

SENATE BILL 308

Introduced by Stang, et al.

2/03	Introduced
2/03	Referred to Education & Cultural Resources
2/03	First Reading
2/03	Fiscal Note Requested
2/10	Hearing
2/10	Fiscal Note Received
2/10	Fiscal Note Printed
2/19	Committee Report--Bill Passed as Amended
2/20	Taken From 2nd Reading and Rereferred to Taxation
2/20	Revised Fiscal Note Requested
3/02	Revised Fiscal Note Received
3/03	Revised Fiscal Note Printed
4/01	Tabled in Committee

1 *Senate* BILL NO. *308*
 2 INTRODUCED BY *Along LATH* *Husted*
 3 *Shelton* *Schiff* *Hawkins* *Kelly*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE METHOD OF
 5 CALCULATING GUARANTEED TAX BASE AID TO ELIGIBLE PUBLIC
 6 SCHOOL DISTRICTS AND COUNTIES BY COMPARING A DISTRICT'S OR
 7 COUNTY'S TAXABLE VALUATION PER FOUNDATION PROGRAM AMOUNT TO
 8 THE STATEWIDE TAXABLE VALUATION PER STATEWIDE FOUNDATION
 9 PROGRAM AMOUNT; EQUALIZING FUNDING FOR SCHOOL DISTRICT
 10 FACILITY NEEDS BY PROVIDING GUARANTEED TAX BASE AID FOR THE
 11 DEBT SERVICE FUND OF A SCHOOL DISTRICT; ALLOWING A DISTRICT
 12 THAT QUALIFIES FOR GUARANTEED TAX BASE AID TO INCUR
 13 INDEBTEDNESS UP TO 45 PERCENT OF THE STATEWIDE GUARANTEED
 14 TAX BASE RATIO FOR THE TYPE OF DISTRICT; AMENDING SECTIONS
 15 20-5-305, 20-5-312, 20-6-702, 20-9-344, 20-9-366, 20-9-367,
 16 20-9-368, 20-9-369, 20-9-406, AND 20-9-439, MCA; AND
 17 PROVIDING AN EFFECTIVE DATE."

18
 19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

20 **Section 1.** Section 20-5-305, MCA, is amended to read:

21 "20-5-305. Elementary tuition rates. (1) Whenever a
 22 pupil of an elementary district has been granted approval to
 23 attend a school outside of the district in which he the
 24 pupil resides, under the provisions of 20-5-301 or 20-5-302,
 25 the district of residence shall pay tuition to the

1 elementary district where the pupil attends school. Except
 2 as provided in subsection (2), the basis of the rate of
 3 tuition ~~shall~~ must be determined by the attended district.
 4 The rate of tuition must be determined on March 15 by:

5 (a) totaling the previous school fiscal year's
 6 expenditures from the district general fund, the debt
 7 service fund, and, if the pupil is a resident of another
 8 county, the retirement fund;

9 (b) dividing the amount determined in subsection (1)(a)
 10 by the October 1 enrollment of the district for the previous
 11 school fiscal year, as reported to the office of public
 12 instruction for purposes of accreditation pursuant to
 13 20-7-102 and 20-9-344; and

14 (c) subtracting from the amount determined in
 15 subsection (1)(b) the per-ANB amount allowed by the
 16 foundation program schedules and the per-ANB amount ~~that is~~
 17 ~~the-ANB-value-per-mill of guaranteed tax base aid~~ calculated
 18 ~~pursuant to 20-9-366, 20-9-368 multiplied-by-the--number--of~~
 19 ~~permissive-and-retirement-mills-levied.~~

20 (2) The tuition for a full-time elementary special
 21 education pupil ~~must~~ be determined under rules adopted by
 22 the superintendent of public instruction for the calculation
 23 of elementary tuition for full-time elementary special
 24 education pupils as designated in 20-9-311 for funding
 25 purposes."

1 **Section 2.** Section 20-5-312, MCA, is amended to read:

2 "20-5-312. Reporting, budgeting, and payment for high
3 school tuition. (1) Except as provided in subsection (2), on
4 March 15, the trustees of each a high school district shall
5 determine the rate of tuition for the current school fiscal
6 year by:

7 (a) totaling the previous school fiscal year's
8 expenditures from the district general fund, the debt
9 service fund, and, if the pupil is a resident of another
10 county, the retirement fund;

11 (b) dividing the amount determined in subsection (1)(a)
12 above by the October 1 enrollment of the district for the
13 previous school fiscal year, as reported to the office of
14 public instruction for purposes of accreditation pursuant to
15 20-7-102 and 20-9-344; and

16 (c) subtracting from the amount determined in
17 subsection (1)(b) the per-ANB amount allowed by the
18 foundation program schedules and the per-ANB amount ~~that--is~~
19 ~~the-ANB-value-per-mill~~ of guaranteed tax base aid calculated
20 pursuant to ~~20-9-366, 20-9-368 multiplied-by-the-number-of~~
21 ~~permissive-and-retirement-mills-imposed~~.

22 (2) The tuition for a full-time high school special
23 education pupil must be determined under rules adopted by
24 the superintendent of public instruction for the calculation
25 of tuition for full-time high school special education

1 pupils as designated in 20-9-311 for funding purposes.

2 (3) Before July 15, the trustees shall report to the
3 county superintendent of the county in which the district is
4 located:

5 (a) the names, addresses, and resident districts of the
6 pupils attending the schools of the district under an
7 approved tuition agreement;

8 (b) the number of days of school attended by each
9 pupil;

10 (c) the amount, if any, of each pupil's tuition payment
11 that the trustees, in their discretion, have the authority
12 to waive; and

13 (d) the rate of current school fiscal year tuition, as
14 determined under the provisions of this section.

15 (4) When the county superintendent receives a tuition
16 report from a district, he the county superintendent shall
17 immediately send the reported information to the
18 superintendent of each district in which the reported pupils
19 reside.

20 (5) When the district superintendent receives a tuition
21 report or reports for high school pupils residing in his the
22 district and attending an out-of-district high school under
23 approved tuition agreements, he the district superintendent
24 shall determine the total amount of tuition due the
25 out-of-district high schools on the basis of the following

1 per-pupil schedule: the rate of tuition, number of pupils
2 attending under an approved tuition agreement, and other
3 information provided by each high school district where
4 resident district pupils have attended school.

5 (6) The total amount of the high school tuition, with
6 consideration of any tuition waivers, for pupils attending a
7 high school outside the county of residence must be financed
8 by the county basic special tax for high schools as provided
9 in 20-9-334. In December, the county superintendent shall
10 cause the payment by county warrant of at least one-half of
11 the high school tuition obligations established under this
12 section out of the first money realized from the county
13 basic special tax for high schools. The remaining
14 obligations must be paid by June 15 of the school fiscal
15 year. The payments must be made to the county treasurer of
16 the county where each high school entitled to tuition is
17 located. Except as provided in subsection (8), the county
18 treasurer shall credit tuition receipts to the general fund
19 of the applicable high school district, and the tuition
20 receipts must be used in accordance with the provisions of
21 20-9-141.

22 (7) For pupils attending a high school outside their
23 district of residence but within the county of residence,
24 the total amount of the tuition, with consideration of any
25 tuition waivers, must be paid during the ensuing school

1 fiscal year. The trustees of the sending high school
2 district shall include the tuition amount in the tuition
3 fund of the preliminary and final budgets. This budgeted
4 tuition amount is not subject to the budget adjustment
5 provisions of 20-9-132. The county superintendent shall
6 report the net tuition fund levy requirement for each high
7 school district to the county commissioners on the second
8 Monday of August, and a levy on the district must be made by
9 the county commissioners in accordance with 20-9-142. The
10 levy requirement must be calculated by subtracting from the
11 total expenditure amount authorized in the final tuition
12 fund budget the sum of the fund balance in the tuition fund
13 at the end of the immediately preceding school fiscal year
14 plus any other anticipated money that may be realized in the
15 tuition fund. The trustees shall pay by warrants drawn on
16 the tuition fund the tuition amounts owed to each district
17 included in the county superintendent's notification.
18 Payments must be made whenever there is a sufficient amount
19 of cash available in the tuition fund but no later than the
20 end of the school fiscal year for which the budget is
21 adopted. However, if the trustees of either the sending or
22 receiving high school district feel the transfer privilege
23 provided by this subsection is being abused, they may appeal
24 to the county superintendent of schools, who shall hold a
25 hearing and either approve or disapprove the transfer.

(8) Any unanticipated tuition receipts received under the provisions of chapter 7, part 4, or this part for the current school fiscal year must be deposited in a separate account of the district miscellaneous programs fund and may be used for that year in the manner provided for in that fund. For the ensuing school fiscal year, the receipts must be credited to the district general fund budget."

Section 3. Section 20-6-702, MCA, is amended to read:

"20-6-702. Funding for K-12 school districts. (1) Notwithstanding the provisions of subsections (2) through (6), a K-12 school district formed under the provisions of 20-6-701 is subject to the provisions of law for high school districts.

(2) The number of elected trustees of the K-12 school district must be based on the classification of the attached elementary district under the provisions of 20-3-341 and 20-3-351.

(3) Calculations for the following must be made separately for the elementary school program and the high school program of a K-12 school district:

(a) the calculation of ANB for purposes of determining the foundation program schedule payments must be in accordance with the provisions of 20-9-311;

(b) the basic county tax and revenues for the elementary foundation program amount for the district must

be determined in accordance with the provisions of 20-9-331, and the basic special tax and revenues for the high school foundation program amount for the district must be determined in accordance with 20-9-333; and

(c) the guaranteed tax base aid for the permissive levy amount for a K-12 school district must be calculated separately, using the mill-value-per-elementary-ANB-and-the mill-value-per-high-school-ANB district guaranteed tax base ratio as defined in 20-9-366. The permissive amount to be levied for the K-12 school district must be prorated based on the ratio of the foundation program amounts for elementary school programs to the foundation program amounts for high school programs.

(4) The retirement obligation and eligibility for retirement guaranteed tax base aid for a K-12 school district must be calculated and funded as a high school district retirement obligation under the provisions of 20-9-501.

(5) For the purposes of budgeting for a K-12 school district, the trustees shall adopt a single fund for any of the budgeted or nonbudgeted funds described in 20-9-201 for the costs of operating all grades and programs of the district.

(6) Tuition for attendance in the K-12 school district must be determined separately for high school pupils and for

1 elementary pupils under the provisions of chapter 5, part 3,
2 except that the actual expenditures used for calculations in
3 20-5-305 and 20-5-312 must be based on an amount prorated
4 between the elementary and high school programs in the
5 appropriate funds of each district in the year prior to the
6 attachment of the districts."

7 **Section 4.** Section 20-9-344, MCA, is amended to read:

8 "20-9-344. Purpose of state equalization aid and duties
9 of board of public education for distribution. (1) The money
10 available for state equalization aid must be distributed and
11 apportioned to provide:

12 (a) an annual minimum operating revenue for the
13 elementary and high schools in each county, ~~exclusive of and~~
14 revenues required for debt service as provided in 20-9-367,
15 and exclusive of revenues required for the payment of any
16 costs and expense incurred in connection with any adult
17 education program, recreation program, school food services
18 program, ~~new-buildings-and-grounds,~~ and transportation; and

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

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

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

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

7 (c) order the superintendent of public instruction to
8 distribute the state equalization aid on the basis of each
9 district's annual entitlement to the aid as established by
10 the superintendent of public instruction. In ordering the
11 distribution of state equalization aid, the board of public
12 education may not increase or decrease the state
13 equalization aid distribution to any district on account of
14 any difference that may occur during the school fiscal year
15 between budgeted and actual receipts from any other source
16 of school revenue.

17 (3) The board of public education may order the
18 superintendent of public instruction to withhold
19 distribution of state equalization aid or order the county
20 superintendent of schools to withhold county equalization
21 money from a district when the district fails to:

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

24 (b) maintain accredited status.

25 (4) Prior to any proposed order by the board of public

education to withhold distribution of state equalization aid or county equalization money, the district is entitled to a contested case hearing before the board of public education, as provided under the Montana Administrative Procedure Act.

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

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

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

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

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

(d) in June of:

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

foundation program payment of each district; and

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

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

Section 5. 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~~ ANB guaranteed tax base ratio for elementary districts" or "county retirement ~~mill-value-per-high-school~~ ANB guaranteed tax base ratio for high school districts" means the sum of the taxable valuation in the previous year of all property in the county ~~divided-by-1,000~~ divided-by-1,000 with the quotient divided by the total county elementary ~~ANB-count~~ districts or the total county high school ~~ANB-count-used-to-calculate-the~~ districts and high school districts' current year foundation program ~~amounts~~ amount.

(2) "District ~~mill-value-per~~ ANB guaranteed tax base ratio" means the taxable valuation in the previous year of all property in the district ~~divided-by-1,000~~ divided-by-1,000 with the quotient divided by the ~~ANB-count-of-the-district-used-to~~ ANB-count-of-the-district-used-to calculate the district's current year foundation program ~~amount~~ 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 guaranteed tax base ratio for elementary districts" or "statewide mill value-per-high-school-ANB guaranteed tax base ratio for high school districts", 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-17000~~, 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 or total state high school districts' current year foundation program amounts amount."

Section 6. 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 guaranteed tax base ratio of any elementary or high school district is less than the corresponding statewide district-mill-value-per elementary-ANB-or-high-school-ANB guaranteed tax base ratio for elementary districts or guaranteed tax base ratio for

high school districts, 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 guaranteed tax base ratio for elementary districts or county retirement mill-value-per-high-school-ANB guaranteed tax base ratio for high school districts is less than the corresponding statewide county mill-value-per-elementary-ANB or--high-school-ANB guaranteed tax base ratio for elementary districts or guaranteed tax base ratio for high school districts, 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 7. 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 for each mill levied under the provisions of 20-9-501 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 calculated in the following manner:

2 (a) multiply the statewide guaranteed tax base ratio
3 for elementary districts by the current year's total
4 elementary district foundation program amount for the
5 county;

6 (b) subtract the taxable valuation of the county from
7 the product obtained in subsection (1)(a); and

8 (c) divide the remainder by 1,000 to determine the
9 equivalent to the dollar amount of guaranteed tax base aid
10 for each mill levied.

11 (2) The amount of guaranteed tax base aid per-ANB that
12 a county may receive for each mill levied under the
13 provisions of 20-9-501 in support of the retirement fund
14 budgets of the high school districts in the county is the
15 difference-between-the-county-mill-value-per-high-school-ANB
16 and-the-statewide-county-mill-value-per-high-school-ANB,
17 multiplied-by-the-number-of-mills-levied-in-support-of-the
18 retirement-fund-budgets-for-the-high-school-districts-in-the
19 county calculated in the following manner:

20 (a) multiply the statewide guaranteed tax base ratio
21 for high school districts by the current year's total high
22 school district foundation program amount for the county;

23 (b) subtract the taxable valuation of the county from
24 the product obtained in subsection (2)(a); and

25 (c) divide the remainder by 1,000 to determine the

1 equivalent to the dollar amount of guaranteed tax base aid
2 for each mill levied.

3 (3) The amount of guaranteed tax base aid per-ANB that
4 a district may receive for each mill levied under the
5 provisions of 20-9-141 and 20-9-145 in support of its
6 permissive amount of the general fund budget and its debt
7 service fund is the--difference-between-the-district-mill
8 value-per-ANB-and-the-corresponding-statewide-district-mill
9 value-per-ANB, multiplied-by-the-number-of-mills-levied-in
10 support-of-the-district's-permissive-amount-of--the--general
11 fund-budget calculated in the following manner:

12 (a) multiply the district's current year foundation
13 program amount by the corresponding statewide guaranteed tax
14 base ratio;

15 (b) subtract the taxable valuation of the district from
16 the product obtained in subsection (3)(a); and

17 (c) divide the remainder by 1,000 to determine the
18 equivalent to the dollar amount of guaranteed tax base aid
19 for each mill levied.

20 (4) Guaranteed tax base aid provided to any county or
21 district under this section is earmarked to finance the fund
22 or portion of the fund for which it is provided. If the
23 actual expenditures from the fund or portion of the fund for
24 which guaranteed tax base aid is earmarked are less than the
25 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 8. Section 20-9-369, MCA, is amended to read:

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

(a) providing each school district and county superintendent, by March 1 of each year, with the preliminary statewide and county ~~mill-values-per-ANB~~ retirement guaranteed tax base ratios and, by May 1 of each year, with the final statewide, district, and county ~~mill-values-per-ANB~~ retirement guaranteed tax base ratios, for use in calculating the guaranteed tax base aid available for the ensuing school fiscal year;

(b) requiring each county and district that qualifies and applies for guaranteed tax base aid to report to the county superintendent all budget and accounting information required to administer the guaranteed tax base aid;

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

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

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

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

Section 9. 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 guaranteed tax base ratio for elementary districts

or the statewide guaranteed tax base ratio for high school
districts. For a K-12 district, the maximum amount for which
the district may become indebted is 45% of the sum of the
statewide guaranteed tax base ratio for elementary districts
and the statewide guaranteed tax base ratio for high school
districts.

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

"20-9-439. Computation of net levy requirement --

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

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

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

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

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

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

25 (c) Determine the number of mills to be levied on the

1 taxable property in the district to finance the net debt
2 service fund levy requirement by dividing the remainder
3 determined in subsection (1)(b) by the sum of:

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

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

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

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

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

18 NEW SECTION. **Section 11.** Effective date. [This act] is
19 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 SB0308, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising the method of calculating guaranteed tax base aid to eligible public school districts and counties by comparing a district's or county's taxable valuation per foundation program amount to the statewide taxable valuation per statewide foundation program amount; equalizing funding for school district facility needs by providing guaranteed tax base aid for the debt service fund of a school district; allowing a district that qualifies for guaranteed tax base aid to incur indebtedness up to 45 percent of the statewide guaranteed tax base ratio for the type of district.

ASSUMPTIONS:

1. School district foundation program entitlements remain constant at FY93 levels.
2. School district general fund permissive budgets and county retirement budgets remain constant at FY93 levels.
3. School district and county taxable valuations remain constant at FY93 (tax year 1992) levels.
4. 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.
5. If SB308 had been in effect in FY93 the state GTB cost for debt service would have been 20.3% of the total debt service funding. In FY94 and FY95 the state GTB cost will be 20.3% of total debt service fund revenue.
6. 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 23% in FY95.

FISCAL IMPACT:

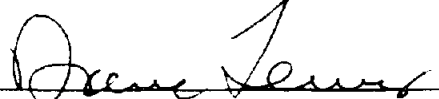
	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
SEA - General Fund GTB	30,425,000	29,043,000	(1,382,000)	30,425,000	29,043,000	(1,382,000)
SEA - Retirement GTB	15,741,000	15,168,000	(573,000)	15,741,000	15,168,000	(573,000)
SEA - Debt Service GTB	0	6,068,000	6,068,000	0	7,452,000	7,452,000
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	46,166,000	50,279,000	4,113,000	46,166,000	51,663,000	5,497,000

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The shifts in GTB subsidies among districts will be offset by increases in district and county levies in those districts and counties that no longer qualify for GTB or qualify for a lesser amount.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The incentives offered in 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.


DAVE LEWIS, BUDGET DIRECTOR
Office of Budget and Program Planning

2-10-93

DATE


BARRY "SPOOK" STANG, PRIMARY SPONSOR

DATE

Fiscal Note for ~~SB~~ SB0308, as introduced

SB 308

Fiscal Note Request, SB0308, as introduced

Form BD-15 page 2

(continued)

TECHNICAL NOTES:

1. This bill is effective for school fiscal year 1993-94. OPI is responsible for notifying districts of the FY94 eligibility on March 1, 1993 and June 1, 1993.
2. The calculation for determining bonding limitations in 20-9-406(1)(c) needs to provide that the limitation is 45 percent of the corresponding statewide guaranteed tax base ratio times the district's foundation program amount.

APPROVED BY COMM. ON EDUCATION
AND CULTURAL RESOURCES

SENATE BILL NO. 308

INTRODUCED BY STANG, NATHE, HERTEL, J. JOHNSON, SCHYE,
HARRINGTON, HALLIGAN

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE METHOD OF
CALCULATING GUARANTEED TAX BASE AID TO ELIGIBLE PUBLIC
SCHOOL DISTRICTS AND COUNTIES BY COMPARING A DISTRICT'S OR
COUNTY'S TAXABLE VALUATION PER FOUNDATION PROGRAM AMOUNT TO
THE STATEWIDE TAXABLE VALUATION PER STATEWIDE FOUNDATION
PROGRAM AMOUNT; EQUALIZING FUNDING FOR SCHOOL DISTRICT
FACILITY NEEDS BY PROVIDING GUARANTEED TAX BASE AID FOR THE
DEBT SERVICE FUND OF A SCHOOL DISTRICT; ALLOWING A DISTRICT
THAT QUALIFIES FOR GUARANTEED TAX BASE AID TO INCUR
INDEBTEDNESS UP TO 45 PERCENT OF THE STATEWIDE GUARANTEED
TAX BASE RATIO FOR THE TYPE OF DISTRICT; AMENDING SECTIONS
20-5-305, 20-5-312, 20-6-702, 20-9-344, 20-9-366, 20-9-367,
20-9-368, 20-9-369, 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 20-5-305, MCA, is amended to read:

"20-5-305. Elementary tuition rates. (1) Whenever a
pupil of an elementary district has been granted approval to
attend a school outside of the district in which ~~he~~ the
pupil resides, under the provisions of 20-5-301 or 20-5-302,

the district of residence shall pay tuition to the
elementary district where the pupil attends school. Except
as provided in subsection (2), the basis of the rate of
tuition ~~shall~~ must be determined by the attended district.
The rate of tuition must be determined on March 15 by:

(a) totaling the previous school fiscal year's
expenditures from the district general fund, the debt
service fund, and, if the pupil is a resident of another
county, the retirement fund;

(b) dividing the amount determined in subsection (1)(a)
by the October 1 enrollment of the district for the previous
school fiscal year, as reported to the office of public
instruction for purposes of accreditation pursuant to
20-7-102 and 20-9-344; and

(c) subtracting from the amount determined in
subsection (1)(b) the per-ANB amount allowed by the
foundation program schedules and the per-ANB amount ~~that is~~
the-ANB-value-per-mill of guaranteed tax base aid calculated
pursuant to ~~20-9-366, 20-9-368 multiplied-by-the--number--of~~
~~permissive-and-retirement-mills-levied.~~

(2) The tuition for a full-time elementary special
education pupil must be determined under rules adopted by
the superintendent of public instruction for the calculation
of elementary tuition for full-time elementary special
education pupils as designated in 20-9-311 for funding

purposes."

Section 2. Section 20-5-312, MCA, is amended to read:

"20-5-312. Reporting, budgeting, and payment for high school tuition. (1) Except as provided in subsection (2), on March 15, the trustees of each a high school district shall determine the rate of tuition for the current school fiscal year by:

(a) totaling the previous school fiscal year's expenditures from the district general fund, the debt service fund, and, if the pupil is a resident of another county, the retirement fund;

(b) dividing the amount determined in subsection (1)(a) above by the October 1 enrollment of the district for the previous school fiscal year, as reported to the office of public instruction for purposes of accreditation pursuant to 20-7-102 and 20-9-344; and

(c) subtracting from the amount determined in subsection (1)(b) the per-ANB amount allowed by the foundation program schedules and the per-ANB amount ~~that--is the-ANB-value-per-mill of guaranteed tax base aid~~ calculated pursuant to 20-9-366, 20-9-368 ~~multiplied-by-the-number-of permissive-and-retirement-mills-levied.~~

(2) The tuition for a full-time high school special education pupil must be determined under rules adopted by the superintendent of public instruction for the calculation

of tuition for full-time high school special education pupils as designated in 20-9-311 for funding purposes.

(3) Before July 15, the trustees shall report to the county superintendent of the county in which the district is located:

(a) the names, addresses, and resident districts of the pupils attending the schools of the district under an approved tuition agreement;

(b) the number of days of school attended by each pupil;

(c) the amount, if any, of each pupil's tuition payment that the trustees, in their discretion, have the authority to waive; and

(d) the rate of current school fiscal year tuition, as determined under the provisions of this section.

(4) When the county superintendent receives a tuition report from a district, he the county superintendent shall immediately send the reported information to the superintendent of each district in which the reported pupils reside.

(5) When the district superintendent receives a tuition report or reports for high school pupils residing in his the district and attending an out-of-district high school under approved tuition agreements, he the district superintendent shall determine the total amount of tuition due the

out-of-district high schools on the basis of the following per-pupil schedule: the rate of tuition, number of pupils attending under an approved tuition agreement, and other information provided by each high school district where resident district pupils have attended school.

(6) The total amount of the high school tuition, with consideration of any tuition waivers, for pupils attending a high school outside the county of residence must be financed by the county basic special tax for high schools as provided in 20-9-334. In December, the county superintendent shall cause the payment by county warrant of at least one-half of the high school tuition obligations established under this section out of the first money realized from the county basic special tax for high schools. The remaining obligations must be paid by June 15 of the school fiscal year. The payments must be made to the county treasurer of the county where each high school entitled to tuition is located. Except as provided in subsection (8), the county treasurer shall credit tuition receipts to the general fund of the applicable high school district, and the tuition receipts must be used in accordance with the provisions of 20-9-141.

(7) For pupils attending a high school outside their district of residence but within the county of residence, the total amount of the tuition, with consideration of any

tuition waivers, must be paid during the ensuing school fiscal year. The trustees of the sending high school district shall include the tuition amount in the tuition fund of the preliminary and final budgets. This budgeted tuition amount is not subject to the budget adjustment provisions of 20-9-132. The county superintendent shall report the net tuition fund levy requirement for each high school district to the county commissioners on the second Monday of August, and a levy on the district must be made by the county commissioners in accordance with 20-9-142. The levy requirement must be calculated by subtracting from the total expenditure amount authorized in the final tuition fund budget the sum of the fund balance in the tuition fund at the end of the immediately preceding school fiscal year plus any other anticipated money that may be realized in the tuition fund. The trustees shall pay by warrants drawn on the tuition fund the tuition amounts owed to each district included in the county superintendent's notification. Payments must be made whenever there is a sufficient amount of cash available in the tuition fund but no later than the end of the school fiscal year for which the budget is adopted. However, if the trustees of either the sending or receiving high school district feel the transfer privilege provided by this subsection is being abused, they may appeal to the county superintendent of schools, who shall hold a

hearing and either approve or disapprove the transfer.

(8) Any unanticipated tuition receipts received under the provisions of chapter 7, part 4, or this part for the current school fiscal year must be deposited in a separate account of the district miscellaneous programs fund and may be used for that year in the manner provided for in that fund. For the ensuing school fiscal year, the receipts must be credited to the district general fund budget."

Section 3. Section 20-6-702, MCA, is amended to read:

"20-6-702. Funding for K-12 school districts. (1) Notwithstanding the provisions of subsections (2) through (6), a K-12 school district formed under the provisions of 20-6-701 is subject to the provisions of law for high school districts.

(2) The number of elected trustees of the K-12 school district must be based on the classification of the attached elementary district under the provisions of 20-3-341 and 20-3-351.

(3) Calculations for the following must be made separately for the elementary school program and the high school program of a K-12 school district:

(a) the calculation of ANB for purposes of determining the foundation program schedule payments must be in accordance with the provisions of 20-9-311;

(b) the basic county tax and revenues for the

elementary foundation program amount for the district must be determined in accordance with the provisions of 20-9-331, and the basic special tax and revenues for the high school foundation program amount for the district must be determined in accordance with 20-9-333; and

(c) the guaranteed tax base aid for the permissive levy amount for a K-12 school district must be calculated separately, using the mill-value-per-elementary-ANB-and-the mill-value-per-high-school-ANB district guaranteed tax base ratio as defined in 20-9-366. The permissive amount to be levied for the K-12 school district must be prorated based on the ratio of the foundation program amounts for elementary school programs to the foundation program amounts for high school programs.

(4) The retirement obligation and eligibility for retirement guaranteed tax base aid for a K-12 school district must be calculated and funded as a high school district retirement obligation under the provisions of 20-9-501.

(5) For the purposes of budgeting for a K-12 school district, the trustees shall adopt a single fund for any of the budgeted or nonbudgeted funds described in 20-9-201 for the costs of operating all grades and programs of the district.

(6) Tuition for attendance in the K-12 school district

must be determined separately for high school pupils and for elementary pupils under the provisions of chapter 5, part 3, except that the actual expenditures used for calculations in 20-5-305 and 20-5-312 must be based on an amount prorated between the elementary and high school programs in the appropriate funds of each district in the year prior to the attachment of the districts."

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

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

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

(b) maintain accredited status.

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

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

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

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

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

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

(d) in June of:

(i) the 1993 school fiscal year, one-half of the remaining foundation program payment of each district and on

July 15, 1993, the remaining school fiscal year 1993 foundation program payment of each district; and

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

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

Section 5. 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~~ ANB guaranteed tax base ratio for elementary districts" or "county retirement ~~mill-value-per-high-school~~ ANB guaranteed tax base ratio for high school districts" means the sum of the taxable valuation in the previous year of all property in the county ~~divided-by-170007-with-the-quotient~~ divided by the total county elementary ~~ANB-count~~ districts or the total county high school ~~ANB-count-used-to-calculate-the~~ elementary-school-districts-and-high-school districts' current year foundation program amounts amount.

(2) "District ~~mill-value-per~~ ANB guaranteed tax base ratio" means the taxable valuation in the previous year of all property in the district ~~divided-by-170007-with-the-quotient~~ divided by the ~~ANB-count-of-the-district-used-to~~ calculate-the district's current year foundation program

1 amount.

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

8 (4) "Statewide mill-value-per-elementary-ANB guaranteed
9 tax base ratio for elementary districts" or "statewide mill
10 value-per-high-school-ANB guaranteed tax base ratio for high
11 school districts", for permissive, debt service, and
12 retirement guaranteed tax base purposes, means the sum of
13 the taxable valuation in the previous year of all property
14 in the state, multiplied by 121% and ~~divided by 1,000~~, with
15 ~~the quotient~~ divided by the total state elementary-ANB count
16 ~~or the total state high school-ANB amount used to calculate~~
17 ~~the elementary school districts' and or total state high~~
18 ~~school districts' current year foundation program amounts~~
19 ~~amount.~~"

20 **Section 6.** Section 20-9-367, MCA, is amended to read:

21 "20-9-367. Eligibility to receive guaranteed tax base
22 aid. (1) If the district mill-value-per-ANB guaranteed tax
23 base ratio of any elementary or high school district is less
24 than the corresponding statewide district-mill-value-per
25 elementary-ANB-or-high-school-ANB guaranteed tax base ratio

1 for elementary districts or guaranteed tax base ratio for
2 high school districts, the district may receive guaranteed
3 tax base aid based on the number of mills levied in the
4 district in support of its permissive amount of the general
5 fund budget and its debt service fund.

6 (2) If the county retirement mill-value-per-elementary
7 ANB guaranteed tax base ratio for elementary districts or
8 county retirement mill-value-per-high-school-ANB guaranteed
9 tax base ratio for high school districts is less than the
10 corresponding statewide county mill-value-per-elementary-ANB
11 or--high-school-ANB guaranteed tax base ratio for elementary
12 districts or guaranteed tax base ratio for high school
13 districts, the county may receive guaranteed tax base aid
14 based on the number of mills levied in the county in support
15 of the retirement fund budgets of the respective elementary
16 or high school districts in the county."

17 **Section 7.** Section 20-9-368, MCA, is amended to read:

18 "20-9-368. Amount of guaranteed tax base aid --
19 reversion. (1) The amount of guaranteed tax base aid per-ANB
20 that a county may receive for each mill levied under the
21 provisions of 20-9-501 in support of the retirement fund
22 budgets of the elementary school districts in the county is
23 ~~the--difference-between-the-county-mill-value-per-elementary~~
24 ~~ANB-and-the-statewide-county-mill-value-per-elementary--ANB,~~
25 ~~multiplied--by--the-number-of-mills-levied-in-support-of-the~~

1 retirement fund budgets for the elementary districts in the
 2 county calculated in the following manner:

3 (a) multiply the statewide guaranteed tax base ratio
 4 for elementary districts by the current year's total
 5 elementary district foundation program amount for the
 6 county;

7 (b) subtract the taxable valuation of the county from
 8 the product obtained in subsection (1)(a); and

9 (c) divide the remainder by 1,000 to determine the
 10 equivalent to the dollar amount of guaranteed tax base aid
 11 for each mill levied.

12 (2) The amount of guaranteed tax base aid per-ANB that
 13 a county may receive for each mill levied under the
 14 provisions of 20-9-501 in support of the retirement fund
 15 budgets of the high school districts in the county is the
 16 difference between the county mill value per high school ANB
 17 and the statewide county mill value per high school ANB,
 18 multiplied by the number of mills levied in support of the
 19 retirement fund budgets for the high school districts in the
 20 county calculated in the following manner:

21 (a) multiply the statewide guaranteed tax base ratio
 22 for high school districts by the current year's total high
 23 school district foundation program amount for the county;

24 (b) subtract the taxable valuation of the county from
 25 the product obtained in subsection (2)(a); and

1 (c) divide the remainder by 1,000 to determine the
 2 equivalent to the dollar amount of guaranteed tax base aid
 3 for each mill levied.

4 (3) The amount of guaranteed tax base aid per-ANB that
 5 a district may receive for each mill levied under the
 6 provisions of 20-9-141 and 20-9-145 in support of its
 7 permissive amount of the general fund budget and its debt
 8 service fund is the difference between the district mill
 9 value per ANB and the corresponding statewide district mill
 10 value per ANB, multiplied by the number of mills levied in
 11 support of the district's permissive amount of the general
 12 fund budget calculated in the following manner:

13 (a) multiply the district's current year foundation
 14 program amount by the corresponding statewide guaranteed tax
 15 base ratio;

16 (b) subtract the taxable valuation of the district from
 17 the product obtained in subsection (3)(a); and

18 (c) divide the remainder by 1,000 to determine the
 19 equivalent to the dollar amount of guaranteed tax base aid
 20 for each mill levied.

21 (4) THE AMOUNT OF GUARANTEED TAX BASE AID THAT A
 22 DISTRICT MAY RECEIVE FOR EACH MILL LEVIED UNDER THE
 23 PROVISIONS OF 20-9-438 AND 20-9-439 IN SUPPORT OF ITS DEBT
 24 SERVICE IS:

25 (A) SUBJECT TO THE PROVISIONS OF [SECTION 11];

(B) CALCULATED IN THE FOLLOWING MANNER:

(I) MULTIPLY THE DISTRICT'S CURRENT YEAR FOUNDATION PROGRAM AMOUNT BY THE CORRESPONDING STATEWIDE GUARANTEED TAX BASE RATIO;

(II) SUBTRACT THE TAXABLE VALUATION OF THE DISTRICT FROM THE PRODUCT OBTAINED IN SUBSECTION (4)(B)(I); AND

(III) DIVIDE THE REMAINDER BY 1,000 TO DETERMINE THE EQUIVALENT TO THE DOLLAR AMOUNT OF GUARANTEED TAX BASE AID FOR EACH MILL LEVIED; AND

(C) LIMITED TO THE AMOUNT DETERMINED BY MULTIPLYING THE TOTAL AMOUNT OF THE PROPOSED BOND ISSUE BY THE PERCENTAGE OF THE TOTAL THAT MEETS THE REQUIREMENTS OF [SECTION 11(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 8. Section 20-9-369, MCA, is amended to read:

"20-9-369. Duties of superintendent of public instruction and department of revenue. (1) The

superintendent of public instruction shall administer the distribution of guaranteed tax base aid by:

(a) providing each school district and county superintendent, by March 1 of each year, with the preliminary statewide and county ~~mill--values--per--ANB~~ retirement guaranteed tax base ratios and, by May 1 of each year, with the final statewide, district, and county ~~mill values--per--ANB~~ retirement guaranteed tax base ratios, for use in calculating the guaranteed tax base aid available for the ensuing school fiscal year;

(b) requiring each county and district that qualifies and applies for guaranteed tax base aid to report to the county superintendent all budget and accounting information required to administer the guaranteed tax base aid;

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

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

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

(3) The department of revenue shall provide the superintendent of public instruction by December 1 of each

year a final determination of the taxable value of property within each school district and county of the state reported to the department of revenue based on information delivered to the county clerk and recorder as required in 15-10-305."

Section 9. 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 guaranteed tax base ratio for elementary districts or the statewide guaranteed tax base ratio for high school districts. For a K-12 district, the maximum amount for which the district may become indebted is 45% of the sum of the statewide guaranteed tax base ratio for elementary districts and the statewide guaranteed tax base ratio for high school districts.

(2) The maximum amounts determined in subsection (1),

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

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

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

17 **Section 10.** Section 20-9-439, MCA, is amended to read:

18 "20-9-439. Computation of net levy requirement --
19 procedure when levy inadequate. (1) The county
20 superintendent shall compute the levy requirement for each
21 school district's debt service fund on the basis of the
22 following procedure:

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

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

4 (ii) anticipated interest to be earned by the investment
5 of debt service cash in accordance with the provisions of
6 20-9-213(4) or by the investment of bond proceeds under the
7 provisions of 20-9-435; and

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

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

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

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

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

1 1,000.

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

8 ~~(2)(3)~~ (3) If the board of county commissioners fails in
9 any school fiscal year to make a levy for any issue or
10 series of bonds of a school district sufficient to raise the
11 money necessary for payment of interest and principal
12 becoming due during the next ensuing school fiscal year, in
13 any amounts established under the provisions of this
14 section, the holder of any bond of the issue or series or
15 any taxpayer of the district may apply to the district court
16 of the county in which the school district is located for a
17 writ of mandate to compel the board of county commissioners
18 of the county to make a sufficient levy for such purposes.
19 If, upon the hearing of the application, it appears to the
20 satisfaction of the court that the board of county
21 commissioners of the county has failed to make a levy or has
22 made a levy that is insufficient to raise the amount
23 required to be raised as established in the manner provided
24 in this section, the court shall determine the amount of the
25 deficiency and shall issue a writ of mandate directed to and

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

11 NEW SECTION. SECTION 11. QUALIFICATIONS FOR STATE
12 GUARANTEED TAX BASE AID TO SUPPORT DEBT SERVICE. (1) TO
13 QUALIFY FOR THE GUARANTEED TAX BASE AID FOR DEBT SERVICE
14 DESCRIBED IN 20-9-368, A SCHOOL DISTRICT, BEFORE ISSUING ITS
15 BONDS, MUST HAVE:

16 (A) RECEIVED VOTER APPROVAL FOR BONDS PURSUANT TO
17 20-9-421;

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

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

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

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

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

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

11 NEW SECTION. SECTION 12. APPLICABILITY. THE PROVISIONS
12 RELATING TO GUARANTEED TAX BASE AID FOR DEBT SERVICE
13 CONTAINED IN 20-9-368(4) AND [SECTION 11] APPLY TO BONDS
14 ISSUED ON OR AFTER [THE EFFECTIVE DATE OF THIS ACT].

15 NEW SECTION. Section 13. Effective date. [This act] is
16 effective July 1, 1993.

-End-