

HOUSE BILL 558

Introduced by Hansen

2/10	Introduced
2/10	Referred to School Funding Select Committee
2/10	First Reading
2/11	Fiscal Note Requested
2/17	Fiscal Note Received
2/18	Hearing
2/18	Fiscal Note Printed
3/26	Missed Transmittal Deadline

1 House BILL NO. 558
 2 INTRODUCED BY Steve Gustafson
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REORGANIZING THE PUBLIC
 5 SCHOOL SYSTEM OF THE STATE OF MONTANA INTO K-12 SCHOOL
 6 DISTRICTS FOR THE SCHOOL FISCAL YEAR BEGINNING JULY 1, 1995;
 7 CREATING COUNTY REORGANIZATION COMMITTEES TO ACCOMPLISH THE
 8 REORGANIZATION OF SCHOOL DISTRICTS WITHIN EACH COUNTY;
 9 PROVIDING FOR APPROVAL OF COUNTY REORGANIZATION PLANS BY THE
 10 BOARD OF PUBLIC EDUCATION; PROVIDING METHODS OF ELECTING
 11 TRUSTEES OF THE K-12 SCHOOL DISTRICTS; GENERALLY REVISING
 12 THE LAWS RELATING TO DISTRICTS TO PROVIDE FOR K-12 SCHOOL
 13 DISTRICTS; AMENDING SECTIONS 13-37-206, 15-37-117, 17-3-213,
 14 19-1-814, 20-1-211, 20-3-106, 20-3-205, 20-3-301, 20-3-305,
 15 20-3-308, 20-3-311, 20-3-321, 20-4-201, 20-4-401, 20-4-402,
 16 20-5-104, 20-5-314, 20-6-101, 20-6-411, 20-6-413, 20-6-501,
 17 20-6-711, 20-9-203, 20-9-212, 20-9-220, 20-9-320, 20-9-331,
 18 20-9-333, 20-9-335, 20-9-347, 20-9-366, 20-9-367, 20-9-368,
 19 20-9-402, 20-9-403, 20-9-501, 20-20-301, AND 39-4-107, MCA;
 20 REPEALING SECTIONS 19-1-815, 20-3-206, 20-3-207, 20-3-302,
 21 20-3-306, 20-3-312, 20-3-337, 20-3-338, 20-3-341, 20-3-342,
 22 20-3-343, 20-3-344, 20-3-351, 20-3-352, 20-3-353, 20-3-354,
 23 20-3-355, 20-3-356, 20-3-361, 20-3-362, 20-4-403, 20-5-301,
 24 20-5-302, 20-5-304, 20-5-305, 20-5-306, 20-5-307, 20-6-102,
 25 20-6-103, 20-6-201, 20-6-202, 20-6-203, 20-6-204, 20-6-205,

1 20-6-206, 20-6-207, 20-6-208, 20-6-209, 20-6-210, 20-6-211,
 2 20-6-213, 20-6-214, 20-6-215, 20-6-216, 20-6-217, 20-6-301,
 3 20-6-303, 20-6-304, 20-6-307, 20-6-308, 20-6-309, 20-6-311,
 4 20-6-312, 20-6-313, 20-6-314, 20-6-315, 20-9-316, 20-6-317,
 5 20-6-318, 20-6-319, 20-6-320, 20-6-321, 20-6-325, 20-6-401,
 6 20-6-402, 20-6-403, 20-6-404, 20-6-405, 20-6-406, 20-6-407,
 7 20-6-408, 20-6-409, 20-6-410, 20-6-411, 20-6-415, 20-6-502,
 8 20-6-503, 20-6-504, 20-6-505, 20-6-506, 20-6-508, 20-6-509,
 9 20-6-602, 20-6-701, 20-6-712, 20-9-152, 20-9-202, 20-9-305,
 10 20-9-320, 20-9-348, 20-9-451, 20-9-452, 20-9-453, 20-9-454,
 11 20-9-455, 20-9-505, AND 20-9-506, MCA; AND PROVIDING AN
 12 IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

14 WHEREAS, there is widespread public interest in Montana
 15 in recognizing the economic reality of limited financial
 16 resources within the state, even for funding such an
 17 important public obligation as the state's public school
 18 system; and

19 WHEREAS, much public dialogue about conserving the
 20 state's limited resources and providing a basic quality
 21 public education system has centered on the possibility of
 22 more cost-efficient organization and administration of the
 23 state's numerous school districts; and

24 WHEREAS, equalization of district expenditures per pupil
 25 is an important consideration of the courts in evaluating

1 the constitutionality of the Montana public school funding
2 system; and

3 WHEREAS, per-pupil costs of many school functions are
4 higher in smaller school districts; and

5 WHEREAS, it is possible and desirable to organize the
6 state's elementary school and high school districts into
7 countywide K-12 systems in order to deliver an equitable
8 public education system in a more cost-effective manner.

9

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

11 NEW SECTION. **Section 1. Purpose.** It is the intent of
12 the legislature to:

13 (1) provide that the elementary school districts and
14 the high school districts of each county in the state
15 reorganize the districts of the county into one or more K-12
16 school districts, offering a program of instruction from
17 kindergarten through grade 12;

18 (2) improve the provision of public education in
19 Montana by reducing the number of school districts while
20 maintaining as many school buildings as are in the best
21 interests of pupils who now attend individual schools;

22 (3) simplify and make more efficient the administration
23 of the public elementary schools and high schools of the
24 state;

25 (4) provide adequate, more equalized funding to school

1 districts to ensure that the legislature will be able to
2 provide the basic system of free quality public schools as
3 required by the Montana constitution and that school
4 districts will be able to meet the school accreditation
5 standards established by the board of public education as
6 the basic instructional program for the public schools of
7 Montana;

8 (5) guarantee that any state or local cost savings that
9 result from school district unification will be shared among
10 the state, the school districts, and the property taxpayers
11 of the districts; and

12 (6) distribute more equitably to the taxpayers of the
13 state the cost of public school education.

14 NEW SECTION. **Section 2. Mandatory K-12 school**
15 **districts -- effective dates -- employee protection.** (1) By
16 the school fiscal year beginning July 1, 1995, a county
17 reorganization committee provided for in [section 4] shall
18 organize the elementary school districts and high school
19 districts within the county into one or more K-12 school
20 districts. A county that has more than 5,000 children of
21 compulsory attendance age, as provided in 20-5-102, may be
22 organized into a K-12 school district for each 5,000
23 children.

24 (2) If a county has less than 5,000 children of school
25 age, the single allowable K-12 school district must include

1 the territory of the entire county within the K-12 district
 2 unless geographic or demographic conditions exist that
 3 suggest that a portion of a county should be included in the
 4 territory of a K-12 school district of another county.

5 (3) A K-12 school district that is created or continued
 6 by a county reorganization plan and approved by the board of
 7 public education on or before June 30, 1995, comes into
 8 existence at midnight on June 30, 1995, and any school
 9 district to be abolished by a county reorganization plan and
 10 approved by the board of public education on or before June
 11 30, 1995, ceases to exist at midnight on June 30, 1995.

12 (4) Employees of a school district that is included in
 13 a K-12 school district reorganized under the provisions of
 14 [sections 1 through 10] are subject to the provisions for
 15 tenure protection and hiring preferences for noncertified
 16 employees in 20-6-711.

17 (5) A K-12 school district created or continued as
 18 provided in this section has the same meaning as "K-12
 19 district" or "district" for the purposes of the laws of
 20 Montana.

21 NEW SECTION. Section 3. Members of county
 22 reorganization committees. The county commissioners of each
 23 county shall appoint, by no later than September 1, 1993,
 24 the following members of the county reorganization
 25 committee:

1 (1) the county superintendent of schools;
 2 (2) a member of the board of county commissioners; and
 3 (3) one trustee from each operating school district in
 4 the county.

5 NEW SECTION. Section 4. Purpose of county
 6 reorganization committee -- reorganization plan --
 7 termination of committee. (1) Each county reorganization
 8 committee shall develop a plan for reorganizing the school
 9 districts of the county into one or more countywide K-12
 10 school districts.

11 (2) The county reorganization committee shall:

12 (a) hold its first meeting by October 1, 1993;

13 (b) hold at least one public meeting on the recommended
 14 county school reorganization plan prior to submission of the
 15 recommendations to the board of public education; and

16 (c) submit a county reorganization plan to the board of
 17 public education for approval by January 1, 1995.

18 (3) The county reorganization plan must include
 19 consideration of the following topics:

20 (a) potential cost savings of any school reorganization
 21 recommended by the county reorganization committee;

22 (b) transportation plans and the potential cost of any
 23 school reorganization plan;

24 (c) possible coordination or consolidation of school
 25 administrative costs and duties;

1 (d) teacher and staff salary adjustments, if necessary;
 2 (e) educational improvements that would be made
 3 possible by a recommended school reorganization;
 4 (f) possible social or economic impacts on the
 5 communities involved in any proposed school district
 6 reorganization plan;
 7 (g) definition and mapping of the boundaries of each
 8 K-12 school district created or continued by the county
 9 reorganization plan;
 10 (h) determination of the method of apportionment,
 11 distribution, and assumption of property and indebtedness of
 12 school districts affected by the county reorganization plan,
 13 in the manner prescribed in [section 10]; and
 14 (i) consultation with any other county reorganization
 15 committee on matters of mutual concern.
 16 (4) The county reorganization committee terminates July
 17 1, 1995, unless the term is extended by the 54th
 18 legislature.
 19 **NEW SECTION. Section 5. Powers and duties of board of**
 20 **public education. The board of public education shall:**
 21 (1) approve each county reorganization plan, including
 22 setting the boundaries of each K-12 school district that is
 23 created;
 24 (2) require that each county reorganization plan be
 25 based on the requirements provided in [section 4] and

1 include consideration of the topics set forth in that
 2 section;
 3 (3) prescribe, when necessary, additional procedures
 4 consistent with the requirements for reorganization to be
 5 followed by county reorganization committees and school
 6 districts;
 7 (4) consult with and advise the county reorganization
 8 committees in performing the duties of the county
 9 reorganization committees;
 10 (5) provide a final report to the governor and the
 11 legislature by July 1, 1995, containing at least the
 12 following:
 13 (a) the final actions of the board of public education;
 14 (b) the final boundaries of each K-12 school district
 15 created; and
 16 (c) any recommendations to the legislature for further
 17 policy and statutory changes that would enhance the purposes
 18 of reorganization;
 19 (6) establish any subcommittees necessary for the
 20 purposes of reorganization;
 21 (7) require each county reorganization committee to
 22 report from time to time on the progress of the county
 23 reorganization committee in formulating a county
 24 reorganization plan for the area and to take any steps as
 25 are necessary to expedite the work of the county

1 reorganization committee;

2 (8) (a) examine each county reorganization plan
3 submitted under the provisions of [section 4];

4 (b) approve, disapprove, or recommend modification of
5 each county reorganization plan by majority action of the
6 board of public education; and

7 (c) provide notice to a county reorganization committee
8 of approval, disapproval, or recommended modification by the
9 board of public education on a county reorganization plan;

10 (9) hold a joint meeting with a county reorganization
11 committee if the board of public education recommends
12 modification of a county reorganization plan, to resolve
13 disputes within the plan. The decision of the board of
14 public education on any dispute is final.

15 (10) perform the necessary work of redistricting a
16 county if the county reorganization committee fails to
17 complete its work and to submit a county reorganization plan
18 to the board of public education by January 1, 1995; and

19 (11) grant special approval within a county
20 reorganization plan for any K-12 school district that may be
21 created or continued but that does not meet the requirements
22 of [section 2].

23 NEW SECTION. Section 6. Moratorium on trustee
24 elections. (1) A school district that will cease to exist on
25 June 30, 1995, may not elect a trustee in April 1995. The

1 elected trustees of the district may hold office until July
2 1, 1995.

3 (2) A K-12 school district that is created under a
4 county reorganization plan and approved by the board of
5 public education by January 1, 1995, shall elect a board of
6 trustees at the trustee election day in April 1995 that
7 shall qualify and take office after the election. The
8 election must be called and held in the manner provided in
9 Title 20, chapter 20.

10 (3) The elected trustees of a district created under an
11 approved county reorganization plan shall coordinate with
12 the trustees of any affected district to prepare a budget
13 and operation plan for the new K-12 school district.

14 NEW SECTION. Section 7. Board of trustees for K-12
15 school district. Each K-12 school district must have a board
16 of seven trustees who are nominated and elected in the
17 following manner:

18 (1) A trustee must be nominated and elected from each
19 of the county commissioner districts in a county as provided
20 in 7-4-2102.

21 (2) Four trustees must be nominated and elected at
22 large in the K-12 school district.

23 NEW SECTION. Section 8. Legislative intent to elect
24 less than majority of trustees -- terms of first trustees.
25 (1) It is the intent of the legislature that the terms of a

1 majority of the trustee positions of a K-12 school district
 2 may not regularly expire and be subject to election on the
 3 same regular election day. Therefore, in the first trustee
 4 election following the election in April 1995 in each K-12
 5 district, not more than three trustee positions may be
 6 filled at the same time.

7 (2) While it is the intent of the legislature that the
 8 terms of a majority of trustees of a K-12 district may not
 9 regularly expire and be subject to election at the same
 10 time, the legislature recognizes that the following
 11 circumstances, relating to the terms of trustees appointed
 12 to newly created positions or to positions vacated by death,
 13 resignation, or operation of law, may lead to a subsequent
 14 trustee election in which a majority of trustee positions
 15 are subject to election at the same time:

16 (a) the filling of a trustee position that has become
 17 vacant under the provisions of 20-3-308 or any other
 18 provision of law; or

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

22 (3) The trustees elected in April 1995 shall determine
 23 by lot the three trustees who shall serve for 3 years, the
 24 three who shall serve for 2 years, and the one who shall
 25 serve for 1 year.

1 NEW SECTION. Section 9. Disposition of records of
 2 abolished school districts. All files and records of a
 3 school district that is abolished by a county reorganization
 4 plan approved by the board of public education must be kept
 5 by the K-12 school district that encompasses the largest
 6 portion of the abolished school district.

7 NEW SECTION. Section 10. Inclusion of districts into
 8 K-12 school district. (1) When the territory of a school
 9 district is included in the territory of a K-12 school
 10 district, all of the tangible property, real and personal,
 11 of the abolished district becomes the property of the K-12
 12 school district and all funds remaining to the credit of the
 13 district after providing for payment of outstanding debts,
 14 except bonded indebtedness, must be transferred to the K-12
 15 school district.

16 (2) Any unpaid taxes levied against property in the
 17 district must be credited to the K-12 school district as
 18 follows:

19 (a) taxes levied for the retirement of bonded
 20 indebtedness must be credited to the sinking fund for the
 21 bonds if any portion remains unpaid or, if the indebtedness
 22 has been paid in full, the payment must be credited to the
 23 general fund of the K-12 school district; and

24 (b) all other unpaid taxes levied for the district must
 25 be credited to the general fund of the K-12 school district.

Section 11. Section 20-1-211, MCA, is amended to read:

"20-1-211. Expenses of officers or employees attending conventions -- educational associations. (1) After July 1, 1991, no school A K-12 school district officer or an employee of any school a K-12 school district shall may not receive payment from any public funds for traveling expenses or other expenses of any sort or kind for attendance upon at any convention, meeting, or other gathering of public officers except for attendance upon such at a convention, meeting, or other gatherings--as--said gathering that the officer or employee may by virtue--of--his--office find it necessary to attend.

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

Section 12. 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;

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

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

1 ~~{9}--establish-a-system-of-communication-for-calculating~~
2 ~~joint-district-revenues-in-accordance-with-the-provisions-of~~
3 ~~20-9-151;~~

4 ~~{10}{5}~~ approve or disapprove the adoption of a
5 district's budget amendment resolution under the conditions
6 prescribed in 20-9-163 and adopt rules for an application
7 for additional state aid for a budget amendment in
8 accordance with the approval and disbursement provisions of
9 20-9-166;

10 ~~{11}{6}~~ generally supervise the school financial
11 administration provisions as prescribed by 20-9-201(2);

12 ~~{12}{7}~~ prescribe and furnish the annual report forms
13 to enable the districts to report to the county
14 superintendent in accordance with the provisions of
15 20-9-213(5) and the annual report forms to enable the county
16 superintendents to report to the superintendent of public
17 instruction in accordance with the provisions of 20-3-209;

18 ~~{13}{8}~~ approve, disapprove, or adjust an increase of
19 the average number belonging (ANB) in accordance with the
20 provisions of 20-9-313 and 20-9-314;

21 ~~{14}{9}~~ distribute state equalization aid in support of
22 the foundation program and guaranteed tax base aid, in
23 accordance with the provisions of 20-9-331, 20-9-333,
24 20-9-342, 20-9-346, 20-9-347, and 20-9-366 through 20-9-369;

25 ~~{15}{10}~~ distribute state impact aid in accordance with

1 the provisions of 20-9-304;

2 ~~{16}{11}~~ provide for the uniform and equal provision of
3 transportation by performing the duties prescribed by the
4 provisions of 20-10-112;

5 ~~{17}{12}~~ approve or disapprove an adult education
6 program for which a district proposes to levy a tax in
7 accordance with the provisions of 20-7-705;

8 ~~{18}{13}~~ request, accept, deposit, and expend federal
9 money in accordance with the provisions of 20-9-603;

10 ~~{19}{14}~~ authorize the use of federal money for the
11 support of an interlocal cooperative agreement in accordance
12 with the provisions of 20-9-703 and 20-9-704;

13 ~~{20}{15}~~ prescribe the form and contents of and approve
14 or disapprove interstate contracts in accordance with the
15 provisions of 20-9-705;

16 ~~{21}{16}~~ approve or disapprove the conduct of school on
17 a Saturday or on pupil-instruction-related days in
18 accordance with the provisions of 20-1-303 and 20-1-304;

19 ~~{22}{17}~~ recommend standards of accreditation for all
20 schools to the board of public education and evaluate
21 compliance with the standards and recommend accreditation
22 status of every school to the board of public education in
23 accordance with the provisions of 20-7-101 and 20-7-102;

24 ~~{23}{18}~~ collect and maintain a file of curriculum
25 guides and assist schools with instructional programs in

1 accordance with the provisions of 20-7-113 and 20-7-114;
 2 ~~†24†~~(19) establish and maintain a library of visual,
 3 aural, and other educational media in accordance with the
 4 provisions of 20-7-201;
 5 ~~†25†~~(20) license textbook dealers and initiate
 6 prosecution of textbook dealers violating the law in
 7 accordance with the provisions of the textbooks part of this
 8 title;
 9 ~~†26†~~(21) as the governing agent and executive officer of
 10 the state of Montana for K-12 vocational education, adopt
 11 the policies prescribed by and in accordance with the
 12 provisions of 20-7-301;
 13 ~~†27†~~(22) supervise and coordinate the conduct of special
 14 education in the state in accordance with the provisions of
 15 20-7-403;
 16 ~~†28†~~(23) administer the traffic education program in
 17 accordance with the provisions of 20-7-502;
 18 ~~†29†~~(24) administer the school food services program in
 19 accordance with the provisions of 20-10-201, 20-10-202, and
 20 20-10-203;
 21 ~~†30†~~(25) review school building plans and specifications
 22 in accordance with the provisions of 20-6-622;
 23 ~~†31†~~(26) prescribe the method of identification and
 24 signals to be used by school safety patrols in accordance
 25 with the provisions of 20-1-408;

1 ~~†32†~~(27) provide schools with information and technical
 2 assistance for compliance with the student assessment rules
 3 provided for in 20-2-121 and collect and summarize the
 4 results of the student assessment for the board of public
 5 education and the legislature;
 6 ~~†33†~~(28) administer the distribution of guaranteed tax
 7 base aid for county retirement levy obligations in
 8 accordance with 20-9-366 through 20-9-369; and
 9 ~~†34†~~(29) perform any other duty prescribed from time to
 10 time by this title, any other act of the legislature, or the
 11 policies of the board of public education."
 12 **Section 13.** Section 20-3-205, MCA, is amended to read:
 13 **"20-3-205. Powers and duties.** The county superintendent
 14 has general supervision of the schools of the county within
 15 the limitations prescribed by this title and shall perform
 16 the following duties or acts:
 17 (1) ~~determine,--establish,--and---reestablish---~~trustee
 18 ~~nominating--districts--in--accordance-with-the-provisions-of~~
 19 ~~20-3-352, 20-3-353, and 20-3-354;~~
 20 ~~†2†~~ administer and file the oaths of members of the
 21 boards of trustees of the ~~districts~~ K-12 school districts in
 22 ~~his~~ the county in accordance with the provisions of
 23 20-3-307;
 24 ~~†3†~~(2) register the teacher or specialist certificates
 25 or emergency authorization of employment of any person

1 employed in the county as a teacher, specialist, principal,
2 or district superintendent in accordance with the provisions
3 of 20-4-202;

4 ~~{4}{3}~~ act on each tuition application submitted to him
5 in accordance with the provisions of 20-5-301, 20-5-302,
6 20-5-304, and 20-5-311 and transmit the tuition information
7 required by 20-5-312;

8 ~~{5}{4}~~ file a copy of the audit report for a district
9 in accordance with the provisions of 20-9-203;

10 ~~{6}--classify--districts--in--accordance--with--the~~
11 ~~provisions-of-20-6-201-and-20-6-301;~~

12 ~~{7}--keep--a--transcript--and--reconcile--the--district~~
13 ~~boundaries--of--the-county-in-accordance-with-the-provisions~~
14 ~~of-20-6-103;~~

15 ~~{8}--fulfill--all--responsibilities--assigned--to--him--under~~
16 ~~the--provisions--of--this--title--regulating--the--organization,~~
17 ~~alteration,--or--abandonment--of--districts;~~

18 ~~{9}--act--on--any--unification--proposition--and,--if~~
19 ~~approved,--establish--additional--trustee--nominating--districts~~
20 ~~in-accordance-with-20-6-312-and-20-6-313;~~

21 ~~{10}--estimate--the--average--number--belonging--(ANB)--of--an~~
22 ~~opening--school--in--accordance--with--the--provisions--of~~
23 ~~20-6-502, 20-6-503, 20-6-504, or 20-6-506;~~

24 ~~{11}--process--and,--when--required,--act--on--school--isolation~~
25 ~~applications--in-accordance-with-the-provisions-of-20-9-302;~~

1 ~~{12}{5}~~ complete the budgets, compute the budgeted
2 revenues and tax levies, file final budgets and budget
3 amendments, and fulfill other responsibilities assigned to
4 him under the provisions of this title regulating school
5 budgeting systems;

6 ~~{13}{6}~~ submit an annual financial report to the
7 superintendent of public instruction in accordance with the
8 provisions of 20-9-211;

9 ~~{14}{7}~~ monthly, unless otherwise provided by law,
10 order the county treasurer to apportion state money, county
11 school money, and any other school money subject to
12 apportionment in accordance with the provisions of 20-9-212,
13 20-9-334, 20-9-347, 20-10-145, or 20-10-146;

14 ~~{15}{8}~~ act on any request to transfer average number
15 belonging (ANB) in accordance with the provisions of
16 20-9-313(3);

17 ~~{16}{9}~~ calculate the estimated budgeted general fund
18 sources of revenue in accordance with the provisions of
19 20-9-348 and the other general fund revenue provisions of
20 the general fund part of this title;

21 ~~{17}{10}~~ compute the revenues revenue and the district
22 and county levy requirements for each fund included in each
23 the K-12 school district's final budget and report the
24 computations to the board of county commissioners in
25 accordance with the provisions of the general fund,

1 transportation, bonds, and other school funds parts of this
 2 title;

3 ~~{18}{11}~~ file and forward bus driver certifications,
 4 transportation contracts, and state transportation
 5 reimbursement claims in accordance with the provisions of
 6 20-10-103, 20-10-143, or 20-10-145;

7 ~~{19} for districts that do not employ a district~~
 8 ~~superintendent or principal, recommend library book and~~
 9 ~~textbook selections in accordance with the provisions of~~
 10 ~~20-7-204 or 20-7-602;~~

11 ~~{20}{12}~~ notify the superintendent of public instruction
 12 of a textbook dealer's activities when required under the
 13 provisions of 20-7-605 and otherwise comply with the
 14 textbook dealer provisions of this title;

15 ~~{21}{13}~~ act on district requests to allocate federal
 16 money for indigent children for school food services in
 17 accordance with the provisions of 20-10-205;

18 ~~{22}{14}~~ perform any other duty prescribed from time to
 19 time by this title, any other act of the legislature, the
 20 policies of the board of public education, the policies of
 21 the board of regents relating to community college
 22 districts, or the rules of the superintendent of public
 23 instruction;

24 ~~{23}{15}~~ administer the oath of office to trustees
 25 without the receipt of pay for administering the oath;

1 ~~{24}{16}~~ keep a record of his the official acts of the
 2 office, preserve all reports submitted to--him under the
 3 provisions of this title, preserve all books and
 4 instructional equipment or supplies, keep all documents
 5 applicable to the administration of the office, and
 6 surrender all records, books, supplies, and equipment to his
 7 a successor;

8 ~~{25}{17}~~ within 90 days after the close of the school
 9 fiscal year, publish an annual report in the county
 10 newspaper stating the following financial information for
 11 the school fiscal year just ended for each the K-12 district
 12 of the county:

13 (a) the total of the cash balances of all funds
 14 maintained by the district at the beginning of the year;

15 (b) the total receipts that were realized in each fund
 16 maintained by the district;

17 (c) the total expenditures that were made from each
 18 fund maintained by the district; and

19 (d) the total of the cash balances of all funds
 20 maintained by the district at the end of the school fiscal
 21 year; and

22 ~~{26}{18}~~ hold meetings for the members of the trustees
 23 from time to time at which matters for the good of the
 24 districts must be discussed."

25 **Section 14.** Section 20-3-301, MCA, is amended to read:

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

6 (2) ~~The trustees shall be composed of the number of~~
7 ~~trustee positions prescribed for a district by 20-3-341 and~~
8 ~~20-3-351.~~ When exercising the power and performing the
9 duties of trustees, the members shall act collectively and
10 only at a regular or a properly called special meeting.

11 ~~{3}--The number of trustee positions in a district shall~~
12 ~~vary in accordance with 20-3-341 and 20-3-351--according to~~
13 ~~the type of district.~~

14 **Section 15.** Section 20-3-305, MCA, is amended to read:

15 "20-3-305. Candidate qualification and nomination. (1)
16 ~~Except--as--provided--in--20-3-338,--any~~ A person who is
17 qualified to vote in a district under the provisions of
18 20-20-301 ~~shall be~~ is eligible for the office of trustee.

19 (2) ~~Except--as--provided--in--20-3-338,--any~~ Any five
20 electors, qualified under the provisions of 20-20-301, of
21 any district, ~~except a first-class elementary district,~~ may
22 nominate as many trustee candidates as there are trustee
23 positions subject to election at the ensuing election. The
24 name of each person nominated for candidacy ~~shall~~ must be
25 submitted to the clerk of the district not less than 40 days

1 before the regular school election day at which he the
2 person is to be a candidate. If there are different terms to
3 be filled, the term for which each candidate is nominated
4 ~~shall~~ must also be indicated."

5 **Section 16.** Section 20-3-308, MCA, is amended to read:

6 "20-3-308. Vacancy of trustee position. (1) Any An
7 elected trustee position ~~shall--be~~ is vacant whenever the
8 incumbent:

9 (a) dies;

10 (b) resigns;

11 (c) moves his the trustee's residence from the
12 applicable district or from the county commissioner
13 nominating district ~~in the case of an additional trustee in~~
14 ~~a high school district as provided in [section 7];~~

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

17 (e) is absent from the district for 60 consecutive
18 days;

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

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

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

25 (2) A trustee position also ~~shall be~~ is vacant when an

1 elected candidate fails to qualify under the provisions of
2 20-3-307."

3 **Section 17.** Section 20-3-311, MCA, is amended to read:

4 "20-3-311. Trustee travel reimbursement and
5 compensation-of-secretary-for-joint-board. The members of
6 the trustees of any a K-12 district shall may not receive
7 compensation for their services as trustees, ~~except that the~~
8 ~~secretary of the trustees of a high school district~~
9 ~~operating a county high school or the secretary of a joint~~
10 ~~board of trustees may be compensated for his services as the~~
11 ~~secretary.~~ The members of the trustees who reside over 3
12 miles from the trustees' meeting place shall must be
13 reimbursed at the rate as provided in 2-18-503, for every
14 mile necessarily traveled between their residence and the
15 meeting place and return in attending the regular and
16 special meetings of the trustees, and all trustees shall
17 must be similarly reimbursed for meetings called by the
18 county superintendent. The travel reimbursement may be
19 accumulated during the school fiscal year and paid at the
20 end of the fiscal year, at the discretion of each trustee."

21 **Section 18.** Section 20-3-321, MCA, is amended to read:

22 "20-3-321. Organization and officers. (1) The Except as
23 provided in [section 6], the trustees of each a K-12
24 district shall annually organize as a governing board of the
25 district after the regular election day and after the

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

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

21 **Section 19.** Section 20-4-201, MCA, is amended to read:

22 "20-4-201. Employment of teachers and specialists by
23 contract. (1) The trustees of any a district shall have the
24 authority to employ any person as a teacher or specialist,
25 but only a person who holds a valid Montana teacher or

1 specialist certificate or for whom an emergency
2 authorization of employment has been issued that qualifies
3 such the person to perform the duties prescribed by the
4 trustees for the position of employment. Each teacher or
5 specialist ~~shall~~ must be employed under written contract,
6 and each contract of employment ~~shall~~ must be authorized by
7 a proper resolution of the trustees and ~~shall~~ must be
8 executed in duplicate by the chairman of the trustees and
9 the clerk of the district in the name of the district and by
10 the teacher or specialist.

11 (2) No A contract of employment with a teacher or
12 specialist ~~shall~~ may not require such the teacher or
13 specialist to teach more than 5 days a week or on any
14 holiday recognized by 20-1-305. No A deduction ~~shall~~ may not
15 be made from a teacher's or specialist's salary by reason of
16 the fact that a holiday falls on a school day. Any teacher's
17 or specialist's contract made in conflict with the
18 5-days-per-week provision of this section ~~shall not be~~ is
19 not enforceable against the teacher or specialist.

20 (3) ~~Whenever the board of trustees of two or more~~
21 ~~school districts form a joint board of trustees under the~~
22 ~~provisions of 20-3-361, such joint board of trustees may~~
23 ~~execute a contract of employment with a teacher or~~
24 ~~specialist who shall serve the districts. When such a~~
25 ~~contract is executed, the districts shall prorate the~~

1 compensation provided by such contract on the basis of the
2 total number of instructional hours expended by such teacher
3 or specialist within each district.

4 (4) Any contract executed under the provisions of this
5 section may contain the oath or affirmation prescribed in
6 20-4-104, and the teacher or specialist shall subscribe to
7 such the oath or affirmation before an officer authorized by
8 law to administer oaths."

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

10 "20-4-401. Appointment and dismissal of K-12 school
11 district superintendent or county high school principal. (1)
12 The trustees of any ~~high school~~ a K-12 school district,
13 ~~except a county high school, and the trustees of the~~
14 ~~elementary district where its high school building is~~
15 ~~located shall jointly employ and appoint a district~~
16 ~~superintendent. The trustees of a county high school shall~~
17 ~~employ and appoint a district superintendent, except that~~
18 ~~they may employ and appoint a holder of a class 3 teacher~~
19 ~~certificate with a district superintendent endorsement as~~
20 ~~the county high school principal in lieu of a district~~
21 ~~superintendent. The trustees of any other district may~~
22 ~~employ and appoint a district superintendent.~~

23 (2) ~~Whenever a joint board of trustees has been formed~~
24 ~~by a county high school and the elementary district where~~
25 ~~the county high school is located, such joint board shall~~

jointly employ and appoint a district superintendent. During the term of contract of the jointly appointed district superintendent, neither district shall separately employ and appoint a district superintendent or county high school principal.

{3} School districts other than those provided in subsection {2} that form a joint board of trustees may jointly employ and appoint a district superintendent as allowed in 20-3-362.

{4}{2} The written contract of employment of a K-12 school district superintendent or a county high school principal shall be is authorized by the proper resolution of the trustees of the K-12 school district or the joint board of trustees and executed in duplicate by the chairman presiding officer of the trustees or joint board of trustees and the clerks of the districts clerk of the district in the name of the districts and by the district superintendent or the county high school principal K-12 school district. Such The contract shall may be for a term of not more than 3 years, and after the second successive contract, the contract shall be deemed to may be renewed for a further term of 1 year from year to year thereafter unless the trustees shall, by resolution passed by a majority vote of its membership, resolve to terminate the services of the district superintendent or the county high school principal

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

{5} Whenever a joint board of trustees employs a person as the district superintendent under subsection {2} or {3}, the districts shall prorate the compensation provided by the contract of employment on the basis of the number of teachers employed by each district.

{6}{3} At any time the class 3 teacher certification or the endorsement of the certificate of a district superintendent or a county high school principal that qualifies such person to hold such position becomes invalid, the trustees of the district or the joint board of trustees shall discharge such the person as the district superintendent or county high school principal regardless of the unexpired term of his the contract. The trustees shall may not compensate him the district superintendent under the terms of his the district superintendent's contract for any services rendered subsequent to the date of the invalidation of his the district superintendent's teacher certificate.

{7}{4} No A district superintendent or county high

1 school--principal--shall may not engage in any work or
 2 activity which that the trustees may-deem consider to be in
 3 conflict with his the duties and employment as the district
 4 superintendent or-county-high-school-principal."

5 **Section 21.** Section 20-4-402, MCA, is amended to read:

6 "20-4-402. Duties of district superintendent or--county
 7 high-school-principal. The district superintendent or-county
 8 high--school--principal is the executive officer of the
 9 trustees, and, subject to the direction and control of the
 10 trustees, he the district superintendent shall:

11 (1) have general supervision of all schools of the
 12 district and the personnel employed by the district;

13 (2) implement and administer the policies of the
 14 trustees of the district;

15 (3) develop and recommend courses of instruction to the
 16 trustees for their consideration and approval in accordance
 17 with the provisions of 20-7-111;

18 (4) select all textbooks and submit the selections to
 19 the trustees for their approval in accordance with the
 20 provisions of 20-7-602;

21 (5) select all reference and library books and submit
 22 the selections to the trustees for their approval in
 23 accordance with provisions of 20-7-204;

24 (6) have general supervision of all pupils of the
 25 district, enforce the compulsory attendance provisions of

1 this title, and have the authority to suspend for good cause
 2 any pupil of the district;

3 (7) report the cumulative pupil attendance and pupil
 4 absence of the district and any other pupil information
 5 required by the report form prescribed by the superintendent
 6 of public instruction to the county superintendent, or
 7 county-superintendents-when-reporting-for-a-joint--district,
 8 within 10 days after the conclusion of each school semester;
 9 and

10 (8) perform any other duties in connection with the
 11 district as the trustees may prescribe."

12 **Section 22.** Section 20-5-104, MCA, is amended to read:

13 "20-5-104. Attendance officer. In order to enforce the
 14 compulsory attendance provisions of this title, each
 15 district shall have at least one person serving as an
 16 attendance officer according-to-the-following-requirements:

17 {1}--districts-of--the--first--and--second--class-shall
 18 employ-and-appoint-one-or-more-attendance-officers;

19 {2}--districts-of-the-third-class-may-employ-and-appoint
 20 an-attendance-officer-or-may-appoint-a--constable--or--other
 21 peace-officer-as-an-attendance-officer;-or

22 {3}--the--county--superintendent-shall-be-the-attendance
 23 officer-in-third-class-districts--that--do--not--appoint--an
 24 attendance-officer."

25 **Section 23.** Section 20-5-314, MCA, is amended to read:

1 "20-5-314. Reciprocal tuition agreement with adjoining
 2 state. (1) The superintendent of public instruction shall
 3 have the authority to execute a reciprocal tuition agreement
 4 with the superintendent of public instruction or a
 5 department of education of any state adjoining Montana to
 6 allow the eligible children of Montana to attend school in
 7 the adjoining state and to allow children of the adjoining
 8 state to attend school in Montana. In negotiating a
 9 reciprocal tuition agreement, the tuition rates prescribed
 10 by ~~20-5-305--and~~ 20-5-312 shall--be are waived and the
 11 reciprocal tuition rate may be negotiated as a flat amount
 12 or an actual-cost-per-pupil amount. The superintendent of
 13 public instruction shall supply a copy of any reciprocal
 14 tuition agreement that is executed to the county
 15 superintendent of each county that may be affected by such
 16 the agreement.

17 (2) Any tuition agreement approved under the provisions
 18 of ~~20-5-301, 20-5-302, or~~ 20-5-311 for a child's attendance
 19 at a school outside of the state shall must be completed in
 20 accordance with the applicable reciprocal tuition
 21 agreement."

22 **Section 24.** Section 20-6-101, MCA, is amended to read:

23 "20-6-101. Definition of elementary--and--high--school
 24 districts K-12 school district. (1) As used in this title,
 25 except as defined in 20-9-402 for bonding purposes or unless

1 the context clearly indicates otherwise, the term "K-12
 2 school district" means the territory, regardless of county
 3 boundaries, organized under the provisions of this title to
 4 provide public educational services under the jurisdiction
 5 of the trustees prescribed by this title. The boundaries of
 6 a K-12 school district are contiguous with the boundaries of
 7 the county but may include the territory of another county
 8 if the county reorganization plan approved under the
 9 provisions of [section 5] has included a school located in
 10 another county. ~~High-school-districts-may-encompass--all--or~~
 11 ~~parts-of-the-territory-of-one-or-more-elementary-districts.~~

12 ~~(2)--(a)--An--elementary-district-is-a-district-organized~~
 13 ~~for-the-purpose-of-providing-public-education-for-all-grades~~
 14 ~~up-to-and-including-grade-8-and-for-preschool--programs--and~~
 15 ~~kindergartens.--An-elementary-district-may-be-inactive-if-the~~
 16 ~~district--attaches--to--a--high--school--district--under-the~~
 17 ~~provisions-of-20-6-701-to-form-a-K-12-school-district.~~

18 ~~(b)--A-high-school-district-is-a-district-organized--for~~
 19 ~~the--purpose--of-providing-those-public-educational-services~~
 20 ~~authorized-by-this-title-for--all--grades--beyond--grade--8,~~
 21 ~~including--postsecondary--programs,--except--those--programs~~
 22 ~~administered--by--community-college-districts-or-the-Montana~~
 23 ~~university-system.--A-high-school-district-with--an--attached~~
 24 ~~elementary-district-may-provide-the-educational-services-for~~
 25 ~~an-elementary-district-through-the-procedures-established-in~~

20-6-701 through 20-6-703:

{3}(2) An elementary A K-12 school district is known as "District No., County" and--a high school district, except a high school district where a county--high school--is--operated,--is known as--"High School District No., County". A district is a body corporate and, as a body corporate, may sue and be sued, contract and be contracted with, and acquire, hold, use, and dispose of real or personal property for school purposes, within the limitations prescribed by law. Unless the context clearly indicates otherwise, the trustees of elementary--districts and high school K-12 school districts have the same types of powers, duties, and responsibilities authorized and imposed by the laws of Montana.

{4}--Unless the context clearly indicates otherwise,--an elementary district operating a high school in a county that has--not--been--divided--into--high--school--districts--is considered a high school district under this title--and--the trustees--of the elementary district are the trustees of the high school district. An elementary--district--operating--a high--school--may--not--have the bonding authority of a high school--district. However, the elementary--district--may exercise--its--bonding--authority, in the manner provided by law, for high school purposes.

{5}--As used in this title, unless the context clearly

indicates--otherwise,--a--county high school is considered a high school district subject to the--limitations--prescribed by--law--for a county high school as a result of its being a part of the county government. The boundaries--of--the--high school district for a county high school are:

(a)--the--high school district boundaries established by the county high school boundary commission; or

(b)--if no boundaries have been established, the--county boundaries, except for any territory located in a joint high school district.

{6}--A--county--high--school recognized as a high school district under the provisions of subsection {5}(b)--may--not have a bonding authority. Instead, the county shall exercise its bonding authority in the manner provided in 20-9-451.

Section 25. Section 20-6-411, MCA, is amended to read:

"20-6-411. Bonded indebtedness to remain with original territory except when assumed by election. Whenever district boundaries are changed in any manner prescribed in this title, the existing bonded indebtedness against any district or territory affected by a change of boundaries shall remain remains the indebtedness of the original territory against which such the bonds were issued and shall must be paid by levies on the original territory, except when elementary districts are consolidated with--the--mutual--assumption--of bonded--indebtedness--or--when--an--elementary--district--is

1 annexed--with--a--joint--assumption--of--the--annexing--district's
2 bonded--indebtedness--with--the--annexing--district. Any--moneys
3 to--the--credit--of--the--debt--service--fund--of--a--district--when
4 its--boundaries--are--changed--shall--be--used--to--pay--the--existing
5 bond--principal--and--interest--of--the--original--territory
6 issuing--such--bonds--as--it--becomes--due--or--for--bond--redemption
7 under--the--bonding--provisions--of--this--title."

8 **Section 26.** Section 20-6-413, MCA, is amended to read:

9 "20-6-413. Cash disposition when district ceases to
10 exist -- special levy for tuition debt. Whenever a district
11 shall--cease ceases to exist in any manner prescribed in this
12 title,--except--when--districts--are--consolidated [section 2],
13 the cash on hand to the credit of the funds of the district
14 and the debts of such the district shall must be allocated
15 in the following manner:

16 (1) Any cash to the credit of the district shall must
17 be used to pay any debts of the district, including bonded
18 indebtedness, except that any cash available in the debt
19 service fund shall must be used first to pay bond interest
20 and all outstanding bonds.

21 (2) If any cash remains to the credit of the district
22 after paying its debts, the cash shall must be transferred
23 by the county treasurer to the credit of the K-12 school
24 district or--districts assuming its territory. When--the
25 territory--is--assumed--by--more--than--one--district,--the

1 remaining--cash--shall--be--prorated--between--the--districts--on
2 the--basis--of--the--number--of--children--attending--school--and
3 residing--within--the--territory--assumed--by--each--district--as
4 determined--by--the--county--superintendent.

5 (3) If any tuition debt remains as an obligation of the
6 district, the tuition debt shall--be is the obligation of the
7 taxable property of the discontinued district, except when
8 the tuition debt has been assumed by the consolidated--or
9 annexing K-12 district. The tuition debt shall must be
10 financed by a mill levy on the property of the discontinued
11 district and paid from these proceeds by the county
12 superintendent.

13 (4) If any debts, other than bonded indebtedness and
14 tuition, remain as an obligation of the district after the
15 cash has been utilized under the provisions of subsection
16 (1) above, the debts shall must be assigned in the same
17 manner prescribed for the transfer of cash under subsection
18 (2) above."

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

20 "20-6-501. Definition of various schools. As used in
21 this title, unless the context clearly indicates otherwise,
22 the term "school" means an--institution a school attendance
23 location within a K-12 district that is established for the
24 teaching of children that--is--established and maintained
25 under the laws of the state of Montana at public expense.

The trustees of any a K-12 school district shall designate the grade assignments for the schools of the district, but for the purposes of this title each school ~~shall be~~ is known as:

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

(2) a high school when it comprises the work of one or more grades of schoolwork or their equivalents intermediate between the elementary schools and the institutions of higher education of the state of Montana. Types of high schools ~~shall be~~ are designated as follows:

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

(b) a senior high school is a school ~~which~~ that comprises the work of grades 10 through 12 or their

equivalents and which that is operated in conjunction with a junior high school;

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

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

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

Section 28. Section 20-6-711, MCA, is amended to read:

"20-6-711. Tenure protected -- hiring preference for noncertified employees. (1) ~~Whenever an elementary district is attached to a high school district~~ Under the provisions of [section 2] requiring school districts to form a K-12 school district ~~under the provisions of 20-6-701~~ districts, a district superintendent, principal, teacher, or other certified employee of the elementary a district who has a right of tenure under Montana law continues to have tenure in the K-12 district and the board of trustees of the high school district in which the person will perform duties shall recognize and give effect to the right of tenure.

(2) A noncertified, nonprobationary employee of an

1 elementary ~~a~~ district that is attached to a high-school
2 ~~district-to-form-a~~ K-12 district must be given preference in
3 hiring for any position with the K-12 district for which the
4 employee has substantially equal qualifications and, upon
5 acceptance of a position, may not be given probationary
6 status."

7 **Section 29.** Section 20-9-203, MCA, is amended to read:

8 "20-9-203. Examination of district accounting records.
9 The accounting records of all ~~first-y--second-y--and~~
10 ~~third-class~~ K-12 school districts must be audited in
11 accordance with 2-7-503. The trustees of the district shall
12 file a copy of the completed audit report with the
13 department of commerce, the superintendent of public
14 instruction, and the county superintendent."

15 **Section 30.** Section 20-9-212, MCA, is amended to read:

16 "20-9-212. Duties of county treasurer. The county
17 treasurer of each county shall:

18 (1) receive and hold all school money subject to
19 apportionment and keep a separate accounting of its
20 apportionment to the several districts which are entitled to
21 a portion of the money according to the apportionments
22 ordered by the county superintendent. A separate accounting
23 must be maintained for each county fund supported by a
24 countywide levy for a specific, authorized purpose,
25 including:

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

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

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

7 (d) the county tax in support of the elementary-and
8 high-school-district retirement obligations of a K-12 school
9 district; and

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

13 (2) whenever requested, notify the county
14 superintendent and the superintendent of public instruction
15 of the amount of county school money on deposit in each of
16 the funds enumerated in subsection (1) ~~of this section~~ and
17 the amount of any other school money subject to
18 apportionment and apportion the county and other school
19 money to the districts in accordance with the apportionment
20 ordered by the county superintendent;

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

24 (4) keep a separate accounting of the receipts,
25 expenditures, and cash balances for each budgeted fund

1 included in the final budget of each district and for each
2 nonbudgeted fund established by each district;

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

6 (6) receive all revenue collected by and for each
7 district and deposit these receipts in the fund designated
8 by law or by the district if no a fund is not designated by
9 law. Interest and penalties on delinquent school taxes shall
10 must be credited to the same fund and district for which the
11 original taxes were levied.

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

17 (8) at the direction of the trustees of a district,
18 assist the district in the issuance and sale of tax and
19 revenue anticipation notes as provided in Title 7, chapter
20 6, part 11;

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

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

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

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

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

24 (14) remit on a monthly basis to the state treasurer, in
25 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 31. Section 20-9-220, MCA, is amended to read:

"20-9-220. Clearing accounts. (1) A clearing account may be used by a school K-12 school district for bookkeeping purposes if:

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

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

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

(2) ~~An elementary school district and a high school district that are unified may use the same clearing account if the account is maintained in accordance with rules adopted by the superintendent of public instruction.~~

~~(3) Nothing in this~~ This section may not be construed

to allow the use of funds for any purpose or in any manner other than that expressly authorized in this title."

Section 32. Section 20-9-320, MCA, is amended to read:

"20-9-320. Foundation program schedule amount for junior high school. (1) The foundation program schedule amount for an approved and accredited junior high school must be prorated between the elementary district foundation program schedule amount and the high school district foundation program schedule amount in the following manner:

(a) determine the per-ANB schedule amount for the school, as defined by 20-9-317 and 20-9-319, from the high school schedule;

(b) calculate the ANB for the regularly enrolled full-time pupils enrolled in the 7th and 8th grades of the junior high school;

(c) multiply the per-ANB schedule amount determined in subsection (1)(a) by the ANB calculated in subsection (1)(b) to determine the authorized amount available for the elementary district foundation program; and

(d) subtract the amount determined in subsection (1)(c) from the total authorized amount for the school to determine the authorized amount available for the high school district foundation program.

(2) The amount determined for each school of a district under the schedules provided in 20-9-316 through 20-9-319

1 must be totaled to determine the foundation program schedule
2 amount for the district."

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

4 "20-9-331. Basic county tax and other revenues for
5 county equalization of the elementary district foundation
6 program. (1) The county commissioners of each county shall
7 levy an annual basic tax of 33 mills on the dollar of the
8 taxable value of all taxable property within the county,
9 except for property subject to a tax or fee under 23-2-517,
10 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for
11 the purposes of local and state foundation program support.
12 The revenue collected from this levy must be apportioned to
13 the support of the elementary foundation programs of the
14 K-12 school districts in the county and to the state special
15 revenue fund, state equalization aid account, in the
16 following manner:

17 (a) In order to determine the amount of revenue raised
18 by this levy which is retained by the county, the sum of the
19 estimated revenue identified in subsection (2) must be
20 subtracted from the total of the foundation programs of all
21 elementary schools of the K-12 school districts of the
22 county.

23 (b) If the basic levy and other revenue prescribed by
24 this section produce more revenue than is required to repay
25 a state advance for county equalization, the county

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

7 (2) The revenue realized from the county's portion of
8 the levy prescribed by this section and the revenue from the
9 following sources must be used for the equalization of the
10 elementary foundation program of the county as prescribed in
11 20-9-335, and a separate accounting must be kept of the
12 revenue by the county treasurer in accordance with
13 20-9-212(1):

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

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

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

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

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

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

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

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

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

15 **Section 34.** Section 20-9-333, MCA, is amended to read:

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

1 programs of the high school schools of the K-12 school
2 districts in the county and to the state special revenue
3 fund, state equalization aid account, in the following
4 manner:

5 (a) In order to determine the amount of revenue raised
6 by this levy which is retained by the county, the sum of the
7 estimated revenue identified in subsection (2) must be
8 subtracted from the sum of the county's high school tuition
9 obligation and the total of the foundation programs of all
10 high schools of the K-12 school districts of the county.

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

20 (2) The revenue realized from the county's portion of
21 the levy prescribed in this section and the revenue from the
22 following sources must be used for the equalization of the
23 high school foundation program of the county as prescribed
24 in 20-9-335, and a separate accounting must be kept of the
25 revenue by the county treasurer in accordance with

1 20-9-212(1):

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

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

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

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

14 (e) anticipated revenue from property taxes and fees
15 imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
16 61-3-537, and 67-3-204."

17 **Section 35.** Section 20-9-335, MCA, is amended to read:

18 "20-9-335. Formula for apportionment of county
19 equalization moneys. (1) The county superintendent shall
20 calculate the apportionment of revenue available in the
21 basic county tax account and in the basic special tax for
22 high schools account in accordance with the following
23 procedure:

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

1 elementary foundation program of the K-12 school districts
2 in the county is of the total elementary foundation program
3 of all K-12 school districts in the county;

4 (b) multiply the elementary foundation program amount
5 of each K-12 school district by the percentage determined in
6 subsection (1)(a) above to determine the portion of the
7 county equalization moneys money available to each K-12
8 school district.

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

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

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

24 **Section 36.** Section 20-9-347, MCA, is amended to read:

25 "20-9-347. Formula for state equalization aid

1 apportionment in support of foundation program --
 2 exceptions. (1) The superintendent of public instruction
 3 shall apportion the state equalization aid available for
 4 support of the foundation program, individually for the
 5 elementary districts-of-a-county schools or the high school
 6 schools of the K-12 school districts of a county, in
 7 accordance with 20-9-346 and on the basis of the following
 8 procedure:

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

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

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

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

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

15 (2) The superintendent of public instruction shall:

16 (a) supply the county treasurer and the county
 17 superintendent with a report of the apportionments of state
 18 equalization aid in support of the foundation program of the
 19 elementary schools and high schools of each K-12 school
 20 district of the county, and the state equalization aid in
 21 support of the foundation program must be apportioned to the
 22 K-12 school districts in accordance with the report;

23 (b) in the manner described in 20-9-344, provide for a
 24 state advance to each county in an amount that is no less
 25 than the amount anticipated to be raised for the basic

county tax fund as provided in 20-9-331 and for the basic special tax fund as provided in 20-9-333;

(c) adopt rules to implement the provisions of 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 K-12 school district to register warrants under the provisions of 20-9-212(9).

(b) To qualify for an adjustment in the payment schedule, a K-12 school 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 K-12 school district to make payment of the district's warrants. The county treasurer shall confirm the anticipated deficit. ~~Nothing-in-this~~ This section may not be construed to authorize the superintendent of public instruction to exceed a K-12 school district's annual payment for state and county equalization aid."

Section 37. Section 20-9-366, MCA, is amended to read:

"20-9-366. Definitions. As used in 20-9-366 through 20-9-369, the following definitions apply:

(1) "County retirement mill value per elementary ANB"

or "county retirement mill value per high school ANB" means the sum of the taxable valuation in the previous year of all property in the county divided by 1,000, with the quotient divided by the total county elementary ANB count or the total county high school ANB count used to calculate the elementary ~~school-districts~~ and high school schools of the K-12 school districts' current year foundation program amounts.

(2) "District mill value per elementary ANB" or "district mill value per high school ANB" means the taxable valuation in the previous year of all property in the K-12 school district divided by 1,000, with the quotient divided by the ANB count of the district used to calculate the district's current year elementary school or high school foundation program amount.

(3) "Permissive amount" means that portion of a K-12 school district's general fund budget in excess of the foundation program amount for the district, as provided in 20-9-316 through 20-9-321, but not exceeding 35% of the district's foundation program amount for the elementary schools and high schools of the district, and which excess is authorized under the provisions of 20-9-145 and 20-9-353.

(4) "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", for permissive and retirement guaranteed tax base purposes, means the sum

of the taxable valuation in the previous year of all property in the state, multiplied by 121% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state high school ANB amount used to calculate the elementary school-districts' schools and high schools of the K-12 school districts' current year foundation program amounts."

Section 38. Section 20-9-367, MCA, is amended to read:

"20-9-367. Eligibility to receive guaranteed tax base aid. (1) If the district mill value per ANB of--any elementary-or-high-school-district as calculated under the provisions of 20-6-702 is less than the corresponding statewide district mill value per elementary ANB or high school ANB, the K-12 school district may receive guaranteed tax base aid based on the number of mills levied in the district in support of its permissive amount of the general fund budget.

(2) If the county retirement mill value per elementary ANB or county retirement mill value per high school ANB is less than the corresponding statewide county mill value per elementary ANB or high school ANB, the county may receive guaranteed tax base aid based on the number of mills levied in the county in support of the retirement fund budgets of the respective elementary or high school-districts schools in the county."

Section 39. Section 20-9-368, MCA, is amended to read:

"20-9-368. Amount of guaranteed tax base aid -- reversion. (1) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the elementary schools of the K-12 school districts in the county is the difference between the county mill value per elementary ANB and the statewide county mill value per elementary ANB, multiplied by the number of mills levied in support of the retirement fund budgets for the elementary districts schools in the county.

(2) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the high schools of the K-12 school districts in the county is the difference between the county mill value per high school ANB and the statewide county mill value per high school ANB, multiplied by the number of mills levied in support of the retirement fund budgets for the high school districts in the county.

(3) The amount of guaranteed tax base aid per ANB that a K-12 school district may receive in support of its permissive amount of the general fund budget is:

(a) the difference between the district mill value per elementary ANB or the district mill value per high school ANB and the corresponding statewide district mill value per ANB, multiplied by the number of mills levied in support of

the K-12 school district's permissive amount of the general fund budget; and

(b) prorated between the elementary school and high school programs as provided in 20-6-702.

(4) Guaranteed tax base aid provided to any county or K-12 school district under this section is earmarked to finance the fund or portion of the fund for which it is provided. If the actual expenditures from the fund or portion of the fund for which guaranteed tax base aid is earmarked are less than the amount budgeted, the guaranteed tax base aid reverts in proportion to the amount budgeted but not expended. If a county or K-12 school district receives more guaranteed tax base aid than it is entitled to, the excess must be returned to the state as required by 20-9-344."

Section 40. Section 20-9-402, MCA, is amended to read:

"20-9-402. Definition of school district for bonding purposes. For the purposes of inebting an--elementary district, a high school district, a K-12 school district or a community college district by the issuance of bonds under the provisions of this title, the term "school district" shall--mean means any elementary--district,--high--school district, K-12 school district or community college district,--except--the--following--types--of--high--schools recognized--as--high--school--districts--without--a--bonding

authority-in-20-6-101:

{1}--high--schools-operated-by-an-elementary-district-in a--county--that--has--not--been--divided--into--high--school districts;--or

{2}--county-high-schools-located-in-a--county--that--has not--been--divided--into-high-school-districts-by-the-county high-school-boundary-commission."

Section 41. Section 20-9-403, MCA, is amended to read:

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

{a}{1} building, altering, repairing, buying, furnishing, equipping, purchasing lands for, and/or obtaining a water supply for a school, teacherage, dormitory, gymnasium, other building, or combination of said buildings for school purposes;

{b}{2} buying a school bus or buses;

{c}{3} providing the necessary money to redeem matured bonds, maturing bonds, or coupons appurtenant to bonds when there is not sufficient money to redeem them;

{d}{4} providing the necessary money to redeem optional or redeemable bonds when it is for the best interest of the school district to issue refunding bonds; or

{e}{5} funding a judgment against the district,

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

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

9 Section 42. Section 20-9-501, MCA, is amended to read:

10 "20-9-501. Retirement fund. (1) The trustees of a K-12
11 school district employing personnel who are members of the
12 teachers' retirement system or the public employees'
13 retirement system or who are covered by unemployment
14 insurance or who are covered by any federal social security
15 system requiring employer contributions shall establish a
16 retirement fund for the purposes of budgeting and paying the
17 employer's contributions to the systems. The K-12 school
18 district's contribution for each employee who is a member of
19 the teachers' retirement system must be calculated in
20 accordance with Title 19, chapter 4, part 6. The K-12 school
21 district's contribution for each employee who is a member of
22 the public employees' retirement system must be calculated
23 in accordance with 19-3-801. The K-12 school district's
24 contributions for each employee covered by any federal
25 social security system must be paid in accordance with

1 federal law and regulation. The K-12 school district's
2 contribution for each employee who is covered by
3 unemployment insurance must be paid in accordance with Title
4 39, chapter 51, part 11.

5 (2) The trustees of a K-12 school district required to
6 make a contribution to a system referred to in subsection
7 (1) shall include in the retirement fund of the preliminary
8 budget the estimated amount of the employer's contribution.
9 After the final retirement fund budget has been adopted, the
10 trustees shall pay the employer contributions to the systems
11 in accordance with the financial administration provisions
12 of this title.

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

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

18 (i) any anticipated money that may be realized in the
19 retirement fund during the ensuing school fiscal year,
20 including anticipated revenue from property taxes and fees
21 imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
22 61-3-537, and 67-3-204;

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

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

2 (iv) any fund balance available for reappropriation as

3 determined by subtracting the amount of the end-of-the-year

4 fund balance earmarked as the retirement fund operating

5 reserve for the ensuing school fiscal year by the trustees

6 from the end-of-the-year fund balance in the retirement

7 fund. The retirement fund operating reserve may not be more

8 than 35% of the final retirement fund budget for the ensuing

9 school fiscal year and must be used for the purpose of

10 paying retirement fund warrants issued by the K-12 school

11 district under the final retirement fund budget; and

12 (v) any other revenue anticipated that may be realized

13 in the retirement fund during the ensuing school fiscal

14 year, excluding any guaranteed tax base aid.

15 (b) notwithstanding the provisions of subsection (8)

16 (7), subtracting the money available for reduction of the

17 levy requirement, as determined in subsection (3)(a), from

18 the budgeted amount for expenditures in the final retirement

19 fund budget.

20 (4) The county superintendent shall:

21 (a) total the net retirement fund levy requirements

22 separately for all ~~elementary--school-districts, all-high~~

23 K-12 school districts, and all community college districts

24 of the county, including any prorated joint district or

25 special education cooperative agreement levy requirements;

1 and

2 (b) report each levy requirement to the county

3 commissioners on the second Monday of August as the

4 respective county levy requirements for elementary-district,

5 high K-12 school district, and community college district

6 retirement funds.

7 (5) The county commissioners shall fix and set the

8 county levy in accordance with 20-9-142.

9 ~~(6) The--net--retirement--fund--levy--requirement--for--a~~

10 ~~joint-elementary-district-or-a-joint--high--school--district~~

11 ~~must--be--prorated--to--each--county--in--which--a--part--of--the~~

12 ~~district-is-located-in-the-same-proportion-as--the--district~~

13 ~~AND--of--the--joint-district-is-distributed-by-pupil-residence~~

14 ~~in-each-county--The-county-superintendents-of--the--counties~~

15 ~~affected--shall--jointly--determine--the-net-retirement-fund~~

16 ~~levy-requirement-for-each-county-as-provided-in-20-9-151;~~

17 (7) The net retirement fund levy requirement for K-12

18 school districts that are members of special education

19 cooperative agreements must be prorated to each county in

20 which the K-12 school district is located in the same

21 proportion as the special education cooperative budget is

22 prorated to the member school districts. The county

23 superintendents of the counties affected shall jointly

24 determine the net retirement fund levy requirement for each

25 county in the same manner as provided in 20-9-151 and the

county commissioners shall fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152.

~~(8)~~(7) The county superintendent shall calculate the number of mills to be levied on the taxable property in the county to finance the retirement fund net levy requirement by dividing the amount determined in subsection (4)(a) by the sum of:

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

(b) the taxable valuation of the K-12 school district divided by 1,000."

Section 43. Section 20-20-301, MCA, is amended to read:

"20-20-301. Qualifications of elector. (1) An individual is entitled to vote at school elections if he the individual has the qualifications set forth in 13-1-111 and is a resident of the school district ~~or~~in a school district that has been apportioned into single-member trustee districts according to 20-3-337, a resident of the trustee district.

(2) An individual is entitled to vote at trustee elections if the individual has the qualifications set forth in 13-1-111 and is a resident of the county commissioner district from which a trustee is to be elected according to

[section 7]."

Section 44. Section 13-37-206, MCA, is amended to read:

"13-37-206. Exception for certain school districts--and certain special districts. ~~(1) The provisions of this part, except 13-37-217, do not apply to candidates for the office of trustee of a school district, their political committees, and political committees organized to support or oppose a school district issue when the school district is:~~

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

~~(b) a second--or third-class district; or~~

~~(c) a county high school district having a student enrollment of less than 2,000.~~

~~(2) The provisions of this part, except 13-37-217, do not apply to candidates for certain special district offices, their political committees, and political committees organized to support or oppose a special district issue when the special district is a conservation district, a fire district, a hospital district, an irrigation district, a sewer district, a transportation district, or a water district."~~

Section 45. Section 15-37-117, MCA, is amended to read:

"15-37-117. (Temporary) Disposition of metalliferous mines license taxes. (1) Except as provided in subsection (4), metalliferous mines license taxes collected under the

1 provisions of this part are allocated as follows:

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

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

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

9 (d) to the county or counties identified as
10 experiencing fiscal and economic impacts, resulting in
11 increased employment or local government costs, under an
12 impact plan for a large-scale mineral development prepared
13 and approved pursuant to 90-6-307, in direct proportion to
14 the fiscal and economic impacts determined in the plan or,
15 if no an impact plan has not been prepared, to the county in
16 which the mine is located, 25% of total collections each
17 year, to be allocated by the county commissioners as
18 follows:

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

21 (ii) all money not allocated to the account pursuant to
22 subsection (1)(d)(i) to be further allocated as follows:

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

25 (B) 33-1/3% 66 2/3% is allocated to the elementary

1 school-districts K-12 district within the county that have
2 has been affected by the development or operation of the
3 metal mine; and

4 ~~{0}--33-1/3% is allocated to the high--school--districts~~
5 ~~within the county that have been affected by the development~~
6 ~~or operation of the metal mine.~~

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

13 (3) The department shall return to the county in which
14 metals are produced the tax collections allocated under
15 subsection (1)(d). The allocation to the county described by
16 subsection (1)(d) is a statutory appropriation pursuant to
17 17-7-502.

18 (4) The proceeds of the surtax collected under
19 15-37-126 must be deposited to the credit of the general
20 fund.

21 15-37-117. (Effective on receipt of taxes on production
22 occurring prior to January 1, 1993) Disposition of
23 metalliferous mines license taxes. (1) Metalliferous mines
24 license taxes collected under the provisions of this part
25 are allocated as follows:

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

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

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

(d) to the county or counties identified as experiencing fiscal and economic impacts, resulting in increased employment or local government costs, under an impact plan for a large-scale mineral development prepared and approved pursuant to 90-6-307, in direct proportion to the fiscal and economic impacts determined in the plan or, if no an impact plan has not been prepared, to the county in which the mine is located, 25% of total collections each year, to be allocated by the county commissioners as follows:

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

(ii) all money not allocated to the account pursuant to subsection (1)(d)(i) to be further allocated as follows:

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

(B) ~~33-1/3%~~ 66 2/3% is allocated to the elementary school--districts K-12 district within the county that have

has been affected by the development or operation of the metal mine; and

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

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

(3) The department shall return to the county in which metals are produced the tax collections allocated under subsection (1)(d). The allocation to the county described by subsection (1)(d) is a statutory appropriation pursuant to 17-7-502."

Section 46. Section 17-3-213, MCA, is amended to read:

"17-3-213. Allocation to general road fund and countywide school levies. (1) The forest reserve funds so apportioned to each county must be apportioned by the county 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 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 47. Section 19-1-814, MCA, is amended to read:

"19-1-814. District's contribution to be first obligation. For the purposes of this part, the contributions with respect to services equivalent to the employer's tax established by the federal Social Security Act are the first obligation against any state funds received for school support by any school K-12 district, ~~high school district, or county high school~~ and shall must be paid therefrom before any other expenditure."

Section 48. Section 39-4-107, MCA, is amended to read:

"39-4-107. State and municipal governments, school districts, mines, mills, and smelters. (1) A period of 8 hours constitutes a day's work in all works and undertakings carried on or aided by any municipal or county government, the state government, or a ~~first-class~~ K-12 school district, and on all contracts let by them, and for all janitors (except in courthouses of sixth- and seventh-class counties), engineers, firefighters, caretakers, custodians, and laborers employed in or about any buildings, works, or grounds used or occupied for any purpose by such the municipal, county, or state government or ~~first-class~~ K-12 school district. A period of 8 hours constitutes a day's work in mills and smelters for the treatment of ores, in underground mines, and in the washing, reducing, and treatment of coal. This subsection does not apply in the

1 event of an emergency when life or property is in imminent
2 danger or to the situations specified in subsections (3) and
3 (4).

4 (2) The provisions of subsection (1) do not apply to
5 firefighters who are working a work period established in a
6 collective bargaining agreement entered into between a
7 public employer and a firefighters' organization or its
8 exclusive representative.

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

16 (4) In municipal and county governments, the employer
17 and employee may agree to a workday of more than 8 hours and
18 to a 7-day, 40-hour work period:

19 (a) through a collective bargaining agreement when a
20 collective bargaining unit represents the employee; or

21 (b) by the mutual agreement of the employer and
22 employee when no a bargaining unit is not recognized."

23 NEW SECTION. Section 49. Name change -- short form
24 amendment. (1) Wherever it appears in 20-1-301, 20-1-308,
25 20-3-208, 20-6-103, 20-6-504, 20-7-303, 20-7-305, 20-7-306,

1 20-7-411, 20-9-101, 20-9-102, 20-9-161, 20-9-201, 20-9-212,
2 20-9-344, 20-9-348, 20-9-501, and in all law enacted by the
3 53rd legislature, the code commissioner is directed to
4 change the term "elementary or high school" when it refers
5 to a district to "K-12".

6 (2) Wherever it appears in 2-7-503, 2-7-504, 19-6-702,
7 Title 20, 44-2-507, and in all law enacted by the 53rd
8 legislature, the code commissioner is directed to change the
9 term "school district" or "district" when it refers to a
10 single public elementary school or high school district to
11 "K-12 district".

12 (3) Wherever it appears in 20-6-203, 20-6-205 through
13 20-6-215, 20-6-411, 20-6-414, 20-6-415, 20-6-502, 20-6-507,
14 20-7-117, 20-15-201, 20-15-203, 20-15-208, and in all law
15 enacted by the 53rd legislature, the code commissioner is
16 directed to change the term "elementary school" when it
17 refers to a district to "K-12 school".

18 (4) Wherever it appears in 20-5-311, 20-5-312,
19 20-5-313, 20-6-503, 20-15-204, 20-15-241, and in all law
20 enacted by the 53rd legislature, the code commissioner is
21 directed to change the term "high school" when it refers to
22 a district to "K-12 school".

23 (5) Wherever it appears in 15-6-155, 15-16-803,
24 15-24-1402, 15-24-1501, 15-24-1603, and in all law enacted
25 by the 53rd legislature, the code commissioner is directed

to change the term "local high school district and elementary school district" to "K-12 school district".

NEW SECTION. Section 50. Codification instruction. [Sections 1 through 10] are intended to be codified as an integral part of Title 20, and the provisions of Title 20 apply to [sections 1 through 10].

NEW SECTION. Section 51. Repealer. Sections 19-1-815, 20-3-206, 20-3-207, 20-3-302, 20-3-306, 20-3-312, 20-3-337, 20-3-338, 20-3-341, 20-3-342, 20-3-343, 20-3-344, 20-3-351, 20-3-352, 20-3-353, 20-3-354, 20-3-355, 20-3-356, 20-3-361, 20-3-362, 20-4-403, 20-5-301, 20-5-302, 20-5-304, 20-5-305, 20-5-306, 20-5-307, 20-6-102, 20-6-103, 20-6-201, 20-6-202, 20-6-203, 20-6-204, 20-6-205, 20-6-206, 20-6-207, 20-6-208, 20-6-209, 20-6-210, 20-6-211, 20-6-213, 20-6-214, 20-6-215, 20-6-216, 20-6-217, 20-6-301, 20-6-303, 20-6-304, 20-6-307, 20-6-308, 20-6-309, 20-6-311, 20-6-312, 20-6-313, 20-6-314, 20-6-315, 20-6-316, 20-6-317, 20-6-318, 20-6-319, 20-6-320, 20-6-321, 20-6-325, 20-6-401, 20-6-402, 20-6-403, 20-6-404, 20-6-405, 20-6-406, 20-6-407, 20-6-408, 20-6-409, 20-6-410, 20-6-411, 20-6-415, 20-6-502, 20-6-503, 20-6-504, 20-6-505, 20-6-506, 20-6-508, 20-6-509, 20-6-602, 20-6-701, 20-6-712, 20-9-152, 20-9-202, 20-9-305, 20-9-320, 20-9-348, 20-9-451, 20-9-452, 20-9-453, 20-9-454, 20-9-455, 20-9-505, and 20-9-506, MCA, are repealed.

NEW SECTION. Section 52. Code commissioner

instruction. For the purpose of [this act], the code commissioner shall review and identify all sections of the Montana Code Annotated that require revision for compliance with [this act] and report the required revisions to the 54th legislature.

NEW SECTION. Section 53. Effective date -- applicability. [This act] is effective on passage and approval and applies to the school fiscal year beginning July 1, 1995.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0558, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act reorganizing the public school system of the State of Montana into K-12 school districts for the school fiscal year beginning July 1, 1995; creating county reorganization committees to accomplish the reorganization of school districts within each county; providing for approval of county reorganization plans by the Board of Public Education; providing methods of electing trustees of the K-12 school districts; generally revising the laws relating to districts to provide for K-12 school districts.

ASSUMPTIONS:

1. The K-12 district requirements of this bill are not effective until school fiscal year 1996. Therefore, this bill has no effect on the state equalization aid payments in the 1995 biennium.
2. The lead time provided in this bill allows the Office of Public Instruction to include the changes to school accounting manuals, administrative rules, and budget forms and documents along with its annual revisions or updates to these documents.

FISCAL IMPACT: No impact on state equalization aid or revenues for the 1995 biennium. No additional costs to the Office of Public Instruction for the 1995 biennium.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

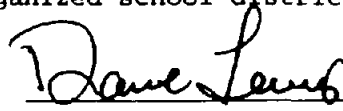
Counties will bear the costs associated with the development of county reorganization committees and plans.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The number of school districts in the state will be reduced from 514 operating school districts in the 1992-1993 school year to approximately 56 school districts in the 1995-1996 school year. This reorganization of school districts may have long-range effects on 1) the number of schools operated and teachers, administrators, and other school personnel employed in the Montana school system; 2) teacher salaries and pay scales across the state; 3) public school foundation program and guaranteed tax base aid costs; 4) costs and reimbursements for the transportation of school students; and 5) the cost of retirement and related guaranteed tax base. The extent of these savings or additional costs will depend on the actions of the county reorganization committees and the new K-12 district trustees.

TECHNICAL NOTES:

The effective date of the bill is on passage and approval. Only Sections 1-6, relating to the establishment of the county reorganization committees, review by the board of public education of reorganization plans, and the moratorium on trustee elections, should have an immediate effective date. If the other changes are to become effective with implementation of the reorganized school districts the remaining sections should be effective on July 1, 1995.

 2-17-93
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

2-17-93
STELLA JEAN HANSEN, PRIMARY SPONSOR DATE
Fiscal Note for HB0558, as introduced

HB 558