

## 1 HOUSE BILL NO. 459

2 INTRODUCED BY R. BROWN

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING CERTAIN LAWS RELATED TO SCHOOL FUNDING;  
5 MINIMIZING THE EFFECT OF DECLINING ENROLLMENT ON SCHOOL DISTRICTS' GENERAL FUND  
6 BUDGETS FOR SCHOOL FISCAL YEARS BEGINNING JULY 1, 2004, BY CALCULATING A DISTRICT'S  
7 BASIC AND TOTAL PER-ANB ENTITLEMENTS USING THE AVERAGE NUMBER BELONGING  
8 CALCULATED OVER A 3-YEAR PERIOD; REMOVING PROVISIONS ALLOWING A DISTRICT TO BUDGET  
9 OVER THE MAXIMUM BUDGET; AMENDING SECTIONS 20-5-323, 20-7-102, 20-9-306, 20-9-308, 20-9-311,  
10 AND 20-9-353, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

- 13  
14 **Section 1.** Section 20-5-323, MCA, is amended to read:
- 15 **"20-5-323. Tuition and transportation rates.** (1) Except as provided in subsections (2) through (5),  
16 whenever a child has approval to attend a school outside of the child's district of residence under the provisions  
17 of 20-5-320 or 20-5-321, the rate of tuition charged for a Montana resident student may not exceed 20% of the  
18 per-ANB maximum rate established in 20-9-306 for the year of attendance.
- 19 (2) The tuition for a child with a disability must be determined under rules adopted by the superintendent  
20 of public instruction for the calculation of tuition for special education pupils.
- 21 (3) The tuition rate for out-of-district placement pursuant to 20-5-321(1)(d) and (1)(e) for a student  
22 without disabilities who requires a program with costs that exceed the average district costs must be determined  
23 as the actual individual costs of providing that program according to the following:
- 24 (a) the district of attendance and the district, person, or entity responsible for the tuition payments shall  
25 approve an agreement with the district of attendance for the tuition cost;
- 26 (b) for a Montana resident student, 80% of the maximum per-ANB rate established in 20-9-306~~(10)~~,  
27 received in the year for which the tuition charges are calculated must be subtracted from the per-student  
28 program costs for a Montana resident student; and
- 29 (c) the maximum tuition rate paid to a district under this section may not exceed \$2,500 per ANB.
- 30 (4) When a child attends a public school of another state or province, the amount of daily tuition may

1 not be greater than the average annual cost for each student in the child's district of residence. This calculation  
 2 for tuition purposes is determined by totaling all of the expenditures for all of the district budgeted funds for the  
 3 preceding school fiscal year and dividing that amount by the October 1 enrollment in the preceding school fiscal  
 4 year. For the purposes of this subsection, the following do not apply:

- 5 (a) placement of a child with a disability pursuant to Title 20, chapter 7, part 4;
- 6 (b) placement made in a state or province with a reciprocal tuition agreement pursuant to 20-5-314;
- 7 (c) an order issued under Title 40, chapter 4, part 2; or
- 8 (d) out-of-state placement by a state agency.
- 9 (5) When a child is placed by a state agency in an out-of-state residential facility, the state agency  
 10 making the placement is responsible for the education costs resulting from the placement.

11 (6) The amount, if any, charged for transportation may not exceed the lesser of the average  
 12 transportation cost for each student in the child's district of residence or 25 cents a mile. The average  
 13 expenditures for the district transportation fund for the preceding school fiscal year must be calculated by  
 14 dividing the transportation fund expenditures by the October 1 enrollment for the preceding fiscal year."  
 15

16 **Section 2.** Section 20-7-102, MCA, is amended to read:

17 **"20-7-102. Accreditation of schools.** (1) The conditions under which each elementary school, each  
 18 middle school, each junior high school, 7th and 8th grades funded at high school rates, and each high school  
 19 operates must be reviewed by the superintendent of public instruction to determine compliance with the  
 20 standards of accreditation. The accreditation status of every school must then be established by the board of  
 21 public education upon the recommendation of the superintendent of public instruction. Notification of the  
 22 accreditation status for the applicable school year or years must be given to each district by the superintendent  
 23 of public instruction.

24 (2) A school may be accredited for a period consisting of 1, 2, 3, 4, or 5 school years, except that  
 25 multiyear accreditation may only be granted to schools that are in compliance with 20-4-101.

26 (3) A nonpublic school may, through its governing body, request that the board of public education  
 27 accredit the school. Nonpublic schools may be accredited in the same manner as provided in subsection (1).

28 (4) As used in this section, "7th and 8th grades funded at high school rates" means an elementary  
 29 school district or K-12 district elementary program whose 7th and 8th grades are funded as provided in  
 30 ~~20-9-306(1)(e)(i)~~ 20-9-306(1)(j)(iii)(B) or (2)(j)(iii)(B)."

1

2           **Section 3.** Section 20-9-306, MCA, is amended to read:

3           **"20-9-306. Definitions.** (1) As used in this title, unless the context clearly indicates otherwise, for the

4 school fiscal year beginning July 1, 2003, the following definitions apply:

5           ~~(1)~~(a) "BASE" means base amount for school equity.

6           ~~(2)~~(b) "BASE aid" means:

7           ~~(a)~~(i) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for

8 the general fund budget of a district; and

9           ~~(b)~~(ii) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement,

10 up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and ~~up to~~ 40%

11 of the special education allowable cost payment.

12           ~~(3)~~(c) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the

13 basic entitlement, 80% of the total per-ANB entitlement, and ~~up to~~ 140% of the special education allowable cost

14 payment.

15           ~~(4)~~(d) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may

16 be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through

17 20-9-369.

18           ~~(5)~~(e) "BASE funding program" means the state program for the equitable distribution of the state's

19 share of the cost of Montana's basic system of public elementary schools and high schools, through county

20 equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in

21 support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

22           ~~(6)~~(f) "Basic entitlement" means:

23           ~~(a)~~(i) \$213,819 for each high school district;

24           ~~(b)~~(ii) \$19,244 for each elementary school district or K-12 district elementary program without an

25 approved and accredited junior high school or middle school; and

26           ~~(c)~~(iii) the prorated entitlement for each elementary school district or K-12 district elementary program

27 with an approved and accredited junior high school or middle school, calculated as follows:

28           ~~(i)~~(A) \$19,244 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of

29 kindergarten through grade 8; plus

30           ~~(ii)~~(B) \$213,819 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten through

1 grade 8.

2 ~~(7)(g)~~ "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB  
3 entitlement for the general fund budget of a district and funded with state and county equalization aid.

4 ~~(8)(h)~~ "Maximum general fund budget" means a district's general fund budget amount calculated from  
5 the basic entitlement for the district, the total per-ANB entitlement for the district, and the greater of:

6 ~~(a)(i)~~ 175% of special education allowable cost payments; or

7 ~~(b)(ii)~~ the ratio, expressed as a percentage, of the district's special education allowable cost expenditures  
8 to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a  
9 maximum allowable ratio of 200%.

10 ~~(9)(i)~~ "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted  
11 that is above the BASE budget and below the maximum general fund budget for a district.

12 ~~(10)(i)~~ "Total per-ANB entitlement" means the district entitlement resulting from the following  
13 calculations:

14 ~~(a)(i)~~ for a high school district or a K-12 district high school program, a maximum rate of \$5,205 for the  
15 first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800  
16 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

17 ~~(b)(ii)~~ for an elementary school district or a K-12 district elementary program without an approved and  
18 accredited junior high school or middle school, a maximum rate of \$3,906 for the first ANB is decreased at the  
19 rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess  
20 of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

21 ~~(c)(iii)~~ for an elementary school district or a K-12 district elementary program with an approved and  
22 accredited junior high school or middle school, the sum of:

23 ~~(i)(A)~~ a maximum rate of \$3,906 for the first ANB for kindergarten through grade 6 is decreased at the  
24 rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000  
25 receiving the same amount of entitlement as the 1,000th ANB; and

26 ~~(i)(B)~~ a maximum rate of \$5,205 for the first ANB for grades 7 and 8 is decreased at the rate of 50 cents  
27 per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800  
28 receiving the same amount of entitlement as the 800th ANB.

29 (2) As used in this title, unless the context clearly indicates otherwise, for the school fiscal year  
30 beginning July 1, 2004, the following definitions apply:

- 1           (a) "BASE" means base amount for school equity.
- 2           (b) "BASE aid" means:
- 3           (i) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the  
4 general fund budget of a district; and
- 5           (ii) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement,  
6 up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the  
7 special education allowable cost payment.
- 8           (c) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the  
9 basic entitlement, 80% of the total per-ANB entitlement, and 140% of the special education allowable cost  
10 payment.
- 11           (d) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may  
12 be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through  
13 20-9-369.
- 14           (e) "BASE funding program" means the state program for the equitable distribution of the state's share  
15 of the cost of Montana's basic system of public elementary schools and high schools, through county  
16 equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in  
17 support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.
- 18           (f) "Basic entitlement" means:
- 19           (i) \$213,819 for each high school district;
- 20           (ii) \$19,244 for each elementary school district or K-12 district elementary program without an approved  
21 and accredited junior high school or middle school; and
- 22           (iii) the prorated entitlement for each elementary school district or K-12 district elementary program with  
23 an approved and accredited junior high school or middle school, calculated as follows:
- 24           (A) \$19,244 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of kindergarten  
25 through grade 8; plus
- 26           (B) \$213,819 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten through  
27 grade 8.
- 28           (g) "Budget unit" means the unit for which the ANB of a district is calculated separately according to  
29 20-9-311(10).
- 30           (h) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement

1 for the general fund budget of a district and funded with state and county equalization aid.

2 (i) "Maximum general fund budget" means a district's general fund budget amount calculated from the  
3 basic entitlement for the district, the total per-ANB entitlement for the district, and the greater of:

4 (i) 175% of special education allowable cost payments; or

5 (ii) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures  
6 to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a  
7 maximum allowable ratio of 200%.

8 (j) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted  
9 that is above the BASE budget and below the maximum general fund budget for a district.

10 (k) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations,  
11 using 3-year ANB, as provided in 20-9-311:

12 (i) for a high school district or a K-12 district high school program, a maximum rate of \$5,205 for the first  
13 ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB,  
14 with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

15 (ii) for an elementary school district or a K-12 district elementary program without an approved and  
16 accredited junior high school or middle school, a maximum rate of \$3,906 for the first ANB is decreased at the  
17 rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess  
18 of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

19 (iii) for an elementary school district or a K-12 district elementary program with an approved and  
20 accredited junior high school or middle school, the sum of:

21 (A) a maximum rate of \$3,906 for the first ANB for kindergarten through grade 6 is decreased at the rate  
22 of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving  
23 the same amount of entitlement as the 1,000th ANB; and

24 (B) a maximum rate of \$5,205 for the first ANB for grades 7 and 8 is decreased at the rate of 50 cents  
25 per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800  
26 receiving the same amount of entitlement as the 800th ANB."

27

28 **Section 4.** Section 20-9-308, MCA, is amended to read:

29 **"20-9-308. BASE budgets and maximum general fund budgets.** (1) The following provisions apply  
30 for the school fiscal year beginning July 1, 2003:

1            (a) The trustees of a district shall adopt a general fund budget that is at least equal to the BASE budget  
 2 established for the district and, except as provided in subsection ~~(3)~~ (1)(c), does not exceed the maximum  
 3 general fund budget established for the district.

4            ~~(2)(b)~~ Whenever the trustees of a district adopt a general fund budget that exceeds the BASE budget  
 5 for the district but does not exceed the maximum general fund budget for the district, the trustees shall submit  
 6 a proposition to the electors of the district, as provided in 20-9-353.

7            ~~(3)(c)~~ ~~(a)(i)~~ (i) (A) Except as provided in subsection ~~(3)(a)(ii)~~ (1)(c)(i)(B), the trustees of a school district  
 8 whose previous year's general fund budget exceeds the current year's maximum general fund budget amount  
 9 may adopt a general fund budget up to the maximum general fund budget amount or the previous year's general  
 10 fund budget, whichever is greater. A school district may adopt a budget under the criteria of this subsection  
 11 ~~(3)(a)(i)~~ (1)(c)(i)(A) for a maximum of 5 consecutive years, but the trustees shall adopt a plan to reach the  
 12 maximum general fund budget by no later than the end of the 5-year period. A school district whose adopted  
 13 general fund budget for the previous year exceeds the maximum general fund budget for the current year and  
 14 whose ANB for the previous year exceeds the ANB for the current year by 30% or more shall reduce its adopted  
 15 budget by:

16            ~~(A)(I)~~ in the first year, 20% of the range between the district's adopted general fund budget for the  
 17 previous school fiscal year and the maximum general fund budget for the current school fiscal year;

18            ~~(B)(II)~~ in the second year, 25% of the range between the district's adopted general fund budget for the  
 19 previous school fiscal year and the maximum general fund budget for the current school fiscal year;

20            ~~(C)(III)~~ in the third year, 33.3% of the range between the district's adopted general fund budget for the  
 21 previous school fiscal year and the maximum general fund budget for the current school fiscal year;

22            ~~(D)(IV)~~ in the fourth year, 50% of the range between the district's adopted general fund budget for the  
 23 previous school fiscal year and the maximum general fund budget for the current school fiscal year; and

24            ~~(E)(V)~~ in the fifth year, the remainder of the range between the district's adopted general fund budget  
 25 for the previous school fiscal year and the maximum general fund budget for the current school fiscal year.

26            ~~(ii)(B)~~ The trustees of a district whose general fund budget was above the maximum general fund  
 27 budget established by Chapter 38, Special Laws of November 1993, and whose general fund budget has  
 28 continued to exceed the district's maximum general fund budget in each school fiscal year after school fiscal  
 29 year 1993 may continue to adopt a general fund budget that exceeds the maximum general fund budget.  
 30 However, the budget adopted for the current year may not exceed the lesser of:

1           ~~(A)~~(I) the adopted budget for the previous year; or  
 2           ~~(B)~~(II) the district's maximum general fund budget for the current year plus the over maximum budget  
 3 amount adopted for the previous year.

4           ~~(b)~~(ii) The trustees of the district shall submit a proposition to raise any general fund budget amount that  
 5 is in excess of the maximum general fund budget for the district to the electors who are qualified under  
 6 20-20-301 to vote on the proposition, as provided in 20-9-353.

7           ~~(4)~~(d) The BASE budget for the district must be financed by the following sources of revenue:

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

10          ~~(b)~~(ii) county equalization aid, as provided in 20-9-331 and 20-9-333;

11          ~~(c)~~(iii) a district levy for support of a school not approved as an isolated school under the provisions of  
 12 20-9-302;

13          ~~(d)~~(iv) payments in support of special education programs under the provisions of 20-9-321;

14          ~~(e)~~(v) nonlevy revenue, as provided in 20-9-141; and

15          ~~(f)~~(vi) a BASE budget levy on the taxable value of all property within the district.

16          ~~(5)~~(e) The over-BASE budget amount of a district must be financed by a levy on the taxable value of  
 17 all property within the district or other revenue available to the district, as provided in 20-9-141.

18          (2) The following provisions apply for the school fiscal years beginning July 1, 2004:

19          (a) The trustees of a district shall adopt a general fund budget that is at least equal to the BASE budget  
 20 established for the district and, except as provided in subsection (2)(c), does not exceed the maximum general  
 21 fund budget established for the district.

22          (b) Whenever the trustees of a district adopt a general fund budget that exceeds the BASE budget for  
 23 the district but does not exceed the maximum general fund budget for the district, the trustees shall submit a  
 24 proposition to the electors of the district, as provided in 20-9-353.

25          (c) (i) The trustees of a district whose general fund budget was above the maximum general fund  
 26 budget established by Chapter 38, Special Laws of November 1993, and whose general fund budget has  
 27 continued to exceed the district's maximum general fund budget in each school fiscal year after school fiscal  
 28 year 1993 may continue to adopt a general fund budget that exceeds the maximum general fund budget.  
 29 However, the budget adopted for the current year may not exceed the lesser of:

30          (A) the adopted budget for the previous year; or



1 (B) the district's maximum general fund budget for the current year plus the over maximum budget  
 2 amount adopted for the previous year.

3 (ii) The trustees of the district shall submit a proposition to raise any general fund budget amount that  
 4 is in excess of the maximum general fund budget for the district to the electors who are qualified under  
 5 20-20-301 to vote on the proposition, as provided in 20-9-353.

6 (d) The BASE budget for the district must be financed by the following sources of revenue:

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

9 (ii) county equalization aid, as provided in 20-9-331 and 20-9-333;

10 (iii) a district levy for support of a school not approved as an isolated school under the provisions of  
 11 20-9-302;

12 (iv) payments in support of special education programs under the provisions of 20-9-321;

13 (v) nonlevy revenue, as provided in 20-9-141; and

14 (vi) a BASE budget levy on the taxable value of all property within the district.

15 (e) The over-BASE budget amount of a district must be financed by a levy on the taxable value of all  
 16 property within the district or other revenue available to the district, as provided in 20-9-141."

17

18 **Section 5.** Section 20-9-311, MCA, is amended to read:

19 **"20-9-311. Calculation of average number belonging (ANB) and three-year ANB.** (1) Average For  
 20 the school fiscal year beginning July 1, 2004, average number belonging (ANB) must be computed as follows:

21 (a) compute an average enrollment by adding a count of regularly enrolled full-time pupils who were  
 22 enrolled as of the first Monday in October of the prior school fiscal year to a count of regularly enrolled pupils  
 23 on February 1 of the prior school fiscal year, or the next school day if those dates do not fall on a school day,  
 24 and divide the sum by two; and

25 (b) multiply the average enrollment calculated in subsection (1)(a) by the sum of the pupil-instruction  
 26 and the approved pupil-instruction-related days for the current school fiscal year and divide by 180.

27 (2) For the purpose of calculating ANB under subsection (1), up to 7 approved pupil-instruction-related  
 28 days may be included in the calculation.

29 (3) When a school district has approval to operate less than 180 school days under 20-9-806, the total  
 30 ANB must be calculated in accordance with the provisions of 20-9-805.

1 (4) Enrollment for a part of a morning session or a part of an afternoon session by a pupil must be  
2 counted as enrollment for one-half day.

3 (5) In calculating the ANB for pupils enrolled in a program established under 20-7-117(1), enrollment  
4 at a regular session of the program for at least 2 hours of either a morning or an afternoon session must be  
5 counted as one-half pupil for ANB purposes. The ANB for a kindergarten student may not exceed one-half for  
6 each kindergarten pupil.

7 (6) When a pupil has been absent, with or without excuse, for more than 10 consecutive school days,  
8 the pupil may not be included in the enrollment count used in the calculation of the ANB unless the pupil  
9 resumes attendance prior to the day of the enrollment count.

10 (7) The enrollment of prekindergarten pupils, as provided in 20-7-117, may not be included in the ANB  
11 calculations.

12 (8) The average number belonging of the regularly enrolled, full-time pupils for the public schools of a  
13 district must be based on the aggregate of all the regularly enrolled, full-time pupils attending the schools of the  
14 district, except that when:

15 (a) (i) a school of the district is located more than 20 miles beyond the incorporated limits of a city or  
16 town located in the district and at least 20 miles from any other school of the district, the number of regularly  
17 enrolled, full-time pupils of the school must be calculated separately for ANB purposes and the district must  
18 receive a basic entitlement for the school calculated separately from the other schools of the district;

19 (ii) a school of the district is located more than 20 miles from any other school of the district and  
20 incorporated territory is not involved in the district, the number of regularly enrolled, full-time pupils of the school  
21 must be calculated separately for ANB purposes and the district must receive a basic entitlement for the school  
22 calculated separately from the other schools of the district;

23 (iii) the superintendent of public instruction approves an application not to aggregate when conditions  
24 exist affecting transportation, such as poor roads, mountains, rivers, or other obstacles to travel, or when any  
25 other condition exists that would result in an unusual hardship to the pupils of the school if they were transported  
26 to another school, the number of regularly enrolled, full-time pupils of the school must be calculated separately  
27 for ANB purposes and the district must receive a basic entitlement for the school calculated separately from the  
28 other schools of the district; or

29 (iv) two or more elementary districts consolidate or annex under the provisions of 20-6-203, 20-6-205,  
30 or 20-6-208, two or more high school districts consolidate or annex under the provisions of 20-6-315 or 20-6-317,

1 or two or more K-12 districts consolidate or annex under Title 20, chapter 6, part 4, the ANB and the basic  
2 entitlements of the component districts must be calculated separately for a period of 3 years following the  
3 consolidation or annexation. Each district shall retain a percentage of its basic entitlement for 3 additional years  
4 as follows:

5 (A) 75% of the basic entitlement for the fourth year;

6 (B) 50% of the basic entitlement for the fifth year; and

7 (C) 25% of the basic entitlement for the sixth year.

8 (b) a junior high school has been approved and accredited as a junior high school, all of the regularly  
9 enrolled, full-time pupils of the junior high school must be considered as high school district pupils for ANB  
10 purposes;

11 (c) a middle school has been approved and accredited, all pupils below the 7th grade must be  
12 considered elementary school pupils for ANB purposes and the 7th and 8th grade pupils must be considered  
13 high school pupils for ANB purposes; or

14 (d) a school has not been accredited by the board of public education, the regularly enrolled, full-time  
15 pupils attending the nonaccredited school are not eligible for average number belonging calculation purposes,  
16 nor will an average number belonging for the nonaccredited school be used in determining the BASE funding  
17 program for the district.

18 (9) The district shall provide the superintendent of public instruction with semiannual reports of school  
19 attendance, absence, and enrollment for regularly enrolled students, using a format determined by the  
20 superintendent.

21 (10) The term "3-year ANB" means an average of ANB over the most recent 3-year period, calculated  
22 for each budget unit by:

23 (a) adding the ANB for the budget unit for the ensuing school fiscal year to the ANB for each of the  
24 previous 2 school fiscal years; and

25 (b) dividing the sum calculated under subsection (10)(a) by three.

26 (11) For the budget for fiscal year 2005 only, IF A DISTRICT'S FISCAL YEAR 2005 ANB IS GREATER THAN ITS  
27 FISCAL YEAR 2004 ANB, THEN a district's basic and total per-ANB entitlements calculated using the fiscal year  
28 2004 ANB must be compared to the same entitlements calculated using the 3-year ANB. The greater of the  
29 entitlements calculated must be used for general fund budgeting and funding purposes."

30

1           **Section 6.** Section 20-9-353, MCA, is amended to read:

2           **"20-9-353. Additional financing for general fund -- election for authorization to impose.** (1) The  
3 trustees of a district may propose to adopt:

4           (a) an over-BASE budget amount for the district general fund that does not exceed the maximum  
5 general fund budget for the district or other limitations, as provided in 20-9-308(2); or

6           (b) a general fund budget amount in excess of the maximum general fund budget amount for the district,  
7 as provided in 20-9-308~~(3)~~(1)(c) and (2)(c).

8           (2) When the trustees of the district propose to adopt an over-BASE budget under subsection (1)(a),  
9 any increase in local property taxes authorized by 20-9-308~~(5)~~(1)(e) and (2)(e) must be submitted to a vote of  
10 the qualified electors of the district, as provided in 15-10-425. The trustees are not required to submit to the  
11 qualified electors any increase in state funding of the basic or per-ANB entitlements approved by the legislature.  
12 When the trustees of a district determine that a voted amount of financing is required for the general fund  
13 budget, the trustees shall submit the proposition to finance the voted amount to the electors who are qualified  
14 under 20-20-301 to vote upon the proposition. The election must be called and conducted in the manner  
15 prescribed by this title for school elections and must conform to the requirements of 15-10-425. The ballot for  
16 the election must conform to the requirements of 15-10-425.

17           (3) When the trustees of a district propose to adopt the general fund budget amount in excess of the  
18 maximum general fund budget under subsection (1)(b), the trustees shall submit the proposition to finance the  
19 additional amount of general fund budget authority to the electors who are qualified under 20-20-301 to vote  
20 upon the proposition. The election must be called and conducted in the manner prescribed by this title for school  
21 elections. The ballot for the election must state the amount of the budget to be financed, the approximate  
22 number of mills required to fund all or a portion of the budget amount, and the purpose for which the money will  
23 be expended. The ballot must be in the following format:

24   PROPOSITION

25           Shall the district be authorized to expend the sum of (state the additional amount to be expended) and  
26 being approximately (give number) mills for the purpose of (insert the purpose for which the additional financing  
27 is made)?

28            FOR budget authority and any levy.

29            AGAINST budget authority and any levy.

30           (4) If the election on any additional financing or budget authority for the general fund is approved by a

1 majority vote of the electors voting at the election, the proposition carries and the trustees may use any portion  
2 or all of the authorized amount in adopting the final general fund budget. The trustees shall certify any additional  
3 levy amount authorized by the election on the budget form that is submitted to the county superintendent, and  
4 the county commissioners shall levy the authorized number of mills on the taxable value of all taxable property  
5 within the district, as prescribed in 20-9-141.

6 (5) Authorization to levy an additional tax to support a budget amount adopted as allowed by  
7 20-9-308~~(3)~~(1)(c) and (2)(c) is effective for only 1 school fiscal year.

8 (6) All levies adopted under this section must be authorized by the election conducted before August  
9 1 of the school fiscal year for which it is effective.

10 (7) If the trustees of a district are required to submit a proposition to finance an over-BASE budget  
11 amount or an amount in excess of the maximum general fund budget amount for the district, as allowed by  
12 20-9-308~~(3)~~(1)(c) and (2)(c), to the electors of the district, the trustees shall comply with the provisions of  
13 subsections (2) through (6) of this section."

14  
15 NEW SECTION. **Section 7. Coordination instruction.** If House Bill No. 345 is not passed and  
16 approved, then [this act] is void.

17  
18 NEW SECTION. **Section 8. Effective date.** [This act] is effective on passage and approval.

19 - END -