

Amendments to Senate Bill No. 372
Reference Copy

For the Senate Free Conference Committee

Prepared by Jeff Martin
April 26, 2011 (8:02am)

1. Title, page 1, line 10.

Following: "PROGRAM,"

Insert: "TO COUNTY SCHOOL RETIREMENT AND COUNTY TRANSPORTATION REIMBURSEMENT,"

2. Title, page 1, line 14.

Following: "17-7-502,"

Insert: "20-9-501,"

Strike: "AND"

Following: "20-9-630,"

Insert: "AND 20-10-146,"

Following: "IMMEDIATE"

Insert: "AN"

3. Title, page 1, line 15.

Strike: "DATES"

Insert: "DATE,"

Strike: "AND"

Following: "DATE"

Insert: ", AND A TERMINATION DATE"

4. Page 11, line 4. *p 11, lines 7-8*

Following: "section"

Insert: ", the amounts determined under [section 3(2)] for local governments,"

Strike: "and"

5. Page 11, line 5. *p 11, lines 8-9*

Following: "(8)"

Insert: ", and the amounts determined under [section 3(4)] for tax increment financing districts"

6. Page 11, line 8. *p 11, lines 12-13*

Strike: "The"

Insert: "Except for the distribution made under [section 3(2)(b)], the"

7. Page 12, line 18. *p 12, lines 23 + 24*

Strike: "If"

Insert: "Except for a tax increment financing district entitled to a reimbursement under [section 3(4)], if"

8. Page 12, line 22. *P 12, line 20*

Strike: "One-half"

Insert: "Except for the reimbursement made under [section 3(4)(b)], one-half"

9. Page 16, line 18. *P 16, lines 25-26*

Following: "school district,"

Insert: "the county retirement fund under 20-9-501, the countywide school transportation reimbursement under 20-10-146,"

10. Page 17, line 5 through line 7. *P 17, lines 14-16*

Strike: subsection (c) in its entirety

11. Page 17, line 13. *P 17, line 23*

Strike: "AUGUST 1"

Insert: "November 30"

12. Page 18, line 2 through line 4. *P 18, lines 12-14*

Strike: subsection (c) in its entirety

13. Page 18, line 11. *P 18, lines 21-22*

Following: "department"

Insert: "of administration"

Strike: "distribute"

Insert: "transfer"

Following: "(5)(b)"

Insert: "from the general fund to the state special revenue fund"

14. Page 18, line 13. *P 18, line 24*

Strike: "THE"

Insert: "Beginning in fiscal year 2013, the department of administration shall transfer the"

15. Page 18, line 13 through line 14. *P 18, lines 25-26*

Strike: "ARE" on line 13 through "17-7-502," on line 14

Strike: "DEPARTMENT" through "REGENTS" on line 14

Insert: "state special revenue fund"

16. Page 18. *P 18-19*

Following: line 15

Insert: "(6) (a) The office of public instruction shall distribute the reimbursement to the countywide retirement fund under 20-9-501 for fiscal year 2012 and all other fiscal years in which rate reductions occur. One-half of the amount must be distributed in November and the remainder in May.

(b) For fiscal year 2012 and all other fiscal years in which rate reductions occur, the department shall determine from the amount calculated under subsection (1) the amount that is

attributable to personal property taxes that are not a lien on real property in the county. By November 30 following each of those fiscal years, the office of public instruction shall distribute the amount determined under this subsection (6)(b) to the countywide retirement fund.

(c) The amounts determined under this subsection (6) are statutorily appropriated, as provided in 17-7-502, from the general fund to the office of public instruction for distribution to the countywide retirement account.

(7) (a) The office of public instruction shall distribute the reimbursement to the county transportation reimbursement under 20-10-146 for fiscal year 2012 and all other fiscal years in which rate reductions occur. The reimbursement must be made at the same time as countywide school transportation block grants are distributed under 20-9-632.

(b) For fiscal year 2012 and all other fiscal years in which rate reductions occur, the department shall determine from the amount calculated under subsection (1) the amount that is attributable to personal property taxes that are not a lien on real property in the county. By November 30 following each of those fiscal years, the office of public instruction shall distribute the amount determined under this subsection (7)(b) to the county transportation reimbursement.

(c) The amounts determined under this subsection (7) are statutorily appropriated, as provided in 17-7-502, from the general fund to the office of public instruction for distribution to the county transportation reimbursement.

17. Page 23.

Following: line 29

p 26, line 27

Insert: "Section 8. Section 20-9-501, MCA, is amended to read:

"20-9-501. **Retirement costs and retirement fund.** (1) The trustees of a district or the management board of a cooperative employing personnel who are members of the teachers' retirement system or the public employees' retirement system, who are covered by unemployment insurance, or who are covered by any federal social security system requiring employer contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's contributions to the systems as provided in subsection (2)(a). The district's or the cooperative's contribution for each employee who is a member of the teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The district's or the cooperative's contribution for each employee who is a member of the public employees' retirement system must be calculated in accordance with 19-3-316. The district's or the cooperative's contributions for each employee covered by any federal social security system must be paid in accordance with federal law and regulation. The district's or the cooperative's contribution for each employee who is covered by unemployment insurance must be

paid in accordance with Title 39, chapter 51, part 11.

(2) (a) The district or the cooperative shall pay the employer's contributions to the retirement, federal social security, and unemployment insurance systems from the retirement fund for the following:

(i) a district employee whose salary and health-related benefits, if any health-related benefits are provided to the employee, are paid from state or local funding sources;

(ii) a cooperative employee whose salary and health-related benefits, if any health-related benefits are provided to the employee, are paid from the cooperative's interlocal cooperative fund if the fund is supported solely from districts' general funds and state special education allowable cost payments, pursuant to 20-9-321, or are paid from the miscellaneous programs fund, provided for in 20-9-507, from money received from the medicaid program, pursuant to 53-6-101;

(iii) a district employee whose salary and health-related benefits, if any health-related benefits are provided to the employee, are paid from the district's school food services fund provided for in 20-10-204;

(iv) a district employee whose salary and health-related benefits, if any health-related benefits are provided to the employee, are paid from the district impact aid fund, pursuant to 20-9-514; and

(v) for the 2011 biennium only, a district employee whose salary and health-related benefits, if any health-related benefits are provided to the employee, are budgeted in the district general fund but are paid from state fiscal stabilization funds received pursuant the American Recovery and Reinvestment Act of 2009, Public Law 111-5.

(b) For an employee whose benefits are not paid from the retirement fund, the district or the cooperative shall pay the employer's contributions to the retirement, federal social security, and unemployment insurance systems from the funding source that pays the employee's salary.

(3) The trustees of a district required to make a contribution to a system referred to in subsection (1) shall include in the retirement fund of the final budget the estimated amount of the employer's contribution. After the final retirement fund budget has been adopted, the trustees shall pay the employer contributions to the systems in accordance with the financial administration provisions of this title.

(4) When the final retirement fund budget has been adopted, the county superintendent shall establish the levy requirement by:

(a) determining the sum of the money available to reduce the retirement fund levy requirement by adding:

(i) any anticipated money that may be realized in the retirement fund during the ensuing school fiscal year;

(ii) oil and natural gas production taxes;

(iii) coal gross proceeds taxes under 15-23-703;
(iv) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund budget.

(v) property tax reimbursements made pursuant to [section 3(6)];

~~(v)~~ (vi) any other revenue anticipated that may be realized in the retirement fund during the ensuing school fiscal year, excluding any guaranteed tax base aid;

(b) notwithstanding the provisions of subsection (9), subtracting the money available for reduction of the levy requirement, as determined in subsection (4)(a), from the budgeted amount for expenditures in the final retirement fund budget.

(5) The county superintendent shall:

(a) total the net retirement fund levy requirements separately for all elementary school districts, all high school districts, and all community college districts of the county, including any prorated joint district or special education cooperative agreement levy requirements; and

(b) report each levy requirement to the county commissioners on the fourth Monday of August as the respective county levy requirements for elementary district, high school district, and community college district retirement funds.

(6) The county commissioners shall fix and set the county levy or district levy in accordance with 20-9-142.

(7) The net retirement fund levy requirement for a joint elementary district or a joint high school district must be prorated to each county in which a part of the district is located in the same proportion as the district ANB of the joint district is distributed by pupil residence in each county. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.

(8) The net retirement fund levy requirement for districts that are members of special education cooperative agreements must be prorated to each county in which the district is located in the same proportion as the special education cooperative budget is prorated to the member school districts. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county in the same manner as provided in 20-9-151, and the county commissioners shall fix and levy the net retirement fund levy for each county

in the same manner as provided in 20-9-152.

(9) The county superintendent shall calculate the number of mills to be levied on the taxable property in the county to finance the retirement fund net levy requirement by dividing the amount determined in subsection (5)(a) by the sum of:

(a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the taxable valuation of the district divided by 1,000.

(10) The levy for a community college district may be applied only to property within the district.

(11) The county superintendent of each county shall submit a report of the revenue amounts used to establish the levy requirements for county school funds supporting elementary and high school district retirement obligations to the superintendent of public instruction not later than the second Monday in September. The report must be completed on forms supplied by the superintendent of public instruction."

{ Internal References to 20-9-501: x to all

17-3-213 19-20-605 20-3-209 20-6-702 }

Renumber: subsequent sections

18. Page 25.

Following: line 15

p 20, line 25

Insert: "Section 10. Section 20-10-146, MCA, is amended to read:

"20-10-146. County transportation reimbursement. (1) The apportionment of the county transportation reimbursement by the county superintendent for school bus transportation or individual transportation that is actually rendered by a district in accordance with this title, board of public education transportation policy, and the transportation rules of the superintendent of public instruction must be the same as the state transportation reimbursement payment, except that:

(a) if any cash was used to reduce the budgeted county transportation reimbursement under the provisions of 20-10-144(2)(b), the annual apportionment is limited to the budget amount;

(b) when the county transportation reimbursement for a school bus has been prorated between two or more counties because the school bus is conveying pupils of more than one district located in the counties, the apportionment of the county transportation reimbursement must be adjusted to pay the amount computed under the proration; and

(c) when county transportation reimbursement is required under the mandatory attendance agreement provisions of 20-5-321.

(2) The county transportation net levy requirement for the financing of the county transportation fund reimbursements to districts is computed by:

(a) totaling the net requirement for all districts of the county, including reimbursements to a special education

cooperative or prorated reimbursements to joint districts or reimbursements under the mandatory attendance agreement provisions of 20-5-321;

(b) determining the sum of the money available to reduce the county transportation net levy requirement by adding:

(i) anticipated money that may be realized in the county transportation fund during the ensuing school fiscal year;

(ii) oil and natural gas production taxes;

(iii) anticipated local government severance tax payments for calendar year 1995 production;

(iv) coal gross proceeds taxes under 15-23-703;

(v) countywide school transportation block grants distributed under 20-9-632;

(vi) any fund balance available for reappropriation from the end-of-the-year fund balance in the county transportation fund;

(vii) federal forest reserve funds allocated under the provisions of 17-3-213; and

(viii) property tax reimbursements made pursuant to [section 3(7)]; and

~~(viii)~~ (ix) other revenue anticipated that may be realized in the county transportation fund during the ensuing school fiscal year; and

(c) subtracting the money available, as determined in subsection (2)(b), to reduce the levy requirement from the county transportation net levy requirement.

(3) The net levy requirement determined in subsection (2)(c) must be reported to the county commissioners on the fourth Monday of August by the county superintendent, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) The county superintendent of each county shall submit a report of the revenue amounts used to establish the levy requirements to the superintendent of public instruction not later than the second Monday in September. The report must be completed on forms supplied by the superintendent of public instruction.

(5) The county superintendent shall apportion the county transportation reimbursement from the proceeds of the county transportation fund. The county superintendent shall order the county treasurer to make the apportionments in accordance with 20-9-212(2) and after the receipt of the semiannual state transportation reimbursement payments."

{ Internal References to 20-10-146: x to all
17-3-213 20-3-205 20-3-209 20-10-104
20-10-104 20-10-104 20-10-141 20-10-142
20-10-144 }"

Renumber: subsequent sections

19. Page 25, line 24 through line 26. *p 31, lines 22-24*

Strike: section 11 in its entirety

20. Page 25.

Following: line 26

137-33

"COORDINATION SECTION. Section 13. Coordination instruction. If both Senate Bill No. 329 and [this act] are passed and approved and if both contain a section that amends 20-9-630, then the sections amending 20-9-630 are void and 20-9-630 must be amended as follows:

"20-9-630. School district block grants. (1) (a) The office of public instruction shall provide a block grant to each school district based on:

(i) 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; and

(ii) any reimbursement to be made to a school district pursuant to subsection (2).

(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.~~

(2) If the legislature enacts a reimbursement provision that is to be distributed pursuant to this section, the office of public instruction shall determine the reimbursement amount as provided in the enactment and add the appropriate amount to block grant distributions under this section. Except for the reimbursement made under [section 3(3)(b) of Senate Bill No. 372], the total of reimbursement distributions made pursuant to this subsection in a fiscal year must be added to all other distributions to the school district in the fiscal year to determine the distribution for the subsequent fiscal year.

(3) 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) (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) and the amount received by the district general fund under subsection (2), except the amount received under [section 3(3)(b) of Senate Bill No. 372]. ~~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) and the amount received by the district transportation fund under subsection (2), except the amount received under [section 3(3)(b) of Senate Bill No. 372]. ~~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~~ 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 year 2011 and the amount received under subsection (2), except the amount received under [section 3(3)(b) of Senate Bill No. 372].

(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}

P 33

Insert: "COORDINATION SECTION. Section 14. Coordination instruction. If both House Bill No. 2 and [this act] are passed and approved, then:

(1) the general fund appropriation for BASE aid in House Bill No. 2 of \$526,495,288 is decreased by \$1,803,873 in fiscal year 2013;

(2) the general fund appropriation for HB 124 Block Grants in House Bill No. 2 of \$52,150,510 is increased by \$6,444,852 in fiscal year 2013; and

(3) [section 3(3)(c), (6)(c), and (7)(c) and section 7 of this act] are void."

Renumber: subsequent sections

21. Page 26, line 2 through line 3. P 33

Strike: "DATES" on line 2

Insert: "date"

Strike: "(1)" on line 2

Strike: "EXCEPT" on line 2 through "ACT]" on line 3

Insert: "[This act]"

22. Page 26, line 4.

Strike: "(2)" through "2011."

23. Page 26.

Following: line 7

P 34

Insert: "NEW SECTION. Section 18. {standard} Termination.
[Section 3(3)(c), (6)(c), and (7)(c) and section 7] terminate
June 30, 2013."

- END -