

HOUSE BILL 21

Introduced by Cobb

7/07	Introduced
7/07	Referred to Education & Cultural Resources
7/07	Fiscal Note Requested
7/08	First Reading
7/08	Fiscal Note Received
7/08	Fiscal Note Printed
7/09	Hearing
	Died in Committee

1 HOUSE BILL NO. 21

2 INTRODUCED BY Cobb

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT COUNTY
5 AND STATE EQUALIZATION AID TO PUBLIC SCHOOL DISTRICTS FOR
6 THE SCHOOL FISCAL YEAR ENDING JUNE 30, 1993, BE DISTRIBUTED
7 AT 96 PERCENT OF THE FOUNDATION PROGRAM SCHEDULE AMOUNTS FOR
8 THE SCHOOL FISCAL YEAR ENDING JUNE 30, 1992; AMENDING
9 SECTIONS 20-9-331, 20-9-333, 20-9-335, 20-9-347, AND
10 20-9-348, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 20-9-331, MCA, is amended to read:

14 "20-9-331. Basic county tax and other revenues for
15 county equalization of the elementary district foundation
16 program. (1) The county commissioners of each county shall
17 levy an annual basic tax of 33 mills on the dollar of the
18 taxable value of all taxable property within the county,
19 except for property subject to a tax or fee under 23-2-517,
20 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for
21 the purposes of local and state foundation program support.
22 The revenue collected from this levy must be apportioned to
23 the support of the foundation programs of the elementary
24 school districts in the county and to the state special
25 revenue fund, state equalization aid account, in the

1 following manner:

2 (a) In order to determine the amount of revenue raised
3 by this levy which is retained by the county, the sum of the
4 estimated revenue identified in subsection (2) must be
5 subtracted from the total of 96% of the foundation programs
6 of program schedule amounts in 20-9-318 and 100% of the
7 special education allowable costs provided for in 20-9-321
8 for all elementary districts of the county.

9 (b) If the basic levy prescribed by this section
10 produces more revenue than is required to finance the
11 difference determined in subsection (1)(a), the county
12 treasurer shall remit the surplus funds to the state
13 treasurer for deposit to the state special revenue fund,
14 state equalization aid account, immediately upon occurrence
15 of a surplus balance and each subsequent month thereafter,
16 with any final remittance due no later than June 20 of the
17 fiscal year for which the levy has been set.

18 (c) If revenue from the basic levy prescribed by this
19 section when combined with the other revenue from subsection
20 (2) is insufficient to fully fund the percentage determined
21 in 20-9-347(1)(b) and the county is eligible for an
22 apportionment of state equalization aid under the provisions
23 of 20-9-347(1)(c), the county superintendent shall notify
24 the superintendent of public instruction of the deficiency.
25 The superintendent of public instruction shall increase the

1 state equalization aid payments to the districts in the
 2 affected county to offset the deficiency. A payment may not
 3 be made under this subsection (c) that allows a district to
 4 receive foundation program funding in excess of the
 5 foundation program amount of the district provided for in
 6 subsection (1)(a).

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

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

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

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

25 (d) any money remaining at the end of the immediately

1 preceding school fiscal year in the county treasurer's
 2 accounts for the various sources of revenue established or
 3 referred to in this section;

4 (e) any federal or state money distributed to the
 5 county as payment in lieu of property taxation, including
 6 federal forest reserve funds allocated under the provisions
 7 of 17-3-213;

8 (f) gross proceeds taxes from coal under 15-23-703;

9 (g) net proceeds taxes for new production, as defined
 10 in 15-23-601, and local government severance taxes on any
 11 other production occurring after December 31, 1988; and

12 (h) anticipated revenue from property taxes and fees
 13 imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
 14 61-3-537, and 67-3-204."

15 **Section 2.** Section 20-9-333, MCA, is amended to read:

16 "20-9-333. **Basic special levy and other revenues** for
 17 county equalization of high school district foundation
 18 program. (1) The county commissioners of each county shall
 19 levy an annual basic special tax for high schools of 22
 20 mills on the dollar of the taxable value of all taxable
 21 property within the county, except for property subject to a
 22 tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
 23 61-3-537, and 67-3-204, for the purposes of local and state
 24 foundation program support. The revenue collected from this
 25 levy must be apportioned to the support of the foundation

1 programs of high school districts in the county and to the
2 state special revenue fund, state equalization aid account,
3 in the following manner:

4 (a) In order to determine the amount of revenue raised
5 by this levy which is retained by the county, the sum of the
6 estimated revenue identified in subsection (2) must be
7 subtracted from the sum of the county's high school tuition
8 obligation and the total of 96% of the foundation programs
9 of program schedule amounts in 20-9-319 and 100% of the
10 special education allowable costs provided for in 20-9-321
11 for all high school districts of the county.

12 (b) If the basic levy prescribed by this section
13 produces more revenue than is required to finance the
14 difference determined in subsection (1)(a), the county
15 treasurer shall remit the surplus funds to the state
16 treasurer for deposit to the state special revenue fund,
17 state equalization aid account, immediately upon occurrence
18 of a surplus balance and each subsequent month thereafter,
19 with any final remittance due no later than June 20 of the
20 fiscal year for which the levy has been set.

21 (c) If revenue from the basic levy prescribed by this
22 section when combined with the other revenue from subsection
23 (2) is insufficient to fully fund the percentage determined
24 in 20-9-347(1)(b) and the county is eligible for an
25 apportionment of state equalization aid under the provisions

1 of 20-9-347(1)(c), the county superintendent shall notify
2 the superintendent of public instruction of the deficiency.
3 The superintendent of public instruction shall increase the
4 state equalization aid payments to the districts in the
5 affected county to offset the deficiency. A payment may not
6 be made under this subsection (c) that allows a district to
7 receive foundation program funding in excess of the
8 foundation program amount of the district provided for in
9 subsection (1)(a).

10 (2) The revenue realized from the county's portion of
11 the levy prescribed in this section and the revenue from the
12 following sources must be used for the equalization of the
13 high school district foundation programs of the county as
14 prescribed in 20-9-334, and a separate accounting must be
15 kept of the revenue by the county treasurer in accordance
16 with 20-9-212(1):

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

21 (b) any federal or state money distributed to the
22 county as payment in lieu of property taxation, including
23 federal forest reserve funds allocated under the provisions
24 of 17-3-213;

25 (c) gross proceeds taxes from coal under 15-23-703;

1 (d) net proceeds taxes for new production, as defined
2 in 15-23-601, and local government severance taxes on any
3 other production occurring after December 31, 1988; and

4 (e) anticipated revenue from property taxes and fees
5 imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
6 61-3-537, and 67-3-204."

7 **Section 3.** Section 20-9-335, MCA, is amended to read:

8 "20-9-335. Formula for apportionment of county
9 equalization moneys. (1) After making such deductions
10 prescribed in 20-9-334, the county superintendent shall
11 apportion the remaining amount of moneys available in the
12 basic county tax account to the several public elementary
13 districts of the county and in the basic special tax for
14 high schools account to the several public secondary
15 districts of the county in proportion to their needs under
16 the foundation program in accordance with the following
17 procedure:

18 (a) determine the percentage that the county
19 equalization moneys available for the support of the
20 foundation programs program schedule and special education
21 amounts provided for in 20-9-331(1)(a) of the public
22 elementary districts in the county is of the total amount of
23 the foundation programs program schedule and special
24 education amounts of all public elementary districts;

25 (b) multiply the foundation program amount of each

1 public elementary district by the percentage determined in
2 subsection (1)(a) above to determine the portion of the
3 county equalization moneys available to each public
4 elementary district.

5 (2) The above procedure shall also be applied for
6 public secondary districts.

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

14 (4) The county equalization moneys apportioned under
15 these procedures shall constitute the first source of
16 revenue in calculating the financing of the public
17 elementary and secondary district foundation program. The
18 county superintendent shall use the apportionment procedure
19 prescribed in this section in computing the estimated
20 revenues for the financing of the ensuing year's foundation
21 program for budgeting purposes."

22 **Section 4.** Section 20-9-347, MCA, is amended to read:

23 "20-9-347. Formula for state equalization aid
24 apportionment in support of foundation program. (1) The
25 superintendent of public instruction shall apportion the

1 state equalization aid available for support of the
 2 foundation program schedule and special education amounts
 3 provided for in 20-9-331(1)(a) and 20-9-333(1)(a),
 4 individually for the elementary districts of a county or the
 5 high school districts of a county, in accordance with
 6 20-9-346 and on the basis of the following procedure:

7 (a) Determine the percentage that the total funds
 8 available to all counties in the state in support of the
 9 foundation program schedule and special education amounts
 10 (including the state money available for state equalization
 11 aid in support of the foundation program schedule and
 12 special education amounts) is of the total amount of the
 13 foundation programs program schedule and special education
 14 amounts of all counties.

15 (b) Determine the percentage that the total funds
 16 available in each county in support of the foundation
 17 programs program schedule and special education amounts in
 18 the county (excluding state money available for state
 19 equalization aid in support of the foundation program) is of
 20 the total amount of the foundation programs program schedule
 21 and special education amounts of all districts of 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) are not entitled to an apportionment of

1 the state equalization aid in support of the foundation
 2 program.

3 (d) After elimination of the counties referred to in
 4 subsection (1)(c), determine the percentage that the total
 5 money available to all remaining counties in support of the
 6 foundation program schedule and special education amounts
 7 (including the state money available for state equalization
 8 aid in support of the foundation program) is of the total
 9 amount of the foundation programs program schedule and
 10 special education amounts provided for in 20-9-331(1)(a) and
 11 20-9-333(1)(a) of all remaining counties.

12 (e) Each district of each remaining county is entitled
 13 to an apportionment of the state equalization aid in support
 14 of the foundation program equal to the difference between
 15 the percentage determined in subsection (1)(d) and the
 16 percentage determined for the county in subsection (1)(b)
 17 multiplied by the foundation program amount for the
 18 district.

19 (2) The superintendent of public instruction shall
 20 supply the county treasurer and the county superintendent
 21 with a report of the apportionments of state equalization
 22 aid in support of the foundation program of each district of
 23 the county, and the state equalization aid in support of the
 24 foundation program must be apportioned to the districts in
 25 accordance with the report."

1 **Section 5.** Section 20-9-348, MCA, is amended to read:
2 **"20-9-348.** Estimation of state equalization aid for
3 budget purposes. The apportionment of state equalization aid
4 ~~shall--be~~ is the second source of revenue in calculating the
5 financing of the elementary district foundation program and
6 the high school district foundation program. In order to
7 allow for the estimation of the amount of money to be
8 realized from this source of revenue when the county
9 superintendent is estimating the general fund budget
10 revenues, the county superintendent shall consider that the
11 state foundation program revenues and county equalization
12 moneys, together, will be capable of financing ~~100%~~ 96% of
13 the foundation program schedule amounts provided for in
14 20-9-318 and 20-9-319 and 100% of the special education
15 allowable costs provided for in 20-9-321."
16 NEW SECTION. **Section 6.** Effective date. [This act] is
17 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0021, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing that state and county equalization aid to public school districts for the school fiscal year ending June 30, 1993 be distributed at 96 percent of the foundation program schedule amounts for the school year ending June 30, 1992; and providing an immediate effective date.

ASSUMPTIONS:


1. The fiscal year 1993 cost of full funding of foundation schedules as estimated by the Office of Public Instruction is \$352,501,125.
2. There would be no reduction in the foundation program for special education.
3. There will be no change in GTB payments, permissive amounts, or budget limits.

FISCAL IMPACT:

Foundation program payments will be reduced by \$14.1 million with a corresponding reduction in the General Fund supplemental appropriation for school equalization aid.


EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

School districts will receive \$14.1 million less in state equalization aid. Under current law the districts will have to reduce expenditures or use reserves and excess district revenues to maintain district general fund expenditures.



STEVE YEAKEL, BUDGET DIRECTOR
Office of Budget and Program Planning

7/8/92
DATE



JOHN COBE, PRIMARY SPONSOR

7/8/92
DATE

Fiscal Note for HB0021, as introduced