

_____ BILL NO. _____

1
2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING SCHOOL DISTRICT TRUSTEES TO TRANSFER
5 A PORTION OF THE GENERAL FUND END-OF-THE-YEAR FUND BALANCE TO THE BUILDING RESERVE
6 FUND; AMENDING SECTIONS 20-9-104 AND 20-9-503, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

9
10 **Section 1.** Section 20-9-104, MCA, is amended to read:

11 **"20-9-104. General fund operating reserve.** (1) (a) At the end of each school fiscal year, the trustees
12 of each district shall designate the portion of the general fund end-of-the-year fund balance that is to be:

13 (i) earmarked as operating reserve for the purpose of paying general fund warrants issued by the district
14 from July 1 to November 30 of the ensuing school fiscal year; or

15 (ii) transferred to the building reserve fund.

16 (b) Except as provided in subsections (5) and (6), the amount of the general fund balance that is
17 earmarked as operating reserve may not exceed 10% of the final general fund budget for the ensuing school
18 fiscal year.

19 (2) The amount held as operating reserve may not be used for property tax reduction in the manner
20 permitted by 20-9-141(1)(b) for other receipts.

21 (3) Excess reserves as provided in subsection (5) may be appropriated to reduce the BASE budget levy,
22 the over-BASE budget levy, or the additional levy provided by 20-9-353.

23 (4) Any portion of the general fund end-of-the-year fund balance that is not reserved under subsection
24 (2) or reappropriated under subsection (3) is fund balance reappropriated and must be used for property tax
25 reduction as provided in 20-9-141(1)(b).

26 (5) The limitation of subsection (1) does not apply when the amount in excess of the limitation is equal
27 to or less than the unused balance of any amount:

28 (a) received in settlement of tax payments protested in a prior school fiscal year;

29 (b) received in taxes from a prior school fiscal year as a result of a tax audit by the department of
30 revenue or its agents; or

1 (c) received in delinquent taxes from a prior school fiscal year.

2 (6) The limitation of subsection (1) does not apply when the amount earmarked as operating reserve
3 is \$10,000 or less."

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5 **Section 2.** Section 20-9-503, MCA, is amended to read:

6 **"20-9-503. Budgeting, tax levy, and use of building reserve fund.** (1) Whenever an annual building
7 reserve authorization to budget is available to a district, the trustees shall include the authorized amount in the
8 building reserve fund of the final budget. The county superintendent shall report the amount as the building
9 reserve fund levy requirement to the county commissioners on the fourth Monday of August, and a levy on the
10 district must be made by the county commissioners in accordance with 20-9-142.

11 (2) The trustees of any district maintaining a building reserve fund may:

12 (a) pledge the revenue for loans from the building reserve fund levy for up to 5 years. However, loan
13 proceeds may be used only for projects authorized by 20-9-502.

14 (b) expend money from the fund for the purpose or purposes for which it was authorized without the
15 specific expenditures being included in the final budget when, in their discretion, there is a sufficient amount of
16 money to begin the authorized projects. The expenditures may not invalidate the district's authority to continue
17 the annual imposition of the building reserve taxation authorized by the electors of the district.

18 (c) transfer money to the building reserve fund as provided in 20-9-104.

19 (3) Whenever there is money credited to the building reserve fund for which there is no immediate need,
20 the trustees may invest the money in accordance with 20-9-213(4). The interest earned from the investment
21 must be credited to the building reserve fund or the debt service fund, at the discretion of the trustees, and
22 expended for any purpose authorized by law for the fund."

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24 NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2005.

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