EXHIBIT 2
DATE 4/16/2011
SB 329

Amendments to Senate Bill No. 329
3rd Reading Copy

For the House Education Committee

Prepared by Dan Whyte
April 4, 2011 (1:15pm)

1. Title, page 1, line 5.
Following: "LAWS;"
Insert: "REVISING THE DISTRIBUTION OF OIL AND NATURAL GAS PRODUCTION TAXES TO FUND SCHOOLS; CREATING THE PATHWAY TO EXCELLENCE PROGRAM; AMENDING THE STRUCTURE OF ESTIMATING AND ALLOCATING OIL AND NATURAL GAS PRODUCTION TAXES FOR SCHOOLS; LIMITING A SCHOOL DISTRICT'S FUND BALANCE REAPPROPRIATED TO A PERCENTAGE OF THE MAXIMUM GENERAL FUND BUDGET; ALLOWING A SCHOOL DISTRICT A ONE-TIME TRANSFER OF GENERAL FUND MONEY; PROVIDING AN INFLATIONARY INCREASE TO THE BASIC ENTITLEMENT AND TOTAL PER-ANB ENTITLEMENT; CREATING A STATE SCHOOL OIL AND NATURAL GAS IMPACT ACCOUNT; CREATING A COUNTY SCHOOL OIL AND NATURAL GAS IMPACT FUND;"

2. Title, page 1, line 18.
Following: "~~GRANTS;~~"
Insert: "ELIMINATING THE STATUTORY APPROPRIATION REQUIREMENT FOR THE GUARANTEE ACCOUNT; ELIMINATING THE PERCENTAGE OF GROWTH FOR SCHOOL DISTRICT BLOCK GRANTS; PROVIDING RULEMAKING AUTHORITY;"

3. Title, page 1.
Following: line 20
Insert: "15-36-331, 15-36-332, 17-7-502,"

4. Title, page 1, line 21.
Following: "20-3-363,"
Insert: "20-9-104,"
Following: "20-9-208,"
Insert: "20-9-306,"
Following: "~~20-9-630,~~"
Insert: "20-9-622, 20-9-630,"

5. Title, page 1, line 23.
Following: "PROVIDING"
Strike: "AN"
Following: "EFFECTIVE"
Strike: "DATE"
Insert: "DATES AND AN APPLICABILITY DATE"

6. Page 1, line 26.
Insert: "**Section 1.** Section 15-36-331, MCA, is amended to read:
"**15-36-331. Distribution of taxes.** (1) (a) For each calendar quarter, the department shall determine the amount of tax, late payment interest, and penalties collected under this part.

(b) For the purposes of distribution of oil and natural gas production taxes to county and school district taxing units under 15-36-332 and to the state, the department shall determine the amount of oil and natural gas production taxes paid on production in the taxing unit.

(2) (a) The amount of oil and natural gas production taxes collected for the privilege and license tax pursuant to 82-11-131 must be deposited, in accordance with the provisions of 17-2-124, in the state special revenue fund for the purpose of paying expenses of the board, as provided in 82-11-135.

(b) The amount of the tax allocated in 15-36-304(7)(b) for the oil and gas natural resource distribution account established in 90-6-1001(1) must be deposited in the account.

(3) (a) For each tax year, the amount of oil and natural gas production taxes determined under subsection (1)(b) is allocated ~~to each county~~ among the state, counties, and school districts according to the following schedule and subject to the provisions of [section 8]:

~~Big Horn~~					~~45.05%~~
~~Blaine~~					~~58.39%~~
~~Carbon~~					~~48.27%~~
~~Chouteau~~					~~58.14%~~
~~Custer~~					~~69.53%~~
~~Daniels~~					~~50.81%~~
~~Dawson~~					~~47.79%~~
~~Fallon~~					~~41.78%~~
~~Fergus~~					~~69.18%~~
~~Garfield~~					~~45.96%~~
~~Glacier~~					~~58.83%~~
~~Golden Valley~~					~~58.37%~~
~~Hill~~					~~64.51%~~
~~Liberty~~					~~57.94%~~
~~McCone~~					~~49.92%~~
~~Musselshell~~					~~48.64%~~
~~Petroleum~~					~~48.04%~~
~~Phillips~~					~~54.02%~~
~~Pondera~~					~~54.26%~~
~~Powder River~~					~~60.9%~~
~~Prairie~~					~~40.38%~~
~~Richland~~					~~47.47%~~
~~Roosevelt~~					~~45.71%~~
~~Rosebud~~					~~39.33%~~
~~Sheridan~~					~~47.99%~~
~~Stillwater~~					~~53.51%~~
~~Sweet Grass~~					~~61.24%~~
~~Teton~~					~~46.1%~~
~~Toole~~					~~57.61%~~
~~Valley~~					~~51.43%~~
~~Wibaux~~					~~49.16%~~
~~Yellowstone~~					~~46.74%~~
~~All other counties~~					~~50.15%~~
County	State High	State County Guarantee	County	School Districts	Elementary Retire

ment	School	Transportation				
	Account					
Retirement						
Big Horn	54.95%	1.22%	20.20%	10.94%	6.67%	4.67%
	1.35%					
Blaine	41.61%	1.44%	37.60%	13.00%	3.42%	1.35%
	1.58%					
Carbon	51.72%	2.37%	18.97%	21.37%	1.74%	3.20%
	0.63%					
Chouteau	41.86%	1.38%	35.28%	12.45%	4.71%	2.51%
	1.81%					
Custer	30.47%	2.17%	39.81%	19.56%	4.80%	2.36%
	0.83%					
Daniels	49.19%	2.46%	20.24%	22.17%	0.00%	3.95%
	1.99%					
Dawson	52.22%	1.70%	26.41%	15.31%	2.64%	1.19%
	0.53%					
Fallon	58.22%	1.78%	20.28%	16.01%	0.00%	3.19%
	0.52%					
Fergus	30.83%	3.68%	22.10%	33.15%	5.45%	3.35%
	1.44%					
Garfield	54.04%	1.20%	28.20%	10.83%	1.86%	1.44%
	2.43%					
Glacier	41.17%	2.71%	20.48%	24.41%	6.59%	2.87%
	1.77%					
Golden Valley	41.63%	3.19%	18.13%	28.71%	0.00%	6.72%
	1.62%					
Hill	35.48%	3.22%	24.37%	28.95%	4.32%	2.63%
	1.03%					
Liberty	42.05%	2.04%	31.39%	18.37%	2.84%	2.64%
	0.67%					
McCone	50.08%	2.16%	23.38%	19.41%	2.09%	1.59%
	1.29%					
Musselshell	51.36%	1.56%	26.39%	14.08%	2.91%	1.98%
	1.72%					
Petroleum	51.94%	2.67%	13.46%	23.99%	0.00%	5.73%
	2.21%					
Phillips	45.99%	2.23%	27.33%	20.07%	0.23%	3.57%
	0.58%					
Pondera	45.73%	2.45%	22.18%	22.06%	3.78%	2.75%
	1.05%					
Powder River	39.09%	1.36%	40.35%	12.20%	2.41%	1.81%
	2.78%					
Prairie	59.61%	1.49%	21.24%	13.41%	0.00%	3.59%
	0.66%					
Richland	52.53%	2.08%	21.81%	18.70%	1.95%	1.86%
	1.07%					
Roosevelt	54.29%	1.87%	17.84%	16.84%	4.54%	3.37%
	1.25%					
Rosebud	60.68%	2.87%	7.81%	25.83%	1.52%	0.88%
	0.41%					
Sheridan	52.00%	2.29%	22.44%	20.57%	0.00%	1.63%
	1.07%					
Stillwater	46.49%	2.20%	24.34%	19.82%	3.68%	2.60%

	0.87%					
Sweet Grass	38.76%	2.28%	29.25%	20.51%	3.75%	3.98%
	1.47%					
Teton	53.90%	1.36%	23.83%	12.21%	3.17%	3.78%
	1.75%					
Toole	42.39%	2.51%	27.41%	22.59%	1.60%	2.75%
	0.75%					
Valley	48.57%	2.11%	20.26%	19.03%	1.16%	6.49%
	2.38%					
Wibaux	50.83%	1.55%	31.30%	13.92%	0.00%	2.02%
	0.38%					
Yellowstone	53.26%	2.47%	15.71%	22.20%	3.73%	2.13%
	0.50%					
All other counties	49.85%	2.06%	22.82%	18.52%	1.91%	3.93%
	0.91%					

(b) The oil and natural gas production taxes allocated to ~~each county~~ counties and school districts must be deposited in the state special revenue fund and transferred to each county for distribution, as provided in 15-36-332 and in accordance with the schedule set forth in this section.

(c) The oil and natural gas production taxes allocated to the guarantee account must be deposited in the guarantee account as provided in 20-9-622.

(4) The department shall, in accordance with the provisions of 17-2-124, distribute the state portion of oil and natural gas production taxes ~~remaining after the distributions~~ pursuant to subsections (2) and (3) as follows:

(a) for each fiscal year through the fiscal year ending June 30, 2011, to be distributed as follows:

(i) 1.23% to the coal bed methane protection account established in 76-15-904;

(ii) 1.45% to the natural resources projects state special revenue account established in 15-38-302;

(iii) 1.45% to the natural resources operations state special revenue account established in 15-38-301;

(iv) 2.99% to the orphan share account established in 75-10-743;

(v) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the purposes of the state tax levy as provided in 15-10-108; and

(vi) all remaining proceeds to the state general fund;

(b) for fiscal years beginning after June 30, 2011, to be distributed as follows:

(i) 2.16% to the natural resources projects state special revenue account established in 15-38-302;

(ii) 2.02% to the natural resources operations state special revenue account established in 15-38-301;

(iii) 2.95% to the orphan share account established in 75-10-743;

(iv) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the purposes of the state tax levy as provided in 15-10-108; and

(v) all remaining proceeds to the state general fund."

{Internal References to 15-36-331:

15-36-304 x 15-36-332 a 15-36-332 x 15-36-332 x
15-38-301 x 15-38-302 x 75-10-743 x 76-15-904 x
82-11-135 x}"

"Section 2. Section 15-36-332, MCA, is amended to read:

"15-36-332. Distribution of taxes to taxing units -- appropriation. (1) (a) ~~By~~ Subject to [section 8], by the dates referred to in subsection (6) of this section, the department shall distribute oil and natural gas production taxes allocated under 15-36-331(3) to each eligible county and school district.

(b) By the dates referred to in subsection (6), the department shall distribute the amount deposited in the oil and gas natural resource distribution account under 15-36-331(2)(b) as provided in subsection (8) of this section.

(2) (a) Each county treasurer shall distribute the amount of oil and natural gas production taxes designated under subsection (1)(a), including the amounts referred to in subsection (2)(b), to the countywide elementary and high school retirement funds, countywide transportation funds, and eligible school districts according to the ~~following~~ schedule~~:~~ set forth in 15-36-331(3).

~~School~~	~~Elementary Retirement Districts~~	~~High School Retirement~~	~~Countywide Transportation~~	
~~Big Horn~~	~~14.81%~~	~~10.36%~~	~~2.99%~~	~~26.99%~~
~~Blaine~~	~~5.86%~~	~~2.31%~~	~~2.71%~~	~~24.73%~~
~~Carbon~~	~~3.6%~~	~~6.62%~~	~~1.31%~~	~~49.18%~~
~~Chouteau~~	~~8.1%~~	~~4.32%~~	~~3.11%~~	~~23.79%~~
~~Custer~~	~~6.9%~~	~~3.4%~~	~~1.19%~~	~~31.25%~~
~~Daniels~~	~~0~~	~~7.77%~~	~~3.92%~~	~~48.48%~~
~~Dawson~~	~~5.53%~~	~~2.5%~~	~~1.11%~~	~~35.6%~~
~~Fallon~~	~~0~~	~~7.63%~~	~~1.24%~~	~~42.58%~~
~~Fergus~~	~~7.88%~~	~~4.84%~~	~~2.08%~~	~~53.25%~~
~~Garfield~~	~~4.04%~~	~~3.13%~~	~~5.29%~~	~~26.19%~~
~~Glacier~~	~~11.2%~~	~~4.87%~~	~~3.01%~~	~~46.11%~~
~~Golden Valley~~	~~0~~	~~11.52%~~	~~2.77%~~	~~54.65%~~
~~Hill~~	~~6.7%~~	~~4.07%~~	~~1.59%~~	~~49.87%~~
~~Liberty~~	~~4.9%~~	~~4.56%~~	~~1.15%~~	~~35.22%~~
~~McCone~~	~~4.18%~~	~~3.19%~~	~~2.58%~~	~~43.21%~~
~~Musselshell~~	~~5.98%~~	~~4.07%~~	~~3.53%~~	

~~32.17%~~				
~~Petroleum~~	~~0~~	~~11.92%~~	~~4.59%~~	
~~55.48%~~				
~~Phillips~~	~~0.43%~~	~~6.6%~~	~~1.08%~~	
~~41.29%~~				
~~Pondera~~	~~6.96%~~	~~5.06%~~	~~1.94%~~	
~~45.17%~~				
~~Powder River~~	~~3.96%~~	~~2.97%~~	~~4.57%~~	
~~22.25%~~				
~~Prairie~~	~~0~~	~~8.88%~~	~~1.63%~~	~~36.9%~~
~~Richland~~	~~4.1%~~	~~3.92%~~	~~2.26%~~	
~~43.77%~~				
~~Roosevelt~~	~~9.93%~~	~~7.37%~~	~~2.74%~~	
~~40.94%~~				
~~Rosebud~~	~~3.87%~~	~~2.24%~~	~~1.05%~~	
~~72.97%~~				
~~Sheridan~~	~~0~~	~~3.39%~~	~~2.22%~~	
~~47.63%~~				
~~Stillwater~~	~~6.87%~~	~~4.86%~~	~~1.63%~~	
~~41.16%~~				
~~Sweet Grass~~	~~6.12%~~	~~6.5%~~	~~2.4%~~	
~~37.22%~~				
~~Teton~~	~~6.88%~~	~~8.19%~~	~~3.8%~~	
~~29.43%~~				
~~Toole~~	~~2.78%~~	~~4.78%~~	~~1.3%~~	
~~43.56%~~				
~~Valley~~	~~2.26%~~	~~12.61%~~	~~4.63%~~	
~~41.11%~~				
~~Wibaux~~	~~0~~	~~4.1%~~	~~0.77%~~	
~~31.46%~~				
~~Yellowstone~~	~~7.98%~~	~~4.56%~~	~~1.07%~~	
~~52.77%~~				
~~All other counties~~	~~3.81%~~	~~7.84%~~	~~1.81%~~	
~~41.04%~~				

(b) (i) The county treasurer shall distribute 9.8% of the Custer County share to the countywide community college district in Custer County.

(ii) The county treasurer shall distribute 14.5% of the Dawson County share to the countywide community college district in Dawson County.

(3) The ~~remaining~~ oil and natural gas production taxes for each county, as provided in 15-36-331(3), must be used for the exclusive use and benefit of the county, including districts within the county established by the county.

(4) (a) The county treasurer shall distribute oil and natural gas production taxes to school districts in each county ~~referred to in subsection (2)~~ based on the schedule in 15-36-331(3) as provided in subsections (4)(b) through (4)(d) of this section and subject to the provisions of [section 8].

(b) The amount distributed to each K-12 district within the county is equal to oil and natural gas production taxes in the county multiplied by the ratio that oil and natural gas production taxes attributable to oil and natural gas production in the K-12 school district bear to total oil and natural gas

production taxes attributable to total oil and natural gas production in the county and multiply that amount by the school district percentage figure for the county referred to in ~~subsection (2)(a)~~ 15-36-331(3)(a).

(c) For the amount to be distributed to each elementary school district and to each high school district under subsection (4)(d), the department shall first determine the amount of oil and natural gas production taxes in the high school district that is attributable to oil and natural gas production in each elementary school district that is located in whole or in part within the exterior boundaries of a high school district and multiply that amount by the school district percentage figure for the county referred to in ~~subsection (2)(a)~~ 15-36-331(3)(a).

(d) (i) The amount distributed to each elementary school district that is located in whole or in part within the exterior boundaries of a high school district is equal to the amount determined in subsection (4)(c) multiplied by the ratio that the total mills of the elementary school district bear to the sum of the total mills of the elementary school district and the total mills of the high school district.

(ii) The amount distributed to the high school district is equal to the amount determined in subsection (4)(c) multiplied by the ratio that the total mills of the high school district bear to the sum of the total mills of each elementary school district referred to in subsection (4)(c) and the total mills of the high school district.

(5) ~~(a)~~ Oil and natural gas production taxes calculated for each school district under subsections (4)(b) through (4)(d) must be distributed to each school district ~~in the relative proportion of the mill levy for each fund~~ as provided in [section 8].

~~(b) If a distribution under subsection (5)(a) exceeds the total budget for a school district fund, the board of trustees of an elementary or high school district may reallocate the excess to any budgeted fund of the school district.~~

(6) ~~The~~ Subject to [section 8], the department shall remit the amounts to be distributed in this section to the county treasurer by the following dates:

(a) On or before August 1 of each year, the department shall remit to the county treasurer oil and natural gas production tax payments received for the calendar quarter ending March 31 of the current year.

(b) On or before November 1 of each year, the department shall remit to the county treasurer oil and natural gas production tax payments received for the calendar quarter ending June 30 of the current year.

(c) On or before February 1 of each year, the department shall remit to the county treasurer oil and natural gas production tax payments received for the calendar quarter ending September 30 of the previous year.

(d) On or before May 1 of each year, the department shall remit to the county treasurer oil and natural gas production tax payments received for the calendar quarter ending December 31 of the previous year.

(7) The department shall provide to each county by May 31

of each year the amount of gross taxable value represented by all types of production taxed under 15-36-304 for the previous calendar year multiplied by 60%. The resulting value must be treated as taxable value for county classification purposes under 7-1-2111.

(8) The department shall distribute the funds received under 15-36-331(2)(b) to counties based on county oil and gas production. Of the distribution to a county, one-third must be distributed to the county government and two-thirds must be distributed to incorporated cities and towns within the county. If there is more than one incorporated city or town within the county, the city and town allocation must be distributed to the cities and towns based on their relative populations.

(9) The distributions to taxing units and to counties and incorporated cities and towns under this section, except for distributions to the guarantee account provided in 20-9-622, are statutorily appropriated, as provided in 17-7-502, from the state special revenue fund."

{Internal References to 15-36-332:
7-1-2111 x 15-36-304 x 15-36-315 x 15-36-315 x
15-36-315 x 15-36-315 x 15-36-331 x 15-36-331 x
17-7-502 x 90-6-1001 x}

Insert: "Section 3. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-31-906; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; ~~20-9-622;~~ 20-26-1503; 22-3-1004; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-206; 44-13-102; 50-4-623; 53-1-109; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 81-10-103; 82-11-161; 87-1-230; 87-1-603; 87-1-621; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

(4) There is a statutory appropriation to pay the

principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 17, Ch. 593, L. 2005, and sec. 1, Ch. 186, L. 2009, the inclusion of 15-31-906 terminates January 1, 2015; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410 terminates upon the death of the last recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 14, Ch. 374, L. 2009, the inclusion of 53-9-113 terminates June 30, 2015; pursuant to sec. 8, Ch. 427, L. 2009, the inclusion of 87-1-230 terminates June 30, 2013; and pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331 terminates June 30, 2019.)"

{Internal References to 17-7-502:

2-17-105 x	5-11-120 x	5-11-407 x	5-13-403 x
7-4-2502 x	10-1-108 x	10-1-1202 x	10-1-1303 x
10-2-603 x	10-3-203 x	10-3-310 x	10-3-312 x
10-3-312 x	10-3-314 x	10-4-301 x	15-1-121 x
15-1-218 x	15-31-906 x	15-35-108 x	15-35-108 x
15-36-332 x	15-37-117 x	15-39-110 x	15-65-121 x
15-70-101 x	15-70-369 x	15-70-601 x	16-11-509 x
17-1-508 x	17-3-106 x	17-3-112 x	17-3-212 x
17-3-222 x	17-3-241 x	17-6-101 x	17-7-501 x
18-11-112 x	19-3-319 x	19-6-404 x	19-6-410 x
19-9-702 x	19-13-604 x	19-17-301 x	19-18-512 x
19-19-305 x	19-19-506 x	19-20-604 x	19-20-607 x
19-21-203 x	20-8-107 x	20-9-534 x	20-9-622 a
20-26-1503 x	22-3-1004 x	23-4-105 x	23-5-306 x
23-5-409 x	23-5-612 x	23-7-301 x	23-7-402 x
37-43-204 x	37-51-501 x	39-71-503 x	41-5-2011 x
42-2-105 x	44-4-1101 x	44-12-206 x	44-13-102 x
50-4-623 x	53-1-109 x	53-9-113 x	53-24-108 x
53-24-108 x	53-24-206 x	60-11-115 x	61-3-415 x
69-3-870 x	75-1-1101 x	75-5-1108 x	75-6-214 x
75-11-313 x	77-1-108 x	77-2-362 x	80-2-222 x
80-4-416 x	80-11-518 x	81-10-103 x	82-11-161 x
82-11-161 x	87-1-230 x	87-1-603 x	87-1-621 x
90-1-115 x	90-1-115 x	90-1-205 x	90-1-504 x
90-3-1003 x	90-6-331 x	90-9-306 x}"	

Renumber: subsequent sections

7. Page 2, line 21.

"<u>NEW SECTION.</u> **Section 5. Montana pathway to excellence program -- purpose.** (1) [Sections 5 and 6] may be known as the pathway to excellence program.

(2) The purpose of the pathway to excellence program is to promote educational excellence in Montana's public schools through data-driven decisionmaking.

(3) It is the intent of the program that Montana K-12 public education remain focused on continuous improvement and increased academic achievement for students in public schools.

Insert: "NEW SECTION. **Section 6. Transparency and public availability of public school performance data.** (1) The office of public instruction shall develop a publicly available data system that displays an educational data profile for each school district.

(2) Each school district's educational profile must include, at a minimum, the following elements:

(a) school district contact information and links to district websites, when available;

(b) state criterion-referenced testing results;

(c) program and course offerings;

(d) student enrollment and demographics by grade level; and

(e) graduation rates."

Insert: "**Section 7.** Section 20-9-104, MCA, is amended to read:

"**20-9-104. General fund operating reserve.** (1) At the end of each school fiscal year, the trustees of each district shall designate the portion of the general fund end-of-the-year fund balance that is to be earmarked as operating reserve for the purpose of paying general fund warrants issued by the district from July 1 to November 30 of the ensuing school fiscal year. Except as provided in subsections ~~(5) and (6)~~ (7) and (8), the amount of the general fund balance that is earmarked as operating reserve may not exceed 10% of the final general fund budget for the ensuing school fiscal year.

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

(3) Excess reserves as provided in subsection ~~(5)~~ (7) may be appropriated to reduce the BASE budget levy, the over-BASE budget levy, or the additional levy provided by 20-9-353.

(4) Any portion of the general fund end-of-the-year fund balance that is not reserved under subsection (2) or reappropriated under subsection (3) is fund balance reappropriated and must be used for property tax reduction as provided in 20-9-141(1)(b)~~.~~ up to an amount not exceeding 15% of a school district's maximum general fund budget.

(5) For fiscal year 2012, any unreserved fund balance in excess of 15% of a school district's maximum general fund budget must be remitted to the state to be deposited in the state general fund.

(6) Beginning in fiscal year 2013, any unreserved fund balance in excess of 15% of a school district's maximum general fund budget must be remitted to the state and allocated as follows:

(a) 70% of the excess amount must be remitted to the state to be deposited in the guarantee account provided for in 20-9-622;

(b) 5% of the excess amount must be remitted to the state to be deposited in the state school oil and natural gas impact account provided for in [section 9]; and

(c) 25% of the excess amount must be deposited in the county school oil and natural gas impact fund provided for in [section 10].

~~(5)~~(7) The limitation of subsection (1) does not apply when the amount in excess of the limitation is equal to or less than the unused balance of any amount:

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

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

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

~~(6)~~(8) The limitation of subsection (1) does not apply when the amount earmarked as operating reserve is $10,000 or less.

(9) Prior to June 30, 2011, a school district may transfer any general fund money in excess of 15% of the fiscal year 2011 general fund budget that is not needed to fund the budget to any budgeted fund considered appropriate by the trustees."

{Internal References to 20-9-104:
20-9-141 x}"

Insert: "NEW SECTION. **Section 8. Oil and natural gas production taxes for school districts -- estimation, allocation, and limits.** (1) In accordance with 20-9-141, the trustees of a district receiving oil and natural gas production taxes shall adopt an estimate of those taxes anticipated to be received by the district in any given school fiscal year. The estimated revenue must be allocated to the district general fund budget as provided for in subsection (7).

(2) The district's estimation of anticipated revenue may not be less than:

(a) for fiscal year 2012, 50% of the prior year's actual taxes received in all funds; and

(b) for each succeeding fiscal year, 65% of the prior year's actual taxes received in all funds.

(3) The maximum amount of oil and natural gas production taxes that a school district may retain is 130% of the school district's maximum or adopted budget, determined in accordance with 20-9-308.

(4) Upon receipt of school district budget reports required under 20-9-134, the superintendent of public instruction shall provide the department of revenue with a list reporting the maximum general fund budget for each school district.

(5) The department of revenue shall make the full quarterly distribution of oil and natural gas production taxes as required under 15-36-332(6) until the amount distributed reaches the limitation in subsection (3) of this section.

(6) For fiscal year 2012, any amount of oil and natural gas production taxes exceeding the limitations of subsection (3) must be deposited in the state general fund.

(7) Subject to the limitation in subsection (3), the trustees shall allocate the oil and natural gas production taxes received by the district as follows:

(a) 75% of the school district's oil and natural gas production tax share must be directed to support the district's general fund budget; and

(b) 25% may be directed to the general fund or any other budgeted fund.

(8) Beginning July 1, 2013, for any amount retained by the department of revenue in compliance with the limitations in subsections (3), the amount retained must be allocated as follows:

(a) 70% of the retained amount must be deposited in the guarantee account provided for in 20-9-622;

(b) 5% of the retained amount must be deposited in the state school oil and natural gas impact account provided for in [section 9]; and

(c) 25% of the retained amount must be distributed to the counties for deposit in the county school oil and natural gas impact fund provided for in [section 10]."

Insert: "NEW SECTION. **Section 9. State school oil and natural gas impact account.** (1) There is a state school oil and natural gas impact account in the state special revenue fund provided for in 17-2-102. The purpose of the account is to provide money to counties and schools that are not receiving oil and natural gas production taxes under 15-36-331, but are impacted by neighboring counties that are benefiting from receipt of oil and natural gas production taxes.

(2) There must be deposited in the account oil and natural gas production taxes, if any, pursuant to [section 8(5)] and any amounts pursuant to 20-9-104(6).

(3) A county or school district may apply to the superintendent of public instruction for funds from the account for circumstances that are directly related to impacts resulting from the development or cessation of development of oil and natural gas as follows:

(a) an unusual enrollment increase as determined pursuant to 20-9-314;

(b) a district is required to hire new teachers or staff as a result of increased enrollment;

(c) the opening or reopening of an elementary or high school has been approved by the superintendent of public instruction, pursuant to 20-6-502 and 20-6-503; or

(d) major maintenance for a school or district.

(4) In reviewing an applicant's request for funding, the superintendent of public instruction shall consider the following:

(a) the local district's or school's need;

(b) the severity of the energy development impacts;

(c) availability of funds in the account; and

(d) the applicant district's ability to meet the needs identified in subsection (3).

(5) The superintendent of public instruction shall adopt rules necessary to implement the application and distribution process.

(6) The amount in the account may not exceed $7.5 million. Any amount over $7.5 million must be deposited in the state

general fund."
Insert: "NEW SECTION. **Section 10. County school oil and natural gas impact fund.** (1) The governing body of a county receiving an allocation under 20-9-104(6) and [section 8(5)] shall establish a county school oil and natural gas impact fund.

(2) Money received by a county pursuant to 20-9-104(6) and [section 8(5)] must remain in the fund and may not be appropriated by the governing body until:

(a) the amount of oil and natural gas production taxes received by a school district for the fiscal year is 30% or less of the amount of the average received by the district in the previous 4 fiscal years;

(b) the average price of oil is $50 a barrel or less for the fiscal year; or

(c) the production of oil in the county drops 50% or more below the average oil production in the county during the immediately preceding 5-year period.

(3) Within 30 days of any of the circumstances described in subsection (2)(a) through (2)(c) occurring, the governing body of the county shall allocate 80% of the money proportionally to affected high school districts and elementary school districts in the county.

(4) The governing body of the county may use 20% of the money in the fund to:

(a) pay for outstanding capital project bonds or other expenses incurred prior to the reduction in the price of oil described in subsection (2)(b);

(b) offset property tax levy increases that are directly caused by the cessation or reduction of oil and natural gas activity;

(c) promote diversification and development of the economic base within the jurisdiction;

(d) attract new industry to the area impacted by the changes in oil and natural gas activity described in subsection (2); or

(e) provide cash incentives for expanding the employment base of the area impacted by the changes in oil and natural gas activity described in subsection (2).

(5) Except as provided in subsection (4)(b), money held in the fund may not be considered as fund balance for the purpose of reducing mill levies.

(6) Money in the fund must be invested as provided by law. Interest and income from the investment of money in the fund must be credited to the fund."
Renumber: subsequent sections

8. Page 6, line 20.
Insert: "**Section 14.** Section 20-9-306, MCA, is amended to read:

"**20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

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

(2) "BASE aid" means:

(a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund

budget of a district;

(b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the special education allowable cost payment;

(c) the total quality educator payment;

(d) the total at-risk student payment;

(e) the total Indian education for all payment; and

(f) the total American Indian achievement gap payment.

(3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement~~,~~ 100% of the total quality educator payment, 100% of the total at-risk student payment, 100% of the total Indian education for all payment, 100% of the total American Indian achievement gap payment, and 140% of the special education allowable cost payment.

(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through 20-9-369.

(5) "BASE funding program" means the state program for the equitable distribution of the state's share of the cost of Montana's basic system of public elementary schools and high schools, through county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

(6) "Basic entitlement" means:

(a) for each high school district:

(i) ~~$246,085~~ $256,510 for fiscal year ~~2010~~ 2012; and

(ii) ~~$253,468~~ $259,588 for each succeeding fiscal year;

(b) for each elementary school district or K-12 district elementary program without an approved and accredited junior high school, 7th and 8th grade program, or middle school:

(i) ~~$22,141~~ $23,079 for fiscal year ~~2010~~ 2012;

(ii) ~~$22,805~~ $23,356 for each succeeding fiscal year; and

(c) for each elementary school district or K-12 district elementary program with an approved and accredited junior high school, 7th and 8th grade program, or middle school:

(i) for kindergarten through grade 6 elementary program:

(A) ~~$22,141~~ $23,079 for fiscal year ~~2010~~ 2012; and

(B) ~~$22,805~~ $23,356 for each succeeding fiscal year; plus

(ii) for an approved and accredited junior high school program, 7th and 8th grade program, or middle school:

(A) ~~$62,704~~ $65,360 for fiscal year ~~2010~~ 2012; and

(B) ~~$64,585~~ $66,144 for each succeeding fiscal year.

(7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to 20-9-311.

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

(9) "Maximum general fund budget" means a district's

general fund budget amount calculated from the basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator payment, the total at-risk student payment, the total Indian education for all payment, the total American Indian achievement gap payment, and the greater of:

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

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

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

(11) "Total American Indian achievement gap payment" means the payment resulting from multiplying $200 times the number of American Indian students enrolled in the district as provided in 20-9-330.

(12) "Total at-risk student payment" means the payment resulting from the distribution of any funds appropriated for the purposes of 20-9-328.

(13) "Total Indian education for all payment" means the payment resulting from multiplying $20.40 times the ANB of the district or $100 for each district, whichever is greater, as provided for in 20-9-329.

(14) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

(a) for a high school district or a K-12 district high school program, a maximum rate of ~~$6,097~~ $6,355 for fiscal year ~~2010~~ 2012 and ~~$6,280~~ $6,431 for each succeeding fiscal year for the first ANB, decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of ~~$4,763~~ $4,965 for fiscal year ~~2010~~ 2012 and ~~$4,906~~ $5,025 for each succeeding fiscal year for the first ANB, decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school, 7th and 8th grade program, or middle school, the sum of:

(i) a maximum rate of ~~$4,763~~ $4,965 for fiscal year ~~2010~~ 2012 and ~~$4,906~~ $5,025 for each succeeding fiscal year for the first ANB for kindergarten through grade 6, decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of ~~$6,097~~ $6,355 for fiscal year ~~2010~~

of public instruction shall provide a block grant to each school district based on the revenue received by each district in fiscal year 2001 from vehicle taxes and fees, corporate license taxes paid by financial institutions, aeronautics fees, state land payments in lieu of taxes, and property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999.

(b) Block grants must be calculated using the electronic reporting system that is used by the office of public instruction and school districts. The electronic reporting system must be used to allocate the block grant amount into each district's budget as an anticipated revenue source by fund.

(c) With the exception of vehicle taxes and fees, the office of public instruction shall use the amount actually received from the sources listed in subsection (1)(a) in fiscal year 2001 in its calculation of the block grant for fiscal year 2002 budgeting purposes. For vehicle taxes and fees, the office of public instruction shall use 93.4% of the amount actually received in fiscal year 2001 in calculating the block grant for fiscal year 2002.

~~(2) If the fiscal year 2003 appropriation provided in section 248(1), Chapter 574, Laws of 2001, is insufficient to fund the school district block grants in fiscal year 2003 at the fiscal year 2002 level, the office of public instruction shall prorate the block grants to meet the remaining appropriation. School districts shall anticipate the prorated block grant amounts provided by the office of public instruction in their budgets for fiscal year 2003.~~

~~(3)~~(2) Each year, 70% of each district's block grant must be distributed in November and 30% of each district's block grant must be distributed in May at the same time that guaranteed tax base aid is distributed.

~~(4)~~(3) (a) The block grant for the district general fund is equal to the ~~average~~ amount received in fiscal ~~years 2002 and 2003~~ year 2011 by the district general fund from the block grants provided for in subsection (1). ~~The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.~~

(b) The block grant for the district transportation fund is equal to one-half of the ~~average~~ amount received in fiscal ~~years 2002 and 2003~~ year 2011 by the district transportation fund from the block grants provided for in subsection (1). ~~The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.~~

(c) (i) The combined fund block grant is equal to the ~~average~~ amount received in fiscal ~~years 2002 and 2003~~ year 2011. ~~by the district tuition, bus depreciation reserve, building reserve, nonoperating, and adult education funds from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.~~

(ii) The school district may deposit the combined fund block grant into any budgeted fund of the district."

{Internal References to 20-9-630:
20-9-141 x 20-10-144 x}"

Renumber: subsequent sections

12. Page 12, line 26.
Insert: "NEW SECTION. **Section 21. Appropriation.** There is appropriated $1,950,000 for the biennium beginning July 1, 2011, to the superintendent of public instruction for the purpose of assessing the college readiness of students including ACT results and remediation rates for students enrolled in the Montana university system."
Insert: "NEW SECTION. **Section 22. {standard} Notification to tribal governments.** The secretary of state shall send a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell Chippewa tribe."
Insert: "NEW SECTION. **Section 23. Codification instruction.** [Sections 5, 6, and 8 through 10] are intended to be codified as an integral part of Title 20, chapter 9, and the provisions of Title 20, chapter 9, apply to [sections 5, 6, and 8 through 10]."
Renumber: subsequent section

13. Page 12, line 27 through line 28.
Following: "date" on line 27
Insert: " -- applicability"
Strike: "[This act]" on line 27
Insert: "(1) Except as provided in subsection (2), [this act]"
Following: "~~approval~~"
Strike: "JULY 1, 2011."
Insert: "on passage and approval and applies to school fiscal year 2012.
(2) [Sections 9 and 10] are effective July 1, 2012."

- END -