

SENATE BILL 32

Introduced by Blaylock, et al.

12/23 Introduced
12/23 Referred to Education & Cultural Resources
1/04 First Reading
1/04 Fiscal Note Requested
1/08 Hearing
1/11 Fiscal Note Received
1/11 Fiscal Note Printed
2/15 Committee Report--Bill Passed as Amended
2/16 2nd Reading Passed
2/17 3rd Reading Passed

Transmitted to House
2/22 Revised Fiscal Note Requested
2/23 Referred to Education & Cultural Resources
2/23 First Reading
3/01 Revised Fiscal Note Received
3/03 Revised Fiscal Note Printed
3/08 Hearing
3/29 Committee Report--Bill Concurred as Amended
3/30 2nd Reading Concurred
4/01 3rd Reading Concurred

Returned to Senate with Amendments
4/03 2nd Reading Amendments Not Concurred
4/06 Free Conference Committee Appointed

House
4/07 Free Conference Committee Appointed
Died in Process

1 SENATE BILL NO. 32

2 INTRODUCED BY BLAYLOCK

3 BY REQUEST OF THE JOINT INTERIM

4 SUBCOMMITTEE ON SCHOOL FUNDING

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT EQUALIZING FUNDING FOR
7 SCHOOL DISTRICT FACILITY NEEDS BY PROVIDING GUARANTEED TAX
8 BASE AID FOR THE DEBT SERVICE FUND OF A SCHOOL DISTRICT IF
9 THE DISTRICT MILL VALUE PER ANB IS LESS THAN THE
10 CORRESPONDING STATEWIDE MILL VALUE PER ANB; ALLOWING A
11 DISTRICT THAT QUALIFIES FOR GUARANTEED TAX BASE AID TO INCUR
12 INDEBTEDNESS UP TO 45 PERCENT OF THE STATEWIDE TAXABLE VALUE
13 PER PUPIL MULTIPLIED BY THE DISTRICT'S ANB; AMENDING
14 SECTIONS 20-9-344, 20-9-366, 20-9-367, 20-9-368, 20-9-406,
15 AND 20-9-439, MCA; AND PROVIDING AN EFFECTIVE DATE."

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18 Section 1. Section 20-9-344, MCA, is amended to read:

19 "20-9-344. Purpose of state equalization aid and duties
20 of board of public education for distribution. (1) The money
21 available for state equalization aid must be distributed and
22 apportioned to provide:

23 (a) an annual minimum operating revenue for the
24 elementary and high schools in each county, ~~exclusive of~~ and
25 revenues required for debt service as provided in 20-9-367,

1 and exclusive of revenues required for the payment of any
2 costs and expense incurred in connection with any adult
3 education program, recreation program, school food services
4 program, ~~new-buildings-and-grounds~~, and transportation; and

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

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

12 (a) adopt policies for regulating the distribution of
13 state equalization aid and state advances for county
14 equalization in accordance with the provisions of law;

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

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

1 between budgeted and actual receipts from any other source
2 of school revenue.

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

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

10 (b) maintain accredited status.

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

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

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

25 (a) from August to May of the school fiscal year, 8% of

1 the foundation program payment to each district;

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

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

8 (d) in June of:

9 (i) the 1993 school fiscal year, one-half of the
10 remaining foundation program payment of each district and on
11 July 15, 1993, the remaining school fiscal year 1993
12 foundation program payment of each district; and

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

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

18 **Section 2.** Section 20-9-366, MCA, is amended to read:

19 "20-9-366. Definitions. As used in 20-9-366 through
20 20-9-369, the following definitions apply:

21 (1) "County retirement mill value per elementary ANB"
22 or "county retirement mill value per high school ANB" means
23 the sum of the taxable valuation in the previous year of all
24 property in the county divided by 1,000, with the quotient
25 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 districts' current year foundation program amounts.

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

(3) "Permissive amount" means that portion of a 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, 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, debt service, 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' and high school districts' current year foundation program amounts."

Section 3. 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 is less than the corresponding statewide district mill value per elementary ANB or high school ANB, the 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 and its debt service fund.

(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 in the county."

Section 4. 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 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 in the

1 county.

2 (2) The amount of guaranteed tax base aid per ANB that
3 a county may receive in support of the retirement fund
4 budgets of the high school districts in the county is the
5 difference between the county mill value per high school ANB,
6 and the statewide county mill value per high school ANB,
7 multiplied by the number of mills levied in support of the
8 retirement fund budgets for the high school districts in the
9 county.

10 (3) The amount of guaranteed tax base aid per ANB that
11 a district may receive in support of its permissive amount
12 of the general fund budget is the difference between the
13 district mill value per ANB and the corresponding statewide
14 district mill value per ANB, multiplied by the number of
15 mills levied in support of the district's permissive amount
16 of the general fund budget.

17 (4) The amount of guaranteed tax base aid per ANB that
18 a district may receive in support of its debt service fund
19 budget is the difference between the district mill value per
20 ANB and the corresponding statewide mill value per ANB,
21 multiplied by the number of mills levied in support of the
22 district's debt service fund budget.

23 ~~(4)~~(5) Guaranteed tax base aid provided to any county
24 or district under this section is earmarked to finance the
25 fund or portion of the fund for which it is provided. If the

1 actual expenditures from the fund or portion of the fund for
2 which guaranteed tax base aid is earmarked are less than the
3 amount budgeted, the guaranteed tax base aid reverts in
4 proportion to the amount budgeted but not expended. If a
5 county or district receives more guaranteed tax base aid
6 than it is entitled to, the excess must be returned to the
7 state as required by 20-9-344."

8 **Section 5.** Section 20-9-406, MCA, is amended to read:

9 "20-9-406. Limitations on amount of bond issue. (1) (a)
10 The Except as provided in subsection (1)(c), the maximum
11 amount for which an elementary district or a high school
12 district may become indebted by the issuance of bonds,
13 including all indebtedness represented by outstanding bonds
14 of previous issues and registered warrants, is 45% of the
15 taxable value of the property subject to taxation as
16 ascertained by the last completed assessment for state,
17 county, and school taxes previous to the incurring of the
18 indebtedness, including:

19 ~~(i) the taxable value of coal gross proceeds as~~
20 ~~determined for county bonding purposes in 15-23-703(2);~~

21 ~~(ii) the taxable value of oil and gas net proceeds as~~
22 ~~determined for county bonding purposes in 15-23-607(3); and~~

23 ~~(iii) the amount of the value of any other oil and gas~~
24 ~~production occurring after December 31, 1980, multiplied by~~
25 ~~60%.~~

1 (b) The Except as provided in subsection (1)(c), the
 2 maximum amount for which a K-12 school district, as formed
 3 pursuant to 20-6-701, may become indebted by the issuance of
 4 bonds, including all indebtedness represented by outstanding
 5 bonds of previous issues and registered warrants, is up to
 6 90% of the taxable value of the property subject to taxation
 7 as ascertained by the last-completed assessment for state,
 8 county, and school taxes previous to the incurring of the
 9 indebtedness. The total indebtedness of the high school
 10 district with an attached elementary district ~~as represented~~
 11 ~~by the issuance of bonds~~ must be limited to the sum of 45%
 12 of the taxable value of the property for elementary school
 13 program purposes and 45% of the taxable value of the
 14 property for high school program purposes.

15 (c) The maximum amount for which an elementary district
 16 or a high school district that qualifies for guaranteed tax
 17 base aid under the provisions of 20-9-367 may become
 18 indebted by the issuance of bonds, including all
 19 indebtedness represented by outstanding bonds of previous
 20 issues and registered warrants, is 45% of the corresponding
 21 statewide mill value per ANB times 1,000 times the ANB of
 22 the district. For a K-12 district, the maximum amount for
 23 which the district may become indebted is 45% of the sum of
 24 the statewide mill value per elementary ANB times 1,000
 25 times the elementary ANB of the district and the statewide

1 mill value per high school ANB times 1,000 times the high
 2 school ANB of the district.

3 (2) The maximum amounts determined in subsection (1),
 4 however, may not pertain to indebtedness imposed by special
 5 improvement district obligations or assessments against the
 6 school district or to bonds issued for the repayment of tax
 7 protests lost by the district. All bonds issued in excess of
 8 the amount are void, except as provided in this section.

9 (3) When the total indebtedness of a school district
 10 has reached the limitations prescribed in this section, the
 11 school district may pay all reasonable and necessary
 12 expenses of the school district on a cash basis in
 13 accordance with the financial administration provisions of
 14 this chapter.

15 (4) Whenever bonds are issued for the purpose of
 16 refunding bonds, any money to the credit of the debt service
 17 fund for the payment of the bonds to be refunded is applied
 18 toward the payment of the bonds and the refunding bond issue
 19 is decreased accordingly."

20 **Section 6.** Section 20-9-439, MCA, is amended to read:

21 "20-9-439. **Computation of net levy requirement --**
 22 **procedure when levy inadequate.** (1) The county
 23 superintendent shall compute the levy requirement for each
 24 school district's debt service fund on the basis of the
 25 following procedure:

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

4 (i) the end-of-the-year fund balance in the debt
 5 service fund, less any limited operating reserve as provided
 6 in 20-9-438;

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

11 (iii) any other money, including money from federal
 12 sources, anticipated by the trustees to be available in the
 13 debt service fund during the ensuing school fiscal year from
 14 such sources as legally authorized money transfers into the
 15 debt service fund or from rental income, excluding any
 16 guaranteed tax base aid.

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

21 (c) Determine the number of mills to be levied on the
 22 taxable property in the district to finance the net debt
 23 service fund levy requirement by dividing the remainder
 24 determined in subsection (1)(b) by the sum of:

25 (i) the amount of guaranteed tax base aid that the

1 district will receive for each mill levied, as certified by
 2 the superintendent of public instruction; and

3 (ii) the taxable valuation of the district divided by
 4 1,000.

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

11 (2)(3) If the board of county commissioners fails in
 12 any school fiscal year to make a levy for any issue or
 13 series of bonds of a school district sufficient to raise the
 14 money necessary for payment of interest and principal
 15 becoming due during the next ensuing school fiscal year, in
 16 any amounts established under the provisions of this
 17 section, the holder of any bond of the issue or series or
 18 any taxpayer of the district may apply to the district court
 19 of the county in which the school district is located for a
 20 writ of mandate to compel the board of county commissioners
 21 of the county to make a sufficient levy for such purposes.
 22 If, upon the hearing of the application, it appears to the
 23 satisfaction of the court that the board of county
 24 commissioners of the county has failed to make a levy or has
 25 made a levy that is insufficient to raise the amount

1 required to be raised as established in the manner provided
2 in this section, the court shall determine the amount of the
3 deficiency and shall issue a writ of mandate directed to and
4 requiring the board of county commissioners, at the next
5 meeting for the purpose of fixing tax levies for county
6 purposes, to fix and make a levy against all taxable
7 property in the school district that is sufficient to raise
8 the amount of the deficiency. The levy is in addition to any
9 levy required to be made at that time for the ensuing school
10 fiscal year. Any costs that may be allowed or awarded the
11 petitioner in the proceeding must be paid by the members of
12 the board of county commissioners and may not be a charge
13 against the school district or the county."

14 NEW SECTION. **Section 7.** Effective date. [This act] is
15 effective July 1, 1993.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for , SB0032 as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act equalizing funding for school district facility needs by providing guaranteed tax base aid for the debt service fund of a school district if the district mill value per ANB is less than the corresponding statewide mill value per ANB; Allowing a district that qualifies for guaranteed tax base aid to incur indebtedness up to 45 percent of the statewide taxable value per pupil multiplied by the district's ANB; amending various sections and providing an effective date.

ASSUMPTIONS:

1. School district debt service budgets will grow by 3.23% annually in FY94 and FY95 consistent with the growth rate from FY92 to FY93. School districts will budget \$29.893 million in FY94 and \$30.859 million in FY95 for debt service.
2. If SB32 had been in effect in FY92 the state GTB cost for debt service would have been 21.08% of the total debt service funding. In fiscal 1993 the state GTB cost would have been 21.6% of the total debt service fund revenue. In FY94 and FY95 the state GTB cost will be 21.6% of total debt service fund revenue.
3. In response to the incentives of subsidized mill levies for bonded debt and raised debt limits on many districts the debt service budgets will increase by an additional 5% and the state GTB cost will rise to 24% in FY95.

FISCAL IMPACT:

	<u>FY '94</u>			<u>FY '95</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
School Facilities						
Guaranteed Tax Base	0	6,457,000	6,457,000	0	7,776,000	7,776,000
<u>Funding:</u>						
General fund	0	6,457,000	6,457,000	0	7,776,000	7,776,000

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

This bill will initially reduce local mill levies and expenditures for bonded indebtedness in qualifying districts as state GTB aid offsets local property tax revenues. As districts respond to the incentive offered by the state subsidy to build and the raising of caps on bonded indebtedness expenditures may increase.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The incentives offered by this bill should increase the rate of expansion, replacement, and modernization of school facilities. Attendant with this will be increases in the overall level of school bonded debt.

TECHNICAL NOTES:

Dave Lewis 1-11-93
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Chet B/aylock 1/11/93
CHET BLAYLOCK, PRIMARY SPONSOR DATE

Fiscal Note for SB0032, introduced version

SB 32

APPROVED BY COMM. ON EDUCATION
AND CULTURAL RESOURCES

SENATE BILL NO. 32

INTRODUCED BY BLAYLOCK, B. BROWN,

MCCULLOCH, VAN VALKENBURG, R. JOHNSON

BY REQUEST OF THE JOINT INTERIM

SUBCOMMITTEE ON SCHOOL FUNDING

A BILL FOR AN ACT ENTITLED: "AN ACT EQUALIZING FUNDING FOR SCHOOL DISTRICT FACILITY NEEDS BY PROVIDING GUARANTEED TAX BASE AID FOR THE DEBT SERVICE FUND OF A SCHOOL DISTRICT IF THE DISTRICT MILL VALUE PER ANB IS LESS THAN THE CORRESPONDING STATEWIDE MILL VALUE PER ANB; ALLOWING A DISTRICT THAT QUALIFIES FOR GUARANTEED TAX BASE AID TO INCUR INDEBTEDNESS UP TO 45 PERCENT OF THE STATEWIDE TAXABLE VALUE PER PUPIL MULTIPLIED BY THE DISTRICT'S ANB; AMENDING SECTIONS 20-9-344, 20-9-366, 20-9-367, 20-9-368, 20-9-406, AND 20-9-439, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 20-9-344, MCA, is amended to read:

"20-9-344. Purpose of state equalization aid and duties of board of public education for distribution. (1) The money available for state equalization aid must be distributed and apportioned to provide:

(a) an annual minimum operating revenue for the

elementary and high schools in each county ~~exclusive of~~ and revenues required for debt service as provided in 20-9-367, and exclusive of revenues required for the payment of any costs and expense incurred in connection with any adult education program, recreation program, school food services program, ~~new-buildings-and-grounds,~~ and transportation; and

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

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

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

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

(c) order the superintendent of public instruction to distribute the state equalization aid on the basis of each district's annual entitlement to the aid as established by the superintendent of public instruction. In ordering the distribution of state equalization aid, the board of public education may not increase or decrease the state

1 equalization aid distribution to any district on account of
2 any difference that may occur during the school fiscal year
3 between budgeted and actual receipts from any other source
4 of school revenue.

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

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

12 (b) maintain accredited status.

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

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

24 (6) Except as provided in 20-9-347(3), the foundation
25 program payment and guaranteed tax base aid payment must be

1 distributed according to the following schedule:

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

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

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

10 (d) in June of:

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

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

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

20 **Section 2.** Section 20-9-366, MCA, is amended to read:

21 "20-9-366. Definitions. As used in 20-9-366 through
22 20-9-369, the following definitions apply:

23 (1) "County retirement mill value per elementary ANB"
24 or "county retirement mill value per high school ANB" means
25 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 districts' current year foundation program amounts.

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

(3) "Permissive amount" means that portion of a 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, 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, debt service, 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' and high school districts' current year foundation program

amounts."

Section 3. 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 is less than the corresponding statewide district mill value per elementary ANB or high school ANB, the 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 and its debt service fund.

(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 in the county."

Section 4. 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 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 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 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 district may receive in support of its permissive amount of the general fund budget is the difference between the district mill value per ANB and the corresponding statewide district mill value per ANB, multiplied by the number of mills levied in support of the district's permissive amount of the general fund budget.

(4) The amount of guaranteed tax base aid per ANB that a district may receive in support of its debt service fund budget is SUBJECT TO THE PROVISIONS OF [SECTION 7] AND IS the difference between the district mill value per ANB and the corresponding statewide mill value per ANB, multiplied by the number of mills levied in support of the district's debt service fund budget AND MULTIPLIED BY THE PERCENTAGE OF

THE TOTAL PRINCIPAL AMOUNT OF ITS PROPOSED BOND AMOUNT THAT MEETS THE REQUIREMENTS OF [SECTION 7(1)(B)].

~~(4)~~(5) Guaranteed tax base aid provided to any county or 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 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 5. Section 20-9-406, MCA, is amended to read:

"20-9-406. Limitations on amount of bond issue. (1) (a) The Except as provided in subsection (1)(c), the maximum amount for which an elementary district or a high school district may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is 45% of the taxable value of the property subject to taxation as ascertained by the last completed assessment for state, county, and school taxes previous to the incurring of the indebtedness,--including:

~~(1)--the--taxable--value--of--coal--gross--proceeds---as determined-for-county-bonding-purposes-in-15-23-703(2);~~

~~{ii}-the-taxable-value-of-oil-and-gas-net-proceeds-as determined-for-county-bonding-purposes-in-15-23-607(3),-and {iii}-the-amount-of-the-value-of-any-other-oil--and--gas production--occurring-after-December-31,-1988,-multiplied-by 60%.~~

(b) The Except as provided in subsection (1)(c), the maximum amount for which a K-12 school district, as formed pursuant to 20-6-701, may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is up to 90% of the taxable value of the property subject to taxation as ascertained by the last-completed assessment for state, county, and school taxes previous to the incurring of the indebtedness. The total indebtedness of the high school district with an attached elementary district as-represented by-the-issuance-of-bonds must be limited to the sum of 45% of the taxable value of the property for elementary school program purposes and 45% of the taxable value of the property for high school program purposes.

(c) The maximum amount for which an elementary district or a high school district that qualifies for guaranteed tax base aid under the provisions of 20-9-367 may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is 45% of the corresponding

statewide mill value per ANB times 1,000 times the ANB of the district. For a K-12 district, the maximum amount for which the district may become indebted is 45% of the sum of the statewide mill value per elementary ANB times 1,000 times the elementary ANB of the district and the statewide mill value per high school ANB times 1,000 times the high school ANB of the district.

(2) The maximum amounts determined in subsection (1), however, may not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district or to bonds issued for the repayment of tax protests lost by the district. All bonds issued in excess of the amount are void, except as provided in this section.

(3) When the total indebtedness of a school district has reached the limitations prescribed in this section, the school district may pay all reasonable and necessary expenses of the school district on a cash basis in accordance with the financial administration provisions of this chapter.

(4) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the refunding bond issue is decreased accordingly."

Section 6. Section 20-9-439, MCA, is amended to read:

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

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

9 (i) the end-of-the-year fund balance in the debt
10 service fund, less any limited operating reserve as provided
11 in 20-9-438;

12 (ii) anticipated interest to be earned by the investment
13 of debt service cash in accordance with the provisions of
14 20-9-213(4) or by the investment of bond proceeds under the
15 provisions of 20-9-435; and

16 (iii) any other money, including money from federal
17 sources, anticipated by the trustees to be available in the
18 debt service fund during the ensuing school fiscal year from
19 such sources as legally authorized money transfers into the
20 debt service fund or from rental income, excluding any
21 guaranteed tax base aid.

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

1 (c) Determine the number of mills to be levied on the
2 taxable property in the district to finance the net debt
3 service fund levy requirement by dividing the remainder
4 determined in subsection (1)(b) by the sum of:

5 (i) the amount of guaranteed tax base aid that the
6 district will receive for each mill levied, as certified by
7 the superintendent of public instruction; and

8 (ii) the taxable valuation of the district divided by
9 1,000.

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

16 ~~(2)(3)~~ If the board of county commissioners fails in
17 any school fiscal year to make a levy for any issue or
18 series of bonds of a school district sufficient to raise the
19 money necessary for payment of interest and principal
20 becoming due during the next ensuing school fiscal year, in
21 any amounts established under the provisions of this
22 section, the holder of any bond of the issue or series or
23 any taxpayer of the district may apply to the district court
24 of the county in which the school district is located for a
25 writ of mandate to compel the board of county commissioners

of the county to make a sufficient levy for such purposes. If, upon the hearing of the application, it appears to the satisfaction of the court that the board of county commissioners of the county has failed to make a levy or has made a levy that is insufficient to raise the amount required to be raised as established in the manner provided in this section, the court shall determine the amount of the deficiency and shall issue a writ of mandate directed to and requiring the board of county commissioners, at the next meeting for the purpose of fixing tax levies for county purposes, to fix and make a levy against all taxable property in the school district that is sufficient to raise the amount of the deficiency. The levy is in addition to any levy required to be made at that time for the ensuing school fiscal year. Any costs that may be allowed or awarded the petitioner in the proceeding must be paid by the members of the board of county commissioners and may not be a charge against the school district or the county."

NEW SECTION. SECTION 7. QUALIFICATIONS FOR STATE GUARANTEED TAX BASE AID TO SUPPORT DEBT SERVICE. (1) TO QUALIFY FOR THE GUARANTEED TAX BASE AID PER ANB FOR DEBT SERVICE DESCRIBED IN 20-9-368, A SCHOOL DISTRICT, BEFORE ISSUING ITS BONDS, MUST HAVE:

(A) RECEIVED VOTER APPROVAL FOR BONDS PURSUANT TO 20-9-421;

(B) FOLLOWING VOTER APPROVAL, RECEIVED A CERTIFICATE OF ELIGIBILITY FROM THE BOARD OF PUBLIC EDUCATION, ON OR AFTER [THE EFFECTIVE DATE OF THIS ACT], STATING THAT AFTER CONSULTATION WITH THE SUPERINTENDENT OF PUBLIC INSTRUCTION, THE BOARD HAS DETERMINED WHAT PERCENTAGE OF THE TOTAL PRINCIPAL AMOUNT OF THE PROPOSED AMOUNT OF THE PROPOSED BONDS WILL BE USED TO:

(I) RESTORE, REBUILD, OR REPLACE A DESTROYED OR SEVERELY DAMAGED SCHOOL BUILDING;

(II) CORRECT ONE OR MORE BUILDING DEFICIENCIES THAT AFFECT THE HEALTH AND SAFETY OF SCHOOL CHILDREN;

(III) CORRECT ONE OR MORE DEFICIENCIES THAT PREVENT THE SCHOOL DISTRICT FROM MEETING CURRENT ACCREDITATION STANDARDS; OR

(IV) ADDRESS ANY COMBINATION OF CIRCUMSTANCES DESCRIBED IN SUBSECTIONS (1)(B)(I) THROUGH (1)(B)(III).

(2) THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL CERTIFY AND NOTIFY THE DISTRICT OF THE AMOUNT, IF ANY, OF GUARANTEED TAX BASE AID FOR WHICH THE DISTRICT QUALIFIES.

NEW SECTION. SECTION 8. APPLICABILITY. (THIS ACT) APPLIES TO BONDS ISSUED AFTER [THE EFFECTIVE DATE OF THIS ACT].

NEW SECTION. Section 9. Effective date. [This act] is effective July 1, 1993.

-End-

SENATE BILL NO. 32

INTRODUCED BY BLAYLOCK, B. BROWN,
MCCULLOCH, VAN VALKENBURG, R. JOHNSON
BY REQUEST OF THE JOINT INTERIM
SUBCOMMITTEE ON SCHOOL FUNDING

A BILL FOR AN ACT ENTITLED: "AN ACT EQUALIZING FUNDING FOR
SCHOOL DISTRICT FACILITY NEEDS BY PROVIDING GUARANTEED TAX
BASE AID FOR THE DEBT SERVICE FUND OF A SCHOOL DISTRICT IF
THE DISTRICT MILL VALUE PER ANB IS LESS THAN THE
CORRESPONDING STATEWIDE MILL VALUE PER ANB; ALLOWING A
DISTRICT THAT QUALIFIES FOR GUARANTEED TAX BASE AID TO INCUR
INDEBTEDNESS UP TO 45 PERCENT OF THE STATEWIDE TAXABLE VALUE
PER PUPIL MULTIPLIED BY THE DISTRICT'S ANB; AMENDING
SECTIONS 20-9-344, 20-9-366, 20-9-367, 20-9-368, 20-9-406,
AND 20-9-439, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN
APPLICABILITY DATE."

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

Section 1. Section 20-9-344, MCA, is amended to read:

"20-9-344. Purpose of state equalization aid and duties
of board of public education for distribution. (1) The money
available for state equalization aid must be distributed and
apportioned to provide:

(a) an annual minimum operating revenue for the

elementary and high schools in each county--~~exclusive of~~ and
revenues required for debt service as provided in 20-9-367,
and exclusive of revenues required for the payment of any
costs and expense incurred in connection with any adult
education program, recreation program, school food services
program, ~~new-buildings-and-ground~~, and transportation; and

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

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

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

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

(c) order the superintendent of public instruction to
distribute the state equalization aid on the basis of each
district's annual entitlement to the aid as established by
the superintendent of public instruction. In ordering the
distribution of state equalization aid, the board of public
education may not increase or decrease the state

1 equalization aid distribution to any district on account of
2 any difference that may occur during the school fiscal year
3 between budgeted and actual receipts from any other source
4 of school revenue.

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

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

12 (b) maintain accredited status.

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

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

24 (6) Except as provided in 20-9-347(3), the foundation
25 program payment and guaranteed tax base aid payment must be

1 distributed according to the following schedule:

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

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

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

10 (d) in June of:

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

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

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

20 **Section 2.** Section 20-9-366, MCA, is amended to read:

21 "20-9-366. Definitions. As used in 20-9-366 through
22 20-9-369, the following definitions apply:

23 (1) "County retirement mill value per elementary ANB"
24 or "county retirement mill value per high school ANB" means
25 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 districts' current year foundation program amounts.

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

(3) "Permissive amount" means that portion of a 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, 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, debt service, 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' and high school districts' current year foundation program

amounts."

Section 3. 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 is less than the corresponding statewide district mill value per elementary ANB or high school ANB, the 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 and its debt service fund.

(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 in the county."

Section 4. 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 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 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 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 district may receive in support of its permissive amount of the general fund budget is the difference between the district mill value per ANB and the corresponding statewide district mill value per ANB, multiplied by the number of mills levied in support of the district's permissive amount of the general fund budget.

(4) The amount of guaranteed tax base aid per ANB that a district may receive in support of its debt service fund budget is SUBJECT TO THE PROVISIONS OF (SECTION 7) AND IS the difference between the district mill value per ANB and the corresponding statewide mill value per ANB, multiplied by the number of mills levied in support of the district's debt service fund budget AND MULTIPLIED BY THE PERCENTAGE OF

THE TOTAL PRINCIPAL AMOUNT OF ITS PROPOSED BOND AMOUNT THAT MEETS THE REQUIREMENTS OF [SECTION 7(1)(B)].

~~(4)~~(5) Guaranteed tax base aid provided to any county or 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 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 5. Section 20-9-406, MCA, is amended to read:

"20-9-406. Limitations on amount of bond issue. (1) (a) The Except as provided in subsection (1)(c), the maximum amount for which an elementary district or a high school district may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is 45% of the taxable value of the property subject to taxation as ascertained by the last completed assessment for state, county, and school taxes previous to the incurring of the indebtedness, including:

~~(i) the taxable value of coal gross proceeds as determined for county bonding purposes in 15-23-703(2);~~

~~{ii}-the-taxable-value-of-oil-and-gas-net-proceeds-as determined-for-county-bonding-purposes-in-15-23-607(3);-and {iii}-the-amount-of-the-value-of-any-other-oil--and--gas production--occurring-after-December-31,-1988,-multiplied-by 60%.~~

(b) The Except as provided in subsection (1)(c), the maximum amount for which a K-12 school district, as formed pursuant to 20-6-701, may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is up to 90% of the taxable value of the property subject to taxation as ascertained by the last-completed assessment for state, county, and school taxes previous to the incurring of the indebtedness. The total indebtedness of the high school district with an attached elementary district as-represented by-the-issuance-of-bonds must be limited to the sum of 45% of the taxable value of the property for elementary school program purposes and 45% of the taxable value of the property for high school program purposes.

(c) The maximum amount for which an elementary district or a high school district that qualifies for guaranteed tax base aid under the provisions of 20-9-367 may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is 45% of the corresponding

statewide mill value per ANB times 1,000 times the ANB of the district. For a K-12 district, the maximum amount for which the district may become indebted is 45% of the sum of the statewide mill value per elementary ANB times 1,000 times the elementary ANB of the district and the statewide mill value per high school ANB times 1,000 times the high school ANB of the district.

(2) The maximum amounts determined in subsection (1), however, may not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district or to bonds issued for the repayment of tax protests lost by the district. All bonds issued in excess of the amount are void, except as provided in this section.

(3) When the total indebtedness of a school district has reached the limitations prescribed in this section, the school district may pay all reasonable and necessary expenses of the school district on a cash basis in accordance with the financial administration provisions of this chapter.

(4) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the refunding bond issue is decreased accordingly."

Section 6. Section 20-9-439, MCA, is amended to read:

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

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

9 (i) the end-of-the-year fund balance in the debt
 10 service fund, less any limited operating reserve as provided
 11 in 20-9-438;

12 (ii) anticipated interest to be earned by the investment
 13 of debt service cash in accordance with the provisions of
 14 20-9-213(4) or by the investment of bond proceeds under the
 15 provisions of 20-9-435; and

16 (iii) any other money, including money from federal
 17 sources, anticipated by the trustees to be available in the
 18 debt service fund during the ensuing school fiscal year from
 19 such sources as legally authorized money transfers into the
 20 debt service fund or from rental income, excluding any
 21 guaranteed tax base aid.

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

1 (c) Determine the number of mills to be levied on the
 2 taxable property in the district to finance the net debt
 3 service fund levy requirement by dividing the remainder
 4 determined in subsection (1)(b) by the sum of:

5 (i) the amount of guaranteed tax base aid that the
 6 district will receive for each mill levied, as certified by
 7 the superintendent of public instruction; and

8 (ii) the taxable valuation of the district divided by
 9 1,000.

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

16 ~~(2)(3)~~ If the board of county commissioners fails in
 17 any school fiscal year to make a levy for any issue or
 18 series of bonds of a school district sufficient to raise the
 19 money necessary for payment of interest and principal
 20 becoming due during the next ensuing school fiscal year, in
 21 any amounts established under the provisions of this
 22 section, the holder of any bond of the issue or series or
 23 any taxpayer of the district may apply to the district court
 24 of the county in which the school district is located for a
 25 writ of mandate to compel the board of county commissioners

of the county to make a sufficient levy for such purposes. If, upon the hearing of the application, it appears to the satisfaction of the court that the board of county commissioners of the county has failed to make a levy or has made a levy that is insufficient to raise the amount required to be raised as established in the manner provided in this section, the court shall determine the amount of the deficiency and shall issue a writ of mandate directed to and requiring the board of county commissioners, at the next meeting for the purpose of fixing tax levies for county purposes, to fix and make a levy against all taxable property in the school district that is sufficient to raise the amount of the deficiency. The levy is in addition to any levy required to be made at that time for the ensuing school fiscal year. Any costs that may be allowed or awarded the petitioner in the proceeding must be paid by the members of the board of county commissioners and may not be a charge against the school district or the county."

NEW SECTION. SECTION 7. QUALIFICATIONS FOR STATE GUARANTEED TAX BASE AID TO SUPPORT DEBT SERVICE. (1) TO QUALIFY FOR THE GUARANTEED TAX BASE AID PER ANB FOR DEBT SERVICE DESCRIBED IN 20-9-368, A SCHOOL DISTRICT, BEFORE ISSUING ITS BONDS, MUST HAVE:

(A) RECEIVED VOTER APPROVAL FOR BONDS PURSUANT TO 20-9-421;

(B) FOLLOWING VOTER APPROVAL, RECEIVED A CERTIFICATE OF ELIGIBILITY FROM THE BOARD OF PUBLIC EDUCATION, ON OR AFTER [THE EFFECTIVE DATE OF THIS ACT], STATING THAT AFTER CONSULTATION WITH THE SUPERINTENDENT OF PUBLIC INSTRUCTION, THE BOARD HAS DETERMINED WHAT PERCENTAGE OF THE TOTAL PRINCIPAL AMOUNT OF THE PROPOSED AMOUNT OF THE PROPOSED BONDS WILL BE USED TO:

(I) RESTORE, REBUILD, OR REPLACE A DESTROYED OR SEVERELY DAMAGED SCHOOL BUILDING;

(II) CORRECT ONE OR MORE BUILDING DEFICIENCIES THAT AFFECT THE HEALTH AND SAFETY OF SCHOOL CHILDREN;

(III) CORRECT ONE OR MORE DEFICIENCIES THAT PREVENT THE SCHOOL DISTRICT FROM MEETING CURRENT ACCREDITATION STANDARDS; OR

(IV) ADDRESS ANY COMBINATION OF CIRCUMSTANCES DESCRIBED IN SUBSECTIONS (1)(B)(I) THROUGH (1)(B)(III).

(2) THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL CERTIFY AND NOTIFY THE DISTRICT OF THE AMOUNT, IF ANY, OF GUARANTEED TAX BASE AID FOR WHICH THE DISTRICT QUALIFIES.

NEW SECTION. SECTION 8. APPLICABILITY. [THIS ACT] APPLIES TO BONDS ISSUED AFTER [THE EFFECTIVE DATE OF THIS ACT].

NEW SECTION. Section 9. Effective date. [This act] is effective July 1, 1993.

-End-

HOUSE STANDING COMMITTEE REPORT

March 29, 1993
Page 2 of 3

March 29, 1993
Page 1 of 3

Mr. Speaker: We, the committee on Education and Cultural Resources report that Senate Bill 32 (third reading copy -- blue) be concurred in as amended .

Signed: HS "Sonny" Hanson
Sonny Hanson, Chair

And, that such amendments read: Carried by: Rep. Sonny Hanson

1. Title, line 8.

Following: "PROVIDING"

Insert: "STATE SUPPORT FOR A PORTION OF A SCHOOL FACILITY ENTITLEMENT PER ANB THROUGH"

2. Title, line 9.

Strike: "THE DEBT SERVICE FUND OF"

3. Title, line 11.

Following: "ANB;"

Insert: "ALLOWING THE TRUSTEES OF A DISTRICT TO PROPOSE A SCHOOL FACILITY LEVY FOR UP TO THE SCHOOL FACILITY ENTITLEMENT AMOUNT FOR THE DISTRICT;"

4. Page 2, line 2.

Following: "for"

Strike: "debt service"

Insert: "school facility entitlements"

Strike: "20-9-367"

Insert: "[section 8]"

5. Page 5, line 19.

Strike: "debt service"

Insert: "school facility entitlement"

6. Page 6, line 10.

Strike: "and its debt service fund"

Insert: "or based on the state support amount for the district as provided for in [section 7]"

7. Page 7, lines 20 and 21.

Following: "receive" on line 20

Strike: remainder of line 20 through "AND" on line 21

Insert: "for the state support amount for the school facility entitlement amount"

8. Page 7, line 25 through page 8, line 2.

Strike: line 25 through "(B)]" on line 2

Insert: "state support amount for the school facility entitlement amount"

9. Page 13, line 19.

Following: line 18

Insert: "NEW SECTION. Section 7. Definitions. As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "School facility entitlement" means:

(a) \$220 per ANB for an elementary school district;

(b) \$330 per ANB for a high school district; or

(c) \$270 per ANB for an approved and accredited junior high school or middle school.

(2) "School facility entitlement amount" means the school facility entitlement times the total ANB for the district.

(3) "School facility entitlement revenue" means revenue from any district school facility levy and from the state support amount for a district that is eligible for guaranteed tax base aid under the provisions of 20-9-366 through 20-9-369, not to exceed the school facility entitlement amount for a district.

(4) "School facility levy" means the district levy in support of the school facility entitlement amount.

(5) "State support amount" means the amount:

(a) distributed from the state equalization aid account to a district that is eligible for guaranteed tax base aid under the provisions of 20-9-366 through 20-9-369; and

(b) calculated in the following manner:

(i) the school facility entitlement amount times (1- (district taxable value per ANB/statewide taxable value per ANB)) times 5% for the school fiscal year beginning July 1, 1993; and

(ii) the school facility entitlement amount times (1- (district taxable value per ANB/statewide taxable value per ANB)) times 10% of the school facility entitlement amount for a district for the school fiscal year beginning July 1, 1994.

NEW SECTION. Section 8. School facility entitlement revenue. (1) The trustees of a district may:

(a) accumulate school facility entitlement revenue within the building reserve fund of a district for the purposes provided for in 20-9-503;

(b) apply school facility entitlement revenue to reduce the net levy requirement of the district debt service fund as provided for in 20-9-439.

(2) The trustees of a district may propose a school

Committee Vote:
Yes 10, No 0.

701854SC.Hss

SB 32
HOUSE

March 29, 1993
Page 3 of 3

facility levy to fund any amount of the school facility entitlement amount for the district that is not funded by a state support amount as provided for in [section 7].

(3) The trustees of a district may ~~not~~ expend school facility entitlement revenue for the purposes provided for in subsection (1) unless the criteria in [section 9] have been met."
Renumber: subsequent sections

10. Page 13, lines 19 and 20.

Following: "FOR" on line 19

Strike: remainder of line 19 through "SERVICE" on line 20

Insert: "expenditure of school facility entitlement revenue"

11. Page 13, lines 21 and 22.

Following: the first "FOR" on line 21

Strike: remainder of line 21 through "20-9-368" on line 22

Insert: "expenditure of school facility entitlement revenue as allowed by 20-9-439 and [section 8]"

12. Page 14, line 7

Following: "BONDS"

Insert: "or project funded in the building reserve"

13. Page 14, lines 18 and 19.

Following: "ANY," on line 18

Strike: remainder of line 18 through "QUALIFIES" on line 19

Insert: "that the district is qualified to expend in school facility entitlement revenue"

14. Page 14, line 20.

Following: line 19

Insert: "NEW SECTION. Section 10. Codification instruction.

[Sections 7 through 9] are intended to be codified as an integral part of Title 20, chapter 9, and the provisions of Title 20, chapter 9, apply to [sections 7 through 9]."

Renumber: subsequent sections

SENATE BILL NO. 32

INTRODUCED BY BLAYLOCK, B. BROWN,

MCCULLOCH, VAN VALKENBURG, R. JOHNSON

BY REQUEST OF THE JOINT INTERIM

SUBCOMMITTEE ON SCHOOL FUNDING

A BILL FOR AN ACT ENTITLED: "AN ACT EQUALIZING FUNDING FOR SCHOOL DISTRICT FACILITY NEEDS BY PROVIDING STATE SUPPORT FOR A PORTION OF A SCHOOL FACILITY ENTITLEMENT PER ANB THROUGH GUARANTEED TAX BASE AID FOR THE-BEST-SERVICE-FUND-OF A SCHOOL DISTRICT IF THE DISTRICT MILL VALUE PER ANB IS LESS THAN THE CORRESPONDING STATEWIDE MILL VALUE PER ANB; ALLOWING THE TRUSTEES OF A DISTRICT TO PROPOSE A SCHOOL FACILITY LEVY FOR UP TO THE SCHOOL FACILITY ENTITLEMENT AMOUNT FOR THE DISTRICT; ALLOWING A DISTRICT THAT QUALIFIES FOR GUARANTEED TAX BASE AID TO INCUR INDEBTEDNESS UP TO 45 PERCENT OF THE STATEWIDE TAXABLE VALUE PER PUPIL MULTIPLIED BY THE DISTRICT'S ANB; AMENDING SECTIONS 20-9-344, 20-9-366, 20-9-367, 20-9-368, 20-9-406, AND 20-9-439, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 20-9-344, MCA, is amended to read:

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

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

(a) an annual minimum operating revenue for the elementary and high schools in each county, ~~exclusive of~~ and revenues required for ~~debt---~~ service SCHOOL FACILITY ENTITLEMENTS as provided in 20-9-367 [SECTION 8], and exclusive of revenues required for the payment of any costs and expense incurred in connection with any adult education program, recreation program, school food services program, ~~new-buildings-and-grounds,~~ and transportation; and

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

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

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

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

(c) order the superintendent of public instruction to distribute the state equalization aid on the basis of each

1 district's annual entitlement to the aid as established by
 2 the superintendent of public instruction. In ordering the
 3 distribution of state equalization aid, the board of public
 4 education may not increase or decrease the state
 5 equalization aid distribution to any district on account of
 6 any difference that may occur during the school fiscal year
 7 between budgeted and actual receipts from any other source
 8 of school revenue.

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

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

16 (b) maintain accredited status.

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

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

1 manner prescribed by the superintendent of public
 2 instruction.

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

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

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

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

14 (d) in June of:

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

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

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

24 **Section 2.** Section 20-9-366, MCA, is amended to read:

25 "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 districts' current year foundation program amounts.

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

(3) "Permissive amount" means that portion of a 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, 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, debt--service SCHOOL FACILITY ENTITLEMENT, 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' and high school districts' current year foundation program amounts."

Section 3. 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 is less than the corresponding statewide district mill value per elementary ANB or high school ANB, the 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 ~~and-its-debt-service-fund~~ OR BASED ON THE STATE SUPPORT AMOUNT FOR THE DISTRICT AS PROVIDED FOR IN [SECTION 7].

(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 in the county."

Section 4. 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 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 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 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 district may receive in support of its permissive amount of the general fund budget is the difference between the district mill value per ANB and the corresponding statewide district mill value per ANB, multiplied by the number of mills levied in support of the district's permissive amount of the general fund budget.

(4) The amount of guaranteed tax base aid per ANB that

a district may receive in support of its debt--service--fund budget--is SUBJECT-TO-THE-PROVISIONS-OF-SECTION-7--AND FOR THE STATE SUPPORT AMOUNT FOR THE SCHOOL FACILITY ENTITLEMENT AMOUNT IS the difference between the district mill value per ANB and the corresponding statewide mill value per ANB, multiplied by the number of mills levied in support of the district's debt-service-fund-budget ANB--MULTIPLIED--BY--THE PERCENTAGE--OF--THE--TOTAL--PRINCIPAL-AMOUNT-OF-ITS-PROPOSED BOND-AMOUNT--THAT-MEETS-THE-REQUIREMENTS-OF-SECTION-7(1)(B)--STATE SUPPORT AMOUNT FOR THE SCHOOL FACILITY ENTITLEMENT AMOUNT.

(4)(5) Guaranteed tax base aid provided to any county or 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 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 5. Section 20-9-406, MCA, is amended to read:

"20-9-406. Limitations on amount of bond issue. (1) (a) The Except as provided in subsection (1)(c), the maximum amount for which an elementary district or a high school

district may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is 45% of the taxable value of the property subject to taxation as ascertained by the last completed assessment for state, county, and school taxes previous to the incurring of the indebtedness, including:

(i) the taxable value of coal gross proceeds as determined for county bonding purposes in 15-23-703(2);

(ii) the taxable value of oil and gas net proceeds as determined for county bonding purposes in 15-23-607(3); and

(iii) the amount of the value of any other oil and gas production occurring after December 31, 1988, multiplied by 60%.

(b) Except as provided in subsection (1)(c), the maximum amount for which a K-12 school district, as formed pursuant to 20-6-701, may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is up to 90% of the taxable value of the property subject to taxation as ascertained by the last completed assessment for state, county, and school taxes previous to the incurring of the indebtedness. The total indebtedness of the high school district with an attached elementary district as represented by the issuance of bonds must be limited to the sum of 45%

of the taxable value of the property for elementary school program purposes and 45% of the taxable value of the property for high school program purposes.

(c) The maximum amount for which an elementary district or a high school district that qualifies for guaranteed tax base aid under the provisions of 20-9-367 may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is 45% of the corresponding statewide mill value per ANB times 1,000 times the ANB of the district. For a K-12 district, the maximum amount for which the district may become indebted is 45% of the sum of the statewide mill value per elementary ANB times 1,000 times the elementary ANB of the district and the statewide mill value per high school ANB times 1,000 times the high school ANB of the district.

(2) The maximum amounts determined in subsection (1), however, may not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district or to bonds issued for the repayment of tax protests lost by the district. All bonds issued in excess of the amount are void, except as provided in this section.

(3) When the total indebtedness of a school district has reached the limitations prescribed in this section, the school district may pay all reasonable and necessary

expenses of the school district on a cash basis in accordance with the financial administration provisions of this chapter.

(4) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the refunding bond issue is decreased accordingly."

Section 5. Section 20-9-439, MCA, is amended to read:

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

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

(i) the end-of-the-year fund balance in the debt service fund, less any limited operating reserve as provided in 20-9-438;

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

(iii) any other money, including money from federal

sources, anticipated by the trustees to be available in the debt service fund during the ensuing school fiscal year from such sources as legally authorized money transfers into the debt service fund or from rental income, excluding any guaranteed tax base aid.

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

(c) Determine the number of mills to be levied on the taxable property in the district to finance the net debt service fund levy requirement by dividing the remainder determined in subsection (1)(b) by the sum of:

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

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

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

~~(2)~~ (3) If the board of county commissioners fails in

1 any school fiscal year to make a levy for any issue or
 2 series of bonds of a school district sufficient to raise the
 3 money necessary for payment of interest and principal
 4 becoming due during the next ensuing school fiscal year, in
 5 any amounts established under the provisions of this
 6 section, the holder of any bond of the issue or series or
 7 any taxpayer of the district may apply to the district court
 8 of the county in which the school district is located for a
 9 writ of mandate to compel the board of county commissioners
 10 of the county to make a sufficient levy for such purposes.
 11 If, upon the hearing of the application, it appears to the
 12 satisfaction of the court that the board of county
 13 commissioners of the county has failed to make a levy or has
 14 made a levy that is insufficient to raise the amount
 15 required to be raised as established in the manner provided
 16 in this section, the court shall determine the amount of the
 17 deficiency and shall issue a writ of mandate directed to and
 18 requiring the board of county commissioners, at the next
 19 meeting for the purpose of fixing tax levies for county
 20 purposes, to fix and make a levy against all taxable
 21 property in the school district that is sufficient to raise
 22 the amount of the deficiency. The levy is in addition to any
 23 levy required to be made at that time for the ensuing school
 24 fiscal year. Any costs that may be allowed or awarded the
 25 petitioner in the proceeding must be paid by the members of

1 the board of county commissioners and may not be a charge
 2 against the school district or the county."

3 NEW SECTION. SECTION 7. DEFINITIONS. AS USED IN THIS
 4 TITLE, UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, THE
 5 FOLLOWING DEFINITIONS APPLY:

6 (1) "SCHOOL FACILITY ENTITLEMENT" MEANS:
 7 (A) \$220 PER ANB FOR AN ELEMENTARY SCHOOL DISTRICT;
 8 (B) \$330 PER ANB FOR A HIGH SCHOOL DISTRICT; OR
 9 (C) \$270 PER ANB FOR AN APPROVED AND ACCREDITED JUNIOR
 10 HIGH SCHOOL OR MIDDLE SCHOOL.

11 (2) "SCHOOL FACILITY ENTITLEMENT AMOUNT" MEANS THE
 12 SCHOOL FACILITY ENTITLEMENT TIMES THE TOTAL ANB FOR THE
 13 DISTRICT.

14 (3) "SCHOOL FACILITY ENTITLEMENT REVENUE" MEANS REVENUE
 15 FROM ANY DISTRICT SCHOOL FACILITY LEVY AND FROM THE STATE
 16 SUPPORT AMOUNT FOR A DISTRICT THAT IS ELIGIBLE FOR
 17 GUARANTEED TAX BASE AID UNDER THE PROVISIONS OF 20-9-366
 18 THROUGH 20-9-369, NOT TO EXCEED THE SCHOOL FACILITY
 19 ENTITLEMENT AMOUNT FOR A DISTRICT.

20 (4) "SCHOOL FACILITY LEVY" MEANS THE DISTRICT LEVY IN
 21 SUPPORT OF THE SCHOOL FACILITY ENTITLEMENT AMOUNT.

22 (5) "STATE SUPPORT AMOUNT" MEANS THE AMOUNT:
 23 (A) DISTRIBUTED FROM THE STATE EQUALIZATION AID ACCOUNT
 24 TO A DISTRICT THAT IS ELIGIBLE FOR GUARANTEED TAX BASE AID
 25 UNDER THE PROVISIONS OF 20-9-366 THROUGH 20-9-369; AND

(B) CALCULATED IN THE FOLLOWING MANNER:

(I) THE SCHOOL FACILITY ENTITLEMENT AMOUNT TIMES (1-(DISTRICT TAXABLE VALUE PER ANB/STATEWIDE TAXABLE VALUE PER ANB)) TIMES 5% FOR THE SCHOOL FISCAL YEAR BEGINNING JULY 1, 1993; AND

(II) THE SCHOOL FACILITY ENTITLEMENT AMOUNT TIMES (1-(DISTRICT TAXABLE VALUE PER ANB/STATEWIDE TAXABLE VALUE PER ANB)) TIMES 10% OF THE SCHOOL FACILITY ENTITLEMENT AMOUNT FOR A DISTRICT FOR THE SCHOOL FISCAL YEAR BEGINNING JULY 1, 1994.

NEW SECTION. SECTION 8. SCHOOL FACILITY ENTITLEMENT REVENUE. (1) THE TRUSTEES OF A DISTRICT MAY:

(A) ACCUMULATE SCHOOL FACILITY ENTITLEMENT REVENUE WITHIN THE BUILDING RESERVE FUND OF A DISTRICT FOR THE PURPOSES PROVIDED FOR IN 20-9-503;

(B) APPLY SCHOOL FACILITY ENTITLEMENT REVENUE TO REDUCE THE NET LEVY REQUIREMENT OF THE DISTRICT DEBT SERVICE FUND AS PROVIDED FOR IN 20-9-439.

(2) THE TRUSTEES OF A DISTRICT MAY PROPOSE A SCHOOL FACILITY LEVY TO FUND ANY AMOUNT OF THE SCHOOL FACILITY ENTITLEMENT AMOUNT FOR THE DISTRICT THAT IS NOT FUNDED BY A STATE SUPPORT AMOUNT AS PROVIDED FOR IN [SECTION 7].

(3) THE TRUSTEES OF A DISTRICT MAY NOT EXPEND SCHOOL FACILITY ENTITLEMENT REVENUE FOR THE PURPOSES PROVIDED FOR IN SUBSECTION (1) UNLESS THE CRITERIA IN [SECTION 9] HAVE

BEEN MET.

NEW SECTION. SECTION 9. QUALIFICATIONS FOR STATE GUARANTEED-TAX-BASE-AID-TO-SUPPORT-DEBT-SERVICE EXPENDITURE OF SCHOOL FACILITY ENTITLEMENT REVENUE. (1) TO QUALIFY FOR THE-GUARANTEED-TAX-BASE-AID-PER-ANB-FOR-DEBT-SERVICE DESCRIBED---IN---20-9-368 EXPENDITURE OF SCHOOL FACILITY ENTITLEMENT REVENUE AS ALLOWED BY 20-9-439 AND [SECTION 8], A SCHOOL DISTRICT, BEFORE ISSUING ITS BONDS, MUST HAVE:

(A) RECEIVED VOTER APPROVAL FOR BONDS PURSUANT TO 20-9-421;

(B) FOLLOWING VOTER APPROVAL, RECEIVED A CERTIFICATE OF ELIGIBILITY FROM THE BOARD OF PUBLIC EDUCATION, ON OR AFTER [THE EFFECTIVE DATE OF THIS ACT], STATING THAT AFTER CONSULTATION WITH THE SUPERINTENDENT OF PUBLIC INSTRUCTION, THE BOARD HAS DETERMINED WHAT PERCENTAGE OF THE TOTAL PRINCIPAL AMOUNT OF THE PROPOSED AMOUNT OF THE PROPOSED BONDS OR PROJECT FUNDED IN THE BUILDING RESERVE WILL BE USED TO:

(I) RESTORE, REBUILD, OR REPLACE A DESTROYED OR SEVERELY DAMAGED SCHOOL BUILDING;

(II) CORRECT ONE OR MORE BUILDING DEFICIENCIES THAT AFFECT THE HEALTH AND SAFETY OF SCHOOL CHILDREN;

(III) CORRECT ONE OR MORE DEFICIENCIES THAT PREVENT THE SCHOOL DISTRICT FROM MEETING CURRENT ACCREDITATION STANDARDS; OR

1 (IV) ADDRESS ANY COMBINATION OF CIRCUMSTANCES DESCRIBED
2 IN SUBSECTIONS (1)(B)(I) THROUGH (1)(B)(III).

3 (2) THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL
4 CERTIFY AND NOTIFY THE DISTRICT OF THE AMOUNT, IF ANY, OF
5 ~~GUARANTEED--TAX--BASE--AID--FOR--WHICH--THE--DISTRICT--QUALIFIES~~
6 THAT THE DISTRICT IS QUALIFIED TO EXPEND IN SCHOOL FACILITY
7 ENTITLEMENT REVENUE.

8 NEW SECTION. SECTION 10. CODIFICATION INSTRUCTION.
9 [SECTIONS 7 THROUGH 9] ARE INTENDED TO BE CODIFIED AS AN
10 INTEGRAL PART OF TITLE 20, CHAPTER 9, AND THE PROVISIONS OF
11 TITLE 20, CHAPTER 9, APPLY TO [SECTIONS 7 THROUGH 9].

12 NEW SECTION. SECTION 11. APPLICABILITY. [THIS ACT]
13 APPLIES TO BONDS ISSUED AFTER [THE EFFECTIVE DATE OF THIS
14 ACT].

15 NEW SECTION. Section 12. Effective date. [This act] is
16 effective July 1, 1993.

-End-