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House BILL NO. 563  
INTRODUCED BY Peck, Kitzberger, Rose, Dorell, Gill

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING VOTER APPROVAL FOR THE BASE BUDGET OR THE OVER-BASE BUDGET OF A SCHOOL DISTRICT FOR THE PORTION OF THE BUDGET THAT EXCEEDS THE GREATER OF EITHER THE PREVIOUS YEAR'S GENERAL FUND BUDGET OR THE PREVIOUS YEAR'S GENERAL FUND BUDGET PER-ANB; AMENDING SECTION 20-9-308, 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 20-9-308, MCA, is amended to read:

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

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

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

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

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

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

~~(B) 33.3% of the range between the district general fund budget for the school fiscal year ending June 30, 1995, and the BASE budget for the district for the school fiscal year beginning July 1, 1995;~~

~~(C) 50% of the range between the district general fund budget for the school fiscal year ending June 30, 1996, and the BASE budget for the district for the school fiscal year beginning July 1, 1996; or~~

~~(D) the remainder of the range between the district general fund budget for the school fiscal year ending June 30, 1997, and the BASE budget for the district for the school fiscal year beginning July 1, 1997;~~

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

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

6 ~~(3)(2)~~ (a) Whenever the trustees of a district adopt a general fund budget that exceeds the BASE  
 7 budget for the district but does not exceed the maximum general fund budget for the district, the trustees  
 8 shall submit a proposition to the electors of the district, as provided in 20-9-353, for any budget amount  
 9 that exceeds either the previous year's general fund budget amount or the previous year's general fund  
 10 budget per-ANB multiplied by the current year's ANB for budgeting purposes, whichever is greater.

11 (b) A general fund budget adopted under this subsection ~~(3)~~ (2) may not exceed the greater of:

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

14 (ii) 104% of the previous year's general fund budget per-ANB multiplied by the current year's ANB  
 15 for budgeting purposes ~~as adjusted by the provisions of section 3, Chapter 38, Special Laws of November~~  
 16 ~~1993.~~

17 ~~(4)(3)~~ (a) If the maximum general fund budget for a district for ~~an ensuing~~ the current school fiscal  
 18 year is less than the general fund budget for the district for the ~~current~~ previous school fiscal year, ~~as~~  
 19 ~~adjusted by the provisions of section 3, Chapter 38, Special Laws of November 1993,~~ the trustees of the  
 20 district may not adopt a general fund budget for the ensuing school fiscal year that is greater than the  
 21 district's general fund budget for the ~~current~~ previous school fiscal year.

22 (b) ~~Except for the school fiscal year beginning July 1, 1994, the~~ The trustees of the district shall  
 23 submit a proposition to raise any general fund budget amount that is in excess of the maximum general  
 24 fund budget for the district to the electors who are qualified under 20-20-301 to vote on the proposition,  
 25 as provided in 20-9-353.

26 ~~(5)(4) Whenever the trustees of a district adopt a general fund budget that does not exceed the~~  
 27 ~~BASE budget for the district, the~~ The trustees shall finance ~~this amount~~ the BASE budget of the district with  
 28 the following sources of revenue:

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

- 1 (b) county equalization aid, as provided in 20-9-331 and 20-9-333;
- 2 (c) a district levy for support of a school not approved as an isolated school under the provisions
- 3 of 20-9-302;
- 4 (d) payments in support of special education programs under the provisions of 20-9-321;
- 5 (e) nonlevy revenue as provided in 20-9-141; and
- 6 (f) a BASE budget levy on the taxable value of all property within the district.
- 7 ~~(6)(5)~~ The over-BASE budget amount of a district must be financed by a levy on the taxable value
- 8 of all property within the district or other revenue available to the district, as provided in 20-9-141."

9

10 **NEW SECTION. Section 2. Effective date -- applicability.** [This act] is effective on passage and

11 approval and applies to budgets for school years after July 1, 1997.

12 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0563, as introduced

DESCRIPTION OF PROPOSED LEGISLATION: An act requiring voter approval for the BASE budget or the over-BASE budget of a school district for the portion of the budget that exceeds the greater of either the previous year's general fund budget or the previous year's general fund budget per-ANB.

ASSUMPTIONS:

1. Effective July 1, 1997, all school districts must adopt a budget at least equal to the BASE budget of district. State aid is only paid into the BASE budget of the district. The over-BASE portion of the budget is supported by local revenues.
2. House Bill 563 expands the authority of the district trustees to set district general fund budgets without voter approval. The budget limits with voter approval are unaffected.
3. Trustees in districts with declining enrollment currently must reduce budgets in proportion to ANB reductions or obtain voter approval for budget increases above the prior years budget per ANB. Trustees in these districts will be able to maintain the prior years spending level without voter approval.
4. Trustees in districts with increasing enrollments currently must receive voter approval for any budget in excess of the prior years. Trustees in these districts will be able to increase the budget in proportion to ANB growth without voter approval.

FISCAL IMPACT: No impact on state general fund expenditures for direct state aid, guaranteed tax base aid, or special education allowable costs.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

To the extent trustees use the expanded authority to budget at higher levels without voter approval, district expenditures and tax levies will increase.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Some districts may more rapidly move toward the statutory maximum budget level at which point their budgets would be capped.

TECHNICAL NOTES:

The title of HB563 refers to voter approval for the BASE budget. It should only refer to the voting requirements for the over-BASE portion of the budget.

Dave Lewis 2-19-97 Reggie Peck 2/19/97  
DAVE LEWIS, BUDGET DIRECTOR DATE RAY PECK, PRIMARY SPONSOR DATE  
Office of Budget and Program Planning