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INTRODUCED BY Hertel SENATE BILL NO. 118

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A SCHOOL DISTRICT TO ESTIMATE NONLEVY REVENUE IN COMPUTING THE LEVY REQUIREMENT FOR THE DISTRICT'S GENERAL FUND BUDGET; AMENDING SECTION 20-9-141, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

**Section 1.** Section 20-9-141, MCA, is amended to read:

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

(a) Determine the funding required for the district's final general fund budget less the sum of direct state aid and the special education allowable cost payment for the district by totaling:

(i) the district's nonisolated school BASE budget requirement to be met by a district levy as provided in 20-9-303; and

(ii) any general fund budget amount adopted by the trustees of the district under the provisions of 20-9-308 and 20-9-353, including any additional funding for a general fund budget that exceeds the maximum general fund budget.

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

(i) the general fund balance reappropriated, as established under the provisions of 20-9-104;  
~~(ii) amounts received in the last fiscal year for which revenue reporting was required for each of the following:~~

~~(A)~~(ii) anticipated tuition payments for out-of-district pupils under the provisions of 20-5-321 through 20-5-323;

~~(B)~~(iii) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204;

1           ~~(C)~~(iv) anticipated net proceeds taxes for new production, production from horizontally completed  
2 wells, and incremental production, as defined in 15-23-601;

3           ~~(D)~~(v) anticipated interest earned by the investment of general fund cash in accordance with the  
4 provisions of 20-9-213(4);

5           ~~(E)~~(vi) anticipated revenue from corporation license taxes collected from financial institutions under  
6 the provisions of 15-31-702; and

7           ~~(F)~~(vii) any other revenue ~~received during the school fiscal year~~ anticipated by the trustees to be  
8 received during the ensuing school year that may be used to finance the general fund, excluding any  
9 guaranteed tax base aid; and

10           ~~(iii)~~(A)(viii) pursuant to subsection (4);

11           (A) anticipated revenue from local government severance taxes as provided in 15-36-112; and

12           (B) ~~pursuant to subsection (4)~~, anticipated revenue from coal gross proceeds under 15-23-703.

13           (c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the  
14 property tax required to finance the general fund that has been determined in subsection (1)(b) from any  
15 general fund budget amount adopted by the trustees of the district, up to the BASE budget amount, to  
16 determine the general fund BASE budget levy requirement.

17           (d) Subtract any amount remaining after the determination in subsection (1)(c) from any additional  
18 funding requirement to be met by an over-BASE budget amount, a district levy as provided in 20-9-303,  
19 and any additional financing as provided in 20-9-353 to determine any additional general fund levy  
20 requirements.

21           (2) The county superintendent shall calculate the number of mills to be levied on the taxable  
22 property in the district to finance the general fund levy requirement for any amount that does not exceed  
23 the BASE budget amount for the district by dividing the amount determined in subsection (1)(c) by the sum  
24 of:

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

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

28           (3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be  
29 reported to the county commissioners on the fourth Monday of August by the county superintendent as  
30 the general fund net levy requirement for the district, and a levy must be set by the county commissioners

1 in accordance with 20-9-142.

2 (4) For each school district, the department of revenue shall calculate and report to the county  
3 superintendent the amount of revenue anticipated for the ensuing fiscal year from local government  
4 severance taxes, as provided in 15-36-112, and from revenue from coal gross proceeds under 15-23-703."

5  
6 **NEW SECTION. Section 2. Effective date -- applicability.** [This act] is effective July 1, 1995, and  
7 applies to school district fund budgets for the school fiscal year beginning July 1, 1995.

8 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0118, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing a school district to estimate nonlevy revenue in computing the levy requirement for the district's general fund budget.

ASSUMPTIONS:

1. Present law requires a district to use prior year receipts as the amount to anticipate from nonlevy revenue sources, other than local government severance taxes and coal gross proceeds, to fund the general fund budget for the current school fiscal year. The estimates for local government severance taxes (LGST) and coal gross proceeds are provided to the district by the Department of Revenue.
2. Under Senate Bill 118, districts would not be required to use prior year amounts, rather the district would estimate nonlevy levy revenue from all sources except LGST and coal gross proceeds. (DOR would continue to provide estimates to the districts for LGST and coal gross proceeds.)
3. For fiscal 1995, districts anticipated \$31.8 million from nonlevy revenue to fund district general fund budgets. Of this amount, \$7.3 million is anticipated from coal gross proceeds and LGST, leaving to come from \$24.5 million from other nonlevy revenue sources.
4. School districts overall will estimate nonlevy revenues (other than LGST and coal gross proceeds) at 10 percent less than the amount that they are required to estimate under current law. Nonlevy revenue estimates for fiscal years 1996 and 1997 will be reduced from \$31.82 million to \$29.37 million.
5. This proposal will cause a one-time increase in state GTB costs in fiscal 1996. To the extent that districts underestimate revenues in fiscal 1996 (and actual revenues received exceed estimated revenues), the funds available for reappropriation in the ensuing school year will be greater than under current law.
5. Converting OPI's new electronic accounting system (MAE-FAIRS, Montana automated education finance and information reporting system) from a system that pre-fills nonlevy revenue amounts from a district's trustees financial summary to the budget form to a system that allows a district to estimate nonlevy revenue will require approximately \$25,000 in reprogramming costs.

FISCAL IMPACT: The net result is an increase of \$1.25 million in state GTB costs for fiscal 1996.

Expenditures:

State guaranteed tax base aid costs will increase as a result of the reduction in nonlevy revenue anticipated to fund district general fund budgets. The BASE levy requirement will be \$2.45 million higher in fiscal 1996. The increased levy requirement will be met with \$1.20 million in increased local property taxes and \$1.25 million in increased state GTB aid in fiscal 1996.

Dave Lewis 1-19-95  
DAVE LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

John Hertel 1-19-95  
JOHN HERTEL, PRIMARY SPONSOR      DATE

Fiscal Note for SB0118, as introduced

**SB 118**

(continued)

Revenues: No impact on state revenues.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local property taxes will increase to fund general fund budgets in districts that underestimate revenues. When actual revenues exceed the revenue estimates, the fund balance at the end of the year is greater and the district has more revenue to reappropriate to fund the budget in the ensuing school fiscal year.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

TECHNICAL NOTES:

SENATE BILL NO. 118

INTRODUCED BY HERTEL

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A SCHOOL DISTRICT TO ESTIMATE NONLEVY REVENUE, INCLUDING CERTAIN TUITION PAYMENTS, REVENUE FROM PROPERTY TAXES AND FEES, NET PROCEEDS FROM CERTAIN OIL AND GAS PRODUCTION, INTEREST EARNED ON GENERAL FUND INVESTMENTS, AND CORPORATION LICENSE TAX REVENUE, IN COMPUTING THE LEVY REQUIREMENT FOR THE DISTRICT'S GENERAL FUND BUDGET; AMENDING SECTION 20-9-141, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN A DELAYED APPLICABILITY DATE."

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13           (A) anticipated revenue from local government severance taxes as provided in 15-36-112; and

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7  
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9 applies to school district fund budgets for the school fiscal year beginning July 1, ~~1995~~ 1996.

10 -END-