

HOUSE BILL 177

Introduced by Bird, et al.

1/14	Introduced
1/14	Referred to Education & Cultural Resources
1/14	First Reading
1/15	Fiscal Note Requested
1/20	Hearing
1/20	Fiscal Note Received
1/20	Fiscal Note Printed
1/22	Tabled in Committee

1 House BILL NO. 177
 2 INTRODUCED BY Bird Town Black & White
 3 McLafferty, Thompson, Spring, Betts, Luster
 4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE
 5 FINANCIAL ACCOUNTING DUTIES OF THE COUNTY SUPERINTENDENT OF
 6 SCHOOLS AND TRANSFERRING THOSE DUTIES TO THE SUPERINTENDENT
 7 OF PUBLIC INSTRUCTION, COUNTY TREASURER, OR CLERKS OF THE
 8 SCHOOL DISTRICTS; AMENDING SECTIONS 7-6-2801, 17-3-213,
 9 20-3-106, 20-3-205, 20-6-415, 20-7-705, 20-9-113, 20-9-121,
 10 20-9-122, 20-9-131, 20-9-134, 20-9-141, 20-9-142, 20-9-151,
 11 20-9-152, 20-9-162, 20-9-164, 20-9-165, 20-9-206, 20-9-212,
 12 20-9-213, 20-9-302, 20-9-313, 20-9-332, 20-9-334, 20-9-335,
 13 20-9-344, 20-9-347, 20-9-351, 20-9-353, 20-9-369, 20-9-438,
 14 20-9-439, 20-9-501, 20-9-503, 20-9-506, 20-10-143,
 15 20-10-144, 20-10-145, 20-10-146, AND 20-10-147, MCA;
 16 REPEALING SECTIONS 20-3-208, 20-3-209, 20-9-211, AND
 17 20-9-348, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN
 18 APPLICABILITY DATE."

19
 20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

21 **Section 1.** Section 7-6-2801, MCA, is amended to read:

22 "7-6-2801. Management of school funds. The county
 23 treasurer must:

24 (1) keep all school money in a separate fund and keep a
 25 separate account of its disbursement to the several school

1 districts which that are entitled to receive it, according
 2 to the apportionment-of-the-county-superintendent-of-schools
 3 financial duties assigned to the county treasurer in Title
 4 20 and the appropriate rules of the superintendent of public
 5 instruction as authorized in Title 20;

6 (2) notify the county superintendent of public
 7 instruction of the amount of the county school fund in the
 8 county treasury subject to apportionment, whenever required,
 9 and inform him the superintendent of public instruction of
 10 the amount of school money belonging to any other fund
 11 subject to apportionment, or as otherwise provided by law;

12 (3) pay all warrants drawn on county or district school
 13 money, in accordance with the provisions of law, whenever
 14 such the warrants are countersigned by the district clerk
 15 and properly endorsed by the holders;

16 (4) make annually, during the month of September, a
 17 financial report for the preceding year ending August 31 to
 18 the county superintendent of public instruction, in such the
 19 form as is required by him the superintendent of public
 20 instruction."

21 **Section 2.** Section 17-3-213, MCA, is amended to read:

22 "17-3-213. Allocation to general road fund and
 23 countywide school levies. (1) The forest reserve funds so
 24 apportioned to each county must be apportioned by the county
 25 treasurer in each county as follows:

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

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

(i) county equalization for elementary schools provided for in 20-9-331; and

(ii) county equalization for high schools provided for in 20-9-333;

(iii) the county transportation fund provided for in 20-10-146; and

(iv) the elementary and high school district retirement fund obligations provided for in 20-9-501.

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

(3) In counties in which special road districts have been created according to law, the board of county commissioners shall distribute a proportionate share of the

66 2/3% of the total amount received for the general road fund to the special road districts within the county based upon the percentage that the total area of the road district bears to the total area of the entire county."

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

"20-3-106. Supervision of schools -- powers and duties.

The superintendent of public instruction has the general supervision of the public schools and districts of the state, and he shall perform the following duties or acts in implementing and enforcing the provisions of this title:

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

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

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

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

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

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

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

3 (8) generally supervise the school budgeting procedures
 4 prescribed by law in accordance with the provisions of
 5 20-9-102 and prescribe the school budget format in
 6 accordance with the provisions of 20-9-103 and 20-9-506;

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

10 (10) approve or disapprove the adoption of a district's
 11 budget amendment resolution under the conditions prescribed
 12 in 20-9-163 and adopt rules for an application for
 13 additional state aid for a budget amendment in accordance
 14 with the approval and disbursement provisions of 20-9-166;

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

17 (12) prescribe and furnish the annual report forms to
 18 enable the districts to report to the county superintendent
 19 of public instruction in accordance with the provisions of
 20 20-9-213(5) (6) and the annual report forms to enable the
 21 county superintendents to report to the superintendent of
 22 public instruction in accordance with the provisions of
 23 20-3-209;

24 (13) approve, disapprove, or adjust an increase of the
 25 average number belonging (ANB) in accordance with the

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

2 (14) distribute state equalization aid in support of the
 3 foundation program and guaranteed tax base aid, in
 4 accordance with the provisions of 20-9-331, 20-9-333,
 5 20-9-342, 20-9-346, 20-9-347, and 20-9-366 through 20-9-369;

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

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

11 (17) approve or disapprove an adult education program
 12 for which a district proposes to levy a tax in accordance
 13 with the provisions of 20-7-705;

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

16 (19) authorize the use of federal money for the support
 17 of an interlocal cooperative agreement in accordance with
 18 the provisions of 20-9-703 and 20-9-704;

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

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

25 (22) recommend standards of accreditation for all

1 schools to the board of public education and evaluate
 2 compliance with the standards and recommend accreditation
 3 status of every school to the board of public education in
 4 accordance with the provisions of 20-7-101 and 20-7-102;
 5 (23) collect and maintain a file of curriculum guides
 6 and assist schools with instructional programs in accordance
 7 with the provisions of 20-7-113 and 20-7-114;
 8 (24) establish and maintain a library of visual, aural,
 9 and other educational media in accordance with the
 10 provisions of 20-7-201;
 11 (25) license textbook dealers and initiate prosecution
 12 of textbook dealers violating the law in accordance with the
 13 provisions of the textbooks part of this title;
 14 (26) as the governing agent and executive officer of the
 15 state of Montana for K-12 vocational education, adopt the
 16 policies prescribed by and in accordance with the provisions
 17 of 20-7-301;
 18 (27) supervise and coordinate the conduct of special
 19 education in the state in accordance with the provisions of
 20 20-7-403;
 21 (28) administer the traffic education program in
 22 accordance with the provisions of 20-7-502;
 23 (29) administer the school food services program in
 24 accordance with the provisions of 20-10-201, 20-10-202, and
 25 20-10-203;

1 (30) review school building plans and specifications in
 2 accordance with the provisions of 20-6-622;
 3 (31) prescribe the method of identification and signals
 4 to be used by school safety patrols in accordance with the
 5 provisions of 20-1-408;
 6 (32) provide schools with information and technical
 7 assistance for compliance with the student assessment rules
 8 provided for in 20-2-121 and collect and summarize the
 9 results of the student assessment for the board of public
 10 education and the legislature;
 11 (33) administer the distribution of guaranteed tax base
 12 aid for county retirement levy obligations in accordance
 13 with 20-9-366 through 20-9-369; and
 14 (34) perform any other duty prescribed from time to time
 15 by this title, any other act of the legislature, or the
 16 policies of the board of public education."
 17 **Section 4.** Section 20-3-205, MCA, is amended to read:
 18 **"20-3-205. Powers and duties.** The county superintendent
 19 has general supervision of the schools of the county within
 20 the limitations prescribed by this title and shall perform
 21 the following duties or acts:
 22 (1) determine, establish, and reestablish trustee
 23 nominating districts in accordance with the provisions of
 24 20-3-352, 20-3-353, and 20-3-354;
 25 (2) administer and file the oaths of members of the

1 boards of trustees of the districts in his the county in
2 accordance with the provisions of 20-3-307;

3 (3) register the teacher or specialist certificates or
4 emergency authorization of employment of any person employed
5 in the county as a teacher, specialist, principal, or
6 district superintendent in accordance with the provisions of
7 20-4-202;

8 (4) act on each tuition application submitted to him in
9 accordance with the provisions of 20-5-301, 20-5-302,
10 20-5-304, and 20-5-311 and transmit the tuition information
11 required by 20-5-312;

12 (5) file a copy of the audit report for a district in
13 accordance with the provisions of 20-9-203;

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

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

19 (8) fulfill all responsibilities assigned to him the
20 county superintendent under the provisions of this title
21 regulating the organization, alteration, or abandonment of
22 districts;

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

1 (10) estimate-the-average-number-belonging-{ANB}--of--an
2 opening---school---in--accordance--with--the--provisions--of
3 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

4 {11}-process-and, when-required, act-on-school-isolation
5 applications-in-accordance-with-the-provisions-of-20-9-302;

6 {12}-complete-the-budgets, compute-the-budgeted-revenues
7 and-tax-levies, file-final-budgets--and--budget--amendments,
8 and-fulfill-other-responsibilities-assigned-to-him-under-the
9 provisions---of---this--title--regulating--school--budgeting
10 systems;

11 {13}-submit--an---annual---financial---report---to---the
12 superintendent--of-public-instruction-in-accordance-with-the
13 provisions-of-20-9-211;

14 {14}-monthly, unless-otherwise-provided--by--law,--order
15 the-county-treasurer-to-apportion-state-money, county-school
16 money,--and--any-other-school-money-subject-to-apportionment
17 in-accordance-with-the--provisions--of--20-9-212,--20-9-334,
18 20-9-347, 20-10-145, or 20-10-146;

19 {15}-act--on--any--request--to--transfer--average-number
20 belonging--{ANB}--in--accordance--with--the--provisions---of
21 20-9-313{3};

22 {16}-calculate---the--estimated--budgeted--general--fund
23 sources-of-revenue-in--accordance--with--the--provisions--of
24 20-9-340--and--the--other-general-fund-revenue-provisions-of
25 the-general-fund-part-of-this-title;

1 ~~{17}-compute-the-revenues-and-the--district--and--county~~
 2 ~~levy--requirements-for-each-fund-included-in-each-district's~~
 3 ~~final-budget-and-report-the-computations--to--the--board--of~~
 4 ~~county--commissioners--in--accordance-with-the-provisions-of~~
 5 ~~the-general-fund,-transportation,-bonds,-and--other--school~~
 6 ~~funds-parts-of-this-title;~~

7 ~~{18}~~ file and forward bus driver certifications,
 8 transportation contracts, and state transportation
 9 reimbursement claims in accordance with the provisions of
 10 20-10-103, 20-10-143, or 20-10-145;

11 ~~{19}{11}~~ for districts that do not employ a district
 12 superintendent or principal, recommend library book and
 13 textbook selections in accordance with the provisions of
 14 20-7-204 or 20-7-602;

15 ~~{20}{12}~~ notify the superintendent of public instruction
 16 of a textbook dealer's activities when required under the
 17 provisions of 20-7-605 and otherwise comply with the
 18 textbook dealer provisions of this title;

19 ~~{21}{13}~~ act on district requests to allocate federal
 20 money for indigent children for school food services in
 21 accordance with the provisions of 20-10-205;

22 ~~{22}{14}~~ perform any other duty prescribed from time to
 23 time by this title, any other act of the legislature, the
 24 policies of the board of public education, the policies of
 25 the board of regents relating to community college

1 districts, or the rules of the superintendent of public
 2 instruction;

3 ~~{23}{15}~~ administer the oath of office to trustees
 4 without the receipt of pay for administering the oath;

5 ~~{24}{16}~~ keep a record of his official acts of the
 6 county superintendent, preserve all reports submitted to him
 7 under the provisions of this title, preserve all books and
 8 instructional equipment or supplies, keep all documents
 9 applicable to the administration of the office, and
 10 surrender all records, books, supplies, and equipment to his
 11 a successor;

12 ~~{25}-within-90-days-after-the-close-of-the-school-fiscal~~
 13 ~~year,-publish-an-annual-report--in-the--county--newspaper~~
 14 ~~stating--the--following-financial-information-for-the-school~~
 15 ~~fiscal-year-just-ended-for-each-district-of-the-county;~~

16 ~~{a}--the--total--of--the--cash--balances--of--all--funds~~
 17 ~~maintained-by-the-district-at-the-beginning-of-the-year;~~

18 ~~{b}--the-total-receipts-that-were-realized-in-each--fund~~
 19 ~~maintained-by-the-district;~~

20 ~~{c}--the--total--expenditures--that--were-made-from-each~~
 21 ~~fund-maintained-by-the-district;and~~

22 ~~{d}--the--total--of--the--cash--balances--of--all--funds~~
 23 ~~maintained-by-the-district-at-the-end-of-the--school--fiscal~~
 24 ~~year;and~~

25 ~~{26}{17}~~ hold meetings for the members of the trustees

from time to time at which matters for the good of the districts must be discussed."

Section 5. Section 20-6-415, MCA, is amended to read:

"20-6-415. Cash disposition when new elementary district created. Whenever a new district is created under the provisions of 20-6-217, the end-of-the-year cash balance in each fund of each district having territory that has been placed in the new district, except the debt service fund, ~~shall must~~ be apportioned by the county superintendent treasurer on the basis of the proportion that the number of school children residing in the new district is of the total number of school children residing in the old district before the creation of the new district. After the new district has operated a school for 1 month, the county ~~superintendent-shall-order-the~~ county treasurer to shall transfer the cash to which the new district is entitled to the credit of the fund of the new district which that corresponds with the fund from which it was transferred. The new district ~~shall may~~ not assume any debts of the old district other than existing bonded indebtedness which that remains an obligation against the taxable property of the territory included in the new district."

Section 6. Section 20-7-705, MCA, is amended to read:

"20-7-705. Adult education fund. (1) A separate adult education fund must be established when an adult education

program is operated by a district or community college district. The financial administration of the fund must comply with the budgeting, financing, and expenditure provisions of the laws governing the schools.

(2) Whenever the trustees of a district establish an adult education program under the provisions of 20-7-702, they shall establish an adult education fund under the provisions of this section. The adult education fund is the depository for all district money received by the district in support of the adult education program. Federal and state adult education program money must be deposited in the miscellaneous programs fund.

(3) The trustees of a district may authorize the levy of a tax of not more than 1 mill on the district, except that trustees of a county high school district that is not unified with an elementary district or of a K-12 school district formed under the provisions of 20-6-701 may authorize a levy of not more than 2 mills on the district, for the operation of an adult education program when the superintendent of public instruction has approved the educational program to be supported by the levy. The trustees shall obtain the approval of the superintendent of public instruction before the fourth Monday of June in order to include the expenditures to be financed by the levy in the preliminary budget. The superintendent of public

1 instruction shall promulgate rules and forms for the
2 approval.

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

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

19 **Section 7.** Section 20-9-113, MCA, is amended to read:

20 "20-9-113. Preparation and adoption of preliminary
21 budget by trustees. (1) The trustees of each a district
22 shall meet at their regular place of meeting at any time
23 from February 1 through the fourth Monday in June, at the
24 discretion of the board, to adopt a preliminary budget for
25 the next ensuing school fiscal year. This budget meeting may

1 be continued from day to day but ~~shall~~ may not exceed 5 days
2 in total. Any taxpayer in the district may attend ~~such~~ the
3 meeting and be heard in regard to the preliminary budget or
4 any item or amount proposed to be included in ~~such~~ the
5 budget. The preliminary budget ~~shall~~ must include all funds
6 ~~which that~~ require the adoption of a budget and ~~which that~~
7 the trustees wish to utilize during the ensuing year.

8 (2) The proposed expenditures adopted as the
9 preliminary budget ~~shall~~ must be entered on the appropriate
10 portion of the budget form. The amount of the preliminary
11 general fund budget for a district ~~shall~~ may not exceed the
12 foundation program of ~~such~~ the district except in the manner
13 permitted by the laws of Montana. If any appropriation item
14 of the preliminary budget provides for the payment of wages
15 or salaries to more than one person, the district shall
16 attach to the preliminary budget a separate listing of each
17 position of employment with the budgeted amount of
18 compensation for each position.

19 (3) After the adoption of the preliminary budget by the
20 trustees, the chairman presiding officer of the board of
21 trustees and the clerk of the district shall sign the budget
22 form, and it ~~shall-constitute~~ is the preliminary budget for
23 the district. The trustees shall ~~send-both~~ make available to
24 the public copies of the adopted preliminary budget, with
25 all appendages and any other information required by law, ~~to~~

1 ~~the--county--superintendent-on-or-before-the-fifth-day-after~~
2 ~~the-fourth-Monday-of-June.~~

3 (4) At least 2 weeks before the first meeting day on
4 adoption of a preliminary budget for the ensuing school
5 fiscal year, as required by this section, the trustees of a
6 district shall publish a notice of the meeting at least one
7 time in a newspaper of general circulation in the district.
8 The notice must state that any taxpayer in the district may
9 attend the meeting and be heard on the preliminary budget."

10 **Section 8.** Section 20-9-121, MCA, is amended to read:

11 "20-9-121. County treasurer's statement of cash
12 balances and bond information. (1) By July 10, the county
13 treasurer shall prepare a statement for each district
14 showing the amount of cash on hand for each fund maintained
15 by the district and the amount of the outstanding
16 obligations against each fund at the close of the last
17 completed school fiscal year. The county treasurer shall
18 also include on each district's statement the details on the
19 obligation for bond retirement and interest for the school
20 fiscal year just beginning. The format of the statement on
21 fund cash balances and bond information ~~shall~~ must be
22 prescribed by the superintendent of public instruction.

23 (2) By July 10, the county treasurer shall prepare a
24 statement for each county school fund supported by
25 countywide levies, showing the amount of cash on hand at the

1 beginning of the school fiscal year, the receipts and
2 apportionments, and the amount of cash on hand at the end of
3 the school fiscal year, for each county school fund
4 maintained during the immediately preceding school fiscal
5 year. The format of this statement ~~shall~~ must be prescribed
6 by the superintendent of public instruction.

7 (3) On or before July 10, the county treasurer shall
8 deliver the statements of district and county fund cash
9 balances and the bond information ~~for to~~ each district to
10 ~~the--county--superintendent--who--shall--attach--such.~~ The
11 district shall attach the statements to the applicable
12 district's preliminary budget."

13 **Section 9.** Section 20-9-122, MCA, is amended to read:

14 "20-9-122. Statement of district, city, and town
15 valuations. (1) By the second Monday of July, the department
16 of revenue or its agent in each county shall, at the time of
17 delivering the completed assessment book to the county clerk
18 under the provisions of 15-8-705, also deliver to ~~the-county~~
19 ~~superintendent-and-to~~ each city clerk, or town clerk, and
20 school district clerk a statement showing separately for
21 each district and each city or town in ~~his~~ the county the
22 total assessed value and the total taxable value of all
23 property in ~~such~~ the districts, cities, or towns, as these
24 valuations appear in ~~such~~ the completed assessment book.

25 (2) The county clerk shall, after the second Monday in

1 August and before or at the time of delivering the
 2 assessment book to the department of revenue or its agent
 3 under the provisions of 15-10-306, prepare a statement
 4 showing separately for each district and each city or town
 5 in his the county the total assessed value and the total
 6 taxable value of all property in such the districts, cities,
 7 or towns, as these valuations appear in the assessment book
 8 after amendments, corrections, and additions made by the
 9 state and county tax appeal boards and entered on the
 10 assessment book. The county clerk shall immediately deliver
 11 a copy of his the statement of assessed and taxable values
 12 ~~for districts to the county superintendent and a copy of~~
 13 ~~those portions of such statement for~~ each city, and town,
 14 and school district to the appropriate city clerk, or town
 15 clerk, and school district clerk.

16 (3) In the case of a joint school district, the
 17 department of revenue or its agent and the county clerk
 18 shall, at the time of delivering their respective statements
 19 to the county superintendent school district clerks, send a
 20 statement of the assessed value and taxable value of the
 21 portion of the joint school district situated in their each
 22 ~~county to the county superintendents and~~ to the county
 23 commissioners of each county in which a part of the joint
 24 school district is situated."

25 **Section 10.** Section 20-9-131, MCA, is amended to read:

1 "20-9-131. Final budget meeting. (1) On the fourth
 2 Monday in July, at the time and place noticed pursuant to
 3 20-9-115, the trustees of each district shall meet to
 4 consider the preliminary budget ~~submitted to or prepared by~~
 5 ~~the county superintendent~~, including all information and any
 6 attachments required by law.

7 (2) The trustees may continue the meeting from day to
 8 day but shall adopt the final budget for the district and
 9 determine the amounts to be raised by tax levies for the
 10 district not later than the second Monday in August and
 11 before the fixing of the tax levies for each district. Any
 12 taxpayer in the district may attend any portion of the
 13 trustees' meeting and be heard on the budget of such the
 14 district or on any item or amount contained in such the
 15 budget."

16 **Section 11.** Section 20-9-134, MCA, is amended to read:

17 "20-9-134. Completion, filing, and delivery of final
 18 budgets. After the final budget of the elementary, high
 19 school, or community college district has been adopted by
 20 the trustees, the county superintendent district clerk shall
 21 complete all the remaining portions of the budget forms and
 22 shall:

23 (1) send the final budget information to the
 24 superintendent of public instruction, on the forms provided
 25 by the superintendent, on or before September 1;

(2) in the case of the community college districts, send the final budget information to the board of regents, on the forms provided by the community college coordinator, on or before September 1; and

(3) deliver a copy of the final budget for the district to the county treasurer on or before September 1."

Section 12. Section 20-9-141, MCA, is amended to read:

"20-9-141. Computation of general fund net levy requirement by county superintendent. (1) The county superintendent district clerk, in consultation with the county assessor, shall compute the levy requirement for each district's general fund on the basis of the following procedure:

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

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

(ii) any additional general fund budget amount adopted by the trustees of the district under the provisions of 20-9-145 and 20-9-353, including any additional levies authorized by the electors of the district.

(b) Determine the money available for the reduction of the property tax on the district for the general fund by

totaling:

(i) anticipated federal money received under the provisions of Title I of Public Law 81-874 or other anticipated federal money received in lieu of that federal act;

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

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

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

(v) anticipated or reappropriated 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;

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

(vii) anticipated revenue from local government severance taxes as provided in 15-36-112;

(viii) anticipated revenue from coal gross proceeds under 15-23-703;

(ix) anticipated interest to be earned or reappropriated interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4);

(x) anticipated revenue from corporation license taxes

collected from financial institutions under the provisions of 15-31-702; and

(xi) any other revenue anticipated by the trustees to be received during the ensuing school fiscal year that may be used to finance the general fund, excluding any guaranteed tax base aid.

(c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from any additional general fund budget amount adopted by the trustees of the district as the permissive amount under the provisions of 20-9-145 to determine the general fund permissive net levy requirement.

(d) Subtract any amount remaining after the determination in subsection (1)(c) from any additional funding requirement to be met by a district as provided in 20-9-303 and 20-9-353 to determine the additional general fund levy requirement.

(2) The county--superintendent district clerk shall calculate the number of mills to be levied on the taxable property in the district to finance the general fund permissive net levy requirement by dividing the amount determined in subsection (1)(c) by the sum of:

(a) the amount of guaranteed tax base aid that the district will receive for each mill levied, as certified by

the superintendent of public instruction; and

(b) the taxable valuation of the district divided by 1,000.

(3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported to the county commissioners on the second Monday of August by the county superintendent district clerk as the general fund permissive net levy requirement and the additional general fund levy requirement for the district, and a levy must be set by the county commissioners in accordance with 20-9-142."

Section 13. Section 20-9-142, MCA, is amended to read:

"20-9-142. Fixing and levying taxes by board of county commissioners. On the second Monday in August, the county superintendent district clerk shall place before the board of county commissioners the final adopted budget of the district. It is the duty of the board of county commissioners to fix and levy on all the taxable value of all the real and personal property within the district all district and county taxation required to finance, within the limitations provided by law, the final budget."

Section 14. Section 20-9-151, MCA, is amended to read:

"20-9-151. Budgeting procedure for joint districts. (1) The trustees of a joint district shall adopt a budget according to the school budgeting laws and send a copy of such the budget to the county-superintendent-of-each--county

1 in---which---a---part---of---the---joint---district---is---located
 2 superintendent of public instruction. After approval by the
 3 trustees of the joint district the final budgets of joint
 4 districts shall be filed in the office of the county
 5 superintendent treasurer of each county in which a part of a
 6 joint district is located.

7 (2) The ~~county-superintendents-receiving-the-budget-of~~
 8 ~~a-joint-district-shall-jointly~~ district clerk shall compute
 9 the estimated budget revenues revenue and determine the
 10 number of mills which that need to be levied in the joint
 11 district for each fund for which a levy is to be made. The
 12 ~~superintendent--of--public--instruction--shall--establish--a~~
 13 ~~communication-procedure-to-facilitate-the--joint--estimation~~
 14 ~~of-revenues-and-determination-of-the-tax-levies-~~

15 (3) After determining, in accordance with law, the
 16 number of mills which that need to be levied for each fund
 17 included on the final budget of the joint district, a joint
 18 statement of the required mill levies shall must be prepared
 19 and signed by the county-superintendents trustees involved
 20 in the computation. A copy of the statement shall must be
 21 delivered to the board of county commissioners of each
 22 county in which a part of the joint district is located not
 23 later than the Friday immediately preceding the second
 24 Monday in August."

25 **Section 15.** Section 20-9-152, MCA, is amended to read:

1 "20-9-152. Fixing and levying taxes for joint
 2 districts. (1) At the time of fixing levies for county and
 3 school purposes on the second Monday in August, the board of
 4 county commissioners of each county in which a part of a
 5 joint district is located shall fix and levy taxes on that
 6 portion of the joint district located in such the board's
 7 county at the number of mills for each such levy recommended
 8 by the joint statement of the county--superintendents
 9 district clerks.

10 (2) The board of county commissioners shall include in
 11 the amounts to be raised by the county levies for schools
 12 all the amounts required for the final budget of each part
 13 of a joint district located in the county, in accordance
 14 with the recommendations of the county---superintendent
 15 district clerk."

16 **Section 16.** Section 20-9-162, MCA, is amended to read:

17 "20-9-162. Authorization for budget amendment adoption.

18 (1) Notwithstanding the provisions of subsections (2) and
 19 (3), a budget amendment may be adopted at any time of the
 20 school fiscal year, except that a budget amendment required
 21 by an enrollment increase that could not have been
 22 anticipated at the time of the adoption of the regular
 23 budget as provided in 20-9-161(1) may not be adopted until
 24 after October 1.

25 (2) If a budget amendment for the reasons provided in

20-9-161(1) through (4) does not cause the district general fund budget to exceed the limitations in 20-9-315, the trustees may approve the budget amendment by a resolution as provided in 20-9-163. The trustees shall send a copy of the resolution to the county superintendent treasurer and to the board of county commissioners of the county.

(3) The trustees shall submit the following to the superintendent of public instruction for approval in the manner provided in 20-9-163:

(a) a budget amendment for the reasons provided in 20-9-161(5) and (6); and

(b) a budget amendment for any reason provided in 20-9-161(1) through (4) that causes the district general fund budget to exceed the limitations in 20-9-315."

Section 17. Section 20-9-164, MCA, is amended to read:

"20-9-164. Notice of budget amendment resolution. A copy of the budget amendment resolution must be published one time in a newspaper that will give notice to the largest number of people of the district as determined by the trustees, and a copy of the resolution must be posted at each schoolhouse of the district. A copy of the budget amendment resolution must also be delivered to the county superintendent treasurer and to the county clerk as the clerk of the board of county commissioners of the county. The publication, posting, and delivery of the resolution

must be done not less than 1 week before the day specified in the resolution for the consideration and adoption of a budget amendment."

Section 18. Section 20-9-165, MCA, is amended to read:

"20-9-165. Budget amendment limitation, preparation, and adoption procedures. (1) The meeting of the trustees to consider and adopt a budget amendment must be open to the public, and any taxpayer in the district has the right to appear and be heard. If at the meeting a majority of the trustees present find that there is sufficient need for a budget amendment, the trustees may make and adopt a preliminary budget amendment, on the regular budget form, setting forth fully the facts constituting the need for the budget amendment. In adopting the preliminary budget amendment, the trustees may budget for any fund that was included on the final budget of the district for the current school fiscal year. The budget must be itemized to show the amount appropriated for each item as required on the budget form.

(2) When the budget amendment is the result of increased enrollment, the maximum amount of the budget amendment for all funds must be determined in the following manner:

(a) Determine the total amount in the final budget for the current school fiscal year of all funds affected by the

enrollment increase, less any amounts appropriated as capital outlay and any amount appropriated for addition to the operating reserve.

(b) Divide the amount determined in subsection (2)(a) by the number of pupils originally enrolled in the district during the immediately preceding school fiscal year. The resulting cost per pupil is the maximum permissible per-pupil expenditure in the budget amendment.

(c) Determine the enrollment increase of the current school fiscal year by subtracting the number of pupils originally enrolled during the immediately preceding school fiscal year from the number of pupils enrolled for the current school year. The result is the enrollment increase for the current school fiscal year.

(d) Multiply the cost per pupil determined in subsection (2)(b) by the enrollment increase determined in subsection (2)(c). The result is the maximum limitation on a budget amendment for amendments resulting from increased enrollment.

(3) For other types of budget amendments, the budget amendment is limited to the expenditures considered by the trustees to be reasonable and necessary to finance the conditions of the budget amendment and the preliminary budget amendment must include the details of the proposed expenditures.

(4) Whenever the trustees adopt a preliminary budget amendment for the transportation fund, the trustees shall attach to the budget amendment a copy of each transportation contract that is connected with the budget amendment and that has been prepared and executed in accordance with the school transportation contract laws.

(5) After the trustees have adopted the budget amendment by a majority vote of the trustees, it must be signed by the chairman of the trustees and the clerk of the district and copies must be sent to the county superintendent, the county treasury, and the superintendent of public instruction."

Section 19. Section 20-9-206, MCA, is amended to read:

"20-9-206. Entering appropriations on accounting records of county treasurer. (1) When the county treasurer receives the final budgets budget of the--districts a district from the county-superintendent district clerk, he the county treasurer shall open a fund for each budgeted fund included on the final budget of each the district by entering the amount appropriated for the fund on his the accounting record.

(2) Whenever the county treasurer receives a final budget amendment for a district from the county superintendent district clerk, he the county treasurer shall increase the amount of the regularly adopted final budget by

the amount of the final budget amendment."

Section 20. 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 apportionment to the several districts which that are entitled to a portion of the money according to the apportionments ordered by the county superintendent of public instruction. A separate accounting must be maintained for each county fund supported by a countywide levy for a specific, authorized purpose, including:

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

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

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

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

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

(2) whenever requested, notify the county superintendent--and the superintendent of public instruction

of the amount of county school money on deposit in each of the funds enumerated in subsection (1) of this section and the amount of any other school money subject to apportionment and apportion the county and other school money to the districts in accordance with the apportionment ordered by the county superintendent of public instruction under the provisions of 20-9-347, 20-10-145, or this section;

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

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

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

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

(7) send all revenue received for a joint district,

part of which is situated in ~~his~~ the county, to the county treasurer designated as the custodian of the revenue, no later than December 15 of each year and every 3 months thereafter until the end of the school fiscal year;

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

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

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

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

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

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

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

Section 21. Section 20-9-213, MCA, is amended to read:

"20-9-213. Duties of trustees. The trustees of each a district ~~shall have the sole power and authority~~ are

1 authorized to transact all fiscal business and execute all
2 contracts in the name of the district. No person other than
3 the trustees acting as a governing board may expend money of
4 the district. In conducting the fiscal business of the
5 district, the trustees shall:

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

13 (2) authorize all expenditures of district money and
14 cause warrants to be issued for the payment of lawful
15 obligations;

16 (3) issue warrants on any budgeted fund in anticipation
17 of budgeted revenues, except that the expenditures may not
18 exceed the amount budgeted for the fund;

19 (4) invest any money of the district, whenever in the
20 judgment of the trustees the investment would be
21 advantageous to the district, by directing the county
22 treasurer to invest any money of the district in direct
23 obligations of the United States government; in savings or
24 time deposits in a state or national bank, building or loan
25 association, savings and loan association, or credit union

1 insured by the FDIC, FSLIC, or NCUA located in the state; or
2 in a repurchase agreement as authorized in 7-6-213. All
3 interest collected on the deposits or investments must be
4 credited to the fund from which the money was withdrawn,
5 except that interest earned on account of the investment of
6 money realized from the sale of bonds must be credited to
7 the debt service fund or the building fund, at the
8 discretion of the board of trustees. The placement of the
9 investment by the county treasurer is not subject to ratable
10 distribution laws and must be done in accordance with the
11 directive from the board of trustees. A district may invest
12 money under the state unified investment program established
13 in Title 17, chapter 6.

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

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

1 ~~each--county--in--which--part--of--the--joint--district---is~~
2 ~~situated;~~

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

6 (8) cause the accounting records of the district to be
7 audited as required by 2-7-503; and

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

11 **Section 22.** Section 20-9-302, MCA, is amended to read:

12 **"20-9-302. School isolation.** (1) The trustees of any
13 district operating an elementary school of less than 10 ANB
14 or a high school of less than 25 ANB for 2 consecutive years
15 shall apply to have the school classified as an isolated
16 school. ~~The-application-shall-be-submitted-by--the--trustees~~
17 ~~to--the--county--superintendent--by--May--1--of--the--second~~
18 ~~consecutive--year--that--enrollment--falls--below--the--amount~~
19 ~~specified-in-this-subsection.~~ Such The application shall
20 must include:

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

24 (b) a description of conditions affecting
25 transportation such as poor roads, mountains, rivers, or

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

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

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

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

instruction may collect, ~~on--his--own--initiative~~ or other information as appropriate. No ~~An~~ elementary or high school ~~shall~~ may not be considered an isolated school until the approval of the superintendent of public instruction has been received."

Section 23. Section 20-9-313, MCA, is amended to read:

"20-9-313. Circumstances under which the regular average number belonging may be increased. The average number belonging of a school, calculated in accordance with the ANB formula prescribed in 20-9-311, may be increased when:

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

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

(3) a district anticipates an increase in the average

number belonging due to the closing of any private or public school in the district or a neighboring district. The estimated increase in average number belonging must be established by the trustees ~~and the county superintendent~~ and approved, disapproved, or adjusted by the superintendent of public instruction no later than the fourth Monday in June.

(4) a district anticipates an unusual enrollment increase in the ensuing school fiscal year. The increase in average number belonging must be based on estimates of increased enrollment approved by the superintendent of public instruction and must be computed in the manner prescribed by 20-9-314.

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

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

(7) a high school district provides early graduation for any student who completes graduation requirements in less than eight semesters or the equivalent amount of secondary school enrollment or when a high school district provides early graduation for a class of students who have completed the requirements for graduation after 175 pupil-instruction days in the 12th grade. The increase must be established by the trustees as though the student had attended to the end of the school fiscal year and must be approved, disapproved, or adjusted by the superintendent of public instruction."

Section 24. Section 20-9-332, MCA, is amended to read:

"20-9-332. Fines and penalties proceeds for elementary county equalization. All fines and penalties collected under the provisions of this title, except those collected by a justice's court, ~~shall~~ must be paid into the county elementary equalization fund as provided by 20-9-331(2)(c). In order to implement this section and any other provision of law requiring the deposit of fines in the elementary county equalization fund, a report ~~shall~~ must be made to the county superintendent treasurer of the county, at the close of each term, by the clerk of each district court, reporting all fines imposed and collected during the term and indicating the type of violation and the date of collection."

Section 25. Section 20-9-334, MCA, is amended to read:

"20-9-334. Apportionment--of-county-equalization-moneys -- Deduction for high school out-of-county tuition obligations. ~~{1}--The-county-superintendent-shall-calculate the-apportionment-of-revenues-deposited-in-the-basic-county tax-account-and-the-revenues-deposited-in-the-basic-special tax-for-high-schools-account-to-the-several-districts-of-the county.--The-apportionments--shall--be--known--as--"county equalization-moneys"~~

~~{2}--The-county--superintendent--shall--direct--the~~ The county treasurer to shall deduct from the revenues revenue 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 26. Section 20-9-335, MCA, is amended to read:

"20-9-335. Formula for apportionment of county equalization moneys money. (1) The county superintendent treasurer shall calculate the apportionment of revenue available in the basic county tax account and in the basic special tax for high schools account in accordance with the following procedure:

(a) determine the percentage that the county equalization moneys money available for the support of the

1 elementary foundation program of the districts in the county
2 is of the total elementary foundation program of all
3 districts in the county;

4 (b) multiply the elementary foundation program amount
5 of each district by the percentage determined in subsection
6 (1)(a) ~~above~~ to determine the portion of the county
7 equalization ~~moneys~~ money available to each school district.

8 (2) The ~~above~~ procedure ~~shall in subsection (1) must~~
9 also be applied for the high school foundation program after
10 the deduction of the county's obligation for high school
11 out-of-county tuition.

12 (3) Territory situated within a county may not be
13 excluded from the calculations of the county equalization
14 ~~moneys~~ money under this section solely because the territory
15 lies within the boundaries of a joint district. Cash
16 balances to the credit of any district at the end of a
17 school fiscal year may not be considered in the
18 apportionment procedure prescribed in this section.

19 (4) The county equalization ~~moneys~~ money reported under
20 these procedures ~~are~~ is the first source of revenue for
21 financing the elementary and high school foundation program
22 payments."

23 **Section 27.** Section 20-9-344, MCA, is amended to read:

24 "20-9-344. Purpose of state equalization aid and duties
25 of board of public education for distribution. (1) The money

1 available for state equalization aid must be distributed and
2 apportioned to provide:

3 (a) an annual minimum operating revenue for the
4 elementary and high schools in each county, exclusive of
5 revenues required for debt service and for the payment of
6 any costs and expense incurred in connection with any adult
7 education program, recreation program, school food services
8 program, new buildings and grounds, and transportation; and

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

11 (2) The board of public education shall administer and
12 distribute the state equalization aid and state advances for
13 county equalization in the manner and with the powers and
14 duties provided by law. To this end, the board of public
15 education shall:

16 (a) adopt policies for regulating the distribution of
17 state equalization aid and state advances for county
18 equalization in accordance with the provisions of law;

19 (b) have the power to require reports from the county
20 superintendents, budget boards, county treasurers, and
21 trustees as it considers necessary; and

22 (c) order the superintendent of public instruction to
23 distribute the state equalization aid on the basis of each
24 district's annual entitlement to the aid as established by
25 the superintendent of public instruction. In ordering the

1 distribution of state equalization aid, the board of public
2 education may not increase or decrease the state
3 equalization aid distribution to any district on account of
4 any difference that may occur during the school fiscal year
5 between budgeted and actual receipts from any other source
6 of school revenue.

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

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

14 (b) maintain accredited status.

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

20 (5) If a district or county receives more state
21 equalization aid than it is entitled to, the county
22 treasurer shall return the overpayment to the state upon the
23 request of the superintendent of public instruction in the
24 manner prescribed by the superintendent of public
25 instruction.

1 (6) Except as provided in 20-9-347(3), the foundation
2 program payment and guaranteed tax base aid payment must be
3 distributed according to the following schedule:

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

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

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

12 (d) in June of:

13 (i) the 1993 school fiscal year, one-half of the
14 remaining foundation program payment of each district and on
15 July 15, 1993, the remaining school fiscal year 1993
16 foundation program payment of each district; and

17 (ii) the school fiscal year, the remaining foundation
18 program payment to each district.

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

22 **Section 28.** 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 --
25 exceptions. (1) The superintendent of public instruction

1 shall apportion the state equalization aid available for
2 support of the foundation program, individually for the
3 elementary districts of a county or the high school
4 districts of a county, in accordance with 20-9-346 and on
5 the basis of the following procedure:

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

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

18 (c) Counties in which the percentage determined in
19 subsection (1)(b) exceeds the percentage determined in
20 subsection (1)(a) are not entitled to an apportionment of
21 the state equalization aid in support of the foundation
22 program.

23 (d) After elimination of the counties referred to in
24 subsection (1)(c), determine the percentage that the total
25 money available to all remaining counties in support of the

1 foundation program (including the state money available for
2 state equalization aid in support of the foundation program)
3 is of the total amount of the foundation programs of all
4 remaining counties.

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

12 (2) The superintendent of public instruction shall:

13 (a) supply the county treasurer ~~and the county~~
14 ~~superintendent~~ with a report of the apportionments of state
15 equalization aid in support of the foundation program of
16 each district of the county, and the state equalization aid
17 in support of the foundation program must be apportioned to
18 the districts in accordance with the report;

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

24 (c) adopt rules to implement the provisions of
25 subsection (2)(b).

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

(b) To qualify for an adjustment in the payment schedule, a district shall demonstrate to the superintendent of public instruction, in the manner required by the office, that the payment schedule prescribed in 20-9-344 will result in insufficient money available in all funds of the district to make payment of the district's warrants. The county treasurer shall confirm the anticipated deficit. Nothing in this section may be construed to authorize the superintendent of public instruction to exceed a district's annual payment for state and county equalization aid."

Section 29. Section 20-9-351, MCA, is amended to read:

"20-9-351. Funding of deficiency in state equalization aid. If the money available for state equalization aid is not the result of a reduction in spending under 17-7-140 and is not sufficient to provide the guaranteed foundation program schedule support--determined--in--20-9-348 and the guaranteed tax base aid required under 20-9-366 through 20-9-369, the superintendent of public instruction shall request the budget director to submit a request for a supplemental appropriation in the second year of the

biennium that is sufficient to complete the funding of guaranteed tax base aid and the foundation programs of the elementary or secondary schools, or both, for the current biennium."

Section 30. Section 20-9-353, MCA, is amended to read:

"20-9-353. Additional levy for general fund -- election for authorization to impose. (1) Except as limited by 20-9-315(2), the trustees of a district may propose to adopt a general fund budget in excess of the foundation program and the permissive amount for the district for any of the following purposes:

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

(b) furnishing additional school facilities for the district;

(c) acquisition of land for the district;

(d) proper maintenance and operation of the school programs of the district; or

(e) severance pay for district employees.

(2) When the trustees of a district determine that an additional amount of financing is required for the general fund budget that is in excess of the statutory schedule amount and the permissive amount, the trustees shall submit the proposition of an additional levy to raise the excess amount of general fund financing to the electors who are

1 qualified under 20-20-301 to vote upon the proposition,
 2 except that an election is not required to permit the school
 3 trustees to use any funds available to finance the
 4 additional amount other than those funds to be raised by the
 5 additional levy. The special election must be called and
 6 conducted in the manner prescribed by this title for school
 7 elections. The ballot for the election must state only the
 8 amount of money to be raised by additional property
 9 taxation, the approximate number of mills required to raise
 10 the money, and the purpose for which the money will be
 11 expended. The ballot must be in the following format:

12 PROPOSITION

13 Shall a levy be made in addition to the levies
 14 authorized by law in the number of mills as may be necessary
 15 to raise the sum of (state the amount to be raised by
 16 additional tax levy), and being approximately (give number)
 17 mills, for the purpose of (insert the purpose for which the
 18 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 the electors
 23 voting at the election, the proposition carries and the
 24 trustees may use any portion or all of the authorized amount
 25 in adopting the preliminary general fund budget. The

1 trustees shall certify the additional levy amount authorized
 2 by the special election on the budget form that is submitted
 3 to the ~~county superintendent~~, and the county commissioners,
 4 and they shall levy the authorized number of mills on the
 5 taxable value of all taxable property within the district,
 6 as prescribed in 20-9-141, to raise the amount of the
 7 additional levy.

8 (4) Authorization to levy an additional tax under the
 9 provisions of this section is effective for only 1 school
 10 fiscal year and must be authorized by a special election
 11 conducted before August 1 of the school fiscal year for
 12 which it is effective."

13 Section 31. Section 20-9-369, MCA, is amended to read:

14 "20-9-369. Duties of superintendent of public
 15 instruction and department of revenue. (1) The
 16 superintendent of public instruction shall administer the
 17 distribution of guaranteed tax base aid by:

18 (a) providing each school district and county
 19 superintendent treasurer, by March 1 of each year, with the
 20 preliminary statewide and county mill values per ANB and, by
 21 May 1 of each year, with the final statewide, district, and
 22 county mill values per ANB, for use in calculating the
 23 guaranteed tax base aid available for the ensuing school
 24 fiscal year;

25 (b) requiring each county and district that qualifies

1 and applies for guaranteed tax base aid to report to the
2 county superintendent treasurer all budget and accounting
3 information required to administer the guaranteed tax base
4 aid;

5 (c) keeping a record of the complete data concerning
6 appropriations available for guaranteed tax base aid and the
7 entitlements for such the aid of the counties and districts
8 that qualify;

9 (d) distributing the guaranteed tax base aid
10 entitlement to each qualified county or district from the
11 appropriations for that purpose.

12 (2) The superintendent shall adopt rules necessary to
13 implement 20-9-366 through 20-9-369.

14 (3) The department of revenue shall provide the
15 superintendent of public instruction by December 1 of each
16 year a final determination of the taxable value of property
17 within each school district and county of the state reported
18 to the department of revenue based on information delivered
19 to the county clerk and recorder as required in 15-10-305."

20 **Section 32.** Section 20-9-438, MCA, is amended to read:

21 **"20-9-438. Preparation of debt service fund budget --**
22 **operating reserve.** (1) The trustees of each school district
23 having outstanding bonds shall include in the debt service
24 fund of the preliminary budget adopted in accordance with
25 20-9-113 an amount of money that is necessary to pay the

1 interest and the principal amount becoming due during the
2 ensuing school fiscal year for each series or installment of
3 bonds, according to the terms and conditions of the bonds
4 and the redemption plans of the trustees.

5 (2) The trustees shall also include in the debt service
6 fund of the preliminary budget:

7 (a) the amount of money necessary to pay the special
8 improvement district assessments levied against the school
9 district that become due during the ensuing school fiscal
10 year; and

11 (b) a limited operating reserve for the school fiscal
12 year following the ensuing school fiscal year as provided in
13 subsection (3).

14 (3) At the end of each school fiscal year, the trustees
15 of a school district may designate a portion of the
16 end-of-the-year fund balance of the debt service fund to be
17 earmarked as a limited operating reserve for the purpose of
18 paying, whenever a cash flow shortage occurs, debt service
19 fund warrants and bond obligations that must be paid from
20 July 1 through November 30 of the school fiscal year
21 following the ensuing school fiscal year. Any portion of the
22 debt service fund end-of-the-year fund balance not earmarked
23 for limited operating reserve purposes must be
24 reappropriated to be used for property tax reduction as
25 provided in 20-9-439.

~~{4}--The--county--superintendent---shall---compare---the preliminary--budgeted--amount-for-the-debt-service-fund-with the-bond-retirement-and-interest-requirement-and-the-special improvement-district-assessments-for-the-school-fiscal--year just--beginning--as--reported-by-the-county-treasurer-in-his statement-supplied-under-the-provisions-of-20-9-121--if--the county--superintendent--finds-that-the-requirement-stated-by the-county-treasurer-is-more--than--the--preliminary--budget amount,---the---county--superintendent--shall--increase--the budgeted-amount--for--interest--or--principal--in--the--debt service-fund-of-the-preliminary-budget. The-amount-confirmed or--revised-by-the-county-superintendent-is-the-final-budget expenditure-amount-for-the-debt-service-fund-of--the--school district."~~

Section 33. Section 20-9-439, MCA, is amended to read:

"20-9-439. Computation of net levy requirement -- procedure when levy inadequate. (1) The county superintendent district clerk shall compute the levy requirement for each the school district's debt service fund on the basis of the following procedure:

(a) determine the total money available in the debt service fund for the reduction of the property tax on the district by totaling:

(i) the end-of-the-year fund balance in the debt service fund, less any limited operating reserve as provided

in 20-9-438;

(ii) anticipated interest to be earned by the investment of debt service cash in accordance with the provisions of 20-9-213(4) or by the investment of bond proceeds under the provisions of 20-9-435; and

(iii) any other money anticipated by the trustees to be available in the debt service fund during the ensuing school fiscal year from such sources as legally authorized money transfers into the debt service fund or from rental income;

(b) the total amount available to reduce the property tax, determined in subsection (1)(a), must be subtracted from the final budget expenditure amount for the debt service fund as established in 20-9-438;

(c) the net debt service fund levy requirement determined in subsection (1)(b) must be reported to the county commissioners on the second Monday of August by--the county--superintendent as the net debt service fund levy requirement for the district, and a levy must be made by the county commissioners in accordance with 20-9-142.

(2) If the board of county commissioners fails in any school fiscal year to make a levy for any issue or series of bonds of a school district sufficient to raise the money necessary for payment of interest and principal becoming due during the next ensuing school fiscal year, in any amounts established under the provisions of this section, the holder

1 of any bond of the issue or series or any taxpayer of the
 2 district may apply to the district court of the county in
 3 which the school district is located for a writ of mandate
 4 to compel the board of county commissioners of the county to
 5 make a sufficient levy for such bond payment purposes. If,
 6 upon the hearing of the application, it appears to the
 7 satisfaction of the court that the board of county
 8 commissioners of the county has failed to make a levy or has
 9 made a levy that is insufficient to raise the amount
 10 required to be raised as established in the manner provided
 11 in this section, the court shall determine the amount of the
 12 deficiency and shall issue a writ of mandate directed to and
 13 requiring the board of county commissioners, at the next
 14 meeting for the purpose of fixing tax levies for county
 15 purposes, to fix and make a levy against all taxable
 16 property in the school district that is sufficient to raise
 17 the amount of the deficiency. The levy is in addition to any
 18 levy required to be made at that time for the ensuing school
 19 fiscal year. Any costs that may be allowed or awarded the
 20 petitioner in the proceeding must be paid by the members of
 21 the board of county commissioners and may not be a charge
 22 against the school district or the county."

23 **Section 34.** Section 20-9-501, MCA, is amended to read:

24 "20-9-501. Retirement fund. (1) The trustees of a
 25 district employing personnel who are members of the

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

18 (2) The trustees of a district required to make a
 19 contribution to a system referred to in subsection (1) shall
 20 include in the retirement fund of the preliminary budget the
 21 estimated amount of the employer's contribution. After the
 22 final retirement fund budget has been adopted, the trustees
 23 shall pay the employer contributions to the systems in
 24 accordance with the financial administration provisions of
 25 this title.

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

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

(i) any anticipated money that may be realized in the retirement fund during the ensuing school fiscal year, including 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;

(ii) net proceeds taxes and local government severance taxes on any other oil and gas production occurring after December 31, 1988;

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

(iv) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund budget; and

(v) any other revenue anticipated that may be realized

in the retirement fund during the ensuing school fiscal year, excluding any guaranteed tax base aid.

(b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in the final retirement fund budget.

(4) The county superintendent treasurer shall:

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

(b) report each levy requirement to the county commissioners on the second Monday of August as the respective county levy requirements for elementary district, high school district, and community college district retirement funds.

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

(6) The net retirement fund levy requirement for a joint elementary district or a joint high school district must be prorated to each county in which a part of the district is located in the same proportion as the district

1 ANB of the joint district is distributed by pupil residence
2 in each county. The county superintendents treasurers of the
3 counties affected shall jointly determine the net retirement
4 fund levy requirement for each county as provided in
5 20-9-151.

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

17 (8) The county superintendent treasurer shall calculate
18 the number of mills to be levied on the taxable property in
19 the county to finance the retirement fund net levy
20 requirement by dividing the amount determined in subsection
21 (4)(a) by the sum of:

22 (a) the amount of guaranteed tax base aid that the
23 county will receive for each mill levied, as certified by
24 the superintendent of public instruction; and

25 (b) the taxable valuation of the district divided by

1 1,000."

2 **Section 35.** Section 20-9-503, MCA, is amended to read:

3 "20-9-503. Budgeting, tax levy, and use of the building
4 reserve fund. (1) Whenever an annual building reserve
5 authorization to budget is available to a district, the
6 trustees shall include such the authorized amount in the
7 building reserve fund of the preliminary budget. The county
8 superintendent district clerk shall report such the amount
9 as the building reserve fund levy requirement to the county
10 commissioners on the second Monday of August, and a levy on
11 the district ~~shall~~ must be made by the county commissioners
12 in accordance with 20-9-142.

13 (2) The trustees of any district maintaining a building
14 reserve fund ~~shall have the authority to expend moneys from~~
15 such may spend money from the fund for the purpose or
16 purposes for which it was authorized without such specific
17 expenditures being included in the final budget when, in
18 their discretion, there is a sufficient amount of money to
19 commence the authorized projects. ~~Such~~ The expenditures
20 ~~shall not do not~~ invalidate the district's authority to
21 continue the annual imposition of the building reserve
22 taxation authorized by the electors of the district.

23 (3) Whenever there is money credited to the building
24 reserve fund for which there is no immediate need, the
25 trustees may invest such the money in accordance with

20-9-213(4). The interest earned from the investment ~~shall~~
~~must~~ be credited to the building reserve fund or the debt
 service fund, at the discretion of the trustees, and
 expended for any purpose authorized by law for such the
 fund."

Section 36. Section 20-9-506, MCA, is amended to read:

"20-9-506. Budgeting and net levy requirement for
 nonoperating fund. (1) The trustees of any a district which
that does not operate a school or will not operate a school
 during the ensuing school fiscal year shall adopt a
 nonoperating school district budget in accordance with the
 school budgeting provisions of this title. Such A
 nonoperating budget ~~shall~~ must contain the nonoperating fund
 and, when appropriate, a debt service fund. The nonoperating
 budget form ~~shall~~ must be promulgated and distributed by the
 superintendent of public instruction under the provisions of
 20-9-103.

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

(a) the end-of-the-year cash balance of the
 nonoperating fund or, if it is the first year of
 nonoperation, the cash balance determined under the transfer

provisions of 20-9-505;

(b) the estimated state and county transportation
 reimbursements; and

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

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

Section 37. Section 20-10-143, MCA, is amended to read:

"20-10-143. Budgeting for transportation and
 transmittal of transportation contracts. (1) The trustees of
 a district furnishing transportation to pupils who are
 residents of the district shall provide a transportation
 fund budget that is adequate to finance the district's
 transportation contractual obligations and any other
 transportation expenditures necessary for the conduct of its
 transportation program. The transportation fund budget must
 include:

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

(b) the annual contracted amount for the maintenance

1 and operation of school buses by a private party;

2 (c) the annual contracted amount for individual
3 transportation, including any increased amount because of
4 isolation, which may not exceed the schedule amounts
5 prescribed in 20-10-142;

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

8 (e) any other amount necessary to finance the
9 administration, operation, or maintenance of the
10 transportation program of the district, as determined by the
11 trustees.

12 (2) The trustees may include a contingency amount in
13 the transportation fund budget for the purpose of enabling
14 the district to fulfill an obligation to provide
15 transportation in accordance with this title for:

16 (a) pupils not residing in the district at the time of
17 the adoption of the preliminary budget and who subsequently
18 became residents of the district during the school fiscal
19 year; or

20 (b) pupils who have become eligible transportees since
21 the adoption of the preliminary budget because their legal
22 residence has been changed. The budgeted contingency amount
23 may not exceed 10% of the transportation schedule amount as
24 calculated under the provisions of 20-10-141 and 20-10-142
25 for all transportation services authorized by the schedules

1 and provided by the district unless 10% of the
2 transportation schedule amount is less than \$100, in which
3 case \$100 is the maximum limitation for the budgeted
4 contingency amount.

5 (3) A budget amendment to the transportation fund
6 budget may be adopted subject to the provisions of 20-9-161
7 through 20-9-166.

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

amount--for--contracted--transportation--services--and--the
 contracted--amount--for--the--services, he shall immediately
 call the deviation to the attention of the appropriate
 trustees--and--shall--allow--the--trustees--to--change--the
 preliminary--budgeted--amount--to--compensate--for--the
 deviation."

Section 38. Section 20-10-144, MCA, is amended to read:

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

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

(a) the sum of the maximum reimbursable expenditures
 for all approved school bus routes maintained by the
 district (to determine the maximum reimbursable expenditure,
 multiply the applicable rate per bus mile by the total
 number of miles to be traveled during the ensuing school
 fiscal year on each bus route approved by the county

transportation committee and maintained by such district);
 plus

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

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

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

(2) (a) The schedule amount determined in subsection
 (1) or the total preliminary transportation fund budget,
 whichever is smaller, is divided by 2 and is used to
 determine the available state and county revenue to be
 budgeted on the following basis:

(i) one-half is the budgeted state transportation
 reimbursement, except that the state transportation
 reimbursement for the transportation of special education

pupils under the provisions of 20-7-442 must be 50% of the schedule amount attributed to the transportation of special education pupils; and

(ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the manner provided in 20-10-146.

(b) When the district has a sufficient amount of cash for reappropriation and other sources of district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero, any remaining amount of district revenue and cash reappropriated must be used to reduce the county financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to reduce the state financial obligation in subsection (2)(a)(i).

(c) The county revenue requirement for a joint district, after the application of any district money under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same proportion as the ANB of the joint district is distributed by pupil residence in each county.

(3) The total of the money available for the reduction of property tax on the district for the transportation fund must be determined by totaling:

(a) anticipated federal money received under the

provisions of Title I of Public Law 81-874 or other anticipated federal money received in lieu of that federal act;

(b) anticipated payments from other districts for providing school bus transportation services for the district;

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

(d) anticipated or reappropriated interest to be earned by the investment of transportation fund cash in accordance with the provisions of 20-9-213(4);

(e) anticipated or reappropriated 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;

(f) anticipated revenue from coal gross proceeds under 15-23-703;

(g) anticipated 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;

(h) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year that may be used to finance the transportation fund; and

(i) any fund balance available for reappropriation as

determined by subtracting the amount of the end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year and is for the purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.

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

(a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation budget amount; and

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

(5) The transportation fund levy requirements determined in subsection (4) for each district must be reported to the county commissioners on the second Monday of August by the county superintendent treasurer as the transportation fund levy requirements for the district, and the levy must be made by the county commissioners in accordance with 20-9-142."

Section 39. Section 20-10-145, MCA, is amended to read:

"20-10-145. State transportation reimbursement. (1) A district providing school bus transportation or individual transportation in accordance with this title, board of public education transportation policy, and superintendent of public instruction transportation rules must receive a state reimbursement of its transportation expenditures under the transportation reimbursement rate provisions of 20-10-141 and 20-10-142. The state transportation reimbursement is one-half of the reimbursement amounts established in 20-10-141 and 20-10-142 or one-half of the district's transportation fund budget, whichever is smaller, and must be computed on the basis of the number of days the transportation services were actually rendered, not to exceed 180 pupil-instruction days. In determining the amount of the state transportation reimbursement, an amount claimed by a district may not be considered for reimbursement unless the amount has been paid in the regular manner provided for the payment of other financial obligations of the district.

(2) Requests for the state transportation reimbursement must be made to the superintendent of public instruction by each district semiannually during the school fiscal year on the claim forms and procedure promulgated by the superintendent of public instruction. ~~The claims--for--state transportation-reimbursements-must-be-routed-by-the-district~~

1 ~~to-the-county-superintendent, who-after-reviewing-the-claims~~
 2 ~~shall-send-them-to-the-superintendent-of-public-instruction;~~
 3 The superintendent of public instruction shall establish the
 4 validity and accuracy of the claims for the state
 5 transportation reimbursements by determining compliance with
 6 this title, board of public education transportation policy,
 7 and the transportation rules of the superintendent of public
 8 instruction. After making any necessary adjustments to the
 9 claims, the superintendent of public instruction shall order
 10 a disbursement from the state money appropriated by the
 11 legislature of the state of Montana for the state
 12 transportation reimbursement. The payment of all the
 13 district's claims within one county must be made to the
 14 county treasurer of the county, and the county
 15 ~~superintendent~~ treasurer shall apportion the payment in
 16 accordance with the apportionment order supplied by the
 17 superintendent of public instruction."

18 **Section 40.** Section 20-10-146, MCA, is amended to read:
 19 "20-10-146. County transportation reimbursement. (1)
 20 The apportionment of the county transportation reimbursement
 21 by the county ~~superintendent~~ treasurer for school bus
 22 transportation or individual transportation that is actually
 23 rendered by a district in accordance with this title, board
 24 of public education transportation policy, and the
 25 transportation rules of the superintendent of public

1 instruction must be the same as the state transportation
 2 reimbursement payment except that:

3 (a) if any cash was used to reduce the budgeted county
 4 transportation reimbursement under the provisions of
 5 20-10-144(2)(b), the annual apportionment is limited to the
 6 budget amount; and

7 (b) when the county transportation reimbursement for a
 8 school bus has been prorated between two or more counties
 9 because the school bus is conveying pupils of more than one
 10 district located in the counties, the apportionment of the
 11 county transportation reimbursement must be adjusted to pay
 12 the amount computed under the proration.

13 (2) The county transportation net levy requirement for
 14 the financing of the county transportation fund
 15 reimbursements to districts is computed by:

16 (a) totaling the net requirement for all districts of
 17 the county, including reimbursements to a special education
 18 cooperative or prorated reimbursements to joint districts;

19 (b) determining the sum of the money available to
 20 reduce the county transportation net levy requirement by
 21 adding:

22 (i) anticipated money that may be realized in the
 23 county transportation fund during the ensuing school fiscal
 24 year, including anticipated revenue from property taxes and
 25 fees imposed under 23-2-517, 23-2-803, 61-3-504(2),

61-3-521, 61-3-537, and 67-3-204;

(ii) net proceeds taxes and local government severance taxes on other oil and gas production occurring after December 31, 1988;

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

(iv) any fund balance available for reappropriation from the end-of-the-year fund balance in the county transportation fund. The county transportation fund operating reserve may not be more than 35% of the final county transportation fund budget for the ensuing school fiscal year and must be used for the purpose of paying transportation fund warrants under the county transportation fund budget.

(v) federal forest reserve funds allocated under the provisions of 17-3-213; and

(vi) other revenue anticipated that may be realized in the county transportation fund during the ensuing school fiscal year; and

(c) notwithstanding the provisions of subsection (3), subtracting the money available as determined in subsection (2)(b) to reduce the levy requirement from the county transportation net levy requirement.

(3) The net levy requirement determined in subsection (2)(c) must be reported to the county commissioners on the second Monday of August by the county superintendent

treasurer, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) The county superintendent treasurer shall apportion the county transportation reimbursement from the proceeds of the county transportation fund. ~~The county superintendent shall order the county treasurer to make the apportionments~~ in accordance with 20-9-212(2) and after the receipt of the semiannual state transportation reimbursement payments."

Section 41. Section 20-10-147, MCA, is amended to read:

"20-10-147. **Bus depreciation reserve.** (1) The trustees of a district owning a bus or a two-way radio used for purposes of transportation, as defined in 20-10-101, or for purposes of conveying pupils to and from school functions or activities may establish a bus depreciation reserve fund to be used for the conversion, remodeling, or rebuilding of a bus or for the replacement of a bus or radio.

(2) Whenever a bus depreciation reserve fund is established, the trustees may include in the district's budget, in accordance with the school budgeting provisions of this title, an amount each year that does not exceed 20% of the original cost of a bus or a two-way radio. The amount budgeted may not, over time, exceed 150% of the original cost of a bus or two-way radio. The annual revenue requirement for each district's bus depreciation reserve fund, determined within the limitations of this section,

1 must be reported by-the-county-superintendent to the county
 2 commissioners on the second Monday of August as the bus
 3 depreciation reserve fund levy requirement for that
 4 district, and a levy must be made by the county
 5 commissioners in accordance with 20-9-142.

6 (3) Any expenditure of bus depreciation reserve fund
 7 money must be within the limitations of the district's final
 8 bus depreciation reserve fund budget and the school
 9 financial administration provisions of this title and may be
 10 made only to convert, remodel, or rebuild buses or to
 11 replace the buses or radios for which the bus depreciation
 12 reserve fund was created.

13 (4) Whenever the trustees of a district maintaining a
 14 bus depreciation reserve fund consider it to be in the best
 15 interest of the district to transfer any portion or all of
 16 the bus depreciation reserve fund balance to any other fund
 17 maintained by the district, the trustees shall submit the
 18 proposition to the electors of the district. The electors
 19 qualified to vote at the election shall qualify under
 20 20-20-301, and the election must be called and conducted in
 21 the manner prescribed by this title for school elections. If
 22 a majority of those electors voting at the election approve
 23 the proposed transfer from the bus depreciation reserve
 24 fund, the transfer is approved and the trustees shall
 25 immediately order the county treasurer to make the approved

1 transfer."

2 NEW SECTION. **Section 42. Repealer.** Sections 20-3-208,
 3 20-3-209, 20-9-211, and 20-9-348, MCA, are repealed.

4 NEW SECTION. **Section 43. Effective date** --
 5 applicability. [This act] is effective July 1, 1993, and
 6 applies to each county upon the beginning of the next term
 7 of office of each county superintendent of schools after
 8 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 HB0177, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act eliminating the financial accounting duties of the county superintendent of schools and transferring those duties to the Superintendent of Public Instruction, county treasurer, or clerks of the school districts.

ASSUMPTIONS:

1. There are no additional costs placed on the Office of Public Instruction as a result of this bill. The Office of Public Instruction is not required to develop any additional reports or data management programs as a result of this bill.
2. Cost shifts will occur at the local level when duties of the county superintendent are transferred to the county treasurer and the school district clerk.

FISCAL IMPACT: None.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Counties are not given additional duties under this legislation, although costs will shift from the county superintendent to the county treasurer and clerk and recorder.

TECHNICAL NOTES:

Amendments are necessary to reassign duties from the school clerk to the school trustees. While, in practice, the school clerk will perform many of the financial duties assigned to the district in this bill, the responsible authority is the school board of trustees.

Daniel Lewis 1-20-93

DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Jody Bird
JODY BIRD, PRIMARY SPONSOR DATE

Fiscal Note for HB 177, as introduced

20 Jan 93
HB 177