

HOUSE BILL 105

Introduced by Peck, et al.

1/05	Introduced
1/05	First Reading
1/06	Referred to Education & Cultural Resources
1/13	Reading
1/14	Fiscal Note Requested
1/20	Fiscal Note Received
1/20	Fiscal Note Printed
1/25	Tabled in Committee

1 *House* BILL NO. *105*
2 INTRODUCED BY *Rep. NATH*
3 *John James Sullivan*
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING TRUSTEES OF A
5 SCHOOL DISTRICT TO TRANSFER UP TO 6 PERCENT OF THE DISTRICT
6 GENERAL FUND TO THE DISTRICT BUILDING RESERVE FUND IN ORDER
7 TO ENCOURAGE LONG-RANGE PLANNING FOR BUILDING AND EQUIPMENT
8 EXPENDITURES; AMENDING SECTIONS 20-9-502 AND 20-15-404, MCA;
9 AND PROVIDING AN EFFECTIVE DATE."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 **Section 1.** Section 20-9-502, MCA, is amended to read:

13 "20-9-502. Purpose and authorization of a building
14 reserve fund by an election or by transfer of funds. (1) The
15 trustees of any district, ~~with the approval of the qualified~~
16 ~~electors of the district~~, may establish by either procedure
17 provided for in this section a building reserve for the
18 purpose of raising money for the future construction,
19 equipping, or enlarging of school buildings or for the
20 purpose of purchasing land needed for school purposes in the
21 district.

22 (2) (a) In order to raise money for a building reserve
23 through a levy on the property of the district, the trustees
24 shall submit to the qualified electors of the district a
25 building reserve proposition for the establishment of or

1 addition to a building reserve, ~~the~~. The trustees shall pass
2 a resolution on the proposition that specifies:

3 (a)(i) the purpose or purposes for which the new
4 building reserve or addition to the building reserve will be
5 used;

6 (b)(ii) the duration of time over which the new building
7 reserve or addition to the building reserve will be raised
8 in annual, equal installments;

9 (c)(iii) the total amount of money that will be raised
10 during the duration of time specified in subsection (1)(b)
11 (2)(a)(ii); and

12 (d)(iv) any other requirements under 20-20-201 for the
13 calling of an election.

14 (2)(b) The total amount of building reserve raised
15 through a levy when added to the outstanding indebtedness of
16 the district may not be more than the limitations provided
17 in 20-9-406. A building reserve tax authorization may not be
18 for more than 20 years.

19 (3)(c) The election must be conducted in accordance
20 with the school election laws of this title, and the
21 electors qualified to vote in the election must be qualified
22 under the provisions of 20-20-301. The ballot for a building
23 reserve proposition must be substantially in the following
24 form:

25 OFFICIAL BALLOT

SCHOOL DISTRICT BUILDING RESERVE ELECTION

INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words "BUILDING RESERVE--YES" if you wish to vote for the establishment of a building reserve (addition to the building reserve); if you are opposed to the establishment of a building reserve (addition to the building reserve) make an X or similar mark in the square before the words "BUILDING RESERVE--NO".

Shall the trustees be authorized to impose an additional levy each year for years to establish a building reserve (add to the building reserve) of this school district to raise a total amount of dollars (\$....), for the purpose(s) (here state the purpose or purposes for which the building reserve will be used)?

☐ BUILDING RESERVE--YES.

☐ BUILDING RESERVE--NO.

~~(4)~~(d) The building reserve proposition is approved if a majority of those electors voting at the election approve the establishment of or addition to the building reserve. The annual budgeting and taxation authority of the trustees for a building reserve is computed by dividing the total authorized amount by the specified number of years. The authority of the trustees to budget and impose the taxation for the annual amount to be raised for the building reserve lapses when, at a later time, a bond issue is approved by

the qualified electors of the district for the same purpose or purposes for which the building reserve fund of the district was established. Whenever a subsequent bond issue is made for the same purpose or purposes of a building reserve, the money in the building reserve must be used for such that purpose or purposes before any money realized by the bond issue is used.

(3) (a) The trustees of a district may establish or add to an established building reserve by transferring up to 6% of the district general fund budget to the building reserve if:

(i) the amount has been budgeted in the general fund for the school fiscal year; and

(ii) the trustees have established by resolution in the manner provided for in subsection (3)(b) a long-range plan for the use of the money within the authorized purposes of the building reserve.

(b) Whenever the trustees of a district decide to transfer a portion of the general fund budget to the building reserve as provided in subsection (3)(a), they shall notify the public of the intent to adopt a resolution proclaiming the transfer by publishing the notice at least one time in a newspaper that will give notice to the largest number of people in the district and by posting the notice at each schoolhouse of the district. The notice of the

intended resolution must state the facts constituting the long-range plan for the use of the money to be transferred and the time and place the board will meet for the purpose of discussing and adopting the resolution."

Section 2. Section 20-15-404, MCA, is amended to read:

"20-15-404. Trustees to adhere to certain other laws.

Unless the context clearly indicates otherwise, the trustees of a community college district shall adhere to:

(1) the teachers' retirement provisions of Title 19, chapter 4;

(2) the provisions of 20-1-201, 20-1-205, 20-1-211, and 20-1-212;

(3) the school property provisions of 20-6-604, 20-6-605, 20-6-621, 20-6-622, 20-6-624, 20-6-631, and 20-6-633 through 20-6-636;

(4) the adult education provisions of 20-7-701 through 20-7-713;

(5) the administration of finances provisions of 20-9-115, 20-9-134, 20-9-207, 20-9-208, 20-9-210, 20-9-215, 20-9-221 through 20-9-224, and 20-9-512;

(6) the school bond provisions of 20-9-401 through 20-9-412, 20-9-421 through 20-9-446, 20-9-451 through 20-9-456, and 20-9-461 through 20-9-465;

(7) the special purpose funds provisions of 20-9-502(1) and (2), 20-9-503, 20-9-507, 20-9-508, and 20-9-511;

(8) the educational cooperative agreements provisions of 20-9-701 through 20-9-704;

(9) the school elections provisions of Title 20, chapter 20;

(10) the students' rights provisions of 20-25-511 through 20-25-516; and

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

NEW SECTION. Section 3. Effective date. [This act] is effective July 1, 1993.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0105, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act allowing trustees of a school district to transfer up to 6 percent of the district general fund to the building reserve fund in order to encourage long-range planning for building and equipment expenditures.

ASSUMPTIONS:

1. The maximum amount that could be transferred under this legislation for each district is the lesser of 6% of the general fund budget or the unexpended portion of the general fund budget which in FY92 would have been \$10 million.
2. This would be further limited by availability of funds which in FY92 would have reduced the amount to approximately \$7.35 million available to transfer from the general fund to the building reserve.
3. Of the amount calculated above only districts which had a building reserve fund in FY92 would have been able to transfer funds to this fund. This would have allowed \$2.5 million to be transferred in fiscal FY92.
4. The \$2.5 million transferred would have reduced cash reappropriated in the general fund by a like amount. State GTB (guaranteed tax base) costs would increase by \$850,000 as a result of the reduction in cash reappropriated available to fund the general fund permissive amount.
5. FY94 amounts would follow the FY92 experience.
6. Transfers to the building reserve will increase by 20% in fiscal 1995 in response to this legislation. Districts will transfer \$3.0 million in fiscal 1995, thus reducing cash reappropriated in the general fund by a like amount. State GTB costs will increase by \$1,020,000 as a result of the reduction in cash reappropriated available to fund the general fund permissive amount.
7. Districts are not required to hold an election for a building reserve before transferring funds from the general fund to the building reserve fund.
8. As a result of the July 1, 1993 effective date, additional staff time at the Office of Public Instruction would be necessary in fiscal 1993 and 1994 to revise school district budget forms and financial manuals, provide training to school district staff on revisions, and reprogram budget reporting programs. The estimated cost would be \$16,258 for salary and benefits for a .5 FTE at Grade 15.

FISCAL IMPACT:

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
State Equalization Aid	412,316,700	413,166,700	850,000	421,257,200	422,277,200	1,020,000
Personal Services	0	16,258	16,258	0	0	0
Total	412,316,700	413,182,958	866,258	421,257,200	422,277,200	1,020,000

Funding:

School Equalization Account	412,316,700	413,182,958	866,258	421,257,200	422,277,200	1,020,000
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David Lewis 1-20-93
 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Ray Peck 1/20/93
 RAY PECK, PRIMARY SPONSOR DATE
 Fiscal Note for HB0105, as introduced

HB 105

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

School districts will be able to fund a limited number of building projects without voter approval provided the district trustees develop a long-range plan.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

1. Districts are more likely to establish or add to the building reserve if a transfer is allowed without voter approval. The districts will have greater flexibility in moving funds to meet priorities. Building maintenance and long-range planning are encouraged by this funding change.
2. As more districts respond to the opportunity to move year end budget balances to the building reserve fund by establishing reserve funds the impact on the state's cost of equalization will continue to increase.