

SENATE BILL 432

Introduced by Towe

3/11	Introduced
3/12	First Reading
3/12	Fiscal Note Requested
3/12	Referred to School Finance Select Committee
3/22	Hearing
3/22	Fiscal Note Received
3/22	Fiscal Note Printed
3/31	Missed Transmittal Deadline

1 SENATE BILL NO. 432
2 INTRODUCED BY SPW
3 BY REQUEST OF THE OFFICE OF PUBLIC INSTRUCTION
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE
6 EQUALIZATION OF FUNDING AND BUDGETING FOR SCHOOL DISTRICT
7 GENERAL FUND BUDGETS, EMPLOYEE BENEFIT OBLIGATIONS, SCHOOL
8 TRANSPORTATION, AND SCHOOL FACILITIES; REPLACING THE
9 BUILDING FUND AND BUILDING RESERVE FUND WITH A CAPITAL
10 PROJECTS FUND; REQUIRING THAT AN EMPLOYER'S CONTRIBUTIONS TO
11 RETIREMENT SYSTEMS BE INCLUDED IN THE DISTRICT GENERAL FUND
12 BUDGET; REQUIRING SCHOOL TRANSPORTATION COSTS TO BE BUDGETED
13 AND FUNDED IN THE DISTRICT GENERAL FUND; CREATING A FEDERAL
14 IMPACT AID FUND; ELIMINATING THE DISTRICT TUITION FUND;
15 PROVIDING FOR STATE COLLECTION AND REDISTRIBUTION OF CERTAIN
16 SCHOOL REVENUE FOR EQUALIZATION PURPOSES; INCREASING THE
17 ELEMENTARY AND HIGH SCHOOL FOUNDATION PROGRAM SCHEDULE
18 AMOUNTS; INCREASING COUNTY EQUALIZATION LEVIES; AMENDING
19 SECTIONS 7-15-4292, 17-3-213, 20-3-106, 20-3-205, 20-3-324,
20 20-5-305, 20-5-307, 20-5-312, 20-6-401, 20-6-406, 20-6-603,
21 20-6-604, 20-6-702, 20-6-703, 20-7-435, 20-7-457, 20-9-104,
22 20-9-141, 20-9-142, 20-9-143, 20-9-145, 20-9-162, 20-9-163,
23 20-9-165, 20-9-166, 20-9-168, 20-9-201, 20-9-208, 20-9-209,
24 20-9-212, 20-9-213, 20-9-214, 20-9-221, 20-9-231, 20-9-301,
25 20-9-303, 20-9-311, 20-9-314, 20-9-318, 20-9-319, 20-9-321,

1 20-9-331, 20-9-333, 20-9-334, 20-9-335, 20-9-343, 20-9-344,
2 20-9-346, 20-9-347, 20-9-351, 20-9-360, 20-9-361, 20-9-366,
3 20-9-369, 20-9-405, 20-9-406, 20-9-435, 20-9-501, 20-9-502,
4 20-9-503, 20-9-507, 20-9-703, 20-9-704, 20-10-122,
5 20-10-123, 20-10-124, 20-10-141, 20-10-143, 20-10-144,
6 20-10-145, 20-10-146, 20-10-147, 20-15-210, 20-15-404,
7 20-16-108, AND 20-16-205, MCA, AND SECTION 5, CHAPTER 729,
8 LAWS OF 1991; REPEALING SECTIONS 20-9-147, 20-9-206,
9 20-9-210, 20-9-222, 20-9-315, 20-9-353, 20-9-367, 20-9-368,
10 20-9-508, 20-9-512, AND 20-16-207, MCA, AND SECTION 12,
11 CHAPTER 6, SPECIAL LAWS OF JULY 1992; AND PROVIDING
12 EFFECTIVE DATES, APPLICABILITY DATES, AND TERMINATION
13 DATES."

15 WHEREAS, the Montana Constitution requires that the
16 Legislature provide a basic system of free quality public
17 elementary and secondary schools and guarantees to every
18 citizen an equal educational opportunity and equal
19 protection under the laws of the state; and

20 WHEREAS, equalization of school district funding
21 continues to be challenged in the Montana courts on the
22 basis that the aforementioned guarantees are not being
23 sufficiently met; and

24 WHEREAS, school district funding and accounting is
25 unnecessarily complicated to administer and certain changes

in the district fund structure and revenue collections process should be streamlined.

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

Section 1. Section 20-3-106, MCA, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (22) recommend standards of accreditation for all

1 schools to the board of public education and evaluate
 2 compliance with the standards and recommend accreditation
 3 status of every school to the board of public education in
 4 accordance with the provisions of 20-7-101 and 20-7-102;

5 (23) collect and maintain a file of curriculum guides
 6 and assist schools with instructional programs in accordance
 7 with the provisions of 20-7-113 and 20-7-114;

8 (24) establish and maintain a library of visual, aural,
 9 and other educational media in accordance with the
 10 provisions of 20-7-201;

11 (25) license textbook dealers and initiate prosecution
 12 of textbook dealers violating the law in accordance with the
 13 provisions of the textbooks part of this title;

14 (26) as the governing agent and executive officer of the
 15 state of Montana for K-12 vocational education, adopt the
 16 policies prescribed by and in accordance with the provisions
 17 of 20-7-301;

18 (27) supervise and coordinate the conduct of special
 19 education in the state in accordance with the provisions of
 20 20-7-403;

21 (28) administer the traffic education program in
 22 accordance with the provisions of 20-7-502;

23 (29) administer the school food services program in
 24 accordance with the provisions of 20-10-201, 20-10-202, and
 25 20-10-203;

1 (30) review school building plans and specifications in
 2 accordance with the provisions of 20-6-622;
 3 (31) prescribe the method of identification and signals
 4 to be used by school safety patrols in accordance with the
 5 provisions of 20-1-408;
 6 (32) provide schools with information and technical
 7 assistance for compliance with the student assessment rules
 8 provided for in 20-2-121 and collect and summarize the
 9 results of the student assessment for the board of public
 10 education and the legislature;
 11 (33) administer the distribution of ~~guaranteed-tax-base~~
 12 ~~aid-for-county-retirement-levy-obligations~~ revenue to fund
 13 each district's permissive budget amount in accordance with
 14 20-9-366 through and 20-9-369; and
 15 (34) perform any other duty prescribed ~~from-time-to-time~~
 16 by this title, any other act of the legislature, or the
 17 policies of the board of public education."

-18 **Section 2.** Section 20-3-205, MCA, is amended to read:

19 "20-3-205. Powers and duties. The county superintendent
 20 has general supervision of the schools of the county within
 21 the limitations prescribed by this title and shall perform
 22 the following duties: acts:

23 (1) determine, establish, and reestablish trustee
 24 nominating districts in accordance with the provisions of
 25 20-3-352, 20-3-353, and 20-3-354;

1 (2) administer and file the oaths of members of the
 2 boards of trustees of the districts in ~~his~~ the county in
 3 accordance with the provisions of 20-3-307;

4 (3) register the teacher or specialist certificates or
 5 emergency authorization of employment of any person employed
 6 in the county as a teacher, specialist, principal, or
 7 district superintendent in accordance with the provisions of
 8 20-4-202;

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

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

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

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

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

24 (9) act on any unification proposition and, if
 25 approved, establish additional trustee nominating districts

1 in accordance with 20-6-312 and 20-6-313;

2 (10) estimate the average number belonging (ANB) of an

3 opening school in accordance with the provisions of

4 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

5 (11) process and, when required, act on school isolation

6 applications in accordance with the provisions of 20-9-302;

7 (12) complete the budgets, compute the budgeted revenues

8 and tax levies, file final budgets and budget amendments,

9 and fulfill other responsibilities assigned to him the

10 county superintendent under the provisions of this title

11 regulating school budgeting systems;

12 (13) submit an annual financial report to the

13 superintendent of public instruction in accordance with the

14 provisions of 20-9-211;

15 (14) monthly, unless otherwise provided by law, order

16 the county treasurer to apportion state money, county school

17 money, and any other school money subject to apportionment

18 in accordance with the provisions of 20-9-212, 20-9-334,

19 20-9-347, 20-10-145, or 20-10-146;

20 (15) act on any request to transfer average number

21 belonging (ANB) in accordance with the provisions of

22 20-9-313(3);

23 (16) calculate the estimated budgeted general fund

24 sources of revenue in accordance with the provisions of

25 20-9-348 and the other general fund revenue provisions of

1 the general fund part of this title;

2 (17) compute the revenues revenue and the district and

3 county levy requirements for each fund included in each

4 district's final budget and report the computations to the

5 board of county commissioners in accordance with the

6 provisions of the general fund, transportation, bonds, and

7 other school-funds parts of this title;

8 (18) file and forward bus driver certifications,

9 transportation contracts, and state transportation

10 reimbursement claims in accordance with the provisions of

11 20-10-103, 20-10-143, or 20-10-145;

12 (19) for districts that do not employ a district

13 superintendent or principal, recommend library book and

14 textbook selections in accordance with the provisions of

15 20-7-204 or 20-7-602;

16 (20) notify the superintendent of public instruction of

17 a textbook dealer's activities when required under the

18 provisions of 20-7-605 and otherwise comply with the

19 textbook dealer provisions of this title;

20 (21) act on district requests to allocate federal money

21 for indigent children for school food services in accordance

22 with the provisions of 20-10-205;

23 (22) perform any other duty prescribed from time to time

24 by this title, any other act of the legislature, the

25 policies of the board of public education, the policies of

1 the board of regents relating to community college
2 districts, or the rules of the superintendent of public
3 instruction;

4 (23) administer the oath of office to trustees without
5 the receipt of pay for administering the oath;

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

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

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

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

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

22 (d) the total of the cash balances of all funds
23 maintained by the district at the end of the school fiscal
24 year; and

25 (26) hold meetings for the members of the trustees from

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

3 **Section 3.** Section 20-3-324, MCA, is amended to read:

4 "20-3-324. Powers and duties. As prescribed elsewhere
5 in this title, the trustees of each district shall:

6 (1) employ or dismiss a teacher, principal, or other
7 assistant upon the recommendation of the district
8 superintendent, the county high school principal, or other
9 principal as the board considers necessary, accepting or
10 rejecting any recommendation as the trustees in their sole
11 discretion determine, in accordance with the provisions of
12 Title 20, chapter 4;

13 (2) employ and dismiss administrative personnel,
14 clerks, secretaries, teacher aides, custodians, maintenance
15 personnel, school bus drivers, food service personnel,
16 nurses, and any other personnel considered necessary to
17 carry out the various services of the district;

18 (3) administer the attendance and tuition provisions
19 and otherwise govern the pupils of the district in
20 accordance with the provisions of the pupils chapter of this
21 title;

22 (4) call, conduct, and certify the elections of the
23 district in accordance with the provisions of the school
24 elections chapter of this title;

25 (5) participate in the teachers' retirement system of

1 the state of Montana in accordance with the provisions of
2 the teachers' retirement system chapter of Title 19;

3 (6) participate in district boundary change actions in
4 accordance with the provisions of the districts chapter of
5 this title;

6 (7) organize, open, close, or acquire isolation status
7 for the schools of the district in accordance with the
8 provisions of the school organization part of this title;

9 (8) adopt and administer the annual budget or a budget
10 amendment of the district in accordance with the provisions
11 of the school budget system part of this title;

12 (9) conduct the fiscal business of the district in
13 accordance with the provisions of the school financial
14 administration part of this title;

15 (10) establish the ANB, foundation program, permissive
16 budget, ~~additional-levy~~, operating reserve, and state impact
17 aid amounts for the general fund of the district in
18 accordance with the provisions of the general fund part of
19 this title;

20 (11) establish, maintain, budget, and finance the
21 transportation program of the district in accordance with
22 the provisions of the transportation parts of this title;

23 (12) issue, refund, sell, budget, and redeem the bonds
24 of the district in accordance with the provisions of the
25 bonds parts of this title;

1 (13) when applicable, establish, financially administer,
2 and budget for the ~~tuition-fund~~, ~~retirement-fund~~, ~~building~~
3 ~~reserve--fund~~, adult education fund, nonoperating fund,
4 school food services fund, miscellaneous federal programs
5 fund, ~~building--fund~~ capital projects fund, bus purchase
6 fund, impact aid fund, lease or rental agreement fund,
7 traffic education fund, and interlocal cooperative agreement
8 fund in accordance with the provisions of the other ~~school~~
9 ~~funds~~ parts of this title;

10 (14) when applicable, administer any interlocal
11 cooperative agreement, gifts, legacies, or devises in
12 accordance with the provisions of the miscellaneous
13 financial parts of this title;

14 (15) hold in trust, acquire, and dispose of the real and
15 personal property of the district in accordance with the
16 provisions of the school sites and facilities part of this
17 title;

18 (16) operate the schools of the district in accordance
19 with the provisions of the school calendar part of this
20 title;

21 (17) establish and maintain the instructional services
22 of the schools of the district in accordance with the
23 provisions of the instructional services, textbooks,
24 vocational education, and special education parts of this
25 title;

1 (18) establish and maintain the school food services of
 2 the district in accordance with the provisions of the school
 3 food services parts of this title;

4 (19) make reports from time to time as the county
 5 superintendent, superintendent of public instruction, and
 6 board of public education may require;

7 (20) retain, when considered advisable, a physician or
 8 registered nurse to inspect the sanitary conditions of the
 9 school or the general health conditions of each pupil and,
 10 upon request, make available to any parent or guardian any
 11 medical reports or health records maintained by the district
 12 pertaining to his a child;

13 (21) for each member of the trustees, visit each school
 14 of the district not less than once each school fiscal year
 15 to examine its management, conditions, and needs, except
 16 trustees from a first-class school district may share the
 17 responsibility for visiting each school in the district;

18 (22) procure and display outside daily in suitable
 19 weather at each school of the district an American flag that
 20 measures not less than 4 feet by 6 feet;

21 (23) adopt and administer a district policy on
 22 assessment for placement of any child who enrolls in a
 23 school of the district from a nonpublic school that is not
 24 accredited, as required in 20-5-110; and

25 (24) perform any other duty and enforce any other

1 requirements for the government of the schools prescribed by
 2 this title, the policies of the board of public education,
 3 or the rules of the superintendent of public instruction."

4 **Section 4.** Section 20-5-305, MCA, is amended to read:

5 "20-5-305. Elementary tuition rates. (1) Whenever a
 6 pupil of an elementary district has been granted approval to
 7 attend a school outside of the district in which he the
 8 pupil resides, under the provisions of 20-5-301 or 20-5-302,
 9 the district of residence shall pay tuition to the
 10 elementary district where the pupil attends school. Except
 11 as provided in subsection (2), the basis of the rate of
 12 tuition ~~shall~~ must be determined by the attended district.
 13 The rate of tuition must be determined on March 15 by:

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

18 (b) dividing the amount determined in subsection (1)(a)
 19 by the October 1 enrollment of the district for the previous
 20 school fiscal year, as reported to the office of public
 21 instruction for purposes of accreditation pursuant to
 22 20-7-102 and 20-9-344; and

23 (c) subtracting from the amount determined in
 24 subsection (1)(b) the per-ANB amount allowed by the
 25 foundation program schedules ~~and the per-ANB amount that is~~

the ANB value per mill calculated pursuant to 20-9-366 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 5. Section 20-5-307, MCA, is amended to read:

"20-5-307. Budgeting, levy requirement, and paying elementary tuition. (1) The tuition amount that has been established in 20-5-305 must be paid during the ensuing school fiscal year. The trustees of the elementary district shall include the amount in the tuition general fund of the preliminary budget. If the trustees should fail to include the amount or any portion of it in the preliminary budget, they shall adjust the budgeted amount in adopting the final budget to provide for the total tuition amount that is due during the ensuing school fiscal year. The adjustment is not subject to the budget adjustment provisions of 20-9-132.

(2) The county superintendent shall report the net tuition fund levy requirement for each elementary 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.

(3)(2) The trustees shall pay by warrants drawn on the tuition general fund the tuition amounts owed to each district included in the county superintendent's notification provided under the provisions of 20-5-306. At least one-half of the payments must be made in December, and the remaining payments must be made by June 15 of the fiscal year.

(4) 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 6. 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 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 calculated pursuant to 20-9-366, 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 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 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~~ pay 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 on 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~~ 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 general 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 general 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 general 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 7. 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 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, and 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--calculated--pursuant--to--20-9-366, 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 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 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 pay~~ 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 on 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~~ 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 general 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 general 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 general fund but no later than the end of the school fiscal year for which the budget is adopted. However,

1 if the trustees of either the sending or receiving high
2 school district feel the transfer privilege provided by this
3 subsection is being abused, they may appeal to the county
4 superintendent of schools, who shall hold a hearing and
5 either approve or disapprove the transfer.

6 ~~{8}--Any-unanticipated-tuition-receipts--received--under~~
7 ~~the--provisions--of--chapter-77-part-47-or-this-part-for-the~~
8 ~~current-school-fiscal-year-must-be-deposited-in--a--separate~~
9 ~~account--of-the-district-miscellaneous-programs-fund-and-may~~
10 ~~be-used-for-that-year-in-the-manner--provided--for--in--that~~
11 ~~fund--For-the-ensuing-school-fiscal-year,--the-receipts-must~~
12 ~~be-credited-to-the-district-general-fund-budget--"~~

13 **Section 8.** Section 20-6-401, MCA, is amended to read:

14 "20-6-401. Definitions. As used in this part, unless
15 the context clearly indicates otherwise, the following
16 definitions apply:

17 (1) "Component districts" means the elementary or high
18 school districts incorporated into the enlarged district.

19 (2) "Eligible pupils" means the average number
20 belonging (ANB) in the operating schools of the component
21 districts and the tuition pupils residing in the component
22 districts and attending another district's school under the
23 tuition provisions of the school laws, except that the
24 pupils residing in the component district having the largest
25 total number of pupils are ineligible for bonus payment

1 consideration.

2 (3) "Enlarged district" means the elementary or high
3 school district resulting from the consolidation or
4 annexation of two or more component districts.

5 (4) "General bonus payment" for first- and second-class
6 school districts must be \$450 per eligible pupil per year
7 for a period of 3 years and must be deposited in the
8 enlarged district's general fund. General bonus payment for
9 third-class school districts must be \$750 per eligible pupil
10 per year for a period of 3 years and must be deposited in
11 the enlarged district's general fund. The general bonus
12 payment must be made from the state school equalization aid
13 account.

14 (5) "Transportation bonus payment" is the provision of
15 66 2/3% state financing of the on-schedule transportation
16 amount as provided by the transportation provisions of the
17 school laws. When an eligible pupil is entitled to
18 transportation, the enlarged district is entitled to the
19 transportation bonus payment for the eligible pupil for a
20 period of 3 years. The payment must be made from the state
21 appropriation for transportation aid account. When the
22 eligible pupil rides a bus providing transportation for
23 ineligible pupils, the 66 2/3% state financing of the
24 on-schedule amount for this payment must be prorated to
25 provide financing for the eligible pupil."

Section 9. Section 20-6-406, MCA, is amended to read:

"20-6-406. Disbursal and deposit of bonus payments. On or before June 30 of the next 3 consecutive years following the year of application, the superintendent of public instruction shall disburse the bonus payments for approved applications to the enlarged school district, and such the disbursement is statutorily appropriated as provided in 17-7-502. The general bonus payment ~~shall be deposited by the county treasurer in the enlarged district's general fund,~~ and the transportation bonus payment ~~shall must~~ be deposited by the county treasurer in the transportation enlarged district's general fund. These bonus payments ~~shall~~ may not be considered as a part of the regular state equalization aid or state transportation aid received by the enlarged district."

Section 10. Section 20-6-603, MCA, is amended to read:

"20-6-603. Trustees' authority to acquire or dispose of sites and buildings -- when election required. (1) The trustees of any district may purchase, build, exchange, or otherwise acquire, sell, or dispose of sites and buildings of the district. Action may not be taken by the trustees without the approval of the qualified electors of the district at an election called for the purpose of approval unless:

(a) a bond issue has been authorized for the purpose of

constructing, purchasing, or acquiring the site or building;

(b) an additional levy under the provisions of ~~20-9-353~~ 20-9-503 has been approved for the purpose of constructing, purchasing, or acquiring the site or building; or

(c) ~~the cost of constructing, purchasing, or acquiring the site or building is financed without exceeding the foundation program schedule amount provided in 20-9-303(2)(a), and in the case of a site purchase, the site has been approved under the provisions of 20-6-621, or~~

(d) money is otherwise available under the provisions of this title and the ballot for the site approval for the building incorporated a description of the building to be located on the site.

(2) When an election is conducted under the provisions of this section, it must be called under the provisions of 20-20-201 and must be conducted in the manner prescribed by this title for school elections. An elector qualified to vote under the provisions of 20-20-301 may vote in the election. If a majority of those electors voting at the election approve the proposed action, the trustees may take the proposed action."

Section 11. Section 20-6-604, MCA, is amended to read:

"20-6-604. Sale of property when resolution passed after hearing -- appeal procedure. (1) Whenever the trustees of a district determine that a site, building, or any other

1 real or personal property of the district is or is about to
 2 become abandoned, obsolete, undesirable, or unsuitable for
 3 the school purposes of the district, the trustees may sell
 4 or otherwise dispose of the real or personal property in
 5 accordance with this section and without conforming to the
 6 provisions of 20-6-603. If a decision to sell or dispose of
 7 property is made, the trustees shall adopt a resolution to
 8 sell or otherwise dispose of the district real or personal
 9 property because it is or is about to become abandoned,
 10 obsolete, undesirable, or unsuitable for the school purposes
 11 of the district.

12 (2) The resolution may not become effective for 14 days
 13 after the notice required in subsection (3) is made.

14 (3) The trustees shall cause notices of the resolution
 15 to be published in a newspaper of general circulation in the
 16 district. If there is no newspaper of general circulation,
 17 the trustees shall cause notices of the resolution to be
 18 posted in the manner required for school elections in
 19 20-20-204.

20 (4) A taxpayer may appeal the resolution of the
 21 trustees, at any time prior to the effective date of the
 22 resolution, to the district court by filing a verified
 23 petition with the clerk of the court and serving a copy of
 24 the petition upon the district. The petition must set out in
 25 detail the objections of the petitioner to the adoption of

1 the resolution or to the disposal of the property. The
 2 service and filing of the petition stay the resolution until
 3 final determination of the matter by the court. The court
 4 shall immediately fix the time for a hearing at the earliest
 5 convenient time. At the hearing, the court shall hear the
 6 matter de novo and may take testimony as it considers
 7 necessary. Its proceedings are summary and informal, and its
 8 decision is final.

9 (5) The trustees of a district that has adopted a
 10 resolution to sell or otherwise dispose of district real or
 11 personal property and, if appealed, has been upheld by the
 12 court shall sell or dispose of the real or personal property
 13 in any reasonable manner that they determine to be in the
 14 best interests of the district.

15 (6) The money realized from the sale or disposal of
 16 real or personal property of the district must be credited
 17 to the debt service fund, building capital projects fund,
 18 general fund, or other appropriate fund, at the discretion
 19 of the trustees."

20 **Section 12.** Section 20-6-702, MCA, is amended to read:

21 "20-6-702. Funding for K-12 school districts. (1)
 22 Notwithstanding the provisions of subsections (2) through
 23 ~~(6)~~ (5), a K-12 school district formed under the provisions
 24 of 20-6-701 is subject to the provisions of law for high
 25 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 district permissive levy budget amount for a K-12 school district must be calculated separately, using the district elementary mill value per-elementary-ANB and the district high school mill value per-high-school-ANB as defined in 20-9-366. The permissive budget 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)~~(5) 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 13. Section 20-6-703, MCA, is amended to read:

"20-6-703. Transitions after formation of K-12 school district. (1) When an attachment order for a K-12 school district becomes effective on July 1 under the provisions of 20-6-701:

(a) the board of county commissioners shall execute all necessary and appropriate deeds, bills of sale, or other

instruments for the conveyance of title to all real and personal property of the elementary district to the high school district;

(b) the trustees of the elementary district shall entrust the minutes of the board of trustees, the elementary district documents, and other records to the high school district to which it is attached; and

(c) the county treasurer shall transfer all end-of-the-year warrants and fund balances of the attached elementary district to the similar funds established for the K-12 school district in the high school district.

(2) All taxes levied by and revenue due from a previous school fiscal year to an elementary district attached to a high school district must be payable to the appropriate fund of the high school district.

~~(3) The previous year's general fund budget amounts for the elementary district and the high school district that form a K-12 school district must be combined to determine the budget limitation for the ensuing school fiscal year pursuant to 20-9-315.~~

~~(4)~~ (3) An elementary district and a high school district that form a K-12 school district under the provisions of 20-6-701 may not be considered an enlarged district for the purpose of bonus payments under 20-6-401 through 20-6-408."

Section 14. Section 20-7-435, MCA, is amended to read:

"20-7-435. Funding of educational programs at in-state children's psychiatric hospitals and in-state residential treatment programs for eligible children with emotional disturbances. (1) It is the intent of the legislature that eligible children in in-state children's psychiatric hospitals and residential treatment facilities be provided with an appropriate educational opportunity in a cost-effective manner.

(2) The superintendent of public instruction may contract with an in-state children's psychiatric hospital or residential treatment facility for provision of an educational program for an eligible child in the hospital or treatment facility.

(3) Whenever the superintendent of public instruction contracts with an in-state children's psychiatric hospital or residential treatment facility for provision of an educational program for an eligible child in the children's psychiatric hospital or residential treatment facility, the superintendent of public instruction shall:

(a) monitor the provision of an appropriate educational opportunity for the child attending the hospital or residential treatment facility;

(b) negotiate the approval of allowable costs under the provisions of 20-7-431 for allowable costs for providing

special education, including the costs of retirement benefits, federal social security system contributions, and unemployment compensation insurance; and

(c) fund 100% of any approved allowable costs under this section from funds appropriated for this purpose. An appropriation in excess of the allowable costs required under the provisions of this section must revert to the state equalization aid account.

(4) A supplemental education fee or tuition may not be charged for an eligible Montana child who receives inpatient treatment in an in-state children's psychiatric hospital or residential treatment facility.

(5) If a children's psychiatric hospital or residential treatment facility fails to provide an appropriate educational opportunity for an eligible child at the children's psychiatric hospital or residential treatment facility or fails to negotiate a contract under the provisions of subsection (2), the superintendent of public instruction shall negotiate with the school district in which the children's psychiatric hospital or residential treatment facility is located for the supervision and implementation of an appropriate educational program for a child attending the children's psychiatric hospital or residential treatment facility. The amount negotiated with the school district must be consistent with allowable costs

that may be negotiated under the provisions of subsection (3).

(6) Funds provided to a district under this section:

(a) must be deposited in the ~~miscellaneous--programs~~ general fund of the district that provides the education program for an eligible child, regardless of the age or grade placement of the child who is served under a negotiated contract; and

(b) ~~are--not--subject--to--the--budget--limitations--in~~
~~20-9-345--and~~

(c) may not be included in the foundation program amount of the district."

Section 15. Section 20-7-457, MCA, is amended to read:

"20-7-457. Funding provisions for special education purposes of cooperatives or joint boards. (1) The superintendent of public instruction shall pay directly to a cooperative or to a joint board formed under 20-3-361 for special education purposes the approved allowable costs for contracted special education services from the state special revenue fund for state equalization aid as provided in 20-9-343. The total of the payments must be within the limit set by the legislature for approved special education budgets.

(2) A school district that elects to participate in a cooperative for special education purposes shall agree in

the cooperative contract to participate for a period of at least 3 years.

(3) A school district that elects to participate in a joint board formed under 20-3-361 for special education purposes shall confirm in writing to the joint board by October 1 of the current school fiscal year the district's intention to participate or to not participate in a joint board agreement for the next school fiscal year.

(4) After June 30, 1990, a cooperative that has not met the requirements of 20-7-453 and 20-7-454 may not be funded under the provisions of this section except by approval of the superintendent of public instruction. The superintendent shall adopt rules for approval of full service education cooperatives formed after June 30, 1990.

~~(5) A full-service education cooperative may establish a retirement fund, a miscellaneous programs fund, and a transportation fund, as provided for in 20-9-201, for the purposes of a full-service education cooperative contract and the purposes allowed by law.~~

Section 16. Section 20-9-104, MCA, is amended to read:

"20-9-104. ~~(Temporary)~~ General fund operating reserve.

(1) At the end of each school fiscal year, the trustees of each district shall designate the portion of the general fund end-of-the-year fund balance that is to be earmarked as operating reserve for the purpose of paying general fund

warrants issued by the district from July 1 to November 30 of the ensuing school fiscal year. Except as provided in subsections (5) through ~~(7)~~ and (6), the amount of the general fund balance that is earmarked as operating reserve may not exceed 10% of the final general fund budget for the ensuing school fiscal year.

(2) The amount held as operating reserve may not be used for property tax reduction in the manner permitted by 20-9-141(1)(b) for other receipts.

(3) Excess reserves as provided in subsection (5) may be appropriated to reduce the permissive levy provided by 20-9-145 or to reduce the voted levy provided by 20-9-353, except that excess reserves provided in subsection (5)(a) must be used to reduce the voted levy provided in 20-9-353 if use of the reserves to reduce the permissive levy would reduce state aid.

(4) Any portion of the general fund end-of-the-year fund balance that is not reserved under subsection ~~(2)~~ (1) or ~~reappropriated under subsection (3)~~ (5) is fund balance reappropriated and must be used for property tax reduction as provided in 20-9-141(1)(b) ~~(1)~~.

(5) ~~For fiscal year 1994 and subsequent fiscal years,~~ the The limitation of subsection (1) does not apply when the amount in excess of the limitation is ~~equal to or less than~~ one or more of the following:

1 (a) any unexpended amount received under Public Law
2 81-874;

3 (b) the--unused--balance--of any unexpended amount
4 received;

5 (i) in settlement of tax payments protested in a prior
6 school fiscal year;

7 (ii) in taxes from a prior school fiscal year as a
8 result of a tax audit by the department of revenue or its
9 agents; and

10 (iii) in delinquent taxes from a prior school fiscal
11 year ; or

12 (c) any unexpended amount received as a general bonus
13 payment under 20-6-401.

14 (6) The limitation of subsection (1) does not apply
15 when the amount earmarked as operating reserve is \$10,000 or
16 less.

17 ~~{7}--For--fiscal-year-1993, the limitation of subsection~~
18 ~~{1} does not apply when the amount in excess of the~~
19 ~~limitation is equal to or less than the amounts identified~~
20 ~~by a school district as one or more of the following:~~

21 ~~{a}--any amount received under Public Law 81-874;~~

22 ~~{b}--the unused balance of any amount received;~~

23 ~~{i}--in settlement of tax payments protested in a prior~~
24 ~~school fiscal year;~~

25 ~~{ii}--in taxes from a prior school fiscal year as a~~

1 ~~result of a tax audit by the department of revenue or its~~
2 ~~agents; and~~

3 ~~{iii}--in delinquent taxes from a prior school fiscal~~
4 ~~year; or~~

5 ~~{c}--any amount received as a general bonus payment~~
6 ~~under 20-6-401.~~

7 (7) The amount in any given year that must be added to
8 the excess reserves provided for under subsection (5)(a) is
9 calculated as follows:

10 (a) subtract the district's foundation program
11 entitlement for the year from total revenue and transfers to
12 the general fund;

13 (b) divide the amount that is received during the year
14 under Public Law 81-874 and deposited in the district's
15 general fund by the amount determined in subsection (8)(a);

16 (c) multiply the percentage determined in subsection
17 (8)(b) by the total ending general fund balance for the
18 year, less prior years' excess reserves and any amount
19 established as the district's operating reserve under
20 subsection (1).

21 ~~20-9-104:--{Effective--on--occurrence--of--contingency}~~
22 ~~General fund operating reserve. {i}--At the end of each~~
23 ~~school fiscal year, the trustees of each district shall~~
24 ~~designate the portion of the general fund end of the year~~
25 ~~fund balance that is to be earmarked as operating reserve~~

1 for--the--purpose--of--paying--general--fund--warrants--issued--by
2 the--district--from--July--1--to--November--30--of--the--ensuing
3 school--fiscal--year--Except--as--provided--in--subsections--(5)
4 through--(7),--the--amount--of--the--general--fund--balance--that--is
5 earmarked--as--operating--reserve--may--not--exceed--10%--of--the
6 final--general--fund--budget--for--the--ensuing--school--fiscal
7 year;

8 (2)--The--amount--held--as--operating--reserve--may--not--be
9 used--for--property--tax--reduction--in--the--manner--permitted--by
10 20-9-141(1)(b) for other receipts;

11 (3)--Any--unreserved--fund--balance--that--is--equal--to--or
12 less--than--the--prior--year's--excess--reserves--as--provided--in
13 subsection--(5)--may--be--used--to--reduce--the--permissive--levy
14 provided--by--20-9-145--or--to--reduce--the--voted--levy--provided--by
15 20-9-353;

16 (4)--Any--portion--of--the--general--fund--end--of--the--year
17 fund--balance--that--is--not--reserved--under--subsection--(2)--or
18 reappropriated--under--subsection--(3)--is--fund--balance
19 reappropriated--and--must--be--used--for--property--tax--reduction
20 as--provided--in--20-9-141(1)(b)(iii);

21 (5)--For--fiscal--year--1994--and--subsequent--fiscal--years,
22 the--limitation--of--subsection--(1)--does--not--apply--when--the
23 amount--in--excess--of--the--limitation--is--equal--to--or--less--than
24 one--or--more--of--the--following;

25 (a)--any--amount--received--under--Public--Law--81-874--in--the

1 current--school--fiscal--year;

2 (b)--the--unused--balance--of--any--amount--received;

3 (i)--in--settlement--of--tax--payments--protested--in--a--prior
4 school--fiscal--year;

5 (ii)--in--taxes--from--a--prior--school--fiscal--year--as--a
6 result--of--a--tax--audit--by--the--department--of--revenue--or--its
7 agents; and

8 (iii)--in--delinquent--taxes--from--a--prior--school--fiscal
9 year; or

10 (c)--any--amount--received--as--a--general--bonus--payment
11 under--20-6-401;

12 (6)--The--limitation--of--subsection--(1)--does--not--apply
13 when--the--amount--earmarked--as--operating--reserve--is--\$10,000--or
14 less;

15 (7)--A--district--that--received--Public--Law--81-874--money--in
16 a--prior--year--and--that--must--reduce--its--operating--reserve--to
17 10%--pursuant--to--this--section--in--the--next--school--fiscal--year
18 may--consider--a--percentage--of--the--unreserved--fund--balance--to
19 be--an--excess--amount--as--provided--in--subsection--(5).--The
20 percentage--of--unreserved--fund--balance--that--may--be--considered
21 an--excess--amount--is--the--average--of--the--3--previous--years'
22 ratio--of--total--district--general--fund--revenue--to--Public--Law
23 81-874--money--received."

24 **Section 17.** Section 20-9-104, MCA, is amended to read:

25 "20-9-104. (Temporary) General fund operating reserve.

1 (1) At the end of each school fiscal year, the trustees of
 2 each district shall designate the portion of the general
 3 fund end-of-the-year fund balance that is to be earmarked as
 4 operating reserve for the purpose of paying general fund
 5 warrants issued by the district from July 1 to November 30
 6 of the ensuing school fiscal year funding unanticipated
 7 expenditures and funding shortfalls in anticipated revenue.

8 Except as provided in subsections (5) through (7) and (6),
 9 the amount of the general fund balance that is earmarked as
 10 operating reserve may not exceed 10% of the final general
 11 fund budget for the ensuing school fiscal year.

12 (2) The amount held as operating reserve may not be
 13 used for property tax reduction in the manner permitted by
 14 20-9-141(1)(b) for other receipts.

15 (3) Excess reserves as provided in subsection (5) may
 16 be appropriated to reduce the permissive levy provided by
 17 20-9-145 or to reduce the voted levy provided by 20-9-353.

18 (4) Any portion of the general fund end-of-the-year
 19 fund balance that is not reserved under subsection (2) (1)
 20 or reappropriated under subsection (3) (5) is fund balance
 21 reappropriated and must be used for property tax reduction
 22 as provided in 20-9-141(1)(b)(iii).

23 (5) For fiscal year 1994 and subsequent fiscal years,
 24 the The limitation of subsection (1) does not apply when the
 25 amount in excess of the limitation is equal to or less than

1 one or more both of the following:

2 (a) ~~any amount received under Public Law 81-874;~~

3 (b) (a) the unused balance of any unexpended amount
 4 received;

5 (i) ~~in settlement of tax payments protested in a prior~~
 6 ~~school fiscal year;~~

7 (ii) ~~in taxes from a prior school fiscal year as a~~
 8 ~~result of a tax audit by the department of revenue or its~~
 9 ~~agents; and~~

10 (iii) ~~in delinquent taxes from a prior school fiscal~~
 11 ~~year from metalliferous mine license taxes collected under~~
 12 ~~the provisions of 15-37-117(1)(d) or from a mineral~~
 13 ~~development impact plan adopted pursuant to 90-6-307; or~~

14 (c) (b) any unexpended amount received as a general
 15 bonus payment under 20-6-401.

16 (6) The limitation of subsection (1) does not apply
 17 when the amount earmarked as operating reserve is \$10,000 or
 18 less.

19 (7) ~~For fiscal year 1993, the limitation of subsection~~
 20 ~~(1) does not apply when the amount in excess of the~~
 21 ~~limitation is equal to or less than the amounts identified~~
 22 ~~by a school district as one or more of the following:~~

23 (a) ~~any amount received under Public Law 81-874;~~

24 (b) ~~the unused balance of any amount received;~~

25 (i) ~~in settlement of tax payments protested in a prior~~

1 school-fiscal-year;

2 (ii) in taxes from a prior school-fiscal-year as a

3 result of a tax audit by the department of revenue or its

4 agents; and

5 (iii) in delinquent taxes from a prior school-fiscal

6 year; or

7 (c) any amount received as a general bonus payment

8 under 20-6-401: Districts with a balance on June 30, 1994,

9 in an excess reserve account for the prior year's protested

10 taxes, tax audit receipts, or delinquent taxes shall budget

11 to transfer the June 30, 1994, balance to the capital

12 projects fund or any other budgeted fund considered

13 appropriate by the trustees of the district or shall

14 reappropriate the balance under the provisions of subsection

15 (3).

16 (8) Districts with a balance on July 1, 1994, in the

17 excess reserve account for Public Law 81-874 shall transfer

18 the July 1, 1994, balance to the impact aid fund established

19 in [section 84].

20 20-9-104: (Effective on occurrence of contingency)

21 General fund operating reserve: (i) At the end of each

22 school-fiscal-year, the trustees of each district shall

23 designate the portion of the general fund end-of-the-year

24 fund balance that is to be earmarked as operating reserve

25 for the purpose of paying general fund warrants issued by

1 the district from July 1 to November 30 of the ensuing

2 school-fiscal-year. Except as provided in subsections (5)

3 through (7), the amount of the general fund balance that is

4 earmarked as operating reserve may not exceed 10% of the

5 final general fund budget for the ensuing school-fiscal

6 year.

7 (2) The amount held as operating reserve may not be

8 used for property tax reduction in the manner permitted by

9 20-9-141(i)(b) for other receipts.

10 (3) Any unreserved fund balance that is equal to or

11 less than the prior year's excess reserves as provided in

12 subsection (5) may be used to reduce the permissive levy

13 provided by 20-9-145 or to reduce the voted levy provided by

14 20-9-353.

15 (4) Any portion of the general fund end-of-the-year

16 fund balance that is not reserved under subsection (2) or

17 reappropriated under subsection (3) is fund balance

18 reappropriated and must be used for property tax reduction

19 as provided in 20-9-141(i)(b)(iii).

20 (5) For fiscal year 1994 and subsequent fiscal years,

21 the limitation of subsection (1) does not apply when the

22 amount in excess of the limitation is equal to or less than

23 one or more of the following:

24 (a) any amount received under Public Law 81-874 in the

25 current school-fiscal year;

1 (b)--the-unused-balance-of-any-amount-received;
 2 (i)--in-settlement-of-tax-payments-protested-in-a--prior
 3 school-fiscal-year;
 4 (ii)--in--taxes--from--a--prior--school--fiscal-year-as-a
 5 result-of-a-tax-audit-by-the-department-of--revenue--or--its
 6 agents;-and
 7 (iii)--in--delinquent--taxes--from--a--prior-school-fiscal
 8 year;-or
 9 (c)--any-amount-received-as--a--general--bonus--payment
 10 under-20-6-401;
 11 (6)--The--limitation--of--subsection--(1)--does-not-apply
 12 when-the-amount-earmarked-as-operating-reserve-is-\$10,000-or
 13 less;
 14 (7)--A-district-that-received-Public-Law-81-874-money-in
 15 a-prior-year-and-that-must-reduce-its-operating--reserve--to
 16 10%--pursuant-to-this-section-in-the-next-school-fiscal-year
 17 may-consider-a-percentage-of-the-unreserved-fund-balance--to
 18 be--an--excess--amount--as--provided--in-subsection-(5).--The
 19 percentage-of-unreserved-fund-balance-that-may-be-considered
 20 an-excess-amount-is-the-average-of--the--3--previous--years'
 21 ratio--of--total-district-general-fund-revenue-to-Public-Law
 22 81-874-money-received."

23 **NEW SECTION. Section 18.** General fund operating
 24 reserve. (1) At the end of each school fiscal year, the
 25 trustees of each district shall designate the portion of the

1 general fund end-of-the-year fund balance that is to be
 2 earmarked as operating reserve for the purpose of funding
 3 unanticipated expenditures and funding shortfalls in
 4 anticipated revenues. Except as provided in subsections (5)
 5 and (6), the amount of the general fund balance that is
 6 earmarked as operating reserve may not exceed 10% of the
 7 final general fund budget for the ensuing school fiscal
 8 year.

9 (2) The amount held as operating reserve may not be
 10 used for property tax reduction.

11 (3) Excess reserves as provided in subsection (5) may
 12 be appropriated to reduce the permissive levy provided by
 13 20-9-145.

14 (4) Any portion of the general fund end-of-the-year
 15 fund balance that is not reserved under subsection (1) or
 16 (5) is fund balance reappropriated and must be used for
 17 property tax reduction as provided in 20-9-141(1)(b).

18 (5) The limitation of subsection (1) does not apply
 19 when the amount in excess of the limitation is one or more
 20 of the following:

21 (a) any unexpended amount received from metalliferous
 22 mines license taxes collected under the provisions of
 23 15-37-117(1)(d) or from a mineral development impact plan
 24 adopted pursuant to 90-6-307; or

25 (b) any unexpended amount received as a general bonus

1 payment under 20-6-401.

2 (6) The limitation of subsection (1) does not apply
3 when the amount earmarked as operating reserve is \$10,000 or
4 less.

5 (7) The total amount of the general fund balance that
6 is reserved under subsections (1) through (6) may not be
7 less than 5% of the ensuing year's general fund budget.

8 **Section 19.** Section 20-9-141, MCA, is amended to read:

9 "20-9-141. Computation of general fund net levy
10 requirement by county superintendent. (1) The county
11 superintendent shall compute the levy requirement for each
12 district's general fund on the basis of the following
13 procedure:

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

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

20 (ii) any additional general fund budget amount adopted
21 by the trustees of the district under the provisions of
22 20-9-145 and 20-9-353, including any additional levies
23 authorized by the electors of the district.

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

1 totaling:

2 (i) ~~anticipated---federal---money---received---under---the~~
3 ~~provisions---of---Title---I---of---Public---law---81-874---or---other~~
4 ~~anticipated-federal-money-received-in-lieu-of---that---federal~~
5 ~~act;~~

6 ~~{i}~~ anticipated tuition payments for out-of-district
7 pupils under the provisions of 20-5-303, 20-5-307, 20-5-312,
8 and 20-5-313;

9 ~~{ii}~~ (ii) general fund balance reappropriated, as
10 established under the provisions of 20-9-104;

11 ~~{iii}~~ (iii) anticipated or reappropriated state impact aid
12 received under the provisions of 20-9-304;

13 ~~{iv}~~ (iv) anticipated or reappropriated revenue from
14 property taxes and fees imposed under 23-2-517, 23-2-803,
15 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204;

16 ~~{v}~~ (v) anticipated net proceeds taxes for new
17 production, as defined in 15-23-601;

18 ~~{vi}~~ (vi) anticipated revenue from local, government
19 severance taxes as provided in 15-36-112;

20 ~~{vii}~~ (vii) anticipated revenue from coal gross proceeds
21 under 15-23-703;

22 ~~{viii}~~ (viii) anticipated interest to be earned or
23 reappropriated interest earned by the investment of general
24 fund cash in accordance with the provisions of 20-9-213(4);

25 ~~{ix}~~ (ix) anticipated revenue from corporation license

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

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

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

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

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

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

1 the superintendent of public instruction; and

2 (b) the taxable valuation of the district divided by
3 1,000.

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

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

12 "20-9-141. Computation of general fund net levy
13 requirement by county superintendent. (1) The county
14 superintendent shall compute the levy requirement for each
15 district's general fund ~~on--the--basis--of--the--following~~
16 ~~procedure:~~

17 ~~(a) Determine by determining~~ the funding required for
18 the district's final general fund budget less the amount
19 established by the schedules in 20-9-316 through 20-9-321 by
20 ~~totaling and less the amount of the district's state and~~
21 ~~county transportation reimbursement as calculated under the~~
22 ~~provisions of 20-10-141 and by totaling:~~

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

1 {ii}(b) any additional general fund budget amount
2 adopted by the trustees of the district under the provisions
3 of 20-9-145 and 20-9-353, including any additional levies
4 authorized by the electors of the district less any general
5 fund balance reappropriated as established under the
6 provisions of 20-9-104.

7 (b)--Determine--the--money--available--for--the--reduction--of
8 the--property--tax--on--the--district--for--the--general--fund--by
9 totaling:

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

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

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

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

21 (v)--anticipated--or--reappropriated--revenue--from--property
22 taxes--and--fees--imposed--under--23-2-517, 23-2-803,
23 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204;

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

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

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

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

8 (x)--anticipated--revenue--from--corporation--license--taxes
9 collected--from--financial--institutions--under--the--provisions
10 of--15-31-702;--and

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

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

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

fund-levy-requirement:

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

(a) the amount of ~~--guaranteed--tax--base-aid-that-the district-will-receive-for-each-mill-levied--as-certified--by the--superintendent--of--public--instruction~~ determined in subsection (1)(a) divided by the taxable value of the district divided by 1,000; and

(b) the ~~taxable-valuation-of-the--district--divided--by 1,000~~ amount determined in subsection (1)(b) divided by the district elementary or high school mill value as provided in 20-9-369.

(3) The net general fund levy requirement determined in ~~subsections--(1)(c)--and--(1)(d)~~ subsection (2) must be reported to the county commissioners on the second Monday of August by the county superintendent as the general fund ~~permissive net levy requirement and the--additional--general fund--levy--requirement-for-the-district,~~ and a levy must be set by the county commissioners in accordance with 20-9-142."

Section 21. Section 20-9-142, MCA, is amended to read:

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

Section 22. Section 20-9-143, MCA, is amended to read:

"20-9-143. Allocation of federal funds in lieu of property taxation. Federal funds received by a district under the provisions of Title I of Public Law 81-874 or funds designated in lieu of ~~such~~ the federal act by the congress of the United States may be allocated to the various operating budgets of the district by the trustees if the allocation does not reduce state aid."

Section 23. Section 20-9-143, MCA, is amended to read:

"20-9-143. Allocation of federal funds in lieu of property taxation. Federal funds received by a district under the provisions of Title I of Public Law 81-874 or funds designated in lieu of ~~such~~ the federal act by the congress of the United States ~~may must~~ be ~~allocated-to-the various-operating-budgets-of-the-district--by--the--trustees~~ deposited in the impact aid fund established in [section

84]."

Section 24. Section 20-9-145, MCA, is amended to read:

"20-9-145. Permissive amount of general fund budget -- permissive levy. Whenever the trustees of a district determine it necessary to adopt a general fund budget in excess of the foundation program amount for that district, the trustees shall adopt a resolution stating the reasons and purposes for exceeding the foundation program amount. This amount is the "permissive amount" and may not exceed 35% of the foundation program amount. It must be financed by a levy on the taxable value of all property within the district, by any guaranteed tax base aid for which the district may be eligible, and by other revenue available to the district for other than foundation program support. The permissive amount may not be funded by federal funds received by a district under the provisions of Title I of Public Law 81-874 if the district is eligible to receive guaranteed tax base aid under the provisions of 20-9-367."

Section 25. Section 20-9-145, MCA, is amended to read:

"20-9-145. Permissive budget amount of general fund budget -- permissive levy. (1) Whenever the trustees of a district determine it necessary to adopt a general fund budget in excess of the foundation program amount and the state and county transportation reimbursement amounts for that district, the trustees shall adopt a resolution stating

the reasons and purposes for exceeding the foundation program amount and the state and county transportation reimbursement amounts. This amount is the "permissive budget amount" and ~~may not exceed 35% of the foundation program amount; it~~ must be financed by any general fund balance reappropriated and by the proceeds of a levy on the taxable value of all property within the district; by any guaranteed tax base aid for which the district may be eligible; and by other revenue available to the district for other than foundation program support.

(2) Revenue generated from the property tax levy and from nonlevy revenue apportioned by levies, including net proceeds taxes for new production, as defined in 15-23-601; coal gross proceeds under 15-23-703; revenue from local government severance taxes as provided in 15-36-112; corporation license taxes collected from financial institutions under 15-31-702; and revenue from property taxes and fees imposed under 15-23-603, 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, and 61-3-537, must be remitted monthly by the county treasurer to the state treasurer for deposit into the state special revenue fund to be distributed to school districts as provided in 20-9-344."

Section 26. Section 20-9-162, MCA, is amended to read:

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

(1) (a) Notwithstanding the provisions of subsections (2)

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

~~(2)(b) If a budget amendment for the reasons provided in 20-9-161(1) through (4) does not cause the district general fund budget to exceed the limitations in 20-9-315,~~ the The trustees may approve the a budget amendment pursuant to 20-9-161(2) through (6) by a resolution ~~as provided in 20-9-163.~~

(c) Whenever the trustees of a district decide that a budget amendment is necessary, they may proclaim the need for the budget amendment by a majority vote of the trustees. The proclamation must state the facts constituting the need for the budget amendment, the funds affected by the budget amendment, the anticipated source of financing, the estimated amount of money required to finance the amendment, and the time and place the trustees will meet for the purpose of considering and adopting the budget amendment for the current school fiscal year.

(2) The trustees shall send a copy of the resolution proclamation to the county superintendent and to the board of county commissioners of the county.

(3) The trustees shall submit ~~the following a budget amendment for an enrollment increase~~ to the superintendent of public instruction for approval in the manner provided in 20-9-163:

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

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

Section 27. Section 20-9-163, MCA, is amended to read:

"20-9-163. Resolution for budget amendment for increased enrollment -- petition to superintendent of public instruction. (1) Notwithstanding ~~the provisions of~~ subsection (3), ~~whenever~~ Whenever the trustees of a district decide that a budget amendment is necessary because of increased enrollment, they may petition the superintendent of public instruction for permission to adopt a resolution proclaiming resolution for the budget amendment. The petition must be signed by a majority vote of the trustees.

(2) ~~The budget amendment resolution must also~~ petition must state the facts constituting the need for the budget amendment, the estimated amount of money required to fund the budget amendment, the funds affected by the budget amendment, ~~and the time and place the board will meet for the purpose of considering and adopting a budget amendment~~

for funds for the current school fiscal year the anticipated source of financing for the budget amendment, and current year enrollment.

(2) If the trustees of a school district determine that the proposed budget amendment will cause the district general fund to exceed the limitations of 20-9-315 or is for the reasons provided in 20-9-161(5) and (6), the trustees shall petition the superintendent of public instruction for permission to adopt a resolution for a budget amendment. The petition must set forth in writing the reasons for the request, the district funds affected by the budget amendment, the estimated amount of money required for the budget amendment for each affected fund, the anticipated sources of financing for the budget amendment expenditures, and any other information required by the superintendent of public instruction. The petition must be signed by a majority of the trustees.

(3) The superintendent of public instruction shall promptly approve or disapprove the petition requesting approval to adopt a resolution for a budget amendment for increased enrollment. If the petition is approved, the trustees may adopt a resolution for a budget amendment and take all other steps required for the adoption of a budget amendment. Approval of a petition by the superintendent of public instruction authorizes the board of trustees to

initiate a budget amendment by resolution and does not relieve the trustees of the necessity of complying with the requirements of the school budgeting laws. Approval of the petition may not be construed as approval of any subsequent application for increased state aid on account of the budget amendment."

Section 28. Section 20-9-165, MCA, is amended to read:

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

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

1 manner:

2 (a) Determine the total amount in the final budget for
3 the current school fiscal year of all funds affected by the
4 enrollment increase, less any amounts appropriated as
5 capital outlay and any amount appropriated for addition to
6 the operating reserve.

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

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

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

23 (3) For other types of budget amendments, the budget
24 amendment is limited to the expenditures considered by the
25 trustees to be reasonable and necessary to finance the

1 conditions of the budget amendment and the preliminary
2 budget amendment must include the details of the proposed
3 expenditures.

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

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

16 **Section 29.** Section 20-9-166, MCA, is amended to read:

17 "20-9-166. State financial aid for budget amendments.
18 Whenever a final budget amendment has been adopted for the
19 general fund or the transportation fund to finance the cost
20 of an amendment resulting from increased enrollment or any
21 other reason approved by the superintendent of public
22 instruction under the provisions of 20-9-163, the trustees
23 may apply to the superintendent of public instruction for an
24 increased payment from the state public school equalization
25 aid account for the foundation program or for state

1 transportation reimbursement, or both. The superintendent of
 2 public instruction shall adopt rules for the application.
 3 The superintendent of public instruction shall approve or
 4 disapprove each application for increased state aid made in
 5 accordance with 20-9-314 and this section. When the
 6 superintendent of public instruction approves an
 7 application, he the superintendent of public instruction
 8 shall determine the additional amount of state aid from the
 9 state public school equalization aid account or the state
 10 transportation reimbursement that will be made available to
 11 the applicant district because of the increase in
 12 enrollment. The superintendent of public instruction shall
 13 notify the applicant district of his approval or disapproval
 14 and, in the event of approval, the amount of additional
 15 state aid that will be made available for the general fund
 16 ~~or--the--transportation--fund.~~ The superintendent of public
 17 instruction shall disburse the state aid to the eligible
 18 district at the time the next regular state aid payment is
 19 made."

20 **Section 30.** Section 20-9-168, MCA, is amended to read:

21 "20-9-168. **Emergency budget amendment tax-levy.** When a
 22 budget amendment has been ~~approved-by-the-superintendent-of~~
 23 public-instruction adopted by the board of trustees under
 24 20-9-161(2) and a district does not have sufficient funds,
 25 including insurance proceeds and reserves, to finance the

1 budget amendment, the district may ~~levy-a-tax-in-the-ensuing~~
 2 ~~school--year--to~~ fund the expenditures authorized by the
 3 budget amendment--~~The--amount--levied--may--not--exceed by~~
 4 including the unfunded amount of the budget amendment in the
 5 ensuing year's budget."

6 **Section 31.** Section 20-9-201, MCA, is amended to read:

7 "20-9-201. **Definitions and application.** (1) As used in
 8 this title, unless the context clearly indicates otherwise,
 9 "fund" means a separate detailed account of receipts and
 10 expenditures for a specific purpose as authorized by law or
 11 by the superintendent of public instruction under the
 12 provisions of subsection (2). Funds are classified as
 13 follows:

14 (a) A "budgeted fund" means any fund for which a budget
 15 must be adopted in order to expend money from the fund. The
 16 general fund, ~~transportation-fund,~~ bus depreciation--~~reserve~~
 17 purchase fund, ~~tuition-fund,~~ retirement-fund, debt service
 18 fund, ~~building--reserve~~ capital projects fund, adult
 19 education fund, nonoperating fund, and any other funds
 20 designated by the legislature are budgeted funds.

21 (b) A "nonbudgeted fund" means any fund for which a
 22 budget is not required in order to expend money on deposit
 23 in the fund. The school food services fund, miscellaneous
 24 programs fund, ~~building--fund,~~ impact aid fund, lease or
 25 rental agreement fund, traffic education fund, interlocal

cooperative fund, internal service fund funds, enterprise fund funds, agency fund, extracurricular fund, ~~metal--mines tax--reserve-fund, endowment-fund~~ trust funds, and any other funds designated by the legislature are nonbudgeted funds.

(2) The school financial administration provisions of this title apply to all money of any elementary or high school district. Elementary and high school districts shall record the receipt and disbursement of all money in accordance with generally accepted accounting principles. The superintendent of public instruction has general supervisory authority as prescribed by law over the school financial administration provisions, as they relate to elementary and high school districts. The superintendent of public instruction shall adopt rules necessary to secure compliance with the law.

(3) Except as otherwise provided by law, whenever the trustees of a district determine that a fund is inactive and will no longer be used, the trustees shall close the fund by transferring all cash and other account balances to the general fund if the fund does not have a cash or fund balance deficit."

Section 32. Section 20-9-208, MCA, is amended to read:

"20-9-208. Transfer among appropriation items of a fund. (1) Whenever it appears to the trustees of a district that the appropriated amount of an item of a budgeted fund

of the final budget or a budget amendment is in excess of the amount actually required during the school fiscal year for the appropriation item, the trustees may transfer any or all of the excess appropriation amount to any other appropriation item of the same budgeted fund.

(2) Transfers may not be made between different funds of the same district, between the final budget and a budget adopted by amendment, or between similar funds of different districts except as specifically provided by this title. The trustees shall enter the authorized transfers upon the permanent records of the district."

Section 33. Section 20-9-209, MCA, is amended to read:

"20-9-209. Lapse of budgeted appropriations and provision for unpaid claims. (1) All appropriations for a budgeted fund in the regular budget or for a budget amendment for a given school fiscal year lapse on the last day of the school fiscal year except the appropriations for:

(a) uncompleted improvements in progress of construction; and

(b) an obligation for the purchase of personal property ordered but not paid for during the current fiscal year and recorded with the county treasurer in the manner and on forms prescribed by the superintendent of public instruction; and

(c) uncompleted projects approved and accounted for in

1 the capital projects fund.

2 (2) A lawful claim presented to the district for
3 payment under a lapsed appropriation is an obligation of the
4 budget for the next ensuing school fiscal year."

5 **Section 34.** Section 20-9-212, MCA, is amended to read:

6 "20-9-212. Duties of county treasurer. The county
7 treasurer of each county shall:

8 (1) receive and hold all school money subject to
9 apportionment and keep a separate accounting of its
10 apportionment to the several districts which that are
11 entitled to a portion of the money according to the
12 apportionments ordered by the county superintendent or by
13 the superintendent of public instruction. A separate
14 accounting must be maintained for each county fund supported
15 by a countywide levy for a specific, authorized purpose,
16 including:

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

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

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

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

25 ~~(e)~~ (d) any other county tax for schools, including the

1 community colleges, which may be authorized by law and
2 levied by the county commissioners.

3 (2) whenever requested, notify the county
4 superintendent and the superintendent of public instruction
5 of the amount of county school money on deposit in each of
6 the funds enumerated in subsection (1) ~~of this section~~ and
7 the amount of any other school money subject to
8 apportionment and apportion the county and other school
9 money to the districts in accordance with the apportionment
10 ordered by the county superintendent or by the
11 superintendent of public instruction;

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

15 ~~(4)~~ (3) keep a separate accounting of the receipts,
16 expenditures, and cash balances for each budgeted district
17 ~~fund included in the final budget of each district and for~~
18 ~~each nonbudgeted fund established by each district;~~

19 ~~(5)~~ (4) except as otherwise limited by law, pay all
20 warrants properly drawn on the county or district school
21 money and properly endorsed by their holders;

22 ~~(6)~~ (5) receive all revenue collected by and for each
23 district and deposit these receipts in the fund designated
24 by law or by the district if no a fund is not designated by
25 law. Interest and penalties on delinquent school taxes ~~shall~~

1 must be credited to the same fund and district for which the
2 original taxes were levied.

3 ~~†7†~~(6) send all revenue received for a joint district,
4 part of which is situated in his the county, to the county
5 treasurer designated as the custodian of the revenue, no
6 later than December 15 of each year and every 3 months
7 thereafter until the end of the school fiscal year;

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

12 ~~†9†~~(8) register district warrants drawn on a budgeted
13 fund in accordance with 7-6-2604 when there is insufficient
14 money available in all funds of the district to make payment
15 of the warrant. Redemption of registered warrants must be
16 made in accordance with 7-6-2116, 7-6-2605, and 7-6-2606.

17 ~~†10†~~(9) invest the money of any district as directed by
18 the trustees of the district within 3 working days of the
19 direction;

20 ~~†11†~~(10) each month give to the trustees of each
21 district an itemized report for each fund maintained by the
22 district, showing the paid warrants, outstanding-warrants,
23 registered warrants, amounts and types of revenue received,
24 and the cash balance;

25 ~~†12†~~(11) remit promptly to the state treasurer receipts

1 for the county tax for a vocational-technical center when
2 levied by the board of county commissioners under the
3 provisions of 20-16-202;

4 ~~†13†~~(12) invest the money received from the basic county
5 tax in support of the elementary foundation programs and,
6 the basic special tax in support of the high school
7 foundation programs, the county levy in support of
8 districts' transportation programs, and districts' levies in
9 support of districts' permissive budget amounts within 3
10 working days of receipt. The money must be invested until
11 the working day before it is required to be distributed to
12 school districts within the county or remitted to the state.
13 Permissible investments are specified in 20-9-213(4). All
14 investment income must be deposited, and credited
15 proportionately, in the funds established to account for the
16 taxes received for the purposes specified in subsections
17 (1)(a) and-†1†b† through (1)(c) and the purpose specified
18 in 20-9-145.

19 ~~†14†~~(13) remit on a monthly basis to the state
20 treasurer, in accordance with the provisions of 15-1-504,
21 all district revenue received under the provisions of
22 20-9-141 and all county equalization revenue received under
23 the provisions of 20-9-331 and 20-9-333 for elementary and
24 high school district foundation program support, including
25 all interest earned and excluding any amount required for

1 high school out-of-county tuition under the provisions of
 2 20-9-334, in repayment of the state advance for county
 3 equalization prescribed in 20-9-347. Any funds in excess of
 4 a state advance must be used as required in 20-9-331(1)(b)
 5 and 20-9-333(1)(b)."

6 **Section 35.** Section 20-9-213, MCA, is amended to read:

7 "20-9-213. Duties of trustees. The trustees of each
 8 district ~~shall~~ have the sole power and authority to transact
 9 all fiscal business and execute all contracts in the name of
 10 the district. No A person other than the trustees acting as
 11 a governing board may not expend money of the district. In
 12 conducting the fiscal business of the district, the trustees
 13 shall:

14 (1) cause the keeping of an accurate, detailed
 15 accounting of all receipts and expenditures of school money
 16 for each fund maintained by the district in accordance with
 17 generally accepted accounting principles and the rules
 18 prescribed by the superintendent of public instruction. The
 19 record of the accounting must be open to public inspection
 20 at any meeting of the trustees.

21 (2) authorize all expenditures of district money and
 22 cause warrants to be issued for the payment of lawful
 23 obligations;

24 (3) issue warrants on any budgeted fund in anticipation
 25 of budgeted revenues, except that the expenditures may not

1 exceed the amount budgeted for the fund;

2 (4) invest any money of the district, whenever in the
 3 judgment of the trustees the investment would be
 4 advantageous to the district, by directing the county
 5 treasurer to invest any money of the district in direct
 6 obligations of the United States government; in savings or
 7 time deposits in a state or national bank, building or loan
 8 association, savings and loan association, or credit union
 9 insured by the FDIC~~7-PSB~~¹⁰, or NCUA located in the state; or
 10 in a repurchase agreement as authorized in 7-6-213. All
 11 interest collected on the deposits or investments must be
 12 credited to the fund from which the money was withdrawn,
 13 except that interest earned on account of the investment of
 14 money realized from the sale of bonds must be credited to
 15 the debt service fund or the building capital projects fund,
 16 at the discretion of the board of trustees. The placement of
 17 the investment by the county treasurer is not subject to
 18 ratable distribution laws and must be done in accordance
 19 with the directive from the board of trustees. A district
 20 may invest money under the state unified investment program
 21 established in Title 17, chapter 6.

22 (5) cause the district to record every transaction in
 23 the appropriate account before the accounts are closed at
 24 the end of the fiscal year in order to properly report the
 25 receipt, use, and disposition of all money and property for

1 which the district is accountable;

2 (6) report annually to the county superintendent, not
3 later than August 1, the financial activities of each fund
4 maintained by the district during the last completed school
5 fiscal year, on the forms prescribed and furnished by the
6 superintendent of public instruction. Annual fiscal reports
7 for joint school districts must be submitted to the county
8 superintendent of each county in which part of the joint
9 district is situated.

10 (7) whenever requested, report any other fiscal
11 activities to the county superintendent, superintendent of
12 public instruction, or board of public education;

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

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

18 **Section 36.** Section 20-9-214, MCA, is amended to read:

19 "20-9-214. Fees. (1) The trustees of a district may:

20 (a) require pupils in the commercial, industrial arts,
21 music, domestic science, scientific, or agricultural courses
22 to pay reasonable fees to cover the actual cost of breakage
23 and of excessive supplies used; and

24 (b) charge pupils a reasonable fee for a course or
25 activity not reasonably related to a recognized academic and

1 educational goal of the district or a course or activity
2 held outside normal school functions. The trustees may waive
3 the fee in cases of financial hardship.

4 (2) The fees collected pursuant to subsection (1)(a)
5 must be deposited in the general fund, and the fees
6 collected pursuant to subsection (1)(b) must be deposited in
7 a nonbudgeted fund ~~as provided in 20-9-210.~~"

8 **Section 37.** Section 20-9-221, MCA, is amended to read:

9 "20-9-221. Procedure for issuance of warrants. (1) The
10 trustees of each district shall issue all warrants, and the
11 warrants must identify:

12 {a} the budgeted fund or nonbudgeted fund on which the
13 warrant is drawn; and

14 {b} ~~the warrant as a budget amendment warrant if it is~~
15 ~~drawn on a budget amendment.~~

16 (2) All warrants issued by a district must be
17 countersigned by the chairman presiding officer of the
18 trustees and the clerk of the district before the warrants
19 are negotiable. Facsimile signatures may be used in
20 accordance with the provisions of 2-16-114. A facsimile
21 signature device used under authority of this section may
22 not be available to the other countersigner of the warrant,
23 or the device must have a nonresettable metering control
24 that can provide a positive reconciliation between the
25 number of warrants issued and the number of signatures

1 applied. Either split signature plates or a double signature
2 plate may be used according to the requirements of the
3 district. The signature plates and the device keys must be
4 kept secure by the district clerk under the supervision of
5 the board of trustees of the district.

6 ~~{3}--The trustees shall issue warrants in single copy or~~
7 ~~in triplicate copy. When the warrants are issued in single~~
8 ~~copy, the trustees shall immediately provide a listing of~~
9 ~~the issued warrants on a fund by fund basis to the county~~
10 ~~treasurer and retain a copy of the listing in the district~~
11 ~~accounting records. When the warrants are issued in~~
12 ~~triplicate, the original copy of the warrant must be~~
13 ~~delivered to the payee, the duplicate must be sent~~
14 ~~immediately to the county treasurer, and the triplicate must~~
15 ~~be retained by the district for accounting record purposes.~~
16 ~~The duplicate and triplicate copies must be identified on~~
17 ~~the face of the warrant as "Not Negotiable Copy of~~
18 ~~Original".~~

19 ~~{4}{3}~~ However, the The trustees may elect to issue
20 warrants in payment of wages and salaries on a direct
21 deposit basis to the employee's account in a local bank,
22 ~~provided the~~ if consent of the employee has been obtained
23 and the employee is given an itemized statement of payroll
24 deductions for each pay period."

25 **Section 38.** Section 20-9-231, MCA, is amended to read:

1 "20-9-231. Metal mines tax reserve fund account. (1)

2 The governing body of a local school district receiving tax
3 collections under 15-37-117(1)(d) may establish a metal
4 mines tax reserve fund account within the general fund to be
5 used to hold the collections. The governing body may hold
6 money in the fund reserve account for any time period
7 considered appropriate by the governing body. Money held in
8 the fund reserve account may not be considered as fund
9 balance reappropriated for the purpose of reducing mill
10 levies.

11 (2) Money may be expended from the fund reserve account
12 for any purpose provided by law.

13 (3) Money in the fund reserve account must be invested
14 as provided by law. Interest and income from the investment
15 of the metal mines tax reserve fund account must be credited
16 to the general fund.

17 ~~{4}--The fund must be financially administered as a~~
18 ~~nonbudgeted fund under the provisions of this title."~~

19 **Section 39.** Section 20-9-301, MCA, is amended to read:

20 "20-9-301. Purpose of foundation program and definition
21 of general fund budget. (1) A uniform system of free public
22 schools sufficient for the education of and open to all
23 school age children of the state must be established and
24 maintained throughout the state of Montana. The state shall
25 aid in the support of its school districts on the basis of

1 their financial need as measured by the foundation program
2 and in the manner established in this title.

3 (2) The principal budgetary vehicle for achieving the
4 minimum financing as established by the foundation program
5 is the general fund budget of the district. The purpose of
6 the general fund budget is to finance those general
7 maintenance and operational costs of a district not financed
8 by other funds established for special purposes in this
9 title. Costs that may not be budgeted or paid from the
10 general fund include but are not limited to bond principal
11 and interest payments, the purchase of new and replacement
12 buses, new construction, furnishings for new buildings,
13 building additions, land acquisitions, infrastructure, and
14 major building renovations.

15 (3) The provisions of subsection (2) do not prohibit a
16 district from paying for the costs of routine or emergency
17 repairs out of the general fund.

18 ~~(3)(4)~~ (4) The amount of the general fund budget for each
19 school fiscal year ~~may not exceed the financing limitations~~
20 ~~established by this title but~~ may not be less than the
21 amount established by law as the foundation program. The
22 general fund budget must be financed by the foundation
23 program revenues revenue and may be supplemented by a
24 permissive levy ~~voted levy~~, or other revenue, as provided
25 by 20-9-145 and 20-9-353."

1 **Section 40.** Section 20-9-303, MCA, is amended to read:

2 "20-9-303. Definition of foundation program --
3 nonisolated school foundation program financing -- special
4 education funds. (1) As used in this title, the term
5 "foundation program" means the minimum expenditures that are
6 sufficient to provide for the educational program of a
7 school. The foundation program relates only to those
8 expenditures authorized by a district's general fund budget
9 and may not include expenditures from any other fund. It is
10 financed by:

11 (a) county equalization money, as provided in 20-9-331
12 and 20-9-333;

13 (b) state equalization aid, as provided in 20-9-343;

14 (c) appropriations for special education; and

15 (d) a district levy as provided in subsection (3) for
16 support of a school not approved as an isolated school under
17 the provisions of 20-9-302.

18 (2) The foundation program includes:

19 (a) amounts in support of general education programs as
20 provided in the schedules in 20-9-316 through 20-9-320; and

21 (b) payments in support of special education programs
22 under 20-9-321.

23 (3) An elementary school having an ANB of nine or fewer
24 pupils for 2 consecutive years which is not approved as an
25 isolated school under the provisions of 20-9-302 may budget

and spend the schedule amount, but the county and state shall participate in financing one-half of the foundation program, and the district shall finance the remaining one-half by a tax levied on the property of the district. When a school of nine or fewer pupils is approved as isolated under the provisions of 20-9-302, the county and state shall participate in the financing of the total amount of the foundation program.

(4) Funds provided to support the special education accounting budget may be expended ~~only for special education purposes as approved by the superintendent of public instruction~~ in accordance with the special education budgeting provisions of this title. Expenditures for special education must be accounted for separately from the balance of the school district general fund. ~~Transfers between items within the special education budget for accounting purposes may be made at the discretion of the board of trustees in accordance with the financial administration part of this title. The unexpended balance of the special education accounting budget carries over to the next year to reduce the amount of funding required to finance the district's ensuing year's foundation program amount for special education.~~

Section 41. Section 20-9-311, MCA, is amended to read:

"20-9-311. Calculation of average number belonging

(ANB). (1) Average number belonging (ANB) must be computed by determining the total of the aggregate days of attendance by regularly enrolled, full-time pupils during the second semester of the preceding school fiscal year and the first semester of the current school fiscal year plus the aggregate days of absence by regularly enrolled, full-time pupils during the second semester of the preceding school fiscal year and the first semester of the current school fiscal year and by dividing the total by 180 as follows:

(a) compute an average enrollment by adding a count of regularly enrolled full-time pupils who were enrolled on October 1 of the prior school year to a count of regularly enrolled pupils on February 1 of the prior school year, or the nearest school day if those dates do not fall on a school day, and divide the sum by two; and

(b) multiply the average enrollment, calculated in subsection (1)(a), by the sum of the pupil instruction and the approved pupil instruction-related days for the current school year and divide by 180.

(2) For the purpose of calculating ANB under subsection (1), up to seven approved pupil instruction-related days may be included in the calculation.

(3) ~~However, when~~ When a school district has approval to operate less than 180 school days under 20-9-804, the total ANB must be calculated in accordance with the

provisions of 20-9-805. ~~For-the-purpose-of-calculating-ANB under-this-section, the-days-of-attendance-for-a-regularly enrolled-pupil-may-not-exceed-180-pupil-instruction-days-and 7-pupil-instruction-related-days.~~

(4) Attendance for a part of a morning session or a part of an afternoon session by a pupil must be counted as attendance for one-half day.

(5) In calculating the ANB for pupils enrolled in a program established under 20-7-117(1), attendance at ~~or absence-from~~ a regular session of the program for at least 2 hours of either a morning or an afternoon session ~~will must~~ be counted as one-half day ~~attended-or-absent-as-the-case may-be~~ a pupil for ANB purposes. If a variance has been granted as provided in 20-1-302, ANB ~~will must~~ be computed in a manner prescribed by the superintendent of public instruction, but ~~in-no-case-may~~ the ANB for a kindergarten student may not exceed one-half for each kindergarten pupil.

(6) When any pupil has been absent, with or without excuse, for more than 10 consecutive school days, including pupil-instruction-related days, ~~his-absence-after-the-10th day-of-absence~~ the pupil may not be included in the ~~aggregate-days-of-absence-and-his~~ enrollment ~~in-the-school may-not-be-considered~~ count used in the calculation of the ~~average-number--belonging-until--he--resumes-attendance-at school~~ ANB unless the pupil resumes attendance prior to the

day of the enrollment count.

(7) The enrollment of prekindergarten pupils, as provided in 20-7-117, may not be included in the ANB calculations.

(2)(8) If a student spends less than half his the time in the regular program and the balance of his the time in school in the special education program, ~~he~~ the student is considered a full-time special pupil but is not considered regularly enrolled for ANB purposes. If a student spends half or more of his the time in school in the regular program and the balance of his the time in the special education program, ~~he~~ the student is considered regularly enrolled for ANB purposes.

(3)(9) The average number belonging of the regularly enrolled, full-time pupils for the public schools of a district must be based on the aggregate of all the regularly enrolled, full-time pupils attending the schools of the district, except that when:

(a) (i) a school of the district is located more than 3 miles beyond the incorporated limits of a city or town located in the district and 3 miles from any other school of the district, all of the regularly enrolled, full-time pupils of the school must be calculated separately for ANB purposes; or

(ii) a school of the district is located more than 3

1 miles from any other school of the district and no
2 incorporated territory is involved in the district, all of
3 the regularly enrolled, full-time pupils of the school must
4 be calculated separately for ANB purposes;

5 (b) a junior high school has been approved and
6 accredited as a junior high school, all of the regularly
7 enrolled, full-time pupils of the junior high school must be
8 considered as high school district pupils for ANB purposes;

9 (c) a middle school has been approved and accredited,
10 all pupils below the 7th grade must be considered elementary
11 school pupils for ANB purposes and the 7th and 8th grade
12 pupils must be considered high school pupils for ANB
13 purposes; or

14 (d) a school has not been accredited by the board of
15 public education, the regularly enrolled, full-time pupils
16 attending the nonaccredited school are not eligible for
17 average number belonging calculation purposes, nor will an
18 average number belonging for the nonaccredited school be
19 used in determining the foundation program for the district.

20 ~~44~~(10) When 11th or 12th grade students are regularly
21 enrolled on a part-time basis, high schools may calculate
22 the ANB to include an "equivalent ANB" for those students.
23 The method for calculating an equivalent ANB must be
24 determined in a manner prescribed by the superintendent of
25 public instruction.

1 (11) For average daily attendance reporting purposes,
2 districts shall provide the superintendent of public
3 instruction with annual reports of school attendance and
4 absences for regularly enrolled students and special
5 education students, using a format determined by the
6 superintendent of public instruction."

7 **Section 42.** Section 20-9-314, MCA, is amended to read:

8 "20-9-314. Procedures for determining eligibility and
9 amount of increased average number belonging due to unusual
10 enrollment increase. A district that anticipates an unusual
11 increase in enrollment in the ensuing school fiscal year, as
12 provided for in 20-9-313(4), may increase its foundation
13 program for the ensuing school fiscal year in accordance
14 with the following provisions:

15 (1) Prior to May 10, the district shall estimate the
16 elementary or high school enrollment to be realized during
17 the ensuing school fiscal year, based on as much factual
18 information as may be available to the district.

19 (2) No later than May 10, the district shall submit its
20 application for an unusual enrollment increase by elementary
21 or high school level to the superintendent of public
22 instruction. The application must include:

23 (a) the enrollment for the preceding current school
24 fiscal year;

25 (b) the average number belonging used to calculate the

1 foundation program schedule amount for the current school
2 fiscal year;

3 (c) the average number belonging that will be used to
4 calculate the foundation program schedule amount for the
5 ensuing school fiscal year;

6 (d) the estimated enrollment, including the factual
7 information on which the estimate is based, as provided in
8 subsection (1); and

9 (e) any other information or data that may be requested
10 by the superintendent of public instruction.

11 (3) The superintendent of public instruction shall
12 immediately review all the factors of the application and
13 shall approve or disapprove the application or adjust the
14 estimated average number belonging for the ensuing ANB
15 calculation period. After approving an estimate, with or
16 without adjustment, the superintendent of public instruction
17 shall:

18 (a) determine the percentage increase that the
19 estimated enrollment increase is over the current
20 enrollment; and

21 (b) approve an increase of the average number belonging
22 used to establish the ensuing year's foundation program in
23 accordance with subsection (5) if the increase in subsection
24 (3)(a) is at least 6%.

25 (4) The superintendent of public instruction shall

1 notify the district of the decision by the fourth Monday in
2 June.

3 (5) Whenever an unusual enrollment increase is approved
4 by the superintendent of public instruction, the increase of
5 the average number belonging used to establish the
6 foundation program for the ensuing ANB calculation period is
7 the difference between the enrollment for the ensuing school
8 fiscal year and 106% of the current enrollment. The amount
9 determined is the maximum allowable increase added to the
10 average number belonging for the purpose of establishing the
11 ensuing year's foundation program.

12 (6) Any equalization or entitlement increases resulting
13 from provisions of this section must be reviewed at the end
14 of the ensuing school fiscal year. If the actual enrollment
15 is less than the average number belonging used for
16 foundation program and entitlement calculations, the
17 superintendent of public instruction shall revise the
18 foundation program and entitlement calculations using the
19 actual average number belonging. All payments received by
20 the district in excess of the revised entitlements are
21 overpayments subject to the refund provisions of
22 20-9-344~~†3~~(5)."

23 **Section 43.** Section 20-9-318, MCA, is amended to read:

24 "20-9-318. Elementary school foundation program
25 schedule for school fiscal year ~~1991~~ 1995 and succeeding

years. For the school fiscal year ending June 30, ~~1991~~ 1995, and succeeding school years, the elementary school foundation program schedule is as follows:

(1) For each elementary school having an ANB of nine or fewer pupils, the maximum is ~~\$23,646~~ \$26,600 if the school is approved as an isolated school.

(2) For schools with an ANB of 10 pupils but less than 18 pupils, the maximum is ~~\$23,646~~ \$26,600 plus ~~\$988~~ \$1,310 per pupil on the basis of the average number belonging over nine.

(3) For schools with an ANB of at least 14 pupils but less than 18 pupils that qualify for instructional aide funding under 20-9-322, the maximum is ~~\$38,759~~ \$39,085 plus ~~\$988~~ \$1,310 per pupil on the basis of the average number belonging over 14.

(4) For schools with an ANB of 18 pupils and employing one teacher, the maximum is ~~\$32,541~~ \$32,855 plus ~~\$988~~ \$1,290 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 25.

(5) For schools with an ANE of 18 pupils and employing two full-time teachers, the maximum is ~~\$51,953~~ \$57,600 plus ~~\$619~~ \$870 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 50.

(6) For schools having an ANB in excess of 40, the maximum, on the basis of the total pupils (ANB) in the

district, is as follows:

(a) For a school having an ANB of more than 40 and employing a minimum of three teachers, the maximum of ~~\$2,296~~ \$2,664 is decreased at the rate of \$2.23 for each additional pupil until the total number (ANB) reaches a total of 100 pupils.

(b) For a school having an ANB of more than 100 pupils, the maximum of ~~\$2,162~~ \$2,530 is decreased at the rate of ~~\$1.22~~ \$1.55 for each additional pupil until the ANB reaches 300 pupils.

(c) For a school having an ANB of more than 300 pupils, the maximum may not exceed ~~\$1,913~~ \$2,255 for each pupil.

(7) The maximum per pupil for all pupils (ANB) and for all elementary schools must be computed on the basis of the amount allowed in this section on account of the last eligible pupil (ANB). All elementary schools operated within the incorporated limits of a city or town must be treated as one school for the purpose of this schedule."

Section 44. Section 20-9-319, MCA, is amended to read:

"20-9-319. High school foundation program schedule for school fiscal year ~~1991~~ 1995 and succeeding years. For the school fiscal year ending June 30, ~~1991~~ 1995, and succeeding school years, the high school foundation program schedule is as follows:

(1) For each high school having an ANB of 24 or fewer

1 pupils, the maximum is ~~\$143,793~~ \$166,975.

2 (2) For a high school having an ANB of more than 24
3 pupils, the maximum of ~~\$5,991~~ \$6,980 is decreased at the
4 rate of ~~\$32-68~~ \$42 for each additional pupil until the ANB
5 reaches a total of 40 pupils.

6 (3) For a school having an ANB of more than 40 pupils,
7 the maximum of ~~\$5,469~~ \$6,308 is decreased at the rate of
8 ~~\$32-68~~ \$38 for each additional pupil until the ANB reaches
9 100 pupils.

10 (4) For a school having an ANB of more than 100 pupils,
11 the maximum of ~~\$3,508~~ \$4,148 is decreased at the rate of
12 ~~\$5-47~~ \$6.50 for each additional pupil until the ANB reaches
13 200 pupils.

14 (5) For a school having an ANB of more than 200 pupils,
15 the maximum of ~~\$2,961~~ \$3,498 is decreased by ~~\$3-00~~ \$3.50 for
16 each additional pupil until the ANB reaches 300 pupils.

17 (6) For a school having an ANB of more than 300 pupils,
18 the maximum of ~~\$2,660~~ \$3,148 is decreased at the rate of 55
19 cents for each additional pupil until the ANB reaches 600
20 pupils.

21 (7) For a school having an ANB of more than 600 pupils,
22 the maximum may not exceed ~~\$2,495~~ \$2,983 per pupil.

23 (8) The maximum per pupil for all pupils (ANB) and for
24 all high schools must be computed on the basis of the amount
25 allowed in this section on account of the last eligible

1 pupil (ANB). All high schools and junior high schools which
2 have been approved and accredited as junior high schools,
3 operated within the incorporated limits of a city or town,
4 must be treated as one school for the purpose of this
5 schedule."

6 **Section 45.** Section 20-9-321, MCA, is amended to read:

7 **"20-9-321. Foundation program and contingency funds for**
8 **special education.** (1) For the purpose of establishing the
9 foundation program amount for a current year special
10 education program for a school district, the superintendent
11 of public instruction shall determine the total estimated
12 cost of the special education program for the school
13 district on the basis of a special education program budget
14 submitted by the district. The budget must be prepared on
15 forms provided by the superintendent of public instruction
16 and must set out for each program:

17 (a) the estimated allowable costs associated with
18 operating the program where allowable costs are as defined
19 in 20-7-431;

20 (b) the number of pupils expected to be enrolled in the
21 program; and

22 (c) any other data required by the superintendent of
23 public instruction for budget justification purposes and to
24 administer the provisions of 20-9-315 through 20-9-321.

25 (2) The total amount of allowable costs approved by the

superintendent of public instruction is the special education foundation program amount for current year special education program purposes. ~~The total amount of allowable costs that are approved for the special education budget may not, under any condition, be less than the foundation program amount for one regular ANB for each full-time special pupil in the school district.~~

~~(3) Any amount of the special education allowable costs for a district approved under the provisions of subsection (2) that is an increase in the approved allowable costs from the previous school fiscal year and is a result of expanded programs or recalculations of the special education allowable costs base may be deposited and managed in the separate account of the miscellaneous programs fund of the district that is prescribed in subsection (4).~~

~~(4)(3)~~ If a special education program is implemented or expanded during a given school term too late to be included in the determination of the district foundation program for the school year as prescribed in this part, allowable costs approved under the budgeting provisions of subsections (1) and (2) for the operation of the program during the given year must be funded from any legislative appropriation for contingency financing for special education. Contingency funds granted under this subsection must be deposited in a ~~separate account of the miscellaneous programs~~ the general

fund of the district ~~as provided in 20-9-507~~. However, if contingency funds are not available, then subject to the ~~approval of the program by the superintendent under the~~ budget amendment provisions of 20-9-161(6), allowable costs for the given year may be funded in the miscellaneous programs general fund by other revenue sources ~~and added to the foundation program amount for special education for the subsequent school year under the provisions of 20-9-147. The allowable costs must be recorded as previous year special education expenses in the school district budget for the subsequent school year or reserves.~~

~~(5)(4)~~ (a) The special education contingency funds in subsection ~~(4)~~ (3):

(i) are biennially appropriated;

(ii) are for emergencies that may arise in the special education programs of school districts or special education cooperatives; and

(iii) may be used to fund positions that have gone unfilled for a full school fiscal year and for which state special education funds were not awarded.

(b) The board of trustees of a district or the management board of a special education cooperative may apply for contingency funding by submitting to the superintendent of public instruction, in the form prescribed by the superintendent of public instruction, written

documentation that describes the need for the funds.

~~{6}{5}~~ The ~~sum-of-the-previous-year--special--education expenses--as--defined--in--subsections--{3}--and--{4}--and-the~~ foundation program amount for current year special education as defined in subsections (1) and (2) is the special education budget ~~for-accounting-purposes~~.

~~{7}{6}~~ The foundation program amount for special education must be added to the foundation program amount of the regular program ANB defined in 20-9-311 and 20-9-313 to obtain the total foundation program amount for the district."

Section 46. Section 20-9-331, MCA, is amended to read:

"20-9-331. Basic county tax and other revenues for county equalization of the elementary district foundation program. (1) The county commissioners of each county shall levy an annual basic tax of 33 48 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the purposes of local and state foundation program support. The revenue collected from this levy must be apportioned to the support of the elementary foundation programs of the school districts in the county and to the state special revenue fund, state equalization aid account, in the following manner:

(a) In order to determine the amount of revenue raised by this levy which is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the foundation programs of all elementary districts of the county.

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

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

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

(b) the portion of the federal flood control act funds

distributed to a county and designated for expenditure for the benefit of the county common schools under the provisions of 17-3-232;

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

(d) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established or referred to in this section;

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

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

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

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

Section 47. Section 20-9-333, MCA, is amended to read:

"20-9-333. Basic special levy and other revenues for county equalization of high school district foundation

program. (1) The county commissioners of each county shall levy an annual basic special tax for high schools of 22 30 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the purposes of local and state foundation program support. The revenue collected from this levy must be apportioned to the support of the foundation programs of high school districts in the county and to the state special revenue fund, state equalization aid account, in the following manner:

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

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization and to pay the county's high school tuition obligation, the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state special revenue fund, state equalization aid account, immediately upon occurrence of a surplus balance and each subsequent month thereafter,

with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

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

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

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

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

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

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

Section 48. Section 20-9-334, MCA, is amended to read:

"20-9-334. **Apportionment of county equalization moneys money** -- high school out-of-county tuition obligations. (1) The county superintendent of public instruction shall calculate the apportionment of revenues revenue deposited in the basic county tax account and the revenues revenue deposited in the basic special tax for high schools account to the several districts of the county. The apportionments ~~shall be known as~~ are "county equalization moneys money".

(2) The county superintendent shall direct the county treasurer to deduct from the revenues revenue available in the basic special tax for high schools account, prior to remittance of the funds to the state treasurer under the provisions of 15-1-504 and 20-9-212, the amount required for the month to pay the county's obligation for high school out-of-county tuition."

Section 49. Section 20-9-335, MCA, is amended to read:

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

(a) determine the percentage that the county equalization moneys money available for the support of the elementary foundation program of the districts in the county

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

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

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

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

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

22 **Section 50.** Section 20-9-343, MCA, is amended to read:

23 "20-9-343. (Temporary) Definition of and revenue for
24 state equalization aid. (1) As used in this title, the term
25 "state equalization aid" means the money deposited in the

1 state special revenue fund as required in this section plus
2 any legislative appropriation of money from other sources
3 for:

4 (a) distribution to the public schools for the payment
5 of guaranteed tax base aid and for equalization of the
6 foundation program;

7 (b) the Montana educational telecommunications network
8 as provided in 20-32-101; and

9 (c) filing fees for school district audits as required
10 by 2-7-514(2).

11 (2) The superintendent of public instruction may spend
12 funds appropriated for state equalization aid, as required
13 by subsections (1)(a) and (1)(b), throughout the biennium.

14 (3) The following must be paid into the state special
15 revenue fund for state equalization aid to public schools of
16 the state:

17 (a) money received from the collection of income taxes
18 under chapter 30 of Title 15, as provided by 15-1-501;

19 (b) except as provided in 15-31-702, money received
20 from the collection of corporation license and income taxes
21 under chapter 31 of Title 15, as provided by 15-1-501;

22 (c) money allocated to state equalization from the
23 collection of the severance tax on coal;

24 (d) money received from the treasurer of the United
25 States as the state's shares of oil, gas, and other mineral

1 royalties under the federal Mineral Lands Leasing Act, as
2 amended;

3 (e) interest and income money described in 20-9-341 and
4 20-9-342;

5 (f) money received from the state equalization aid levy
6 under 20-9-360;

7 (g) income from the lottery, as provided in 23-7-402;

8 (h) the surplus revenues collected by the counties for
9 foundation program support according to 20-9-331 and
10 20-9-333;

11 (i) investment income earned by investing money in the
12 state equalization aid account in the state special revenue
13 fund; and

14 (j) 15% of the income and earnings of all coal
15 severance tax funds as provided in 17-5-704.

16 (4) The superintendent of public instruction shall
17 request the board of investments to invest the money in the
18 state equalization aid account to maximize investment
19 earnings to the account.

20 (5) Any surplus revenue in the state equalization aid
21 account in the second year of a biennium may be used to
22 reduce any appropriation required for the next succeeding
23 biennium. (Terminates June 30, 1993 1994--sec. 5, Ch. 729,
24 L. 1991.)

25 20-9-343. (Effective July 1, 1993 1994) Definition of

1 and revenue for state equalization aid. (1) As used in this
2 title, the term "state equalization aid" means the money
3 deposited in the state special revenue fund as required in
4 this section plus any legislative appropriation of money
5 from other sources for distribution to the public schools
6 for the purposes of payment of guaranteed tax base aid and,
7 equalization of the foundation program, capital projects,
8 and bus purchases and for the Montana educational
9 telecommunications network as provided in 20-32-101.

10 (2) The superintendent of public instruction may spend
11 funds appropriated for state equalization aid as required
12 for the purposes of guaranteed tax base aid, the foundation
13 program, capital projects, bus purchases, and the Montana
14 educational telecommunications network, throughout the
15 biennium.

16 (3) The following must be paid into the state special
17 revenue fund for state equalization aid to public schools of
18 the state:

19 (a) money received from the collection of income taxes
20 under chapter 30 of Title 15, as provided by 15-1-501;

21 (b) except as provided in 15-31-702, money received
22 from the collection of corporation license and income taxes
23 under chapter 31 of Title 15, as provided by 15-1-501;

24 (c) money allocated to state equalization from the
25 collection of the severance tax on coal;

(d) money received from the treasurer of the United States as the state's shares of oil, gas, and other mineral royalties under the federal Mineral Lands Leasing Act, as amended;

(e) interest and income money described in 20-9-341 and 20-9-342;

(f) money received from the state equalization aid levy under 20-9-360;

(g) income from the lottery, as provided in 23-7-402;

(h) the surplus revenues collected by the counties for foundation program support according to 20-9-331 and 20-9-333;

(i) investment income earned by investing money in the state equalization aid account in the state special revenue fund; and

(j) 15% of the income and earnings of all coal severance tax funds as provided in 17-5-704.

(4) The superintendent of public instruction shall request the board of investments to invest the money in the state equalization aid account to maximize investment earnings to the account.

(5) Any surplus revenue in the state equalization aid account in the second year of a biennium may be used to reduce any appropriation required for the next succeeding biennium."

Section 51. 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 revenues required for debt service and for the payment of any costs and expense incurred in connection with any adult education program, recreation program, school food services program, and 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, and permissive budget amounts 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, and permissive budget amounts in accordance with the provisions of law;

(b) ~~have-the-power-to~~ require reports from the county superintendents, budget boards, county treasurers, and

1 trustees as it considers necessary; and

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

12 (3) The board of public education may order the
13 superintendent of public instruction to withhold
14 distribution of state equalization aid ~~or order the county~~
15 ~~superintendent---of---schools---to---withhold~~ and county
16 equalization money from a district when the district fails
17 to:

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

20 (b) maintain accredited status.

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

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

7 (6) Except as provided in 20-9-347(3), the foundation
8 program payment and guaranteed-tax-base-aid the district's
9 permissive budget amount payment must be distributed
10 according to the following schedule:

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

13 (b) in November December of the school fiscal year,
14 one-half of the guaranteed-tax-base-aid permissive budget
15 amount payment to each district ~~or county~~;

16 (c) in May June of the school fiscal year, the
17 remainder of the guaranteed-tax-base-aid permissive budget
18 amount payment to each district ~~or county~~; and

19 (d) in June of:

20 ~~(i) the 1993 school fiscal year, one-half of the~~
21 ~~remaining foundation program payment of each district and on~~
22 ~~July 15, 1993, the remaining school fiscal year 1993~~
23 ~~foundation program payment of each district; and~~

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

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

Section 52. Section 20-9-346, MCA, is amended to read:

"20-9-346. Duties of the superintendent of public instruction for state equalization aid distribution. The superintendent of public instruction shall administer the distribution of the state equalization aid by:

(1) establishing the annual entitlement of each district and county to state equalization aid, based on the data reported in the retirement-and general fund budgets budget for each district that have has been duly adopted for the current school fiscal year and verified by the superintendent of public instruction and by applying the verified data under the provisions of the state equalization aid allocation procedure prescribed in 20-9-347;

(2) distributing by state warrant or electronic transfer the state equalization aid and state advances for county equalization, for each district or county entitled to the aid, to the county treasurer of the respective county or county where the district is located, in accordance with the distribution ordered by the board of public education;

(3) keeping a record of the full and complete data concerning money available for state equalization aid, state

advances for county equalization, and the entitlements for state equalization aid of the districts of the state;

(4) reporting to the board of public education the estimated amount that will be available for state equalization aid; and

(5) reporting to the legislature as provided in 5-11-210:

(a) the figures and data available concerning distributions of state equalization aid during the preceding 2 school fiscal years;

(b) the amount of state equalization aid then available;

(c) the apportionment made of the available money but not yet distributed;

(d) the latest estimate of accruals of money available for state equalization aid; and

(e) the amount of state advances and repayment for county equalization."

Section 53. Section 20-9-347, MCA, is amended to read:

"20-9-347. Formula for state equalization aid apportionment in support of foundation program -- exceptions. (1) The superintendent of public instruction shall apportion the state equalization aid available for support of the foundation program, individually for the elementary districts of a county or the high school

1 districts of a county, in accordance with 20-9-346 and on
2 the basis of the following procedure:

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

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

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

20 (d) After elimination of the counties referred to in
21 subsection (1)(c), determine the percentage that the total
22 money available to all remaining counties in support of the
23 foundation program (including the state money available for
24 state equalization aid in support of the foundation program)
25 is of the total amount of the foundation programs of all

1 remaining counties.

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

9 (2) The superintendent of public instruction shall:

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

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

21 (c) adopt rules to implement the provisions of
22 subsection (2)(b).

23 (3) (a) The superintendent of public instruction is
24 authorized to adjust the schedule prescribed in 20-9-344 for
25 distribution of the foundation program and guaranteed tax

base aid payments if the distribution will cause a district to register warrants under the provisions of 20-9-212(9).

(b) To qualify for an adjustment in the payment schedule, a district shall demonstrate to the superintendent of public instruction, in the manner required by the office, that the payment schedule prescribed in 20-9-344 will result in insufficient money available in all funds of the district to make payment of the district's warrants. The county treasurer shall confirm the anticipated deficit. ~~Nothing--in this~~ This section may not be construed to authorize the superintendent of public instruction to exceed a district's annual payment for state and county equalization aid."

Section 54. Section 20-9-351, MCA, is amended to read:

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

Section 55. Section 20-9-360, MCA, is amended to read:

"20-9-360. State equalization aid levy. (1) There is a levy of 40 mills imposed by the county commissioners of each county on all taxable property within the state, except property for which a tax or fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204. ~~Except--as--provided-in-subsection-(2)--proceeds~~ Proceeds of the levy must be remitted to the state treasurer and must be deposited to the credit of the state special revenue fund for state equalization aid to the public schools of Montana.

(2) ~~For--the--benefit-of-each-municipality-that-created an-urban-renewal-area-and-adopted-a-tax-increment--financing provision--for-the-urban-renewal-area-prior-to-July-17-1990--the-state-treasurer-shall-distribute-each-fiscal--year--from the--state--equalization--aid--levy--to-the-municipality-the amount,--if-any,--equal-to--the--product--of--the--incremental taxable--value--of--the-urban-renewal-area-times-the-reduced school-levy-for-the-area,--each--calculated--for--the--fiscal year.--The--reduced--school--levy--for--a-fiscal-year-is-the difference-between-the-aggregate-amount-of-all-property--tax levies--for--school--purposes--in--the--urban--renewal-area, expressed-in-mills,--in-the-fiscal-year-ended-June-30,--1989, and--the--aggregate--amount--of--all-property-tax-levies-for school-purposes-in-the-area-or-the--district,--expressed--in mills,--in-the-fiscal-year,--including-the-state-equalization~~

~~aid-levy. The state treasurer shall distribute the amounts to municipalities in two equal installments on December 31 and June 30 of the fiscal year."~~

Section 56. Section 20-9-361, MCA, is amended to read:

"20-9-361. (Temporary) State and county equalization revenue -- statutory appropriation. Revenue received in support of state and county equalization under the provisions of 20-9-331, 20-9-333, and 20-9-343 is statutorily appropriated, as provided in 17-7-502, to:

(1) the superintendent of public instruction to be used for county equalization and state equalization aid for the public schools for the purposes of 20-9-343(1)(a) and must be accounted for in accordance with generally accepted accounting principles; and

(2) counties as provided in 20-9-360(2). (Terminates June 30, 1993 1994--sec. 5, Ch. 729, L. 1991.)

20-9-361. (Effective July 1, 1993 1994) State and county equalization revenue -- statutory appropriation. Revenue received in support of state and county equalization under the provisions of 20-9-331, 20-9-333, and 20-9-343 is statutorily appropriated, as provided in 17-7-502, to:

{1} the superintendent of public instruction to be used for county equalization and state equalization aid for the public schools, as provided by law, and must be accounted for in accordance with generally accepted accounting

principles, and

{2} counties as provided in 20-9-360{2}."

Section 57. Section 20-9-366, MCA, is amended to read:

"20-9-366. Definitions. As used in 20-9-366--through 20-9-369 and this section, 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:

(1) "District elementary mill value" or "district high school mill value" means the product of the statewide mill value per elementary ANB or the statewide mill value per high school ANB times the district's elementary or high school ANB count as used to calculate the district's foundation program amount for the ensuing school fiscal year.

~~{3}(2)~~ "Permissive budget 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 and the state and county transportation reimbursement amount for the district.

~~{4}(3)~~ "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", ~~for-permissive and-retirement-guaranteed-tax-base-purposes,~~ means the sum of the taxable valuation in the previous tax year of all property in the state, multiplied by ~~1214~~ 180% 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 58. 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~~ provide each school district and county superintendent, by March April 1 of each year, with the

preliminary statewide and-county-mill-values-per mill value per elementary ANB, the statewide mill value per high school ANB and, the district elementary mill value, and the district high school mill value and, by May 1 of each year, with the final statewide, district, and-county--mill--values per mill value per elementary ANB, the statewide mill value per high school ANB, for-use the district elementary mill value, and the district high school mill value to be used in calculating the guaranteed--tax-base-aid-available-for-the ensuing-school-fiscal-year the number of mills needed to fund the net levy requirement as determined under 20-9-141;

~~{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-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 and 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 59. Section 20-9-405, MCA, is amended to read:

"20-9-405. Proportional joint ownership -- disposition of moneys money. The vocational-technical secondary school constructed under 20-9-404 ~~shall~~ must be jointly owned by the school districts contributing to its construction in proportion to the contribution of each district. The sale or other disposition of a district's interest in the school ~~shall~~ must be made in accordance with 20-6-604. Moneys Money received from the sale or disposition of a district's interest in a vocational-technical secondary school ~~shall~~ must be credited to the debt service fund, building capital projects fund, general fund, or any combination of these three funds, at the discretion of the trustees."

Section 60. 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~~7-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.

1 (c) The maximum amount for which an elementary district
 2 or high school district that has a taxable value per ANB, as
 3 provided in 20-9-502(2)(a), that is less than the statewide
 4 taxable value per ANB, as provided in 20-9-502(2)(b), may
 5 become indebted by the issuance of bonds, including all
 6 indebtedness represented by outstanding bonds of previous
 7 issues and registered warrants, is 45% of the corresponding
 8 statewide taxable value per ANB times 1,000 times the ANB of
 9 the district. For a K-12 district, the maximum amount for
 10 which the district may become indebted is 45% of the sum of
 11 the statewide taxable value per elementary ANB times 1,000
 12 times the elementary ANB of the district and the statewide
 13 taxable value per high school ANB times 1,000 times the high
 14 school ANB of the district.

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

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

1 this chapter.

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

7 **Section 61.** Section 20-9-435, MCA, is amended to read:

8 "20-9-435. Delivery of school district bonds and
 9 disposition of sale moneys money. (1) After the school
 10 district bonds have been registered, the county treasurer
 11 shall:

12 (a) when the board of investments has purchased the
 13 bonds, forward the bonds to the board that, in turn, shall
 14 send the bonds to the state treasurer and shall pay the
 15 bonds in the manner provided by law; or

16 (b) if the purchaser is anybody other than the board of
 17 investments, deliver the bonds to the purchaser when full
 18 payment of the bonds has been made by the purchaser.

19 (2) If any of the trustees fails or refuses to pay into
 20 the proper county treasury the money arising from the sale
 21 of a bond, the trustee is guilty of a felony and shall be
 22 punished by imprisonment in the state prison for not less
 23 than 1 year or more than 10 years or by a fine of not more
 24 than \$50,000, or both.

25 (3) All money realized from the sale of school district

1 bonds must be paid to the county treasurer. The county
 2 treasurer shall credit the money to the building capital
 3 projects fund of the school district issuing the bonds,
 4 except money realized for accrued interest or the purposes
 5 defined in 20-9-403(1)(c) and (1)(d) must be deposited in
 6 the debt service fund and money realized for the purposes
 7 authorized in 20-9-403(1)(e) must be deposited in a fund, as
 8 provided for in 2-9-316, to pay a final judgment against the
 9 school district. The money realized from the sale of school
 10 district bonds must be immediately available to the school
 11 district, and the trustees may expend the money without
 12 budgeted authorization only for the purposes for which the
 13 bonds were authorized by the school district bond election.
 14 Under the provisions of 7-6-2802, the trustees may invest
 15 the money for which there is no immediate demand and the
 16 interest earned by investment must be used in the manner
 17 provided in 7-6-2802. After the full accomplishment of the
 18 purpose or purposes of a bond issue, the excess money
 19 realized from the bond issue must be transferred to the debt
 20 service fund of the school district to be used for the
 21 redemption or purchase of bonds of the issue."

22 **Section 62.** Section 20-9-501, MCA, is amended to read:

23 "20-9-501. Retirement-fund General fund -- retirement
 24 contributions. (1) The trustees of a district employing
 25 personnel who are members of the teachers' retirement system

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

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

1 (3)--When the final retirement fund budget has been
 2 adopted, the county superintendent shall establish the levy
 3 requirement by:
 4 (a)--determining the sum of the money available to
 5 reduce the retirement fund levy requirement by adding:
 6 (i)--any anticipated money that may be realized in the
 7 retirement fund during the ensuing school fiscal year,
 8 including anticipated revenue from property taxes and fees
 9 imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
 10 61-3-537 and 67-3-204;
 11 (ii)--net proceeds taxes and local government severance
 12 taxes on any other oil and gas production occurring after
 13 December 31, 1988;
 14 (iii)--coal gross proceeds taxes under 15-23-703;
 15 (iv)--any fund balance available for reappropriation as
 16 determined by subtracting the amount of the end of the year
 17 fund balance earmarked as the retirement fund operating
 18 reserve for the ensuing school fiscal year by the trustees
 19 from the end of the year fund balance in the retirement
 20 fund. The retirement fund operating reserve may not be more
 21 than 35% of the final retirement fund budget for the ensuing
 22 school fiscal year and must be used for the purpose of
 23 paying retirement fund warrants issued by the district under
 24 the final retirement fund budget; and
 25 (v)--any other revenue anticipated that may be realized

1 in the retirement fund during the ensuing school fiscal
 2 year, excluding any guaranteed tax base aid;
 3 (b)--notwithstanding the provisions of subsection (8),
 4 subtracting the money available for reduction of the levy
 5 requirement as determined in subsection (3)(a) from the
 6 budgeted amount for expenditures in the final retirement
 7 fund budget;
 8 (4)--The county superintendent shall:
 9 (a)--total the net retirement fund levy requirements
 10 separately for all elementary school districts, all high
 11 school districts, and all community college districts of the
 12 county, including any prorated joint district or special
 13 education cooperative agreement levy requirements; and
 14 (b)--report each levy requirement to the county
 15 commissioners on the second Monday of August as the
 16 respective county levy requirements for elementary district,
 17 high school district, and community college district
 18 retirement funds;
 19 (5)--The county commissioners shall fix and set the
 20 county levy in accordance with 20-9-142;
 21 (6)--The net retirement fund levy requirement for a
 22 joint elementary district or a joint high school district
 23 must be prorated to each county in which a part of the
 24 district is located in the same proportion as the district
 25 ANB of the joint district is distributed by pupil residence

in each county. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.

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

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

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

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

Section 63. Section 20-9-502, MCA, is amended to read:

"20-9-502. Purpose and authorization of a building reserve capital projects fund by an election. (1) The trustees of any district, with the approval of the qualified electors of the district, may establish a building reserve for the purpose of raising money capital projects fund to budget for the future construction, equipping, or enlarging of school buildings or for the purpose of purchasing land needed for school purposes in the district:

(a) construction and renovation of and additions to school buildings, including equipping new or renovated school facilities;

(b) costs associated with land acquisition;

(c) major infrastructure systems, including heating, plumbing, and ventilation systems;

(d) teacherages; or

(e) other school building-related projects.

(2) As used in this part, the following definitions apply:

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

(b) "Statewide taxable value per ANB" means the taxable valuation in the previous tax year of all property in the state divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state high school ANB count used to calculate the elementary school districts' and high school districts' current year foundation program amounts.

(3) Except as provided in [section 85 (transition instructions)], all projects budgeted in the capital projects fund must be approved by the electorate of the school district under the provisions of this section or 20-9-428. In order to submit to the qualified electors of the district a building--reserve proposition for the establishment-of-or-addition-to-a-building-reserve financing a project in the capital projects fund from sources other than school bonds, the trustees shall pass a resolution that specifies for each capital project:

(a) the purpose or purposes for which the new capital projects fund budget or an addition to the building--reserve budget will be used;

(b) the sources of funding anticipated to finance the project;

(c) the duration of time over which the--new--or addition--to--the-building-reserve-will-be-raised-in-annual, equal-installments taxes will be levied in annual, equal

installments to fund the project;

(d) the total amount of money that will be raised during the duration of time specified in subsection (3)(c); and

(e) any other requirements under 20-20-201 for the calling of an election.

(4) The total amount-of-building-reserve-when-added to-the-outstanding-indebtedness-of-the--district budget of the capital projects fund that is funded by bond proceeds or tax levies may not be--more--than exceed the limitations provided in 20-9-406. A building-reserve--tax--authorization capital project may not be authorized for more than 20 years.

(5) The election must be conducted in accordance with the school election laws of this title, and the electors qualified to vote in the election must be qualified under the provisions of 20-20-301. The ballot for a building reserve proposition for a capital project must be substantially in the following form:

OFFICIAL BALLOT

SCHOOL DISTRICT BUILDING-RESERVE CAPITAL PROJECTS ELECTION

INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words "BUILDING-RESERVE CAPITAL PROJECT--YES" if you wish to vote for the establishment authorization of a building--reserve--(addition--to--the

building-reserve} capital project; if you are opposed to the establishment authorization of a building-reserve--{addition to--the--building--reserve} capital project, make an X or similar mark in the square before the words "BUILDING RESERVE CAPITAL PROJECT--NO".

Shall the trustees be authorized to impose-an-additional levy--each--year--for--.....years--to--establish-a-building reserve--{add--to--the--building--reserve}--of--this--school district-to-raise expend a total amount of dollars (\$....), of which (....) dollars (\$....) will be raised from an additional levy each year for (....) years and (....) dollars (\$....) will be provided from (list funding sources), for the purpose(s) (here state the purpose or purposes for which the building-reserve budget authority will be used)?

BUILDING-RESERVE CAPITAL PROJECT--YES.

BUILDING-RESERVE CAPITAL PROJECT--NO.

{4}{6} The building-reserve proposition is approved if a majority of those electors voting at the election approve the establishment-of-or-addition--to--the--building--reserve capital project. The annual budgeting and taxation authority of the trustees for a-building-reserve the capital project fund is computed by dividing the total authorized amount by the specified number of years. The authority of the trustees to budget--and impose the taxation for the annual amount to

be raised for the--building--reserve a specific capital project lapses when, at a later time, a bond issue is approved by the qualified electors of the district for the same purpose or purposes for which the building-reserve-fund of---the---district---was---established original levy was authorized. Whenever a subsequent bond issue is made for the same purpose or purposes of-a--building--reserve for which taxes have been levied in the capital projects fund budget, the money in the building-reserve capital projects fund must be used for such the purpose or purposes before any money realized by the bond issue is used.

(7) Capital projects approved by the electorate under the provisions of 20-9-428 and financed by the sale of school bonds must be budgeted in the capital projects fund. The proceeds from the sale of school bonds issued for capital projects must be deposited in the capital projects fund. Bond proceeds remaining after completion of the project or projects financed by the school bond issue must be transferred to the debt service fund to retire any outstanding obligation on the bonds.

(8) If money, other than proceeds received from the sale of bonds, remains after completion or termination of the project, the trustees of the school district may by a two-thirds majority use the money to fund another capital project that has been approved by the electorate."

Section 64. Section 20-9-503, MCA, is amended to read:

"20-9-503. Budgeting, tax levy, and use of the building reserve capital projects fund. (1) Whenever an annual ~~building--reserve--authorization-to-budget~~ levy authority is available to a district, the trustees shall include ~~such the~~ authorized amount in the ~~building-reserve~~ capital projects fund of the preliminary budget, less the amount of state equalization aid provided under subsection (6). The county superintendent shall report ~~such the~~ amount as the ~~building reserve capital projects~~ fund net levy requirement to the county commissioners on the second Monday of August, and a levy on the district ~~shall~~ must be made by the county commissioners in accordance with 20-9-142.

(2) The trustees of any district maintaining a ~~building reserve capital projects~~ fund ~~shall~~ have the authority to expend ~~moneys~~ money from ~~such the~~ fund for the purpose or purposes for which it was authorized without ~~such~~ specific expenditures being included in the final budget when, in their discretion, there is a sufficient amount of money accumulated in the fund to commence the authorized projects. ~~Such~~ The expenditures ~~shall~~ may not invalidate the district's authority to continue the annual imposition of the ~~building-reserve-taxation~~ capital projects fund levy authorized by the electors of the district.

(3) Upon approval of a capital project by the

electorate under 20-9-428 or 20-9-502, the school trustees may establish an appropriation for the approved project. Expenditures for the project must be financed by the appropriation, which must continue until the project is completed.

(4) The sources of funding for a capital project may include proceeds from the sale of school bonds under the provisions of this title; proceeds from the sale of property; insurance proceeds; grants; donations; federal money provided for school facilities; net proceeds taxes; local government severance taxes; coal gross proceeds taxes under 15-23-703; property tax levies and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204; state equalization aid for capital projects; interest from the investment of capital projects fund money, except for interest earned from the investment of bond proceeds, which must be credited as provided in 20-9-435; and other funds that may be available to the district as authorized by law.

(5) (a) For any school fiscal year, a district's levy requirement for financing the capital projects fund budget must be subsidized with state equalization aid for the ensuing school year in those districts that are determined to be eligible pursuant to subsection (5)(b).

(b) A district is eligible for state equalization aid

for its capital projects fund levy requirement if the district's taxable value per ANB is less than the statewide taxable value per ANB.

(6) State equalization aid must be provided to an eligible district according to the following formula:

State equalization aid = $40\% \times (1 - (\text{district taxable value per ANB} / \text{statewide taxable value per ANB})) \times \text{district levy requirement for capital projects fund}.$

(7) The district shall use the state equalization aid provided for the capital projects fund as the first source of revenue to meet the annual levy requirement and shall reduce property taxes to the extent that state equalization aid is provided to fund the project.

~~†3†~~(8) Whenever there is money credited to the building reserve capital projects fund for which there is no immediate need, the trustees may invest such the money in accordance with 20-9-213(4). The interest earned from the investment shall must be credited to the building-reserve capital projects fund or the debt service fund, at the discretion of the trustees, and expended for any purpose authorized by law for such the fund.

(9) Proceeds from school bonds approved by the electorate under the provisions of 20-9-428 and sold after July 1, 1994, must be deposited in the capital projects fund.

(10) There is a levy of 1 mill imposed by the county commissioners of each county on all taxable property within the state except property for which a tax or fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204. Proceeds of the levy must be remitted to the state treasurer and must be deposited to the credit of the state special revenue fund for state equalization aid."

Section 65. Section 20-9-507, MCA, is amended to read:

"20-9-507. Miscellaneous programs fund. (1) The trustees of a district receiving money from local, state, federal, or other sources, ~~provided--in--20-5-307†4†, 20-5-312†8†, and 20-9-321†3†~~ other than money under the provisions of Title I of Public Law 81-874 or federal money designated for deposit in a specific fund of the district, shall establish a miscellaneous programs fund for the deposit of the money. The money may be a reimbursement of miscellaneous program fund expenditures already realized by the district or may be a grant of money for the financing of expenditures to be realized by the district for a special, approved program to be operated by the district. When the money is a reimbursement, the money may be expended at the discretion of the trustees for school purposes. When the money is a grant, the money must be expended according to the conditions of the program approval by the superintendent of public instruction or any other approval agent. Within

the miscellaneous programs fund, the trustees shall cause a separate accounting to be maintained for each federal grant program and for the aggregate of all reimbursement money.

(2) The financial administration of the miscellaneous programs fund must be in accordance with the financial administration provisions of this title for a nonbudgeted fund."

Section 66. Section 20-9-703, MCA, is amended to read:

"20-9-703. District as prime agency. (1) When the prime agency is a district, it is authorized and required to establish a nonbudgeted interlocal cooperative fund for the purpose of the financial administration of the interlocal cooperative agreement. All revenues received, including federal, state, or other types of grant payments in direct support of the agreement and the financial support provided by cooperating agencies, ~~shall~~ must be deposited in ~~such the~~ fund. All financial support of the agreement contributed by a district designated as the prime agency may be transferred to the interlocal cooperative fund from any fund maintained by ~~such the~~ district by resolution of the trustees. Any such transfer to the interlocal cooperative fund ~~shall~~ must be used to finance those expenditures under the agreement which are comparable to those that are permitted by law to be made out of the fund from which the transfer was made and which are within the final budget for the fund from which the

transfer was made. ~~No A~~ transfer ~~shall~~ may not be made from the miscellaneous ~~federal~~ programs fund without the express approval of the superintendent of public instruction.

(2) All expenditures in support of the interlocal cooperative agreement ~~shall~~ must be made from the interlocal cooperative fund established by the district which is the prime agency, except that expenditures in support of ~~such the~~ agreement may be made from the miscellaneous ~~federal~~ programs fund when the express approval of the superintendent of public instruction is given."

Section 67. Section 20-9-704, MCA, is amended to read:

"20-9-704. District as cooperating agency. (1) When a district is the cooperating agency, it shall transfer its financial support under the interlocal cooperative contract to the prime agency by district warrant.

(2) The financial support may be provided from any fund maintained by the district. Any such fund utilized for the financial support of an interlocal cooperative agreement ~~shall~~ must finance only those expenditures of ~~such the~~ agreement that are comparable to those permitted under the statutory provisions creating ~~such the~~ fund, and ~~such the~~ financial support must be within the currently adopted budget for ~~such the~~ fund. ~~No--financial~~ Financial support ~~shall~~ may not be financed from the miscellaneous ~~federal~~ programs fund without the express approval of the

superintendent of public instruction."

Section 68. Section 20-10-122, MCA, is amended to read:

"20-10-122. Discretionary provision of transportation and payment for this transportation. (1) The trustees of any a district also may provide school bus transportation to any pupil of a public school who is not an eligible transportee of the district:

(a) on a school bus conveying eligible transportees when the ineligible transportee will not displace an eligible transportee from such the school bus because of the lack of seating capacity;

(b) on a school bus operated by the district for the sole purpose of providing transportation for ineligible transportees. Such The school bus shall service those children living the greatest distance from the school to be attended.

(c) on a school bus operated for the purpose of relieving congestion in a school building or to avoid the necessity of erecting a new building or for any other reasons of economy or convenience.

(2) When the trustees of a district provide school bus transportation to an ineligible transportee under the conditions of subsections subsection (1)(a) or (1)(b) above, the district may charge each ineligible transportee his a proportionate share, as determined by the trustees, of the

cost of operating such the school bus. Money realized from such the payments ~~shall~~ must be deposited to the credit of the transportation district's general fund."

Section 69. Section 20-10-123, MCA, is amended to read:

"20-10-123. Provision of transportation for nonpublic school children. Any child attending a nonpublic school may ride a school bus when a permit to ride such the school bus is secured from the operating district by the parent or guardian of such the nonpublic school child and when there is seating capacity available on such the school bus. When a nonpublic school child rides a school bus, the operating district may charge such the child his a proportionate share, as determined by the trustees, of the cost of operating such the school bus. Money realized from such the payments ~~shall~~ must be deposited to the credit of the transportation district's general fund."

Section 70. Section 20-10-124, MCA, is amended to read:

"20-10-124. Private party contract for transportation -- individual transportation contract. (1) When the trustees contract with any a private party to provide transportation to eligible transportees, the private party shall comply in every respect with the regulations of the board of public education for the standards of equipment, operation and safety of the school bus, and qualifications of the driver. The trustees may, in contracting with private parties,

1 require added safeguards by supplementing the board of
2 public education policies in the contract with additional
3 requirements for bus specifications, age of drivers,
4 liability insurance, operating speed, or any other
5 contractual condition ~~deemed~~ considered necessary by the
6 trustees.

7 (2) Any school bus transportation by a private party or
8 individual transportation that is furnished by a district
9 ~~shall~~ must be under contract, and no district, county, or
10 state money ~~shall~~ may not be paid for such ~~the~~
11 transportation services to any person or firm who does not
12 hold a legal contract with the district. Transportation
13 contracts for the ensuing year ~~shall~~ must be completed by
14 the fourth Monday of June, except when an eligible
15 transportee establishes residence in the district after the
16 fourth Monday of June and ~~a contingency amount is included~~
17 ~~in the regular transportation budget or an emergency~~
18 ~~transportation~~ a general fund budget amendment is adopted.

19 (3) Transportation contracts between a district and a
20 private party for the provision of school bus transportation
21 ~~shall be~~ are subject to the following requirements:

22 (a) the contract ~~shall~~ must be completed in
23 quadruplicate and, upon completion, one copy ~~shall~~ must be
24 for the county superintendent, one copy for the private
25 party, one copy for the superintendent of public

1 instruction, and one copy ~~shall~~ must be retained by the
2 district;

3 (b) the contract terms ~~shall~~ must require conformance
4 to the transportation law, policies of the board of public
5 education, and rules of the superintendent of public
6 instruction; and

7 (c) the contract ~~shall~~ must be signed by the ~~chairman~~
8 presiding officer of the trustees and the private party.

9 (4) A transportation contract between a parent or
10 guardian of an eligible transportee and a district for the
11 provision of individual transportation ~~shall be~~ is subject
12 to the following requirements:

13 (a) it ~~shall~~ must be completed in quadruplicate and,
14 upon approval, one copy ~~shall~~ must be for the parent or
15 guardian, one copy for the district, one copy for the county
16 superintendent, and one copy for the superintendent of
17 public instruction;

18 (b) it ~~shall~~ must be completed on forms promulgated by
19 the superintendent of public instruction;

20 (c) the parent or guardian shall sign an affidavit
21 attesting to the place of residence of ~~his~~ the parent's or
22 guardian's child or children; and

23 (d) it ~~shall~~ must be signed by the ~~chairman~~ presiding
24 officer of the trustees and the parent or guardian of the
25 eligible ~~transportees~~ transportee."

Section 71. Section 20-10-141, MCA, is amended to read:

"20-10-141. Schedule of maximum reimbursement by mileage rates. (1) The following mileage rates for school transportation constitute the maximum reimbursement to districts for school transportation from state and county sources of transportation revenue under the provisions of 20-10-145 and 20-10-146. These rates may not limit the amount that a district may budget for transportation in its transportation general fund budget in order to provide for the estimated and necessary cost of school transportation during the ensuing school fiscal year. All bus miles traveled on routes approved by the county transportation committee are reimbursable. Nonbus mileage is reimbursable for a vehicle driven by a bus driver to and from an overnight location of a school bus when the location is more than 10 miles from the school. A district may approve additional bus or nonbus miles within its own district or approved service area but may not claim reimbursement for the mileage. Any vehicle, the operation of which is reimbursed for bus mileage under the rate provisions of this schedule, must be a school bus, as defined by this title, driven by a qualified driver on a bus route approved by the county transportation committee and the superintendent of public instruction.

(2) The rate per bus mile traveled must be determined

in accordance with the following schedule when the number of eligible transportees that board a school bus on an approved route is not less than one-half of its rated capacity:

(a) 85 cents per bus mile for a school bus with a rated capacity of not less than 12 but not more than 45 children; and

(b) when the rated capacity is more than 45 children, an additional 2.13 cents per bus mile for each additional child in the rated capacity in excess of 45 must be added to a base rate of 85 cents per bus mile.

(3) Reimbursement for nonbus mileage provided for in subsection (1) may not exceed 50% of the maximum reimbursement rate determined under subsection (2).

(4) When the number of eligible transportees boarding a school bus on an approved route is less than one-half of its rated capacity, the rate per bus mile traveled must be computed as follows:

(a) determine the number of eligible transportees that board the school bus on the route;

(b) multiply the number determined in subsection (4)(a) by two and round off to the nearest whole number; and

(c) use the adjusted rated capacity determined in subsection (4)(b) as the rated capacity of the bus to determine the rate per bus mile traveled from the rate schedule in subsection (2).

1 (5) The rated capacity is the number of riding
2 positions of a school bus as determined under the policy
3 adopted by the board of public education."

4 **Section 72.** Section 20-10-143, MCA, is amended to read:

5 "20-10-143. Budgeting for transportation and
6 transmittal of transportation contracts. (1) The trustees of
7 a district furnishing transportation to pupils who are
8 residents of the district shall provide--a--transportation
9 fund--budget include in the general fund budget an amount
10 that is adequate to finance the district's transportation
11 contractual obligations and any other transportation
12 expenditures necessary for the conduct of its transportation
13 program. The transportation general fund budget must
14 include:

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

17 (b) the annual contracted amount for the maintenance
18 and operation of school buses by a private party;

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

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

25 (e) any other amount necessary to finance the

1 administration, operation, or maintenance of the
2 transportation program of the district, as determined by the
3 trustees.

4 (2) ~~The trustees may include a contingency amount in~~
5 ~~the transportation fund budget for the purpose of enabling~~
6 ~~the district to fulfill an obligation to provide~~
7 ~~transportation in accordance with this title for:~~

8 ~~(a) pupils not residing in the district at the time of~~
9 ~~the adoption of the preliminary budget and who subsequently~~
10 ~~became residents of the district during the school fiscal~~
11 ~~year; or~~

12 ~~(b) pupils who have become eligible transportees since~~
13 ~~the adoption of the preliminary budget because their legal~~
14 ~~residence has been changed. The budgeted contingency amount~~
15 ~~may not exceed 10% of the transportation schedule amount as~~
16 ~~calculated under the provisions of 20-10-141 and 20-10-142~~
17 ~~for all transportation services authorized by the schedules~~
18 ~~and provided by the district unless 10% of the~~
19 ~~transportation schedule amount is less than \$100, in which~~
20 ~~case \$100 is the maximum limitation for the budgeted~~
21 ~~contingency amount.~~

22 ~~(3) A budget amendment to the transportation fund~~
23 ~~budget may be adopted subject to the provisions of 20-9-161~~
24 ~~through 20-9-166.~~

25 ~~(4) The transportation fund budgeted expenditures~~

1 appropriated-by-the-trustees-must-be-reported-on-the-regular
 2 budget--form--prescribed--by--the--superintendent--of-public
 3 instruction-in-accordance-with-20-9-103, and-the-adoption-of
 4 the--transportation--fund--budget--must--be---completed---in
 5 accordance--with-the-school-budgeting-laws. When the adopted
 6 preliminary final general fund budget is sent to the county
 7 superintendent, the trustees shall also send copies of all
 8 completed transportation contracts for school bus
 9 transportation and individual transportation to the county
 10 superintendent. The contracts must substantiate all
 11 contracted transportation services incorporated in the
 12 preliminary budget, and after the county superintendent has
 13 utilized the contracts for that purpose but before the
 14 fourth Monday of July, he the county superintendent shall
 15 send all transportation contracts received to the
 16 superintendent of public instruction. When--the---county
 17 superintendent---determines---a---deviation---between---the
 18 preliminary-transportation-fund-budget-amount-for-contracted
 19 transportation-services-and-the-contracted--amount--for--the
 20 services,--he--shall--immediately--call-the-deviation-to-the
 21 attention-of-the-appropriate-trustees-and--shall--allow--the
 22 trustees--to--change--the--preliminary--budgeted--amount--to
 23 compensate-for-the-deviation.
 24 (3) A budget amendment for transportation may be
 25 adopted subject to the provisions of 20-9-161 through

1 20-9-166."

2 **Section 73.** Section 20-10-144, MCA, is amended to read:
 3 "20-10-144. Computation of revenues-and--net--tax--levy
 4 requirements state and county reimbursement for district
 5 transportation fund-budget costs. Before-the--fourth--Monday
 6 of---July--and--in--accordance--with--20-9-123,--the--county
 7 superintendent--shall--compute--the--revenue--available---to
 8 finance-the-transportation-fund-budget-of-each-district.-The
 9 county--superintendent--shall--compute--the-revenue-for-each
 10 district-on-the-following-basis:

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

15 (a) the sum of the maximum reimbursable expenditures
 16 for all approved school bus routes maintained by the
 17 district (to determine the maximum reimbursable expenditure,
 18 multiply the applicable rate per bus mile by the total
 19 number of miles to be traveled during the ensuing school
 20 fiscal year on each bus route approved by the county
 21 transportation committee and maintained by such district);
 22 plus

23 (b) the total of all individual transportation per diem
 24 reimbursement rates for the district as determined from the
 25 contracts submitted by the district multiplied by the number

1 of pupil-instruction days scheduled for the ensuing school
2 attendance year; plus

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

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

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

18 (i) one-half is the budgeted state transportation
19 reimbursement, except that the state transportation
20 reimbursement for the transportation of special education
21 pupils under the provisions of 20-7-442 must be 50% of the
22 schedule amount attributed to the transportation of special
23 education pupils; and

24 (ii) one-half is the budgeted county transportation fund
25 reimbursement and must be financed in the manner provided in

1 20-10-146.

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

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

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

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

24 (b) anticipated payments from other districts for
25 providing school bus transportation services for the

1 district;

2 (c)--anticipated--payments--from--a--parent--or--guardian--for

3 providing--school--bus--transportation--services--for--his--child;

4 (d)--anticipated--or--reappropriated--interest--to--be--earned

5 by--the--investment--of--transportation--fund--cash--in--accordance

6 with--the--provisions--of--20-9-213(4);

7 (e)--anticipated--or--reappropriated--revenue--from--property

8 taxes---and---fees---imposed---under---23-2-517,---23-2-803,

9 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204;

10 (f)--anticipated--revenue--from--coal--gross--proceeds--under

11 15-23-703;

12 (g)--anticipated--net--proceeds--taxes--for--new--production,

13 as--defined--in--15-23-601,--and--local--government--severance

14 taxes--on--any--other--production--occurring--after--December--31,

15 1980;

16 (h)--any--other--revenue--anticipated--by--the--trustees--to--be

17 earned--during--the--ensuing--school--fiscal--year--that--may--be

18 used--to--finance--the--transportation--fund;--and

19 (i)--any--fund--balance--available--for--reappropriation--as

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

21 fund--balance--earmarked--as--the--transportation--fund--operating

22 reserve--for--the--ensuing--school--fiscal--year--by--the--trustees

23 from--the--end--of--the--year--fund--balance--in--the--transportation

24 fund;--The--operating--reserve--may--not--be--more--than--20%--of--the

25 final--transportation--fund--budget--for--the--ensuing--school

1 fiscal--year--and--is--for--the--purpose--of--paying--transportation

2 fund--warrants--issued--by--the--district--under--the--final

3 transportation--fund--budget;

4 (4)--The--district--levy--requirement--for--each--district's

5 transportation--fund--must--be--computed--by:

6 (a)--subtracting---the--schedule--amount--calculated--in

7 subsection--(1)--from--the--total--preliminary--transportation

8 budget--amount;--and

9 (b)--subtracting--the--amount--of--money--available--to--reduce

10 the---property---tax--on--the--district;--as--determined--in

11 subsection--(3);--from--the--amount--determined--in--subsection

12 (4)(a);

13 (5)--The---transportation---fund---levy---requirements

14 determined--in--subsection--(4)--for--each--district--must--be

15 reported--to--the--county--commissioners--on--the--second--Monday--of

16 August--by--the--county--superintendent--as--the--transportation

17 fund--levy--requirements--for--the--district;--and--the--levy--must

18 be--made--by--the--county--commissioners--in--accordance--with

19 20-9-142."

20 **Section 74.** Section 20-10-145, MCA, is amended to read:

21 "20-10-145. State transportation reimbursement. (1) A

22 district providing school bus transportation or individual

23 transportation in accordance with this title, board of

24 public education transportation policy, and superintendent

25 of public instruction transportation rules must receive a

1 state reimbursement of its transportation expenditures under
 2 the transportation reimbursement rate provisions of
 3 20-10-141 and 20-10-142. The state transportation
 4 reimbursement is one-half of the reimbursement amounts
 5 established in 20-10-141 and 20-10-142 ~~or one-half of the~~
 6 ~~district's transportation fund budget, whichever is smaller,~~
 7 and must be computed on the basis of the number of days the
 8 transportation services were actually rendered, not to
 9 exceed 180 pupil-instruction days. In determining the amount
 10 of the state transportation reimbursement, an amount claimed
 11 by a district may not be considered for reimbursement unless
 12 the amount has been paid in the regular manner provided for
 13 the payment of other financial obligations of the district.

14 (2) Requests for the state transportation reimbursement
 15 must be made by each district semiannually during the school
 16 fiscal year on the claim forms and procedure promulgated by
 17 the superintendent of public instruction. The claims for
 18 state transportation reimbursements must be routed by the
 19 district to the county superintendent, who after reviewing
 20 the claims shall send them to the superintendent of public
 21 instruction. The superintendent of public instruction shall
 22 establish the validity and accuracy of the claims for the
 23 state transportation reimbursements by determining
 24 compliance with this title, board of public education
 25 transportation policy, and the transportation rules of the

1 superintendent of public instruction. After making any
 2 necessary adjustments to the claims, the superintendent of
 3 public instruction shall order a disbursement from the state
 4 money appropriated ~~by the legislature of the state of~~
 5 Montana for the state transportation reimbursement. The
 6 payment of all the district's claims within one county must
 7 be made to the county treasurer of the county, and the
 8 county superintendent shall apportion the payment in
 9 accordance with the apportionment order supplied by the
 10 superintendent of public instruction."

11 **Section 75.** Section 20-10-146, MCA, is amended to read:
 12 "20-10-146. County transportation reimbursement. (1)
 13 The apportionment of the county transportation reimbursement
 14 by the county superintendent for school bus transportation
 15 or individual transportation that is actually rendered by a
 16 district in accordance with this title, board of public
 17 education transportation policy, and the transportation
 18 rules of the superintendent of public instruction must be
 19 the same as the state transportation reimbursement payment
 20 except that:

21 ~~{a} if any cash was used to reduce the budgeted county~~
 22 ~~transportation reimbursement under the provisions of~~
 23 ~~20-10-144(2){b}, the annual apportionment is limited to the~~
 24 ~~budget amount; and~~

25 {b} when the county transportation reimbursement for a

1 school bus has been prorated between two or more counties
2 because the school bus is conveying pupils of more than one
3 district located in the counties, the apportionment of the
4 county transportation reimbursement must be adjusted to pay
5 the amount computed under the proration.

6 (2) The county transportation net levy requirement for
7 the financing of the county transportation fund
8 reimbursements to districts is computed by:

9 (a) totaling the net requirement for all districts of
10 the county, including reimbursements to a special education
11 cooperative or prorated reimbursements to joint districts;

12 (b) determining the sum of the money available to
13 reduce the county transportation net levy requirement by
14 adding:

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

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

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

24 (iv) any fund balance available for reappropriation from
25 the end-of-the-year fund balance in the county

1 transportation fund; ~~The---county---transportation---fund~~
2 ~~operating---reserve---may---not---be---more---than---35%---of---the---final~~
3 ~~county-transportation-fund-budget---for---the---ensuing---school~~
4 ~~fiscal---year---and---must---be---used---for---the---purpose---of---paying~~
5 ~~transportation-fund-warrants-under-the-county-transportation~~
6 ~~fund-budget.~~

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

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

12 (c) notwithstanding the provisions of subsection (3),
13 subtracting the money available as determined in subsection
14 (2)(b) to reduce the levy requirement ~~from-the~~ for county
15 transportation ~~net-levy-requirement~~.

16 (3) The net levy requirement determined in subsection
17 (2)(c) must be reported to the county commissioners on the
18 second Monday of August by the county superintendent and a
19 levy must be set by the county commissioners in accordance
20 with 20-9-142.

21 (4) The county superintendent shall apportion the
22 county transportation reimbursement from the proceeds of the
23 county transportation fund. The county superintendent shall
24 order the county treasurer to make the apportionments in
25 accordance with 20-9-212(2) and after the receipt of the

semiannual state transportation reimbursement payments."

Section 76. Section 20-10-147, MCA, is amended to read:

"20-10-147. Bus depreciation-reserve purchase fund. (1)

The trustees of a district owning a bus or a two-way radio used for purposes of transportation, as defined in 20-10-101, or for purposes of conveying pupils to and from school functions or activities may establish a bus depreciation-reserve purchase fund to be used for the purchase, replacement, conversion, remodeling, or rebuilding of a school bus, as defined in 20-10-101(3), or for the purchase or replacement of a bus or radio video cameras and recorders or two-way radios if related to pupil transportation.

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

(a) purchase or replace a bus or bus-related equipment identified in subsection (1); or

(b) accumulate funds for the future purchase or replacement of a bus or bus-related equipment identified in subsection (1).

(3) The annual levy requirement for the bus purchase fund must be determined by subtracting from the total budget:

(a) the fund balance reappropriated;

(b) proceeds from the sale of a school bus;

(c) insurance proceeds for the replacement of a school bus;

(d) grants and donations deposited in the bus purchase fund; and

(e) bond proceeds from school bonds sold for the purchase of school buses and bus-related equipment.

(4) For any school fiscal year, a district's levy requirement for financing the bus purchase fund budget must be subsidized with state equalization aid in any district that is determined to be eligible under this section. A district is eligible for state equalization aid for its bus purchase fund levy requirement if the district's mill value per ANB is less than the statewide mill value per ANB.

(5) State equalization aid must be provided to an eligible district according to the following formula:

State equalization = 40% x (1 - (district mill value/statewide mill value)) x district levy requirement for bus purchase fund.

(6) The district shall use the state equalization aid provided for the bus purchase fund as the first source of

1 revenue to meet the levy requirement and shall reduce
 2 property taxes to the extent that state equalization aid is
 3 provided to fund the bus purchase fund.

4 (7) The annual revenue levy requirement, less the
 5 amount provided from state equalization aid, for each
 6 district's bus depreciation--reserve purchase fund,
 7 determined-within-the-limitations-of-this-section, must be
 8 reported by the county superintendent to the county
 9 commissioners on the second Monday of August as the bus
 10 depreciation--reserve purchase fund net levy requirement for
 11 that district, and a levy must be made by the county
 12 commissioners in accordance with 20-9-142.

13 ~~{3}--Any--expenditure--of--bus-depreciation-reserve-fund~~
 14 ~~money-must-be-within-the-limitations-of-the-district's-final~~
 15 ~~bus--depreciation--reserve--fund--budget--and--the--school~~
 16 ~~financial-administration-provisions-of-this-title-and-may-be~~
 17 ~~made--only--to--convert,--remodel,--or--rebuild--buses-or-to~~
 18 ~~replace-the-buses-or-radios-for-which-the--bus--depreciation~~
 19 ~~reserve-fund-was-created.~~

20 {4}(8) Whenever the trustees of a district maintaining
 21 a bus depreciation-reserve purchase fund consider it to be
 22 in the best interest of the district to transfer any portion
 23 or all of the bus depreciation-reserve purchase fund balance
 24 to any other fund maintained by the district, the trustees
 25 shall submit the proposition to the electors of the

1 district. The electors qualified to vote at the election
 2 shall qualify under 20-20-301, and the election must be
 3 called and conducted in the manner prescribed by this title
 4 for school elections. If a majority of those electors voting
 5 at the election approve the proposed transfer from the bus
 6 depreciation-reserve purchase fund, the transfer is approved
 7 and the trustees shall immediately order the county
 8 treasurer to make the approved transfer."

9 **Section 77.** Section 20-15-210, MCA, is amended to read:

10 "20-15-210. Qualification and organization of board of
 11 trustees. (1) Newly elected members of the board of trustees
 12 of the community college district shall must be qualified by
 13 taking the oath of office prescribed by the constitution of
 14 Montana. At the organization meeting called by the board of
 15 regents, the board of trustees shall must be organized by
 16 the election of a chairman presiding officer and a
 17 secretary.

18 (2) The treasurer of the community college district is
 19 the county treasurer of the county in which the community
 20 college facilities are located. The duties of the county
 21 treasurer are referenced in ~~20-9-206, 20-9-212, and 20-9-222,~~
 22 and 20-9-224."

23 **Section 78.** Section 20-15-404, MCA, is amended to read:

24 "20-15-404. Trustees to adhere to certain other laws.
 25 Unless the context clearly indicates otherwise, the trustees

1 of a community college district shall adhere to:

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

4 (2) the provisions of 20-1-201, 20-1-205, 20-1-211, and
5 20-1-212;

6 (3) the school property provisions of 20-6-604,
7 20-6-605, 20-6-621, 20-6-622, 20-6-624, 20-6-631, and
8 20-6-633 through 20-6-636;

9 (4) the adult education provisions of 20-7-701 through
10 20-7-713;

11 (5) the administration of finances provisions of
12 20-9-115, 20-9-134, 20-9-207, 20-9-208, ~~20-9-210~~, 20-9-215,
13 20-9-221 through, 20-9-223, and 20-9-224, ~~and 20-9-512~~;

14 (6) the school bond provisions of 20-9-401 through
15 20-9-412, 20-9-421 through 20-9-446, 20-9-451 through
16 20-9-456, and 20-9-461 through 20-9-465;

17 (7) the special purpose funds provisions of 20-9-502,
18 20-9-503, 20-9-507, ~~20-9-508~~, and 20-9-511;

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

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

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

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

1 **Section 79.** Section 20-16-108, MCA, is amended to read:

2 **"20-16-108. Lease or purchase of property for**
3 **vocational-technical center purposes.** (1) The state of
4 Montana, acting through the board of regents, may lease, for
5 a term not to exceed 40 years, any building or lands for a
6 vocational-technical center.

7 (2) The state of Montana, acting through the board of
8 regents and on demand of a school district, shall lease or
9 purchase the equity or interest of the school district in
10 any building, land, or other property at a
11 vocational-technical center on terms agreed to between the
12 board of regents and the school district. A purchase may be
13 by lump-sum payment, time payments, the assumption of bonded
14 indebtedness, or any other mutually agreeable method. Money
15 received by a school district from the lease or sale under
16 this subsection (2) of the school district's equity or
17 interest in a building, land, or other property must be
18 credited to the debt service fund, ~~building--fund~~, general
19 fund, or any combination of these funds, at the discretion
20 of the trustees of the school district."

21 **Section 80.** Section 20-16-205, MCA, is amended to read:

22 **"20-16-205. Tuition rates.** (1) Tuition may be charged
23 to any resident or nonresident of the state of Montana by
24 the director of any vocational-technical center at rates to
25 be determined by the board of regents ~~and the provisions of~~

subsection--(3). The board of regents shall prescribe permissible uses for any tuition authorized.

(2) For the purposes of this section the eligibility of a student for resident status ~~shall~~ must be determined in the same manner as that prescribed for use by the Montana university system, except that those provisions referring to "high school graduates" or "graduation from high school" ~~shall-be~~ are considered to refer to a person who has attended school or who was in attendance at a school.

~~(3)--if--an--additional--levy--for--a-center-is-approved under--20-16-207,--the--board--of--regents--may--charge--an additional--tuition--amount-not-to-exceed-\$40-a-quarter-to-a student-at-the-center-who-is-a-resident-of-Montana--but--who is--not--a--property-taxpayer-of-the-county-or-an-owner-of-a vehicle-registered-within-the-county--where--the--center--is located--"~~

Section 81. Section 7-15-4292, MCA, is amended to read:

"7-15-4292. Termination of tax increment financing -- exception ---reduction-in-tax--increment--distribution. (1) The tax increment provision ~~shall-terminate~~ terminates upon the later of:

(a) the 15th year following its adoption or, if the tax increment provision was adopted prior to January 1, 1980, upon the 17th year following adoption; or

(b) the payment or provision for payment in full or

discharge of all bonds for which the tax increment has been pledged and the interest thereon on the bonds.

(2) Any amounts remaining in the special fund or any reserve fund after termination of the tax increment provision ~~shall~~ must be distributed among the various taxing bodies in proportion to their property tax revenues from the district.

(3) After termination of the tax increment provision, all taxes ~~shall~~ must be levied upon the actual taxable value of the taxable property in the urban renewal area or the industrial district and ~~shall~~ must be paid into the funds of the respective taxing bodies.

(4) Bonds secured in whole or in part by a tax increment provision may not be issued after the 15th anniversary of tax increment provisions adopted after January 1, 1980, and the 17th anniversary of tax increment provisions adopted prior to January 1, 1980. However, if bonds secured by a tax increment provision are outstanding on the applicable anniversary, additional bonds secured by the tax increment provision may be issued if the final maturity date of the bonds is not later than the final maturity date of any bonds then outstanding and secured by the tax increment provision.

~~(5)--(a)--if-a-municipality-issues-bonds-secured-in-whole or-in-part-by-a-tax-increment-provision-after-the-10th--year~~

1 following a tax increment provision adopted after January 1,
2 1980, or after the 12th year following a tax increment
3 provision adopted before January 1, 1980, it is not entitled
4 to the full distribution provided in 20-9-360(2):

5 (b) The state treasurer shall reduce the distribution
6 to the municipality in each fiscal year after the fiscal
7 year in which the bonds referred to in subsection (5)(a) are
8 issued by an amount equal to the increased taxable value of
9 the project property multiplied by the total number of mills
10 levied and assessed for school district purposes against the
11 property in the previous calendar year. The department of
12 revenue shall certify to the state treasurer by September 1
13 of each year the increased taxable value of the project
14 property.

15 (c) If the municipality issues more than one bond
16 series after January 1, 1991, the distribution to the
17 municipality as provided in 20-9-360(2) is reduced as
18 determined in subsection (5)(b), by the sum of the amounts
19 of each bond issue.

20 (6) For the purposes of subsection (5):

21 (a) "project property" is the value of property within
22 an urban renewal area affected by an urban renewal project
23 to be financed in whole or in part from the proceeds of the
24 bonds issued pursuant to subsection (5)(a), certified by the
25 municipality to the department of revenue at the time the

1 bonds are issued and identified by a tax identification
2 number. Property is affected by an urban renewal project if
3 the property:

4 (i) is to be acquired or improved as part of the urban
5 renewal project;

6 (ii) is located on property that is to be acquired or
7 improved as part of the urban renewal project;

8 (iii) is contiguous to or located on property contiguous
9 to property referred to in subsection (6)(a)(i) or
10 (6)(a)(ii), including adjacent property separated by a road,
11 stream, street, or railroad; or

12 (iv) is included in an agreement between a person and
13 the municipality in connection with the urban renewal
14 project for the issuance of the bonds and if under the
15 agreement, the person undertakes to develop or redevelop the
16 property.

17 (b) "increased taxable value" means the difference
18 between the taxable value of the project property for the
19 current fiscal year and the taxable value of the project
20 property for the fiscal year in which the bonds were
21 issued.

22 **Section 82.** Section 17-3-213, MCA, is amended to read:

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

treasurer in each county as follows:

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

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

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

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

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

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

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

(3) In counties in which special road districts have been created according to law, the board of county

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

Section 83. Section 5, Chapter 729, Laws of 1991, is amended to read:

"Section 5. **Termination.** [This act] terminates June 30, ~~1993~~ 1994."

NEW SECTION. **Section 84. Impact aid fund.** (1) The trustees of a district that receives federal funds under the provisions of Title I of Public Law 81-874 shall establish an impact aid fund. Money received under the provisions of Public Law 81-874 must be deposited with the county treasurer to the credit of the impact aid fund.

(2) The expenditure of money from the impact aid fund must be made pursuant to Title I of Public Law 81-874. The impact aid fund must be administered pursuant to the financial administration provisions of this title for nonbudget funds.

NEW SECTION. **Section 85. Transition instructions.** (1) Unless specifically stated in [sections 1 through 82 and 84], upon the opening of district and county accounting records for the school fiscal year beginning July 1, 1994, all districts and counties shall transfer asset, liability,

and fund balances, including reserves, in deleted district and county funds to other funds as follows:

(a) Balances in the district tuition fund, retirement fund, transportation fund, and compensated absences liability fund must be transferred to the district general fund.

(b) Balances in the district building fund and the building reserve fund must be transferred to the district capital projects fund. Balances transferred to the capital projects fund from the building and building reserve funds are not subject to the provisions of 20-9-502 and may be expended within the purpose of the capital projects fund without voter approval.

(c) Balances in the district bus depreciation reserve fund must be transferred to the district bus purchase fund.

(d) Balances in the county retirement fund must be transferred, as provided in 15-1-504, to the state in July 1994 for deposit in the state equalization aid account.

(2) For purposes of calculating reserves and fund balances reappropriated for the general fund budget for the school fiscal year beginning July 1, 1994, the district shall consider the balances in funds that will be transferred to the general fund under subsection (1)(a).

(3) After July 1, 1994, revenue distributed to district and county funds of districts that levied mills prior to

July 1, 1994, must be distributed to the funds listed in subsection (1).

NEW SECTION. Section 86. Repealer. (1) Sections 20-9-147, 20-9-206, 20-9-210, 20-9-222, 20-9-315, 20-9-353, 20-9-367, 20-9-368, 20-9-508, 20-9-512, and 20-16-207, MCA, are repealed.

(2) Section 12, Chapter 6, Special Laws of July 1992, is repealed.

NEW SECTION. Section 87. Codification instruction. [Sections 18 and 84] are intended to be codified as an integral part of Title 20, chapter 9, part 3, and the provisions of Title 20 apply to [sections 18 and 84].

NEW SECTION. Section 88. Effective dates. (1) [Sections 6, 19, 22, 24, 32, 42, 48, 49, 66, and 67] are effective July 1, 1993, and apply to school district budgets, reserves, levies, and federal revenue for the school fiscal year beginning July 1, 1993.

(2) [Sections 1 through 3, 5, 8 through 15, 17, 20, 21, 23, 25 through 31, 33 through 41, 43 through 47, 50 through 65, 68 through 82, 84, and 86(1)] are effective July 1, 1994, and apply to school district budgets, reserves, levies, and federal revenue for the school fiscal year beginning July 1, 1994.

(3) [Section 16] is effective July 1, 1993, and applies retroactively, within the meaning of 1-2-109, to school

1 district general fund reserves and Public Law 81-874 funds
2 for the school fiscal year beginning July 1, 1992.

3 (4) [Sections 4 and 7] are effective July 1, 1995, and
4 apply to school district funds for the school fiscal year
5 beginning July 1, 1995.

6 (5) [Section 18] is effective July 1, 1996, and applies
7 to school general fund reserves for the school fiscal year
8 beginning July 1, 1996.

9 (6) [Sections 83, 85, 86(2), and 87 through 89] are
10 effective July 1, 1993.

11 NEW SECTION. Section 89. Termination. (1) [Sections
12 16, 19, 22, and 24] terminate June 30, 1994.

13 (2) [Section 17] terminates June 30, 1996.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

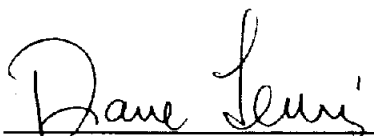
In compliance with a written request, there is hereby submitted a Fiscal Note for SB0432, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

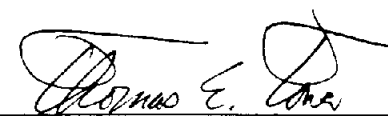
An act generally revising the equalization of funding and budgeting for school district general fund budgets, employee benefit obligations, school transportation, and school facilities; replacing the building fund and building reserve fund with a capital projects fund; requiring that an employer's contributions to retirement systems be included in the district's general fund budget; requiring school transportation costs to be budgeted and funded in the district general fund; creating a federal impact aid fund; eliminating the district tuition fund; providing for state collection and redistribution of certain school revenue for equalization purposes; increasing the elementary and high school foundation program schedule amounts; increasing county equalization levies.

ASSUMPTIONS:

1. FY93 general fund, transportation, and retirement budgets will increase by 4% per year in FY94 and FY95.
2. All general fund, transportation, retirement, and tuition expenditures currently paid for with PL81-874 revenues will not be budgeted for in the new general fund.
3. Transportation on-schedule costs increase proportionately with ANB: 1.018% in FY93; 1.026% in FY94; and 1.021% in FY95.
4. Fund balance available for reappropriation for district general fund budgets will be approximately \$38 million in FY95.
5. Non levy revenue available to the district general fund budget will be \$16.1 million in FY95.
6. Elementary ANB increases 1.017% in FY93, 1.023% in FY94, and 1.015 in FY95. High school ANB increases 1.017 in FY93, 1.034 in FY94, and 1.036 in FY95.
7. State and district taxable values remain constant at tax year 1992 (FY93) levels.
8. State and district mill values per ANB remain constant at FY94 levels.
9. School district's budgeted \$5.57 million for projects funded in the building reserve fund in fiscal 1993. If the state match provisions in Section 64 had been in effect in fiscal 1993, the state cost would have been \$1.3 million.
10. Capital project fund budgets will show a levy requirement of \$5.94 million in fiscal 1995 based on a 3.23% annual growth rate in building and building reserve budgets. The cost of the state match provided for mills levied to fund the capital projects fund budget will be 13% of total capital project fund budgets, or \$.77 million.
11. School districts levied approximately \$5.30 million for the bus depreciation fund and for new bus purchases in fiscal 1993. Districts will levy \$5.72 million for the bus purchase fund in fiscal 1995 based on inflation rates of 3.56% in fiscal 1994 and 3.84% in fiscal 1995. The cost of the state match for mills levied to fund bus purchases will be \$.62 million in fiscal 1995, or 11% of the total bus purchase fund.
12. The mill value per ANB is guaranteed to each district at 180 percent of the statewide average.
13. Special education expenditures are included in the general fund and are not impacted by the bill.

 3-22-93

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



Thomas Towe, PRIMARY SPONSOR DATE
Fiscal Note for SB0432, as introduced

513 432

FISCAL IMPACT:

	FY '94			FY '95		
Expenditures:	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Foundation Program	362,375,000	362,375,000	0	369,994,800	435,588,000	65,593,200
Retirement GTB	17,183,750	17,184,750	0	17,843,600	0	(17,843,600)
General Fund GTB	32,527,700	32,527,700	0	33,160,400	106,230,000	73,069,600
Capital Projects Match	0	0	0	0	771,000	771,000
Bus Reserve Match	0	0	0	0	619,000	619,000
Other	75,000	75,000	0	100,000	100,000	0
Transportation	3,908,166	3,908,166	0	3,914,457	3,914,457	0
Total	416,069,816	416,069,816	0	425,013,257	547,222,457	122,209,200
Revenues:						
County Equalization	120,119,000	120,119,000	0	121,012,000	170,772,000	49,790,000
Power Equalization Recapture	0	0	0	0	29,315,000	29,315,000
Power Equalized Nonlevy Revenue	0	0	0	0	30,663,000	30,663,000
Capital Projects Levy	0	0	0	0	2,163,000	2,163,000
Total	120,119,000	120,119,000	0	121,012,000	232,913,000	111,901,000

Net Impact:

Under the bill as written, expenditures will exceed revenues by \$10.3 million.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The bill will simplify local budgeting requirements and will reduce administrative oversight at the state level.

County retirement levies will be replaced by a 23 mill increase in the county equalization levy. This will result in levy shifts among counties that currently levy mills ranging from 0 mills to 40 mills.

District levies will increase for some districts and decrease for others. Overall district levies may decrease because substantial increased state aid is provided.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Because this bill equalizes all four funds addressed in recent litigation, the state's exposure to future litigation is diminished.

TECHNICAL NOTES:

Amendments needed to clarify that revenue from coal gross proceeds and the local government severance tax that are currently deposited in the county retirement funds will be deposited in the state equalization aid account; revenues currently deposited in district funds abolished by this act will be deposited in the district's general fund; and revenues currently deposited in funds restructured by this act will be deposited in the restructured fund.

References to subsection (8) (a) found in section 16 on page 42 do not appear to refer to an existent subsection.

SB 432