

INTRODUCED BY KLAMPE

REPORTED CORRECTLY ENROLLED.

1 SENATE BILL NO. 46
2 INTRODUCED BY Klampe
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE
5 VOLUNTARY CONSOLIDATION AND ANNEXATION INCENTIVE PLAN FOR
6 SCHOOL DISTRICTS; ELIMINATING STATE FINANCIAL ASSISTANCE
7 THROUGH GENERAL BONUS PAYMENTS AND TRANSPORTATION BONUS
8 PAYMENTS TO SCHOOL DISTRICTS THAT CONSOLIDATE OR ANNEX;
9 AMENDING SECTIONS 17-7-502, 20-6-703, AND 20-9-104, MCA;
10 REPEALING SECTIONS 20-6-401, 20-6-402, 20-6-403, 20-6-404,
11 20-6-405, 20-6-406, 20-6-407, AND 20-6-408, MCA; AND
12 PROVIDING AN EFFECTIVE DATE."
13
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
15 NEW SECTION. **Section 1.** Repealer. Sections 20-6-401,
16 20-6-402, 20-6-403, 20-6-404, 20-6-405, 20-6-406, 20-6-407,
17 and 20-6-408, MCA, are repealed.
18 **Section 2.** Section 17-7-502, MCA, is amended to read:
19 "17-7-502. Statutory appropriations -- definition --
20 requisites for validity. (1) A statutory appropriation is an
21 appropriation made by permanent law that authorizes spending
22 by a state agency without the need for a biennial
23 legislative appropriation or budget amendment.
24 (2) Except as provided in subsection (4), to be
25 effective, a statutory appropriation must comply with both

1 of the following provisions:
2 (a) The law containing the statutory authority must be
3 listed in subsection (3).
4 (b) The law or portion of the law making a statutory
5 appropriation must specifically state that a statutory
6 appropriation is made as provided in this section.
7 (3) The following laws are the only laws containing
8 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
9 3-5-901; 5-13-403; 10-3-203; 10-3-312; 10-3-314; 10-4-301;
10 15-1-111; 15-23-706; 15-25-123; 15-31-702; 15-36-112;
11 15-37-117; 15-38-202; 15-65-121; 16-1-404; 16-1-410;
12 16-1-411; 17-3-106; 17-3-212; 17-5-404; 17-5-424; 17-5-704;
13 17-5-804; 17-6-101; 17-6-201; 17-6-409; 17-7-304; 18-11-112;
14 19-2-502; 19-6-709; 19-9-1007; 19-15-101; 19-17-301;
15 19-18-512; 19-18-513; 19-18-606; 19-19-205; 19-19-305;
16 19-19-506; 20-4-109; ~~20-6-406~~; 20-8-111; 20-9-361;
17 20-26-1403; 20-26-1503; 23-2-823; 23-5-136; 23-5-306;
18 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402;
19 27-12-206; 32-1-537; 37-43-204; 37-51-501; 39-71-503;
20 39-71-907; 39-71-2321; 39-71-2504; 44-12-206; 44-13-102;
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22 61-2-107; 67-3-205; 75-1-1101; 75-5-507; 75-5-1108;
23 75-11-313; 76-12-123; 77-1-808; 80-2-103; 80-2-222;
24 80-4-416; 80-11-310; 81-5-111; 82-11-136; 82-11-161;
25 85-1-220; 85-2-707; 90-3-301; 90-4-215; 90-6-331; 90-7-220;

90-9-306; and 90-14-107.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for supplemental benefit; and pursuant to sec. 15, Ch. 534, L. 1993, the inclusion of 90-14-107 terminates July 1, 1995.)"

Section 3. 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 20-9-308.

~~(4)--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 4. Section 20-9-104, MCA, is amended to read:

***20-9-104. General fund operating reserve.** (1) At the end of each school fiscal year, the trustees of each

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

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

13 (3) Excess reserves as provided in subsection (5) may
 14 be appropriated to reduce the BASE budget levy, the
 15 over-BASE budget levy, or the additional levy provided by
 16 20-9-353, except that districts with a balance on June 30,
 17 1993, in the excess reserve account for Public Law 81-874
 18 funds shall transfer the June 30, 1993, balance to the
 19 impact aid fund established in 20-9-514.

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

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

1 the limitation of subsection (1) does not apply when the
 2 amount in excess of the limitation is equal to or less than
 3 ~~one-or-more-of-the-following:~~

4 ~~(a)~~ the unused balance of any amount received;

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

7 ~~(ii)~~(b) 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)~~(c) in delinquent taxes from a prior school fiscal
 11 year; ~~or~~

12 ~~(b)---any---amount---received---as---a---general---bonus---payment~~
 13 ~~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 NEW SECTION. **Section 5.** Saving clause. [This act] does
 18 not affect the rights and duties that matured before [the
 19 effective date of this act] and does not affect the right to
 20 payment of any school district that qualified for bonus
 21 payments under the provisions of 20-6-401 through 20-6-408
 22 before [the effective date of this act].

23 NEW SECTION. **Section 6.** Effective date. [This act] is
 24 effective July 1, 1994.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0046, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION: An act eliminating the voluntary consolidation and annexation incentive plan for school districts; eliminating state financial assistance through general bonus payments and transportation bonus payments to school districts that consolidate or annex; amending sections 17-7-502, 20-6-703, and 20-9-104, MCA; repealing sections 20-6-401, 20-6-402, 20-6-403, 20-6-404, 20-6-405, 20-6-406, 20-6-407, and 20-6-408, MCA; and providing an effective date.

ASSUMPTIONS:


1. Two elementary districts (Hardin and Cayuse Prairie) will qualify for a total of \$51,333 in consolidation bonus payments in fiscal 1995. Both of these districts will be in the third year of a three year entitlement in fiscal 1995.
2. Senate Bill 46 proposes to eliminate the consolidation bonus payment as of July 1, 1994.

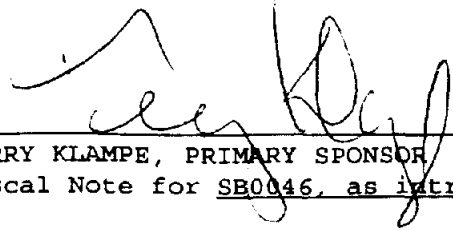
FISCAL IMPACT: The state savings in the state equalization aid account would be \$51,333 for fiscal 1995.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES: Two school districts would receive \$51,333 less from the state in fiscal 1995. These districts could hold this money in excess reserves or use it to reduce property tax levies.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION: Any districts that consolidate in the future will not receive the consolidation bonus payment.

TECHNICAL NOTES:


DAVID LEWIS, BUDGET DIRECTOR DATE 12-14
Office of Budget and Program Planning

 12-14-93
TERRY KLAMPE, PRIMARY SPONSOR DATE
Fiscal Note for SB0046, as introduced

SB 46

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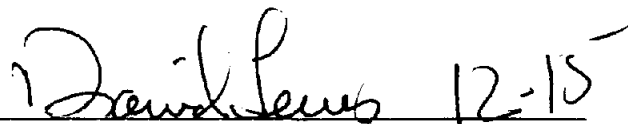
1. Two elementary districts (Hardin and Cayuse Prairie) will qualify for a total of \$51,333 in consolidation bonus payments in fiscal 1995. Both of these districts will be in the third year of a three year entitlement in fiscal 1995.
2. Senate Bill 46 proposes to eliminate the consolidation bonus payment as of July 1, 1994. However, the two districts that have already qualified for consolidation bonus payments will receive the payments in fiscal 1995.

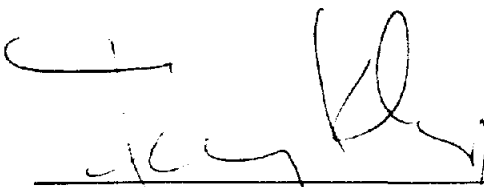
FISCAL IMPACT: No fiscal impact for the 1995 biennium.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION: Any districts that consolidate or annex in the future will not receive the consolidation bonus payment.

TECHNICAL NOTES:


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


TERRY KLAMPE, PRIMARY SPONSOR DATE
Fiscal Note for SB0046, revised
SB 46-#2

APPROVED BY COMM. ON EDUCATION
AND CULTURAL RESOURCES

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2 INTRODUCED BY Klampe
3

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18 **Section 2.** Section 17-7-502, MCA, is amended to read:

19 "17-7-502. Statutory appropriations -- definition --
20 **requisites for validity.** (1) A statutory appropriation is an
21 appropriation made by permanent law that authorizes spending
22 by a state agency without the need for a biennial
23 legislative appropriation or budget amendment.

24 (2) Except as provided in subsection (4), to be
25 effective, a statutory appropriation must comply with both

1 of the following provisions:

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3 listed in subsection (3).

4 (b) The law or portion of the law making a statutory
5 appropriation must specifically state that a statutory
6 appropriation is made as provided in this section.

7 (3) The following laws are the only laws containing
8 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
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25 85-1-220; 85-2-707; 90-3-301; 90-4-215; 90-6-331; 90-7-220;

90-9-306; and 90-14-107.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for supplemental benefit; and pursuant to sec. 15, Ch. 534, L. 1993, the inclusion of 90-14-107 terminates July 1, 1995.)"

Section 3. 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 20-9-308.

~~(4) 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 4. Section 20-9-104, MCA, is amended to read:

"20-9-104. General fund operating reserve. (1) At the end of each school fiscal year, the trustees of each

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

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

13 (3) Excess reserves as provided in subsection (5) may
14 be appropriated to reduce the BASE budget levy, the
15 over-BASE budget levy, or the additional levy provided by
16 20-9-353, except that districts with a balance on June 30,
17 1993, in the excess reserve account for Public Law 81-874
18 funds shall transfer the June 30, 1993, balance to the
19 impact aid fund established in 20-9-514.

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

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

1 the limitation of subsection (1) does not apply when the
2 amount in excess of the limitation is equal to or less than
3 ~~one-or-more-of-the-following:~~

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

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8 result of a tax audit by the department of revenue or its
9 agents; and

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11 year; ~~or~~

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13 ~~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 NEW SECTION. Section 5. Saving clause. [This act] does
18 not affect the rights and duties that matured before [the
19 effective date of this act] and does not affect the right to
20 payment of any school district that qualified for bonus
21 payments under the provisions of 20-6-401 through 20-6-408
22 before [the effective date of this act].

23 NEW SECTION. Section 6. Effective date. [This act] is
24 effective July 1, 1994.

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1 90-9-306; and 90-14-107.

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3 principal, interest, premiums, and costs of issuing, paying,
4 and securing all bonds, notes, or other obligations, as due,
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6 Montana. Agencies that have entered into agreements
7 authorized by the laws of Montana to pay the state
8 treasurer, for deposit in accordance with 17-2-101 through
9 17-2-107, as determined by the state treasurer, an amount
10 sufficient to pay the principal and interest as due on the
11 bonds or notes have statutory appropriation authority for
12 the payments. (In subsection (3): pursuant to sec. 7, Ch.
13 567, L. 1991, the inclusion of 19-6-709 terminates upon
14 death of last recipient eligible for supplemental benefit;
15 and pursuant to sec. 15, Ch. 534, L. 1993, the inclusion of
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1 school district;

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

6 (c) the county treasurer shall transfer all
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8 elementary district to the similar funds established for the
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23 **Section 4.** Section 20-9-104, MCA, is amended to read:

24 "20-9-104. General fund operating reserve. (1) At the
25 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) 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 BASE budget levy, the over-BASE budget levy, or the additional levy provided by 20-9-353, except that districts with a balance on June 30, 1993, in the excess reserve account for Public Law 81-874 funds shall transfer the June 30, 1993, balance to the impact aid fund established in 20-9-514.

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

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

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:

(a) the unused balance of any amount received:

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

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

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

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

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

NEW SECTION. Section 5. Saving clause. [This act] does not affect the rights and duties that matured before [the effective date of this act] and does not affect the right to payment of any school district that qualified for bonus payments under the provisions of 20-6-401 through 20-6-408 before [the effective date of this act].

NEW SECTION. Section 6. Effective date. [This act] is effective July 1, 1994.

-End-

1 SENATE BILL NO. 46
2 INTRODUCED BY KLAMPE
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE
5 VOLUNTARY CONSOLIDATION AND ANNEXATION INCENTIVE PLAN FOR
6 SCHOOL DISTRICTS; ELIMINATING STATE FINANCIAL ASSISTANCE
7 THROUGH GENERAL BONUS PAYMENTS AND TRANSPORTATION BONUS
8 PAYMENTS TO SCHOOL DISTRICTS THAT CONSOLIDATE OR ANNEX;
9 AMENDING SECTIONS 17-7-502, 20-6-703, AND 20-9-104, MCA;
10 REPEALING SECTIONS 20-6-401, 20-6-402, 20-6-403, 20-6-404,
11 20-6-405, 20-6-406, 20-6-407, AND 20-6-408, MCA; AND
12 PROVIDING AN EFFECTIVE DATE."
13
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
15 NEW SECTION. **Section 1.** Repealer. Sections 20-6-401,
16 20-6-402, 20-6-403, 20-6-404, 20-6-405, 20-6-406, 20-6-407,
17 and 20-6-408, MCA, are repealed.
18 **Section 2.** Section 17-7-502, MCA, is amended to read:
19 "17-7-502. Statutory appropriations -- definition --
20 requisites for validity. (1) A statutory appropriation is an
21 appropriation made by permanent law that authorizes spending
22 by a state agency without the need for a biennial
23 legislative appropriation or budget amendment.
24 (2) Except as provided in subsection (4), to be
25 effective, a statutory appropriation must comply with both

1 of the following provisions:
2 (a) The law containing the statutory authority must be
3 listed in subsection (3).
4 (b) The law or portion of the law making a statutory
5 appropriation must specifically state that a statutory
6 appropriation is made as provided in this section.
7 (3) The following laws are the only laws containing
8 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
9 3-5-901; 5-13-403; 10-3-203; 10-3-312; 10-3-314; 10-4-301;
10 15-1-111; 15-23-706; 15-25-123; 15-31-702; 15-36-112;
11 15-37-117; 15-38-202; 15-65-121; 16-1-404; 16-1-410;
12 16-1-411; 17-3-106; 17-3-212; 17-5-404; 17-5-424; 17-5-704;
13 17-5-804; 17-6-101; 17-6-201; 17-6-409; 17-7-304; 18-11-112;
14 19-2-502; 19-6-709; 19-9-1007; 19-15-101; 19-17-301;
15 19-18-512; 19-18-513; 19-18-606; 19-19-205; 19-19-305;
16 19-19-506; 20-4-109; ~~20-6-406~~; 20-8-111; 20-9-361;
17 20-26-1403; 20-26-1503; 23-2-823; 23-5-136; 23-5-306;
18 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402;
19 27-12-206; 32-1-537; 37-43-204; 37-51-501; 39-71-503;
20 39-71-907; 39-71-2321; 39-71-2504; 44-12-206; 44-13-102;
21 50-5-232; 50-40-206; 53-6-150; 53-24-206; 60-2-220;
22 61-2-107; 67-3-205; 75-1-1101; 75-5-507; 75-5-1108;
23 75-11-313; 76-12-123; 77-1-808; 80-2-103; 80-2-222;
24 80-4-416; 80-11-310; 81-5-111; 82-11-136; 82-11-161;
25 85-1-220; 85-2-707; 90-3-301; 90-4-215; 90-6-331; 90-7-220;

90-9-306; and 90-14-107.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for supplemental benefit; and pursuant to sec. 15, Ch. 534, L. 1993, the inclusion of 90-14-107 terminates July 1, 1995.)"

Section 3. 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 20-9-308.

~~(4) 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 4. Section 20-9-104, MCA, is amended to read:

"20-9-104. 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) 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 BASE budget levy, the over-BASE budget levy, or the additional levy provided by 20-9-353, except that districts with a balance on June 30, 1993, in the excess reserve account for Public Law 81-874 funds shall transfer the June 30, 1993, balance to the impact aid fund established in 20-9-514.

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

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

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:~~

~~(a)~~ the unused balance of any amount received:

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

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

~~(i)(c)~~ in delinquent taxes from a prior school fiscal year; or

~~(b) any amount received as a general bonus payment under 20-6-401.~~

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

NEW SECTION. **Section 5. Saving clause.** [This act] does not affect the rights and duties that matured before [the effective date of this act] and does not affect the right to payment of any school district that qualified for bonus payments under the provisions of 20-6-401 through 20-6-408 before [the effective date of this act].

NEW SECTION. **Section 6. Effective date.** [This act] is effective July 1, 1994.

-End-