~ money that may become available
 17 during the ensuing school fiscal year.

18 (3) The county superintendent shall report the net
 19 nonoperating fund levy requirement and any net debt service
 20 fund levy requirement determined under the provisions of
 21 20-9-439 to the county commissioners on the second Monday of
 22 August, and ~~such~~ the levies ~~shall~~ must be made on the
 23 district by the county commissioners in accordance with
 24 20-9-142."

25 **Section 58.** Section 20-10-104, MCA, is amended to

1 read:

2 "20-10-104. Penalty for violating law or rules. (1)
 3 Every district, its trustees and employees, and every person
 4 under a transportation contract with a district ~~shall-be~~ are
 5 subject to the policies prescribed by the board of public
 6 education and the rules prescribed by the superintendent of
 7 public instruction. When a district knowingly violates a
 8 transportation law or board of public education
 9 transportation policy, ~~such~~ the district shall forfeit any
 10 reimbursement otherwise payable under 20-10-145 and
 11 ~~20-10-146~~ for bus miles actually traveled during that fiscal
 12 year in violation of ~~such-law~~ any laws or policies. The
 13 county superintendent shall suspend ~~all---such~~ any
 14 reimbursements payable to the district until the district
 15 corrects the violation. When the district corrects the
 16 violation, the county superintendent shall resume paying any
 17 reimbursements to the district, but the amount forfeited may
 18 not be paid to the district.

19 (2) When a person operating a bus under contract with
 20 a district knowingly fails to comply with the transportation
 21 law or the board of public education transportation
 22 policies, the district may not pay him for any bus miles
 23 traveled during the contract year in violation of such law
 24 or policies. Upon discovering ~~such~~ a violation, the trustees
 25 of the district shall give written notice to the person that

1 unless the violation is corrected within 10 days of the
 2 giving of notice, the contract will be canceled. The
 3 trustees of a district shall order the operation of a bus
 4 operated under contract suspended when the bus is being
 5 operated in violation of transportation law or policies and
 6 the trustees find that such the violation jeopardizes the
 7 safety of pupils."

8 **Section 59.** Section 20-10-141, MCA, is amended to
 9 read:

10 ***20-10-141. Schedule of maximum reimbursement by**
 11 **mileage rates.** (1) The following mileage rates for school
 12 transportation constitute the maximum reimbursement to
 13 districts for school transportation from state ~~and--county~~
 14 ~~sources--of~~ transportation revenue under the provisions of
 15 20-10-145 ~~and--20-10-146~~. These Except as provided in
 16 20-10-143, the rates shall may not limit the amount which a
 17 district may budget in its transportation fund budget in
 18 order to provide for the estimated and necessary cost of
 19 school transportation during the ensuing school fiscal year.
 20 All bus miles traveled on routes approved by the county
 21 transportation committee are reimbursable. Nonbus mileage is
 22 reimbursable for a vehicle driven by a bus driver to and
 23 from an overnight location of a school bus when the location
 24 is more than 10 miles from the school. A district may
 25 approve additional bus or nonbus miles within its own

1 district or approved service area but may not claim
 2 reimbursement for such mileage. Any vehicle, the operation
 3 of which is reimbursed for bus mileage under the rate
 4 provisions of this schedule, ~~shall~~ must be a school bus, as
 5 defined by this title, driven by a qualified driver on a bus
 6 route approved by the county transportation committee and
 7 the superintendent of public instruction.

8 (2) The rate per bus mile traveled ~~shall~~ must be
 9 determined in accordance with the following schedule when
 10 the number of eligible transportees that board a school bus
 11 on an approved route is not less than one-half of its rated
 12 capacity:

13 ~~(a) 72--cents-in-fiscal-1984-and-80~~ 40 cents in-fiscal
 14 ~~1985-and-each-year-thereafter~~ per bus mile for a school bus
 15 with a rated capacity of not less than 12 but not more than
 16 45 children; and

17 (b) when the rated capacity is more than 45 children,
 18 an additional 2 cents per bus mile for each additional child
 19 in the rated capacity in excess of 45 ~~shall~~ must be added to
 20 a base rate of ~~72--cents-in-fiscal-1984-and-80~~ 40 cents in
 21 ~~fiscal-1985-and-each-year-thereafter~~ per bus mile.

22 (3) Reimbursement for nonbus mileage provided for in
 23 subsection (1) may not exceed 50% of the maximum
 24 reimbursement rate determined under subsection (2).

25 (4) When the number of eligible transportees boarding

1 a school bus on an approved route is less than one-half of
2 its rated capacity, the rate per bus mile traveled ~~shall~~
3 must be computed as follows:

4 (a) determine the number of eligible transportees that
5 board the school bus on the route;

6 (b) multiply the number determined in subsection
7 (4)(a) by two and round off to the nearest whole number; and

8 (c) use the adjusted rated capacity determined in
9 subsection (4)(b) as the rated capacity of the bus to
10 determine the rate per bus mile traveled from the rate
11 schedule in subsection (2).

12 (5) The rated capacity ~~shall--be~~ is the number of
13 riding positions of a school bus as determined under the
14 policy adopted by the board of public education."

15 **Section 60.** Section 20-10-142, MCA, is amended to
16 read:

17 "20-10-142. Schedule of maximum reimbursement for
18 individual transportation. The following rates for
19 individual transportation constitute the maximum
20 reimbursement to districts for individual transportation
21 from state and county district sources of transportation
22 revenue under the provisions of 20-10-145 and ~~20-10-146~~.
23 ~~These~~ The rates also ~~shall~~ constitute the limitation of the
24 budgeted amounts for individual transportation for the
25 ensuing school fiscal year. The schedules provided in this

1 section ~~shall~~ may not be altered by any authority other than
2 the legislature of the state of Montana. When the trustees
3 contract with the parent or guardian of any eligible
4 transportee to provide individual transportation for each
5 day of school attendance, they shall reimburse the parent or
6 guardian on the basis of the following schedule:

7 (1) When a parent or guardian transports an eligible
8 transportee or transportees from the residence of the parent
9 or guardian to a school or to schools located within 3 miles
10 of one another, the total reimbursement per day of
11 attendance ~~shall~~ must be determined by multiplying the
12 distance in miles between the residence and the school, or
13 the most distant school if more than one, by 2, subtracting
14 6 miles from the product so obtained, and multiplying the
15 difference by 20 cents provided that:

16 (a) if two or more eligible transportees are
17 transported by a parent or guardian to two or more schools
18 located within 3 miles of one another and if such schools
19 are operated by different school districts, the total amount
20 of the reimbursement ~~shall~~ must be divided equally between
21 the districts;

22 (b) if two or more eligible transportees are
23 transported by a parent or guardian to two or more schools
24 located more than 3 miles from one another, the parent or
25 guardian ~~shall~~ must be separately reimbursed for

1 transporting the eligible transportee or transportees to
2 each school;

3 (c) if a parent transports two or more eligible
4 transportees to a school and a bus stop which school and bus
5 stop are located within 3 miles of one another, the total
6 reimbursement ~~shall~~ must be determined under the provisions
7 of this subsection and ~~shall~~ must be divided equally between
8 the district operating the school and the district operating
9 the bus;

10 (d) if a parent transporting two or more eligible
11 transportees to a school or bus stop must, because of
12 varying arrival and departure times, make more than one
13 round-trip journey to the bus stop or school, the total
14 reimbursement allowed by this section ~~shall~~ must be limited
15 to one round trip per day for each scheduled arrival or
16 departure time;

17 (e) notwithstanding subsection (1)(a), (1)(b), (1)(c),
18 or (1)(d), ~~no~~ a reimbursement may not be less than 25 cents
19 a day.

20 (2) When the parent or guardian transports an eligible
21 transportee or transportees from the residence to a bus stop
22 of a bus route approved by the trustees for the
23 transportation of the transportee or transportees, the total
24 reimbursement per day of attendance ~~shall~~ must be determined
25 by multiplying the distance in miles between the residence

1 and the bus stop by 2, subtracting 3 miles from the product
2 so obtained, and multiplying the difference by 20 cents
3 provided that:

4 (a) if the eligible transportees transported attend
5 schools in different districts but ride on one bus, the
6 districts shall divide the total reimbursement equally; and

7 (b) if the parent or guardian is required to transport
8 the eligible transportees to more than one bus, the parent
9 or guardian ~~shall~~ must be separately reimbursed for
10 transportation to each bus.

11 (3) Where, due to excessive distances, impassable
12 roads, or other special circumstances of isolation the rates
13 prescribed in subsection (1) or (2) would be an inadequate
14 reimbursement for the transportation costs or would result
15 in a physical hardship for the eligible transportee, ~~his~~ the
16 transportee's parent or guardian may request an increase in
17 the reimbursement rate. ~~Such-a~~ A request for increased rates
18 due to isolation ~~shall~~ must be made by the parent or
19 guardian on the contract for individual transportation for
20 the ensuing school fiscal year by indicating the special
21 facts and circumstances which exist to justify the increase.
22 Before any increased rate due to isolation ~~can~~ may be paid
23 to the requesting parent or guardian, ~~such~~ the rate must be
24 approved by the county transportation committee and the
25 superintendent of public instruction after the trustees have

1 indicated their approval or disapproval. Regardless of the
 2 action of the trustees and when approval is given by the
 3 county transportation committee and the superintendent of
 4 public instruction, the trustees shall pay such the
 5 increased rate due to isolation. The increased rate ~~shall~~
 6 must be 1 1/2 times the rate prescribed in subsection (1)
 7 above.

8 (4) When the isolated conditions of the household
 9 where an eligible transportee resides require such the
 10 eligible transportee to live away from the household in
 11 order to attend school, ~~he--shall--be~~ the transportee is
 12 eligible for the room and board reimbursement. Approval to
 13 receive the room and board reimbursement ~~shall~~ must be
 14 obtained in the same manner prescribed in subsection (3)
 15 above. The per diem rate for room and board ~~shall--be~~ is \$5
 16 for one eligible transportee and \$3 for each additional
 17 eligible transportee of the same household.

18 (5) When the individual transportation provision is to
 19 be satisfied by supervised home study or supervised
 20 correspondence study, the reimbursement rate ~~shall~~ must be
 21 the cost of such study, provided that the course of
 22 instruction is approved by the trustees and supervised by
 23 the district."

24 **Section 61.** Section 20-10-143, MCA, is amended to
 25 read:

1 "20-10-143. Budgeting for transportation and
 2 transmittal of transportation contracts -- transportation
 3 fund limitation. (1) The Except as provided in subsection
 4 (2), the trustees of any district furnishing transportation
 5 to pupils who are residents of such the district shall have
 6 ~~the--authority--and--it--shall--be--their--duty--to~~ provide a
 7 transportation fund budget that is adequate to finance such
 8 the district's transportation contractual obligations and
 9 any other transportation expenditures necessary for the
 10 conduct of its transportation program. The transportation
 11 fund budget ~~shall~~ must include:

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

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

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

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

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

1 (2) The transportation fund budget of a district may
 2 not exceed the transportation fund expenditures for school
 3 fiscal year 1988, except the superintendent of public
 4 instruction may approve a request to exceed the budget
 5 limitation if an emergency or special circumstance occurs,
 6 as prescribed in rules adopted by the superintendent of
 7 public instruction.

8 ~~(2)~~(3) The trustees may include a contingency amount
 9 in the transportation fund budget for the purpose of
 10 enabling the district to fulfill any obligation to provide
 11 transportation in accordance with the transportation law
 12 for:

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

17 (b) pupils who have become eligible transportees since
 18 the adoption of the preliminary budget because their legal
 19 residence has been changed. The budgeted contingency amount
 20 ~~shall~~ must not exceed 10% of the transportation schedule
 21 amount as calculated under the provisions of 20-10-141 and
 22 20-10-142 for all transportation services authorized by such
 23 schedule and provided by the district unless 10% of ~~such~~ the
 24 transportation schedule amount ~~shall-be~~ is less than \$100,
 25 in which case \$100 ~~shall~~ must be the maximum limitation for

1 such budgeted contingency amount.

2 ~~(3)~~(4) As provided in 20-9-162, an emergency
 3 transportation fund budget may be adopted subject to the
 4 provisions of the emergency budgeting law.

5 ~~(4)~~(5) The transportation fund budgeted expenditures
 6 appropriated by the trustees ~~shall~~ must be reported on the
 7 regular budget form prescribed by the superintendent of
 8 public instruction in accordance with 20-9-103, and the
 9 adoption of the transportation fund budget ~~shall~~ must be
 10 completed in accordance with the school budgeting laws. When
 11 the adopted preliminary budget is sent to the county
 12 superintendent, the trustees shall also send copies of all
 13 completed transportation contracts for school bus
 14 transportation and individual transportation to the county
 15 superintendent. ~~Such~~ The contracts ~~shall~~ must substantiate
 16 all contracted transportation services incorporated in the
 17 preliminary budget, and after the county superintendent has
 18 utilized the contracts for ~~such~~ that purpose but before the
 19 fourth Monday of July, he shall send all the transportation
 20 contracts received by--him to the superintendent of public
 21 instruction. When the county superintendent determines a
 22 deviation between the preliminary transportation fund budget
 23 amount for contracted transportation services and the
 24 contracted amount for ~~such~~ the services, he shall
 25 immediately call the deviation to the attention of the

1 appropriate trustees and shall allow the trustees to change
2 the preliminary budgeted amount to compensate for such
3 deviation."

4 **Section 62.** Section 20-10-144, MCA, is amended to
5 read:

6 "20-10-144. Computation of revenues and net tax levy
7 requirements for the transportation fund budget. Before the
8 fourth Monday of July and in accordance with 20-9-123, the
9 county superintendent shall compute the revenue available to
10 finance the transportation fund budget of each district. The
11 county superintendent shall compute the revenue for each
12 district on the following basis:

13 (1) The "schedule amount" of the preliminary budget
14 expenditures that is derived from the rate schedules in
15 20-10-141 and 20-10-142 shall must be determined by adding
16 the following amounts:

17 (a) the sum of the maximum reimbursable expenditures
18 for all approved school bus routes maintained by the
19 district (to determine the maximum reimbursable expenditure,
20 multiply the applicable rate per bus mile by the total
21 number of miles to be traveled during the ensuing school
22 fiscal year on each bus route approved by the county
23 transportation committee and maintained by such district);
24 plus

25 (b) the total of all individual transportation per

1 diem reimbursement rates for such the district as determined
2 from the contracts submitted by the district multiplied by
3 the number of pupil-instruction days scheduled for the
4 ensuing school attendance year; plus

5 (c) any estimated costs for supervised home study or
6 supervised correspondence study for the ensuing school
7 fiscal year; plus

8 (d) the amount budgeted on the preliminary budget for
9 the contingency amount permitted in 20-10-143, except if
10 such the amount exceeds 10% of the total of subsections
11 (1)(a), (1)(b), and (1)(c) or \$100, whichever is larger, the
12 contingency amount on the preliminary budget shall must be
13 reduced to such the limitation amount and used in this
14 determination of the schedule amount.

15 (2) The schedule amount determined in subsection (1)
16 ~~or the total preliminary transportation fund budget,~~
17 ~~whichever is smaller, shall be divided by 3 and the~~
18 ~~resulting one-third amount shall be~~ is used to determine the
19 available state and county revenue to be budgeted on the
20 ~~following basis:~~

21 ~~(a) the resulting one-third amount shall be the~~
22 ~~budgeted state transportation reimbursement, except that the~~
23 ~~state transportation reimbursement for the transportation of~~
24 ~~special education pupils under the provisions of 20-7-442~~
25 ~~shall be two-thirds of the schedule amount attributed to the~~

1 transportation-of-special-education-pupils;

2 (b)--the-resulting-one-third-amount,--except-as-provided

3 for-joint-elementary-districts-in-subsection--(2)(e),--shall

4 be--the--budgeted--county--transportation--reimbursement-for

5 elementary-districts-and-shall--be--financed--by--the--basic

6 county-tax-under-the-provisions-of-20-9-334;

7 (c)--the--resulting--one-third--amount--multiplied-by-2

8 shall-be-the-budgeted--county--transportation--reimbursement

9 amount---for---high--school--districts--financed--under--the

10 provisions-of-subsection-(5)--of--this--section,--except--as

11 provided--for--joint--high--school--districts--in-subsection

12 (2)(e),--and---except---that---the---county---transportation

13 reimbursement--for--the--transportation-of-special-education

14 pupils-under-the-provisions-of-20-7-442-shall--be--one-third

15 of--the--schedule-amount-attributed-to-the-transportation-of

16 special-education-pupils;

17 (d)(3) when If the district has a sufficient amount of

18 cash for reappropriation and other sources of district

19 revenue, as determined in subsection (3) (4), to reduce the

20 total district obligation for financing to zero, any

21 remaining amount of such district revenue and cash

22 reappropriated shall must be used to reduce the--county

23 financing-obligation-in-subsections-(2)(b)-or-(2)(c)-and,--if

24 such--county--financing--obligations-are-reduced-to-zero,--to

25 reduce-the-state-financial-obligation-in-subsection--(2)(a);

1 and

2 (e)--the---county---revenue--requirement--for--a---joint

3 district,--after-the-application-of-any-district-moneys-under

4 subsection-(2)(d)-above,--shall-be-prorated--to--each--county

5 incorporated-by-the-joint-district-in-the-same-proportion-as

6 the--ANB--of--the--joint--district--is--distributed-by-pupil

7 residence-in-each-such-county the state financial obligation

8 in 20-10-145.

9 (3)(4) The total of the moneys money available for the

10 reduction of property tax on the district for the

11 transportation fund shall must be determined by totaling:

12 (a) anticipated federal moneys money received under

13 the provisions of Title I of Public Law 81-874 or other

14 anticipated federal moneys money received in lieu of such

15 that federal act; plus

16 (b) anticipated payments from other districts for

17 providing school bus transportation services for such the

18 district; plus

19 (c) anticipated payments from a parent or guardian for

20 providing school bus transportation services for his child;

21 plus

22 (d) anticipated or reappropriated interest to be

23 earned by the investment of transportation fund cash in

24 accordance with the provisions of 20-9-213(4); plus

25 (e) anticipated or reappropriated revenue from vehicle

1 property taxes and fees imposed under 23-2-517, 23-2-803,
2 61-3-504(2) and, 61-3-521, 61-3-537, and 67-3-204; plus

3 (f) net and gross proceeds taxes for ~~interim~~
4 ~~production--and--new--production,--as--defined--in--15-23-601~~
5 collected under 15-23-607 and 15-23-703; plus

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

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

19 ~~(4)(5)~~ The district levy requirement for each
20 district's transportation fund ~~shall~~ must be computed by:

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

1 (b) subtracting the amount of moneys money available
2 to reduce the property tax on the district, as determined in
3 subsection ~~(3)~~ (4), from the amount determined in subsection
4 ~~(4)(a)~~ above (5)(a).

5 ~~(5)--The--county--levy--requirement--for--the--financing--of~~
6 ~~the--county--transportation--reimbursement--to--high--school~~
7 ~~districts--shall--be--computed--by--adding--all--such--requirements~~
8 ~~for--all--the--high--school--districts--of--the--county,--including~~
9 ~~the--county's--obligation--for--reimbursements--in--joint--high~~
10 ~~school--districts.~~

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

19 **Section 63.** Section 20-10-145, MCA, is amended to
20 read:

21 **"20-10-145. State transportation reimbursement.** (1)
22 Any district providing school bus transportation or
23 individual transportation in accordance with the
24 ~~transportation-law~~ this title, board of public education
25 transportation policy, and superintendent of public

1 instruction transportation rules shall receive a state
 2 reimbursement of its transportation expenditures under the
 3 transportation reimbursement rate provisions of 20-10-141
 4 and 20-10-142. The state transportation reimbursement shall
 5 ~~not exceed one third of the reimbursement amounts~~
 6 ~~established in such sections or one third of the district's~~
 7 ~~transportation fund budget, whichever is smaller, and shall~~
 8 be is computed on the basis of the number of days the
 9 transportation services were actually rendered. In
 10 determining the amount of the state transportation
 11 reimbursement, no an amount claimed by a district shall may
 12 not be considered for reimbursement unless such the amount
 13 has been paid in the regular manner provided for the payment
 14 of other financial obligations of the district.

15 (2) Requests for the state transportation
 16 reimbursement shall must be made by each district
 17 semiannually during the school fiscal year on the claim
 18 forms and procedure promulgated by the superintendent of
 19 public instruction. The claims for state transportation
 20 reimbursements shall must be routed by the district to the
 21 county superintendent, who after reviewing such the claims
 22 shall send them to the superintendent of public instruction.
 23 The superintendent of public instruction shall establish the
 24 validity and accuracy of the claims for the state
 25 transportation reimbursements by determining their

1 compliance with ~~the transportation law~~ this title, board of
 2 public education transportation policy, and the
 3 transportation rules of the superintendent of public
 4 instruction. After making any necessary adjustments to such
 5 claims, ~~he shall cause their~~ the superintendent of public
 6 instruction shall provide payment by ordering a disbursement
 7 from the ~~state moneys appropriated by the legislature of the~~
 8 ~~state of Montana~~ legislative appropriation for the state
 9 transportation reimbursement. Such The payment of all the
 10 district's claims within one county shall must be made to
 11 the county treasurer of such the county, and the county
 12 superintendent shall apportion such the payment in
 13 accordance with the apportionment order supplied by the
 14 superintendent of public instruction."

15 **Section 64.** Section 23-5-1027, MCA, is amended to
 16 read:

17 "23-5-1027. **Disposition of revenue.** (1) A minimum of
 18 45% of the money paid for tickets or chances must be paid
 19 out as prize money. The prize money is statutorily
 20 appropriated, as provided in 17-7-502, to the lottery.

21 (2) Commissions paid to lottery ticket or chance sales
 22 agents are not a state lottery operating expense.

23 (3) That part of all gross revenue not used for the
 24 payment of prizes, commissions, and operating expenses,
 25 together with the interest earned on the gross revenue while

1 the gross revenue is in the enterprise fund, is net revenue
 2 and must be paid quarterly from the enterprise fund
 3 established by 23-5-1026 to the superintendent of public
 4 instruction for distribution as state equalization aid to
 5 the retirement--fund--obligations--of--elementary--and--high
 6 school--districts--in--the-manner-provided-in-20-9-532--The
 7 net-revenue-is--statutorily--appropriated,--as--provided--in
 8 17-7-502,--to--the--superintendent--of--public--instruction public
 9 schools of Montana as provided in 20-9-343.

10 (4) The spending authority of the lottery may be
 11 increased in accordance with this section upon review and
 12 approval of a revised operation plan by the budget office."

13 **Section 65.** Section 90-1-108, MCA, is amended to read:

14 "90-1-108. County land planning assistance. (1) The
 15 department of commerce shall annually distribute the funds
 16 appropriated to it from the county land planning account.
 17 Each county shall be allotted \$3,000. After this
 18 disbursement has been made, 40% of the balance in the
 19 account shall be apportioned to the counties according to
 20 the ratio of each county's land area to the total land area
 21 of the state and 60% of the balance shall be apportioned to
 22 the counties according to each county's portion of the total
 23 population of the state. If a multijurisdictional planning
 24 board has been established in the county, it may receive and
 25 expend part or all of the funds allocated to that county.

1 (2) Counties, cities, or joint planning boards
 2 receiving funds under this section shall use such funds for
 3 land planning purposes, which include but are not limited to
 4 comprehensive planning, economic development planning, and
 5 capital improvements planning.

6 (3) At the end of each fiscal year, every local
 7 governing body and planning agency receiving funds under
 8 this section shall provide an accounting of how the money
 9 was spent, in a form acceptable to the department of
 10 commerce. Surplus funds may be accumulated and rebudgeted
 11 for the purposes stated in subsection (2), except that funds
 12 rebudgeted by a local governing body or planning agency may
 13 not exceed the total revenue received under subsection (1)
 14 in the year immediately prior to the budget year. Any
 15 excess funds shall revert to the education--trust--fund
 16 account state special revenue fund for state equalization
 17 aid to public schools of the state at the end of each
 18 odd-numbered fiscal year, beginning in June 1987 1991."

19 **Section 66.** Section 90-6-202, MCA, is amended to read:

20 "90-6-202. Accounts established. (1) There is within
 21 the state special revenue fund a local impact account.
 22 Moneys are payable into this account under 15-35-108. The
 23 state treasurer shall draw warrants from this account upon
 24 order of the coal board.

25 (2) There is within the state special revenue fund a

1 coal area highway improvement account.

2 ~~{3}--There-is-within-the-nonexpendable--trust--fund--an~~
3 ~~education-trust-fund-account--"~~

4 **Section 67.** Section 90-6-212, MCA, is amended to read:

5 "90-6-212. Local impact account -- disposition of loan
6 repayments, interest, and unexpended balances. (1) The money
7 derived from loans made pursuant to this part, including
8 interest thereon, must be deposited to the credit of the
9 local impact account created in 90-6-202.

10 (2) The unexpended money in the local impact account
11 must be invested by the board of investments as provided by
12 statute. Interest and earnings must be deposited to the
13 credit of the ~~education-trust--fund--account~~ state special
14 revenue fund for state equalization aid to public schools of
15 the state.

16 (3) The unexpended balance in the local impact account
17 at the end of each biennium must be deposited to the credit
18 of the ~~education-trust-fund-account~~ state special revenue
19 fund for state equalization aid to public schools of the
20 state."

21 **Section 68.** Section 90-6-309, MCA, is amended to read:

22 "90-6-309. Tax prepayment -- large-scale mineral
23 development. (1) After permission to commence operation is
24 granted by the appropriate governmental agency, and upon
25 request of the governing body of a county in which a

1 facility is to be located, a person intending to construct
2 or locate a large-scale mineral development in this state
3 shall prepay property taxes as specified in the impact plan.
4 This prepayment shall exclude the 6-mill university levy
5 established under 20-25-423 and may exclude the mandatory
6 county ~~levy~~ levies for the school foundation program ~~of--45~~
7 ~~mits~~ established in 20-9-331 and 20-9-333.

8 (2) The person who is to prepay under this section
9 ~~shall~~ is not be obligated to prepay the entire amount
10 established in subsection (1) at one time. Upon request of
11 the governing body of an affected local government unit, the
12 person shall prepay the amount shown to be needed from time
13 to time as determined by the board.

14 (3) The person who is to prepay shall guarantee to the
15 hard-rock mining impact board, through an appropriate
16 financial institution, as may be required by the board, that
17 property tax prepayments will be paid as needed for
18 expenditures created by the impacts of the large-scale
19 mineral development.

20 (4) When the mineral development facilities are
21 completed and assessed by the department of revenue, they
22 ~~shall~~ be are subject during the first 3 years and thereafter
23 to taxation as all other property similarly situated, except
24 that in each year after the start of production, the local
25 government unit that received a property tax prepayment

1 shall provide for repayment of prepaid property taxes in
2 accordance with subsection (5).

3 (5) A local government unit that received all or a
4 portion of the property tax prepayment under this section
5 shall provide for tax crediting as specified in the impact
6 plan. The tax credit allowed in any year may not, however,
7 exceed the tax obligation of the developer for that year,
8 and the time period for tax crediting is limited to the
9 productive life of the mining operation."

10 **Section 69.** Section 90-6-402, MCA, is amended to read:

11 **"90-6-402. Definitions.** As used in this part, the
12 following definitions apply:

13 (1) "Affected local government unit" means a local
14 government unit that will experience a need to increase
15 services or facilities as a result of the commencement of
16 large-scale mineral development or within which a
17 large-scale mineral development is located in accordance
18 with an impact plan adopted pursuant to 90-6-307.

19 (2) "Board" means the hard-rock mining impact board
20 established in 2-15-1822.

21 (3) "Mineral development employee" means a person who
22 resides within the jurisdiction of an affected local
23 government unit as a result of employment with a large-scale
24 mineral development or its contractors or subcontractors.

25 (4) "Mineral development student" means a student

1 whose parent or guardian resides within the jurisdiction of
2 an affected local government unit as a result of employment
3 with a large-scale mineral development or its contractors or
4 subcontractors.

5 (5) "Jurisdictional revenue disparity" means property
6 tax revenues resulting from a large-scale hard-rock mineral
7 development that are inequitably distributed among affected
8 local government units as finally determined by the board in
9 an approved impact plan.

10 (6) "Large-scale mineral development", for the
11 purposes of this part, is defined in 90-6-302.

12 (7) "Local government unit", for the purposes of this
13 part, means a county, municipality, or school district.

14 (8) "Taxable valuation" of a mineral development means
15 the total of the gross proceeds taxable percentage specified
16 in 15-6-132(2)(a) when added to the taxable percentages of
17 real property, improvements, machinery, equipment, and other
18 property classified under Title 15, chapter 6, part 1."

19 **NEW SECTION. Section 70.** Comprehensive insurance fund
20 and school transportation fund balances -- transfer. (1) A
21 district that has a balance remaining on [the effective date
22 of this section] in the district comprehensive insurance
23 fund shall transfer the balance to the district general
24 fund.

25 (2) Any balance in a county school transportation fund

1 on [the effective date of this section] must be treated as
2 county equalization money and be apportioned as provided in
3 20-9-334.

4 NEW SECTION. Section 71. State equalization aid levy.
5 There is a levy of 50 mills imposed on all taxable property
6 within the state, except property for which taxes or fees
7 are required under 23-2-517, 23-2-803, 61-3-504(2),
8 61-3-521, 61-3-537, and 67-3-204. Proceeds of the levy must
9 be remitted to the state treasurer and must be deposited to
10 the credit of the state special revenue fund for state
11 equalization aid to the public schools of Montana.

12 NEW SECTION. Section 72. State and county
13 equalization revenue -- statutory appropriation. Revenue
14 received in support of state and county equalization under
15 the provisions of 20-9-331, 20-9-333, and 20-9-343 is
16 statutorily appropriated, as provided in 17-7-502, to the
17 superintendent of public instruction to be used for county
18 equalization and state equalization aid for the public
19 schools, as provided by law, and must be accounted for in
20 accordance with generally accepted accounting principles.

21 NEW SECTION. Section 73. Disposition of taxes. The
22 county treasurer shall credit all taxes collected under
23 15-23-703 in the relative proportions required by the levies
24 for state, county, school district, and municipal purposes
25 in the same manner as property taxes were distributed in the

1 year preceding the budget year.

2 NEW SECTION. Section 74. Definitions. As used in
3 [sections 74 through 77], the following definitions apply:

4 (1) "County mill value per elementary ANB" or "county
5 mill value per high school ANB" means the current taxable
6 valuation of all property in the county divided by 1,000,
7 with the quotient divided by the total county elementary ANB
8 count or the total county high school ANB count used to
9 calculate the elementary school districts' and high school
10 districts' current year foundation program amounts.

11 (2) "District mill value per ANB" means the current
12 taxable valuation of all property in the district divided by
13 1,000, with the quotient divided by the ANB count of the
14 district used to calculate the district's current year
15 foundation program schedule amount.

16 (3) "Guaranteed overschedule general fund budget"
17 means that portion of a district's general fund budget in
18 excess of the foundation program amount for the district, as
19 provided in 20-9-316 through 20-9-321, but not exceeding
20 166% of the district's foundation program amount, and which
21 excess is authorized under the provisions of [section 78]
22 and 20-9-353.

23 (4) "Statewide mill value per elementary ANB" or
24 "statewide mill value per high school ANB" means the current
25 taxable valuation of all property in the state divided by

1 1,000, with the quotient divided by the total state
 2 elementary ANB count or the total state high school ANB
 3 count used to calculate the elementary school districts' and
 4 high school districts' current year foundation program
 5 amounts.

6 **NEW SECTION. Section 75.** Eligibility to receive
 7 guaranteed tax base aid. (1) If the district mill value per
 8 ANB of any elementary or high school district is less than
 9 the corresponding statewide mill value per ANB, the district
 10 may receive guaranteed tax base aid based on the number of
 11 mills levied in the district in support of its
 12 transportation fund budget and its guaranteed overschedule
 13 general fund budget.

14 (2) If the county mill value per elementary ANB or
 15 high school ANB is less than the corresponding statewide
 16 mill value per ANB, the county may receive guaranteed tax
 17 base aid based on the number of mills levied in the county
 18 in support of the retirement fund budgets of the respective
 19 elementary or high school districts in the county.

20 **NEW SECTION. Section 76.** Amount of guaranteed tax
 21 base aid -- reversion. (1) The amount of guaranteed tax base
 22 aid per ANB that a district may receive in support of its
 23 guaranteed overschedule general fund budget is the
 24 difference between the district mill value per ANB and the
 25 corresponding statewide mill value per ANB, multiplied by

1 the number of mills levied in support of the district's
 2 guaranteed overschedule general fund budget.

3 (2) The amount of guaranteed tax base aid per ANB that
 4 a district may receive in support of its transportation fund
 5 budget is the difference between the district mill value per
 6 ANB and the corresponding statewide mill value per ANB,
 7 multiplied by the number of mills levied in support of the
 8 district's transportation fund budget.

9 (3) The amount of guaranteed tax base aid per ANB that
 10 a county may receive in support of the retirement fund
 11 budgets of the elementary school districts in the county is
 12 the difference between the county mill value per elementary
 13 ANB and the statewide mill value per elementary ANB,
 14 multiplied by the number of mills levied in support of the
 15 retirement fund budgets of the elementary districts in the
 16 county.

17 (4) The amount of guaranteed tax base aid per ANB that
 18 a county may receive in support of the retirement fund
 19 budgets of the high school districts in the county is the
 20 difference between the county mill value per high school ANB
 21 and the statewide mill value per high school ANB, multiplied
 22 by the number of mills levied in support of the retirement
 23 fund budgets of the high school districts in the county.

24 (5) Guaranteed tax base aid provided to any county or
 25 district under this section is earmarked to finance the fund

1 or portion of the fund for which it is provided. If the
 2 actual expenditures from the fund or portion of the fund for
 3 which guaranteed tax base aid is earmarked are less than the
 4 amount budgeted, the guaranteed tax base aid reverts in
 5 proportion to the amount budgeted but not expended. If a
 6 county or district receives more guaranteed tax base aid
 7 than it is entitled to, the excess must be returned to the
 8 state as required by 20-9-344.

9 NEW SECTION. Section 77. Duties of superintendent of
 10 public instruction. (1) The superintendent of public
 11 instruction shall administer the distribution of guaranteed
 12 tax base aid by:

13 (a) providing each school district and county
 14 superintendent, by June 1 of each year, with the statewide,
 15 county, and district mill values per ANB for use in
 16 calculating the guaranteed tax base aid available for the
 17 ensuing school fiscal year;

18 (b) requiring each county and district that qualifies
 19 and applies for guaranteed tax base aid to report to the
 20 county superintendent all budget and accounting information
 21 required to administer the guaranteed tax base aid;

22 (c) requiring each county superintendent to submit to
 23 the superintendent of public instruction, by September 1 of
 24 each year, all the district reports required in subsection
 25 (1)(b);

1 (d) keeping a record of the complete data concerning
 2 appropriations available for guaranteed tax base aid and the
 3 entitlements for such aid of the counties and districts that
 4 qualify;

5 (e) distributing the guaranteed tax base aid
 6 entitlement to each qualified county or district from the
 7 appropriations for that purpose.

8 (2) The superintendent shall adopt rules necessary to
 9 implement [sections 74 through 77].

10 NEW SECTION. Section 78. Overschedule permissive
 11 amount of general fund budget -- permissive levy. Whenever
 12 the trustees of any district determine it necessary to adopt
 13 a general fund budget in excess of the foundation program
 14 amount for that district, the trustees shall adopt a
 15 resolution stating the reasons and purposes for exceeding
 16 the foundation program amount. This amount is the
 17 "permissive amount" and may not exceed 25% of the foundation
 18 program amount. It must be financed by a permissive levy
 19 determined by the trustees of the district and established
 20 as provided in 20-9-142, by any guaranteed tax base aid for
 21 which the district may be eligible, and by other revenue
 22 available to the district for other than foundation program
 23 support.

24 NEW SECTION. Section 79. Purpose -- distance learning
 25 telecommunications network -- implementation -- consultant.

1 (1) The purpose of this section is to promote the use of
2 distance learning telecommunications technology to enhance
3 educational opportunities provided to students in the
4 Montana public school system and to promote equal access by
5 students to those opportunities.

6 (2) To provide for the training and education needs of
7 public schools, the department of administration shall
8 retain a telecommunications engineering consultant to
9 support the development of design criteria and
10 specifications for statewide video networking and
11 improvements in the use of existing voice and data networks
12 in the state.

13 (3) The telecommunications engineering consultant
14 shall:

15 (a) seek advice and recommendations on improvements in
16 telecommunications within Montana from the following
17 entities:

18 (i) the office of the superintendent of public
19 instruction;

20 (ii) the university system;

21 (iii) local government and school district officials;

22 (iv) agencies involved in economic development;

23 (v) the executive, judicial, and legislative branches
24 of state government; and

25 (vi) local exchange carriers providing service within

1 the state; and

2 (b) recommend and initiate network improvements during
3 the biennium through shared use and enhancements of existing
4 telecommunications systems, with emphasis on limiting
5 financial commitments to the extent possible.

6 NEW SECTION. **Section 80.** Definition. As used in
7 [sections 80 through 86], "committee" means the legislative
8 oversight committee on school funding implementation created
9 in [section 81].

10 NEW SECTION. **Section 81.** Legislative oversight
11 committee on school funding implementation -- composition
12 and appointment. (1) There is a legislative oversight
13 committee on school funding implementation.

14 (2) The committee consists of 11 members, including:

15 (a) four members of the house of representatives
16 appointed by the speaker of the house;

17 (b) four members of the senate appointed by the
18 committee on committees of the senate;

19 (c) the superintendent of public instruction or his
20 designee as an ex officio nonvoting member;

21 (d) a member of the board of public education as an ex
22 officio nonvoting member; and

23 (f) the governor or his designee as an ex officio
24 nonvoting member.

25 (3) No more than two legislative members from each

1 house may be of the same political party.

2 **NEW SECTION. Section 82. Term of office -- vacancies.**

3 (1) A committee member shall serve until the committee
4 terminates as provided in [section 86].

5 (2) A vacancy on the committee must be filled in the
6 same manner as the original appointment.

7 **NEW SECTION. Section 83. Officers -- meetings --**
8 **quorum -- compensation.** (1) The committee shall choose from
9 its membership a chairman and vice chairman.

10 (2) The committee shall meet upon the call of the
11 chairman or at the request of any five members.

12 (3) Six members constitute a quorum to transact
13 business.

14 (4) A legislative member is entitled to compensation
15 as provided in 5-2-302.

16 **NEW SECTION. Section 84. Duties of the committee.** The
17 duties of the committee include but are not limited to:

18 (1) monitoring the implementation of school funding
19 equalization, including:

20 (a) identification of any problems of implementation
21 and options for resolving these problems;

22 (b) continued analysis of school district budget and
23 expenditure data and of improvements in school district
24 accounting and reporting procedures; and

25 (c) examination of other issues related to

1 implementation;

2 (2) directing the following studies of issues related
3 to school funding equalization:

4 (a) school transportation equalization, including but
5 not limited to:

6 (i) mechanisms to equalize transportation funding; and

7 (ii) analysis of issues related to the costs and
8 efficiencies of school transportation, including
9 reimbursement schedules, load requirements, 3-mile limit,
10 transporting ineligible transportees, functions of the
11 county transportation committee, and school district
12 reporting and budgeting duties;

13 (b) school district capital outlay and debt service
14 equalization, including but not limited to:

15 (i) analysis of school district funds and budgets for
16 various school district capital outlay and debt service
17 obligations; and

18 (ii) options for equalizing school district capital
19 outlay and debt service obligations; and

20 (c) continued study of issues related to equalization,
21 including but not limited to comprehensive insurance,
22 uncollected taxes, tuition, student-based funding
23 distribution methods, special education funding, and federal
24 Public Law 81-874 revenue, especially as it pertains to
25 revenue not linked to Native American students;

1 (3) ongoing analysis of revenue sources related to
2 school funding;

3 (4) holding discussions with any party contemplating
4 litigation regarding compliance with the supreme court and
5 district court rulings on school funding equalization; and

6 (5) reporting its findings, options for legislative
7 consideration, and any proposed legislation to the governor
8 and the 52nd legislature.

9 NEW SECTION. Section 85. Staff assistance. The
10 committee may request the following governmental entities to
11 provide staff assistance to the committee:

12 (1) the office of public instruction;

13 (2) the governor's office of budget and program
14 planning;

15 (3) the board of public education;

16 (4) the legislative council;

17 (5) the office of the legislative fiscal analyst; and

18 (6) the office of the legislative auditor.

19 NEW SECTION. Section 86. Termination. [Sections 80
20 through 86] terminate December 31, 1990.

21 Section 87. Section 15-1-501, MCA, is amended to read:

22 "15-1-501. Disposition of moneys money from certain
23 designated license and other taxes. (1) The state treasurer
24 shall deposit to the credit of the state general fund all
25 moneys money received by him from the collection of:

1 (a) fees from driver's licenses, motorcycle
2 endorsements, and duplicate driver's licenses as provided in
3 61-5-121;

4 (b) electrical energy producer's license taxes under
5 chapter 51;

6 (c) severance taxes allocated to the general fund
7 under chapter 36;

8 (d) liquor license taxes under Title 16;

9 (e) telephone {company} license taxes under chapter
10 53; and

11 (f) inheritance and estate taxes under Title 72,
12 chapter 16.

13 (2) All moneys money received from the collection of
14 income taxes under chapter 30 of this title, shall not
15 including the education surtax under [section 88], must be
16 deposited as follows:

17 (a) ~~58-2%~~ 56.4% to the credit of the state general
18 fund;

19 (b) 10% to the credit of the debt service account for
20 long-range building program bonds as described in 17-5-408;
21 and

22 (c) ~~31-8%~~ 33.6% to the credit of the state special
23 revenue fund for state equalization aid to the public
24 schools of Montana as described in 20-9-343.

25 (3) All moneys money received from the collection of

1 corporation license and income taxes under chapter 31 of
2 this title, except as provided in 15-31-702, ~~shall~~ must be
3 deposited as follows:

4 (a) 64% to the credit of the state general fund;

5 (b) 11% to the credit of the debt service account for
6 long-range building program bonds as described in 17-5-408;
7 and

8 (c) 25% to the credit of the state special revenue
9 fund for state equalization aid to the public schools of
10 Montana as described in 20-9-343.

11 (4) All money received from the collection of the
12 education surtax under [section 88] must be deposited to the
13 credit of the state special revenue fund for state
14 equalization aid to the public schools of Montana as
15 described in 20-9-343.

16 ~~(4)~~(5) The state treasurer shall also deposit to the
17 credit of the state general fund all ~~moneys~~ money received
18 by him from the collection of license taxes, fees, and all
19 net revenues and receipts from all other sources under the
20 operation of the Montana Alcoholic Beverage Code.

21 ~~(5)~~(6) After the distribution provided for in
22 15-36-112, the remainder of the oil severance tax
23 collections ~~shall~~ must be deposited in the general fund."

24 NEW SECTION. Section 88. Education surtax. In
25 addition to the amount of tax liability computed as required

1 in 15-30-103, each person filing a Montana individual income
2 tax return shall add as an education surtax 5% of the tax
3 liability.

4 NEW SECTION. Section 89. Repealer. (1) Sections
5 15-6-139, 15-6-140, 15-6-146, 20-9-105, 20-9-352, 20-9-531,
6 20-9-532, and 20-10-146, MCA, are repealed.

7 (2) Sections 20-9-513 and 90-6-211, MCA, are repealed.

8 NEW SECTION. Section 90. Appropriation. (1) Any money
9 remaining in the education trust fund account, established
10 in 90-6-202(3), and the vocational-technical center and
11 adult basic education account, established in 20-9-513, as
12 of June 30, 1989, is appropriated to the superintendent of
13 public instruction for the fiscal year ending June 30, 1990,
14 for state equalization aid to public schools.

15 (2) There is appropriated from the general fund
16 \$1,300,000 for the fiscal year ending June 30, 1990, to be
17 used to the extent funds appropriated in [section 72] are
18 insufficient to finance the maximum general fund budget
19 schedules for public schools, excluding special education.

20 (3) There is appropriated from the general fund
21 \$2,702,000 for the fiscal year ending June 30, 1991, to the
22 superintendent of public instruction to be used to finance
23 the public school transportation reimbursement schedules.

24 (4) There is appropriated from the general fund
25 \$205,000 for the biennium ending June 30, 1991, to the

1 superintendent of public instruction to establish standard
2 accounting and reporting practices in all Montana public
3 school districts and to implement [this act].

4 (5) There is appropriated from the general fund
5 \$20,000 to the legislative council for the biennium ending
6 June 30, 1991, for use by the committee established in
7 [section 81].

8 (6) There is appropriated from the general fund to the
9 department of administration \$200,000 for the fiscal year
10 ending June 30, 1990, to retain a telecommunications
11 engineering consultant and to support development of and
12 improvements in telecommunications networks in Montana as
13 provided in [section 79].

14 (7) There is appropriated from the general fund to the
15 department of administration \$300,000 for the biennium
16 ending June 30, 1991, to be used for education network
17 implementation and improvements if a 50% match in funds or
18 equipment is available from other sources.

19 NEW SECTION. Section 91. Codification instruction.

20 (1) [Sections 71, 72, and 74 through 78] are intended to be
21 codified as an integral part of Title 20, chapter 9, and the
22 provisions of Title 20 apply to [sections 71, 72, and 74
23 through 78].

24 (2) [Section 73] is intended to be codified as an
25 integral part of Title 15, chapter 23, part 7, and the

1 provisions of Title 15, chapter 23, part 7, apply to
2 [section 73].

3 (3) [Section 88] is intended to be codified as an
4 integral part of Title 15, chapter 30, part 1, and the
5 provisions of Title 15, chapter 30, part 1, apply to
6 [section 88].

7 NEW SECTION. Section 92. Effective dates -- rules.

8 (1) [Sections 1 through 13, 15, 17 through 39, 42 through
9 49, 50(1) and (3) through (5), 51 through 64, 69 through 71,
10 73 through 79, 87, 88, 89(1), and 91] are effective July 1,
11 1990.

12 (2) [Sections 14, 16, 40, 41, 65 through 68, 89(2),
13 90, and 93] are effective July 1, 1989.

14 (3) [Sections 50(2), 72, 80 through 86, and this
15 section] are effective on passage and approval.

16 (4) The superintendent of public instruction may,
17 prior to July 1, 1990, adopt rules and conduct training
18 necessary to implement [sections 32 and 61].

19 NEW SECTION. Section 93. Applicability. (1) [Sections

20 2 through 5, 8 through 11, 71, 73, and 88] apply
21 retroactively, within the meaning of 1-2-109, to all taxable
22 years beginning after December 31, 1989.

23 (2) [Section 87] applies to all tax revenue recorded
24 on or after July 1, 1989, without regard to the time the tax
25 accrued.

-End-

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APPROVED BY COMMITTEE
ON TAXATION

1 HOUSE BILL NO. 39
2 INTRODUCED BY KADAS, RAMIREZ, FARRELL, NATHE,
3 NORMAN, BLAYLOCK, GLASER, EUDAILY
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
6 PUBLIC SCHOOL FUNDING LAW AND RELATED TAXATION LAW; ~~TO~~
7 ~~REVISE--THE--CLASSIFICATION--AND--TAXABLE--RATE--OF--CERTAIN~~
8 ~~PROPERTY;~~ TO IMPOSE A FLAT TAX RATE ON COAL GROSS PROCEEDS
9 AND ON ALL OIL AND GAS NET PROCEEDS; TO ABOLISH THE
10 EDUCATION TRUST FUND ACCOUNT; TO INCREASE THE ALLOCATION OF
11 COAL TAX PROCEEDS TO STATE EQUALIZATION AID; TO INSTITUTE A
12 5 10 PERCENT EDUCATION SURTAX ON INCOME; TO ELIMINATE THE
13 PRESENT PERMISSIVE PROPERTY TAX LEVIES FOR ELEMENTARY AND
14 HIGH SCHOOL DISTRICTS; TO INSTITUTE AN OVERSCHEDULE
15 PERMISSIVE LEVY IN SUPPORT OF THE DISTRICT GENERAL FUND TO
16 FUND NOT MORE THAN AN ADDITIONAL 25 PERCENT OF A DISTRICT'S
17 FOUNDATION PROGRAM SCHEDULE AMOUNT; TO INCLUDE COMPREHENSIVE
18 INSURANCE COSTS IN THE GENERAL FUND BUDGET OF SCHOOL
19 DISTRICTS; TO INCREASE THE FOUNDATION PROGRAM SCHEDULES BY 4
20 PERCENT FOR SCHOOL FISCAL YEAR 1990 AND BY AN ADDITIONAL
21 AMOUNT FOR SCHOOL FISCAL YEAR 1991 AND SUCCEEDING YEARS; TO
22 PROVIDE FOR A DISTRICT WITH A BELOW-AVERAGE PROPERTY TAX
23 MILL VALUE A GUARANTEED VALUE FOR MILLS LEVIED IN SUPPORT OF
24 THE DISTRICT'S ~~TRANSPORTATION--FUND--AND~~ RETIREMENT FUND
25 ~~BUDGETS~~ BUDGET AND A PORTION OF THE DISTRICT'S GENERAL FUND

1 BUDGET; TO PROVIDE FOR RECAPTURE OF DISTRICT REVENUE WHEN A
2 DISTRICT'S GENERAL FUND BUDGET EXCEEDS 166 PERCENT OF ITS
3 FOUNDATION PROGRAM AMOUNT; TO FURTHER LIMIT THE GENERAL FUND
4 RESERVE OF CERTAIN DISTRICTS; TO REALLOCATE LOTTERY REVENUE
5 FROM RETIREMENT EQUALIZATION TO STATE EQUALIZATION AID; TO
6 IMPOSE A 50-MILL STATEWIDE LEVY IN SUPPORT OF STATE
7 EQUALIZATION AID; TO STATUTORILY APPROPRIATE ALL REVENUE
8 ALLOCATED BY LAW TO COUNTY AND STATE EQUALIZATION; TO
9 EXCLUDE ALL SCHOOL LEVIES FROM THE PROPERTY TAX LIMITATIONS
10 OF INITIATIVE MEASURE NO. 105; TO LIMIT TO 180 THE NUMBER OF
11 PUPIL-INSTRUCTION DAYS FOR WHICH FOUNDATION PROGRAM SUPPORT
12 MAY BE RECEIVED; TO REQUIRE DISTRIBUTION OF STATE
13 EQUALIZATION AID IN MONTHLY PAYMENTS; ~~TO--PROVIDE--A--STATE~~
14 ~~REIMBURSEMENT---FOR---A---PORTION---OF---EACH---DISTRICT'S~~
15 ~~TRANSPORTATION-COSTS;~~ TO INCREASE THE GENERAL BONUS PAYMENTS
16 FOR ENLARGED DISTRICTS; TO REQUIRE SCHOOL DISTRICTS TO USE
17 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; TO PROVIDE FOR A
18 LEGISLATIVE OVERSIGHT COMMITTEE ON SCHOOL FUNDING
19 IMPLEMENTATION TO DIRECT STUDIES ON FURTHER EQUALIZATION OF
20 TRANSPORTATION, INSURANCE, AND CAPITAL EXPENDITURES AND TO
21 PERFORM OTHER DUTIES; TO PROVIDE FUNDING FOR A DISTANCE
22 LEARNING TELECOMMUNICATIONS NETWORK FOR EDUCATION; TO
23 APPROPRIATE FUNDS FOR EQUALIZATION SUPPORT AND OTHER
24 PURPOSES; AMENDING SECTIONS 2-7-504, ~~15-1-101,~~ 15-1-501,
25 15-6-132, ~~15-6-134,~~ ~~15-6-130,~~ 15-10-402, 15-10-412,

1 15-23-601 THROUGH 15-23-603, 15-23-605, 15-23-607,
 2 15-23-613, 15-23-703, 15-24-1102, 15-24-1103, 15-35-108,
 3 17-3-213, 17-7-502, 20-3-106, 20-3-205, 20-3-331, 20-5-305,
 4 20-5-312, 20-6-401, 20-6-506, 20-6-603, 20-6-608, 20-7-414,
 5 20-7-422, 20-7-431, ~~20-7-442~~, 20-9-104, 20-9-141, 20-9-201,
 6 20-9-212, 20-9-213, 20-9-301, 20-9-303, 20-9-311, 20-9-312,
 7 20-9-315 THROUGH 20-9-322, 20-9-331, 20-9-333, 20-9-334,
 8 20-9-343, 20-9-344, 20-9-346, 20-9-347, 20-9-351, 20-9-353,
 9 20-9-501, 20-9-506, ~~20-10-104, 20-10-141~~ THROUGH ~~20-10-145,~~
 10 23-5-1027, 90-1-108, 90-6-202, 90-6-212, 90-6-309, AND
 11 90-6-402, MCA; REPEALING SECTIONS ~~15-6-139, 15-6-140,~~
 12 ~~15-6-146,~~ 15-23-604, 20-9-105, 20-9-352, 20-9-513, 20-9-531,
 13 20-9-532, ~~20-10-146,~~ AND 90-6-211, MCA; AND PROVIDING
 14 EFFECTIVE DATES AND AN APPLICABILITY DATE."
 15

16 STATEMENT OF INTENT

17 It is the intent of the legislature to enhance equality
 18 of educational opportunity for students in the elementary
 19 schools and secondary schools of Montana by revising the
 20 school funding laws to provide greater equalization of the
 21 funding available to school districts and to promote
 22 equalization of school district expenditures per student. It
 23 is the further intent of the legislature to preserve local
 24 control of the public school system, as guaranteed by
 25 Montana's constitution.

1 For these purposes, for school fiscal year 1991 and
 2 succeeding years, the legislature determines to equalize
 3 funding aid to the school districts through the foundation
 4 program schedules in an amount equal to the following
 5 percentages of the total costs incurred by all the districts
 6 in the state in school fiscal year 1988: 76.8% of
 7 comprehensive insurance, after subtracting Public Law 81-874
 8 support for insurance, and 76.8% of general fund
 9 expenditures, after subtracting special education and Public
 10 Law 81-874 general fund support.

11 ~~The legislature also determines to increase state~~
 12 ~~funding for transportation costs in school fiscal year 1991~~
 13 ~~from one-third to one-half the amount formerly provided by~~
 14 ~~the statutory transportation schedules.~~

15 The legislature also determines to equalize funding for
 16 retirement costs, ~~the remaining transportation costs,~~ and
 17 for a certain overschedule portion of general fund
 18 expenditures by providing a guaranteed property tax mill
 19 value for those districts with a mill value per ANB less
 20 than the statewide mill value per ANB. The superintendent of
 21 public instruction is required to adopt rules to implement
 22 distribution of guaranteed tax base aid as provided in
 23 [sections ~~74 through 77~~ 64 THROUGH 67]. It is intended that
 24 the rules adopted ensure the eligibility of the requesting
 25 school districts and the accountability of the districts for

1 the guaranteed tax base aid payments they receive.

2 The legislature also determines to fully fund approved
3 allowable costs for the special education programs of the
4 school districts through the foundation program.

5 The legislature recognizes its responsibility to devise
6 an equalized system of school funding prior to July 1, 1989.
7 Because school districts necessarily began budgeting early
8 in 1989 for the 1990 school fiscal year and preliminary
9 budgets for fiscal year 1990 have been determined in
10 reliance upon the current statutory funding provisions, the
11 legislature determines that full implementation of a new
12 system for fiscal year 1990 would be impossible and would
13 create disruption and great hardship for the school
14 districts. Therefore, it is intended that equalization of
15 school funding be enhanced for school fiscal year 1990 by
16 increasing by 4% the level of funding provided through the
17 equalized portion of the current system but that other
18 funding for school fiscal year 1990 be obtained as provided
19 under current law.

20 The legislature recognizes that measures in addition to
21 the provisions in this bill are necessary to fully address
22 equalization of funding and expenditures for transportation,
23 retirement, capital improvements, and other needs of the
24 districts. Because it is necessary to identify those factors
25 that affect disparate expenditure patterns, to determine

1 whether those factors are educationally relevant, and to
2 develop data not currently available to devise methods of
3 equitably funding those needs, the legislature determines
4 that a study should be conducted, as provided in [sections
5 ~~80 through 86~~ 70 THROUGH 76], and that equitable funding
6 methods for these needs should be addressed by the 52nd
7 legislature.

8 It is intended that while school districts may conduct
9 more than 180 days of instruction, a school district may not
10 receive foundation program support for more than 180 days of
11 pupil instruction.

12 ~~The superintendent of public instruction is required~~
13 ~~under 20-10-143(2) to adopt rules relating to emergency or~~
14 ~~special circumstances that require a district to exceed the~~
15 ~~limitation on its transportation fund budget imposed in that~~
16 ~~section. It is intended that the rules define the~~
17 ~~circumstances that may require a district to increase the~~
18 ~~transportation fund budget beyond the limitation, such as~~
19 ~~anticipated enrollment increases, the destruction or~~
20 ~~impairment of transportation property, the need for new or~~
21 ~~altered routes due to school population changes, or other~~
22 ~~extenuating circumstances. It is specifically intended that~~
23 ~~the rules allow appropriate increases for districts that~~
24 ~~have contracts containing escalator clauses with~~
25 ~~transportation providers.~~

1 Under 20-3-106, 20-9-102, 20-9-201, 20-9-211, and
 2 20-9-213, the superintendent of public instruction is
 3 authorized to supervise school financial administration and
 4 to adopt rules establishing requirements for budgeting and
 5 financial administration of public school districts,
 6 including accounting and reporting requirements. Under
 7 20-9-344, the board of public education has authority to
 8 require any reports it considers necessary. It is intended
 9 that school districts be required to maintain accounting
 10 systems based on generally accepted accounting principles
 11 and that the superintendent of public instruction adopt
 12 rules necessary to implement the requirement. The
 13 superintendent of public instruction shall provide training
 14 and assistance to the districts as necessary to enable the
 15 districts to comply.

16 It is intended that the districts be required to file
 17 accurate and timely reports with the superintendent of
 18 public instruction. Districts must be required to provide
 19 student and school district data as may be required by the
 20 superintendent of public instruction concerning the
 21 condition of education in Montana, including personnel
 22 information, student and school district demographics,
 23 assessment of student and school district achievement, and
 24 other appropriate educational factors necessary to enable
 25 the legislature to assess the equality of educational

1 opportunity being provided by the public school districts
 2 and to determine the amount of state aid to be distributed
 3 to school districts. Districts shall also provide data
 4 required to meet grant application and other national
 5 reporting needs.

6 It is intended that the superintendent of public
 7 instruction conduct training and provide forms for the
 8 personnel responsible for completing reports. Whenever
 9 possible, the superintendent of public instruction shall
 10 develop methods for collecting educational data
 11 electronically, using formats consistent with school
 12 district data processing capabilities. The educational data
 13 must be maintained in an electronic format easily accessible
 14 by other state agencies and the legislature.

15 State equalization aid and county equalization money
 16 may be withheld from school districts, as provided by
 17 20-9-344, that do not comply with accounting and reporting
 18 requirements.

19 It is intended that the superintendent of public
 20 instruction employ additional personnel during school fiscal
 21 year 1990 and school fiscal year 1991, not to exceed the
 22 appropriation, for the purpose of establishing standard
 23 accounting and reporting practices in the public school
 24 districts and for implementing the additional provisions of
 25 this bill.

1 The legislature determines that if county equalization
2 revenue is deficient because of noncollected tax payments,
3 state equalization aid may be provided to offset the
4 delinquency.

5
6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

7 **Section 1.** Section 2-7-504, MCA, is amended to read:

8 "2-7-504. Accounting methods. The Unless otherwise
9 required by law, the department shall prescribe the general
10 methods and details of accounting for the receipt and
11 disbursement of all moneys money belonging to governmental
12 entities referred to in this part and shall establish in
13 those offices general methods and details of accounting.
14 All governmental entity officers shall conform with the
15 standards prescribed by the department."

16 ~~**Section 2.** Section 15-1-101, MCA, is amended to read:~~

17 ~~"15-1-101. Definitions. (1) Except as otherwise~~
18 ~~specifically provided, when terms mentioned in this section~~
19 ~~are used in connection with taxation, they are defined in~~
20 ~~the following manner:~~

21 ~~(a) The term "agricultural" refers to the raising of~~
22 ~~livestock, poultry, bees, and other species of domestic~~
23 ~~animals and wildlife in domestication or a captive~~
24 ~~environment, and the raising of field crops, fruit, and~~
25 ~~other animal and vegetable matter for food or fiber.~~

1 (b) The term "assessed value" means the value of
2 property as defined in 15-8-111.

3 (c) The term "average wholesale value" means the value
4 to a dealer prior to reconditioning and profit margin shown
5 in national appraisal guides and manuals or the valuation
6 schedules of the department of revenue.

7 (d) (i) The term "commercial" when used to describe
8 property, means any property used or owned by a business, a
9 trade, or a nonprofit corporation as defined in 35-2-102 or
10 used for the production of income, except that property
11 described in subsection (ii).

12 (ii) The following types of property are not
13 commercial:

14 (A) agricultural lands;

15 (B) timberlands;

16 (C) single family residences and ancillary
17 improvements and improvements necessary to the function of a
18 bona fide farm, ranch, or stock operation;

19 (D) mobile homes used exclusively as a residence
20 except when held by a distributor or dealer of trailers or
21 mobile homes as his stock in trade;

22 (E) all property described in 15-6-135, and

23 (F) all property described in 15-6-136, and

24 (G) all property described in 15-6-146;

25 (e) The term "comparable property" means property that

1 has--similar--use, function, and utility, that is influenced
 2 by--the--same--set--of--economic--trends--and--physical,
 3 governmental, and social factors, and that has the potential
 4 of a similar highest and best use.

5 {f}--The--term--"credit"--means--solvent--debts, secured or
 6 unsecured, owing to a person.

7 {g}--The--term--"improvements"--includes--all--buildings,
 8 structures, fences, and improvements situated upon, erected
 9 upon, or affixed to land. When the department of revenue or
 10 its--agent--determines--that--the--permanency--of--location--of--a
 11 mobile--home--or--housetrailer--has--been--established, the mobile
 12 home--or--housetrailer--is--presumed--to--be--an--improvement--to
 13 real--property. A--mobile--home--or--housetrailer--may--be
 14 determined--to--be--permanently--located--only--when--it--is
 15 attached--to--a--foundation--which--cannot--feasibly--be--relocated
 16 and--only--when--the--wheels--are--removed.

17 {h}--The--term--"leasehold--improvements"--means
 18 improvements--to--mobile--homes--and--mobile--homes--located--on
 19 land--owned--by--another--person. This--property--is--assessed
 20 under--the--appropriate--classification--and--the--taxes--are--due
 21 and--payable--in--two--payments--as--provided--in--15-24-202.
 22 Beilquent--taxes--on--such--leasehold--improvements--are--a--lien
 23 only--on--such--leasehold--improvements.

24 {i}--The--term--"livestock"--means--cattle, sheep, swine,
 25 goats, horses, mules, and asses.

1 {j}--The--term--"mobile--home"--means--forms--of--housing
 2 known--as--"trailers", "housetrailers", or "trailer--coaches"
 3 exceeding--8--feet--in--width--or--45--feet--in--length, designed to
 4 be--moved--from--one--place--to--another--by--an--independent--power
 5 connected--to--them, or any "trailer", "housetraier", or
 6 "trailer--coach" up to 8 feet in width or 45 feet in length
 7 used--as--a--principal--residence.

8 {k}--The--term--"personal--property"--includes--everything
 9 that--is--the--subject--of--ownership--but--that--is--not--included
 10 within--the--meaning--of--the--terms--"real--estate"--and
 11 "improvements".

12 {l}--The--term--"poultry"--includes--all--chickens, turkeys,
 13 geese, ducks, and other birds raised in domestication to
 14 produce--food--or--feathers.

15 {m}--The--term--"property"--includes--moneys, credits,
 16 bonds, stocks, franchises, and all other matters and things,
 17 real, personal, and mixed, capable of private ownership.
 18 This--definition--must--not--be--construed--to--authorize--the
 19 taxation--of--the--stocks--of--any--company--or--corporation--when
 20 the--property--of--such--company--or--corporation--represented--by
 21 the--stocks--is--within--the--state--and--has--been--taxed.

22 {n}--The--term--"real--estate"--includes:

23 {i}--the--possession--of, claim--to, ownership--of, or
 24 right--to--the--possession--of--land;

25 {ii}--all--mines, minerals, and quarries in and under the

land--subject--to--the--provisions--of--15-23-501--and--Title--15,
 chapter--237--part--87--all--timber--belonging--to--individuals--or
 corporations--growing--or--being--on--the--lands--of--the--United
 States7--and--all--rights--and--privileges--appertaining--thereto7
 (o)--"Research--and--development--firm"--means--an--entity
 incorporated--under--the--laws--of--this--state--or--a--foreign
 corporation--authorized--to--do--business--in--this--state--whose
 principal--purpose--is--to--engage--in--theoretical--analysis7
 exploration7--and--experimentation--and--the--extension--of
 investigative--findings--and--theories--of--a--scientific--and
 technical--nature--into--practical--application--for--experimental
 and--demonstration--purposes7--including--the--experimental
 production--and--testing--of--models7--devices7--equipment7
 materials7--and--processes7
 (p)--The--term--"taxable--value"--means--the--percentage--of
 market--or--assessed--value--as--provided--for--in--15-6-131--through
 15-6-149 Title--157--chapter--67--part--17
 (q)--The--term--"weighted--mean--assessment--ratio"--means
 the--total--of--the--assessed--values--divided--by--the--total--of--the
 selling--prices--of--all--area--sales--in--the--stratum7
 (2)--The--phrase--"municipal--corporation"--or
 "municipality"--or--"taxing--unit"--shall--be--deemed--to--include--a
 county7--city7--incorporated--town7--township7--school--district7
 irrigation--district7--drainage--district7--or--any--person7
 persons7--or--organized--body--authorized--by--law--to--establish

tax--levies--for--the--purpose--of--raising--public--revenue7
 (3)--The--term--"state--board"--or--"board"--when--used
 without--other--qualification--shall--mean--the--state--tax--appeal
 board7
Section 2. Section 15-6-132, MCA, is amended to read:
 "15-6-132. Class two property -- description --
 taxable percentage. (1) Class two property includes:
 (a) the annual gross proceeds of metal mines7
 (b) the annual gross proceeds of underground coal
 mines7--and
 (c) the annual gross proceeds of coal mines using the
 strip-mining method.
 (2) Class two property is taxed as follows:
 (a) Property described in subsection (1)(a) is taxed
 at 3% of its annual gross proceeds, as defined in 15-23-801.
 (b) Property described in subsection (1)(b) is taxed
 at 33 1/3% of its annual gross proceeds7
 (c) Property described in subsection (1)(c) is taxed
 at 45% of its annual gross proceeds7"
Section 4. Section 15-6-134, MCA, is amended to read:
 "15-6-134. Class four property -- description --
 taxable percentage. (1) Class four property includes:
 (a) all land except that specifically included in
 another class7
 (b) all improvements except those specifically

1 included in another class;
 2 (c) the first \$80,000 or less of the market value of
 3 any improvement on real property and appurtenant land not
 4 exceeding 5 acres owned or under contract for deed and
 5 actually occupied for at least 10 months a year as the
 6 primary residential dwelling of any person whose total
 7 income from all sources including otherwise tax exempt
 8 income of all types is not more than \$10,000 for a single
 9 person or \$12,000 for a married couple, as adjusted
 10 according to subsection (2)(b)(ii);

11 (d) all golf courses, including land and improvements
 12 actually and necessarily used for that purpose, that consist
 13 of at least 9 holes and not less than 3,000 linear yards;

14 (2) Class four property is taxed as follows:

15 (a) Except as provided in 15-24-1402 or 15-24-1501,
 16 property described in subsections (1)(a) and (1)(b) is taxed
 17 at 3.86% 4.3% of its market value;

18 (b) (i) Property described in subsection (1)(c) is
 19 taxed at 3.86% 4.3% of its market value multiplied by a
 20 percentage figure based on income and determined from the
 21 following table:

Income		Percentage
Single Person	Married Couple	Multiplier
\$---0---\$-1,000	\$-----0---\$-1,200	0%
-1,001-----2,000	-1,201-----2,400	10%

1	-2,001-----3,000	-2,401-----3,600	20%
2	-3,001-----4,000	-3,601-----4,800	30%
3	-4,001-----5,000	-4,801-----6,000	40%
4	-5,001-----6,000	-6,001-----7,200	50%
5	-6,001-----7,000	-7,201-----8,400	60%
6	-7,001-----8,000	-8,401-----9,600	70%
7	-8,001-----9,000	-9,601-----10,800	80%
8	-9,001-----10,000	10,801-----12,000	90%

9 (ii) The income levels contained in the table in
 10 subsection (2)(b)(i) must be adjusted for inflation annually
 11 by the department of revenue. The adjustment to the income
 12 levels is determined by:

13 (A) multiplying the appropriate dollar amount from the
 14 table in subsection (2)(b)(i) by the ratio of the PCE for
 15 the second quarter of the year prior to the year of
 16 application to the PCE for the second quarter of 1986, and

17 (B) rounding the product thus obtained to the nearest
 18 whole dollar amount;

19 (iii) "PCE" means the implicit price deflator for
 20 personal consumption expenditures as published quarterly in
 21 the Survey of Current Business by the bureau of economic
 22 analysis of the U.S. department of commerce;

23 (c) Property described in subsection (1)(d) is taxed
 24 at one-half the taxable percentage rate established in
 25 subsection (2)(a);

1 (3) After July 1, 1986, no adjustment may be made by
 2 the department to the taxable percentage rate for class four
 3 property until a revaluation has been made as provided in
 4 15-7-111.

5 (4) Within the meaning of comparable property as
 6 defined in 15-1-101, property assessed as commercial
 7 property is comparable only to other property assessed as
 8 commercial property, and property assessed as other than
 9 commercial property is comparable only to other property
 10 assessed as other than commercial property."

11 **Section 5.** Section 15-6-130, MCA, is amended to read:

12 "15-6-130. Class eight property description
 13 taxable percentage. (1) Class eight property includes:

14 (a) all agricultural implements and equipment;
 15 (b) all mining machinery, fixtures, equipment, tools
 16 that are not exempt under 15-6-201(1)(r), and supplies
 17 except:

18 (i) those included in class five, and
 19 (ii) coal and ore haulers;
 20 (c) all manufacturing machinery, fixtures, equipment,
 21 tools that are not exempt under 15-6-201(1)(r), and supplies
 22 except those included in class five;

23 (d) all trailers, including those prorated under
 24 15-24-102, except those subject to taxation under
 25 61-3-504(2);

1 (e) all goods and equipment intended for rent or
 2 lease, except goods and equipment specifically included and
 3 taxed in another class;

4 (f) buses and trucks having a rated capacity of more
 5 than 1 ton, including those prorated under 15-24-102; and

6 (g) all other machinery except that specifically
 7 included in another class;

8 (h) truck toppers weighing more than 300 pounds;

9 (i) furniture, fixtures, and equipment, except that
 10 specifically included in another class, used in commercial
 11 establishments as defined in this section;

12 (j) x-ray and medical and dental equipment;

13 (k) citizens' band radios and mobile telephones;

14 (l) radio and television broadcasting and transmitting
 15 equipment;

16 (m) cable television systems;

17 (n) coal and ore haulers;

18 (o) theater projectors and sound equipment; and

19 (p) all other property not included in any other class
 20 in this part except that property subject to a fee in lieu
 21 of a property tax;

22 (2) "Coal and ore haulers" means nonhighway vehicles
 23 that exceed 10,000 pounds per axle and that are primarily
 24 designed and used to transport coal, ore, or other earthen
 25 material in a mining or quarrying environment;

~~{3}--"Commercial--establishment"--includes--any--hotel,
motel,
office,
petroleum--marketing--station,
or--service,
wholesale,
retail,
or--food--handling--business.~~

~~{2}{4}--Class-eight-property-is-taxed-at ~~11~~ 8% of--its
market-value."~~

Section 3. 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~~ 15-6-138(1)(h) through (1)(k), 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; elementary and high school districts, Title 20; 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 4. Section 15-10-412, MCA, is amended to read:

"15-10-412. Property tax limited to 1986 levels -- clarification -- extension to all property classes. Section 15-10-402 is interpreted and clarified as follows:

(1) The limitation to 1986 levels is extended to apply to all classes of property described in Title 15, chapter 6, part 1.

(2) The limitation on the amount of taxes levied is interpreted to mean that, except as otherwise provided in this section, the actual tax liability for an individual property is capped at the dollar amount due in each taxing unit for the 1986 tax year. In tax years thereafter, the property must be taxed in each taxing unit at the 1986 cap or the product of the taxable value and mills levied, whichever is less for each taxing unit, except in a taxing unit that levied a tax in tax years 1983 through 1985 but did not levy a tax in 1986, in which case the actual tax liability for an individual property is capped at the dollar amount due in that taxing unit for the 1985 tax year.

(3) The limitation on the amount of taxes levied does not mean that no further increase may be made in the total taxable valuation of a taxing unit as a result of:

1 (a) annexation of real property and improvements into
 2 a taxing unit;

3 (b) construction, expansion, or remodeling of
 4 improvements;

5 (c) transfer of property into a taxing unit;

6 (d) subdivision of real property;

7 (e) reclassification of property;

8 (f) increases in the amount of production or the value
 9 of production for property described in 15-6-131 or
 10 15-6-132;

11 (g) transfer of property from tax-exempt to taxable
 12 status;

13 (h) revaluations caused by:

14 (i) cyclical reappraisal; or

15 (ii) expansion, addition, replacement, or remodeling of
 16 improvements; or

17 (i) increases in property valuation pursuant to
 18 15-7-111(4) through (8) in order to equalize property values
 19 annually.

20 (4) The limitation on the amount of taxes levied does
 21 not mean that no further increase may be made in the taxable
 22 valuation or in the actual tax liability on individual
 23 property in each class as a result of:

24 (a) a revaluation caused by:

25 (i) construction, expansion, replacement, or

1 remodeling of improvements that adds value to the property;
 2 or

3 (ii) cyclical reappraisal;

4 (b) transfer of property into a taxing unit;

5 (c) reclassification of property;

6 (d) increases in the amount of production or the value
 7 of production for property described in 15-6-131 or
 8 15-6-132;

9 (e) annexation of the individual property into a new
 10 taxing unit;

11 (f) conversion of the individual property from
 12 tax-exempt to taxable status; or

13 (g) increases in property valuation pursuant to
 14 15-7-111(4) through (8) in order to equalize property values
 15 annually.

16 (5) Property in classes four, twelve, and fourteen is
 17 valued according to the procedures used in 1986, including
 18 the designation of 1982 as the base year, until the
 19 reappraisal cycle beginning January 1, 1986, is completed
 20 and new valuations are placed on the tax rolls and a new
 21 base year designated, if the property is:

22 (a) new construction;

23 (b) expanded, deleted, replaced, or remodeled
 24 improvements;

25 (c) annexed property; or

1 (d) property converted from tax-exempt to taxable
2 status.

3 (6) Property described in subsections (5)(a) through
4 (5)(d) that is not class four, class twelve, or class
5 fourteen property is valued according to the procedures used
6 in 1986 but is also subject to the dollar cap in each taxing
7 unit based on 1986 mills levied.

8 (7) The limitation on the amount of taxes, as
9 clarified in this section, is intended to leave the property
10 appraisal and valuation methodology of the department of
11 revenue intact. Determinations of county classifications,
12 salaries of local government officers, and all other matters
13 in which total taxable valuation is an integral component
14 are not affected by 15-10-401 and 15-10-402 except for the
15 use of taxable valuation in fixing tax levies. In fixing tax
16 levies, the taxing units of local government may anticipate
17 the deficiency in revenues resulting from the tax
18 limitations in 15-10-401 and 15-10-402, while understanding
19 that regardless of the amount of mills levied, a taxpayer's
20 liability may not exceed the dollar amount due in each
21 taxing unit for the 1986 tax year unless the taxing unit's
22 taxable valuation decreases by 5% or more from the 1986 tax
23 year. If a taxing unit's taxable valuation decreases by 5%
24 or more from the 1986 tax year, it may levy additional mills
25 to compensate for the decreased taxable valuation, but in no

1 case may the mills levied exceed a number calculated to
2 equal the revenue from property taxes for the 1986 tax year
3 in that taxing unit.

4 (8) The limitation on the amount of taxes levied does
5 not apply to the following levy or special assessment
6 categories, whether or not they are based on commitments
7 made before or after approval of 15-10-401 and 15-10-402:

- 8 (a) rural improvement districts;
- 9 (b) special improvement districts;
- 10 (c) levies pledged for the repayment of bonded
- 11 indebtedness, including tax increment bonds;
- 12 (d) city street maintenance districts;
- 13 (e) tax increment financing districts;
- 14 (f) satisfaction of judgments against a taxing unit;
- 15 (g) street lighting assessments; and
- 16 (h) revolving funds to support any categories
- 17 specified in this subsection (8); and
- 18 (i) elementary and high school districts.

19 (9) The limitation on the amount of taxes levied does
20 not apply in a taxing unit if the voters in the taxing unit
21 approve an increase in tax liability following a resolution
22 of the governing body of the taxing unit containing:

- 23 (a) a finding that there are insufficient funds to
- 24 adequately operate the taxing unit as a result of 15-10-401
- 25 and 15-10-402;

1 (b) an explanation of the nature of the financial
2 emergency;

3 (c) an estimate of the amount of funding shortfall
4 expected by the taxing unit;

5 (d) a statement that applicable fund balances are or
6 by the end of the fiscal year will be depleted;

7 (e) a finding that there are no alternative sources of
8 revenue;

9 (f) a summary of the alternatives that the governing
10 body of the taxing unit has considered; and

11 (g) a statement of the need for the increased revenue
12 and how it will be used.

13 (10) The limitation on the amount of taxes levied does
14 not apply to levies required to address the funding of
15 relief of suffering of inhabitants caused by famine,
16 conflagration, or other public calamity.

17 (11) The limitation on the amount of taxes levied by a
18 taxing jurisdiction subject to a statutory maximum mill levy
19 does not prevent a taxing jurisdiction from increasing its
20 number of mills beyond the statutory maximum mill levy to
21 produce revenue equal to its 1986 revenue.

22 (12) The limitation on the amount of taxes levied does
23 not apply to a levy increase to repay taxes paid under
24 protest in accordance with 15-1-402."

25 **Section 5.** Section 15-23-603, MCA, is amended to read:

1 "15-23-603. Net proceeds -- how computed. (1) Except
2 as provided in subsection (3), the department of revenue
3 shall calculate and compute from the returns the gross sales
4 proceeds of the product yielded from such well for the year
5 covered by the statement and shall calculate the net
6 proceeds of the well yielded to the producer, which net
7 proceeds shall be determined by subtracting from the gross
8 sales proceeds thereof the following:

9 (a) all royalty paid in cash by the operator or
10 producer and the gross value of all royalty apportioned in
11 kind by the operator or producer that shall be determined by
12 using as the value of a barrel of oil or a cubic foot of gas
13 the average selling price for the calendar year of a barrel
14 of oil or a cubic foot of gas from the well out of which the
15 royalty was paid;

16 (b) all money expended for necessary labor and
17 machinery needed and used in the operation and development;

18 (c) except as provided in subsection (5), all money
19 expended for necessary supplies needed and used in the
20 operation and development;

21 (d) all money expended for improvements, repairs, and
22 betterments necessary in and about the working of the well;

23 (e) that portion of all money, including costs of
24 insurance, expended for the acquisition and operation of any
25 vehicle used in the operation and development of the well

1 which bears the same ratio to all money expended for the
 2 acquisition and use of the vehicle during the year covered
 3 by the statement as the number of miles the vehicle is used
 4 in operation and development of the well during the year
 5 covered by the statement bears to the total miles the
 6 vehicle is used during the year covered by the statement;
 7 (f) all money expended for fire insurance, workers'
 8 compensation insurance, liability insurance, and casualty
 9 insurance directly attributable to the operation and
 10 development of the well and for payments by operators to
 11 welfare and retirement funds when provided for in wage
 12 contracts between operators and employees;
 13 (g) all money expended for any performance or
 14 indemnity bonds required by the laws of this state or the
 15 rules of any state agency, with respect to the well for
 16 which the net proceeds are being calculated;
 17 (h) 70% of the amount paid or withheld in satisfaction
 18 of liability for excise taxes imposed by the U.S. government
 19 on the production, sale, or removal of the natural gas,
 20 petroleum, or other crude or mineral oil yielded from such
 21 well, other than the amount of such taxes paid by or
 22 withheld from each royalty owner; and
 23 (i) net proceeds determined under subsection (3);
 24 (2) No money invested in the well and improvements
 25 during any year except the year for which such statement is

1 made may be included in such expenditures, except as
 2 provided in 15-23-604, and such expenditures may not include
 3 the salaries or any portion thereof of any person or officer
 4 not actually engaged in the working of the well or
 5 superintending the management thereof;
 6 (3) For interim production or new production, net Net
 7 proceeds are the equivalent of the gross sales proceeds,
 8 without deduction for excise taxes, of the product yielded
 9 from such well for the year covered by the statement, except
 10 that in computing the total number of barrels of petroleum
 11 and other mineral or crude oil or cubic feet of natural gas
 12 produced, there shall be deducted therefrom so much thereof
 13 as is used in the operation of the well from which the
 14 petroleum or other mineral or crude oil or natural gas is
 15 produced for pumping the petroleum or other mineral or crude
 16 oil or natural gas from the well to a tank or pipeline.
 17 (4) To determine net proceeds under subsection (1) for
 18 lease or unitized areas from which interim or new production
 19 and other production have been sold, the deductions allowed
 20 in subsections (1)(b) through (1)(h) must be prorated on the
 21 basis of the number of barrels of interim and new production
 22 of oil or cubic feet of interim or new production of gas to
 23 the number of barrels of other production of oil or cubic
 24 feet of other production of gas;
 25 (5) In calculating the deduction for money expended

1 for--necessary--chemical--supplies--needed--and--used--in--a
 2 tertiary--recovery--project--approved--by--the--department--of
 3 revenue,--as--provided--in--15-36-101,--the--department--shall
 4 require--that--the--necessary--chemical--supplies,--which--include
 5 but--are--not--limited--to--carbon--dioxide--supplies,--be--amortized
 6 over--a--10--year--period--beginning--with--the--year--in--which--the
 7 money--was--expended."

8 **Section 6.** Section 15-23-607, MCA, is amended to read:

9 "15-23-607. County assessors to compute taxes. (1)
 10 ~~Immediately after the board of county commissioners has~~
 11 ~~fixed tax levies on the second Monday in August~~ Subject to
 12 the provisions of 15-23-612 and subsection (2) of this
 13 section, the county assessor shall compute the taxes on such
 14 net proceeds, ~~except as provided in 15-23-612 and in~~
 15 ~~subsection (2)~~, and royalty assessments and shall deliver
 16 the book to the county treasurer on or before September 15.
 17 The county treasurer shall proceed to give full notice
 18 thereof to such the operator and to collect the same taxes
 19 in the manner provided by law.

20 (2) ~~For interim production or new production, as~~
 21 ~~defined in 15-23-601, the~~ The county assessor may not levy
 22 or assess any mills against the value of such interim
 23 production or new production, as defined in 15-23-601, or
 24 against the value of any other production occurring after
 25 December 31, 1988, but shall instead levy a tax as follows:

1 (a) for interim--production--or--new production of
 2 petroleum or other mineral or crude oil, ~~7%~~:

3 (i) from a stripper well, as defined in 15-36-121, 5%
 4 of net proceeds; or

5 (ii) from all other wells, 10% of net proceeds, as
 6 described in 15-23-603(3); or

7 (b) for interim--production--or--new production of
 8 natural gas, ~~12%~~:

9 (i) from a well subject to the provisions of
 10 15-36-121(3), 8% of net proceeds; or

11 (ii) from all other wells, 16% of net proceeds, as
 12 described in 15-23-603(3).

13 (3) The amount of tax levied in subsections (2)(a) and
 14 (2)(b), divided by the appropriate tax rate and multiplied
 15 by 60%, shall be treated as taxable value for county bonding
 16 purposes.

17 (4) The operator or producer ~~shall be~~ is liable for
 18 the payment of ~~said the~~ taxes and ~~same--shall~~, except as
 19 provided in 15-16-121, be the taxes are payable by and ~~shall~~
 20 must be collected from such the operators in the same manner
 21 and under the same penalties as provided for the collection
 22 of taxes upon net proceeds of mines; provided, however, that
 23 the operator may at his option withhold from the proceeds of
 24 royalty interest, either in kind or in money, an estimated
 25 amount of the tax to be paid by him upon such royalty or

1 royalty interest. After such withholding any deviation
2 between the estimated tax and the actual tax may be
3 accounted for by adjusting subsequent withholdings from the
4 proceeds of royalty interests."

5 **Section 7.** Section 15-23-613, MCA, is amended to read:

6 "15-23-613. Disposition of interim-production-and-new
7 production taxes on oil and gas net proceeds. The county
8 treasurer shall credit all taxes on-interim-production-and
9 new-production, as--provided--for--in collected under the
10 provisions of 15-23-607, in the relative proportions
11 required by the levies for state, county, school district,
12 and municipal purposes in the same manner as property taxes
13 were distributed in the year preceding the budget year. FOR
14 THE FISCAL YEAR BEGINNING JULY 1, 1990, THE TREASURER SHALL
15 COMPUTE THE RELATIVE PROPORTIONS BASED UPON THE STATE
16 95-MILL LEVY REQUIRED BY [THIS ACT]."

17 **Section 8.** Section 15-23-703, MCA, is amended to read:

18 "15-23-703. Taxation of gross proceeds -- taxable
19 value for bonding. (1) The county assessor shall prepare
20 compute from the reported gross proceeds from coal a tax
21 roll which that he shall transmit to the county treasurer on
22 or before September 15 each year. The county assessor may
23 not levy or assess any mills against the reported gross
24 proceeds of coal but shall levy a tax of 6% against the
25 value of the reported gross proceeds. The county treasurer

1 shall proceed to give full notice thereof to each coal
2 producer of the taxes due and to collect the taxes due
3 within-60-days-after-mailing as provided in 15-16-101.

4 (2) The amount of tax levied in subsection (1),
5 divided by the tax rate, is the taxable value of the gross
6 proceeds of coal for bonding purposes."

7 **Section 9.** Section 15-24-1102, MCA, is amended to
8 read:

9 "15-24-1102. Federal property held under contract of
10 sale. When the property is held under a contract of sale or
11 other agreement whereby upon payment the legal title is or
12 may be acquired by the person, the real property shall must
13 be assessed and taxed as defined in 15-6-131 through
14 15-6-138, 15-6-141 through 15-6-145, 15-6-147 through
15 15-6-149, and 15-8-111 without deduction on account of the
16 whole or any part of the purchase price or other sum due on
17 the property remaining unpaid. The lien for the tax may not
18 attach to, impair, or be enforced against any interest of
19 the United States in the real property."

20 **Section 10.** Section 15-24-1103, MCA, is amended to
21 read:

22 "15-24-1103. Federal property held under lease. When
23 the property is held under lease, other interest, or estate
24 therein less than the fee, except under contract of sale,
25 the property shall must be assessed and taxed as for the

1 value, as defined in 15-6-131 through 15-6-138, 15-6-141
 2 through 15-6-145, and 15-6-147 through 15-6-149 of such
 3 leasehold, interest, or estate in the property and the lien
 4 for the tax shall attach to and be enforced against only the
 5 leasehold, interest, or estate in the property. When the
 6 United States authorizes the taxation of the property for
 7 the full assessed value of the fee thereof, the property
 8 ~~shall~~ must be assessed for full assessed value as defined in
 9 15-8-111."

10 **Section 11.** Section 15-35-108, MCA, is amended to
 11 read:

12 "15-35-108. Disposal of severance taxes. Severance
 13 taxes collected under this chapter must be allocated
 14 according to the provisions in effect on the date the tax is
 15 due under 15-35-104. Severance taxes collected under the
 16 provisions of this chapter are allocated as follows:

17 (1) To the trust fund created by Article IX, section
 18 5, of the Montana constitution, 50% of total coal severance
 19 tax collections. The trust fund moneys shall be deposited
 20 in the fund established under 17-6-203(5) and invested by
 21 the board of investments as provided by law.

22 (2) Starting July 1, 1987, and ending June 30, 1993,
 23 12% of coal severance tax collections are allocated to the
 24 highway reconstruction trust fund account in the state
 25 special revenue fund.

1 (3) Coal severance tax collections remaining after the
 2 allocations provided by subsections (1) and (2) are
 3 allocated in the following percentages of the remaining
 4 balance:

5 (a) ~~20% to the state special revenue fund to the~~
 6 ~~credit of the education trust fund account and~~ 17.5% to the
 7 credit of the local impact account. Unencumbered funds
 8 remaining in the local impact account at the end of each
 9 biennium are allocated to the ~~education trust fund account~~
 10 state special revenue fund for state equalization aid to
 11 public schools of the state.

12 (b) ~~10%~~ 30% to the state special revenue fund for
 13 state equalization aid to public schools of the state;

14 (c) 1% to the state special revenue fund to the credit
 15 of the county land planning account;

16 (d) 1 1/4% to the credit of the renewable resource
 17 development bond fund;

18 (e) 5% to a nonexpendable trust fund for the purpose
 19 of parks acquisition or management, protection of works of
 20 art in the state capitol, and other cultural and aesthetic
 21 projects. Income from this trust fund shall be appropriated
 22 as follows:

23 (i) 1/3 for protection of works of art in the state
 24 capitol and other cultural and aesthetic projects; and

25 (ii) 2/3 for the acquisition, development, operation,

1 and maintenance of any sites and areas described in
2 23-1-102~~7~~.

3 (f) 1% to the state special revenue fund to the credit
4 of the state library commission for the purposes of
5 providing basic library services for the residents of all
6 counties through library federations and for payment of the
7 costs of participating in regional and national networking;

8 (g) 1/2 of 1% to the state special revenue fund for
9 conservation districts;

10 (h) 1 1/4% to the debt service fund type to the credit
11 of the water development debt service fund;

12 (i) 2% to the state special revenue fund for the
13 Montana Growth Through Agriculture Act;

14 (j) all other revenues from severance taxes collected
15 under the provisions of this chapter to the credit of the
16 general fund of the state."

17 **Section 12.** Section 17-3-213, MCA, is amended to read:

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

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

25 (b) to the following countywide school levies, 33 1/3%

1 of the total sum received:

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

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

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

8 (III) THE HIGH SCHOOL TRANSPORTATION FUND PROVIDED FOR
9 IN 20-10-143;

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

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

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

24 (3) In counties wherein in which special road
25 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 13.** Section 17-7-502, MCA, is amended to read:

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

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

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

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

21 (3) The following laws are the only laws containing
 22 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
 23 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304;
 24 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-70-101;
 25 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424;

1 17-5-804; 19-8-504; 19-9-702; 19-9-1007; 19-10-205;
 2 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606;
 3 19-12-301; 19-13-604; 20-6-406; 20-8-111; [section ~~72~~ 62];
 4 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016;
 5 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150;
 6 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101;
 7 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136;
 8 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306;
 9 and section 13, House Bill No. 861, Laws of 1985.

10 (4) There is a statutory appropriation to pay the
 11 principal, interest, premiums, and costs of issuing, paying,
 12 and securing all bonds, notes, or other obligations, as due,
 13 that have been authorized and issued pursuant to the laws of
 14 Montana. Agencies that have entered into agreements
 15 authorized by the laws of Montana to pay the state
 16 treasurer, for deposit in accordance with 17-2-101 through
 17 17-2-107, as determined by the state treasurer, an amount
 18 sufficient to pay the principal and interest as due on the
 19 bonds or notes have statutory appropriation authority for
 20 such payments. (In subsection (3), pursuant to sec. 10, Ch.
 21 664, L. 1987, the inclusion of 39-71-2504 terminates June
 22 30, 1991.)"

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

24 "20-3-106. Supervision of schools -- powers and
 25 duties. The superintendent of public instruction has the

1 general supervision of the public schools and districts of
2 the state, and he shall perform the following duties or acts
3 in implementing and enforcing the provisions of this title:

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

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

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

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

13 (5) approve or disapprove the orders of a high school
14 boundary commission in accordance with the provisions of
15 20-6-311;

16 (6) approve or disapprove the opening or reopening of
17 a school in accordance with the provisions of 20-6-502,
18 20-6-503, 20-6-504, or 20-6-505;

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

21 (8) generally supervise the school budgeting
22 procedures prescribed by law in accordance with the
23 provisions of 20-9-102 and prescribe the school budget
24 format in accordance with the provisions of 20-9-103 and
25 20-9-506;

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

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

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

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

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

20 (14) distribute state equalization aid in support of
21 the foundation program and guaranteed tax base aid in
22 accordance with the provisions of 20-9-331, 20-9-333,
23 20-9-342, 20-9-346, and 20-9-347, and [sections 74-through
24 77 64 THROUGH 67];

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

1 provisions of 20-9-304;

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

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

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

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

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

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

19 (22) recommend standards of accreditation for all
20 schools to the board of public education and evaluate
21 compliance with such the standards and recommend
22 accreditation status of every school to the board of public
23 education in accordance with the provisions of 20-7-101 and
24 20-7-102;

25 (23) collect and maintain a file of curriculum guides

1 and assist schools with instructional programs in accordance
2 with the provisions of 20-7-113 and 20-7-114;

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

6 (25) license textbook dealers and initiate prosecution
7 of textbook dealers violating the law in accordance with the
8 provisions of the textbooks part of this title;

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

13 (27) supervise and coordinate the conduct of special
14 education in the state in accordance with the provisions of
15 20-7-403;

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

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

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

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

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

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

8 ~~(34)}~~(33) perform any other duty prescribed from time to
 9 time by this title, any other act of the legislature, or the
 10 policies of the board of public education."

11 **Section 15.** Section 20-3-205, MCA, is amended to read:

12 "20-3-205. Powers and duties. The county
 13 superintendent has general supervision of the schools of the
 14 county within the limitations prescribed by this title and
 15 shall perform the following duties or acts:

16 (1) determine, establish, and reestablish trustee
 17 nominating districts in accordance with the provisions of
 18 20-3-352, 20-3-353, and 20-3-354;

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

22 (3) register the teacher or specialist certificates or
 23 emergency authorization of employment of any person employed
 24 in the county as a teacher, specialist, principal, or
 25 district superintendent in accordance with the provisions of

1 20-4-202;

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

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

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

10 (7) keep a transcript and reconcile the district
 11 boundaries of the county in accordance with the provisions
 12 of 20-6-103;

13 (8) fulfill all responsibilities assigned to him under
 14 the provisions of this title regulating the organization,
 15 alteration, or abandonment of districts;

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

19 (10) estimate the average number belonging (ANB) of an
 20 opening school in accordance with the provisions of
 21 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

22 (11) process and, when required, act on school
 23 isolation applications in accordance with the provisions of
 24 20-9-302;

25 (12) complete the budgets, compute the budgeted

1 revenues and tax levies, file final and emergency budgets,
2 and fulfill such other responsibilities assigned to him
3 under the provisions of this title regulating school
4 budgeting systems;

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

8 (14) quarterly monthly, unless otherwise provided by
9 law, order the county treasurer to apportion state money,
10 county school money, and any other school money subject to
11 apportionment in accordance with the provisions of 20-9-212,
12 20-9-334, 20-9-347, or 20-10-145, ~~or~~ 20-10-146;

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

16 (16) calculate the estimated budgeted general fund
17 sources of revenue in accordance with the provisions of
18 20-9-348 and the other general fund revenue provisions of
19 the general fund part of this title;

20 (17) compute the revenues and the district and county
21 levy requirements for each fund included in each district's
22 final budget and report such the computations to the board
23 of county commissioners in accordance with the provisions of
24 the general fund, transportation, bonds, and other school
25 funds parts of this title;

1 (18) file and forward bus driver certifications,
2 transportation contracts, and state transportation
3 reimbursement claims in accordance with the provisions of
4 20-10-103, 20-10-143, or 20-10-145;

5 (19) for districts which do not employ a district
6 superintendent or principal, recommend library book and
7 textbook selections in accordance with the provisions of
8 20-7-204 or 20-7-602;

9 (20) notify the superintendent of public instruction of
10 a textbook dealer's activities when required under the
11 provisions of 20-7-605 and otherwise comply with the
12 textbook dealer provisions of this title;

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

16 (22) perform any other duty prescribed from time to
17 time by this title, any other act of the legislature, the
18 policies of the board of public education, the policies of
19 the board of regents relating to community college
20 districts, or the rules of the superintendent of public
21 instruction;

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

24 (24) keep a record of his official acts, preserve all
25 reports submitted to him under the provisions of this title,

1 preserve all books and instructional equipment or supplies,
 2 keep all documents applicable to the administration of the
 3 office, and surrender such all records, books, supplies, and
 4 equipment to his successor;

5 (25) within 90 days after the close of the school
 6 fiscal year, publish an annual report in the county
 7 newspaper stating the following financial information for
 8 the school fiscal year just ended for each district of the
 9 county:

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

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

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

16 (d) the total of the cash balances of all funds
 17 maintained by the district at the end of the school fiscal
 18 year; and

19 (26) hold meetings for the members of the trustees from
 20 time to time at which matters for the good of the districts
 21 ~~shall~~ must be discussed."

22 **Section 16.** Section 20-3-331, MCA, is amended to read:

23 "20-3-331. Purchase of liability insurance. The
 24 trustees of any district may purchase insurance coverage for
 25 the district, trustees, and employees against liability for

1 the death, injury, or disability of any person or damage to
 2 property. The trustees shall include the cost of coverage in
 3 the general fund budget of the district."

4 **Section 17.** Section 20-5-305, MCA, is amended to read:

5 "20-5-305. Elementary tuition rates. (1) Whenever a
 6 pupil of an elementary district has been granted approval to
 7 attend a school outside of the district in which he resides,
 8 under the provisions of 20-5-301 or 20-5-302, ~~such the~~
 9 district of residence shall pay tuition to the elementary
 10 district where the pupil attends school. Except as provided
 11 in subsection (2), the basis of the rate of tuition ~~shall~~
 12 must be determined by the attended district. The rate of
 13 tuition ~~shall~~ must be determined by:

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

17 (b) dividing the amount determined in subsection
 18 (1)(a) by the ANB of the district for the current fiscal
 19 year, as determined under the provisions of 20-9-311; and

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

~~determined in subsection (1)(b) schedules and the per-ANB amount of guaranteed tax base aid as provided in [sections 74-through-77 64 THROUGH 67].~~

(2) The tuition for a full-time elementary special education pupil must be determined under rules adopted by the superintendent of public instruction for the calculation of elementary tuition for full-time elementary special education pupils as designated in 20-9-311 for funding purposes."

Section 18. Section 20-5-312, MCA, is amended to read:

"20-5-312. Reporting, budgeting, and payment for high school tuition. (1) Except as provided in subsection (2), at the close of the school term of each school fiscal year, the trustees of each high school district shall determine the rate of tuition for the current school fiscal year by:

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

(b) dividing the amount determined in subsection (1)(a) above by the ANB of the district as determined under the provisions of 20-9-311; and

(c) ~~subtracting the total of~~ from the amount determined in subsection (1)(b) the per-ANB amount allowed by 20-9-316-through-20-9-321-that-represents the foundation program ~~as prescribed by 20-9-303-plus--the--per-ANB--amount~~

~~determined--by--dividing--the--state--financing--of--the--district--permissive--levy--by--the--ANB--of--the--district--from--the--amount--determined--in--subsection--(1)(b) schedules and the per-ANB amount of guaranteed tax base aid as provided in [sections 74-through-77 64 THROUGH 67].~~

(2) The tuition for a full-time high school special education pupil must be determined under rules adopted by the superintendent of public instruction for the calculation of tuition for full-time high school special education pupils as designated in 20-9-311 for funding purposes.

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

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

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

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

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

(4) When the county superintendent receives a tuition report from a district, he shall immediately send the

1 reported information to the superintendent of each district
2 in which the reported pupils reside.

3 (5) When the district superintendent receives a
4 tuition report or reports for high school pupils residing in
5 his district and attending an out-of-district high school
6 under approved tuition agreements, he shall determine the
7 total amount of tuition due ~~such~~ the out-of-district high
8 schools on the basis of the following per-pupil schedule:
9 the rate of tuition, number of pupils attending under an
10 approved tuition agreement, and other information provided
11 by each high school district where resident district pupils
12 have attended school.

13 (6) The total amount of the high school tuition, with
14 consideration of any tuition waivers, for pupils attending a
15 high school outside the county of residence must be financed
16 by the county basic special tax for high schools as provided
17 in 20-9-334. In December, the county superintendent shall
18 cause the payment by county warrant of at least one-half of
19 the high school tuition obligations established under this
20 section out of the first money realized from the county
21 basic special tax for high schools. The remaining
22 obligations must be paid by June 15 of the school fiscal
23 year. The payments must be made to the county treasurer of
24 the county where each high school entitled to tuition is
25 located. The county treasurer shall credit tuition receipts

1 to the general fund of the applicable high school district,
2 and the tuition receipts must be used in accordance with the
3 provisions of 20-9-141.

4 (7) For pupils attending a high school outside their
5 district of residence but within the county of residence,
6 the total amount of the tuition, with consideration of any
7 tuition waivers, must be paid during the ensuing school
8 fiscal year. The trustees of the sending high school
9 district shall include the tuition amount in the tuition
10 fund of the preliminary and final budgets. This budgeted
11 tuition amount is not subject to the budget adjustment
12 provisions of 20-9-132. The county superintendent shall
13 report the net tuition fund levy requirement for each high
14 school district to the county commissioners on the second
15 Monday of August, and a levy on the district must be made by
16 the county commissioners in accordance with 20-9-142. The
17 levy requirement must be calculated by subtracting from the
18 total expenditure amount authorized in the final tuition
19 fund budget the sum of the cash balance in the tuition fund
20 at the end of the immediately preceding school fiscal year
21 plus any other anticipated money that may be realized in the
22 tuition fund. The trustees shall pay by warrants drawn on
23 the tuition fund the tuition amounts owed to each district
24 included in the county superintendent's notification.
25 Payments must be made whenever there is a sufficient amount

1 of cash available in the tuition fund but no later than the
 2 end of the school fiscal year for which the budget is
 3 adopted. However, if the trustees of either the sending or
 4 receiving high school district feel the transfer privilege
 5 provided by this subsection is being abused, they may appeal
 6 to the county superintendent of schools, who shall hold a
 7 hearing and either approve or disapprove the transfer."

8 **Section 19.** Section 20-6-401, MCA, is amended to read:

9 "20-6-401. Definitions. As used in this part, unless
 10 the context clearly indicates otherwise, the following
 11 definitions apply:

12 (1) "Component districts" means the elementary or high
 13 school districts incorporated into the enlarged district.

14 (2) "Eligible pupils" means the average number
 15 belonging (ANB) in the operating schools of the component
 16 districts and the tuition pupils residing in the component
 17 districts and attending another district's school under the
 18 tuition provisions of the school laws, except that the
 19 pupils residing in the component district having the largest
 20 total number of pupils are ineligible for bonus payment
 21 consideration.

22 (3) "Enlarged district" means the elementary or high
 23 school district resulting from the consolidation or
 24 annexation of two or more component districts.

25 (4) "General bonus payment" for first- and

1 second-class school districts must be ~~\$300~~ \$450 per eligible
 2 pupil per year for a period of 3 years and must be deposited
 3 in the enlarged district's general fund. General bonus
 4 payment for third-class school districts must be ~~\$500~~ \$750
 5 per eligible pupil per year for a period of 3 years and must
 6 be deposited in the enlarged district's general fund. The
 7 general bonus payment must be made from the state school
 8 equalization aid account.

9 ~~(5) "Transportation bonus payment" is the provision of~~
 10 ~~66-2/3% state financing of the on-schedule transportation~~
 11 ~~amount as provided by the transportation provisions of the~~
 12 ~~school laws. When an eligible pupil is entitled to~~
 13 ~~transportation, the enlarged district is entitled to the~~
 14 ~~transportation bonus payment for the eligible pupil for a~~
 15 ~~period of 3 years. The payment must be made from the state~~
 16 ~~transportation aid account. When the eligible pupil rides a~~
 17 ~~bus providing transportation for ineligible pupils, the~~
 18 ~~66-2/3% state financing of the on-schedule amount for this~~
 19 ~~payment must be prorated to provide financing for the~~
 20 ~~eligible pupil.~~

21 (5) "TRANSPORTATION BONUS PAYMENT" IS THE PROVISION OF
 22 66 2/3% STATE FINANCING OF THE ON-SCHEDULE TRANSPORTATION
 23 AMOUNT AS PROVIDED BY THE TRANSPORTATION PROVISIONS OF THE
 24 SCHOOL LAWS. WHEN AN ELIGIBLE PUPIL IS ENTITLED TO
 25 TRANSPORTATION, THE ENLARGED DISTRICT IS ENTITLED TO THE

TRANSPORTATION BONUS PAYMENT FOR THE ELIGIBLE PUPIL FOR A PERIOD OF 3 YEARS. THE PAYMENT MUST BE MADE FROM THE STATE TRANSPORTATION 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 MUST BE PRORATED TO PROVIDE FINANCING FOR THE ELIGIBLE PUPIL."

Section 20. Section 20-6-506, MCA, is amended to read:

"20-6-506. Budgeting and cost sharing when junior high school operated by elementary district and high school district operating a county high school. (1) Whenever the opening of a junior high school is approved for the ensuing school fiscal year under 20-6-505, the county superintendent shall estimate the average number belonging (ANB) after investigating the probable enrollment for the junior high school. The ANB determined by the county superintendent and the ANB actually realized in subsequent school fiscal years shall must be applied under 20-9-320 to prorate the ~~maximum-general-fund-budget-without-a-voted-levy~~ foundation program schedule amount provided in 20-9-303(2)(a) between the elementary and high school districts. Each district shall adopt its general fund budget on the basis of the prorated amount and shall finance its proportionate share of the cost of operating the junior high school.

(2) The cost of operating the junior high school shall

must be prorated between the elementary district and the high school district on the basis of the ratio that the number of pupils of ~~their~~ each district is to the total enrollment of the junior high school."

Section 21. Section 20-6-603, MCA, is amended to read:

"20-6-603. Trustees' authority to acquire or dispose of sites and buildings -- when election required. (1) The trustees of any district ~~shall have the authority to may~~ purchase, build, exchange, or otherwise acquire, or sell, or otherwise dispose of sites and buildings of the district. ~~Such--action--shall~~ Action may not be taken by the trustees without the approval of the qualified electors of the district at an election called for such the purpose of approval unless:

(a) a bond issue has been authorized for the purpose of constructing, purchasing, or acquiring the site or building;

(b) an additional levy under the provisions of 20-9-353 has been approved for the purpose of constructing, purchasing, or acquiring the site or building;

(c) the cost of constructing, purchasing, or acquiring the site or building is financed without exceeding the ~~maximum-general-fund-budget-without-a-vote-amount-prescribed in--20-9-316--through--20-9-321~~ foundation program schedule amount provided in 20-9-303(2)(a), and, in the case of a

1 site purchase, the site has been approved under the
 2 provisions of 20-6-621; or

3 (d) ~~moneys-are~~ money is otherwise available under the
 4 provisions of this title and the ballot for the site
 5 approval for ~~such~~ the building incorporated a description of
 6 the building to be located on the site.

7 (2) When an election is conducted under the provisions
 8 of this section, it ~~shall~~ must be called under the
 9 provisions of 20-20-201 and ~~shall~~ must be conducted in the
 10 manner prescribed by this title for school elections. An
 11 elector qualified to vote under the provisions of 20-20-301
 12 ~~shall-be-permitted-to~~ may vote in ~~such~~ the election. If a
 13 majority of those electors voting at the election approve
 14 the proposed action, the trustees may take the proposed
 15 action."

16 **Section 22.** Section 20-6-608, MCA, is amended to read:

17 "20-6-608. Authority and duty of trustees to insure
 18 district property. The trustees of any district shall have
 19 ~~the--authority--and--it--shall--be--their--duty--to~~ insure any or
 20 all real and personal property of the district. The trustees
 21 shall include the cost of insurance in the general fund
 22 budget of the district."

23 **Section 23.** Section 20-7-414, MCA, is amended to read:

24 "20-7-414. Determination of children in need and type
 25 of special education needed -- approval of classes and

1 programs by superintendent. (1) The determination of the
 2 children requiring special education and the type of special
 3 education needed by these children ~~shall--be~~ is the
 4 responsibility of the trustees, and ~~such~~ the determination
 5 ~~shall~~ must be made in compliance with the procedures
 6 established in the rules of the superintendent of public
 7 instruction. Whenever the trustees of a school district or
 8 the governing authority of an institution ~~learn~~ learns of a
 9 handicapped child in ~~their~~ its jurisdiction who is in need
 10 of special education, ~~they~~ it shall determine whether the
 11 child is in need of a surrogate parent by determining
 12 whether the parents or guardian is unknown or unavailable or
 13 if the child is a ward of the state. The determination must
 14 be made within 10 days of the date on which the trustees of
 15 ~~a~~ the school district or the governing authority of ~~an~~ the
 16 institution learned of the presence of the child in the
 17 district. If the child is in need of a surrogate parent, the
 18 trustees of ~~a~~ the school district or the governing authority
 19 of ~~an~~ the institution must nominate a surrogate parent for
 20 the child as provided in 20-7-461.

21 (2) Whenever the trustees of any district intend to
 22 establish a special education class or program, they shall
 23 apply for approval and funding of the class or program by
 24 the superintendent of public instruction. The superintendent
 25 of public instruction shall approve or disapprove the

1 application for the special education class or program on
 2 the basis of its compliance with the laws of the state of
 3 Montana, the special education policies adopted by the board
 4 of public education, and the rules of the superintendent of
 5 public instruction. No special education class may be
 6 operated by the trustees without the approval of the
 7 superintendent of public instruction. Each special education
 8 class or program must be approved annually to be funded as
 9 part of the maximum-budget-without-a-vote foundation program
 10 for special education."

11 **Section 24.** Section 20-7-422, MCA, is amended to read:

12 "20-7-422. Out-of-state tuition for special education
 13 children. (1) If the trustees of any district recommend to
 14 the superintendent of public instruction the attendance of
 15 a child in need of special education in a special education
 16 program offered outside of the state of Montana, such the
 17 arrangements shall are not be subject to the out-of-state
 18 attendance provisions of the laws governing the attendance
 19 of pupils in schools outside the state of Montana.

20 (2) Whenever the attendance of a child at an
 21 out-of-state special education program is approved by the
 22 superintendent of public instruction, ~~it--shall--be--the~~
 23 ~~responsibility-of~~ the superintendent of public instruction
 24 shall, in cooperation with the department of family
 25 services, to negotiate the program for the child and the

1 amount and manner of payment of tuition. The amount of
 2 tuition ~~shall~~ must be included as a contracted service in
 3 20-7-431(1)(a)(iii)(A) in the ~~maximum-budget-without-a-vote~~
 4 foundation program amount for special education."

5 **Section 25.** Section 20-7-431, MCA, is amended to read:

6 "20-7-431. Allowable cost schedule for special
 7 programs -- superintendent to make rules -- annual
 8 accounting. (1) For the purpose of determining the
 9 ~~maximum-budget-without-a-vote~~ foundation program amount for
 10 special education as defined in 20-9-321, the following
 11 schedule of allowable costs ~~shall~~ must be followed by the
 12 school district in preparation of its special education
 13 budget for state aid request purposes and by the
 14 superintendent of public instruction in his review and
 15 approval of the budget (for the purposes of determining the
 16 amount of the ~~maximum-budget-without-a-vote~~ foundation
 17 program for special education for the district, and as used
 18 in this schedule, "full-time special pupil" and "regular
 19 ANB" are to be determined in accordance with 20-9-311 and
 20 20-9-313):

21 (a) instruction: salaries, benefits, supplies,
 22 textbooks, and other expenses, including:

23 (i) salaries and benefits of special program teachers,
 24 regular program teachers, teacher aides, special education
 25 supervisors, audiologists, and speech and hearing

1 clinicians--the entire cost if employed full time in the
 2 special program; if such the personnel are shared between
 3 special and regular programs--a portion of the entire cost
 4 corresponding to the entire working time which each such
 5 person devotes to the special program;

6 (ii) teaching supplies and textbooks if used
 7 exclusively for special programs--the actual total cost;

8 (iii) other expenses:

9 (A) contracted services, including fees paid for
 10 professional advice and consultation regarding special
 11 students or the special program, and the delivery of special
 12 education services by public or private agencies--the actual
 13 total cost;

14 (B) transportation costs for special education
 15 personnel who must travel on an itinerant basis from school
 16 to school or district to district or to in-state child study
 17 team meetings or in-state individualized education program
 18 meetings--the actual cost to the district calculated on the
 19 same mileage rate used by the district for other travel
 20 reimbursement purposes;

21 (b) supportive services, including:

22 (i) salaries and benefits of professional supportive
 23 personnel--the entire cost if employed full time in the
 24 special program; if such the personnel are shared between
 25 special and regular programs--a portion of the entire cost

1 corresponding to the entire working time which each such
 2 person devotes to the special program. Professional
 3 supportive personnel may include counselors, social workers,
 4 psychologists, psychometrists, physicians, nurses, and
 5 physical and occupational therapists.

6 (ii) salaries and benefits of clerical personnel ~~for~~
 7 who assist professional personnel in supportive
 8 services--the entire cost if employed full time in the
 9 special program; if such the personnel are shared between
 10 special and regular programs--a portion of the entire cost
 11 corresponding to the entire working time which each such
 12 person devotes to the special program;

13 (c) equipment:

14 (i) equipment--the actual total cost;

15 (ii) special equipment for district-owned school buses
 16 necessary to accommodate special students--the actual total
 17 cost;

18 (iii) special equipment for school buses contracted to
 19 transport special students--that portion of the contract
 20 price attributable to the cost of special equipment or
 21 personnel required to accommodate special students--the
 22 actual special cost;

23 (iv) repair and maintenance of equipment--the actual
 24 total cost;

25 (d) room and board costs when the special pupil has to

1 attend a program at such a distance from his home that
2 commuting is undesirable as determined by the superintendent
3 of public instruction.

4 (2) The superintendent of public instruction shall
5 ~~prior--to--September--17--1977--revise--the~~ adopt rules in
6 accordance with the policies of the board of public
7 education for:

8 (a) keeping necessary records for supportive and
9 administrative personnel and any personnel shared between
10 special and regular programs;

11 (b) defining the total special program caseload that
12 ~~shall~~ must be assigned to specific support persons and the
13 kinds of professional specialties to be considered relevant
14 to the program before the district may count an allowable
15 cost under subsection (1)(b) of this section; and

16 (c) defining the kinds or types of equipment whose
17 costs may be counted under subsection (1)(c)(i) of this
18 section.

19 (3) An annual accounting of all expenditures of school
20 district general fund ~~moneys~~ money for special education
21 ~~shall~~ must be made by the district trustees on forms
22 furnished by the superintendent of public instruction. The
23 superintendent of public instruction shall make rules for
24 such the accounting.

25 (4) If a board of trustees chooses to exceed the

1 budget approved by the superintendent of public instruction,
2 costs in excess of the approved budget may not be reimbursed
3 under the ~~maximum-budget-without-a-vote~~ foundation program
4 for special education.

5 (5) Allowable costs prescribed in this section do not
6 include the costs of the teachers' retirement system, the
7 public employees' retirement system, the federal social
8 security system, or the costs for unemployment compensation
9 insurance.

10 (6) (a) Notwithstanding other provisions of the law,
11 the superintendent of public instruction ~~shall~~ may not
12 approve a ~~maximum-budget-without-a-vote~~ foundation program
13 amount for special education which that exceeds legislative
14 appropriations; however, any unexpended balance from the
15 first year of a biennial appropriation may be spent in the
16 second year of the biennium in addition to the second year
17 appropriation.

18 (b) If the total allowable cost of the special
19 education budgets exceeds legislative appropriations
20 available for special education, each district shall receive
21 a pro rata share of the available appropriations based upon
22 prioritized budget items as established by the
23 superintendent of public instruction. The amount of the
24 approved budgets in excess of the available appropriations
25 may not be reimbursed under the

1 maximum budget without a vote foundation program for special
2 education and is the responsibility of the school district."

3 **Section 20.** ~~Section 20-7-442, MCA, is amended to read:~~

4 "20-7-442. ~~State transportation reimbursement for~~
5 ~~special education children. Districts providing children~~
6 ~~with transportation to a special education class or program~~
7 ~~and complying with the special education transportation~~
8 ~~regulations promulgated by the superintendent of public~~
9 ~~instruction shall be eligible for a the state~~
10 ~~transportation reimbursement under the provisions of~~
11 ~~20-10-145. The reimbursement shall must be calculated from a~~
12 ~~schedule established by the superintendent of public~~
13 ~~instruction with the state providing two thirds of the~~
14 ~~reimbursement and the county in which the children reside~~
15 ~~providing the remainder."~~

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

17 "20-9-104. General fund cash reserve. (1) At the end
18 of each school fiscal year, the trustees of each district
19 shall designate what the portion of the general fund
20 end-of-the-year cash balance shall that is to be earmarked
21 as cash reserve for the purpose of paying general fund
22 warrants issued by the district from July 1 to November 30
23 of the ensuing school fiscal year. THE EXCEPT AS PROVIDED IN
24 SUBSECTIONS (3) AND (4), THE amount of the general fund cash
25 balance that is earmarked as cash reserve shall may not

1 exceed 35% the following percentages of the final general
2 fund budget for the ensuing school fiscal year ~~and shall:~~

3 (a) 35% for a district that did not receive state
4 equalization aid during the current school fiscal year;

5 (b) 30% for a district that received state
6 equalization aid equal to 25% or less of its foundation
7 program schedule entitlement in the current school fiscal
8 year; and

9 (c) 20% for a district that received state
10 equalization aid equal to more than 25% of its foundation
11 program schedule entitlement in the current school fiscal
12 year.

13 (2) The amount held as cash reserve may not be used
14 for property tax reduction in the manner permitted by
15 20-9-141(1)(b) for other receipts. Any portion of the
16 general fund end-of-the-year cash balance that is not
17 earmarked for cash reserve purposes ~~shall be~~ is cash
18 reappropriated ~~which shall~~ and must be used for property tax
19 reduction as provided in 20-9-141(1)(b)(iii).

20 (3) The limitation of subsection (1) does not apply
21 when the amount in excess of the limitation is equal to or
22 less than:

23 (a) any amount received during the current school
24 fiscal year under Public Law 81-874; or

25 (b) the unused balance of any amount received in

1 settlement of tax payments protested prior to [the effective
2 date of this section]; OR

3 (C) ANY AMOUNT RECEIVED AS A GENERAL BONUS PAYMENT
4 UNDER 20-6-401.

5 (4) THE LIMITATION OF SUBSECTION (1) DOES NOT APPLY IF
6 THE AMOUNT EARMARKED AS CASH RESERVE IS \$10,000 OR LESS."

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

8 **"20-9-141. Computation of general fund net levy**
9 **requirement by county superintendent.** (1) The county
10 superintendent shall compute the levy requirement for each
11 district's general fund on the basis of the following
12 procedure:

13 (a) Determine the ~~total-of-the~~ funding required for
14 the district's final general fund budget less the amount
15 established by the schedules in 20-9-316 through 20-9-321 by
16 totaling:

17 (i) the district's nonisolated school foundation
18 program requirement to be met by a district levy as provided
19 in 20-9-303;

20 (ii) the district's permissive levy amount as provided
21 in 20-9-352 [section 78 68]; and

22 (iii) any general fund budget amount adopted by the
23 trustees of the district under the provisions of 20-9-353,
24 including any additional levies authorized by the electors
25 of the district.

1 (b) Determine the ~~total-of-the-moneys~~ money available
2 for the reduction of the property tax on the district for
3 the general fund by totaling:

4 (i) anticipated federal moneys money received under
5 the provisions of Title I of Public Law 81-874 or other
6 anticipated federal moneys money received in lieu of ~~such~~
7 that federal act;

8 (ii) anticipated tuition payments for out-of-district
9 pupils under the provisions of 20-5-303, 20-5-307, 20-5-312,
10 and 20-5-313;

11 (iii) general fund cash reappropriated, as established
12 under the provisions of 20-9-104;

13 (iv) anticipated or reappropriated state impact aid
14 received under the provisions of 20-9-304;

15 (v) anticipated or reappropriated revenue from ~~vehicle~~
16 property taxes and fees imposed under 23-2-517, 23-2-803,
17 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-204;

18 (vi) anticipated net and gross proceeds taxes for
19 ~~interim--production--and--new--production;--as--defined--in~~
20 ~~±5-23-60±~~ collected under 15-23-607 and 15-23-703;

21 (vii) anticipated interest to be earned or
22 reappropriated interest earned by the investment of general
23 fund cash in accordance with the provisions of 20-9-213(4);
24 and

25 (viii) anticipated revenue from corporation license

1 taxes collected from financial institutions under the
 2 provisions of 15-31-702; and

3 (IX) ANTICIPATED REVENUE FROM NET AND GROSS PROCEEDS
 4 TAXES FOR THE CURRENT YEAR; AND

5 ~~(viii)(ix)~~(X) any other revenue anticipated by the
 6 trustees to be received during the ensuing school fiscal
 7 year which may be used to finance the general fund.

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

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

18 **Section 28.** Section 20-9-201, MCA, is amended to read:

19 "20-9-201. **Definitions and application.** (1) As used in
 20 this title, unless the context clearly indicates otherwise,
 21 "fund" means a separate detailed account of receipts and
 22 expenditures for a specific purpose as authorized by law.
 23 Funds are classified as follows:

24 (a) A "budgeted fund" means any fund for which a
 25 budget must be adopted in order to expend any money from

1 ~~such the~~ fund. The general fund, transportation fund, bus
 2 depreciation reserve fund, elementary tuition fund,
 3 retirement fund, debt service fund, leased facilities fund,
 4 building reserve fund, adult education fund, nonoperating
 5 fund, ~~vocational-technical-center-fund~~, and any other funds
 6 so designated by the legislature ~~shall--be~~ are budgeted
 7 funds.

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

15 (2) The school financial administration provisions of
 16 this title apply to all money of any elementary or high
 17 school district except the extracurricular money realized
 18 from pupil activities. Elementary and high school districts
 19 shall record the receipt and disbursement of all money in
 20 accordance with generally accepted accounting principles.
 21 The superintendent of public instruction has general
 22 supervisory authority as prescribed by law over the school
 23 financial administration provisions, as they relate to
 24 elementary and high school districts, ~~as-prescribed-by-law~~
 25 ~~and He shall establish-such~~ adopt rules ~~as-are~~ necessary to

1 secure compliance with the law."

2 **Section 29.** Section 20-9-212, MCA, is amended to read:

3 "20-9-212. Duties of county treasurer. The county
4 treasurer of each county shall:

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

13 (a) the basic county tax in support of the elementary
14 foundation programs;

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

17 ~~{c}--the--county--tax--in--support--of--the--county's--High~~
18 ~~school--transportation--obligation;~~

19 {C} THE COUNTY TAX IN SUPPORT OF THE COUNTY'S HIGH
20 SCHOOL TRANSPORTATION OBLIGATION;

21 ~~{d}{c}{D}~~ the county tax in support of the elementary
22 and high school district obligations to the retirement
23 systems of the state of Montana; and

24 ~~{e}--any--additional--county--tax--required--by--law--to~~
25 ~~provide--for--deficiency--financing--of--the--elementary~~

1 foundation-programs;

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

5 ~~{g}{d}{E}~~ any other county tax for schools, including
6 the community colleges, which may be authorized by law and
7 levied by the county commissioners;

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

16 (3) keep a separate accounting of the expenditures for
17 each budgeted fund included in the final budget of each
18 district;

19 (4) keep a separate accounting of the receipts,
20 expenditures, and cash balances for each budgeted fund
21 included in the final budget of each district and for each
22 nonbudgeted fund established by each district;

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

1 (6) receive all revenue collected by and for each
 2 district and deposit these receipts in the fund designated
 3 by law or by the district if no fund is designated by law.
 4 Interest and penalties on delinquent school taxes ~~shall~~ must
 5 be credited to the same fund and district for which the
 6 original taxes were levied.

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

13 (8) at the direction of the trustees of a district,
 14 assist the district in the issuance and sale of tax and
 15 revenue anticipation notes as provided in Title 7, chapter
 16 6, part 11;

17 (9) register district warrants drawn on a budgeted
 18 fund in accordance with 7-6-2604 when there is insufficient
 19 money available ~~in-the-sum-of-money~~ in all funds of the
 20 district to make payment of such the warrant. Redemption of
 21 registered warrants ~~shall~~ must be made in accordance with
 22 7-6-2116, 7-6-2605, and 7-6-2606.

23 (10) invest the money of any district as directed by
 24 the trustees of the district within 3 working days of such
 25 the direction;

1 (11) give each month give to the trustees of each
 2 district an itemized report for each fund maintained by the
 3 district, showing the paid warrants, outstanding warrants,
 4 registered warrants, amounts and types of revenue received,
 5 and the cash balance; and

6 (12) remit promptly to the state treasurer receipts for
 7 the county tax for a vocational-technical center when levied
 8 by the board of county commissioners; under the provisions
 9 of 20-16-202; and

10 (13) invest the money received from the basic county
 11 tax in support of the elementary foundation programs and the
 12 basic special tax in support of the high school foundation
 13 programs within 3 working days of receipt. The money must be
 14 invested until the working day before it is required to be
 15 distributed to school districts within the county or
 16 remitted to the state. Permissible investments are specified
 17 in 20-9-213(4). All investment income must be deposited, and
 18 credited proportionately, in the funds established to
 19 account for the taxes received for the purposes specified in
 20 subsections (1)(a) and (1)(b)."

21 **Section 30.** Section 20-9-213, MCA, is amended to read:

22 "20-9-213. Duties of trustees. The trustees of each
 23 district shall have the sole power and authority to transact
 24 all fiscal business and execute all contracts in the name of
 25 such the district. No person other than the trustees acting

1 as a governing board ~~shall have the authority to~~ may expend
 2 moneys money of the district. In conducting the fiscal
 3 business of the district, the trustees shall:

4 (1) cause the keeping of an accurate, detailed
 5 accounting of all receipts and expenditures of school moneys
 6 money for each fund maintained by the district in accordance
 7 with generally accepted accounting principles and the rules
 8 prescribed by the superintendent of public instruction. The
 9 record of such the accounting ~~shall~~ must be open to public
 10 inspection at any meeting of the trustees.

11 (2) authorize all expenditures of district moneys
 12 money and cause warrants to be issued for the payment of
 13 lawful obligations;

14 (3) ~~have the authority to~~ issue warrants on any
 15 budgeted fund in anticipation of budgeted revenues, except
 16 that such the expenditures ~~shall~~ may not exceed the amount
 17 budgeted for such the fund;

18 (4) invest any moneys money of the district, whenever
 19 in the judgment of the trustees such the investment would be
 20 advantageous to the district, by directing the county
 21 treasurer to invest any money of the district in direct
 22 obligations of the United States government; in savings or
 23 time deposits in a state or national bank, building or loan
 24 association, savings and loan association, or credit union
 25 insured by the FDIC, FSLIC, or NCUA located in the state; or

1 in a repurchase agreement as authorized in 7-6-213. All
 2 interest collected on such the deposits or investments ~~shall~~
 3 must be credited to the fund from which the money was
 4 withdrawn, except that interest earned on account of the
 5 investment of money realized from the sale of bonds ~~shall~~
 6 must be credited to the debt service fund or the building
 7 fund, at the discretion of the board of trustees. The
 8 placement of the investment by the county treasurer ~~shall~~ is
 9 not be subject to ratable distribution laws and ~~shall~~ must
 10 be done in accordance with the directive from the board of
 11 trustees. A district may invest moneys money under the
 12 state unified investment program established in Title 17,
 13 chapter 6.

14 (5) cause the district to record every transaction in
 15 the appropriate account before the accounts are closed at
 16 the end of the fiscal year in order to properly report the
 17 receipt, use, and disposition of all money and property for
 18 which the district is accountable;

19 (5)(6) report annually to the county superintendent,
 20 not later than August 1, the financial activities of each
 21 fund maintained by the district during the last completed
 22 school fiscal year, on the forms prescribed and furnished by
 23 the superintendent of public instruction. Annual fiscal
 24 reports for joint school districts ~~shall~~ must be submitted
 25 to the county superintendent of each county in which part of

1 the joint district is situated.

2 ~~(6)~~(7) whenever requested, report any other fiscal
3 activities to the county superintendent, superintendent of
4 public instruction, or board of public education;

5 ~~(7)~~(8) cause the accounting records of the district to
6 be audited ~~annually~~ biennially as required by law 2-7-503;
7 and

8 ~~(8)~~(9) perform, in the manner permitted by law, such
9 other fiscal duties that are in the best interests of the
10 district."

11 **Section 31.** Section 20-9-301, MCA, is amended to read:

12 "20-9-301. Purpose--and--definition Basic system of
13 schools -- purpose of foundation program and definition of
14 general fund budget. (1) A basic uniform system of free
15 public schools sufficient for the education of and open to
16 all school age children of the state ~~shall~~ must be
17 established and maintained throughout the state of Montana.
18 The state shall ~~aid-in-the--support~~ share the operational
19 costs of its several school districts on the basis of their
20 financial need as measured by the foundation program and--in
21 ~~the--manner--established--in,~~ guaranteed tax base aid,
22 transportation--schedule--reimbursement, reimbursement of
23 special education allowable costs, and other school funding
24 equalization provisions of this title.

25 (2) The principal budgetary vehicle for achieving the

1 minimum financing as established by the foundation program
2 ~~shall-be~~ is the general fund of the district. The purpose of
3 the general fund ~~shall--be~~ is to finance those general
4 maintenance and operational costs of a district not financed
5 by other funds established for special purposes in this
6 title.

7 (3) The amount of the general fund budget for each
8 school fiscal year ~~shall~~ may not exceed the financing
9 limitations established by this title ~~but--shall--be--no~~ and
10 may not be less than the amount established by law as the
11 foundation program. The general fund budget ~~shall~~ must be
12 financed by the foundation program revenues amount for the
13 district and may be supplemented by the a permissive levy,
14 as provided in [section 78 68], and additional voted levies
15 in--the--manner and other revenue as provided by law
16 20-9-353."

17 **Section 32.** Section 20-9-303, MCA, is amended to read:

18 "20-9-303. Definition of foundation program and-its
19 proportion-of-the--maximum-general-fund-without-a-voted-levy
20 schedule--amount -- nonisolated school foundation program
21 financing -- special education funds. (1) As used in this
22 title, the term "foundation program" ~~shall-mean~~ means the
23 minimum operating expenditures, as established herein in
24 this title, that are sufficient to provide for the
25 educational program of a school. The foundation program

1 relates only to those expenditures authorized by a
2 district's general fund budget and shall may not include
3 expenditures from any other fund. It ~~shall-be~~ is financed
4 by:

5 (a) county equalization ~~moneys~~ money, as provided in
6 20-9-331 and 20-9-333; and

7 (b) state equalization aid, as provided in 20-9-343;

8 (c) appropriations for special education; and

9 (d) a district levy, as provided in subsection (3),
10 for support of a school not approved as an isolated school
11 under the provisions of 20-9-302.

12 ~~(2) The dollar amount of the foundation program shall~~
13 ~~be-----80%-----of-----the~~
14 ~~maximum-general-fund-budget-without-a-voted-levy--limitation~~
15 ~~as--set-forth-in-the-schedules-in-20-9-316-through-20-9-321.~~

16 The foundation program ~~of-an~~ includes:

17 (a) amounts in support of general education programs
18 as provided in the schedules in 20-9-316 through 20-9-320;
19 and

20 (b) payments in support of special education programs
21 under 20-9-321.

22 (3) An elementary school having an ANB of nine or
23 fewer pupils for 2 consecutive years which is not approved
24 as an isolated school under the provisions of 20-9-302 shall
25 be--80%--of may budget and spend the schedule amount, but the

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

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

24 **Section 33.** Section 20-9-311, MCA, is amended to read:
25 **"20-9-311.** Calculation of average number belonging

(ANB). (1) Average number belonging must be computed by determining the total of the aggregate days of attendance by regularly enrolled, full-time pupils during the second semester of the preceding school fiscal year and the first semester of the current school fiscal year plus the aggregate days of absence by regularly enrolled, full-time pupils during the second semester of the preceding school fiscal year and the first semester of the current school fiscal year and by dividing the total by 180. However, when a school district has approval to operate less than 180 school days under 20-9-804, the total must be calculated in accordance with the provisions of 20-9-805. For the purpose of calculating ANB under this section, the days of attendance for a regularly enrolled pupil may not exceed 180 pupil-instruction days and 7 pupil-instruction-related days.

Attendance for a part of a morning session or a part of an afternoon session by a pupil must be counted as attendance for one-half day. In calculating the ANB for pupils enrolled in a program established under ~~20-7-117-prior-to-January--1,~~ ~~1974--or--pursuant-to~~ 20-7-117(1), attendance at or absence from a regular session of the program for at least 2 hours of either a morning or an afternoon session will be counted as one-half day attended or absent as the case may be. If a variance has been granted as provided in 20-1-302, ANB will be computed in a manner prescribed by the superintendent of

public instruction, but in no case may the ANB exceed one-half for each kindergarten pupil. When any pupil has been absent, with or without excuse, for more than 10 consecutive school days, including pupil-instruction-related days, his absence after the 10th day of absence may not be included in the aggregate days of absence and his enrollment in the school may not be considered in the calculation of the average number belonging until he resumes attendance at school.

(2) If a student spends less than half his time in the regular program and the balance of his time in school in the special education program, he is considered a full-time special pupil but is not considered regularly enrolled for ANB purposes. If a student spends half or more of his time in school in the regular program and the balance of his time in the special education program, he is considered regularly enrolled for ANB purposes.

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

(a) a school of the district is located more than 3 miles beyond the incorporated limits of a city or town or from another school of the district, all of the regularly

1 enrolled, full-time pupils of the school must be calculated
2 individually for ANB purposes;

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

7 (c) a middle school has been approved and accredited,
8 all pupils below the 7th grade must be considered elementary
9 school pupils for ANB purposes and the 7th and 8th grade
10 pupils must be considered high school pupils for ANB
11 purposes; or

12 (d) a school has not been accredited by the board of
13 public education, the regularly enrolled, full-time pupils
14 attending the nonaccredited school are not eligible for
15 average number belonging calculation purposes, nor will an
16 average number belonging for the nonaccredited school be
17 used in determining the foundation program for the district.

18 (4) When 11th or 12th grade students are regularly
19 enrolled on a part-time basis, high schools may calculate
20 the ANB to include an "equivalent ANB" for those students.
21 The method for calculating an equivalent ANB must be
22 determined in a manner prescribed by the superintendent of
23 public instruction."

24 **Section 34.** Section 20-9-312, MCA, is amended to read:

25 "20-9-312. Maximum---general--fund--budget Foundation

1 program schedule for grades seven and eight. The ANB
2 calculated for grades 7 and 8 shall must be funded at the
3 high school rate, ~~provided-that~~ if the school meets the
4 standards for accreditation of a middle school. When ~~such~~
5 the pupils are actually enrolled in an elementary school,
6 the foundation program schedule amount ~~of-the-general-fund~~
7 budget per ANB is determined from the high school schedule
8 using the total ANB of the elementary school. To determine
9 the total ANB of ~~such-an~~ the elementary school, the 7th and
10 8th grade pupils shall must be included in ~~such~~ the total."

11 **Section 35.** Section 20-9-315, MCA, is amended to read:

12 "20-9-315. Maximum general fund budget and --
13 exceptions -- recapture. (1) The total amount of the general
14 fund budget of any district shall may not be greater than
15 the ~~general-fund-budget-amount-specified-in-20-9-316-through~~
16 ~~20-9-321~~ district's foundation program as provided in
17 20-9-303, except when a district has adopted a permissive
18 amount as provided in [section 70 68] or an emergency
19 general fund budget under the provisions of 20-9-165 or when
20 a district satisfies the requirements of 20-9-353.

21 (2) If the trustees adopt, under the provisions of
22 [section 70 68] and 20-9-353, a general fund budget in
23 excess of 166% of the district's foundation program amount,
24 the county treasurer shall, for each percentage point over
25 166% by which the total general fund budget exceeds the

1 foundation program amount, remit to the state treasurer an
 2 amount equal to 2% of the difference between the total
 3 general fund budget of the district and 166% of the
 4 district's foundation program amount. The amount remitted
 5 must be from the proceeds of the additional levy or other
 6 revenue available to the district to finance the excess
 7 amount. The state treasurer shall deposit the amount in the
 8 state equalization aid account in the state special revenue
 9 fund.

10 (3) The provisions of subsection (2) do not apply if
 11 Public Law 81-874 funds are the sole source of funding for
 12 the excess amount."

13 **Section 36.** Section 20-9-316, MCA, is amended to read:

14 "20-9-316. Elementary school maximum budget schedule
 15 for 1985-86 1989-90. For the school fiscal year ending June
 16 30, 1990, the elementary school foundation program schedule
 17 is as follows:

18 (1) For each elementary school having an ANB of nine
 19 or fewer pupils, the maximum ~~shall be \$19,959~~ is \$20,968 if
 20 said the school is approved as an isolated school.

21 (2) For schools with an ANB of 10 pupils but less than
 22 18 pupils, the maximum ~~shall be \$19,959~~ is \$20,968 plus
 23 \$834.10 \$876.30 per pupil on the basis of the average number
 24 belonging over nine 9.

25 (3) For schools with an ANB of at least 14 pupils but

1 less than 18 pupils that qualify for instructional aide
 2 funding under 20-9-322, the maximum ~~shall be \$32,714~~ is
 3 \$34,369 plus \$834.10 \$876.30 per pupil on the basis of the
 4 average number belonging over 14.

5 (4) For schools with an ANB of 18 pupils and employing
 6 one teacher, the maximum ~~shall be \$27,466~~ is \$28,855 plus
 7 \$834.10 \$876.30 per pupil on the basis of the average number
 8 belonging over 18, not to exceed an ANB of 25.

9 (5) For schools with an ANB of 18 pupils and employing
 10 two full-time teachers, the maximum ~~shall be \$43,851~~ is
 11 \$46,068 plus \$522.40 \$548.80 per pupil on the basis of the
 12 average number belonging over 18, not to exceed an ANB of
 13 50.

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

17 (a) For a school having an ANB of more than 40 and
 18 employing a minimum of three teachers, the maximum of \$1,938
 19 ~~shall~~ \$2,036 must be decreased at the rate of \$1.88 \$1.98
 20 for each additional pupil until the total-number-(ANB) ~~shall~~
 21 have-reached-a-total-of reaches 100 pupils.

22 (b) For a school having an ANB of more than 100
 23 pupils, the maximum of \$1,825-~~shall~~ \$1,917 must be decreased
 24 at the rate of \$1.72 \$1.81 for each additional pupil until
 25 the ANB ~~shall have-reached~~ reaches 300 pupils.

1 (c) For a school having an ANB of more than 300
2 pupils, the maximum ~~shall~~ may not exceed ~~\$1,748~~ \$1,556 for
3 each pupil.

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

11 **Section 37.** Section 20-9-317, MCA, is amended to read:

12 "20-9-317. High school maximum budget schedule for
13 1985-86 1989-90. For the school fiscal year ending June 30,
14 1990, the high school foundation program schedule is as
15 follows:

16 (1) For each high school having an ANB of 24 or fewer
17 pupils, the maximum ~~shall-be-\$113,700~~ is \$119,462.

18 (2) For a secondary high school having an ANB of more
19 than 24 pupils, the maximum ~~\$4,730~~ shall of \$4,978 must be
20 decreased at the rate of ~~\$25.04~~ \$27.15 for each additional
21 pupil until the ANB ~~shall-have-reached-a-total-of~~ reaches 40
22 such pupils.

23 (3) For a school having an ANB of more than 40 pupils,
24 the maximum of ~~\$4,324~~ shall \$4,543 must be decreased at the
25 rate of ~~\$25.04~~ \$27.15 for each additional pupil until the

1 ANB ~~shall-have-reached~~ reaches 100 pupils.

2 (4) For a school having an ANB of more than 100
3 pupils, ~~a~~ the maximum of ~~\$2,774~~ shall \$2,914 must be
4 decreased at the rate of ~~\$4.32~~ \$4.54 for each additional
5 pupil until the ANB ~~shall-have-reached~~ reaches 200 pupils.

6 (5) For a school having an ANB of more than 200
7 pupils, the maximum of ~~\$2,342~~ shall \$2,460 must be decreased
8 by ~~\$2.30~~ \$2.50 for each additional pupil until the ANB ~~shall~~
9 ~~have-reached~~ reaches 300 pupils.

10 (6) For a school having an ANB of more than 300
11 pupils, the maximum of ~~\$2,104~~ shall \$2,210 must be decreased
12 at the rate of ~~44~~ 46 cents for each additional pupil until
13 the ANB ~~shall-have-reached~~ reaches 600 pupils.

14 (7) For a school having an ANB over of more than 600
15 pupils, the maximum ~~shall~~ may not exceed ~~\$1,973~~ \$2,073 per
16 pupil.

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

25 **Section 38.** Section 20-9-318, MCA, is amended to read:

1 "20-9-318. Elementary school maximum-budget foundation
 2 program schedule for 1987-88 school fiscal year 1991 and
 3 succeeding years. For 1987-88 the school fiscal year ending
 4 June 30, 1991, and succeeding school years, the elementary
 5 school maximum--budget foundation program schedule is as
 6 follows:

7 (1) For each elementary school having an ANB of nine
 8 or fewer pupils, the maximum shall-be-~~\$20,150~~ is \$21,872
 9 \$23,783 if said the school is approved as an isolated
 10 school.

11 (2) For schools with an ANB of 10 pupils but less than
 12 18 pupils, the maximum shall-be-~~\$20,150~~ is \$21,872 \$23,783
 13 plus \$842.50 ~~\$914.15~~ \$994.01 per pupil on the basis of the
 14 average number belonging over nine 9.

15 (3) For schools with an ANB of at least 14 pupils but
 16 less than 18 pupils that qualify for instructional aide
 17 funding under 20-9-322, the maximum shall-be-~~\$33,042~~ is
 18 \$35,852 \$38,984 plus \$842.50 ~~\$914.15~~ \$994.01 per pupil on
 19 the basis of the average number belonging over 14.

20 (4) For schools with an ANB of 18 pupils and employing
 21 one teacher, the maximum shall-be-~~\$27,741~~ is \$30,100 \$32,730
 22 plus \$842.50 ~~\$914.15~~ \$994.01 per pupil on the basis of the
 23 average number belonging over 18, not to exceed an ANB of
 24 25.

25 (5) For schools with an ANB of 18 pupils and employing

1 two full-time teachers, the maximum shall-be-~~\$44,290~~ is
 2 \$40,057 \$52,255 plus ~~\$527.60~~ \$572.47 \$622.48 per pupil on
 3 the basis of the average number belonging over 18, not to
 4 exceed an ANB of 50.

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

8 (a) For a school having an ANB of more than 40 and
 9 employing a minimum of three teachers, the maximum of ~~\$1,957~~
 10 shall--be \$2,123.44 \$2,308.94 is decreased at the rate of
 11 ~~\$1.90~~ \$2.06 \$2.24 for each additional pupil until the total
 12 number (ANB) shall--have--reached reaches a total of 100
 13 pupils.

14 (b) For a school having an ANB of more than 100
 15 pupils, the maximum of ~~\$1,843~~ shall-be \$1,999.75 \$2,174.44
 16 is decreased at the rate of ~~\$1.74~~ \$1.13 \$1.23 for each
 17 additional pupil until the ANB shall-have-reached reaches
 18 300 pupils.

19 (c) For a school having an ANB of more than 300
 20 pupils, the maximum shall may not exceed ~~\$1,496~~ \$1,769.33
 21 \$1,923.89 for each pupil.

22 (7) The maximum per pupil for all pupils (ANB) and for
 23 all elementary schools shall must be computed on the basis
 24 of the amount allowed herein in this section on account of
 25 the last eligible pupil (ANB). All elementary schools

1 operated within the incorporated limits of a city or town
2 ~~shall~~ must be treated as one school for the purpose of this
3 schedule."

4 **Section 39.** Section 20-9-319, MCA, is amended to read:

5 "20-9-319. High school maximum--budget foundation
6 program schedule for 1987-88 school fiscal year 1991 and
7 succeeding years. For 1987-88 the school fiscal year ending
8 June 30, 1991, and succeeding school years, the high school
9 maximum-budget foundation program schedule is as follows:

10 (1) For each high school having an ANB of 24 or fewer
11 pupils, the maximum ~~shall be \$114,845~~ is \$133,585 \$145,255.

12 (2) For a secondary high school having an ANB of more
13 than 24 pupils, the maximum ~~\$47,785--shall--be~~ of \$57,565-00
14 \$6,052.01 is decreased at the rate of \$26-10 \$30-36 \$33.01
15 for each additional pupil until the ANB shall--have--reached
16 reaches a total of 40 such pupils.

17 (3) For a school having an ANB of more than 40 pupils,
18 the maximum of ~~\$47,368--shall--be~~ \$57,088-76 \$5,524.59 is
19 decreased at the rate of \$26-10 \$30-36 \$33.01 for each
20 additional pupil until the ANB shall-have-reached reaches
21 100 pupils.

22 (4) For a school having an ANB of more than 100
23 pupils, a the maximum of ~~\$27,802--shall--be~~ \$37,259-22 \$3,543.93
24 is decreased at the rate of \$4-37 \$5-00 \$5.53 for each
25 additional pupil until the ANB shall--have--reached reaches

1 200 pupils.

2 (5) For a school having an ANB of more than 200
3 pupils, the maximum of ~~\$27,365--shall--be~~ \$27,758-92 \$2,991.22
4 is decreased by \$2-40 \$2-79 \$3.04 for each additional pupil
5 until the ANB shall-have-reached reaches 300 pupils.

6 (6) For a school having an ANB of more than 300
7 pupils, the maximum of ~~\$27,125--shall--be~~ \$27,471-75 \$2,687.67
8 is decreased at the rate of 44 51 56 cents for each
9 additional pupil until the ANB shall-have-reached reaches
10 600 pupils.

11 (7) For a school having an ANB over of more than 600
12 pupils, the maximum shall may not exceed ~~\$17,993~~ \$27,310-21
13 \$2,520.72 per pupil.

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

22 **Section 40.** Section 20-9-320, MCA, is amended to read:

23 "20-9-320. Maximum---generat--fund--budget Foundation
24 program schedule amount for junior high school. (1) The
25 generat--fund--budget foundation program schedule amount for

1 an approved and accredited junior high school ~~shall~~ must be
 2 prorated between the elementary district ~~general-fund-budget~~
 3 foundation program schedule amount and the high school
 4 district ~~general-fund--budget~~ foundation program schedule
 5 amount in the following manner:

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

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

12 (c) multiply the per-ANB schedule amount determined in
 13 subsection (1)(a) by the ANB calculated in subsection (1)(b)
 14 to determine the authorized ~~general-fund-budget~~ amount which
 15 ~~shall--be~~ available for the elementary district ~~general-fund~~
 16 budget foundation program; and

17 (d) subtract the amount determined in subsection
 18 (1)(c) from the total authorized ~~general-fund-budget~~ amount
 19 for the school to determine the authorized ~~general--fund~~
 20 budget amount which--shall--be available for the high school
 21 district ~~general-fund-budget~~ foundation program.

22 (2) The ~~general-fund-budget~~ amount determined for each
 23 school all schools of a district under the schedules
 24 provided in 20-9-316 through 20-9-319 ~~shall~~ must be totaled
 25 to determine the

1 ~~maximum-general-fund-budget-without-a-voted-levy~~ foundation
 2 program schedule amount for such the district."

3 **Section 41.** Section 20-9-321, MCA, is amended to read:

4 "20-9-321. ~~Maximum--general--fund--budget~~ Foundation
 5 program and contingency funds for special education. (1) For
 6 the purpose of establishing the
 7 ~~maximum-budget-without-a-vote~~ foundation program amount for
 8 a current year special education program for a school
 9 district, the superintendent of public instruction ~~will~~
 10 shall determine the total estimated cost of the special
 11 education program for the school district on the basis of a
 12 special education program budget submitted by the district.
 13 The budget ~~will~~ must be prepared on forms provided by the
 14 superintendent of public instruction and ~~will~~ must set out
 15 for each program:

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

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

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

24 (2) The total amount of allowable costs approved by
 25 the superintendent of public instruction ~~shall--be~~ is the

1 special education ~~maximum-budget-without-a-vote~~ foundation
 2 program amount for current year special education program
 3 purposes. The total amount of allowable costs that are
 4 approved for the special education budget ~~shall~~ may not,
 5 under any condition, be less than the
 6 ~~maximum-budget-without-a-vote~~ foundation program amount for
 7 one regular ANB for each ~~special~~ full-time special pupil in
 8 the school district.

9 (3) If a special education program is implemented or
 10 expanded during a given school term too late to be included
 11 in the determination of the district
 12 ~~maximum-budget-without-a-vote~~ foundation program for the
 13 school year as prescribed in this part, allowable costs
 14 approved under the budgeting provisions of subsections (1)
 15 and (2) for the operation of the program during the given
 16 year must be funded from any legislative appropriation for
 17 contingency financing for special education. Contingency
 18 funds granted under this subsection must be deposited in a
 19 separate account of the miscellaneous programs fund of the
 20 district as provided in 20-9-507. However, if contingency
 21 funds are not available, then subject to the approval of the
 22 program by the superintendent under the emergency budget
 23 provisions of 20-9-161(5), allowable costs for the given
 24 year may be added to the ~~maximum-budget-without-a-vote~~
 25 foundation program amount for special education for the

1 subsequent school year. ~~Such~~ The allowable costs must be
 2 recorded as previous year special education expenses in the
 3 school district budget for the subsequent school year.

4 (4) The sum of the previous year special education
 5 expenses as defined in subsection (3) ~~above~~ and the
 6 ~~maximum-budget-without-a-vote~~ foundation program amount for
 7 current year special education as defined in subsections (1)
 8 and (2) ~~shall--be~~ is the special education budget for
 9 accounting purposes.

10 (5) The ~~maximum-budget-without-a-vote~~ foundation
 11 program amount for special education ~~will~~ must be added to
 12 the ~~maximum-budget-without-a-vote~~ foundation program amount
 13 of the regular program ANB defined in 20-9-311 and 20-9-313
 14 to obtain the total ~~maximum-budget-without-a-vote~~ foundation
 15 program amount for the district."

16 **Section 42.** Section 20-9-322, MCA, is amended to read:

17 "20-9-322. Elementary instructional aide funding
 18 qualification. (1) An elementary school that anticipates an
 19 ANB of at least 14 but less than 18 pupils for the ensuing
 20 school fiscal year may determine the ~~maximum-general-fund~~
 21 budget foundation program amount under the provisions of
 22 20-9-316(3) or 20-9-318(3) if eligibility is approved in
 23 accordance with the following provisions:

24 (a) No later than May 10 of each year, the school
 25 district shall submit its application for approval for

1 instructional aide funding to the superintendent of public
2 instruction. The application must include:

- 3 (i) the ANB for the preceding ANB calculation period;
- 4 (ii) the current ANB and the number of grade levels
5 being taught on May 1 of the current year;
- 6 (iii) an estimate of the ANB and the number of grade
7 levels anticipated for the ensuing ANB calculation period;
- 8 (iv) the factual information on which the estimate is
9 based; and
- 10 (v) any other information or data that may be required
11 by the superintendent of public instruction.

12 (b) The superintendent of public instruction shall
13 immediately review all of the factors of the application and
14 shall approve the application if the anticipated ANB is at
15 least 14 but less than 18 pupils and a minimum of five grade
16 levels are being taught as of May 1 of the current year or
17 documentation is provided that indicates that the
18 anticipated ANB will require a minimum of five grade levels
19 to be taught in the ensuing school year.

20 (2) Whenever a school district applies for and is
21 approved for instructional aide funding under the provisions
22 of subsection (1), the district shall hire an instructional
23 aide.

24 (3) For the purposes of this section, the term
25 "instructional aide" means:

- 1 (a) a person who is under the direct supervision of a
2 teacher; or
- 3 (b) a certified teacher."

4 **Section 43.** Section 20-9-331, MCA, is amended to read:

5 "20-9-331. Basic county tax and other revenues for
6 county equalization of the elementary district foundation
7 program. (1) ~~It shall be the duty of the~~ The county
8 commissioners of each county to shall levy an annual basic
9 tax of 28 mills on the ~~dollars~~ dollar of the taxable value
10 of all taxable property within the county, except for
11 ~~vehicles--subject--to--taxation--under--61-3-504(2)~~ property
12 subject to taxes and fees under 15-23-607, 15-23-703,
13 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and
14 67-3-204, for the purposes of local and state foundation
15 program support. The revenue ~~to be~~ collected from this levy
16 ~~shall~~ must be apportioned to the support of the foundation
17 programs of the elementary school districts in the county
18 and to the state special revenue fund, state equalization
19 aid account, in the following manner:

- 20 (a) In order to determine the amount of revenue raised
21 by this levy which is retained by the county, the sum of the
22 estimated ~~revenues~~ revenue identified in subsection (2)
23 ~~below shall~~ must be subtracted from the ~~sum--of--the--county~~
24 ~~elementary--transportation--obligation--and--the~~ SUM OF THE
25 COUNTY ELEMENTARY TRANSPORTATION OBLIGATION AND THE total of

1 the foundation programs of all elementary districts of the
2 county.

3 (b) If the basic levy prescribed by this section
4 produces more revenue than is required to finance the
5 difference determined above in subsection (1)(a), the county
6 treasurer shall remit the surplus funds to the state
7 treasurer for deposit to the state special revenue fund,
8 state equalization aid account, immediately upon occurrence
9 of a surplus balance and each subsequent month thereafter,
10 with any final remittance due no later than June 20 of the
11 fiscal year for which the levy has been set.

12 (c) If revenue from the basic levy prescribed by this
13 section when combined with the other revenue from subsection
14 (2) is insufficient to fully fund the percentage determined
15 in 20-9-347(1)(b) and the county is eligible for an
16 apportionment of state equalization aid under the provisions
17 of 20-9-347(1)(c), the county superintendent shall notify
18 the superintendent of public instruction of the deficiency.
19 The superintendent of public instruction shall increase the
20 state equalization aid payments to the districts in the
21 affected county to offset the deficiency. A payment may not
22 be made under this subsection (c) that allows a district to
23 receive foundation program funding in excess of the
24 foundation program amount of the district.

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

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

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

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

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

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

23 (e) any federal or state money distributed to the
24 county as payment in lieu of the property taxation,
25 established-by-the-county-levy-required-by-this-section

1 including federal forest reserve funds allocated under the
 2 provisions of 17-3-213;

3 (f) net and gross proceeds taxes for--interim
 4 ~~production and new production, as defined in 15-23-601~~
 5 collected under 15-23-607 and 15-23-703; and

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

9 **Section 44.** Section 20-9-333, MCA, is amended to read:

10 "20-9-333. Basic special levy and other revenues for
 11 county equalization of high school district foundation
 12 program. (1) ~~it shall be the duty of the~~ The county
 13 commissioners of each county to shall levy an annual basic
 14 special tax for high schools of 17 mills on the dollar of
 15 the taxable value of all taxable property within the county,
 16 except for ~~vehicles subject to taxation under 61-3-504(2)~~
 17 property subject to taxes and fees under 15-23-607,
 18 15-23-703, 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
 19 61-3-537, and 67-3-204, for the purposes of local and state
 20 foundation program support. The revenue ~~to be~~ collected
 21 from this levy ~~shall~~ must be apportioned to the support of
 22 the foundation programs of high school districts in the
 23 county and to the state special revenue fund, state
 24 equalization aid account, in the following manner:

25 (a) In order to determine the amount of revenue raised

1 by this levy which is retained by the county, the sum of the
 2 estimated revenues revenue identified in ~~subsections (2)(a)~~
 3 ~~and (2)(b) below shall~~ subsection (2) must be subtracted
 4 from the sum of the county's high school tuition obligation
 5 and the total of the foundation programs of all high school
 6 districts of the county.

7 (b) If the basic levy prescribed by this section
 8 produces more revenue than is required to finance the
 9 difference determined ~~above~~ in subsection (1)(a), the county
 10 treasurer shall remit the surplus to the state treasurer for
 11 deposit to the state special revenue fund, state
 12 equalization aid account, immediately upon occurrence of a
 13 surplus balance and each subsequent month thereafter, with
 14 any final remittance due no later than June 20 of the fiscal
 15 year for which the levy has been set.

16 (c) If revenue from the basic levy prescribed by this
 17 section when combined with the other revenue from subsection
 18 (2) is insufficient to fully fund the percentage determined
 19 in 20-9-347(1)(b) and the county is eligible for an
 20 apportionment of state equalization aid under the provisions
 21 of 20-9-347(1)(c), the county superintendent shall notify
 22 the superintendent of public instruction of the deficiency.
 23 The superintendent of public instruction shall increase the
 24 state equalization aid payments to the districts in the
 25 affected county to offset the deficiency. A payment may not

1 be made under this subsection (c) that allows a district to
2 receive foundation program funding in excess of the
3 foundation program amount of the district.

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

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

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

21 (c) net and gross proceeds taxes ~~for interim~~
22 ~~production and new production, as defined in 15-23-601~~
23 collected under 15-23-607 and 15-23-703; and

24 (d) anticipated revenue from vehicle property taxes
25 and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),

1 61-3-521, and 61-3-537, and 67-3-204."

2 **Section 45.** Section 20-9-334, MCA, is amended to read:

3 "20-9-334. Apportionment of county equalization moneys
4 money by county superintendent. The county superintendent
5 shall separately apportion the revenues deposited in the
6 basic county tax account and the revenues deposited in the
7 basic special tax for high schools account to the several
8 districts of the county on a monthly basis. The
9 apportionments ~~shall~~ must be known as "county equalization
10 moneys money". Before the county superintendent makes the
11 monthly apportionments, ~~he~~ the county superintendent shall:

12 ~~{1} deduct from the revenues available in the basic~~
13 ~~county tax account the amount required for the month to pay~~
14 ~~the county's obligation for elementary transportation~~
15 ~~reimbursements; and~~

16 {1} DEDUCT FROM THE REVENUES AVAILABLE IN THE BASIC
17 COUNTY TAX ACCOUNT THE AMOUNT REQUIRED FOR THE MONTH TO PAY
18 THE COUNTY'S OBLIGATION FOR ELEMENTARY TRANSPORTATION
19 REIMBURSEMENTS; AND

20 ~~{2}~~ {2} deduct from the revenues available in the basic
21 special tax for high schools account the amount required for
22 the month to pay the county's obligation for high school
23 out-of-county tuition."

24 **Section 46.** Section 20-9-343, MCA, is amended to read:

25 "20-9-343. Definition of and revenue for state

1 equalization aid. (1) As used in this title, the term "state
 2 equalization aid" means ~~those moneys~~ the money deposited in
 3 the state special revenue fund as required in this section
 4 plus any legislative appropriation of money from other
 5 sources for distribution to the public schools for the
 6 purpose purposes of payment of guaranteed tax base aid and
 7 equalization of the foundation program.

8 (2) ~~The legislative appropriation for state~~
 9 ~~equalization aid shall be made in a single sum for the~~
 10 biennium. The superintendent of public instruction has
 11 authority to may spend such appropriation, together with the
 12 ~~earmarked revenues provided in subsection (3),~~ funds
 13 appropriated for state equalization aid as required for
 14 guaranteed tax base aid and foundation program purposes
 15 throughout the biennium.

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

19 (a) ~~31.8% of all~~ money received from the collection of
 20 income taxes under chapter 30 of Title 15, as provided by
 21 15-1-501;

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

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

3 (d) ~~100% of the~~ money received from the treasurer of
 4 the United States as the state's shares of oil, gas, and
 5 other mineral royalties under the federal Mineral Lands
 6 Leasing Act, as amended;

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

9 (f) ~~income from the education trust fund account,~~ and
 10 money received from the state equalization aid levy under
 11 [section 71 61];

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

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

16 (i) investment income earned by investing money in the
 17 state equalization aid account in the state special revenue
 18 fund;

19 (j) money recaptured from school districts as provided
 20 in 20-9-315; and

21 (k) money from the education surtax, as provided in
 22 15-1-501.

23 (4) The superintendent of public instruction shall
 24 request the board of investments to invest the money in the
 25 state equalization aid account to maximize investment

1 earnings to the account.

2 ~~†4†~~(5) Any surplus revenue in the state equalization
3 aid account in the second year of a biennium may be used to
4 reduce the any appropriation required for the next
5 succeeding biennium."

6 **Section 47.** Section 20-9-344, MCA, is amended to read:

7 "20-9-344. Purpose of state equalization aid and
8 duties of the board of public education for distribution --
9 conditions of first payment. (1) The money available for
10 state equalization aid ~~shall~~ must be distributed and
11 apportioned to provide an annual minimum operating revenue
12 for the elementary and high schools in each county,
13 exclusive of revenues required for debt service and for the
14 payment of any ~~and--all~~ costs and expense incurred in
15 connection with any adult education program, recreation
16 program, TRANSPORTATION, school food services program, and
17 new buildings~~7~~-new and grounds~~7~~-~~and-transportation~~.

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

22 (a) adopt policies for regulating the distribution of
23 state equalization aid in accordance with the provisions of
24 law and in a manner that ~~would--most--effectively--meet--the~~
25 ~~financial---needs---of---districts~~ provides for monthly

1 distribution to each district of its foundation program
2 amount and to each district and county of its guaranteed tax
3 base aid;

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

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

18 (3) The board of public education may order the
19 superintendent of public instruction to withhold
20 distribution of state equalization aid or order the county
21 superintendent of schools to withhold county equalization
22 money from a district when the district fails to:

23 (a) submit reports or budgets as required by law or
24 rules adopted by the board of public education; or

25 (b) maintain accredited status.

1 (4) Prior to any proposed order by the board of public
2 education to withhold distribution of state equalization aid
3 or county equalization money, the district is entitled to a
4 contested case hearing before the board of public education,
5 as provided under the Montana Administrative Procedure Act.

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

12 {4}(6) (a) The first foundation program payment of
13 state--equalization--aid and payment of guaranteed tax base
14 aid must be:

15 {a} based on an estimate of 20% of each-district's the
16 entitlement, of each district or county and

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

18 (b) Each subsequent monthly payment must be at least
19 7% of the entitlement of each district or county."

20 **Section 48.** Section 20-9-346, MCA, is amended to read:

21 "20-9-346. Duties of the superintendent of public
22 instruction for state equalization aid distribution. The
23 superintendent of public instruction shall administer the
24 distribution of the state equalization aid by:

25 (1) establishing each---district's the annual

1 entitlement of each district and county to state
2 equalization aid, based on the data reported in the budget
3 retirement fund,--transportation--fund, and general fund
4 budgets for each district that has have been duly adopted
5 for the current school fiscal year and verified by the
6 superintendent of public instruction and by applying such
7 the verified data under the provisions of the state
8 equalization aid allocation procedure prescribed in
9 20-9-347;

10 (2) recommending to the board of public education the
11 annual entitlement of all districts and counties to state
12 equalization aid to enable the board of public education to
13 order the distribution of state equalization aid;

14 (3) distributing by state warrant or electronic
15 transfer the state equalization aid, for each district or
16 county entitled to such the aid, to the county treasurer of
17 the respective county or county where the district is
18 located, in accordance with the distribution ordered by the
19 board of public education;

20 (4) keeping a record in his office of the full and
21 complete data concerning moneys money available for state
22 equalization aid and the entitlements for state equalization
23 aid of the several districts and counties of the state;

24 (5) reporting to the board of public education the
25 estimated amount which that will be available for state

1 equalization aid; and

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

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

7 (b) the amount of state equalization aid then
8 available;

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

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

13 **Section 49.** Section 20-9-347, MCA, is amended to read:

14 "20-9-347. Formula for state equalization aid
15 apportionment in support of foundation program. (1) The
16 superintendent of public instruction shall apportion the
17 state equalization aid available for support of the
18 foundation program, individually for the elementary
19 districts of a county or the high school districts of a
20 county, in accordance with 20-9-346 and on the basis of the
21 following procedure:

22 (a) Determine the percentage that the total funds
23 available to all counties in the state in support of the
24 foundation program (including the state moneys money
25 available for state equalization aid in support of the

1 foundation program) is of the total amount of the foundation
2 programs of all counties.

3 (b) Determine the percentage that the total funds
4 available in each county in support of the foundation
5 programs in such the county (excluding state moneys money
6 available for state equalization aid in support of the
7 foundation program) is of the total amount of the foundation
8 programs of all districts of such the county.

9 (c) Counties in which the percentage determined in
10 subsection (1)(b) exceeds the percentage determined in
11 subsection (1)(a) ~~shall--not--be~~ are not entitled to an
12 apportionment of the state equalization aid in support of
13 the foundation program.

14 (d) After elimination of the counties referred to in
15 subsection (1)(c), determine the percentage that the total
16 moneys money available to all remaining counties in support
17 of the foundation program (including the state moneys money
18 available for state equalization aid in support of the
19 foundation program) is of the total amount of the foundation
20 programs of all such remaining counties.

21 (e) Each district of each remaining county ~~shall-be~~ is
22 entitled to an apportionment of the state equalization aid
23 ~~which-shall-be~~ in support of the foundation program equal to
24 the difference between the percentage determined in
25 subsection (1)(d) and the percentage determined for such the

1 county in subsection (1)(b) multiplied by the foundation
2 program amount for such the district.

3 (2) The superintendent of public instruction shall
4 supply the county treasurer and the county superintendent
5 with a report of the apportionments of state equalization
6 aid in support of the foundation program to the--several
7 districts each district of the county, and the state
8 equalization aid ~~shall~~ in support of the foundation program
9 must be apportioned to such the districts in accordance with
10 such the report."

11 **Section 50.** Section 20-9-351, MCA, is amended to read:

12 "20-9-351. Funding of deficiency in state equalization
13 aid. If the ~~foundation--program--level--made--under--the~~
14 ~~provisions-of-20-9-348-is-less-than-100%,it--shall--be--the~~
15 ~~duty--of~~ money available for state equalization aid is not
16 sufficient to provide the foundation program schedule
17 support determined in 20-9-348 and the guaranteed tax base
18 aid required under [sections 74-through-77 64 THROUGH 67],
19 the superintendent of public instruction to shall request
20 the budget director to submit a request for a supplemental
21 appropriation in the second year of the biennium that ~~would~~
22 be is sufficient to complete the funding of guaranteed tax
23 base aid and the foundation programs of the elementary or
24 secondary schools, or both, for the current biennium."

25 **Section 51.** Section 20-9-353, MCA, is amended to read:

1 "20-9-353. Additional levy for general fund --
2 election for authorization to impose. (1) The trustees of
3 any district may propose to adopt a general fund budget in
4 excess of the ~~general--fund-budget~~ foundation program and
5 permissive amount for such the district ~~as--established--by~~
6 ~~the--schedules--in--20-9-316-through-20-9-321~~ for any of the
7 following purposes:

8 (a) building, altering, repairing, or enlarging any
9 schoolhouse of the district;

10 (b) furnishing additional school facilities for the
11 district;

12 (c) acquisition of land for the district;

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

15 (2) When the trustees of any district determine that
16 an additional amount of financing is required for the
17 general fund budget that is in excess of the ~~statutory~~
18 schedule foundation program and permissive amount, the
19 trustees shall submit the proposition of an additional levy
20 to raise such the excess amount of general fund financing to
21 the electors who are qualified under 20-20-301 to vote upon
22 such the proposition, except that ~~no an~~ election shall-be is
23 not required to permit the school trustees to use any funds
24 available to finance the additional amount other than those
25 funds to be raised by the additional levy. Such The special

1 election ~~shall~~ must be called and conducted in the manner
 2 prescribed by this title for school elections. The ballot
 3 for ~~such the~~ election ~~shall~~ must state only the amount of
 4 money to be raised by additional property taxation, the
 5 approximate number of mills required to raise ~~such the~~
 6 money, and the purpose for which ~~such the~~ money will be
 7 expended, ~~and it shall~~. The ballot must be in the following
 8 format:

9 PROPOSITION

10 Shall a levy be made in addition to the levies
 11 authorized by law in ~~such the~~ number of mills as may be
 12 necessary to raise the sum of (state the amount to be raised
 13 by additional tax levy), and being approximately (give
 14 number) mills, for the purpose of (insert the purpose for
 15 which the additional tax levy is made)?

16 FOR the levy.

17 AGAINST the levy.

18 (3) If the election on any additional levy for the
 19 general fund is approved by a majority vote of ~~those the~~
 20 electors voting at ~~such the~~ election, the proposition ~~shall~~
 21 carry carries and the trustees may use any portion or all of
 22 the authorized amount in adopting the preliminary general
 23 fund budget. The trustees shall certify the additional levy
 24 amount authorized by ~~such-a~~ the special election on the
 25 budget form that is submitted to the county superintendent,

1 and the county commissioners shall levy ~~such the~~ authorized
 2 number of mills on the taxable value of all taxable property
 3 within the district, as prescribed in 20-9-141, ~~as-are~~
 4 required to raise the amount of ~~such the~~ additional levy.

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

10 Section 52. Section 20-9-501, MCA, is amended to read:

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

1 retirement system under the conditions prescribed in
 2 19-3-204. The district's contributions for each employee
 3 covered by any federal social security system ~~shall~~ must be
 4 paid in accordance with federal law and regulation. The
 5 district's contribution for each employee who is covered by
 6 unemployment insurance ~~shall~~ must be paid in accordance with
 7 Title 39, chapter 51, part 11.

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

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

21 (a) determining the sum of the moneys money available
 22 to reduce the retirement fund levy requirement by adding:

23 (i) any anticipated moneys money that may be realized
 24 in the retirement fund during the ensuing school fiscal
 25 year, including anticipated revenue from vehicle property

1 taxes and fees imposed under 23-2-517, 23-2-803,
 2 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-204;

3 (ii) net and gross proceeds taxes ~~for---interim~~
 4 ~~production--and--new--production,--as--defined--in--15-23-601~~
 5 collected under 15-23-607 and 15-23-703; and

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

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

20 (4) The county superintendent shall:

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

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

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

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

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

(7) The net retirement fund levy requirement for districts that are members of special education cooperative agreements shall must be prorated to each county in which such the district is located in the same proportion as the

budget for the special education cooperative agreement of the district bears to the total budget of the cooperative. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county in the same manner as provided in 20-9-151 and fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152."

Section 53. Section 20-9-506, MCA, is amended to read:

"20-9-506. Budgeting and net levy requirement for nonoperating fund. (1) The trustees of any district which that does not operate a school or will not operate a school during the ensuing school fiscal year shall adopt a nonoperating school district budget in accordance with the school budgeting provisions of this title. Such nonoperating budget shall must contain the nonoperating fund and, when appropriate, a debt service fund. The nonoperating budget form shall must be promulgated and distributed by the superintendent of public instruction under the provisions of 20-9-103.

(2) After the adoption of a final budget for the nonoperating fund, the county superintendent shall compute the net levy requirement for such the fund by subtracting from the amount authorized by such the budget the sum of:

(a) the end-of-the-year cash balance of the nonoperating fund or, if it is the first year of

1 nonoperation, the cash balance determined under the transfer
2 provisions of 20-9-505;

3 (b) the estimated state and--county AND COUNTY
4 transportation reimbursements reimbursement; and

5 (c) any other moneys money that may become available
6 during the ensuing school fiscal year.

7 (3) The county superintendent shall report the net
8 nonoperating fund levy requirement and any net debt service
9 fund levy requirement determined under the provisions of
10 20-9-439 to the county commissioners on the second Monday of
11 August, and such the levies shall must be made on the
12 district by the county commissioners in accordance with
13 20-9-142."

14 ~~Section 58. Section 20-10-104, MCA, is amended to~~
15 ~~read:~~

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

1 ~~year in violation of such law any laws or policies. The~~
2 ~~county superintendent shall suspend all such any~~
3 ~~reimbursements payable to the district until the district~~
4 ~~corrects the violation. When the district corrects the~~
5 ~~violation, the county superintendent shall resume paying any~~
6 ~~reimbursements to the district, but the amount forfeited may~~
7 ~~not be paid to the district.~~

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

22 ~~Section 59. Section 20-10-141, MCA, is amended to~~
23 ~~read:~~

24 ~~"20-10-141. Schedule of maximum reimbursement by~~
25 ~~mileage rates. (1) The following mileage rates for school~~

1 transportation--constitute--the--maximum--reimbursement--to
 2 districts--for--school--transportation--from--state and--county
 3 sources--of transportation--revenue--under--the--provisions--of
 4 20-10-145 and--20-10-146. These Except--as--provided--in
 5 20-10-143--the rates shall may not limit the amount which a
 6 district may budget in its transportation fund budget in
 7 order to provide for the estimated and necessary cost of
 8 school transportation during the ensuing school fiscal year.
 9 All bus miles traveled on routes approved by the county
 10 transportation committee are reimbursable. Nonbus mileage is
 11 reimbursable for a vehicle driven by a bus driver to and
 12 from an overnight location of a school bus when the location
 13 is more than 10 miles from the school. A district may
 14 approve additional bus or nonbus miles within its own
 15 district or approved service area but may not claim
 16 reimbursement for such mileage. Any vehicle, the operation
 17 of which is reimbursed for bus mileage under the rate
 18 provisions of this schedule, shall must be a school bus, as
 19 defined by this title, driven by a qualified driver on a bus
 20 route approved by the county transportation committee and
 21 the superintendent of public instruction.

22 (2)--The rate per bus mile traveled shall must be
 23 determined in accordance with the following schedule when
 24 the number of eligible transportees that board a school bus
 25 on an approved route is not less than one-half of its rated

1 capacity:

2 (a)--72 cents in fiscal 1984 and 80 40 cents in fiscal
 3 1985 and each year thereafter per bus mile for a school bus
 4 with a rated capacity of not less than 12 but not more than
 5 45 children; and

6 (b)--when the rated capacity is more than 45 children,
 7 an additional 2 cents per bus mile for each additional child
 8 in the rated capacity in excess of 45 shall must be added to
 9 a base rate of 72 cents in fiscal 1984 and 80 40 cents in
 10 fiscal 1985 and each year thereafter per bus mile.

11 (3)--Reimbursement for nonbus mileage provided for in
 12 subsection (1) may not exceed 50% of the maximum
 13 reimbursement rate determined under subsection (2).

14 (4)--When the number of eligible transportees boarding
 15 a school bus on an approved route is less than one-half of
 16 its rated capacity, the rate per bus mile traveled shall
 17 must be computed as follows:

18 (a)--determine the number of eligible transportees that
 19 board the school bus on the route;

20 (b)--multiply the number determined in subsection
 21 (4)(a) by two and round off to the nearest whole number; and

22 (c)--use the adjusted rated capacity determined in
 23 subsection (4)(b) as the rated capacity of the bus to
 24 determine the rate per bus mile traveled from the rate
 25 schedule in subsection (2).

(5) The rated capacity shall be is the number of riding positions of a school bus as determined under the policy adopted by the board of public education."

Section 60. Section 20-10-142, MCA, is amended to read:

"20-10-142. Schedule of maximum reimbursement for individual transportation. The following rates for individual transportation constitute the maximum reimbursement to districts for individual transportation from state and county district sources of transportation revenue under the provisions of 20-10-145 and 20-10-146. These The rates also shall constitute the limitation of the budgeted amounts for individual transportation for the ensuing school fiscal year. The schedules provided in this section shall may not be altered by any authority other than the legislature of the state of Montana. When the trustees contract with the parent or guardian of any eligible transportee to provide individual transportation for each day of school attendance, they shall reimburse the parent or guardian on the basis of the following schedule:

(i) When a parent or guardian transports an eligible transportee or transportees from the residence of the parent or guardian to a school or to schools located within 3 miles of one another, the total reimbursement per day of attendance shall must be determined by multiplying the

distance in miles between the residence and the school or the most distant school if more than one, by 2, subtracting 6 miles from the product so obtained, and multiplying the difference by 20 cents provided that:

(a) if two or more eligible transportees are transported by a parent or guardian to two or more schools located within 3 miles of one another and if such schools are operated by different school districts, the total amount of the reimbursement shall must be divided equally between the districts;

(b) if two or more eligible transportees are transported by a parent or guardian to two or more schools located more than 3 miles from one another, the parent or guardian shall must be separately reimbursed for transporting the eligible transportee or transportees to each school;

(c) if a parent transports two or more eligible transportees to a school and a bus stop which school and bus stop are located within 3 miles of one another, the total reimbursement shall must be determined under the provisions of this subsection and shall must be divided equally between the district operating the school and the district operating the bus;

(d) if a parent transporting two or more eligible transportees to a school or bus stop must, because of

1 varying arrival and departure times, make more than one
 2 round-trip journey to the bus stop or school; the total
 3 reimbursement allowed by this section shall must be limited
 4 to one round-trip per day for each scheduled arrival or
 5 departure time;

6 (e) notwithstanding subsection (1)(a), (1)(b), (1)(c),
 7 or (1)(d), no reimbursement may not be less than 25 cents
 8 a day;

9 (2) When the parent or guardian transports an eligible
 10 transportee or transportees from the residence to a bus stop
 11 of a bus route approved by the trustees for the
 12 transportation of the transportee or transportees, the total
 13 reimbursement per day of attendance shall must be determined
 14 by multiplying the distance in miles between the residence
 15 and the bus stop by 27, subtracting 3 miles from the product
 16 so obtained, and multiplying the difference by 20 cents
 17 provided that:

18 (a) if the eligible transportees transported attend
 19 schools in different districts but ride on one bus, the
 20 districts shall divide the total reimbursement equally, and

21 (b) if the parent or guardian is required to transport
 22 the eligible transportees to more than one bus, the parent
 23 or guardian shall must be separately reimbursed for
 24 transportation to each bus;

25 (3) Where, due to excessive distances, impassable

1 roads, or other special circumstances of isolation the rates
 2 prescribed in subsection (1) or (2) would be an inadequate
 3 reimbursement for the transportation costs or would result
 4 in a physical hardship for the eligible transportee, his the
 5 transportee's parent or guardian may request an increase in
 6 the reimbursement rate. Such a A request for increased rates
 7 due to isolation shall must be made by the parent or
 8 guardian on the contract for individual transportation for
 9 the ensuing school fiscal year by indicating the special
 10 facts and circumstances which exist to justify the increase.
 11 Before any increased rate due to isolation can may be paid
 12 to the requesting parent or guardian, such the rate must be
 13 approved by the county transportation committee and the
 14 superintendent of public instruction after the trustees have
 15 indicated their approval or disapproval. Regardless of the
 16 action of the trustees and when approval is given by the
 17 county transportation committee and the superintendent of
 18 public instruction, the trustees shall pay such the
 19 increased rate due to isolation. The increased rate shall
 20 must be 1 1/2 times the rate prescribed in subsection (1)
 21 above.

22 (4) When the isolated conditions of the household
 23 where an eligible transportee resides require such the
 24 eligible transportee to live away from the household in
 25 order to attend school, he shall be the transportee is

1 eligible-for-the-room-and-board-reimbursement; Approval to
 2 receive--the--room--and--board--reimbursement shall must be
 3 obtained-in-the-same-manner--prescribed--in--subsection--(3)
 4 above;--The--per-diem-rate-for-room-and-board shall-be is \$5
 5 for-one-eligible-transportee--and--\$3--for--each--additional
 6 eligible-transportee-of-the-same-household;

7 (5) When the individual transportation provision is to
 8 be satisfied---by---supervised--home--study--or--supervised
 9 correspondence-study, the reimbursement rate shall must be
 10 the--cost--of--such--study, provided that the course of
 11 instruction is approved by the trustees and supervised by
 12 the district."

13 **Section 61.** Section 20-10-143, MCA, is amended to
 14 read:

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

1 (a) an adequate amount to finance the maintenance--and
 2 operation-of-district-owned-and-operated-school-buses;
 3 (b) the--annual--contracted-amount-for-the-maintenance
 4 and-operation-of-school-buses-by-a-private-party;
 5 (c) the--annual--contracted--amount---for---individual
 6 transportation, including any increased amount due to
 7 isolation, which shall must not exceed the schedule amounts
 8 prescribed in 20-10-142;

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

11 (e) any other amount necessary to finance the
 12 administration, operation, or maintenance of the
 13 transportation program of the district, as determined by the
 14 trustees;

15 (2) The transportation fund budget of a district may
 16 not exceed the transportation fund expenditures for school
 17 fiscal year 1989, except the superintendent of public
 18 instruction may approve a request to exceed the budget
 19 limitation if an emergency or special circumstance occurs,
 20 as prescribed in rules adopted by the superintendent of
 21 public instruction;

22 (3) The trustees may include a contingency amount
 23 in the transportation fund budget for the purpose of
 24 enabling the district to fulfill any obligation to provide
 25 transportation in accordance with the transportation law

1 for:

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

6 (b) pupils who have become eligible transportees since
7 the adoption of the preliminary budget because their legal
8 residence has been changed. The budgeted contingency amount
9 shall must not exceed 10% of the transportation schedule
10 amount as calculated under the provisions of 20-10-141 and
11 20-10-142 for all transportation services authorized by such
12 schedule and provided by the district unless 10% of such the
13 transportation schedule amount shall be is less than \$100,
14 in which case \$100 shall must be the maximum limitation for
15 such budgeted contingency amount.

16 (3)(4) As provided in 20-9-162, an emergency
17 transportation fund budget may be adopted subject to the
18 provisions of the emergency budgeting law.

19 (4)(5) The transportation fund budgeted expenditures
20 appropriated by the trustees shall must be reported on the
21 regular budget form prescribed by the superintendent of
22 public instruction in accordance with 20-9-103, and the
23 adoption of the transportation fund budget shall must be
24 completed in accordance with the school budgeting laws. When
25 the adopted preliminary budget is sent to the county

1 superintendent, the trustees shall also send copies of all
2 completed transportation contracts for school bus
3 transportation and individual transportation to the county
4 superintendent. Such The contracts shall must substantiate
5 all contracted transportation services incorporated in the
6 preliminary budget, and after the county superintendent has
7 utilized the contracts for such that purpose but before the
8 fourth Monday of July, he shall send all the transportation
9 contracts received by him to the superintendent of public
10 instruction. When the county superintendent determines a
11 deviation between the preliminary transportation fund budget
12 amount for contracted transportation services and the
13 contracted amount for such the services, he shall
14 immediately call the deviation to the attention of the
15 appropriate trustees and shall allow the trustees to change
16 the preliminary budgeted amount to compensate for such
17 deviation."

18 **Section 62.** Section 20-10-144, MCA, is amended to
19 read:

20 "20-10-144. Computation of revenues and net tax levy
21 requirements for the transportation fund budget. Before the
22 fourth Monday of July and in accordance with 20-9-123, the
23 county superintendent shall compute the revenue available to
24 finance the transportation fund budget of each district. The
25 county superintendent shall compute the revenue for each

1 district-on-the-following-basis:

2 {1}--The--"schedule-amount"--of--the--preliminary--budget
3 expenditures--that--is--derived--from--the--rate--schedules--in
4 20-10-141--and--20-10-142--shall--must--be--determined--by--adding
5 the--following--amounts:

6 {a)--the--sum--of--the--maximum--reimbursable--expenditures
7 for--all--approved--school--bus--routes--maintained--by--the
8 district--{to--determine--the--maximum--reimbursable--expenditure,
9 multiply--the--applicable--rate--per--bus--mile--by--the--total
10 number--of--miles--to--be--traveled--during--the--ensuing--school
11 fiscal--year--on--each--bus--route--approved--by--the--county
12 transportation--committee--and--maintained--by--such--district};
13 plus

14 {b)--the--total--of--all--individual--transportation--per
15 diem--reimbursement--rates--for--such--the--district--as--determined
16 from--the--contracts--submitted--by--the--district--multiplied--by
17 the--number--of--pupil--instruction--days--scheduled--for--the
18 ensuing--school--attendance--year;--plus

19 {c)--any--estimated--costs--for--supervised--home--study--or
20 supervised--correspondence--study--for--the--ensuing--school
21 fiscal--year;--plus

22 {d)--the--amount--budgeted--on--the--preliminary--budget--for
23 the--contingency--amount--permitted--in--20-10-143;--except--if
24 such--the--amount--exceeds--10%--of--the--total--of--subsections
25 {1}{a};--{1}{b};--and--{1}{c)--or--\$100;--whichever--is--larger;--the

1 contingency--amount--on--the--preliminary--budget--shall--must--be
2 reduced--to--such--the--limitation--amount--and--used--in--this
3 determination--of--the--schedule--amount;

4 {2}--The--schedule--amount--determined--in--subsection--{1}
5 or--the--total--preliminary--transportation--fund--budget;
6 whichever--is--smaller;--shall--be--divided--by--3--and--the
7 resulting--one-third--amount--shall--be--is--used--to--determine--the
8 available--state--and--county--revenue--to--be--budgeted;--on--the
9 following--basis:

10 {a)--the--resulting--one-third--amount--shall--be--the
11 budgeted--state--transportation--reimbursement;--except--that--the
12 state--transportation--reimbursement--for--the--transportation--of
13 special--education--pupils--under--the--provisions--of--20-7-442
14 shall--be--two-thirds--of--the--schedule--amount--attributed--to--the
15 transportation--of--special--education--pupils;

16 {b)--the--resulting--one-third--amount;--except--as--provided
17 for--joint--elementary--districts--in--subsection--{2}{e};--shall
18 be--the--budgeted--county--transportation--reimbursement--for
19 elementary--districts--and--shall--be--financed--by--the--basic
20 county--tax--under--the--provisions--of--20-9-334;

21 {c)--the--resulting--one-third--amount--multiplied--by--2
22 shall--be--the--budgeted--county--transportation--reimbursement
23 amount--for--high--school--districts--financed--under--the
24 provisions--of--subsection--{5)--of--this--section;--except--as
25 provided--for--joint--high--school--districts--in--subsection

1 (2)(c); and except that the county transportation
 2 reimbursement for the transportation of special education
 3 pupils under the provisions of 20-7-442 shall be one third
 4 of the schedule amount attributed to the transportation of
 5 special education pupils;

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

16 (e) the county revenue requirement for a joint
 17 district, after the application of any district moneys under
 18 subsection (2)(d) above, shall be prorated to each county
 19 incorporated by the joint district in the same proportion as
 20 the ANB of the joint district is distributed by pupil
 21 residence in each such county the state financial obligation
 22 in 20-10-145;

23 (3)(4) The total of the moneys money available for the
 24 reduction of property tax on the district for the
 25 transportation fund shall must be determined by totaling:

1 (a) anticipated federal moneys money received under
 2 the provisions of Title I of Public Law 81-874 or other
 3 anticipated federal moneys money received in lieu of such
 4 that federal act, plus

5 (b) anticipated payments from other districts for
 6 providing school bus transportation services for such the
 7 district, plus

8 (c) anticipated payments from a parent or guardian for
 9 providing school bus transportation services for his child;
 10 plus

11 (d) anticipated or reappropriated interest to be
 12 earned by the investment of transportation fund cash in
 13 accordance with the provisions of 20-9-213(4); plus

14 (e) anticipated or reappropriated revenue from vehicle
 15 property taxes and fees imposed under 23-2-517 23-2-803
 16 61-3-504(2) and 61-3-521 61-3-537 and 67-3-204; plus

17 (f) net and gross proceeds taxes for interim
 18 production and new production, as defined in 15-23-601
 19 collected under 15-23-607 and 15-23-703; plus

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

23 (h) any cash available for reappropriation as
 24 determined by subtracting the amount of the end of the year
 25 cash balance earmarked as the transportation fund cash

1 reserve--for--the-ensuing-school-fiscal-year-by-the-trustees
 2 from-the-end-of-the-year-cash-balance-in-the-transportation
 3 fund. Such The cash-reserve shall may not-be-more-than-20%
 4 of-the-final-transportation--fund--budget--for--the--ensuing
 5 school-fiscal-year-and shall-be is for-the-purpose-of-paying
 6 transportation--fund--warrants--issued-by-the-district-under
 7 the-final-transportation-fund-budget.

8 {4}{5}--The--district---levy---requirement---for---each
 9 district's-transportation-fund shall must be-computed-by:

10 {a)--subtracting--the--schedule--amount--calculated--in
 11 subsection-{1}-from--the--total--preliminary--transportation
 12 budget--amount and, for-an-elementary-district, adding-such
 13 difference-to-the-district-obligation-to--finance--one-third
 14 of--the-schedule-amount-as-determined-in-subsection-{2}, and

15 {b)--subtracting-the-amount-of moneys money available
 16 to-reduce-the-property-tax-on-the-district, as-determined-in
 17 subsection {3} {4}, from-the-amount-determined-in-subsection
 18 {4}{a)-above {5}{a}.

19 {5)--The--county--levy-requirement-for-the-financing-of
 20 the--county--transportation--reimbursement--to--high--school
 21 districts--shall-be-computed-by-adding-all-such-requirements
 22 for-all-the-high-school-districts-of-the--county, including
 23 the--county's--obligation--for--reimbursements-in-joint-high
 24 school-districts.

25 {6)--The---transportation---fund---levy---requirements

1 determined--in--subsection {4} {5} for-each-district and-in
 2 subsection-{5}-for-the-county-shall must be-reported-to--the
 3 county--commissioners--on-the-second-Monday-of-August-by-the
 4 county--superintendent--as--the--transportation--fund---levy
 5 requirements--for--the-district and-for-the-county, and such
 6 levies--shall the--levy--must be--made---by---the---county
 7 commissioners-in-accordance-with-20-9-142."

8 **Section 63.** Section--20-10-145,--MEA,--is--amended--to
 9 read:

10 "20-10-145--State-transportation--reimbursement,---{1}
 11 Any---district---providing---school--bus--transportation--or
 12 individual---transportation---in---accordance---with the
 13 transportation--law this--title,--board-of-public-education
 14 transportation--policy,---and---superintendent---of---public
 15 instruction--transportation--rules--shall--receive--a--state
 16 reimbursement-of-its-transportation-expenditures--under--the
 17 transportation--reimbursement--rate--provisions-of-20-10-141
 18 and-20-10-142.-The-state-transportation-reimbursement shall
 19 not---exceed---one-third---of---the---reimbursement--amounts
 20 established-in-such-sections-or-one-third-of-the--district's
 21 transportation--fund-budget, whichever-is-smaller, and shall
 22 be is computed-on-the--basis--of--the--number--of--days--the
 23 transportation--services---were---actually---rendered,---in
 24 determining--the--amount---of---the---state---transportation
 25 reimbursement, no an amount-claimed-by-a-district shall may

1 ~~not~~ be considered for reimbursement unless such the amount
 2 has been paid in the regular manner provided for the payment
 3 of other financial obligations of the district.

4 ~~(2) Requests for the state transportation~~
 5 reimbursement shall must be made by each district
 6 semiannually during the school fiscal year on the claim
 7 forms and procedure promulgated by the superintendent of
 8 public instruction. ~~The claims for state transportation~~
 9 reimbursements shall must be routed by the district to the
 10 county superintendent, who after reviewing such the claims
 11 shall send them to the superintendent of public instruction.
 12 The superintendent of public instruction shall establish the
 13 validity and accuracy of the claims for the state
 14 transportation reimbursements by determining their
 15 compliance with the transportation law this title, board of
 16 public education transportation policy, and the
 17 transportation rules of the superintendent of public
 18 instruction. After making any necessary adjustments to such
 19 claims, he shall cause their the superintendent of public
 20 instruction shall provide payment by ordering a disbursement
 21 from the state moneys appropriated by the legislature of the
 22 state of Montana legislative appropriation for the state
 23 transportation reimbursement. Such The payment of all the
 24 district's claims within one county shall must be made to
 25 the county treasurer of such the county, and the county

1 superintendent shall apportion such the payment in
 2 accordance with the apportionment order supplied by the
 3 superintendent of public instruction."

4 **Section 54.** Section 23-5-1027, MCA, is amended to
 5 read:

6 "23-5-1027. Disposition of revenue. (1) A minimum of
 7 45% of the money paid for tickets or chances must be paid
 8 out as prize money. The prize money is statutorily
 9 appropriated, as provided in 17-7-502, to the lottery.

10 (2) Commissions paid to lottery ticket or chance sales
 11 agents are not a state lottery operating expense.

12 (3) That part of all gross revenue not used for the
 13 payment of prizes, commissions, and operating expenses,
 14 together with the interest earned on the gross revenue while
 15 the gross revenue is in the enterprise fund, is net revenue
 16 and must be paid quarterly from the enterprise fund
 17 established by 23-5-1026 to the superintendent of public
 18 instruction for distribution as state equalization aid to
 19 the retirement fund obligations of elementary and high
 20 school districts in the manner provided in 20-9-532. The
 21 net revenue is statutorily appropriated, as provided in
 22 17-7-502, to the superintendent of public instruction public
 23 schools of Montana as provided in 20-9-343. THE NET REVENUE
 24 IS STATUTORILY APPROPRIATED, AS PROVIDED IN 17-7-502, TO THE
 25 SUPERINTENDENT OF PUBLIC INSTRUCTION.

1 (4) The spending authority of the lottery may be
 2 increased in accordance with this section upon review and
 3 approval of a revised operation plan by the budget office."

4 **Section 55.** Section 90-1-108, MCA, is amended to read:

5 "90-1-108. County land planning assistance. (1) The
 6 department of commerce shall annually distribute the funds
 7 appropriated to it from the county land planning account.
 8 Each county shall be allotted \$3,000. After this
 9 disbursement has been made, 40% of the balance in the
 10 account shall be apportioned to the counties according to
 11 the ratio of each county's land area to the total land area
 12 of the state and 60% of the balance shall be apportioned to
 13 the counties according to each county's portion of the total
 14 population of the state. If a multijurisdictional planning
 15 board has been established in the county, it may receive and
 16 expend part or all of the funds allocated to that county.

17 (2) Counties, cities, or joint planning boards
 18 receiving funds under this section shall use such funds for
 19 land planning purposes, which include but are not limited to
 20 comprehensive planning, economic development planning, and
 21 capital improvements planning.

22 (3) At the end of each fiscal year, every local
 23 governing body and planning agency receiving funds under
 24 this section shall provide an accounting of how the money
 25 was spent, in a form acceptable to the department of

1 commerce. Surplus funds may be accumulated and rebudgeted
 2 for the purposes stated in subsection (2), except that funds
 3 rebudgeted by a local governing body or planning agency may
 4 not exceed the total revenue received under subsection (1)
 5 in the year immediately prior to the budget year. Any
 6 excess funds shall revert to the ~~education--trust-fund~~
 7 account state special revenue fund for state equalization
 8 aid to public schools of the state at the end of each
 9 odd-numbered fiscal year, beginning in June ~~1987~~ 1991."

10 **Section 56.** Section 90-6-202, MCA, is amended to read:

11 "90-6-202. Accounts established. (1) There is within
 12 the state special revenue fund a local impact account.
 13 Moneys are payable into this account under 15-35-108. The
 14 state treasurer shall draw warrants from this account upon
 15 order of the coal board.

16 (2) There is within the state special revenue fund a
 17 coal area highway improvement account.

18 ~~{3}--There--is--within--the--nonexpendable--trust--fund--an~~
 19 ~~education--trust--fund--account--"~~

20 **Section 57.** Section 90-6-212, MCA, is amended to read:

21 "90-6-212. Local impact account -- disposition of loan
 22 repayments, interest, and unexpended balances. (1) The money
 23 derived from loans made pursuant to this part, including
 24 interest thereon, must be deposited to the credit of the
 25 local impact account created in 90-6-202.

1 (2) The unexpended money in the local impact account
 2 must be invested by the board of investments as provided by
 3 statute. Interest and earnings must be deposited to the
 4 credit of the education--trust-fund-account state special
 5 revenue fund for state equalization aid to public schools of
 6 the state.

7 (3) The unexpended balance in the local impact account
 8 at the end of each biennium must be deposited to the credit
 9 of the education--trust-fund-account state special revenue
 10 fund for state equalization aid to public schools of the
 11 state."

12 **Section 58.** Section 90-6-309, MCA, is amended to read:

13 **"90-6-309. Tax prepayment -- large-scale mineral**
 14 **development.** (1) After permission to commence operation is
 15 granted by the appropriate governmental agency, and upon
 16 request of the governing body of a county in which a
 17 facility is to be located, a person intending to construct
 18 or locate a large-scale mineral development in this state
 19 shall prepay property taxes as specified in the impact plan.
 20 This prepayment shall exclude the 6-mill university levy
 21 established under 20-25-423 and may exclude the mandatory
 22 county levy levies for the school foundation program ~~of-45~~
 23 millis established in 20-9-331 and 20-9-333.

24 (2) The person who is to prepay under this section
 25 ~~shall~~ is not be obligated to prepay the entire amount

1 established in subsection (1) at one time. Upon request of
 2 the governing body of an affected local government unit, the
 3 person shall prepay the amount shown to be needed from time
 4 to time as determined by the board.

5 (3) The person who is to prepay shall guarantee to the
 6 hard-rock mining impact board, through an appropriate
 7 financial institution, as may be required by the board, that
 8 property tax prepayments will be paid as needed for
 9 expenditures created by the impacts of the large-scale
 10 mineral development.

11 (4) When the mineral development facilities are
 12 completed and assessed by the department of revenue, they
 13 ~~shall be~~ are subject during the first 3 years and thereafter
 14 to taxation as all other property similarly situated, except
 15 that in each year after the start of production, the local
 16 government unit that received a property tax prepayment
 17 shall provide for repayment of prepaid property taxes in
 18 accordance with subsection (5).

19 (5) A local government unit that received all or a
 20 portion of the property tax prepayment under this section
 21 shall provide for tax crediting as specified in the impact
 22 plan. The tax credit allowed in any year may not, however,
 23 exceed the tax obligation of the developer for that year,
 24 and the time period for tax crediting is limited to the
 25 productive life of the mining operation."

1 **Section 59.** Section 90-6-402, MCA, is amended to read:

2 **"90-6-402. Definitions.** As used in this part, the
3 following definitions apply:

4 (1) "Affected local government unit" means a local
5 government unit that will experience a need to increase
6 services or facilities as a result of the commencement of
7 large-scale mineral development or within which a
8 large-scale mineral development is located in accordance
9 with an impact plan adopted pursuant to 90-6-307.

10 (2) "Board" means the hard-rock mining impact board
11 established in 2-15-1822.

12 (3) "Mineral development employee" means a person who
13 resides within the jurisdiction of an affected local
14 government unit as a result of employment with a large-scale
15 mineral development or its contractors or subcontractors.

16 (4) "Mineral development student" means a student
17 whose parent or guardian resides within the jurisdiction of
18 an affected local government unit as a result of employment
19 with a large-scale mineral development or its contractors or
20 subcontractors.

21 (5) "Jurisdictional revenue disparity" means property
22 tax revenues resulting from a large-scale hard-rock mineral
23 development that are inequitably distributed among affected
24 local government units as finally determined by the board in
25 an approved impact plan.

1 (6) "Large-scale mineral development", for the
2 purposes of this part, is defined in 90-6-302.

3 (7) "Local government unit", for the purposes of this
4 part, means a county, municipality, or school district.

5 (8) "Taxable valuation" of a mineral development means
6 the total of the gross proceeds taxable percentage specified
7 in 15-6-132(2){e} when added to the taxable percentages of
8 real property, improvements, machinery, equipment, and other
9 property classified under Title 15, chapter 6, part 1."

10 NEW SECTION. **Section 60. Comprehensive insurance fund**
11 **and-school-transportation-fund-balances -- transfer.** {i} A
12 district that has a balance remaining on [the effective date
13 of this section] in the district comprehensive insurance
14 fund shall transfer the balance to the district general
15 fund.

16 {2}--~~Any balance in a county school transportation fund~~
17 ~~on--the--effective-date-of-this-section--must-be-treated-as~~
18 ~~county-equalization-money-and-be-apportioned-as-provided--in~~
19 ~~20-9-334-~~

20 NEW SECTION. **Section 61. State equalization aid levy.**
21 There is a levy of 50 mills imposed on all taxable property
22 within the state, except property for which taxes or fees
23 are required under 15-23-607, 15-23-703, 23-2-517, 23-2-803,
24 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204. Proceeds of
25 the levy must be remitted to the state treasurer and must be

1 deposited to the credit of the state special revenue fund
 2 for state equalization aid to the public schools of Montana.

3 NEW SECTION. Section 62. State and county
 4 equalization revenue -- statutory appropriation. Revenue
 5 received in support of state and county equalization under
 6 the provisions of 20-9-331, 20-9-333, and 20-9-343 is
 7 statutorily appropriated, as provided in 17-7-502, to the
 8 superintendent of public instruction to be used for county
 9 equalization and state equalization aid for the public
 10 schools, as provided by law, and must be accounted for in
 11 accordance with generally accepted accounting principles.

12 NEW SECTION. Section 63. Disposition of taxes. The
 13 county treasurer shall credit all taxes collected under
 14 15-23-703 in the relative proportions required by the levies
 15 for state, county, school district, and municipal purposes
 16 in the same manner as property taxes were distributed in the
 17 year preceding the budget year. FOR THE FISCAL YEAR
 18 BEGINNING JULY 1, 1990, THE TREASURER SHALL COMPUTE THE
 19 RELATIVE PROPORTIONS BASED UPON THE STATE 95-MILL LEVY
 20 REQUIRED BY [THIS ACT].

21 NEW SECTION. Section 64. Definitions. As used in
 22 [sections 74--through--77 64 THROUGH 67], the following
 23 definitions apply:

24 (1) "County mill value per elementary ANB" or "county
 25 mill value per high school ANB" means the ~~current--taxable~~

1 ~~valuation--of--all--property--in--the--county--divided--by--1,000~~
 2 REVENUE RECEIVED UNDER NET AND GROSS PROCEEDS TAXES IN THE
 3 PRECEDING YEAR PLUS REVENUES RECEIVED BY PROPERTY TAX MILL
 4 LEVIES IN THE PRECEDING YEAR DIVIDED BY THE NUMBER OF MILLS
 5 LEVIED THE PRECEDING YEAR, with the quotient divided by the
 6 total county elementary ANB count or the total county high
 7 school ANB count used to calculate the elementary school
 8 districts' and high school districts' current year
 9 foundation program amounts.

10 (2) "District mill value per ANB" means the ~~current~~
 11 ~~taxable-valuation-of-all-property-in-the-district-divided-by~~
 12 1,000 REVENUE RECEIVED UNDER NET AND GROSS PROCEEDS TAXES IN
 13 THE PRECEDING YEAR PLUS REVENUES RECEIVED BY PROPERTY TAX
 14 MILL LEVIES IN THE PRECEDING YEAR DIVIDED BY THE NUMBER OF
 15 MILLS LEVIED THE PRECEDING YEAR, with the quotient divided
 16 by the ANB count of the district used to calculate the
 17 district's current year foundation program schedule amount.

18 (3) "Guaranteed overschedule general fund budget"
 19 means that portion of a district's general fund budget in
 20 excess of the foundation program amount for the district, as
 21 provided in 20-9-316 through 20-9-321, but not exceeding
 22 166% of the district's foundation program amount, and which
 23 excess is authorized under the provisions of [section 70 68]
 24 and 20-9-353.

25 (4) "Statewide mill value per elementary ANB" or

1 "statewide mill value per high school ANB" means the current
 2 ~~taxable-valuation-of-all-property-in-the--state--divided--by~~
 3 ~~17000 REVENUE RECEIVED UNDER NET AND GROSS PROCEEDS TAXES IN~~
 4 ~~THE PRECEDING YEAR PLUS REVENUES RECEIVED BY PROPERTY TAX~~
 5 ~~MILL LEVIES IN THE PRECEDING YEAR DIVIDED BY THE NUMBER OF~~
 6 ~~MILLS LEVIED THE PRECEDING YEAR~~, with the quotient divided
 7 by the total state elementary ANB count or the total state
 8 high school ANB count used to calculate the elementary
 9 school districts' and high school districts' current year
 10 foundation program amounts.

11 NEW SECTION. Section 65. Eligibility to receive
 12 guaranteed tax base aid. (1) If the district mill value per
 13 ANB of any elementary or high school district is less than
 14 the corresponding statewide mill value per ANB, the district
 15 may receive guaranteed tax base aid based on the number of
 16 mills levied in the district in support of its
 17 ~~transportation-fund-budget-and-its~~ guaranteed overschedule
 18 general fund budget.

19 (2) If the county mill value per elementary ANB or
 20 high school ANB is less than the corresponding statewide
 21 mill value per ANB, the county may receive guaranteed tax
 22 base aid based on the number of mills levied in the county
 23 in support of the retirement fund budgets of the respective
 24 elementary or high school districts in the county.

25 NEW SECTION. Section 66. Amount of guaranteed tax

1 base aid -- reversion. (1) The amount of guaranteed tax base
 2 aid per ANB that a district may receive in support of its
 3 guaranteed overschedule general fund budget is the
 4 difference between the district mill value per ANB and the
 5 corresponding statewide mill value per ANB, multiplied by
 6 the number of mills levied in support of the district's
 7 guaranteed overschedule general fund budget.

8 ~~(2)--The-amount-of-guaranteed-tax-base-aid-per-ANB-that~~
 9 ~~a-district-may-receive-in-support-of-its-transportation-fund~~
 10 ~~budget-is-the-difference-between-the-district-mill-value-per~~
 11 ~~ANB-and-the-corresponding--statewide--mill--value--per--ANB,~~
 12 ~~multiplied--by--the-number-of-mills-levied-in-support-of-the~~
 13 ~~district's-transportation-fund-budget.~~

14 ~~(3)(2)~~ The amount of guaranteed tax base aid per ANB
 15 that a county may receive in support of the retirement fund
 16 budgets of the elementary school districts in the county is
 17 the difference between the county mill value per elementary
 18 ANB and the statewide mill value per elementary ANB,
 19 multiplied by the number of mills levied in support of the
 20 retirement fund budgets of the elementary districts in the
 21 county.

22 ~~(4)(3)~~ The amount of guaranteed tax base aid per ANB
 23 that a county may receive in support of the retirement fund
 24 budgets of the high school districts in the county is the
 25 difference between the county mill value per high school ANB

1 and the statewide mill value per high school ANB, multiplied
2 by the number of mills levied in support of the retirement
3 fund budgets of the high school districts in the county.

4 ~~f5~~(4) Guaranteed tax base aid provided to any county
5 or district under this section is earmarked to finance the
6 fund or portion of the fund for which it is provided. If the
7 actual expenditures from the fund or portion of the fund for
8 which guaranteed tax base aid is earmarked are less than the
9 amount budgeted, the guaranteed tax base aid reverts in
10 proportion to the amount budgeted but not expended. If a
11 county or district receives more guaranteed tax base aid
12 than it is entitled to, the excess must be returned to the
13 state as required by 20-9-344.

14 **NEW SECTION. Section 67.** Duties of superintendent of
15 public instruction. (1) The superintendent of public
16 instruction shall administer the distribution of guaranteed
17 tax base aid by:

18 (a) providing each school district and county
19 superintendent, by June 1 of each year, with the statewide,
20 county, and district mill values per ANB for use in
21 calculating the guaranteed tax base aid available for the
22 ensuing school fiscal year;

23 (b) requiring each county and district that qualifies
24 and applies for guaranteed tax base aid to report to the
25 county superintendent all budget and accounting information

1 required to administer the guaranteed tax base aid;

2 (c) requiring each county superintendent to submit to
3 the superintendent of public instruction, by September 1 of
4 each year, all the district reports required in subsection
5 (1)(b);

6 (d) keeping a record of the complete data concerning
7 appropriations available for guaranteed tax base aid and the
8 entitlements for such aid of the counties and districts that
9 qualify;

10 (e) distributing the guaranteed tax base aid
11 entitlement to each qualified county or district from the
12 appropriations for that purpose.

13 (2) The superintendent shall adopt rules necessary to
14 implement [~~sections 74-through-77~~ 64 THROUGH 67].

15 **NEW SECTION. Section 68.** Overschedule permissive
16 amount of general fund budget -- permissive levy. Whenever
17 the trustees of any district determine it necessary to adopt
18 a general fund budget in excess of the foundation program
19 amount for that district, the trustees shall adopt a
20 resolution stating the reasons and purposes for exceeding
21 the foundation program amount. This amount is the
22 "permissive amount" and may not exceed 25% of the foundation
23 program amount. It must be financed by a permissive levy
24 determined by the trustees of the district and established
25 as provided in 20-9-142, by any guaranteed tax base aid for

1 which the district may be eligible, and by other revenue
2 available to the district for other than foundation program
3 support.

4 NEW SECTION. Section 69. Purpose -- distance learning
5 telecommunications network -- implementation -- consultant.

6 (1) The purpose of this section is to promote the use of
7 distance learning telecommunications technology to enhance
8 educational opportunities provided to students in the
9 Montana public school system and to promote equal access by
10 students to those opportunities.

11 (2) To provide for the training and education needs of
12 public schools, the department of administration shall
13 retain a telecommunications engineering consultant to
14 support the development of design criteria and
15 specifications for statewide video networking and
16 improvements in the use of existing voice and data networks
17 in the state.

18 (3) The telecommunications engineering consultant
19 shall:

20 (a) seek advice and recommendations on improvements in
21 telecommunications within Montana from the following
22 entities:

23 (i) the office of the superintendent of public
24 instruction;

25 (ii) the university system;

1 (iii) local government and school district officials;

2 (iv) agencies involved in economic development;

3 (v) the executive, judicial, and legislative branches

4 of state government; and

5 (vi) local exchange carriers providing service within
6 the state; and

7 (b) recommend and initiate network improvements during
8 the biennium through shared use and enhancements of existing
9 telecommunications systems, with emphasis on limiting
10 financial commitments to the extent possible.

11 NEW SECTION. Section 70. Definition. As used in
12 [sections 80--through--86 70 THROUGH 76], "committee" means
13 the legislative oversight committee on school funding
14 implementation created in [section 81 71].

15 NEW SECTION. Section 71. Legislative oversight
16 committee on school funding implementation -- composition
17 and appointment. (1) There is a legislative oversight
18 committee on school funding implementation.

19 (2) The committee consists of 11 members, including:

20 (a) four members of the house of representatives
21 appointed by the speaker of the house;

22 (b) four members of the senate appointed by the
23 committee on committees of the senate;

24 (c) the superintendent of public instruction or his
25 designee as an ex officio nonvoting member;

1 (d) a member of the board of public education as an ex
2 officio nonvoting member; and

3 (f) the governor or his designee as an ex officio
4 nonvoting member.

5 (3) No more than two legislative members from each
6 house may be of the same political party.

7 **NEW SECTION. Section 72. Term of office -- vacancies.**

8 (1) A committee member shall serve until the committee
9 terminates as provided in [section 86 76].

10 (2) A vacancy on the committee must be filled in the
11 same manner as the original appointment.

12 **NEW SECTION. Section 73. Officers -- meetings --**
13 **quorum -- compensation.** (1) The committee shall choose from
14 its membership a chairman and vice chairman.

15 (2) The committee shall meet upon the call of the
16 chairman or at the request of any five members.

17 (3) Six members constitute a quorum to transact
18 business.

19 (4) A legislative member is entitled to compensation
20 as provided in 5-2-302.

21 **NEW SECTION. Section 74. Duties of the committee.** The
22 duties of the committee include but are not limited to:

23 (1) monitoring the implementation of school funding
24 equalization, including:

25 (a) identification of any problems of implementation

1 and options for resolving these problems;

2 (b) continued analysis of school district budget and
3 expenditure data and of improvements in school district
4 accounting and reporting procedures; and

5 (c) examination of other issues related to
6 implementation;

7 (2) directing the following studies of issues related
8 to school funding equalization:

9 (a) school transportation equalization, including but
10 not limited to:

11 (i) mechanisms to equalize transportation funding; and

12 (ii) analysis of issues related to the costs and
13 efficiencies of school transportation, including
14 reimbursement schedules, load requirements, 3-mile limit,
15 transporting ineligible transportees, functions of the
16 county transportation committee, and school district
17 reporting and budgeting duties;

18 (b) school district capital outlay and debt service
19 equalization, including but not limited to:

20 (i) analysis of school district funds and budgets for
21 various school district capital outlay and debt service
22 obligations; and

23 (ii) options for equalizing school district capital
24 outlay and debt service obligations; and

25 (c) continued study of issues related to equalization,

1 including but not limited to comprehensive insurance,
2 uncollected taxes, tuition, student-based funding
3 distribution methods, special education funding, and federal
4 Public Law 81-874 revenue, especially as it pertains to
5 revenue not linked to Native American students;

6 (3) ongoing analysis of revenue sources related to
7 school funding;

8 (4) holding discussions with any party contemplating
9 litigation regarding compliance with the supreme court and
10 district court rulings on school funding equalization; and

11 (5) reporting its findings, options for legislative
12 consideration, and any proposed legislation to the governor
13 and the 52nd legislature.

14 NEW SECTION. Section 75. Staff assistance. The
15 committee may request the following governmental entities to
16 provide staff assistance to the committee:

17 (1) the office of public instruction;

18 (2) the governor's office of budget and program
19 planning;

20 (3) the board of public education;

21 (4) the legislative council;

22 (5) the office of the legislative fiscal analyst; and

23 (6) the office of the legislative auditor.

24 NEW SECTION. Section 76. Termination. [Sections ~~88~~
25 ~~through-86 70 THROUGH 76~~] terminate December 31, 1990.

1 **Section 77.** Section 15-1-501, MCA, is amended to read:

2 **"15-1-501. Disposition of moneys money from certain**
3 **designated license and other taxes.** (1) The state treasurer
4 shall deposit to the credit of the state general fund all
5 **moneys money** received by him from the collection of:

6 (a) fees from driver's licenses, motorcycle
7 endorsements, and duplicate driver's licenses as provided in
8 61-5-121;

9 (b) electrical energy producer's license taxes under
10 chapter 51;

11 (c) severance taxes allocated to the general fund
12 under chapter 36;

13 (d) liquor license taxes under Title 16;

14 (e) telephone {company} license taxes under chapter
15 53; and

16 (f) inheritance and estate taxes under Title 72,
17 chapter 16.

18 (2) All **moneys money** received from the collection of
19 income taxes under chapter 30 of this title, ~~shall not~~
20 including the education surtax under {section ~~88~~ 78}, must
21 be deposited as follows:

22 (a) ~~58.2%~~ 56.4% to the credit of the state general
23 fund;

24 (b) 10% to the credit of the debt service account for
25 long-range building program bonds as described in 17-5-408;

1 and

2 (c) ~~31.8%~~ 33.6% to the credit of the state special
3 revenue fund for state equalization aid to the public
4 schools of Montana as described in 20-9-343.

5 (3) All moneys money received from the collection of
6 corporation license and income taxes under chapter 31 of
7 this title, except as provided in 15-31-702, ~~shall~~ must be
8 deposited as follows:

9 (a) 64% to the credit of the state general fund;

10 (b) 11% to the credit of the debt service account for
11 long-range building program bonds as described in 17-5-408;
12 and

13 (c) 25% to the credit of the state special revenue
14 fund for state equalization aid to the public schools of
15 Montana as described in 20-9-343.

16 (4) All money received from the collection of the
17 education surtax under [section 80 78] must be deposited to
18 the credit of the state special revenue fund for state
19 equalization aid to the public schools of Montana as
20 described in 20-9-343.

21 ~~(4)~~(5) The state treasurer shall also deposit to the
22 credit of the state general fund all moneys money received
23 by him from the collection of license taxes, fees, and all
24 net revenues and receipts from all other sources under the
25 operation of the Montana Alcoholic Beverage Code.

1 ~~(5)~~(6) After the distribution provided for in
2 15-36-112, the remainder of the oil severance tax
3 collections ~~shall~~ must be deposited in the general fund."

4 NEW SECTION. Section 78. Education surtax. In
5 addition to the amount of tax liability computed as required
6 in 15-30-103, each person filing a Montana individual income
7 tax return shall add as an education surtax 5% 10% of the
8 tax liability.

9 SECTION 79. SECTION 15-23-601, MCA, IS AMENDED TO

10 READ:

11 "15-23-601. Definitions. As used in this part, the
12 following definitions apply:

13 ~~(1)--"Excise tax" means the windfall profit tax on~~
14 ~~domestic crude oil imposed by Title I of the federal Crude~~
15 ~~Oil Windfall Profit Tax Act of 1987, as enacted or as~~
16 ~~amended;~~

17 ~~(2)--"Interim production" means the production of~~
18 ~~natural gas, petroleum, or other crude or mineral oil from~~
19 ~~any well that:~~

20 ~~(a) has not produced natural gas, petroleum, or other~~
21 ~~crude or mineral oil during the 5 years immediately~~
22 ~~preceding the first month of interim production; and~~

23 ~~(b) began interim production after June 30, 1985, and~~
24 ~~before April 1, 1987.~~

25 ~~(3)~~(1) The term "new production" means the production

1 of natural gas, petroleum, or other crude or mineral oil
 2 from any well:

3 (a) that has not produced natural gas, petroleum, or
 4 other crude or mineral oil during the 5 years immediately
 5 preceding the first month of qualified new production; and

6 (b) on which the notification required in 15-36-121(2)
 7 was given.

8 ~~(4)~~(2) The terms "operator" and "producer" mean any
 9 person who engages in the business of drilling for,
 10 extracting, or producing any natural gas, petroleum, or
 11 other crude or mineral oil.

12 ~~(5)~~(3) The term "well" includes each single well or
 13 group of wells, including dry wells, in one field or
 14 production unit and under the control of one operator or
 15 producer."

16 **SECTION 80. SECTION 15-23-602, MCA, IS AMENDED TO**

17 **READ:**

18 "15-23-602. Statement of sales proceeds. (1) Except as
 19 provided in subsection (2), each operator or producer of
 20 natural gas, petroleum, or other crude or mineral oil must
 21 on or before April 15 in each year make out and deliver to
 22 the department of revenue a statement of the gross sales
 23 proceeds of such natural gas, petroleum, or other crude or
 24 mineral oil from each well owned or worked by such person
 25 during the next preceding calendar year. The gross sales

1 proceeds shall be determined by multiplying the units of
 2 production sold from the well times the royalty unit value
 3 of that production at the well. Such statement shall be in
 4 the form prescribed by the department and must be verified
 5 by the oath of the operator or producer or the manager,
 6 superintendent, agent, president, or vice-president of such
 7 corporation, association, or partnership. Such statement
 8 shall show the following:

9 (a) the name and address of the operator, together
 10 with a list in duplicate of the names and addresses of any
 11 and all persons owning or claiming any royalty interest in
 12 the production from the well or the proceeds derived from
 13 the sale thereof, and the amount or amounts paid or yielded
 14 as royalty to each of such persons during the period covered
 15 by the statement;

16 (b) the description and location of the well;

17 (c) the number of cubic feet of natural gas, barrels
 18 of petroleum or other crude or mineral oil sold from the
 19 well during the period covered by the statement;

20 (d) the gross sales proceeds in dollars and cents or,
 21 in the case of sales between parties not acting at arm's
 22 length, the greater of the gross sales proceeds from or the
 23 fair market value of the products sold;

24 ~~(e)--except--for--interim-production-and-new-production~~
 25 ~~as-defined-in-15-23-601-~~

(i) ~~actual cost of extracting product from well;~~
 (ii) ~~cost of construction, repairs, and betterments;~~
 (iii) ~~actual cost of fire insurance and workers' compensation insurance;~~
 (iv) ~~the amount paid or withheld in satisfaction of liability for excise taxes imposed by the U.S. government on the production, sale, or removal of the natural gas, petroleum, or other crude or mineral oil reported pursuant to subsection (1)(c), including a separate statement of the amount of such taxes paid or withheld from each royalty owner.~~

(2) Each operator having ~~interim production or~~ new production as defined in 15-23-601 shall, on or before the last day of the months of October, January, April, and July, make out and deliver to the department of revenue a statement of the gross sales proceeds of ~~such interim production or~~ the new production from each well owned or worked by ~~such~~ the person during the preceding calendar quarter. The statement must be in the form prescribed by the department and verified as provided in subsection (1). The statement shall show the information required in subsections (1)(a) through (1)(d)."

SECTION 81. SECTION 15-23-605, MCA, IS AMENDED TO

READ:

"15-23-605. Assessment of royalties. (1) The amount of

royalty received, valued as provided in 15-23-603(1)(a), ~~less 70% of the amount of excise taxes paid by or withheld from the royalty owner as reported pursuant to 15-23-602(1)(e)(iv),~~ shall must be considered net proceeds to the recipient and ~~shall~~ must be assessed as follows: upon receipt of the lists or schedules setting forth the names and addresses of any and all persons owning or claiming royalty and the amount paid or yielded as royalty to such royalty owners or claimants during the year for which such return is made, the department of revenue shall proceed to assess and tax the same as net proceeds of mines.

(2) Net proceeds for ~~interim production and new production, as defined in 15-23-601,~~ includes royalties received ~~without deduction for excise taxes.~~"

NEW SECTION. Section 82. Repealer. (1) Sections ~~15-6-139, 15-6-140, 15-6-146,~~ 15-23-604, 20-9-105, 20-9-352, 20-9-531, AND 20-9-532, ~~and 20-10-146,~~ MCA, are repealed.

(2) Sections 20-9-513 and 90-6-211, MCA, are repealed.

NEW SECTION. Section 83. Appropriation. (1) Any money remaining in the education trust fund account, established in 90-6-202(3), and the vocational-technical center and adult basic education account, established in 20-9-513, as of June 30, 1989, is appropriated to the superintendent of public instruction for the fiscal year ending June 30, 1990, for state equalization aid to public schools.

(2) There is appropriated from the general fund \$1,300,000 for the fiscal year ending June 30, 1990, to be used to the extent funds appropriated in [section 72 62] are insufficient to finance the maximum general fund budget schedules for public schools, excluding special education.

~~{3}--There--is--appropriated--from--the--general--fund \$2,702,000--for--the--fiscal--year--ending--June--30,--1991,--to--the superintendent--of--public--instruction--to--be--used--to--finance the--public--school--transportation--reimbursement--schedules.~~

{4}{3} There is appropriated from the general fund \$205,000 \$354,000 for the biennium ending June 30, 1991, to the superintendent of public instruction to establish standard accounting and reporting practices in all Montana public school districts and to implement [this act].

{5}{4} There is appropriated from the general fund \$20,000 to the legislative council for the biennium ending June 30, 1991, for use by the committee established in [section 81 71].

{6}{5} There is appropriated from the general fund to the department of administration \$200,000 for the fiscal year ending June 30, 1990, to retain a telecommunications engineering consultant and to support development of and improvements in telecommunications networks in Montana as provided in [section 79 69].

{7}{6} There is appropriated from the general fund to

the department of administration \$300,000 for the biennium ending June 30, 1991, to be used for education network implementation and improvements if a 50% match in funds or equipment is available from other sources.

NEW SECTION. Section 84. Codification instruction.

(1) [Sections 717-727-and-74--through--78 61, 62, AND 64 THROUGH 68] are intended to be codified as an integral part of Title 20, chapter 9, and the provisions of Title 20 apply to [sections 717-727-and--74--through--78 61, 62, AND 64 THROUGH 68].

(2) [Section 73 63] is intended to be codified as an integral part of Title 15, chapter 23, part 7, and the provisions of Title 15, chapter 23, part 7, apply to [section 73 63].

(3) [Section 80 78] is intended to be codified as an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, part 1, apply to [section 80 78].

NEW SECTION. Section 85. Effective dates -- rules.

(1) [Sections 1 through 137-157-17-through--397--42--through 497-50{1}-and-{3}-through-{5}7-51-through-647-69-through-717 73--through-797-877-887-89{1}7-and-91 10, 12, 14 THROUGH 35, 38 THROUGH 45, 46(1) AND (3) THROUGH (5), 47 THROUGH 54, 59 THROUGH 61, 63 THROUGH 69, 77, 79 THROUGH 81, 82(1), AND 84] are effective July 1, 1990.

1 (2) [~~Sections 147-167-407-417-65--through--687--89(2)7~~
2 ~~987-and-93~~ 11, 13, 36, 37, 55 THROUGH 58, 82(2), 83, AND 86]
3 are effective July 1, 1989.

4 (3) [Sections ~~50(2)7--727-80-through-86~~ 46(2), 62, 70
5 THROUGH 76, and this section] are effective on passage and
6 approval.

7 (4) The superintendent of public instruction may,
8 prior to July 1, 1990, adopt rules and conduct training
9 necessary to implement [~~sections-32-and-61~~ SECTION 28].

10 (5) [SECTION 78] IS EFFECTIVE JANUARY 1, 1990.

11 NEW SECTION. Section 86. Applicability. (1) [Sections
12 ~~2--through--57--8-through-117-717-737-and-80~~ 2, 5 THROUGH 8,
13 61, AND 63] apply retroactively, within the meaning of
14 1-2-109, to all taxable years beginning after December 31,
15 1989.

16 (2) [Section ~~87~~ 77] applies to all tax revenue
17 recorded on or after July 1, 1989, without regard to the
18 time the tax accrued.

19 (3) [SECTION 78] APPLIES TO ALL TAXABLE YEARS
20 BEGINNING AFTER DECEMBER 31, 1989.

-End-