

Unofficial Draft Copy

As of: August 5, 2016 (9:04am)

LCEFBT

**** Bill No. ****

Introduced By *****

By Request of the *****

A Bill for an Act entitled: "An Act revising school finance laws; allowing for transfers of general fund to the building reserve fund for maintenance and rehabilitation of school facilities; and amending section 20-9-502, MCA."

Be it enacted by the Legislature of the State of Montana:

NEW SECTION. **Section 1. Transfer of funds to building reserve fund -- major maintenance projects.** (1) At the end of each fiscal year, the trustees of a school district may transfer money from the general fund, within the adopted budget, into the building reserve fund.

(2) The transferred funds must be used for making major improvements to or rehabilitation of an existing school facility to prolong and maintain its economic useful life, including repairs and maintenance related to:

- (a) roofing systems;
- (b) heating, air conditioning, and ventilation systems;
- (c) energy-efficient window and door systems and insulation;
- (d) plumbing systems;
- (e) electrical systems and lighting systems; or
- (f) information technology infrastructure, including internet connectivity within and to the school facility.

Section 2. Section 20-9-502, MCA, is amended to read:

"20-9-502. Purpose and authorization of building reserve fund by election -- levy for school transition costs -- transfer of general fund into building reserve fund. (1) The trustees of

any district, with the approval of the qualified electors of the district, may establish a building reserve for the purpose of raising money for the future construction, equipping, or enlarging of school buildings, for the purpose of purchasing land needed for school purposes in the district, or for the purpose of funding school transition costs as provided in subsections (5) and (6). In order to submit to the qualified electors of the district a building reserve proposition for the establishment of or addition to a building reserve, the trustees shall pass a resolution that specifies:

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

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

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

(d) any other requirements under 15-10-425 and 20-20-201 for the calling of an election.

(2) Except as provided in subsections (5)(b) and (6), a building reserve tax authorization may not be for more than 20 years.

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(3) The election must be conducted in accordance with the school election laws of this title, and the electors qualified to vote in the election must be qualified under the provisions of 20-20-301. The ballot for a building reserve proposition must be substantially in compliance with 15-10-425.

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

(5) (a) The trustees may submit a proposition to the qualified electors of the district for a levy to provide funding for transition costs incurred when the trustees:

(i) open a new school under the provisions of Title 20, chapter 6;

(ii) close a school;

(iii) replace a school building; or

(iv) consolidate with or annex another district under the

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provisions of Title 20, chapter 6.

(b) Except as provided in subsections (5)(c) and (6), the total amount the trustees may submit to the electorate for transition costs may not exceed the number of years specified in the proposition times the greater of 5% of the district's maximum general fund budget for the current year or \$250 per ANB for the current year. Except as provided in subsection (6), the duration of the levy for transition costs may not exceed 6 years.

(c) If the levy for transition costs is for consolidation or annexation:

(i) the limitation on the amount levied is calculated using the ANB and the maximum general fund budget for the districts that are being combined; and

(ii) the proposition must be submitted to the qualified electors in the combined district.

(d) The levy for transition costs may not be considered as outstanding indebtedness for the purpose of calculating the limitation in 20-9-406.

(6) The trustees of a K-12 district shall impose a levy for transition costs to fund the payment required by 20-6-326(6)(b) when a proposition to create the K-12 district and to assess the transition levy has been approved pursuant to 20-6-326(2). The levy is limited to the amount required by 20-6-326(6)(b) for a period not to exceed 3 years.

(7) The trustees of a school district may transfer money from the general fund into the building reserve fund to fund major maintenance and rehabilitation of school facilities

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pursuant to [section 1]."

{*Internal References to 20-9-502:*

x 20-6-326 x 20-6-326 x 20-9-471 x 20-9-503
x 20-15-404 }

NEW SECTION. **Section 3. {standard} Codification**

instruction. [Section 1] is intended to be codified as an integral part of Title 20, chapter 9, and the provisions of Title 20, chapter 9, apply to [section 1].

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