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House BILL NO. 422  
Sonup Hanson

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE COLLECTION AND TRANSMISSION OF STATE AND COUNTY REVENUE FOR PUBLIC SCHOOL DISTRICTS; TRANSFERRING THE SUPERVISION OF SCHOOL FINANCIAL AND BUDGETING ADMINISTRATION FROM THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO THE DEPARTMENT OF ADMINISTRATION; ELIMINATING THE STATE EQUALIZATION AID ACCOUNT AND CERTAIN DEDICATED REVENUE FOR SCHOOL FUNDING; COMBINING THE 33-MILL COUNTY EQUALIZATION LEVY FOR ELEMENTARY SCHOOL DISTRICTS AND THE 22-MILL COUNTY EQUALIZATION LEVY FOR HIGH SCHOOL DISTRICTS INTO A 55-MILL COUNTY EQUALIZATION LEVY FOR SCHOOLS; TRANSFERRING TO THE STATE TREASURER CERTAIN FUNCTIONS OF THE STATE AUDITOR CONCERNING FEDERAL LAND PAYMENTS; AMENDING SECTIONS 2-7-503, 2-7-514, 15-16-802, 15-24-102, 15-24-1402, 15-24-1703, 15-24-1802, 15-24-1902, 15-24-2002, 15-35-108, 17-3-211, 17-3-212, 17-3-214, 17-5-704, 17-7-301, 17-7-502, 20-1-301, 20-3-106, 20-3-205, 20-3-209, 20-3-324, 20-5-316, 20-5-324, 20-6-702, 20-7-420, 20-9-102, 20-9-103, 20-9-121, 20-9-134, 20-9-163, 20-9-165, 20-9-166, 20-9-201, 20-9-202, 20-9-203, 20-9-211, 20-9-212, 20-9-213, 20-9-306, 20-9-307, 20-9-308, 20-9-331, 20-9-332, 20-9-334, 20-9-335, 20-9-342, 20-9-343, 20-9-344, 20-9-346, 20-9-347, 20-9-351, 20-9-360, 20-9-361, 20-9-369, 20-9-501, 20-9-506, 20-9-805, 20-10-112, 20-10-143, 20-10-145, 23-7-202, 23-7-402, 77-1-507, 90-6-201, 90-6-212, 90-6-309, AND 90-6-403, MCA; REPEALING SECTION 20-9-333, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

STATEMENT OF INTENT

A statement of intent is necessary because this bill transfers the supervision of school financial and budgeting administration from the superintendent of public instruction to the department of administration, including rulemaking authority for school financial provisions in 20-9-102. It is the intent of the legislature that the department of administration adopt rules that are substantially similar to the existing rules for the financial accounting of school funds.

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



HB 422  
INTRODUCED BILL

1           **Section 1.** Section 2-7-503, MCA, is amended to read:

2           **"2-7-503. Financial reports and audits of local government entities.** (1) The governing body or  
3 managing or executive officer of a local government entity, other than a school district or associated  
4 cooperative, shall ensure that a financial report is made ~~every~~ each year. A school district or associated  
5 cooperative shall comply with the provisions of 20-9-213. The financial report must cover the preceding  
6 fiscal year, be in a form prescribed by the department, and be completed within 4 months of the end of the  
7 reporting period. The local government entity shall submit the financial report to the department for review.

8           (2) The department shall prescribe a uniform reporting system for all local government entities  
9 subject to financial reporting requirements, other than school districts. The ~~superintendent of public~~  
10 ~~instruction~~ department of administration shall prescribe the reporting requirements for school districts.

11           (3) (a) The governing body or managing or executive officer of each local government entity  
12 receiving revenues or financial assistance in the period covered by the financial report in excess of  
13 \$200,000 or federal financial assistance in excess of \$25,000 shall cause an audit to be made at least  
14 every 2 years. The audit must cover the entity's preceding 2 fiscal years. The audit must commence within  
15 9 months from the close of the last fiscal year of the audit period. The audit must be completed and  
16 submitted to the department for review within 1 year from the close of the last fiscal year covered by the  
17 audit.

18           (b) The governing body or managing or executive officer of a local government entity that does not  
19 meet the criteria established in subsection (3)(a) shall at least once every 4 years, if directed by the  
20 department, or, in the case of a school district, if directed by the department at the request of the  
21 ~~superintendent of public instruction~~ department of administration, cause a financial review, as defined by  
22 department rule, to be conducted of the financial statements of the entity for the preceding fiscal year.

23           (4) An audit conducted in accordance with this part is in lieu of any financial or financial and  
24 compliance audit of an individual financial assistance program that a local government is required to  
25 conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part  
26 provides a state agency with the information that it requires to carry out its responsibilities under state or  
27 federal law or regulation, the state agency shall rely upon and use that information to plan and conduct its  
28 own audits or reviews in order to avoid a duplication of effort.

29           (5) In addition to the audits required by this section, the department may at any time conduct or  
30 contract for a special audit or review of the affairs of any local government entity referred to in this part.

1 The special audit or review must, to the extent practicable, build upon audits performed pursuant to this  
2 part.

3 (6) The fee for the special audit or review must be a charge based upon the costs incurred by the  
4 department in relation to the special audit or review. The audit fee must be paid by the local government  
5 entity to the state treasurer and deposited in the enterprise fund to the credit of the department."  
6

7 **Section 2.** Section 2-7-514, MCA, is amended to read:

8 **"2-7-514. Filing of audit report and financial report.** (1) Completed audit reports must be filed with  
9 the department. Completed financial reports must be filed with the department as provided in 2-7-503(1).  
10 The ~~state superintendent of public instruction~~ department of administration shall file with the department  
11 a list of school districts subject to audit under 2-7-503(3). The list must be filed with the department within  
12 6 months after the close of the fiscal year.

13 (2) At the time that the financial report is filed or, in the case of a school district, when the audit  
14 report is filed with the department, the local government entity shall pay to the department a filing fee. The  
15 department shall charge a filing fee to any local government entity required to have an audit under 2-7-503,  
16 which fee must be based upon the costs incurred by the department in the administration of this part.  
17 Notwithstanding the provisions of 20-9-343, the filing fees for school districts required by this section must  
18 be paid by the ~~superintendent of public instruction~~ department of administration ~~from the state equalization~~  
19 ~~aid account~~. The department shall adopt the fee schedule by rule based upon the local government entities'  
20 revenue amounts.

21 (3) Copies of the completed audit and financial reports must be made available by the department  
22 and the local government entity for public inspection during regular office hours.

23 (4) The department is authorized under this part to charge a surcharge on the filing fee to generate  
24 the necessary revenue to repay the general fund loan over a 5-year period. (Subsection (4) terminates June  
25 30, 1997--sec. 31, Ch. 489, L. 1991.)"  
26

27 **Section 3.** Section 15-16-802, MCA, is amended to read:

28 **"15-16-802. Suspension of certain state taxes.** (1) Delinquent taxes, penalties, and interest for  
29 ~~taxable tax~~ tax years prior to 1988 are suspended for 36 months from May 22, 1989, for an airline  
30 incorporated in Montana that has filed for chapter 11 bankruptcy before May 22, 1989.

1 (2) The tax suspension provided by this section applies to property taxes levied under Title 15,  
2 chapter 10, and 20-9-331, ~~and 20-9-333.~~

3 (3) The repayment of all delinquent taxes, penalties, and interest suspended under subsection (1)  
4 must be included in the chapter 11 bankruptcy reorganization plan of the airline."  
5

6 **Section 4.** Section 15-24-102, MCA, is amended to read:

7 **"15-24-102. Valuation of interstate fleets -- determination of aggregate tax due -- exemption from**  
8 **mill levies.** The department of revenue shall assess the taxable vehicles of any interstate motor vehicle fleet  
9 making application for proportional registration, as follows:

10 (1) The purchase price of the taxable vehicles depreciated by a schedule as prescribed by the  
11 department determines the depreciated value.

12 (2) The depreciated value multiplied by the percent of miles traveled in Montana, as prescribed by  
13 61-3-721, is the market value.

14 (3) The sum of the market value of all taxable vehicles included in the fleet multiplied by 9% is the  
15 taxable value for the entire fleet as provided in 15-6-138.

16 (4) To determine the amount of tax due, the taxable value of the entire fleet must be multiplied by  
17 the statewide average county mill levy plus state levies as provided in 15-24-103.

18 (5) To determine the tax due under this chapter, state levies applicable to interstate motor vehicle  
19 fleets include but are not limited to levies imposed under 15-10-101, 15-10-106, 20-9-331, ~~20-9-333,~~  
20 20-9-360, and 53-2-813.

21 (6) All taxes and fees collected on motor vehicle fleets under this chapter must be deposited and  
22 distributed as provided in 15-24-105."  
23

24 **Section 5.** Section 15-24-1402, MCA, is amended to read:

25 **"15-24-1402. New or expanding industry -- assessment -- notification.** (1) In the first 5 years after  
26 a construction permit is issued, qualifying improvements or modernized processes that represent new  
27 industry or expansion of an existing industry, as designated in the approving resolution, must be taxed at  
28 50% of their taxable value. Each year thereafter, the percentage must be increased by equal percentages  
29 until the full taxable value is attained in the 10th year. In subsequent years, the property must be taxed at  
30 100% of its taxable value.

1 (2) (a) In order for a taxpayer to receive the tax benefits described in subsection (1), the governing  
2 body of the affected county or the incorporated city or town must have approved by separate resolution  
3 for each project, following due notice as defined in 76-15-103 and a public hearing, the use of the schedule  
4 provided for in subsection (1) for its respective jurisdiction. The governing body may not grant approval for  
5 the project until all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude  
6 approval.

7 (b) The governing body may end the tax benefits by majority vote at any time, but the tax benefits  
8 may not be denied an industrial facility that previously qualified for the benefits.

9 (c) The resolution provided for in subsection (2)(a) must include a definition of the improvements  
10 or modernized processes that qualify for the tax treatment that is to be allowed in the taxing jurisdiction.  
11 The resolution may provide that real property other than land, personal property, improvements, or any  
12 combination ~~thereof~~ of property is eligible for the tax benefits described in subsection (1).

13 (3) The taxpayer shall apply to the department for the tax treatment allowed under subsection (1).  
14 The application by the taxpayer must first be approved by the governing body of the appropriate local  
15 taxing jurisdiction, and the governing body shall indicate in its approval that the property of the applicant  
16 qualifies for the tax treatment provided for in this section. Upon receipt of the form with the approval of  
17 the governing body of the affected taxing jurisdiction, the department shall make the assessment change  
18 pursuant to this section.

19 (4) The tax benefit described in subsection (1) applies only to the number of mills levied and  
20 assessed for local high school district and elementary school district purposes and to the number of mills  
21 levied and assessed by the governing body approving the benefit over which the governing body has sole  
22 discretion. The benefit described in subsection (1) may not apply to levies or assessments required under  
23 Title 15, chapter 10, 20-9-331, ~~20-9-333~~, or 20-9-360 or otherwise required under state law.

24 (5) Prior to approving the resolution under this section, the governing body shall notify by certified  
25 mail all taxing jurisdictions affected by the tax benefit."  
26

27 **Section 6.** Section 15-24-1703, MCA, is amended to read:

28 **"15-24-1703. Application of suspension or cancellation.** The suspension or cancellation of  
29 delinquent property taxes pursuant to this part:

30 (1) applies to all mills levied in the county or otherwise required under state law, including levies

1 or assessments required under Title 15, chapter 10, 20-9-331, ~~20-9-333~~, and 20-25-423;

2 (2) does not apply to assessments made against property for the payment of bonds issued pursuant  
3 to Title 7, chapter 12."  
4

5 **Section 7.** Section 15-24-1802, MCA, is amended to read:

6 **"15-24-1802. Business incubator tax exemption -- procedure.** (1) A business incubator owned or  
7 leased and operated by a local economic development organization is eligible for an exemption from  
8 property taxes as provided in this section.

9 (2) In order to qualify for the tax exemption described in this section, the governing body of the  
10 county, consolidated government, incorporated city or town, or school district in which the property is  
11 located shall approve the tax exemption by resolution, after due notice, as defined in 76-15-103, and  
12 hearing. The governing body may approve or disapprove the tax exemption provided for in subsection (1).  
13 If a tax exemption is approved, the governing body shall do so by a separate resolution for each business  
14 incubator in its respective jurisdiction. The governing body may not grant approval for the business  
15 incubator until all of the applicant's taxes have been paid in full or, if the property is leased to a business  
16 incubator, until all of the owner's property taxes on that property have been paid in full. Taxes paid under  
17 protest do not preclude approval. Prior to holding the hearing, the governing body shall determine that the  
18 local economic development organization:

19 (a) is a private nonprofit corporation as provided in Title 35, chapter 2, and is exempt from taxation  
20 under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code;

21 (b) is engaged in economic development and business assistance work in the area; and

22 (c) owns or leases and operates or will operate the business incubator.

23 (3) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the  
24 department shall make the assessment change for the tax exemption provided for in this section.

25 (4) The tax exemption described in subsection (1) applies only to the number of mills levied and  
26 assessed by the governing body approving the exemption over which the governing body has sole  
27 discretion. If the governing body of a county, consolidated government, or incorporated city or town  
28 approves the exemption, the exemption applies to levies and assessments required under Title 15, chapter  
29 10, or 20-9-331, ~~or 20-9-333~~ or otherwise required under state law."  
30

1           **Section 8.** Section 15-24-1902, MCA, is amended to read:

2           **"15-24-1902. Industrial park tax exemption -- procedure -- termination.** (1) An industrial park  
3 owned and operated by a local economic development organization or a port authority is eligible for an  
4 exemption from property taxes as provided in this section.

5           (2) In order to qualify for the tax exemption described in this section, the governing body of the  
6 county, consolidated government, incorporated city or town, or school district in which the property is  
7 located shall approve the tax exemption by resolution, after due notice, as defined in 76-15-103, and  
8 hearing. The governing body may approve or disapprove the tax exemption provided for in subsection (1).  
9 If a tax exemption is approved, the governing body shall do so by a separate resolution for each industrial  
10 park in its respective jurisdiction. The governing body may not grant approval for the industrial park until  
11 all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude approval. Prior  
12 to holding the hearing, the governing body shall determine that:

13           (a) the local economic development organization:

14           (i) is a private, nonprofit corporation as provided in Title 35, chapter 2, and is exempt from taxation  
15 under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code;

16           (ii) is engaged in economic development and business assistance work in the area; and

17           (iii) owns and operates or will own and operate the industrial development park; or

18           (b) the port authority legally exists under the provisions of 7-14-1101 or 7-14-1102.

19           (3) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the  
20 department shall make the assessment change for the tax exemption provided for in this section.

21           (4) The tax exemption described in subsection (1) applies only to the number of mills levied and  
22 assessed by the governing body approving the exemption over which the governing body has sole  
23 discretion. If the governing body of a county, consolidated government, or incorporated city or town  
24 approves the exemption, the exemption applies to levies or assessments required under Title 15, chapter  
25 10, or 20-9-331, or 20-9-333 or otherwise required under state law.

26           (5) If a local economic development organization sells, leases, or otherwise disposes of the exempt  
27 property to a purchaser or lessee that is not a local economic development organization or a unit of federal,  
28 state, or local government, the tax exemption provided in this section terminates. The termination of the  
29 exemption applies January 1 of the ~~taxable~~ tax year immediately following the sale, lease, or other  
30 disposition of the property. Upon termination of the exemption, the property must be assessed as provided

1 in 15-16-203."

2

3 **Section 9.** Section 15-24-2002, MCA, is amended to read:

4 **"15-24-2002. Building and land tax exemption -- procedure -- termination.** (1) A building and land  
5 owned by a local economic development organization that the local economic development organization  
6 intends to sell or lease to a profit-oriented, employment-stimulating business are eligible for an exemption  
7 from property taxes as provided in this section.

8 (2) In order to qualify for the tax exemption described in this section, the governing body of the  
9 affected county, consolidated government, incorporated city or town, or school district in which the  
10 building and land are located shall approve the tax exemption by resolution, after due notice, as defined  
11 in 76-15-103, and hearing. The governing body may approve or disapprove the tax exemption provided for  
12 in subsection (1). The governing body shall approve a tax exemption by a separate resolution. The  
13 governing body may not grant approval for the building and land until all of the applicant's taxes have been  
14 paid in full. Taxes paid under protest do not preclude approval. Prior to holding the hearing, the governing  
15 body shall determine that the local economic development organization:

16 (a) is a private, nonprofit corporation, as provided in Title 35, chapter 2, and is exempt from  
17 taxation under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code;

18 (b) is engaged in economic development and business assistance work in the area; and

19 (c) owns or will own the building and land.

20 (3) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the  
21 department shall make the assessment change for the tax exemption provided for in this section.

22 (4) The tax exemption described in subsection (1) applies only to the number of mills levied and  
23 assessed by the governing body approving the exemption over which the governing body has sole  
24 discretion. If the governing body of a county, consolidated government, or incorporated city or town  
25 approves the exemption, the exemption applies to levies or assessments required under Title 15, chapter  
26 10, or 20-9-331, ~~or 20-9-333~~ and other levies required under state law.

27 (5) When a local economic development organization sells, leases, or otherwise disposes of the  
28 exempt property to a purchaser or lessee that is not a local economic development organization or a unit  
29 of federal, state, or local government, the tax exemption provided in this section terminates. The  
30 termination of the exemption applies January 1 of the ~~taxable~~ tax year immediately following the sale,



1 lease, or other disposition of the property. Upon termination of the exemption, the property must be  
2 assessed as provided in 15-16-203."

3

4 **Section 10.** Section 15-35-108, MCA, is amended to read:

5 **"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this  
6 chapter must, in accordance with the provisions of 15-1-501(6), be allocated as follows:

7 (1) ~~To Fifty percent of the total coal severance tax collections~~ must be allocated to the trust fund  
8 created by Article IX, section 5, of the Montana constitution, ~~50% of total coal severance tax collections.~~  
9 The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the  
10 board of investments as provided by law.

11 (2) Starting July 1, 1987, and ending June 30, 2003, 12% of coal severance tax collections are  
12 allocated to the highway reconstruction trust fund account in the state special revenue fund.

13 (3) Coal severance tax collections remaining after allocation to the trust fund under subsection (1)  
14 are allocated in the following percentages of the remaining balance:

15 (a) 17½% to the credit of the local impact account. Unencumbered funds remaining in the local  
16 impact account at the end of each biennium are allocated to the ~~state special revenue~~ general fund ~~for state~~  
17 ~~equalization aid to public schools of the state.~~

18 ~~(b) 30% to the state special revenue fund for state equalization aid to public schools of the state;~~

19 ~~(c)(b)~~ 1% to the state special revenue fund to the credit of the county land planning account;

20 ~~(d)(c)~~ 1¼% to the credit of the renewable resource development bond fund;

21 ~~(e)(d)~~ 0% to a nonexpendable trust fund for the purpose of parks acquisition or management.

22 Income from this trust fund must be appropriated for the acquisition, development, operation, and  
23 maintenance of any sites and areas described in 23-1-102.

24 ~~(f)(e)~~ 1% to the state special revenue fund to the credit of the state library commission for the  
25 purposes of providing basic library services for the residents of all counties through library federations and  
26 for payment of the costs of participating in regional and national networking;

27 ~~(g)(f)~~ 1/2 of 1% to the state special revenue fund for conservation districts;

28 ~~(h)(g)~~ 1¼% to the debt service fund type to the credit of the renewable resource loan debt service  
29 fund;

30 ~~(i)(h)~~ 2% to the state special revenue fund for the Montana Growth Through Agriculture Act;

1           ~~(j)~~(i) 1 2/3% to a nonexpendable trust fund for the purpose of protection of works of art in the  
2 state capitol and for other cultural and aesthetic projects. Income from this trust fund ~~shall~~ must be  
3 appropriated for protection of works of art in the state capitol and other cultural and aesthetic projects.

4           ~~(k)~~(j) beginning July 1, 1993, and ending June 30, 1995, 3 1/3% to a special revenue account to  
5 be used by the department of fish, wildlife, and parks for the stabilization and preservation of historic and  
6 cultural sites within the state park system;

7           ~~(l)~~(k) all other ~~revenues~~ revenue from severance taxes collected under the provisions of this chapter  
8 to the credit of the general fund of the state. (Terminates June 30, 1995--sec. 4, Ch. 536, L. 1993.)

9           **15-35-108. (Effective July 1, 1995) Disposal of severance taxes.** Severance taxes collected under  
10 this chapter must, in accordance with the provisions of 15-1-501(6), be allocated as follows:

11           (1) ~~To Fifty percent of the total coal severance tax collections must be allocated to the trust fund~~  
12 ~~created by Article IX, section 5, of the Montana constitution, 50% of total coal severance tax collections.~~  
13 The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the  
14 board of investments as provided by law.

15           (2) Starting July 1, 1987, and ending June 30, 2003, 12% of coal severance tax collections are  
16 allocated to the highway reconstruction trust fund account in the state special revenue fund.

17           (3) Coal severance tax collections remaining after allocation to the trust fund under subsection (1)  
18 are allocated in the following percentages of the remaining balance:

19           (a) 17½% to the credit of the local impact account. Unencumbered funds remaining in the local  
20 impact account at the end of each biennium are allocated to the ~~state special revenue~~ general fund for ~~state~~  
21 ~~equalization aid to public schools of the state.~~

22           ~~(b) 30% to the state special revenue fund for state equalization aid to public schools of the state;~~

23           ~~(c)~~(b) 1% to the state special revenue fund to the credit of the county land planning account;

24           ~~(d)~~(c) 1¼% to the credit of the renewable resource development bond fund;

25           ~~(e)~~(d) 3 1/3% to a nonexpendable trust fund for the purpose of parks acquisition or management.

26 Income from this trust fund must be appropriated for the acquisition, development, operation, and  
27 maintenance of any sites and areas described in 23-1-102.

28           ~~(f)~~(e) 1% to the state special revenue fund to the credit of the state library commission for the  
29 purposes of providing basic library services for the residents of all counties through library federations and  
30 for payment of the costs of participating in regional and national networking;

1 ~~(g)(f)~~ 1/2 of 1% to the state special revenue fund for conservation districts;

2 ~~(h)(g)~~ 1¼% to the debt service fund type to the credit of the renewable resource loan debt service  
3 fund;

4 ~~(h)(h)~~ 2% to the state special revenue fund for the Montana Growth Through Agriculture Act;

5 ~~(i)(i)~~ 1 2/3% to a nonexpendable trust fund for the purpose of protection of works of art in the  
6 state capitol and for other cultural and aesthetic projects. Income from this trust fund ~~shall~~ must be  
7 appropriated for protection of works of art in the state capitol and other cultural and aesthetic projects.

8 ~~(k)(j)~~ all other ~~revenues~~ revenue from severance taxes collected under the provisions of this chapter  
9 to the credit of the general fund of the state. (Terminates July 1, 2003--sec. 4, Ch. 191, L. 1991.)

10 **15-35-108. (Effective July 1, 2003) Disposal of severance taxes.** Severance taxes collected under  
11 this chapter must, in accordance with the provisions of 15-1-501(6), be allocated as follows:

12 (1) ~~To Fifty percent of the total coal severance tax collections must be allocated to the trust fund~~  
13 ~~created by Article IX, section 5, of the Montana constitution, 50% of total coal severance tax collections.~~  
14 The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the  
15 board of investments as provided by law.

16 (2) Coal severance tax collections remaining after allocation to the trust fund under subsection (1)  
17 are allocated in the following percentages of the remaining balance:

18 (a) 17½% to the credit of the local impact account. Unencumbered funds remaining in the local  
19 impact account at the end of each biennium are allocated to the ~~state special revenue~~ general fund ~~for state~~  
20 ~~equalization aid to public schools of the state.~~

21 ~~(b) 30% to the state special revenue fund for state equalization aid to public schools of the state;~~

22 ~~(e)(b)~~ 1% to the state special revenue fund to the credit of the county land planning account;

23 ~~(d)(c)~~ 1¼% to the credit of the renewable resource development bond fund;

24 ~~(e)(d)~~ 3 1/3% to a nonexpendable trust fund for the purpose of parks acquisition or management.  
25 Income from this trust fund must be appropriated for the acquisition, development, operation, and  
26 maintenance of any sites and areas described in 23-1-102.

27 ~~(e)(e)~~ 1% to the state special revenue fund to the credit of the state library commission for the  
28 purposes of providing basic library services for the residents of all counties through library federations and  
29 for payment of the costs of participating in regional and national networking;

30 ~~(g)(f)~~ 1/2 of 1% to the state special revenue fund for conservation districts;

1           ~~(h)(g)~~ 1 ¼ % to the debt service fund type to the credit of the renewable resource loan debt service  
 2 fund;  
 3           ~~(h)~~ 2% to the state special revenue fund for the Montana Growth Through Agriculture Act;  
 4           ~~(i)~~ 1 2/3% to a nonexpendable trust fund for the purpose of protection of works of art in the  
 5 state capitol and for other cultural and aesthetic projects. Income from this trust fund ~~shall~~ must be  
 6 appropriated for protection of works of art in the state capitol and other cultural and aesthetic projects.  
 7           ~~(k)(j)~~ all other ~~revenues~~ revenue from severance taxes collected under the provisions of this chapter  
 8 to the credit of the general fund of the state."  
 9

10           **Section 11.** Section 17-3-211, MCA, is amended to read:

11           "**17-3-211. Forest reserve money.** (1) The state treasurer, for the purpose of carrying out the  
 12 provisions of 16 U.S.C. 500, and all acts subsequent ~~thereto~~ to those provisions, shall divide and distribute  
 13 all forest reserve ~~moneys~~ money received by the state ~~thereunder~~, plus interest earned, to and among the  
 14 several counties entitled ~~thereto~~ to receive funds and pay the ~~same~~ funds to the several county treasurers  
 15 of ~~such~~ the counties within 30 days after receiving full payment of the ~~same~~ federal funds, ~~as directed by~~  
 16 ~~the state auditor.~~

17           (2) The forest reserve money ~~shall~~ must be invested and all investment earnings credited to the  
 18 forest reserve account."  
 19

20           **Section 12.** Section 17-3-212, MCA, is amended to read:

21           "**17-3-212. Apportionment of forest reserve funds among counties.** The forest reserve funds and  
 22 earned interest are statutorily appropriated, as provided in 17-7-502, to the state ~~auditor~~ treasurer, who  
 23 shall apportion ~~said~~ the forest reserve funds and earned interest for allocation between the ~~several~~ eligible  
 24 counties as follows: all funds received from each forest reserve ~~shall~~ must be apportioned between the  
 25 counties in which ~~such~~ the forest reserve is situated in proportion to the acreage of ~~such~~ the forest reserve  
 26 in each county, and the state treasurer shall pay the ~~several~~ amounts ~~so~~ apportioned plus interest ~~thereon~~,  
 27 as provided in 17-3-211, to the respective counties."  
 28

29           **Section 13.** Section 17-3-214, MCA, is amended to read:

30           "**17-3-214. Correction of errors in apportionment.** In the event of any error ~~or errors~~ made in the

1 apportionment or distribution of ~~said the~~ forest reserve funds, ~~such the~~ error or errors ~~shall must~~ be  
 2 corrected by the ~~state auditor and~~ state treasurer, equalizing future payments to the ~~several~~ eligible counties  
 3 so that the total proportionate sum received by each eligible county ~~shall be is~~ as ~~fixed~~ provided in  
 4 17-3-212."

5

6 **Section 14.** Section 17-5-704, MCA, is amended to read:

7 **"17-5-704. Investment of funds.** Money in the coal severance tax bond fund, the coal severance  
 8 tax permanent fund, the coal severance tax income fund, and the coal severance tax school bond  
 9 contingency loan fund must be invested in accordance with the investment standards for coal severance  
 10 tax funds. Income and earnings from all funds ~~are statutorily appropriated, as provided in 17-7-502, as~~  
 11 ~~follows:~~

- 12 ~~(1) 15% to the state equalization aid account; and~~  
 13 ~~(2) 85% to~~ must be deposited in the state general fund."

14

15 **Section 15.** Section 17-7-301, MCA, is amended to read:

16 **"17-7-301. Authorization to expend during first year of biennium from appropriation for second**  
 17 **year -- proposed supplemental appropriation defined -- limit on second-year expenditures.** (1) A state  
 18 department, institution, or agency of the executive branch desiring authorization to make expenditures  
 19 during the first fiscal year of the biennium from appropriations for the second fiscal year of the biennium  
 20 shall submit a proposed supplemental appropriation to the governor through the budget director. The  
 21 proposal submitted to the governor must include a plan for reducing expenditures in the second year of the  
 22 biennium that allows the agency to contain expenditures within appropriations. If the governor finds that,  
 23 due to an unforeseen and unanticipated emergency, the amount actually appropriated for the first fiscal year  
 24 of the biennium with all other income will be insufficient for the operation and maintenance of the  
 25 department, institution, or agency during the year for which the appropriation was made, the governor  
 26 shall, after careful study and examination of the request and upon review of the recommendation of the  
 27 budget director, submit the proposed supplemental appropriation to the legislative fiscal analyst.

28 (2) The plan for reducing expenditures required by subsection (1) is not required if the proposed  
 29 supplemental appropriation is:

- 30 (a) due to an unforeseen and unanticipated emergency for fire suppression;

1 (b) requested by the ~~superintendent of public instruction~~ department of administration, in  
2 accordance with the provisions of 20-9-351, and is to complete the state's funding of guaranteed tax base  
3 aid, transportation aid, or equalization aid to elementary and secondary schools for the current biennium;

4 or

5 (c) requested by the attorney general and:

6 (i) is to pay the costs associated with litigation in which the department of justice must provide  
7 representation to the state of Montana; or

8 (ii) in accordance with the provisions of 7-32-2242, is to pay costs for which the department of  
9 justice is responsible for confinement of an arrested person in a detention center.

10 (3) Upon receipt of the recommendation of the legislative finance committee pursuant to 17-7-311,  
11 the governor may authorize an expenditure during the first fiscal year of the biennium to be made from the  
12 appropriation for the second fiscal year of the biennium. Except as provided in subsection (2), the governor  
13 shall require the agency to implement the plan for reducing expenditures in the second year of the biennium  
14 that contains agency expenditures within appropriations.

15 (4) The department, institution, or agency may expend the amount authorized by the governor only  
16 for the purposes specified in the authorization.

17 (5) The governor shall report to the next legislature in a special section of the budget the amounts  
18 expended as a result of all authorizations granted by the governor and shall request that any necessary  
19 supplemental appropriation bills be passed.

20 (6) As used in this part, "proposed supplemental appropriation" means an application for  
21 authorization to make expenditures during the first fiscal year of the biennium from appropriations for the  
22 second fiscal year of the biennium.

23 (7) (a) Except as provided in subsections (2) and (7)(b), an agency may not make expenditures in  
24 the second year of the biennium that, if carried on for the full year, will require a deficiency appropriation,  
25 commonly referred to as a "supplemental appropriation".

26 (b) An agency shall prepare and, to the extent feasible, implement a plan for reducing expenditures  
27 in the second year of the biennium that contains agency expenditures within appropriations. The approving  
28 authority is responsible for ensuring the implementation of the plan. If, in the second year of a biennium,  
29 mandated expenditures that are required by state or federal law will cause an agency to exceed  
30 appropriations or available funds, the agency shall reduce all nonmandated expenditures pursuant to the

1 plan in order to reduce to the greatest extent possible the expenditures in excess of appropriations or  
2 funding. An agency may not transfer funds between fund types in order to implement a plan."

3

4 **Section 16.** Section 17-7-502, MCA, is amended to read:

5 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory  
6 appropriation is an appropriation made by permanent law that authorizes spending by a state agency  
7 without the need for a biennial legislative appropriation or budget amendment.

8 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply  
9 with both of the following provisions:

10 (a) The law containing the statutory authority must be listed in subsection (3).

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

13 (3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105;  
14 2-18-812; 3-5-901; 5-13-403; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706;  
15 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-410;  
16 16-1-411; 17-3-106; 17-3-212; 17-5-404; 17-5-424; ~~17-5-704~~; 17-5-804; 17-6-101; 17-6-201; 17-6-409;  
17 17-7-304; 18-11-112; 19-2-502; 19-6-709; 19-9-1007; 19-15-101; 19-17-301; 19-18-512; 19-18-513;  
18 19-18-606; 19-19-205; 19-19-305; 19-19-506; 20-4-109; 20-8-111; 20-9-361; 20-26-1403; 20-26-1503;  
19 23-2-823; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402;  
20 27-12-206; 32-1-537; 37-43-204; 37-51-501; 39-71-503; 39-71-907; 39-71-2321; 39-71-2504;  
21 44-12-206; 44-13-102; 50-5-232; 50-40-206; 53-6-150; 53-24-206; 60-2-220; 61-2-107; 67-3-205;  
22 75-1-1101; 75-5-507; 75-5-1108; 75-11-313; 76-12-123; 77-1-808; 80-2-103; 80-2-222; 80-4-416;  
23 80-11-310; 81-5-111; 82-11-136; 82-11-161; 85-1-220; 85-20-402; 90-3-301; 90-4-215; 90-6-331;  
24 90-7-220; 90-9-306; and 90-14-107.

25 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
26 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
27 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of  
28 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as  
29 determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the  
30 bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec.

1 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for  
 2 supplemental benefit; and pursuant to sec. 15, Ch. 534, L. 1993, the inclusion of 90-14-107 terminates  
 3 July 1, 1995.)"

4  
 5 **Section 17.** Section 20-1-301, MCA, is amended to read:

6 "20-1-301. **School fiscal year.** The school fiscal year ~~shall begin~~ begins on July 1 and ~~end~~ ends  
 7 on June 30. At least 180 school days of pupil instruction ~~shall~~ must be conducted during each school fiscal  
 8 year, except that 175 days of pupil instruction for graduating seniors may be sufficient as provided in  
 9 20-9-313, or unless a variance for kindergarten has been granted under 20-1-302 or a district is granted  
 10 a variance under the provisions of chapter 9, part 8, ~~of this title.~~ For any If an elementary or high school  
 11 district ~~that~~ fails to provide for at least 180 school days of pupil instruction, the ~~superintendent of public~~  
 12 ~~instruction~~ department of administration shall reduce the county equalization, as defined in 20-9-334, and  
 13 the state equalization, as defined in 20-9-343, for the district for that school year by 1/90th for each school  
 14 day less than 180 school days."

15  
 16 **Section 18.** Section 20-3-106, MCA, is amended to read:

17 "20-3-106. **Supervision of schools -- powers and duties.** The superintendent of public instruction  
 18 has the general supervision of the public schools and districts of the state and shall perform the following  
 19 duties or acts in implementing and enforcing the provisions of this title:

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

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

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

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

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

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

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



1           ~~(8) generally supervise the school budgeting procedures prescribed by law in accordance with the~~  
2 ~~provisions of 20-9-102 and prescribe the school budget format in accordance with the provisions of~~  
3 ~~20-9-103 and 20-9-506;~~

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

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

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

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

14           ~~(13)~~(7) approve, disapprove, or adjust an increase of the average number belonging (ANB) in  
15 accordance with the provisions of 20-9-313 and 20-9-314;

16           ~~(14) distribute BASE aid and special education allowable cost payments in support of the BASE~~  
17 ~~funding program, in accordance with the provisions of 20-9-331, 20-9-333, 20-9-342, 20-9-346, 20-9-347,~~  
18 ~~and 20-9-366 through 20-9-369;~~

19           ~~(15) provide for the uniform and equal provision of transportation by performing the duties~~  
20 ~~prescribed by the provisions of 20-10-112;~~

21           ~~(16)~~(8) approve or disapprove an adult education program for which a district proposes to levy a  
22 tax in accordance with the provisions of 20-7-705;

23           ~~(17)~~(9) request, accept, deposit, and expend federal money in accordance with the provisions of  
24 20-9-603;

25           ~~(18)~~(10) authorize the use of federal money for the support of an interlocal cooperative agreement  
26 in accordance with the provisions of 20-9-703 and 20-9-704;

27           ~~(19)~~(11) prescribe the form and contents of and approve or disapprove interstate contracts in  
28 accordance with the provisions of 20-9-705;

29           ~~(20)~~(12) approve or disapprove the conduct of school on a Saturday or on pupil-instruction-related  
30 days in accordance with the provisions of 20-1-303 and 20-1-304;

1           ~~(21)~~(13) recommend standards of accreditation for all schools to the board of public education and  
 2 evaluate compliance with the standards and recommend accreditation status of ~~every~~ each school to the  
 3 board of public education in accordance with the provisions of 20-7-101 and 20-7-102;

4           ~~(22)~~(14) collect and maintain a file of curriculum guides and assist schools with instructional  
 5 programs in accordance with the provisions of 20-7-113 and 20-7-114;

6           ~~(23)~~(15) establish and maintain a library of visual, aural, and other educational media in accordance  
 7 with the provisions of 20-7-201;

8           ~~(24)~~(16) license textbook dealers and initiate prosecution of textbook dealers violating the law in  
 9 accordance with the provisions of the textbooks part of this title;

10          ~~(25)~~(17) as the governing agent and executive officer of the state of Montana for K-12 vocational  
 11 education, adopt the policies prescribed by and in accordance with the provisions of 20-7-301;

12          ~~(26)~~(18) supervise and coordinate the conduct of special education in the state in accordance with  
 13 the provisions of 20-7-403;

14          ~~(27)~~(19) administer the traffic education program in accordance with the provisions of 20-7-502;

15          ~~(28)~~(20) administer the school food services program in accordance with the provisions of  
 16 20-10-201, 20-10-202, and 20-10-203;

17          ~~(29)~~(21) review school building plans and specifications in accordance with the provisions of  
 18 20-6-622;

19          ~~(30)~~(22) prescribe the method of identification and signals to be used by school safety patrols in  
 20 accordance with the provisions of 20-1-408;

21          ~~(31)~~(23) provide schools with information and technical assistance for compliance with the student  
 22 assessment rules provided for in 20-2-121 and collect and summarize the results of the student assessment  
 23 for the board of public education and the legislature;

24          ~~(32) administer the distribution of guaranteed tax base aid in accordance with 20-9-366 through~~  
 25 ~~20-9-369;~~ and

26          ~~(33)~~(24) perform any other duty prescribed from time to time by this title, any other act of the  
 27 legislature, or the policies of the board of public education."

28  
 29           **Section 19.** Section 20-3-205, MCA, is amended to read:

30           **"20-3-205. Powers and duties.** The county superintendent has general supervision of the schools

1 of the county within the limitations prescribed by this title and shall perform the following duties or acts:

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

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

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

9 (4) act on each tuition and transportation obligation submitted in accordance with the provisions  
10 of 20-5-323 and 20-5-324;

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

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

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

15 (8) fulfill all responsibilities assigned under the provisions of this title regulating the organization,  
16 alteration, or abandonment of districts;

17 (9) act on any unification proposition and, if approved, establish additional trustee nominating  
18 districts in accordance with 20-6-312 and 20-6-313;

19 (10) estimate the average number belonging (ANB) of an opening school in accordance with the  
20 provisions of 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

21 (11) process and, when required, act on school isolation applications in accordance with the  
22 provisions of 20-9-302;

23 (12) complete the budgets, compute the budgeted ~~revenues~~ revenue and tax levies, file final  
24 budgets and budget amendments, and fulfill other responsibilities assigned under the provisions of this title  
25 regulating school budgeting systems;

26 (13) submit an annual financial report to the ~~superintendent of public instruction~~ department of  
27 administration in accordance with the provisions of 20-9-211;

28 (14) monthly, unless otherwise provided by law, order the county treasurer to apportion state  
29 money, county school money, and any other school money subject to apportionment in accordance with  
30 the provisions of 20-9-212, 20-9-334, 20-9-347, 20-10-145, or 20-10-146;

1 (15) act on any request to transfer average number belonging (ANB) in accordance with the  
2 provisions of 20-9-313(3);

3 (16) calculate the estimated budgeted general fund sources of revenue in accordance with the  
4 general fund revenue provisions of the general fund part of this title;

5 (17) compute the ~~revenues~~ revenue and the district and county levy requirements for each fund  
6 included in each district's final budget and report the computations to the board of county commissioners  
7 in accordance with the provisions of the general fund, transportation, bonds, and other school funds parts  
8 of this title;

9 (18) file and forward bus driver certifications, transportation contracts, and state transportation  
10 reimbursement claims in accordance with the provisions of 20-10-103, 20-10-143, or 20-10-145;

11 (19) for districts that do not employ a district superintendent or principal, recommend library book  
12 and textbook selections in accordance with the provisions of 20-7-204 or 20-7-602;

13 (20) notify the superintendent of public instruction of a textbook dealer's activities when required  
14 under the provisions of 20-7-605 and otherwise comply with the textbook dealer provisions of this title;

15 (21) act on district requests to allocate federal money for indigent children for school food services  
16 in accordance with the provisions of 20-10-205;

17 (22) perform any other duty prescribed from time to time by this title, any other act of the  
18 legislature, the policies of the board of public education, the policies of the board of regents relating to  
19 community college districts, or the rules of the superintendent of public instruction;

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

21 (24) keep a record of official acts, preserve all reports submitted to the superintendent under the  
22 provisions of this title, preserve all books and instructional equipment or supplies, keep all documents  
23 applicable to the administration of the office, and surrender all records, books, supplies, and equipment to  
24 the next superintendent;

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

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

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

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

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

4 (26) hold meetings for the members of the trustees from time to time at which matters for the good  
5 of the districts must be discussed."

6  
7 **Section 20.** Section 20-3-209, MCA, is amended to read:

8 "**20-3-209. Annual report.** The county superintendent of each county shall submit an annual report  
9 to the ~~superintendent of public instruction~~ department of administration not later than September 1. ~~Such~~

10 The report shall must be completed on the forms supplied by the ~~superintendent of public instruction~~  
11 department of administration, which shall require the reporting of:

12 (1) the final budget information for each district of the county, as prescribed by 20-9-134(1);

13 (2) the financial activities of each district of the county for the immediately preceding school fiscal  
14 year as provided by the trustees' annual report to the county superintendent under the provisions of  
15 20-9-213(5);

16 (3) the pupil information for each district provided the county superintendent under the provisions  
17 of 20-4-301(1)(d) or 20-4-402(7); and

18 (4) any other information that may be requested by the ~~superintendent of public instruction~~ which  
19 department of administration that is within ~~his~~ the authority prescribed by this title."

20  
21 **Section 21.** Section 20-3-324, MCA, is amended to read:

22 "**20-3-324. Powers and duties.** As prescribed elsewhere in this title, the trustees of each district  
23 shall:

24 (1) employ or dismiss a teacher, principal, or other assistant upon the recommendation of the  
25 district superintendent, the county high school principal, or other principal as the board considers  
26 necessary, accepting or rejecting any recommendation as the trustees in their sole discretion determine,  
27 in accordance with the provisions of Title 20, chapter 4;

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

1 (3) administer the attendance and tuition provisions and otherwise govern the pupils of the district  
2 in accordance with the provisions of the pupils chapter of this title;

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

5 (5) participate in the teachers' retirement system of the state of Montana in accordance with the  
6 provisions of the teachers' retirement system chapter of Title 19;

7 (6) participate in district boundary change actions in accordance with the provisions of the districts  
8 chapter of this title;

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

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

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

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

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

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

22 (13) when applicable, establish, financially administer, and budget for the tuition fund, retirement  
23 fund, building reserve fund, adult education fund, nonoperating fund, school food services fund,  
24 miscellaneous federal programs fund, building fund, lease or rental agreement fund, traffic education fund,  
25 impact aid fund, and interlocal cooperative agreement fund in accordance with the provisions of the other  
26 school funds parts of this title;

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

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

1 (16) operate the schools of the district in accordance with the provisions of the school calendar  
2 part of this title;

3 (17) establish and maintain the instructional services of the schools of the district in accordance  
4 with the provisions of the instructional services, textbooks, vocational education, and special education  
5 parts of this title;

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

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

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

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

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

19 (23) provide that an American flag that measures approximately 12 inches by 18 inches be  
20 prominently displayed in each classroom in each school of the district, except in a classroom in which the  
21 flag may get soiled. This requirement is waived if the flags are not provided by a local civic group.

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

24 (25) perform any other duty and enforce any other requirements for the government of the schools  
25 prescribed by this title, the policies of the board of public education, the rules of the department of  
26 administration, or the rules of the superintendent of public instruction."

27

28 **Section 22.** Section 20-5-316, MCA, is amended to read:

29 "20-5-316. **Out-of-state tuition.** (1) The county superintendent of schools of the county of the  
30 district of residence shall make payments from the county basic tax for elementary schools for children who

1 are placed in facilities outside the state of Montana pursuant to 20-5-321 but not under the provisions of  
2 Title 20, chapter 7, part 4.

3 (2) The county superintendent of schools of the county of residence shall make payments from the  
4 county ~~basic special equalization tax for high schools~~, as provided in 20-9-334, for children who are placed  
5 in facilities outside the state of Montana as a result of a court order or placement by a state agency. This  
6 provision does not apply to children with disabilities that are defined under the provisions of Title 20,  
7 chapter 7, part 4."

8  
9 **Section 23.** Section 20-5-324, MCA, is amended to read:

10 **"20-5-324. Tuition report and payment provisions.** (1) At the close of the school term of each  
11 school fiscal year and before July 15, the trustees of a district shall report to the county superintendent:

12 (a) the name and district of residence of each child who is attending a school of the district under  
13 an approved mandatory out-of-district attendance agreement;

14 (b) the number of days of enrollment for each child reported under the provisions of subsection  
15 (1)(a);

16 (c) the annual tuition rate for each child's tuition payment, as determined under the provisions of  
17 20-5-323, and the tuition cost for each reported child; and

18 (d) the names, districts of attendance, and amount of tuition to be paid by the district for resident  
19 students attending public schools out of state.

20 (2) The county superintendent shall send, as soon as practicable, the reported information to the  
21 county superintendent of the county in which a reported child resides.

22 (3) Before July 30, the county superintendent shall report the information in subsection (1)(d) to  
23 the ~~superintendent of public instruction, who shall determine the total foundation~~ department of  
24 administration, which shall:

25 (a) calculate the BASE funding amount for which the district would be eligible if the student were  
26 enrolled in the resident district. The reimbursement amount is the difference between the actual amount  
27 paid and the amount calculated in this subsection.

28 (b) reimburse the district of residence for the BASE funding amount determined in subsection (3)(a).

29 (4) Notwithstanding the requirements of subsection (5), tuition payment provisions for  
30 out-of-district placement of students with disabilities must be determined pursuant to Title 20, chapter 7,



1 part 4.

2 (5) Except as provided in subsection (6), when a child has approval to attend a school outside the  
3 child's district of residence under the provisions of 20-5-320 or 20-5-321, the district of residence shall  
4 finance the tuition amount from the district tuition fund and any transportation amount from the  
5 transportation fund.

6 (6) When a child has mandatory approval under the provisions of 20-5-321, the tuition and  
7 transportation obligation for an elementary school child attending a school outside of the child's county of  
8 residence must be financed by the county ~~basic~~ equalization tax for elementary and high school districts,  
9 as provided in 20-9-331, for the child's county of residence ~~or for a high school child attending a school~~  
10 ~~outside the county of residence by the county basic tax for high school districts, as provided in 20-9-333,~~  
11 ~~for the child's county of residence.~~

12 (7) By December 31 of the school fiscal year, the county superintendent or the trustees shall pay  
13 at least one-half of any tuition and transportation obligation established under this section out of the money  
14 realized to date from the ~~appropriate basic~~ county equalization tax account provided for in 20-9-334 or from  
15 the district tuition or transportation fund. The remaining tuition and transportation obligation must be paid  
16 by June 15 of the school fiscal year. The payments must be made to the county treasurer in each county  
17 with a school district that is entitled to tuition and transportation. Except as provided in subsection ~~(9)~~ (8),  
18 the county treasurer shall credit tuition receipts to the general fund of a school district entitled to a tuition  
19 payment. The tuition receipts must be used in accordance with the provisions of 20-9-141. The county  
20 treasurer shall credit transportation receipts to the transportation fund of a school district entitled to a  
21 transportation payment.

22 (8) ~~The superintendent of public instruction shall reimburse the district of residence from the state~~  
23 ~~equalization account for the foundation amount determined in subsection (3).~~

24 ~~(9)~~ (a) Any tuition receipts received under the provisions of Title 20, chapter 7, part 4, or  
25 20-5-323(3) for the current school fiscal year that exceed the tuition receipts of the prior year may be  
26 deposited in the district miscellaneous programs fund and must be used for that year in the manner  
27 provided for in 20-9-507 to support the costs of the program for which the tuition was received.

28 (b) Any other tuition receipts received for the current school fiscal year that exceed the tuition  
29 receipts of the prior year may be deposited in the district miscellaneous programs fund and may be used  
30 for that year in the manner provided for in that fund. For the ensuing school fiscal year, the receipts must

1 be credited to the district general fund budget."

2

3 **Section 24.** Section 20-6-702, MCA, is amended to read:

4 "20-6-702. **Funding for K-12 school districts.** (1) Notwithstanding the provisions of subsections  
5 (2) through (6), a K-12 school district formed under the provisions of 20-6-701 is subject to the provisions  
6 of law for high school districts.

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

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

11 (a) ~~the~~ The calculation of ANB for purposes of determining the total per-ANB entitlements must be  
12 in accordance with the provisions of 20-9-311~~;~~.

13 (b) ~~the basic~~ The county equalization tax and ~~revenues~~ revenue for the elementary and high school  
14 BASE funding program amount for the district must be determined in accordance with the provisions of  
15 20-9-331, ~~and the basic special tax and revenues for the high school BASE funding program amount for~~  
16 ~~the district must be determined in accordance with 20-9-333; and,~~

17 (c) ~~the~~ The guaranteed tax base aid for BASE funding program purposes for a K-12 school district  
18 must be calculated separately, using each district's guaranteed tax base ratio, as defined in 20-9-366. The  
19 BASE budget levy to be levied for the K-12 school district must be prorated based on the ratio of the BASE  
20 funding program amounts for elementary school programs to the BASE funding program amounts for high  
21 school programs.

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

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

28 (6) Tuition for attendance in the K-12 school district must be determined separately for high school  
29 pupils and for elementary pupils under the provisions of 20-5-320 through 20-5-324, except that the actual  
30 expenditures used for calculations in 20-5-323 must be based on an amount prorated between the

1 elementary and high school programs in the appropriate funds of each district in the year prior to the  
2 attachment of the districts."

3

4 **Section 25.** Section 20-7-420, MCA, is amended to read:

5 **"20-7-420. Residency requirements -- financial responsibility for special education.** (1) In  
6 accordance with the provisions of 1-1-215, a child's district of residence for special education purposes  
7 is the residence of the child's parents or of the child's guardian if the parents are deceased, unless  
8 otherwise determined by the court. This applies to a child living at home, in an institution, or under foster  
9 care. If the parent has left the state, the parent's ~~last-known~~ last-known district of residence is the child's  
10 district of residence.

11 (2) The county of residence is financially responsible for tuition and transportation as established  
12 under 20-5-323 for a child with disabilities, as defined in 20-7-401, including a child who has been placed  
13 by a state agency in a foster care or group home licensed by the state. The county of residence is not  
14 financially responsible for tuition and transportation for a child with disabilities who is placed by a state  
15 agency in an out-of-state public school or an out-of-state private residential facility.

16 (3) If an eligible child, as defined in 20-7-436, is receiving inpatient treatment in an in-state  
17 residential treatment facility or children's psychiatric hospital, as defined in 20-7-436, and the educational  
18 services are provided by a public school district under the provisions of 20-7-411 or 20-7-435, the  
19 superintendent of public instruction shall reimburse the district providing the services for the negotiated  
20 amount, as established pursuant to 20-7-435(5), that represents the district's costs of providing education  
21 and related services. Payments must be made from funds appropriated for this purpose. If the negotiated  
22 amount exceeds the daily membership rate under 20-7-435(3) and any per-ANB amount of direct state aid,  
23 the superintendent of public instruction shall pay the remaining balance ~~from the state equalization aid~~  
24 ~~account~~. However, the amount spent ~~from the state equalization aid account~~ for this purpose may not  
25 exceed \$500,000 during any biennium.

26 (4) Under the provisions of 20-7-422(3), the superintendent of public instruction shall provide funds  
27 for the education fees required to provide a free appropriate public education for a child with disabilities  
28 who is in need of special education and related services and is placed by a state agency in an out-of-state  
29 private residential facility or out-of-state public school, provided that, in determining the special education  
30 services needed for the child with disabilities, the district of residence has complied with the rules

1 promulgated under 20-7-402.

2 (5) A state agency that makes a placement of a child with disabilities is responsible for the financial  
3 costs of room and board and the treatment of the child."

4

5 **Section 26.** Section 20-9-102, MCA, is amended to read:

6 "**20-9-102. General supervision of school budgeting system.** The ~~superintendent of public~~  
7 ~~instruction~~ department of administration has general supervision over the school budgeting procedure and  
8 provisions, as they relate to elementary and high school districts, prescribed by law and shall establish ~~such~~  
9 the rules as are necessary to secure compliance with the school budgeting laws."

10

11 **Section 27.** Section 20-9-103, MCA, is amended to read:

12 "**20-9-103. School budget form.** (1) The format of the school budget form ~~shall~~ must be prescribed  
13 by the ~~superintendent of public instruction~~ department of administration and ~~shall~~ must provide for proper  
14 school budgeting procedures in accordance with the budgeting requirements of this title and generally  
15 accepted accounting principles. The ~~superintendent of public instruction shall cause~~ department of  
16 administration shall print a sufficient number of the budget forms ~~to be printed~~ for use by all districts for  
17 each school fiscal year.

18 (2) ~~Each~~ A district shall use the budget forms prescribed by the ~~superintendent of public instruction~~  
19 department of administration, except that a district may in addition, with the approval of the ~~superintendent~~  
20 ~~of public instruction~~ department of administration, use a more detailed form."

21

22 **Section 28.** Section 20-9-121, MCA, is amended to read:

23 "**20-9-121. County treasurer's statement of cash balances and bond information.** (1) By July 10,  
24 the county treasurer shall prepare a statement for each district showing the amount of cash on hand for  
25 each fund maintained by the district and the amount of the outstanding obligations against each fund at  
26 the close of the ~~last completed~~ last-completed school fiscal year. The county treasurer shall also include  
27 on each district's statement the details on the obligation for bond retirement and interest for the school  
28 fiscal year just beginning. The format of the statement on fund cash balances and bond information ~~shall~~  
29 must be prescribed by the ~~superintendent of public instruction~~ department of administration.

30 (2) By July 10, the county treasurer shall prepare a statement for each county school fund

1 supported by countywide levies, showing the amount of cash on hand at the beginning of the school fiscal  
 2 year, the receipts and apportionments, and the amount of cash on hand at the end of the school fiscal year,  
 3 for each county school fund maintained during the immediately preceding school fiscal year. The format  
 4 of this statement ~~shall~~ must be prescribed by the ~~superintendent of public instruction~~ department of  
 5 administration.

6 (3) On or before July 10, the county treasurer shall deliver the statements of district and county  
 7 fund cash balances and the bond information for each district to the county superintendent who shall attach  
 8 ~~such~~ the district statements to the applicable district's preliminary budget."

9

10 **Section 29.** Section 20-9-134, MCA, is amended to read:

11 **"20-9-134. Completion, filing, and delivery of final budgets.** After the final budget of the  
 12 elementary, high school, or community college district has been adopted by the trustees, the county  
 13 superintendent shall complete all the remaining portions of the budget forms and shall:

14 (1) send the final budget information to the ~~superintendent of public instruction~~ department of  
 15 administration, on the forms provided by the ~~superintendent~~ department, on or before September 1;

16 (2) in the case of the community college districts, send the final budget information to the board  
 17 of regents, on the forms provided by the community college coordinator, on or before September 1; and

18 (3) deliver a copy of the final budget for the district to the county treasurer on or before September  
 19 1."

20

21 **Section 30.** Section 20-9-163, MCA, is amended to read:

22 **"20-9-163. Resolution for budget amendment -- petition to ~~superintendent of public instruction~~**  
 23 **department of administration.** (1) Whenever the trustees of a district decide that a budget amendment is  
 24 necessary because of an enrollment increase, they may petition the ~~superintendent of public instruction~~  
 25 department of administration to adopt a resolution for the budget amendment. The petition must be signed  
 26 by a majority of the trustees.

27 (2) The petition must state the facts constituting the need for the budget amendment, the  
 28 estimated amount of money required to fund the budget amendment, the funds affected by the budget  
 29 amendment, the anticipated source of financing for the budget amendment, and the current year  
 30 enrollment.

1           (3) The ~~superintendent of public instruction~~ department of administration shall promptly approve  
2 or disapprove the petition requesting approval to adopt a resolution for a budget amendment because of  
3 increased enrollment. If the petition is for a budget amendment for an enrollment increase as provided in  
4 20-9-161(1), the ~~superintendent of public instruction~~ department of administration shall adjust the district's  
5 maximum general fund budget based on the approved enrollment increase. Upon approval, a district may  
6 not adopt a budget amendment if the amount will cause the district to exceed the district's adjusted  
7 maximum general fund budget. If the petition is approved, the trustees may adopt a resolution for a budget  
8 amendment and take all other steps required for the adoption of a budget amendment. Approval of a  
9 petition by the ~~superintendent of public instruction~~ department of administration authorizes the board of  
10 trustees to initiate a budget amendment by resolution and does not relieve the trustees of the necessity of  
11 complying with the requirements of the school budgeting laws. Approval of the petition may not be  
12 construed as approval of any subsequent application for increased state aid on account of the budget  
13 amendment."

14  
15           **Section 31.** Section 20-9-165, MCA, is amended to read:

16           **"20-9-165. Budget amendment limitation, preparation, and adoption procedures.** (1) The meeting  
17 of the trustees to consider and adopt a budget amendment must be open to the public, and any taxpayer  
18 in the district has the right to appear and be heard. If at the meeting a majority of the trustees present find  
19 that there is sufficient need for a budget amendment, the trustees may make and adopt a preliminary  
20 budget amendment, setting forth fully the facts constituting the need for the budget amendment. In  
21 adopting the preliminary budget amendment, the trustees may budget for any fund that was included on  
22 the final budget of the district for the current school fiscal year. The budget must be itemized to show the  
23 amount appropriated for each item.

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

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

29           (b) Divide the amount determined in subsection (2)(a) by the number of pupils originally enrolled  
30 in the district during the immediately preceding school fiscal year. The resulting cost per pupil is the

1 maximum permissible per-pupil expenditure in the budget amendment.

2 (c) Determine the enrollment increase of the current school fiscal year by subtracting the number  
3 of pupils originally enrolled during the immediately preceding school fiscal year from the number of pupils  
4 enrolled for the current school year. The result is the enrollment increase for the current school fiscal year.

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

8 (3) For other types of budget amendments, the budget amendment is limited to the expenditures  
9 considered by the trustees to be reasonable and necessary to finance the conditions of the budget  
10 amendment and the preliminary budget amendment must include the details of the proposed expenditures.

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

15 (5) After the trustees have adopted the budget amendment by a majority vote of the trustees, it  
16 must be signed by the ~~chairman~~ presiding officer of the trustees and the clerk of the district and copies  
17 must be sent to the county superintendent, the county treasurer, and the ~~superintendent of public~~  
18 ~~instruction~~ department of administration."

19

20 **Section 32.** Section 20-9-166, MCA, is amended to read:

21 **"20-9-166. State financial aid for budget amendments.** Whenever a final budget amendment has  
22 been adopted for the general fund or the transportation fund to finance the cost of an amendment resulting  
23 from increased enrollment, the trustees may apply to the ~~superintendent of public instruction~~ department  
24 of administration for an increased payment ~~from the state public school equalization aid account~~ for the  
25 BASE funding program or for state transportation reimbursement, or both. The ~~superintendent of public~~  
26 ~~instruction~~ department of administration shall adopt rules for the application. The ~~superintendent of public~~  
27 ~~instruction~~ department of administration shall approve or disapprove each application for increased state  
28 aid made in accordance with 20-9-314 and this section. When the ~~superintendent of public instruction~~  
29 department of administration approves an application, the ~~superintendent of public instruction~~ department  
30 shall determine the additional amount of state aid ~~from the state public school equalization aid account or~~

1 ~~the state transportation reimbursement~~ that will be made available to the applicant district because of the  
 2 increase in enrollment. The ~~superintendent of public instruction~~ department of administration shall notify  
 3 the applicant district of the ~~superintendent's~~ department's approval or disapproval and, in the event of  
 4 approval, the amount of additional state aid that will be made available for the general fund or the  
 5 transportation fund. The ~~superintendent of public instruction~~ department of administration shall disburse  
 6 the state aid to the eligible district at the time that the next regular state aid payment is made."

7

8 **Section 33.** Section 20-9-201, MCA, is amended to read:

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

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

17 (b) A "nonbudgeted fund" means any fund for which a budget is not required in order to expend  
 18 money on deposit in the fund. The school food services fund, miscellaneous programs fund, building fund,  
 19 lease or rental agreement fund, traffic education fund, interlocal cooperative fund, internal service fund,  
 20 impact aid fund, enterprise fund, agency fund, extracurricular fund, metal mines tax reserve fund,  
 21 endowment fund, and any other funds designated by the legislature are nonbudgeted funds.

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

29 (3) Except as otherwise provided by law, whenever the trustees of a district determine that a fund  
 30 is inactive and will no longer be used, the trustees shall close the fund by transferring all cash and other



1 account balances to the general fund if the fund does not have a cash or fund balance deficit."

2

3 **Section 34.** Section 20-9-202, MCA, is amended to read:

4 "20-9-202. **County officials for financial administration when joint district.** (1) When all of the  
5 schools of the joint district are located in one county, the school financial administration duties assigned  
6 to county officials ~~shall~~ must be performed by those officials of the county ~~wherein~~ where the schools of  
7 the district are located. When the schools of a joint district are located in more than one county, the  
8 superintendent of public instruction shall designate the county officials to perform ~~such~~ the duties for the  
9 joint district.

10 (2) The designated county treasurer ~~shall be~~ is the custodian of all joint district ~~moneys~~ revenue  
11 and shall perform all other duties of the county treasurer for the joint district. The ~~superintendent of public~~  
12 ~~instruction~~ department of administration shall disburse all ~~moneys~~ revenue for a joint district to ~~such~~ the  
13 county treasurer."

14

15 **Section 35.** Section 20-9-203, MCA, is amended to read:

16 "20-9-203. **Examination of district accounting records.** The accounting records of all first-, second-,  
17 and third-class school districts must be audited in accordance with 2-7-503. The trustees of the district  
18 shall file a copy of the completed audit report with the department of commerce, the superintendent of  
19 public instruction, the department of administration, and the county superintendent."

20

21 **Section 36.** Section 20-9-211, MCA, is amended to read:

22 "20-9-211. **Annual financial report of county superintendent.** No later than the second Monday in  
23 September of each school fiscal year, the county superintendent shall report to the ~~superintendent of public~~  
24 ~~instruction~~ department of administration the financial activity during the preceding school fiscal year of each  
25 district of the county in accordance with the reporting requirements prescribed by the ~~superintendent of~~  
26 ~~public instruction~~ department. The reports must be prepared on forms provided by the ~~superintendent of~~  
27 ~~public instruction~~ department of administration."

28

29 **Section 37.** Section 20-9-212, MCA, is amended to read:

30 "20-9-212. **Duties of county treasurer.** The county treasurer of each county shall:

1 (1) receive and hold all school money subject to apportionment and keep a separate accounting  
 2 of its apportionment to the several districts that are entitled to a portion of the money according to the  
 3 apportionments ordered by the county superintendent or by the ~~superintendent of public instruction~~  
 4 department of administration. A separate accounting must be maintained for each county fund supported  
 5 by a countywide levy for a specific, authorized purpose, including:

6 (a) the ~~basic county tax in support of the elementary~~ BASE aid;

7 ~~(b) the basic special tax~~ county equalization tax for elementary and high schools school districts  
 8 in support of the elementary and high school BASE aid;

9 ~~(c)~~ (b) the county tax in support of the transportation schedules;

10 ~~(d)~~ (c) the county tax in support of the elementary and high school district retirement obligations;  
 11 and

12 ~~(e)~~ (d) any other county tax for schools, including the community colleges, which may be authorized  
 13 by law and levied by the county commissioners.

14 (2) whenever requested, notify the county superintendent and the ~~superintendent of public~~  
 15 ~~instruction~~ department of administration of the amount of county school money on deposit in each of the  
 16 funds enumerated in subsection (1) and the amount of any other school money subject to apportionment  
 17 and apportion the county and other school money to the districts in accordance with the apportionment  
 18 ordered by the county superintendent or the ~~superintendent of public instruction~~ department;

19 (3) keep a separate accounting of the receipts, expenditures, and cash balances for each fund;

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

22 (5) receive all revenue collected by and for each district and deposit these receipts in the fund  
 23 designated by law or by the district if a fund is not designated by law. Interest and penalties on delinquent  
 24 school taxes must be credited to the same fund and district for which the original taxes were levied.

25 (6) send all revenue received for a joint district, part of which is situated in the county, to the  
 26 county treasurer designated as the custodian of the revenue, no later than December 15 of each year and  
 27 every 3 months after that date until the end of the school fiscal year;

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

30 (8) register district warrants drawn on a budgeted fund in accordance with 7-6-2604 when there

1 is insufficient money available in all funds of the district to make payment of the warrant. Redemption of  
2 registered warrants must be made in accordance with 7-6-2116, 7-6-2605, and 7-6-2606.

3 (9) invest the money of any district as directed by the trustees of the district within 3 working days  
4 of the direction;

5 (10) each month give to the trustees of each district an itemized report for each fund maintained  
6 by the district, showing the paid warrants, outstanding warrants, registered warrants, amounts and types  
7 of revenue received, and the cash balance;

8 (11) remit promptly to the state treasurer receipts for the county tax for a vocational-technical  
9 ~~center~~ program within a unit of the university system when levied by the board of county commissioners  
10 under the provisions of 20-16-202; and

11 (12) invest the money received from the ~~basic~~ county equalization tax, ~~the basic special tax~~, the  
12 county levy in support of the elementary and high school district retirement obligations, and the county levy  
13 in support of the transportation schedules within 3 working days of receipt. The money must be invested  
14 until the working day before it is required to be distributed to school districts within the county or remitted  
15 to the state. Permissible investments are specified in 20-9-213(4). All investment income must be  
16 deposited, and credited proportionately, in the funds established to account for the taxes received for the  
17 purposes specified in subsections (1)(a) through ~~(1)(d)~~ (1)(c).

18 (13) remit on a monthly basis to the state treasurer, in accordance with the provisions of 15-1-504,  
19 all county equalization revenue received under the provisions of 20-9-331 ~~and 20-9-333~~, including all  
20 interest earned and excluding any amount required for high school out-of-county tuition under the  
21 provisions of 20-9-334, in repayment of the state advance for county equalization prescribed in 20-9-347.  
22 Any funds in excess of a state advance must be used as required in 20-9-331(1)(b) ~~and 20-9-333(1)(b)~~."

23

24 **Section 38.** Section 20-9-213, MCA, is amended to read:

25 **"20-9-213. Duties of trustees.** The trustees of ~~each~~ a district have the sole power and authority  
26 to transact all fiscal business and execute all contracts in the name of the district. A person other than the  
27 trustees acting as a governing board may not expend money of the district. In conducting the fiscal  
28 business of the district, the trustees shall:

29 (1) cause the keeping of an accurate, detailed accounting of all receipts and expenditures of school  
30 money for each fund maintained by the district in accordance with generally accepted accounting principles

1 and the rules prescribed by the ~~superintendent of public instruction~~ department of administration. The  
2 record of the accounting must be open to public inspection at any meeting of the trustees.

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

5 (3) issue warrants on any budgeted fund in anticipation of budgeted revenue, except that the  
6 expenditures may not exceed the amount budgeted for the fund;

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

18 (5) cause the district to record each transaction in the appropriate account before the accounts are  
19 closed at the end of the fiscal year in order to properly report the receipt, use, and disposition of all money  
20 and property for which the district is accountable;

21 (6) report annually to the county superintendent, not later than August 15, the financial activities  
22 of each fund maintained by the district during the ~~last completed~~ last completed school fiscal year, on the  
23 forms prescribed and furnished by the ~~superintendent of public instruction~~ department of administration.  
24 Annual fiscal reports for joint school districts must be submitted not later than September 1 to the county  
25 superintendent of each county in which part of the joint district is situated.

26 (7) whenever requested, report any other fiscal activities to the county superintendent,  
27 superintendent of public instruction, the department of administration, or board of public education;

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

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

1           **Section 39.** Section 20-9-306, MCA, is amended to read:

2           **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the  
3 following definitions apply:

4           (1) "BASE" means base amount for school equity.

5           (2) "BASE aid" means:

6           (a) direct state aid for 40% of the basic entitlement and 40% of the total per-ANB entitlement for  
7 the general fund budget of a district; and

8           (b) guaranteed tax base aid for an eligible district for any amount up to 40% of the basic  
9 entitlement, up to 40% of the total per-ANB entitlement budgeted in the general fund budget of a district,  
10 and up to 40% of the special education allowable cost payment.

11           (3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of  
12 the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education  
13 allowable cost payment.

14           (4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which  
15 may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366  
16 through 20-9-369.

17           (5) "BASE funding program" means the state program for the equitable distribution of the state's  
18 share of the cost of Montana's basic system of public elementary schools and high schools, through county  
19 equalization aid as provided in 20-9-331 ~~and 20-9-333~~ and state equalization aid as provided in 20-9-343,  
20 in support of the BASE budgets of districts and special education allowable cost payments as provided in  
21 20-9-321.

22           (6) "Basic entitlement" means:

23           (a) \$191,000 for each high school district;

24           (b) \$17,190 for each elementary school district or K-12 district elementary program without an  
25 approved and accredited junior high school or middle school; and

26           (c) the prorated entitlement for each elementary school district or K-12 district elementary program  
27 with an approved and accredited junior high school or middle school, calculated as follows:

28           (i) \$17,190 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of  
29 kindergarten through grade 8; plus

30           (ii) \$191,000 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten

1 through grade 8.

2 (7) "Direct state aid" means 40% of the basic entitlement and 40% of the total per-ANB  
3 entitlement for the general fund budget of a district and funded with state and county equalization aid.

4 (8) "Maximum general fund budget" means a district's general fund budget amount calculated from  
5 the basic entitlement for the district, the total per-ANB entitlement for the district, and up to 153% of  
6 special education allowable cost payments.

7 (9) "Over-BASE budget levy" means the district levy in support of any general fund amount  
8 budgeted that is above the BASE budget and below the maximum general fund budget for a district.

9 (10) "Total per-ANB entitlement" means the district entitlement resulting from the following  
10 calculations:

11 (a) for a high school district or a K-12 district high school program, a maximum rate of \$4,680 for  
12 the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through  
13 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

14 (b) for an elementary school district or a K-12 district elementary program without an approved and  
15 accredited junior high school or middle school, a maximum rate of \$3,343 for the first ANB is decreased  
16 at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each  
17 ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

18 (c) for an elementary school district or a K-12 district elementary program with an approved and  
19 accredited junior high school or middle school, the sum of:

20 (i) a maximum rate of \$3,343 for the first ANB for kindergarten through grade 6 is decreased at  
21 the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of  
22 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

23 (ii) a maximum rate of \$4,680 for the first ANB for grades 7 and 8 is decreased at the rate of 50  
24 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess  
25 of 800 receiving the same amount of entitlement as the 800th ANB."

26

27 **Section 40.** Section 20-9-307, MCA, is amended to read:

28 **"20-9-307. BASE funding program -- district general fund budget -- funding sources.** (1) A basic  
29 system of free quality public elementary schools and high schools must be established and maintained  
30 throughout the state of Montana to provide equality of educational opportunity to all school-age children.

1 (2) The state shall in an equitable manner fund and distribute to the school districts the state's  
2 share of the cost of the basic school system through BASE aid to support the BASE funding program in the  
3 manner established in this title.

4 (3) The budgetary vehicle for achieving the financing system established in subsection (2) is the  
5 general fund budget of the school district. The purpose of the district general fund budget is to finance  
6 those instructional, administrative, facility maintenance, and other operational costs of a district not  
7 financed by other funds established for special purposes in this title.

8 (4) The BASE funding program for the districts in the state is financed by a combination of the  
9 following sources:

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

11 (b) state equalization aid, as provided in 20-9-343, including guaranteed tax base aid for eligible  
12 districts as provided in 20-9-366 through 20-9-369;

13 (c) appropriations for special education;

14 (d) a district levy, as provided in 20-9-302, for support of a school not approved as an isolated  
15 school under the provisions of that section; and

16 (e) district levies or other revenue, as provided by 20-9-308 and 20-9-353."  
17

18 **Section 41.** Section 20-9-308, MCA, is amended to read:

19 **"20-9-308. BASE budgets and maximum general fund budgets.** (1) The trustees of a district shall  
20 adopt a general fund budget that:

21 (a) except as provided in subsection (2), is at least equal to the BASE budget established for the  
22 district; or

23 (b) except as provided in ~~section 3, Chapter 38, Special Laws of November 1993, and subsection~~  
24 ~~(4) of this section,~~ does not exceed the maximum general fund budget established for the district.

25 (2) (a) If the BASE budget for a district for the school fiscal year is greater than the general fund  
26 budget of the district for the prior school fiscal year, the trustees of the district:

27 (i) shall increase the general fund budget by at least:

28 (A) ~~25% of the range between the district general fund budget for the school fiscal year ending~~  
29 ~~June 30, 1994, and the BASE budget for the district for the school fiscal year beginning July 1, 1994;~~

30 (B) 33.3% of the range between the district general fund budget for the school fiscal year ending

1 June 30, 1995, and the BASE budget for the district for the school fiscal year beginning July 1, 1995;  
2 ~~(C)~~(B) 50% of the range between the district general fund budget for the school fiscal year ending  
3 June 30, 1996, and the BASE budget for the district for the school fiscal year beginning July 1, 1996; or  
4 ~~(D)~~(C) the remainder of the range between the district general fund budget for the school fiscal year  
5 ending June 30, 1997, and the BASE budget for the district for the school fiscal year beginning July 1,  
6 1997;

7 (ii) may increase the general fund budget beyond the amount in subsection (2)(a)(i) but not by more  
8 than 4% of the previous year's general fund budget or by more than 4% of the previous year's general fund  
9 per-ANB multiplied by the current year's ANB for budgeting purposes pursuant to subsection (2)(b).

10 (b) The trustees shall submit a proposition on any amount exceeding the limitations in subsection  
11 (2)(a)(i) to the electors of the district, as provided in 20-9-353.

12 (3) (a) Whenever the trustees of a district adopt a general fund budget that exceeds the BASE  
13 budget for the district but does not exceed the maximum general fund budget for the district, the trustees  
14 shall submit a proposition to the electors of the district, as provided in 20-9-353, for any budget amount  
15 that exceeds the previous year's general fund budget amount or the previous year's general fund budget  
16 per-ANB multiplied by the current year's ANB for budgeting purposes.

17 (b) A general fund budget adopted under this subsection (3) may not exceed the greater of:

18 (i) 104% of the previous year's general fund budget ~~as adjusted by the provisions of section 3,~~  
19 ~~Chapter 38, Special Laws of November 1993;~~ or

20 (ii) 104% of the previous year's general fund budget per-ANB multiplied by the current year's ANB  
21 for budgeting purposes ~~as adjusted by the provisions of section 3, Chapter 38, Special Laws of November~~  
22 ~~1993.~~

23 (4) (a) If the maximum general fund budget for a district for an ensuing school fiscal year is less  
24 than the general fund budget for the district for the current school fiscal year, ~~as adjusted by the provisions~~  
25 ~~of section 3, Chapter 38, Special Laws of November 1993,~~ the trustees of the district may not adopt a  
26 general fund budget for the ensuing school fiscal year that is greater than the district's general fund budget  
27 for the current school fiscal year.

28 (b) ~~Except for the school fiscal year beginning July 1, 1994, the~~ The trustees of the district shall  
29 submit a proposition to raise any general fund budget amount that is in excess of the maximum general  
30 fund budget for the district to the electors who are qualified under 20-20-301 to vote on the proposition,



1 as provided in 20-9-353.

2 (5) Whenever the trustees of a district adopt a general fund budget that does not exceed the BASE  
3 budget for the district, the trustees shall finance this amount with the following sources of revenue:

4 (a) state equalization aid as provided in 20-9-343, including any guaranteed tax base aid for which  
5 the district may be eligible, as provided in 20-9-366 through 20-9-369;

6 (b) county equalization aid, as provided in 20-9-331 ~~and 20-9-333~~;

7 (c) a district levy for support of a school not approved as an isolated school under the provisions  
8 of 20-9-302;

9 (d) payments in support of special education programs under the provisions of 20-9-321;

10 (e) nonlevy revenue as provided in 20-9-141; and

11 (f) a BASE budget levy on the taxable value of all property within the district.

12 (6) The over-BASE budget amount of a district must be financed by a levy on the taxable value of  
13 all property within the district or other revenue available to the district as provided in 20-9-141.

14 ~~{(7) For the purpose of this section, the general fund budget or general fund per ANB budget for  
15 the school fiscal year ending June 30, 1993, is the general fund budget funded by any state, local, and  
16 federal revenue, excluding Public Law 81-874 receipts received in the school fiscal year ending June 30,  
17 1993. Before excluding any Public Law 81-874 funding, a district may increase the district general fund  
18 budget for the school fiscal year ending June 30, 1993, by the allowable increases in subsections (2) and  
19 (3).}~~"

20

21 **Section 42.** Section 20-9-331, MCA, is amended to read:

22 **"20-9-331. Basic county County equalization tax and other revenues for county revenue for**  
23 **equalization of the elementary and high school district BASE funding program.** (1) The county  
24 commissioners of each county shall levy an annual basic tax of ~~33~~ 55 mills on the dollar of the taxable  
25 value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517,  
26 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the purposes of local and state BASE  
27 funding program support. The revenue collected from this levy must be apportioned to the support of the  
28 elementary and high school BASE funding programs of the school districts in the county ~~and to the state~~  
29 ~~special revenue fund, state equalization aid account,~~ in the following manner:

30 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,

1 the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE  
2 funding programs of all elementary and high school districts of the county and the sum of the county's high  
3 school tuition obligation.

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

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

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

16 (b) the portion of the federal flood control act funds distributed to a county and designated for  
17 expenditure for the benefit of the county common schools under the provisions of 17-3-232;

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

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

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

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

25 (g) net proceeds taxes for new production, production from horizontally completed wells, and  
26 incremental production, as defined in 15-23-601, and local government severance taxes on any other  
27 production occurring after December 31, 1988; and

28 (h) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,  
29 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204."

30

1           **Section 43.** Section 20-9-332, MCA, is amended to read:

2           "20-9-332. **Fines and penalties proceeds for elementary county equalization.** All fines and penalties  
3 collected under the provisions of this title, except those collected by a justice's court, ~~shall~~ must be paid  
4 into the county ~~elementary~~ equalization fund as provided by 20-9-331(2)(c). In order to implement this  
5 section and any other provision of law requiring the deposit of fines in the ~~elementary~~ county equalization  
6 fund, a report ~~shall~~ must be made to the county superintendent of the county, at the close of each term,  
7 by the clerk of each district court, reporting all fines imposed and collected during the term and indicating  
8 the type of violation and the date of collection."  
9

10           **Section 44.** Section 20-9-334, MCA, is amended to read:

11           "20-9-334. **Apportionment of county equalization ~~moneys~~ money -- high school out-of-county**  
12 **tuition obligations.** (1) The county superintendent shall calculate the apportionment of ~~revenues~~ revenue  
13 deposited in the ~~basic county tax equalization~~ account for elementary and high schools ~~and the revenues~~  
14 ~~deposited in the basic special tax for high schools account~~ to the several districts of the county. The  
15 apportionments ~~shall be~~ is known as "county equalization ~~moneys~~ money".

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

21           **Section 45.** Section 20-9-335, MCA, is amended to read:

22           "20-9-335. **Formula for apportionment of county equalization money.** (1) The ~~superintendent of~~  
23 ~~public instruction~~ department of administration shall calculate the apportionment of revenue available in the  
24 ~~basic county tax equalization~~ account ~~and in the basic special tax for high schools account~~ in accordance  
25 with the following procedure:

26           (a) determine the percentage that the county equalization money available for the support of the  
27 elementary direct state aid of the districts in the county is of the total elementary direct state aid of all  
28 districts in the county; and

29           (b) multiply the elementary direct state aid amount of each district by the percentage determined  
30 in subsection (1)(a) to determine the portion of the county equalization money available to each school

1 district.

2 (2) The procedure in subsection (1) must also be applied for the high school direct state aid after  
3 the deduction of the county's obligation for high school out-of-county tuition.

4 (3) Territory situated within a county may not be excluded from the calculations of the county  
5 equalization money under this section solely because the territory lies within the boundaries of a joint  
6 district. Cash balances to the credit of any district at the end of a school fiscal year may not be considered  
7 in the apportionment procedure prescribed in this section.

8 (4) The county equalization money reported under these procedures is the first source of revenue  
9 for financing the elementary and high school direct state aid payments."

10

11 **Section 46.** Section 20-9-342, MCA, is amended to read:

12 **"20-9-342. Deposit of interest and income ~~moneys~~ money by state board of land commissioners.**

13 The state board of land commissioners shall annually deposit the interest and income ~~moneys~~ money for  
14 each calendar year into the state ~~special revenue~~ general fund for state equalization aid, provided for by  
15 20-9-343, by the last business day of February following the calendar year in which the ~~moneys were~~  
16 money was received."

17

18 **Section 47.** Section 20-9-343, MCA, is amended to read:

19 **"20-9-343. Definition of and revenue for state equalization aid.** (1) As used in this title, the term  
20 "state equalization aid" means the ~~account in the state special revenue fund that receives revenue as~~  
21 amount required in this section plus any legislative appropriation of money from other sources for:

22 (a) ~~distribution to the public schools for the purposes of payment of systems development and~~  
23 ~~other related costs resulting from the enactment of legislation that requires changes to the automated~~  
24 ~~system used to administer the BASE funding program, guaranteed tax base aid, BASE aid, and state~~  
25 ~~reimbursement for school facilities, and matching funds for the systemic initiative for Montana mathematics~~  
26 ~~and science grant;~~

27 (b) negotiated payments authorized under 20-7-420(3) up to \$500,000 per biennium; and

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

29 (2) The ~~superintendent of public instruction~~ department of administration may spend funds  
30 ~~appropriated from the state equalization aid account~~ throughout the biennium as required for the purposes

1 of ~~systems development and other related costs resulting from the enactment of legislation that requires~~  
 2 ~~changes to the automated system used to administer the BASE funding program,~~ guaranteed tax base aid,  
 3 BASE aid for the BASE funding program, state reimbursement for school facilities, negotiated payments  
 4 authorized under 20-7-420(3), and the Montana educational telecommunications network, throughout the  
 5 biennium, ~~and for the biennium beginning July 1, 1993, equipment purchases that qualify as the state~~  
 6 ~~match for the systemic initiative for Montana mathematics and science grant.~~

7 (3) The following must be paid into the state ~~equalization aid account~~ general fund for the public  
 8 schools of the state:

9 (a) ~~money allocated to state equalization from the collection of the severance tax on coal;~~

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

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

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

14 (e) ~~income from the lottery, as provided in 23-7-402;~~

15 (f) ~~the surplus revenues collected by the counties for BASE funding program support according to~~  
 16 ~~20-9-331 and 20-9-333; and~~

17 (g) ~~(b)~~ investment income earned by investing ~~money in the state equalization aid account in the~~  
 18 ~~state special revenue fund~~ the interest and income money described in 20-9-341 and 20-9-342.

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

21 (5) ~~Any surplus revenue in the state equalization aid account at the end of a fiscal year must be~~  
 22 ~~transferred to the general fund."~~

23

24 **Section 48.** Section 20-9-344, MCA, is amended to read:

25 **"20-9-344. Duties of board of public education for distribution of BASE aid.** (1) The board of public  
 26 education shall administer and distribute the BASE aid and state advances for county equalization in the  
 27 manner and with the powers and duties provided by law. To this end, the board of public education shall:

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

30 (b) have the power to require reports from the county superintendents, budget boards, county

1 treasurers, and trustees as it considers necessary; and

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

8 (2) The board of public education may order the ~~superintendent of public instruction~~ department  
9 of administration to withhold distribution of BASE aid from a district when the district fails to:

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

11 or

12 (b) maintain accredited status.

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

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

20 (5) Except as provided in 20-9-347(3), the BASE aid payment must be distributed according to the  
21 following schedule:

22 (a) from August to October of the school fiscal year, 10% of the direct state aid to each district;

23 (b) from December to April of the school fiscal year, 10% of the direct state aid to each district;

24 (c) in November of the school fiscal year, one-half of the guaranteed tax base aid payment to each  
25 district or county that has submitted a final budget to the ~~superintendent of public instruction~~ department  
26 of administration in accordance with the provisions of 20-9-134;

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

29 (e) in June of the school fiscal year, one-half of the remaining payment to each district of direct  
30 state aid and on the following July 15, the remaining payment to each district of direct state aid for the

1 school fiscal year ending on the preceding June 30.

2 (6) The distribution provided for in subsection (5) must occur by the last working day of each  
3 month."

4  
5 **Section 49.** Section 20-9-346, MCA, is amended to read:

6 "**20-9-346. Duties of ~~superintendent of public instruction~~ department of administration for state**  
7 **and county equalization aid distribution.** The ~~superintendent of public instruction~~ department of  
8 administration shall administer the distribution of the state and county equalization aid by:

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

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

17 (a) determining by May 1 of each school fiscal year the number of mills levied in each district for  
18 debt service on bonds that were issued as provided in 20-9-370(2)(b)(i) or (2)(b)(iii) and that qualify for  
19 guaranteed tax base aid under the provisions of 20-9-366 through 20-9-369 and 20-9-370;

20 (b) based on the limitation of state equalization aid available for debt service purposes in this  
21 subsection (2), determining the percentage of state equalization aid that each eligible district must receive  
22 for the school fiscal year;

23 (c) distributing that amount to each eligible district for reducing the property tax for the debt  
24 service fund for the ensuing school fiscal year; and

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

28 (3) distributing by electronic transfer the BASE aid and state advances for county equalization, for  
29 each district or county entitled to the aid, to the county treasurer of the respective county for county  
30 equalization aid or to the county treasurer of the county where the district is located for BASE aid, in

1 accordance with the distribution ordered by the board of public education;

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

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

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

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

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

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

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

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

13  
14 **Section 50.** Section 20-9-347, MCA, is amended to read:

15 **"20-9-347. Distribution of BASE aid and special education allowable cost payments in support of**  
16 **BASE funding program -- exceptions.** (1) The ~~superintendent of public instruction~~ department of  
17 administration shall:

18 (a) supply the county treasurer and the county superintendent with a monthly report of the  
19 payment of BASE aid in support of the BASE funding program of each district of the county;

20 (b) in the manner described in 20-9-344, provide for a state advance to each county in an amount  
21 that is no less than the amount anticipated to be raised for the ~~basic county tax fund~~ equalization aid for  
22 elementary and high schools, as provided in 20-9-331 ~~and for the basic special tax fund as provided in~~  
23 ~~20-9-333~~;

24 (c) adopt rules to implement the provisions of subsection (1)(b).

25 (2) (a) The ~~superintendent of public instruction~~ department of administration is authorized to adjust  
26 the schedule prescribed in 20-9-344 for distribution of the BASE aid payments if the distribution will cause  
27 a district to register warrants under the provisions of 20-9-212(8).

28 (b) To qualify for an adjustment in the payment schedule, a district shall demonstrate to the  
29 ~~superintendent of public instruction~~ department of administration, in the manner required by the office, that  
30 the payment schedule prescribed in 20-9-344 will result in insufficient money available in all funds of the



1 district to make payment of the district's warrants. The county treasurer shall confirm the anticipated  
 2 deficit. This section may not be construed to authorize the ~~superintendent of public instruction~~ department  
 3 of administration to exceed a district's annual payment for BASE aid.

4 (3) The ~~superintendent of public instruction~~ department of administration shall:

5 (a) distribute special education allowable cost payments to districts; and

6 (b) supply the county treasurer and the county superintendent of public instruction with a report  
 7 of payments for special education allowable costs to districts of the county."  
 8

9 **Section 51.** Section 20-9-351, MCA, is amended to read:

10 "**20-9-351. Funding of deficiency in BASE aid.** If the money available for BASE aid is not the result  
 11 of a reduction in spending under 17-7-140 and is not sufficient to provide the guaranteed tax base aid  
 12 required under 20-9-366 through 20-9-369 and BASE aid support determined under 20-9-347, the  
 13 ~~superintendent of public instruction~~ department of administration shall request the budget director to submit  
 14 a request for a supplemental appropriation in the second year of the biennium that is sufficient to complete  
 15 the funding of BASE aid for the elementary and high school districts for the current biennium."  
 16

17 **Section 52.** Section 20-9-360, MCA, is amended to read:

18 "**20-9-360. State equalization aid levy.** (1) There is a levy of 40 mills imposed by the county  
 19 commissioners of each county on all taxable property within the state, except property for which a tax or  
 20 fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204. Except as  
 21 provided in subsection (2), proceeds of the levy must be remitted to the state treasurer and must be  
 22 deposited to the credit of the state ~~special revenue~~ general fund for state equalization aid to the public  
 23 schools of Montana.

24 (2) For the benefit of each municipality that created an urban renewal area and adopted a tax  
 25 increment financing provision for the urban renewal area prior to July 1, 1990, the state treasurer shall  
 26 distribute each fiscal year from the state equalization aid levy to the municipality the amount, if any, equal  
 27 to the product of the incremental taxable value of the urban renewal area times the reduced school levy  
 28 for the area, each calculated for the fiscal year. The reduced school levy for a fiscal year is the difference  
 29 between the aggregate amount of all property tax levies for school purposes in the urban renewal area,  
 30 expressed in mills, in the fiscal year ended June 30, 1989, and the aggregate amount of all property tax

1 levies for school purposes in the area or the district, expressed in mills, in the fiscal year, including the state  
 2 equalization aid levy. The state treasurer shall distribute the amounts to municipalities in two equal  
 3 installments on December 31 and June 30 of the fiscal year."

4  
 5 **Section 53.** Section 20-9-361, MCA, is amended to read:

6 **"20-9-361. ~~State and county~~ County equalization revenue -- statutory appropriation. (1) Revenue**  
 7 **received in support of ~~state and county~~ equalization under the provisions of 20-9-331, ~~20-9-333~~, and**  
 8 **20-9-343 is statutorily appropriated, as provided in 17-7-502, to:**

9 **~~(1) the superintendent of public instruction~~ department of administration to be used for county**  
 10 **equalization ~~and state equalization~~ aid for the public schools, as provided by law, and must be accounted**  
 11 **for in accordance with generally accepted accounting principles; ~~and,~~**

12 **~~(2) counties~~ Revenue received from the state equalization aid levy for a municipality that created**  
 13 **an urban renewal area and adopted a tax increment financing provision for the urban renewal area prior to**  
 14 **July 1, 1990, is statutorily appropriated, as provided in 17-7-502, to be distributed as provided in**  
 15 **20-9-360(2)."**

16  
 17 **Section 54.** Section 20-9-369, MCA, is amended to read:

18 **"20-9-369. Duties of ~~superintendent of public instruction~~ department of administration and**  
 19 **department of revenue. (1) The ~~superintendent of public instruction~~ department of administration shall**  
 20 **administer the distribution of guaranteed tax base aid by:**

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

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

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

1 tax base aid;

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

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

6 (2) The ~~superintendent~~ department of administration shall adopt rules necessary to implement  
7 20-9-366 through 20-9-369.

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

12 (4) For the purposes of implementing 20-9-366 through 20-9-368 and this section ~~for the school~~  
13 ~~fiscal year beginning July 1, 1993, the superintendent of public instruction shall estimate the direct state~~  
14 ~~aid for a district for the school fiscal year beginning July 1, 1993, in order to calculate the district and~~  
15 ~~statewide guaranteed tax base ratios for that school fiscal year. For succeeding school fiscal years, the~~  
16 ~~superintendent of public instruction~~ department of administration shall calculate the district and statewide  
17 guaranteed tax base ratios by applying the prior year's direct state aid payment."  
18

19 **Section 55.** Section 20-9-501, MCA, is amended to read:

20 "20-9-501. **Retirement fund.** (1) The trustees of a district employing personnel who are members  
21 of the teachers' retirement system or the public employees' retirement system or who are covered by  
22 unemployment insurance or who are covered by any federal social security system requiring employer  
23 contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's  
24 contributions to the systems. The district's contribution for each employee who is a member of the  
25 teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The  
26 district's contribution for each employee who is a member of the public employees' retirement system must  
27 be calculated in accordance with 19-3-316. The district's contributions for each employee covered by any  
28 federal social security system must be paid in accordance with federal law and regulation. The district's  
29 contribution for each employee who is covered by unemployment insurance must be paid in accordance  
30 with Title 39, chapter 51, part 11.

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

5           (3) When the final retirement fund budget has been adopted, the county superintendent shall  
6 establish the levy requirement by:

7           (a) determining the sum of the money available to reduce the retirement fund levy requirement by  
8 adding:

9           (i) any anticipated money that may be realized in the retirement fund during the ensuing school  
10 fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,  
11 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204;

12           (ii) net proceeds taxes and local government severance taxes on any other oil and gas production  
13 occurring after December 31, 1988;

14           (iii) coal gross proceeds taxes under 15-23-703;

15           (iv) any fund balance available for reappropriation as determined by subtracting the amount of the  
16 end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school  
17 fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund  
18 operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school  
19 fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under  
20 the final retirement fund budget; and

21           (v) any other revenue anticipated that may be realized in the retirement fund during the ensuing  
22 school fiscal year, excluding any guaranteed tax base aid.

23           (b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction  
24 of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in  
25 the final retirement fund budget.

26           (4) The county superintendent shall:

27           (a) total the net retirement fund levy requirements separately for all elementary school districts,  
28 all high school districts, and all community college districts of the county, including any prorated joint  
29 district or special education cooperative agreement levy requirements; and

30           (b) report each levy requirement to the county commissioners on the fourth Monday of August as

1 the respective county levy requirements for elementary district, high school district, and community college  
2 district retirement funds.

3 (5) The county commissioners shall fix and set the county levy in accordance with 20-9-142.

4 (6) The net retirement fund levy requirement for a joint elementary district or a joint high school  
5 district must be prorated to each county in which a part of the district is located in the same proportion as  
6 the district ANB of the joint district is distributed by pupil residence in each county. The county  
7 superintendents of the counties affected shall jointly determine the net retirement fund levy requirement  
8 for each county as provided in 20-9-151.

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

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

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

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

21

22 **Section 56.** Section 20-9-506, MCA, is amended to read:

23 **"20-9-506. Budgeting and net levy requirement for nonoperating fund.** (1) The trustees of ~~any a~~  
24 district ~~which that~~ does not operate a school or will not operate a school during the ensuing school fiscal  
25 year shall adopt a nonoperating school district budget in accordance with the school budgeting provisions  
26 of this title. ~~Such~~ The nonoperating budget ~~shall~~ must contain the nonoperating fund and, when  
27 appropriate, a debt service fund. The nonoperating budget form ~~shall~~ must be promulgated and distributed  
28 by the ~~superintendent of public instruction~~ department of administration under the provisions of 20-9-103.

29 (2) After the adoption of a final budget for the nonoperating fund, the county superintendent shall  
30 compute the net levy requirement for ~~such the~~ the fund by subtracting from the amount authorized by ~~such~~

1 the budget the sum of:

2 (a) the end-of-the-year cash balance of the nonoperating fund or, if it is the first year of  
3 nonoperation, the cash balance determined under the transfer provisions of 20-9-505;

4 (b) the estimated state and county transportation reimbursements; and

5 (c) any other ~~moneys~~ money that may become available during the ensuing school fiscal year.

6 (3) The county superintendent shall report the net nonoperating fund levy requirement and any net  
7 debt service fund levy requirement determined under the provisions of 20-9-439 to the county  
8 commissioners on the fourth Monday of August, and ~~such~~ the levies shall must be made on the district by  
9 the county commissioners in accordance with 20-9-142."

10

11 **Section 57.** Section 20-9-805, MCA, is amended to read:

12 "**20-9-805. Rate of reduction in annual apportionment entitlement.** (1) For each school day short  
13 of the minimum number of school days required by law that a school district fails to conduct by reason of  
14 one or more unforeseen emergencies as defined in 20-9-802, the ~~superintendent of public instruction~~  
15 department of administration shall reduce the equalization apportionment and entitlement of the district for  
16 that school year by 1/180th.

17 (2) Kindergarten and grade 1 through 12 programs ~~shall~~ must be considered separately for the  
18 purpose of computing compliance with minimum school day requirements and any loss of apportionment."

19

20 **Section 58.** Section 20-10-112, MCA, is amended to read:

21 "**20-10-112. Duties of the superintendent of public instruction.** In order to have a uniform and  
22 equal provision of transportation by all districts in the state of Montana, the superintendent of public  
23 instruction shall:

24 (1) prescribe rules and forms for the implementation and administration of the transportation  
25 policies adopted by the board of public education;

26 (2) prescribe rules for the approval of school bus routing by the county transportation committee;

27 (3) prescribe the format of the contract for individual transportation and supply each county  
28 superintendent with a sufficient number of such contracts;

29 (4) prescribe rules for the approval of individual transportation contracts, including the increases  
30 of the schedule rates due to isolation under the policy of the board of public education, and provide a

1 degree-of-isolation chart to school district trustees to serve as a guide;

2 (5) approve, disapprove, or adjust all school bus routing submitted by the county superintendent;

3 (6) approve, disapprove, or adjust all individual transportation contracts submitted by the county  
4 superintendent; and

5 (7) prescribe rules for the consideration of controversies appealed to ~~him~~ the superintendent and  
6 rule on ~~such~~ the controversies; ~~and~~

7 ~~(8) disburse the state transportation reimbursement in accordance with the provisions of law and~~  
8 ~~the transportation policies of the board of public education."~~

9

10 **Section 59.** Section 20-10-143, MCA, is amended to read:

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

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

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

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

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

23 (e) any other amount necessary to finance the administration, operation, or maintenance of the  
24 transportation program of the district, as determined by the trustees.

25 (2) The trustees may include a contingency amount in the transportation fund budget for the  
26 purpose of enabling the district to fulfill an obligation to provide transportation in accordance with this title  
27 for:

28 (a) pupils not residing in the district at the time of the adoption of the preliminary budget and who  
29 subsequently became residents of the district during the school fiscal year; or

30 (b) pupils who have become eligible transportees since the adoption of the preliminary budget

1 because their legal residence has been changed. The budgeted contingency amount may not exceed 10%  
2 of the transportation schedule amount as calculated under the provisions of 20-10-141 and 20-10-142 for  
3 all transportation services authorized by the schedules and provided by the district unless 10% of the  
4 transportation schedule amount is less than \$100, in which case \$100 is the maximum limitation for the  
5 budgeted contingency amount.

6 (3) A budget amendment to the transportation fund budget may be adopted subject to the  
7 provisions of 20-9-161 through 20-9-166.

8 (4) The transportation fund budgeted expenditures appropriated by the trustees must be reported  
9 on the regular budget form prescribed by the ~~superintendent of public instruction~~ department of  
10 administration in accordance with 20-9-103, and the adoption of the transportation fund budget must be  
11 completed in accordance with the school budgeting laws. When the adopted preliminary budget is sent to  
12 the county superintendent, the trustees shall also send copies of all completed transportation contracts for  
13 school bus transportation and individual transportation to the county superintendent. The contracts must  
14 substantiate all contracted transportation services incorporated in the preliminary budget, and after the  
15 county superintendent has utilized the contracts for that purpose but before the fourth Monday of July, ~~he~~  
16 the county superintendent shall send all transportation contracts received to the superintendent of public  
17 instruction. When the county superintendent determines a deviation between the preliminary transportation  
18 fund budget amount for contracted transportation services and the contracted amount for the services, ~~he~~  
19 the county superintendent shall immediately call the deviation to the attention of the appropriate trustees  
20 and shall allow the trustees to change the preliminary budgeted amount to compensate for the deviation."  
21

22 **Section 60.** Section 20-10-145, MCA, is amended to read:

23 **"20-10-145. State transportation reimbursement.** (1) A district providing school bus transportation  
24 or individual transportation in accordance with this title, board of public education transportation policy,  
25 and superintendent of public instruction and department of administration transportation rules must receive  
26 a state reimbursement of its transportation expenditures under the transportation reimbursement rate  
27 provisions of 20-10-141 and 20-10-142. The state transportation reimbursement is one-half of the  
28 reimbursement amounts established in 20-10-141 and 20-10-142 or one-half of the district's transportation  
29 fund budget, whichever is smaller, and must be computed on the basis of the number of days the  
30 transportation services were actually rendered, not to exceed 180 pupil-instruction days. In determining



1 the amount of the state transportation reimbursement, an amount claimed by a district may not be  
 2 considered for reimbursement unless the amount has been paid in the regular manner provided for the  
 3 payment of other financial obligations of the district.

4 (2) Requests for the state transportation reimbursement must be made by each district  
 5 semiannually during the school fiscal year on the claim forms and procedure promulgated by the  
 6 ~~superintendent of public instruction~~ department of administration. The claims for state transportation  
 7 reimbursements must be routed by the district to the county superintendent, who after reviewing the claims  
 8 shall send them to the ~~superintendent of public instruction~~ department of administration. The ~~superintendent~~  
 9 ~~of public instruction~~ department of administration shall establish the validity and accuracy of the claims for  
 10 the state transportation reimbursements by determining compliance with this title, board of public education  
 11 transportation policy, and the transportation rules of the superintendent of public instruction and the  
 12 department of administration. After making any necessary adjustments to the claims, the ~~superintendent~~  
 13 ~~of public instruction~~ department of administration shall order a disbursement from the state money  
 14 appropriated by the legislature of the state of Montana for the state transportation reimbursement. The  
 15 payment of all the district's claims within one county must be made to the county treasurer of the county,  
 16 and the county superintendent shall apportion the payment in accordance with the apportionment order  
 17 supplied by the ~~superintendent of public instruction~~ department of administration."

18  
 19 **Section 61.** Section 23-7-202, MCA, is amended to read:

20 **"23-7-202. Powers and duties of commission.** The commission shall:

- 21 (1) establish and operate a state lottery and may not become involved in any other gambling or  
 22 gaming;
- 23 (2) determine policies for the operation of the state lottery, supervise the director and ~~his~~ the staff,  
 24 and meet with the director at least once every 3 months to make and consider recommendations, set  
 25 policies, determine types and forms of lottery games to be operated by the state lottery, and transact other  
 26 necessary business;
- 27 (3) maximize the net revenue paid ~~to the superintendent of public instruction and~~ to the board of  
 28 crime control under 23-7-402 and ensure that all policies and rules adopted further revenue maximization;
- 29 (4) subject to 23-7-402(1), determine the percentage of the money paid for tickets or chances to  
 30 be paid out as prizes;

1 (5) determine the price of each ticket or chance and the number and size of prizes;

2 (6) provide for the conduct of drawings of winners of lottery games;

3 (7) carry out, with the director, a continuing study of the state lotteries of Montana and other  
4 states to make the state lottery more efficient, profitable, and secure from violations of the law;

5 (8) study and may enter into agreements with other lottery states to offer lottery games;

6 (9) prepare quarterly and annual reports on all aspects of the operation of the state lottery,  
7 including but not limited to types of games, gross revenue, prize money paid, operating expenses, net  
8 revenue to the state, contracts with gaming suppliers, and recommendations for changes to this part, and  
9 deliver a copy of each report to the governor, the department of administration, the legislative auditor, the  
10 president of the senate, the speaker of the house of representatives, and each member of the appropriate  
11 committee of each house of the legislature as determined by the president of the senate and the speaker  
12 of the house; and

13 (10) adopt rules relating to lottery staff sales incentives or bonuses and sales agents' commissions  
14 and any other rules necessary to carry out this part."  
15

16 **Section 62.** Section 23-7-402, MCA, is amended to read:

17 **"23-7-402. Disposition of revenue.** (1) A minimum of 45% of the money paid for tickets or chances  
18 must be paid out as prize money. The prize money is statutorily appropriated, as provided in 17-7-502, to  
19 the lottery.

20 (2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating  
21 expense.

22 (3) That part of all gross revenue not used for the payment of prizes, commissions, and operating  
23 expenses, together with the interest earned on the gross revenue while the gross revenue is in the  
24 enterprise fund, is net revenue. Except for the amount required to be ~~paid~~ transferred under subsection (5),  
25 net revenue must be paid quarterly from the enterprise fund established by 23-7-401 to the ~~superintendent~~  
26 ~~of public instruction~~ state general fund for distribution as state equalization aid to the public schools of  
27 Montana ~~as provided in 20-9-343. The net revenue is statutorily appropriated, as provided in 17-7-502, to~~  
28 ~~the superintendent of public instruction.~~

29 (4) The spending authority of the lottery may be increased in accordance with this section upon  
30 review and approval of a revised operation plan by the ~~budget office~~ of budget and program planning.

1 (5) (a) An amount equal to 9.1% of the net revenue derived under subsection (3), but not to  
2 exceed \$1 million in any fiscal year, must be paid to the board of crime control.

3 (b) All money paid to the board of crime control under this subsection (5) must be used to fund  
4 state grants to counties for youth detention services and to cover the costs of administering the grant  
5 program as authorized in 41-5-1002. The grants are statutorily appropriated, as provided in 17-7-502, to  
6 the board of crime control. The costs of administering the grant program must be paid pursuant to a  
7 legislative appropriation."

8  
9 **Section 63.** Section 77-1-507, MCA, is amended to read:

10 "**77-1-507. School district use of proceeds.** The money received by any school district under this  
11 part ~~shall be~~ is designated as district money for the general maintenance and operation of the elementary  
12 schools of the district. ~~Such~~ The money may be used by the district as all other cash balances are used in  
13 accordance with the provisions of ~~20-9-335~~ 20-9-141."

14  
15 **Section 64.** Section 90-6-201, MCA, is amended to read:

16 "**90-6-201. Purpose.** The purposes of this part are to assist local governmental units ~~which~~ that  
17 have been required to expand the provision of public services as a consequence of large-scale development  
18 of coal mines and coal-using energy complexes, to assist in the construction and reconstruction of  
19 designated portions of highways ~~which~~ that serve the area affected by ~~such~~ large-scale development, to  
20 support county land planning, and to ~~invest a portion of the tax revenue from coal mines in a permanent~~  
21 ~~fund, the income from which shall be used for the support of public schools throughout the state.~~"

22  
23 **Section 65.** Section 90-6-212, MCA, is amended to read:

24 "**90-6-212. Local impact account -- disposition of loan repayments, interest, and unexpended**  
25 **balances.** (1) The money derived from loans made pursuant to this part, including interest ~~thereon~~ on the  
26 loans, must be deposited to the credit of the local impact account created in 90-6-202.

27 (2) The unexpended money in the local impact account must be invested by the board of  
28 investments as provided by statute. Interest and earnings must be deposited to the credit of the ~~state~~  
29 ~~special revenue fund~~ general fund for state equalization aid to public schools of the state.

30 (3) The unexpended balance in the local impact account at the end of each fiscal year must be

1 deposited to the credit of the ~~state special revenue~~ general fund for state equalization aid to public schools  
2 of the state."  
3

4 **Section 66.** Section 90-6-309, MCA, is amended to read:

5 **"90-6-309. Tax prepayment -- large-scale mineral development.** (1) After permission to commence  
6 operation is granted by the appropriate governmental agency, and upon request of the governing body of  
7 a county in which a facility is to be located, a person intending to construct or locate a large-scale mineral  
8 development in this state shall prepay property taxes as specified in the impact plan. This prepayment ~~shall~~  
9 must exclude the 6-mill university levy established under 20-25-423 and may exclude the mandatory county  
10 levies for the school BASE funding program established in 20-9-331 ~~and 20-9-333.~~

11 (2) The person who is to prepay under this section is not obligated to prepay the entire amount  
12 established in subsection (1) at one time. Upon request of the governing body of an affected local  
13 government unit, the person shall prepay the amount shown to be needed from time to time as determined  
14 by the board.

15 (3) The person who is to prepay shall guarantee to the hard-rock mining impact board, through an  
16 appropriate financial institution, as may be required by the board, that property tax prepayments will be paid  
17 as needed for expenditures created by the impacts of the large-scale mineral development.

18 (4) When the mineral development facilities are completed and assessed by the department of  
19 revenue, they are subject during the first 3 years and thereafter to taxation as all other property similarly  
20 situated, except that in each year after the start of production, the local government unit that received a  
21 property tax prepayment shall provide for repayment of prepaid property taxes in accordance with  
22 subsection (5).

23 (5) A local government unit that received all or a portion of the property tax prepayment under  
24 this section shall provide for tax crediting as specified in the impact plan. The tax credit allowed in any year  
25 may not, ~~however,~~ exceed the tax obligation of the developer for that year, and the time period for tax  
26 crediting is limited to the productive life of the mining operation."  
27

28 **Section 67.** Section 90-6-403, MCA, is amended to read:

29 **"90-6-403. Jurisdictional revenue disparity -- conditioned exemption and reallocation of certain**  
30 **taxable valuation.** (1) When an impact plan for a large-scale mineral development approved pursuant to

1 90-6-307 identifies a jurisdictional revenue disparity, the board shall promptly notify the developer, all  
 2 affected local government units, and the department of revenue of the disparity. Except as provided in this  
 3 section and 90-6-404, the increase in taxable valuation of the mineral development that occurs after the  
 4 issuance and validation of a permit under 82-4-335 is not subject to the usual application of county and  
 5 school district property tax mill levies. This increase in taxable valuation must be allocated to local  
 6 government units as provided in 90-6-404. The increase in taxable valuation allocated as provided in  
 7 90-6-404 is subject to the application of property tax mill levies in the local government unit to which it  
 8 is allocated.

9 (2) The total taxable valuation of a large-scale mineral development remains subject to the  
 10 statewide mill levies and ~~the basic county levies~~ equalization levy for elementary and high school BASE  
 11 funding programs as provided in 20-9-331 ~~and 20-9-333~~.

12 (3) The provisions of subsection (1) remain in effect until the large-scale mineral development  
 13 ceases operations or until the existence of the jurisdictional revenue disparity ceases, as determined by the  
 14 board."

15  
 16 **NEW SECTION. Section 68. School finance duties of the department of administration.** The  
 17 department of administration shall:

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

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

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

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

27 (5) prescribe and furnish the annual report forms to enable the districts to report to the county  
 28 superintendent in accordance with the provisions of 20-9-213(6) and the annual report forms to enable the  
 29 county superintendents to report to the department of administration in accordance with the provisions of  
 30 20-3-209;

1 (6) distribute BASE aid and special education allowable cost payments in support of the BASE  
2 funding program, in accordance with the provisions of 20-9-331, 20-9-342, 20-9-346, 20-9-347, and  
3 20-9-366 through 20-9-369;

4 (7) provide for the uniform and equal provision of transportation by performing the duties  
5 prescribed by the provisions of 20-10-112;

6 (8) administer the distribution of guaranteed tax base aid in accordance with 20-9-366 through  
7 20-9-369;

8 (9) disburse the state transportation reimbursement in accordance with the provisions of law, the  
9 transportation policies of the board of public education, and the transportation rules of the superintendent  
10 of public instruction; and

11 (10) resolve any controversy resulting from the proration of costs by a joint board of trustees under  
12 the provisions of 20-3-362.

13  
14 NEW SECTION. **Section 69. Repealer.** Section 20-9-333, MCA, is repealed.

15  
16 NEW SECTION. **Section 70. Codification instruction.** [Section 68] is intended to be codified as  
17 an integral part of Title 20, chapter 9, part 3, and the provisions of Title 20 apply to [section 68].

18  
19 NEW SECTION. **Section 71. Effective date.** [This act] is effective July 1, 1996.

20 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0422, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising the collection and transmission of state and county revenue for public school districts; transferring the school financial and budgeting administration from the Superintendent of Public Instruction to the Department of Administration; eliminating the state equalization aid account and certain dedicated revenue for school funding; combining the 33-mill county equalization levy for elementary school districts and the 22-mill county equalization levy for high school districts into a 55-mill county equalization levy for schools; transferring to the State Treasurer certain functions of the State Auditor concerning federal land payments.

ASSUMPTIONS:

1. The Office of Public Instruction employs three FTE for the distribution of state equalization aid, special education, and transportation payments to counties for distribution to public schools. HB 422 would transfer OPI's staff to the Department of Administration (1 Grade 14, 2 Grade 11). The personal services budget associated with these FTE is \$91,642 for FY95.
2. DoA would need 1 FTE additional at grade 15 to supervise this operation and coordinate the activity with the Treasury Unit and OPI for additional personal service costs of \$33,652, assuming the person comes on at entry level; personal services do not include adjustments for proposed pay plan.
3. The operating expenses that will transfer with these job functions total \$186,505 as listed below. The Office of Public Instruction will continue to operate and maintain MAEFAIRS as the enrollment and accreditation information feeds into the payments of state aid to school districts. The Department of Administration will access MAEFAIRS to enter school district financial data and to make BASE aid, transportation, and special education payments to school districts.

Photocopies	\$ 2,000
Keypunch Services	7,500
Computer Services	1,730
Printing	10,000
Supplies	700
Postage	15,000
Phone	5,000
School District Audits	139,575
Travel	<u>5,000</u>
	\$186,505
4. Equipment and office furniture used by the three individuals at OPI would transfer to the Department of Administration; an additional PC and office furniture would have to be purchased for the additional FTE along with appropriate software.
5. The 4 FTE would be located in office space on the Capitol Complex, not in the Mitchell Building; rent charged for office space assumes 200 sq. ft. per person at \$8.50 per sq. ft. per year.
6. DoA would incur one-time moving costs of approximately \$200 per person along with phone and equipment hookup costs.

David Lewis 2-13-95  
DAVID LEWIS, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

Sonny Hanson 2/13/95  
SONNY HANSON, PRIMARY SPONSOR DATE

(continued)

7. The Department of Administration currently makes monthly payments of the state equalization aid and special education payments to counties. OPI determines these payment amounts and submits the distribution information to the Department of Administration, so the Department of Administration can make the payments electronically to counties. A Department of Administration employee will assume the tasks currently performed by an OPI employee.
8. School districts will submit budget reports and Trustee Financial Summaries to the Department of Administration. In FY95, 120 school districts submitted financial reports electronically to OPI through MAEFAIRS (Montana Automated Education Finance and Information Reporting System). Under HB 422, the Department of Administration will keypunch (or contract for the keypunching) of the financial data for districts that do not report electronically.
9. The Office of Public Instruction will continue to maintain enrollment data and calculate the average number belonging for each school district. OPI will distribute federal funds to districts and review school district audit reports to ensure compliance with federal maintenance of effort requirements. OPI will need access to school district trustee financial summaries to ensure compliance with federal regulations.
10. The Office of Public Instruction will no longer provide training workshops for school clerks on how to complete the district budget and Trustees Financial Summaries. OPI will no longer maintain the Montana School Accounting Manual. These functions will be performed by the Department of Administration under HB 422.
11. HB 422 de-earmarks the state equalization aid account and redirects the coal tax, coal trust interest, county equalization levy, 40 mill state equalization aid levy, lottery revenues, and common school interest and income to the state general fund. There is no impact to state revenues as a result of this proposal as revenues diverted from the state equalization account equal the revenues reallocated to the state general fund.
12. Currently, the State Auditor makes one distribution of forest reserve money annually to counties. This distribution takes approximately two days to process each year. The State Treasurer will process the distribution in the same manner as the State Auditor.

FISCAL IMPACT:

Expenditures:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
<u>Office of Public Instruction</u>		
FTE		(3.00)
Personal Services		(91,642)
Operating Expenses		<u>(186,505)</u>
Total (General Fund)		(278,147)
 <u>Department of Administration</u>		
FTE		4.00
Personal Services		125,294
Operating Expenses		193,305
Equipment		4,800
Moving Costs		<u>1,600</u>
Total (General Fund)		324,999



Fiscal Note Request, HB0422, as introduced

Page 3

(continued)

Revenues: No net impact to state revenues. The revenues diverted from the state equalization aid account will be reallocated to the state general fund.

Net Impact: General fund costs increase by \$46,852 in FY97

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Keypunch costs will decrease as more school districts submit reports electronically.

TECHNICAL NOTES:

1. Section 25 requires the superintendent of public instruction to make special education payments negotiated under this section. To be consistent with other sections of HB 422, the bill should be clarified to authorize the Department of Administration to make the payment.
2. HB 422 provides a statutory appropriation for county equalization aid and a legislative appropriation of state general fund monies. This proposal makes for confusion in the accounting process by requiring the Department of Administration to record expenditures against two appropriations where only one appropriation should be necessary.
3. Forest Reserve money should be accounted for in an agency fund and distributions to the counties should not have to be appropriated; requires language in statute specifying that receipt and distribution of the forest reserve money should be in the agency fund or it will have to be accounted for in a special revenue fund as directed by Sec. 17-2-103(4).
4. Distribution of school equalization funding for GTB, advances to school districts, special education and transportation, etc. will need to be appropriated to DoA.

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0422, second reading

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising the collection and transmission of state and county revenue for public school districts; eliminating the state equalization aid account and certain dedicated revenue for school funding; combining the 33-mill county equalization levy for elementary school districts and the 22-mill county equalization levy for high school districts into a 55-mill county equalization levy for schools; transferring to the State Treasurer certain functions of the State Auditor concerning federal land payments; REVISING THE ALLOCATION OF CERTAIN FEDERAL LAND PAYMENTS BETWEEN COUNTY ROAD FUNDS AND SCHOOL FUNDS; PRIORITIZING THE ALLOCATION TO SCHOOL FUNDS.

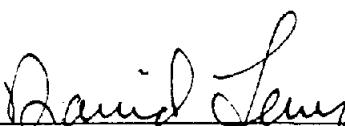
ASSUMPTIONS:


1. HB 422 de-earmarks the state equalization aid account and redirects the coal tax, coal trust interest, county equalization levy, 40 mill state equalization aid levy, lottery revenues, and common school interest and income to the state general fund. There is no impact to state revenues as a result of this proposal as revenues diverted from the state equalization account equal the revenues reallocated to the state general fund.
2. HB 422 combines the 33-mill county equalization levy for elementary programs with the 22-mill county equalization levy for high school programs to create a countywide 55 mill levy. There is no fiscal impact on the state from this change.
3. HB 422 revises the allocation of federal forest reserve funds. As amended, HB 422 allocates 62.5% of forest reserve fees first to the county levies for retirement and transportation, and then to district transportation and BASE budget levies, if sufficient funds are available. The allocation of federal forest reserve funds to county road funds is 37.5%.
4. Federal Payments in Lieu of Taxes to Montana will increase in response to the increased allocation of federal forest reserve monies to fund school purposes.
5. Currently, the State Auditor makes one distribution of forest reserve money annually to counties. This distribution takes approximately two days to process each year. The State Treasurer will process the distribution in the same manner as the State Auditor.

FISCAL IMPACT:

Revenues: No net impact to state revenues. The revenues diverted from the state equalization aid account will be reallocated to the state general fund.

Net Impact: No impact to the state General fund

 3-21-95  
DAVID LEWIS, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

  
SONNY HANSON, PRIMARY SPONSOR DATE

Fiscal Note for HB0422, second reading

HB 422-#2

(continued)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

County Road funds will receive a reduced allocation of federal forest, grazing, and wildlife preserve revenues while county and district school levies will receive an increased allocation. Based on anticipated total statewide federal revenues of \$12.6 million, \$3.7 million will be reallocated from road to school levies.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Because in the calculation of federal Payments in Lieu of Taxes (PILT) the above payments are reduced for most counties for the portion allocated to the road fund but not for the amount provided to schools, the reallocation will result in increased PILT payments to the counties. In subsequent years counties will receive \$1.1 million annually of additional PILT.

TECHNICAL NOTES:

1. Forest Reserve money should be accounted for in an agency fund and distributions to the counties should not have to be appropriated; requires language in statute specifying that receipt and distribution of the forest reserve money should be in the agency fund or it will have to be accounted for in a special revenue fund as directed by Sec. 17-2-103(4).

## 1 HOUSE BILL NO. 422

2 INTRODUCED BY S. HANSON

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE COLLECTION AND TRANSMISSION  
5 OF STATE AND COUNTY REVENUE FOR PUBLIC SCHOOL DISTRICTS; ~~TRANSFERRING THE SUPERVISION~~  
6 ~~OF SCHOOL FINANCIAL AND BUDGETING ADMINISTRATION FROM THE SUPERINTENDENT OF PUBLIC~~  
7 ~~INSTRUCTION TO THE DEPARTMENT OF ADMINISTRATION~~; ELIMINATING THE STATE EQUALIZATION  
8 AID ACCOUNT AND CERTAIN DEDICATED REVENUE FOR SCHOOL FUNDING; COMBINING THE 33-MILL  
9 COUNTY EQUALIZATION LEVY FOR ELEMENTARY SCHOOL DISTRICTS AND THE 22-MILL COUNTY  
10 EQUALIZATION LEVY FOR HIGH SCHOOL DISTRICTS INTO A 55-MILL COUNTY EQUALIZATION LEVY  
11 FOR SCHOOLS; TRANSFERRING TO THE STATE TREASURER CERTAIN FUNCTIONS OF THE STATE  
12 AUDITOR CONCERNING FEDERAL LAND PAYMENTS; REVISING THE ALLOCATION OF CERTAIN FEDERAL  
13 LAND PAYMENTS BETWEEN COUNTY ROAD FUNDS AND SCHOOL FUNDS; PRIORITIZING THE  
14 ALLOCATION TO SCHOOL FUNDS; AMENDING SECTIONS ~~2-7-503, 2-7-514,~~ 15-16-802, 15-24-102,  
15 15-24-1402, 15-24-1703, 15-24-1802, 15-24-1902, 15-24-2002, 15-35-108, 17-3-211, 17-3-212,  
16 17-3-213, 17-3-214, 17-3-222, 17-3-305, 17-5-704, ~~17-7-301, 17-7-502, 20-1-301, 20-3-106, 20-3-205,~~  
17 ~~20-3-209, 20-3-324,~~ 20-5-316, 20-5-324, 20-6-702, 20-7-420, ~~20-9-102, 20-9-103, 20-9-121, 20-9-134,~~  
18 ~~20-9-163, 20-9-165, 20-9-166, 20-9-201, 20-9-202, 20-9-203, 20-9-211, 20-9-212, 20-9-213, 20-9-306,~~  
19 20-9-307, 20-9-308, 20-9-331, 20-9-332, 20-9-334, 20-9-335, 20-9-342, 20-9-343, 20-9-344, 20-9-346,  
20 20-9-347, ~~20-9-351,~~ 20-9-360, 20-9-361, ~~20-9-369, 20-9-501, 20-9-506, 20-9-805,~~ 20-10-112,  
21 ~~20-10-143, 20-10-145, 23-7-202, 23-7-402,~~ 77-1-507, 90-6-201, 90-6-212, 90-6-309, AND 90-6-403,  
22 MCA; REPEALING SECTION 20-9-333, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."  
23

## 24 STATEMENT OF INTENT

25 ~~A statement of intent is necessary because this bill transfers the supervision of school financial and~~  
26 ~~budgeting administration from the superintendent of public instruction to the department of administration,~~  
27 ~~including rulemaking authority for school financial provisions in 20-9-102. It is the intent of the legislature~~  
28 ~~that the department of administration adopt rules that are substantially similar to the existing rules for the~~  
29 ~~financial accounting of school funds.~~  
30

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

2  
3 ~~Section 1. Section 2-7-503, MCA, is amended to read:~~

4 ~~"2-7-503. Financial reports and audits of local government entities. (1) The governing body or~~  
5 ~~managing or executive officer of a local government entity, other than a school district or associated~~  
6 ~~cooperative, shall ensure that a financial report is made every each year. A school district or associated~~  
7 ~~cooperative shall comply with the provisions of 20-9-213. The financial report must cover the preceding~~  
8 ~~fiscal year, be in a form prescribed by the department, and be completed within 4 months of the end of the~~  
9 ~~reporting period. The local government entity shall submit the financial report to the department for review.~~

10 ~~(2) The department shall prescribe a uniform reporting system for all local government entities~~  
11 ~~subject to financial reporting requirements, other than school districts. The superintendent of public~~  
12 ~~instruction department of administration shall prescribe the reporting requirements for school districts.~~

13 ~~(3) (a) The governing body or managing or executive officer of each local government entity~~  
14 ~~receiving revenues or financial assistance in the period covered by the financial report in excess of~~  
15 ~~\$200,000 or federal financial assistance in excess of \$25,000 shall cause an audit to be made at least~~  
16 ~~every 2 years. The audit must cover the entity's preceding 2 fiscal years. The audit must commence within~~  
17 ~~9 months from the close of the last fiscal year of the audit period. The audit must be completed and~~  
18 ~~submitted to the department for review within 1 year from the close of the last fiscal year covered by the~~  
19 ~~audit.~~

20 ~~(b) The governing body or managing or executive officer of a local government entity that does not~~  
21 ~~meet the criteria established in subsection (3)(a) shall at least once every 4 years, if directed by the~~  
22 ~~department, or, in the case of a school district, if directed by the department at the request of the~~  
23 ~~superintendent of public instruction department of administration, cause a financial review, as defined by~~  
24 ~~department rule, to be conducted of the financial statements of the entity for the preceding fiscal year.~~

25 ~~(4) An audit conducted in accordance with this part is in lieu of any financial or financial and~~  
26 ~~compliance audit of an individual financial assistance program that a local government is required to~~  
27 ~~conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part~~  
28 ~~provides a state agency with the information that it requires to carry out its responsibilities under state or~~  
29 ~~federal law or regulation, the state agency shall rely upon and use that information to plan and conduct its~~  
30 ~~own audits or reviews in order to avoid a duplication of effort.~~

1           ~~(5) In addition to the audits required by this section, the department may at any time conduct or~~  
 2 ~~contract for a special audit or review of the affairs of any local government entity referred to in this part.~~  
 3 ~~The special audit or review must, to the extent practicable, build upon audits performed pursuant to this~~  
 4 ~~part.~~

5           ~~(6) The fee for the special audit or review must be a charge based upon the costs incurred by the~~  
 6 ~~department in relation to the special audit or review. The audit fee must be paid by the local government~~  
 7 ~~entity to the state treasurer and deposited in the enterprise fund to the credit of the department."~~

8  
 9           **Section 2.** ~~Section 2-7-514, MCA, is amended to read:~~

10           ~~"2-7-514. Filing of audit report and financial report. (1) Completed audit reports must be filed with~~  
 11 ~~the department. Completed financial reports must be filed with the department as provided in 2-7-503(1).~~  
 12 ~~The state superintendent of public instruction department of administration shall file with the department~~  
 13 ~~a list of school districts subject to audit under 2-7-503(3). The list must be filed with the department within~~  
 14 ~~6 months after the close of the fiscal year.~~

15           ~~(2) At the time that the financial report is filed or, in the case of a school district, when the audit~~  
 16 ~~report is filed with the department, the local government entity shall pay to the department a filing fee. The~~  
 17 ~~department shall charge a filing fee to any local government entity required to have an audit under 2-7-503,~~  
 18 ~~which fee must be based upon the costs incurred by the department in the administration of this part.~~  
 19 ~~Notwithstanding the provisions of 20-9-343, the filing fees for school districts required by this section must~~  
 20 ~~be paid by the superintendent of public instruction department of administration from the state equalization~~  
 21 ~~aid account. The department shall adopt the fee schedule by rule based upon the local government entities'~~  
 22 ~~revenue amounts.~~

23           ~~(3) Copies of the completed audit and financial reports must be made available by the department~~  
 24 ~~and the local government entity for public inspection during regular office hours.~~

25           ~~(4) The department is authorized under this part to charge a surcharge on the filing fee to generate~~  
 26 ~~the necessary revenue to repay the general fund loan over a 5 year period. (Subsection (4) terminates June~~  
 27 ~~30, 1997 sec. 31, Ch. 489, L. 1991.)"~~

28  
 29           **Section 1.** Section 15-16-802, MCA, is amended to read:

30           **"15-16-802. Suspension of certain state taxes.** (1) Delinquent taxes, penalties, and interest for

1 ~~taxable tax~~ years prior to 1988 are suspended for 36 months from May 22, 1989, for an airline  
2 incorporated in Montana that has filed for chapter 11 bankruptcy before May 22, 1989.

3 (2) The tax suspension provided by this section applies to property taxes levied under Title 15,  
4 chapter 10, and 20-9-331, ~~and 20-9-333.~~

5 (3) The repayment of all delinquent taxes, penalties, and interest suspended under subsection (1)  
6 must be included in the chapter 11 bankruptcy reorganization plan of the airline."  
7

8 **Section 2.** Section 15-24-102, MCA, is amended to read:

9 **"15-24-102. Valuation of interstate fleets -- determination of aggregate tax due -- exemption from**  
10 **mill levies.** The department of revenue shall assess the taxable vehicles of any interstate motor vehicle fleet  
11 making application for proportional registration, as follows:

12 (1) The purchase price of the taxable vehicles depreciated by a schedule as prescribed by the  
13 department determines the depreciated value.

14 (2) The depreciated value multiplied by the percent of miles traveled in Montana, as prescribed by  
15 61-3-721, is the market value.

16 (3) The sum of the market value of all taxable vehicles included in the fleet multiplied by 9% is the  
17 taxable value for the entire fleet as provided in 15-6-138.

18 (4) To determine the amount of tax due, the taxable value of the entire fleet must be multiplied by  
19 the statewide average county mill levy plus state levies as provided in 15-24-103.

20 (5) To determine the tax due under this chapter, state levies applicable to interstate motor vehicle  
21 fleets include but are not limited to levies imposed under 15-10-101, 15-10-106, 20-9-331, ~~20-9-333,~~  
22 20-9-360, and 53-2-813.

23 (6) All taxes and fees collected on motor vehicle fleets under this chapter must be deposited and  
24 distributed as provided in 15-24-105."  
25

26 **Section 3.** Section 15-24-1402, MCA, is amended to read:

27 **"15-24-1402. New or expanding industry -- assessment -- notification.** (1) In the first 5 years after  
28 a construction permit is issued, qualifying improvements or modernized processes that represent new  
29 industry or expansion of an existing industry, as designated in the approving resolution, must be taxed at  
30 50% of their taxable value. Each year thereafter, the percentage must be increased by equal percentages

1 until the full taxable value is attained in the 10th year. In subsequent years, the property must be taxed at  
2 100% of its taxable value.

3 (2) (a) In order for a taxpayer to receive the tax benefits described in subsection (1), the governing  
4 body of the affected county or the incorporated city or town must have approved by separate resolution  
5 for each project, following due notice as defined in 76-15-103 and a public hearing, the use of the schedule  
6 provided for in subsection (1) for its respective jurisdiction. The governing body may not grant approval for  
7 the project until all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude  
8 approval.

9 (b) The governing body may end the tax benefits by majority vote at any time, but the tax benefits  
10 may not be denied an industrial facility that previously qualified for the benefits.

11 (c) The resolution provided for in subsection (2)(a) must include a definition of the improvements  
12 or modernized processes that qualify for the tax treatment that is to be allowed in the taxing jurisdiction.  
13 The resolution may provide that real property other than land, personal property, improvements, or any  
14 combination ~~thereof~~ of property is eligible for the tax benefits described in subsection (1).

15 (3) The taxpayer shall apply to the department for the tax treatment allowed under subsection (1).  
16 The application by the taxpayer must first be approved by the governing body of the appropriate local  
17 taxing jurisdiction, and the governing body shall indicate in its approval that the property of the applicant  
18 qualifies for the tax treatment provided for in this section. Upon receipt of the form with the approval of  
19 the governing body of the affected taxing jurisdiction, the department shall make the assessment change  
20 pursuant to this section.

21 (4) The tax benefit described in subsection (1) applies only to the number of mills levied and  
22 assessed for local high school district and elementary school district purposes and to the number of mills  
23 levied and assessed by the governing body approving the benefit over which the governing body has sole  
24 discretion. The benefit described in subsection (1) may not apply to levies or assessments required under  
25 Title 15, chapter 10, 20-9-331, ~~20-9-333~~, or 20-9-360 or otherwise required under state law.

26 (5) Prior to approving the resolution under this section, the governing body shall notify by certified  
27 mail all taxing jurisdictions affected by the tax benefit."  
28

29 **Section 4.** Section 15-24-1703, MCA, is amended to read:

30 **"15-24-1703. Application of suspension or cancellation.** The suspension or cancellation of



1 delinquent property taxes pursuant to this part:

2 (1) applies to all mills levied in the county or otherwise required under state law, including levies  
3 or assessments required under Title 15, chapter 10, 20-9-331, ~~20-9-333~~, and 20-25-423;

4 (2) does not apply to assessments made against property for the payment of bonds issued pursuant  
5 to Title 7, chapter 12."

6

7 **Section 5.** Section 15-24-1802, MCA, is amended to read:

8 **"15-24-1802. Business incubator tax exemption -- procedure.** (1) A business incubator owned or  
9 leased and operated by a local economic development organization is eligible for an exemption from  
10 property taxes as provided in this section.

11 (2) In order to qualify for the tax exemption described in this section, the governing body of the  
12 county, consolidated government, incorporated city or town, or school district in which the property is  
13 located shall approve the tax exemption by resolution, after due notice, as defined in 76-15-103, and  
14 hearing. The governing body may approve or disapprove the tax exemption provided for in subsection (1).  
15 If a tax exemption is approved, the governing body shall do so by a separate resolution for each business  
16 incubator in its respective jurisdiction. The governing body may not grant approval for the business  
17 incubator until all of the applicant's taxes have been paid in full or, if the property is leased to a business  
18 incubator, until all of the owner's property taxes on that property have been paid in full. Taxes paid under  
19 protest do not preclude approval. Prior to holding the hearing, the governing body shall determine that the  
20 local economic development organization:

21 (a) is a private nonprofit corporation as provided in Title 35, chapter 2, and is exempt from taxation  
22 under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code;

23 (b) is engaged in economic development and business assistance work in the area; and

24 (c) owns or leases and operates or will operate the business incubator.

25 (3) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the  
26 department shall make the assessment change for the tax exemption provided for in this section.

27 (4) The tax exemption described in subsection (1) applies only to the number of mills levied and  
28 assessed by the governing body approving the exemption over which the governing body has sole  
29 discretion. If the governing body of a county, consolidated government, or incorporated city or town  
30 approves the exemption, the exemption applies to levies and assessments required under Title 15, chapter

1 10, or 20-9-331, ~~or 20-9-333~~ or otherwise required under state law."

2

3 **Section 6.** Section 15-24-1902, MCA, is amended to read:

4 **"15-24-1902. Industrial park tax exemption -- procedure -- termination.** (1) An industrial park  
5 owned and operated by a local economic development organization or a port authority is eligible for an  
6 exemption from property taxes as provided in this section.

7 (2) In order to qualify for the tax exemption described in this section, the governing body of the  
8 county, consolidated government, incorporated city or town, or school district in which the property is  
9 located shall approve the tax exemption by resolution, after due notice, as defined in 76-15-103, and  
10 hearing. The governing body may approve or disapprove the tax exemption provided for in subsection (1).  
11 If a tax exemption is approved, the governing body shall do so by a separate resolution for each industrial  
12 park in its respective jurisdiction. The governing body may not grant approval for the industrial park until  
13 all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude approval. Prior  
14 to holding the hearing, the governing body shall determine that:

15 (a) the local economic development organization:

16 (i) is a private, nonprofit corporation as provided in Title 35, chapter 2, and is exempt from taxation  
17 under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code;

18 (ii) is engaged in economic development and business assistance work in the area; and

19 (iii) owns and operates or will own and operate the industrial development park; or

20 (b) the port authority legally exists under the provisions of 7-14-1101 or 7-14-1102.

21 (3) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the  
22 department shall make the assessment change for the tax exemption provided for in this section.

23 (4) The tax exemption described in subsection (1) applies only to the number of mills levied and  
24 assessed by the governing body approving the exemption over which the governing body has sole  
25 discretion. If the governing body of a county, consolidated government, or incorporated city or town  
26 approves the exemption, the exemption applies to levies or assessments required under Title 15, chapter  
27 10, or 20-9-331, ~~or 20-9-333~~ or otherwise required under state law.

28 (5) If a local economic development organization sells, leases, or otherwise disposes of the exempt  
29 property to a purchaser or lessee that is not a local economic development organization or a unit of federal,  
30 state, or local government, the tax exemption provided in this section terminates. The termination of the

1 exemption applies January 1 of the ~~taxable~~ tax year immediately following the sale, lease, or other  
2 disposition of the property. Upon termination of the exemption, the property must be assessed as provided  
3 in 15-16-203."  
4

5 **Section 7.** Section 15-24-2002, MCA, is amended to read:

6 **"15-24-2002. Building and land tax exemption -- procedure -- termination.** (1) A building and land  
7 owned by a local economic development organization that the local economic development organization  
8 intends to sell or lease to a profit-oriented, employment-stimulating business are eligible for an exemption  
9 from property taxes as provided in this section.

10 (2) In order to qualify for the tax exemption described in this section, the governing body of the  
11 affected county, consolidated government, incorporated city or town, or school district in which the  
12 building and land are located shall approve the tax exemption by resolution, after due notice, as defined  
13 in 76-15-103, and hearing. The governing body may approve or disapprove the tax exemption provided for  
14 in subsection (1). The governing body shall approve a tax exemption by a separate resolution. The  
15 governing body may not grant approval for the building and land until all of the applicant's taxes have been  
16 paid in full. Taxes paid under protest do not preclude approval. Prior to holding the hearing, the governing  
17 body shall determine that the local economic development organization:

18 (a) is a private, nonprofit corporation, as provided in Title 35, chapter 2, and is exempt from  
19 taxation under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code;

20 (b) is engaged in economic development and business assistance work in the area; and

21 (c) owns or will own the building and land.

22 (3) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the  
23 department shall make the assessment change for the tax exemption provided for in this section.

24 (4) The tax exemption described in subsection (1) applies only to the number of mills levied and  
25 assessed by the governing body approving the exemption over which the governing body has sole  
26 discretion. If the governing body of a county, consolidated government, or incorporated city or town  
27 approves the exemption, the exemption applies to levies or assessments required under Title 15, chapter  
28 10, or 20-9-331, ~~or 20-9-333~~ and other levies required under state law.

29 (5) When a local economic development organization sells, leases, or otherwise disposes of the  
30 exempt property to a purchaser or lessee that is not a local economic development organization or a unit

1 of federal, state, or local government, the tax exemption provided in this section terminates. The  
 2 termination of the exemption applies January 1 of the ~~taxable tax~~ year immediately following the sale,  
 3 lease, or other disposition of the property. Upon termination of the exemption, the property must be  
 4 assessed as provided in 15-16-203."

5

6 **Section 8.** Section 15-35-108, MCA, is amended to read:

7 "**15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this  
 8 chapter must, in accordance with the provisions of 15-1-501(6), be allocated as follows:

9 (1) ~~To Fifty percent of the total coal severance tax collections must be allocated to the trust fund~~  
 10 ~~created by Article IX, section 5, of the Montana constitution, 50% of total coal severance tax collections.~~  
 11 The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the  
 12 board of investments as provided by law.

13 (2) Starting July 1, 1987, and ending June 30, 2003, 12% of coal severance tax collections are  
 14 allocated to the highway reconstruction trust fund account in the state special revenue fund.

15 (3) Coal severance tax collections remaining after allocation to the trust fund under subsection (1)  
 16 are allocated in the following percentages of the remaining balance:

17 (a) 17½% to the credit of the local impact account. Unencumbered funds remaining in the local  
 18 impact account at the end of each biennium are allocated to the ~~state special revenue~~ general fund ~~for state~~  
 19 ~~equalization aid to public schools of the state.~~

20 ~~(b) 30% to the state special revenue fund for state equalization aid to public schools of the state;~~

21 ~~(c)~~(b) 1% to the state special revenue fund to the credit of the county land planning account;

22 ~~(d)~~(c) 1¼% to the credit of the renewable resource development bond fund;

23 ~~(e)~~(d) 0% to a nonexpendable trust fund for the purpose of parks acquisition or management.

24 Income from this trust fund must be appropriated for the acquisition, development, operation, and  
 25 maintenance of any sites and areas described in 23-1-102.

26 ~~(f)~~(e) 1% to the state special revenue fund to the credit of the state library commission for the  
 27 purposes of providing basic library services for the residents of all counties through library federations and  
 28 for payment of the costs of participating in regional and national networking;

29 ~~(g)~~(f) 1/2 of 1% to the state special revenue fund for conservation districts;

30 ~~(h)~~(g) 1¼% to the debt service fund type to the credit of the renewable resource loan debt service

1 fund;

2 ~~##(h)~~ 2% to the state special revenue fund for the Montana Growth Through Agriculture Act;

3 ~~##(i)~~ 1 2/3% to a nonexpendable trust fund for the purpose of protection of works of art in the  
4 state capitol and for other cultural and aesthetic projects. Income from this trust fund ~~shall~~ must be  
5 appropriated for protection of works of art in the state capitol and other cultural and aesthetic projects.

6 ~~##(j)~~ beginning July 1, 1993, and ending June 30, 1995, 3 1/3% to a special revenue account to  
7 be used by the department of fish, wildlife, and parks for the stabilization and preservation of historic and  
8 cultural sites within the state park system;

9 ~~##(k)~~ all other ~~revenues~~ revenue from severance taxes collected under the provisions of this chapter  
10 to the credit of the general fund of the state. (Terminates June 30, 1995--sec. 4, Ch. 536, L. 1993.)

11 **15-35-108. (Effective July 1, 1995) Disposal of severance taxes.** Severance taxes collected under  
12 this chapter must, in accordance with the provisions of 15-1-501(6), be allocated as follows:

13 (1) ~~To Fifty percent of the total coal severance tax collections must be allocated to the trust fund~~  
14 ~~created by Article IX, section 5, of the Montana constitution, 50% of total coal severance tax collections.~~  
15 The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the  
16 board of investments as provided by law.

17 (2) Starting July 1, 1987, and ending June 30, 2003, 12% of coal severance tax collections are  
18 allocated to the highway reconstruction trust fund account in the state special revenue fund.

19 (3) Coal severance tax collections remaining after allocation to the trust fund under subsection (1)  
20 are allocated in the following percentages of the remaining balance:

21 (a) 17 1/2 % to the credit of the local impact account. Unencumbered funds remaining in the local  
22 impact account at the end of each biennium are allocated to the ~~state special revenue~~ general fund for state  
23 ~~equalization aid to public schools of the state.~~

24 ~~(b) 30% to the state special revenue fund for state equalization aid to public schools of the state;~~

25 ~~##(b)~~ 1% to the state special revenue fund to the credit of the county land planning account;

26 ~~##(c)~~ 1 1/4 % to the credit of the renewable resource development bond fund;

27 ~~##(d)~~ 3 1/3% to a nonexpendable trust fund for the purpose of parks acquisition or management.  
28 Income from this trust fund must be appropriated for the acquisition, development, operation, and  
29 maintenance of any sites and areas described in 23-1-102.

30 ~~##(e)~~ 1% to the state special revenue fund to the credit of the state library commission for the

1 purposes of providing basic library services for the residents of all counties through library federations and  
 2 for payment of the costs of participating in regional and national networking;

3 ~~(g)~~(f) 1/2 of 1% to the state special revenue fund for conservation districts;

4 ~~(h)~~(g) 1 ¼ % to the debt service fund type to the credit of the renewable resource loan debt service  
 5 fund;

6 ~~(i)~~(h) 2% to the state special revenue fund for the Montana Growth Through Agriculture Act;

7 ~~(j)~~(i) 1 2/3% to a nonexpendable trust fund for the purpose of protection of works of art in the  
 8 state capitol and for other cultural and aesthetic projects. Income from this trust fund ~~shall~~ must be  
 9 appropriated for protection of works of art in the state capitol and other cultural and aesthetic projects.

10 ~~(k)~~(j) all other ~~revenues~~ revenue from severance taxes collected under the provisions of this chapter  
 11 to the credit of the general fund of the state. (Terminates July 1, 2003--sec. 4, Ch. 191, L. 1991.)

12 **15-35-108. (Effective July 1, 2003) Disposal of severance taxes.** Severance taxes collected under  
 13 this chapter must, in accordance with the provisions of 15-1-501(6), be allocated as follows:

14 (1) ~~To~~ Fifty percent of the total coal severance tax collections must be allocated to the trust fund  
 15 created by Article IX, section 5, of the Montana constitution, ~~50% of total coal severance tax collections.~~  
 16 The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the  
 17 board of investments as provided by law.

18 (2) Coal severance tax collections remaining after allocation to the trust fund under subsection (1)  
 19 are allocated in the following percentages of the remaining balance:

20 (a) 17½% to the credit of the local impact account. Unencumbered funds remaining in the local  
 21 impact account at the end of each biennium are allocated to the ~~state special revenue~~ general fund ~~for state~~  
 22 ~~equalization aid to public schools of the state.~~

23 ~~(b) 30% to the state special revenue fund for state equalization aid to public schools of the state;~~

24 ~~(c)~~(b) 1% to the state special revenue fund to the credit of the county land planning account;

25 ~~(d)~~(c) 1 ¼ % to the credit of the renewable resource development bond fund;

26 ~~(e)~~(d) 3 1/3% to a nonexpendable trust fund for the purpose of parks acquisition or management.

27 Income from this trust fund must be appropriated for the acquisition, development, operation, and  
 28 maintenance of any sites and areas described in 23-1-102.

29 ~~(f)~~(e) 1% to the state special revenue fund to the credit of the state library commission for the  
 30 purposes of providing basic library services for the residents of all counties through library federations and

1 for payment of the costs of participating in regional and national networking;

2 ~~(g)~~(f) 1/2 of 1% to the state special revenue fund for conservation districts;

3 ~~(h)~~(g) 1 ¼% to the debt service fund type to the credit of the renewable resource loan debt service

4 fund;

5 ~~(i)~~(h) 2% to the state special revenue fund for the Montana Growth Through Agriculture Act;

6 ~~(j)~~(i) 1 2/3% to a nonexpendable trust fund for the purpose of protection of works of art in the

7 state capitol and for other cultural and aesthetic projects. Income from this trust fund ~~shall~~ must be

8 appropriated for protection of works of art in the state capitol and other cultural and aesthetic projects.

9 ~~(k)~~(j) all other ~~revenues~~ revenue from severance taxes collected under the provisions of this chapter

10 to the credit of the general fund of the state."

11

12 **Section 9.** Section 17-3-211, MCA, is amended to read:

13 **"17-3-211. Forest reserve money.** (1) The state treasurer, for the purpose of carrying out the

14 provisions of 16 U.S.C. 5007, and all acts subsequent ~~thereto~~ to those provisions, shall divide and distribute

15 all forest reserve ~~moneys~~ money received by the state ~~thereunder~~, plus interest earned, to and among the

16 several counties entitled ~~thereto~~ to receive funds and pay the ~~same~~ funds to the several county treasurers

17 of ~~such~~ the counties within 30 days after receiving full payment of the ~~same~~ federal funds, ~~as directed by~~

18 ~~the state auditor.~~

19 (2) The forest reserve money ~~shall~~ must be invested and all investment earnings credited to the

20 forest reserve account."

21

22 **Section 10.** Section 17-3-212, MCA, is amended to read:

23 **"17-3-212. Apportionment of forest reserve funds among counties.** The forest reserve funds and

24 earned interest are statutorily appropriated, as provided in 17-7-502, to the state ~~auditor~~ treasurer, who

25 shall apportion ~~said~~ the forest reserve funds and earned interest for allocation between the ~~several~~ eligible

26 counties as follows: all funds received from each forest reserve ~~shall~~ must be apportioned between the

27 counties in which ~~such~~ the forest reserve is situated in proportion to the acreage of ~~such~~ the forest reserve

28 in each county, and the state treasurer shall pay the ~~several~~ amounts ~~so~~ apportioned plus interest ~~thereon~~,

29 as provided in 17-3-211, to the respective counties."

30

1           **SECTION 11. SECTION 17-3-213, MCA, IS AMENDED TO READ:**

2           **"17-3-213. Allocation to general road fund and ~~countywide~~ school levies.** (1) The forest reserve  
3 funds ~~se~~ apportioned ~~to each county~~ as provided in 17-3-212 must be apportioned by the county treasurer  
4 ~~in each county~~ as follows:

5           (a) to the general road fund, ~~66 2/3%~~ 37.5% of the total amount received;

6           (b) to the following ~~countywide~~ school levies, ~~33 1/3%~~ 62.5% of the total ~~sum~~ amount received,  
7 to be distributed in the following order:

8           (i) ~~county equalization for elementary schools provided for in 20-9-331; and~~

9           ~~(ii) county equalization for high schools provided for in 20-9-333;~~

10          ~~(iii) the county transportation fund provided for in 20-10-146; and~~

11          ~~(iv) the elementary and high school district retirement fund obligations levy provided for in~~  
12 20-9-501;

13          (ii) the county transportation fund levy provided for in 20-10-146;

14          (iii) the school district transportation fund levy for each school district within the county;

15          (iv) the BASE budget levy of each school district within the county, to be distributed on a prorated  
16 basis among the school districts according to the amount of revenue in district mills and guaranteed tax  
17 base aid, excluding all nonlevy revenue, that is required to provide funding up to the BASE budget of each  
18 school district; and

19          (v) as a final distribution, the basic county equalization levy for elementary and high school districts  
20 as provided in 20-9-331.

21           (2) The apportionment of money to the funds provided for under subsection (1)(b), except for  
22 subsection (1)(b)(iv), must be made by the county ~~superintendent~~ treasurer by allocating money to each  
23 of the funds in the order provided so that the levy requirements of each fund are eliminated prior to the  
24 allocation to the next fund that is listed. Allocations among school districts must be based on the proportion  
25 that the mill levy of each specified fund bears to the total number of mills for all the funds of that type  
26 within the county. Whenever the total amount of money available for apportionment under this section is  
27 greater than the total requirements of a levy, the excess money and any interest income must be retained  
28 in a separate reserve fund, to be reapportioned in the ensuing school fiscal year to the levies designated  
29 in subsection (1)(b).

30           (3) In counties in which special road districts have been created according to law, the board of



1 county commissioners shall distribute a proportionate share of the ~~66 2/3%~~ 37.5% of the total amount  
 2 received for the general road fund to the special road districts within the county based upon the percentage  
 3 that the total area of the road district bears to the total area of the entire county.

4 (4) Notwithstanding the provisions of subsection (3), the county commissioners may allocate a  
 5 portion of the share of the 37.5% received for the general road fund to the county treasurer to be  
 6 distributed to the school districts of the county based on the proportion that the mill levy of each school  
 7 district fund bears to the total number of mills for all school district funds within the county."

8  
 9 **Section 12.** Section 17-3-214, MCA, is amended to read:

10 "**17-3-214. Correction of errors in apportionment.** In the event of any error ~~or errors~~ made in the  
 11 apportionment or distribution of ~~said~~ the forest reserve funds, ~~such~~ the error or errors ~~shall~~ must be  
 12 corrected by the ~~state auditor and~~ state treasurer, equalizing future payments to the ~~several~~ eligible counties  
 13 so that the total proportionate sum received by each eligible county ~~shall be~~ is as ~~fixed~~ provided in  
 14 17-3-212."

15  
 16 **SECTION 13. SECTION 17-3-222, MCA, IS AMENDED TO READ:**

17 "**17-3-222. Apportionment of ~~moneys to counties~~ money.** ~~It shall be the duty of the~~ The state  
 18 treasurer ~~to shall~~ properly apportion and allocate ~~these moneys~~ federal Taylor Grazing Act money to the  
 19 county treasurers, ~~who will allocate and pay all such moneys as follows: 50% to the county general fund~~  
 20 ~~and 50% to the common school fund of the county~~ basic county equalization levy for elementary and high  
 21 school districts as provided in 20-9-331."

22  
 23 **SECTION 14. SECTION 17-3-305, MCA, IS AMENDED TO READ:**

24 "**17-3-305. Disposal of ~~moneys~~ money.** (1) ~~All~~ Except as provided in Title 17, chapter 3, part 3,  
 25 for payments received by school districts or counties, payments of ~~sums~~ in lieu of taxes received by this  
 26 state ~~shall~~ must be deposited in funds according to the state levies.

27 (2) A county receiving money pursuant to 7 U.S.C. 1012 or 16 U.S.C. 715s shall allocate the  
 28 money as follows:

29 (a) to the county road fund, 37.5% of the total amount received;

30 (b) to the following school levies, 62.5% of the total amount received, to be distributed in the

1 following order:

2 (i) the county transportation fund levy provided for in 20-10-146;

3 (ii) the elementary and high school retirement fund levy provided for in 20-9-501;

4 (iii) the school district transportation fund levy of each school district within the county;

5 (iv) the BASE budget levy of each school district within the county, to be distributed on a prorated  
 6 basis among the school districts according to the amount of revenue in district mills and guaranteed tax  
 7 base aid, excluding all nonlevy revenue, that is required to provide funding up to the BASE budget of each  
 8 school district; and

9 (v) as a final distribution, the basic county equalization levy for elementary and high school districts  
 10 as provided in 20-9-331.

11 (3) The apportionment of money to the funds provided for under subsection (2)(b), except for  
 12 subsection (2)(b)(iv), must be made by the county treasurer by allocating money to each of the funds in  
 13 the order provided so that the levy requirements of each fund are eliminated prior to the allocation to the  
 14 next fund that is listed. Allocations among school districts must be based on the proportion that the mill  
 15 levy of each specified fund bears to the total number of mills for all the funds of that type within the  
 16 county."

17

18 **Section 15.** Section 17-5-704, MCA, is amended to read:

19 **"17-5-704. Investment of funds.** Money in the coal severance tax bond fund, the coal severance  
 20 tax permanent fund, the coal severance tax income fund, and the coal severance tax school bond  
 21 contingency loan fund must be invested in accordance with the investment standards for coal severance  
 22 tax funds. Income and earnings from all funds ~~are statutorily appropriated, as provided in 17-7-502,~~ as  
 23 follows:

24 ~~(1) 15% to the state equalization aid account; and~~

25 ~~(2) 85% to~~ must be deposited in the state general fund."

26

27 ~~**Section 15.** Section 17-7-301, MCA, is amended to read:~~

28 ~~**"17-7-301. Authorization to expend during first year of biennium from appropriation for second**~~  
 29 ~~**year proposed supplemental appropriation defined limit on second year expenditures.** (1) A state~~  
 30 ~~department, institution, or agency of the executive branch desiring authorization to make expenditures~~

1 ~~during the first fiscal year of the biennium from appropriations for the second fiscal year of the biennium~~  
2 ~~shall submit a proposed supplemental appropriation to the governor through the budget director. The~~  
3 ~~proposal submitted to the governor must include a plan for reducing expenditures in the second year of the~~  
4 ~~biennium that allows the agency to contain expenditures within appropriations. If the governor finds that,~~  
5 ~~due to an unforeseen and unanticipated emergency, the amount actually appropriated for the first fiscal year~~  
6 ~~of the biennium with all other income will be insufficient for the operation and maintenance of the~~  
7 ~~department, institution, or agency during the year for which the appropriation was made, the governor~~  
8 ~~shall, after careful study and examination of the request and upon review of the recommendation of the~~  
9 ~~budget director, submit the proposed supplemental appropriation to the legislative fiscal analyst.~~

10 ~~(2) The plan for reducing expenditures required by subsection (1) is not required if the proposed~~  
11 ~~supplemental appropriation is:~~

12 ~~(a) due to an unforeseen and unanticipated emergency for fire suppression;~~

13 ~~(b) requested by the superintendent of public instruction department of administration, in~~  
14 ~~accordance with the provisions of 20-9-351, and is to complete the state's funding of guaranteed tax base~~  
15 ~~aid, transportation aid, or equalization aid to elementary and secondary schools for the current biennium;~~  
16 ~~or~~

17 ~~(c) requested by the attorney general and:~~

18 ~~(i) is to pay the costs associated with litigation in which the department of justice must provide~~  
19 ~~representation to the state of Montana; or~~

20 ~~(ii) in accordance with the provisions of 7-32-2242, is to pay costs for which the department of~~  
21 ~~justice is responsible for confinement of an arrested person in a detention center.~~

22 ~~(3) Upon receipt of the recommendation of the legislative finance committee pursuant to 17-7-311,~~  
23 ~~the governor may authorize an expenditure during the first fiscal year of the biennium to be made from the~~  
24 ~~appropriation for the second fiscal year of the biennium. Except as provided in subsection (2), the governor~~  
25 ~~shall require the agency to implement the plan for reducing expenditures in the second year of the biennium~~  
26 ~~that contains agency expenditures within appropriations.~~

27 ~~(4) The department, institution, or agency may expend the amount authorized by the governor only~~  
28 ~~for the purposes specified in the authorization.~~

29 ~~(5) The governor shall report to the next legislature in a special section of the budget the amounts~~  
30 ~~expended as a result of all authorizations granted by the governor and shall request that any necessary~~

1 ~~supplemental appropriation bills be passed.~~

2 ~~(6) As used in this part, "proposed supplemental appropriation" means an application for~~  
 3 ~~authorization to make expenditures during the first fiscal year of the biennium from appropriations for the~~  
 4 ~~second fiscal year of the biennium.~~

5 ~~(7) (a) Except as provided in subsections (2) and (7)(b), an agency may not make expenditures in~~  
 6 ~~the second year of the biennium that, if carried on for the full year, will require a deficiency appropriation,~~  
 7 ~~commonly referred to as a "supplemental appropriation".~~

8 ~~(b) An agency shall prepare and, to the extent feasible, implement a plan for reducing expenditures~~  
 9 ~~in the second year of the biennium that contains agency expenditures within appropriations. The approving~~  
 10 ~~authority is responsible for ensuring the implementation of the plan. If, in the second year of a biennium,~~  
 11 ~~mandated expenditures that are required by state or federal law will cause an agency to exceed~~  
 12 ~~appropriations or available funds, the agency shall reduce all nonmandated expenditures pursuant to the~~  
 13 ~~plan in order to reduce to the greatest extent possible the expenditures in excess of appropriations or~~  
 14 ~~funding. An agency may not transfer funds between fund types in order to implement a plan."~~

15

16 **Section 16.** Section 17-7-502, MCA, is amended to read:

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

20 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply  
 21 with both of the following provisions:

22 (a) The law containing the statutory authority must be listed in subsection (3).

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

25 (3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105;  
 26 2-18-812; 3-5-901; 5-13-403; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706;  
 27 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-410;  
 28 16-1-411; 17-3-106; 17-3-212; 17-5-404; 17-5-424; ~~17-5-704~~; 17-5-804; 17-6-101; 17-6-201; 17-6-409;  
 29 17-7-304; 18-11-112; 19-2-502; 19-6-709; 19-9-1007; 19-15-101; 19-17-301; 19-18-512; 19-18-513;  
 30 19-18-606; 19-19-205; 19-19-305; 19-19-506; 20-4-109; 20-8-111; 20-9-361; 20-26-1403; 20-26-1503;

1 23-2-823; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402;  
 2 27-12-206; 32-1-537; 37-43-204; 37-51-501; 39-71-503; 39-71-907; 39-71-2321; 39-71-2504;  
 3 44-12-206; 44-13-102; 50-5-232; 50-40-206; 53-6-150; 53-24-206; 60-2-220; 61-2-107; 67-3-205;  
 4 75-1-1101; 75-5-507; 75-5-1108; 75-11-313; 76-12-123; 77-1-808; 80-2-103; 80-2-222; 80-4-416;  
 5 80-11-310; 81-5-111; 82-11-136; 82-11-161; 85-1-220; 85-20-402; 90-3-301; 90-4-215; 90-6-331;  
 6 90-7-220; 90-9-306; and 90-14-107.

7 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
 8 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
 9 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of  
 10 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as  
 11 determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the  
 12 bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec.  
 13 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for  
 14 supplemental benefit; and pursuant to sec. 15, Ch. 534, L. 1993, the inclusion of 90-14-107 terminates  
 15 July 1, 1995.)"

16

17 **Section 17.** ~~Section 20-1-301, MCA, is amended to read:~~

18 ~~"20-1-301. School fiscal year. The school fiscal year shall begin begins on July 1 and end ends~~  
 19 ~~on June 30. At least 180 school days of pupil instruction shall must be conducted during each school fiscal~~  
 20 ~~year, except that 175 days of pupil instruction for graduating seniors may be sufficient as provided in~~  
 21 ~~20-9-313, or unless a variance for kindergarten has been granted under 20-1-302 or a district is granted~~  
 22 ~~a variance under the provisions of chapter 9, part 8, of this title. For any if an elementary or high school~~  
 23 ~~district that fails to provide for at least 180 school days of pupil instruction, the superintendent of public~~  
 24 ~~instruction department of administration shall reduce the county equalization, as defined in 20-9-334, and~~  
 25 ~~the state equalization, as defined in 20-9-343, for the district for that school year by 1/90th for each school~~  
 26 ~~day less than 180 school days."~~

27

28 **Section 17.** Section 20-3-106, MCA, is amended to read:

29 "20-3-106. **Supervision of schools -- powers and duties.** The superintendent of public instruction  
 30 has the general supervision of the public schools and districts of the state and shall perform the following

1 duties or acts in implementing and enforcing the provisions of this title:

2 ~~(1) resolve any controversy resulting from the proration of costs by a joint board of trustees under~~  
 3 ~~the provisions of 20-3-362;~~ RESOLVE ANY CONTROVERSY RESULTING FROM THE PRORATION OF  
 4 COSTS BY A JOINT BOARD OF TRUSTEES UNDER THE PROVISIONS OF 20-3-362;

5 ~~(2)(2)~~ issue, renew, or deny teacher certification and emergency authorizations of employment;

6 ~~(3)(2)(3)~~ negotiate reciprocal tuition agreements with other states in accordance with the provisions  
 7 of 20-5-314;

8 ~~(4)(3)(4)~~ serve on the teachers' retirement board in accordance with the provisions of 2-15-1010;

9 ~~(5)(4)(5)~~ approve or disapprove the orders of a high school boundary commission in accordance  
 10 with the provisions of 20-6-311;

11 ~~(6)(5)(6)~~ approve or disapprove the opening or reopening of a school in accordance with the  
 12 provisions of 20-6-502, 20-6-503, 20-6-504, or 20-6-505;

13 ~~(7)(6)(7)~~ approve or disapprove school isolation within the limitations prescribed by 20-9-302;

14 ~~(8) generally supervise the school budgeting procedures prescribed by law in accordance with the~~  
 15 ~~provisions of 20-9-102 and prescribe the school budget format in accordance with the provisions of~~  
 16 ~~20-9-103 and 20-9-506;~~

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

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

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

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

27 (8) GENERALLY SUPERVISE THE SCHOOL BUDGETING PROCEDURES PRESCRIBED BY LAW IN  
 28 ACCORDANCE WITH THE PROVISIONS OF 20-9-102 AND PRESCRIBE THE SCHOOL BUDGET FORMAT  
 29 IN ACCORDANCE WITH THE PROVISIONS OF 20-9-103 AND 20-9-506;

30 (9) ESTABLISH A SYSTEM OF COMMUNICATION FOR CALCULATING JOINT DISTRICT REVENUE

1 IN ACCORDANCE WITH THE PROVISIONS OF 20-9-151;

2 (10) APPROVE OR DISAPPROVE THE ADOPTION OF A DISTRICT'S BUDGET AMENDMENT  
 3 RESOLUTION UNDER THE CONDITIONS PRESCRIBED IN 20-9-163 AND ADOPT RULES FOR AN  
 4 APPLICATION FOR ADDITIONAL DIRECT STATE AID FOR A BUDGET AMENDMENT IN ACCORDANCE  
 5 WITH THE APPROVAL AND DISBURSEMENT PROVISIONS OF 20-9-166;

6 (11) GENERALLY SUPERVISE THE SCHOOL FINANCIAL ADMINISTRATION PROVISIONS AS  
 7 PRESCRIBED BY 20-9-201(2);

8 (12) PRESCRIBE AND FURNISH THE ANNUAL REPORT FORMS TO ENABLE THE DISTRICTS TO  
 9 REPORT TO THE COUNTY SUPERINTENDENT IN ACCORDANCE WITH THE PROVISIONS OF 20-9-213(5)  
 10 AND THE ANNUAL REPORT FORMS TO ENABLE THE COUNTY SUPERINTENDENTS TO REPORT TO THE  
 11 SUPERINTENDENT OF PUBLIC INSTRUCTION IN ACCORDANCE WITH THE PROVISIONS OF 20-3-209;

12 ~~(13)(7)(13)~~ approve, disapprove, or adjust an increase of the average number belonging (ANB) in  
 13 accordance with the provisions of 20-9-313 and 20-9-314;

14 ~~(14) distribute BASE aid and special education allowable cost payments in support of the BASE~~  
 15 ~~funding program, in accordance with the provisions of 20-9-331, 20-9-333, 20-9-342, 20-9-346, 20-9-347,~~  
 16 ~~and 20-9-366 through 20-9-369;~~

17 ~~(15) provide for the uniform and equal provision of transportation by performing the duties~~  
 18 ~~prescribed by the provisions of 20-10-112;~~

19 (14) DISTRIBUTE BASE AID AND SPECIAL EDUCATION ALLOWABLE COST PAYMENTS IN  
 20 SUPPORT OF THE BASE FUNDING PROGRAM, IN ACCORDANCE WITH THE PROVISIONS OF 20-9-331,  
 21 20-9-342, 20-9-346, 20-9-347, AND 20-9-366 THROUGH 20-9-369;

22 (15) PROVIDE FOR THE UNIFORM AND EQUAL PROVISION OF TRANSPORTATION BY  
 23 PERFORMING THE DUTIES PRESCRIBED BY THE PROVISIONS OF 20-10-112;

24 ~~(16)(9)(16)~~ approve or disapprove an adult education program for which a district proposes to levy  
 25 a tax in accordance with the provisions of 20-7-705;

26 ~~(17)(9)(17)~~ request, accept, deposit, and expend federal money in accordance with the provisions  
 27 of 20-9-603;

28 ~~(18)(10)(18)~~ authorize the use of federal money for the support of an interlocal cooperative  
 29 agreement in accordance with the provisions of 20-9-703 and 20-9-704;

30 ~~(19)(11)(19)~~ prescribe the form and contents of and approve or disapprove interstate contracts in

1 accordance with the provisions of 20-9-705;

2 ~~(20)(12)(20)~~ approve or disapprove the conduct of school on a Saturday or on  
3 pupil-instruction-related days in accordance with the provisions of 20-1-303 and 20-1-304;

4 ~~(21)(13)(21)~~ recommend standards of accreditation for all schools to the board of public education  
5 and evaluate compliance with the standards and recommend accreditation status of ~~every~~ each school to  
6 the board of public education in accordance with the provisions of 20-7-101 and 20-7-102;

7 ~~(22)(14)(22)~~ collect and maintain a file of curriculum guides and assist schools with instructional  
8 programs in accordance with the provisions of 20-7-113 and 20-7-114;

9 ~~(23)(15)(23)~~ establish and maintain a library of visual, aural, and other educational media in  
10 accordance with the provisions of 20-7-201;

11 ~~(24)(16)(24)~~ license textbook dealers and initiate prosecution of textbook dealers violating the law  
12 in accordance with the provisions of the textbooks part of this title;

13 ~~(25)(17)(25)~~ as the governing agent and executive officer of the state of Montana for K-12  
14 vocational education, adopt the policies prescribed by and in accordance with the provisions of 20-7-301;

15 ~~(26)(18)(26)~~ supervise and coordinate the conduct of special education in the state in accordance  
16 with the provisions of 20-7-403;

17 ~~(27)(19)(27)~~ administer the traffic education program in accordance with the provisions of  
18 20-7-502;

19 ~~(28)(20)(28)~~ administer the school food services program in accordance with the provisions of  
20 20-10-201, 20-10-202, and 20-10-203;

21 ~~(29)(21)(29)~~ review school building plans and specifications in accordance with the provisions of  
22 20-6-622;

23 ~~(30)(22)(30)~~ prescribe the method of identification and signals to be used by school safety patrols  
24 in accordance with the provisions of 20-1-408;

25 ~~(31)(23)(31)~~ provide schools with information and technical assistance for compliance with the  
26 student assessment rules provided for in 20-2-121 and collect and summarize the results of the student  
27 assessment for the board of public education and the legislature;

28 ~~(32) administer the distribution of guaranteed tax base aid in accordance with 20-9-366 through~~  
29 ~~20-9-369;~~

30 (32) ADMINISTER THE DISTRIBUTION OF GUARANTEED TAX BASE AID IN ACCORDANCE WITH



1 20-9-366 THROUGH 20-9-369; and

2 ~~(33)(24)(33)~~ perform any other duty prescribed from time to time by this title, any other act of the  
3 legislature, or the policies of the board of public education."

4

5 ~~Section 19. Section 20-3-205, MCA, is amended to read:~~

6 ~~"20-3-205. Powers and duties. The county superintendent has general supervision of the schools  
7 of the county within the limitations prescribed by this title and shall perform the following duties or acts:~~

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

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

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

15 ~~(4) act on each tuition and transportation obligation submitted in accordance with the provisions  
16 of 20-5-323 and 20-5-324;~~

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

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

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

21 ~~(8) fulfill all responsibilities assigned under the provisions of this title regulating the organization,  
22 alteration, or abandonment of districts;~~

23 ~~(9) act on any unification proposition and, if approved, establish additional trustee nominating  
24 districts in accordance with 20-6-312 and 20-6-313;~~

25 ~~(10) estimate the average number belonging (ANB) of an opening school in accordance with the  
26 provisions of 20-6-502, 20-6-503, 20-6-504, or 20-6-506;~~

27 ~~(11) process and, when required, act on school isolation applications in accordance with the  
28 provisions of 20-9-302;~~

29 ~~(12) complete the budgets, compute the budgeted revenues revenue and tax levies, file final  
30 budgets and budget amendments, and fulfill other responsibilities assigned under the provisions of this title~~

- 1 regulating school budgeting systems;
- 2 ~~(13) submit an annual financial report to the superintendent of public instruction department of~~  
3 ~~administration in accordance with the provisions of 20-9-211;~~
- 4 ~~(14) monthly, unless otherwise provided by law, order the county treasurer to apportion state~~  
5 ~~money, county school money, and any other school money subject to apportionment in accordance with~~  
6 ~~the provisions of 20-9-212, 20-9-334, 20-9-347, 20-10-145, or 20-10-146;~~
- 7 ~~(15) act on any request to transfer average number belonging (ANB) in accordance with the~~  
8 ~~provisions of 20-9-313(3);~~
- 9 ~~(16) calculate the estimated budgeted general fund sources of revenue in accordance with the~~  
10 ~~general fund revenue provisions of the general fund part of this title;~~
- 11 ~~(17) compute the revenues revenue and the district and county levy requirements for each fund~~  
12 ~~included in each district's final budget and report the computations to the board of county commissioners~~  
13 ~~in accordance with the provisions of the general fund, transportation, bonds, and other school funds parts~~  
14 ~~of this title;~~
- 15 ~~(18) file and forward bus driver certifications, transportation contracts, and state transportation~~  
16 ~~reimbursement claims in accordance with the provisions of 20-10-103, 20-10-143, or 20-10-145;~~
- 17 ~~(19) for districts that do not employ a district superintendent or principal, recommend library book~~  
18 ~~and textbook selections in accordance with the provisions of 20-7-204 or 20-7-602;~~
- 19 ~~(20) notify the superintendent of public instruction of a textbook dealer's activities when required~~  
20 ~~under the provisions of 20-7-605 and otherwise comply with the textbook dealer provisions of this title;~~
- 21 ~~(21) act on district requests to allocate federal money for indigent children for school food services~~  
22 ~~in accordance with the provisions of 20-10-205;~~
- 23 ~~(22) perform any other duty prescribed from time to time by this title, any other act of the~~  
24 ~~legislature, the policies of the board of public education, the policies of the board of regents relating to~~  
25 ~~community college districts, or the rules of the superintendent of public instruction;~~
- 26 ~~(23) administer the oath of office to trustees without the receipt of pay for administering the oath;~~
- 27 ~~(24) keep a record of official acts, preserve all reports submitted to the superintendent under the~~  
28 ~~provisions of this title, preserve all books and instructional equipment or supplies, keep all documents~~  
29 ~~applicable to the administration of the office, and surrender all records, books, supplies, and equipment to~~  
30 ~~the next superintendent;~~

1           ~~(25) within 90 days after the close of the school fiscal year, publish an annual report in the county~~  
 2 ~~newspaper stating the following financial information for the school fiscal year just ended for each district~~  
 3 ~~of the county:~~

4           ~~(a) the total of the cash balances of all funds maintained by the district at the beginning of the~~  
 5 ~~year;~~

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

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

8           ~~(d) the total of the cash balances of all funds maintained by the district at the end of the school~~  
 9 ~~fiscal year; and~~

10           ~~(26) hold meetings for the members of the trustees from time to time at which matters for the good~~  
 11 ~~of the districts must be discussed."~~

12  
 13           ~~Section 20. Section 20-3-209, MCA, is amended to read:~~

14           ~~"20-3-209. Annual report. The county superintendent of each county shall submit an annual report~~  
 15 ~~to the superintendent of public instruction department of administration not later than September 1. Such~~  
 16 ~~The report shall must be completed on the forms supplied by the superintendent of public instruction~~  
 17 ~~department of administration, which shall require the reporting of:~~

18           ~~(1) the final budget information for each district of the county, as prescribed by 20-9-134(1);~~

19           ~~(2) the financial activities of each district of the county for the immediately preceding school fiscal~~  
 20 ~~year as provided by the trustees' annual report to the county superintendent under the provisions of~~  
 21 ~~20-9-213(5);~~

22           ~~(3) the pupil information for each district provided the county superintendent under the provisions~~  
 23 ~~of 20-4-301(1)(d) or 20-4-402(7); and~~

24           ~~(4) any other information that may be requested by the superintendent of public instruction which~~  
 25 ~~department of administration that is within his the authority prescribed by this title."~~

26  
 27           ~~Section 21. Section 20-3-324, MCA, is amended to read:~~

28           ~~"20-3-324. Powers and duties. As prescribed elsewhere in this title, the trustees of each district~~  
 29 ~~shall:~~

30           ~~(1) employ or dismiss a teacher, principal, or other assistant upon the recommendation of the~~

1 ~~district superintendent, the county high school principal, or other principal as the board considers~~  
2 ~~necessary, accepting or rejecting any recommendation as the trustees in their sole discretion determine,~~  
3 ~~in accordance with the provisions of Title 20, chapter 4;~~

4 ~~(2) employ and dismiss administrative personnel, clerks, secretaries, teacher aides, custodians,~~  
5 ~~maintenance personnel, school bus drivers, food service personnel, nurses, and any other personnel~~  
6 ~~considered necessary to carry out the various services of the district;~~

7 ~~(3) administer the attendance and tuition provisions and otherwise govern the pupils of the district~~  
8 ~~in accordance with the provisions of the pupils chapter of this title;~~

9 ~~(4) call, conduct, and certify the elections of the district in accordance with the provisions of the~~  
10 ~~school elections chapter of this title;~~

11 ~~(5) participate in the teachers' retirement system of the state of Montana in accordance with the~~  
12 ~~provisions of the teachers' retirement system chapter of Title 19;~~

13 ~~(6) participate in district boundary change actions in accordance with the provisions of the districts~~  
14 ~~chapter of this title;~~

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

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

19 ~~(9) conduct the fiscal business of the district in accordance with the provisions of the school~~  
20 ~~financial administration part of this title;~~

21 ~~(10) establish the ANB, BASE budget levy, over BASE budget levy, additional levy, operating~~  
22 ~~reserve, and state impact aid amounts for the general fund of the district in accordance with the provisions~~  
23 ~~of the general fund part of this title;~~

24 ~~(11) establish, maintain, budget, and finance the transportation program of the district in~~  
25 ~~accordance with the provisions of the transportation parts of this title;~~

26 ~~(12) issue, refund, sell, budget, and redeem the bonds of the district in accordance with the~~  
27 ~~provisions of the bonds parts of this title;~~

28 ~~(13) when applicable, establish, financially administer, and budget for the tuition fund, retirement~~  
29 ~~fund, building reserve fund, adult education fund, nonoperating fund, school food services fund,~~  
30 ~~miscellaneous federal programs fund, building fund, lease or rental agreement fund, traffic education fund,~~

1 ~~impact aid fund, and interlocal cooperative agreement fund in accordance with the provisions of the other~~  
2 ~~school funds parts of this title;~~

3 ~~(14) when applicable, administer any interlocal cooperative agreement, gifts, legacies, or devises~~  
4 ~~in accordance with the provisions of the miscellaneous financial parts of this title;~~

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

7 ~~(16) operate the schools of the district in accordance with the provisions of the school calendar~~  
8 ~~part of this title;~~

9 ~~(17) establish and maintain the instructional services of the schools of the district in accordance~~  
10 ~~with the provisions of the instructional services, textbooks, vocational education, and special education~~  
11 ~~parts of this title;~~

12 ~~(18) establish and maintain the school food services of the district in accordance with the~~  
13 ~~provisions of the school food services parts of this title;~~

14 ~~(19) make reports from time to time as the county superintendent, superintendent of public~~  
15 ~~instruction, and board of public education may require;~~

16 ~~(20) retain, when considered advisable, a physician or registered nurse to inspect the sanitary~~  
17 ~~conditions of the school or the general health conditions of each pupil and, upon request, make available~~  
18 ~~to any parent or guardian any medical reports or health records maintained by the district pertaining to the~~  
19 ~~child;~~

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

23 ~~(22) procure and display outside daily in suitable weather on school days at each school of the~~  
24 ~~district an American flag that measures not less than 4 feet by 6 feet;~~

25 ~~(23) provide that an American flag that measures approximately 12 inches by 18 inches be~~  
26 ~~prominently displayed in each classroom in each school of the district, except in a classroom in which the~~  
27 ~~flag may get soiled. This requirement is waived if the flags are not provided by a local civic group.~~

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

30 ~~(25) perform any other duty and enforce any other requirements for the government of the schools~~

1 ~~prescribed by this title, the policies of the board of public education, the rules of the department of~~  
 2 ~~administration, or the rules of the superintendent of public instruction."~~

3

4 **Section 18.** Section 20-5-316, MCA, is amended to read:

5 "20-5-316. **Out-of-state tuition.** (1) The county superintendent of schools of the county of the  
 6 district of residence shall make payments from the county basic tax for elementary schools for children who  
 7 are placed in facilities outside the state of Montana pursuant to 20-5-321 but not under the provisions of  
 8 Title 20, chapter 7, part 4.

9 (2) The county superintendent of schools of the county of residence shall make payments from the  
 10 county ~~basic special equalization tax for high schools,~~ as provided in 20-9-334, for children who are placed  
 11 in facilities outside the state of Montana as a result of a court order or placement by a state agency. This  
 12 provision does not apply to children with disabilities that are defined under the provisions of Title 20,  
 13 chapter 7, part 4."

14

15 **Section 19.** Section 20-5-324, MCA, is amended to read:

16 "20-5-324. **Tuition report and payment provisions.** (1) At the close of the school term of each  
 17 school fiscal year and before July 15, the trustees of a district shall report to the county superintendent:

18 (a) the name and district of residence of each child who is attending a school of the district under  
 19 an approved mandatory out-of-district attendance agreement;

20 (b) the number of days of enrollment for each child reported under the provisions of subsection  
 21 (1)(a);

22 (c) the annual tuition rate for each child's tuition payment, as determined under the provisions of  
 23 20-5-323, and the tuition cost for each reported child; and

24 (d) the names, districts of attendance, and amount of tuition to be paid by the district for resident  
 25 students attending public schools out of state.

26 (2) The county superintendent shall send, as soon as practicable, the reported information to the  
 27 county superintendent of the county in which a reported child resides.

28 (3) Before July 30, the county superintendent shall report the information in subsection (1)(d) to  
 29 ~~the superintendent of public instruction, who shall determine the total foundation~~ department of  
 30 ~~administration, which~~ SUPERINTENDENT OF PUBLIC INSTRUCTION, WHO shall:

1           (a) calculate the BASE funding amount for which the district would be eligible if the student were  
 2 enrolled in the resident district. The reimbursement amount is the difference between the actual amount  
 3 paid and the amount calculated in this subsection.

4           (b) reimburse the district of residence for the BASE funding amount determined in subsection (3)(a).

5           (4) Notwithstanding the requirements of subsection (5), tuition payment provisions for  
 6 out-of-district placement of students with disabilities must be determined pursuant to Title 20, chapter 7,  
 7 part 4.

8           (5) Except as provided in subsection (6), when a child has approval to attend a school outside the  
 9 child's district of residence under the provisions of 20-5-320 or 20-5-321, the district of residence shall  
 10 finance the tuition amount from the district tuition fund and any transportation amount from the  
 11 transportation fund.

12           (6) When a child has mandatory approval under the provisions of 20-5-321, the tuition and  
 13 transportation obligation for an elementary school child attending a school outside of the child's county of  
 14 residence must be financed by the county basic equalization tax for elementary and high school districts,  
 15 as provided in 20-9-331, for the child's county of residence ~~or for a high school child attending a school~~  
 16 ~~outside the county of residence by the county basic tax for high school districts, as provided in 20-9-333,~~  
 17 ~~for the child's county of residence.~~

18           (7) By December 31 of the school fiscal year, the county superintendent or the trustees shall pay  
 19 at least one-half of any tuition and transportation obligation established under this section out of the money  
 20 realized to date from the ~~appropriate basic~~ county equalization tax account provided for in 20-9-334 or from  
 21 the district tuition or transportation fund. The remaining tuition and transportation obligation must be paid  
 22 by June 15 of the school fiscal year. The payments must be made to the county treasurer in each county  
 23 with a school district that is entitled to tuition and transportation. Except as provided in subsection ~~(9)~~(8),  
 24 the county treasurer shall credit tuition receipts to the general fund of a school district entitled to a tuition  
 25 payment. The tuition receipts must be used in accordance with the provisions of 20-9-141. The county  
 26 treasurer shall credit transportation receipts to the transportation fund of a school district entitled to a  
 27 transportation payment.

28           ~~(8) The superintendent of public instruction shall reimburse the district of residence from the state~~  
 29 ~~equalization account for the foundation amount determined in subsection (3).~~

30           ~~(9)~~ (a) Any tuition receipts received under the provisions of Title 20, chapter 7, part 4, or

1 20-5-323(3) for the current school fiscal year that exceed the tuition receipts of the prior year may be  
2 deposited in the district miscellaneous programs fund and must be used for that year in the manner  
3 provided for in 20-9-507 to support the costs of the program for which the tuition was received.

4 (b) Any other tuition receipts received for the current school fiscal year that exceed the tuition  
5 receipts of the prior year may be deposited in the district miscellaneous programs fund and may be used  
6 for that year in the manner provided for in that fund. For the ensuing school fiscal year, the receipts must  
7 be credited to the district general fund budget."  
8

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

10 **"20-6-702. Funding for K-12 school districts.** (1) Notwithstanding the provisions of subsections  
11 (2) through (6), a K-12 school district formed under the provisions of 20-6-701 is subject to the provisions  
12 of law for high school districts.

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

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

17 (a) ~~the~~ The calculation of ANB for purposes of determining the total per-ANB entitlements must be  
18 in accordance with the provisions of 20-9-311~~;~~.

19 (b) ~~the basic~~ The county equalization tax and revenues ~~revenue~~ for the elementary and high school  
20 BASE funding program amount for the district must be determined in accordance with the provisions of  
21 20-9-331, ~~and the basic special tax and revenues for the high school~~ ~~BASE funding program amount for~~  
22 ~~the district must be determined in accordance with 20-9-333; and.~~

23 (c) ~~the~~ The guaranteed tax base aid for BASE funding program purposes for a K-12 school district  
24 must be calculated separately, using each district's guaranteed tax base ratio, as defined in 20-9-366. The  
25 BASE budget levy to be levied for the K-12 school district must be prorated based on the ratio of the BASE  
26 funding program amounts for elementary school programs to the BASE funding program amounts for high  
27 school programs.

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



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

4 (6) Tuition for attendance in the K-12 school district must be determined separately for high school  
 5 pupils and for elementary pupils under the provisions of 20-5-320 through 20-5-324, except that the actual  
 6 expenditures used for calculations in 20-5-323 must be based on an amount prorated between the  
 7 elementary and high school programs in the appropriate funds of each district in the year prior to the  
 8 attachment of the districts."

9  
 10 **Section 21.** Section 20-7-420, MCA, is amended to read:

11 **"20-7-420. Residency requirements -- financial responsibility for special education.** (1) In  
 12 accordance with the provisions of 1-1-215, a child's district of residence for special education purposes  
 13 is the residence of the child's parents or of the child's guardian if the parents are deceased, unless  
 14 otherwise determined by the court. This applies to a child living at home, in an institution, or under foster  
 15 care. If the parent has left the state, the parent's ~~last-known~~ last-known district of residence is the child's  
 16 district of residence.

17 (2) The county of residence is financially responsible for tuition and transportation as established  
 18 under 20-5-323 for a child with disabilities, as defined in 20-7-401, including a child who has been placed  
 19 by a state agency in a foster care or group home licensed by the state. The county of residence is not  
 20 financially responsible for tuition and transportation for a child with disabilities who is placed by a state  
 21 agency in an out-of-state public school or an out-of-state private residential facility.

22 (3) If an eligible child, as defined in 20-7-436, is receiving inpatient treatment in an in-state  
 23 residential treatment facility or children's psychiatric hospital, as defined in 20-7-436, and the educational  
 24 services are provided by a public school district under the provisions of 20-7-411 or 20-7-435, the  
 25 superintendent of public instruction shall reimburse the district providing the services for the negotiated  
 26 amount, as established pursuant to 20-7-435(5), that represents the district's costs of providing education  
 27 and related services. Payments must be made from funds appropriated for this purpose. If the negotiated  
 28 amount exceeds the daily membership rate under 20-7-435(3) and any per-ANB amount of direct state aid,  
 29 the superintendent of public instruction shall pay the remaining balance ~~from the state equalization aid~~  
 30 ~~account~~. However, the amount spent ~~from the state equalization aid account~~ for this purpose may not

1 exceed \$500,000 during any biennium.

2 (4) Under the provisions of 20-7-422(3), the superintendent of public instruction shall provide funds  
3 for the education fees required to provide a free appropriate public education for a child with disabilities  
4 who is in need of special education and related services and is placed by a state agency in an out-of-state  
5 private residential facility or out-of-state public school, provided that, in determining the special education  
6 services needed for the child with disabilities, the district of residence has complied with the rules  
7 promulgated under 20-7-402.

8 (5) A state agency that makes a placement of a child with disabilities is responsible for the financial  
9 costs of room and board and the treatment of the child."

10

11 ~~Section 26. Section 20-9-102, MCA, is amended to read:~~

12 ~~"20-9-102. General supervision of school budgeting system. The superintendent of public  
13 instruction department of administration has general supervision over the school budgeting procedure and  
14 provisions, as they relate to elementary and high school districts, prescribed by law and shall establish such  
15 the rules as are necessary to secure compliance with the school budgeting laws."~~

16

17 ~~Section 27. Section 20-9-103, MCA, is amended to read:~~

18 ~~"20-9-103. School budget form. (1) The format of the school budget form shall must be prescribed  
19 by the superintendent of public instruction department of administration and shall must provide for proper  
20 school budgeting procedures in accordance with the budgeting requirements of this title and generally  
21 accepted accounting principles. The superintendent of public instruction shall cause department of  
22 administration shall print a sufficient number of the budget forms to be printed for use by all districts for  
23 each school fiscal year.~~

24 ~~(2) Each A district shall use the budget forms prescribed by the superintendent of public instruction  
25 department of administration, except that a district may in addition, with the approval of the superintendent  
26 of public instruction department of administration, use a more detailed form."~~

27

28 ~~Section 28. Section 20-9-121, MCA, is amended to read:~~

29 ~~"20-9-121. County treasurer's statement of cash balances and bond information. (1) By July 10,  
30 the county treasurer shall prepare a statement for each district showing the amount of cash on hand for~~

1 ~~each fund maintained by the district and the amount of the outstanding obligations against each fund at~~  
 2 ~~the close of the last completed last completed school fiscal year. The county treasurer shall also include~~  
 3 ~~on each district's statement the details on the obligation for bond retirement and interest for the school~~  
 4 ~~fiscal year just beginning. The format of the statement on fund cash balances and bond information shall~~  
 5 ~~must be prescribed by the superintendent of public instruction department of administration.~~

6 (2) ~~By July 10, the county treasurer shall prepare a statement for each county school fund~~  
 7 ~~supported by countywide levies, showing the amount of cash on hand at the beginning of the school fiscal~~  
 8 ~~year, the receipts and apportionments, and the amount of cash on hand at the end of the school fiscal year,~~  
 9 ~~for each county school fund maintained during the immediately preceding school fiscal year. The format~~  
 10 ~~of this statement shall must be prescribed by the superintendent of public instruction department of~~  
 11 ~~administration.~~

12 (3) ~~On or before July 10, the county treasurer shall deliver the statements of district and county~~  
 13 ~~fund cash balances and the bond information for each district to the county superintendent who shall attach~~  
 14 ~~such the district statements to the applicable district's preliminary budget."~~

15  
 16 **Section 29.** ~~Section 20-9-134, MCA, is amended to read:~~

17 ~~"20-9-134. **Completion, filing, and delivery of final budgets.** After the final budget of the~~  
 18 ~~elementary, high school, or community college district has been adopted by the trustees, the county~~  
 19 ~~superintendent shall complete all the remaining portions of the budget forms and shall:~~

20 (1) ~~send the final budget information to the superintendent of public instruction department of~~  
 21 ~~administration, on the forms provided by the superintendent department, on or before September 1;~~

22 (2) ~~in the case of the community college districts, send the final budget information to the board~~  
 23 ~~of regents, on the forms provided by the community college coordinator, on or before September 1; and~~

24 (3) ~~deliver a copy of the final budget for the district to the county treasurer on or before September~~  
 25 ~~1."~~

26  
 27 **Section 30.** ~~Section 20-9-163, MCA, is amended to read:~~

28 ~~"20-9-163. **Resolution for budget amendment — petition to superintendent of public instruction**~~  
 29 ~~**department of administration.** (1) Whenever the trustees of a district decide that a budget amendment is~~  
 30 ~~necessary because of an enrollment increase, they may petition the superintendent of public instruction~~

1 ~~department of administration to adopt a resolution for the budget amendment. The petition must be signed~~  
 2 ~~by a majority of the trustees.~~

3 ~~(2) The petition must state the facts constituting the need for the budget amendment, the~~  
 4 ~~estimated amount of money required to fund the budget amendment, the funds affected by the budget~~  
 5 ~~amendment, the anticipated source of financing for the budget amendment, and the current year~~  
 6 ~~enrollment.~~

7 ~~(3) The superintendent of public instruction department of administration shall promptly approve~~  
 8 ~~or disapprove the petition requesting approval to adopt a resolution for a budget amendment because of~~  
 9 ~~increased enrollment. If the petition is for a budget amendment for an enrollment increase as provided in~~  
 10 ~~20-9-161(1), the superintendent of public instruction department of administration shall adjust the district's~~  
 11 ~~maximum general fund budget based on the approved enrollment increase. Upon approval, a district may~~  
 12 ~~not adopt a budget amendment if the amount will cause the district to exceed the district's adjusted~~  
 13 ~~maximum general fund budget. If the petition is approved, the trustees may adopt a resolution for a budget~~  
 14 ~~amendment and take all other steps required for the adoption of a budget amendment. Approval of a~~  
 15 ~~petition by the superintendent of public instruction department of administration authorizes the board of~~  
 16 ~~trustees to initiate a budget amendment by resolution and does not relieve the trustees of the necessity of~~  
 17 ~~complying with the requirements of the school budgeting laws. Approval of the petition may not be~~  
 18 ~~construed as approval of any subsequent application for increased state aid on account of the budget~~  
 19 ~~amendment."~~

20  
 21 ~~**Section 31.** Section 20-9-165, MCA, is amended to read:~~

22 ~~"20-9-165. Budget amendment limitation, preparation, and adoption procedures. (1) The meeting~~  
 23 ~~of the trustees to consider and adopt a budget amendment must be open to the public, and any taxpayer~~  
 24 ~~in the district has the right to appear and be heard. If at the meeting a majority of the trustees present find~~  
 25 ~~that there is sufficient need for a budget amendment, the trustees may make and adopt a preliminary~~  
 26 ~~budget amendment, setting forth fully the facts constituting the need for the budget amendment. In~~  
 27 ~~adopting the preliminary budget amendment, the trustees may budget for any fund that was included on~~  
 28 ~~the final budget of the district for the current school fiscal year. The budget must be itemized to show the~~  
 29 ~~amount appropriated for each item.~~

30 ~~(2) When the budget amendment is the result of increased enrollment, the maximum amount of~~

1 the budget amendment for all funds must be determined in the following manner:

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

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

8 ~~(c) Determine the enrollment increase of the current school fiscal year by subtracting the number~~  
 9 ~~of pupils originally enrolled during the immediately preceding school fiscal year from the number of pupils~~  
 10 ~~enrolled for the current school year. The result is the enrollment increase for the current school fiscal year.~~

11 ~~(d) Multiply the cost per pupil determined in subsection (2)(b) by the enrollment increase~~  
 12 ~~determined in subsection (2)(c). The result is the maximum limitation on a budget amendment for~~  
 13 ~~amendments resulting from increased enrollment.~~

14 ~~(3) For other types of budget amendments, the budget amendment is limited to the expenditures~~  
 15 ~~considered by the trustees to be reasonable and necessary to finance the conditions of the budget~~  
 16 ~~amendment and the preliminary budget amendment must include the details of the proposed expenditures.~~

17 ~~(4) Whenever the trustees adopt a preliminary budget amendment for the transportation fund, the~~  
 18 ~~trustees shall attach to the budget amendment a copy of each transportation contract that is connected~~  
 19 ~~with the budget amendment and that has been prepared and executed in accordance with the school~~  
 20 ~~transportation contract laws.~~

21 ~~(5) After the trustees have adopted the budget amendment by a majority vote of the trustees, it~~  
 22 ~~must be signed by the chairman presiding officer of the trustees and the clerk of the district and copies~~  
 23 ~~must be sent to the county superintendent, the county treasurer, and the superintendent of public~~  
 24 ~~instruction department of administration."~~

25  
 26 ~~Section 32. Section 20-9-166, MCA, is amended to read:~~

27 ~~"20-9-166. State financial aid for budget amendments. Whenever a final budget amendment has~~  
 28 ~~been adopted for the general fund or the transportation fund to finance the cost of an amendment resulting~~  
 29 ~~from increased enrollment, the trustees may apply to the superintendent of public instruction department~~  
 30 ~~of administration for an increased payment from the state public school equalization aid account for the~~

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

13

14 ~~**Section 33.** Section 20-9-201, MCA, is amended to read:~~

15 ~~"20-9-201. **Definitions and application.** (1) As used in this title, unless the context clearly indicates~~  
 16 ~~otherwise, "fund" means a separate detailed account of receipts and expenditures for a specific purpose~~  
 17 ~~as authorized by law or by the superintendent of public instruction department of administration under the~~  
 18 ~~provisions of subsection (2). Funds are classified as follows:~~

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

23 ~~(b) A "nonbudgeted fund" means any fund for which a budget is not required in order to expend~~  
 24 ~~money on deposit in the fund. The school food services fund, miscellaneous programs fund, building fund,~~  
 25 ~~lease or rental agreement fund, traffic education fund, interlocal cooperative fund, internal service fund,~~  
 26 ~~impact aid fund, enterprise fund, agency fund, extra-curricular fund, metal mines tax reserve fund,~~  
 27 ~~endowment fund, and any other funds designated by the legislature are nonbudgeted funds.~~

28 ~~(2) The school financial administration provisions of this title apply to all money of any elementary~~  
 29 ~~or high school district. Elementary and high school districts shall record the receipt and disbursement of~~  
 30 ~~all money in accordance with generally accepted accounting principles. The superintendent of public~~

1 ~~instruction department of administration has general supervisory authority as prescribed by law over the~~  
 2 ~~school financial administration provisions, as they relate to elementary and high school districts. The~~  
 3 ~~superintendent of public instruction department of administration shall adopt rules necessary to secure~~  
 4 ~~compliance with the law.~~

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

8  
 9 **Section 34.** ~~Section 20-9-202, MCA, is amended to read:~~

10 ~~"20-9-202. County officials for financial administration when joint district. (1) When all of the~~  
 11 ~~schools of the joint district are located in one county, the school financial administration duties assigned~~  
 12 ~~to county officials shall must be performed by those officials of the county wherein where the schools of~~  
 13 ~~the district are located. When the schools of a joint district are located in more than one county, the~~  
 14 ~~superintendent of public instruction shall designate the county officials to perform such the duties for the~~  
 15 ~~joint district.~~

16 ~~(2) The designated county treasurer shall be is the custodian of all joint district moneys revenue~~  
 17 ~~and shall perform all other duties of the county treasurer for the joint district. The superintendent of public~~  
 18 ~~instruction department of administration shall disburse all moneys revenue for a joint district to such the~~  
 19 ~~county treasurer."~~

20  
 21 **Section 35.** ~~Section 20-9-203, MCA, is amended to read:~~

22 ~~"20-9-203. Examination of district accounting records. The accounting records of all first-, second-,~~  
 23 ~~and third-class school districts must be audited in accordance with 2-7-503. The trustees of the district~~  
 24 ~~shall file a copy of the completed audit report with the department of commerce, the superintendent of~~  
 25 ~~public instruction, the department of administration, and the county superintendent."~~

26  
 27 **Section 36.** ~~Section 20-9-211, MCA, is amended to read:~~

28 ~~"20-9-211. Annual financial report of county superintendent. No later than the second Monday in~~  
 29 ~~September of each school fiscal year, the county superintendent shall report to the superintendent of public~~  
 30 ~~instruction department of administration the financial activity during the preceding school fiscal year of each~~

1 ~~district of the county in accordance with the reporting requirements prescribed by the superintendent of~~  
 2 ~~public instruction department. The reports must be prepared on forms provided by the superintendent of~~  
 3 ~~public instruction department of administration."~~

4  
 5 **Section 22.** Section 20-9-212, MCA, is amended to read:

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

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

13 (a) ~~the basic county tax in support of the elementary BASE aid;~~

14 ~~(b) the basic special tax~~ county equalization tax for elementary and high schools school districts  
 15 in support of the elementary and high school BASE aid;

16 ~~(b)~~ the county tax in support of the transportation schedules;

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

18 and

19 ~~(d)~~ (d) any other county tax for schools, including the community colleges, which may be authorized  
 20 by law and levied by the county commissioners.

21 (2) whenever requested, notify the county superintendent and the ~~superintendent of public~~  
 22 ~~instruction department of administration~~ SUPERINTENDENT OF PUBLIC INSTRUCTION of the amount of  
 23 county school money on deposit in each of the funds enumerated in subsection (1) and the amount of any  
 24 other school money subject to apportionment and apportion the county and other school money to the  
 25 districts in accordance with the apportionment ordered by the county superintendent or the ~~superintendent~~  
 26 ~~of public instruction department~~ SUPERINTENDENT OF PUBLIC INSTRUCTION;

27 (3) keep a separate accounting of the receipts, expenditures, and cash balances for each fund;

28 (4) except as otherwise limited by law, pay all warrants properly drawn on the county or district  
 29 school money and properly endorsed by their holders;

30 (5) receive all revenue collected by and for each district and deposit these receipts in the fund



1 designated by law or by the district if a fund is not designated by law. Interest and penalties on delinquent  
2 school taxes must be credited to the same fund and district for which the original taxes were levied.

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

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

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

11 (9) invest the money of any district as directed by the trustees of the district within 3 working days  
12 of the direction;

13 (10) each month give to the trustees of each district an itemized report for each fund maintained  
14 by the district, showing the paid warrants, outstanding warrants, registered warrants, amounts and types  
15 of revenue received, and the cash balance;

16 (11) remit promptly to the state treasurer receipts for the county tax for a vocational-technical  
17 center ~~program within a unit of the university system~~ EDUCATION when levied by the board of county  
18 commissioners under the provisions of 20-16-202; and

19 (12) invest the money received from the ~~basic~~ county equalization tax, ~~the basic special tax~~, the  
20 county levy in support of the elementary and high school district retirement obligations, and the county levy  
21 in support of the transportation schedules within 3 working days of receipt. The money must be invested  
22 until the working day before it is required to be distributed to school districts within the county or remitted  
23 to the state. Permissible investments are specified in 20-9-213(4). All investment income must be  
24 deposited, and credited proportionately, in the funds established to account for the taxes received for the  
25 purposes specified in subsections (1)(a) through ~~(1)(d)~~ (1)(c).

26 (13) remit on a monthly basis to the state treasurer, in accordance with the provisions of 15-1-504,  
27 all county equalization revenue received under the provisions of 20-9-331 ~~and 20-9-333~~, including all  
28 interest earned and excluding any amount required for high school out-of-county tuition under the  
29 provisions of 20-9-334, in repayment of the state advance for county equalization prescribed in 20-9-347.  
30 Any funds in excess of a state advance must be used as required in 20-9-331(1)(b) ~~and 20-9-333(1)(b)~~."

1           ~~Section 38.~~ Section 20-9-213, MCA, is amended to read:

2           ~~"20-9-213. Duties of trustees.~~ The trustees of each a district have the sole power and authority  
3 to transact all fiscal business and execute all contracts in the name of the district. A person other than the  
4 trustees acting as a governing board may not expend money of the district. In conducting the fiscal  
5 business of the district, the trustees shall:

6           (1) ~~cause the keeping of an accurate, detailed accounting of all receipts and expenditures of school~~  
7 ~~money for each fund maintained by the district in accordance with generally accepted accounting principles~~  
8 ~~and the rules prescribed by the superintendent of public instruction department of administration. The~~  
9 ~~record of the accounting must be open to public inspection at any meeting of the trustees.~~

10          (2) ~~authorize all expenditures of district money and cause warrants to be issued for the payment~~  
11 ~~of lawful obligations;~~

12          (3) ~~issue warrants on any budgeted fund in anticipation of budgeted revenue, except that the~~  
13 ~~expenditures may not exceed the amount budgeted for the fund;~~

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

25          (5) ~~cause the district to record each transaction in the appropriate account before the accounts are~~  
26 ~~closed at the end of the fiscal year in order to properly report the receipt, use, and disposition of all money~~  
27 ~~and property for which the district is accountable;~~

28          (6) ~~report annually to the county superintendent, not later than August 15, the financial activities~~  
29 ~~of each fund maintained by the district during the last completed last completed school fiscal year, on the~~  
30 ~~forms prescribed and furnished by the superintendent of public instruction department of administration.~~

1 ~~Annual fiscal reports for joint school districts must be submitted not later than September 1 to the county~~  
 2 ~~superintendent of each county in which part of the joint district is situated.~~

3 ~~(7) whenever requested, report any other fiscal activities to the county superintendent,~~  
 4 ~~superintendent of public instruction, the department of administration, or board of public education;~~

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

6 ~~(9) perform, in the manner permitted by law, other fiscal duties that are in the best interests of the~~  
 7 ~~district."~~

8  
 9 **Section 23.** Section 20-9-306, MCA, is amended to read:

10 **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the  
 11 following definitions apply:

12 (1) "BASE" means base amount for school equity.

13 (2) "BASE aid" means:

14 (a) direct state aid for 40% of the basic entitlement and 40% of the total per-ANB entitlement for  
 15 the general fund budget of a district; and

16 (b) guaranteed tax base aid for an eligible district for any amount up to 40% of the basic  
 17 entitlement, up to 40% of the total per-ANB entitlement budgeted in the general fund budget of a district,  
 18 and up to 40% of the special education allowable cost payment.

19 (3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of  
 20 the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education  
 21 allowable cost payment.

22 (4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which  
 23 may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366  
 24 through 20-9-369.

25 (5) "BASE funding program" means the state program for the equitable distribution of the state's  
 26 share of the cost of Montana's basic system of public elementary schools and high schools, through county  
 27 equalization aid as provided in 20-9-331 ~~and 20-9-333~~ and state equalization aid as provided in 20-9-343,  
 28 in support of the BASE budgets of districts and special education allowable cost payments as provided in  
 29 20-9-321.

30 (6) "Basic entitlement" means:

1 (a) \$191,000 for each high school district;

2 (b) \$17,190 for each elementary school district or K-12 district elementary program without an  
3 approved and accredited junior high school or middle school; and

4 (c) the prorated entitlement for each elementary school district or K-12 district elementary program  
5 with an approved and accredited junior high school or middle school, calculated as follows:

6 (i) \$17,190 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of  
7 kindergarten through grade 8; plus

8 (ii) \$191,000 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten  
9 through grade 8.

10 (7) "Direct state aid" means 40% of the basic entitlement and 40% of the total per-ANB  
11 entitlement for the general fund budget of a district and funded with state and county equalization aid.

12 (8) "Maximum general fund budget" means a district's general fund budget amount calculated from  
13 the basic entitlement for the district, the total per-ANB entitlement for the district, and up to 153% of  
14 special education allowable cost payments.

15 (9) "Over-BASE budget levy" means the district levy in support of any general fund amount  
16 budgeted that is above the BASE budget and below the maximum general fund budget for a district.

17 (10) "Total per-ANB entitlement" means the district entitlement resulting from the following  
18 calculations:

19 (a) for a high school district or a K-12 district high school program, a maximum rate of \$4,680 for  
20 the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through  
21 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

22 (b) for an elementary school district or a K-12 district elementary program without an approved and  
23 accredited junior high school or middle school, a maximum rate of \$3,343 for the first ANB is decreased  
24 at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each  
25 ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

26 (c) for an elementary school district or a K-12 district elementary program with an approved and  
27 accredited junior high school or middle school, the sum of:

28 (i) a maximum rate of \$3,343 for the first ANB for kindergarten through grade 6 is decreased at  
29 the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of  
30 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

1 (ii) a maximum rate of \$4,680 for the first ANB for grades 7 and 8 is decreased at the rate of 50  
2 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess  
3 of 800 receiving the same amount of entitlement as the 800th ANB."  
4

5 **Section 24.** Section 20-9-307, MCA, is amended to read:

6 **"20-9-307. BASE funding program -- district general fund budget -- funding sources.** (1) A basic  
7 system of free quality public elementary schools and high schools must be established and maintained  
8 throughout the state of Montana to provide equality of educational opportunity to all school-age children.

9 (2) The state shall in an equitable manner fund and distribute to the school districts the state's  
10 share of the cost of the basic school system through BASE aid to support the BASE funding program in the  
11 manner established in this title.

12 (3) The budgetary vehicle for achieving the financing system established in subsection (2) is the  
13 general fund budget of the school district. The purpose of the district general fund budget is to finance  
14 those instructional, administrative, facility maintenance, and other operational costs of a district not  
15 financed by other funds established for special purposes in this title.

16 (4) The BASE funding program for the districts in the state is financed by a combination of the  
17 following sources:

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

19 (b) state equalization aid, as provided in 20-9-343, including guaranteed tax base aid for eligible  
20 districts as provided in 20-9-366 through 20-9-369;

21 (c) appropriations for special education;

22 (d) a district levy, as provided in 20-9-302, for support of a school not approved as an isolated  
23 school under the provisions of that section; and

24 (e) district levies or other revenue, as provided by 20-9-308 and 20-9-353."  
25

26 **Section 25.** Section 20-9-308, MCA, is amended to read:

27 **"20-9-308. BASE budgets and maximum general fund budgets.** (1) The trustees of a district shall  
28 adopt a general fund budget that:

29 (a) except as provided in subsection (2), is at least equal to the BASE budget established for the  
30 district; or

1 (b) except as provided in ~~section 3, Chapter 38, Special Laws of November 1993~~, and subsection  
2 (4) ~~of this section~~, does not exceed the maximum general fund budget established for the district.

3 (2) (a) If the BASE budget for a district for the school fiscal year is greater than the general fund  
4 budget of the district for the prior school fiscal year, the trustees of the district:

5 (i) shall increase the general fund budget by at least:

6 (A) ~~25% of the range between the district general fund budget for the school fiscal year ending~~  
7 ~~June 30, 1994, and the BASE budget for the district for the school fiscal year beginning July 1, 1994;~~

8 ~~(B)~~ 33.3% of the range between the district general fund budget for the school fiscal year ending  
9 June 30, 1995, and the BASE budget for the district for the school fiscal year beginning July 1, 1995;

10 ~~(C)~~(B) 50% of the range between the district general fund budget for the school fiscal year ending  
11 June 30, 1996, and the BASE budget for the district for the school fiscal year beginning July 1, 1996; or

12 ~~(D)~~(C) the remainder of the range between the district general fund budget for the school fiscal year  
13 ending June 30, 1997, and the BASE budget for the district for the school fiscal year beginning July 1,  
14 1997;

15 (ii) may increase the general fund budget beyond the amount in subsection (2)(a)(i) but not by more  
16 than 4% of the previous year's general fund budget or by more than 4% of the previous year's general fund  
17 per-ANB multiplied by the current year's ANB for budgeting purposes pursuant to subsection (2)(b).

18 (b) The trustees shall submit a proposition on any amount exceeding the limitations in subsection  
19 (2)(a)(i) to the electors of the district, as provided in 20-9-353.

20 (3) (a) Whenever the trustees of a district adopt a general fund budget that exceeds the BASE  
21 budget for the district but does not exceed the maximum general fund budget for the district, the trustees  
22 shall submit a proposition to the electors of the district, as provided in 20-9-353, for any budget amount  
23 that exceeds the previous year's general fund budget amount or the previous year's general fund budget  
24 per-ANB multiplied by the current year's ANB for budgeting purposes.

25 (b) A general fund budget adopted under this subsection (3) may not exceed the greater of:

26 (i) 104% of the previous year's general fund budget ~~as adjusted by the provisions of section 3,~~  
27 ~~Chapter 38, Special Laws of November 1993;~~ or

28 (ii) 104% of the previous year's general fund budget per-ANB multiplied by the current year's ANB  
29 for budgeting purposes ~~as adjusted by the provisions of section 3, Chapter 38, Special Laws of November~~  
30 ~~1993.~~

1 (4) (a) If the maximum general fund budget for a district for an ensuing school fiscal year is less  
 2 than the general fund budget for the district for the current school fiscal year, ~~as adjusted by the provisions~~  
 3 ~~of section 3, Chapter 38, Special Laws of November 1993,~~ the trustees of the district may not adopt a  
 4 general fund budget for the ensuing school fiscal year that is greater than the district's general fund budget  
 5 for the current school fiscal year.

6 (b) ~~Except for the school fiscal year beginning July 1, 1994, the~~ The trustees of the district shall  
 7 submit a proposition to raise any general fund budget amount that is in excess of the maximum general  
 8 fund budget for the district to the electors who are qualified under 20-20-301 to vote on the proposition,  
 9 as provided in 20-9-353.

10 (5) Whenever the trustees of a district adopt a general fund budget that does not exceed the BASE  
 11 budget for the district, the trustees shall finance this amount with the following sources of revenue:

12 (a) state equalization aid as provided in 20-9-343, including any guaranteed tax base aid for which  
 13 the district may be eligible, as provided in 20-9-366 through 20-9-369;

14 (b) county equalization aid, as provided in 20-9-331 ~~and 20-9-333~~;

15 (c) a district levy for support of a school not approved as an isolated school under the provisions  
 16 of 20-9-302;

17 (d) payments in support of special education programs under the provisions of 20-9-321;

18 (e) nonlevy revenue as provided in 20-9-141; and

19 (f) a BASE budget levy on the taxable value of all property within the district.

20 (6) The over-BASE budget amount of a district must be financed by a levy on the taxable value of  
 21 all property within the district or other revenue available to the district as provided in 20-9-141.

22 ~~((7) For the purpose of this section, the general fund budget or general fund per ANB budget for~~  
 23 ~~the school fiscal year ending June 30, 1993, is the general fund budget funded by any state, local, and~~  
 24 ~~federal revenue, excluding Public Law 81-874 receipts received in the school fiscal year ending June 30,~~  
 25 ~~1993. Before excluding any Public Law 81-874 funding, a district may increase the district general fund~~  
 26 ~~budget for the school fiscal year ending June 30, 1993, by the allowable increases in subsections (2) and~~  
 27 ~~(3).)~~"

28  
 29 **Section 26.** Section 20-9-331, MCA, is amended to read:

30 "**20-9-331. Basic county County equalization tax and other revenues for county revenue for**

1 **equalization of the elementary and high school district BASE funding program.** (1) The county  
 2 commissioners of each county shall levy an annual basic tax of ~~33~~ 55 mills on the dollar of the taxable  
 3 value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517,  
 4 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the purposes of local and state BASE  
 5 funding program support. The revenue collected from this levy must be apportioned to the support of the  
 6 elementary and high school BASE funding programs of the school districts in the county ~~and to the state~~  
 7 ~~special revenue fund, state equalization aid account,~~ in the following manner:

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

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

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

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

24 (b) the portion of the federal flood control act funds distributed to a county and designated for  
 25 expenditure for the benefit of the county common schools under the provisions of 17-3-232;

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

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

30 (e) any federal or state money distributed to the county as payment in lieu of property taxation,



1 including federal forest reserve funds allocated under the provisions of 17-3-213 AND MONEY RECEIVED  
 2 AS PROVIDED IN 17-3-305;

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

4 (g) net proceeds taxes for new production, production from horizontally completed wells, and  
 5 incremental production, as defined in 15-23-601, and local government severance taxes on any other  
 6 production occurring after December 31, 1988; and

7 (h) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,  
 8 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204."

9  
 10 **Section 27.** Section 20-9-332, MCA, is amended to read:

11 "20-9-332. **Fines and penalties proceeds for elementary county equalization.** All fines and penalties  
 12 collected under the provisions of this title, except those collected by a justice's court, ~~shall~~ must be paid  
 13 into the county ~~elementary~~ equalization fund as provided by 20-9-331(2)(c). In order to implement this  
 14 section and any other provision of law requiring the deposit of fines in the ~~elementary~~ county equalization  
 15 fund, a report ~~shall~~ must be made to the county superintendent of the county, at the close of each term,  
 16 by the clerk of each district court, reporting all fines imposed and collected during the term and indicating  
 17 the type of violation and the date of collection."

18  
 19 **Section 28.** Section 20-9-334, MCA, is amended to read:

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

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

29  
 30 **Section 29.** Section 20-9-335, MCA, is amended to read:

1           **"20-9-335. Formula for apportionment of county equalization money.** (1) The ~~superintendent of~~  
 2 ~~public instruction department of administration~~ **SUPERINTENDENT OF PUBLIC INSTRUCTION** shall calculate  
 3 the apportionment of revenue available in the ~~basic county tax~~ equalization account ~~and in the basic special~~  
 4 ~~tax for high schools account~~ in accordance with the following procedure:

5           (a) determine the percentage that the county equalization money available for the support of the  
 6 elementary direct state aid of the districts in the county is of the total elementary direct state aid of all  
 7 districts in the county; and

8           (b) multiply the elementary direct state aid amount of each district by the percentage determined  
 9 in subsection (1)(a) to determine the portion of the county equalization money available to each school  
 10 district.

11           (2) The procedure in subsection (1) must also be applied for the high school direct state aid after  
 12 the deduction of the county's obligation for high school out-of-county tuition.

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

17           (4) The county equalization money reported under these procedures is the first source of revenue  
 18 for financing the elementary and high school direct state aid payments."

19  
 20           **Section 30.** Section 20-9-342, MCA, is amended to read:

21           **"20-9-342. Deposit of interest and income ~~moneys~~ money by state board of land commissioners.**

22 The state board of land commissioners shall annually deposit the interest and income ~~moneys~~ money for  
 23 each calendar year into the state ~~special revenue~~ general fund for state equalization aid, provided for by  
 24 20-9-343, by the last business day of February following the calendar year in which the ~~moneys were~~  
 25 money was received."

26  
 27           **Section 31.** Section 20-9-343, MCA, is amended to read:

28           **"20-9-343. Definition of and revenue for state equalization aid.** (1) As used in this title, the term  
 29 "state equalization aid" means the ~~account in the state special revenue fund that receives revenue as~~  
 30 amount required in this section plus any legislative appropriation of money from other sources for:

1           (a) ~~distribution to the public schools for the purposes of payment of systems development and~~  
 2 ~~other related costs resulting from the enactment of legislation that requires changes to the automated~~  
 3 ~~system used to administer the BASE funding program,~~ guaranteed tax base aid, BASE aid, and state  
 4 reimbursement for school facilities, ~~and matching funds for the systemic initiative for Montana mathematics~~  
 5 ~~and science grant;~~

6           (b) negotiated payments authorized under 20-7-420(3) up to \$500,000 per biennium; and

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

8           (2) The ~~superintendent of public instruction~~ department of administration SUPERINTENDENT OF  
 9 PUBLIC INSTRUCTION may spend funds ~~appropriated from the state equalization aid account~~ throughout  
 10 the biennium as required for the purposes of ~~systems development and other related costs resulting from~~  
 11 ~~the enactment of legislation that requires changes to the automated system used to administer the BASE~~  
 12 ~~funding program,~~ guaranteed tax base aid, BASE aid for the BASE funding program, state reimbursement  
 13 for school facilities, negotiated payments authorized under 20-7-420(3), and the Montana educational  
 14 telecommunications network, throughout the biennium, ~~and for the biennium beginning July 1, 1993,~~  
 15 ~~equipment purchases that qualify as the state match for the systemic initiative for Montana mathematics~~  
 16 ~~and science grant.~~

17           (3) The following must be paid into the state ~~equalization aid account~~ general fund for the public  
 18 schools of the state:

19           (a) ~~money allocated to state equalization from the collection of the severance tax on coal;~~

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

22           (c) ~~interest and income money described in 20-9-341 and 20-9-342;~~

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

24           (e) ~~income from the lottery, as provided in 23-7-402;~~

25           (f) ~~the surplus revenues collected by the counties for BASE funding program support according to~~  
 26 ~~20-9-331 and 20-9-333; and~~

27           (g) (b) investment income earned by investing money in the state equalization aid account in the  
 28 ~~state special revenue fund~~ the interest and income money described in 20-9-341 and 20-9-342.

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

1           ~~(5) Any surplus revenue in the state equalization aid account at the end of a fiscal year must be~~  
2 ~~transferred to the general fund."~~

3  
4           **Section 32.** Section 20-9-344, MCA, is amended to read:

5           **"20-9-344. Duties of board of public education for distribution of BASE aid.** (1) The board of public  
6 education shall administer and distribute the BASE aid and state advances for county equalization in the  
7 manner and with the powers and duties provided by law. To this end, the board of public education shall:

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

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

12           (c) order the ~~superintendent of public instruction~~ department of administration SUPERINTENDENT  
13 OF PUBLIC INSTRUCTION to distribute the BASE aid on the basis of each district's annual entitlement to  
14 the aid as established by the ~~superintendent of public instruction~~ department of administration  
15 SUPERINTENDENT OF PUBLIC INSTRUCTION. In ordering the distribution of BASE aid, the board of public  
16 education may not increase or decrease the BASE aid distribution to any district on account of any  
17 difference that may occur during the school fiscal year between budgeted and actual receipts from any  
18 other source of school revenue.

19           (2) The board of public education may order the ~~superintendent of public instruction~~ department  
20 of administration SUPERINTENDENT OF PUBLIC INSTRUCTION to withhold distribution of BASE aid from  
21 a district when the district fails to:

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

24           (b) maintain accredited status.

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

28           (4) If a district or county receives more BASE aid than it is entitled to, the county treasurer shall  
29 return the overpayment to the state upon the request of the ~~superintendent of public instruction~~ department  
30 of administration SUPERINTENDENT OF PUBLIC INSTRUCTION in the manner prescribed by the

1 ~~superintendent of public instruction~~ ~~department of administration~~ SUPERINTENDENT OF PUBLIC  
 2 INSTRUCTION.

3 (5) Except as provided in 20-9-347(3), the BASE aid payment must be distributed according to the  
 4 following schedule:

5 (a) from August to October of the school fiscal year, 10% of the direct state aid to each district;

6 (b) from December to April of the school fiscal year, 10% of the direct state aid to each district;

7 (c) in November of the school fiscal year, one-half of the guaranteed tax base aid payment to each  
 8 district or county that has submitted a final budget to the ~~superintendent of public instruction~~ ~~department~~  
 9 ~~of administration~~ SUPERINTENDENT OF PUBLIC INSTRUCTION in accordance with the provisions of  
 10 20-9-134;

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

13 (e) in June of the school fiscal year, one-half of the remaining payment to each district of direct  
 14 state aid and on the following July 15, the remaining payment to each district of direct state aid for the  
 15 school fiscal year ending on the preceding June 30.

16 (6) The distribution provided for in subsection (5) must occur by the last working day of each  
 17 month."

18  
 19 **Section 33.** Section 20-9-346, MCA, is amended to read:

20 "20-9-346. Duties of ~~superintendent of public instruction~~ ~~department of administration~~  
 21 SUPERINTENDENT OF PUBLIC INSTRUCTION for state and county equalization aid distribution. The  
 22 ~~superintendent of public instruction~~ ~~department of administration~~ SUPERINTENDENT OF PUBLIC  
 23 INSTRUCTION shall administer the distribution of the state and county equalization aid by:

24 (1) establishing the annual entitlement of each district and county to state and county equalization  
 25 aid, based on the data reported in the retirement and general fund budgets for each district that have been  
 26 duly adopted for the current school fiscal year and verified by the ~~superintendent of public instruction~~  
 27 ~~department of administration~~ SUPERINTENDENT OF PUBLIC INSTRUCTION;

28 (2) for the purposes of state reimbursements for school facilities, limiting the distribution ~~from the~~  
 29 ~~state equalization aid account to no more than \$1 million for the school fiscal year ending June 30, 1994,~~  
 30 ~~and~~ to no more than \$2 million for the biennium ending June 30, 1995, to the districts that are eligible

1 under the provisions of 20-9-366 through 20-9-371 by:

2 (a) determining by May 1 of each school fiscal year the number of mills levied in each district for  
3 debt service on bonds that were issued as provided in 20-9-370(2)(b)(i) or (2)(b)(ii) and that qualify for  
4 guaranteed tax base aid under the provisions of 20-9-366 through 20-9-369 and 20-9-370;

5 (b) based on the limitation of state equalization aid available for debt service purposes in this  
6 subsection (2), determining the percentage of state equalization aid that each eligible district must receive  
7 for the school fiscal year;

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

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

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

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

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

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

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

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

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

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

27 (e) the amount of state advances and repayment for county equalization."  
28

29 **Section 34.** Section 20-9-347, MCA, is amended to read:

30 **"20-9-347. Distribution of BASE aid and special education allowable cost payments in support of**

1 **BASE funding program -- exceptions.** (1) The ~~superintendent of public instruction department of~~  
2 ~~administration~~ SUPERINTENDENT OF PUBLIC INSTRUCTION shall:

3 (a) supply the county treasurer and the county superintendent with a monthly report of the  
4 payment of BASE aid in support of the BASE funding program of each district of the county;

5 (b) in the manner described in 20-9-344, provide for a state advance to each county in an amount  
6 that is no less than the amount anticipated to be raised for the ~~basic county tax fund~~ equalization aid for  
7 elementary and high schools, as provided in 20-9-331 and for the ~~basic special tax fund as provided in~~  
8 ~~20-9-333~~;

9 (c) adopt rules to implement the provisions of subsection (1)(b).

10 (2) (a) The ~~superintendent of public instruction department of administration~~ SUPERINTENDENT  
11 OF PUBLIC INSTRUCTION is authorized to adjust the schedule prescribed in 20-9-344 for distribution of  
12 the BASE aid payments if the distribution will cause a district to register warrants under the provisions of  
13 20-9-212(8).

14 (b) To qualify for an adjustment in the payment schedule, a district shall demonstrate to the  
15 ~~superintendent of public instruction department of administration~~ SUPERINTENDENT OF PUBLIC  
16 INSTRUCTION, in the manner required by the office, that the payment schedule prescribed in 20-9-344 will  
17 result in insufficient money available in all funds of the district to make payment of the district's warrants.  
18 The county treasurer shall confirm the anticipated deficit. This section may not be construed to authorize  
19 the ~~superintendent of public instruction department of administration~~ SUPERINTENDENT OF PUBLIC  
20 INSTRUCTION to exceed a district's annual payment for BASE aid.

21 (3) The ~~superintendent of public instruction department of administration~~ SUPERINTENDENT OF  
22 PUBLIC INSTRUCTION shall:

23 (a) distribute special education allowable cost payments to districts; and

24 (b) supply the county treasurer and the county superintendent of public instruction with a report  
25 of payments for special education allowable costs to districts of the county."  
26

27 ~~Section 51. Section 20-9-351, MCA, is amended to read:~~

28 ~~"20-9-351. Funding of deficiency in BASE aid. If the money available for BASE aid is not the result~~  
29 ~~of a reduction in spending under 17-7-140 and is not sufficient to provide the guaranteed tax base aid~~  
30 ~~required under 20-9-366 through 20-9-369 and BASE aid support determined under 20-9-347, the~~

1 ~~superintendent of public instruction department of administration shall request the budget director to submit~~  
 2 ~~a request for a supplemental appropriation in the second year of the biennium that is sufficient to complete~~  
 3 ~~the funding of BASE aid for the elementary and high school districts for the current biennium."~~

4  
 5 **Section 35.** Section 20-9-360, MCA, is amended to read:

6 **"20-9-360. State equalization aid levy.** (1) There is a levy of 40 mills imposed by the county  
 7 commissioners of each county on all taxable property within the state, except property for which a tax or  
 8 fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204. Except as  
 9 provided in subsection (2), proceeds of the levy must be remitted to the state treasurer and must be  
 10 deposited to the credit of the state ~~special revenue~~ general fund for state equalization aid to the public  
 11 schools of Montana.

12 (2) For the benefit of each municipality that created an urban renewal area and adopted a tax  
 13 increment financing provision for the urban renewal area prior to July 1, 1990, the state treasurer shall  
 14 distribute each fiscal year from the state equalization aid levy to the municipality the amount, if any, equal  
 15 to the product of the incremental taxable value of the urban renewal area times the reduced school levy  
 16 for the area, each calculated for the fiscal year. The reduced school levy for a fiscal year is the difference  
 17 between the aggregate amount of all property tax levies for school purposes in the urban renewal area,  
 18 expressed in mills, in the fiscal year ended June 30, 1989, and the aggregate amount of all property tax  
 19 levies for school purposes in the area or the district, expressed in mills, in the fiscal year, including the state  
 20 equalization aid levy. The state treasurer shall distribute the amounts to municipalities in two equal  
 21 installments on December 31 and June 30 of the fiscal year."

22  
 23 **Section 36.** Section 20-9-361, MCA, is amended to read:

24 **"20-9-361. State and county County equalization revenue -- statutory appropriation.** (1) Revenue  
 25 received in support of ~~state and county~~ equalization under the provisions of 20-9-331, ~~20-9-333~~, and  
 26 20-9-343 is statutorily appropriated, as provided in 17-7-502, to:

27 ~~(1) the superintendent of public instruction department of administration~~ SUPERINTENDENT OF  
 28 PUBLIC INSTRUCTION to be used for county equalization ~~and state equalization~~ aid for the public schools,  
 29 as provided by law, and must be accounted for in accordance with generally accepted accounting  
 30 principles; and,



1           (2) ~~counties~~ Revenue received from the state equalization aid levy for a municipality that created  
 2 an urban renewal area and adopted a tax increment financing provision for the urban renewal area prior to  
 3 July 1, 1990, is statutorily appropriated, as provided in 17-7-502, to be distributed as provided in  
 4 20-9-360(2)."

5  
 6           **Section 54.** ~~Section 20-9-369, MCA, is amended to read:~~

7           ~~"20-9-369. Duties of superintendent of public instruction department of administration and~~  
 8 ~~department of revenue. (1) The superintendent of public instruction department of administration shall~~  
 9 ~~administer the distribution of guaranteed tax base aid by:~~

10           ~~(a) providing each school district and county superintendent, by March 1 of each year, with the~~  
 11 ~~preliminary statewide and district guaranteed tax base ratios and, by May 1 of each year, with the final~~  
 12 ~~statewide and district guaranteed tax base ratios, for use in calculating the guaranteed tax base aid~~  
 13 ~~available for the ensuing school fiscal year;~~

14           ~~(b) providing each school district and county superintendent, by March 1 of each year, with the~~  
 15 ~~preliminary statewide, county, and district mill values per ANB and, by May 1 of each year, with the final~~  
 16 ~~statewide, county, and district mill values per ANB, for use in calculating the guaranteed tax base aid~~  
 17 ~~available to counties and districts for the ensuing school fiscal year;~~

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

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

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

25           ~~(2) The superintendent department of administration shall adopt rules necessary to implement~~  
 26 ~~20-9-366 through 20-9-369.~~

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

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

7  
8           ~~Section 55. Section 20-9-501, MCA, is amended to read:~~

9           ~~"20-9-501. Retirement fund. (1) The trustees of a district employing personnel who are members~~  
10 ~~of the teachers' retirement system or the public employees' retirement system or who are covered by~~  
11 ~~unemployment insurance or who are covered by any federal social security system requiring employer~~  
12 ~~contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's~~  
13 ~~contributions to the systems. The district's contribution for each employee who is a member of the~~  
14 ~~teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The~~  
15 ~~district's contribution for each employee who is a member of the public employees' retirement system must~~  
16 ~~be calculated in accordance with 19-3-316. The district's contributions for each employee covered by any~~  
17 ~~federal social security system must be paid in accordance with federal law and regulation. The district's~~  
18 ~~contribution for each employee who is covered by unemployment insurance must be paid in accordance~~  
19 ~~with Title 39, chapter 51, part 11.~~

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

24           ~~(3) When the final retirement fund budget has been adopted, the county superintendent shall~~  
25 ~~establish the levy requirement by:~~

26           ~~(a) determining the sum of the money available to reduce the retirement fund levy requirement by~~  
27 ~~adding:~~

28           ~~(i) any anticipated money that may be realized in the retirement fund during the ensuing school~~  
29 ~~fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,~~  
30 ~~61-3-504(2), 61-3-521, 61-3-537, and 67-3-204;~~

1           ~~(iii) net proceeds taxes and local government severance taxes on any other oil and gas production~~  
 2 ~~occurring after December 31, 1988;~~

3           ~~(iii) coal gross proceeds taxes under 15-23-703;~~

4           ~~(iv) any fund balance available for reappropriation as determined by subtracting the amount of the~~  
 5 ~~end of the year fund balance earmarked as the retirement fund operating reserve for the ensuing school~~  
 6 ~~fiscal year by the trustees from the end of the year fund balance in the retirement fund. The retirement fund~~  
 7 ~~operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school~~  
 8 ~~fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under~~  
 9 ~~the final retirement fund budget; and~~

10           ~~(v) any other revenue anticipated that may be realized in the retirement fund during the ensuing~~  
 11 ~~school fiscal year, excluding any guaranteed tax base aid.~~

12           ~~(b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction~~  
 13 ~~of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in~~  
 14 ~~the final retirement fund budget.~~

15           ~~(4) The county superintendent shall:~~

16           ~~(a) total the net retirement fund levy requirements separately for all elementary school districts,~~  
 17 ~~all high school districts, and all community college districts of the county, including any prorated joint~~  
 18 ~~district or special education cooperative agreement levy requirements; and~~

19           ~~(b) report each levy requirement to the county commissioners on the fourth Monday of August as~~  
 20 ~~the respective county levy requirements for elementary district, high school district, and community college~~  
 21 ~~district retirement funds.~~

22           ~~(5) The county commissioners shall fix and set the county levy in accordance with 20-9-142.~~

23           ~~(6) The net retirement fund levy requirement for a joint elementary district or a joint high school~~  
 24 ~~district must be prorated to each county in which a part of the district is located in the same proportion as~~  
 25 ~~the district ANB of the joint district is distributed by pupil residence in each county. The county~~  
 26 ~~superintendents of the counties affected shall jointly determine the net retirement fund levy requirement~~  
 27 ~~for each county as provided in 20-9-151.~~

28           ~~(7) The net retirement fund levy requirement for districts that are members of special education~~  
 29 ~~cooperative agreements must be prorated to each county in which the district is located in the same~~  
 30 ~~proportion as the special education cooperative budget is prorated to the member school districts. The~~

1 ~~county superintendents of the counties affected shall jointly determine the net retirement fund levy~~  
 2 ~~requirement for each county in the same manner as provided in 20-9-151 and the county commissioners~~  
 3 ~~shall fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152.~~

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

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

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

10  
 11 ~~Section 56. Section 20-9-506, MCA, is amended to read:~~

12 ~~"20-9-506. Budgeting and net levy requirement for nonoperating fund. (1) The trustees of any a~~  
 13 ~~district which that does not operate a school or will not operate a school during the ensuing school fiscal~~  
 14 ~~year shall adopt a nonoperating school district budget in accordance with the school budgeting provisions~~  
 15 ~~of this title. Such The nonoperating budget shall must contain the nonoperating fund and, when~~  
 16 ~~appropriate, a debt service fund. The nonoperating budget form shall must be promulgated and distributed~~  
 17 ~~by the superintendent of public instruction department of administration under the provisions of 20-9-103.~~

18 ~~(2) After the adoption of a final budget for the nonoperating fund, the county superintendent shall~~  
 19 ~~compute the net levy requirement for such the fund by subtracting from the amount authorized by such~~  
 20 ~~the budget the sum of:~~

21 ~~(a) the end of the year cash balance of the nonoperating fund or, if it is the first year of~~  
 22 ~~nonoperation, the cash balance determined under the transfer provisions of 20-9-505;~~

23 ~~(b) the estimated state and county transportation reimbursements; and~~

24 ~~(c) any other moneys money that may become available during the ensuing school fiscal year.~~

25 ~~(3) The county superintendent shall report the net nonoperating fund levy requirement and any net~~  
 26 ~~debt service fund levy requirement determined under the provisions of 20-9-439 to the county~~  
 27 ~~commissioners on the fourth Monday of August, and such the levies shall must be made on the district by~~  
 28 ~~the county commissioners in accordance with 20-9-142."~~

29  
 30 ~~Section 57. Section 20-9-805, MCA, is amended to read:~~

1           ~~"20-9-905. Rate of reduction in annual apportionment entitlement. (1) For each school day short~~  
 2 ~~of the minimum number of school days required by law that a school district fails to conduct by reason of~~  
 3 ~~one or more unforeseen emergencies as defined in 20-9-802, the superintendent of public instruction~~  
 4 ~~department of administration shall reduce the equalization apportionment and entitlement of the district for~~  
 5 ~~that school year by 1/180th.~~

6           ~~(2) Kindergarten and grade 1 through 12 programs shall must be considered separately for the~~  
 7 ~~purpose of computing compliance with minimum school day requirements and any loss of apportionment."~~

8  
 9           ~~**Section 58.** Section 20-10-112, MCA, is amended to read:~~

10           ~~"20-10-112. Duties of the superintendent of public instruction. In order to have a uniform and~~  
 11 ~~equal provision of transportation by all districts in the state of Montana, the superintendent of public~~  
 12 ~~instruction shall:~~

13           ~~(1) prescribe rules and forms for the implementation and administration of the transportation~~  
 14 ~~policies adopted by the board of public education;~~

15           ~~(2) prescribe rules for the approval of school bus routing by the county transportation committee;~~

16           ~~(3) prescribe the format of the contract for individual transportation and supply each county~~  
 17 ~~superintendent with a sufficient number of such contracts;~~

18           ~~(4) prescribe rules for the approval of individual transportation contracts, including the increases~~  
 19 ~~of the schedule rates due to isolation under the policy of the board of public education, and provide a~~  
 20 ~~degree of isolation chart to school district trustees to serve as a guide;~~

21           ~~(5) approve, disapprove, or adjust all school bus routing submitted by the county superintendent;~~

22           ~~(6) approve, disapprove, or adjust all individual transportation contracts submitted by the county~~  
 23 ~~superintendent; and~~

24           ~~(7) prescribe rules for the consideration of controversies appealed to him the superintendent and~~  
 25 ~~rule on such the controversies; and~~

26           ~~(8) disburse the state transportation reimbursement in accordance with the provisions of law and~~  
 27 ~~the transportation policies of the board of public education."~~

28  
 29           ~~**Section 59.** Section 20-10-143, MCA, is amended to read:~~

30           ~~"20-10-143. Budgeting for transportation and transmittal of transportation contracts. (1) The~~

1 ~~trustees of a district furnishing transportation to pupils who are residents of the district shall provide a~~  
2 ~~transportation fund budget that is adequate to finance the district's transportation contractual obligations~~  
3 ~~and any other transportation expenditures necessary for the conduct of its transportation program. The~~  
4 ~~transportation fund budget must include:~~

5 ~~(a) an adequate amount to finance the maintenance and operation of district owned and operated~~  
6 ~~school buses;~~

7 ~~(b) the annual contracted amount for the maintenance and operation of school buses by a private~~  
8 ~~party;~~

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

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

12 ~~(e) any other amount necessary to finance the administration, operation, or maintenance of the~~  
13 ~~transportation program of the district, as determined by the trustees.~~

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

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

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

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

27 ~~(4) The transportation fund budgeted expenditures appropriated by the trustees must be reported~~  
28 ~~on the regular budget form prescribed by the superintendent of public instruction department of~~  
29 ~~administration in accordance with 20-9-103, and the adoption of the transportation fund budget must be~~  
30 ~~completed in accordance with the school budgeting laws. When the adopted preliminary budget is sent to~~

1 ~~the county superintendent, the trustees shall also send copies of all completed transportation contracts for~~  
 2 ~~school bus transportation and individual transportation to the county superintendent. The contracts must~~  
 3 ~~substantiate all contracted transportation services incorporated in the preliminary budget, and after the~~  
 4 ~~county superintendent has utilized the contracts for that purpose but before the fourth Monday of July, he~~  
 5 ~~the county superintendent shall send all transportation contracts received to the superintendent of public~~  
 6 ~~instruction. When the county superintendent determines a deviation between the preliminary transportation~~  
 7 ~~fund budget amount for contracted transportation services and the contracted amount for the services, he~~  
 8 ~~the county superintendent shall immediately call the deviation to the attention of the appropriate trustees~~  
 9 ~~and shall allow the trustees to change the preliminary budgeted amount to compensate for the deviation."~~

10  
 11 **Section 60.** ~~Section 20-10-145, MCA, is amended to read:~~

12 ~~"20-10-145. State transportation reimbursement. (1) A district providing school bus transportation~~  
 13 ~~or individual transportation in accordance with this title, board of public education transportation policy,~~  
 14 ~~and superintendent of public instruction and department of administration transportation rules must receive~~  
 15 ~~a state reimbursement of its transportation expenditures under the transportation reimbursement rate~~  
 16 ~~provisions of 20-10-141 and 20-10-142. The state transportation reimbursement is one half of the~~  
 17 ~~reimbursement amounts established in 20-10-141 and 20-10-142 or one half of the district's transportation~~  
 18 ~~fund budget, whichever is smaller, and must be computed on the basis of the number of days the~~  
 19 ~~transportation services were actually rendered, not to exceed 180 pupil instruction days. In determining~~  
 20 ~~the amount of the state transportation reimbursement, an amount claimed by a district may not be~~  
 21 ~~considered for reimbursement unless the amount has been paid in the regular manner provided for the~~  
 22 ~~payment of other financial obligations of the district.~~

23 ~~(2) Requests for the state transportation reimbursement must be made by each district~~  
 24 ~~semiannually during the school fiscal year on the claim forms and procedure promulgated by the~~  
 25 ~~superintendent of public instruction department of administration. The claims for state transportation~~  
 26 ~~reimbursements must be routed by the district to the county superintendent, who after reviewing the claims~~  
 27 ~~shall send them to the superintendent of public instruction department of administration. The superintendent~~  
 28 ~~of public instruction department of administration shall establish the validity and accuracy of the claims for~~  
 29 ~~the state transportation reimbursements by determining compliance with this title, board of public education~~  
 30 ~~transportation policy, and the transportation rules of the superintendent of public instruction and the~~

1 ~~department of administration. After making any necessary adjustments to the claims, the superintendent~~  
 2 ~~of public instruction department of administration shall order a disbursement from the state money~~  
 3 ~~appropriated by the legislature of the state of Montana for the state transportation reimbursement. The~~  
 4 ~~payment of all the district's claims within one county must be made to the county treasurer of the county,~~  
 5 ~~and the county superintendent shall apportion the payment in accordance with the apportionment order~~  
 6 ~~supplied by the superintendent of public instruction department of administration."~~

7  
 8 **Section 61.** ~~Section 23-7-202, MCA, is amended to read:~~

9 ~~"23-7-202. Powers and duties of commission. The commission shall:~~

10 ~~(1) establish and operate a state lottery and may not become involved in any other gambling or~~  
 11 ~~gaming;~~

12 ~~(2) determine policies for the operation of the state lottery, supervise the director and his the staff,~~  
 13 ~~and meet with the director at least once every 3 months to make and consider recommendations, set~~  
 14 ~~policies, determine types and forms of lottery games to be operated by the state lottery, and transact other~~  
 15 ~~necessary business;~~

16 ~~(3) maximize the net revenue paid to the superintendent of public instruction and to the board of~~  
 17 ~~crime control under 23-7-402 and ensure that all policies and rules adopted further revenue maximization;~~

18 ~~(4) subject to 23-7-402(1), determine the percentage of the money paid for tickets or chances to~~  
 19 ~~be paid out as prizes;~~

20 ~~(5) determine the price of each ticket or chance and the number and size of prizes;~~

21 ~~(6) provide for the conduct of drawings of winners of lottery games;~~

22 ~~(7) carry out, with the director, a continuing study of the state lotteries of Montana and other~~  
 23 ~~states to make the state lottery more efficient, profitable, and secure from violations of the law;~~

24 ~~(8) study and may enter into agreements with other lottery states to offer lottery games;~~

25 ~~(9) prepare quarterly and annual reports on all aspects of the operation of the state lottery,~~  
 26 ~~including but not limited to types of games, gross revenue, prize money paid, operating expenses, net~~  
 27 ~~revenue to the state, contracts with gaming suppliers, and recommendations for changes to this part, and~~  
 28 ~~deliver a copy of each report to the governor, the department of administration, the legislative auditor, the~~  
 29 ~~president of the senate, the speaker of the house of representatives, and each member of the appropriate~~  
 30 ~~committee of each house of the legislature as determined by the president of the senate and the speaker~~



1 of the house; and

2 ~~(10) adopt rules relating to lottery staff sales incentives or bonuses and sales agents' commissions~~  
3 ~~and any other rules necessary to carry out this part."~~

4

5 **Section 37.** Section 23-7-402, MCA, is amended to read:

6 **"23-7-402. Disposition of revenue.** (1) A minimum of 45% of the money paid for tickets or chances  
7 must be paid out as prize money. The prize money is statutorily appropriated, as provided in 17-7-502, to  
8 the lottery.

9 (2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating  
10 expense.

11 (3) That part of all gross revenue not used for the payment of prizes, commissions, and operating  
12 expenses, together with the interest earned on the gross revenue while the gross revenue is in the  
13 enterprise fund, is net revenue. Except for the amount required to be ~~paid~~ transferred under subsection (5),  
14 net revenue must be paid quarterly from the enterprise fund established by 23-7-401 to the ~~superintendent~~  
15 ~~of public instruction~~ state general fund for distribution as state equalization aid to the public schools of  
16 Montana ~~as provided in 20-9-343. The net revenue is statutorily appropriated, as provided in 17-7-502, to~~  
17 ~~the superintendent of public instruction.~~

18 (4) The spending authority of the lottery may be increased in accordance with this section upon  
19 review and approval of a revised operation plan by the ~~budget~~ office of budget and program planning.

20 (5) (a) An amount equal to 9.1% of the net revenue derived under subsection (3), but not to  
21 exceed \$1 million in any fiscal year, must be paid to the board of crime control.

22 (b) All money paid to the board of crime control under this subsection (5) must be used to fund  
23 state grants to counties for youth detention services and to cover the costs of administering the grant  
24 program as authorized in 41-5-1002. The grants are statutorily appropriated, as provided in 17-7-502, to  
25 the board of crime control. The costs of administering the grant program must be paid pursuant to a  
26 legislative appropriation."

27

28 **Section 38.** Section 77-1-507, MCA, is amended to read:

29 **"77-1-507. School district use of proceeds.** The money received by any school district under this  
30 part ~~shall be~~ is designated as district money for the general maintenance and operation of the elementary

1 schools of the district. ~~Such~~ The money may be used by the district as all other cash balances are used in  
 2 accordance with the provisions of ~~20-9-335~~ 20-9-141."

3  
 4 **Section 39.** Section 90-6-201, MCA, is amended to read:

5 **"90-6-201. Purpose.** The purposes of this part are to assist local governmental units ~~which~~ that  
 6 have been required to expand the provision of public services as a consequence of large-scale development  
 7 of coal mines and coal-using energy complexes, to assist in the construction and reconstruction of  
 8 designated portions of highways ~~which~~ that serve the area affected by ~~such~~ large-scale development, to  
 9 support county land planning, and to ~~invest a portion of the tax revenue from coal mines in a permanent~~  
 10 ~~fund, the income from which shall be used for the support of public schools throughout the state."~~

11  
 12 **Section 40.** Section 90-6-212, MCA, is amended to read:

13 **"90-6-212. Local impact account -- disposition of loan repayments, interest, and unexpended**  
 14 **balances.** (1) The money derived from loans made pursuant to this part, including interest ~~thereon~~ on the  
 15 loans, must be deposited to the credit of the local impact account created in 90-6-202.

16 (2) The unexpended money in the local impact account must be invested by the board of  
 17 investments as provided by statute. Interest and earnings must be deposited to the credit of the ~~state~~  
 18 ~~special revenue fund~~ general fund for state equalization aid to public schools of the state.

19 (3) The unexpended balance in the local impact account at the end of each fiscal year must be  
 20 deposited to the credit of the ~~state special revenue~~ general fund for state equalization aid to public schools  
 21 of the state."

22  
 23 **Section 41.** Section 90-6-309, MCA, is amended to read:

24 **"90-6-309. Tax prepayment -- large-scale mineral development.** (1) After permission to commence  
 25 operation is granted by the appropriate governmental agency, and upon request of the governing body of  
 26 a county in which a facility is to be located, a person intending to construct or locate a large-scale mineral  
 27 development in this state shall prepay property taxes as specified in the impact plan. This prepayment ~~shall~~  
 28 must exclude the 6-mill university levy established under 20-25-423 and may exclude the mandatory county  
 29 levies for the school BASE funding program established in 20-9-331 ~~and 20-9-333~~.

30 (2) The person who is to prepay under this section is not obligated to prepay the entire amount

1 established in subsection (1) at one time. Upon request of the governing body of an affected local  
2 government unit, the person shall prepay the amount shown to be needed from time to time as determined  
3 by the board.

4 (3) The person who is to prepay shall guarantee to the hard-rock mining impact board, through an  
5 appropriate financial institution, as may be required by the board, that property tax prepayments will be paid  
6 as needed for expenditures created by the impacts of the large-scale mineral development.

7 (4) When the mineral development facilities are completed and assessed by the department of  
8 revenue, they are subject during the first 3 years and thereafter to taxation as all other property similarly  
9 situated, except that in each year after the start of production, the local government unit that received a  
10 property tax prepayment shall provide for repayment of prepaid property taxes in accordance with  
11 subsection (5).

12 (5) A local government unit that received all or a portion of the property tax prepayment under  
13 this section shall provide for tax crediting as specified in the impact plan. The tax credit allowed in any year  
14 may not, ~~however,~~ exceed the tax obligation of the developer for that year, and the time period for tax  
15 crediting is limited to the productive life of the mining operation."

16

17 **Section 42.** Section 90-6-403, MCA, is amended to read:

18 **"90-6-403. Jurisdictional revenue disparity -- conditioned exemption and reallocation of certain**  
19 **taxable valuation.** (1) When an impact plan for a large-scale mineral development approved pursuant to  
20 90-6-307 identifies a jurisdictional revenue disparity, the board shall promptly notify the developer, all  
21 affected local government units, and the department of revenue of the disparity. Except as provided in this  
22 section and 90-6-404, the increase in taxable valuation of the mineral development that occurs after the  
23 issuance and validation of a permit under 82-4-335 is not subject to the usual application of county and  
24 school district property tax mill levies. This increase in taxable valuation must be allocated to local  
25 government units as provided in 90-6-404. The increase in taxable valuation allocated as provided in  
26 90-6-404 is subject to the application of property tax mill levies in the local government unit to which it  
27 is allocated.

28 (2) The total taxable valuation of a large-scale mineral development remains subject to the  
29 statewide mill levies and the basic county levies equalization levy for elementary and high school BASE  
30 funding programs as provided in 20-9-331 ~~and 20-9-333.~~

1           (3) The provisions of subsection (1) remain in effect until the large-scale mineral development  
2 ceases operations or until the existence of the jurisdictional revenue disparity ceases, as determined by the  
3 board."

4  
5           ~~NEW SECTION. Section 68. School finance duties of the department of administration. The~~  
6 ~~department of administration shall:~~

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

10           ~~(2) establish a system of communication for calculating joint district revenue in accordance with~~  
11 ~~the provisions of 20-9-151;~~

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

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

16           ~~(5) prescribe and furnish the annual report forms to enable the districts to report to the county~~  
17 ~~superintendent in accordance with the provisions of 20-9-213(6) and the annual report forms to enable the~~  
18 ~~county superintendents to report to the department of administration in accordance with the provisions of~~  
19 ~~20-3-209;~~

20           ~~(6) distribute BASE aid and special education allowable cost payments in support of the BASE~~  
21 ~~funding program, in accordance with the provisions of 20-9-331, 20-9-342, 20-9-346, 20-9-347, and~~  
22 ~~20-9-366 through 20-9-369;~~

23           ~~(7) provide for the uniform and equal provision of transportation by performing the duties~~  
24 ~~prescribed by the provisions of 20-10-112;~~

25           ~~(8) administer the distribution of guaranteed tax base aid in accordance with 20-9-366 through~~  
26 ~~20-9-369;~~

27           ~~(9) disburse the state transportation reimbursement in accordance with the provisions of law, the~~  
28 ~~transportation policies of the board of public education, and the transportation rules of the superintendent~~  
29 ~~of public instruction; and~~

30           ~~(10) resolve any controversy resulting from the proration of costs by a joint board of trustees under~~

1 ~~the provisions of 20-3-362.~~

2

3 NEW SECTION. Section 43. Repealer. Section 20-9-333, MCA, is repealed.

4

5 ~~NEW SECTION. Section 70. Codification instruction. [Section 68] is intended to be codified as~~  
6 ~~an integral part of Title 20, chapter 9, part 3, and the provisions of Title 20 apply to [section 68].~~

7

8 NEW SECTION. SECTION 44. COORDINATION INSTRUCTION. IF SENATE BILL NO. 83 IS  
9 PASSED AND APPROVED AND IF IT INCLUDES A SECTION THAT AMENDS 20-5-324, THEN THAT  
10 SECTION OF SENATE BILL NO. 83 IS VOID.

11

12 NEW SECTION. Section 45. Effective date. [This act] is effective July 1, 1996.

13

-END-