

1 reimbursement for school facilities under the provisions of 20-9-366 through 20-9-369 and 20-9-370;

2 (b) based on the limitation of state equalization aid ~~available~~ appropriated for debt service purposes
3 ~~in this subsection (2)~~, determining the ~~percentage of state equalization aid~~ state advance for school facilities
4 and the proportionate share of state reimbursement for school facilities that each eligible district must
5 receive for the school fiscal year; and

6 (c) distributing that amount by May 31 of each school fiscal year to each eligible district for
7 reducing the property tax for the debt service fund for the ensuing school fiscal year; ~~and~~

8 ~~(d) at the end of the school fiscal year ending June 30, 1994, determining whether there is an~~
9 ~~unused portion of the amount of state equalization aid appropriated in this subsection (2) to be carried into~~
10 ~~the next school fiscal year for the purposes of this subsection (2);~~

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

14 (4) keeping a record of the full and complete data concerning money available for state equalization
15 aid, state advances for county equalization, and the entitlements for BASE aid of the districts of the state;

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

18 (6) reporting to the office of budget and program planning as provided in 17-7-111:

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

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

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

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

24 (e) the amount of state advances and repayment for county equalization."
25

26 **Section 2.** Section 20-9-367, MCA, is amended to read:

27 **"20-9-367. Eligibility to receive guaranteed tax base aid or state advance or reimbursement for**
28 **school facilities.** (1) If the district guaranteed tax base ratio of any elementary or high school district is less
29 than the corresponding statewide elementary or high school guaranteed tax base ratio, the district may
30 receive guaranteed tax base aid based on the number of mills levied in the district in support of up to 40%

1 of the basic entitlement, up to 40% of the total per-ANB entitlement, and up to 40% of the special
2 education allowable cost payment budgeted within the general fund budget.

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

8 (3) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or
9 the district mill value per high school ANB is less than the corresponding statewide mill value per
10 elementary ANB or statewide mill value per high school ANB, the district may receive ~~guaranteed tax base~~
11 ~~aid based on the number of mills levied~~ a state advance or reimbursement for school facilities in support
12 of the debt service fund."
13

14 **Section 3.** Section 20-9-369, MCA, is amended to read:

15 **"20-9-369. Duties of superintendent of public instruction and department of revenue.** (1) The
16 superintendent of public instruction shall administer the distribution of guaranteed tax base aid by:

17 (a) providing each school district and county superintendent, by March 1 of each year, with the
18 preliminary statewide and district guaranteed tax base ratios and, by May 1 of each year, with the final
19 statewide and district guaranteed tax base ratios, for use in calculating the guaranteed tax base aid
20 available for the ensuing school fiscal year;

21 (b) providing each school district and county superintendent, by March 1 of each year, with the
22 preliminary statewide, county, and district mill values per ANB and, by May 1 of each year, with the final
23 statewide, county, and district mill values per ANB, for use in calculating the guaranteed tax base aid and
24 state advance and reimbursement for school facilities available to counties and districts for the ensuing
25 school fiscal year;

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

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

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

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

4 (3) The department of revenue shall provide the superintendent of public instruction by December
5 1 of each year a final determination of the taxable value of property within each school district and county
6 of the state reported to the department of revenue based on information delivered to the county clerk and
7 recorder as required in 15-10-305.

8 (4) ~~For the purposes of implementing 20-9-366 through 20-9-368 and this section for the school~~
9 ~~fiscal year beginning July 1, 1993, the superintendent of public instruction shall estimate the direct state~~
10 ~~aid for a district for the school fiscal year beginning July 1, 1993, in order to calculate the district and~~
11 ~~statewide guaranteed tax base ratios for that school fiscal year. For succeeding school fiscal years, the~~ The
12 superintendent of public instruction shall calculate the district and statewide guaranteed tax base ratios by
13 applying the prior year's direct state aid payment."

14
15 **Section 4.** Section 20-9-370, MCA, is amended to read:

16 "**20-9-370. Definitions.** As used in this title, unless the context clearly indicates otherwise, the
17 following definitions apply:

18 (1) "School facility entitlement" means:

- 19 (a) \$220 per ANB for an elementary school district;
20 (b) \$330 per ANB for a high school district; or
21 (c) \$270 per ANB for an approved and accredited junior high school or middle school.

22 (2) "State advance for school facilities" is the amount of state equalization aid distributed to an
23 eligible district to pay the debt service obligation for a bond in the first school fiscal year in which a debt
24 service payment is due for the bond.

25 ~~(2)(3)~~ (3) "State reimbursement for school facilities" means the amount of state equalization aid
26 distributed to a district that:

27 (a) ~~is eligible for guaranteed tax base aid under the provisions of 20-9-366 through 20-9-369~~ has
28 a district mill value per elementary ANB that is less than the corresponding statewide mill value per
29 elementary ANB or a district mill value per high school ANB that is less than the corresponding statewide
30 mill value per high school ANB; and

1 (b) ~~(i) for the school fiscal years beginning July 1, 1993, and July 1, 1994, has outstanding bonded~~
 2 ~~indebtedness~~ has a debt service obligation in the ensuing school year on bonds for which the original issue
 3 was sold ~~sold in the debt service fund of the district~~ after July 1, 1991;

4 ~~(ii) for the school fiscal year beginning July 1, 1995, and for succeeding school fiscal years, has~~
 5 ~~outstanding bonded indebtedness on bonds sold in [and payable from] the debt service fund of the district~~
 6 ~~in any year.~~

7 ~~(3)(4)~~ "Total school facility entitlement" means the school facility entitlement times the total ANB
 8 for the district."

9

10 **Section 5.** Section 20-9-371, MCA, is amended to read:

11 **"20-9-371. Calculation and uses of school facility entitlement amount.** (1) The state reimbursement
 12 for school facilities for a district is the percentage determined in 20-9-346(2)(b) times (1-(district mill value
 13 per ANB/statewide mill value per ANB)) times the lesser of the total school facility entitlement calculated
 14 under the provisions of 20-9-370 or the district's current year debt service obligations on bonds that qualify
 15 under the provisions of 20-9-370~~(2)(b)(i) or (2)(b)(ii)~~(3).

16 (2) The state advance for school facilities for a district is determined as follows:

17 (a) Calculate the percentage of the district's debt service payment that will be advanced by the
 18 state using the district ANB, the district mill value and the statewide mill value for the current year, and the
 19 percentage used to determine the proportionate share of state reimbursement for school facilities in the
 20 prior year.

21 (b) Multiply the percentage determined in subsection (2)(a) by the lesser of the total school facility
 22 entitlement calculated under the provisions of 20-9-370 or the district's current year debt service obligation
 23 for bonds to which the state advance applies.

24 (3) Within the available appropriation, the superintendent of public instruction shall first distribute
 25 to eligible districts the state advance for school facilities. From the remaining appropriation, the
 26 superintendent shall distribute to eligible districts the state reimbursement for school facilities.

27 ~~(2) For the school fiscal years beginning July 1, 1993, and July 1, 1994, the~~

28 (4) The trustees of a district may apply the state reimbursement for school facilities to reduce the
 29 levy requirement in the ensuing school fiscal year for all outstanding bonded indebtedness on bonds sold
 30 in the debt service fund of the district after July 1, 1991. The trustees may apply the state advance for

1 school facilities to reduce the levy requirement in the current school fiscal year for debt service payments
 2 on bonds to which the state advance for school facilities applies.

3 ~~(3) For the school fiscal year beginning July 1, 1995, and for succeeding school fiscal years, the~~
 4 ~~trustees of a district may apply the state reimbursement for school facilities to reduce the levy requirement~~
 5 ~~of all bonded indebtedness in the district debt service fund."~~

6

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

8 **"20-9-406. Limitations on amount of bond issue.** (1) (a) Except as provided in subsection (1)(c),
 9 the maximum amount for which an elementary district or a high school district may become indebted by
 10 the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and
 11 registered warrants, is 45% of the taxable value of the property subject to taxation as ascertained by the
 12 ~~last completed~~ last-completed assessment for state, county, and school taxes previous to the incurring of
 13 the indebtedness.

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

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

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

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

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

11
 12 **Section 7.** Section 20-9-422, MCA, is amended to read:

13 **"20-9-422. Additional requirements for trustees' resolution calling bond election.** (1) In addition
 14 to the requirements for calling an election that are prescribed in 20-20-201 and 20-20-203, the trustees'
 15 resolution calling a school district bond election ~~shall~~ must:

16 ~~(1)(a)~~ (a) fix the exact amount of the bonds proposed to be issued, which may be more or less than
 17 the amounts estimated in a petition;

18 ~~(2)(b)~~ (b) fix the maximum number of years in which the proposed bonds would be paid; ~~and~~

19 ~~(3)(c)~~ (c) in the case of initiation by a petition, state the essential facts about the petition and its
 20 presentation; and

21 (d) state the amount of the state advance for school facilities estimated, pursuant to subsection
 22 (2), to be received by the district in the first school fiscal year in which a debt service payment would be
 23 due on the proposed bonds.

24 (2) Prior to the adoption of the resolution calling for a school bond election, the trustees of a
 25 district may request from the superintendent of public instruction a statement of the estimated amount of
 26 state advance for school facilities that the district will receive for debt service payments on the proposed
 27 bonds in the first school fiscal year in which a debt service payment is due. The district shall provide the
 28 superintendent with an estimate of the debt service payment due in the first school fiscal year. The
 29 superintendent shall estimate the state advance for the bond issue pursuant to 20-9-371(2)."

30

1 the provisions of 20-9-346, 20-9-370, and 20-9-371; and

2 (iv) any other money, including money from federal sources, anticipated by the trustees to be
3 available in the debt service fund during the ensuing school fiscal year from ~~such~~ sources such as legally
4 authorized money transfers into the debt service fund or from rental income, excluding any guaranteed tax
5 base aid.

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

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

12 (3) If the board of county commissioners fails in any school fiscal year to make a levy for any issue
13 or series of bonds of a school district sufficient to raise the money necessary for payment of interest and
14 principal becoming due during the next ensuing school fiscal year, in any amounts established under the
15 provisions of this section, the holder of any bond of the issue or series or any taxpayer of the district may
16 apply to the district court of the county in which the school district is located for a writ of mandate to
17 compel the board of county commissioners of the county to make a sufficient levy for ~~such~~ payment
18 purposes. If, upon the hearing of the application, it appears to the satisfaction of the court that the board
19 of county commissioners of the county has failed to make a levy or has made a levy that is insufficient to
20 raise the amount required to be raised as established in the manner provided in this section, the court shall
21 determine the amount of the deficiency and shall issue a writ of mandate directed to and requiring the board
22 of county commissioners, at the next meeting for the purpose of fixing tax levies for county purposes, to
23 fix and make a levy against all taxable property in the school district that is sufficient to raise the amount
24 of the deficiency. The levy is in addition to any levy required to be made at that time for the ensuing school
25 fiscal year. Any costs that may be allowed or awarded the petitioner in the proceeding must be paid by the
26 members of the board of county commissioners and may not be a charge against the school district or the
27 county."

28
29 **NEW SECTION. Section 10. Appropriation.** There is appropriated from the state equalization aid
30 account \$1.5 million for the school fiscal year ending June 30, 1996, and \$2 million for the school fiscal

1 year ending June 30, 1997, to pay for state advances and reimbursements for school facilities.

2

3 NEW SECTION. **Section 11. Effective date.** [This act] is effective July 1, 1995.

4

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0416, as introduced

DESCRIPTION OF PROPOSED LEGISLATION: An act appropriating \$1.5 million for the school fiscal year ending June 30, 1996, and \$2 million for the school fiscal year ending June 30, 1997, to pay state advances and reimbursements for school facilities; limiting the eligibility for a state reimbursement for school facilities to a district having outstanding bonded indebtedness on bonds sold after July 1, 1991; providing a state advance for school facilities in the first school fiscal year in which a debt service payment is due;

ASSUMPTIONS:

1. Under existing statute, all districts that have outstanding bonded indebtedness and that have a district mill value less than the statewide average would be eligible for a state reimbursement for school facilities as of July 1, 1995.
2. In FY95 state reimbursements for school facilities will be prorated at 76 percent of maximum eligibility.
3. Under current law, 136 school districts would be eligible for a state reimbursement for school facilities in FY96.
4. Another 10 districts are expected to sell bonds and qualify for a state reimbursement during the 1997 biennium.
5. If all 146 eligible district were reimbursed their maximum entitlement in the 1997 biennium the state reimbursement would total approximately \$24.9 million.
6. HB 416 continues the limitation for state reimbursement for school facilities to the 20 districts which have sold general obligation bonds since July 1, 1991 plus any districts which sell bonds in the next two years which are eligible for state reimbursement for school facilities, that is districts which have a district mill value that is less than the statewide average.
7. HB 416 appropriates \$1.5 million for FY96 and \$2 million for FY97 for state reimbursements for school facilities.
8. Under HB 416, If districts receive voter approval for approximately \$10 million of additional bonded debt each year and the state GTB percentage continues to average 30 percent it is estimated that the appropriations proposed in HB 416 will be adequate to continue reimbursements pro-rated at the current 76 percent rate.

FISCAL IMPACT: State expenditures for state payments for school facilities will increase by \$.5 million in FY96 and \$1 million for FY97 for a total of \$1.5 million for the 1997 biennium.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local property taxes will be reduced by \$1.5 million in FY96 and \$2 million in FY 97 in those districts that qualify for the school facility reimbursement.

David Lewis 2-11-95
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Jeannette Mckee 2/12/95
JEANNETTE MCKEE, PRIMARY SPONSOR DATE

Fiscal Note for HB0416, as introduced

HB 416

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The increases in state funding for school facilities proposed in this bill help to maintain the state's share of school funding and helps to equalize the variation in property tax effort required among school districts to construct school facilities.

1 HOUSE BILL NO. 416

2 INTRODUCED BY MCKEE, SWANSON, PECK, KADAS, COCCHIARELLA, EWER, HAGENER,
3 WATERMAN, BROWN, STANG

4 BY REQUEST OF THE OFFICE OF PUBLIC INSTRUCTION AND THE GOVERNOR

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING \$1.5 MILLION FOR THE SCHOOL FISCAL YEAR
7 ENDING JUNE 30, 1996, AND \$2 MILLION FOR THE SCHOOL FISCAL YEAR ENDING JUNE 30, 1997, TO
8 PAY STATE ADVANCES AND REIMBURSEMENTS FOR SCHOOL FACILITIES; LIMITING THE ELIGIBILITY
9 FOR A STATE REIMBURSEMENT FOR SCHOOL FACILITIES TO A DISTRICT HAVING OUTSTANDING
10 BONDED INDEBTEDNESS ON BONDS SOLD AFTER JULY 1, 1991; PROVIDING A STATE ADVANCE FOR
11 SCHOOL FACILITIES IN THE FIRST SCHOOL FISCAL YEAR IN WHICH A DEBT SERVICE PAYMENT IS DUE;
12 AMENDING SECTIONS 20-9-346, 20-9-367, 20-9-369, 20-9-370, 20-9-371, 20-9-406, 20-9-422,
13 ~~20-9-426~~, AND 20-9-439, MCA; AND PROVIDING AN EFFECTIVE DATE."

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16
17 **Section 1.** Section 20-9-346, MCA, is amended to read:

18 **"20-9-346. Duties of superintendent of public instruction for state and county equalization aid**
19 **distribution.** The superintendent of public instruction shall administer the distribution of the state and county
20 equalization aid by:

21 (1) establishing the annual entitlement of each district and county to state and county equalization
22 aid, based on the data reported in the retirement ~~and~~ general fund, and debt service fund budgets for each
23 district that have been ~~duly~~ adopted for the current school fiscal year and verified by the superintendent
24 of public instruction;

25 (2) for the purposes of state advances and reimbursements for school facilities, limiting the
26 distribution from the state equalization aid account to no more than ~~\$1 million~~ the amount appropriated for
27 the school fiscal year ~~ending June 30, 1994, and to no more than \$2 million for the biennium ending June~~
28 ~~30, 1995~~, to the districts that are eligible under the provisions of 20-9-366 through 20-9-371 by:

29 (a) determining ~~by May 1 of each school fiscal year the number of mills levied~~ the debt service
30 payment obligation in each district for debt service on bonds that were ~~issued~~ sold as provided in

1 ~~20-9-370(2)(b)(i) or (2)(b)(ii) and (3)~~ that qualify for ~~guaranteed tax base aid~~ a state advance or
 2 reimbursement for school facilities under the provisions of 20-9-366 through 20-9-369 and 20-9-370;

3 (b) based on the limitation of state equalization aid ~~available~~ appropriated for debt service purposes
 4 ~~in this subsection (2), determining the percentage of state equalization aid~~ state advance for school facilities
 5 and the proportionate share of state reimbursement for school facilities that each eligible district must
 6 receive for the school fiscal year; and

7 (c) distributing that amount by May 31 of each school fiscal year to each eligible district for
 8 reducing the property tax for the debt service fund for the ensuing school fiscal year; ~~and~~

9 ~~(d) at the end of the school fiscal year ending June 30, 1994, determining whether there is an~~
 10 ~~unused portion of the amount of state equalization aid appropriated in this subsection (2) to be carried into~~
 11 ~~the next school fiscal year for the purposes of this subsection (2);~~

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

15 (4) keeping a record of the full and complete data concerning money available for state equalization
 16 aid, state advances for county equalization, and the entitlements for BASE aid of the districts of the state;

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

19 (6) reporting to the office of budget and program planning as provided in 17-7-111:

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

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

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

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

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

26
 27 **Section 2.** Section 20-9-367, MCA, is amended to read:

28 **"20-9-367. Eligibility to receive guaranteed tax base aid or state advance or reimbursement for**
 29 **school facilities.** (1) If the district guaranteed tax base ratio of any elementary or high school district is less
 30 than the corresponding statewide elementary or high school guaranteed tax base ratio, the district may

1 receive guaranteed tax base aid based on the number of mills levied in the district in support of up to 40%
2 of the basic entitlement, up to 40% of the total per-ANB entitlement, and up to 40% of the special
3 education allowable cost payment budgeted within the general fund budget.

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

9 (3) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or
10 the district mill value per high school ANB is less than the corresponding statewide mill value per
11 elementary ANB or statewide mill value per high school ANB, the district may receive ~~guaranteed tax base~~
12 ~~aid based on the number of mills levied~~ a state advance or reimbursement for school facilities in support
13 of the debt service fund."
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15 **Section 3.** Section 20-9-369, MCA, is amended to read:

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

18 (a) providing each school district and county superintendent, by March 1 of each year, with the
19 preliminary statewide and district guaranteed tax base ratios and, by May 1 of each year, with the final
20 statewide and district guaranteed tax base ratios, for use in calculating the guaranteed tax base aid
21 available for the ensuing school fiscal year;

22 (b) providing each school district and county superintendent, by March 1 of each year, with the
23 preliminary statewide, county, and district mill values per ANB and, by May 1 of each year, with the final
24 statewide, county, and district mill values per ANB, for use in calculating the guaranteed tax base aid and
25 state advance and reimbursement for school facilities available to counties and districts for the ensuing
26 school fiscal year;

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

30 (d) keeping a record of the complete data concerning appropriations available for guaranteed tax

1 base aid and the entitlements for the aid of the counties and districts that qualify;

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

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

5 (3) The department of revenue shall provide the superintendent of public instruction by December
6 1 of each year a final determination of the taxable value of property within each school district and county
7 of the state reported to the department of revenue based on information delivered to the county clerk and
8 recorder as required in 15-10-305.

9 (4) ~~For the purposes of implementing 20-9-366 through 20-9-368 and this section for the school~~
10 ~~fiscal year beginning July 1, 1993, the superintendent of public instruction shall estimate the direct state~~
11 ~~aid for a district for the school fiscal year beginning July 1, 1993, in order to calculate the district and~~
12 ~~statewide guaranteed tax base ratios for that school fiscal year. For succeeding school fiscal years, the~~ The
13 superintendent of public instruction shall calculate the district and statewide guaranteed tax base ratios by
14 applying the prior year's direct state aid payment."

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16 **Section 4.** Section 20-9-370, MCA, is amended to read:

17 **"20-9-370. Definitions.** As used in this title, unless the context clearly indicates otherwise, the
18 following definitions apply:

19 (1) "School facility entitlement" means:

- 20 (a) \$220 per ANB for an elementary school district;
- 21 (b) \$330 per ANB for a high school district; or
- 22 (c) \$270 per ANB for an approved and accredited junior high school or middle school.

23 (2) "State advance for school facilities" is the amount of state equalization aid distributed to an
24 eligible district to pay the debt service obligation for a bond in the first school fiscal year in which a debt
25 service payment is due for the bond.

26 ~~(2)(3)~~ (3) "State reimbursement for school facilities" means the amount of state equalization aid
27 distributed to a district that:

- 28 (a) ~~is eligible for guaranteed tax base aid under the provisions of 20-9-366 through 20-9-369~~ has
29 a district mill value per elementary ANB that is less than the corresponding statewide mill value per
30 elementary ANB or a district mill value per high school ANB that is less than the corresponding statewide

1 mill value per high school ANB; and

2 (b) ~~(i) for the school fiscal years beginning July 1, 1993, and July 1, 1994, has outstanding bonded~~
 3 ~~indebtedness has a debt service obligation in the ensuing school year on bonds for which the original issue~~
 4 ~~was sold sold in the debt service fund of the district after July 1, 1991;~~

5 ~~(ii) for the school fiscal year beginning July 1, 1995, and for succeeding school fiscal years, has~~
 6 ~~outstanding bonded indebtedness on bonds sold in (and payable from) the debt service fund of the district~~
 7 ~~in any year.~~

8 ~~(3)(4)~~ "Total school facility entitlement" means the school facility entitlement times the total ANB
 9 for the district."

10

11 **Section 5.** Section 20-9-371, MCA, is amended to read:

12 **"20-9-371. Calculation and uses of school facility entitlement amount.** (1) The state reimbursement
 13 for school facilities for a district is the percentage determined in 20-9-346(2)(b) times (1-(district mill value
 14 per ANB/statewide mill value per ANB)) times the lesser of the total school facility entitlement calculated
 15 under the provisions of 20-9-370 or the district's current year debt service obligations on bonds that qualify
 16 under the provisions of 20-9-370~~(2)(b)(i) or (2)(b)(ii)~~(3).

17 (2) The state advance for school facilities for a district is determined as follows:

18 (a) Calculate the percentage of the district's debt service payment that will be advanced by the
 19 state using the district ANB, the district mill value and the statewide mill value for the current year, and the
 20 percentage used to determine the proportionate share of state reimbursement for school facilities in the
 21 prior year.

22 (b) Multiply the percentage determined in subsection (2)(a) by the lesser of the total school facility
 23 entitlement calculated under the provisions of 20-9-370 or the district's current year debt service obligation
 24 for bonds to which the state advance applies.

25 (3) Within the available appropriation, the superintendent of public instruction shall first distribute
 26 to eligible districts the state advance for school facilities. From the remaining appropriation, the
 27 superintendent shall distribute to eligible districts the state reimbursement for school facilities.

28 ~~(2) For the school fiscal years beginning July 1, 1993, and July 1, 1994, the~~

29 (4) The trustees of a district may apply the state reimbursement for school facilities to reduce the
 30 levy requirement in the ensuing school fiscal year for all outstanding bonded indebtedness on bonds sold

1 in the debt service fund of the district after July 1, 1991. The trustees may apply the state advance for
 2 school facilities to reduce the levy requirement in the current school fiscal year for debt service payments
 3 on bonds to which the state advance for school facilities applies.

4 ~~(3) For the school fiscal year beginning July 1, 1995, and for succeeding school fiscal years, the~~
 5 ~~trustees of a district may apply the state reimbursement for school facilities to reduce the levy requirement~~
 6 ~~of all bonded indebtedness in the district debt service fund."~~

7

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

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

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

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

1 times 1,000 times the high school ANB of the district.

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

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

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

13 **Section 7.** Section 20-9-422, MCA, is amended to read:

14 **"20-9-422. Additional requirements for trustees' resolution calling bond election.** (1) In addition
15 to the requirements for calling an election that are prescribed in 20-20-201 and 20-20-203, the trustees'
16 resolution calling a school district bond election ~~shall~~ must:

17 ~~(1)(a)~~ (a) fix the exact amount of the bonds proposed to be issued, which may be more or less than
18 the amounts estimated in a petition;

19 ~~(2)(b)~~ (b) fix the maximum number of years in which the proposed bonds would be paid; ~~and~~

20 ~~(3)(c)~~ (c) in the case of initiation by a petition, state the essential facts about the petition and its
21 presentation; and

22 (d) state the amount of the state advance for school facilities estimated, pursuant to subsection
23 (2), to be received by the district in the first school fiscal year in which a debt service payment would be
24 due on the proposed bonds.

25 (2) Prior to the adoption of the resolution calling for a school bond election, the trustees of a
26 district may request from the superintendent of public instruction a statement of the estimated amount of
27 state advance for school facilities that the district will receive for debt service payments on the proposed
28 bonds in the first school fiscal year in which a debt service payment is due. The district shall provide the
29 superintendent with an estimate of the debt service payment due in the first school fiscal year. The
30 superintendent shall estimate the state advance for the bond issue pursuant to 20-9-371(2)."

1 ~~Section 8. Section 20-9-426, MCA, is amended to read:~~

2 ~~"20-9-426. Preparation and form of ballots for bond election. (1) The school district shall cause~~
3 ~~ballots to be prepared for all bond elections, and whenever bonds for more than one purpose are to be~~
4 ~~voted upon at the same election, separate ballots shall must be prepared for each purpose. All such ballots~~
5 ~~shall must be substantially in the following form:~~

6 ~~OFFICIAL BALLOT SCHOOL DISTRICT BOND ELECTION~~

7 ~~INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words~~
8 ~~"BONDS YES" if you wish to vote for the bond issue; if you are opposed to the bond issue, make an X~~
9 ~~or similar mark in the square before the words "BONDS NO".~~

10 ~~Shall the board of trustees be authorized to issue and sell bonds of this school district in the amount~~
11 ~~of dollars (\$....), bearing interest at a rate not more than percent (....%) per annum a year, payable~~
12 ~~semiannually, during a period not more than years, levying approximately mills in the first year, for~~
13 ~~the purpose (here state the purpose the same way as in the notice of election)?~~

14 ~~BONDS YES.~~

15 ~~BONDS NO.~~

16 ~~(2) When preparing an estimate of the mills necessary to meet the debt service payment in the first~~
17 ~~year after the bonds are sold, the trustees of a district shall use the estimate of state advance for school~~
18 ~~facilities provided by the superintendent of public instruction under the provisions of 20-9-422(2)."~~

20 **Section 8.** Section 20-9-439, MCA, is amended to read:

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

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

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

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

30 (iii) any state ~~reimbursement~~ advance for school facilities distributed to a qualified district under

1 the provisions of 20-9-346, 20-9-370, and 20-9-371; and

2 (iv) any other money, including money from federal sources, anticipated by the trustees to be
3 available in the debt service fund during the ensuing school fiscal year from ~~such~~ sources such as legally
4 authorized money transfers into the debt service fund or from rental income, excluding any guaranteed tax
5 base aid.

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

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

12 (3) If the board of county commissioners fails in any school fiscal year to make a levy for any issue
13 or series of bonds of a school district sufficient to raise the money necessary for payment of interest and
14 principal becoming due during the next ensuing school fiscal year, in any amounts established under the
15 provisions of this section, the holder of any bond of the issue or series or any taxpayer of the district may
16 apply to the district court of the county in which the school district is located for a writ of mandate to
17 compel the board of county commissioners of the county to make a sufficient levy for ~~such~~ payment
18 purposes. If, upon the hearing of the application, it appears to the satisfaction of the court that the board
19 of county commissioners of the county has failed to make a levy or has made a levy that is insufficient to
20 raise the amount required to be raised as established in the manner provided in this section, the court shall
21 determine the amount of the deficiency and shall issue a writ of mandate directed to and requiring the board
22 of county commissioners, at the next meeting for the purpose of fixing tax levies for county purposes, to
23 fix and make a levy against all taxable property in the school district that is sufficient to raise the amount
24 of the deficiency. The levy is in addition to any levy required to be made at that time for the ensuing school
25 fiscal year. Any costs that may be allowed or awarded the petitioner in the proceeding must be paid by the
26 members of the board of county commissioners and may not be a charge against the school district or the
27 county."

28
29 **NEW SECTION. Section 9. Appropriation.** There is appropriated TO THE OFFICE OF PUBLIC
30 INSTRUCTION from the state equalization aid account \$1.5 million for the school fiscal year ending June

1 30, 1996, and \$2 million for the school fiscal year ending June 30, 1997, to pay for state advances and
2 reimbursements for school facilities.

3

4 NEW SECTION. **Section 10. Effective date.** [This act] is effective July 1, 1995.

5

-END-

1 HOUSE BILL NO. 416

2 INTRODUCED BY MCKEE, SWANSON, PECK, KADAS, COCCHIARELLA, EWER, HAGENER,
3 WATERMAN, BROWN, STANG

4 BY REQUEST OF THE OFFICE OF PUBLIC INSTRUCTION AND THE GOVERNOR

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING \$1.5 MILLION FOR THE SCHOOL FISCAL YEAR
7 ENDING JUNE 30, 1996, AND \$2 MILLION FOR THE SCHOOL FISCAL YEAR ENDING JUNE 30, 1997, TO
8 PAY STATE ADVANCES AND REIMBURSEMENTS FOR SCHOOL FACILITIES; LIMITING THE ELIGIBILITY
9 FOR A STATE REIMBURSEMENT FOR SCHOOL FACILITIES TO A DISTRICT HAVING OUTSTANDING
10 BONDED INDEBTEDNESS ON BONDS SOLD AFTER JULY 1, 1991; PROVIDING A STATE ADVANCE FOR
11 SCHOOL FACILITIES IN THE FIRST SCHOOL FISCAL YEAR IN WHICH A DEBT SERVICE PAYMENT IS DUE;
12 AMENDING SECTIONS 20-9-346, 20-9-367, 20-9-369, 20-9-370, 20-9-371, 20-9-406, 20-9-422,
13 ~~20-9-426~~, AND 20-9-439, MCA; AND PROVIDING AN EFFECTIVE DATE."

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16
17 Section 1. Section 20-9-346, MCA, is amended to read:

18 "20-9-346. Duties of superintendent of public instruction for state and county equalization aid
19 distribution. The superintendent of public instruction shall administer the distribution of the state and county
20 equalization aid by:

21 (1) establishing the annual entitlement of each district and county to state and county equalization
22 aid, based on the data reported in the retirement ~~and~~ general fund, and debt service fund budgets for each
23 district that have been ~~duly~~ adopted for the current school fiscal year and verified by the superintendent
24 of public instruction;

25 (2) for the purposes of state advances and reimbursements for school facilities, limiting the
26 distribution from the state equalization aid account to no more than ~~\$1 million~~ the amount appropriated for
27 the school fiscal year ~~ending June 30, 1994, and to no more than \$2 million for the biennium ending June~~
28 ~~30, 1995~~, to the districts that are eligible under the provisions of 20-9-366 through 20-9-371 by:

29 (a) determining ~~by May 1 of each school fiscal year the number of mills levied~~ the debt service
30 payment obligation in each district for debt service on bonds that were ~~issued~~ sold as provided in

1 20-9-370(2)(b)(i) or (2)(b)(ii) and (3) that qualify for ~~guaranteed tax base aid~~ a state advance or
 2 reimbursement for school facilities under the provisions of 20-9-366 through 20-9-369 and 20-9-370;

3 (b) based on the limitation of state equalization aid ~~available~~ appropriated for debt service purposes
 4 ~~in this subsection (2), determining the percentage of state equalization aid~~ state advance for school facilities
 5 and the proportionate share of state reimbursement for school facilities that each eligible district must
 6 receive for the school fiscal year; and

7 (c) distributing that amount by May 31 of each school fiscal year to each eligible district for
 8 reducing the property tax for the debt service fund for the ensuing school fiscal year; ~~and~~

9 ~~(d) at the end of the school fiscal year ending June 30, 1994, determining whether there is an~~
 10 ~~unused portion of the amount of state equalization aid appropriated in this subsection (2) to be carried into~~
 11 ~~the next school fiscal year for the purposes of this subsection (2);~~

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

15 (4) keeping a record of the full and complete data concerning money available for state equalization
 16 aid, state advances for county equalization, and the entitlements for BASE aid of the districts of the state;

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

19 (6) reporting to the office of budget and program planning as provided in 17-7-111:

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

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

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

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

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

26

27 **Section 2.** Section 20-9-367, MCA, is amended to read:

28 **"20-9-367. Eligibility to receive guaranteed tax base aid or state advance or reimbursement for**
 29 **school facilities.** (1) If the district guaranteed tax base ratio of any elementary or high school district is less
 30 than the corresponding statewide elementary or high school guaranteed tax base ratio, the district may

1 receive guaranteed tax base aid based on the number of mills levied in the district in support of up to 40%
2 of the basic entitlement, up to 40% of the total per-ANB entitlement, and up to 40% of the special
3 education allowable cost payment budgeted within the general fund budget.

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

9 (3) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or
10 the district mill value per high school ANB is less than the corresponding statewide mill value per
11 elementary ANB or statewide mill value per high school ANB, the district may receive ~~guaranteed tax base~~
12 ~~aid based on the number of mills levied~~ a state advance or reimbursement for school facilities in support
13 of the debt service fund."
14

15 **Section 3.** Section 20-9-369, MCA, is amended to read:

16 **"20-9-369. Duties of superintendent of public instruction and department of revenue.** (1) The
17 superintendent of public instruction shall administer the distribution of guaranteed tax base aid by:

18 (a) providing each school district and county superintendent, by March 1 of each year, with the
19 preliminary statewide and district guaranteed tax base ratios and, by May 1 of each year, with the final
20 statewide and district guaranteed tax base ratios, for use in calculating the guaranteed tax base aid
21 available for the ensuing school fiscal year;

22 (b) providing each school district and county superintendent, by March 1 of each year, with the
23 preliminary statewide, county, and district mill values per ANB and, by May 1 of each year, with the final
24 statewide, county, and district mill values per ANB, for use in calculating the guaranteed tax base aid and
25 state advance and reimbursement for school facilities available to counties and districts for the ensuing
26 school fiscal year;

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

30 (d) keeping a record of the complete data concerning appropriations available for guaranteed tax

1 base aid and the entitlements for the aid of the counties and districts that qualify;

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

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

5 (3) The department of revenue shall provide the superintendent of public instruction by December
6 1 of each year a final determination of the taxable value of property within each school district and county
7 of the state reported to the department of revenue based on information delivered to the county clerk and
8 recorder as required in 15-10-305.

9 (4) ~~For the purposes of implementing 20-9-366 through 20-9-369 and this section for the school~~
10 ~~fiscal year beginning July 1, 1993, the superintendent of public instruction shall estimate the direct state~~
11 ~~aid for a district for the school fiscal year beginning July 1, 1993, in order to calculate the district and~~
12 ~~statewide guaranteed tax base ratios for that school fiscal year. For succeeding school fiscal years, the~~ The
13 superintendent of public instruction shall calculate the district and statewide guaranteed tax base ratios by
14 applying the prior year's direct state aid payment."

15

16 **Section 4.** Section 20-9-370, MCA, is amended to read:

17 "20-9-370. **Definitions.** As used in this title, unless the context clearly indicates otherwise, the
18 following definitions apply:

19 (1) "School facility entitlement" means:

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

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

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

23 (2) "State advance for school facilities" is the amount of state equalization aid distributed to an
24 eligible district to pay the debt service obligation for a bond in the first school fiscal year in which a debt
25 service payment is due for the bond.

26 ~~(2)(3)~~ (3) "State reimbursement for school facilities" means the amount of state equalization aid
27 distributed to a district that:

28 (a) is eligible for guaranteed tax base aid under the provisions of 20-9-366 through 20-9-369 has
29 a district mill value per elementary ANB that is less than the corresponding statewide mill value per
30 elementary ANB or a district mill value per high school ANB that is less than the corresponding statewide

1 mill value per high school ANB; and

2 ~~(b) (i) for the school fiscal years beginning July 1, 1993, and July 1, 1994, has outstanding bonded~~
 3 ~~indebtedness has a debt service obligation in the ensuing school year on bonds for which the original issue~~
 4 ~~was sold sold in the debt service fund of the district after July 1, 1991;~~

5 ~~(iii) for the school fiscal year beginning July 1, 1995, and for succeeding school fiscal years, has~~
 6 ~~outstanding bonded indebtedness on bonds sold in [and payable from] the debt service fund of the district~~
 7 ~~in any year.~~

8 ~~(3)(4)~~ "Total school facility entitlement" means the school facility entitlement times the total ANB
 9 for the district."

10

11 **Section 5.** Section 20-9-371, MCA, is amended to read:

12 **"20-9-371. Calculation and uses of school facility entitlement amount.** (1) The state reimbursement
 13 for school facilities for a district is the percentage determined in 20-9-346(2)(b) times (1-(district mill value
 14 per ANB/statewide mill value per ANB)) times the lesser of the total school facility entitlement calculated
 15 under the provisions of 20-9-370 or the district's current year debt service obligations on bonds that qualify
 16 under the provisions of 20-9-370~~(2)(b)(i) or (2)(b)(iii)~~(3).

17 (2) The state advance for school facilities for a district is determined as follows:

18 (a) Calculate the percentage of the district's debt service payment that will be advanced by the
 19 state using the district ANB, the district mill value and the statewide mill value for the current year, and the
 20 percentage used to determine the proportionate share of state reimbursement for school facilities in the
 21 prior year.

22 (b) Multiply the percentage determined in subsection (2)(a) by the lesser of the total school facility
 23 entitlement calculated under the provisions of 20-9-370 or the district's current year debt service obligation
 24 for bonds to which the state advance applies.

25 (3) Within the available appropriation, the superintendent of public instruction shall first distribute
 26 to eligible districts the state advance for school facilities. From the remaining appropriation, the
 27 superintendent shall distribute to eligible districts the state reimbursement for school facilities.

28 ~~(2) For the school fiscal years beginning July 1, 1993, and July 1, 1994, the~~

29 (4) The trustees of a district may apply the state reimbursement for school facilities to reduce the
 30 levy requirement in the ensuing school fiscal year for all outstanding bonded indebtedness on bonds sold

1 in the debt service fund of the district after July 1, 1991. The trustees may apply the state advance for
 2 school facilities to reduce the levy requirement in the current school fiscal year for debt service payments
 3 on bonds to which the state advance for school facilities applies.

4 ~~(3) For the school fiscal year beginning July 1, 1995, and for succeeding school fiscal years, the~~
 5 ~~trustees of a district may apply the state reimbursement for school facilities to reduce the levy requirement~~
 6 ~~of all bonded indebtedness in the district debt service fund."~~

7
 8 **Section 6.** Section 20-9-406, MCA, is amended to read:

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

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

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

1 times 1,000 times the high school ANB of the district.

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

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

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

12

13 **Section 7.** Section 20-9-422, MCA, is amended to read:

14 **"20-9-422. Additional requirements for trustees' resolution calling bond election.** (1) In addition
15 to the requirements for calling an election that are prescribed in 20-20-201 and 20-20-203, the trustees'
16 resolution calling a school district bond election ~~shall~~ must:

17 ~~(1)(a)~~ (a) fix the exact amount of the bonds proposed to be issued, which may be more or less than
18 the amounts estimated in a petition;

19 ~~(2)(b)~~ (b) fix the maximum number of years in which the proposed bonds would be paid; ~~and~~

20 ~~(3)(c)~~ (c) in the case of initiation by a petition, state the essential facts about the petition and its
21 presentation; and

22 (d) state the amount of the state advance for school facilities estimated, pursuant to subsection
23 (2), to be received by the district in the first school fiscal year in which a debt service payment would be
24 due on the proposed bonds.

25 (2) Prior to the adoption of the resolution calling for a school bond election, the trustees of a
26 district may request from the superintendent of public instruction a statement of the estimated amount of
27 state advance for school facilities that the district will receive for debt service payments on the proposed
28 bonds in the first school fiscal year in which a debt service payment is due. The district shall provide the
29 superintendent with an estimate of the debt service payment due in the first school fiscal year. The
30 superintendent shall estimate the state advance for the bond issue pursuant to 20-9-371(2)."

1 ~~Section 8. Section 20-9-426, MCA, is amended to read:~~

2 ~~"20-9-426. Preparation and form of ballots for bond election. (1) The school district shall cause~~
 3 ~~ballots to be prepared for all bond elections, and whenever bonds for more than one purpose are to be~~
 4 ~~voted upon at the same election, separate ballots shall must be prepared for each purpose. All such ballots~~
 5 ~~shall must be substantially in the following form:~~

6 ~~OFFICIAL BALLOT SCHOOL DISTRICT BOND ELECTION~~

7 ~~INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words~~
 8 ~~"BONDS YES" if you wish to vote for the bond issue; if you are opposed to the bond issue, make an X~~
 9 ~~or similar mark in the square before the words "BONDS NO".~~

10 ~~Shall the board of trustees be authorized to issue and sell bonds of this school district in the amount~~
 11 ~~of dollars (\$....), bearing interest at a rate not more than percent (....%) per annum a year, payable~~
 12 ~~semiannually, during a period not more than years, levying approximately mills in the first year, for~~
 13 ~~the purpose (here state the purpose the same way as in the notice of election)?~~

14 ~~BONDS YES.~~

15 ~~BONDS NO.~~

16 ~~(2) When preparing an estimate of the mills necessary to meet the debt service payment in the first~~
 17 ~~year after the bonds are sold, the trustees of a district shall use the estimate of state advance for school~~
 18 ~~facilities provided by the superintendent of public instruction under the provisions of 20-9-422(2)."~~

19
 20 **Section 8. Section 20-9-439, MCA, is amended to read:**

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

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

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

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

30 (iii) any state ~~reimbursement~~ advance for school facilities distributed to a qualified district under

1 the provisions of 20-9-346, 20-9-370, and 20-9-371; and

2 (iv) any other money, including money from federal sources, anticipated by the trustees to be
3 available in the debt service fund during the ensuing school fiscal year from ~~such~~ sources such as legally
4 authorized money transfers into the debt service fund or from rental income, excluding any guaranteed tax
5 base aid.

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

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

12 (3) If the board of county commissioners fails in any school fiscal year to make a levy for any issue
13 or series of bonds of a school district sufficient to raise the money necessary for payment of interest and
14 principal becoming due during the next ensuing school fiscal year, in any amounts established under the
15 provisions of this section, the holder of any bond of the issue or series or any taxpayer of the district may
16 apply to the district court of the county in which the school district is located for a writ of mandate to
17 compel the board of county commissioners of the county to make a sufficient levy for ~~such~~ payment
18 purposes. If, upon the hearing of the application, it appears to the satisfaction of the court that the board
19 of county commissioners of the county has failed to make a levy or has made a levy that is insufficient to
20 raise the amount required to be raised as established in the manner provided in this section, the court shall
21 determine the amount of the deficiency and shall issue a writ of mandate directed to and requiring the board
22 of county commissioners, at the next meeting for the purpose of fixing tax levies for county purposes, to
23 fix and make a levy against all taxable property in the school district that is sufficient to raise the amount
24 of the deficiency. The levy is in addition to any levy required to be made at that time for the ensuing school
25 fiscal year. Any costs that may be allowed or awarded the petitioner in the proceeding must be paid by the
26 members of the board of county commissioners and may not be a charge against the school district or the
27 county."

28
29 **NEW SECTION. Section 9. Appropriation.** There is appropriated TO THE OFFICE OF PUBLIC
30 INSTRUCTION from the state equalization aid account \$1.5 million for the school fiscal year ending June

1 30, 1996, and \$2 million for the school fiscal year ending June 30, 1997, to pay for state advances and
2 reimbursements for school facilities.

3

4 NEW SECTION. **Section 10. Effective date.** [This act] is effective July 1, 1995.

5

-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 4, 1995

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration HB 416 (third reading copy -- blue), respectfully report that HB 416 be amended as follows and as so amended be concurred in.

Signed: 
Senator Gary Aklestad, Chair

That such amendments read:

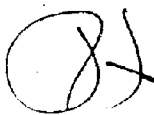
1. Page 10.

Following: line 2

Insert: "NEW SECTION. Section 10. Coordination. If Senate Bill No. 83 is passed and approved, then the appropriation from the school equalization account in [section 9] of this act is appropriated from the general fund."

Renumber: subsequent sections.

-END-


Amd. Coord.
Sec. of Senate


Senator Carrying Bill

HB 416
SENATE
771510SC.SRF

SENATE COMMITTEE OF THE WHOLE AMENDMENT

April 6, 1995 4:34 pm

Mr. Chairman: I move to amend HB 416 (third reading copy -- blue).

ADOPT *voice*

REJECT

Signed: Mike Foster

Senator Foster

That such amendments read:

1. Page 6, line 23.

Following: "(c)"

Insert: "(i)"

2. Page 7, line 1.

Following: "."

Insert: "(ii) If mutually agreed upon by the affected districts, for the purpose of calculating its maximum bonded indebtedness under this subsection (1)(c), a district may include the ANB of the district plus the number of students residing within the district for which the district or county pays tuition for attendance at a school in an adjacent district. The receiving district may not use out-of-district ANB for the purpose of calculating its maximum indebtedness if the out-of-district ANB have been included in the ANB of the sending district pursuant to the mutual agreement."

-END-

Qf

Amd. Coord.

HB 416

SENATE

HOUSE BILL NO. 416

INTRODUCED BY MCKEE, SWANSON, PECK, KADAS, COCCHIARELLA, EWER, HAGENER,
WATERMAN, BROWN, STANG

BY REQUEST OF THE OFFICE OF PUBLIC INSTRUCTION AND THE GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING \$1.5 MILLION FOR THE SCHOOL FISCAL YEAR ENDING JUNE 30, 1996, AND \$2 MILLION FOR THE SCHOOL FISCAL YEAR ENDING JUNE 30, 1997, TO PAY STATE ADVANCES AND REIMBURSEMENTS FOR SCHOOL FACILITIES; LIMITING THE ELIGIBILITY FOR A STATE REIMBURSEMENT FOR SCHOOL FACILITIES TO A DISTRICT HAVING OUTSTANDING BONDED INDEBTEDNESS ON BONDS SOLD AFTER JULY 1, 1991; PROVIDING A STATE ADVANCE FOR SCHOOL FACILITIES IN THE FIRST SCHOOL FISCAL YEAR IN WHICH A DEBT SERVICE PAYMENT IS DUE; AMENDING SECTIONS 20-9-346, 20-9-367, 20-9-369, 20-9-370, 20-9-371, 20-9-406, 20-9-422, ~~20-9-426~~, AND 20-9-439, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 20-9-346, MCA, is amended to read:

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

(1) establishing the annual entitlement of each district and county to state and county equalization aid, based on the data reported in the retirement ~~and~~, general fund, and debt service fund budgets for each district that have been ~~duly~~ adopted for the current school fiscal year and verified by the superintendent of public instruction;

(2) for the purposes of state advances and reimbursements for school facilities, limiting the distribution from the state equalization aid account to no more than ~~\$1 million~~ the amount appropriated for the school fiscal year ~~ending June 30, 1994, and to no more than \$2 million for the biennium ending June 30, 1995,~~ to the districts that are eligible under the provisions of 20-9-366 through 20-9-371 by:

(a) determining ~~by May 1 of each school fiscal year the number of mills levied~~ the debt service payment obligation in each district for debt service on bonds that were ~~issued~~ sold as provided in

1 20-9-370(2)(b)(i) or (2)(b)(ii) and (3) that qualify for guaranteed tax base aid a state advance or
 2 reimbursement for school facilities under the provisions of 20-9-366 through 20-9-369 and 20-9-370;

3 (b) based on the limitation of state equalization aid ~~available~~ appropriated for debt service purposes
 4 ~~in this subsection (2)~~, determining the ~~percentage of state equalization aid~~ state advance for school facilities
 5 and the proportionate share of state reimbursement for school facilities that each eligible district must
 6 receive for the school fiscal year; and

7 (c) distributing that amount by May 31 of each school fiscal year to each eligible district for
 8 reducing the property tax for the debt service fund for the ensuing school fiscal year; and

9 ~~(d) at the end of the school fiscal year ending June 30, 1994, determining whether there is an~~
 10 ~~unused portion of the amount of state equalization aid appropriated in this subsection (2) to be carried into~~
 11 ~~the next school fiscal year for the purposes of this subsection (2);~~

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

15 (4) keeping a record of the full and complete data concerning money available for state equalization
 16 aid, state advances for county equalization, and the entitlements for BASE aid of the districts of the state;

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

19 (6) reporting to the office of budget and program planning as provided in 17-7-111:

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

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

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

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

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

26

27 **Section 2.** Section 20-9-367, MCA, is amended to read:

28 "**20-9-367. Eligibility to receive guaranteed tax base aid or state advance or reimbursement for**
 29 **school facilities.** (1) If the district guaranteed tax base ratio of any elementary or high school district is less
 30 than the corresponding statewide elementary or high school guaranteed tax base ratio, the district may

1 receive guaranteed tax base aid based on the number of mills levied in the district in support of up to 40%
 2 of the basic entitlement, up to 40% of the total per-ANB entitlement, and up to 40% of the special
 3 education allowable cost payment budgeted within the general fund budget.

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

9 (3) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or
 10 the district mill value per high school ANB is less than the corresponding statewide mill value per
 11 elementary ANB or statewide mill value per high school ANB, the district may receive ~~guaranteed tax base~~
 12 ~~aid based on the number of mills levied~~ a state advance or reimbursement for school facilities in support
 13 of the debt service fund."
 14

15 **Section 3.** Section 20-9-369, MCA, is amended to read:

16 **"20-9-369. Duties of superintendent of public instruction and department of revenue.** (1) The
 17 superintendent of public instruction shall administer the distribution of guaranteed tax base aid by:

18 (a) providing each school district and county superintendent, by March 1 of each year, with the
 19 preliminary statewide and district guaranteed tax base ratios and, by May 1 of each year, with the final
 20 statewide and district guaranteed tax base ratios, for use in calculating the guaranteed tax base aid
 21 available for the ensuing school fiscal year;

22 (b) providing each school district and county superintendent, by March 1 of each year, with the
 23 preliminary statewide, county, and district mill values per ANB and, by May 1 of each year, with the final
 24 statewide, county, and district mill values per ANB, for use in calculating the guaranteed tax base aid and
 25 state advance and reimbursement for school facilities available to counties and districts for the ensuing
 26 school fiscal year;

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

30 (d) keeping a record of the complete data concerning appropriations available for guaranteed tax

1 base aid and the entitlements for the aid of the counties and districts that qualify;

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

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

5 (3) The department of revenue shall provide the superintendent of public instruction by December
6 1 of each year a final determination of the taxable value of property within each school district and county
7 of the state reported to the department of revenue based on information delivered to the county clerk and
8 recorder as required in 15-10-305.

9 (4) ~~For the purposes of implementing 20-9-366 through 20-9-369 and this section for the school~~
10 ~~fiscal year beginning July 1, 1993, the superintendent of public instruction shall estimate the direct state~~
11 ~~aid for a district for the school fiscal year beginning July 1, 1993, in order to calculate the district and~~
12 ~~statewide guaranteed tax base ratios for that school fiscal year. For succeeding school fiscal years, the~~ The
13 superintendent of public instruction shall calculate the district and statewide guaranteed tax base ratios by
14 applying the prior year's direct state aid payment."

15

16 **Section 4.** Section 20-9-370, MCA, is amended to read:

17 "**20-9-370. Definitions.** As used in this title, unless the context clearly indicates otherwise, the
18 following definitions apply:

19 (1) "School facility entitlement" means:

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

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

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

23 (2) "State advance for school facilities" is the amount of state equalization aid distributed to an
24 eligible district to pay the debt service obligation for a bond in the first school fiscal year in which a debt
25 service payment is due for the bond.

26 ~~(2)(3)~~ (3) "State reimbursement for school facilities" means the amount of state equalization aid
27 distributed to a district that:

28 (a) ~~is eligible for guaranteed tax base aid under the provisions of 20-9-366 through 20-9-369~~ has
29 a district mill value per elementary ANB that is less than the corresponding statewide mill value per
30 elementary ANB or a district mill value per high school ANB that is less than the corresponding statewide

1 mill value per high school ANB; and

2 (b) ~~(i) for the school fiscal years beginning July 1, 1993, and July 1, 1994, has outstanding bonded~~
 3 ~~indebtedness~~ has a debt service obligation in the ensuing school year on bonds for which the original issue
 4 was sold sold in the debt service fund of the district after July 1, 1991;

5 ~~(ii) for the school fiscal year beginning July 1, 1995, and for succeeding school fiscal years, has~~
 6 ~~outstanding bonded indebtedness on bonds sold in [and payable from] the debt service fund of the district~~
 7 ~~in any year.~~

8 ~~(3)(4)~~ "Total school facility entitlement" means the school facility entitlement times the total ANB
 9 for the district."

10

11 **Section 5.** Section 20-9-371, MCA, is amended to read:

12 **"20-9-371. Calculation and uses of school facility entitlement amount.** (1) The state reimbursement
 13 for school facilities for a district is the percentage determined in 20-9-346(2)(b) times (1-(district mill value
 14 per ANB/statewide mill value per ANB)) times the lesser of the total school facility entitlement calculated
 15 under the provisions of 20-9-370 or the district's current year debt service obligations on bonds that qualify
 16 under the provisions of 20-9-370~~(2)(b)(i) or (2)(b)(iii)~~(3).

17 (2) The state advance for school facilities for a district is determined as follows:

18 (a) Calculate the percentage of the district's debt service payment that will be advanced by the
 19 state using the district ANB, the district mill value and the statewide mill value for the current year, and the
 20 percentage used to determine the proportionate share of state reimbursement for school facilities in the
 21 prior year.

22 (b) Multiply the percentage determined in subsection (2)(a) by the lesser of the total school facility
 23 entitlement calculated under the provisions of 20-9-370 or the district's current year debt service obligation
 24 for bonds to which the state advance applies.

25 (3) Within the available appropriation, the superintendent of public instruction shall first distribute
 26 to eligible districts the state advance for school facilities. From the remaining appropriation, the
 27 superintendent shall distribute to eligible districts the state reimbursement for school facilities.

28 ~~(2) For the school fiscal years beginning July 1, 1993, and July 1, 1994, the~~

29 (4) The trustees of a district may apply the state reimbursement for school facilities to reduce the
 30 levy requirement in the ensuing school fiscal year for all outstanding bonded indebtedness on bonds sold

1 in the debt service fund of the district after July 1, 1991. The trustees may apply the state advance for
 2 school facilities to reduce the levy requirement in the current school fiscal year for debt service payments
 3 on bonds to which the state advance for school facilities applies.

4 ~~(3) For the school fiscal year beginning July 1, 1995, and for succeeding school fiscal years, the~~
 5 ~~trustees of a district may apply the state reimbursement for school facilities to reduce the levy requirement~~
 6 ~~of all bonded indebtedness in the district debt service fund."~~

7
 8 **Section 6.** Section 20-9-406, MCA, is amended to read:

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

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

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

1 times 1,000 times the high school ANB of the district.

2 (II) IF MUTUALLY AGREED UPON BY THE AFFECTED DISTRICTS, FOR THE PURPOSE OF
 3 CALCULATING ITS MAXIMUM BONDED INDEBTEDNESS UNDER THIS SUBSECTION (1)(C), A DISTRICT
 4 MAY INCLUDE THE ANB OF THE DISTRICT PLUS THE NUMBER OF STUDENTS RESIDING WITHIN THE
 5 DISTRICT FOR WHICH THE DISTRICT OR COUNTY PAYS TUITION FOR ATTENDANCE AT A SCHOOL IN
 6 AN ADJACENT DISTRICT. THE RECEIVING DISTRICT MAY NOT USE OUT-OF-DISTRICT ANB FOR THE
 7 PURPOSE OF CALCULATING ITS MAXIMUM INDEBTEDNESS IF THE OUT-OF-DISTRICT ANB HAVE BEEN
 8 INCLUDED IN THE ANB OF THE SENDING DISTRICT PURSUANT TO THE MUTUAL AGREEMENT.

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

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

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

19

20 **Section 7.** Section 20-9-422, MCA, is amended to read:

21 **"20-9-422. Additional requirements for trustees' resolution calling bond election. (1)** In addition
 22 to the requirements for calling an election that are prescribed in 20-20-201 and 20-20-203, the trustees'
 23 resolution calling a school district bond election ~~shall~~ must:

24 ~~(1)(a)~~ (a) fix the exact amount of the bonds proposed to be issued, which may be more or less than
 25 the amounts estimated in a petition;

26 ~~(2)(b)~~ (b) fix the maximum number of years in which the proposed bonds would be paid; ~~and~~

27 ~~(3)(c)~~ (c) in the case of initiation by a petition, state the essential facts about the petition and its
 28 presentation; ~~and~~

29 (d) state the amount of the state advance for school facilities estimated, pursuant to subsection
 30 (2), to be received by the district in the first school fiscal year in which a debt service payment would be

1 due on the proposed bonds.

2 (2) Prior to the adoption of the resolution calling for a school bond election, the trustees of a
 3 district may request from the superintendent of public instruction a statement of the estimated amount of
 4 state advance for school facilities that the district will receive for debt service payments on the proposed
 5 bonds in the first school fiscal year in which a debt service payment is due. The district shall provide the
 6 superintendent with an estimate of the debt service payment due in the first school fiscal year. The
 7 superintendent shall estimate the state advance for the bond issue pursuant to 20-9-371(2)."

8
 9 ~~Section 8. Section 20-9-426, MCA, is amended to read:~~

10 ~~"20-9-426. Preparation and form of ballots for bond election. (1) The school district shall cause~~
 11 ~~ballots to be prepared for all bond elections, and whenever bonds for more than one purpose are to be~~
 12 ~~voted upon at the same election, separate ballots shall must be prepared for each purpose. All such ballots~~
 13 ~~shall must be substantially in the following form:~~

14 ~~OFFICIAL BALLOT SCHOOL DISTRICT BOND ELECTION~~

15 ~~INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words~~
 16 ~~"BONDS YES" if you wish to vote for the bond issue; if you are opposed to the bond issue, make an X~~
 17 ~~or similar mark in the square before the words "BONDS NO",~~

18 ~~Shall the board of trustees be authorized to issue and sell bonds of this school district in the amount~~
 19 ~~of dollars (\$....), bearing interest at a rate not more than percent (....%) per annum a year, payable~~
 20 ~~semiannually, during a period not more than years, levying approximately mills in the first year, for~~
 21 ~~the purpose (here state the purpose the same way as in the notice of election)?~~

22 ~~BONDS YES.~~

23 ~~BONDS NO.~~

24 ~~(2) When preparing an estimate of the mills necessary to meet the debt service payment in the first~~
 25 ~~year after the bonds are sold, the trustees of a district shall use the estimate of state advance for school~~
 26 ~~facilities provided by the superintendent of public instruction under the provisions of 20-9-422(2)."~~

27
 28 ~~Section 8. Section 20-9-439, MCA, is amended to read:~~

29 ~~"20-9-439. Computation of net levy requirement -- procedure when levy inadequate. (1) The~~
 30 ~~county superintendent shall compute the levy requirement for each school district's debt service fund on~~

1 the basis of the following procedure:

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

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

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

8 (iii) any state ~~reimbursement~~ advance for school facilities distributed to a qualified district under
9 the provisions of 20-9-346, 20-9-370, and 20-9-371; and

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

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

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

20 (3) If the board of county commissioners fails in any school fiscal year to make a levy for any issue
21 or series of bonds of a school district sufficient to raise the money necessary for payment of interest and
22 principal becoming due during the next ensuing school fiscal year, in any amounts established under the
23 provisions of this section, the holder of any bond of the issue or series or any taxpayer of the district may
24 apply to the district court of the county in which the school district is located for a writ of mandate to
25 compel the board of county commissioners of the county to make a sufficient levy for ~~such~~ payment
26 purposes. If, upon the hearing of the application, it appears to the satisfaction of the court that the board
27 of county commissioners of the county has failed to make a levy or has made a levy that is insufficient to
28 raise the amount required to be raised as established in the manner provided in this section, the court shall
29 determine the amount of the deficiency and shall issue a writ of mandate directed to and requiring the board
30 of county commissioners, at the next meeting for the purpose of fixing tax levies for county purposes, to

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

6

7 NEW SECTION. Section 9. Appropriation. There is appropriated TO THE OFFICE OF PUBLIC
8 INSTRUCTION from the state equalization aid account \$1.5 million for the school fiscal year ending June
9 30, 1996, and \$2 million for the school fiscal year ending June 30, 1997, to pay for state advances and
10 reimbursements for school facilities.

11

12 NEW SECTION. SECTION 10. COORDINATION. IF SENATE BILL NO. 83 IS PASSED AND
13 APPROVED, THEN THE APPROPRIATION FROM THE SCHOOL EQUALIZATION ACCOUNT IN [SECTION
14 9] OF THIS ACT IS APPROPRIATED FROM THE GENERAL FUND.

15

16 NEW SECTION. Section 11. Effective date. [This act] is effective July 1, 1995.

17

-END-

OFFICE OF THE GOVERNOR

STATE OF MONTANA



MARC RACICOT
GOVERNOR

STATE CAPITOL
HELENA, MONTANA 59620-0801

April 14, 1995

The Honorable John Mercer
Speaker of the House
State Capitol
Helena MT 59620

The Honorable Bob Brown
President of the Senate
State Capitol
Helena MT 59620

Dear Speaker Mercer and President Brown:

In accordance with the power vested in me as Governor by the Constitution and laws of the State of Montana, I line item veto sections 9 and 10 of House Bill 416, "AN ACT APPROPRIATING \$1.5 MILLION FOR THE SCHOOL FISCAL YEAR ENDING JUNE 30, 1996, AND \$2 MILLION FOR THE SCHOOL FISCAL YEAR ENDING JUNE 30, 1997, TO PAY STATE ADVANCES AND REIMBURSEMENTS FOR SCHOOL FACILITIES; LIMITING THE ELIGIBILITY FOR A STATE REIMBURSEMENT FOR SCHOOL FACILITIES TO A DISTRICT HAVING OUTSTANDING BONDED INDEBTEDNESS ON BONDS SOLD AFTER JULY 1, 1991; PROVIDING A STATE ADVANCE FOR SCHOOL FACILITIES IN THE FIRST SCHOOL FISCAL YEAR IN WHICH A DEBT SERVICE PAYMENT IS DUE; AMENDING SECTIONS 20-9-346, 20-9-367, 20-9-369, 20-9-370, 20-9-371, 20-9-406, 20-9-422, AND 20-9-439, MCA; AND PROVIDING AN EFFECTIVE DATE.

House Bill 416 includes an appropriation for the 1996 and 1997 school fiscal years. The appropriation is also included in House Bill 5, and so I am line item vetoing sections 9 and 10 of the bill in order to eliminate this duplication.

Sincerely,

A handwritten signature in cursive script that reads "Marc Racicot".

MARC RACICOT
Governor