

1 SENATE BILL NO. 70

2 INTRODUCED BY GAGE

3 BY REQUEST OF THE OFFICE OF PUBLIC INSTRUCTION
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE SCHOOL FINANCE AND BUDGETING
6 LAWS; STANDARDIZING THE TERMS RELATING TO EQUALIZATION FUNDS AND THE BASIC COUNTY
7 TAX FOR EQUALIZATION; ALLOWING SCHOOL TRUSTEES TO ADMINISTER OTHER FUNDS AUTHORIZED
8 BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION; ELIMINATING THE REQUIREMENT FOR A TEACHER
9 TO KEEP AN ATTENDANCE REGISTER; MAKING TIME LIMITATIONS FOR HIGH SCHOOL DISTRICT
10 BOUNDARY CHANGES CONSISTENT WITH ELEMENTARY DISTRICT TIME LIMITATIONS; CHANGING THE
11 TERM "CASH BALANCE" TO "FUND BALANCE" WHEN APPROPRIATE; CHANGING REFERENCES TO
12 "PUBLIC LAW 81-874" TO "IMPACT AID"; CORRECTING THE DATES FOR GIVING NOTICE OF THE
13 PRELIMINARY SCHOOL BUDGET; CHANGING THE TERM "BASE FUNDING PROGRAM" TO "DIRECT STATE
14 AID" WHEN APPROPRIATE; ALLOWING INDIRECT COST RECOVERIES TO BE DEPOSITED IN THE
15 MISCELLANEOUS PROGRAMS FUND; SPECIFYING THE CASH BALANCE OF A LEASE AGREEMENT FOR
16 A K-12 DISTRICT; ELIMINATING THE REQUIREMENT FOR A DISTRICT TO SEND COPIES OF BUS
17 TRANSPORTATION CONTRACTS TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION; ELIMINATING THE
18 COUNTY SUPERINTENDENT'S DUTY TO CALCULATE THE APPORTIONMENT OF COUNTY EQUALIZATION
19 MONEY; ELIMINATING THE REQUIREMENT FOR TRUSTEES TO ADOPT A BUDGET FOR THE
20 TECHNOLOGY ACQUISITION FUND; PROVIDING FOR AN ANNUAL ALLOCATION OF GRANT MONEY FOR
21 SCHOOL TECHNOLOGY; AMENDING SECTIONS 15-23-703, 17-3-222, 20-1-301, 20-3-205, 20-3-209,
22 20-3-324, 20-4-301, 20-5-316, 20-5-324, 20-6-314, 20-6-609, 20-6-701, 20-6-702, 20-9-115, 20-9-143,
23 20-9-161, 20-9-166, 20-9-212, 20-9-314, 20-9-331, 20-9-332, 20-9-333, 20-9-334, 20-9-335, 20-9-347,
24 20-9-507, 20-9-509, 20-9-514, 20-9-533, 20-9-534, 20-10-124, 20-10-144, 69-11-202, AND 85-8-612,
25 MCA; AND PROVIDING AN EFFECTIVE DATE."

26
27 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
2829 **Section 1.** Section 15-23-703, MCA, is amended to read:30 **"15-23-703. Taxation of gross proceeds -- taxable value for bonding and guaranteed tax base aid**

1 to schools. (1) The department shall compute from the reported gross proceeds from coal a tax roll that
2 must be transmitted to the county treasurer on or before September 15 each year. The department may
3 not levy or assess any mills against the reported gross proceeds of coal but shall levy a tax of 5% against
4 the value of the reported gross proceeds as provided in 15-23-701(1)(d). The county treasurer shall proceed
5 to give full notice to each coal producer of the taxes due and to collect the taxes as provided in 15-16-101.

6 (2) For bonding, county classification, and all nontax purposes, the taxable value of the gross
7 proceeds of coal is 45% of the contract sales price as defined in 15-35-102.

8 (3) Except as provided in subsection (6), the county treasurer shall calculate and distribute to the
9 state, county, and eligible school districts in the county the amount of the coal gross proceeds tax,
10 determined by multiplying the unit value calculated in 15-23-705 times the tons of coal extracted, treated,
11 and sold on which the coal gross proceeds tax was owed during the preceding calendar year.

12 (4) Except as provided in subsections (5), (6), and (8), the county treasurer shall credit the amount
13 determined under subsection (3) and the amounts received under 15-23-706:

14 (a) to the state and to the counties that levied mills in fiscal year 1990 against 1988 production
15 in the relative proportions required by the levies for state and county purposes in the same manner as
16 property taxes were distributed in fiscal year 1990 in the taxing jurisdiction; and

17 (b) to school districts in the county that either levied mills in school fiscal year 1990 against 1988
18 production or used nontax revenue, such as ~~Public Law 81-874~~ impact aid money, as provided in 20 U.S.C.
19 7701, et seq., in lieu of levying mills against production, in the same manner that property taxes collected
20 or property taxes that would have been collected would have been distributed in the 1990 school fiscal
21 year in the school district.

22 (5) (a) If the total tax liability in a taxing jurisdiction exceeds the amount determined in subsection
23 (3), the county treasurer shall, immediately following the distribution from taxes paid on May 31 of each
24 year, send the excess revenue, excluding any protested coal gross proceeds tax revenue, to the department
25 for redistribution as provided in 15-23-706.

26 (b) If the total tax liability in a taxing jurisdiction is less than the amount determined in subsection
27 (3), the taxing jurisdiction is entitled to a redistribution as provided by 15-23-706.

28 (6) The board of county commissioners of a county may direct the county treasurer to reallocate
29 the distribution of coal gross proceeds taxes that would have gone to a taxing unit, as provided in
30 subsection (4)(a), to another taxing unit or taxing units, other than an elementary school or high school,

1 within the county under the following conditions:

2 (a) The county treasurer shall first allocate the coal gross proceeds taxes to the taxing units within
3 the county in the same proportion that all other property tax proceeds were distributed in the county in
4 fiscal year 1990.

5 (b) If the allocation in subsection (6)(a) exceeds the total budget for a taxing unit, the
6 commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

7 (7) The board of trustees of an elementary or high school district may reallocate the coal gross
8 proceeds taxes distributed to the district by the county treasurer under the following conditions:

9 (a) The district shall first allocate the coal gross proceeds taxes to the budgeted funds of the
10 district in the same proportion that all other property tax proceeds were distributed in the district in fiscal
11 year 1990.

12 (b) If the allocation under subsection (7)(a) exceeds the total budget for a fund, the trustees may
13 allocate the excess to any budgeted fund of the school district.

14 (8) The county treasurer shall credit all taxes collected under this part from coal mines that began
15 production after December 31, 1988, in the relative proportions required by the levies for state, county,
16 and school district purposes in the same manner as property taxes were distributed in the previous fiscal
17 year. (In subsection (2), the deletion of the reference to subsection (5) of 15-35-102 terminates December
18 31, 2005--sec. 5, Ch. 318, L. 1995.)"

19

20 **Section 2.** Section 17-3-222, MCA, is amended to read:

21 "**17-3-222. Apportionment of ~~moneys~~ money to counties.** It ~~shall be~~ is the duty of the state
22 treasurer to properly apportion and allocate ~~these moneys~~ the money received under 17-3-221 to the
23 county treasurers, who ~~will~~ shall allocate and pay all such ~~moneys~~ the money as follows: 50% to the
24 county general fund and 50% to the ~~common school fund of the~~ elementary county equalization fund."

25

26 **Section 3.** Section 20-1-301, MCA, is amended to read:

27 "**20-1-301. School fiscal year.** The school fiscal year ~~shall begin~~ begins on July 1 and ~~end~~ ends
28 on June 30. At least 180 school days of pupil instruction ~~shall~~ must be conducted during each school fiscal
29 year, except that 175 days of pupil instruction for graduating seniors may be sufficient, as provided in
30 20-9-313, or unless a variance for kindergarten has been granted under 20-1-302 or a district is granted

1 a variance under the provisions of chapter 9, part 8, of this title. For any elementary or high school district
 2 that fails to provide for at least 180 school days of pupil instruction, the superintendent of public instruction
 3 shall reduce the ~~county equalization as defined in 20-9-334 and the state equalization as defined in~~
 4 ~~20-9-343~~ direct state aid for the district for that school year by 1/90th for each school day less than 180
 5 school days."

6

7 **Section 4.** Section 20-3-205, MCA, is amended to read:

8 **"20-3-205. Powers and duties.** The county superintendent has general supervision of the schools
 9 of the county within the limitations prescribed by this title and shall perform the following duties or acts:

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

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

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

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

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

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

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

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

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

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

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

1 (12) complete the budgets, compute the budgeted revenues and tax levies, file final budgets and
2 budget amendments, and fulfill other responsibilities assigned under the provisions of this title regulating
3 school budgeting systems;

4 (13) submit an annual financial report to the superintendent of public instruction in accordance with
5 the provisions of 20-9-211;

6 (14) monthly, unless otherwise provided by law, order the county treasurer to apportion state
7 money, county school money, and any other school money subject to apportionment in accordance with
8 the provisions of 20-9-212, ~~20-9-334~~, 20-9-335, 20-9-347, 20-10-145, or 20-10-146;

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

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

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

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

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

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

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

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

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

29 (24) keep a record of official acts, preserve all reports submitted to the superintendent under the
30 provisions of this title, preserve all books and instructional equipment or supplies, keep all documents

1 applicable to the administration of the office, and surrender all records, books, supplies, and equipment to
2 the next superintendent;

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

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

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

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

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

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

14

15 **Section 5.** Section 20-3-209, MCA, is amended to read:

16 **"20-3-209. Annual report.** The county superintendent of each county shall submit an annual report
17 to the superintendent of public instruction not later than September 1. ~~Such~~ The report shall ~~must~~ be
18 completed on the forms supplied by the superintendent of public instruction, ~~which shall require the~~
19 ~~reporting of~~ and must include:

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

21 (2) the financial activities of each district of the county for the immediately preceding school fiscal
22 year as provided by the trustees' annual report to the county superintendent under the provisions of
23 20-9-213(5);

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

26 (4) any other information that may be requested by the superintendent of public instruction ~~which~~
27 that is within his the superintendent's authority prescribed by this title."

28

29 **Section 6.** Section 20-3-324, MCA, is amended to read:

30 **"20-3-324. Powers and duties.** As prescribed elsewhere in this title, the trustees of each district

1 shall:

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

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

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

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

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

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

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

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

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

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

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

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

30 (13) when applicable, establish, financially administer, and budget for the tuition fund, retirement

1 fund, building reserve fund, adult education fund, nonoperating fund, school food services fund,
2 miscellaneous ~~federal~~ programs fund, building fund, lease or rental agreement fund, traffic education fund,
3 impact aid fund, ~~and~~ interlocal cooperative agreement fund, and other funds as authorized by the state
4 superintendent of public instruction in accordance with the provisions of the other school funds parts of
5 this title;

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

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

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

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

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

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

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

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

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

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

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

3 (25) perform any other duty and enforce any other requirements for the government of the schools
4 prescribed by this title, the policies of the board of public education, or the rules of the superintendent of
5 public instruction."
6

7 **Section 7.** Section 20-4-301, MCA, is amended to read:

8 **"20-4-301. Duties of teacher -- nonpayment for failure to comply.** (1) Any teacher under contract
9 with a district shall:

10 (a) conform to and enforce the laws, board of public education policies, and the policies of the
11 trustees of the district;

12 (b) ~~utilize~~ use the course of instruction prescribed by the trustees;

13 ~~(c) keep, in a neat and businesslike manner, a teacher's register in the form and on the blanks~~
14 ~~prescribed by the superintendent of public instruction;~~

15 ~~(d) within 10 days after the conclusion of each school semester, prepare a report in the manner~~
16 ~~and on the forms prescribed by the superintendent of public instruction, which must include the pupil~~
17 ~~attendance and absence data from his teacher's register that is necessary to calculate ANB. The report~~
18 ~~must be submitted to:~~

19 ~~(i) the district superintendent, if there is one;~~

20 ~~(ii) the principal of the school, if there is one and there is no district superintendent; or~~

21 ~~(iii) the county superintendent or all county superintendents when the teacher is reporting for a joint~~
22 ~~district, if there is no district superintendent or principal.~~

23 ~~(e)(c)~~ exercise due diligence in the care of school grounds and buildings, furniture, equipment,
24 books, and supplies; and

25 ~~(f)(d)~~ provide moral and civic instruction by:

26 (i) endeavoring to impress the pupils with the principles of morality, truth, justice, and patriotism;

27 (ii) teaching the pupils to avoid idleness, profanity, and falsehood;

28 (iii) instructing the pupils in the principles of free government and training them to comprehend the
29 rights, responsibilities, and dignity of American citizenship.

30 (2) The trustees are authorized to withhold the salary warrant of any teacher who does not comply

1 with the provisions of subsection (1)(a) or (1)(b) until the teacher does comply with the provisions.

2 ~~(3) The trustees may not pay any teacher his last month's salary until he has provided a complete~~
 3 ~~and accurate semester report to the required person, as determined by the person and as required in~~
 4 ~~subsection (1)(d) of this section."~~

5

6 **Section 8.** Section 20-5-316, MCA, is amended to read:

7 **"20-5-316. Out-of-state tuition.** (1) The county superintendent of schools of the county of the
 8 district of residence shall make payments from the elementary county ~~basic tax for elementary schools~~
 9 equalization fund for children who are placed in facilities outside the state of Montana pursuant to 20-5-321
 10 but not under the provisions of Title 20, chapter 7, part 4.

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

16

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

18 **"20-5-324. Tuition report and payment provisions.** (1) At the close of the school term of each
 19 school fiscal year and before July 15, the trustees of a district shall report to the county superintendent:

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

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

24 (c) the annual tuition rate for each child's tuition payment, as determined under the provisions of
 25 20-5-323, and the tuition cost for each reported child; and

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

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

30 (3) Before July 30, the county superintendent shall report the information in subsection (1)(d) to

1 the superintendent of public instruction, who shall determine the total per-ANB entitlement for which the
 2 district would be eligible if the student were enrolled in the resident district. The reimbursement amount
 3 is the difference between the actual amount paid and the amount calculated in this subsection.

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

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

11 (6) When a child has mandatory approval under the provisions of 20-5-321, the tuition and
 12 transportation obligation for an elementary school child attending a school outside of the child's county of
 13 residence must be financed by the ~~county~~ basic county tax for elementary ~~districts~~ equalization, as provided
 14 in 20-9-331, for the child's county of residence or for a high school child attending a school outside the
 15 county of residence by the ~~county~~ basic county tax for high school ~~districts~~ equalization, as provided in
 16 20-9-333, for the child's county of residence.

17 (7) By December 31 of the school fiscal year, the county superintendent or the trustees shall pay
 18 at least one-half of any tuition and transportation obligation established under this section out of the money
 19 realized to date from the appropriate ~~basic elementary or high school~~ county tax account equalization fund
 20 provided for in ~~20-9-334~~ 20-9-335 or from the district tuition or transportation fund. The remaining tuition
 21 and transportation obligation must be paid by June 15 of the school fiscal year. The payments must be
 22 made to the county treasurer in each county with a school district that is entitled to tuition and
 23 transportation. Except as provided in subsection (9), the county treasurer shall credit tuition receipts to the
 24 general fund of a school district entitled to a tuition payment. The tuition receipts must be used in
 25 accordance with the provisions of 20-9-141. The county treasurer shall credit transportation receipts to the
 26 transportation fund of a school district entitled to a transportation payment.

27 (8) The superintendent of public instruction shall reimburse the district of residence for the per-ANB
 28 entitlement determined in subsection (3).

29 (9) (a) Any tuition receipts received under the provisions of Title 20, chapter 7, part 4, or
 30 20-5-323(3) for the current school fiscal year that exceed the tuition receipts of the prior year may be

1 deposited in the district miscellaneous programs fund and must be used for that year in the manner
2 provided for in 20-9-507 to support the costs of the program for which the tuition was received.

3 (b) Any other tuition receipts received for the current school fiscal year that exceed the tuition
4 receipts of the prior year may be deposited in the district miscellaneous programs fund and may be used
5 for that year in the manner provided for in that fund. For the ensuing school fiscal year, the receipts must
6 be credited to the district general fund budget."
7

8 **Section 10.** Section 20-6-314, MCA, is amended to read:

9 **"20-6-314. Time limitations for boundary changes.** ~~No~~ A high school district may not be created
10 and ~~no~~ a high school district boundary may not be changed between the first day of ~~March~~ January and
11 the second Monday of August of any calendar year except when:

12 (1) the entire territory of a high school district is annexed or attached to another high school
13 district;

14 (2) the entire territory or portion of a joint high school district located in one county is annexed or
15 attached to another high school district; or

16 (3) two or more districts are consolidated in their entirety."
17

18 **Section 11.** Section 20-6-609, MCA, is amended to read:

19 **"20-6-609. Trustees' authority to acquire property by lease-purchase agreement.** The trustees of
20 a district may acquire real and personal property by an agreement to lease for 3 years with an option to
21 purchase. The terms of the lease must comply with 20-6-625. If real property is acquired, the trustees shall
22 comply with 20-6-603."
23

24 **Section 12.** Section 20-6-701, MCA, is amended to read:

25 **"20-6-701. K-12 school districts required -- definition -- procedure for creation -- exception.** (1)
26 Except as provided in subsection (4), ~~by the school fiscal year beginning July 1, 1995,~~ each elementary
27 district with the same district boundaries as a high school district shall attach to the high school district for
28 the purpose of establishing a K-12 school district.

29 (2) For the purposes of this title, unless the context clearly indicates otherwise, "K-12 school
30 district" means a high school district with an elementary district that has been attached to the high school

1 district under the procedures provided in this section, with the high school district remaining an organized
 2 district under the provisions of 20-6-101 and other provisions of law and the elementary district becoming
 3 an inactive district under the provisions of 20-6-101.

4 (3) The attachment of an elementary district to a high school district to form a K-12 school district
 5 must be conducted under the following procedure:

6 (a) The trustees of each district shall pass a resolution requesting the county superintendent to
 7 order an attachment involving their districts.

8 (b) When the county superintendent receives a resolution from each of the districts, the county
 9 superintendent shall, within 10 days after receipt of the last resolution, order the attachment of the
 10 elementary district to the high school district to take effect on July 1 of the ensuing school fiscal year.
 11 Within 30 days of the order, the county superintendent shall send a copy of the order to the board of
 12 county commissioners, the trustees of the districts included in the attachment order, and the superintendent
 13 of public instruction.

14 (4) This section does not apply to a school district receiving ~~Public Law 81-874~~ impact aid funding,
 15 as provided in 20 U.S.C. 7701, et seq., if creation of a K-12 district would result in the loss of ~~Public Law~~
 16 ~~81-874~~ impact aid funding."

17
 18 **Section 13.** Section 20-6-702, MCA, is amended to read:

19 "20-6-702. **Funding for K-12 school districts.** (1) Notwithstanding the provisions of subsections
 20 (2) through (6), a K-12 school district formed under the provisions of 20-6-701 is subject to the provisions
 21 of law for high school districts.

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

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

26 (a) the calculation of ANB for purposes of determining the total per-ANB entitlements must be in
 27 accordance with the provisions of 20-9-311;

28 (b) the basic county tax for elementary equalization and ~~revenue~~ revenue for the elementary BASE
 29 funding program ~~amount~~ for the district must be determined in accordance with the provisions of 20-9-331,
 30 and the basic ~~special~~ county tax for high school equalization and ~~revenue~~ revenue for the high school

1 BASE funding program amount for the district must be determined in accordance with 20-9-333; and
 2 (c) the guaranteed tax base aid for BASE funding program purposes for a K-12 school district must
 3 be calculated separately, using each district's guaranteed tax base ratio, as defined in 20-9-366. The BASE
 4 budget levy to be levied for the K-12 school district must be prorated based on the ratio of the BASE
 5 funding program amounts for elementary school programs to the BASE funding program amounts for high
 6 school programs.

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

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

13 (6) Tuition for attendance in the K-12 school district must be determined separately for high school
 14 pupils and for elementary pupils under the provisions of 20-5-320 through 20-5-324, except that the actual
 15 expenditures used for calculations in 20-5-323 must be based on an amount prorated between the
 16 elementary and high school programs in the appropriate funds of each district in the year prior to the
 17 attachment of the districts."

18
 19 **Section 14.** Section 20-9-115, MCA, is amended to read:

20 "**20-9-115. Notice of preliminary budget filing and final budget meeting.** Between July ~~10~~ 24 and
 21 ~~July 20~~ August 4 of each year, the clerk of each district shall publish one notice, in the local or county
 22 newspaper that the trustees of the district determine to be the newspaper with the widest circulation in
 23 the district, stating that the preliminary budget for the district for the school fiscal year just beginning, as
 24 prepared and adopted by the trustees, is on file in the clerk's office and open to inspection by all taxpayers.
 25 The notice must also state the time and place that the trustees will meet on the ~~fourth~~ second Monday in
 26 August for the purpose of considering and adopting the final budget of the district, that the meeting of the
 27 trustees may be continued from day to day until the final adoption of the district's budget, and that any
 28 taxpayer in the district may appear at the meeting and be heard for or against any part of the budget."

29
 30 **Section 15.** Section 20-9-143, MCA, is amended to read:

1 **"20-9-143. Allocation of federal funds in lieu of property taxation.** Federal funds received by a
2 district under the provisions of ~~Title I of Public Law 81-874~~ impact aid, as provided in 20 U.S.C. 7701, et
3 seq., or funds designated in lieu of ~~such~~ the federal act by the congress of the United States must be
4 deposited in the impact aid fund established in 20-9-514."

5
6 **Section 16.** Section 20-9-161, MCA, is amended to read:

7 **"20-9-161. Definition of budget amendment for budgeting purposes.** As used in this title, unless
8 the context clearly indicates otherwise, the term "budget amendment" for the purpose of school budgeting
9 means an amendment to an adopted budget of the district for the following reasons:

10 (1) an increase in the enrollment of an elementary or high school district that is beyond what could
11 reasonably have been anticipated at the time of the adoption of the budget for the current school fiscal year
12 whenever, because of the enrollment increase, the district's budget for any or all of the regularly budgeted
13 funds does not provide sufficient financing to properly maintain and support the district for the entire
14 current school fiscal year;

15 (2) the destruction or impairment of any school property necessary to the maintenance of the
16 school, by fire, flood, storm, riot, insurrection, or act of God, to an extent rendering school property unfit
17 for its present school use;

18 (3) a judgment for damages against the district issued by a court after the adoption of the budget
19 for the current year;

20 (4) an enactment of legislation after the adoption of the budget for the current year that imposes
21 an additional financial obligation on the district;

22 (5) the receipt of:

23 (a) a settlement of taxes protested in a prior school fiscal year;

24 (b) taxes from a prior school fiscal year as the result of a tax audit by the department of revenue
25 or its agents;

26 (c) delinquent taxes from a prior school fiscal year; or

27 (d) local government severance tax payments for calendar year 1995 production as provided in
28 15-36-325(7); and

29 (e) a determination by the trustees that it is necessary to expend all or a portion of the taxes
30 received under subsection (5)(a), (5)(b), (5)(c), or (5)(d) for a project or projects that were deferred from

1 a previous budget of the district ~~as a result of the protected taxes~~; or

2 (6) any other unforeseen need of the district that cannot be postponed until the next school year
3 without dire consequences affecting the safety of the students and district employees or the educational
4 functions of the district."

5

6 **Section 17.** Section 20-9-166, MCA, is amended to read:

7 **"20-9-166. State financial aid for budget amendments.** Whenever a final budget amendment has
8 been adopted for the general fund or the transportation fund to finance the cost of an amendment resulting
9 from increased enrollment, the trustees may apply to the superintendent of public instruction for an
10 increased payment from the state for ~~the BASE funding program~~ direct state aid or for state transportation
11 reimbursement, or both. The superintendent of public instruction shall adopt rules for the application. The
12 superintendent of public instruction shall approve or disapprove each application for increased state aid
13 made in accordance with 20-9-314 and this section. When the superintendent of public instruction
14 approves an application, the superintendent of public instruction shall determine the additional amount of
15 state aid from the state or the state transportation reimbursement that will be made available to the
16 applicant district because of the increase in enrollment. The superintendent of public instruction shall notify
17 the applicant district of the superintendent's approval or disapproval and, in the event of approval, the
18 amount of additional state aid that will be made available for the general fund or the transportation fund.
19 The superintendent of public instruction shall disburse the state aid to the eligible district at the time the
20 next regular state aid payment is made."

21

22 **Section 18.** Section 20-9-212, MCA, is amended to read:

23 **"20-9-212. Duties of county treasurer.** The county treasurer of each county shall:

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

- 29 (a) the basic county tax ~~in support of the~~ for elementary ~~BASE aid equalization~~;
- 30 (b) the basic ~~special~~ county tax for high schools ~~in support of the high school~~ ~~BASE aid~~

1 equalization;

2 (c) the county tax in support of the transportation schedules;

3 (d) the county tax in support of the elementary and high school district retirement obligations; and

4 (e) any other county tax for schools, including the community colleges, that may be authorized by
5 law and levied by the county commissioners.

6 (2) whenever requested, notify the county superintendent and the superintendent of public
7 instruction of the amount of county school money on deposit in each of the funds enumerated in subsection
8 (1) and the amount of any other school money subject to apportionment and apportion the county and other
9 school money to the districts in accordance with the apportionment ordered by the county superintendent
10 or the superintendent of public instruction;

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

12 (4) except as otherwise limited by law, pay all warrants properly drawn on the county or district
13 school money;

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

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

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

22 (8) register district warrants drawn on a budgeted fund in accordance with 7-6-2604 when there
23 is insufficient money available in all funds of the district to make payment of the warrant. Redemption of
24 registered warrants must be made in accordance with 7-6-2116, 7-6-2605, and 7-6-2606.

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

27 (10) each month give to the trustees of each district an itemized report for each fund maintained
28 by the district, showing the paid warrants, registered warrants, interest distribution, amounts and types
29 of revenue received, and the cash balance;

30 (11) remit promptly to the state treasurer receipts for the county tax for a vocational-technical

1 program within a unit of the university system when levied by the board of county commissioners under
 2 the provisions of 20-25-439;

3 (12) invest the money received from the basic county tax, ~~the basic special tax~~ taxes for elementary
 4 and high school equalization, the county levy in support of the elementary and high school district
 5 retirement obligations, and the county levy in support of the transportation schedules within 3 working days
 6 of receipt. The money must be invested until the working day before it is required to be distributed to
 7 school districts within the county or remitted to the state. Permissible investments are specified in
 8 20-9-213(4). All investment income must be deposited, and credited proportionately, in the funds
 9 established to account for the taxes received for the purposes specified in subsections (1)(a) through (1)(d).

10 (13) remit on a monthly basis to the state treasurer, in accordance with the provisions of 15-1-504,
 11 all county equalization revenue received under the provisions of 20-9-331 and 20-9-333, including all
 12 interest earned and excluding any amount required for high school out-of-county tuition under the
 13 provisions of 20-9-334, in repayment of the state advance for county equalization prescribed in 20-9-347.
 14 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)."

15

16 **Section 19.** Section 20-9-314, MCA, is amended to read:

17 **"20-9-314. Procedures for determining eligibility and amount of increased average number**
 18 **belonging due to unusual enrollment increase.** A district that anticipates an unusual increase in enrollment
 19 in the ensuing school fiscal year, as provided for in 20-9-313(4), may increase its basic entitlement and
 20 total per-ANB entitlement for the ensuing school fiscal year in accordance with the following provisions:

21 (1) Prior to May 10, the district shall estimate the elementary or high school enrollment to be
 22 realized during the ensuing school fiscal year, based on as much factual information as may be available
 23 to the district.

24 (2) No later than May 10, the district shall submit its application for an unusual enrollment increase
 25 by elementary or high school level to the superintendent of public instruction. The application must include:

26 (a) the enrollment for the current school fiscal year;

27 (b) the average number belonging used to calculate the basic entitlement and total per-ANB
 28 entitlement for the current school fiscal year;

29 (c) the average number belonging that will be used to calculate the basic entitlement and total
 30 per-ANB entitlement for the ensuing school fiscal year;

1 (d) the estimated enrollment, including the factual information on which the estimate is based, as
2 provided in subsection (1); and

3 (e) any other information or data that may be requested by the superintendent of public instruction.

4 (3) The superintendent of public instruction shall immediately review all the factors of the
5 application and shall approve or disapprove the application or adjust the estimated average number
6 belonging for the ensuing ANB calculation period. After approving an estimate, with or without adjustment,
7 the superintendent of public instruction shall:

8 (a) determine the percentage increase that the estimated enrollment increase is over the current
9 enrollment; and

10 (b) approve an increase of the average number belonging used to establish the ensuing year's basic
11 entitlement and total per-ANB entitlement in accordance with subsection (5) if the increase in subsection
12 (3)(a) is at least 6%.

13 (4) The superintendent of public instruction shall notify the district of the decision by the fourth
14 Monday in June.

15 (5) Whenever an unusual enrollment increase is approved by the superintendent of public
16 instruction, the increase of the average number belonging used to establish the basic entitlement and total
17 per-ANB entitlement for the ensuing ANB calculation period is the difference between the enrollment for
18 the ensuing school fiscal year and 106% of the current enrollment. The amount determined is the maximum
19 allowable increase added to the average number belonging for the purpose of establishing the ensuing
20 year's basic entitlement and total per-ANB entitlement.

21 (6) Any entitlement increases resulting from provisions of this section must be reviewed at the end
22 of the ensuing school fiscal year. If the actual enrollment is less than the average number belonging used
23 for BASE funding program and entitlement calculations, the superintendent of public instruction shall revise
24 the total per-ANB entitlement and basic entitlement calculations using the actual average number belonging.
25 All total per-ANB entitlements received by the district in excess of the revised entitlements are
26 overpayments subject to the refund provisions of 20-9-344(4)."

27
28 **Section 20.** Section 20-9-331, MCA, is amended to read:

29 **"20-9-331. Basic county tax for elementary equalization and other ~~revenues~~ revenue for county**
30 **equalization of the elementary ~~district~~ BASE funding program. (1) The county commissioners of each county**

1 shall levy an annual basic county tax of 33 mills on the dollar of the taxable value of all taxable property
2 within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2),
3 61-3-521, 61-3-527, 61-3-537, and 67-3-204, for the purposes of ~~local~~ elementary equalization and state
4 BASE funding program support. The revenue collected from this levy must be apportioned to the support
5 of the elementary BASE funding programs of the school districts in the county and to the state general fund
6 in the following manner:

7 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,
8 the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE
9 funding programs of all elementary districts of the county.

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

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

19 (a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for
20 the ~~common school fund~~ elementary county equalization fund under the provisions of 17-3-222;

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

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

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

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

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

30 (g) oil and natural gas production taxes;

1 (h) anticipated local government severance tax payments for calendar year 1995 production as
2 provided in 15-36-325; and

3 (i) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
4 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204."

5
6 **Section 21.** Section 20-9-332, MCA, is amended to read:

7 **"20-9-332. Fines and penalties proceeds for elementary county equalization.** All fines and penalties
8 collected under the provisions of this title, except those collected by a justice's court, ~~shall~~ must be paid
9 into the ~~county~~ elementary county equalization fund as provided by 20-9-331(2)(c). In order to implement
10 this section and any other provision of law requiring the deposit of fines in the elementary county
11 equalization fund, a report ~~shall~~ must be made to the county superintendent of the county, at the close of
12 each term, by the clerk of each district court, reporting all fines imposed and collected during the term and
13 indicating the type of violation and the date of collection."
14

15 **Section 22.** Section 20-9-333, MCA, is amended to read:

16 **"20-9-333. Basic ~~special~~ levy county tax for high school equalization and other revenue for county**
17 **equalization of high school ~~district~~ BASE funding program.** (1) The county commissioners of each county
18 shall levy an annual basic ~~special~~ county tax for high schools of 22 mills on the dollar of the taxable value
19 of all taxable property within the county, except for property subject to a tax or fee under 23-2-517,
20 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204, for the purposes of ~~local~~ high
21 school equalization and state BASE funding program support. The revenue collected from this levy must
22 be apportioned to the support of the BASE funding programs of high school districts in the county and to
23 the state general fund in the following manner:

24 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,
25 the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the
26 county's high school tuition obligation and the total of the BASE funding programs of all high school
27 districts of the county.

28 (b) If the basic levy and other revenue prescribed by this section produce more revenue than is
29 required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds
30 to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus

1 balance and each subsequent month ~~thereafter~~, with any final remittance due no later than June 20 of the
2 fiscal year for which the levy has been set.

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

7 (a) any money remaining at the end of the immediately preceding school fiscal year in the county
8 treasurer's accounts for the various sources of revenue established in this section;

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

11 (c) gross proceeds taxes from coal under 15-23-703;

12 (d) oil and natural gas production taxes;

13 (e) anticipated local government severance tax payments for calendar year 1995 production as
14 provided in 15-36-325; and

15 (f) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
16 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204."

17

18 **Section 23.** Section 20-9-334, MCA, is amended to read:

19 "**20-9-334. ~~Apportionment of county equalization moneys — high school out of county~~**
20 **Out-of-county tuition obligations.** ~~(1) The county superintendent shall calculate the apportionment of~~
21 ~~revenues deposited in the basic county tax account and the revenues deposited in the basic special tax for~~
22 ~~high schools account to the several districts of the county. The apportionments shall be known as "county~~
23 ~~equalization moneys".~~

24 ~~(2) The county superintendent shall direct the county treasurer to deduct from the revenues~~
25 ~~revenue available in the basic special tax for high schools account~~ elementary and high school county
26 equalization funds, prior to remittance of the funds to the state treasurer under the provisions of 15-1-504
27 and 20-9-212, the amount required for the month to pay the county's obligation for elementary and high
28 school out-of-county tuition under 20-5-324."

29

30 **Section 24.** 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 shall calculate the apportionment of revenue available in the ~~base~~ elementary and high
 3 school county tax account and in the base special tax for high schools account equalization funds in
 4 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;

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 25.** Section 20-9-347, MCA, is amended to read:

21 **"20-9-347. Distribution of BASE aid and special education allowable cost payments in support of**
 22 **BASE funding program -- exceptions.** (1) The superintendent of public instruction shall:

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

25 (b) in the manner described in 20-9-344, provide for a state advance to each county in an amount
 26 that is no less than the amount anticipated to be raised for the ~~base~~ elementary and high school county
 27 ~~tax fund~~ equalization funds as provided in 20-9-331 and ~~for the base special tax fund as provided in~~
 28 20-9-333; and

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

30 (2) (a) The superintendent of public instruction is authorized to adjust the schedule prescribed in

1 20-9-344 for distribution of the BASE aid payments if the distribution will cause a district to register
2 warrants under the provisions of 20-9-212(8).

3 (b) To qualify for an adjustment in the payment schedule, a district shall demonstrate to the
4 superintendent of public instruction, in the manner required by the office, that the payment schedule
5 prescribed in 20-9-344 will result in insufficient money available in all funds of the district to make payment
6 of the district's warrants. The county treasurer shall confirm the anticipated deficit. This section may not
7 be construed to authorize the superintendent of public instruction to exceed a district's annual payment for
8 BASE aid.

9 (3) The superintendent of public instruction shall:

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

11 (b) supply the county treasurer and the county superintendent of public instruction with a report
12 of payments for special education allowable costs to districts of the county."
13

14 **Section 26.** Section 20-9-507, MCA, is amended to read:

15 "**20-9-507. Miscellaneous programs fund.** (1) The trustees of a district receiving money from local,
16 state, federal, or other sources provided in 20-5-324 other than money under the provisions of Title 1 of
17 ~~Public Law 81-874~~ impact aid, as provided in 20 U.S.C. 7701, et seq., or federal money designated for
18 deposit in a specific fund of the district shall establish a miscellaneous programs fund for the deposit of the
19 money. The money may be a reimbursement of miscellaneous program fund expenditures already realized
20 by the district, a payment received as a local government severance tax payment for calendar year 1995
21 production as provided in 15-36-325, indirect cost recoveries, or a grant of money for the financing of
22 expenditures to be realized by the district for a special, approved program to be operated by the district.
23 When the money is a reimbursement or a local government severance tax payment, the money may be
24 expended at the discretion of the trustees for school purposes. When the money is a grant, the money must
25 be expended according to the conditions of the program approval by the superintendent of public instruction
26 or any other approval agent. Within the miscellaneous programs fund, the trustees shall ~~cause~~ maintain a
27 separate accounting ~~to be maintained~~ for each local, state, or federal grant program ~~and for the aggregate~~
28 ~~of all reimbursement money project and the indirect cost recoveries.~~

29 (2) The financial administration of the miscellaneous programs fund must be in accordance with
30 the financial administration provisions of this title for a nonbudgeted fund."

1 **Section 27.** Section 20-9-509, MCA, is amended to read:

2 **"20-9-509. Lease or rental agreement fund.** (1) The trustees of any district that provides pupil or
3 teacher housing in district-owned buildings under a lease or rental agreement with pupils or teachers or
4 receives ~~moneys~~ money under the provision of 20-6-607 may establish a lease or rental agreement fund.
5 All ~~moneys~~ money received from ~~such the~~ lease or rental agreements may be deposited with the county
6 treasurer to the credit of the lease or rental agreement fund, general fund, the debt service fund, or any
7 other appropriate fund. Whenever the end-of-the-year cash balance of a lease or rental agreement fund is
8 more than \$10,000 for an elementary or high school district or \$20,000 for a K-12 district, such the cash
9 balance in excess of ~~\$10,000 shall~~ this limit must be transferred to the general fund of the district.

10 (2) Any expenditure of ~~moneys~~ money from a lease or rental agreement fund ~~shall~~ must be made
11 for the maintenance and operation of the district-owned buildings to which the lease or rental agreements
12 apply or for the acquisition of additional housing or dormitory facilities. The financial administration of the
13 lease or rental agreement fund ~~shall~~ must be in accordance with the financial administration provisions of
14 this title for a nonbudgeted fund."

15

16 **Section 28.** Section 20-9-514, MCA, is amended to read:

17 **"20-9-514. Impact aid fund.** (1) The trustees of a district that receives federal funds under the
18 provisions of ~~Title I of Public Law 81-874~~ impact aid, as provided in 20 U.S.C. 7701, et seq., shall establish
19 an impact aid fund. Money received under the provisions of ~~Public Law 81-874~~ 20 U.S.C. 7701, et seq.,
20 must be deposited with the county treasurer to the credit of the impact aid fund.

21 (2) The expenditure of money from the impact aid fund must be made pursuant to ~~Title I of Public~~
22 ~~Law 81-874~~ 20 U.S.C. 7701, et seq. The impact aid fund must be administered pursuant to the financial
23 administration provisions of this title for nonbudgeted funds."

24

25 **Section 29.** Section 20-9-533, MCA, is amended to read:

26 **"20-9-533. Technology acquisition fund -- limitations.** (1) The trustees of a district may establish
27 a technology acquisition fund for school district expenditures incurred for:

28 (a) the purchase, rental, repair, and maintenance of technological equipment, including computers
29 and computer network access; and

30 (b) associated technical training for school district personnel.

1 (2) The trustees of a district shall fund the ~~budget for the~~ technology acquisition fund with the
 2 state money received under 20-9-534 and with other local, state, and federal funds received for the
 3 purpose of funding technology.

4 ~~(3) Whenever the trustees of a district establish the technology acquisition fund, the trustees shall:~~

5 ~~(a) adopt a resolution stating the reasons and purpose for financing a technology acquisition fund~~
 6 ~~budget;~~

7 ~~(b) adopt a budget for the amount required for the technology acquisition fund for the ensuing~~
 8 ~~school fiscal year; and~~

9 ~~(c) report the technology acquisition fund budget to the county superintendent on the regular~~
 10 ~~budget form prescribed by the superintendent of public instruction in accordance with 20-9-103.~~

11 ~~(4)~~(3) The trustees of a district may not use revenue in the technology acquisition fund to finance
 12 contributions to the teachers' retirement system, the public employees' retirement system, or the federal
 13 social security system or for unemployment compensation insurance."

14
 15 **Section 30.** Section 20-9-534, MCA, is amended to read:

16 "**20-9-534. School technology purchases.** ~~The~~ By September 1, the superintendent of public
 17 instruction shall allocate the annual amount appropriated for grants for school technology purchases to each
 18 district based on the ratio that each district's BASE budget bears to the statewide BASE budget amount
 19 for all school districts multiplied by the amount of money provided in 20-9-343(3)(a)(ii) in the current school
 20 year."

21
 22 **Section 31.** Section 20-10-124, MCA, is amended to read:

23 "**20-10-124. Private party contract for transportation -- individual transportation contract.** (1)
 24 When the trustees contract with any private party to provide transportation to eligible transportees, the
 25 private party shall comply ~~in every respect~~ with the regulations of the board of public education for the
 26 standards of equipment, operation and safety of the school bus, and qualifications of the driver. The
 27 trustees may, ~~in contracting with private parties,~~ require added safeguards by supplementing the board of
 28 public education policies in the contract with additional requirements for bus specifications, age of drivers,
 29 liability insurance, operating speed, or any other contractual condition ~~deemed~~ considered necessary by the
 30 trustees.

1 (2) Any school bus transportation by a private party or individual transportation that is furnished
 2 by a district ~~shall~~ must be under contract, and ~~no~~ district, county, or state money ~~shall~~ may not be paid for
 3 such transportation services to any person or firm who does not hold a legal contract with the district.
 4 Transportation contracts for the ensuing year ~~shall~~ must be completed by the fourth Monday of June,
 5 except when an eligible transportee establishes residence in the district after the fourth Monday of June
 6 and a contingency amount is included in the regular transportation budget or an emergency transportation
 7 budget is adopted.

8 (3) Transportation contracts between a district and a private party for the provision of school bus
 9 transportation ~~shall be subject to the following requirements~~ must:

10 (a) ~~the contract shall be completed in quadruplicate and, upon completion, triplicate, with one copy~~
 11 ~~shall be~~ for the county superintendent, one copy for the private party, ~~one copy for the superintendent of~~
 12 ~~public instruction, and one copy shall be retained by~~ for the district;

13 (b) ~~the contract terms shall require conformance~~ conform to the transportation law, policies of the
 14 board of public education, and rules of the superintendent of public instruction; and

15 (c) ~~the contract shall~~ be signed by the ~~chairman~~ presiding officer of the trustees and the private
 16 party.

17 (4) A transportation contract between a parent or guardian of an eligible transportee and a district
 18 for the provision of individual transportation ~~shall be~~ is subject to the following requirements:

19 (a) it ~~shall~~ must be completed in quadruplicate ~~and, upon approval, with one copy shall be~~ for the
 20 parent or guardian, one copy for the district, one copy for the county superintendent, and one copy for the
 21 superintendent of public instruction;

22 (b) it ~~shall~~ must be completed on forms promulgated by the superintendent of public instruction;

23 (c) the parent or guardian shall sign an affidavit attesting to the place of residence of ~~his~~ the child
 24 or children; and

25 (d) it ~~shall~~ must be signed by the ~~chairman~~ presiding officer of the trustees and the parent or
 26 guardian of the eligible transportees."

27
 28 **Section 32.** Section 20-10-144, MCA, is amended to read:

29 **"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund**
 30 **budget.** Before the fourth Monday of July and in accordance with 20-9-123, the county superintendent

1 shall compute the revenue available to finance the transportation fund budget of each district. The county
2 superintendent shall compute the revenue for each district on the following basis:

3 (1) The "schedule amount" of the preliminary budget expenditures that is derived from the rate
4 schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

5 (a) the sum of the maximum reimbursable expenditures for all approved school bus routes
6 maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate
7 per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus
8 route approved by the county transportation committee and maintained by the district); plus

9 (b) the total of all individual transportation per diem reimbursement rates for the district as
10 determined from the contracts submitted by the district multiplied by the number of pupil-instruction days
11 scheduled for the ensuing school attendance year; plus

12 (c) any estimated costs for supervised home study or supervised correspondence study for the
13 ensuing school fiscal year; plus

14 (d) the amount budgeted on the preliminary budget for the contingency amount permitted in
15 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100,
16 whichever is larger, the contingency amount on the preliminary budget must be reduced to the limitation
17 amount and used in this determination of the schedule amount; plus

18 (e) any estimated costs for transporting a child out of district when the child has mandatory
19 approval to attend school in a district outside the district of residence.

20 (2) (a) The schedule amount determined in subsection (1) or the total preliminary transportation
21 fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county
22 revenue to be budgeted on the following basis:

23 (i) one-half is the budgeted state transportation reimbursement, except that the state transportation
24 reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be
25 50% of the schedule amount attributed to the transportation of special education pupils; and

26 (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the
27 manner provided in 20-10-146.

28 (b) When the district has a sufficient amount of ~~cash~~ fund balance for reappropriation and other
29 sources of district revenue, as determined in subsection (3), to reduce the total district obligation for
30 financing to zero, any remaining amount of district revenue and ~~cash~~ fund balance reappropriated must be

1 used to reduce the county financing obligation in subsection (2)(a)(ii) and, if the county financing
2 obligations are reduced to zero, to reduce the state financial obligation in subsection (2)(a)(i).

3 (c) The county revenue requirement for a joint district, after the application of any district money
4 under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same
5 proportion as the ANB of the joint district is distributed by pupil residence in each county.

6 (3) The total of the money available for the reduction of property tax on the district for the
7 transportation fund must be determined by totaling:

8 (a) anticipated federal money received under the provisions of ~~Title I of Public Law 81-874~~ 20
9 U.S.C. 7701, et seq., or other anticipated federal money received in lieu of that federal act;

10 (b) anticipated payments from other districts for providing school bus transportation services for
11 the district;

12 (c) anticipated payments from a parent or guardian for providing school bus transportation services
13 for a child;

14 (d) anticipated or reappropriated interest to be earned by the investment of transportation fund
15 cash in accordance with the provisions of 20-9-213(4);

16 (e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517,
17 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204;

18 (f) anticipated revenue from coal gross proceeds under 15-23-703;

19 (g) anticipated oil and natural gas production taxes;

20 (h) anticipated local government severance tax payments for calendar year 1995 production;

21 (i) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320
22 through 20-5-324;

23 (j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year
24 that may be used to finance the transportation fund; and

25 (k) any fund balance available for reappropriation as determined by subtracting the amount of the
26 end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school
27 fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating
28 reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year
29 and is for the purpose of paying transportation fund warrants issued by the district under the final
30 transportation fund budget.

1 (4) The district levy requirement for each district's transportation fund must be computed by:

2 (a) subtracting the schedule amount calculated in subsection (1) from the total preliminary
3 transportation budget amount; and

4 (b) subtracting the amount of money available to reduce the property tax on the district, as
5 determined in subsection (3), from the amount determined in subsection (4)(a).

6 (5) The transportation fund levy requirements determined in subsection (4) for each district must
7 be reported to the county commissioners on the fourth Monday of August by the county superintendent
8 as the transportation fund levy requirements for the district, and the levy must be made by the county
9 commissioners in accordance with 20-9-142."

10
11 **Section 33.** Section 69-11-202, MCA, is amended to read:

12 "**69-11-202. Establishment and notice of schedule for passenger carriers.** ~~Every~~ A common carrier
13 of passengers by railroad or by vessel plying upon waters lying wholly within this state shall establish and
14 give public notice of a schedule time for the starting of trains or vessels from their ~~respective~~ stations or
15 wharves, ~~of which public notice shall be given, and.~~ A common carrier shall, weather permitting, except
16 in case of accident or detention caused by connecting lines or weather conditions, start ~~their~~ trains or
17 vessels at or within 10 minutes after the schedule time ~~so established and notice given, under a penalty,~~
18 Failure to comply is punishable by a fine of \$250 for each neglect so to do, to be recovered by action
19 before any court of competent jurisdiction, upon complaint filed by the county attorney ~~of the county in~~
20 ~~the name of the state,~~ and paid into the ~~common school fund of the county~~ elementary county equalization
21 fund."

22
23 **Section 34.** Section 85-8-612, MCA, is amended to read:

24 "**85-8-612. Lien of assessments -- payment of assessments against state lands.** (1) From the time
25 of the entry of ~~said the~~ the order, assessments for construction of new work and additional assessments and
26 interest ~~thereon shall be~~ are a lien upon the lands assessed, until paid. Any owner of land or any
27 corporation assessed for construction may, at any time within 30 days after the confirmation of ~~said the~~ the
28 report, pay into court the amount of the assessment against ~~his~~ the land or any tract ~~thereof~~ of the land
29 or against ~~any such~~ the corporation. ~~Said~~ The payment ~~shall relieve said~~ relieves the lands from the lien of
30 ~~said the~~ the assessment and ~~said the~~ the corporation from all liability on ~~said the~~ the assessment.

1 (2) Upon presentation to the state treasurer of an order of the district court having jurisdiction of
2 the drainage district, properly certified, the department of administration shall draw a warrant on the
3 ~~treasury on the common school fund~~ state general fund in favor of the commissioners of the drainage
4 district for the total amount that may be assessed against any lands included in the district, the title to
5 which is in the state of Montana. Upon payment of the warrant, the lands are relieved from the lien created
6 for the costs of construction.”

7

8 NEW SECTION. Section 35. Effective date. [This act] is effective July 1, 1997.

9

-END-

APPROVED BY COM ON EDUCATION
AND CULTURAL RESOURCES

SENATE BILL NO. 70

INTRODUCED BY GAGE

BY REQUEST OF THE OFFICE OF PUBLIC INSTRUCTION

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE SCHOOL FINANCE AND BUDGETING LAWS; STANDARDIZING THE TERMS RELATING TO EQUALIZATION FUNDS AND THE BASIC COUNTY TAX FOR EQUALIZATION; ALLOWING SCHOOL TRUSTEES TO ADMINISTER OTHER FUNDS AUTHORIZED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION; ~~ELIMINATING THE REQUIREMENT FOR A TEACHER TO KEEP AN ATTENDANCE REGISTER~~; MAKING TIME LIMITATIONS FOR HIGH SCHOOL DISTRICT BOUNDARY CHANGES CONSISTENT WITH ELEMENTARY DISTRICT TIME LIMITATIONS; CHANGING THE TERM "CASH BALANCE" TO "FUND BALANCE" WHEN APPROPRIATE; CHANGING REFERENCES TO "PUBLIC LAW 81-874" TO "IMPACT AID"; CORRECTING THE DATES FOR GIVING NOTICE OF THE PRELIMINARY SCHOOL BUDGET; CHANGING THE TERM "BASE FUNDING PROGRAM" TO "DIRECT STATE AID" WHEN APPROPRIATE; ALLOWING INDIRECT COST RECOVERIES TO BE DEPOSITED IN THE MISCELLANEOUS PROGRAMS FUND; SPECIFYING THE CASH BALANCE OF A LEASE AGREEMENT FOR A K-12 DISTRICT; ELIMINATING THE REQUIREMENT FOR A DISTRICT TO SEND COPIES OF BUS TRANSPORTATION CONTRACTS TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION; ELIMINATING THE COUNTY SUPERINTENDENT'S DUTY TO CALCULATE THE APPORTIONMENT OF COUNTY EQUALIZATION MONEY; ELIMINATING THE REQUIREMENT FOR TRUSTEES TO ADOPT A BUDGET FOR THE TECHNOLOGY ACQUISITION FUND; PROVIDING FOR AN ANNUAL ALLOCATION OF GRANT MONEY FOR SCHOOL TECHNOLOGY; AMENDING SECTIONS 15-23-703, 17-3-222, 20-1-301, 20-3-205, 20-3-209, 20-3-324, 20-4-301, 20-5-316, 20-5-324, 20-6-314, 20-6-609, 20-6-701, 20-6-702, 20-9-115, 20-9-143, 20-9-161, 20-9-166, 20-9-212, 20-9-314, 20-9-331, 20-9-332, 20-9-333, 20-9-334, 20-9-335, 20-9-347, 20-9-507, 20-9-509, 20-9-514, 20-9-533, 20-9-534, 20-10-124, 20-10-144, AND 69-11-202, ~~AND 85-8-612~~, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 15-23-703, MCA, is amended to read:

"15-23-703. Taxation of gross proceeds -- taxable value for bonding and guaranteed tax base aid

1 to schools. (1) The department shall compute from the reported gross proceeds from coal a tax roll that
2 must be transmitted to the county treasurer on or before September 15 each year. The department may
3 not levy or assess any mills against the reported gross proceeds of coal but shall levy a tax of 5% against
4 the value of the reported gross proceeds as provided in 15-23-701(1)(d). The county treasurer shall proceed
5 to give full notice to each coal producer of the taxes due and to collect the taxes as provided in 15-16-101.

6 (2) For bonding, county classification, and all nontax purposes, the taxable value of the gross
7 proceeds of coal is 45% of the contract sales price as defined in 15-35-102.

8 (3) Except as provided in subsection (6), the county treasurer shall calculate and distribute to the
9 state, county, and eligible school districts in the county the amount of the coal gross proceeds tax,
10 determined by multiplying the unit value calculated in 15-23-705 times the tons of coal extracted, treated,
11 and sold on which the coal gross proceeds tax was owed during the preceding calendar year.

12 (4) Except as provided in subsections (5), (6), and (8), the county treasurer shall credit the amount
13 determined under subsection (3) and the amounts received under 15-23-706:

14 (a) to the state and to the counties that levied mills in fiscal year 1990 against 1988 production
15 in the relative proportions required by the levies for state and county purposes in the same manner as
16 property taxes were distributed in fiscal year 1990 in the taxing jurisdiction; and

17 (b) to school districts in the county that either levied mills in school fiscal year 1990 against 1988
18 production or used nontax revenue, such as ~~Public Law 81-874~~ impact aid money, as provided in 20 U.S.C.
19 7701, et seq., in lieu of levying mills against production, in the same manner that property taxes collected
20 or property taxes that would have been collected would have been distributed in the 1990 school fiscal
21 year in the school district.

22 (5) (a) If the total tax liability in a taxing jurisdiction exceeds the amount determined in subsection
23 (3), the county treasurer shall, immediately following the distribution from taxes paid on May 31 of each
24 year, send the excess revenue, excluding any protested coal gross proceeds tax revenue, to the department
25 for redistribution as provided in 15-23-706.

26 (b) If the total tax liability in a taxing jurisdiction is less than the amount determined in subsection
27 (3), the taxing jurisdiction is entitled to a redistribution as provided by 15-23-706.

28 (6) The board of county commissioners of a county may direct the county treasurer to reallocate
29 the distribution of coal gross proceeds taxes that would have gone to a taxing unit, as provided in
30 subsection (4)(a), to another taxing unit or taxing units, other than an elementary school or high school,

1 within the county under the following conditions:

2 (a) The county treasurer shall first allocate the coal gross proceeds taxes to the taxing units within
3 the county in the same proportion that all other property tax proceeds were distributed in the county in
4 fiscal year 1990.

5 (b) If the allocation in subsection (6)(a) exceeds the total budget for a taxing unit, the
6 commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

7 (7) The board of trustees of an elementary or high school district may reallocate the coal gross
8 proceeds taxes distributed to the district by the county treasurer under the following conditions:

9 (a) The district shall first allocate the coal gross proceeds taxes to the budgeted funds of the
10 district in the same proportion that all other property tax proceeds were distributed in the district in fiscal
11 year 1990.

12 (b) If the allocation under subsection (7)(a) exceeds the total budget for a fund, the trustees may
13 allocate the excess to any budgeted fund of the school district.

14 (8) The county treasurer shall credit all taxes collected under this part from coal mines that began
15 production after December 31, 1988, in the relative proportions required by the levies for state, county,
16 and school district purposes in the same manner as property taxes were distributed in the previous fiscal
17 year. (In subsection (2), the deletion of the reference to subsection (5) of 15-35-102 terminates December
18 31, 2005--sec. 5, Ch. 318, L. 1995.)"

19

20 **Section 2.** Section 17-3-222, MCA, is amended to read:

21 "**17-3-222. Apportionment of moneys money to counties.** It ~~shall be~~ is the duty of the state
22 treasurer to properly apportion and allocate ~~these moneys~~ the money received under 17-3-221 to the
23 county treasurers, who ~~will~~ shall allocate ~~and pay all such moneys~~ the money as follows: 50% to the
24 county general fund and 50% to the ~~common school fund of the elementary~~ county equalization fund."

25

26 **Section 3.** Section 20-1-301, MCA, is amended to read:

27 "**20-1-301. School fiscal year.** The school fiscal year ~~shall begin~~ begins on July 1 and ~~end~~ ends
28 on June 30. At least 180 school days of pupil instruction ~~shall~~ must be conducted during each school fiscal
29 year, except that 175 days of pupil instruction for graduating seniors may be sufficient, as provided in
30 20-9-313, or unless a variance for kindergarten has been granted under 20-1-302 or a district is granted

1 a variance under the provisions of chapter 9, part 8, ~~of this title~~. For any elementary or high school district
 2 that fails to provide for at least 180 school days of pupil instruction, the superintendent of public instruction
 3 shall reduce the ~~county equalization as defined in 20-9-334 and the state equalization as defined in~~
 4 ~~20-9-343~~ direct state aid for the district for that school year by 1/90th for each school day less than 180
 5 school days."

6

7 **Section 4.** Section 20-3-205, MCA, is amended to read:

8 **"20-3-205. Powers and duties.** The county superintendent has general supervision of the schools
 9 of the county within the limitations prescribed by this title and shall perform the following duties or acts:

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

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

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

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

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

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

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

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

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

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

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

1 (12) complete the budgets, compute the budgeted revenues and tax levies, file final budgets and
2 budget amendments, and fulfill other responsibilities assigned under the provisions of this title regulating
3 school budgeting systems;

4 (13) submit an annual financial report to the superintendent of public instruction in accordance with
5 the provisions of 20-9-211;

6 (14) monthly, unless otherwise provided by law, order the county treasurer to apportion state
7 money, county school money, and any other school money subject to apportionment in accordance with
8 the provisions of 20-9-212, ~~20-9-334~~, 20-9-335, 20-9-347, 20-10-145, or 20-10-146;

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

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

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

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

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

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

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

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

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

29 (24) keep a record of official acts, preserve all reports submitted to the superintendent under the
30 provisions of this title, preserve all books and instructional equipment or supplies, keep all documents

1 applicable to the administration of the office, and surrender all records, books, supplies, and equipment to
2 the next superintendent;

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

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

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

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

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

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

14

15 **Section 5.** Section 20-3-209, MCA, is amended to read:

16 "**20-3-209. Annual report.** The county superintendent of each county shall submit an annual report
17 to the superintendent of public instruction not later than September 1. ~~Such~~ The report ~~shall~~ must be
18 completed on the forms supplied by the superintendent of public instruction, ~~which shall require the~~
19 ~~reporting of~~ and must include:

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

21 (2) the financial activities of each district of the county for the immediately preceding school fiscal
22 year as provided by the trustees' annual report to the county superintendent under the provisions of
23 20-9-213(5);

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

26 (4) any other information that may be requested by the superintendent of public instruction ~~which~~
27 that is within ~~his~~ the superintendent's authority prescribed by this title."

28

29 **Section 6.** Section 20-3-324, MCA, is amended to read:

30 "**20-3-324. Powers and duties.** As prescribed elsewhere in this title, the trustees of each district

1 shall:

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

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

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

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

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

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

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

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

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

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

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

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

30 (13) when applicable, establish, financially administer, and budget for the tuition fund, retirement

1 fund, building reserve fund, adult education fund, nonoperating fund, school food services fund,
2 miscellaneous ~~federal~~ programs fund, building fund, lease or rental agreement fund, traffic education fund,
3 impact aid fund, ~~and~~ interlocal cooperative agreement fund, and other funds as authorized by the state
4 superintendent of public instruction in accordance with the provisions of the other school funds parts of
5 this title;

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

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

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

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

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

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

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

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

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

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

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

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

6
7 **Section 7.** Section 20-4-301, MCA, is amended to read:

8 **"20-4-301. Duties of teacher -- nonpayment for failure to comply.** (1) Any teacher under contract
9 with a district shall:

10 (a) conform to and enforce the laws, board of public education policies, and the policies of the
11 trustees of the district;

12 (b) ~~utilize~~ use the course of instruction prescribed by the trustees;

13 ~~(c) keep, in a neat and businesslike manner, a teacher's register in the form and on the blanks~~
14 ~~prescribed by the superintendent of public instruction;~~

15 ~~(d) within 10 days after the conclusion of each school semester, prepare a report in the manner~~
16 ~~and on the forms prescribed by the superintendent of public instruction, which must include the pupil~~
17 ~~attendance and absence data from his teacher's register that is necessary to calculate ANB. The report~~
18 ~~must be submitted to:~~

19 ~~(i) the district superintendent, if there is one;~~

20 ~~(ii) the principal of the school, if there is one and there is no district superintendent; or~~

21 ~~(iii) the county superintendent or all county superintendents when the teacher is reporting for a joint~~
22 ~~district, if there is no district superintendent or principal.~~

23 (C) KEEP, IN A NEAT AND BUSINESSLIKE MANNER, A TEACHER'S REGISTER IN THE FORM AND
24 ON THE BLANKS PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION;

25 (D) WITHIN 10 DAYS AFTER THE CONCLUSION OF EACH SCHOOL SEMESTER, PREPARE A
26 REPORT THAT MUST INCLUDE THE PUPIL ATTENDANCE AND ABSENCE DATA FROM THE TEACHER'S
27 REGISTER AND GRADES. THE REPORT MUST BE SUBMITTED TO:

28 (I) THE DISTRICT SUPERINTENDENT, IF THERE IS ONE;

29 (II) THE PRINCIPAL OF THE SCHOOL, IF THERE IS ONE AND THERE IS NO DISTRICT
30 SUPERINTENDENT; OR

1 (III) THE COUNTY SUPERINTENDENT OR ALL COUNTY SUPERINTENDENTS WHEN THE TEACHER
 2 IS REPORTING FOR A JOINT DISTRICT, IF THERE IS NO DISTRICT SUPERINTENDENT OR PRINCIPAL.

3 ~~(e)(E)~~ exercise due diligence in the care of school grounds and buildings, furniture, equipment,
 4 books, and supplies; and

5 ~~(f)(F)~~ provide moral and civic instruction by:

6 (i) endeavoring to impress the pupils with the principles of morality, truth, justice, and patriotism;

7 (ii) teaching the pupils to avoid idleness, profanity, and falsehood;

8 (iii) instructing the pupils in the principles of free government and training them to comprehend the
 9 rights, responsibilities, and dignity of American citizenship.

10 (2) The trustees are authorized to withhold the salary warrant of any teacher who does not comply
 11 with the provisions of subsection (1)(a) or (1)(b) until the teacher does comply with the provisions.

12 ~~(3) The trustees may not pay any teacher his last month's salary until he has provided a complete~~
 13 ~~and accurate semester report to the required person, as determined by the person and as required in~~
 14 ~~subsection (1)(d) of this section.~~

15 (3) THE TRUSTEES MAY NOT PAY ANY TEACHER THE TEACHER'S LAST MONTH'S SALARY
 16 UNTIL THE TEACHER HAS PROVIDED A COMPLETE AND ACCURATE SEMESTER REPORT TO THE
 17 REQUIRED PERSON, AS DETERMINED BY THE PERSON AND AS REQUIRED IN SUBSECTION (1)(D)."

18
 19 **Section 8.** Section 20-5-316, MCA, is amended to read:

20 "**20-5-316. Out-of-state tuition.** (1) The county superintendent of schools of the county of the
 21 district of residence shall make payments from the elementary county ~~basic tax for elementary schools~~
 22 equalization fund for children who are placed in facilities outside the state of Montana pursuant to 20-5-321
 23 but not under the provisions of Title 20, chapter 7, part 4.

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

29
 30 **Section 9.** Section 20-5-324, MCA, is amended to read:

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

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

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

7 (c) the annual tuition rate for each child's tuition payment, as determined under the provisions of
8 20-5-323, and the tuition cost for each reported child; and

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

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

13 (3) Before July 30, the county superintendent shall report the information in subsection (1)(d) to
14 the superintendent of public instruction, who shall determine the total per-ANB entitlement for which the
15 district would be eligible if the student were enrolled in the resident district. The reimbursement amount
16 is the difference between the actual amount paid and the amount calculated in this subsection.

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

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

24 (6) When a child has mandatory approval under the provisions of 20-5-321, the tuition and
25 transportation obligation for an elementary school child attending a school outside of the child's county of
26 residence must be financed by the ~~county~~ basic county tax for elementary ~~districts~~ equalization, as provided
27 in 20-9-331, for the child's county of residence or for a high school child attending a school outside the
28 county of residence by the ~~county~~ basic county tax for high school ~~districts~~ equalization, as provided in
29 20-9-333, for the child's county of residence.

30 (7) By December 31 of the school fiscal year, the county superintendent or the trustees shall pay

1 at least one-half of any tuition and transportation obligation established under this section out of the money
 2 realized to date from the appropriate ~~basic~~ elementary or high school county ~~tax account~~ equalization fund
 3 provided for in ~~20-9-334~~ 20-9-335 or from the district tuition or transportation fund. The remaining tuition
 4 and transportation obligation must be paid by June 15 of the school fiscal year. The payments must be
 5 made to the county treasurer in each county with a school district that is entitled to tuition and
 6 transportation. Except as provided in subsection (9), the county treasurer shall credit tuition receipts to the
 7 general fund of a school district entitled to a tuition payment. The tuition receipts must be used in
 8 accordance with the provisions of 20-9-141. The county treasurer shall credit transportation receipts to the
 9 transportation fund of a school district entitled to a transportation payment.

10 (8) The superintendent of public instruction shall reimburse the district of residence for the per-ANB
 11 entitlement determined in subsection (3).

12 (9) (a) Any tuition receipts received under the provisions of Title 20, chapter 7, part 4, or
 13 20-5-323(3) for the current school fiscal year that exceed the tuition receipts of the prior year may be
 14 deposited in the district miscellaneous programs fund and must be used for that year in the manner
 15 provided for in 20-9-507 to support the costs of the program for which the tuition was received.

16 (b) Any other tuition receipts received for the current school fiscal year that exceed the tuition
 17 receipts of the prior year may be deposited in the district miscellaneous programs fund and may be used
 18 for that year in the manner provided for in that fund. For the ensuing school fiscal year, the receipts must
 19 be credited to the district general fund budget."

20

21 **Section 10.** Section 20-6-314, MCA, is amended to read:

22 **"20-6-314. Time limitations for boundary changes.** ~~No~~ A high school district may not be created
 23 and ~~no~~ a high school district boundary may not be changed between the first day of ~~March~~ January and
 24 the second Monday of August of any calendar year except when:

25 (1) the entire territory of a high school district is annexed or attached to another high school
 26 district;

27 (2) the entire territory or portion of a joint high school district located in one county is annexed or
 28 attached to another high school district; or

29 (3) two or more districts are consolidated in their entirety."

30

1 **Section 11.** Section 20-6-609, MCA, is amended to read:

2 **"20-6-609. Trustees' authority to acquire property by lease-purchase agreement.** The trustees of
3 a district may acquire real and personal property by an agreement to lease for 3 years with an option to
4 purchase. The terms of the lease must comply with 20-6-625. If real property is acquired, the trustees shall
5 comply with 20-6-603."

6

7 **Section 12.** Section 20-6-701, MCA, is amended to read:

8 **"20-6-701. K-12 school districts required -- definition -- procedure for creation -- exception.** (1)
9 Except as provided in subsection (4), ~~by the school fiscal year beginning July 1, 1995,~~ each elementary
10 district with the same district boundaries as a high school district shall attach to the high school district for
11 the purpose of establishing a K-12 school district.

12 (2) For the purposes of this title, unless the context clearly indicates otherwise, "K-12 school
13 district" means a high school district with an elementary district that has been attached to the high school
14 district under the procedures provided in this section, with the high school district remaining an organized
15 district under the provisions of 20-6-101 and other provisions of law and the elementary district becoming
16 an inactive district under the provisions of 20-6-101.

17 (3) The attachment of an elementary district to a high school district to form a K-12 school district
18 must be conducted under the following procedure:

19 (a) The trustees of each district shall pass a resolution requesting the county superintendent to
20 order an attachment involving their districts.

21 (b) When the county superintendent receives a resolution from each of the districts, the county
22 superintendent shall, within 10 days after receipt of the last resolution, order the attachment of the
23 elementary district to the high school district to take effect on July 1 of the ensuing school fiscal year.
24 Within 30 days of the order, the county superintendent shall send a copy of the order to the board of
25 county commissioners, the trustees of the districts included in the attachment order, and the superintendent
26 of public instruction.

27 (4) This section does not apply to a school district receiving ~~Public Law 81-874~~ impact aid funding,
28 as provided in 20 U.S.C. 7701, et seq., if creation of a K-12 district would result in the loss of ~~Public Law~~
29 ~~81-874~~ impact aid funding."

30

1 **Section 13.** Section 20-6-702, MCA, is amended to read:

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

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

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

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

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

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

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

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

26 (6) Tuition for attendance in the K-12 school district must be determined separately for high school
27 pupils and for elementary pupils under the provisions of 20-5-320 through 20-5-324, except that the actual
28 expenditures used for calculations in 20-5-323 must be based on an amount prorated between the
29 elementary and high school programs in the appropriate funds of each district in the year prior to the
30 attachment of the districts."

1 **Section 14.** Section 20-9-115, MCA, is amended to read:

2 "20-9-115. **Notice of preliminary budget filing and final budget meeting.** Between July 1~~0~~ 24 and
3 ~~July 20~~ August 4 of each year, the clerk of each district shall publish one notice, in the local or county
4 newspaper that the trustees of the district determine to be the newspaper with the widest circulation in
5 the district, stating that the preliminary budget for the district for the school fiscal year just beginning, as
6 prepared and adopted by the trustees, is on file in the clerk's office and open to inspection by all taxpayers.
7 The notice must also state the time and place that the trustees will meet on the ~~fourth~~ second Monday in
8 August for the purpose of considering and adopting the final budget of the district, that the meeting of the
9 trustees may be continued from day to day until the final adoption of the district's budget, and that any
10 taxpayer in the district may appear at the meeting and be heard for or against any part of the budget."
11

12 **Section 15.** Section 20-9-143, MCA, is amended to read:

13 "20-9-143. **Allocation of federal funds in lieu of property taxation.** Federal funds received by a
14 district under the provisions of ~~Title I of Public Law 81-874~~ impact aid, as provided in 20 U.S.C. 7701, et
15 seq., or funds designated in lieu of ~~such~~ the federal act by the congress of the United States must be
16 deposited in the impact aid fund established in 20-9-514."
17

18 **Section 16.** Section 20-9-161, MCA, is amended to read:

19 "20-9-161. **Definition of budget amendment for budgeting purposes.** As used in this title, unless
20 the context clearly indicates otherwise, the term "budget amendment" for the purpose of school budgeting
21 means an amendment to an adopted budget of the district for the following reasons:

22 (1) an increase in the enrollment of an elementary or high school district that is beyond what could
23 reasonably have been anticipated at the time of the adoption of the budget for the current school fiscal year
24 whenever, because of the enrollment increase, the district's budget for any or all of the regularly budgeted
25 funds does not provide sufficient financing to properly maintain and support the district for the entire
26 current school fiscal year;

27 (2) the destruction or impairment of any school property necessary to the maintenance of the
28 school, by fire, flood, storm, riot, insurrection, or act of God, to an extent rendering school property unfit
29 for its present school use;

30 (3) a judgment for damages against the district issued by a court after the adoption of the budget

- 1 for the current year;
- 2 (4) an enactment of legislation after the adoption of the budget for the current year that imposes
- 3 an additional financial obligation on the district;
- 4 (5) the receipt of:
- 5 (a) a settlement of taxes protested in a prior school fiscal year;
- 6 (b) taxes from a prior school fiscal year as the result of a tax audit by the department of revenue
- 7 or its agents;
- 8 (c) delinquent taxes from a prior school fiscal year; or
- 9 (d) local government severance tax payments for calendar year 1995 production as provided in
- 10 15-36-325(7); and
- 11 (e) a determination by the trustees that it is necessary to expend all or a portion of the taxes
- 12 received under subsection (5)(a), (5)(b), (5)(c), or (5)(d) for a project or projects that were deferred from
- 13 a previous budget of the district ~~as a result of the protested taxes~~; or
- 14 (6) any other unforeseen need of the district that cannot be postponed until the next school year
- 15 without dire consequences affecting the safety of the students and district employees or the educational
- 16 functions of the district."

17

18 **Section 17.** Section 20-9-166, MCA, is amended to read:

19 **"20-9-166. State financial aid for budget amendments.** Whenever a final budget amendment has

20 been adopted for the general fund or the transportation fund to finance the cost of an amendment resulting

21 from increased enrollment, the trustees may apply to the superintendent of public instruction for an

22 increased payment from the state for ~~the BASE funding program~~ direct state aid or for state transportation

23 reimbursement, or both. The superintendent of public instruction shall adopt rules for the application. The

24 superintendent of public instruction shall approve or disapprove each application for increased state aid

25 made in accordance with 20-9-314 and this section. When the superintendent of public instruction

26 approves an application, the superintendent of public instruction shall determine the additional amount of

27 state aid from the state or the state transportation reimbursement that will be made available to the

28 applicant district because of the increase in enrollment. The superintendent of public instruction shall notify

29 the applicant district of the superintendent's approval or disapproval and, in the event of approval, the

30 amount of additional state aid that will be made available for the general fund or the transportation fund.

1 The superintendent of public instruction shall disburse the state aid to the eligible district at the time the
2 next regular state aid payment is made."

3

4 **Section 18.** Section 20-9-212, MCA, is amended to read:

5 **"20-9-212. Duties of county treasurer.** The county treasurer of each county shall:

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

11 (a) the basic county tax ~~in support of the~~ for elementary ~~BASE aid equalization~~;

12 (b) the basic ~~special~~ county tax for high schools ~~in support of the~~ high school ~~BASE aid~~
13 equalization;

14 (c) the county tax in support of the transportation schedules;

15 (d) the county tax in support of the elementary and high school district retirement obligations; and

16 (e) any other county tax for schools, including the community colleges, that may be authorized by
17 law and levied by the county commissioners.

18 (2) whenever requested, notify the county superintendent and the superintendent of public
19 instruction of the amount of county school money on deposit in each of the funds enumerated in subsection
20 (1) and the amount of any other school money subject to apportionment and apportion the county and other
21 school money to the districts in accordance with the apportionment ordered by the county superintendent
22 or the superintendent of public instruction;

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

24 (4) except as otherwise limited by law, pay all warrants properly drawn on the county or district
25 school money;

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

29 (6) send all revenue received for a joint district, part of which is situated in the county, to the
30 county treasurer designated as the custodian of the revenue, no later than December 15 of each year and

1 every 3 months after that date until the end of the school fiscal year;

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

4 (8) register district warrants drawn on a budgeted fund in accordance with 7-6-2604 when there
5 is insufficient money available in all funds of the district to make payment of the warrant. Redemption of
6 registered warrants must be made in accordance with 7-6-2116, 7-6-2605, and 7-6-2606.

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

9 (10) each month give to the trustees of each district an itemized report for each fund maintained
10 by the district, showing the paid warrants, registered warrants, interest distribution, amounts and types
11 of revenue received, and the cash balance;

12 (11) remit promptly to the state treasurer receipts for the county tax for a vocational-technical
13 program within a unit of the university system when levied by the board of county commissioners under
14 the provisions of 20-25-439;

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

22 (13) remit on a monthly basis to the state treasurer, in accordance with the provisions of 15-1-504,
23 all county equalization revenue received under the provisions of 20-9-331 and 20-9-333, including all
24 interest earned and excluding any amount required for high school out-of-county tuition under the
25 provisions of 20-9-334, in repayment of the state advance for county equalization prescribed in 20-9-347.
26 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)."

27

28 **Section 19.** Section 20-9-314, MCA, is amended to read:

29 "20-9-314. **Procedures for determining eligibility and amount of increased average number**
30 **belonging due to unusual enrollment increase.** A district that anticipates an unusual increase in enrollment

1 in the ensuing school fiscal year, as provided for in 20-9-313(4), may increase its basic entitlement and
2 total per-ANB entitlement for the ensuing school fiscal year in accordance with the following provisions:

3 (1) Prior to May 10, the district shall estimate the elementary or high school enrollment to be
4 realized during the ensuing school fiscal year, based on as much factual information as may be available
5 to the district.

6 (2) No later than May 10, the district shall submit its application for an unusual enrollment increase
7 by elementary or high school level to the superintendent of public instruction. The application must include:

8 (a) the enrollment for the current school fiscal year;

9 (b) the average number belonging used to calculate the basic entitlement and total per-ANB
10 entitlement for the current school fiscal year;

11 (c) the average number belonging that will be used to calculate the basic entitlement and total
12 per-ANB entitlement for the ensuing school fiscal year;

13 (d) the estimated enrollment, including the factual information on which the estimate is based, as
14 provided in subsection (1); and

15 (e) any other information or data that may be requested by the superintendent of public instruction.

16 (3) The superintendent of public instruction shall immediately review all the factors of the
17 application and shall approve or disapprove the application or adjust the estimated average number
18 belonging for the ensuing ANB calculation period. After approving an estimate, with or without adjustment,
19 the superintendent of public instruction shall:

20 (a) determine the percentage increase that the estimated enrollment increase is over the current
21 enrollment; and

22 (b) approve an increase of the average number belonging used to establish the ensuing year's basic
23 entitlement and total per-ANB entitlement in accordance with subsection (5) if the increase in subsection
24 (3)(a) is at least 6%.

25 (4) The superintendent of public instruction shall notify the district of the decision by the fourth
26 Monday in June.

27 (5) Whenever an unusual enrollment increase is approved by the superintendent of public
28 instruction, the increase of the average number belonging used to establish the basic entitlement and total
29 per-ANB entitlement for the ensuing ANB calculation period is the difference between the enrollment for
30 the ensuing school fiscal year and 106% of the current enrollment. The amount determined is the maximum

1 allowable increase added to the average number belonging for the purpose of establishing the ensuing
2 year's basic entitlement and total per-ANB entitlement.

3 (6) Any entitlement increases resulting from provisions of this section must be reviewed at the end
4 of the ensuing school fiscal year. If the actual enrollment is less than the average number belonging used
5 for BASE funding program and entitlement calculations, the superintendent of public instruction shall revise
6 the total per-ANB entitlement and basic entitlement calculations using the actual average number belonging.
7 All total per-ANB entitlements received by the district in excess of the revised entitlements are
8 overpayments subject to the refund provisions of 20-9-344(4)."

9

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

11 **"20-9-331. Basic county tax for elementary equalization and other revenues revenue for county**
12 **equalization of the elementary ~~district~~ BASE funding program.** (1) The county commissioners of each county
13 shall levy an annual basic county tax of 33 mills on the dollar of the taxable value of all taxable property
14 within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2),
15 61-3-521, 61-3-527, 61-3-537, and 67-3-204, for the purposes of ~~local~~ elementary equalization and state
16 BASE funding program support. The revenue collected from this levy must be apportioned to the support
17 of the elementary BASE funding programs of the school districts in the county and to the state general fund
18 in the following manner:

19 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,
20 the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE
21 funding programs of all elementary districts of the county.

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

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

1 (a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for
2 the ~~common school fund~~ elementary county equalization fund under the provisions of 17-3-222;

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

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

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

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

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

12 (g) oil and natural gas production taxes;

13 (h) anticipated local government severance tax payments for calendar year 1995 production as
14 provided in 15-36-325; and

15 (i) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
16 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204."

17
18 **Section 21.** Section 20-9-332, MCA, is amended to read:

19 **"20-9-332. Fines and penalties proceeds for elementary county equalization.** All fines and penalties
20 collected under the provisions of this title, except those collected by a justice's court, ~~shall~~ must be paid
21 into the ~~county~~ elementary county equalization fund as provided by 20-9-331(2)(c). In order to implement
22 this section and any other provision of law requiring the deposit of fines in the elementary county
23 equalization fund, a report ~~shall~~ must be made to the county superintendent of the county, at the close of
24 each term, by the clerk of each district court, reporting all fines imposed and collected during the term and
25 indicating the type of violation and the date of collection."

26
27 **Section 22.** Section 20-9-333, MCA, is amended to read:

28 **"20-9-333. Basic ~~special-levy~~ county tax for high school equalization and other revenue for county**
29 **equalization of high school ~~district~~ BASE funding program.** (1) The county commissioners of each county
30 shall levy an annual basic ~~special~~ county tax for ~~high schools~~ of 22 mills on the dollar of the taxable value

1 of all taxable property within the county, except for property subject to a tax or fee under 23-2-517,
 2 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204, for the purposes of ~~local~~ high
 3 school equalization and state BASE funding program support. The revenue collected from this levy must
 4 be apportioned to the support of the BASE funding programs of high school districts in the county and to
 5 the state general fund in the following manner:

6 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,
 7 the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the
 8 county's high school tuition obligation and the total of the BASE funding programs of all high school
 9 districts of the county.

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

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

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

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

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

24 (d) oil and natural gas production taxes;

25 (e) anticipated local government severance tax payments for calendar year 1995 production as
 26 provided in 15-36-325; and

27 (f) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
 28 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204."

29

30 **Section 23.** Section 20-9-334, MCA, is amended to read:

1 ~~"20-9-334. Apportionment of county equalization moneys — high school out of county~~
 2 Out-of-county tuition obligations. ~~(1) The county superintendent shall calculate the apportionment of~~
 3 ~~revenues deposited in the basic county tax account and the revenues deposited in the basic special tax for~~
 4 ~~high schools account to the several districts of the county. The apportionments shall be known as "county~~
 5 ~~equalization moneys".~~

6 ~~(2) The county superintendent shall direct the county treasurer to deduct from the revenues~~
 7 revenue available in the ~~basic special tax for high schools account~~ elementary and high school county
 8 equalization funds, prior to remittance of the funds to the state treasurer under the provisions of 15-1-504
 9 and 20-9-212, the amount required for the month to pay the county's obligation for elementary and high
 10 school out-of-county tuition under 20-5-324."

11

12 **Section 24.** Section 20-9-335, MCA, is amended to read:

13 ~~"20-9-335. Formula for apportionment of county equalization money.~~ (1) The superintendent of
 14 public instruction shall calculate the apportionment of revenue available in the ~~basic~~ elementary and high
 15 school county tax account and in the basic special tax for high schools account equalization funds in
 16 accordance with the following procedure:

17 (a) determine the percentage that the county equalization money available for the support of the
 18 elementary direct state aid of the districts in the county is of the total elementary direct state aid of all
 19 districts in the county;

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

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

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

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

1 **Section 25.** Section 20-9-347, MCA, is amended to read:

2 **"20-9-347. Distribution of BASE aid and special education allowable cost payments in support of**
3 **BASE funding program -- exceptions.** (1) The superintendent of public instruction shall:

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

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

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

11 (2) (a) The superintendent of public instruction is authorized to adjust the schedule prescribed in
12 20-9-344 for distribution of the BASE aid payments if the distribution will cause a district to register
13 warrants under the provisions of 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, in the manner required by the office, that the payment schedule
16 prescribed in 20-9-344 will result in insufficient money available in all funds of the district to make payment
17 of the district's warrants. The county treasurer shall confirm the anticipated deficit. This section may not
18 be construed to authorize the superintendent of public instruction to exceed a district's annual payment for
19 BASE aid.

20 (3) The superintendent of public instruction shall:

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

22 (b) supply the county treasurer and the county superintendent of public instruction with a report
23 of payments for special education allowable costs to districts of the county."
24

25 **Section 26.** Section 20-9-507, MCA, is amended to read:

26 **"20-9-507. Miscellaneous programs fund.** (1) The trustees of a district receiving money from local,
27 state, federal, or other sources provided in 20-5-324 other than money under the provisions of ~~Title 1 of~~
28 ~~Public Law 81-874~~ impact aid, as provided in 20 U.S.C. 7701, et seq., or federal money designated for
29 deposit in a specific fund of the district shall establish a miscellaneous programs fund for the deposit of the
30 money. The money may be a reimbursement of miscellaneous program fund expenditures already realized

1 by the district, a payment received as a local government severance tax payment for calendar year 1995
 2 production as provided in 15-36-325, indirect cost recoveries, or a grant of money for the financing of
 3 expenditures to be realized by the district for a special, approved program to be operated by the district.
 4 When the money is a reimbursement or a local government severance tax payment, the money may be
 5 expended at the discretion of the trustees for school purposes. When the money is a grant, the money must
 6 be expended according to the conditions of the program approval by the superintendent of public instruction
 7 or any other approval agent. Within the miscellaneous programs fund, the trustees shall ~~cause~~ maintain a
 8 separate accounting ~~to be maintained~~ for each local, state, or federal grant program ~~and for the aggregate~~
 9 ~~of all reimbursement money~~ project and the indirect cost recoveries.

10 (2) The financial administration of the miscellaneous programs fund must be in accordance with
 11 the financial administration provisions of this title for a nonbudgeted fund."
 12

13 **Section 27.** Section 20-9-509, MCA, is amended to read:

14 "**20-9-509. Lease or rental agreement fund.** (1) The trustees of any district that provides pupil or
 15 teacher housing in district-owned buildings under a lease or rental agreement with pupils or teachers or
 16 receives ~~moneys~~ money under the provision of 20-6-607 may establish a lease or rental agreement fund.
 17 All ~~moneys~~ money received from ~~such~~ the lease or rental agreements may be deposited with the county
 18 treasurer to the credit of the lease or rental agreement fund, general fund, the debt service fund, or any
 19 other appropriate fund. Whenever the end-of-the-year cash balance of a lease or rental agreement fund is
 20 more than \$10,000 for an elementary or high school district or \$20,000 for a K-12 district, ~~such~~ the cash
 21 balance in excess of ~~\$10,000~~ shall ~~shall~~ this limit must be transferred to the general fund of the district.

22 (2) Any expenditure of ~~moneys~~ money from a lease or rental agreement fund ~~shall~~ must be made
 23 for the maintenance and operation of the district-owned buildings to which the lease or rental agreements
 24 apply or for the acquisition of additional housing or dormitory facilities. The financial administration of the
 25 lease or rental agreement fund ~~shall~~ must be in accordance with the financial administration provisions of
 26 this title for a nonbudgeted fund."
 27

28 **Section 28.** Section 20-9-514, MCA, is amended to read:

29 "**20-9-514. Impact aid fund.** (1) The trustees of a district that receives federal funds under the
 30 provisions of Title I of Public Law ~~81-874~~ 81-874 impact aid, as provided in 20 U.S.C. 7701, et seq., shall establish

1 an impact aid fund. Money received under the provisions of ~~Public Law 81-874~~ 20 U.S.C. 7701, et seq.,
2 must be deposited with the county treasurer to the credit of the impact aid fund.

3 (2) The expenditure of money from the impact aid fund must be made pursuant to ~~Title I of Public~~
4 ~~Law 81-874~~ 20 U.S.C. 7701, et seq. The impact aid fund must be administered pursuant to the financial
5 administration provisions of this title for nonbudgeted funds."
6

7 **Section 29.** Section 20-9-533, MCA, is amended to read:

8 **"20-9-533. Technology acquisition fund -- limitations.** (1) The trustees of a district may establish
9 a technology acquisition fund for school district expenditures incurred for:

10 (a) the purchase, rental, repair, and maintenance of technological equipment, including computers
11 and computer network access; and

12 (b) associated technical training for school district personnel.

13 (2) The trustees of a district shall fund the ~~budget for the~~ technology acquisition fund with the
14 state money received under 20-9-534 and with other local, state, and federal funds received for the
15 purpose of funding technology.

16 ~~(3) Whenever the trustees of a district establish the technology acquisition fund, the trustees shall:~~

17 ~~(a) adopt a resolution stating the reasons and purpose for financing a technology acquisition fund~~
18 ~~budget;~~

19 ~~(b) adopt a budget for the amount required for the technology acquisition fund for the ensuing~~
20 ~~school fiscal year; and~~

21 ~~(c) report the technology acquisition fund budget to the county superintendent on the regular~~
22 ~~budget form prescribed by the superintendent of public instruction in accordance with 20-9-103.~~

23 ~~(4)~~(3) The trustees of a district may not use revenue in the technology acquisition fund to finance
24 contributions to the teachers' retirement system, the public employees' retirement system, or the federal
25 social security system or for unemployment compensation insurance."
26

27 **Section 30.** Section 20-9-534, MCA, is amended to read:

28 **"20-9-534. School technology purchases.** ~~The~~ By September 1, the superintendent of public
29 instruction shall allocate the annual amount appropriated for grants for school technology purchases to each
30 district based on the ratio that each district's BASE budget bears to the statewide BASE budget amount

1 for all school districts multiplied by the amount of money provided in 20-9-343(3)(a)(iii) in the current school
 2 year."

3

4 **Section 31.** Section 20-10-124, MCA, is amended to read:

5 **"20-10-124. Private party contract for transportation -- individual transportation contract.** (1)

6 When the trustees contract with any private party to provide transportation to eligible transportees, the
 7 private party shall comply ~~in every respect~~ with the regulations of the board of public education for the
 8 standards of equipment, operation and safety of the school bus, and qualifications of the driver. The
 9 trustees may, ~~in contracting with private parties,~~ require added safeguards by supplementing the board of
 10 public education policies in the contract with additional requirements for bus specifications, age of drivers,
 11 liability insurance, operating speed, or any other contractual condition ~~deemed~~ considered necessary by the
 12 trustees.

13 (2) Any school bus transportation by a private party or individual transportation that is furnished
 14 by a district ~~shall~~ must be under contract, and ~~no~~ district, county, or state money ~~shall~~ may not be paid for
 15 ~~such~~ transportation services to any person or firm who does not hold a legal contract with the district.
 16 Transportation contracts for the ensuing year ~~shall~~ must be completed by the fourth Monday of June,
 17 except when an eligible transportee establishes residence in the district after the fourth Monday of June
 18 and a contingency amount is included in the regular transportation budget or an emergency transportation
 19 budget is adopted.

20 (3) Transportation contracts between a district and a private party for the provision of school bus
 21 transportation ~~shall be subject to the following requirements~~ must:

22 (a) ~~the contract shall be completed in quadruplicate and, upon completion, triplicate, with~~ one copy
 23 ~~shall be~~ for the county superintendent, one copy for the private party, ~~one copy for the superintendent of~~
 24 ~~public instruction,~~ and one copy ~~shall be retained by~~ for the district;

25 (b) ~~the contract terms shall require conformance~~ conform to the transportation law, policies of the
 26 board of public education, and rules of the superintendent of public instruction; and

27 (c) ~~the contract shall~~ be signed by the ~~chairman~~ presiding officer of the trustees and the private
 28 party.

29 (4) A transportation contract between a parent or guardian of an eligible transportee and a district
 30 for the provision of individual transportation ~~shall be~~ is subject to the following requirements:

1 (a) it ~~shall~~ must be completed in quadruplicate ~~and, upon approval,~~ with one copy ~~shall be~~ for the
 2 parent or guardian, one copy for the district, one copy for the county superintendent, and one copy for the
 3 superintendent of public instruction;

4 (b) it ~~shall~~ must be completed on forms promulgated by the superintendent of public instruction;

5 (c) the parent or guardian shall sign an affidavit attesting to the place of residence of ~~his~~ the child
 6 or children; and

7 (d) it ~~shall~~ must be signed by the ~~chairman~~ presiding officer of the trustees and the parent or
 8 guardian of the eligible transportees."

9

10 **Section 32.** Section 20-10-144, MCA, is amended to read:

11 **"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund**
 12 **budget.** Before the fourth Monday of July and in accordance with 20-9-123, the county superintendent
 13 shall compute the revenue available to finance the transportation fund budget of each district. The county
 14 superintendent shall compute the revenue for each district on the following basis:

15 (1) The "schedule amount" of the preliminary budget expenditures that is derived from the rate
 16 schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

17 (a) the sum of the maximum reimbursable expenditures for all approved school bus routes
 18 maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate
 19 per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus
 20 route approved by the county transportation committee and maintained by the district); plus

21 (b) the total of all individual transportation per diem reimbursement rates for the district as
 22 determined from the contracts submitted by the district multiplied by the number of pupil-instruction days
 23 scheduled for the ensuing school attendance year; plus

24 (c) any estimated costs for supervised home study or supervised correspondence study for the
 25 ensuing school fiscal year; plus

26 (d) the amount budgeted on the preliminary budget for the contingency amount permitted in
 27 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100,
 28 whichever is larger, the contingency amount on the preliminary budget must be reduced to the limitation
 29 amount and used in this determination of the schedule amount; plus

30 (e) any estimated costs for transporting a child out of district when the child has mandatory

1 approval to attend school in a district outside the district of residence.

2 (2) (a) The schedule amount determined in subsection (1) or the total preliminary transportation
3 fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county
4 revenue to be budgeted on the following basis:

5 (i) one-half is the budgeted state transportation reimbursement, except that the state transportation
6 reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be
7 50% of the schedule amount attributed to the transportation of special education pupils; and

8 (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the
9 manner provided in 20-10-146.

10 (b) When the district has a sufficient amount of ~~cash~~ fund balance for reappropriation and other
11 sources of district revenue, as determined in subsection (3), to reduce the total district obligation for
12 financing to zero, any remaining amount of district revenue and ~~cash~~ fund balance reappropriated must be
13 used to reduce the county financing obligation in subsection (2)(a)(ii) and, if the county financing
14 obligations are reduced to zero, to reduce the state financial obligation in subsection (2)(a)(i).

15 (c) The county revenue requirement for a joint district, after the application of any district money
16 under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same
17 proportion as the ANB of the joint district is distributed by pupil residence in each county.

18 (3) The total of the money available for the reduction of property tax on the district for the
19 transportation fund must be determined by totaling:

20 (a) anticipated federal money received under the provisions of ~~Title I of Public Law 81-874~~ 20
21 U.S.C. 7701, et seq., or other anticipated federal money received in lieu of that federal act;

22 (b) anticipated payments from other districts for providing school bus transportation services for
23 the district;

24 (c) anticipated payments from a parent or guardian for providing school bus transportation services
25 for a child;

26 (d) anticipated or reappropriated interest to be earned by the investment of transportation fund
27 cash in accordance with the provisions of 20-9-213(4);

28 (e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517,
29 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204;

30 (f) anticipated revenue from coal gross proceeds under 15-23-703;

- 1 (g) anticipated oil and natural gas production taxes;
- 2 (h) anticipated local government severance tax payments for calendar year 1995 production;
- 3 (i) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320
4 through 20-5-324;
- 5 (j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year
6 that may be used to finance the transportation fund; and
- 7 (k) any fund balance available for reappropriation as determined by subtracting the amount of the
8 end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school
9 fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating
10 reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year
11 and is for the purpose of paying transportation fund warrants issued by the district under the final
12 transportation fund budget.
- 13 (4) The district levy requirement for each district's transportation fund must be computed by:
- 14 (a) subtracting the schedule amount calculated in subsection (1) from the total preliminary
15 transportation budget amount; and
- 16 (b) subtracting the amount of money available to reduce the property tax on the district, as
17 determined in subsection (3), from the amount determined in subsection (4)(a).
- 18 (5) The transportation fund levy requirements determined in subsection (4) for each district must
19 be reported to the county commissioners on the fourth Monday of August by the county superintendent
20 as the transportation fund levy requirements for the district, and the levy must be made by the county
21 commissioners in accordance with 20-9-142."

22

23 **Section 33.** Section 69-11-202, MCA, is amended to read:

24 **"69-11-202. Establishment and notice of schedule for passenger carriers.** ~~Every~~ A common carrier
25 of passengers by railroad or by vessel plying upon waters lying wholly within this state shall establish and
26 give public notice of a schedule time for the starting of trains or vessels from their ~~respective~~ stations or
27 wharves, ~~of which public notice shall be given, and. A common carrier shall, weather permitting,~~ except
28 in case of accident or detention caused by connecting lines or weather conditions, start ~~their~~ trains or
29 vessels at or within 10 minutes after the schedule time ~~so established and notice given, under a penalty.~~
30 Failure to comply is punishable by a fine of \$250 for each neglect so to do, to be recovered by action

1 before any court of competent jurisdiction, upon complaint filed by the county attorney ~~of the county in~~
 2 ~~the name of the state~~, and paid into the ~~common school fund of the county~~ elementary county equalization
 3 fund."

4
 5 **Section 34.** ~~Section 85-8-612, MCA, is amended to read:~~

6 ~~"85-8-612. Lien of assessments — payment of assessments against state lands. (1) From the time~~
 7 ~~of the entry of said the order, assessments for construction of new work and additional assessments and~~
 8 ~~interest thereon shall be are a lien upon the lands assessed, until paid. Any owner of land or any~~
 9 ~~corporation assessed for construction may, at any time within 30 days after the confirmation of said the~~
 10 ~~report, pay into court the amount of the assessment against his the land or any tract thereof of the land~~
 11 ~~or against any such the corporation. Said The payment shall relieve said relieves the lands from the lien of~~
 12 ~~said the assessment and said the corporation from all liability on said the assessment.~~

13 ~~(2) Upon presentation to the state treasurer of an order of the district court having jurisdiction of~~
 14 ~~the drainage district, properly certified, the department of administration shall draw a warrant on the~~
 15 ~~treasury on the common school fund state general fund in favor of the commissioners of the drainage~~
 16 ~~district for the total amount that may be assessed against any lands included in the district, the title to~~
 17 ~~which is in the state of Montana. Upon payment of the warrant, the lands are relieved from the lien created~~
 18 ~~for the costs of construction."~~

19
 20 **NEW SECTION. Section 34. Effective date.** [This act] is effective July 1, 1997.

21 -END-

1 SENATE BILL NO. 70

2 INTRODUCED BY GAGE

3 BY REQUEST OF THE OFFICE OF PUBLIC INSTRUCTION
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE SCHOOL FINANCE AND BUDGETING
6 LAWS; STANDARDIZING THE TERMS RELATING TO EQUALIZATION FUNDS AND THE BASIC COUNTY
7 TAX FOR EQUALIZATION; ALLOWING SCHOOL TRUSTEES TO ADMINISTER OTHER FUNDS AUTHORIZED
8 BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION; ~~ELIMINATING THE REQUIREMENT FOR A TEACHER
9 TO KEEP AN ATTENDANCE REGISTER~~; MAKING TIME LIMITATIONS FOR HIGH SCHOOL DISTRICT
10 BOUNDARY CHANGES CONSISTENT WITH ELEMENTARY DISTRICT TIME LIMITATIONS; CHANGING THE
11 TERM "CASH BALANCE" TO "FUND BALANCE" WHEN APPROPRIATE; CHANGING REFERENCES TO
12 "PUBLIC LAW 81-874" TO "IMPACT AID"; CORRECTING THE DATES FOR GIVING NOTICE OF THE
13 PRELIMINARY SCHOOL BUDGET; CHANGING THE TERM "BASE FUNDING PROGRAM" TO "DIRECT STATE
14 AID" WHEN APPROPRIATE; ALLOWING INDIRECT COST RECOVERIES TO BE DEPOSITED IN THE
15 MISCELLANEOUS PROGRAMS FUND; SPECIFYING THE CASH BALANCE OF A LEASE AGREEMENT FOR
16 A K-12 DISTRICT; ELIMINATING THE REQUIREMENT FOR A DISTRICT TO SEND COPIES OF BUS
17 TRANSPORTATION CONTRACTS TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION; ELIMINATING THE
18 COUNTY SUPERINTENDENT'S DUTY TO CALCULATE THE APPORTIONMENT OF COUNTY EQUALIZATION
19 MONEY; ELIMINATING THE REQUIREMENT FOR TRUSTEES TO ADOPT A BUDGET FOR THE
20 TECHNOLOGY ACQUISITION FUND; PROVIDING FOR AN ANNUAL ALLOCATION OF GRANT MONEY FOR
21 SCHOOL TECHNOLOGY; AMENDING SECTIONS 15-23-703, 17-3-222, 20-1-301, 20-3-205, 20-3-209,
22 20-3-324, 20-4-301, 20-5-316, 20-5-324, 20-6-314, 20-6-609, 20-6-701, 20-6-702, 20-9-115, 20-9-143,
23 20-9-161, 20-9-166, 20-9-212, 20-9-314, 20-9-331, 20-9-332, 20-9-333, 20-9-334, 20-9-335, 20-9-347,
24 20-9-507, 20-9-509, 20-9-514, 20-9-533, 20-9-534, 20-10-124, 20-10-144, AND 69-11-202, ~~AND~~
25 ~~85-8-612~~, MCA; AND PROVIDING AN EFFECTIVE DATE."

26
27 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
2829 **Section 1.** Section 15-23-703, MCA, is amended to read:30 **"15-23-703. Taxation of gross proceeds -- taxable value for bonding and guaranteed tax base aid**

1 to schools. (1) The department shall compute from the reported gross proceeds from coal a tax roll that
2 must be transmitted to the county treasurer on or before September 15 each year. The department may
3 not levy or assess any mills against the reported gross proceeds of coal but shall levy a tax of 5% against
4 the value of the reported gross proceeds as provided in 15-23-701(1)(d). The county treasurer shall proceed
5 to give full notice to each coal producer of the taxes due and to collect the taxes as provided in 15-16-101.

6 (2) For bonding, county classification, and all nontax purposes, the taxable value of the gross
7 proceeds of coal is 45% of the contract sales price as defined in 15-35-102.

8 (3) Except as provided in subsection (6), the county treasurer shall calculate and distribute to the
9 state, county, and eligible school districts in the county the amount of the coal gross proceeds tax,
10 determined by multiplying the unit value calculated in 15-23-705 times the tons of coal extracted, treated,
11 and sold on which the coal gross proceeds tax was owed during the preceding calendar year.

12 (4) Except as provided in subsections (5), (6), and (8), the county treasurer shall credit the amount
13 determined under subsection (3) and the amounts received under 15-23-706:

14 (a) to the state and to the counties that levied mills in fiscal year 1990 against 1988 production
15 in the relative proportions required by the levies for state and county purposes in the same manner as
16 property taxes were distributed in fiscal year 1990 in the taxing jurisdiction; and

17 (b) to school districts in the county that either levied mills in school fiscal year 1990 against 1988
18 production or used nontax revenue, such as ~~Public Law 81-874~~ impact aid money, as provided in 20 U.S.C.
19 7701, et seq., in lieu of levying mills against production, in the same manner that property taxes collected
20 or property taxes that would have been collected would have been distributed in the 1990 school fiscal
21 year in the school district.

22 (5) (a) If the total tax liability in a taxing jurisdiction exceeds the amount determined in subsection
23 (3), the county treasurer shall, immediately following the distribution from taxes paid on May 31 of each
24 year, send the excess revenue, excluding any protested coal gross proceeds tax revenue, to the department
25 for redistribution as provided in 15-23-706.

26 (b) If the total tax liability in a taxing jurisdiction is less than the amount determined in subsection
27 (3), the taxing jurisdiction is entitled to a redistribution as provided by 15-23-706.

28 (6) The board of county commissioners of a county may direct the county treasurer to reallocate
29 the distribution of coal gross proceeds taxes that would have gone to a taxing unit, as provided in
30 subsection (4)(a), to another taxing unit or taxing units, other than an elementary school or high school,

1 within the county under the following conditions:

2 (a) The county treasurer shall first allocate the coal gross proceeds taxes to the taxing units within
3 the county in the same proportion that all other property tax proceeds were distributed in the county in
4 fiscal year 1990.

5 (b) If the allocation in subsection (6)(a) exceeds the total budget for a taxing unit, the
6 commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

7 (7) The board of trustees of an elementary or high school district may reallocate the coal gross
8 proceeds taxes distributed to the district by the county treasurer under the following conditions:

9 (a) The district shall first allocate the coal gross proceeds taxes to the budgeted funds of the
10 district in the same proportion that all other property tax proceeds were distributed in the district in fiscal
11 year 1990.

12 (b) If the allocation under subsection (7)(a) exceeds the total budget for a fund, the trustees may
13 allocate the excess to any budgeted fund of the school district.

14 (8) The county treasurer shall credit all taxes collected under this part from coal mines that began
15 production after December 31, 1988, in the relative proportions required by the levies for state, county,
16 and school district purposes in the same manner as property taxes were distributed in the previous fiscal
17 year. (In subsection (2), the deletion of the reference to subsection (5) of 15-35-102 terminates December
18 31, 2005--sec. 5, Ch. 318, L. 1995.)"

19

20 **Section 2.** Section 17-3-222, MCA, is amended to read:

21 "**17-3-222. Apportionment of moneys money to counties.** It ~~shall be~~ is the duty of the state
22 treasurer to properly apportion and allocate ~~these moneys~~ the money received under 17-3-221 to the
23 county treasurers, who ~~will~~ shall allocate and ~~pay all such moneys~~ the money as follows: 50% to the
24 county general fund and 50% to the ~~common school fund of the elementary~~ county equalization fund."

25

26 **Section 3.** Section 20-1-301, MCA, is amended to read:

27 "**20-1-301. School fiscal year.** The school fiscal year ~~shall begin~~ begins on July 1 and ~~end~~ ends
28 on June 30. At least 180 school days of pupil instruction ~~shall~~ must be conducted during each school fiscal
29 year, except that 175 days of pupil instruction for graduating seniors may be sufficient, as provided in
30 20-9-313, or unless a variance for kindergarten has been granted under 20-1-302 or a district is granted

1 a variance under the provisions of chapter 9, part 8, ~~of this title~~. For any elementary or high school district
 2 that fails to provide for at least 180 school days of pupil instruction, the superintendent of public instruction
 3 shall reduce the ~~county equalization as defined in 20-9-334 and the state equalization as defined in~~
 4 ~~20-9-343~~ direct state aid for the district for that school year by 1/90th for each school day less than 180
 5 school days."

6
 7 **Section 4.** Section 20-3-205, MCA, is amended to read:

8 **"20-3-205. Powers and duties.** The county superintendent has general supervision of the schools
 9 of the county within the limitations prescribed by this title and shall perform the following duties or acts:

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

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

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

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

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

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

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

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

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

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

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

1 (12) complete the budgets, compute the budgeted revenues and tax levies, file final budgets and
2 budget amendments, and fulfill other responsibilities assigned under the provisions of this title regulating
3 school budgeting systems;

4 (13) submit an annual financial report to the superintendent of public instruction in accordance with
5 the provisions of 20-9-211;

6 (14) monthly, unless otherwise provided by law, order the county treasurer to apportion state
7 money, county school money, and any other school money subject to apportionment in accordance with
8 the provisions of 20-9-212, ~~20-9-334~~, 20-9-335, 20-9-347, 20-10-145, or 20-10-146;

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

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

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

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

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

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

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

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

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

29 (24) keep a record of official acts, preserve all reports submitted to the superintendent under the
30 provisions of this title, preserve all books and instructional equipment or supplies, keep all documents

1 applicable to the administration of the office, and surrender all records, books, supplies, and equipment to
2 the next superintendent;

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

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

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

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

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

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

14
15 **Section 5.** Section 20-3-209, MCA, is amended to read:

16 "**20-3-209. Annual report.** The county superintendent of each county shall submit an annual report
17 to the superintendent of public instruction not later than September 1. ~~Such~~ The report ~~shall~~ must be
18 completed on the forms supplied by the superintendent of public instruction, ~~which shall require the~~
19 ~~reporting of~~ and must include:

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

21 (2) the financial activities of each district of the county for the immediately preceding school fiscal
22 year as provided by the trustees' annual report to the county superintendent under the provisions of
23 20-9-213(5);

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

26 (4) any other information that may be requested by the superintendent of public instruction ~~which~~
27 that is within his the superintendent's authority prescribed by this title."

28
29 **Section 6.** Section 20-3-324, MCA, is amended to read:

30 "**20-3-324. Powers and duties.** As prescribed elsewhere in this title, the trustees of each district

1 shall:

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

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

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

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

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

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

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

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

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

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

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

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

30 (13) when applicable, establish, financially administer, and budget for the tuition fund, retirement

1 fund, building reserve fund, adult education fund, nonoperating fund, school food services fund,
2 miscellaneous ~~federal~~ programs fund, building fund, lease or rental agreement fund, traffic education fund,
3 impact aid fund, ~~and~~ interlocal cooperative agreement fund, and other funds as authorized by the state
4 superintendent of public instruction in accordance with the provisions of the other school funds parts of
5 this title;

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

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

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

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

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

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

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

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

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

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

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

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

6
7 **Section 7.** Section 20-4-301, MCA, is amended to read:

8 **"20-4-301. Duties of teacher -- nonpayment for failure to comply.** (1) Any teacher under contract
9 with a district shall:

10 (a) conform to and enforce the laws, board of public education policies, and the policies of the
11 trustees of the district;

12 (b) ~~utilize~~ use the course of instruction prescribed by the trustees;

13 (c) ~~keep, in a neat and businesslike manner, a teacher's register in the form and on the blanks~~
14 ~~prescribed by the superintendent of public instruction;~~

15 (d) ~~within 10 days after the conclusion of each school semester, prepare a report in the manner~~
16 ~~and on the forms prescribed by the superintendent of public instruction, which must include the pupil~~
17 ~~attendance and absence data from his teacher's register that is necessary to calculate ANB. The report~~
18 ~~must be submitted to:~~

19 (i) ~~the district superintendent, if there is one;~~

20 (ii) ~~the principal of the school, if there is one and there is no district superintendent; or~~

21 (iii) ~~the county superintendent or all county superintendents when the teacher is reporting for a joint~~
22 ~~district, if there is no district superintendent or principal.~~

23 (C) KEEP, IN A NEAT AND BUSINESSLIKE MANNER, A TEACHER'S REGISTER IN THE FORM AND
24 ON THE BLANKS PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION OF ATTENDANCE
25 AND GRADES;

26 (D) WITHIN 10 DAYS AFTER THE CONCLUSION OF EACH SCHOOL SEMESTER, PREPARE A
27 REPORT THAT MUST INCLUDE THE PUPIL ATTENDANCE AND ABSENCE DATA FROM THE TEACHER'S
28 REGISTER AND GRADES. THE REPORT MUST BE SUBMITTED TO:

29 (I) THE DISTRICT SUPERINTENDENT, IF THERE IS ONE;

30 (II) THE PRINCIPAL OF THE SCHOOL, IF THERE IS ONE AND THERE IS NO DISTRICT

1 SUPERINTENDENT; OR

2 (III) THE COUNTY SUPERINTENDENT OR ALL COUNTY SUPERINTENDENTS WHEN THE TEACHER
 3 IS REPORTING FOR A JOINT DISTRICT, IF THERE IS NO DISTRICT SUPERINTENDENT OR PRINCIPAL.

4 ~~(e)(E)~~ exercise due diligence in the care of school grounds and buildings, furniture, equipment,
 5 books, and supplies; and

6 ~~(f)(F)~~ provide moral and civic instruction by:

7 (i) endeavoring to impress the pupils with the principles of morality, truth, justice, and patriotism;

8 (ii) teaching the pupils to avoid idleness, profanity, and falsehood;

9 (iii) instructing the pupils in the principles of free government and training them to comprehend the
 10 rights, responsibilities, and dignity of American citizenship.

11 (2) The trustees are authorized to withhold the salary warrant of any teacher who does not comply
 12 with the provisions of subsection (1)(a) or (1)(b) until the teacher does comply with the provisions.

13 ~~(3) The trustees may not pay any teacher his last month's salary until he has provided a complete~~
 14 ~~and accurate semester report to the required person, as determined by the person and as required in~~
 15 ~~subsection (1)(d) of this section.~~

16 (3) THE TRUSTEES MAY NOT PAY ANY TEACHER THE TEACHER'S LAST MONTH'S SALARY
 17 UNTIL THE TEACHER HAS PROVIDED A COMPLETE AND ACCURATE SEMESTER REPORT TO THE
 18 REQUIRED PERSON, AS DETERMINED BY THE PERSON AND AS REQUIRED IN SUBSECTION (1)(D)."

19
 20 **Section 8.** Section 20-5-316, MCA, is amended to read:

21 **"20-5-316. Out-of-state tuition.** (1) The county superintendent of schools of the county of the
 22 district of residence shall make payments from the elementary county ~~basic tax for elementary schools~~
 23 equalization fund for children who are placed in facilities outside the state of Montana pursuant to 20-5-321
 24 but not under the provisions of Title 20, chapter 7, part 4.

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

30

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

2 **"20-5-324. Tuition report and payment provisions.** (1) At the close of the school term of each
3 school fiscal year and before July 15, the trustees of a district shall report to the county superintendent:

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

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

8 (c) the annual tuition rate for each child's tuition payment, as determined under the provisions of
9 20-5-323, and the tuition cost for each reported child; and

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

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

14 (3) Before July 30, the county superintendent shall report the information in subsection (1)(d) to
15 the superintendent of public instruction, who shall determine the total per-ANB entitlement for which the
16 district would be eligible if the student were enrolled in the resident district. The reimbursement amount
17 is the difference between the actual amount paid and the amount calculated in this subsection.

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

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

25 (6) When a child has mandatory approval under the provisions of 20-5-321, the tuition and
26 transportation obligation for an elementary school child attending a school outside of the child's county of
27 residence must be financed by the ~~county~~ basic county tax for elementary ~~districts~~ equalization, as provided
28 in 20-9-331, for the child's county of residence or for a high school child attending a school outside the
29 county of residence by the ~~county~~ basic county tax for high school ~~districts~~ equalization, as provided in
30 20-9-333, for the child's county of residence.

1 (7) By December 31 of the school fiscal year, the county superintendent or the trustees shall pay
 2 at least one-half of any tuition and transportation obligation established under this section out of the money
 3 realized to date from the appropriate basic elementary or high school county ~~tax account~~ equalization fund
 4 provided for in ~~20-9-334~~ 20-9-335 or from the district tuition or transportation fund. The remaining tuition
 5 and transportation obligation must be paid by June 15 of the school fiscal year. The payments must be
 6 made to the county treasurer in each county with a school district that is entitled to tuition and
 7 transportation. Except as provided in subsection (9), the county treasurer shall credit tuition receipts to the
 8 general fund of a school district entitled to a tuition payment. The tuition receipts must be used in
 9 accordance with the provisions of 20-9-141. The county treasurer shall credit transportation receipts to the
 10 transportation fund of a school district entitled to a transportation payment.

11 (8) The superintendent of public instruction shall reimburse the district of residence for the per-ANB
 12 entitlement determined in subsection (3).

13 (9) (a) Any tuition receipts received under the provisions of Title 20, chapter 7, part 4, or
 14 20-5-323(3) for the current school fiscal year that exceed the tuition receipts of the prior year may be
 15 deposited in the district miscellaneous programs fund and must be used for that year in the manner
 16 provided for in 20-9-507 to support the costs of the program for which the tuition was received.

17 (b) Any other tuition receipts received for the current school fiscal year that exceed the tuition
 18 receipts of the prior year may be deposited in the district miscellaneous programs fund and may be used
 19 for that year in the manner provided for in that fund. For the ensuing school fiscal year, the receipts must
 20 be credited to the district general fund budget."
 21

22 **Section 10.** Section 20-6-314, MCA, is amended to read:

23 **"20-6-314. Time limitations for boundary changes.** ~~No~~ A high school district may not be created
 24 and ~~no~~ a high school district boundary may not be changed between the first day of ~~March~~ January and
 25 the second Monday of August of any calendar year except when:

26 (1) the entire territory of a high school district is annexed or attached to another high school
 27 district;

28 (2) the entire territory or portion of a joint high school district located in one county is annexed or
 29 attached to another high school district; or

30 (3) two or more districts are consolidated in their entirety."

1 **Section 11.** Section 20-6-609, MCA, is amended to read:

2 **"20-6-609. Trustees' authority to acquire property by lease-purchase agreement.** The trustees of
3 a district may acquire real and personal property by an agreement to lease for 3 years with an option to
4 purchase. The terms of the lease must comply with 20-6-625. If real property is acquired, the trustees shall
5 comply with 20-6-603."
6

7 **Section 12.** Section 20-6-701, MCA, is amended to read:

8 **"20-6-701. K-12 school districts required -- definition -- procedure for creation -- exception. (1)**
9 Except as provided in subsection (4), ~~by the school fiscal year beginning July 1, 1995,~~ each elementary
10 district with the same district boundaries as a high school district shall attach to the high school district for
11 the purpose of establishing a K-12 school district.

12 (2) For the purposes of this title, unless the context clearly indicates otherwise, "K-12 school
13 district" means a high school district with an elementary district that has been attached to the high school
14 district under the procedures provided in this section, with the high school district remaining an organized
15 district under the provisions of 20-6-101 and other provisions of law and the elementary district becoming
16 an inactive district under the provisions of 20-6-101.

17 (3) The attachment of an elementary district to a high school district to form a K-12 school district
18 must be conducted under the following procedure:

19 (a) The trustees of each district shall pass a resolution requesting the county superintendent to
20 order an attachment involving their districts.

21 (b) When the county superintendent receives a resolution from each of the districts, the county
22 superintendent shall, within 10 days after receipt of the last resolution, order the attachment of the
23 elementary district to the high school district to take effect on July 1 of the ensuing school fiscal year.
24 Within 30 days of the order, the county superintendent shall send a copy of the order to the board of
25 county commissioners, the trustees of the districts included in the attachment order, and the superintendent
26 of public instruction.

27 (4) This section does not apply to a school district receiving ~~Public Law 81-874~~ Public Law 81-874 impact aid funding,
28 as provided in 20 U.S.C. 7701, et seq., if creation of a K-12 district would result in the loss of ~~Public Law~~
29 ~~81-874~~ impact aid funding."
30

1 **Section 13.** Section 20-6-702, MCA, is amended to read:

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

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

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

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

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

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

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

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

26 (6) Tuition for attendance in the K-12 school district must be determined separately for high school
27 pupils and for elementary pupils under the provisions of 20-5-320 through 20-5-324, except that the actual
28 expenditures used for calculations in 20-5-323 must be based on an amount prorated between the
29 elementary and high school programs in the appropriate funds of each district in the year prior to the
30 attachment of the districts."

1 **Section 14.** Section 20-9-115, MCA, is amended to read:

2 "20-9-115. **Notice of preliminary budget filing and final budget meeting.** Between July ~~10~~ 24 and
3 ~~July 20~~ August 4 of each year, the clerk of each district shall publish one notice, in the local or county
4 newspaper that the trustees of the district determine to be the newspaper with the widest circulation in
5 the district, stating that the preliminary budget for the district for the school fiscal year just beginning, as
6 prepared and adopted by the trustees, is on file in the clerk's office and open to inspection by all taxpayers.
7 The notice must also state the time and place that the trustees will meet on the ~~fourth~~ second Monday in
8 August for the purpose of considering and adopting the final budget of the district, that the meeting of the
9 trustees may be continued from day to day until the final adoption of the district's budget, and that any
10 taxpayer in the district may appear at the meeting and be heard for or against any part of the budget."

11

12 **Section 15.** Section 20-9-143, MCA, is amended to read:

13 "20-9-143. **Allocation of federal funds in lieu of property taxation.** Federal funds received by a
14 district under the provisions of ~~Title I of Public Law 81-874~~ impact aid, as provided in 20 U.S.C. 7701, et
15 seq., or funds designated in lieu of ~~such~~ the federal act by the congress of the United States must be
16 deposited in the impact aid fund established in 20-9-514."

17

18 **Section 16.** Section 20-9-161, MCA, is amended to read:

19 "20-9-161. **Definition of budget amendment for budgeting purposes.** As used in this title, unless
20 the context clearly indicates otherwise, the term "budget amendment" for the purpose of school budgeting
21 means an amendment to an adopted budget of the district for the following reasons:

22 (1) an increase in the enrollment of an elementary or high school district that is beyond what could
23 reasonably have been anticipated at the time of the adoption of the budget for the current school fiscal year
24 whenever, because of the enrollment increase, the district's budget for any or all of the regularly budgeted
25 funds does not provide sufficient financing to properly maintain and support the district for the entire
26 current school fiscal year;

27 (2) the destruction or impairment of any school property necessary to the maintenance of the
28 school, by fire, flood, storm, riot, insurrection, or act of God, to an extent rendering school property unfit
29 for its present school use;

30 (3) a judgment for damages against the district issued by a court after the adoption of the budget

- 1 for the current year;
- 2 (4) an enactment of legislation after the adoption of the budget for the current year that imposes
- 3 an additional financial obligation on the district;
- 4 (5) the receipt of:
 - 5 (a) a settlement of taxes protested in a prior school fiscal year;
 - 6 (b) taxes from a prior school fiscal year as the result of a tax audit by the department of revenue
 - 7 or its agents;
 - 8 (c) delinquent taxes from a prior school fiscal year; or
 - 9 (d) local government severance tax payments for calendar year 1995 production as provided in
 - 10 15-36-325(7); and
 - 11 (e) a determination by the trustees that it is necessary to expend all or a portion of the taxes
 - 12 received under subsection (5)(a), (5)(b), (5)(c), or (5)(d) for a project or projects that were deferred from
 - 13 a previous budget of the district ~~as a result of the protested taxes~~; or
 - 14 (6) any other unforeseen need of the district that cannot be postponed until the next school year
 - 15 without dire consequences affecting the safety of the students and district employees or the educational
 - 16 functions of the district."

17

18 **Section 17.** Section 20-9-166, MCA, is amended to read:

19 **"20-9-166. State financial aid for budget amendments.** Whenever a final budget amendment has

20 been adopted for the general fund or the transportation fund to finance the cost of an amendment resulting

21 from increased enrollment, the trustees may apply to the superintendent of public instruction for an

22 increased payment from the state for ~~the BASE funding program~~ direct state aid or for state transportation

23 reimbursement, or both. The superintendent of public instruction shall adopt rules for the application. The

24 superintendent of public instruction shall approve or disapprove each application for increased state aid

25 made in accordance with 20-9-314 and this section. When the superintendent of public instruction

26 approves an application, the superintendent of public instruction shall determine the additional amount of

27 state aid from the state or the state transportation reimbursement that will be made available to the

28 applicant district because of the increase in enrollment. The superintendent of public instruction shall notify

29 the applicant district of the superintendent's approval or disapproval and, in the event of approval, the

30 amount of additional state aid that will be made available for the general fund or the transportation fund.

1 The superintendent of public instruction shall disburse the state aid to the eligible district at the time the
2 next regular state aid payment is made."

3

4 **Section 18.** Section 20-9-212, MCA, is amended to read:

5 **"20-9-212. Duties of county treasurer.** The county treasurer of each county shall:

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

11 (a) the basic county tax ~~in support of the~~ for elementary ~~BASE aid equalization~~;

12 (b) the basic ~~special~~ county tax for high schools ~~in support of the~~ high school ~~BASE aid~~
13 equalization;

14 (c) the county tax in support of the transportation schedules;

15 (d) the county tax in support of the elementary and high school district retirement obligations; and

16 (e) any other county tax for schools, including the community colleges, that may be authorized by
17 law and levied by the county commissioners.

18 (2) whenever requested, notify the county superintendent and the superintendent of public
19 instruction of the amount of county school money on deposit in each of the funds enumerated in subsection
20 (1) and the amount of any other school money subject to apportionment and apportion the county and other
21 school money to the districts in accordance with the apportionment ordered by the county superintendent
22 or the superintendent of public instruction;

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

24 (4) except as otherwise limited by law, pay all warrants properly drawn on the county or district
25 school money;

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

29 (6) send all revenue received for a joint district, part of which is situated in the county, to the
30 county treasurer designated as the custodian of the revenue, no later than December 15 of each year and

1 every 3 months after that date until the end of the school fiscal year;

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

4 (8) register district warrants drawn on a budgeted fund in accordance with 7-6-2604 when there
5 is insufficient money available in all funds of the district to make payment of the warrant. Redemption of
6 registered warrants must be made in accordance with 7-6-2116, 7-6-2605, and 7-6-2606.

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

9 (10) each month give to the trustees of each district an itemized report for each fund maintained
10 by the district, showing the paid warrants, registered warrants, interest distribution, amounts and types
11 of revenue received, and the cash balance;

12 (11) remit promptly to the state treasurer receipts for the county tax for a vocational-technical
13 program within a unit of the university system when levied by the board of county commissioners under
14 the provisions of 20-25-439;

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

22 (13) remit on a monthly basis to the state treasurer, in accordance with the provisions of 15-1-504,
23 all county equalization revenue received under the provisions of 20-9-331 and 20-9-333, including all
24 interest earned and excluding any amount required for high school out-of-county tuition under the
25 provisions of 20-9-334, in repayment of the state advance for county equalization prescribed in 20-9-347.
26 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)."
27

28 **Section 19.** Section 20-9-314, MCA, is amended to read:

29 **"20-9-314. Procedures for determining eligibility and amount of increased average number**
30 **belonging due to unusual enrollment increase.** A district that anticipates an unusual increase in enrollment

1 in the ensuing school fiscal year, as provided for in 20-9-313(4), may increase its basic entitlement and
2 total per-ANB entitlement for the ensuing school fiscal year in accordance with the following provisions:

3 (1) Prior to May 10, the district shall estimate the elementary or high school enrollment to be
4 realized during the ensuing school fiscal year, based on as much factual information as may be available
5 to the district.

6 (2) No later than May 10, the district shall submit its application for an unusual enrollment increase
7 by elementary or high school level to the superintendent of public instruction. The application must include:

8 (a) the enrollment for the current school fiscal year;

9 (b) the average number belonging used to calculate the basic entitlement and total per-ANB
10 entitlement for the current school fiscal year;

11 (c) the average number belonging that will be used to calculate the basic entitlement and total
12 per-ANB entitlement for the ensuing school fiscal year;

13 (d) the estimated enrollment, including the factual information on which the estimate is based, as
14 provided in subsection (1); and

15 (e) any other information or data that may be requested by the superintendent of public instruction.

16 (3) The superintendent of public instruction shall immediately review all the factors of the
17 application and shall approve or disapprove the application or adjust the estimated average number
18 belonging for the ensuing ANB calculation period. After approving an estimate, with or without adjustment,
19 the superintendent of public instruction shall:

20 (a) determine the percentage increase that the estimated enrollment increase is over the current
21 enrollment; and

22 (b) approve an increase of the average number belonging used to establish the ensuing year's basic
23 entitlement and total per-ANB entitlement in accordance with subsection (5) if the increase in subsection
24 (3)(a) is at least 6%.

25 (4) The superintendent of public instruction shall notify the district of the decision by the fourth
26 Monday in June.

27 (5) Whenever an unusual enrollment increase is approved by the superintendent of public
28 instruction, the increase of the average number belonging used to establish the basic entitlement and total
29 per-ANB entitlement for the ensuing ANB calculation period is the difference between the enrollment for
30 the ensuing school fiscal year and 106% of the current enrollment. The amount determined is the maximum

1 allowable increase added to the average number belonging for the purpose of establishing the ensuing
2 year's basic entitlement and total per-ANB entitlement.

3 (6) Any entitlement increases resulting from provisions of this section must be reviewed at the end
4 of the ensuing school fiscal year. If the actual enrollment is less than the average number belonging used
5 for BASE funding program and entitlement calculations, the superintendent of public instruction shall revise
6 the total per-ANB entitlement and basic entitlement calculations using the actual average number belonging.
7 All total per-ANB entitlements received by the district in excess of the revised entitlements are
8 overpayments subject to the refund provisions of 20-9-344(4)."

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

11 **"20-9-331. Basic county tax for elementary equalization and other revenues revenue for county**
12 **equalization of the elementary district BASE funding program.** (1) The county commissioners of each county
13 shall levy an annual basic county tax of 33 mills on the dollar of the taxable value of all taxable property
14 within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2),
15 61-3-521, 61-3-527, 61-3-537, and 67-3-204, for the purposes of ~~local~~ elementary equalization and state
16 BASE funding program support. The revenue collected from this levy must be apportioned to the support
17 of the elementary BASE funding programs of the school districts in the county and to the state general fund
18 in the following manner:

19 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,
20 the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE
21 funding programs of all elementary districts of the county.

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

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

1 (a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for
2 the ~~common school fund~~ elementary county equalization fund under the provisions of 17-3-222;

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

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

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

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

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

12 (g) oil and natural gas production taxes;

13 (h) anticipated local government severance tax payments for calendar year 1995 production as
14 provided in 15-36-325; and

15 (i) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
16 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204."

17
18 **Section 21.** Section 20-9-332, MCA, is amended to read:

19 **"20-9-332. Fines and penalties proceeds for elementary county equalization.** All fines and penalties
20 collected under the provisions of this title, except those collected by a justice's court, ~~shall~~ must be paid
21 into the ~~county~~ elementary county equalization fund as provided by 20-9-331(2)(c). In order to implement
22 this section and any other provision of law requiring the deposit of fines in the elementary county
23 equalization fund, a report ~~shall~~ must be made to the county superintendent of the county, at the close of
24 each term, by the clerk of each district court, reporting all fines imposed and collected during the term and
25 indicating the type of violation and the date of collection."
26

27 **Section 22.** Section 20-9-333, MCA, is amended to read:

28 **"20-9-333. Basic ~~special levy~~ county tax for high school equalization and other revenue for county**
29 **equalization of high school ~~district~~ BASE funding program.** (1) The county commissioners of each county
30 shall levy an annual basic ~~special~~ county tax for ~~high schools~~ of 22 mills on the dollar of the taxable value

1 of all taxable property within the county, except for property subject to a tax or fee under 23-2-517,
 2 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204, for the purposes of ~~local~~ high
 3 school equalization and state BASE funding program support. The revenue collected from this levy must
 4 be apportioned to the support of the BASE funding programs of high school districts in the county and to
 5 the state general fund in the following manner:

6 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,
 7 the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the
 8 county's high school tuition obligation and the total of the BASE funding programs of all high school
 9 districts of the county.

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

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

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

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

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

24 (d) oil and natural gas production taxes;

25 (e) anticipated local government severance tax payments for calendar year 1995 production as
 26 provided in 15-36-325; and

27 (f) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
 28 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204."

29

30 **Section 23.** Section 20-9-334, MCA, is amended to read:

1 ~~"20-9-334. Apportionment of county equalization moneys — high school out-of-county~~
 2 Out-of-county tuition obligations. ~~(1) The county superintendent shall calculate the apportionment of~~
 3 ~~revenues deposited in the basic county tax account and the revenues deposited in the basic special tax for~~
 4 ~~high schools account to the several districts of the county. The apportionments shall be known as "county~~
 5 ~~equalization moneys".~~

6 (2) The county superintendent shall direct the county treasurer to deduct from the revenues
 7 revenue available in the ~~basic special tax for high schools account~~ elementary and high school county
 8 equalization funds, prior to remittance of the funds to the state treasurer under the provisions of 15-1-504
 9 and 20-9-212, the amount required for the month to pay the county's obligation for elementary and high
 10 school out-of-county tuition under 20-5-324."

11
 12 **Section 24.** Section 20-9-335, MCA, is amended to read:

13 **"20-9-335. Formula for apportionment of county equalization money.** (1) The superintendent of
 14 public instruction shall calculate the apportionment of revenue available in the ~~basic~~ elementary and high
 15 school county tax account ~~and in the basic special tax for high schools account~~ equalization funds in
 16 accordance with the following procedure:

17 (a) determine the percentage that the county equalization money available for the support of the
 18 elementary direct state aid of the districts in the county is of the total elementary direct state aid of all
 19 districts in the county;

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

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

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

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

1 **Section 25.** Section 20-9-347, MCA, is amended to read:

2 **"20-9-347. Distribution of BASE aid and special education allowable cost payments in support of**
3 **BASE funding program -- exceptions.** (1) The superintendent of public instruction shall:

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

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

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

11 (2) (a) The superintendent of public instruction is authorized to adjust the schedule prescribed in
12 20-9-344 for distribution of the BASE aid payments if the distribution will cause a district to register
13 warrants under the provisions of 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, in the manner required by the office, that the payment schedule
16 prescribed in 20-9-344 will result in insufficient money available in all funds of the district to make payment
17 of the district's warrants. The county treasurer shall confirm the anticipated deficit. This section may not
18 be construed to authorize the superintendent of public instruction to exceed a district's annual payment for
19 BASE aid.

20 (3) The superintendent of public instruction shall:

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

22 (b) supply the county treasurer and the county superintendent of public instruction with a report
23 of payments for special education allowable costs to districts of the county."
24

25 **Section 26.** Section 20-9-507, MCA, is amended to read:

26 **"20-9-507. Miscellaneous programs fund.** (1) The trustees of a district receiving money from local,
27 state, federal, or other sources provided in 20-5-324 other than money under the provisions of ~~Title 1 of~~
28 ~~Public Law 81-874~~ impact aid, as provided in 20 U.S.C. 7701, et seq., or federal money designated for
29 deposit in a specific fund of the district shall establish a miscellaneous programs fund for the deposit of the
30 money. The money may be a reimbursement of miscellaneous program fund expenditures already realized

1 by the district, a payment received as a local government severance tax payment for calendar year 1995
 2 production as provided in 15-36-325, indirect cost recoveries, or a grant of money for the financing of
 3 expenditures to be realized by the district for a special, approved program to be operated by the district.
 4 When the money is a reimbursement or a local government severance tax payment, the money may be
 5 expended at the discretion of the trustees for school purposes. When the money is a grant, the money must
 6 be expended according to the conditions of the program approval by the superintendent of public instruction
 7 or any other approval agent. Within the miscellaneous programs fund, the trustees shall ~~cause~~ maintain a
 8 separate accounting ~~to be maintained~~ for each local, state, or federal grant program and for the aggregate
 9 of all reimbursement money project and the indirect cost recoveries.

10 (2) The financial administration of the miscellaneous programs fund must be in accordance with
 11 the financial administration provisions of this title for a nonbudgeted fund."

12
 13 **Section 27.** Section 20-9-509, MCA, is amended to read:

14 **"20-9-509. Lease or rental agreement fund.** (1) The trustees of any district that provides pupil or
 15 teacher housing in district-owned buildings under a lease or rental agreement with pupils or teachers or
 16 receives ~~moneys~~ money under the provision of 20-6-607 may establish a lease or rental agreement fund.
 17 All ~~moneys~~ money received from ~~such~~ the lease or rental agreements may be deposited with the county
 18 treasurer to the credit of the lease or rental agreement fund, general fund, the debt service fund, or any
 19 other appropriate fund. Whenever the end-of-the-year cash balance of a lease or rental agreement fund is
 20 more than \$10,000 for an elementary or high school district or \$20,000 for a K-12 district, ~~such~~ the cash
 21 balance in excess of ~~\$10,000~~ shall this limit must be transferred to the general fund of the district.

22 (2) Any expenditure of ~~moneys~~ money from a lease or rental agreement fund ~~shall~~ must be made
 23 for the maintenance and operation of the district-owned buildings to which the lease or rental agreements
 24 apply or for the acquisition of additional housing or dormitory facilities. The financial administration of the
 25 lease or rental agreement fund ~~shall~~ must be in accordance with the financial administration provisions of
 26 this title for a nonbudgeted fund."

27
 28 **Section 28.** Section 20-9-514, MCA, is amended to read:

29 **"20-9-514. Impact aid fund.** (1) The trustees of a district that receives federal funds under the
 30 provisions of ~~Title I of Public Law 81-874~~ impact aid, as provided in 20 U.S.C. 7701, et seq., shall establish

1 an impact aid fund. Money received under the provisions of ~~Public Law 81-874~~ 20 U.S.C. 7701, et seq.,
 2 must be deposited with the county treasurer to the credit of the impact aid fund.

3 (2) The expenditure of money from the impact aid fund must be made pursuant to ~~Title I of Public~~
 4 ~~Law 81-874~~ 20 U.S.C. 7701, et seq. The impact aid fund must be administered pursuant to the financial
 5 administration provisions of this title for nonbudgeted funds."
 6

7 **Section 29.** Section 20-9-533, MCA, is amended to read:

8 "**20-9-533. Technology acquisition fund -- limitations.** (1) The trustees of a district may establish
 9 a technology acquisition fund for school district expenditures incurred for:

10 (a) the purchase, rental, repair, and maintenance of technological equipment, including computers
 11 and computer network access; and

12 (b) associated technical training for school district personnel.

13 (2) The trustees of a district shall fund the ~~budget for the~~ technology acquisition fund with the
 14 state money received under 20-9-534 and with other local, state, and federal funds received for the
 15 purpose of funding technology.

16 ~~(3) Whenever the trustees of a district establish the technology acquisition fund, the trustees shall:~~

17 ~~(a) adopt a resolution stating the reasons and purpose for financing a technology acquisition fund~~
 18 ~~budget;~~

19 ~~(b) adopt a budget for the amount required for the technology acquisition fund for the ensuing~~
 20 ~~school fiscal year; and~~

21 ~~(c) report the technology acquisition fund budget to the county superintendent on the regular~~
 22 ~~budget form prescribed by the superintendent of public instruction in accordance with 20-9-103.~~

23 ~~(4)~~(3) The trustees of a district may not use revenue in the technology acquisition fund to finance
 24 contributions to the teachers' retirement system, the public employees' retirement system, or the federal
 25 social security system or for unemployment compensation insurance."
 26

27 **Section 30.** Section 20-9-534, MCA, is amended to read:

28 "**20-9-534. School technology purchases.** ~~The~~ By September 1, the superintendent of public
 29 instruction shall allocate the annual amount appropriated for grants for school technology purchases to each
 30 district based on the ratio that each district's BASE budget bears to the statewide BASE budget amount

1 for all school districts multiplied by the amount of money provided in 20-9-343(3)(a)(ii) in the current school
2 year."

3

4 **Section 31.** Section 20-10-124, MCA, is amended to read:

5 **"20-10-124. Private party contract for transportation -- individual transportation contract. (1)**

6 When the trustees contract with any private party to provide transportation to eligible transportees, the
7 private party shall comply ~~in every respect~~ with the regulations of the board of public education for the
8 standards of equipment, operation and safety of the school bus, and qualifications of the driver. The
9 trustees may, ~~in contracting with private parties,~~ require added safeguards by supplementing the board of
10 public education policies in the contract with additional requirements for bus specifications, age of drivers,
11 liability insurance, operating speed, or any other contractual condition ~~deemed~~ considered necessary by the
12 trustees.

13 (2) Any school bus transportation by a private party or individual transportation that is furnished
14 by a district ~~shall~~ must be under contract, and ~~no~~ district, county, or state money ~~shall~~ may not be paid for
15 ~~such~~ transportation services to any person or firm who does not hold a legal contract with the district.
16 Transportation contracts for the ensuing year ~~shall~~ must be completed by the fourth Monday of June,
17 except when an eligible transportee establishes residence in the district after the fourth Monday of June
18 and a contingency amount is included in the regular transportation budget or an emergency transportation
19 budget is adopted.

20 (3) Transportation contracts between a district and a private party for the provision of school bus
21 transportation ~~shall be subject to the following requirements~~ must:

22 (a) ~~the contract shall be completed in quadruplicate and, upon completion, triplicate, with one copy~~
23 ~~shall be~~ for the county superintendent, one copy for the private party, ~~one copy for the superintendent of~~
24 ~~public instruction,~~ and one copy ~~shall be retained by~~ for the district;

25 (b) ~~the contract terms shall require conformance~~ conform to the transportation law, policies of the
26 board of public education, and rules of the superintendent of public instruction; and

27 (c) ~~the contract shall~~ be signed by the ~~chairman~~ presiding officer of the trustees and the private
28 party.

29 (4) A transportation contract between a parent or guardian of an eligible transportee and a district
30 for the provision of individual transportation ~~shall be~~ is subject to the following requirements:

1 (a) it ~~shall~~ must be completed in quadruplicate ~~and, upon approval,~~ with one copy ~~shall be~~ for the
 2 parent or guardian, one copy for the district, one copy for the county superintendent, and one copy for the
 3 superintendent of public instruction;

4 (b) it ~~shall~~ must be completed on forms promulgated by the superintendent of public instruction;

5 (c) the parent or guardian shall sign an affidavit attesting to the place of residence of ~~his~~ the child
 6 or children; and

7 (d) it ~~shall~~ must be signed by the ~~chairman~~ presiding officer of the trustees and the parent or
 8 guardian of the eligible transportees."

9

10 **Section 32.** Section 20-10-144, MCA, is amended to read:

11 **"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund**
 12 **budget.** Before the fourth Monday of July and in accordance with 20-9-123, the county superintendent
 13 shall compute the revenue available to finance the transportation fund budget of each district. The county
 14 superintendent shall compute the revenue for each district on the following basis:

15 (1) The "schedule amount" of the preliminary budget expenditures that is derived from the rate
 16 schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

17 (a) the sum of the maximum reimbursable expenditures for all approved school bus routes
 18 maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate
 19 per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus
 20 route approved by the county transportation committee and maintained by the district); plus

21 (b) the total of all individual transportation per diem reimbursement rates for the district as
 22 determined from the contracts submitted by the district multiplied by the number of pupil-instruction days
 23 scheduled for the ensuing school attendance year; plus

24 (c) any estimated costs for supervised home study or supervised correspondence study for the
 25 ensuing school fiscal year; plus

26 (d) the amount budgeted on the preliminary budget for the contingency amount permitted in
 27 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100,
 28 whichever is larger, the contingency amount on the preliminary budget must be reduced to the limitation
 29 amount and used in this determination of the schedule amount; plus

30 (e) any estimated costs for transporting a child out of district when the child has mandatory

1 approval to attend school in a district outside the district of residence.

2 (2) (a) The schedule amount determined in subsection (1) or the total preliminary transportation
3 fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county
4 revenue to be budgeted on the following basis:

5 (i) one-half is the budgeted state transportation reimbursement, except that the state transportation
6 reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be
7 50% of the schedule amount attributed to the transportation of special education pupils; and

8 (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the
9 manner provided in 20-10-146.

10 (b) When the district has a sufficient amount of ~~cash~~ fund balance for reappropriation and other
11 sources of district revenue, as determined in subsection (3), to reduce the total district obligation for
12 financing to zero, any remaining amount of district revenue and ~~cash~~ fund balance reappropriated must be
13 used to reduce the county financing obligation in subsection (2)(a)(ii) and, if the county financing
14 obligations are reduced to zero, to reduce the state financial obligation in subsection (2)(a)(i).

15 (c) The county revenue requirement for a joint district, after the application of any district money
16 under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same
17 proportion as the ANB of the joint district is distributed by pupil residence in each county.

18 (3) The total of the money available for the reduction of property tax on the district for the
19 transportation fund must be determined by totaling:

20 (a) anticipated federal money received under the provisions of ~~Title I of Public Law 81-874~~ 20
21 U.S.C. 7701, et seq., or other anticipated federal money received in lieu of that federal act;

22 (b) anticipated payments from other districts for providing school bus transportation services for
23 the district;

24 (c) anticipated payments from a parent or guardian for providing school bus transportation services
25 for a child;

26 (d) anticipated or reappropriated interest to be earned by the investment of transportation fund
27 cash in accordance with the provisions of 20-9-213(4);

28 (e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517,
29 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204;

30 (f) anticipated revenue from coal gross proceeds under 15-23-703;

1 (g) anticipated oil and natural gas production taxes;

2 (h) anticipated local government severance tax payments for calendar year 1995 production;

3 (i) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320
4 through 20-5-324;

5 (j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year
6 that may be used to finance the transportation fund; and

7 (k) any fund balance available for reappropriation as determined by subtracting the amount of the
8 end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school
9 fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating
10 reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year
11 and is for the purpose of paying transportation fund warrants issued by the district under the final
12 transportation fund budget.

13 (4) The district levy requirement for each district's transportation fund must be computed by:

14 (a) subtracting the schedule amount calculated in subsection (1) from the total preliminary
15 transportation budget amount; and

16 (b) subtracting the amount of money available to reduce the property tax on the district, as
17 determined in subsection (3), from the amount determined in subsection (4)(a).

18 (5) The transportation fund levy requirements determined in subsection (4) for each district must
19 be reported to the county commissioners on the fourth Monday of August by the county superintendent
20 as the transportation fund levy requirements for the district, and the levy must be made by the county
21 commissioners in accordance with 20-9-142."
22

23 **Section 33.** Section 69-11-202, MCA, is amended to read:

24 "**69-11-202. Establishment and notice of schedule for passenger carriers.** ~~Every~~ A common carrier
25 of passengers by railroad or by vessel plying upon waters lying wholly within this state shall establish and
26 give public notice of a schedule time for the starting of trains or vessels from their ~~respective~~ stations or
27 wharves, ~~of which public notice shall be given, and.~~ A common carrier shall, ~~weather permitting,~~ except
28 in case of accident or detention caused by connecting lines or weather conditions, start ~~their~~ trains or
29 vessels at or within 10 minutes after the schedule time ~~so established and notice given, under a penalty.~~
30 Failure to comply is punishable by a fine of \$250 for each neglect so to do, to be recovered by action

1 before any court of competent jurisdiction, upon complaint filed by the county attorney of the county in
 2 the name of the state, and paid into the common school fund of the county elementary county equalization
 3 fund."

4
 5 ~~Section 34. Section 85-8-612, MCA, is amended to read:~~

6 ~~"85-8-612. Lien of assessments — payment of assessments against state lands. (1) From the time~~
 7 ~~of the entry of said the order, assessments for construction of new work and additional assessments and~~
 8 ~~interest thereon shall be are a lien upon the lands assessed, until paid. Any owner of land or any~~
 9 ~~corporation assessed for construction may, at any time within 30 days after the confirmation of said the~~
 10 ~~report, pay into court the amount of the assessment against his the land or any tract thereof of the land~~
 11 ~~or against any such the corporation. Said The payment shall relieve said relieves the lands from the lien of~~
 12 ~~said the assessment and said the corporation from all liability on said the assessment.~~

13 ~~(2) Upon presentation to the state treasurer of an order of the district court having jurisdiction of~~
 14 ~~the drainage district, properly certified, the department of administration shall draw a warrant on the~~
 15 ~~treasury on the common school fund state general fund in favor of the commissioners of the drainage~~
 16 ~~district for the total amount that may be assessed against any lands included in the district, the title to~~
 17 ~~which is in the state of Montana. Upon payment of the warrant, the lands are relieved from the lien created~~
 18 ~~for the costs of construction."~~

19

20 NEW SECTION. Section 34. Effective date. [This act] is effective July 1, 1997.

21

-END-

1 SENATE BILL NO. 70

2 INTRODUCED BY GAGE

3 BY REQUEST OF THE OFFICE OF PUBLIC INSTRUCTION

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE SCHOOL FINANCE AND BUDGETING
6 LAWS; STANDARDIZING THE TERMS RELATING TO EQUALIZATION FUNDS AND THE BASIC COUNTY
7 TAX FOR EQUALIZATION; ALLOWING SCHOOL TRUSTEES TO ADMINISTER OTHER FUNDS AUTHORIZED
8 BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION; ~~ELIMINATING THE REQUIREMENT FOR A TEACHER
9 TO KEEP AN ATTENDANCE REGISTER~~; MAKING TIME LIMITATIONS FOR HIGH SCHOOL DISTRICT
10 BOUNDARY CHANGES CONSISTENT WITH ELEMENTARY DISTRICT TIME LIMITATIONS; CHANGING THE
11 TERM "CASH BALANCE" TO "FUND BALANCE" WHEN APPROPRIATE; CHANGING REFERENCES TO
12 "PUBLIC LAW 81-874" TO "IMPACT AID"; CORRECTING THE DATES FOR GIVING NOTICE OF THE
13 PRELIMINARY SCHOOL BUDGET; CHANGING THE TERM "BASE FUNDING PROGRAM" TO "DIRECT STATE
14 AID" WHEN APPROPRIATE; ALLOWING INDIRECT COST RECOVERIES TO BE DEPOSITED IN THE
15 MISCELLANEOUS PROGRAMS FUND; SPECIFYING THE CASH BALANCE OF A LEASE AGREEMENT FOR
16 A K-12 DISTRICT; ELIMINATING THE REQUIREMENT FOR A DISTRICT TO SEND COPIES OF BUS
17 TRANSPORTATION CONTRACTS TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION; ELIMINATING THE
18 COUNTY SUPERINTENDENT'S DUTY TO CALCULATE THE APPORTIONMENT OF COUNTY EQUALIZATION
19 MONEY; ELIMINATING THE REQUIREMENT FOR TRUSTEES TO ADOPT A BUDGET FOR THE
20 TECHNOLOGY ACQUISITION FUND; PROVIDING FOR AN ANNUAL ALLOCATION OF GRANT MONEY FOR
21 SCHOOL TECHNOLOGY; AMENDING SECTIONS 15-23-703, 17-3-222, 20-1-301, 20-3-205, 20-3-209,
22 20-3-324, 20-4-301, 20-5-316, 20-5-324, 20-6-314, 20-6-609, 20-6-701, 20-6-702, 20-9-115, 20-9-143,
23 20-9-161, 20-9-166, 20-9-212, 20-9-314, 20-9-331, 20-9-332, 20-9-333, 20-9-334, 20-9-335, 20-9-347,
24 20-9-507, 20-9-509, 20-9-514, 20-9-533, 20-9-534, 20-10-124, 20-10-144, AND 69-11-202, ~~AND~~
25 ~~85-8-612~~, MCA; AND PROVIDING AN EFFECTIVE DATE."

26

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

28

29 Section 1. Section 15-23-703, MCA, is amended to read:

30 "15-23-703. Taxation of gross proceeds -- taxable value for bonding and guaranteed tax base aid

1 to schools. (1) The department shall compute from the reported gross proceeds from coal a tax roll that
2 must be transmitted to the county treasurer on or before September 15 each year. The department may
3 not levy or assess any mills against the reported gross proceeds of coal but shall levy a tax of 5% against
4 the value of the reported gross proceeds as provided in 15-23-701(1)(d). The county treasurer shall proceed
5 to give full notice to each coal producer of the taxes due and to collect the taxes as provided in 15-16-101.

6 (2) For bonding, county classification, and all nontax purposes, the taxable value of the gross
7 proceeds of coal is 45% of the contract sales price as defined in 15-35-102.

8 (3) Except as provided in subsection (6), the county treasurer shall calculate and distribute to the
9 state, county, and eligible school districts in the county the amount of the coal gross proceeds tax,
10 determined by multiplying the unit value calculated in 15-23-705 times the tons of coal extracted, treated,
11 and sold on which the coal gross proceeds tax was owed during the preceding calendar year.

12 (4) Except as provided in subsections (5), (6), and (8), the county treasurer shall credit the amount
13 determined under subsection (3) and the amounts received under 15-23-706:

14 (a) to the state and to the counties that levied mills in fiscal year 1990 against 1988 production
15 in the relative proportions required by the levies for state and county purposes in the same manner as
16 property taxes were distributed in fiscal year 1990 in the taxing jurisdiction; and

17 (b) to school districts in the county that either levied mills in school fiscal year 1990 against 1988
18 production or used nontax revenue, such as ~~Public Law 81-874~~ impact aid money, as provided in 20 U.S.C.
19 7701, et seq., in lieu of levying mills against production, in the same manner that property taxes collected
20 or property taxes that would have been collected would have been distributed in the 1990 school fiscal
21 year in the school district.

22 (5) (a) If the total tax liability in a taxing jurisdiction exceeds the amount determined in subsection
23 (3), the county treasurer shall, immediately following the distribution from taxes paid on May 31 of each
24 year, send the excess revenue, excluding any protested coal gross proceeds tax revenue, to the department
25 for redistribution as provided in 15-23-706.

26 (b) If the total tax liability in a taxing jurisdiction is less than the amount determined in subsection
27 (3), the taxing jurisdiction is entitled to a redistribution as provided by 15-23-706.

28 (6) The board of county commissioners of a county may direct the county treasurer to reallocate
29 the distribution of coal gross proceeds taxes that would have gone to a taxing unit, as provided in
30 subsection (4)(a), to another taxing unit or taxing units, other than an elementary school or high school,

1 within the county under the following conditions:

2 (a) The county treasurer shall first allocate the coal gross proceeds taxes to the taxing units within
3 the county in the same proportion that all other property tax proceeds were distributed in the county in
4 fiscal year 1990.

5 (b) If the allocation in subsection (6)(a) exceeds the total budget for a taxing unit, the
6 commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

7 (7) The board of trustees of an elementary or high school district may reallocate the coal gross
8 proceeds taxes distributed to the district by the county treasurer under the following conditions:

9 (a) The district shall first allocate the coal gross proceeds taxes to the budgeted funds of the
10 district in the same proportion that all other property tax proceeds were distributed in the district in fiscal
11 year 1990.

12 (b) If the allocation under subsection (7)(a) exceeds the total budget for a fund, the trustees may
13 allocate the excess to any budgeted fund of the school district.

14 (8) The county treasurer shall credit all taxes collected under this part from coal mines that began
15 production after December 31, 1988, in the relative proportions required by the levies for state, county,
16 and school district purposes in the same manner as property taxes were distributed in the previous fiscal
17 year. (In subsection (2), the deletion of the reference to subsection (5) of 15-35-102 terminates December
18 31, 2005--sec. 5, Ch. 318, L. 1995.)"

19

20 **Section 2.** Section 17-3-222, MCA, is amended to read:

21 "**17-3-222. Apportionment of ~~moneys~~ money to counties.** It ~~shall be~~ is the duty of the state
22 treasurer to properly apportion and allocate ~~these moneys~~ the money received under 17-3-221 to the
23 county treasurers, who ~~will~~ shall allocate ~~and pay all such moneys~~ the money as follows: 50% to the
24 county general fund and 50% to the ~~common school fund of the~~ elementary county equalization fund."

25

26 **Section 3.** Section 20-1-301, MCA, is amended to read:

27 "**20-1-301. School fiscal year.** The school fiscal year ~~shall begin~~ begins on July 1 and ~~end~~ ends
28 on June 30. At least 180 school days of pupil instruction ~~shall~~ must be conducted during each school fiscal
29 year, except that 175 days of pupil instruction for graduating seniors may be sufficient, as provided in
30 20-9-313, or unless a variance for kindergarten has been granted under 20-1-302 or a district is granted

1 a variance under the provisions of chapter 9, part 8, ~~of this title~~. For any elementary or high school district
 2 that fails to provide for at least 180 school days of pupil instruction, the superintendent of public instruction
 3 shall reduce the ~~county equalization as defined in 20-9-334 and the state equalization as defined in~~
 4 ~~20-9-343~~ direct state aid for the district for that school year by 1/90th for each school day less than 180
 5 school days."

6

7 **Section 4.** Section 20-3-205, MCA, is amended to read:

8 **"20-3-205. Powers and duties.** The county superintendent has general supervision of the schools
 9 of the county within the limitations prescribed by this title and shall perform the following duties or acts:

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

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

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

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

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

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

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

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

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

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

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

1 (12) complete the budgets, compute the budgeted revenues and tax levies, file final budgets and
2 budget amendments, and fulfill other responsibilities assigned under the provisions of this title regulating
3 school budgeting systems;

4 (13) submit an annual financial report to the superintendent of public instruction in accordance with
5 the provisions of 20-9-211;

6 (14) monthly, unless otherwise provided by law, order the county treasurer to apportion state
7 money, county school money, and any other school money subject to apportionment in accordance with
8 the provisions of 20-9-212, ~~20-9-334~~, 20-9-335, 20-9-347, 20-10-145, or 20-10-146;

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

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

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

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

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

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

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

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

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

29 (24) keep a record of official acts, preserve all reports submitted to the superintendent under the
30 provisions of this title, preserve all books and instructional equipment or supplies, keep all documents

1 applicable to the administration of the office, and surrender all records, books, supplies, and equipment to
2 the next superintendent;

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

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

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

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

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

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

14

15 **Section 5.** Section 20-3-209, MCA, is amended to read:

16 **"20-3-209. Annual report.** The county superintendent of each county shall submit an annual report
17 to the superintendent of public instruction not later than September 1. ~~Such~~ The report shall ~~shall~~ must be
18 completed on the forms supplied by the superintendent of public instruction, ~~which shall require the~~
19 reporting of and must include:

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

21 (2) the financial activities of each district of the county for the immediately preceding school fiscal
22 year as provided by the trustees' annual report to the county superintendent under the provisions of
23 20-9-213(5);

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

26 (4) any other information that may be requested by the superintendent of public instruction ~~which~~
27 that is within his the superintendent's authority prescribed by this title."

28

29 **Section 6.** Section 20-3-324, MCA, is amended to read:

30 **"20-3-324. Powers and duties.** As prescribed elsewhere in this title, the trustees of each district

1 shall:

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

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

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

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

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

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

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

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

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

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

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

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

30 (13) when applicable, establish, financially administer, and budget for the tuition fund, retirement

1 fund, building reserve fund, adult education fund, nonoperating fund, school food services fund,
2 miscellaneous ~~federal~~ programs fund, building fund, lease or rental agreement fund, traffic education fund,
3 impact aid fund, ~~and~~ interlocal cooperative agreement fund, and other funds as authorized by the state
4 superintendent of public instruction in accordance with the provisions of the other school funds parts of
5 this title;

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

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

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

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

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

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

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

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

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

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

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

3 (25) perform any other duty and enforce any other requirements for the government of the schools
4 prescribed by this title, the policies of the board of public education, or the rules of the superintendent of
5 public instruction."
6

7 **Section 7.** Section 20-4-301, MCA, is amended to read:

8 **"20-4-301. Duties of teacher -- nonpayment for failure to comply.** (1) Any teacher under contract
9 with a district shall:

10 (a) conform to and enforce the laws, board of public education policies, and the policies of the
11 trustees of the district;

12 (b) ~~utilize~~ use the course of instruction prescribed by the trustees;

13 ~~(c) keep, in a neat and businesslike manner, a teacher's register in the form and on the blanks~~
14 ~~prescribed by the superintendent of public instruction;~~

15 ~~(d) within 10 days after the conclusion of each school semester, prepare a report in the manner~~
16 ~~and on the forms prescribed by the superintendent of public instruction, which must include the pupil~~
17 ~~attendance and absence data from his teacher's register that is necessary to calculate ANB. The report~~
18 ~~must be submitted to:~~

19 ~~(i) the district superintendent, if there is one;~~

20 ~~(ii) the principal of the school, if there is one and there is no district superintendent; or~~

21 ~~(iii) the county superintendent or all county superintendents when the teacher is reporting for a joint~~
22 ~~district, if there is no district superintendent or principal.~~

23 (C) KEEP, IN A NEAT AND BUSINESSLIKE MANNER, A TEACHER'S REGISTER IN THE FORM AND
24 ON THE BLANKS PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION OF ATTENDANCE
25 AND GRADES;

26 (D) WITHIN 10 DAYS AFTER THE CONCLUSION OF EACH SCHOOL SEMESTER, PREPARE A
27 REPORT THAT MUST INCLUDE THE PUPIL ATTENDANCE AND ABSENCE DATA FROM THE TEACHER'S
28 REGISTER AND GRADES. THE REPORT MUST BE SUBMITTED TO:

29 (I) THE DISTRICT SUPERINTENDENT, IF THERE IS ONE;

30 (II) THE PRINCIPAL OF THE SCHOOL, IF THERE IS ONE AND THERE IS NO DISTRICT

1 SUPERINTENDENT; OR

2 (III) THE COUNTY SUPERINTENDENT OR ALL COUNTY SUPERINTENDENTS WHEN THE TEACHER
 3 IS REPORTING FOR A JOINT DISTRICT, IF THERE IS NO DISTRICT SUPERINTENDENT OR PRINCIPAL.

4 ~~(e)(e)~~(E) exercise due diligence in the care of school grounds and buildings, furniture, equipment,
 5 books, and supplies; and

6 ~~(f)(d)~~(F) provide moral and civic instruction by:

7 (i) endeavoring to impress the pupils with the principles of morality, truth, justice, and patriotism;

8 (ii) teaching the pupils to avoid idleness, profanity, and falsehood;

9 (iii) instructing the pupils in the principles of free government and training them to comprehend the
 10 rights, responsibilities, and dignity of American citizenship.

11 (2) The trustees are authorized to withhold the salary warrant of any teacher who does not comply
 12 with the provisions of subsection (1)(a) or (1)(b) until the teacher does comply with the provisions.

13 ~~(3) The trustees may not pay any teacher his last month's salary until he has provided a complete~~
 14 ~~and accurate semester report to the required person, as determined by the person and as required in~~
 15 ~~subsection (1)(d) of this section.~~

16 (3) THE TRUSTEES MAY NOT PAY ANY TEACHER THE TEACHER'S LAST MONTH'S SALARY
 17 UNTIL THE TEACHER HAS PROVIDED A COMPLETE AND ACCURATE SEMESTER REPORT TO THE
 18 REQUIRED PERSON, AS DETERMINED BY THE PERSON AND AS REQUIRED IN SUBSECTION (1)(D)."

19

20 **Section 8.** Section 20-5-316, MCA, is amended to read:

21 **"20-5-316. Out-of-state tuition.** (1) The county superintendent of schools of the county of the
 22 district of residence shall make payments from the elementary county ~~basic tax for elementary schools~~
 23 equalization fund for children who are placed in facilities outside the state of Montana pursuant to 20-5-321
 24 but not under the provisions of Title 20, chapter 7, part 4.

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

30

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

2 **"20-5-324. Tuition report and payment provisions.** (1) At the close of the school term of each
3 school fiscal year and before July 15, the trustees of a district shall report to the county superintendent:

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

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

8 (c) the annual tuition rate for each child's tuition payment, as determined under the provisions of
9 20-5-323, and the tuition cost for each reported child; and

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

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

14 (3) Before July 30, the county superintendent shall report the information in subsection (1)(d) to
15 the superintendent of public instruction, who shall determine the total per-ANB entitlement for which the
16 district would be eligible if the student were enrolled in the resident district. The reimbursement amount
17 is the difference between the actual amount paid and the amount calculated in this subsection.

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

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

25 (6) When a child has mandatory approval under the provisions of 20-5-321, the tuition and
26 transportation obligation for an elementary school child attending a school outside of the child's county of
27 residence must be financed by the ~~county~~ basic county tax for elementary ~~districts~~ equalization, as provided
28 in 20-9-331, for the child's county of residence or for a high school child attending a school outside the
29 county of residence by the ~~county~~ basic county tax for high school ~~districts~~ equalization, as provided in
30 20-9-333, for the child's county of residence.

1 (7) By December 31 of the school fiscal year, the county superintendent or the trustees shall pay
 2 at least one-half of any tuition and transportation obligation established under this section out of the money
 3 realized to date from the appropriate ~~basic elementary or high school~~ county ~~tax account~~ equalization fund
 4 provided for in ~~20-9-334~~ 20-9-335 or from the district tuition or transportation fund. The remaining tuition
 5 and transportation obligation must be paid by June 15 of the school fiscal year. The payments must be
 6 made to the county treasurer in each county with a school district that is entitled to tuition and
 7 transportation. Except as provided in subsection (9), the county treasurer shall credit tuition receipts to the
 8 general fund of a school district entitled to a tuition payment. The tuition receipts must be used in
 9 accordance with the provisions of 20-9-141. The county treasurer shall credit transportation receipts to the
 10 transportation fund of a school district entitled to a transportation payment.

11 (8) The superintendent of public instruction shall reimburse the district of residence for the per-ANB
 12 entitlement determined in subsection (3).

13 (9) (a) Any tuition receipts received under the provisions of Title 20, chapter 7, part 4, or
 14 20-5-323(3) for the current school fiscal year that exceed the tuition receipts of the prior year may be
 15 deposited in the district miscellaneous programs fund and must be used for that year in the manner
 16 provided for in 20-9-507 to support the costs of the program for which the tuition was received.

17 (b) Any other tuition receipts received for the current school fiscal year that exceed the tuition
 18 receipts of the prior year may be deposited in the district miscellaneous programs fund and may be used
 19 for that year in the manner provided for in that fund. For the ensuing school fiscal year, the receipts must
 20 be credited to the district general fund budget."

21

22 **Section 10.** Section 20-6-314, MCA, is amended to read:

23 **"20-6-314. Time limitations for boundary changes.** ~~No~~ A high school district may not be created
 24 and ~~no~~ a high school district boundary may not be changed between the first day of ~~March~~ January and
 25 the second Monday of August of any calendar year except when:

26 (1) the entire territory of a high school district is annexed or attached to another high school
 27 district;

28 (2) the entire territory or portion of a joint high school district located in one county is annexed or
 29 attached to another high school district; or

30 (3) two or more districts are consolidated in their entirety."

1 **Section 11.** Section 20-6-609, MCA, is amended to read:

2 **"20-6-609. Trustees' authority to acquire property by lease-purchase agreement.** The trustees of
3 a district may acquire real and personal property by an agreement to lease for 3 years with an option to
4 purchase. The terms of the lease must comply with 20-6-625. If real property is acquired, the trustees shall
5 comply with 20-6-603."
6

7 **Section 12.** Section 20-6-701, MCA, is amended to read:

8 **"20-6-701. K-12 school districts required -- definition -- procedure for creation -- exception.** (1)
9 Except as provided in subsection (4), ~~by the school fiscal year beginning July 1, 1995,~~ each elementary
10 district with the same district boundaries as a high school district shall attach to the high school district for
11 the purpose of establishing a K-12 school district.

12 (2) For the purposes of this title, unless the context clearly indicates otherwise, "K-12 school
13 district" means a high school district with an elementary district that has been attached to the high school
14 district under the procedures provided in this section, with the high school district remaining an organized
15 district under the provisions of 20-6-101 and other provisions of law and the elementary district becoming
16 an inactive district under the provisions of 20-6-101.

17 (3) The attachment of an elementary district to a high school district to form a K-12 school district
18 must be conducted under the following procedure:

19 (a) The trustees of each district shall pass a resolution requesting the county superintendent to
20 order an attachment involving their districts.

21 (b) When the county superintendent receives a resolution from each of the districts, the county
22 superintendent shall, within 10 days after receipt of the last resolution, order the attachment of the
23 elementary district to the high school district to take effect on July 1 of the ensuing school fiscal year.
24 Within 30 days of the order, the county superintendent shall send a copy of the order to the board of
25 county commissioners, the trustees of the districts included in the attachment order, and the superintendent
26 of public instruction.

27 (4) This section does not apply to a school district receiving ~~Public Law 81-874~~ impact aid funding,
28 as provided in 20 U.S.C. 7701, et seq., if creation of a K-12 district would result in the loss of ~~Public Law~~
29 ~~81-874~~ impact aid funding."
30

1 **Section 13.** Section 20-6-702, MCA, is amended to read:

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

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

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

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

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

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

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

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

26 (6) Tuition for attendance in the K-12 school district must be determined separately for high school
27 pupils and for elementary pupils under the provisions of 20-5-320 through 20-5-324, except that the actual
28 expenditures used for calculations in 20-5-323 must be based on an amount prorated between the
29 elementary and high school programs in the appropriate funds of each district in the year prior to the
30 attachment of the districts."

1 **Section 14.** Section 20-9-115, MCA, is amended to read:

2 **"20-9-115. Notice of preliminary budget filing and final budget meeting.** Between July ~~4th~~ 24 and
3 ~~July 20~~ August 4 of each year, the clerk of each district shall publish one notice, in the local or county
4 newspaper that the trustees of the district determine to be the newspaper with the widest circulation in
5 the district, stating that the preliminary budget for the district for the school fiscal year just beginning, as
6 prepared and adopted by the trustees, is on file in the clerk's office and open to inspection by all taxpayers.
7 The notice must also state the time and place that the trustees will meet on the ~~fourth~~ second Monday in
8 August for the purpose of considering and adopting the final budget of the district, that the meeting of the
9 trustees may be continued from day to day until the final adoption of the district's budget, and that any
10 taxpayer in the district may appear at the meeting and be heard for or against any part of the budget."

11
12 **Section 15.** Section 20-9-143, MCA, is amended to read:

13 **"20-9-143. Allocation of federal funds in lieu of property taxation.** Federal funds received by a
14 district under the provisions of ~~Title I of Public Law 81-874~~ impact aid, as provided in 20 U.S.C. 7701, et
15 seq., or funds designated in lieu of ~~such~~ the federal act by the congress of the United States must be
16 deposited in the impact aid fund established in 20-9-514."

17
18 **Section 16.** Section 20-9-161, MCA, is amended to read:

19 **"20-9-161. Definition of budget amendment for budgeting purposes.** As used in this title, unless
20 the context clearly indicates otherwise, the term "budget amendment" for the purpose of school budgeting
21 means an amendment to an adopted budget of the district for the following reasons:

22 (1) an increase in the enrollment of an elementary or high school district that is beyond what could
23 reasonably have been anticipated at the time of the adoption of the budget for the current school fiscal year
24 whenever, because of the enrollment increase, the district's budget for any or all of the regularly budgeted
25 funds does not provide sufficient financing to properly maintain and support the district for the entire
26 current school fiscal year;

27 (2) the destruction or impairment of any school property necessary to the maintenance of the
28 school, by fire, flood, storm, riot, insurrection, or act of God, to an extent rendering school property unfit
29 for its present school use;

30 (3) a judgment for damages against the district issued by a court after the adoption of the budget

1 for the current year;

2 (4) an enactment of legislation after the adoption of the budget for the current year that imposes
3 an additional financial obligation on the district;

4 (5) the receipt of:

5 (a) a settlement of taxes protested in a prior school fiscal year;

6 (b) taxes from a prior school fiscal year as the result of a tax audit by the department of revenue
7 or its agents;

8 (c) delinquent taxes from a prior school fiscal year; or

9 (d) local government severance tax payments for calendar year 1995 production as provided in
10 15-36-325(7); and

11 (e) a determination by the trustees that it is necessary to expend all or a portion of the taxes
12 received under subsection (5)(a), (5)(b), (5)(c), or (5)(d) for a project or projects that were deferred from
13 a previous budget of the district ~~as a result of the protested taxes~~; or

14 (6) any other unforeseen need of the district that cannot be postponed until the next school year
15 without dire consequences affecting the safety of the students and district employees or the educational
16 functions of the district."

17

18 **Section 17.** Section 20-9-166, MCA, is amended to read:

19 **"20-9-166. State financial aid for budget amendments.** Whenever a final budget amendment has
20 been adopted for the general fund or the transportation fund to finance the cost of an amendment resulting
21 from increased enrollment, the trustees may apply to the superintendent of public instruction for an
22 increased payment from the state for ~~the BASE funding program~~ direct state aid or for state transportation
23 reimbursement, or both. The superintendent of public instruction shall adopt rules for the application. The
24 superintendent of public instruction shall approve or disapprove each application for increased state aid
25 made in accordance with 20-9-314 and this section. When the superintendent of public instruction
26 approves an application, the superintendent of public instruction shall determine the additional amount of
27 state aid from the state or the state transportation reimbursement that will be made available to the
28 applicant district because of the increase in enrollment. The superintendent of public instruction shall notify
29 the applicant district of the superintendent's approval or disapproval and, in the event of approval, the
30 amount of additional state aid that will be made available for the general fund or the transportation fund.

1 The superintendent of public instruction shall disburse the state aid to the eligible district at the time the
2 next regular state aid payment is made."

3
4 **Section 18.** Section 20-9-212, MCA, is amended to read:

5 **"20-9-212. Duties of county treasurer.** The county treasurer of each county shall:

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

11 (a) the basic county tax ~~in support of the~~ for elementary ~~BASE aid equalization~~;

12 (b) the basic ~~special~~ county tax for high schools ~~in support of the~~ high school ~~BASE aid~~
13 equalization;

14 (c) the county tax in support of the transportation schedules;

15 (d) the county tax in support of the elementary and high school district retirement obligations; and

16 (e) any other county tax for schools, including the community colleges, that may be authorized by
17 law and levied by the county commissioners.

18 (2) whenever requested, notify the county superintendent and the superintendent of public
19 instruction of the amount of county school money on deposit in each of the funds enumerated in subsection
20 (1) and the amount of any other school money subject to apportionment and apportion the county and other
21 school money to the districts in accordance with the apportionment ordered by the county superintendent
22 or the superintendent of public instruction;

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

24 (4) except as otherwise limited by law, pay all warrants properly drawn on the county or district
25 school money;

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

29 (6) send all revenue received for a joint district, part of which is situated in the county, to the
30 county treasurer designated as the custodian of the revenue, no later than December 15 of each year and

1 every 3 months after that date until the end of the school fiscal year;

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

4 (8) register district warrants drawn on a budgeted fund in accordance with 7-6-2604 when there
5 is insufficient money available in all funds of the district to make payment of the warrant. Redemption of
6 registered warrants must be made in accordance with 7-6-2116, 7-6-2605, and 7-6-2606.

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

9 (10) each month give to the trustees of each district an itemized report for each fund maintained
10 by the district, showing the paid warrants, registered warrants, interest distribution, amounts and types
11 of revenue received, and the cash balance;

12 (11) remit promptly to the state treasurer receipts for the county tax for a vocational-technical
13 program within a unit of the university system when levied by the board of county commissioners under
14 the provisions of 20-25-439;

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

22 (13) remit on a monthly basis to the state treasurer, in accordance with the provisions of 15-1-504,
23 all county equalization revenue received under the provisions of 20-9-331 and 20-9-333, including all
24 interest earned and excluding any amount required for high school out-of-county tuition under the
25 provisions of 20-9-334, in repayment of the state advance for county equalization prescribed in 20-9-347.
26 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)."
27

28 **Section 19.** Section 20-9-314, MCA, is amended to read:

29 **"20-9-314. Procedures for determining eligibility and amount of increased average number**
30 **belonging due to unusual enrollment increase.** A district that anticipates an unusual increase in enrollment

1 in the ensuing school fiscal year, as provided for in 20-9-313(4), may increase its basic entitlement and
2 total per-ANB entitlement for the ensuing school fiscal year in accordance with the following provisions:

3 (1) Prior to May 10, the district shall estimate the elementary or high school enrollment to be
4 realized during the ensuing school fiscal year, based on as much factual information as may be available
5 to the district.

6 (2) No later than May 10, the district shall submit its application for an unusual enrollment increase
7 by elementary or high school level to the superintendent of public instruction. The application must include:

8 (a) the enrollment for the current school fiscal year;

9 (b) the average number belonging used to calculate the basic entitlement and total per-ANB
10 entitlement for the current school fiscal year;

11 (c) the average number belonging that will be used to calculate the basic entitlement and total
12 per-ANB entitlement for the ensuing school fiscal year;

13 (d) the estimated enrollment, including the factual information on which the estimate is based, as
14 provided in subsection (1); and

15 (e) any other information or data that may be requested by the superintendent of public instruction.

16 (3) The superintendent of public instruction shall immediately review all the factors of the
17 application and shall approve or disapprove the application or adjust the estimated average number
18 belonging for the ensuing ANB calculation period. After approving an estimate, with or without adjustment,
19 the superintendent of public instruction shall:

20 (a) determine the percentage increase that the estimated enrollment increase is over the current
21 enrollment; and

22 (b) approve an increase of the average number belonging used to establish the ensuing year's basic
23 entitlement and total per-ANB entitlement in accordance with subsection (5) if the increase in subsection
24 (3)(a) is at least 6%.

25 (4) The superintendent of public instruction shall notify the district of the decision by the fourth
26 Monday in June.

27 (5) Whenever an unusual enrollment increase is approved by the superintendent of public
28 instruction, the increase of the average number belonging used to establish the basic entitlement and total
29 per-ANB entitlement for the ensuing ANB calculation period is the difference between the enrollment for
30 the ensuing school fiscal year and 106% of the current enrollment. The amount determined is the maximum

1 allowable increase added to the average number belonging for the purpose of establishing the ensuing
2 year's basic entitlement and total per-ANB entitlement.

3 (6) Any entitlement increases resulting from provisions of this section must be reviewed at the end
4 of the ensuing school fiscal year. If the actual enrollment is less than the average number belonging used
5 for BASE funding program and entitlement calculations, the superintendent of public instruction shall revise
6 the total per-ANB entitlement and basic entitlement calculations using the actual average number belonging.
7 All total per-ANB entitlements received by the district in excess of the revised entitlements are
8 overpayments subject to the refund provisions of 20-9-344(4)."

9

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

11 **"20-9-331. Basic county tax for elementary equalization and other ~~revenues~~ revenue for county**
12 **equalization of the elementary ~~district~~ BASE funding program.** (1) The county commissioners of each county
13 shall levy an annual basic county tax of 33 mills on the dollar of the taxable value of all taxable property
14 within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2),
15 61-3-521, 61-3-527, 61-3-537, and 67-3-204, for the purposes of ~~local~~ elementary equalization and state
16 BASE funding program support. The revenue collected from this levy must be apportioned to the support
17 of the elementary BASE funding programs of the school districts in the county and to the state general fund
18 in the following manner:

19 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,
20 the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE
21 funding programs of all elementary districts of the county.

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

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

1 (a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for
2 the ~~common school fund~~ elementary county equalization fund under the provisions of 17-3-222;

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

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

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

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

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

12 (g) oil and natural gas production taxes;

13 (h) anticipated local government severance tax payments for calendar year 1995 production as
14 provided in 15-36-325; and

15 (i) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
16 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204."

17
18 **Section 21.** Section 20-9-332, MCA, is amended to read:

19 **"20-9-332. Fines and penalties proceeds for elementary county equalization.** All fines and penalties
20 collected under the provisions of this title, except those collected by a justice's court, ~~shall~~ must be paid
21 into the ~~county~~ elementary county equalization fund as provided by 20-9-331(2)(c). In order to implement
22 this section and any other provision of law requiring the deposit of fines in the elementary county
23 equalization fund, a report ~~shall~~ must be made to the county superintendent of the county, at the close of
24 each term, by the clerk of each district court, reporting all fines imposed and collected during the term and
25 indicating the type of violation and the date of collection."

26
27 **Section 22.** Section 20-9-333, MCA, is amended to read:

28 **"20-9-333. Basic ~~special~~ levy county tax for high school equalization and other revenue for county**
29 **equalization of high school ~~district~~ BASE funding program.** (1) The county commissioners of each county
30 shall levy an annual basic ~~special~~ county tax for high schools of 22 mills on the dollar of the taxable value

1 of all taxable property within the county, except for property subject to a tax or fee under 23-2-517,
2 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204, for the purposes of ~~local~~ high
3 school equalization and state BASE funding program support. The revenue collected from this levy must
4 be apportioned to the support of the BASE funding programs of high school districts in the county and to
5 the state general fund in the following manner:

6 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,
7 the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the
8 county's high school tuition obligation and the total of the BASE funding programs of all high school
9 districts of the county.

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

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

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

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

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

24 (d) oil and natural gas production taxes;

25 (e) anticipated local government severance tax payments for calendar year 1995 production as
26 provided in 15-36-325; and

27 (f) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
28 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204."

29

30 **Section 23.** Section 20-9-334, MCA, is amended to read:

1 "20-9-334. ~~Apportionment of county equalization moneys — high school out-of-county~~
 2 Out-of-county tuition obligations. (1) ~~The county superintendent shall calculate the apportionment of~~
 3 ~~revenues deposited in the basic county tax account and the revenues deposited in the basic special tax for~~
 4 ~~high schools account to the several districts of the county. The apportionments shall be known as "county~~
 5 ~~equalization moneys".~~

6 ~~(2)~~ The county superintendent shall direct the county treasurer to deduct from the ~~revenues~~
 7 revenue available in the ~~basic special tax for high schools account~~ elementary and high school county
 8 equalization funds, prior to remittance of the funds to the state treasurer under the provisions of 15-1-504
 9 and 20-9-212, the amount required for the month to pay the county's obligation for elementary and high
 10 school out-of-county tuition under 20-5-324."

11
 12 **Section 24.** Section 20-9-335, MCA, is amended to read:

13 "**20-9-335. Formula for apportionment of county equalization money.** (1) The superintendent of
 14 public instruction shall calculate the apportionment of revenue available in the ~~basic~~ elementary and high
 15 school county ~~tax account and in the basic special tax for high schools account~~ equalization funds in
 16 accordance with the following procedure:

17 (a) determine the percentage that the county equalization money available for the support of the
 18 elementary direct state aid of the districts in the county is of the total elementary direct state aid of all
 19 districts in the county;

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

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

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

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

1 **Section 25.** Section 20-9-347, MCA, is amended to read:

2 **"20-9-347. Distribution of BASE aid and special education allowable cost payments in support of**
3 **BASE funding program -- exceptions.** (1) The superintendent of public instruction shall:

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

6 (b) in the manner described in 20-9-344, provide for a state advance to each county in an amount
7 that is no less than the amount anticipated to be raised for the ~~base~~ elementary and high school county
8 ~~tax fund equalization funds~~ as provided in 20-9-331 and ~~for the base special tax fund as provided in~~
9 ~~20-9-333; and~~

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

11 (2) (a) The superintendent of public instruction is authorized to adjust the schedule prescribed in
12 20-9-344 for distribution of the BASE aid payments if the distribution will cause a district to register
13 warrants under the provisions of 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, in the manner required by the office, that the payment schedule
16 prescribed in 20-9-344 will result in insufficient money available in all funds of the district to make payment
17 of the district's warrants. The county treasurer shall confirm the anticipated deficit. This section may not
18 be construed to authorize the superintendent of public instruction to exceed a district's annual payment for
19 BASE aid.

20 (3) The superintendent of public instruction shall:

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

22 (b) supply the county treasurer and the county superintendent of public instruction with a report
23 of payments for special education allowable costs to districts of the county."
24

25 **Section 26.** Section 20-9-507, MCA, is amended to read:

26 **"20-9-507. Miscellaneous programs fund.** (1) The trustees of a district receiving money from local,
27 state, federal, or other sources provided in 20-5-324 other than money under the provisions of ~~Title 4 of~~
28 ~~Public Law 81-874~~ impact aid, as provided in 20 U.S.C. 7701, et seq., or federal money designated for
29 deposit in a specific fund of the district shall establish a miscellaneous programs fund for the deposit of the
30 money. The money may be a reimbursement of miscellaneous program fund expenditures already realized

1 by the district, a payment received as a local government severance tax payment for calendar year 1995
 2 production as provided in 15-36-325, indirect cost recoveries, or a grant of money for the financing of
 3 expenditures to be realized by the district for a special, approved program to be operated by the district.
 4 When the money is a reimbursement or a local government severance tax payment, the money may be
 5 expended at the discretion of the trustees for school purposes. When the money is a grant, the money must
 6 be expended according to the conditions of the program approval by the superintendent of public instruction
 7 or any other approval agent. Within the miscellaneous programs fund, the trustees shall ~~cause~~ maintain a
 8 separate accounting ~~to be maintained~~ for each local, state, or federal grant program and for the aggregate
 9 ~~of all reimbursement money project and the indirect cost recoveries.~~

10 (2) The financial administration of the miscellaneous programs fund must be in accordance with
 11 the financial administration provisions of this title for a nonbudgeted fund."
 12

13 **Section 27.** Section 20-9-509, MCA, is amended to read:

14 "**20-9-509. Lease or rental agreement fund.** (1) The trustees of any district that provides pupil or
 15 teacher housing in district-owned buildings under a lease or rental agreement with pupils or teachers or
 16 receives ~~moneys~~ money under the provision of 20-6-607 may establish a lease or rental agreement fund.
 17 All ~~moneys~~ money received from ~~such~~ the lease or rental agreements may be deposited with the county
 18 treasurer to the credit of the lease or rental agreement fund, general fund, the debt service fund, or any
 19 other appropriate fund. Whenever the end-of-the-year cash balance of a lease or rental agreement fund is
 20 more than \$10,000 for an elementary or high school district or \$20,000 for a K-12 district, ~~such~~ the cash
 21 balance in excess of ~~\$10,000~~ shall ~~this limit must~~ be transferred to the general fund of the district.

22 (2) Any expenditure of ~~moneys~~ money from a lease or rental agreement fund ~~shall~~ must be made
 23 for the maintenance and operation of the district-owned buildings to which the lease or rental agreements
 24 apply or for the acquisition of additional housing or dormitory facilities. The financial administration of the
 25 lease or rental agreement fund ~~shall~~ must be in accordance with the financial administration provisions of
 26 this title for a nonbudgeted fund."
 27

28 **Section 28.** Section 20-9-514, MCA, is amended to read:

29 "**20-9-514. Impact aid fund.** (1) The trustees of a district that receives federal funds under the
 30 provisions of ~~Title I of Public Law 81-874~~ impact aid, as provided in 20 U.S.C. 7701, et seq., shall establish

1 an impact aid fund. Money received under the provisions of ~~Public Law 81-874~~ 20 U.S.C. 7701, et seq.,
2 must be deposited with the county treasurer to the credit of the impact aid fund.

3 (2) The expenditure of money from the impact aid fund must be made pursuant to ~~Title I of Public~~
4 ~~Law 81-874~~ 20 U.S.C. 7701, et seq. The impact aid fund must be administered pursuant to the financial
5 administration provisions of this title for nonbudgeted funds."

6

7 **Section 29.** Section 20-9-533, MCA, is amended to read:

8 **"20-9-533. Technology acquisition fund -- limitations.** (1) The trustees of a district may establish
9 a technology acquisition fund for school district expenditures incurred for:

10 (a) the purchase, rental, repair, and maintenance of technological equipment, including computers
11 and computer network access; and

12 (b) associated technical training for school district personnel.

13 (2) The trustees of a district shall fund the ~~budget for the~~ technology acquisition fund with the
14 state money received under 20-9-534 and with other local, state, and federal funds received for the
15 purpose of funding technology.

16 ~~(3) Whenever the trustees of a district establish the technology acquisition fund, the trustees shall:~~

17 ~~(a) adopt a resolution stating the reasons and purpose for financing a technology acquisition fund~~
18 ~~budget;~~

19 ~~(b) adopt a budget for the amount required for the technology acquisition fund for the ensuing~~
20 ~~school fiscal year; and~~

21 ~~(c) report the technology acquisition fund budget to the county superintendent on the regular~~
22 ~~budget form prescribed by the superintendent of public instruction in accordance with 20-9-103.~~

23 ~~(4)~~(3) The trustees of a district may not use revenue in the technology acquisition fund to finance
24 contributions to the teachers' retirement system, the public employees' retirement system, or the federal
25 social security system or for unemployment compensation insurance."

26

27 **Section 30.** Section 20-9-534, MCA, is amended to read:

28 **"20-9-534. School technology purchases.** ~~The~~ By September 1, the superintendent of public
29 instruction shall allocate the annual amount appropriated for grants for school technology purchases to each
30 district based on the ratio that each district's BASE budget bears to the statewide BASE budget amount

1 for all school districts multiplied by the amount of money provided in 20-9-343(3)(a)(ii) in the current school
2 year."

3

4 **Section 31.** Section 20-10-124, MCA, is amended to read:

5 **"20-10-124. Private party contract for transportation -- individual transportation contract.** (1)

6 When the trustees contract with any private party to provide transportation to eligible transportees, the
7 private party shall comply in ~~every respect~~ with the regulations of the board of public education for the
8 standards of equipment, operation and safety of the school bus, and qualifications of the driver. The
9 trustees may, ~~in contracting with private parties,~~ require added safeguards by supplementing the board of
10 public education policies in the contract with additional requirements for bus specifications, age of drivers,
11 liability insurance, operating speed, or any other contractual condition ~~deemed~~ considered necessary by the
12 trustees.

13 (2) Any school bus transportation by a private party or individual transportation that is furnished
14 by a district ~~shall~~ must be under contract, and ~~no~~ district, county, or state money ~~shall~~ may not be paid for
15 ~~such~~ transportation services to any person or firm who does not hold a legal contract with the district.
16 Transportation contracts for the ensuing year ~~shall~~ must be completed by the fourth Monday of June,
17 except when an eligible transportee establishes residence in the district after the fourth Monday of June
18 and a contingency amount is included in the regular transportation budget or an emergency transportation
19 budget is adopted.

20 (3) Transportation contracts between a district and a private party for the provision of school bus
21 transportation ~~shall be subject to the following requirements~~ must:

22 (a) ~~the contract shall be completed in quadruplicate and, upon completion, triplicate, with one copy~~
23 ~~shall be~~ for the county superintendent, one copy for the private party, ~~one copy for the superintendent of~~
24 ~~public instruction,~~ and one copy ~~shall be retained by~~ for the district;

25 (b) ~~the contract terms shall require conformance~~ conform to the transportation law, policies of the
26 board of public education, and rules of the superintendent of public instruction; and

27 (c) ~~the contract shall~~ be signed by the ~~chairman~~ presiding officer of the trustees and the private
28 party.

29 (4) A transportation contract between a parent or guardian of an eligible transportee and a district
30 for the provision of individual transportation ~~shall be~~ is subject to the following requirements:

1 (a) it ~~shall~~ must be completed in quadruplicate ~~and, upon approval, with~~ one copy ~~shall be~~ for the
 2 parent or guardian, one copy for the district, one copy for the county superintendent, and one copy for the
 3 superintendent of public instruction;

4 (b) it ~~shall~~ must be completed on forms promulgated by the superintendent of public instruction;

5 (c) the parent or guardian shall sign an affidavit attesting to the place of residence of ~~his~~ the child
 6 or children; and

7 (d) it ~~shall~~ must be signed by the ~~chairman~~ presiding officer of the trustees and the parent or
 8 guardian of the eligible transportees."

9

10 **Section 32.** Section 20-10-144, MCA, is amended to read:

11 **"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund**
 12 **budget.** Before the fourth Monday of July and in accordance with 20-9-123, the county superintendent
 13 shall compute the revenue available to finance the transportation fund budget of each district. The county
 14 superintendent shall compute the revenue for each district on the following basis:

15 (1) The "schedule amount" of the preliminary budget expenditures that is derived from the rate
 16 schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

17 (a) the sum of the maximum reimbursable expenditures for all approved school bus routes
 18 maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate
 19 per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus
 20 route approved by the county transportation committee and maintained by the district); plus

21 (b) the total of all individual transportation per diem reimbursement rates for the district as
 22 determined from the contracts submitted by the district multiplied by the number of pupil-instruction days
 23 scheduled for the ensuing school attendance year; plus

24 (c) any estimated costs for supervised home study or supervised correspondence study for the
 25 ensuing school fiscal year; plus

26 (d) the amount budgeted on the preliminary budget for the contingency amount permitted in
 27 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100,
 28 whichever is larger, the contingency amount on the preliminary budget must be reduced to the limitation
 29 amount and used in this determination of the schedule amount; plus

30 (e) any estimated costs for transporting a child out of district when the child has mandatory

1 approval to attend school in a district outside the district of residence.

2 (2) (a) The schedule amount determined in subsection (1) or the total preliminary transportation
3 fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county
4 revenue to be budgeted on the following basis:

5 (i) one-half is the budgeted state transportation reimbursement, except that the state transportation
6 reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be
7 50% of the schedule amount attributed to the transportation of special education pupils; and

8 (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the
9 manner provided in 20-10-146.

10 (b) When the district has a sufficient amount of ~~each~~ fund balance for reappropriation and other
11 sources of district revenue, as determined in subsection (3), to reduce the total district obligation for
12 financing to zero, any remaining amount of district revenue and ~~each~~ fund balance reappropriated must be
13 used to reduce the county financing obligation in subsection (2)(a)(ii) and, if the county financing
14 obligations are reduced to zero, to reduce the state financial obligation in subsection (2)(a)(i).

15 (c) The county revenue requirement for a joint district, after the application of any district money
16 under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same
17 proportion as the ANB of the joint district is distributed by pupil residence in each county.

18 (3) The total of the money available for the reduction of property tax on the district for the
19 transportation fund must be determined by totaling:

20 (a) anticipated federal money received under the provisions of ~~Title I of Public Law 81-874~~ 20
21 U.S.C. 7701, et seq., or other anticipated federal money received in lieu of that federal act;

22 (b) anticipated payments from other districts for providing school bus transportation services for
23 the district;

24 (c) anticipated payments from a parent or guardian for providing school bus transportation services
25 for a child;

26 (d) anticipated or reappropriated interest to be earned by the investment of transportation fund
27 cash in accordance with the provisions of 20-9-213(4);

28 (e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517,
29 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204;

30 (f) anticipated revenue from coal gross proceeds under 15-23-703;

1 (g) anticipated oil and natural gas production taxes;
 2 (h) anticipated local government severance tax payments for calendar year 1995 production;
 3 (i) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320
 4 through 20-5-324;

5 (j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year
 6 that may be used to finance the transportation fund; and

7 (k) any fund balance available for reappropriation as determined by subtracting the amount of the
 8 end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school
 9 fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating
 10 reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year
 11 and is for the purpose of paying transportation fund warrants issued by the district under the final
 12 transportation fund budget.

13 (4) The district levy requirement for each district's transportation fund must be computed by:

14 (a) subtracting the schedule amount calculated in subsection (1) from the total preliminary
 15 transportation budget amount; and

16 (b) subtracting the amount of money available to reduce the property tax on the district, as
 17 determined in subsection (3), from the amount determined in subsection (4)(a).

18 (5) The transportation fund levy requirements determined in subsection (4) for each district must
 19 be reported to the county commissioners on the fourth Monday of August by the county superintendent
 20 as the transportation fund levy requirements for the district, and the levy must be made by the county
 21 commissioners in accordance with 20-9-142."

22

23 **Section 33.** Section 69-11-202, MCA, is amended to read:

24 **"69-11-202. Establishment and notice of schedule for passenger carriers.** ~~Every~~ A common carrier
 25 of passengers by railroad or by vessel plying upon waters lying wholly within this state shall establish and
 26 give public notice of a schedule time for the starting of trains or vessels from their ~~respective~~ stations or
 27 wharves, ~~of which public notice shall be given, and. A common carrier shall, weather permitting,~~ except
 28 in case of accident or detention caused by connecting lines or weather conditions, start ~~their~~ trains or
 29 vessels at or within 10 minutes after the schedule time ~~so established and notice given, under a penalty.~~
 30 Failure to comply is punishable by a fine of \$250 for each neglect so to do, to be recovered by action

1 before any court of competent jurisdiction, upon complaint filed by the county attorney ~~of the county in~~
 2 ~~the name of the state, and paid into the common school fund of the county~~ elementary county equalization
 3 fund."

4
 5 ~~Section 34. Section 85-8-612, MCA, is amended to read:~~

6 ~~"85-8-612. Lien of assessments— payment of assessments against state lands. (1) From the time~~
 7 ~~of the entry of said the order, assessments for construction of new work and additional assessments and~~
 8 ~~interest thereon shall be are a lien upon the lands assessed, until paid. Any owner of land or any~~
 9 ~~corporation assessed for construction may, at any time within 30 days after the confirmation of said the~~
 10 ~~report, pay into court the amount of the assessment against his the land or any tract thereof of the land~~
 11 ~~or against any such the corporation. Said The payment shall relieve said relieves the lands from the lien of~~
 12 ~~said the assessment and said the corporation from all liability on said the assessment.~~

13 ~~(2) Upon presentation to the state treasurer of an order of the district court having jurisdiction of~~
 14 ~~the drainage district, properly certified, the department of administration shall draw a warrant on the~~
 15 ~~treasury on the common school fund state general fund in favor of the commissioners of the drainage~~
 16 ~~district for the total amount that may be assessed against any lands included in the district, the title to~~
 17 ~~which is in the state of Montana. Upon payment of the warrant, the lands are relieved from the lien created~~
 18 ~~for the costs of construction."~~

19
 20 NEW SECTION. Section 34. Effective date. [This act] is effective July 1, 1997.

21 -END-