

House BILL NO. 479

Denny

INTRODUCED BY

Arnott, Nally, Bow, Peck

Murdoch, Johnson, Clark, Curjiss, M. Hanson, Tash
Keenan, Layne, Miller, Knox, Shea, Menahan, Tom Nelson

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING TRUSTEES OF A SCHOOL DISTRICT THAT IS BUDGETING AT THE DISTRICT'S BASE BUDGET LEVEL TO TRANSFER UP TO \$20,000 OR 4 PERCENT OF THE DISTRICT GENERAL FUND BUDGET, WHICHEVER IS GREATER, TO THE DISTRICT BUILDING RESERVE FUND IN ORDER TO ENCOURAGE LONG-RANGE PLANNING FOR BUILDING AND EQUIPMENT EXPENDITURES OR EMERGENCY SITUATIONS; AMENDING SECTION 20-9-502, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 20-9-502, MCA, is amended to read:

"20-9-502. Purpose and authorization of a building reserve fund by an election or by resolution.

(1) ~~The~~ If qualified under the provisions of subsection (3)(a), the trustees of any district, ~~with the approval of the qualified electors of the district,~~ may establish by either procedure provided for in this section a building reserve for the purpose of raising money for the future construction, equipping, or enlarging of school buildings or for the purpose of purchasing land needed for school purposes in the district.

(2) (a) In order to raise money for a building reserve through a levy on the property of the district, the trustees shall submit to the qualified electors of the district a building reserve proposition for the establishment of or addition to a building reserve, ~~the~~ The trustees shall pass a resolution on the proposition that specifies:

~~(i)~~ (i) the purpose or purposes for which the new building reserve or addition to the building reserve will be used;

~~(ii)~~ (ii) the duration of time over which the new building reserve or addition to the building reserve will be raised in annual, equal installments;

~~(iii)~~ (iii) the total amount of money that will be raised during the duration of time specified in subsection ~~(1)(b)~~ (2)(a)(ii); and

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

~~(b)~~ (b) The total amount of building reserve raised through a levy when added to the outstanding



HB 479
INTRODUCED BILL

1 indebtedness of the district may not be more than the limitations provided in 20-9-406. A building reserve
2 tax authorization may not be for more than 20 years.

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

6 OFFICIAL BALLOT SCHOOL DISTRICT BUILDING RESERVE ELECTION

7 INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words
8 "BUILDING RESERVE--YES" if you wish to vote for the establishment of a building reserve (addition to the
9 building reserve); if you are opposed to the establishment of a building reserve (addition to the building
10 reserve) make an X or similar mark in the square before the words "BUILDING RESERVE--NO".

11 Shall the trustees be authorized to impose an additional levy each year for years to establish a
12 building reserve (add to the building reserve) of this school district to raise a total amount of dollars
13 (\$....), for the purpose(s) (here state the purpose or purposes for which the building reserve will be
14 used)?

15 BUILDING RESERVE--YES.

16 BUILDING RESERVE--NO.

17 ~~(4)~~(d) The building reserve proposition is approved if a majority of those electors voting at the
18 election approve the establishment of or addition to the building reserve. The annual budgeting and
19 taxation authority of the trustees for a building reserve is computed by dividing the total authorized amount
20 by the specified number of years. The authority of the trustees to budget and impose the taxation for the
21 annual amount to be raised for the building reserve lapses when, at a later time, a bond issue is approved
22 by the qualified electors of the district for the same purpose or purposes for which the building reserve fund
23 of the district was established. Whenever a subsequent bond issue is made for the same purpose or
24 purposes of a building reserve, the money in the building reserve must be used for ~~such~~ that purpose or
25 purposes before any money realized by the bond issue is used.

26 (3) (a) The trustees of a district that is budgeting at the BASE budget level for the district may
27 establish or add to an established building reserve by transferring up to \$20,000 or 4% of the district
28 general fund budget, whichever is greater, to the building reserve if:

29 (i) prior to the school fiscal year for which the transfer is budgeted, the trustees have established
30 by resolution, in the manner provided for in subsection (3)(b), a long-range plan for the use of the money

1 within the authorized purposes of the building reserve;

2 (ii) the amount has been budgeted in the general fund for the school fiscal year in which the transfer
3 is made; and

4 (iii) the transfer is made by December 31 of the school fiscal year.

5 (b) Whenever the trustees of a district decide to budget for a transfer of a portion of the general
6 fund budget for the ensuing school fiscal year to the building reserve as provided in subsection (3)(a), they
7 shall notify the public of the intent to adopt a resolution proclaiming the intent to budget for a transfer by
8 publishing the notice at least one time in a newspaper that will give notice to the largest number of people
9 in the district and by posting the notice at each schoolhouse of the district. The notice of the intended
10 resolution must state the facts constituting the long-range plan for the use of the money to be transferred
11 and the time and place the board will meet for the purpose of discussing and adopting the resolution."

12

13 NEW SECTION. Section 2. Effective date -- applicability. [This act] is effective on passage and
14 approval and applies to school district budgets for the school fiscal year beginning July 1, 1995.

15

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0479, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act allowing trustees of a school district that is budgeting at the district's BASE budget level to transfer up to \$20,000 or 4 percent of the district's general fund budget, whichever is greater, to the district building reserve fund in order to encourage long-range planning for building and equipment expenditures or emergency situations; providing an immediate effective date.

ASSUMPTIONS:

1. HB 479 authorizes school districts to adopt a resolution to transfer general fund monies to the building reserve fund. Districts must make this transfer within the adopted general fund budget.
2. In FY94 districts expended approximately 97% of their general fund budgets leaving \$17.5 million unexpended. A portion of the unexpended funds are included in the \$16 million of fund balance reappropriated to reduce budgets in FY95. To the extent fund balance is reappropriated in GTB eligible districts, district taxes and state equalization aid are reduced.
3. The existing system creates the incentive for GTB-eligible districts to fully expend their budgets if possible and reduce their ending fund balances in order not to reduce GTB aid in the ensuing school year. While HB 479 does not increase the incentives that already exist it offers another means for districts to reduce fund balances and avoid the carry-over of general fund monies.
4. Districts will transfer funds from their general fund to the building reserve fund with a resultant reduction in fund balance reappropriated in the ensuing year.

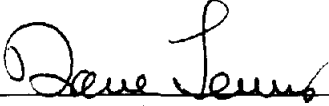
FISCAL IMPACT: State equalization aid costs will increase to the extent districts transfer funds and reduce the amount reappropriated to the ensuing year. If district transfers reduce reappropriated funds by \$3 million state equalization aid costs will increase by approximately \$1 million.

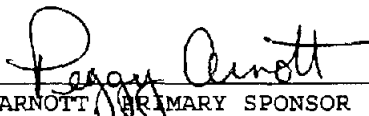
EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

TECHNICAL NOTES:

1. The bill refers to districts that are budgeting "at" the BASE budget level. It should read "at or above" the BASE budget level. These references need to be corrected in the title and in Section 1 (3) (a) of the bill.

 2-14-95
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning


PEGGY ARNOTT PRIMARY SPONSOR DATE

Fiscal Note for HB0479, as introduced

HB 479

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0479, Third reading

DESCRIPTION OF PROPOSED LEGISLATION:

An act allowing trustees of a school district that is budgeting at the district's BASE budget level to transfer up to \$20,000 or 4 percent of the district's general fund budget, whichever is greater, to the district building reserve fund in order to encourage long-range planning for building and equipment expenditures or emergency situations; providing an immediate effective date.

ASSUMPTIONS:

1. HB 479 authorizes school districts to adopt a resolution to transfer general fund monies to the building reserve fund. Districts must make this transfer within the adopted general fund budget.
2. In FY94 districts expended approximately 97% of their general fund budgets leaving \$17.5 million unexpended. Approximately 70% of the unexpended funds are included in the \$16 million of fund balance reappropriated to reduce budgets in FY95. To the extent fund balance is reappropriated in GTB eligible districts, district taxes and state equalization aid are reduced.
3. The existing system creates the incentive for GTB-eligible districts to fully expend their budgets if possible and reduce their ending fund balances in order not to reduce GTB aid in the ensuing school year. While HB 479 does not increase the incentives that already exist it offers another means for districts to reduce fund balances and avoid the carry-over of general fund monies.
4. Districts will transfer funds from their general fund to the building reserve fund with a resultant reduction in fund balance reappropriated in the ensuing year.
5. In FY96 the 149 districts who currently have established building reserve funds will transfer \$1,106,000 from their general fund to the building reserve. In FY97 one half the remaining districts will establish building reserve funds and transfer \$3,570,000 from their general fund to building reserve.
6. Because the transfer must be made by March 31 districts will transfer 85% of the maximum. The maximum a district can transfer is the lesser of 4% of their general fund budget or the unexpended portion of their general fund budget.

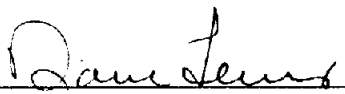
FISCAL IMPACT: State equalization aid costs will increase to the extent districts transfer funds and reduce the amount reappropriated to the ensuing year. General fund expenditures for Guaranteed Tax Base will increase \$609,000 in FY96 and \$1,752,000 in FY97.

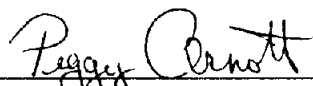
EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

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


PEGGY ARNOTT, PRIMARY SPONSOR DATE

Fiscal Note for HB0479, Third reading

HB479 # 2

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0479, reference bill as amended

DESCRIPTION OF PROPOSED LEGISLATION:

An act allowing trustees of a school district that is budgeting at the district's BASE budget level to transfer up to \$20,000 or 4 percent of the district's general fund budget, whichever is greater, to the district building reserve fund in order to encourage long-range planning for building and equipment expenditures or emergency situations; providing an immediate effective date.

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3. The existing system creates the incentive for GTB-eligible districts to fully expend their budgets if possible and reduce their ending fund balances in order not to reduce GTB aid in the ensuing school year. While HB 479 does not increase the incentives that already exist it offers another means for districts to reduce fund balances and avoid the carry-over of general fund monies.
4. Districts will transfer funds from their general fund to the building reserve fund with a resultant reduction in fund balance reappropriated in the ensuing year.
5. In FY97 districts will transfer \$3,570,000 from their general fund to building reserve.
6. Because the transfer must be made by March 31 districts will transfer 85% of the maximum. The maximum a district can transfer is the lesser of 4% of their general fund budget or the unexpended portion of their general fund budget.


FISCAL IMPACT: State equalization aid costs will increase to the extent districts transfer funds and reduce the amount reappropriated to the ensuing year. General fund expenditures for Guaranteed Tax Base will increase \$1,752,000 in FY97.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

TECHNICAL NOTES:

1. The bill refers to districts that are budgeting "at" the BASE budget level. It should read "at or above" the BASE budget level. These references need to be corrected in the title and in Section 1 (3) (a) of the bill.


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

PEGGY ARNOTT, PRIMARY SPONSOR DATE

Fiscal Note for HB0479, reference bill
as amended

#2

REREFERRED AND APPROVED BY COM ON
APPROPRIATIONS

HOUSE BILL NO. 479

INTRODUCED BY ARNOTT, MILLS, ROSE, PECK, GRINDE, DENNY, MURDOCK, R. JOHNSON, CLARK,
CURTISS, M. HANSON, TASH, KEENAN, HAYNE, MCGEE, KNOX, SHEA, MENAHAN, T. NELSON,
HARRINGTON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING TRUSTEES OF A SCHOOL DISTRICT THAT IS
BUDGETING AT THE DISTRICT'S BASE BUDGET LEVEL TO TRANSFER UP TO \$20,000 OR 4 PERCENT
OF THE DISTRICT GENERAL FUND BUDGET, WHICHEVER IS GREATER, TO THE DISTRICT BUILDING
RESERVE FUND IN ORDER TO ENCOURAGE LONG-RANGE PLANNING FOR BUILDING AND EQUIPMENT
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AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 20-9-502, MCA, is amended to read:

"20-9-502. Purpose and authorization of a building reserve fund by an election or by resolution.

(1) ~~The~~ If qualified under the provisions of subsection (3)(a), the trustees of any district, ~~with the approval~~
~~of the qualified electors of the district,~~ may establish by either procedure provided for in this section a
building reserve for the purpose of raising money for the future construction, equipping, or enlarging of
school buildings or for the purpose of purchasing land needed for school purposes in the district.

(2) (a) In order to raise money for a building reserve through a levy on the property of the district,
the trustees shall submit to the qualified electors of the district a building reserve proposition for the
establishment of or addition to a building reserve, ~~the~~ The trustees shall pass a resolution on the
proposition that specifies:

(a)(i) the purpose or purposes for which the new building reserve or addition to the building reserve
will be used;

(b)(ii) the duration of time over which the new building reserve or addition to the building reserve
will be raised in annual, equal installments;

(c)(iii) the total amount of money that will be raised during the duration of time specified in
subsection (1)(b)(2)(a)(ii); and

1 ~~(d)~~(iv) any other requirements under 20-20-201 for the calling of an election.

2 ~~(2)~~(b) The total amount of building reserve raised through a levy when added to the outstanding
3 indebtedness of the district may not be more than the limitations provided in 20-9-406. A building reserve
4 tax authorization may not be for more than 20 years.

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

8 OFFICIAL BALLOT SCHOOL DISTRICT BUILDING RESERVE ELECTION

9 INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words
10 "BUILDING RESERVE--YES" if you wish to vote for the establishment of a building reserve (addition to the
11 building reserve); if you are opposed to the establishment of a building reserve (addition to the building
12 reserve) make an X or similar mark in the square before the words "BUILDING RESERVE--NO".

13 Shall the trustees be authorized to impose an additional levy each year for years to establish a
14 building reserve (add to the building reserve) of this school district to raise a total amount of dollars
15 (\$....), for the purpose(s) (here state the purpose or purposes for which the building reserve will be
16 used)?

17 BUILDING RESERVE--YES.

18 BUILDING RESERVE--NO.

19 ~~(4)~~(d) The building reserve proposition is approved if a majority of those electors voting at the
20 election approve the establishment of or addition to the building reserve. The annual budgeting and
21 taxation authority of the trustees for a building reserve is computed by dividing the total authorized amount
22 by the specified number of years. The authority of the trustees to budget and impose the taxation for the
23 annual amount to be raised for the building reserve lapses when, at a later time, a bond issue is approved
24 by the qualified electors of the district for the same purpose or purposes for which the building reserve fund
25 of the district was established. Whenever a subsequent bond issue is made for the same purpose or
26 purposes of a building reserve, the money in the building reserve must be used for ~~such~~ that purpose or
27 purposes before any money realized by the bond issue is used.

28 (3) (a) The trustees of a district that is budgeting at the BASE budget level for the district may
29 establish or add to an established building reserve by transferring up to \$20,000 or 4% of the district
30 general fund budget, whichever is greater, to the building reserve if:

1 (i) prior to the school fiscal year for which the transfer is budgeted, the trustees have established
2 by resolution, in the manner provided for in subsection (3)(b), a long-range plan for the use of the money
3 within the authorized purposes of the building reserve;

4 (ii) the amount has been budgeted in the general fund for the school fiscal year in which the transfer
5 is made; and

6 (iii) the transfer is made by ~~December~~ MARCH 31 of the school fiscal year.

7 (b) Whenever the trustees of a district decide to budget for a transfer of a portion of the general
8 fund budget for the ensuing school fiscal year to the building reserve as provided in subsection (3)(a), they
9 shall notify the public of the intent to adopt a resolution proclaiming the intent to budget for a transfer by
10 publishing the notice at least one time in a newspaper that will give notice to the largest number of people
11 in the district and by posting the notice at each schoolhouse of the district. The notice of the intended
12 resolution must state the facts constituting the long-range plan for the use of the money to be transferred
13 and the time and place the board will meet for the purpose of discussing and adopting the resolution."

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15 NEW SECTION. Section 2. Effective date -- applicability. [This act] is effective on passage and
16 approval and applies to school district budgets for the school fiscal year beginning July 1, 1995.

17 -END-

HOUSE BILL NO. 479

INTRODUCED BY ARNOTT, MILLS, ROSE, PECK, GRINDE, DENNY, MURDOCK, R. JOHNSON, CLARK,
 CURTISS, M. HANSON, TASH, KEENAN, HAYNE, MCGEE, KNOX, SHEA, MENAHAN, T. NELSON,
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A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING TRUSTEES OF A SCHOOL DISTRICT THAT IS
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 OF THE DISTRICT GENERAL FUND BUDGET, WHICHEVER IS GREATER, TO THE DISTRICT BUILDING
 RESERVE FUND IN ORDER TO ENCOURAGE LONG-RANGE PLANNING FOR BUILDING AND EQUIPMENT
 EXPENDITURES OR EMERGENCY SITUATIONS; REQUIRING SCHOOL DISTRICTS TO REPORT TO THE
 SUPERINTENDENT OF PUBLIC INSTRUCTION THE AMOUNTS TRANSFERRED EACH SCHOOL FISCAL
 YEAR AND THE PURPOSES FOR WHICH THE TRANSFERS WERE MADE; REQUIRING THE
 SUPERINTENDENT OF PUBLIC INSTRUCTION TO REPORT TO THE 56TH LEGISLATURE ON THE TOTAL
 AMOUNTS TRANSFERRED EACH SCHOOL FISCAL YEAR AND THE PURPOSES FOR WHICH THE
 TRANSFERS WERE MADE; AMENDING SECTION 20-9-502, MCA; AND PROVIDING AN IMMEDIATE
 EFFECTIVE DATE AND, AN APPLICABILITY DATE, AND A TERMINATION DATE."

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school buildings or for the purpose of purchasing land needed for school purposes in the district.

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(a)(i) the purpose or purposes for which the new building reserve or addition to the building reserve

1 will be used;

2 ~~(b)~~(ii) the duration of time over which the new building reserve or addition to the building reserve
3 will be raised in annual, equal installments;

4 ~~(e)~~(iii) the total amount of money that will be raised during the duration of time specified in
5 subsection ~~(1)~~(b)(2)(a)(ii); and

6 ~~(d)~~(iv) any other requirements under 20-20-201 for the calling of an election.

7 ~~(2)~~(b) The total amount of building reserve raised through a levy when added to the outstanding
8 indebtedness of the district may not be more than the limitations provided in 20-9-406. A building reserve
9 tax authorization may not be for more than 20 years.

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

13 **OFFICIAL BALLOT SCHOOL DISTRICT BUILDING RESERVE ELECTION**

14 **INSTRUCTIONS TO VOTERS:** Make an X or similar mark in the vacant square before the words
15 "BUILDING RESERVE--YES" if you wish to vote for the establishment of a building reserve (addition to the
16 building reserve); if you are opposed to the establishment of a building reserve (addition to the building
17 reserve) make an X or similar mark in the square before the words "BUILDING RESERVE--NO".

18 Shall the trustees be authorized to impose an additional levy each year for years to establish a
19 building reserve (add to the building reserve) of this school district to raise a total amount of dollars
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 4 establish or add to an established building reserve by transferring up to \$20,000 or 4% of the district
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 7 by resolution, in the manner provided for in subsection (3)(b), a long-range plan for the use of the money
 8 within the authorized purposes of the building reserve;

9 (ii) the amount has been budgeted in the general fund for the school fiscal year in which the transfer
 10 is made;

11 (III) THE AMOUNT DOES NOT EXCEED THE AMOUNT BY WHICH THE ADOPTED GENERAL FUND
 12 BUDGET EXCEEDS THE BASE BUDGET AMOUNT FOR THE DISTRICT; and

13 ~~(iii)~~(IV) the transfer is made by ~~December~~ MARCH 31 of the school fiscal year.

14 (b) Whenever the trustees of a district decide to budget for a transfer of a portion of the general
 15 fund budget for the ensuing school fiscal year to the building reserve as provided in subsection (3)(a), they
 16 shall notify the public of the intent to adopt a resolution proclaiming the intent to budget for a transfer by
 17 publishing the notice at least one time in a newspaper that will give notice to the largest number of people
 18 in the district and by posting the notice at each schoolhouse of the district. The notice of the intended
 19 resolution must state the facts constituting the long-range plan for the use of the money to be transferred
 20 and the time and place the board will meet for the purpose of discussing and adopting the resolution."

21
 22 NEW SECTION. SECTION 2. REPORTS ON TRANSFERS TO BUILDING RESERVE FUND. (1) THE
 23 TRUSTEES OF A SCHOOL DISTRICT WHO TRANSFER A SCHOOL DISTRICT GENERAL BUDGET AMOUNT
 24 TO THE BUILDING RESERVE FUND AS ALLOWED UNDER THE PROVISIONS OF 20-9-502(3) SHALL
 25 REPORT TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION THE AMOUNT TRANSFERRED EACH
 26 SCHOOL FISCAL YEAR AND THE PURPOSES FOR WHICH THE TRANSFER WAS MADE.

27 (2) THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL REPORT TO THE 56TH LEGISLATURE
 28 THE TOTAL AMOUNTS TRANSFERRED BY SCHOOL DISTRICTS EACH SCHOOL FISCAL YEAR AND THE
 29 PURPOSES FOR WHICH THE TRANSFERS WERE MADE.

30

1 NEW SECTION. Section 3. Effective date -- applicability. [This act] is effective on passage and
2 approval and applies to school district budgets for the school fiscal year beginning July 1, 1995.

3

4 NEW SECTION. SECTION 4. TERMINATION. [THIS ACT] TERMINATES JULY 1, 1999.

5

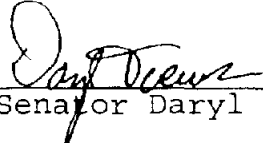
-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 28, 1995

MR. PRESIDENT:

We, your committee on Education and Cultural Resources having had under consideration HB 479 (third reading copy -- blue), respectfully report that HB 479 be amended as follows and as so amended be concurred in.

Signed: 
Senator Daryl Toews, Chair

That such amendments read:

1. Title, line 7.

Following: "AT"

Insert: "OR ABOVE"

Following: "OR"

Insert: "UP TO"

2. Title, line 15.

Following: "MADE;"

Insert: "PROHIBITING THE LEGISLATURE FROM USING MONEY TRANSFERRED TO THE BUILDING RESERVE FUND TO REDUCE STATE AID OR FROM DIRECTING THE DISTRICT TO SPEND MONEY TO FUND GENERAL OBLIGATIONS OF THE DISTRICT;"

3. Page 3, line 3.

Following: "at"

Insert: "or above"

4. Page 3, line 4.

Following: "\$20,000 or"

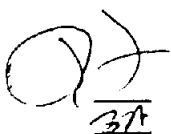
Insert: "up to"

5. Page 3, line 21.

Insert: "(4) Any money deposited into the building reserve fund under this section must be used for future construction, equipping, or enlarging of school buildings or for purchasing land needed for school district purposes. Money in the fund may not be used by the legislature to reduce state aid to a school district, nor may the legislature require a district to use building reserve money to fund the general obligations of the school district."

-END-

HB 479



Amd. Coord.
311 Sec. of Senate

Sen. Loren Jenkins
Senator Carrying Bill

SENATE

1 HOUSE BILL NO. 479

2 INTRODUCED BY ARNOTT, MILLS, ROSE, PECK, GRINDE, DENNY, MURDOCK, R. JOHNSON, CLARK,
 3 CURTISS, M. HANSON, TASH, KEENAN, HAYNE, MCGEE, KNOX, SHEA, MENAHAN, T. NELSON,
 4 HARRINGTON

5
 6 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING TRUSTEES OF A SCHOOL DISTRICT THAT IS
 7 BUDGETING AT OR ABOVE THE DISTRICT'S BASE BUDGET LEVEL TO TRANSFER UP TO \$20,000 OR UP
 8 TO 4 PERCENT OF THE DISTRICT GENERAL FUND BUDGET, WHICHEVER IS GREATER, TO THE DISTRICT
 9 BUILDING RESERVE FUND IN ORDER TO ENCOURAGE LONG-RANGE PLANNING FOR BUILDING AND
 10 EQUIPMENT EXPENDITURES OR EMERGENCY SITUATIONS; REQUIRING SCHOOL DISTRICTS TO REPORT
 11 TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION THE AMOUNTS TRANSFERRED EACH SCHOOL
 12 FISCAL YEAR AND THE PURPOSES FOR WHICH THE TRANSFERS WERE MADE; REQUIRING THE
 13 SUPERINTENDENT OF PUBLIC INSTRUCTION TO REPORT TO THE 56TH LEGISLATURE ON THE TOTAL
 14 AMOUNTS TRANSFERRED EACH SCHOOL FISCAL YEAR AND THE PURPOSES FOR WHICH THE
 15 TRANSFERS WERE MADE; PROHIBITING THE LEGISLATURE FROM USING MONEY TRANSFERRED TO THE
 16 BUILDING RESERVE FUND TO REDUCE STATE AID OR FROM DIRECTING THE DISTRICT TO SPEND
 17 MONEY TO FUND GENERAL OBLIGATIONS OF THE DISTRICT; AMENDING SECTION 20-9-502, MCA; AND
 18 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND, AN APPLICABILITY DATE, AND A TERMINATION
 19 DATE."

20
 21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

22
 23 **Section 1.** Section 20-9-502, MCA, is amended to read:

24 **"20-9-502. Purpose and authorization of a building reserve fund by an election or by resolution.**

25 (1) ~~The~~ if qualified under the provisions of subsection (3)(a), the trustees of any district, ~~with the approval~~
 26 ~~of the qualified electors of the district,~~ may establish by either procedure provided for in this section a
 27 building reserve for the purpose of raising money for the future construction, equipping, or enlarging of
 28 school buildings or for the purpose of purchasing land needed for school purposes in the district.

29 (2) (a) In order to raise money for a building reserve through a levy on the property of the district,
 30 the trustees shall submit to the qualified electors of the district a building reserve proposition for the

1 establishment of or addition to a building reserve, ~~the~~. The trustees shall pass a resolution on the
 2 proposition that specifies:

3 ~~(a)~~(i) the purpose or purposes for which the new building reserve or addition to the building reserve
 4 will be used;

5 ~~(b)~~(ii) the duration of time over which the new building reserve or addition to the building reserve
 6 will be raised in annual, equal installments;

7 ~~(c)~~(iii) the total amount of money that will be raised during the duration of time specified in
 8 subsection ~~(1)(b)~~(2)(a)(ii); and

9 ~~(d)~~(iv) any other requirements under 20-20-201 for the calling of an election.

10 ~~(2)(b)~~ The total amount of building reserve raised through a levy when added to the outstanding
 11 indebtedness of the district may not be more than the limitations provided in 20-9-406. A building reserve
 12 tax authorization may not be for more than 20 years.

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

16 OFFICIAL BALLOT SCHOOL DISTRICT BUILDING RESERVE ELECTION

17 INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words
 18 "BUILDING RESERVE--YES" if you wish to vote for the establishment of a building reserve (addition to the
 19 building reserve); if you are opposed to the establishment of a building reserve (addition to the building
 20 reserve) make an X or similar mark in the square before the words "BUILDING RESERVE--NO".

21 Shall the trustees be authorized to impose an additional levy each year for years to establish a
 22 building reserve (add to the building reserve) of this school district to raise a total amount of dollars
 23 (\$....), for the purpose(s) (here state the purpose or purposes for which the building reserve will be
 24 used)?

25 BUILDING RESERVE--YES.

26 BUILDING RESERVE--NO.

27 ~~(4)(d)~~ The building reserve proposition is approved if a majority of those electors voting at the
 28 election approve the establishment of or addition to the building reserve. The annual budgeting and
 29 taxation authority of the trustees for a building reserve is computed by dividing the total authorized amount
 30 by the specified number of years. The authority of the trustees to budget and impose the taxation for the

1 annual amount to be raised for the building reserve lapses when, at a later time, a bond issue is approved
 2 by the qualified electors of the district for the same purpose or purposes for which the building reserve fund
 3 of the district was established. Whenever a subsequent bond issue is made for the same purpose or
 4 purposes of a building reserve, the money in the building reserve must be used for ~~such~~ that purpose or
 5 purposes before any money realized by the bond issue is used.

6 (3) (a) The trustees of a district that is budgeting at OR ABOVE the BASE budget level for the
 7 district may establish or add to an established building reserve by transferring up to \$20,000 or UP TO 4%
 8 of the district general fund budget, whichever is greater, to the building reserve if:

9 (i) prior to the school fiscal year for which the transfer is budgeted, the trustees have established
 10 by resolution, in the manner provided for in subsection (3)(b), a long-range plan for the use of the money
 11 within the authorized purposes of the building reserve;

12 (ii) the amount has been budgeted in the general fund for the school fiscal year in which the transfer
 13 is made;

14 (III) THE AMOUNT DOES NOT EXCEED THE AMOUNT BY WHICH THE ADOPTED GENERAL FUND
 15 BUDGET EXCEEDS THE BASE BUDGET AMOUNT FOR THE DISTRICT; and

16 ~~(iii)~~(IV) the transfer is made by ~~December~~ MARCH 31 of the school fiscal year.

17 (b) Whenever the trustees of a district decide to budget for a transfer of a portion of the general
 18 fund budget for the ensuing school fiscal year to the building reserve as provided in subsection (3)(a), they
 19 shall notify the public of the intent to adopt a resolution proclaiming the intent to budget for a transfer by
 20 publishing the notice at least one time in a newspaper that will give notice to the largest number of people
 21 in the district and by posting the notice at each schoolhouse of the district. The notice of the intended
 22 resolution must state the facts constituting the long-range plan for the use of the money to be transferred
 23 and the time and place the board will meet for the purpose of discussing and adopting the resolution.

24 (4) ANY MONEY DEPOSITED INTO THE BUILDING RESERVE FUND UNDER THIS SECTION MUST
 25 BE USED FOR FUTURE CONSTRUCTION, EQUIPPING, OR ENLARGING OF SCHOOL BUILDINGS OR FOR
 26 PURCHASING LAND NEEDED FOR SCHOOL DISTRICT PURPOSES. MONEY IN THE FUND MAY NOT BE
 27 USED BY THE LEGISLATURE TO REDUCE STATE AID TO A SCHOOL DISTRICT, NOR MAY THE
 28 LEGISLATURE REQUIRE A DISTRICT TO USE BUILDING RESERVE MONEY TO FUND THE GENERAL
 29 OBLIGATIONS OF THE SCHOOL DISTRICT."

30

1 NEW SECTION. SECTION 2. REPORTS ON TRANSFERS TO BUILDING RESERVE FUND. (1) THE
 2 TRUSTEES OF A SCHOOL DISTRICT WHO TRANSFER A SCHOOL DISTRICT GENERAL BUDGET AMOUNT
 3 TO THE BUILDING RESERVE FUND AS ALLOWED UNDER THE PROVISIONS OF 20-9-502(3) SHALL
 4 REPORT TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION THE AMOUNT TRANSFERRED EACH
 5 SCHOOL FISCAL YEAR AND THE PURPOSES FOR WHICH THE TRANSFER WAS MADE.

6 (2) THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL REPORT TO THE 56TH LEGISLATURE
 7 THE TOTAL AMOUNTS TRANSFERRED BY SCHOOL DISTRICTS EACH SCHOOL FISCAL YEAR AND THE
 8 PURPOSES FOR WHICH THE TRANSFERS WERE MADE.

9

10 NEW SECTION. Section 3. Effective date -- applicability. [This act] is effective on passage and
 11 approval and applies to school district budgets for the school fiscal year beginning July 1, 1995.

12

13 NEW SECTION. SECTION 4. TERMINATION. [THIS ACT] TERMINATES JULY 1, 1999.

14

-END-