

HOUSE BILL 46

Introduced by Peck, et al.

7/11	Introduced
7/11	Referred to Education & Cultural Resources
7/11	Fiscal Note Requested
7/11	First Reading
7/13	Hearing
7/13	Fiscal Note Received
7/14	Fiscal Note Printed
	Died in Committee

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House BILL NO. 46

INTRODUCED BY Rock Blylock

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A RELIABLE CASH FLOW TO SCHOOL DISTRICTS BY ALLOWING STATE ADVANCES FOR COUNTY EQUALIZATION COLLECTIONS; REQUIRING THE STATE TREASURER TO ASSESS COUNTIES AN INTEREST CHARGE OF 10 PERCENT A YEAR ON ALL MONEY NOT REMITTED TO THE STATE BY THE 20TH DAY OF EACH MONTH; AMENDING SECTIONS 15-1-504, 20-9-212, 20-9-331, 20-9-333, 20-9-334, 20-9-335, 20-9-344, 20-9-346, AND 20-9-347, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because the superintendent of public instruction is granted rulemaking authority in 20-9-347(2) to adopt rules with regard to state advances to support the county equalization collections for foundation program funding under 20-9-331 and 20-9-333. The procedure is intended to ensure that the county equalization revenue is fully realized by school districts in a timely manner, regardless of delinquent or protested taxes. It is anticipated that the county superintendent of schools will continue to calculate and report to the school districts the revenue generated in

1 support of elementary and high school county equalization
2 for foundation program funding.

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

Section 1. Section 15-1-504, MCA, is amended to read:

"15-1-504. Settlement of county treasurer with state treasurer. (1) The county treasurer, between the 1st and 20th days of each month, shall remit to the state treasurer all money belonging to the state that was collected by the county treasurer during the preceding month. The remittance must be accompanied by a detailed report upon a form that the state treasurer prescribes. The state treasurer may shall assess counties an interest charge of 10% a year on all money not remitted ~~within--5--days--from~~ by the time required by this section.

(2) The remittance required by June 20 of each fiscal year under the provisions of 20-9-212(14) and subsection (1) of this section must include an estimated payment of all money belonging to the state, plus accumulated interest, that is anticipated to be collected in June."

Section 2. Section 20-9-212, MCA, is amended to read:

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

(1) receive and hold all school money subject to apportionment and keep a separate accounting of its



HB 46
INTRODUCED BILL

1 apportionment to the several districts which are entitled to
 2 a portion of the money according to the apportionments
 3 ordered by the county superintendent. A separate accounting
 4 must be maintained for each county fund supported by a
 5 countywide levy for a specific, authorized purpose,
 6 including:

7 (a) the basic county tax in support of the elementary
 8 foundation programs;

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

11 (c) the county tax in support of the transportation
 12 schedules;

13 (d) the county tax in support of the elementary and
 14 high school district retirement obligations; and

15 (e) any other county tax for schools, including the
 16 community colleges, which may be authorized by law and
 17 levied by the county commissioners.

18 (2) whenever requested, notify the county
 19 superintendent and the superintendent of public instruction
 20 of the amount of county school money on deposit in each of
 21 the funds enumerated in subsection (1) of this section and
 22 the amount of any other school money subject to
 23 apportionment and apportion the county and other school
 24 money to the districts in accordance with the apportionment
 25 ordered by the county superintendent;

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

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

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

11 (6) receive all revenue collected by and for each
 12 district and deposit these receipts in the fund designated
 13 by law or by the district if no fund is designated by law.
 14 Interest and penalties on delinquent school taxes shall be
 15 credited to the same fund and district for which the
 16 original taxes were levied.

17 (7) send all revenue received for a joint district,
 18 part of which is situated in his county, to the county
 19 treasurer designated as the custodian of the revenue, no
 20 later than December 15 of each year and every 3 months
 21 thereafter until the end of the school fiscal year;

22 (8) at the direction of the trustees of a district,
 23 assist the district in the issuance and sale of tax and
 24 revenue anticipation notes as provided in Title 7, chapter
 25 6, part 11;

1 (9) register district warrants drawn on a budgeted fund
2 in accordance with 7-6-2604 when there is insufficient money
3 available in all funds of the district to make payment of
4 the warrant. Redemption of registered warrants must be made
5 in accordance with 7-6-2116, 7-6-2605, and 7-6-2606.

6 (10) invest the money of any district as directed by the
7 trustees of the district within 3 working days of the
8 direction;

9 (11) each month give to the trustees of each district an
10 itemized report for each fund maintained by the district,
11 showing the paid warrants, outstanding warrants, registered
12 warrants, amounts and types of revenue received, and the
13 cash balance;

14 (12) remit promptly to the state treasurer receipts for
15 the county tax for a vocational-technical center when levied
16 by the board of county commissioners under the provisions of
17 20-16-202; and

18 (13) invest the money received from the basic county tax
19 in support of the elementary foundation programs and the
20 basic special tax in support of the high school foundation
21 programs within 3 working days of receipt. The money must be
22 invested until the working day before it is required to be
23 distributed to school districts within the county or
24 remitted to the state. Permissible investments are specified
25 in 20-9-213(4). All investment income must be deposited, and

1 credited proportionately, in the funds established to
2 account for the taxes received for the purposes specified in
3 subsections (1)(a) and (1)(b).

4 (14) remit on a monthly basis to the state treasurer, in
5 accordance with the provisions of 15-1-504, all county
6 equalization revenue received under the provisions of
7 20-9-331 and 20-9-333 for elementary and high school
8 district foundation program support, including all interest
9 earned and excluding any amount required for high school
10 out-of-county tuition under the provisions of 20-9-334, in
11 repayment of the state advance for county equalization
12 prescribed in 20-9-347. Any funds in excess of a state
13 advance must be used as required in 20-9-331(1)(b) and
14 20-9-333(1)(b)."

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

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

1 elementary school districts in the county and to the state
2 special revenue fund, state equalization aid account, in the
3 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 total of the foundation programs of all
8 elementary districts of the county.

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

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

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

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 program entitlement
11 of the county as prescribed in 20-9-334 20-9-335, and a
12 separate accounting must be kept of the revenue by the
13 county treasurer in accordance 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 4.** 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 the foundation programs of all
9 high school districts of the county.

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

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

~~the superintendent of public instruction of the deficiency. The superintendent of public instruction shall increase the state equalization aid payments to the districts in the affected county to offset the deficiency. A payment may not be made under this subsection (e) that allows a district to receive foundation program funding in excess of the foundation program amount of the district.~~

(2) The revenue realized from the county's portion of the levy prescribed in this section and the revenue from the following sources must be used for the equalization of the high school district foundation programs program entitlement of the county as prescribed in ~~20-9-334~~ 20-9-335, and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212(1):

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

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

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

(d) net proceeds taxes for new production, as defined in 15-23-601, and local government severance taxes on any

other production occurring after December 31, 1988; and

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

Section 5. Section 20-9-334, MCA, is amended to read:

"20-9-334. Apportionment of county equalization moneys by ~~county superintendent~~ high school out-of-county tuition obligations. (1) The county superintendent shall ~~separately apportion the revenues deposited in the basic county tax account and the revenues deposited in the basic special tax for high schools account~~ calculate the apportionment to the several districts of the county ~~on a monthly basis~~. The apportionments shall be known as "county equalization moneys". ~~Before the~~

(2) The county superintendent makes the monthly apportionments, ~~he~~ shall direct the county treasurer to deduct from the revenues available in the basic special tax for high schools account, prior to remittance of the funds to the state treasurer under the provisions of 15-1-504 and 20-9-212, the amount required for the month to pay the county's obligation for high school out-of-county tuition."

Section 6. Section 20-9-335, MCA, is amended to read:

"20-9-335. Formula for apportionment of county equalization moneys. (1) ~~After making such deductions prescribed in 20-9-334,~~ The county superintendent shall

1 ~~apportion--the--remaining--amount--of--moneys~~ calculate the
 2 apportionment of revenue available in the basic county tax
 3 ~~account to--the--several-public-elementary-districts-of-the~~
 4 county and in the basic special tax for high schools account
 5 ~~to--the--several-public-secondary-districts-of-the--county--in~~
 6 proportion--to--their--needs-under-the-foundation-program in
 7 accordance with the following procedure:

8 (a) determine the percentage that the county
 9 equalization moneys available for the support of the
 10 elementary foundation programs--of--the--public--elementary
 11 program entitlement of the districts in the county is of the
 12 total ~~amount--of--the~~ elementary foundation programs program
 13 entitlement of all ~~public--elementary~~ districts in the
 14 county;

15 (b) multiply the elementary foundation program
 16 entitlement amount of each ~~public-elementary~~ district by the
 17 percentage determined in subsection (1)(a) above to
 18 determine the portion of the county equalization moneys
 19 available to each public elementary school district.

20 (2) The above procedure shall also be applied for
 21 ~~public--secondary--districts~~ the high school foundation
 22 program entitlement.

23 (3) ~~No--territory~~ Territory situated within a county
 24 ~~shall may not~~ be excluded from the apportionment
 25 calculations of the county equalization moneys under this

1 section solely because ~~such~~ the territory lies within the
 2 boundaries of a joint district. Cash balances to the credit
 3 of any district at the end of a school fiscal year ~~shall may~~
 4 not be considered in the apportionment procedure prescribed
 5 in this section.

6 (4) The county equalization moneys ~~apportioned~~ reported
 7 under these procedures ~~shall-constitute~~ are the first source
 8 of revenue ~~in--calculating--the~~ for financing of the public
 9 elementary and ~~secondary--district~~ high school foundation
 10 program entitlements. ~~The--county-superintendent-shall-use~~
 11 ~~the-apportionment-procedure-prescribed-in--this--section--in~~
 12 ~~computing--the--estimated--revenues-for-the-financing-of-the~~
 13 ~~ensuing-year's-foundation-program-for-budgeting-purposes--"~~

14 **Section 7.** Section 20-9-344, MCA, is amended to read:

15 "20-9-344. Purpose of state equalization aid and duties
 16 of board of public education for distribution ---conditions
 17 of---first--payment. (1) The money available for state
 18 equalization aid must be distributed and apportioned to
 19 provide:

20 (a) an annual minimum operating revenue for the
 21 elementary and high schools in each county, exclusive of
 22 revenues required for debt service and for the payment of
 23 any costs and expense incurred in connection with any adult
 24 education program, recreation program, school food services
 25 program, new buildings and grounds, and transportation; and

1 (b) the Montana educational telecommunications network
2 as provided in 20-32-101.

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

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

14 (b) have the power to require reports from the county
15 superintendents, budget boards, county treasurers, and
16 trustees as it considers necessary; and

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

1 of school revenue.

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

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

9 (b) maintain accredited status.

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

15 (5) If a district or county receives more state
16 equalization aid than it is entitled to, the county
17 treasurer shall return the overpayment to the state upon the
18 request of the superintendent of public instruction in the
19 manner prescribed by the superintendent of public
20 instruction.

21 (6) ~~(a) The first~~ Except as provided in 20-9-347(3),
22 the foundation program payment and guaranteed tax base aid
23 payment must be based on an estimate of 20% of the
24 entitlement of each district or county and distributed by
25 July 15 of the school fiscal year.

1 ~~(b)~~--Each subsequent monthly payment must be at least 7%
2 of the entitlement of each district or county according to
3 the following schedule:

4 (a) from August to May of the school fiscal year, 8% of
5 the foundation program entitlement of each district;

6 (b) in November of the school fiscal year, one-half of
7 the guaranteed tax base aid entitlement of each district or
8 county;

9 (c) in May of the school fiscal year, the remainder of
10 the guaranteed tax base aid entitlement of each district or
11 county; and

12 (d) in June of the school fiscal year, the remaining
13 foundation program entitlement of each district.

14 (7) The distribution of foundation program payments and
15 guaranteed tax base aid provided for in subsection (6) must
16 occur by the last working day of each month."

17 **Section 8.** Section 20-9-346, MCA, is amended to read:

18 **"20-9-346. Duties of the superintendent of public**
19 **instruction for state equalization aid distribution.** The
20 superintendent of public instruction shall administer the
21 distribution of the state equalization aid by:

22 (1) establishing the annual entitlement of each
23 district and county to state equalization aid, based on the
24 data reported in the retirement and general fund budgets for
25 each district that have been duly adopted for the current

1 school fiscal year and verified by the superintendent of
2 public instruction and by applying the verified data under
3 the provisions of the state equalization aid allocation
4 procedure prescribed in 20-9-347;

5 (2) ~~recommending to the board of public education the~~
6 ~~entitlement of all districts and counties to state~~
7 ~~equalization aid to enable the board of public education to~~
8 ~~order the distribution of state equalization aid;~~

9 (3) distributing by state warrant or electronic
10 transfer the state equalization aid and state advances for
11 county equalization, for each district or county entitled to
12 the aid, to the county treasurer of the respective county or
13 county where the district is located, in accordance with the
14 distribution ordered by the board of public education;

15 (4) keeping a record ~~in his office~~ of the full and
16 complete data concerning money available for state
17 equalization aid, state advances for county equalization,
18 and the entitlements for state equalization aid of the
19 districts of the state;

20 (5) reporting to the board of public education the
21 estimated amount that will be available for state
22 equalization aid; and

23 (6) reporting to the legislature as provided in
24 5-11-210:

25 (a) the figures and data available ~~in his office~~

1 concerning distributions of state equalization aid during
2 the preceding 2 school fiscal years;

3 (b) the amount of state equalization aid then
4 available;

5 (c) the apportionment made of the available money but
6 not yet distributed; and

7 (d) the latest estimate of accruals of money available
8 for state equalization aid; and

9 (e) the amount of state advances and repayment for
10 county equalization."

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

12 "20-9-347. Formula for state equalization aid
13 apportionment in support of foundation program --
14 exceptions. (1) The superintendent of public instruction
15 shall apportion the state equalization aid available for
16 support of the foundation program, individually for the
17 elementary districts of a county or the high school
18 districts of a county, in accordance with 20-9-346 and on
19 the basis of the following procedure:

20 (a) Determine the percentage that the total funds
21 available to all counties in the state in support of the
22 foundation program (including the state money available for
23 state equalization aid in support of the foundation program)
24 is of the total amount of the foundation programs of all
25 counties.

1 (b) Determine the percentage that the total funds
2 available in each county in support of the foundation
3 programs in the county (excluding state money available for
4 state equalization aid in support of the foundation program)
5 is of the total amount of the foundation programs of all
6 districts of the county.

7 (c) Counties in which the percentage determined in
8 subsection (1)(b) exceeds the percentage determined in
9 subsection (1)(a) are not entitled to an apportionment of
10 the state equalization aid in support of the foundation
11 program.

12 (d) After elimination of the counties referred to in
13 subsection (1)(c), determine the percentage that the total
14 money available to all remaining counties in support of the
15 foundation program (including the state money available for
16 state equalization aid in support of the foundation program)
17 is of the total amount of the foundation programs of all
18 remaining counties.

19 (e) Each district of each remaining county is entitled
20 to an apportionment of the state equalization aid in support
21 of the foundation program equal to the difference between
22 the percentage determined in subsection (1)(d) and the
23 percentage determined for the county in subsection (1)(b)
24 multiplied by the foundation program amount for the
25 district.

1 (2) The superintendent of public instruction shall:

2 (a) supply the county treasurer and the county
3 superintendent with a report of the apportionments of state
4 equalization aid in support of the foundation program of
5 each district of the county, and the state equalization aid
6 in support of the foundation program must be apportioned to
7 the districts in accordance with the report;

8 (b) in the manner described in 20-9-344, provide for a
9 state advance to each county in an amount that is no less
10 than the amount anticipated to be raised for the basic
11 county tax fund as provided in 20-9-331 and for the basic
12 special tax fund as provided in 20-9-333;

13 (c) adopt rules to implement the provisions of
14 subsection (2)(b).

15 (3) (a) The superintendent of public instruction is
16 authorized to adjust the schedule prescribed in 20-9-344 for
17 distribution of the foundation program and guaranteed tax
18 base aid entitlements if the distribution will cause a
19 district to register warrants under the provisions of
20 20-9-212(9).

21 (b) To qualify for an adjustment in the payment
22 schedule, a district shall demonstrate to the superintendent
23 of public instruction, in the manner required by the office,
24 that the payment schedule prescribed in 20-9-344 will result
25 in insufficient money available in all funds of the district

1 to make payment of the district's warrants. The county
2 treasurer shall confirm the anticipated deficit. Nothing in
3 this section may be construed to authorize the
4 superintendent of public instruction to exceed a district's
5 annual entitlement for state and county equalization aid."

6 NEW SECTION. Section 10. Effective date -- retroactive
7 applicability. [This act] is effective on passage and
8 approval and applies retroactively, within the meaning of
9 1-2-109, to revenue collections under 20-9-331 and 20-9-333
10 for the school fiscal year beginning July 1, 1992.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0046, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing for a reliable cash flow to school districts by allowing state advances for county equalization collections; requiring the state treasurer to assess counties an interest charge of 10 percent a year on all money not remitted to the state by the 20th day of each month; amending various sections; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. Funds are invested at an interest rate of 5%.
2. 35% of interest losses to districts are reflected as increased state GTB costs.
3. All funds are invested, i.e. interest gain to the state = interest loss to school districts.
4. Special OPI approved adjustments to payment schedule for hardship districts would be insignificant.
5. Most counties would remit amounts due on time resulting in insignificant penalties.

FISCAL IMPACT: (General Fund)

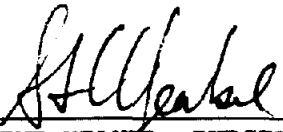
	<u>FY 1993</u>
Increased general fund revenue	\$1,791,000
Increased general fund cost	<u>627,000</u>
Net Effect	\$1,164,000

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Net loss to school districts of \$1,164,000 due to reduced interest earnings on state advances (see assumption #3).

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The changes cited above would be ongoing with amounts dependent on interest rate and schedule increases/decreases.



STEVE YEAKEL, BUDGET DIRECTOR 7/11/92 DATE
Office of Budget and Program Planning



RAY BECK, PRIMARY SPONSOR 7/14/92 DATE

Fiscal Note for HB0046, as introduced

HB 46