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INTRODUCED BY

Dawell House BILL NO. 564

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A SCHOOL DISTRICT THAT PROVIDES EDUCATIONAL SERVICES TO AN OUT-OF-DISTRICT STUDENT PURSUANT TO A TUITION AGREEMENT TO ISSUE AND SELL SHORT-TERM OBLIGATIONS IN THE CURRENT FISCAL YEAR TO PAY THE COSTS OF EDUCATIONAL SERVICES FOR WHICH TUITION PAYMENT WILL NOT BE RECEIVED UNTIL THE ENSUING FISCAL YEAR; AMENDING SECTION 7-6-1102, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

NEW SECTION. Section 1. Short-term obligation for out-of-district tuition costs. A school district that provides educational services to an out-of-district student pursuant to a tuition agreement under 20-5-320 or 20-5-321 may issue and sell short-term obligations in the current fiscal year to pay the costs of educational services for which tuition payment will not be received until the ensuing fiscal year.

Section 2. Section 7-6-1102, MCA, is amended to read:

"7-6-1102. Short-term obligations authorized. A Except as provided in [section 1], a local government may issue and sell short-term obligations as provided in this part in anticipation of taxes or ~~revenues~~ revenue budgeted to be received and appropriated for expenditure during the fiscal year in which the obligations are issued. The proceeds of the obligations may be expended solely for the purposes for which the taxes or ~~revenues~~ revenue ~~were~~ was appropriated and for costs and expenses incident to the issuance and sale ~~thereof~~ of the obligations. Pending expenditure, the proceeds may be invested as provided by law. The principal and interest on short-term obligations must be repaid from the money derived from the taxes and ~~revenues~~ revenue in anticipation of which they were issued, income from investment of the proceeds of the obligations, and any money otherwise legally available for this purpose."

NEW SECTION. Section 3. Effective date -- applicability. [This act] is effective July 1, 1997, and applies to short-term obligations issued on or after [the effective date of this act].

-END-

- 1 -

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0564, as introduced

DESCRIPTION OF PROPOSED LEGISLATION: An act authorizing a school district that provides educational services to an out-of-district student pursuant to a tuition agreement to issue and sell short-term obligations in the current fiscal year to pay the costs of educational services for which tuition payment will not be received until the ensuing fiscal year.

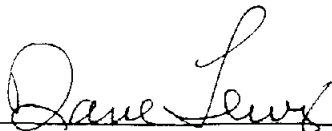
ASSUMPTIONS:

1. School districts will be able to borrow from the board of investments an amount of money equal to the tuition revenue the district expects to receive as reimbursement in the following year.
2. School districts will incur interest costs on the borrowed money. The interest will be repaid from the district general fund.


FISCAL IMPACT: No impact on state expenditures.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. School districts will incur interest costs on the borrowed funds.
2. School districts providing educational services to out-of-district students will not be hampered, in their ability to meet students' educational needs, by the one year lag between the provision of services and the receipt of tuition.

 2-18-97

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



TIM DOWELL, PRIMARY SPONSOR DATE

Fiscal Note for HB0564, as introduced

HB 564

1 HOUSE BILL NO. 564

2 INTRODUCED BY DOWELL

3
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5 EDUCATIONAL SERVICES TO AN OUT-OF-DISTRICT STUDENT PURSUANT TO A TUITION AGREEMENT
6 TO ISSUE AND SELL SHORT-TERM OBLIGATIONS IN THE CURRENT FISCAL YEAR TO PAY THE COSTS
7 OF EDUCATIONAL SERVICES FOR WHICH TUITION PAYMENT WILL NOT BE RECEIVED UNTIL THE
8 ENSUING FISCAL YEAR; AMENDING SECTION 7-6-1102, MCA; AND PROVIDING AN EFFECTIVE DATE
9 AND AN APPLICABILITY DATE."

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

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16 of educational services for which tuition payment will not be received until the ensuing fiscal year. THE
17 SHORT-TERM OBLIGATIONS MAY NOT EXCEED THE AMOUNT OF THE TUITION PAYMENT TO BE
18 RECEIVED.

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20 **Section 2.** Section 7-6-1102, MCA, is amended to read:

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