

SENATE BILL NO. 117

INTRODUCED BY J. TESTER

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A BILL FOR AN ACT ENTITLED: "~~AN ACT EXEMPTING THE SCHOOL DISTRICT TRANSPORTATION FUND, ADULT EDUCATION FUND, AND BUS DEPRECIATION RESERVE FUND~~ ALL SCHOOL DISTRICT LEVIES FROM PROPERTY TAX MILL LEVY LIMITATIONS; INCREASING THE MILL LEVY LIMIT FOR ADULT EDUCATION; AMENDING SECTIONS 15-10-420, 20-3-205, 20-7-705, AND 20-10-147, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

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Section 1. Section 15-10-420, MCA, is amended to read:

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"15-10-420. Procedure for calculating levy. (1) A governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year, even if that levy is greater than the levy established by law. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the value of newly taxable property.

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(2) A governmental entity may apply the levy calculated pursuant to subsection (1) plus any additional levies authorized by the voters to all property in the governmental unit, including newly taxable property.

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(3) For purposes of this section, newly taxable property includes:

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- (a) annexation of real property and improvements into a taxing unit;
- (b) construction, expansion, or remodeling of improvements;
- (c) transfer of property into a taxing unit;
- (d) subdivision of real property;
- (e) reclassification of property;
- (f) transfer of property from tax-exempt to taxable status; and
- (g) revaluations caused by expansion, addition, replacement, or remodeling of improvements.

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(4) ~~Subsection~~ Subject to subsection (7), subsection (1) does not apply to school district general

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1 ~~fund levies and the school district levy for tuition obligations established in 20-5-324(5) Title 20 for the~~
 2 ~~adult education fund, transportation fund, or bus depreciation reserve fund.~~

3 (5) For purposes of subsection (1), taxes imposed:

4 (a) include registration fees imposed on light vehicles under 61-3-561 and distributed under
 5 61-3-509(2); and

6 (b) do not include net or gross proceeds taxes received under 15-6-131 and 15-6-132.

7 (6) In determining the maximum number of mills in subsection (1), the governmental entity shall
 8 take into account any change from the prior year in the amount of statutory reimbursements for changes
 9 in the property tax laws. The amount of motor vehicle disposition under 61-3-509(2), as that section read
 10 on December 31, 2000, is an increased statutory reimbursement. It may increase the number of mills to
 11 account for a decrease in reimbursements and shall decrease the number of mills to fully account for any
 12 increase in reimbursements.

13 (7) The department shall calculate the number of mills to be imposed for purposes of 15-10-107,
 14 20-9-331, 20-9-333, 20-9-360, 20-25-423, 20-25-439, and 53-2-813. However, the number of mills
 15 calculated by the department may not exceed the mill levy limits established in those sections.

16 (8) The department may adopt rules to implement this section. The rules may include a method
 17 for calculating the percentage of change in valuation for purposes of determining the elimination of
 18 property, new improvements, or newly taxable property in a governmental unit."

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20 **Section 2.** Section 20-3-205, MCA, is amended to read:

21 **"20-3-205. Powers and duties.** The county superintendent has general supervision of the schools
 22 of the county within the limitations prescribed by this title and shall perform the following duties or acts:

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

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

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

30 (4) act on each tuition and transportation obligation submitted in accordance with the provisions

- 1 of 20-5-323 and 20-5-324;
- 2 (5) file a copy of the audit report for a district in accordance with the provisions of 20-9-203;
- 3 (6) classify districts in accordance with the provisions of 20-6-201 and 20-6-301;
- 4 (7) keep a transcript and reconcile the district boundaries of the county in accordance with the
5 provisions of 20-6-103;
- 6 (8) fulfill all responsibilities assigned under the provisions of this title regulating the organization,
7 alteration, or abandonment of districts;
- 8 (9) act on any unification proposition and, if approved, establish additional trustee nominating
9 districts in accordance with 20-6-312 and 20-6-313;
- 10 (10) estimate the average number belonging (ANB) of an opening school in accordance with the
11 provisions of 20-6-502, 20-6-503, 20-6-504, or 20-6-506;
- 12 (11) process and, when required, act on school isolation applications in accordance with the
13 provisions of 20-9-302;
- 14 (12) complete the budgets, compute the budgeted revenue and tax levies, file final budgets and
15 budget amendments, and fulfill other responsibilities assigned under the provisions of this title regulating
16 school budgeting systems;
- 17 (13) submit an annual financial report to the superintendent of public instruction in accordance with
18 the provisions of 20-9-211;
- 19 (14) monthly, unless otherwise provided by law, order the county treasurer to apportion state
20 money, county school money, and any other school money subject to apportionment in accordance with
21 the provisions of 20-9-212, 20-9-335, 20-9-347, 20-10-145, or 20-10-146;
- 22 (15) act on any request to transfer average number belonging (ANB) in accordance with the
23 provisions of 20-9-313(3);
- 24 (16) calculate the estimated budgeted general fund sources of revenue in accordance with the
25 general fund revenue provisions of the general fund part of this title;
- 26 (17) compute the revenue and, ~~subject to 15-10-420,~~ compute the district and county levy
27 requirements for each fund included in each district's final budget and report the computations to the board
28 of county commissioners in accordance with the provisions of the general fund, transportation, bonds, and
29 other school funds parts of this title;
- 30 (18) file and forward bus driver certifications, transportation contracts, and state transportation

1 reimbursement claims in accordance with the provisions of 20-10-103, 20-10-143, or 20-10-145;

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

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

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

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

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

12 (24) keep a record of official acts, preserve all reports submitted to the superintendent under the
13 provisions of this title, preserve all books and instructional equipment or supplies, keep all documents
14 applicable to the administration of the office, and surrender all records, books, supplies, and equipment
15 to the next superintendent;

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

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

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

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

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

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

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28 **Section 3.** Section 20-7-705, MCA, is amended to read:

29 **"20-7-705. Adult education fund.** (1) A separate adult education fund must be established when
30 an adult education program is operated by a district or community college district. The financial

1 administration of the fund must comply with the budgeting, financing, and expenditure provisions of the
2 laws governing the schools.

3 (2) Whenever the trustees of a district establish an adult education program under the provisions
4 of 20-7-702, they shall establish an adult education fund under the provisions of this section. The adult
5 education fund is the depository for all district money received by the district in support of the adult
6 education program. Federal and state adult education program money must be deposited in the
7 miscellaneous programs fund.

8 (3) ~~Subject to 15-10-420, the~~ The trustees of a district may authorize the levy of a tax of not
9 more than ~~1 mill~~ 1.1 MILLS on the district, except that trustees of a county high school district may,
10 whether or not the county high school district is unified with an elementary district under the provisions
11 of 20-6-312, authorize a levy of not more than ~~2~~ 2.2 mills on the district and a K-12 school district formed
12 under the provisions of 20-6-701 may authorize a levy of not more than ~~3~~ 3.3 mills on the district, for the
13 operation of an adult education program.

14 (4) Whenever the trustees of a district decide to offer an adult education program during the
15 ensuing school fiscal year, they shall budget for the cost of the program in the adult education fund of the
16 final budget. Any expenditures in support of the adult education program under the final adult education
17 budget must be made in accordance with the financial administration provisions of this title for a budgeted
18 fund.

19 (5) When a tax levy for an adult education program is included as a revenue item on the final adult
20 education budget, the county superintendent shall report the levy requirement to the county commissioners
21 on the fourth Monday of August and a levy on the district must be made by the county commissioners in
22 accordance with 20-9-142."
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24 **Section 4.** Section 20-10-147, MCA, is amended to read:

25 **"20-10-147. Bus depreciation reserve fund.** (1) The trustees of a district owning a bus or a
26 two-way radio used for purposes of transportation, as defined in 20-10-101, or for purposes of conveying
27 pupils to and from school functions or activities may establish a bus depreciation reserve fund to be used
28 for the conversion, remodeling, or rebuilding of a bus or for the replacement of a bus or radio. The trustees
29 of a district may also use the bus depreciation reserve fund to purchase an additional bus for purposes of
30 transportation, as defined in 20-10-101.

1 (2) Whenever a bus depreciation reserve fund is established, the trustees may include in the
2 district's budget, in accordance with the school budgeting provisions of this title, an amount each year that
3 does not exceed 20% of the original cost of a bus or a two-way radio. The amount budgeted may not,
4 over time, exceed 150% of the original cost of a bus or two-way radio. The annual revenue requirement
5 for each district's bus depreciation reserve fund, determined within the limitations of this section, must
6 be reported by the county superintendent to the county commissioners on the fourth Monday of August
7 as the bus depreciation reserve fund levy requirement for that district, and ~~subject to 15-10-420~~, a levy
8 must be made by the county commissioners in accordance with 20-9-142.

9 (3) Any expenditure of bus depreciation reserve fund money must be within the limitations of the
10 district's final bus depreciation reserve fund budget and the school financial administration provisions of
11 this title and may be made only to convert, remodel, or rebuild buses, to replace the buses or radios, or
12 for the purchase of an additional bus as provided in subsection (1), for which the bus depreciation reserve
13 fund was created.

14 (4) Whenever the trustees of a district maintaining a bus depreciation reserve fund sell all of the
15 district's buses and consider it to be in the best interest of the district to transfer any portion or all of the
16 bus depreciation reserve fund balance to any other fund maintained by the district, the trustees shall
17 submit the proposition to the electors of the district. The electors qualified to vote at the election shall
18 qualify under 20-20-301, and the election must be called and conducted in the manner prescribed by this
19 title for school elections. If a majority of those electors voting at the election approve the proposed transfer
20 from the bus depreciation reserve fund, the transfer is approved and the trustees shall immediately order
21 the county treasurer to make the approved transfer."

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23 NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

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25 NEW SECTION. **Section 6. Applicability.** [This act] applies to school district budgets for the fiscal
26 year beginning July 1, 2001.

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