

HOUSE BILL 61

Introduced by Simon, et al.

6/27	Introduced
6/27	Referred to Education & Cultural Resources
6/28	Fiscal Note Requested
6/28	Tabled in Committee
7/05	Fiscal Note Received



1 state's school elementary school and high school districts  
2 into K-12 systems in order to deliver an equitable public  
3 education system in a more cost-effective manner.

4  
5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

6 NEW SECTION. **Section 1.** Purpose. It is the intent of  
7 the legislature to:

8 (1) provide that each elementary school and high  
9 school district become part of a unified school district,  
10 offering a program of instruction from kindergarten through  
11 grade 12;

12 (2) improve the provision of public education in  
13 Montana by reducing the number of school districts while  
14 maintaining as many attendance units as are in the best  
15 interest of pupils who now attend such units;

16 (3) simplify and make more efficient the  
17 administration of the public elementary schools and high  
18 schools of the state;

19 (4) provide adequate, more equalized funding to school  
20 districts to ensure that districts will be able to provide  
21 the basic free quality education system required by the  
22 Montana constitution and to meet the standards of school  
23 accreditation established by the board of public education  
24 as the basic instructional program for the public schools of  
25 Montana.

1 (5) guarantee that any state or local cost savings  
2 that result from school district unification will be shared  
3 between the school districts and the property taxpayers of  
4 the districts;

5 (6) distribute more equitably to the taxpayers of the  
6 state the cost of public school education; and

7 (7) provide for methods of nominating and electing  
8 trustees within a unified school district.

9 NEW SECTION. **Section 2.** Unified K-12 school districts  
10 -- effective dates. (1) By the school fiscal year beginning  
11 July 1, 1991, each high school district and each elementary  
12 school district within the boundaries of the high school  
13 district must be unified to form a K-12 school district.

14 (2) By the school fiscal year beginning July 1, 1991,  
15 each high school district operating a county high school and  
16 the elementary school districts within the boundaries of the  
17 high school district must be unified to form a K-12 school  
18 district, except as provided in subsection (3).

19 (3) If a high school in a high school district that  
20 operates a county high school prior to [the effective date  
21 of this act] is located more than 20 miles from another high  
22 school in the district, the trustees or electors of the  
23 elementary school district nearest the high school may use  
24 the procedures provided in 20-6-317 to incorporate territory  
25 from the high school district operating a county high school

1 to create a unified school district that includes operation  
2 of a high school.

3 NEW SECTION. Section 3. Moratorium on trustee  
4 elections. (1) A trustee may not be elected in 1991 for a  
5 school district that will remain in existence only until  
6 July 1, 1991. The elected trustees of the existing district  
7 shall hold office until July 1, 1991.

8 (2) The school districts that must unify by July 1,  
9 1991, shall elect a board of trustees in April 1991 in the  
10 manner provided for in [section 8]. The election must be  
11 called and held in the manner provided in 20-3-304.

12 (3) The elected trustees of a unified district shall  
13 coordinate with the trustees of any district that will  
14 remain in existence only until July 1, 1991, to prepare a  
15 budget and an operations plan for the unified district.

16 NEW SECTION. Section 4. Contracts protected. A  
17 district superintendent, principal, teacher, or other  
18 employee of a school district who has a continuing contract  
19 or right of tenure under Montana law is protected, and the  
20 board of trustees of the unified school district in which  
21 the person will perform duties shall recognize and give  
22 effect to the contract or the right of tenure.

23 NEW SECTION. Section 5. Disposition of records of  
24 unified school districts. All files and records of a school  
25 district that is included in a unified school district must

1 be transferred to the unified school district.

2 NEW SECTION. Section 6. Inclusion of districts into a  
3 unified district. (1) When the territory of a school  
4 district that is included in a unified district becomes a  
5 part of the territory of the unified district, all tangible  
6 property, real and personal, of the district becomes the  
7 property of the unified district. All funds remaining to  
8 the credit of the district after providing for payment of  
9 outstanding debts, except bonded indebtedness, must be  
10 transferred to the unified district.

11 (2) Any unpaid taxes levied against property in the  
12 district must be credited to the unified district as  
13 follows:

14 (a) taxes levied for the retirement of bonded  
15 indebtedness must be credited to the sinking fund for the  
16 bonds if any portion remains unpaid, or if the indebtedness  
17 has been paid in full, the payment must be credited to the  
18 general fund of the unified district; and

19 (b) all other unpaid taxes levied for the district  
20 must be credited to the general fund of the unified  
21 district.

22 NEW SECTION. Section 7. Annexation of a high school  
23 district to another unified district. When the territory of  
24 a high school district operating a county high school  
25 district is annexed to and becomes part of another unified

1 district under the provisions of [section 2], all tangible  
2 property, real and personal, must be apportioned as follows:

3 (1) Property of the district that is situated in the  
4 portion of the territory of the district annexed to a  
5 unified district must become the property of the unified  
6 district receiving the territory in which the property is  
7 situated.

8 (2) The value of all tangible property of a district  
9 and the intangible property not having a fixed value must be  
10 determined. If no agreement is reached, appraisers may be  
11 appointed by the district court of the county in which the  
12 property is located, and the appraisers shall make an  
13 appraisal and report on the property.

14 (3) The total value of tangible and intangible  
15 property of the high school district to be included in a  
16 unified district must be determined. Each unified district  
17 is entitled to share in the assets of the district in the  
18 ratio that the total taxable value of the district territory  
19 annexed to the unified district bears to the total taxable  
20 value of the district. If, because of the valuation of  
21 tangible property situated in a unified district, the  
22 unified district receives a greater share of the assets of  
23 the district than its proportionate share based on the ratio  
24 of taxable valuation, the unified district shall issue  
25 warrants to another unified district receiving less than its

1 proportionate share of assets of the district in an amount  
2 equal to the excess.

3 (4) All indebtedness of the high school district,  
4 except bonded indebtedness, remaining unpaid after applying  
5 all available funds is the joint and several liability of  
6 the unified districts. The indebtedness must be apportioned  
7 to and assumed by the unified districts in the same ratio  
8 that the total taxable valuation of the territory of the  
9 district annexed to a unified district bears to the total  
10 taxable valuation of the district.

11 (5) Any bonded indebtedness of the high school  
12 district remains an indebtedness against all of the taxable  
13 property within the territory of the high school district  
14 against which the bonds were originally issued and must be  
15 paid out of levies to be made against the taxable property.

16 NEW SECTION. **Section 8.** Board of trustees for unified  
17 district. Each unified school district must have a board of  
18 seven trustees. The board of trustees must be nominated and  
19 elected by one of the following procedures:

20 (1) The unified school district may be divided into  
21 trustee districts that:

22 (a) are as compact and equal in population and area  
23 as possible;

24 (b) provide equitable voting rights for the minorities  
25 residing within the unified district by ensuring that the

1 access of minorities to the political process is not diluted  
2 in contravention of the Voting Rights Act Amendments of  
3 1982, Public Law 97-205; and

4 (c) provide for nomination and election of trustees as  
5 provided in 20-3-338; or

6 (2) The trustees of the unified school district may be  
7 nominated and elected at large in the district as provided  
8 in 20-3-305.

9 NEW SECTION. **Section 9.** Legislative intent to elect  
10 less than majority of trustees. (1) It is the intent of the  
11 legislature that the terms of a majority of the trustee  
12 positions of any unified school district may not regularly  
13 expire and be subject to election on the same regular school  
14 election day. Therefore, in each unified school district not  
15 more than three trustee positions may be filled at the same  
16 time.

17 (2) While it is the intent of the legislature that the  
18 terms of a majority of trustees of any unified school  
19 district may not regularly expire and be subject to election  
20 at the same time, the legislature recognizes that the  
21 following circumstances, relating to the terms of trustees  
22 appointed to newly created positions or to positions vacated  
23 by death, resignation, or operation of law, may lead to a  
24 subsequent school election in which a majority of trustee  
25 positions are subject to election at the same time:

1 (a) the filling of a trustee position which has become  
2 vacant under the provisions of 20-3-308 or any other  
3 provision of law; or

4 (b) any other circumstance arising under the law  
5 wherein a trustee position is filled by appointment subject  
6 to election at the next regular school election.

7 **Section 10.** Section 20-3-305, MCA, is amended to read:

8 "~~20-3-305. Candidate qualification and nomination.~~ ~~{1}~~  
9 Except as provided in 20-3-338, any person who is qualified  
10 to vote in a district under the provisions of 20-20-301  
11 ~~shall be~~ is eligible for the office of trustee.

12 ~~{2}~~ Except as provided in 20-3-338, any five electors  
13 qualified under the provisions of 20-20-301 of any district,  
14 ~~except a first-class elementary district,~~ may nominate as  
15 many trustee candidates as there are trustee positions  
16 subject to election at the ensuing election. The name of  
17 each person nominated for candidacy shall be submitted to  
18 the clerk of the district not less than 40 days before the  
19 regular school election day at which he is to be a  
20 candidate. If there are different terms to be filled, the  
21 term for which each candidate is nominated shall also be  
22 indicated."

23 **Section 11.** Section 20-3-307, MCA, is amended to read:

24 "~~20-3-307. Qualification and oath.~~ (1) Any person who  
25 receives a certificate of election as a trustee under the

1 provisions of 20-20-416 ~~shall~~ may not assume the trustee  
 2 position until he has qualified. Such A person shall qualify  
 3 by completing and filing an oath of office with the county  
 4 superintendent not more than 15 days after the receipt of  
 5 the certificate of election. ~~After~~ Except as provided in  
 6 [section 3], after a person has qualified for a trustee  
 7 position, he shall hold ~~such~~ the position for the term of  
 8 the position and until his successor has been elected or  
 9 appointed and has been qualified.

10 (2) If the elected person does not qualify in  
 11 accordance with this requirement, a person shall be  
 12 appointed in the manner provided by 20-3-309 and shall serve  
 13 until the next regular election."

14 **Section 12.** Section 20-3-308, MCA, is amended to read:

15 "20-3-308. Vacancy of trustee position. (1) Any  
 16 elected trustee position ~~shall be~~ is vacant whenever the  
 17 incumbent:

18 (a) dies;

19 (b) resigns;

20 (c) moves his residence from the applicable district  
 21 or from ~~the nominating a trustee district in the case of an~~  
 22 ~~additional trustee in a high school district~~ as provided in  
 23 20-3-338;

24 (d) is no longer a registered elector of the district  
 25 under the provisions of 20-20-301;

1 (e) is absent from the district for 60 consecutive  
 2 days;

3 (f) fails to attend three consecutive meetings of the  
 4 trustees without a good excuse;

5 (g) has been removed under the provisions of 20-3-310;  
 6 or

7 (h) ceases to have the capacity to hold office under  
 8 any other provision of law.

9 (2) A trustee position is also ~~shall be~~ vacant when an  
 10 elected candidate fails to qualify under the provisions of  
 11 20-3-307."

12 **Section 13.** Section 20-3-311, MCA, is amended to read:

13 "20-3-311. Trustee travel reimbursement and  
 14 compensation of secretary for joint board. The members of  
 15 the trustees of any district ~~shall~~ may not receive  
 16 compensation for their services as trustees, except that the  
 17 ~~secretary of the trustees of a high school district~~  
 18 ~~operating a county high school or~~ the secretary of a joint  
 19 board of trustees may be compensated for his services as the  
 20 secretary. The members of the trustees who reside over 3  
 21 miles from the trustees' meeting place shall be reimbursed  
 22 at the rate as provided in 2-18-503, for every mile  
 23 necessarily traveled between their residence and the meeting  
 24 place and return in attending the regular and special  
 25 meetings of the trustees, and all trustees shall be

1 similarly reimbursed for meetings called by the county  
2 superintendent. The travel reimbursement may be accumulated  
3 during the school fiscal year and paid at the end of the  
4 fiscal year, at the discretion of each trustee."

5 **Section 14.** Section 20-3-312, MCA, is amended to read:

6 "20-3-312. Trustees of district affected by boundary  
7 change. ~~The~~ Except as provided in [section 3], the trustees  
8 of any unified district to which the territory of another  
9 district is attached as a result of annexation, abandonment,  
10 joint district dissolution, territory transfer, or any other  
11 method of changing district boundaries, except by the  
12 consolidation of elementary unified districts or by the  
13 creation of a new elementary unified district, shall  
14 continue to be the trustees of ~~such~~ the district with the  
15 same powers, duties, and responsibilities and subject to the  
16 same limitations provided by law, as if there had been no  
17 boundary change. In the case of elementary unified district  
18 consolidation or the creation of a new elementary unified  
19 district, the appointed trustees of the resulting elementary  
20 unified district shall assume their trustee positions ~~under~~  
21 ~~the---authority---of--20-6-203--or--20-6-216,--whichever---is~~  
22 applicable."

23 **Section 15.** Section 20-3-321, MCA, is amended to read:

24 "20-3-321. Organization and officers. (1) The trustees  
25 of each district shall annually organize as a governing

1 board of the district after the regular election day and  
2 after the issuance of the election certificates to the newly  
3 elected trustees, but not later than the third Saturday of  
4 April. In order to organize, the trustees of the district  
5 shall be given notice of the time and place where the  
6 organization meeting will be held, and at ~~such~~ the meeting  
7 they shall choose one of their number as the chairman. In  
8 addition, ~~except-for-the-trustees-of-a-high-school-district~~  
9 ~~operating-a-county-high-school,~~ the trustees shall employ  
10 and appoint a competent person, who is not a member of the  
11 trustees, as the clerk of the district. ~~The--trustees--of--a~~  
12 ~~high--school--district--operating-a-county-high-school--shall~~  
13 ~~appoint-a-secretary,--who--shall--be--a--member--of--the--board.~~

14 (2) The chairman of the trustees of any district shall  
15 serve until the next organization meeting and shall preside  
16 at all the meetings of the trustees in accordance with the  
17 customary rules of order. He shall perform the duties  
18 prescribed by this title and any other duties that normally  
19 pertain to ~~such~~ that officer."

20 **Section 16.** Section 20-3-338, MCA, is amended to read:

21 "20-3-338. Trustees elected by single-member district.  
22 (1) At each annual election provided for in 20-3-304, each  
23 trustee candidate in a single-member trustee district must  
24 be a qualified elector of the trustee district and have  
25 resided in the trustee district to be represented for at



1 least 1 year prior to becoming a candidate for the trustee  
2 position.

3 (2) Nomination of trustee candidates under the  
4 provisions of 20-3-305 ~~and 20-3-344~~ must be by electors of  
5 the trustee district.

6 (3) The election of each trustee must be submitted to  
7 the electors in the trustee district who are qualified to  
8 vote under the provisions of 20-20-301."

9 **Section 17.** Section 20-3-362, MCA, is amended to read:

10 **"20-3-362. Powers of joint board of trustees.** (1) When  
11 a joint board of trustees is formed as provided by 20-3-361,  
12 it shall have the power to:

13 (a) jointly employ a district superintendent under the  
14 provisions of 20-4-401;

15 (b) jointly employ teachers and specialists under the  
16 provisions of 20-4-201;

17 ~~(c) open a junior high school under the provisions of~~  
18 ~~20-6-505 if the trustees of a county high school and the~~  
19 ~~trustees of an elementary district have formed a joint board~~  
20 ~~of trustees;~~

21 ~~(d)(c)~~ prescribe and administer joint administrative  
22 policy;

23 ~~(e)(d)~~ jointly provide any program or service  
24 authorized under 20-3-324, including any joint provision of  
25 special education services as provided in 20-7-457; and

1 ~~(f)(e)~~ prorate all items of joint expense among the  
2 school districts, provided that a controversy over any  
3 decision by the joint board to prorate joint costs may,  
4 within 30 days, be appealed by the trustees of any district  
5 to the superintendent of public instruction for a final  
6 decision as to what constitutes a fair and just proration of  
7 the cost.

8 (2) The joint board of trustees ~~shall~~ does not have  
9 the power to transact business that is not specifically  
10 related to the joint administration of the districts."

11 **Section 18.** Section 20-4-401, MCA, is amended to read:

12 **"20-4-401. Appointment and dismissal of district**  
13 **superintendent or county high school principal.** (1) ~~The~~  
14 ~~trustees of any high school district, except a county high~~  
15 ~~school, and the trustees of the elementary district where~~  
16 ~~its high school building is located shall jointly employ and~~  
17 ~~appoint a district superintendent. The trustees of a county~~  
18 ~~high school shall employ and appoint a district~~  
19 ~~superintendent, except that they may employ and appoint a~~  
20 ~~holder of a class 3 teacher certificate with a district~~  
21 ~~superintendent endorsement as the county high school~~  
22 ~~principal in lieu of a district superintendent. The trustees~~  
23 ~~of any other a unified district may employ and appoint a~~  
24 ~~district superintendent.~~

25 ~~(2) Whenever a joint board of trustees has been formed~~

1 by a county high school and the elementary district where  
 2 the county high school is located, such joint board shall  
 3 jointly employ and appoint a district superintendent. During  
 4 the term of contract of the jointly appointed district  
 5 superintendent, neither district shall separately employ and  
 6 appoint a district superintendent or county high school  
 7 principal.

8 ~~(3)~~(2) School Unified districts other than those  
 9 provided in subsection (2) that form a joint board of  
 10 trustees may jointly employ and appoint a district  
 11 superintendent as allowed in 20-3-362.

12 ~~(4)~~(3) The written contract of employment of a  
 13 district superintendent or a county high school principal  
 14 shall must be authorized by the proper resolution of the  
 15 trustees of the district or the joint board of trustees and  
 16 executed in duplicate by the chairman of the trustees or  
 17 joint board of trustees and the clerks of the districts in  
 18 the name of the districts and by the district superintendent  
 19 or the county high school principal. Such The contract shall  
 20 must be for a term of not more than 3 years, and after the  
 21 second successive contract, the contract shall be deemed to  
 22 be is considered renewed for a further term of 1 year from  
 23 year to year thereafter unless the trustees shall, by  
 24 resolution passed by a majority vote of its membership,  
 25 resolve to terminate the services of the district

1 superintendent or the county high school principal at the  
 2 expiration of his the existing contract. The trustees shall  
 3 take such the termination action and notify the district  
 4 superintendent or the county high school principal in  
 5 writing of their intent to terminate his the district  
 6 superintendent's services at the expiration of his the  
 7 current contract not later than February 1 of the last year  
 8 of such contract.

9 ~~(5)~~(4) Whenever a joint board of trustees employs a  
 10 person as the district superintendent under subsection (2)  
 11 or ~~(3)~~, the districts shall prorate the compensation  
 12 provided by the contract of employment on the basis of the  
 13 number of teachers employed by each district.

14 ~~(6)~~(5) At any time the class 3 teacher certification  
 15 or the endorsement of the certificate of a district  
 16 superintendent or a county high school principal that  
 17 qualifies such the person to hold such the position becomes  
 18 invalid, the trustees of the district or the joint board of  
 19 trustees shall discharge such the person as the district  
 20 superintendent or county high school principal regardless of  
 21 the unexpired term of his the contract. The trustees shall  
 22 may not compensate him the district superintendent under the  
 23 terms of his the contract for any services rendered  
 24 subsequent to the date of the invalidation of his the  
 25 teacher certificate.

1 ~~(7)(6)~~ No A district superintendent ~~or-county-high~~  
 2 ~~school-principal--shall~~ may not engage in any work or  
 3 activity which the trustees ~~may--deem~~ consider to be in  
 4 conflict with his the duties and employment as the district  
 5 superintendent ~~or-county-high-school-principal."~~

6 **Section 19.** Section 20-5-311, MCA, is amended to read:

7 ~~"20-5-311. High-school-tuition~~ Tuition between unified  
 8 districts. (1) Any child may be enrolled in and attend a  
 9 high unified school district outside of the high unified  
 10 school district in which he resides when ~~such-high~~ the  
 11 school district is located in Montana or in a county of  
 12 another state that is adjacent to the state of Montana. When  
 13 a parent or guardian of a child wishes to have his child  
 14 attend a school under the provisions of this section, he  
 15 shall apply to the county superintendent of the county of  
 16 his residence before July 1 of the school fiscal year for  
 17 which he seeks approval except in those cases when  
 18 substantial changes in circumstances occurred subsequently  
 19 to justify later application. ~~Such~~ The application shall be  
 20 made on a tuition agreement form supplied by the county  
 21 superintendent. The trustees of the district of residence,  
 22 the trustees of the district in which the child wishes to  
 23 attend school, and the county superintendent are the  
 24 approval agents for tuition to another high unified school  
 25 district within the county. The county superintendent of

1 the county of residence and the trustees of the district in  
 2 which the child wishes to attend school are the approval  
 3 agents for attendance outside the county.

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

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

15 (A) the child resides in a county different from the  
 16 county ~~wherein~~ where the school he wishes to attend is  
 17 located; or

18 (B) the child has enrolled in a high school outside  
 19 his resident district and has received an approved tuition  
 20 agreement on or before April 30, 1985. For the purposes of  
 21 this subsection (2)(a)(ii)(B), the child has the right to  
 22 continue his ~~high-school~~ education in the receiving high  
 23 school outside his resident district on an approved tuition  
 24 agreement, subject to the provisions of this section.

25 (b) The approval agents shall approve a tuition

1 application when a child, as a result of a court order, is  
2 required to attend high school outside the district of  
3 residence:

4 (i) but within the state of Montana or another state  
5 that maintains a reciprocal tuition agreement under  
6 20-5-314; or

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

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

17 (B) placement of a child pursuant to Title 20, chapter  
18 7, part 4.

19 (c) In approving a tuition agreement under this  
20 provision, the approval agents may require the child to  
21 attend the high school closest to his residence. The  
22 approval agents may approve any other tuition application  
23 that satisfies the geographic requirements of this section.

24 (3) The trustees of the district where the child  
25 wishes to attend school shall approve or disapprove any

1 tuition application submitted to them under the provisions  
2 of this section within 15 days after the receipt of the  
3 application.

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

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

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

18 "20-5-312. Reporting, budgeting, and payment for high  
19 school tuition. (1) Except as provided in subsection (2), at  
20 the close of the school term of each school fiscal year, the  
21 trustees of each high unified school district shall  
22 determine the rate of tuition for the current school fiscal  
23 year by:

24 (a) totaling the actual expenditures from the district  
25 general fund, the debt service fund, and, if the pupil is a

1 resident of another county, the retirement fund;

2 (b) dividing the amount determined in subsection

3 (1)(a) above by the ANB of the district as determined under

4 the provisions of 20-9-311; and

5 (c) subtracting the total of the per-ANB amount

6 allowed by 20-9-316 through 20-9-319 and 20-9-321 that

7 represents the foundation program as prescribed by 20-9-303

8 plus the per-ANB amount determined by dividing the state

9 financing of the district permissive levy by the ANB of the

10 district, from the amount determined in subsection (1)(b).

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

12 education pupil must be determined under rules adopted by

13 the superintendent of public instruction for the calculation

14 of tuition for full-time ~~high--school~~ special education

15 pupils as designated in 20-9-311 for funding purposes.

16 (3) Before July 15, the trustees shall report to the

17 county superintendent of the county in which the district is

18 located:

19 (a) the names, addresses, and resident districts of

20 the pupils attending the schools of the district under an

21 approved tuition agreement;

22 (b) the number of days of school attended by each

23 pupil;

24 (c) the amount, if any, of each pupil's tuition

25 payment that the trustees, in their discretion, have the

1 authority to waive; and

2 (d) the rate of current school fiscal year tuition, as

3 determined under the provisions of this section.

4 (4) When the county superintendent receives a tuition

5 report from a district, he shall immediately send the

6 reported information to the superintendent of each district

7 in which the reported pupils reside.

8 (5) When the district superintendent receives a

9 tuition report or reports for ~~high-school~~ pupils residing in

10 his district and attending an out-of-district ~~high~~ school

11 under approved tuition agreements, he shall determine the

12 total amount of tuition due ~~such the~~ out-of-district ~~high~~

13 schools on the basis of the following per-pupil schedule:

14 the rate of tuition, number of pupils attending under an

15 approved tuition agreement, and other information provided

16 by each ~~high~~ school district where resident district pupils

17 have attended school.

18 (6) The total amount of the ~~high-school~~ tuition, with

19 consideration of any tuition waivers, for pupils attending a

20 ~~high~~ unified school district outside the county of residence

21 must be financed by the county basic ~~special~~ tax for ~~high~~

22 ~~schools~~ as provided in 20-9-334. In December, the county

23 superintendent shall cause the payment by county warrant of

24 at least one-half of the ~~high--school~~ tuition obligations

25 established under this section out of the first money

1 realized from the county basic ~~special~~ tax for-high-schools.  
 2 The remaining obligations must be paid by June 15 of the  
 3 school fiscal year. The payments must be made to the county  
 4 treasurer of the county where each high--school unified  
 5 district entitled to tuition is located. The county  
 6 treasurer shall credit tuition receipts to the general fund  
 7 of the applicable high--school unified district, and the  
 8 tuition receipts must be used in accordance with the  
 9 provisions of 20-9-141.

10 (7) For pupils attending a high school outside their  
 11 district of residence but within the county of residence,  
 12 the total amount of the tuition, with consideration of any  
 13 tuition waivers, must be paid during the ensuing school  
 14 fiscal year. The trustees of the sending high-school unified  
 15 district shall include the tuition amount in the tuition  
 16 fund of the preliminary and final budgets. This budgeted  
 17 tuition amount is not subject to the budget adjustment  
 18 provisions of 20-9-132. The county superintendent shall  
 19 report the net tuition fund levy requirement for each high  
 20 school unified district to the county commissioners on the  
 21 second Monday of August, and a levy on the district must be  
 22 made by the county commissioners in accordance with  
 23 20-9-142. The levy requirement must be calculated by  
 24 subtracting from the total expenditure amount authorized in  
 25 the final tuition fund budget the sum of the cash balance in

1 the tuition fund at the end of the immediately preceding  
 2 school fiscal year plus any other anticipated money that may  
 3 be realized in the tuition fund. The trustees shall pay by  
 4 warrants drawn on the tuition fund the tuition amounts owed  
 5 to each district included in the county superintendent's  
 6 notification. Payments must be made whenever there is a  
 7 sufficient amount of cash available in the tuition fund but  
 8 no later than the end of the school fiscal year for which  
 9 the budget is adopted. However, if the trustees of either  
 10 the sending or receiving high-school unified district feel  
 11 the transfer privilege provided by this subsection is being  
 12 abused, they may appeal to the county superintendent of  
 13 schools, who shall hold a hearing and either approve or  
 14 disapprove the transfer."

15 **Section 21.** Section 20-5-313, MCA, is amended to read:

16 "20-5-313. Individual tuition for high school pupil.

17 (1) Any child eligible to attend high school may attend  
 18 school in the high--school unified district in which he  
 19 resides without payment of tuition.

20 (2) No A provision of this title shall may not be  
 21 construed to deny a parent the right to send his child, at  
 22 his own expense, to any high school outside of his district  
 23 of residence when the parent agrees to pay the tuition  
 24 acceptable to the trustees of the high--school receiving  
 25 unified district operating--such--high--school. When the

1 attendance is approved, the parent shall pay tuition at the  
 2 rate fixed by the trustees. However, under this section,  
 3 tuition as determined in 20-5-312 shall be reduced by the  
 4 amount the parent of the child paid in district and county  
 5 property taxes during the immediately preceding school  
 6 fiscal year for the benefit and support of the district in  
 7 which the child will attend school.

8 (3) (a) For the purposes of this section, "parent"  
 9 includes an individual shareholder of a domestic corporation  
 10 as defined in 35-1-102 whose shares are 95% held by related  
 11 family members to the sixth degree of consanguinity or by  
 12 marriage to the sixth degree of affinity.

13 (b) The tax amount to be credited to reduce any  
 14 tuition charge to a parent under this subsection is  
 15 determined in the following manner:

16 (i) determine the percentage of the total shares of  
 17 the corporation held by the shareholder parent or parents;

18 (ii) determine the portion of property taxes paid in  
 19 the preceding school fiscal year by the corporation for the  
 20 benefit and support of the district in which the child will  
 21 attend school.

22 (c) The percentage of total shares as determined in  
 23 subsection (3)(b)(i) is the percentage of taxes paid as  
 24 determined in subsection (3)(b)(ii) that is to be credited  
 25 to reduce the tuition charge."

1 **Section 22.** Section 20-6-101, MCA, is amended to read:

2 "20-6-101. Definition of elementary-and-high unified  
 3 school districts. (1) As used in this title, except as  
 4 defined in 20-9-402 for bonding purposes or unless the  
 5 context clearly indicates otherwise, the term "unified  
 6 district" means the territory, regardless of county  
 7 boundaries, organized under the provisions of [section 2]  
 8 and this title to provide public educational services under  
 9 the jurisdiction of the trustees prescribed by this title.  
 10 ~~High--school--districts--may--encompass--all--or--parts--of--the~~  
 11 ~~territory--of--one--or--more--elementary--districts.~~

12 (2) An elementary school of a unified district is a  
 13 district school organized for the purpose of providing  
 14 public education for all grades up to and including grade 8  
 15 and for preschool programs and kindergartens. A high school  
 16 of a unified district is a district school organized for the  
 17 purpose of providing those public educational services  
 18 authorized by this title for all grades beyond grade 8,  
 19 ~~including--postsecondary--programs,~~ except those programs  
 20 administered by community college districts or the Montana  
 21 university system.

22 (3) An elementary A unified district shall be known as  
 23 "Unified District No. ...., ..... County" ~~and--a--high~~  
 24 ~~school--district,~~ ~~except--a--high--school--district--where--a~~  
 25 ~~county--high--school--is--operated,~~ ~~shall--be--known--as--~~ "High

1 School--District--No.-----County". Any district  
 2 shall be a body corporate and, as such a body corporate, may  
 3 sue and be sued, contract and be contracted with, and  
 4 acquire, hold, use, and dispose of real or personal property  
 5 for school purposes, within the limitations prescribed by  
 6 law. Unless the context clearly indicates otherwise, the  
 7 trustees of elementary districts and high school districts  
 8 shall have the same types of powers, duties, and  
 9 responsibilities authorized and imposed by the laws of  
 10 Montana.

11 {4}--Unless the context clearly indicates otherwise, an  
 12 elementary district operating a high school in a county that  
 13 has not been divided into high school districts shall be  
 14 considered a high school district under this title and the  
 15 trustees of the elementary district shall be the trustees of  
 16 the high school district. Such an elementary district  
 17 operating a high school shall not have the bonding authority  
 18 of a high school district. However, the elementary district  
 19 may exercise its bonding authority, in the manner provided  
 20 by law, for high school purposes.

21 {5}--As used in this title, unless the context clearly  
 22 indicates otherwise, a county high school shall be  
 23 considered a high school district subject to the limitations  
 24 prescribed by law for a county high school as a result of  
 25 its being a part of the county government. The boundaries of

1 the high school district for a county high school shall be  
 2 {a} the high school district boundaries established by  
 3 the county high school boundary commission; or  
 4 {b} if no such boundaries have been established, the  
 5 county boundaries, except for any territory located in a  
 6 joint high school district;  
 7 {6} Any county high school recognized as a high school  
 8 district under the provisions of subsection {5}{b} above  
 9 shall not have a bonding authority. Instead, the county  
 10 shall exercise its bonding authority in the manner provided  
 11 in 20-9-451."

12 Section 23. Section 20-6-213, MCA, is amended to read:

13 "20-6-213. Transfer of territory from one elementary  
 14 unified district to another. (1) A majority of the electors  
 15 of any elementary unified district who are qualified to vote  
 16 under the provisions of 20-20-301 and who reside in  
 17 territory which is a part of an elementary a unified  
 18 district may petition the county superintendent to transfer  
 19 such territory to another elementary unified district when:

20 (a) such the territory is contiguous to the district  
 21 to which it is to be attached;

22 (b) such the territory is not located within 3 miles,  
 23 over the shortest practical route, of an operating school of  
 24 the district from which it is to be detached;

25 (c) the transfer of such territory will not reduce the



1 taxable value of the district to less than \$100,000 unless  
 2 the remaining territory of the district will contain not  
 3 less than 50,000 acres of nontaxable Indian land; and

4 (d) the board of trustees of the school district that  
 5 would receive the territory has approved the transfer.

6 (2) The petition shall be addressed to the county  
 7 superintendent and shall:

8 (a) describe the territory that is requested to be  
 9 transferred and to what district it is to be transferred;

10 (b) state the reasons why such the transfer is  
 11 requested; and

12 (c) state the number of elementary school-age children  
 13 residing in such the territory.

14 (3) On receipt of a valid petition for a territory  
 15 transfer, the county superintendent shall:

16 (a) file such the petition;

17 (b) set a hearing place, date, and time for  
 18 consideration of the petition that is not more than 40 days  
 19 after receipt of the petition; and

20 (c) give notice of the place, date, and time of the  
 21 hearing. The notices shall be posted in the districts  
 22 affected by the request in the manner prescribed in this  
 23 title for school elections, with at least one such notice  
 24 posted in the territory to be transferred.

25 (4) The county superintendent shall conduct the

1 hearing as scheduled, and any resident or taxpayer of the  
 2 affected districts shall be heard. If the county  
 3 superintendent considers it advisable and in the best  
 4 interests of the residents of such the territory, he shall  
 5 grant the petitioned request and order the change of  
 6 district boundaries to coincide with the boundary  
 7 description in the petition. Otherwise, he shall, by order,  
 8 deny the request. Either of the orders shall be final 30  
 9 days after its date unless it is appealed to the board of  
 10 county commissioners by a resident or taxpayer of either  
 11 district affected by the territory transfer. The decision of  
 12 the board of county commissioners, after a hearing on such  
 13 the matter and consideration of the material presented at  
 14 the county superintendent's hearing, shall be final 30 days  
 15 after its date unless a petition to submit the question to  
 16 a vote of the people in the district from which the land is  
 17 to be transferred, which has been signed by a majority of  
 18 the electors of the district who reside in the territory to  
 19 be transferred and who are qualified to vote in elections  
 20 for that district under 20-20-301, is presented prior to  
 21 that time. When a petition is submitted under this  
 22 subsection, the question of whether the land shall be  
 23 transferred to another district shall be put before the  
 24 voters at the next regular school election in the affected  
 25 district.

1 (5) Whenever a petition to transfer territory from one  
 2 elementary unified district to another elementary unified  
 3 district would create a joint elementary unified district or  
 4 affect the boundary of an existing joint elementary unified  
 5 district, the petition shall be presented to the county  
 6 superintendent of the county where the territory is located.  
 7 ~~Such~~ The county superintendent shall notify any other county  
 8 superintendents of counties with districts affected by such  
 9 petition, and the duties prescribed in this section for the  
 10 county superintendent and the board of county commissioners  
 11 shall be performed jointly by such county officials."

12 **Section 24.** Section 20-6-325, MCA, is amended to read:

13 "20-6-325. Procedure for creation of new high unified  
 14 school district out of existing districts -- limitation for  
 15 creation. (1) To create a new high unified school district,  
 16 a petition requesting the creation of a new high unified  
 17 school district out of the territory of ~~an-existing~~ a high  
 18 school district in existence prior to [the effective date of  
 19 this act] or ~~districts a unified district or districts~~ must  
 20 be addressed to the county superintendent and must:

21 (a) describe the territory that is requested to be  
 22 incorporated in the new unified district and the taxable  
 23 value of ~~such the~~ territory as shown by the last completed  
 24 assessment roll;

25 (b) state the reasons why the creation of a new

1 district is requested; and

2 (c) be signed by the parents or guardians of not less  
 3 than 50 children who are at least 14 years old but less than  
 4 18 years old and who reside in the territory that would be  
 5 included in the new district and who reside more than 20  
 6 miles over the shortest practical route from an operating  
 7 high school.

8 (2) When a county superintendent receives a valid  
 9 petition requesting the creation of a new unified district,  
 10 he shall:

11 (a) file ~~such the~~ petition;

12 (b) set a hearing place, date, and time for  
 13 consideration of the petition that is not more than 40 days  
 14 after the receipt of the petition; and

15 (c) give notice of the place, date, and time of the  
 16 hearing. Notices must be posted in the high school districts  
 17 or unified district affected by the request in the manner  
 18 prescribed in 20-20-204 for school elections, with at least  
 19 one ~~such~~ notice posted in the territory to be included in  
 20 the new district.

21 (3) The county superintendent shall conduct the  
 22 hearing as scheduled unless before or at the time of the  
 23 hearing he receives a protest petition signed by a majority  
 24 of the electors of the proposed new district who are  
 25 qualified to vote under the provisions of 20-20-301. A valid

1 protest petition conclusively denies the creation of a new  
 2 unified district. If a hearing is conducted, any resident or  
 3 taxpayer of the affected districts must be heard. If the  
 4 county superintendent considers it advisable and in the best  
 5 interests of the residents of the proposed new district, he  
 6 shall grant the petitioned request and order the creation of  
 7 a new unified district with its boundaries coinciding with  
 8 the boundaries defined in the petition. Otherwise, he shall  
 9 by order deny the request. In the order creating the new  
 10 unified district, the effective date for its creation must  
 11 be the following July 1.

12 (4) The county superintendent's order may be appealed  
 13 to the superintendent of public instruction within 30 days  
 14 after the date of such the order. An appeal must be in  
 15 writing and be signed by not less than 10 residents of the  
 16 proposed new district. The superintendent of public  
 17 instruction shall:

18 (a) call a hearing on the appeal not less than 20 days  
 19 or more than 30 days from receipt of the appeal;

20 (b) provide notice of the hearing in the manner  
 21 prescribed in subsection (2)(c);

22 (c) consider the material presented at the county  
 23 superintendent's hearing and pertinent other material; and

24 (d) render a decision on the creation of such the new  
 25 high unified school district. The decision is final.

1 ~~(5) When a new high school district is created the~~  
 2 ~~trustees of the elementary district in which the high school~~  
 3 ~~buildings are located are the trustees of the new district.~~  
 4 ~~A trustee appointed under the provisions of this section~~  
 5 ~~shall serve until a successor is elected at the next regular~~  
 6 ~~school election and is qualified.~~

7 (6)(5) If the unified district does not open and  
 8 operate a school within 2 years after the effective date of  
 9 the creation of the new district, the order of the county  
 10 superintendent or, if his order is appealed, the decision of  
 11 the superintendent of public instruction creating a new  
 12 district under this section is void and the new district  
 13 ceases to exist. If the new district does not satisfy this  
 14 requirement, the territory must be reincorporated in the  
 15 district or districts in which it was located before the  
 16 creation of the new district and the trustees are without  
 17 capacity to act.

18 (7)(6) If a petition has been filed under the  
 19 provisions of this section and denied by the county  
 20 superintendent, no a new petition may not be filed until 1  
 21 year after the final decision on the original petition.

22 (8)(7) For the purposes of this section, the taxable  
 23 value of the taxable property of the territory proposed to  
 24 be included in the new unified district must be at least \$1  
 25 million, unless 50,000 acres or more of such proposed new

1 district are nontaxable Indian land, and the taxable value  
2 of the taxable property of each existing district from which  
3 territory would be detached must be at least \$2 million  
4 after the territory is detached."

5 **Section 25.** Section 20-6-402, MCA, is amended to read:

6 **"20-6-402.** Voluntary consolidation and annexation  
7 incentive plan. Sections 20-6-401 through 20-6-408 shall be  
8 known as the voluntary consolidation and annexation  
9 incentive plan. The purpose of this plan is to provide  
10 additional financial assistance to school districts that  
11 consolidate or annex under the provisions of 20-6-203,  
12 ~~20-6-205, or 20-6-208~~ for elementary unified school  
13 districts ~~or 20-6-315 or 20-6-317 for high school~~  
14 ~~districts.~~"

15 **Section 26.** Section 20-6-403, MCA, is amended to read:

16 **"20-6-403.** Application for bonus payment. Whenever two  
17 or more elementary school unified districts consolidate or  
18 annex ~~under the provisions of 20-6-203, 20-6-205, or~~  
19 ~~20-6-208 or two or more high school districts consolidate or~~  
20 ~~annex under the provisions of 20-6-315 or 20-6-317,~~ the  
21 enlarged district may make application for the bonus payment  
22 as provided herein in 20-6-401 if ~~such~~ the consolidation or  
23 annexation ~~shall result~~ results in the dissolution of at  
24 least one elementary ~~or high school~~ unified district.  
25 Application for the bonus payments must be made during the

1 school year of the order creating the enlarged school  
2 district."

3 **Section 27.** Section 20-6-501, MCA, is amended to read:

4 **"20-6-501.** Definition of various schools. As used in  
5 this title, unless the context clearly indicates otherwise,  
6 the term "school" means an institution for the teaching of  
7 children that is established and maintained under the laws  
8 of the state of Montana at public expense. The trustees of  
9 any district shall designate the grade assignments for the  
10 schools of the district, but for the purposes of this title  
11 each school shall be known as:

12 (1) an elementary school when it comprises the work of  
13 any combination of kindergarten, other preschool programs,  
14 or the first eight grades or their equivalents. A middle  
15 school is a school comprising the work of grades 4 through 8  
16 or any combination thereof that has been accredited as a  
17 middle school under the provisions of 20-7-102. When an  
18 accredited junior high school or an accredited 6-year high  
19 school is operated by the district, grades 7 and 8 or their  
20 equivalents ~~shall~~ may not be considered as elementary  
21 grades.

22 (2) a high school when it comprises the work of one or  
23 more grades of schoolwork or their equivalents intermediate  
24 between the elementary schools and the institutions of  
25 higher education of the state of Montana. Types of high

1 schools shall be designated as follows:

2 (a) a junior high school is a school comprising the  
3 work of grades 7 through 9 or their equivalents that has  
4 been accredited as a junior high school under the provisions  
5 of 20-7-102;

6 (b) a senior high school is a school which comprises  
7 the work of grades 10 through 12 or their equivalents and  
8 which is operated in conjunction with a junior high school;

9 (c) a 6-year high school is a school comprising the  
10 work of grades 7 through 12 or their equivalents that has  
11 been accredited as a 6-year high school under the provisions  
12 of 20-7-102;

13 (d) a 4-year high school is a school comprising the  
14 work of grades 9 through 12 or their equivalents;

15 ~~(e) a county high school is a 4-year high school~~  
16 ~~operated as an agency of county government and established~~  
17 ~~under the provisions of the acts of March 3, 1899, March 14,~~  
18 ~~1901, and any subsequent amendments thereto."~~

19 **Section 28.** Section 20-6-503, MCA, is amended to read:

20 "20-6-503. Opening or reopening of a high school of a  
21 unified district. (1) The trustees of any high unified  
22 school district may open or reopen a high school or  
23 elementary school of the district or a branch of a high  
24 school or elementary school of the district when such the  
25 opening or reopening has been approved by the superintendent

1 of public instruction, ~~except when a county high school is~~  
2 ~~discontinued by a unification action, the trustees may~~  
3 ~~establish by resolution a high school to be operated by~~  
4 ~~the high school district without further action or approval.~~

5 When the trustees of a high unified school district resolve  
6 to open or reopen a high school, they shall apply to the  
7 superintendent of public instruction for approval to open or  
8 reopen such the school by June 1 before the school fiscal  
9 year in which they intend to open or reopen the high school.

10 ~~Such The~~ application shall must state:

11 (a) their reasons why the high school should be opened  
12 or reopened;

13 (b) the probable enrollment of ~~such-high~~ the school;

14 (c) the distance and road conditions of the route to  
15 neighboring high schools;

16 (d) the taxable value of the district;

17 (e) the building and equipment facilities available  
18 for ~~such-high~~ the school;

19 (f) the planned course of instruction for ~~such-high~~  
20 the school;

21 (g) the planned methods of complying with high school  
22 or elementary school standards of accreditation; and

23 (h) any other information that may be required by the  
24 superintendent of public instruction.

25 (2) The superintendent of public instruction shall

1 investigate the application for the opening or reopening of  
 2 a high school and shall approve or disapprove the opening of  
 3 the high school before the fourth Monday of June preceding  
 4 the first year of intended operation. If the opening is  
 5 approved, the high school district trustees may open such  
 6 high the school.

7 (3) Whenever the opening or reopening of a high school  
 8 is approved for the ensuing school fiscal year, the county  
 9 superintendent shall estimate the average number belonging  
 10 (ANB) after investigating the probable enrollment for the  
 11 high school. The ANB determined by the county superintendent  
 12 shall be used for budgeting and foundation program purposes.

13 (4) ~~Nothing herein contained shall~~ This section may  
 14 not be construed ~~so as~~ to preclude the trustees of a high  
 15 unified school district from establishing more than one high  
 16 school in the district."

17 **Section 29.** Section 20-6-602, MCA, is amended to read:

18 "20-6-602. Trustees' power over property. The trustees  
 19 of any unified district ~~other than a high school district~~  
 20 ~~operating a county high school shall~~ have the power and the  
 21 responsibility to hold in trust all real and personal  
 22 property of the district for the benefit of the schools and  
 23 children of the district. ~~in the name of the county, the~~  
 24 ~~trustees of a high school district operating a county high~~  
 25 ~~school, as defined by 20-6-101, shall have the power and the~~

1 ~~responsibility to hold in trust all real and personal~~  
 2 ~~property of the district for the benefit of the schools and~~  
 3 ~~children of the district."~~

4 **Section 30.** Section 20-7-705, MCA, is amended to read:

5 "20-7-705. Adult education fund. (1) A separate adult  
 6 education fund shall be established when an adult education  
 7 program is operated by a unified district or community  
 8 college district. The financial administration of such the  
 9 fund shall comply with the budgeting, financing, and  
 10 expenditure provisions of the laws governing the schools.

11 (2) Whenever the trustees of any unified district  
 12 establish an adult education program under the provisions of  
 13 20-7-702, they shall establish an adult education fund under  
 14 the provisions of this section. The adult education fund  
 15 shall be the depository for all federal, state, and district  
 16 moneys received by the district in support of the adult  
 17 education program.

18 (3) The trustees of any unified district may authorize  
 19 the levy of a tax of not more than 1 mill on the district,  
 20 ~~except that trustees of a county high school district that~~  
 21 ~~is not unified with an elementary district may authorize a~~  
 22 ~~levy of not more than 2 mills on the district,~~ for the  
 23 operation of an adult education program when the  
 24 superintendent of public instruction has approved the  
 25 educational program to be supported by such the levy. The

1 approval of the superintendent of public instruction shall  
 2 have-been must be acquired by the trustees before the fourth  
 3 Monday of June in order to include the expenditures to be  
 4 financed by the levy in the preliminary budget. The  
 5 superintendent of public instruction shall promulgate rules  
 6 and forms for such the approval.

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

15 (5) When a tax levy for an adult education program  
 16 which has been approved by the superintendent of public  
 17 instruction is included as a revenue item on the final adult  
 18 education budget, the county superintendent shall report  
 19 such the levy requirement to the county commissioners on the  
 20 second Monday of August and a levy on the district shall be  
 21 made by the county commissioners in accordance with  
 22 20-9-142."

23 **Section 31.** Section 20-9-311, MCA, is amended to read:  
 24 "20-9-311. Calculation of average number belonging  
 25 (ANB). (1) Average number belonging must be computed by

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

1 days, his absence after the 10th day of absence may not be  
2 included in the aggregate days of absence and his enrollment  
3 in the school may not be considered in the calculation of  
4 the average number belonging until he resumes attendance at  
5 school.

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

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

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

24 (b) a junior high school has been approved and  
25 accredited as a junior high school, all of the regularly

1 enrolled, full-time pupils of the junior high school must be  
2 considered as high school ~~district~~ pupils for ANB purposes;  
3 (c) a middle school has been approved and accredited,  
4 all pupils below the 7th grade must be considered elementary  
5 school pupils for ANB purposes and the 7th and 8th grade  
6 pupils must be considered high school pupils for ANB  
7 purposes; or

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

14 (4) The high schools of a unified district must be  
15 aggregated as provided in subsection (3).

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

22 **Section 32.** Section 20-9-313, MCA, is amended to read:

23 "20-9-313. Circumstances under which the regular  
24 average number belonging may be increased. The average  
25 number belonging of a school, calculated in accordance with



1 the ANB formula prescribed in 20-9-311, may be increased  
2 when:

3 (1) the opening of a new elementary school or the  
4 reopening of an elementary school has been approved in  
5 accordance with ~~20-6-502~~ 20-6-503. The average number  
6 belonging for the school must be established by the county  
7 superintendent and approved, disapproved, or adjusted by the  
8 superintendent of public instruction.

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

16 (3) a district anticipates an increase in the average  
17 number belonging due to the closing of any private or public  
18 school in the district or a neighboring district. The  
19 estimated increase in average number belonging must be  
20 established by the trustees and the county superintendent  
21 and approved, disapproved, or adjusted by the superintendent  
22 of public instruction no later than the fourth Monday in  
23 June.

24 (4) a district anticipates an unusual enrollment  
25 increase in the ensuing school fiscal year. The increase in

1 average number belonging must be based on estimates of  
2 increased enrollment approved by the superintendent of  
3 public instruction and must be computed in the manner  
4 prescribed by 20-9-314.

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

12 (6) a full-time special pupil, as defined in 20-9-311,  
13 in a given school fiscal year may no longer be considered a  
14 full-time special pupil in the ensuing school fiscal year  
15 (the superintendent of public instruction may grant one ANB  
16 for the pupil for the ensuing school fiscal year); or

17 (7) a high school of a unified district provides early  
18 graduation for any student who completes graduation  
19 requirements in less than eight semesters or the equivalent  
20 amount of secondary school enrollment or when a high school  
21 of a unified district provides early graduation for a class  
22 of students who have completed the requirements for  
23 graduation after 175 pupil-instruction days in the 12th  
24 grade. The increase must be established by the trustees as  
25 though the student had attended to the end of the school

1 fiscal year and must be approved, disapproved, or adjusted  
2 by the superintendent of public instruction."

3 **Section 33.** Section 20-9-331, MCA, is amended to read:

4 "20-9-331. Basic county tax and other revenues for  
5 county equalization of the elementary unified district  
6 foundation program. (1) It shall be the duty of the county  
7 commissioners of each county to levy an annual basic tax of  
8 ~~28~~ 45 mills on the dollars of the taxable value of all  
9 taxable property within the county ~~7--except--for--vehicles~~  
10 ~~subject--to--taxation--under--61-3-504(2)7~~ for the purposes of  
11 local and state foundation program support. The revenue to  
12 be collected from this levy shall be apportioned to the  
13 support of the foundation programs of the elementary unified  
14 school districts in the county and to the state special  
15 revenue fund, state equalization aid account, in the  
16 following manner:

17 (a) In order to determine the amount of revenue raised  
18 by this levy which is retained by the county, the sum of the  
19 estimated revenues identified in subsection (2) below shall  
20 be subtracted from the sum of the county elementary  
21 transportation obligation and the county high school tuition  
22 the total of the foundation programs of all elementary  
23 unified districts of the county.

24 (b) If the basic levy prescribed by this section  
25 produces more revenue than is required to finance the

1 difference determined above in subsection (1)(a), the county  
2 treasurer shall remit the surplus funds to the state  
3 treasurer for deposit to the state special revenue fund,  
4 state equalization aid account, immediately upon occurrence  
5 of a surplus balance and each subsequent month thereafter,  
6 with any final remittance due no later than June 20 of the  
7 fiscal year for which the levy has been set.

8 (2) The proceeds realized from the county's portion of  
9 the levy prescribed by this section and the revenues from  
10 the following sources shall be used for the equalization of  
11 the elementary unified district foundation programs of the  
12 county as prescribed in 20-9-334, and a separate accounting  
13 shall be kept of such the proceeds and revenues by the  
14 county treasurer in accordance with 20-9-212(1):

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

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

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

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

5 (e) any federal or state money distributed to the  
6 county as payment in lieu of the property taxation  
7 established by the county levy required by this section;

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

10 (g) anticipated revenue from vehicle property taxes  
11 imposed under 61-3-504(2) and 61-3-537."

12 **Section 34.** Section 20-9-335, MCA, is amended to read:

13 "20-9-335. Formula for apportionment of county  
14 equalization moneys. (1) After making such the deductions  
15 prescribed in 20-9-334, the county superintendent shall  
16 apportion the remaining amount of moneys money available in  
17 the basic county tax account to the several public  
18 elementary unified districts of the county ~~and-in-the--basic~~  
19 ~~special--tax--for-high-schools-account-to-the-several--public~~  
20 ~~secondary-districts-of-the-county~~ in proportion to their  
21 needs under the foundation program in accordance with the  
22 following procedure:

23 (a) determine the percentage that the county  
24 equalization moneys available for the support of the  
25 foundation programs of the public elementary schools of the

1 unified districts in the county is of the total amount of  
2 the foundation programs of all public elementary schools of  
3 unified districts;

4 (b) multiply the foundation program amount of each  
5 ~~public--elementary~~ unified district by the percentage  
6 determined in subsection (1)(a) above to determine the  
7 portion of the county equalization moneys available to each  
8 ~~public--elementary~~ unified district for elementary schools of  
9 the district.

10 (2) The above procedure in subsection (1) shall also  
11 be applied for ~~public--secondary~~ high schools of unified  
12 districts.

13 (3) ~~No--territory~~ Territory situated within a county  
14 ~~shall may not~~ be excluded from the apportionment of the  
15 county equalization moneys under this section solely because  
16 ~~such the~~ territory lies within the boundaries of a joint  
17 unified district. Cash balances to the credit of any  
18 district at the end of a school fiscal year ~~shall may not~~ be  
19 considered in the apportionment procedure prescribed in this  
20 section.

21 (4) The county equalization moneys apportioned under  
22 these procedures shall constitute the first source of  
23 revenue in calculating the financing of the public  
24 ~~elementary-and-secondary~~ unified district foundation program  
25 for elementary schools and high schools of the districts.

1 The county superintendent shall use the apportionment  
2 procedure prescribed in this section in computing the  
3 estimated revenues for the financing of the ensuing year's  
4 foundation program for budgeting purposes."

5 **Section 35.** Section 20-9-347, MCA, is amended to read:

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

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

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

23 (c) Counties in which the percentage determined in  
24 subsection (1)(b) exceeds the percentage determined in  
25 subsection (1)(a) ~~shall~~ are not be entitled to an

1 apportionment of the state equalization aid.

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

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

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

21 **Section 36.** Section 20-9-348, MCA, is amended to read:

22 "20-9-348. Estimation of state equalization aid for  
23 budget purposes. The apportionment of state equalization aid  
24 shall be the second source of revenue in calculating the  
25 financing of the ~~elementary-district-foundation-program--and~~

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

10 **Section 37.** Section 20-9-352, MCA, is amended to read:

11 "20-9-352. **Permissive amount and permissive levy.** (1)  
 12 Whenever the trustees of any unified district ~~shall--deem~~  
 13 consider it necessary to adopt a general fund budget in  
 14 excess of the foundation program amount but not in excess of  
 15 the maximum general fund budget amount for ~~such~~ the district  
 16 as established by the schedules in 20-9-316 through 20-9-319  
 17 and 20-9-321, the trustees shall adopt a resolution stating  
 18 the reasons and purposes for exceeding the foundation  
 19 program amount. ~~Such~~ The excess above the foundation program  
 20 amount shall be known as the "permissive amount", and it  
 21 shall be financed by a levy, as prescribed in 20-9-141, on  
 22 the taxable value of all taxable property within the  
 23 district, except for vehicles subject to taxation under  
 24 61-3-504(2), supplemented with any biennial appropriation by  
 25 the legislature for this purpose. The proceeds of ~~such~~ an

1 appropriation shall be deposited to the state special  
 2 revenue fund.

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

5 ~~(a)~~ For each ~~elementary-school~~ unified district, the  
 6 county commissioners shall annually set a levy not exceeding  
 7 6 10 mills on all the taxable property in the district,  
 8 except for vehicles subject to taxation under 61-3-504(2),  
 9 for the purpose of funding the permissive amount of the  
 10 district. The permissive levy in mills shall be obtained by  
 11 multiplying the ratio of the permissive amount to the  
 12 maximum permissive amount by 6 or by using the number of  
 13 mills which would fund the permissive amount, whichever is  
 14 less. If the amount of revenue raised by this levy, plus  
 15 anticipated revenue from vehicle property taxes imposed  
 16 under 61-3-504(2) and 61-3-537, is not sufficient to fund  
 17 the permissive amount in full, the amount of the deficiency  
 18 shall be paid to the district from the state special revenue  
 19 fund according to the provisions of subsections (3) and (4)  
 20 of this section.

21 ~~(b)--For--each--high--school---district,---the---county~~  
 22 ~~commissioners--shall--annually--set--a--levy-not-exceeding-4~~  
 23 ~~mills-on-all-taxable-property-in-the--district,--except--for~~  
 24 ~~vehicles--subject--to--taxation--under--61-3-504(2);--for-the~~  
 25 ~~purpose-of-funding-the-permissive-amount--of--the--district;~~

1 ~~The permissive levy in mills shall be obtained by~~  
 2 ~~multiplying the ratio of the permissive levy to the maximum~~  
 3 ~~permissive amount by 4 or by using the number of mills which~~  
 4 ~~would fund the permissive amount, whichever is less, if the~~  
 5 ~~amount of revenue raised by this levy, plus anticipated~~  
 6 ~~revenue from vehicle property taxes imposed under~~  
 7 ~~61-3-504(2) and 61-3-537, and plus net proceeds taxes for~~  
 8 ~~interim production and new production, as defined in~~  
 9 ~~15-23-601, is not sufficient to fund the permissive amount~~  
 10 ~~in full, the amount of the deficiency shall be paid to the~~  
 11 ~~district from the state special revenue fund according to~~  
 12 ~~the provisions of subsections (3) and (4) of this section.~~

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

1 and (2) of this section.

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

17 **Section 38.** Section 20-9-402, MCA, is amended to read:  
 18 "20-9-402. Definition of school district for bonding  
 19 purposes. For the purposes of inebting an elementary  
 20 district, a high school unified school district, or a  
 21 community college district by the issuance of bonds under  
 22 the provisions of this title, the term "school district"  
 23 shall mean means any elementary district, high unified  
 24 school district, or community college district, except the  
 25 following types of high schools recognized as high school

1 ~~districts without a bonding authority in 20-6-101,~~  
 2 ~~{1}--high schools operated by an elementary district in~~  
 3 ~~a--county--that--has--not--been--divided--into--high--school~~  
 4 ~~districts, or~~  
 5 ~~{2}--county--high--schools located in a county that has~~  
 6 ~~not been divided into high school districts--by--the--county~~  
 7 ~~high school boundary commission."~~

8 **Section 39.** Section 20-9-403, MCA, is amended to read:

9 "20-9-403. Bond issues for certain purposes. {1} The  
 10 trustees of a unified school district may issue and  
 11 negotiate bonds on the credit of the school district for the  
 12 purpose of:

- 13 {a}{1} building, altering, repairing, buying,
- 14 furnishing, equipping, purchasing lands for, and/or
- 15 obtaining a water supply for a school, teacherage,
- 16 dormitory, gymnasium, other building, or combination of said
- 17 buildings for school purposes;
- 18 {b}{2} buying a school bus or buses;
- 19 {c}{3} providing the necessary money to redeem matured
- 20 bonds, maturing bonds, or coupons appurtenant to bonds when
- 21 there is not sufficient money to redeem them;
- 22 {d}{4} providing the necessary money to redeem
- 23 optional or redeemable bonds when it is for the best
- 24 interest of the school district to issue refunding bonds; or
- 25 {e}{5} funding a judgment against the district,

1 including the repayment of tax protests lost by the  
 2 district.

3 {2}--Any--money--realized--from--the--sale--of--any--bonds  
 4 issued on the credit of a high school district shall not be  
 5 used--for--any--of--the--above--purposes--in--an--elementary--school  
 6 district; and such money may be used for any--of--the--above  
 7 purposes--for--a--junior--high--school--but--only--to--the--extent  
 8 that the 9th grade of the high school is served thereby."

9 **Section 40.** Section 20-9-532, MCA, is amended to read:

10 "20-9-532. Calculation and distribution of retirement  
 11 equalization aid. (1) The superintendent of public  
 12 instruction shall administer the distribution of retirement  
 13 equalization aid by:

- 14 (a) determining the estimated revenue available from
- 15 the net lottery revenue as provided in 23-5-1027;
- 16 (b) establishing a list containing each county that
- 17 levied in the prior school fiscal year in excess of 9 mills
- 18 to fund its required contribution for retirement fund
- 19 obligations;
- 20 (c) establishing the estimated dollar amount per
- 21 average number belonging (ANB) by dividing the amount
- 22 determined in subsection (1)(a) by the total ANB of the
- 23 counties listed pursuant to subsection (1)(b) for the
- 24 preceding ANB calculation period;
- 25 (d) notifying the county superintendent of each county

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

9 (e) distributing by October 1 the amount of retirement  
 10 equalization aid for each county listed pursuant to  
 11 subsection (1)(b); and

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

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

20 **Section 41.** Section 20-10-131, MCA, is amended to  
 21 read:

22 "20-10-131. County transportation committee  
 23 membership. (1) To coordinate the orderly provision of a  
 24 uniform transportation program within a county under the  
 25 transportation law, board of public education transportation

1 policies, and the transportation rules of the superintendent  
 2 of public instruction, there shall be a county  
 3 transportation committee created in each county of the state  
 4 of Montana. The membership of the county transportation  
 5 committee shall be:

- 6 (a) the county superintendent;  
 7 (b) the chairman of the board of county commissioners  
 8 or a member of such board designated by the chairman;  
 9 (c) a trustee or district employee designated by the  
 10 trustees of each high-school unified district of the county;  
 11 ~~(d)--one--representative--from--each--high--school--district~~  
 12 ~~of--the--county--who--is--a--trustee--of--an--elementary--district~~  
 13 ~~encompassed--within--the--high--school--district--and--who--has--been~~  
 14 ~~selected--at--a--meeting--of--the--trustees--of--such--elementary~~  
 15 ~~districts; and~~

16 ~~(e)~~(d) a representative of a district of another  
 17 county when the transportation services of ~~such-a~~ that  
 18 district are affected by the actions of the transportation  
 19 committee, but ~~such-a~~ the representative shall have a voice  
 20 only in matters affecting transportation within ~~such~~ that  
 21 district or by ~~such~~ that district.

22 (2) The county transportation committee shall have at  
 23 least five members, and if this minimum membership cannot be  
 24 realized in the manner prescribed in subsections (1)(a)  
 25 through (1)(d) above, the county superintendent shall



1 appoint a sufficient number of members to satisfy the  
2 minimum membership requirement.

3 (3) The county superintendent shall be the chairman of  
4 the county transportation committee, and a quorum shall  
5 consist of a majority of the membership. The county  
6 transportation committee shall meet on the call of the  
7 chairman or any three members of such committee."

8 **Section 42.** Section 20-10-144, MCA, is amended to  
9 read:

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

17 (1) The "schedule amount" of the preliminary budget  
18 expenditures that is derived from the rate schedules in  
19 20-10-141 and 20-10-142 shall be determined by adding the  
20 following amounts:

21 (a) the sum of the maximum reimbursable expenditures  
22 for all approved school bus routes maintained by the  
23 district (to determine the maximum reimbursable expenditure,  
24 multiply the applicable rate per bus mile by the total  
25 number of miles to be traveled during the ensuing school

1 fiscal year on each bus route approved by the county  
2 transportation committee and maintained by such district);  
3 plus

4 (b) the total of all individual transportation per  
5 diem reimbursement rates for such the district as determined  
6 from the contracts submitted by the district multiplied by  
7 the number of pupil-instruction days scheduled for the  
8 ensuing school attendance year; plus

9 (c) any estimated costs for supervised home study or  
10 supervised correspondence study for the ensuing school  
11 fiscal year; plus

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

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

25 (a) the resulting one-third amount shall be the

1 budgeted state transportation reimbursement, except that the  
 2 state transportation reimbursement for the transportation of  
 3 special education pupils under the provisions of 20-7-442  
 4 shall be two-thirds of the schedule amount attributed to the  
 5 transportation of special education pupils;

6 (b) the resulting one-third amount, except as provided  
 7 for joint elementary schools of unified districts in  
 8 subsection (2)(e), shall be the budgeted county  
 9 transportation reimbursement for elementary schools of  
 10 unified districts and shall be financed by the basic county  
 11 tax under the provisions of 20-9-334;

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

22 (d) when the district has a sufficient amount of cash  
 23 for reappropriation and other sources of district revenue,  
 24 as determined in subsection (3), to reduce the total  
 25 district obligation for financing to zero, any remaining

1 amount of ~~such~~ district revenue and cash reappropriated  
 2 shall be used to reduce the county financing obligation in  
 3 subsections (2)(b) or (2)(c) and, if ~~such~~ the county  
 4 financing obligations are reduced to zero, to reduce the  
 5 state financial obligation in subsection (2)(a); and

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

12 (3) The total of the moneys available for the  
 13 reduction of property tax on the district for the  
 14 transportation fund shall be determined by totaling:

15 (a) anticipated federal moneys received under the  
 16 provisions of Title I of Public Law 81-874 or other  
 17 anticipated federal moneys received in lieu of ~~such~~ the  
 18 federal act; plus

19 (b) anticipated payments from other districts for  
 20 providing school bus transportation services for ~~such~~ the  
 21 district; plus

22 (c) anticipated payments from a parent or guardian for  
 23 providing school bus transportation services for his child;  
 24 plus

25 (d) anticipated or reappropriated interest to be

1 earned by the investment of transportation fund cash in  
2 accordance with the provisions of 20-9-213(4); plus

3 (e) anticipated or reappropriated revenue from vehicle  
4 property taxes imposed under 61-3-504(2) and 61-3-537; plus

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

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

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

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

22 (a) subtracting the schedule amount calculated in  
23 subsection (1) from the total preliminary transportation  
24 budget amount and, for an elementary school of a unified  
25 district, adding such the difference to the district

1 obligation to finance one-third of the schedule amount as  
2 determined in subsection (2); and

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

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

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

21 **Section 43.** Section 2-7-503, MCA, is amended to read:  
22 "2-7-503. (Temporary) Audits of local governmental  
23 entities. (1) The department shall audit the affairs of all:  
24 (a) counties;  
25 (b) incorporated cities and towns having a population

1 of more than 300 in the most recent census taken under the  
2 direction of congress;

3 (c) ~~first--and-second-class~~ unified school districts  
4 ~~and--third-class--school--districts--that--maintain--a--high~~  
5 ~~school;~~

6 (d) school district extracurricular funds for pupil  
7 functions;

8 (e) irrigation districts, except as provided in  
9 subsection (7);

10 (f) conservancy districts;

11 (g) fire districts and volunteer fire departments in  
12 unincorporated areas, towns, and villages supported by a  
13 mill levy, except as provided in subsection (6);

14 (h) fire department relief associations, except as  
15 provided in subsection (6); and

16 (i) cemetery districts.

17 (2) Each audit shall be made every 2 years and shall  
18 cover the immediately preceding 2 fiscal years of the  
19 governmental entity, unless annual audits are requested by  
20 the governmental entity.

21 (3) Each audit shall be initiated not later than 24  
22 months from the close of the fiscal year for which the audit  
23 is conducted.

24 (4) In addition to the audits required by this  
25 section, the department may at any time conduct a special

1 audit of the affairs of any governmental entity referred to  
2 in this part.

3 (5) The fee for the special audit shall be a charge  
4 based upon the costs incurred by the department in the  
5 conduct of such special audit. The audit fee shall be paid  
6 by the governmental entity to the state treasurer and  
7 deposited in the enterprise fund to the credit of the  
8 department.

9 (6) (a) Except as provided in subsection (6)(c), the  
10 department may not audit:

11 (i) a fire district which has an annual budget of less  
12 than \$20,000 and in which fire protection is provided solely  
13 by a fire company composed only of volunteer firefighters  
14 organized under Title 7, chapter 33; or

15 (ii) a fire department relief association organized  
16 under Title 19, chapter 11, which has annual receipts,  
17 including earnings on invested funds, of less than \$20,000,  
18 except for audits as provided under 19-11-206.

19 (b) Such The fire district shall annually file with  
20 the board of county commissioners of the county in which the  
21 majority of the district is located an itemized account of  
22 all receipts and expenditures for the year, signed under  
23 oath by an officer of the fire company designated by the  
24 fire district trustees.

25 (c) The board of county commissioners may require an

1 annual audit to be conducted by the department if it  
2 considers such audit to be in the public interest.

3 (d) Such The fire department relief association shall  
4 annually file with the municipality in which the fire  
5 department relief association is located an itemized account  
6 of all receipts and expenditures for the year, signed under  
7 oath by an officer designated by the fire department relief  
8 association trustees. The municipality may require an annual  
9 audit to be conducted by the department if it considers such  
10 audit to be in the public interest.

11 (7) (a) Except as provided in subsection (7)(c), the  
12 department may not audit an irrigation district with annual  
13 expenditures of less than \$30,000, excluding the payment of  
14 principal and interest on federal loans.

15 (b) Such The irrigation district shall annually file  
16 with the clerk of the district court in the county in which  
17 the irrigation district is located an itemized account of  
18 all receipts and expenditures for the year, signed under  
19 oath by an officer designated by the irrigation district  
20 trustees.

21 (c) The district court may require an annual audit to  
22 be conducted by the department if it considers such audit to  
23 be in the public interest.

24 (8) (a) Except as provided in subsection (8)(c), the  
25 department may not audit a cemetery district with annual

1 expenditures of less than \$25,000, excluding the payment of  
2 principal and interest on federal loans.

3 (b) Such The cemetery district shall annually file  
4 with the clerk of the district court in the county in which  
5 the cemetery district is located an itemized account of all  
6 receipts and expenditures for the year, signed under oath by  
7 an officer designated by the cemetery district trustees.

8 (c) The board of county commissioners may require an  
9 annual audit to be conducted by the department if it  
10 considers such audit to be in the public interest.  
11 (Terminates June 30, 1991--sec. 6, Ch. 140, L. 1989.)

12 2-7-503. (Effective July 1, 1991) Audits of local  
13 governmental entities. (1) The department shall audit the  
14 affairs of all:

- 15 (a) counties;
- 16 (b) incorporated cities and towns having a population  
17 of more than 300 in the most recent census taken under the  
18 direction of congress;

19 (c) ~~first--and--second--class unified~~ school districts  
20 ~~and--third--class--school--districts--that--maintain--a--high~~  
21 ~~school;~~

22 (d) school district extracurricular funds for pupil  
23 functions;

24 (e) irrigation districts, except as provided in  
25 subsection (7);

1 (f) conservancy districts;

2 (g) fire districts and volunteer fire departments in  
3 unincorporated areas, towns, and villages supported by a  
4 mill levy, except as provided in subsection (6); and

5 (h) fire department relief associations, except as  
6 provided in subsection (6).

7 (2) Each audit shall be made every 2 years and shall  
8 cover the immediately preceding 2 fiscal years of the  
9 governmental entity, unless annual audits are requested by  
10 the governmental entity.

11 (3) Each audit shall be initiated not later than 24  
12 months from the close of the fiscal year for which the audit  
13 is conducted.

14 (4) In addition to the audits required by this  
15 section, the department may at any time conduct a special  
16 audit of the affairs of any governmental entity referred to  
17 in this part.

18 (5) The fee for the special audit shall be a charge  
19 based upon the costs incurred by the department in the  
20 conduct of such special audit. The audit fee shall be paid  
21 by the governmental entity to the state treasurer and  
22 deposited in the enterprise fund to the credit of the  
23 department.

24 (6) (a) Except as provided in subsection (6)(c), the  
25 department may not audit:

1 (i) a fire district which has an annual budget of less  
2 than \$20,000 and in which fire protection is provided solely  
3 by a fire company composed only of volunteer firefighters  
4 organized under Title 7, chapter 33; or

5 (ii) a fire department relief association organized  
6 under Title 19, chapter 11, which has annual receipts,  
7 including earnings on invested funds, of less than \$20,000,  
8 except for audits as provided under 19-11-206.

9 (b) ~~Such~~ The fire district shall annually file with  
10 the board of county commissioners of the county in which the  
11 majority of the district is located an itemized account of  
12 all receipts and expenditures for the year, signed under  
13 oath by an officer of the fire company designated by the  
14 fire district trustees.

15 (c) The board of county commissioners may require an  
16 annual audit to be conducted by the department if it  
17 considers such audit to be in the public interest.

18 (d) ~~Such~~ The fire department relief association shall  
19 annually file with the municipality in which the fire  
20 department relief association is located an itemized account  
21 of all receipts and expenditures for the year, signed under  
22 oath by an officer designated by the fire department relief  
23 association trustees. The municipality may require an annual  
24 audit to be conducted by the department if it considers such  
25 audit to be in the public interest.

1 (7) (a) Except as provided in subsection (7)(c), the  
2 department may not audit an irrigation district with annual  
3 expenditures of less than \$30,000, excluding the payment of  
4 principal and interest on federal loans.

5 (b) Such The irrigation district shall annually file  
6 with the clerk of the district court in the county in which  
7 the irrigation district is located an itemized account of  
8 all receipts and expenditures for the year, signed under  
9 oath by an officer designated by the irrigation district  
10 trustees.

11 (c) The district court may require an annual audit to  
12 be conducted by the department if it considers such audit to  
13 be in the public interest."

14 **Section 44.** Section 2-18-703, MCA, is amended to read:

15 **"2-18-703. Contributions.** (1) Each agency, as defined  
16 in 2-18-601, shall contribute the amount specified in this  
17 section towards the group benefits cost.

18 (2) For employees defined in 2-18-701, other than  
19 members of collective bargaining units, and for members of  
20 the legislature, the employer contribution for group  
21 benefits shall be \$130 per month for the fiscal year ending  
22 June 30, 1990, and \$150 per month for the fiscal year ending  
23 June 30, 1991, and for each fiscal year thereafter.  
24 Permanent part-time, seasonal part-time, and temporary  
25 part-time employees who are regularly scheduled to work less

1 than 20 hours a week are not eligible for the group benefit  
2 contribution. An employee who elects not to be covered by a  
3 state-sponsored group benefit plan may not receive the state  
4 contribution as wages. A portion of the employer  
5 contribution for group benefits may be applied to an  
6 employee's costs for participation in Part B of medicare  
7 under Title XVIII of the Social Security Act of 1965, as  
8 amended, if the state group benefit plan is the secondary  
9 payer and medicare the primary payer.

10 (3) For employees of elementary--and--high school  
11 districts and of local government units, the employer's  
12 premium contributions may exceed but may not be less than  
13 \$10 per month.

14 (4) Unused employer contributions for any state  
15 employee must be transferred to an account established for  
16 this purpose by the department of administration and upon  
17 such transfer may be used to offset losses occurring to the  
18 group of which the employee is eligible to be a member."

19 **Section 45.** Section 7-6-2225, MCA, is amended to read:

20 **"7-6-2225. County hard-rock mine trust reserve account**  
21 **-- expenditure restrictions.** (1) The governing body of a  
22 county receiving an allocation under 15-37-117(1)(d) shall  
23 establish a county hard-rock mine trust reserve account.

24 (2) Money received by a county pursuant to 15-37-117  
25 or 90-6-331 must remain in the account and may not be

1 appropriated by the governing body until:

2 (a) a mining operation has permanently ceased all  
3 mining related activity; or

4 (b) the number of persons employed full-time in mining  
5 activities by the mining operation is less than one-half of  
6 the average number of persons employed full-time in mining  
7 activities by the mining operation during the immediately  
8 preceding 5-year period.

9 (3) If the circumstances described in subsections  
10 (2)(a) or (2)(b) occur, the governing body of the county  
11 must allocate at least one-third of the funds proportionally  
12 to affected ~~high--school--districts--and--elementary~~ school  
13 districts in the county, and may use the remaining funds in  
14 the account to:

15 (a) pay for outstanding capital project bonds or other  
16 expenses incurred prior to the end of mining activity or the  
17 reduction in the mining work force described in subsection  
18 (2)(b);

19 (b) decrease property tax mill levies that are  
20 directly caused by the cessation or reduction of mining  
21 activity;

22 (c) promote diversification and development of the  
23 economic base within the jurisdiction of a local government  
24 unit;

25 (d) attract new industry to the impact area;

1 (e) provide cash incentives for expanding the  
2 employment base of the area impacted by the changes in  
3 mining activity described in subsection (2); or

4 (f) provide grants or loans to other local government  
5 jurisdictions to assist with impacts caused by the changes  
6 in mining activity described in subsection (2).

7 (4) Except as provided in subsection (3)(b), money  
8 held in the account may not be considered as cash balance  
9 for the purpose of reducing mill levies.

10 (5) Money in the reserve account must be invested as  
11 provided by law. Interest and income from the investment of  
12 funds in the account must be credited to the account."

13 **Section 46.** Section 13-37-206, MCA, is amended to  
14 read:

15 **\*13-37-206. Exception for certain school districts.**  
16 The provisions of this part, except 13-37-217, do not apply  
17 to candidates for the office of trustee of a school  
18 district, their political committees, and political  
19 committees organized to support or oppose a school district  
20 issue when the school district is:

21 (1) a ~~first-class~~ school district located in a county  
22 having a population of less than 15,000;

23 (2) ~~a second--or--third--class--district;~~ or

24 (3) (2) a county-high school district having a student  
25 enrollment of less than 2,000."



1       **Section 47.** Section 15-6-155, MCA, is amended to read:

2       "15-6-155. Application for classification as class  
3       twenty property -- local government approval required. (1) A  
4       person applying for classification of property as class  
5       twenty property shall make an application to the department  
6       of revenue on a form provided by the department without  
7       cost.

8       (2) The department may not grant an application for  
9       classification of property as class twenty property unless  
10      the governing body of the affected county or incorporated  
11      city or town approves the application by resolution,  
12      following due notice as defined in 76-15-103 and a public  
13      hearing, for its respective jurisdiction.

14      (3) The resolution provided for in subsection (2) must  
15      specify the property that the taxing jurisdiction approves  
16      for classification as class twenty property.

17      (4) The property valuation reduction granted to class  
18      twenty property under 15-6-150 applies only to the number of  
19      mills levied and assessed for local ~~high-school-district-and~~  
20      ~~elementary~~ school district purposes and to the number of  
21      mills levied and assessed by an approving governing body  
22      over which it has sole discretion. In no case may the  
23      property valuation reduction for class twenty property apply  
24      to levies or assessments required under Title 15, chapter  
25      10; 20-9-331; 20-9-333; or otherwise required under state

1       law."

2       **Section 48.** Section 15-6-214, MCA, is amended to read:

3       "15-6-214. (Temporary) Nonproducing manufacturing and  
4       railroad operating property -- tax-exempt status. (1)  
5       Improvements permanently affixed to real property that were  
6       constructed and operated for a manufacturing industry that  
7       has ceased production or as an improvement to a railroad's  
8       operating property that has ceased operation, for a period  
9       of at least 6 consecutive months, may be fully or partially  
10      exempted from taxation for each taxable year if the board of  
11      county commissioners finds that the improvements:

12      (a) were used by the manufacturing industry or a  
13      railroad;

14      (b) are no longer being used for production by the  
15      manufacturing industry or operation by a railroad;

16      (c) could be used for production or transportation in  
17      the future; and

18      (d) will be dismantled by the owner to avoid the  
19      payment of property taxes on the improvements.

20      (2) For the purposes of this section, "manufacturing  
21      industry" means an industry that engages in the mechanical  
22      or chemical transformation of materials or substances into  
23      new products in the manner defined as manufacturing in the  
24      1972 Standard Industrial Classification Manual prepared by  
25      the United States office of management and budget.

1 (3) For the purposes of this section, "railroad  
2 operating property" has the meaning provided in 15-23-202.

3 (4) The tax benefit described in subsection (1)  
4 applies only to the number of mills levied and assessed for  
5 local ~~high--school--district-and-elementary~~ school district  
6 purposes and to the number of mills levied and assessed by  
7 the governing body approving the benefit over which the  
8 governing body has sole discretion. In no case may the  
9 benefit described in subsection (1) apply to levies or  
10 assessments required under Title 15, chapter 10, 20-9-331,  
11 ~~20-9-333,~~ or otherwise required under state law.  
12 (Terminates December 31, 1989--sec. 3, Ch. 560, L. 1987.)"

13 **Section 49.** Section 15-16-803, MCA, is amended to  
14 read:

15 "15-16-803. Suspension of certain local government  
16 taxes. (1) The governing body of a county, consolidated  
17 government, or incorporated city or town may suspend for 36  
18 months from May 22, 1989, delinquent taxes, penalties, and  
19 interest for an airline described in 15-16-802 located  
20 within its jurisdiction for any of the taxable years  
21 provided in 15-16-802.

22 (2) Before a tax suspension may be granted, the  
23 governing body of a county, consolidated government, or  
24 incorporated city or town shall approve the tax suspension  
25 by resolution, after notice and hearing.

1 (3) The tax suspension described in subsection (1)  
2 applies only to the number of mills levied for local ~~high~~  
3 ~~school--district-and-elementary~~ school district purposes and  
4 to the number of mills levied and assessed by the governing  
5 body approving the exemption over which the governing body  
6 has sole discretion."

7 **Section 50.** Section 15-24-1402, MCA, is amended to  
8 read:

9 "15-24-1402. New or expanding industry -- assessment.  
10 (1) In the first 5 years after a construction permit is  
11 issued, qualifying improvements or modernized processes that  
12 represent new industry or expansion of an existing industry,  
13 as designated in the approving resolution, shall be taxed at  
14 50% of their taxable value. Each year thereafter, the  
15 percentage shall be increased by equal percentages until the  
16 full taxable value is attained in the 10th year. In  
17 subsequent years, the property shall be taxed at 100% of its  
18 taxable value.

19 (2) (a) In order for a taxpayer to receive the tax  
20 benefits described in subsection (1), the governing body of  
21 the affected county or the incorporated city or town must  
22 have approved by separate resolution for each project,  
23 following due notice as defined in 76-15-103 and a public  
24 hearing, the use of the schedule provided for in subsection  
25 (1) for its respective jurisdiction. The governing body may

1 not grant approval for the project until all of the  
2 applicant's taxes have been paid in full. Taxes paid under  
3 protest do not preclude approval.

4 (b) The governing body may end the tax benefits by  
5 majority vote at any time, but the tax benefits may not be  
6 denied an industrial facility that previously qualified for  
7 the benefits.

8 (c) The resolution provided for in subsection (2)(a)  
9 shall include a definition of the improvements or modernized  
10 processes that qualify for the tax treatment that is to be  
11 allowed in the taxing jurisdiction. The resolution may  
12 provide that real property other than land, personal  
13 property, improvements, or any combination thereof is  
14 eligible for the tax benefits described in subsection (1).

15 (3) The taxpayer must apply to the county assessor on  
16 a form provided by the department of revenue for the tax  
17 treatment allowed under subsection (1). The application by  
18 the taxpayer must first be approved by the governing body of  
19 the appropriate local taxing jurisdiction, and the governing  
20 body must indicate in its approval that the property of the  
21 applicant qualifies for the tax treatment provided for in  
22 this section. Upon receipt of the form with the approval of  
23 the governing body of the affected taxing jurisdiction, the  
24 assessor shall make the assessment change pursuant to this  
25 section.

1 (4) The tax benefit described in subsection (1)  
2 applies only to the number of mills levied and assessed for  
3 local ~~high-school-district-and--elementary~~ school district  
4 purposes and to the number of mills levied and assessed by  
5 the governing body approving the benefit over which the  
6 governing body has sole discretion. In no case may the  
7 benefit described in subsection (1) apply to levies or  
8 assessments required under Title 15, chapter 10, 20-9-331,  
9 20-9-333, or otherwise required under state law."

10 **Section 51.** Section 15-24-1501, MCA, is amended to  
11 read:

12 "15-24-1501. Remodeling, reconstruction, or expansion  
13 of buildings or structures -- assessment provisions -- levy  
14 limitations. (1) Subject to the authority contained in  
15 subsection (4), remodeling, reconstruction, or expansion of  
16 existing buildings or structures, which increases their  
17 taxable value by at least 2 1/2% as determined by the  
18 department of revenue or its agents, may receive tax  
19 benefits during the construction period and for the  
20 following 5 years in accordance with subsections (2) through  
21 (4) and the following schedule. The percentages shall be  
22 applied as provided in subsections (3) and (4) and are  
23 limited to the increase in taxable value caused by  
24 remodeling, reconstruction, or expansion:

25 Construction period 0%

1	First year following construction	20%
2	Second year following construction	40%
3	Third year following construction	60%
4	Fourth year following construction	80%
5	Fifth year following construction	100%
6	Following years	100%

7 (2) In order to confer the tax benefits described in  
8 subsection (1), the governing body of the affected county  
9 or, if the construction will occur within an incorporated  
10 city or town, the governing body of the incorporated city or  
11 town must approve by resolution for each remodeling,  
12 reconstruction, or expansion project the use of the schedule  
13 provided for in subsection (1) or a schedule adopted  
14 pursuant to subsection (4).

15 (3) The tax benefit described in subsection (1)  
16 applies only to the number of mills levied and assessed for  
17 ~~high-school-district-and-elementary~~ school district purposes  
18 and to the number of mills levied and assessed by the local  
19 governing body approving the benefit. In no case may the  
20 benefit described in subsection (1) apply to statewide  
21 levies.

22 (4) A local government may, in the resolution required  
23 by subsection (2), modify the percentages contained in  
24 subsection (1) that apply to the first year following  
25 construction through the fourth year following construction.

1 A local government may not modify the percentages contained  
2 in subsection (1) that apply to the fifth year following  
3 construction or years following the fifth year. A local  
4 government may not modify the time limits contained in  
5 subsection (1). The modifications to the percentages in  
6 subsection (1) adopted by a local government apply uniformly  
7 to each remodeling, reconstruction, or expansion project  
8 approved by the governing body."

9 **Section 52.** Section 15-24-1603, MCA, is amended to  
10 read:

11 "15-24-1603. Historic property tax abatement -- levy  
12 limitations. (1) A historic property undergoing  
13 rehabilitation, restoration, expansion, or new construction  
14 that meets criteria established by the review process  
15 described in 15-24-1605 or 15-24-1606 may receive a tax  
16 abatement during the construction period, not to exceed 12  
17 months, and for up to 5 years following completion of the  
18 construction in accordance with subsections (2) and (3). The  
19 tax abatement is limited to 100% of the increase in taxable  
20 value caused by the rehabilitation, restoration, expansion,  
21 or new construction.

22 (2) In order to confer the tax benefits described in  
23 subsection (1), the governing body of the county or  
24 incorporated city or town where the improvement occurs shall  
25 establish by resolution the process for the use of the tax

1 abatement provisions described in subsection (1).

2 (3) Property that receives a tax benefit under this  
3 part is not entitled to any other exemption or special  
4 valuation provided by Montana law during the period of the  
5 abatement.

6 (4) (a) The tax abatement applies only to the number  
7 of mills levied:

8 (i) for ~~high--school--and--elementary~~ school district  
9 purposes; and

10 (ii) by the local governing body approving the  
11 abatement.

12 (b) The abatement may not apply to statewide levies."

13 **Section 53** Section 15-37-117, MCA, is amended to  
14 read:

15 "15-37-117. Disposition of metalliferous mines license  
16 taxes. (1) Metalliferous mines license taxes collected under  
17 the provisions of this part are allocated as follows:

18 (a) to the credit of the general fund of the state,  
19 58% of total collections each year;

20 (b) to the state special revenue fund to the credit of  
21 a hard-rock mining impact trust account, 1.5% of total  
22 collections each year;

23 (c) to the state resource indemnity trust fund, 15.5%  
24 of total collections each year;

25 (d) to the county in which the mine is located, 25% of

1 total collections each year, to be allocated by the county  
2 commissioners as follows:

3 (i) not less than 40% to the county hard-rock mine  
4 trust reserve account established in 7-6-2225; and

5 (ii) all money not allocated to the account pursuant to  
6 subsection (1)(d)(i) to be further allocated as follows,  
7 except that more than one entity may share an allocation if  
8 a jurisdictional revenue disparity is identified pursuant to  
9 subsection (2):

10 (A) 33 1/3% is allocated to the county for planning or  
11 economic development activities; and

12 (B) ~~33-1/3%~~ 66 2/3% is allocated to the elementary  
13 school districts within the county that have been affected  
14 by the development or operation of the metal mine; ~~and~~

15 ~~(C) 33-1/3% is allocated to the high school districts~~  
16 ~~within the county that have been affected by the development~~  
17 ~~or operation of the metal mine.~~

18 (2) When an impact plan for a large-scale mineral  
19 development approved pursuant to 90-6-307 identifies a  
20 jurisdictional revenue disparity, the county shall  
21 distribute the proceeds allocated under subsection (1)(d) in  
22 a manner similar to that provided for property tax sharing  
23 under Title 90, chapter 6, part 4.

24 (3) The department shall return to the county in which  
25 metals are produced the tax collections allocated under

1 subsection (1)(d). The allocation to the county described by  
2 subsection (1)(d) is a statutory appropriation pursuant to  
3 17-7-502."

4 **Section 54.** Section 17-3-213, MCA, is amended to read:

5 "17-3-213. Allocation to general road fund and  
6 countywide school levies. (1) The forest reserve funds so  
7 apportioned to each county shall be apportioned by the  
8 county treasurer in each county between the several funds as  
9 follows:

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

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

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

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

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

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

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

24 (2) The apportionment of money to the funds provided  
25 for under subsection (1)(b) shall be made by the county

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

9 (3) In counties wherein special road districts have  
10 been created according to law, the board of county  
11 commissioners shall distribute a proportionate share of the  
12 66 2/3% of the total amount received for the general road  
13 fund to such special road district or districts within the  
14 county based upon the percentage that the total area of such  
15 road district bears to the total area of the entire county."

16 **Section 55.** Section 19-1-814, MCA, is amended to read:

17 "19-1-814. District's contribution to be first  
18 obligation. For the purposes of this part, the contributions  
19 with respect to services equivalent to the employer's tax  
20 established by the federal Social Security Act are the first  
21 obligation against any state funds received for school  
22 support by any school district, ~~high school district, or~~  
23 ~~county high school and shall~~ and must be paid therefrom  
24 before any other expenditure."

25 **Section 56.** Section 20-1-211, MCA, is amended to read:

1       \*20-1-211. Expenses of officers or employees attending  
 2 conventions -- educational associations. (1) After July 1,  
 3 1921, no school district officer or employee of any school  
 4 district shall receive payment from any public funds for  
 5 traveling expenses or other expenses of any sort or kind for  
 6 attendance upon any convention, meeting, or other gathering  
 7 of public officers except for attendance upon such  
 8 convention, meeting, or other gatherings as said officer or  
 9 employee may by virtue of his office find it necessary to  
 10 attend.

11       (2) The board of trustees of ~~any county or district~~  
 12 ~~high school or of~~ any school district may by resolution  
 13 adopted by a majority of the entire board make their  
 14 district a member of any state association of school  
 15 districts or school district trustees or any other strictly  
 16 educational association and authorize the payment of dues to  
 17 such association and the necessary traveling expenses of  
 18 employees or members of said board to attend meetings of  
 19 such association or other meetings called for the express  
 20 purpose of considering educational matters."

21       **Section 57.** Section 20-3-106, MCA, is amended to read:

22       \*20-3-106. Supervision of schools -- powers and  
 23 duties. The superintendent of public instruction has the  
 24 general supervision of the public schools and districts of  
 25 the state, and he shall perform the following duties or acts

1 in implementing and enforcing the provisions of this title:  
 2       (1) resolve any controversy resulting from the  
 3 proration of costs by a joint board of trustees under the  
 4 provisions of 20-3-362;  
 5       (2) issue, renew, or deny teacher certification and  
 6 emergency authorizations of employment;  
 7       (3) negotiate reciprocal tuition agreements with other  
 8 states in accordance with the provisions of 20-5-314;  
 9       (4) serve on the teachers' retirement board in  
 10 accordance with the provisions of 2-15-1010;  
 11       ~~(5) approve or disapprove the orders of a high school~~  
 12 ~~boundary commission in accordance with the provisions of~~  
 13 ~~20-6-311;~~  
 14       (5) approve or disapprove the opening or reopening  
 15 of a school in accordance with the provisions of ~~20-6-502,~~  
 16 ~~20-6-503, or 20-6-504, or 20-6-505;~~  
 17       (6) approve or disapprove school isolation within  
 18 the limitations prescribed by 20-9-302;  
 19       (7) generally supervise the school budgeting  
 20 procedures prescribed by law in accordance with the  
 21 provisions of 20-9-102 and prescribe the school budget  
 22 format in accordance with the provisions of 20-9-103 and  
 23 20-9-506;  
 24       (8) establish a system of communication for  
 25 calculating joint district revenues in accordance with the

1 provisions of 20-9-151;

2 ~~(10)~~(9) approve or disapprove the adoption of a

3 district's emergency budget resolution under the conditions

4 prescribed in 20-9-163 and publish rules for an application

5 for additional state aid for an emergency budget in

6 accordance with the approval and disbursement provisions of

7 20-9-166;

8 ~~(11)~~(10) generally supervise the school financial

9 administration provisions as prescribed by 20-9-201(2);

10 ~~(12)~~(11) prescribe and furnish the annual report forms

11 to enable the districts to report to the county

12 superintendent in accordance with the provisions of

13 20-9-213(5) and the annual report forms to enable the county

14 superintendents to report to the superintendent of public

15 instruction in accordance with the provisions of 20-3-209;

16 ~~(13)~~(12) approve, disapprove, or adjust an increase of

17 the average number belonging (ANB) in accordance with the

18 provisions of 20-9-313 and 20-9-314;

19 ~~(14)~~(13) distribute state equalization aid in support

20 of the foundation program in accordance with the provisions

21 of 20-9-342, 20-9-346, and 20-9-347;

22 ~~(15)~~(14) distribute state impact aid in accordance with

23 the provisions of 20-9-304;

24 ~~(16)~~(15) provide for the uniform and equal provision of

25 transportation by performing the duties prescribed by the

1 provisions of 20-10-112;

2 ~~(17)~~(16) approve or disapprove an adult education

3 program for which a district proposes to levy a tax in

4 accordance with the provisions of 20-7-705;

5 ~~(18)~~(17) request, accept, deposit, and expend federal

6 moneys in accordance with the provisions of 20-9-603;

7 ~~(19)~~(18) authorize the use of federal moneys for the

8 support of an interlocal cooperative agreement in accordance

9 with the provisions of 20-9-703 and 20-9-704;

10 ~~(20)~~(19) prescribe the form and contents of and approve

11 or disapprove interstate contracts in accordance with the

12 provisions of 20-9-705;

13 ~~(21)~~(20) approve or disapprove the conduct of school on

14 a Saturday or on pupil-instruction-related days in

15 accordance with the provisions of 20-1-303 and 20-1-304;

16 ~~(22)~~(21) recommend standards of accreditation for all

17 schools to the board of public education and evaluate

18 compliance with such standards and recommend accreditation

19 status of every school to the board of public education in

20 accordance with the provisions of 20-7-101 and 20-7-102;

21 ~~(23)~~(22) collect and maintain a file of curriculum

22 guides and assist schools with instructional programs in

23 accordance with the provisions of 20-7-113 and 20-7-114;

24 ~~(24)~~(23) establish and maintain a library of visual,

25 aural, and other educational media in accordance with the



1 provisions of 20-7-201;

2        ~~{25}~~(24) license textbook dealers and initiate

3 prosecution of textbook dealers violating the law in

4 accordance with the provisions of the textbooks part of this

5 title;

6        ~~{26}~~(25) as the governing agent and executive officer

7 of the state of Montana for K-12 vocational education, adopt

8 the policies prescribed by and in accordance with the

9 provisions of 20-7-301;

10       ~~{27}~~(26) supervise and coordinate the conduct of

11 special education in the state in accordance with the

12 provisions of 20-7-403;

13       ~~{28}~~(27) administer the traffic education program in

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

15       ~~{29}~~(28) administer the school food services program in

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

17 20-10-203;

18       ~~{30}~~(29) review school building plans and

19 specifications in accordance with the provisions of

20 20-6-622;

21       ~~{31}~~(30) prescribe the method of identification and

22 signals to be used by school safety patrols in accordance

23 with the provisions of 20-1-408;

24       ~~{32}~~(31) provide schools with information and technical

25 assistance for compliance with the student assessment rules

1 provided for in 20-2-121 and collect and summarize the

2 results of such student assessment for the board of public

3 education and the legislature;

4       ~~{33}~~(32) administer the distribution of state

5 retirement equalization aid in accordance with 20-9-532; and

6       ~~{34}~~(33) perform any other duty prescribed from time to

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

8 policies of the board of public education. (Subsection ~~{33}~~

9 (32) effective July 1, 1988--sec. 8, Ch. 635, L. 1987.)"

10        **Section 58.** Section 20-3-361, MCA, is amended to read:

11        "20-3-361. Joint board of trustees organization and

12 voting membership. (1) The board of trustees of two or more

13 school districts may form a joint board of trustees for the

14 purpose of coordinating any educational program or support

15 service of the districts. A joint board of trustees may

16 coordinate only those programs and services agreed to by the

17 participating boards of trustees.

18        (2) When a joint board of trustees is formed, all of

19 the members of the districts' trustees shall be members of

20 the joint board of trustees and each member shall have the

21 right to participate in the meetings; ~~but voting on matters~~

22 ~~considered by the joint board shall be limited by the~~

23 ~~provisions of this section.~~

24        (3) (a) At the first meeting of the joint board of

25 trustees, there shall be a chairman of the joint board of

1 trustees selected from among the membership. A secretary of  
 2 the joint board shall be selected from the membership. The  
 3 chairman, when selected as a voting member, shall not be  
 4 disqualified from voting because of his position of chairman  
 5 of the board. The secretary shall may not be a voting member  
 6 except that he shall cast the deciding vote when three  
 7 successive ballots have resulted in a tie vote of the joint  
 8 board of trustees.

9 ~~(4) The voting membership of the joint board of~~  
 10 ~~trustees shall be equalized among the trustee membership of~~  
 11 ~~the participating districts. After the selection of the~~  
 12 ~~chairman and the secretary, if necessary, the voting~~  
 13 ~~membership shall be:~~

14 ~~(a) all of the membership of the board of trustees of~~  
 15 ~~the smallest class of district, according to 20-6-201 or~~  
 16 ~~20-6-301, unless one of its members is selected as~~  
 17 ~~secretary, in which case such member shall not be a voting~~  
 18 ~~member; and~~

19 ~~(b) the members of the board of trustees of the other~~  
 20 ~~district or districts who are selected by such trustees as~~  
 21 ~~voting members of the joint board in a number equal to the~~  
 22 ~~number of voting members of the district as established~~  
 23 ~~under subsection (4)(a) above. The names of the voting~~  
 24 ~~membership selected by the trustees shall be submitted in~~  
 25 ~~writing to the secretary of the board and shall be the only~~

1 ~~members of such district's trustees eligible to vote on~~  
 2 ~~joint board matters unless such list is revised in writing~~  
 3 ~~by the trustees.~~

4 ~~(5)(b)~~ Each voting member shall be entitled to cast  
 5 one vote, individually, upon every matter submitted to the  
 6 joint board for a vote.

7 ~~(6)(4)~~ A joint board must remain in existence for at  
 8 least 1 school year and may not be dissolved until the end  
 9 of a school year."

10 **Section 59.** Section 20-3-336, MCA, is amended to read:

11 **"20-3-336.** Single-member trustee districts --  
 12 legislative intent -- minority defined. (1) It is the intent  
 13 of the legislature to provide a board of trustees of a  
 14 school district with the option to:

15 (a) review the voting and population patterns of  
 16 minorities of the school district, as determined by the most  
 17 recent federal decennial census, voting records, and other  
 18 pertinent information; and

19 (b) create single-member trustee districts within the  
 20 school district if the board determines that the present  
 21 trustee selection process does not serve the best interests  
 22 of the electors of the district or ensure that the access of  
 23 minority populations to the political process is not diluted  
 24 in contravention of federal law.

25 (2) "Minority", as used in 20-3-337 [section 8] and

1 this section, means a minority whose rights are protected  
 2 under section 2 of the Voting Rights Act of 1965, (42 U.S.C.  
 3 1973), as amended."

4 **Section 60.** Section 20-5-104, MCA, is amended to read:

5 "20-5-104. Attendance officer. In order to enforce the  
 6 compulsory attendance provisions of this title, each  
 7 district shall have at least one person serving as an  
 8 attendance officer according to the following requirements:

9 (1) ~~districts of the first and second class shall~~  
 10 ~~employ and appoint one or more attendance officers;~~

11 (2) ~~districts of the third class may employ and~~  
 12 ~~appoint an attendance officer or may appoint a constable or~~  
 13 ~~other peace officer as an attendance officer; or~~

14 (3) ~~the county superintendent shall be the attendance~~  
 15 ~~officer in third class districts that do not appoint an~~  
 16 ~~attendance officer."~~

17 **Section 61.** Section 20-6-202, MCA, is amended to read:

18 "20-6-202. Time limitation for boundary changes. No  
 19 elementary A school district shall may not be created nor  
 20 shall or any elementary district boundaries be changed  
 21 between the first day of January and the second Monday of  
 22 August of any calendar year except when:

23 (1) the entire territory of a district is annexed or  
 24 attached to another district;

25 (2) the entire territory of the portion of a joint

1 district located in one county is annexed or attached to  
 2 another district; or

3 (3) two or more districts are consolidated in their  
 4 entirety."

5 **Section 62.** Section 20-6-218, MCA, is amended to read:

6 "20-6-218. Relocation of elementary school within  
 7 district. The trustees of an elementary a school district  
 8 may relocate an elementary school that is currently  
 9 operating within the district if the relocation will be more  
 10 convenient for the majority of the pupils attending. The  
 11 provisions of 20-6-502 relating to opening or reopening a  
 12 school do not apply. The provisions of 20-6-603 apply if the  
 13 new site has not been previously approved as required by  
 14 20-6-603."

15 **Section 63.** Section 20-6-401, MCA, is amended to read:

16 "20-6-401. Definitions. As used in this part, unless  
 17 the context clearly indicates otherwise, the following  
 18 definitions apply:

19 (1) "Component districts" means the elementary-or-high  
 20 unified school districts incorporated into the enlarged  
 21 district.

22 (2) "Eligible pupils" means the average number  
 23 belonging (ANB) in the operating schools of the component  
 24 districts and the tuition pupils residing in the component  
 25 districts and attending another district's school under the

1 tuition provisions of the school laws, except that the  
2 pupils residing in the component district having the largest  
3 total number of pupils are ineligible for bonus payment  
4 consideration.

5 (3) "Enlarged district" means the ~~elementary--or--high~~  
6 unified school district resulting from the consolidation or  
7 annexation of two or more component districts.

8 (4) "General bonus payment" for ~~first----and~~  
9 ~~second-class--school--districts--must--be--\$300-per-eligible~~  
10 ~~pupil-per-year-for-a-period-of-3-years-and-must-be-deposited~~  
11 ~~in-the--enlarged--district's--general--fund--General--bonus~~  
12 ~~payment--for--third-class~~ unified school districts must be  
13 \$500 per eligible pupil per year for a period of 3 years and  
14 must be deposited in the enlarged district's general fund.  
15 The payment must be made from the state school equalization  
16 aid account.

17 (5) "Transportation bonus payment" is the provision of  
18 66 2/3% state financing of the on-schedule transportation  
19 amount as provided by the transportation provisions of the  
20 school laws. When an eligible pupil is entitled to  
21 transportation, the enlarged district is entitled to the  
22 transportation bonus payment for the eligible pupil for a  
23 period of 3 years. The payment must be made from the state  
24 transportation aid account. When the eligible pupil rides a  
25 bus providing transportation for ineligible pupils, the

1 66 2/3% state financing of the on-schedule amount for this  
2 payment must be prorated to provide financing for the  
3 eligible pupil."

4 **Section 64.** Section 20-9-111, MCA, is amended to read:  
5 "20-9-111. Initial budget items for completion. (1) By  
6 April 10, the county superintendent shall send to each  
7 district two copies of the budget form and any other  
8 information or data as may be required by the superintendent  
9 of public instruction or that the county superintendent may  
10 deem considers necessary.

11 (2) Upon receipt of the budget forms, the district  
12 shall complete those portions of them which require  
13 information about the last completed school year and the  
14 then-current school year. ~~The--county--superintendent--shall~~  
15 ~~provide-information-about-the-last-completed-school-year-for~~  
16 ~~third-class-districts--"~~

17 **Section 65.** Section 20-9-203, MCA, is amended to read:  
18 "20-9-203. Examination of district accounting records.  
19 ~~{}~~ The accounting records of all ~~first--and-second-class~~  
20 unified school districts and ~~third-class--school--districts~~  
21 that maintain a high school shall be audited in accordance  
22 with 2-7-503.

23 ~~{}~~ ~~Annually-and-at-such-other-times--as--directed--by~~  
24 ~~the--board--of--county-commissioners-or-trustees,--the--county~~  
25 ~~auditor-or-the--county--treasurer--if--there--is--no--county~~

1 auditor shall audit the accounting records of each  
 2 third-class district that does not maintain a high school.  
 3 Such district shall deliver all accounting records to the  
 4 auditing county official no later than July 15 for the audit  
 5 of the financial activity of the last completed school  
 6 fiscal year. The auditing county official shall examine the  
 7 accounting records, prepare an audit report, and:

8 (a) return the accounting records to the district no  
 9 later than August 15;

10 (b) send a copy of the audit report to the chairman of  
 11 the trustees; and

12 (c) file copies of the audit report with the  
 13 superintendent of public instruction, the county  
 14 superintendent, and the county clerk and recorder."

15 **Section 66.** Section 20-9-220, MCA, is amended to read:

16 \*20-9-220. Clearing accounts. (1) A clearing account  
 17 may be used by a school district for bookkeeping purposes  
 18 if:

19 (a) all funds from the account are disbursed through  
 20 issuance of warrants as provided in 20-9-221;

21 (b) records are kept showing the source and use of the  
 22 funds that passed through the account; and

23 (c) the balance in the account is no greater than the  
 24 amount necessary to cover outstanding warrants written  
 25 against the account.

1 †2) An elementary school district and a high school  
 2 district that are unified may use the same clearing account  
 3 if the account is maintained in accordance with rules  
 4 adopted by the superintendent of public instruction;

5 †3) (2) Nothing in this section may be construed to  
 6 allow the use of funds for any purpose or in any manner  
 7 other than that expressly authorized in this title."

8 **Section 67.** Section 20-9-227, MCA, is amended to read:

9 "20-9-227. Exemptions from interest assessment.  
 10 Section 20-9-226 does not apply to the following:

11 (1) third-class school districts where the board of  
 12 trustees does not meet monthly;

13 †2) interdistrict or intergovernmental transactions;

14 †3) (2) claims subject to a good faith dispute;

15 †4) (3) delinquencies due to natural disasters,  
 16 disruptions in postal or delivery service, work stoppage due  
 17 to labor disputes, power failures, or any other cause  
 18 resulting from circumstances clearly beyond the control of  
 19 the district;

20 †5) (4) contracts entered into before October 1, 1985;  
 21 or

22 †6) (5) wages due and payable to school district  
 23 employees or payments from any retirement system created  
 24 pursuant to Title 19."

25 **Section 68.** Section 20-16-106, MCA, is amended to

1 read:

2 \*20-16-106. Vocational-technical center designation.

3 (1) Vocational-technical centers shall be designated by the  
4 board of regents upon direction of the legislature.

5 (2) The board of regents shall recognize the  
6 vocational-technical centers designated prior to July 1,  
7 1987, in school district number 1 of Silver Bow County, high  
8 school district number 1 of Lewis and Clark County, high  
9 school district "A" of Cascade County, Missoula County high  
10 school, and high school district number 2 of Yellowstone  
11 County."

12 **Section 69.** Section 20-9-302, MCA, is amended to read:

13 \*20-9-302. School isolation. (1) The trustees of any  
14 unified district operating an elementary school of less than  
15 10 ANB or a high school of less than 25 ANB for 2  
16 consecutive years shall apply to have the school classified  
17 as an isolated school. The application shall be submitted by  
18 the trustees to the county superintendent by May 1 of the  
19 second consecutive year that enrollment falls below the  
20 amount specified in this subsection. Such The application  
21 shall include:

22 (a) the name of each pupil who will attend the school  
23 during the ensuing school fiscal year with the distance the  
24 pupil resides from the nearest county road or highway;

25 (b) a description of conditions affecting

1 transportation such as poor roads, mountains, rivers, or  
2 other obstacles to travel, the distance the school is from  
3 the nearest open school having room and facilities for the  
4 pupils of such school, or any other condition that would  
5 result in an unusual hardship to the pupils of the school if  
6 they were transported to another school; and

7 (c) any other information prescribed by the  
8 superintendent of public instruction.

9 (2) The county superintendent shall submit the  
10 applications to the board of county commissioners (budget  
11 board) for their consideration on or before May 15. The  
12 budget board shall approve or disapprove the application on  
13 the basis of the criteria established by the superintendent  
14 of public instruction. The budget board also may approve an  
15 application because of the existence of other conditions  
16 which would result in an unusual hardship to the pupils of  
17 such school if they were transported to another school.

18 (3) When an application is approved, the county  
19 superintendent shall submit such application to the  
20 superintendent of public instruction before June 1. The  
21 superintendent of public instruction shall approve or  
22 disapprove such application for isolated classification by  
23 the fourth Monday of June on the basis of the information  
24 supplied by the application or objective information the  
25 superintendent of public instruction may collect on his own

1 initiative. No elementary or high school shall be considered  
2 an isolated school until the approval of the superintendent  
3 of public instruction has been received."

4 **Section 70.** Section 20-15-204, MCA, is amended to  
5 read:

6 "20-15-204. Election of trustees -- districts from  
7 which elected -- terms of office. (1) The regents shall  
8 provide for the election of trustees of the proposed  
9 community college district at the election held for the  
10 approval of its organization. Seven trustees shall be  
11 elected at large, ~~except that should there be in such~~  
12 ~~proposed community college district one or more high school~~  
13 ~~districts or part of a high school district within the~~  
14 ~~community college district with more than 43% and not more~~  
15 ~~than 50% of the total population of the proposed district,~~  
16 ~~as determined by the last census, then each such district or~~  
17 ~~part of district shall elect three trustees and the~~  
18 ~~remaining trustees shall be elected at large from the~~  
19 ~~remainder of the proposed community college district. Should~~  
20 ~~any such high school district or such part of a high school~~  
21 ~~district have more than 50% of the population of the~~  
22 ~~proposed district, then four trustees shall be elected from~~  
23 ~~such high school district or such part of high school~~  
24 ~~district and three trustees at large from the remainder of~~  
25 ~~the proposed community college district.~~

1 (2) If the trustees are elected at large throughout  
2 the entire proposed community college district, the three  
3 receiving the greatest number of votes shall be elected for  
4 a term of 3 years, the two receiving the next greatest  
5 number of votes, for a term of 2 years, and the two  
6 receiving the next greatest number of votes, for a term of 1  
7 year. If the trustees are elected in any manner other than  
8 at large throughout the entire proposed community college  
9 district, then the trustees elected shall determine by lot  
10 the three who shall serve for 3 years, the two who shall  
11 serve for 2 years, and the two who shall serve for 1 year.  
12 Thereafter, all trustees elected shall serve for terms of 3  
13 years each."

14 **Section 71.** Section 20-15-241, MCA, is amended to  
15 read:

16 "20-15-241. Community college service regions --  
17 creation. (1) The governing body of an elementary school  
18 district, high a school district, county, or municipality  
19 not within a community college district may designate itself  
20 a community college service region as provided in this  
21 section.

22 (2) A service region may be designated only if, within  
23 12 months preceding any designation, the following  
24 conditions are met:

25 (a) the service plan required by subsection (3) is

1 available;

2 (b) the board of trustees of the community college  
3 district that will offer services within the region has  
4 approved the designation;

5 (c) the electors within the region have approved the  
6 designation by a majority of votes cast on the question in  
7 an election held on a general election day; and

8 (d) the board of regents has approved the designation.

9 (3) (a) At least 90 days prior to the granting of any  
10 of the approvals listed in subsections (2)(b) through (d), a  
11 written plan must be made available which:

12 (i) details the services the community college  
13 district will offer within the region;

14 (ii) details who will be eligible to use the services  
15 and the charges that will be made to users;

16 (iii) indicates the facilities that will be used to  
17 house the services;

18 (iv) lists the direct and indirect costs of the  
19 services and the apportionment of those costs between the  
20 community college district and the governing body  
21 designating the service region;

22 (v) estimates the number of persons expected to use  
23 the services within the region; and

24 (vi) estimates the mill levy necessary to fund the  
25 service region.

1 (b) The plan may be revised jointly by the region  
2 governing body, board of regents, and the board of trustees  
3 of the community college district as such revision may be  
4 necessary.

5 (4) A designation is effective for 5 years and after 5  
6 years is effective unless rescinded by a majority of  
7 electors casting votes on the question in an election held  
8 on any general election day following expiration of the  
9 5-year period. The question on rescission must be put on the  
10 ballot when requested at least 90 days prior to the election  
11 by the governing body designating the service region, by the  
12 community college board, or by a petition signed by 20% of  
13 the registered electors within the service region. The  
14 rescission is effective at the end of the first full  
15 academic year following the election rescinding the district  
16 designation."

17 **Section 72.** Section 20-20-101, MCA, is amended to  
18 read:

19 "20-20-101. **Definition.** As used in this title, unless  
20 the context clearly indicates otherwise, "school election"  
21 means any election conducted by a district or community  
22 college district for the purpose of electing trustees, for  
23 authorizing taxation, for authorizing the issuance of bonds  
24 by ~~an elementary district or~~ a high school district, or for  
25 accepting or rejecting any proposition that may be presented



1 to the electorate for decision in accordance with the  
2 provisions of this title."

3 **Section 73.** Section 20-20-301, MCA, is amended to  
4 read:

5 "20-20-301. Qualifications of elector. An individual  
6 is entitled to vote at school elections if he has the  
7 qualifications set forth in 13-1-111 and is a resident of  
8 the school district or, in a school district that has been  
9 apportioned into single-member trustee districts according  
10 to ~~20-3-337~~ [section 8], a resident of the trustee  
11 district."

12 **Section 74.** Section 20-3-301, MCA, is amended to read:

13 "20-3-301. Election and term of office. (1) Every  
14 trustee position prescribed by this title shall be subject  
15 to election, and the term of office for each position shall  
16 be 3 years unless it is otherwise specifically prescribed by  
17 this title.

18 (2) The trustees shall be composed of the number of  
19 trustee positions prescribed for a district by ~~20-3-341~~  
20 ~~20-3-351~~ [section 8]. When exercising the power and  
21 performing the duties of trustees, the members shall act  
22 collectively and only at a regular or a properly called  
23 special meeting.

24 ~~(3) The number of trustee positions in a district~~  
25 ~~shall vary in accordance with 20-3-341 and 20-3-351~~

1 ~~according to the type of district."~~

2 **Section 75.** Section 20-3-306, MCA, is amended to read:

3 "20-3-306. Conduct of election. (1) The trustees of  
4 each district shall call a trustee election on the regular  
5 school election day of each school fiscal year under the  
6 provisions of 20-20-2017 ~~except as provided in 20-3-344~~.  
7 The trustees shall call and conduct the trustee election in  
8 the manner prescribed in this title for school elections and  
9 Title 13. Any elector qualified to vote under the provisions  
10 of 20-20-301 may vote at a trustee election.

11 (2) The trustee election ballots shall be  
12 substantially in the following form:

13 OFFICIAL BALLOT

14 SCHOOL TRUSTEE ELECTION

15 INSTRUCTIONS TO VOTERS: Make an X or similar mark in the  
16 vacant square before the name of the candidate for whom you  
17 wish to vote.

18 Vote for (indicate number to be elected) for a 3-year  
19 term:

20 (List the names of the candidates for a 3-year term  
21 with a vacant square in front of each name.)

22 Vote for (indicate number to be elected) for a 2-year  
23 term:

24 (List the names of the candidates for a 2-year term  
25 with a vacant square in front of each name.)

1 Vote for (indicate number to be elected) for a 1-year  
2 term:

3 (List the names of the candidates for a 1-year term  
4 with a vacant square in front of each name.)"

5 **Section 76.** 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)~~ (1) 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)~~ (2) register the teacher or specialist certificates  
17 or emergency authorization of employment of any person  
18 employed in the county as a teacher, specialist, principal,  
19 or district superintendent in accordance with the provisions  
20 of 20-4-202;

21 ~~(4)~~ (3) act on each tuition application submitted to  
22 him 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)~~ (4) file a copy of the audit report for a district

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

7 ~~(8)~~ (6) fulfill all responsibilities assigned to him  
8 under the provisions of this title regulating the  
9 organization, 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)~~ (7) estimate the average number belonging (ANB) of  
14 an opening school in accordance with the provisions of  
15 ~~20-6-502, 20-6-503, or~~ 20-6-504 ~~or~~ 20-6-506;

16 ~~(11)~~ (8) process and, when required, act on school  
17 isolation applications in accordance with the provisions of  
18 20-9-302;

19 ~~(12)~~ (9) 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)~~ (10) submit an annual financial report to the  
25 superintendent of public instruction in accordance with the

1 provisions of 20-9-211;

2       †14†(11) quarterly, unless otherwise provided by law,  
3 order the county treasurer to apportion state money, county  
4 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, 20-10-145, or 20-10-146;

7       †15†(12) act on any request to transfer average number  
8 belonging (ANB) in accordance with the provisions of  
9 20-9-313(3);

10       †16†(13) 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†(14) compute the revenues and the district and  
15 county levy requirements for each fund included in each  
16 district's final budget and report such computations to the  
17 board of county commissioners in accordance with the  
18 provisions of the general fund, transportation, bonds, and  
19 other school funds parts of this title;

20       †18†(15) 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†(16) 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†(17) notify the superintendent of public  
4 instruction of a textbook dealer's activities when required  
5 under the provisions of 20-7-605 and otherwise comply with  
6 the textbook dealer provisions of this title;

7       †21†(18) act on district requests to allocate federal  
8 money for indigent children for school food services in  
9 accordance with the provisions of 20-10-205;

10       †22†(19) 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†(20) administer the oath of office to trustees  
17 without the receipt of pay for administering the oath;

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

24       †25†(22) 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†~~(23) hold meetings for the members of the trustees  
14 from time to time at which matters for the good of the  
15 districts shall be discussed."

16 **Section 77.** Section 20-5-314, MCA, is amended to read:

17 "20-5-314. Reciprocal tuition agreement with adjoining  
18 state. (1) The superintendent of public instruction shall  
19 have the authority to execute a reciprocal tuition agreement  
20 with the superintendent of public instruction or a  
21 department of education of any state adjoining Montana to  
22 allow the eligible children of Montana to attend school in  
23 the adjoining state and to allow children of the adjoining  
24 state to attend school in Montana. In negotiating a  
25 reciprocal tuition agreement, the tuition rates prescribed

1 by ~~20-5-305~~ and 20-5-312 shall be waived and the reciprocal  
2 tuition rate may be negotiated as a flat amount or an  
3 actual-cost-per-pupil amount. The superintendent of public  
4 instruction shall supply a copy of any reciprocal tuition  
5 agreement that is executed to the county superintendent of  
6 each county that may be affected by such agreement.

7 (2) Any tuition agreement approved under the  
8 provisions of ~~20-5-3017-20-5-3027~~ or 20-5-311 for a child's  
9 attendance at a school outside of the state shall be  
10 completed in accordance with the applicable reciprocal  
11 tuition agreement."

12 **Section 78.** Section 20-10-105, MCA, is amended to  
13 read:

14 "20-10-105. Determination of residence. When the  
15 residence of an eligible transportee is a matter of  
16 controversy and is an issue before a board of trustees, a  
17 county transportation committee, or the superintendent of  
18 public instruction, the residence shall be established on  
19 the basis of the general state residence law as provided in  
20 1-1-215. Whenever any district or county is determined to be  
21 responsible for paying tuition for any pupil in accordance  
22 with ~~20-5-3017--20-5-3027~~ or 20-5-311, the residence of the  
23 pupil for tuition purposes is the residence of the pupil for  
24 transportation purposes."

25 **Section 79.** Section 20-9-141, MCA, is amended to read:

1       **"20-9-141. Computation of general fund net levy**  
 2 **requirement by county superintendent.** (1) The county  
 3 superintendent shall compute the levy requirement for each  
 4 district's general fund on the basis of the following  
 5 procedure:

6       (a) Determine the total of the funding required for  
 7 the district's final general fund budget less the amount  
 8 established by the schedules in 20-9-316 through 20-9-319  
 9 and 20-9-321 by totaling:

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

13       (ii) the district's permissive levy amount as provided  
 14 in 20-9-352; and

15       (iii) any general fund budget amount adopted by the  
 16 trustees of the district under the provisions of 20-9-353,  
 17 including any additional levies authorized by the electors  
 18 of the district.

19       (b) Determine the total of the moneys available for  
 20 the reduction of the property tax on the district for the  
 21 general fund by totaling:

22       (i) anticipated federal moneys received under the  
 23 provisions of Title I of Public Law 81-874 or other  
 24 anticipated federal moneys received in lieu of such federal  
 25 act;

1       (ii) anticipated tuition payments for out-of-district  
 2 pupils under the provisions of ~~20-5-303~~~~7~~-~~20-5-307~~~~7~~, 20-5-312,  
 3 and 20-5-313;

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

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

8       (v) anticipated or reappropriated revenue from vehicle  
 9 property taxes imposed under 61-3-504(2) and 61-3-537;

10       (vi) anticipated net proceeds taxes for interim  
 11 production and new production, as defined in 15-23-601;

12       (vii) anticipated interest to be earned or  
 13 reappropriated interest earned by the investment of general  
 14 fund cash in accordance with the provisions of 20-9-213(4);  
 15 and

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

19       (c) Subtract the total of the moneys available to  
 20 reduce the property tax required to finance the general fund  
 21 that has been determined in subsection (1)(b) from the total  
 22 requirement determined in subsection (1)(a).

23       (2) The net general fund levy requirement determined  
 24 in subsection (1)(c) shall be reported to the county  
 25 commissioners on the second Monday of August by the county

1 superintendent as the general fund levy requirement for the  
2 district, and a levy shall be made by the county  
3 commissioners in accordance with 20-9-142."

4 **Section 80.** Section 20-3-210, MCA, is amended to read:

5 **"20-3-210. Controversy appeals and hearings.** (1)

6 Except as provided under 20-3-211, the county superintendent  
7 shall hear and decide all matters of controversy arising in  
8 his county as a result of decisions of the trustees of a  
9 district in the county. When appeals are made under 20-4-204  
10 relating to the termination of services of a tenure teacher  
11 or under 20-4-207 relating to the dismissal of a teacher  
12 under contract, the county superintendent may appoint a  
13 qualified attorney at law to act as a legal adviser who  
14 shall assist the superintendent in preparing findings of  
15 fact and conclusions of law. Subsequently, either the  
16 teacher or trustees may appeal to the superintendent of  
17 public instruction under the provisions for appeal of  
18 controversies in this title. Furthermore, he shall hear and  
19 decide all controversies arising under:

20 (a) section ~~20-5-304~~ or 20-5-311 relating to the  
21 approval of tuition applications; or

22 (b) any other provision of this title for which a  
23 procedure for resolving controversies is not expressly  
24 prescribed.

25 (2) The county superintendent shall hear the appeal

1 and take testimony in order to determine the facts related  
2 to the controversy and may administer oaths to the witnesses  
3 that testify at the hearing. He shall prepare a written  
4 transcript of the hearing proceedings. The decision on the  
5 matter of controversy which is made by the county  
6 superintendent shall be based upon the facts established at  
7 such hearing.

8 (3) The decision of the county superintendent may be  
9 appealed to the superintendent of public instruction, and if  
10 it is appealed, the county superintendent shall supply a  
11 transcript of the hearing and any other documents entered as  
12 testimony at the hearing to the superintendent of public  
13 instruction.

14 (4) Cost incurred by the office of the county  
15 superintendent shall be paid from the general fund budget of  
16 the county in which the controversy is initiated."

17 **Section 81.** Section 20-7-420, MCA, is amended to read:

18 **"20-7-420. Residency requirements for financial**  
19 **responsibility for special education.** (1) In accordance with  
20 the provisions of 1-1-215, a child's district of residence  
21 for special education purposes is the residence of his  
22 parents or of his guardian unless otherwise determined by  
23 the court. This applies to a child living at home, in an  
24 institution, or under foster care. If the parent has left  
25 the state, the parent's last known district of residence is

1 the child's district of residence.

2 (2) The district of residence is financially  
3 responsible for tuition as established under ~~20-5-305--and~~  
4 ~~20-5-312~~ for special education students."

5 **Section 82.** Section 20-7-421, MCA, is amended to read:

6 **"20-7-421.** Arranging attendance in another district in  
7 lieu of a special education program -- tuition. (1) With the  
8 approval of the superintendent of public instruction, the  
9 trustees may arrange for the attendance of a child in need  
10 of special education in a special education program in  
11 another district within the state of Montana.

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

14 **Section 83.** Section 20-7-424, MCA, is amended to read:

15 **"20-7-424.** No tuition when attending a state  
16 institution. When a child is attending an institution  
17 supported solely by funds of the state of Montana, the  
18 resident district or county shall not be required to pay  
19 tuition to the state institution for such child, but  
20 whenever at the recommendation of institution officials such  
21 child attends classes conducted by a school within a local  
22 district, the district or county, whichever is applicable,  
23 wherein the parents or guardian of the child maintain legal  
24 residence shall pay tuition to the district or county  
25 operating the school in accordance with the provisions of

1 ~~20-5-305--or~~ 20-7-421, whichever section applies to the  
2 circumstances of the child. Transportation payments shall be  
3 made for students enrolled in such classes or receiving  
4 training, including summer sessions, at the state  
5 institution. The schedule of transportation payments shall  
6 be approved in accordance with existing special education  
7 transportation payment schedules and shall be approved by  
8 the county transportation committee and the superintendent  
9 of public instruction."

10 **Section 84.** Section 20-3-206, MCA, is amended to read:

11 **"20-3-206.** Additional positions. In his capacity as  
12 county superintendent, he also shall serve as:

13 (1) the chairman of the county transportation  
14 committee, as prescribed by 20-10-131;

15 ~~(2)--a-member-of-the-high-school-boundary-commission-of~~  
16 ~~the-county,--as-prescribed-by-20-6-304;~~

17 ~~(3)(2)~~ an attendance officer for a district under the  
18 conditions prescribed by 20-5-104; and

19 ~~(4)(3)~~ the clerk of a joint board of trustees under  
20 the conditions prescribed by 20-3-361."

21 **Section 85.** Section 20-6-504, MCA, is amended to read:

22 **"20-6-504.** Opening of a junior high school. (1) The  
23 trustees of any ~~elementary-district-and-the-trustees-of-the~~  
24 ~~high~~ unified school district ~~in--which--such--elementary~~  
25 ~~district--is-located~~ may open a junior high school when such

1 opening has been approved by the superintendent of public  
 2 instruction ~~7--except--that--when--the--high--school--district~~  
 3 ~~operates--a--county--high--school;--the--opening--of--a--junior--high~~  
 4 ~~school--shall--be--approved--under--the--provisions--of--20-6-505.~~

5 (2) When the trustees of such districts resolve to  
 6 open a junior high school, they shall jointly apply to the  
 7 superintendent of public instruction for approval to open  
 8 such school by June 1 before the school fiscal year in which  
 9 they intend to open the junior high school. The application  
 10 shall contain such information as is required under 20-6-503  
 11 for an application to open a high school.

12 (3) The superintendent of public instruction shall  
 13 investigate the application for the opening of a junior high  
 14 school and shall approve or disapprove the opening of the  
 15 junior high school before the fourth Monday of June  
 16 preceding the first year of intended operation. If the  
 17 opening is approved, the trustees of the elementary district  
 18 and the high school district may jointly open such school.

19 (4) Whenever the opening of a junior high school is  
 20 approved for the ensuing school fiscal year, the county  
 21 superintendent shall estimate the average number belonging  
 22 (ANB) after investigating the probable enrollment for the  
 23 junior high school. The ANB determined by the county  
 24 superintendent shall be used for budgeting and foundation  
 25 program purposes during the ensuing school fiscal year."

1 **Section 86.** Section 20-9-343, MCA, is amended to read:

2 "20-9-343. Definition of and revenue for state  
 3 equalization aid. (1) As used in this title, the term "state  
 4 equalization aid" means those moneys deposited in the state  
 5 special revenue fund as required in this section plus any  
 6 legislative appropriation of money from other sources for  
 7 distribution to the public schools for the purpose of  
 8 equalization of the foundation program.

9 (2) The legislative appropriation for state  
 10 equalization aid shall be made in a single sum for the  
 11 biennium. The superintendent of public instruction has  
 12 authority to spend such appropriation, together with the  
 13 earmarked revenues provided in subsection (3), as required  
 14 for foundation program purposes throughout the biennium.

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

18 (a) 31.8% of all money received from the collection of  
 19 income taxes under chapter 30 of Title 15;

20 (b) 25% of all money, except as provided in 15-31-702,  
 21 received from the collection of corporation license and  
 22 income taxes under chapter 31 of Title 15, as provided by  
 23 15-1-501;

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



1 (d) 100% of the money received from the treasurer of  
2 the United States as the state's shares of oil, gas, and  
3 other mineral royalties under the federal Mineral Lands  
4 Leasing Act, as amended;

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

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

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

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

15 **Section 87.** Section 20-15-404, MCA, is amended to  
16 read:

17 **"20-15-404. Trustees to adhere to certain other laws.**  
18 Unless the context clearly indicates otherwise, the trustees  
19 of a community college district shall:

20 (1) adhere to the teachers' retirement provisions of  
21 Title 19, chapter 47 ~~as amended~~;

22 (2) adhere to the provisions of 20-1-201, 20-1-205,  
23 20-1-211, and 20-1-2127 ~~as amended~~;

24 (3) adhere to the school property provisions of  
25 20-6-604, 20-6-605, 20-6-621, 20-6-622, 20-6-624, 20-6-631,

1 and 20-6-633 through 20-6-6367 ~~as amended~~;

2 (4) adhere to the adult education provisions of  
3 20-7-701 through 20-7-7137 ~~as amended~~;

4 (5) adhere to the administration of finances  
5 provisions of 20-9-115, 20-9-134, subsections (2), (3), (4),  
6 and (5) of 20-9-161, 20-9-163, 20-9-165, 20-9-207, 20-9-208,  
7 20-9-210, 20-9-215, 20-9-221 through 20-9-224, and 20-9-5127  
8 ~~as amended~~;

9 (6) adhere to the school bond provisions of 20-9-401  
10 through 20-9-412, 20-9-421 through 20-9-446, ~~20-9-451~~  
11 through 20-9-456, and 20-9-461 through 20-9-4657 ~~as amended~~;

12 (7) adhere to the special purpose funds provisions of  
13 20-9-502, 20-9-503, 20-9-507, 20-9-508, and 20-9-5117 ~~as~~  
14 ~~amended~~;

15 (8) adhere to the educational cooperative agreements  
16 provisions of 20-9-701 through 20-9-7047 ~~as amended~~;

17 (9) adhere to the school elections provisions of Title  
18 20, chapter 207 ~~as amended~~;

19 (10) adhere to the students' rights provisions of  
20 20-25-511 through 20-25-5167 ~~as amended~~; and

21 (11) adhere to the health provisions of 50-1-206."

22 **Section 88.** Section 23-5-1027, MCA, is amended to  
23 read:

24 **"23-5-1027. Disposition of revenue.** (1) A minimum of  
25 45% of the money paid for tickets or chances must be paid

1 out as prize money. The prize money is statutorily  
2 appropriated, as provided in 17-7-502, to the lottery.

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

5 (3) That part of all gross revenue not used for the  
6 payment of prizes, commissions, and operating expenses,  
7 together with the interest earned on the gross revenue while  
8 the gross revenue is in the enterprise fund, is net revenue  
9 and must be paid quarterly from the enterprise fund  
10 established by 23-5-1026 to the superintendent of public  
11 instruction for distribution as equalization aid to the  
12 retirement fund obligations of elementary--and--high school  
13 districts in the manner provided in 20-9-532. The net  
14 revenue is statutorily appropriated, as provided in  
15 17-7-502, to the superintendent of public instruction.

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

19 **Section 89.** Section 39-4-107, MCA, is amended to read:

20 "39-4-107. State and municipal governments, school  
21 districts, mines, mills, and smelters. (1) A period of 8  
22 hours constitutes a day's work in all works and undertakings  
23 carried on or aided by any municipal or county government,  
24 the state government, or a first-class school district, and  
25 on all contracts let by them, and for all janitors (except

1 in courthouses of sixth- and seventh-class counties),  
2 engineers, firefighters, caretakers, custodians, and  
3 laborers employed in or about any buildings, works, or  
4 grounds used or occupied for any purpose by such municipal,  
5 county, or state government or first-class school district.  
6 A period of 8 hours constitutes a day's work in mills and  
7 smelters for the treatment of ores, in underground mines,  
8 and in the washing, reducing, and treatment of coal. This  
9 subsection does not apply in the event of an emergency when  
10 life or property is in imminent danger or to the situations  
11 specified in subsections (3) and (4).

12 (2) The provisions of subsection (1) do not apply to  
13 firefighters who are working a work period established in a  
14 collective bargaining agreement entered into between a  
15 public employer and a firefighters' organization or its  
16 exclusive representative.

17 (3) In counties where regular road and bridge  
18 departments are maintained, the county commissioners may,  
19 with the approval of the employees or their duly constituted  
20 representative, establish a 40-hour workweek consisting of 4  
21 consecutive 10-hour days. No employee may be required to  
22 work in excess of 8 hours in any one workday if he prefers  
23 not to.

24 (4) In municipal and county governments, the employer  
25 and employee may agree to a workday of more than 8 hours and

1 to a 7-day, 40-hour work period:

2 (a) through a collective bargaining agreement when a  
3 collective bargaining unit represents the employee; or

4 (b) by the mutual agreement of the employer and  
5 employee when no bargaining unit is recognized."

6 **Section 90.** Section 44-2-507, MCA, is amended to read:

7 "44-2-507. Notice to parents of children absent from  
8 school. The trustees of any elementary--or--high school  
9 district shall establish procedures to be followed by school  
10 personnel for attempting to contact by the end of a school  
11 day any parent, guardian, or legal custodian whose child is  
12 absent from school but who has not reported the child as  
13 absent for the school day to determine whether the parent,  
14 guardian, or legal custodian is aware of the child's absence  
15 from school."

16 **Section 91.** Section 90-6-403, MCA, is amended to read:

17 "90-6-403. Jurisdictional revenue disparity --  
18 conditioned exemption and reallocation of certain taxable  
19 valuation. (1) When an impact plan for a large-scale mineral  
20 development approved pursuant to 90-6-307 identifies a  
21 jurisdictional revenue disparity, the board shall promptly  
22 notify the developer, all affected local government units,  
23 and the department of revenue of the disparity. Except as  
24 provided in this section and 90-6-404, the increase in  
25 taxable valuation of the mineral development that occurs

1 after the issuance and validation of a permit under 82-4-335  
2 is not subject to the usual application of county and school  
3 district property tax mill levies. This increase in taxable  
4 valuation must be allocated to local government units as  
5 provided in 90-6-404. The increase in taxable valuation  
6 allocated as provided in 90-6-404 is subject to the  
7 application of property tax mill levies in the local  
8 government unit to which it is allocated.

9 (2) The total taxable valuation of a large-scale  
10 mineral development remains subject to the statewide mill  
11 levies and basic county levies for elementary and high  
12 school foundation programs as provided in 20-9-331 and  
13 20-9-333.

14 (3) The provisions of subsection (1) remain in effect  
15 until the large-scale mineral development ceases operations  
16 or until the existence of the jurisdictional revenue  
17 disparity ceases, as determined by the board."

18 **Section 92.** Section 20-6-203, MCA, is amended to read:

19 "20-6-203. District consolidation. Any two or more  
20 elementary districts in one county may consolidate to  
21 organize an elementary district. The consolidation shall be  
22 conducted under the following procedure:

23 (1) At the time the consolidation proposition is first  
24 considered, the districts involved shall jointly determine  
25 whether the consolidation shall be made with or without the

1 mutual assumption of the bonded indebtedness of each  
2 district by all districts included in the consolidation  
3 proposition.

4 (2) A consolidation proposition may be introduced,  
5 individually, in each of the districts by either of the two  
6 following methods:

7 (a) the trustees may pass a resolution requesting the  
8 county superintendent to order an election to consider a  
9 consolidation proposition involving their district; or

10 (b) not less than 20% of the electors of an elementary  
11 district who are qualified to vote under the provisions of  
12 20-20-301 may petition the county superintendent requesting  
13 an election to consider a consolidation proposition  
14 involving their resident district.

15 (3) When the county superintendent has received a  
16 resolution or a valid petition from each of the districts  
17 included in the consolidation proposition, he shall, within  
18 10 days after the receipt of the last resolution or petition  
19 and as provided by 20-20-201, order the trustees of each  
20 elementary district included in the consolidation  
21 proposition to call a consolidation election.

22 (4) Each district, individually, shall call and  
23 conduct an election in the manner prescribed in this title  
24 for school elections. ~~In addition:~~

25 ~~(a) if the districts to be consolidated are to~~

1 ~~mutually assume the bonded indebtedness of each district~~  
2 ~~involved in the consolidation, the consolidation election~~  
3 ~~also shall follow the procedures prescribed in 20-6-206, or~~

4 ~~(b) if the districts to be consolidated are not to~~  
5 ~~mutually assume the bonded indebtedness of each district~~  
6 ~~involved in the consolidation, the consolidation election~~  
7 ~~also shall follow the procedures prescribed in 20-6-207.~~

8 (5) After the county superintendent has received the  
9 election certification under the provisions of 20-20-416  
10 from the trustees of each district included in a  
11 consolidation proposition, he shall determine if the  
12 consolidation proposition has been approved in each  
13 district. If each district has approved the consolidation  
14 proposition, he shall, within 10 days after the receipt of  
15 the last election certificate, order the consolidation of  
16 such districts. If it be for consolidation with the mutual  
17 assumption of bonded indebtedness of each elementary  
18 district by all districts included in the consolidation  
19 order, such order shall specify that all the taxable real  
20 and personal property of the consolidated district shall  
21 assume the bonded indebtedness of each district. In  
22 addition, such order shall specify the number of the  
23 consolidated elementary district and shall contain the  
24 county superintendent's appointment of the trustees for the  
25 consolidated district who shall serve until a successor is

1 elected at the next succeeding regular school election and  
 2 qualified. The superintendent shall send a copy of such  
 3 order to the board of county commissioners and to the  
 4 trustees of each district incorporated in the consolidation  
 5 order.

6 (6) If any district included in the consolidation  
 7 proposition disapproves the consolidation proposition, the  
 8 consolidation of all districts shall fail, and the county  
 9 superintendent shall notify each district of the disapproval  
 10 of the consolidation proposition."

11 **Section 93.** Section 20-6-603, MCA, is amended to read:

12 "20-6-603. Trustees' authority to acquire or dispose  
 13 of sites and buildings -- when election required. (1) The  
 14 trustees of any district shall have the authority to  
 15 purchase, build, exchange, or otherwise acquire or sell or  
 16 otherwise dispose of sites and buildings of the district.  
 17 Such action shall not be taken by the trustees without the  
 18 approval of the qualified electors of the district at an  
 19 election called for such approval unless:

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

23 (b) an additional levy under the provisions of  
 24 20-9-353 has been approved for the purpose of constructing,  
 25 purchasing, or acquiring the site or building;

1 (c) the cost of constructing, purchasing, or acquiring  
 2 the site or building is financed without exceeding the  
 3 maximum-general-fund-budget-without-a-vote amount prescribed  
 4 in 20-9-316 through 20-9-319 and 20-9-321 and, in the case  
 5 of a site purchase, the site has been approved under the  
 6 provisions of 20-6-621; or

7 (d) moneys are otherwise available under the  
 8 provisions of this title and the ballot for the site  
 9 approval for such building incorporated a description of the  
 10 building to be located on the site.

11 (2) When an election is conducted under the provisions  
 12 of this section, it shall be called under the provisions of  
 13 20-20-201 and shall be conducted in the manner prescribed by  
 14 this title for school elections. An elector qualified to  
 15 vote under the provisions of 20-20-301 shall be permitted to  
 16 vote in such election. If a majority of those electors  
 17 voting at the election approve the proposed action, the  
 18 trustees may take the proposed action."

19 **Section 94.** Section 20-9-303, MCA, is amended to read:

20 "20-9-303. Definition of foundation program and its  
 21 proportion of the maximum-general-fund-without-a-voted-levy  
 22 schedule amount -- nonisolated school foundation program  
 23 financing -- special education funds. (1) As used in this  
 24 title, the term "foundation program" shall mean the minimum  
 25 operating expenditures, as established herein, that are

1 sufficient to provide for the educational program of a  
2 school. The foundation program relates only to those  
3 expenditures authorized by a district's general fund budget  
4 and shall not include expenditures from any other fund. It  
5 shall be financed by:

- 6 (a) county equalization moneys; and
- 7 (b) state equalization aid.

8 (2) The dollar amount of the foundation program shall  
9 be 80% of the maximum-general-fund-budget-without-a-voted-levy  
10 limitation as set forth in the schedules in 20-9-316 through 20-9-319  
11 and 20-9-321. The foundation program of an elementary school  
12 having an ANB of nine or fewer pupils for 2 consecutive  
13 years which is not approved as an isolated school under the  
14 provisions of 20-9-302 shall be 80% of the schedule amount,  
15 but the county and state shall participate in financing  
16 one-half of the foundation program, and the district shall  
17 finance the remaining one-half by a tax levied on the  
18 property of the district. When a school of nine or fewer  
19 pupils is approved as isolated under the provisions of  
20 20-9-302, the county and state shall participate in the  
21 financing of the total amount of the foundation program.

22 (3) Funds provided to support the special education  
23 accounting budget may be expended only for special education  
24 purposes as approved by the superintendent of public  
25

1 instruction in accordance with the special education  
2 budgeting provisions of this title. Expenditures for special  
3 education shall be accounted for separately from the balance  
4 of the school district general fund. Transfers between items  
5 within the special education budget for accounting purposes  
6 may be made at the discretion of the board of trustees in  
7 accordance with the financial administration part of this  
8 title. The unexpended balance of the special education  
9 accounting budget shall carry over to the next year to  
10 reduce the amount of funding required to finance the  
11 district's ensuing year's maximum-budget-without-a-vote for  
12 special education."

13 **Section 95.** Section 20-9-315, MCA, is amended to read:

14 **"20-9-315. Maximum general fund budget and exceptions.**

15 The total amount of the general fund budget of any district  
16 shall not be greater than the general fund budget amount  
17 specified in 20-9-316 through 20-9-319 and 20-9-321, except  
18 when a district has adopted an emergency general fund budget  
19 under the provisions of 20-9-165 or when a district  
20 satisfies the requirements of 20-9-353."

21 **Section 96.** Section 20-9-321, MCA, is amended to read:

22 **"20-9-321. Maximum general fund budget and contingency**

23 **funds for special education.** (1) For the purpose of  
24 establishing the maximum-budget-without-a-vote amount for a  
25 current year special education program for a school

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

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

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

13 (c) any other data required by the superintendent of  
 14 public instruction for budget justification purposes and to  
 15 administer the provisions of 20-9-315 through 20-9-319 and  
 16 20-9-321.

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

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

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

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

6 **Section 97.** Section 20-9-353, MCA, is amended to read:

7 "20-9-353. Additional levy for general fund --  
8 election for authorization to impose. (1) The trustees of  
9 any district may propose to adopt a general fund budget in  
10 excess of the general fund budget amount for such district  
11 as established by the schedules in 20-9-316 through 20-9-319  
12 and 20-9-321 for any of the following purposes:

13 (a) building, altering, repairing, or enlarging any  
14 schoolhouse of the district;

15 (b) furnishing additional school facilities for the  
16 district;

17 (c) acquisition of land for the district;

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

20 (2) When the trustees of any district determine that  
21 an additional amount of financing is required for the  
22 general fund budget that is in excess of the statutory  
23 schedule amount, the trustees shall submit the proposition  
24 of an additional levy to raise such excess amount of general  
25 fund financing to the electors who are qualified under

1 20-20-301 to vote upon such proposition except that no  
2 election shall be required to permit the school trustees to  
3 use any funds available to finance the additional amount  
4 other than those funds to be raised by the additional levy.  
5 Such special election shall be called and conducted in the  
6 manner prescribed by this title for school elections. The  
7 ballot for such election shall state only the amount of  
8 money to be raised by additional property taxation, the  
9 approximate number of mills required to raise such money,  
10 and the purpose for which such money will be expended, and  
11 it shall be in the following format:

12 PROPOSITION

13 Shall a levy be made in addition to the levies  
14 authorized by law in such number of mills as may be  
15 necessary to raise the sum of (state the amount to be raised  
16 by additional tax levy), and being approximately (give  
17 number) mills, for the purpose of (insert the purpose for  
18 which the additional tax levy is made)?

19 FOR the levy.

20 AGAINST the levy.

21 (3) If the election on any additional levy for the  
22 general fund is approved by a majority vote of those  
23 electors voting at such election, the proposition shall  
24 carry and the trustees may use any portion or all of the  
25 authorized amount in adopting the preliminary general fund



1 budget. The trustees shall certify the additional levy  
 2 amount authorized by such a special election on the budget  
 3 form that is submitted to the county superintendent, and the  
 4 county commissioners shall levy such number of mills on the  
 5 taxable value of all taxable property within the district,  
 6 as prescribed in 20-9-141, as are required to raise the  
 7 amount of such additional levy.

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

13 **Section 98.** Section 20-9-505, MCA, is amended to read:

14 "20-9-505. Purpose and establishment of nonoperating  
 15 fund. (1) The trustees of any district that will not operate  
 16 any school during the ensuing school fiscal year shall  
 17 establish a nonoperating fund on the first day of such  
 18 school fiscal year. In establishing the nonoperating fund,  
 19 the trustees shall cause the transfer of the end-of-the-year  
 20 cash balance of each fund maintained by the district during  
 21 the immediately preceding school fiscal year to the  
 22 nonoperating fund. However, cash balances of the debt  
 23 service fund and the miscellaneous federal programs fund, if  
 24 any, shall be maintained in their individual funds.

25 (2) The trustees of a district establishing a

1 nonoperating fund for the first year of nonoperation may  
 2 earmark a portion of the nonoperating fund cash balance as a  
 3 nonoperating fund cash reserve when they anticipate the  
 4 reopening of a school in the following school fiscal year.  
 5 Such cash reserve shall not be more than the general fund  
 6 cash reserve designated for the immediately preceding school  
 7 fiscal year. If a school is not operated in the following  
 8 school fiscal year, the authority of the trustees to earmark  
 9 a nonoperating fund cash reserve shall terminate and the  
 10 moneys earmarked as a cash reserve shall be used to reduce  
 11 the levy requirement of the nonoperating fund. If the  
 12 trustees acquire approval to reopen a school in the  
 13 following school fiscal year under the provisions of  
 14 ~~20-6-502~~ or 20-6-503 and operate such school, the  
 15 nonoperating fund cash reserve shall be restored as the  
 16 general fund cash reserve.

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

- 21 (a) elementary tuition obligations to other districts;
- 22 (b) transportation of the resident pupils;
- 23 (c) maintenance of district-owned property; and
- 24 (d) any other nonoperating school function of the
- 25 district deemed necessary by the trustees or required by

1 law.

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

5 NEW SECTION. Section 99. Name change -- short form  
6 amendment.

7 (1) Whenever it appears in 20-1-301, 20-1-308,  
8 20-3-208, 20-6-103, 20-6-504, 20-7-303, 20-7-305, 20-7-306,  
9 20-7-411, 20-9-101, 20-9-102, 20-9-161, 20-9-348, 20-9-501,  
10 and in all law enacted by the 51st legislature, the code  
11 commissioner is directed to change the term "elementary or  
12 high school" where it refers to a district to "unified".

13 (2) Whenever it appears in 20-3-336 and in all law  
14 enacted by the 51st legislature, the code commissioner is  
15 directed to change the term "school district" to "unified  
16 district".

17 (3) Whenever it appears in 20-6-203, 20-6-205 through  
18 20-6-215, 20-6-411, 20-6-414, 20-6-415, 20-6-507, 20-7-117,  
19 20-15-201, 20-15-203, 20-15-208, and in all law enacted by  
20 the 51st legislature, the code commissioner is directed to  
21 change the term "elementary school" where it refers to a  
22 district to "unified".

23 NEW SECTION. Section 100. Codification instruction.  
24 [Sections 1 through 9] are intended to be codified as an  
25 integral part of Title 20, and the provisions of Title 20

1 apply to [sections 1 through 9].

2 NEW SECTION. Section 101. Repealer. Sections  
3 19-1-815, 20-3-302, 20-3-337, 20-3-341 through 20-3-344,  
4 20-3-351 through 20-3-356, 20-5-301 through 20-5-307,  
5 20-6-102, 20-6-201 through 20-6-208, 20-6-216, 20-6-217,  
6 20-6-301, 20-6-303, 20-6-304, 20-6-307 through 20-6-309,  
7 20-6-311 through 20-6-321, 20-6-415, 20-6-502, 20-6-505,  
8 20-6-506, 20-6-508, 20-9-320, 20-9-333, and 20-9-451 through  
9 20-9-455, MCA, are repealed.

10 NEW SECTION. Section 102. Effective date. [This act]  
11 is effective July 1, 1989, and if passed and approved after  
12 July 1, 1989, applies retroactively, within the meaning of  
13 1-2-109, to July 1, 1989.

-End-