

SENATE BILL NO. 428

INTRODUCED BY C. KAUFMANN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING SCHOOL FINANCE LAWS BY EQUALIZING MILL  
5 LEVIES; ELIMINATING THE SPECIFIC COUNTY MILL LEVIES FOR TRANSPORTATION AND RETIREMENT;  
6 INCREASING THE MILL LEVIES FOR ELEMENTARY AND HIGH SCHOOL EQUALIZATION AID; PROVIDING  
7 FOR STATE REIMBURSEMENTS TO SCHOOL DISTRICTS FOR TRANSPORTATION COSTS AND THE  
8 EMPLOYER CONTRIBUTION FOR RETIREMENT; PROVIDING FOR A STATE ASSISTANCE PAYMENT FOR  
9 CERTAIN DISTRICTS; ELIMINATING SCHOOL DISTRICT BLOCK GRANTS AND CERTAIN GUARANTEED  
10 TAX BASE DISTRIBUTIONS; AMENDING SECTIONS 15-1-112, 15-24-1802, 15-24-1902, 15-24-2002, 17-3-213,  
11 20-3-106, 20-3-205, 20-3-209, 20-3-324, 20-6-326, 20-6-702, 20-7-102, 20-9-104, 20-9-141, 20-9-212, 20-9-306,  
12 20-9-308, 20-9-331, 20-9-332, 20-9-333, 20-9-335, 20-9-343, 20-9-344, 20-9-346, 20-9-347, 20-9-348, 20-9-351,  
13 20-9-361, 20-9-366, 20-9-367, 20-9-369, 20-9-406, 20-9-501, 20-9-502, 20-9-506, 20-9-515, ~~20-9-620,~~  
14 20-10-104, 20-10-141, 20-10-142, 20-10-143, 20-10-144, 20-10-145, 20-10-147, 69-11-202, 90-6-309, AND  
15 90-6-403, MCA; REPEALING SECTIONS 20-9-368, 20-9-630, AND 20-10-146, MCA; AND PROVIDING AN  
16 EFFECTIVE DATE AND AN APPLICABILITY DATE."

17  
18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

19  
20 **Section 1.** Section 15-1-112, MCA, is amended to read:

21 **"15-1-112. Business equipment tax rate reduction reimbursement to local government taxing**  
22 **jurisdictions.** (1) ~~On or before January 1, 1996, for the reduction in payment under subsection (4) and by June~~  
23 ~~1 of 1996, 1997, and 1998 for all other reimbursements in this section, the~~ The department shall determine a  
24 reimbursement amount associated with reducing the tax rate in 15-6-138 and provide that information to each  
25 county treasurer. The reimbursement amount must be determined for each local government taxing jurisdiction  
26 that levied mills on the taxable value of property described in 15-6-138 in the corresponding tax year. However,  
27 the reimbursement does not apply to property described in 15-6-138 that has a reduced tax rate under  
28 15-24-1402.

29 (2) (a) The reimbursement amount to be used as the basis for the payment reduction under subsection  
30 (4) is the product of multiplying the tax year 1995 taxable value of property described in 15-6-138 for each local

1 government taxing jurisdiction by the tax year 1995 mill levy for the jurisdiction and then multiplying by 1/9th.

2 (b) (i) The reimbursement amount for each local government taxing jurisdiction for tax year 1996 is the  
3 amount determined under subsection (2)(a) unless the tax year 1996 market value of property described in  
4 15-6-138, for the particular local government taxing jurisdiction, is more than the tax year 1995 market value for  
5 property described in 15-6-138 in the same jurisdiction.

6 (ii) If the tax year 1996 market value is greater than the tax year 1995 market value for a particular  
7 jurisdiction, then the reimbursement amount for tax year 1996 is the result of subtracting the simulated 1996 tax  
8 from the 1995 tax. The 1995 tax is the tax for the particular jurisdiction, determined by multiplying the actual  
9 taxable valuation of property described in 15-6-138, for tax year 1995, by the tax year 1995 mill levy for the  
10 jurisdiction. The simulated 1996 tax for the particular jurisdiction is the actual tax year 1996 taxable value of  
11 property described in 15-6-138 multiplied by the tax year 1995 mill levy for the particular jurisdiction. If the  
12 simulated 1996 tax is greater than the 1995 tax, the reimbursement amount is zero.

13 (c) (i) The reimbursement amount for each local government taxing jurisdiction for tax year 1997 is the  
14 amount determined under subsection (2)(a) multiplied by two unless the tax year 1997 market value of property  
15 described in 15-6-138, for the particular local government taxing jurisdiction, is more than the tax year 1995  
16 market value for property described in 15-6-138 in the same jurisdiction.

17 (ii) If the tax year 1997 market value is greater than the tax year 1995 market value for a particular  
18 jurisdiction, then the reimbursement amount for tax year 1997 is the result of subtracting the simulated 1997 tax  
19 from the 1995 tax. The 1995 tax is the tax for the particular jurisdiction, determined by multiplying the actual  
20 taxable valuation of property described in 15-6-138, for tax year 1995, by the tax year 1995 mill levy for the  
21 jurisdiction. The simulated 1997 tax for the particular jurisdiction is the actual tax year 1997 taxable value of  
22 property described in 15-6-138 multiplied by the tax year 1995 mill levy for the particular jurisdiction. If the  
23 simulated 1997 tax is greater than the 1995 tax, the reimbursement amount is zero.

24 (d) (i) The reimbursement amount for each local government taxing jurisdiction for tax year 1998 is the  
25 amount determined under subsection (2)(a) multiplied by three unless the tax year 1998 market value of property  
26 described in 15-6-138, for the particular local government taxing jurisdiction, is more than the tax year 1995  
27 market value for property described in 15-6-138 in the same jurisdiction.

28 (ii) If the tax year 1998 market value is greater than the tax year 1995 market value for a particular  
29 jurisdiction, then the reimbursement amount for tax year 1998 is the result of subtracting the simulated 1998 tax  
30 from the 1995 tax. The 1995 tax is the tax for the particular jurisdiction, determined by multiplying the actual

1 taxable valuation of property described in 15-6-138, for tax year 1995, by the tax year 1995 mill levy for the  
2 jurisdiction. The simulated 1998 tax for the particular jurisdiction is the actual tax year 1998 taxable value of  
3 property described in 15-6-138 multiplied by the tax year 1995 mill levy for the particular jurisdiction. If the  
4 simulated 1998 tax is greater than the 1995 tax, the reimbursement amount is zero.

5 (3) (a) For purposes of this section, "local government taxing jurisdiction" means a local government  
6 rather than a state taxing jurisdiction that levied mills against property described in 15-6-138, including county  
7 governments, incorporated city and town governments, consolidated county and city governments, tax increment  
8 financing districts, local elementary and high school districts, local community college districts, miscellaneous  
9 districts, and special districts. The term includes ~~countywide~~ mills levied for equalization of school retirement or  
10 transportation.

11 (b) The term does not include ~~county~~ or state school equalization levies provided for in 20-9-331,  
12 20-9-333, 20-9-360, and 20-25-439.

13 (c) Each tax increment financing district must receive the benefit of the state mill on the incremental  
14 taxable value of the district.

15 (4) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360  
16 in June of 1996 by an amount equal to 38% of the reimbursement amount determined under subsection (2)(a)  
17 for all of the local government taxing jurisdictions in the county.

18 (5) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360  
19 in December of 1996 by an amount equal to 31% of the reimbursement amount for tax year 1996 for all of the  
20 local government taxing jurisdictions in the county, as determined by the department under subsection (2).

21 (6) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360  
22 in June of 1997 by an amount equal to 31% of the reimbursement amount for tax year 1996 for all of the local  
23 government taxing jurisdictions in the county and by an amount equal to 38% of the reimbursement amount for  
24 tax year 1997 for all of the local government taxing jurisdictions in the county, as determined by the department  
25 under subsection (2).

26 (7) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360  
27 in December of 1997 by an amount equal to 31% of the reimbursement amount for tax year 1997 for all of the  
28 local government taxing jurisdictions in the county, as determined by the department under subsection (2).

29 (8) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360  
30 in June of 1998 by an amount equal to 31% of the reimbursement amount for tax year 1997 for all of the local

1 government taxing jurisdictions in the county and by an amount equal to 38% of the reimbursement amount for  
 2 tax year 1998 for all of the local government taxing jurisdictions in the county, as determined by the department  
 3 under subsection (2).

4 (9) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360  
 5 in December of 1998 by an amount equal to 31% of the reimbursement amount for tax year 1998 for all of the  
 6 local government taxing jurisdictions in the county, as determined by the department under subsection (2).

7 (10) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360  
 8 in June of 1999 by an amount equal to 69% of the reimbursement amount for tax year 1998 for all of the local  
 9 government taxing jurisdictions in the county, as determined by the department under subsection (2).

10 (11) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360  
 11 in December of the years 1999 through 2007 by an amount equal to 31% of the reimbursement amount  
 12 determined in subsection (13) for all of the local government taxing jurisdictions in the county, as determined by  
 13 the department under subsection (2).

14 (12) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360  
 15 in June of the years 2000 through 2008 by an amount equal to 69% of the reimbursement amount determined  
 16 in subsection (13) for all of the local government taxing jurisdictions in the county, as determined by the  
 17 department under subsection (2).

18 (13) (a) The reimbursement amount for tax year 1999 and each subsequent tax year for 9 years must  
 19 be progressively reduced each year by 10% of the reimbursement amount for tax year 1998, according to the  
 20 following schedule:

21	Tax Year	Percentage of 1998
22		Reimbursement Amount
23	1999	90
24	2000	80
25	2001	70
26	2002	60
27	2003	50
28	2004	40
29	2005	30
30	2006	20



1 paid in full or, if the property is leased to a business incubator, until all of the owner's property taxes on that  
 2 property have been paid in full. Taxes paid under protest do not preclude approval. Prior to holding the hearing,  
 3 the governing body shall determine that the local economic development organization:

4 (a) is a private, nonprofit corporation as provided in Title 35, chapter 2, and is exempt from taxation under  
 5 section 501(c)(3) or 501(c)(6) of the Internal Revenue Code;

6 (b) is engaged in economic development and business assistance work in the area; and

7 (c) owns or leases and operates or will operate the business incubator.

8 (3) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the department shall  
 9 make the assessment change for the tax exemption provided for in this section.

10 (4) The tax exemption described in subsection (1) applies only to the number of mills levied and  
 11 assessed by the governing body approving the exemption over which the governing body has sole discretion.  
 12 If the governing body of a county, consolidated government, or incorporated city or town approves the exemption,  
 13 the exemption applies to levies and assessments required under Title 15, chapter 10, ~~20-9-331, or 20-9-333 or~~  
 14 ~~otherwise~~ and other nonschool levies or assessments required under state law.

15 (5) Property taxes abated from the reduction in property taxes allowed by this section are subject to  
 16 recapture by the local governing body if the ownership or use of the property does not meet the requirements of  
 17 15-24-1801, this section, or the resolution required by subsection (2) of this section. The recapture is equal to  
 18 the amount of taxes avoided, plus interest and penalties for nonpayment of property taxes provided in 15-16-102,  
 19 during any period in which an abatement under the provisions of this section was in effect. The amount  
 20 recaptured, including penalty and interest, must be distributed by the treasurer to funds and accounts subject to  
 21 the abatement in the same ratio as the property tax was abated. A recapture of taxes abated by this section is  
 22 not allowed with regard to property ceasing to qualify for the abatement by reason of an involuntary conversion.  
 23 The recapture of abated taxes may be canceled, in whole or in part, if the local governing body determines that  
 24 the taxpayer's failure to meet the requirements is a result of circumstances beyond the control of the taxpayer."  
 25

26 **Section 3.** Section 15-24-1902, MCA, is amended to read:

27 **"15-24-1902. Industrial park tax exemption -- procedure -- termination.** (1) An industrial park owned  
 28 and operated by a local economic development organization or a port authority is eligible for an exemption from  
 29 property taxes as provided in this section.

30 (2) In order to qualify for the tax exemption described in this section, the governing body of the county,

1 consolidated government, incorporated city or town, or school district in which the property is located shall  
2 approve the tax exemption by resolution, after due notice, as defined in 76-15-103, and hearing. The governing  
3 body may approve or disapprove the tax exemption provided for in subsection (1). If a tax exemption is approved,  
4 the governing body shall do so by a separate resolution for each industrial park in its respective jurisdiction. The  
5 governing body may not grant approval for the industrial park until all of the applicant's taxes have been paid in  
6 full. Taxes paid under protest do not preclude approval. Prior to holding the hearing, the governing body shall  
7 determine that:

8 (a) the local economic development organization:

9 (i) is a private, nonprofit corporation as provided in Title 35, chapter 2, and is exempt from taxation under  
10 section 501(c)(3) or 501(c)(6) of the Internal Revenue Code;

11 (ii) is engaged in economic development and business assistance work in the area; and

12 (iii) owns and operates or will own and operate the industrial development park; or

13 (b) the port authority legally exists under the provisions of 7-14-1101 or 7-14-1102.

14 (3) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the department shall  
15 make the assessment change for the tax exemption provided for in this section.

16 (4) The tax exemption described in subsection (1) applies only to the number of mills levied and  
17 assessed by the governing body approving the exemption over which the governing body has sole discretion.  
18 If the governing body of a county, consolidated government, or incorporated city or town approves the exemption,  
19 the exemption applies to levies or assessments required under Title 15, chapter 10, ~~20-9-331, or 20-9-333~~ or  
20 ~~otherwise~~ and other nonschool levies or assessments required under state law.

21 (5) If a local economic development organization sells, leases, or otherwise disposes of the exempt  
22 property to a purchaser or lessee that is not a local economic development organization or a unit of federal, state,  
23 or local government, the tax exemption provided in this section terminates. The termination of the exemption  
24 applies January 1 of the taxable year immediately following the sale, lease, or other disposition of the property.  
25 Upon termination of the exemption, the property must be assessed as provided in 15-16-203.

26 (6) Property taxes abated from the reduction in property taxes allowed by this section are subject to  
27 recapture by the local governing body if the ownership or use of the property does not meet the requirements of  
28 15-24-1901, this section, or the resolution required by subsection (2) of this section. The recapture is equal to  
29 the amount of taxes avoided, plus interest and penalties for nonpayment of property taxes provided in 15-16-102,  
30 during any period in which an abatement under the provisions of this section was in effect. The amount

1 recaptured, including penalty and interest, must be distributed by the treasurer to funds and accounts subject to  
 2 the abatement in the same ratio as the property tax was abated. A recapture of taxes abated by this section is  
 3 not allowed with regard to property ceasing to qualify for the abatement by reason of an involuntary conversion.  
 4 The recapture of abated taxes may be canceled, in whole or in part, if the local governing body determines that  
 5 the taxpayer's failure to meet the requirements is a result of circumstances beyond the control of the taxpayer."

6

7 **Section 4.** Section 15-24-2002, MCA, is amended to read:

8 **"15-24-2002. Building and land tax exemption -- procedure -- termination.** (1) A building and land  
 9 owned by a local economic development organization that the local economic development organization intends  
 10 to sell or lease to a profit-oriented, employment-stimulating business are eligible for an exemption from property  
 11 taxes as provided in this section.

12 (2) In order to qualify for the tax exemption described in this section, the governing body of the affected  
 13 county, consolidated government, incorporated city or town, or school district in which the building and land are  
 14 located shall approve the tax exemption by resolution, after due notice, as defined in 76-15-103, and hearing. The  
 15 governing body may approve or disapprove the tax exemption provided for in subsection (1). The governing body  
 16 shall approve a tax exemption by a separate resolution. The governing body may not grant approval for the  
 17 building and land until all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude  
 18 approval. Prior to holding the hearing, the governing body shall determine that the local economic development  
 19 organization:

20 (a) is a private, nonprofit corporation, as provided in Title 35, chapter 2, and is exempt from taxation  
 21 under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code;

22 (b) is engaged in economic development and business assistance work in the area; and

23 (c) owns or will own the building and land.

24 (3) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the department shall  
 25 make the assessment change for the tax exemption provided for in this section.

26 (4) The tax exemption described in subsection (1) applies only to the number of mills levied and  
 27 assessed by the governing body approving the exemption over which the governing body has sole discretion.  
 28 If the governing body of a county, consolidated government, or incorporated city or town approves the exemption,  
 29 the exemption applies to levies or assessments required under Title 15, chapter 10, ~~20-9-331, or 20-9-333~~ and  
 30 other nonschool levies or assessments required under state law.



1 (5) When a local economic development organization sells, leases, or otherwise disposes of the exempt  
2 property to a purchaser or lessee that is not a local economic development organization or a unit of federal, state,  
3 or local government, the tax exemption provided in this section terminates. The termination of the exemption  
4 applies January 1 of the taxable year immediately following the sale, lease, or other disposition of the property.  
5 Upon termination of the exemption, the property must be assessed as provided in 15-16-203.

6 (6) Property taxes abated from the reduction in property taxes allowed by this section are subject to  
7 recapture by the local governing body if the ownership or use of the property does not meet the requirements of  
8 this section or the resolution required by subsection (2). The recapture is equal to the amount of taxes avoided,  
9 plus interest and penalties for nonpayment of property taxes provided in 15-16-102, during any period in which  
10 an abatement under the provisions of this section was in effect. The amount recaptured, including penalty and  
11 interest, must be distributed by the treasurer to funds and accounts subject to the abatement in the same ratio  
12 as the property tax was abated. A recapture of taxes abated by this section is not allowed with regard to property  
13 ceasing to qualify for the abatement by reason of an involuntary conversion. The recapture of abated taxes may  
14 be canceled, in whole or in part, if the local governing body determines that the taxpayer's failure to meet the  
15 requirements is a result of circumstances beyond the control of the taxpayer."  
16

17 **Section 5.** Section 17-3-213, MCA, is amended to read:

18 **"17-3-213. Allocation of forest reserve funds and other federal funds -- options provided in federal**  
19 **law.** (1) The board of county commissioners in each county shall decide among payment options provided in  
20 subsections (2) through (6), as provided in Public Law 106-393 and Public Law 110-343, to determine how the  
21 forest reserve funds, Public Law 106-393 funds, and Public Law 110-343 funds apportioned to each county must  
22 be distributed by the county treasurer pursuant to this section.

23 (2) If a board of county commissioners chooses to receive a payment that is 25% of the revenue derived  
24 from national forest system lands, as provided in 16 U.S.C. 500, all funds received must be distributed as  
25 provided in subsection (5).

26 (3) (a) Except as provided in subsection (4), if a county elects to receive the county's full payment under  
27 Public Law 106-393, a minimum of 80% up to a maximum of 85% of the county's full payment must be designated  
28 by the county for distribution as provided in subsection (5).

29 (b) The balance not distributed pursuant to subsection (3)(a) may be allocated by the county in  
30 accordance with Public Law 106-393.

1 (4) If a county's full payment under Public Law 106-393 is less than \$100,000, the county may elect to  
 2 distribute up to 100% of the payment as provided in subsection (5).

3 (5) The total amount designated by a county in accordance with subsection (3)(a) or (4) must be  
 4 distributed as follows:

5 (a) to the general road fund, 66 2/3% of the amount designated;

6 (b) to the following ~~countywide~~ school levies, 33 1/3% of the amount designated:

7 (i) ~~county~~ equalization for elementary schools provided for in 20-9-331;

8 (ii) ~~county~~ equalization for high schools provided for in 20-9-333;

9 (iii) the ~~county~~ transportation ~~fund~~ budget provided for in ~~20-10-146~~ 20-10-143; and

10 (iv) the elementary and high school district retirement fund obligations provided for in 20-9-501.

11 (6) The apportionment of money to the funds provided for under subsection (5)(b) must be made by the  
 12 county superintendent based on the proportion that the mill levy of each fund bears to the total number of mills  
 13 for all the funds. Whenever the total amount of money available for apportionment under subsection (5)(b) is  
 14 greater than the total requirements of a levy, the excess money and any interest income must be retained in a  
 15 separate reserve fund, to be reapportioned in the ensuing school fiscal year to the levies designated in subsection  
 16 (5)(b).

17 (7) In counties in which special road districts have been created according to law, the board of county  
 18 commissioners shall distribute a proportionate share of the 66 2/3% distributed under subsection (5)(a) for the  
 19 general road fund to the special road districts within the county based upon the percentage that the total area of  
 20 the road district bears to the total area of the entire county.

21 (8) Except as provided in subsection (9), if a county elects to receive the county's full payment under  
 22 Public Law 110-343, not less than 80% but not more than 85% of the funds must be expended in the same  
 23 manner as provided in subsection (5). A county may reserve not more than 7% of the county's full payment for  
 24 projects in accordance with Title III of section 601 of Public Law 110-343. The balance of the funds may be:

25 (a) reserved for projects in accordance with Title II of section 601 of Public Law 110-343; or

26 (b) returned to the United States.

27 (9) (a) If a county's full payment is more than \$100,000 but less than or equal to \$350,000, the county  
 28 may use all of the funds as provided in Title II or Title III of section 601 of Public Law 110-343 or return the funds  
 29 to the United States.

30 (b) If a county's full payment is less than or equal to \$100,000, the county may elect to distribute up to

1 100% of the payment as provided in subsection (5)."

2

3 **Section 6.** Section 20-3-106, MCA, is amended to read:

4 **"20-3-106. Supervision of schools -- powers and duties.** The superintendent of public instruction has  
5 the general supervision of the public schools and districts of the state and shall perform the following duties or  
6 acts in implementing and enforcing the provisions of this title:

7 (1) resolve any controversy resulting from the proration of costs by a joint board of trustees under the  
8 provisions of 20-3-362;

9 (2) issue, renew, or deny teacher certification and emergency authorizations of employment;

10 (3) negotiate reciprocal tuition agreements with other states in accordance with the provisions of  
11 20-5-314;

12 (4) approve or disapprove the opening or reopening of a school in accordance with the provisions of  
13 20-6-502, 20-6-503, 20-6-504, or 20-6-505;

14 (5) approve or disapprove school isolation within the limitations prescribed by 20-9-302;

15 (6) generally supervise the school budgeting procedures prescribed by law in accordance with the  
16 provisions of 20-9-102 and prescribe the school budget format in accordance with the provisions of 20-9-103 and  
17 20-9-506;

18 (7) establish a system of communication for calculating joint district revenue in accordance with the  
19 provisions of 20-9-151;

20 (8) approve or disapprove the adoption of a district's budget amendment resolution under the conditions  
21 prescribed in 20-9-163 and adopt rules for an application for additional direct state aid for a budget amendment  
22 in accordance with the approval and disbursement provisions of 20-9-166;

23 (9) generally supervise the school financial administration provisions as prescribed by 20-9-201(2);

24 (10) prescribe and furnish the annual report forms to enable the districts to report to the county  
25 superintendent in accordance with the provisions of 20-9-213(6) and the annual report forms to enable the county  
26 superintendents to report to the superintendent of public instruction in accordance with the provisions of 20-3-209;

27 (11) approve, disapprove, or adjust an increase of the average number belonging (ANB) in accordance  
28 with the provisions of 20-9-313 and 20-9-314;

29 (12) distribute BASE aid and special education allowable cost payments in support of the BASE funding  
30 program in accordance with the provisions of 20-9-331, 20-9-333, 20-9-342, 20-9-346, and 20-9-347, ~~and~~

1 ~~20-9-366 through 20-9-369;~~

2 (13) provide for the uniform and equal provision of transportation by performing the duties prescribed by  
3 the provisions of 20-10-112;

4 (14) request, accept, deposit, and expend federal money in accordance with the provisions of 20-9-603;

5 (15) authorize the use of federal money for the support of an interlocal cooperative agreement in  
6 accordance with the provisions of 20-9-703 and 20-9-704;

7 (16) prescribe the form and contents of and approve or disapprove interstate contracts in accordance  
8 with the provisions of 20-9-705;

9 (17) recommend standards of accreditation for all schools to the board of public education and evaluate  
10 compliance with the standards and recommend accreditation status of every school to the board of public  
11 education in accordance with the provisions of 20-7-101 and 20-7-102;

12 (18) collect and maintain a file of curriculum guides and assist schools with instructional programs in  
13 accordance with the provisions of 20-7-113 and 20-7-114;

14 (19) establish and maintain a library of visual, aural, and other educational media in accordance with the  
15 provisions of 20-7-201;

16 (20) license textbook dealers and initiate prosecution of textbook dealers violating the law in accordance  
17 with the provisions of the textbooks part of this title;

18 (21) as the governing agent and executive officer of the state of Montana for K-12 career and  
19 vocational/technical education, adopt the policies prescribed by and in accordance with the provisions of  
20 20-7-301;

21 (22) supervise and coordinate the conduct of special education in the state in accordance with the  
22 provisions of 20-7-403;

23 (23) administer the traffic education program in accordance with the provisions of 20-7-502;

24 (24) administer the school food services program in accordance with the provisions of 20-10-201 through  
25 20-10-203;

26 (25) review school building plans and specifications in accordance with the provisions of 20-6-622;

27 (26) provide schools with information and technical assistance for compliance with the student  
28 assessment rules provided for in 20-2-121 and collect and summarize the results of the student assessment for  
29 the board of public education and the legislature;

30 (27) upon request and in compliance with confidentiality requirements of state and federal law, disclose

1 to interested parties all school district student assessment data for a test required by the board of public  
 2 education; and  
 3 ~~———(28) administer the distribution of guaranteed tax base aid in accordance with 20-9-366 through 20-9-369;~~  
 4 and  
 5 ~~(29)~~(28) perform any other duty prescribed from time to time by this title, any other act of the legislature,  
 6 or the policies of the board of public education."  
 7

8 **Section 7.** Section 20-3-205, MCA, is amended to read:

9 **"20-3-205. Powers and duties.** (1) The county superintendent has general supervision of the schools  
 10 of the county within the limitations prescribed by this title and shall perform the following duties or acts:

11 (a) determine, establish, and reestablish trustee nominating districts in accordance with the provisions  
 12 of 20-3-352, 20-3-353, and 20-3-354;

13 (b) administer and file the oaths of members of the boards of trustees of the districts in the county in  
 14 accordance with the provisions of 20-3-307;

15 (c) register the teacher or specialist certificates or emergency authorization of employment of any person  
 16 employed in the county as a teacher, specialist, principal, or district superintendent in accordance with the  
 17 provisions of 20-4-202;

18 (d) file a copy of the audit report for a district in accordance with the provisions of 20-9-203;

19 (e) classify districts in accordance with the provisions of 20-6-201 and 20-6-301;

20 (f) keep a transcript of the district boundaries of the county;

21 (g) fulfill all responsibilities assigned under the provisions of this title regulating the organization,  
 22 alteration, or abandonment of districts;

23 (h) act on any unification proposition and, if approved, establish additional trustee nominating districts  
 24 in accordance with 20-6-312 and 20-6-313;

25 (i) estimate the average number belonging (ANB) of an opening school in accordance with the provisions  
 26 of 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

27 (j) process and, when required, act on school isolation applications in accordance with the provisions  
 28 of 20-9-302;

29 (k) complete the budgets, compute the budgeted revenue and tax levies, file final budgets and budget  
 30 amendments, and fulfill other responsibilities assigned under the provisions of this title regulating school

1 budgeting systems;

2 (l) submit an annual financial report to the superintendent of public instruction in accordance with the  
3 provisions of 20-9-211;

4 (m) monthly, unless otherwise provided by law, order the county treasurer to apportion state money,  
5 ~~county~~ school district money, and any other school money subject to apportionment in accordance with the  
6 provisions of 20-9-212, 20-9-347, or 20-10-145, ~~or 20-10-146~~;

7 (n) act on any request to transfer average number belonging (ANB) in accordance with the provisions  
8 of 20-9-313(1)(c);

9 (o) calculate the estimated budgeted general fund sources of revenue in accordance with the general  
10 fund revenue provisions of the general fund part of this title;

11 (p) compute the revenue and compute the district and county levy requirements for each fund included  
12 in each district's final budget and report the computations to the board of county commissioners in accordance  
13 with the provisions of the general fund, transportation, bonds, and other school funds parts of this title;

14 (q) file and forward bus driver certifications, transportation contracts, and state transportation  
15 reimbursement claims in accordance with the provisions of 20-10-103, 20-10-143, or 20-10-145;

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

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

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

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

25 (v) administer the oath of office to trustees without the receipt of pay for administering the oath;

26 (w) keep a record of official acts, preserve all reports submitted to the superintendent under the  
27 provisions of this title, preserve all books and instructional equipment or supplies, keep all documents applicable  
28 to the administration of the office, and surrender all records, books, supplies, and equipment to the next  
29 superintendent;

30 (x) within 90 days after the close of the school fiscal year, publish an annual report in the county

1 newspaper stating the following financial information for the school fiscal year just ended for each district of the  
2 county:

- 3 (i) the total of the cash balances of all funds maintained by the district at the beginning of the year;  
4 (ii) the total receipts that were realized in each fund maintained by the district;  
5 (iii) the total expenditures that were made from each fund maintained by the district; and  
6 (iv) the total of the cash balances of all funds maintained by the district at the end of the school fiscal  
7 year; and  
8 (y) hold meetings for the members of the trustees from time to time at which matters for the good of the  
9 districts must be discussed.

10 (2) (a) When a district in one county annexes a district in another county, the county superintendent of  
11 the county where the annexing district is located shall perform the duties required by this section.

12 (b) When two or more districts in more than one county consolidate, the duties required by this section  
13 must be performed by the county superintendent designated in the same manner as other county officials in  
14 20-9-202."

15  
16 **Section 8.** Section 20-3-209, MCA, is amended to read:

17 "**20-3-209. Annual report.** The county superintendent of each county shall submit an annual report to  
18 the superintendent of public instruction not later than the second Monday in September. The report must be  
19 completed on the forms supplied by the superintendent of public instruction and must include:

- 20 (1) the final budget information for each district of the county, as prescribed by 20-9-134(1);  
21 (2) the revenue amounts used to ~~establish the levy requirements for the county school fund supporting~~  
22 ~~school district transportation schedules, as prescribed by 20-10-146~~ 20-10-145, and for the ~~county school funds~~  
23 ~~supporting elementary and high school district retirement obligations, as prescribed by 20-9-501;~~  
24 (3) the financial activities of each district of the county for the immediately preceding school fiscal year  
25 as provided by the trustees' annual report to the county superintendent under the provisions of 20-9-213(6); and  
26 (4) any other information that may be requested by the superintendent of public instruction that is within  
27 the superintendent's authority prescribed by this title."

28  
29 **Section 9.** Section 20-3-324, MCA, is amended to read:

30 "**20-3-324. Powers and duties.** As prescribed elsewhere in this title, the trustees of each district shall:

- 1           (1) employ or dismiss a teacher, principal, or other assistant upon the recommendation of the district  
2 superintendent, the county high school principal, or other principal as the board considers necessary, accepting  
3 or rejecting any recommendation as the trustees in their sole discretion determine, in accordance with the  
4 provisions of Title 20, chapter 4;
- 5           (2) employ and dismiss administrative personnel, clerks, secretaries, teacher's aides, custodians,  
6 maintenance personnel, school bus drivers, food service personnel, nurses, and any other personnel considered  
7 necessary to carry out the various services of the district;
- 8           (3) administer the attendance and tuition provisions and govern the pupils of the district in accordance  
9 with the provisions of the pupils chapter of this title;
- 10          (4) call, conduct, and certify the elections of the district in accordance with the provisions of the school  
11 elections chapter of this title;
- 12          (5) participate in the teachers' retirement system of the state of Montana in accordance with the  
13 provisions of the teachers' retirement system chapter of Title 19;
- 14          (6) participate in district boundary change actions in accordance with the provisions of the school districts  
15 chapter of this title;
- 16          (7) organize, open, close, or acquire isolation status for the schools of the district in accordance with the  
17 provisions of the school organization part of this title;
- 18          (8) adopt and administer the annual budget or a budget amendment of the district in accordance with  
19 the provisions of the school budget system part of this title;
- 20          (9) conduct the fiscal business of the district in accordance with the provisions of the school financial  
21 administration part of this title;
- 22          (10) establish the ANB, ~~BASE budget levy~~, over-BASE budget levy, additional levy, operating reserve,  
23 and state impact aid amounts for the general fund of the district in accordance with the provisions of the general  
24 fund part of this title;
- 25          (11) establish, maintain, budget, and finance the transportation program of the district in accordance with  
26 the provisions of the transportation parts of this title;
- 27          (12) issue, refund, sell, budget, and redeem the bonds of the district in accordance with the provisions  
28 of the bonds parts of this title;
- 29          (13) when applicable, establish, financially administer, and budget for the tuition fund, retirement fund,  
30 building reserve fund, adult education fund, nonoperating fund, school food services fund, miscellaneous



1 programs fund, building fund, lease or rental agreement fund, traffic education fund, impact aid fund, interlocal  
2 cooperative fund, and other funds as authorized by the state superintendent of public instruction in accordance  
3 with the provisions of the other school funds parts of this title;

4 (14) when applicable, administer any interlocal cooperative agreement, gifts, legacies, or devises in  
5 accordance with the provisions of the miscellaneous financial parts of this title;

6 (15) hold in trust, acquire, and dispose of the real and personal property of the district in accordance with  
7 the provisions of the school sites and facilities part of this title;

8 (16) operate the schools of the district in accordance with the provisions of the school calendar part of  
9 this title;

10 (17) set the length of the school term, school day, and school week in accordance with 20-1-302;

11 (18) establish and maintain the instructional services of the schools of the district in accordance with the  
12 provisions of the instructional services, textbooks, K-12 career and vocational/technical education, and special  
13 education parts of this title;

14 (19) establish and maintain the school food services of the district in accordance with the provisions of  
15 the school food services parts of this title;

16 (20) make reports from time to time as the county superintendent, superintendent of public instruction,  
17 and board of public education may require;

18 (21) retain, when considered advisable, a physician or registered nurse to inspect the sanitary conditions  
19 of the school or the general health conditions of each pupil and, upon request, make available to any parent or  
20 guardian any medical reports or health records maintained by the district pertaining to the child;

21 (22) for each member of the trustees, visit each school of the district not less than once each school fiscal  
22 year to examine its management, conditions, and needs, except that trustees from a first-class school district may  
23 share the responsibility for visiting each school in the district;

24 (23) procure and display outside daily in suitable weather on school days at each school of the district  
25 an American flag that measures not less than 4 feet by 6 feet;

26 (24) provide that an American flag that measures approximately 12 inches by 18 inches be prominently  
27 displayed in each classroom in each school of the district, except in a classroom in which the flag may get soiled.  
28 This requirement is waived if the flags are not provided by a local civic group.

29 (25) adopt and administer a district policy on assessment for placement of any child who enrolls in a  
30 school of the district from a nonpublic school that is not accredited, as required in 20-5-110;

1 (26) upon request and in compliance with confidentiality requirements of state and federal law, disclose  
2 to interested parties school district student assessment data for any test required by the board of public  
3 education;

4 (27) consider and may enter into an interlocal agreement with a postsecondary institution, as defined in  
5 20-9-706, that authorizes 11th and 12th grade students to obtain credits through classes available only at a  
6 postsecondary institution;

7 (28) approve or disapprove the conduct of school on a Saturday in accordance with the provisions of  
8 20-1-303;

9 (29) consider and, if advisable for a high school or K-12 district, establish a student financial institution,  
10 as defined in 32-1-115; and

11 (30) perform any other duty and enforce any other requirements for the government of the schools  
12 prescribed by this title, the policies of the board of public education, or the rules of the superintendent of public  
13 instruction."  
14

15 **Section 10.** Section 20-6-326, MCA, is amended to read:

16 **"20-6-326. Procedure for creation of high school district solely for expansion into K-12 school**  
17 **district -- trustee resolution.** (1) An existing elementary district may create a high school district solely for the  
18 purpose of expanding an elementary district into a K-12 district only if:

19 (a) the nearest elementary school building is located at a distance of at least 40 miles from the nearest  
20 accessible high school;

21 (b) the trip from the nearest elementary school building to the nearest accessible high school is 60  
22 minutes or more over the shortest passable route;

23 (c) periodically during the school year, the condition of the road makes it impractical to attend the nearest  
24 accessible high school; and

25 (d) at least 50 high school students reside in the elementary district; and

26 (e) the taxable valuation and boundaries of the combining elementary and high school district are the  
27 same.

28 (2) The creation of a new high school district may be requested by the trustees of an existing elementary  
29 district through passage of a resolution that includes the information outlined in 20-6-105(3) and requests the  
30 county superintendent to order an election to allow the electors of the elementary district to consider the

1 proposition to create a high school district solely for the purpose of expanding the elementary school district into  
2 a K-12 district. Approval of the proposition results in a tax levy for payments as provided in subsection (6)(b).

3 (3) If the proposition for the expansion and the transition levy provided for in 20-9-502(6) is approved  
4 by the electors of the elementary district and the trustees issue a certificate of election as provided in 20-20-416,  
5 the county superintendent shall order the creation of the high school district and oversee the expansion of the  
6 high school district into a K-12 district pursuant to 20-6-701.

7 (4) The county superintendent shall send a copy of the order to the board of county commissioners and  
8 to the trustees of the districts affected by the creation of the district.

9 (5) If a new district is created, the effective date of its creation is the following July 1. The trustees of the  
10 elementary district must be designated as the trustees of the new K-12 district.

11 (6) Until the first school fiscal year in which the new K-12 district enrolls high school students in all  
12 grades, the existing high school district shall provide high school instruction to students residing in the newly  
13 created K-12 district with the K-12 district paying the existing high school district:

14 ~~——(a) tuition and transportation charged pursuant to the provisions of 20-5-320 and 20-5-321; and~~  
15 ~~——(b) an amount equal to the BASE general fund mills for the existing high school district assessed against~~  
16 ~~the taxable valuation in the new K-12 district and funded using a building reserve fund levy for transition costs~~  
17 ~~as provided in 20-9-502. The payment to the existing high school district must be deposited in the district general~~  
18 ~~fund and used to reduce the BASE budget levy.~~

19 (7) If bonded indebtedness has been approved by the voters of the existing high school district prior to  
20 April 12, 2007, but the bonds have not been sold prior to the creation of the new K-12 district, then the future  
21 indebtedness of those bonds when those bonds are sold must be paid by levies on the original territory.

22 (8) If the K-12 school district does not open and operate a high school within 3 years after the effective  
23 date of the creation of the new district, the order of the county superintendent creating a new district under this  
24 section is void, the new district ceases to exist, and the trustees of the new district have no capacity to act. Those  
25 trustees retain authority as trustees of the elementary district."

26

27 **Section 11.** Section 20-6-702, MCA, is amended to read:

28 **"20-6-702. Funding for K-12 school districts.** (1) Notwithstanding the provisions of subsections (2)  
29 through (6), a K-12 school district formed under the provisions of 20-6-701 is subject to the provisions of law for  
30 high school districts.

1 (2) The number of elected trustees of the K-12 school district must be based on the classification of the  
2 attached elementary district under the provisions of 20-3-341 and 20-3-351.

3 (3) Calculations for the following must be made separately for the elementary school program and the  
4 high school program of a K-12 school district:

5 (a) the calculation of ANB for purposes of determining the total per-ANB entitlements must be in  
6 accordance with the provisions of 20-9-311;

7 (b) the ~~basic county~~ tax for elementary equalization and revenue for the elementary BASE funding  
8 program for the district must be determined in accordance with the provisions of 20-9-331, and the ~~basic county~~  
9 tax for high school equalization and revenue for the high school BASE funding program for the district must be  
10 determined in accordance with 20-9-333; ~~and~~

11 ~~—— (c) the guaranteed tax base aid for BASE funding program purposes for a K-12 school district must be~~  
12 ~~calculated separately, using each district's guaranteed tax base ratio, as defined in 20-9-366. The BASE budget~~  
13 ~~levy to be levied for the K-12 school district must be prorated based on the ratio of the BASE funding program~~  
14 ~~amounts for elementary school programs to the BASE funding program amounts for high school programs.~~

15 (4) The retirement obligation ~~and eligibility for retirement guaranteed tax base aid~~ for a K-12 school  
16 district must be calculated and funded as a high school district retirement obligation under the provisions of  
17 20-9-501.

18 (5) For the purposes of budgeting for a K-12 school district, the trustees shall adopt a single fund for any  
19 of the budgeted or nonbudgeted funds described in 20-9-201 for the costs of operating all grades and programs  
20 of the district.

21 (6) Tuition for attendance in the K-12 school district must be determined separately for high school pupils  
22 and for elementary pupils under the provisions of 20-5-320 through 20-5-324, except that the actual expenditures  
23 used for calculations in 20-5-323 must be based on an amount prorated between the elementary and high school  
24 programs in the appropriate funds of each district in the year prior to the attachment of the districts."  
25

26 **Section 12.** Section 20-7-102, MCA, is amended to read:

27 **"20-7-102. Accreditation of schools.** (1) The conditions under which each elementary school, each  
28 middle school, each junior high school, 7th and 8th grades funded at high school rates, and each high school  
29 operates must be reviewed by the superintendent of public instruction to determine compliance with the standards  
30 of accreditation. The accreditation status of each school must then be established by the board of public

1 education upon the recommendation of the superintendent of public instruction. Notification of the accreditation  
 2 status for the applicable school year or years must be given to each district by the superintendent of public  
 3 instruction.

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

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

8 (4) As used in this section, "7th and 8th grades funded at high school rates" means an elementary school  
 9 district or K-12 district elementary program whose 7th and 8th grades are funded as provided in  
 10 ~~20-9-306(14)(c)(iii)~~ 20-9-306(13)(c)(ii)."

11

12 **Section 13.** Section 20-9-104, MCA, is amended to read:

13 **"20-9-104. General fund operating reserve.** (1) At the end of each school fiscal year, the trustees of  
 14 each district shall designate the portion of the general fund end-of-the-year fund balance that is to be earmarked  
 15 as operating reserve for the purpose of paying general fund warrants issued by the district from July 1 to  
 16 November 30 of the ensuing school fiscal year. Except as provided in subsections (5) and (6), the amount of the  
 17 general fund balance that is earmarked as operating reserve may not exceed 10% of the final general fund  
 18 budget for the ensuing school 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 is  
3 \$10,000 or less."

4

5 **Section 14.** Section 20-9-141, MCA, is amended to read:

6 **"20-9-141. Computation of general fund net levy requirement by county superintendent.** (1) The  
7 county superintendent shall compute the levy requirement for each district's general fund on the basis of the  
8 following procedure:

9 (a) Determine the funding required for the district's final general fund budget less the sum of direct state  
10 aid and the special education allowable cost payment for the district by ~~totaling:~~

11 ~~—— (i) the district's nonisolated school BASE budget requirement to be met by a district levy as provided in~~  
12 ~~20-9-303; and~~

13 ~~—— (ii) considering any general fund budget amount adopted by the trustees of the district under the~~  
14 ~~provisions of 20-9-308 and 20-9-353.~~

15 (b) Determine the money available for the reduction of the property tax on the district for the general fund  
16 by totaling:

17 (i) the general fund balance reappropriated, as established under the provisions of 20-9-104;

18 (ii) amounts received in the last fiscal year for which revenue reporting was required for each of the  
19 following:

20 (A) interest earned by the investment of general fund cash in accordance with the provisions of  
21 20-9-213(4); and

22 (B) any other revenue received during the school fiscal year that may be used to finance the general  
23 fund; ~~excluding any guaranteed tax base aid;~~

24 (iii) anticipated oil and natural gas production taxes; and

25 (iv) pursuant to subsection (4), anticipated revenue from coal gross proceeds under 15-23-703; ~~and~~

26 ~~—— (v) school district block grants distributed under 20-9-630.~~

27 (c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the property  
28 tax required to finance the general fund that has been determined in subsection (1)(b) from any general fund  
29 budget amount adopted by the trustees of the district; ~~up to the BASE budget amount;~~ to determine the general  
30 fund ~~BASE budget~~ levy requirement.

1 (d) Determine the sum of any amount remaining after the determination in subsection (1)(c) and any  
 2 tuition payments for out-of-district pupils to be received under the provisions of 20-5-320 through 20-5-324, except  
 3 the amount of tuition received for a pupil who is a child with a disability in excess of the amount received for a  
 4 pupil without disabilities, as calculated under 20-5-323(2).

5 (e) Subtract the amount determined in subsection (1)(d) from any additional funding requirement to be  
 6 met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional financing as  
 7 provided in 20-9-353 to determine any additional general fund levy requirements.

8 (2) The county superintendent shall calculate the number of mills to be levied on the taxable property  
 9 in the district to finance the general fund levy requirement ~~for any amount that does not exceed the BASE budget~~  
 10 ~~amount~~ for the district by dividing the amount determined in subsection (1)(c) by the sum quotient of:

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

13 ~~—— (b) the current total taxable valuation of the district, as certified by the department of revenue under~~  
 14 ~~15-10-202, divided by 1,000.~~

15 (3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported  
 16 to the county commissioners on the fourth Monday of August by the county superintendent as the general fund  
 17 net levy requirement for the district, and a levy must be set by the county commissioners in accordance with  
 18 20-9-142.

19 (4) For each school district, the department of revenue shall calculate and report to the county  
 20 superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross  
 21 proceeds under 15-23-703."

22

23 **Section 15.** Section 20-9-212, MCA, is amended to read:

24 **"20-9-212. Duties of county treasurer.** The county treasurer of each county:

25 (1) must receive and shall hold all school money subject to apportionment and keep a separate  
 26 accounting of its apportionment to the several districts that are entitled to a portion of the money according to the  
 27 apportionments ordered by the county superintendent or by the superintendent of public instruction. A separate  
 28 accounting must be maintained for each county fund supported by a countywide levy for a specific, authorized  
 29 purpose, including:

30 ~~—— (a) the basic county tax for elementary equalization;~~

1 ~~\_\_\_\_\_ (b) the basic county tax for high school equalization;~~  
2 ~~\_\_\_\_\_ (c) the county tax in support of the transportation schedules;~~  
3 ~~\_\_\_\_\_ (d) the county tax in support of the elementary and high school district retirement obligations; and~~  
4 ~~\_\_\_\_\_ (e) any other county tax for schools, including the community colleges, that may be authorized by law~~  
5 and levied by the county commissioners.

6 (2) whenever requested, shall notify the county superintendent and the superintendent of public  
7 instruction of the amount of county school money on deposit in each of the funds ~~enumerated~~ described in  
8 subsection (1) and the amount of any other school money subject to apportionment and apportion the county and  
9 other school money to the districts in accordance with the apportionment ordered by the county superintendent  
10 or the superintendent of public instruction;

11 (3) shall keep a separate accounting of the receipts, expenditures, and cash balances for each fund;

12 (4) except as otherwise limited by law, shall pay all warrants properly drawn on the county or district  
13 school money;

14 (5) must receive all revenue collected by and for each district and shall deposit these receipts in the fund  
15 designated by law or by the district if a fund is not designated by law. Interest and penalties on delinquent school  
16 taxes must be credited to the same fund and district for which the original taxes were levied.

17 (6) shall send all revenue received for a joint district, part of which is situated in the county, to the county  
18 treasurer designated as the custodian of the revenue, no later than December 15 of each year and every 3  
19 months after that date until the end of the school fiscal year;

20 (7) at the direction of the trustees of a district, shall assist the district in the issuance and sale of tax and  
21 revenue anticipation notes as provided in Title 7, chapter 6, part 11;

22 (8) shall register district warrants drawn on a budgeted fund in accordance with 7-6-2604 when there  
23 is insufficient money available in all funds of the district to make payment of the warrant. Redemption of registered  
24 warrants must be made in accordance with 7-6-2116, 7-6-2605, and 7-6-2606.

25 (9) when directed by the trustees of a district, shall invest the money of the district within 3 working days  
26 of the direction;

27 (10) each month, shall give to the trustees of each district an itemized report for each fund maintained  
28 by the district, showing the paid warrants, registered warrants, interest distribution, amounts and types of revenue  
29 received, and the cash balance;

30 (11) shall remit promptly to the department of revenue receipts for the county tax for a



1 vocational-technical program within a unit of the university system when levied by the board of county  
 2 commissioners under the provisions of 20-25-439;  
 3 ~~———— (12) shall invest the money received from the basic county taxes for elementary and high school~~  
 4 ~~equalization, the county levy in support of the elementary and high school district retirement obligations, and the~~  
 5 ~~county levy in support of the transportation schedules within 3 working days of receipt. The money must be~~  
 6 ~~invested until the working day before it is required to be distributed to school districts within the county or remitted~~  
 7 ~~to the state. Clerks of a school district shall provide a minimum of 30 hours' notice in advance of cash demands~~  
 8 ~~to meet payrolls, claims, and electronic transfers that are in excess of \$50,000, pursuant to 20-3-325. If a clerk~~  
 9 ~~of a district fails to provide the required 30-hour notice, the county treasurer shall assess a fee equal to any~~  
 10 ~~charges demanded by the state investment pool or other permissible investment manager for improperly noticed~~  
 11 ~~withdrawal of funds. Permissible investments are specified in 20-9-213(4). All investment income must be~~  
 12 ~~deposited, and credited proportionately, in the funds established to account for the taxes received for the~~  
 13 ~~purposes specified in subsections (1)(a) through (1)(d).~~

14 ~~(13)(12) shall remit on a monthly basis to the department of revenue, as provided in 15-1-504, all county~~  
 15 ~~equalization revenue received under the provisions of 20-9-331 and 20-9-333, including all interest earned, in~~  
 16 ~~repayment of the state advance for county equalization prescribed in 20-9-347. Any funds in excess of a state~~  
 17 ~~advance must be used as required in 20-9-331(1)(b) and 20-9-333(1)(b)."~~

18  
 19 **Section 16.** Section 20-9-306, MCA, is amended to read:

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

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

23 (2) "BASE aid" means:

24 ~~———— (a) direct state aid and state equalization aid for 44.7% of the basic entitlement and 44.7% of the total~~  
 25 ~~per-ANB entitlement for the general fund budget of a district;~~

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

29 ~~(e)(a) the total quality educator payment;~~

30 ~~(d)(b) the total at-risk student payment;~~

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

2           ~~(f)~~(d) the total American Indian achievement gap payment.

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

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

10           ~~(5)~~(4) "BASE funding program" means the state program for the equitable distribution of the state's share  
11 of the cost of Montana's basic system of public elementary schools and high schools, through county elementary  
12 and high school equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided  
13 in 20-9-343, in support of the BASE budgets of districts and special education allowable cost payments as  
14 provided in 20-9-321.

15           ~~(6)~~(5) "Basic entitlement" means:

16           (a) for each high school district:

17           ~~(i) \$246,085 for fiscal year 2010; and~~

18           ~~(ii) \$253,468 for each succeeding fiscal year;~~

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

21           ~~(i) \$22,141 for fiscal year 2010;~~

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

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

25           (i) for a kindergarten through grade 6 elementary program:

26           ~~(A) \$22,141 for fiscal year 2010; and~~

27           ~~(B) \$22,805 for each succeeding fiscal year; plus~~

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

30           ~~(A) \$62,704 for fiscal year 2010; and~~

1 ~~\_\_\_\_\_~~(B) \$64,585 for each succeeding fiscal year.

2 (7)(6) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to  
3 20-9-311.

4 (8)(7) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement  
5 for the general fund budget of a district and funded with state ~~and county~~ equalization aid.

6 (9)(8) "Maximum general fund budget" means a district's general fund budget amount calculated from  
7 the basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator  
8 payment, the total at-risk student payment, the total Indian education for all payment, the total American Indian  
9 achievement gap payment, and the greater of:

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

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

14 (10)(9) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted  
15 that is above the BASE budget and below the maximum general fund budget for a district.

16 (11)(10) "Total American Indian achievement gap payment" means the payment resulting from multiplying  
17 \$200 times the number of American Indian students enrolled in the district as provided in 20-9-330.

18 (12)(11) "Total at-risk student payment" means the payment resulting from the distribution of any funds  
19 appropriated for the purposes of 20-9-328.

20 (13)(12) "Total Indian education for all payment" means the payment resulting from multiplying \$20.40  
21 times the ANB of the district or \$100 for each district, whichever is greater, as provided for in 20-9-329.

22 (14)(13) "Total per-ANB entitlement" means the district entitlement resulting from the following  
23 calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

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

28 (b) for an elementary school district or a K-12 district elementary program without an approved and  
29 accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of ~~\$4,763 for fiscal~~  
30 ~~year 2010 and~~ \$4,906 for each succeeding fiscal year for the first ANB, decreased at the rate of 20 cents per ANB

1 for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the  
2 same amount of entitlement as the 1,000th ANB; and

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

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

9 (ii) a maximum rate of ~~\$6,097 for fiscal year 2010~~ and \$6,280 for each succeeding fiscal year for the first  
10 ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8  
11 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th  
12 ANB.

13 ~~(15)(14)~~ "Total quality educator payment" means the payment resulting from multiplying ~~\$3,036 for fiscal~~  
14 ~~year 2008~~ and \$3,042 for each succeeding fiscal year times the number of full-time equivalent educators as  
15 provided in 20-9-327."  
16

17 **Section 17.** Section 20-9-308, MCA, is amended to read:

18 **"20-9-308. BASE budgets and maximum general fund budgets.** (1) (a) The trustees of a district shall  
19 adopt a general fund budget that is at least equal to the BASE budget established for the district. The trustees  
20 of a district may adopt a general fund budget up to the maximum general fund budget or the previous year's  
21 general fund budget, whichever is greater.

22 (b) For purposes of the budget limitation in subsection (1)(a), the trustees may add any increase in state  
23 funding for the general fund payments in 20-9-327 through 20-9-330 to the district's previous year's general fund  
24 budget.

25 (2) Whenever the trustees of a district propose to adopt a general fund budget that exceeds the BASE  
26 budget for the district and to increase the over-BASE budget levy to support the general fund budget, the trustees  
27 shall submit a proposition to the electors of the district, as provided in 20-9-353.

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

29 (a) direct state aid and state equalization aid, as provided in 20-9-343, including any ~~guaranteed tax base~~  
30 ~~aid state assistance payment~~ for which the district may be eligible, ~~as provided in 20-9-366 through 20-9-369;~~

- 1 (b) ~~county elementary and high school~~ equalization aid, as provided in 20-9-331 and 20-9-333;
- 2 (c) a district levy for support of a school not approved as an isolated school under the provisions of
- 3 20-9-302; and
- 4 (d) payments in support of special education programs under the provisions of 20-9-321;
- 5 ~~— (e) nonlevy revenue, as provided in 20-9-141; and~~
- 6 ~~— (f) a BASE budget levy on the taxable value of all property within the district.~~
- 7 (4) The over-BASE budget amount of a district must be financed by a levy on the taxable value of all
- 8 property within the district or other revenue available to the district, as provided in 20-9-141."
- 9

10 **Section 18.** Section 20-9-331, MCA, is amended to read:

11 **"20-9-331. ~~Basic county tax~~ Tax for elementary equalization and other revenue for county**

12 **equalization of elementary BASE funding program.** (1) (a) Subject to 15-10-420, the county commissioners

13 of each county shall levy an annual ~~basic county~~ tax of ~~33 102.2~~ 90.6 mills on the dollar of the taxable value of

14 all taxable property within the county, except for property subject to a tax or fee under 61-3-321(2) or (3),

15 61-3-529, 61-3-537, 61-3-562, 61-3-570, and 67-3-204, for the purposes of elementary equalization and state

16 BASE funding program support. The revenue collected from this levy must be apportioned to the support of the

17 elementary BASE funding programs of the school districts ~~in the county and to~~ by transfer to the state general

18 ~~fund in the following manner:~~

19 ~~— (a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum~~

20 ~~of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE funding~~

21 ~~programs of all elementary districts of the county.~~

22 (b) If the ~~basic levy and~~ other revenue prescribed by this section ~~produce~~ produces more revenue than

23 is required to repay a state advance for ~~county~~ equalization, the county treasurer shall remit the surplus funds

24 to the department of revenue, as provided in 15-1-504, for deposit to the state general fund immediately upon

25 occurrence of a surplus balance and each subsequent month, with any final remittance due no later than June

26 20 of the fiscal year for which the levy has been set.

27 (2) The revenue realized from the ~~county's portion of the~~ levy prescribed by this section and the revenue

28 from the following sources must be used for the equalization of the elementary BASE funding program of ~~the~~

29 ~~county school districts~~ as prescribed in 20-9-335; ~~and a~~ A separate accounting must be kept of the following

30 revenue by the county treasurer in accordance with 20-9-212(1):

- 1 (a) the portion of the federal Taylor Grazing Act funds designated for the elementary county equalization  
 2 fund under the provisions of 17-3-222;
- 3 (b) the portion of the federal flood control act funds distributed to a county and designated for expenditure  
 4 for the benefit of the county common schools under the provisions of 17-3-232;
- 5 (c) all money paid into the county treasury as a result of fines for violations of law, except money paid  
 6 to a justice's court, and the use of which is not otherwise specified by law;
- 7 (d) any money remaining at the end of the immediately preceding school fiscal year in the county  
 8 treasurer's accounts for the various sources of revenue established or referred to in this section;
- 9 (e) any federal or state money distributed to the county as payment in lieu of property taxation, including  
 10 federal forest reserve funds allocated under the provisions of 17-3-213;
- 11 (f) gross proceeds taxes from coal under 15-23-703; and
- 12 (g) oil and natural gas production taxes."

13

14 **Section 19.** Section 20-9-332, MCA, is amended to read:

15 **"20-9-332. Fines and penalties proceeds for elementary county equalization.** All fines and penalties  
 16 collected under the provisions of this title, except those collected by a justice's court, must be paid into the  
 17 elementary county equalization fund as provided by 20-9-331(2)(c). In order to implement this section and any  
 18 other provision of law requiring the deposit of fines in the elementary county equalization fund, a report must be  
 19 made to the county superintendent of the county, at the close of each term, by the clerk of each district court,  
 20 reporting all fines imposed and collected during the term and indicating the type of violation and the date of  
 21 collection."

22

23 **Section 20.** Section 20-9-333, MCA, is amended to read:

24 **"20-9-333. ~~Basic county tax~~ Tax for high school equalization and other revenue for county**  
 25 **equalization of high school BASE funding program.** (1)(a) Subject to 15-10-420, the county commissioners  
 26 of each county shall levy an annual ~~basic county~~ tax of ~~22 68.4~~ 60.4 mills on the dollar of the taxable value of all  
 27 taxable property within the county, except for property subject to a tax or fee under 61-3-321(2) or (3), 61-3-529,  
 28 61-3-537, 61-3-562, 61-3-570, and 67-3-204, for the purposes of high school equalization and state BASE funding  
 29 program support. The revenue collected from this levy must be apportioned to the support of the BASE funding  
 30 programs of high school districts ~~in the county and~~ by transfer to the state general fund ~~in the following manner:~~

1 ~~\_\_\_\_\_ (a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum~~  
 2 ~~of the estimated revenue identified in subsection (2) must be subtracted from the sum of the county's high school~~  
 3 ~~tuition obligation and the total of the BASE funding programs of all high school districts of the county.~~

4 (b) If the ~~basic levy and~~ other revenue prescribed by this section ~~produce~~ produces more revenue than  
 5 is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds  
 6 to the department of revenue, as provided in 15-1-504, for deposit to the state general fund immediately upon  
 7 occurrence of a surplus balance and each subsequent month, with any final remittance due no later than June  
 8 20 of the fiscal year for which the levy has been set.

9 (2) The revenue realized from ~~the county's portion of~~ the levy prescribed in this section and the revenue  
 10 from the following sources must be used for the equalization of the high school BASE funding program of ~~the~~  
 11 ~~county~~ school districts as prescribed in 20-9-335, ~~and a.~~ A separate accounting must be kept of the revenue by  
 12 the county treasurer in accordance with 20-9-212(1):

13 (a) any money remaining at the end of the immediately preceding school fiscal year in the county  
 14 treasurer's accounts for the various sources of revenue established in this section;

15 (b) any federal or state money distributed to the county as payment in lieu of property taxation, including  
 16 federal forest reserve funds allocated under the provisions of 17-3-213;

17 (c) gross proceeds taxes from coal under 15-23-703; and

18 (d) oil and natural gas production taxes."

19

20 **Section 21.** Section 20-9-335, MCA, is amended to read:

21 **"20-9-335. Formula for apportionment of county equalization money.** (1) The superintendent of  
 22 public instruction shall calculate the apportionment of revenue available in the elementary and high school ~~county~~  
 23 equalization funds in accordance with the following procedure:

24 (a) determine the percentage that the ~~county~~ equalization money available for the support of the  
 25 elementary direct state aid of the districts in the county is of the total elementary direct state aid of all districts in  
 26 the county;

27 (b) multiply the elementary direct state aid amount of each district by the percentage determined in  
 28 subsection (1)(a) to determine the portion of the ~~county~~ equalization money available to each school district.

29 (2) The procedure in subsection (1) must also be applied for the high school direct state aid.

30 (3) Territory situated within a county may not be excluded from the calculations of the ~~county~~ equalization

1 money under this section solely because the territory lies within the boundaries of a joint district. Cash balances  
 2 to the credit of any district at the end of a school fiscal year may not be considered in the apportionment  
 3 procedure prescribed in this section.

4 (4) The ~~county~~ equalization money reported under these procedures is the first source of revenue for  
 5 financing the elementary and high school direct state aid payments."

6

7 **Section 22.** Section 20-9-343, MCA, is amended to read:

8 **"20-9-343. Definition of and revenue for state equalization aid.** (1) As used in this title, the term "state  
 9 equalization aid" means revenue as required in this section for:

10 (a) distribution to the public schools for ~~guaranteed tax base aid~~, BASE aid, and state reimbursement  
 11 for school facilities, retirement costs, and transportation costs; and

12 (b) negotiated payments authorized under 20-7-420(3) up to \$500,000 a biennium.

13 (2) The superintendent of public instruction may spend throughout the biennium funds appropriated for  
 14 the purposes of ~~guaranteed tax base aid~~, BASE aid for the BASE funding program, state reimbursement for  
 15 school facilities, and negotiated payments authorized under 20-7-420(3), retirement costs, and transportation  
 16 costs.

17 (3) The following money must be paid into the guarantee account provided for in 20-9-622 for the public  
 18 schools of the state as indicated:

19 (a) subject to 20-9-516(2)(a), interest and income money described in 20-9-341 and 20-9-342; and

20 (b) investment income earned by investing interest and income money described in 20-9-341 and  
 21 20-9-342."

22

23 **Section 23.** Section 20-9-344, MCA, is amended to read:

24 **"20-9-344. Duties of board of public education for distribution of BASE aid.** (1) The board of public  
 25 education shall administer and distribute the BASE aid and state advances for ~~county~~ equalization in the manner  
 26 and with the powers and duties provided by law. The board of public education:

27 (a) shall adopt policies for regulating the distribution of BASE aid and state advances for ~~county~~  
 28 equalization in accordance with the provisions of law;

29 (b) may require reports from the county superintendents, county treasurers, and trustees that it considers  
 30 necessary; and



1 (c) shall order the superintendent of public instruction to distribute the BASE aid on the basis of each  
 2 district's annual entitlement to the aid as established by the superintendent of public instruction. In ordering the  
 3 distribution of BASE aid, the board of public education may not increase or decrease the BASE aid distribution  
 4 to any district on account of any difference that may occur during the school fiscal year between budgeted and  
 5 actual receipts from any other source of school revenue.

6 (2) The board of public education may order the superintendent of public instruction to withhold  
 7 distribution of BASE aid from a district when the district fails to:

- 8 (a) submit reports or budgets as required by law or rules adopted by the board of public education; or
- 9 (b) maintain accredited status.

10 (3) Prior to any proposed order by the board of public education to withhold distribution of BASE aid or  
 11 ~~county~~ elementary or high school equalization money, the district is entitled to a contested case hearing before  
 12 the board of public education, as provided under the Montana Administrative Procedure Act.

13 (4) If a district ~~or county~~ receives more BASE aid than it is entitled to, the county treasurer shall return  
 14 the overpayment to the state upon the request of the superintendent of public instruction in the manner prescribed  
 15 by the superintendent of public instruction.

16 (5) Except as provided in 20-9-347(2), the BASE aid payment must be distributed according to the  
 17 following schedule:

18 (a) from August to October of the school fiscal year, to each district 10% of:

19 (i) direct state aid;

20 (ii) elementary and high school equalization aid;

21 ~~(i)~~(iii) the total quality educator payment;

22 ~~(ii)~~(iv) the total at-risk student payment;

23 ~~(iii)~~(v) the total Indian education for all payment; and

24 ~~(iv)~~(vi) the total American Indian achievement gap payment;

25 (b) from December to April of the school fiscal year, to each district 10% of:

26 (i) direct state aid;

27 (ii) elementary or high school equalization aid;

28 ~~(i)~~(iii) the total quality educator payment;

29 ~~(ii)~~(iv) the total at-risk student payment;

30 ~~(iii)~~(v) the total Indian education for all payment; and

1           ~~(v)~~(vi) the total American Indian achievement gap payment; and  
 2           ~~(c)~~ in November of the school fiscal year, one-half of the guaranteed tax base aid payment to each  
 3 district or county that has submitted a final budget to the superintendent of public instruction in accordance with  
 4 the provisions of ~~20-9-134~~;  
 5           ~~(d)~~ in May of the school fiscal year, the remainder of the guaranteed tax base aid payment to each district  
 6 or county; and  
 7           ~~(e)~~(c) in June of the school fiscal year, the remaining payment to each district of direct state aid,  
 8 elementary and high school equalization aid, the total quality educator payment, the total at-risk student payment,  
 9 the total Indian education for all payment, and the total American Indian achievement gap payment.  
 10           (6) The distribution provided for in subsection (5) must occur by the last working day of each month."  
 11

12           **Section 24.** Section 20-9-346, MCA, is amended to read:

13           **"20-9-346. Duties of superintendent of public instruction for ~~state and county~~ equalization aid**  
 14 **distribution.** The superintendent of public instruction shall administer the distribution of the state equalization  
 15 aid and ~~county~~ elementary and high school equalization aid by:

16           (1) establishing the annual entitlement of each district ~~and county~~ to state equalization aid and ~~county~~  
 17 elementary and high school equalization aid, based on the data reported in the retirement, general fund, and debt  
 18 service fund budgets for each district that have been adopted for the current school fiscal year and verified by  
 19 the superintendent of public instruction;

20           (2) for the purposes of state advances and reimbursements for school facilities, limiting the distribution  
 21 to no more than the amount appropriated for the school fiscal year to the districts that are eligible under the  
 22 provisions of ~~20-9-366 through~~ 20-9-370 and 20-9-371 by:

23           (a) determining the debt service payment obligation in each district for debt service on bonds that were  
 24 sold as provided in 20-9-370(3) that qualify for a state advance or reimbursement for school facilities under the  
 25 provisions of 20-9-366, ~~through~~ 20-9-367, 20-9-369, and 20-9-370;

26           (b) based on the limitation of state equalization aid appropriated for debt service purposes, determining  
 27 the state advance for school facilities and the proportionate share of state reimbursement for school facilities that  
 28 each eligible district must receive for the school fiscal year; and

29           (c) distributing that amount by May 31 of each school fiscal year to each eligible district for reducing the  
 30 property tax for the debt service fund for the ensuing school fiscal year;

1 (3) distributing by electronic transfer the BASE aid and state advances for county elementary and high  
 2 school equalization, for each district ~~or county entitled to the aid~~, to the county treasurer of the respective county  
 3 for county elementary and high school equalization or to the county treasurer of the county where the district is  
 4 located or to the investment account identified by the applicable district for BASE aid, in accordance with the  
 5 distribution ordered by the board of public education;

6 (4) keeping a record of the full and complete data concerning money available for state equalization aid,  
 7 state advances for county elementary and high school equalization, and the entitlements for BASE aid of the  
 8 districts of the state;

9 (5) reporting to the board of public education the estimated amount that will be available for state  
 10 equalization aid; and

11 (6) reporting to the office of budget and program planning, as provided in 17-7-111:

12 (a) the figures and data available concerning distributions of state equalization aid and county elementary  
 13 and high school equalization aid during the preceding 2 school fiscal years;

14 (b) the amount of state equalization aid then available;

15 (c) the apportionment made of the available money but not yet distributed;

16 (d) the latest estimate of accruals of money available for state equalization aid; and

17 (e) the amount of state advances and repayment for county elementary and high school equalization."  
 18

19 **Section 25.** Section 20-9-347, MCA, is amended to read:

20 **"20-9-347. Distribution of BASE aid and special education allowable cost payments in support**  
 21 **of BASE funding program -- exceptions.** (1) The superintendent of public instruction shall:

22 (a) supply the county treasurer and the county superintendent with a monthly report of the payment of  
 23 BASE aid in support of the BASE funding program of each district of the county;

24 (b) in the manner described in 20-9-344, provide for a state advance to each county in an amount that  
 25 is no less than the amount anticipated to be raised for the elementary and high school ~~county~~ equalization funds  
 26 as provided in 20-9-331 and 20-9-333; and

27 (c) adopt rules to implement the provisions of subsection (1)(b).

28 (2) (a) The superintendent of public instruction is authorized to adjust the schedule prescribed in  
 29 20-9-344 for distribution of the BASE aid payments if the distribution will cause a district to register warrants under  
 30 the provisions of 20-9-212(8).

1 (b) To qualify for an adjustment in the payment schedule, a district shall demonstrate to the  
 2 superintendent of public instruction, in the manner required by the office, that the payment schedule prescribed  
 3 in 20-9-344 will result in insufficient money available in all funds of the district to make payment of the district's  
 4 warrants. The county treasurer shall confirm the anticipated deficit. This section may not be construed to  
 5 authorize the superintendent of public instruction to exceed a district's annual payment for BASE aid.

6 (3) The superintendent of public instruction shall:

7 (a) distribute special education allowable cost payments to districts; and

8 (b) supply the county treasurer and the county superintendent of schools with a report of payments for  
 9 special education allowable costs to districts of the county."  
 10

11 **Section 26.** Section 20-9-348, MCA, is amended to read:

12 **"20-9-348. Estimation of state equalization aid for budget purposes.** The apportionment of state  
 13 equalization aid ~~shall be~~ is the second source of revenue in calculating the financing of the elementary district  
 14 BASE funding program and the high school district BASE funding program. In order to allow for the estimation  
 15 of the amount of money to be realized from this source of revenue when the county superintendent is estimating  
 16 the general fund budget revenues, the county superintendent shall consider that the state BASE funding program  
 17 ~~revenues~~ revenue and ~~county elementary and high school~~ equalization ~~moneys~~ money, together, will be capable  
 18 of financing 100% of the BASE funding program."  
 19

20 **Section 27.** Section 20-9-351, MCA, is amended to read:

21 **"20-9-351. Funding of deficiency in BASE aid.** If the money available for BASE aid is not the result  
 22 of a reduction in spending under 17-7-140 and is not sufficient to provide the ~~guaranteed tax base aid required~~  
 23 ~~under 20-9-366 through 20-9-369~~ and BASE aid support determined under 20-9-347, the superintendent of public  
 24 instruction shall request the budget director to submit a request for a supplemental appropriation in the second  
 25 year of the biennium that is sufficient to complete the funding of BASE aid for the elementary and high school  
 26 districts for the current biennium."  
 27

28 **Section 28.** Section 20-9-361, MCA, is amended to read:

29 **"20-9-361. ~~County equalization~~ Equalization revenue.** Revenue received in support of ~~county~~  
 30 ~~elementary and high school~~ equalization under the provisions of 20-9-331 and 20-9-333 is to be used for ~~county~~

1 equalization aid for the public schools, as provided by law, and must be accounted for in accordance with  
 2 generally accepted accounting principles."

3

4 **Section 29.** Section 20-9-366, MCA, is amended to read:

5 **"20-9-366. Definitions.** As used in 20-9-366, ~~through 20-9-367, and 20-9-369 through 20-9-371~~, the  
 6 following definitions apply:

7 ~~———— (1) "County retirement mill value per elementary ANB" or "county retirement mill value per high school~~  
 8 ~~ANB" means the sum of the taxable valuation in the previous year of all property in the county divided by 1,000,~~  
 9 ~~with the quotient divided by the total county elementary ANB count or the total county high school ANB count~~  
 10 ~~used to calculate the elementary school districts' and high school districts' current year total per-ANB entitlement~~  
 11 ~~amounts.~~

12 ~~———— (2) (a) "District guaranteed tax base ratio" for guaranteed tax base funding for the BASE budget of an~~  
 13 ~~eligible district means the taxable valuation in the previous year of all property in the district, except for property~~  
 14 ~~subject to the creation of a new school district under 20-6-326, divided by the sum of the district's current year~~  
 15 ~~BASE budget amount less direct state aid and the state special education allowable cost payment.~~

16 ~~(b)(1) "District mill value per ANB", for school facility entitlement purposes, means the taxable valuation~~  
 17 ~~in the previous year of all property in the district, except for property subject to the creation of a new school district~~  
 18 ~~under 20-6-326, divided by 1,000, with the quotient divided by the ANB count of the district used to calculate the~~  
 19 ~~district's current year total per-ANB entitlement amount.~~

20 ~~(3)(2) "Facility guaranteed mill value per ANB", for school facility entitlement guaranteed tax base~~  
 21 ~~purposes, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by~~  
 22 ~~140% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state~~  
 23 ~~high school ANB count used to calculate the elementary school districts' and high school districts' current year~~  
 24 ~~total per-ANB entitlement amounts.~~

25 ~~———— (4) (a) "Statewide elementary guaranteed tax base ratio" or "statewide high school guaranteed tax base~~  
 26 ~~ratio", for guaranteed tax base funding for the BASE budget of an eligible district, means the sum of the taxable~~  
 27 ~~valuation in the previous year of all property in the state, multiplied by 193% and divided by the total sum of either~~  
 28 ~~the state elementary school districts' or the high school districts' current year BASE budget amounts less total~~  
 29 ~~direct state aid.~~

30 ~~———— (b) "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", for school~~

1 retirement guaranteed tax base purposes, means the sum of the taxable valuation in the previous year of all  
 2 property in the state, multiplied by 121% and divided by 1,000, with the quotient divided by the total state  
 3 elementary ANB count or the total state high school ANB amount used to calculate the elementary school  
 4 districts' and high school districts' current year total per-ANB entitlement amounts."

5

6 **Section 30.** Section 20-9-367, MCA, is amended to read:

7 **"20-9-367. Eligibility to receive guaranteed tax base aid or state advance or reimbursement for**  
 8 **school facilities.** (1) If the district guaranteed tax base ratio of any elementary or high school district is less than  
 9 the corresponding statewide elementary or high school guaranteed tax base ratio, the district may receive  
 10 guaranteed tax base aid based on the number of mills levied in the district in support of up to 35.3% of the basic  
 11 entitlement, up to 35.3% of the total per-ANB entitlement, and up to 40% of the special education allowable cost  
 12 payment budgeted within the general fund budget.

13 ~~————(2) If the county retirement mill value per elementary ANB or the county retirement mill value per high~~  
 14 ~~school ANB is less than the corresponding statewide mill value per elementary ANB or high school ANB, the~~  
 15 ~~county may receive guaranteed tax base aid based on the number of mills levied in the county in support of the~~  
 16 ~~retirement fund budgets of the respective elementary or high school districts in the county.~~

17 ~~————(3) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or the district~~  
 18 ~~mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or~~  
 19 ~~statewide mill value per high school ANB, the district may receive a state advance or reimbursement for school~~  
 20 ~~facilities in support of the debt service fund."~~

21

22 **Section 31.** Section 20-9-369, MCA, is amended to read:

23 **"20-9-369. Duties of superintendent of public instruction and department of revenue.** (1) The  
 24 superintendent of public instruction shall administer the distribution of ~~guaranteed tax base aid~~ state advances  
 25 or reimbursements for school facilities in support of the debt service fund by:

26 ~~————(a) providing each school district and county superintendent, by March 1 of each year, with the~~  
 27 ~~preliminary statewide and district guaranteed tax base ratios and, by May 1 of each year, with the final statewide~~  
 28 ~~and district guaranteed tax base ratios, for use in calculating the guaranteed tax base aid available for the~~  
 29 ~~ensuing school fiscal year;~~

30 ~~(b)~~(a) providing each school district and county superintendent, by March 1 of each year, with the

1 preliminary statewide, ~~county~~, and district mill values per ANB and, by May 1 of each year, with the final  
 2 statewide, ~~county~~, and district mill values per ANB, for use in calculating the ~~guaranteed tax base aid and state~~  
 3 advance and reimbursement for school facilities available to ~~counties and~~ districts for the ensuing school fiscal  
 4 year;

5 ~~— (c) requiring each county and district that qualifies and applies for guaranteed tax base aid to report to~~  
 6 ~~the county superintendent all budget and accounting information required to administer the guaranteed tax base~~  
 7 ~~aid;~~

8 ~~(d)~~(b) keeping a record of the complete data concerning appropriations available for ~~guaranteed tax base~~  
 9 ~~aid and the entitlements for the aid of the counties and~~ state advances  
 10 and reimbursements for school facilities to districts that qualify;

11 ~~(e)~~(c) distributing the ~~guaranteed tax base aid entitlement~~ state advances and reimbursements for school  
 12 facilities to each qualified ~~county or~~ district from the appropriations for that purpose.

13 (2) The superintendent shall adopt rules necessary to implement 20-9-366, ~~through~~ 20-9-367, and  
 14 20-9-369.

15 (3) The department of revenue shall provide the superintendent of public instruction by December 1 of  
 16 each year a final determination of the taxable value of property within each school district ~~and county~~ of the state  
 17 reported to the department of revenue based on information delivered to the county clerk and recorder as  
 18 required in 15-10-305.

19 ~~— (4) The superintendent of public instruction shall calculate the district and statewide guaranteed tax base~~  
 20 ~~ratios by applying the prior year's direct state aid payment."~~

21  
 22 **Section 32.** Section 20-9-406, MCA, is amended to read:

23 **"20-9-406. Limitations on amount of bond issue -- definition of federal impact aid basic support**  
 24 **payment.** (1) (a) ~~Except as provided in subsection (1)(c), the~~ The maximum amount for which an elementary  
 25 district or a high school district may become indebted by the issuance of general obligation bonds, including all  
 26 indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants,  
 27 outstanding obligations under 20-9-471, and any other loans or notes payable that are held as general obligations  
 28 of the district, is 50% of the taxable value of the property subject to taxation, as ascertained by the last  
 29 assessment for state, county, and school taxes previous to the incurring of the indebtedness.

30 (b) ~~Except as provided in subsection (1)(c), the~~ The maximum amount for which a K-12 school district,

1 as formed pursuant to 20-6-701, may become indebted by the issuance of general obligation bonds, including  
 2 all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants,  
 3 outstanding obligations under 20-9-471 and 20-9-502, and any other loans or notes payable that are held as  
 4 general obligations of the district, is up to 100% of the taxable value of the property subject to taxation, as  
 5 ascertained by the last assessment for state, county, and school taxes previous to the incurring of the  
 6 indebtedness.

7 ~~———— (c) (i) The maximum amount for which an elementary district or a high school district with a district mill~~  
 8 ~~value per elementary ANB or per high school ANB that is less than the facility guaranteed mill value per~~  
 9 ~~elementary ANB or high school ANB under 20-9-366 may become indebted by the issuance of general obligation~~  
 10 ~~bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues,~~  
 11 ~~registered warrants, outstanding obligations under 20-9-471 and 20-9-502, and any other loans or notes payable~~  
 12 ~~that are held as general obligations of the district, is 50% of the corresponding facility guaranteed mill value per~~  
 13 ~~ANB times 1,000 times the ANB of the district. For a K-12 district, the maximum amount for which the district may~~  
 14 ~~become indebted is 50% of the sum of the facility guaranteed mill value per elementary ANB times 1,000 times~~  
 15 ~~the elementary ANB of the district and the facility guaranteed mill value per high school ANB times 1,000 times~~  
 16 ~~the high school ANB of the district. For the purpose of calculating ANB under this subsection, a district may use~~  
 17 ~~the greater of the current year ANB or the 3-year ANB calculated under 20-9-311.~~

18 ~~———— (ii) If mutually agreed upon by the affected districts, for the purpose of calculating its maximum bonded~~  
 19 ~~indebtedness under this subsection (1)(c), a district may include the ANB of the district plus the number of~~  
 20 ~~students residing within the district for which the district or county pays tuition for attendance at a school in an~~  
 21 ~~adjacent district. The receiving district may not use out-of-district ANB for the purpose of calculating its maximum~~  
 22 ~~indebtedness if the out-of-district ANB has been included in the ANB of the sending district pursuant to the mutual~~  
 23 ~~agreement. For the purpose of calculating ANB under this subsection, a district may use the greater of the current~~  
 24 ~~year ANB or the 3-year ANB calculated under 20-9-311.~~

25 (2) The maximum amounts determined in subsection (1) do not pertain to indebtedness imposed by  
 26 special improvement district obligations or assessments against the school district or to general obligation bonds  
 27 issued for the repayment of tax protests lost by the district. All general obligation bonds issued in excess of the  
 28 amount are void, except as provided in this section.

29 (3) The maximum amount of impact aid revenue bonds that an elementary district, high school district,  
 30 or K-12 school district may issue may not exceed a total aggregate amount equal to three times the average of



1 the school district's annual federal impact aid basic support payments for the 5 years immediately preceding the  
 2 issuance of the bonds. However, at the time of issuance of the bonds, the average annual payment of principal  
 3 and interest on the impact aid bonds each year may not exceed 35% of the total federal impact aid basic support  
 4 payments of the school district for the current year.

5 (4) When the total indebtedness of a school district has reached the limitations prescribed in this section,  
 6 the school district may pay all reasonable and necessary expenses of the school district on a cash basis in  
 7 accordance with the financial administration provisions of this chapter.

8 (5) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt  
 9 service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the  
 10 refunding bond issue is decreased accordingly.

11 (6) As used in this part, "federal impact aid basic support payment" means the annual impact aid revenue  
 12 received by a district under 20 U.S.C. 7703(b) but excludes revenue received for impact aid special education  
 13 under 20 U.S.C. 7703(d) and impact aid construction under 20 U.S.C. 7707."

14

15 **Section 33.** Section 20-9-501, MCA, is amended to read:

16 **"20-9-501. Retirement costs and retirement fund.** (1) The trustees of a district or the management  
 17 board of a cooperative employing personnel who are members of the teachers' retirement system or the public  
 18 employees' retirement system, who are covered by unemployment insurance, or who are covered by any federal  
 19 social security system requiring employer contributions shall establish a retirement fund for the purposes of  
 20 budgeting and paying the employer's contributions to the systems as provided in subsection ~~(2)(a)~~ (2). The  
 21 district's or the cooperative's contribution for each employee who is a member of the teachers' retirement system  
 22 must be calculated in accordance with Title 19, chapter 20, part 6. The district's or the cooperative's contribution  
 23 for each employee who is a member of the public employees' retirement system must be calculated in  
 24 accordance with 19-3-316. The district's or the cooperative's contributions for each employee covered by any  
 25 federal social security system must be paid in accordance with federal law and regulation. The district's or the  
 26 cooperative's contribution for each employee who is covered by unemployment insurance must be paid in  
 27 accordance with Title 39, chapter 51, part 11.

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

30 ~~(a)~~ a district employee whose salary and health-related benefits, if any health-related benefits are

1 provided to the employee, are paid from state or local funding sources;

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

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

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

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

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

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

22 (4) When the final retirement fund budget has been adopted, the county superintendent shall ~~establish~~  
23 ~~the levy~~ determine the elementary and high school equalization aid requirement by:

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

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

28 (ii) oil and natural gas production taxes;

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

30 (iv) any fund balance available for reappropriation as determined by subtracting the amount of the

1 end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school fiscal  
 2 year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund operating  
 3 reserve may not be more than 35% of the final retirement fund budget for the ensuing school fiscal year and must  
 4 be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund  
 5 budget.

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

8 (b) ~~notwithstanding the provisions of subsection (9)~~, subtracting the money available for reduction of the  
 9 ~~levy elementary and high school equalization aid~~ requirement, as determined in subsection (4)(a), from the  
 10 budgeted amount for expenditures in the final retirement fund budget.

11 (5) The county superintendent shall:

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

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

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

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

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

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

2 ~~\_\_\_\_\_ (9) The county superintendent shall calculate the number of mills to be levied on the taxable property~~  
 3 ~~in the county to finance the retirement fund net levy requirement by dividing the amount determined in subsection~~

4 ~~(5)(a) by the sum of:~~

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

7 ~~\_\_\_\_\_ (b) the taxable valuation of the district divided by 1,000.~~

8 ~~(+0)(9)~~ The levy for a community college district may be applied only to property within the district.

9 ~~(+1)(10)~~ The county superintendent of each county shall submit a report of the revenue amounts used  
 10 to establish the levy elementary and high school equalization aid requirements for county school funds supporting  
 11 elementary and high school district retirement obligations to the superintendent of public instruction not later than  
 12 the second Monday in September. The report must be completed on forms supplied by the superintendent of  
 13 public instruction."  
 14

15 **Section 34.** Section 20-9-502, MCA, is amended to read:

16 **"20-9-502. Purpose and authorization of building reserve fund by election -- levy for school**  
 17 **transition costs.** (1) The trustees of any district, with the approval of the qualified electors of the district, may  
 18 establish a building reserve for the purpose of raising money for the future construction, equipping, or enlarging  
 19 of school buildings, for the purpose of purchasing land needed for school purposes in the district, or for the  
 20 purpose of funding school transition costs as provided in subsections (5) and (6). In order to submit to the  
 21 qualified electors of the district a building reserve proposition for the establishment of or addition to a building  
 22 reserve, the trustees shall pass a resolution that specifies:

23 (a) the purpose or purposes for which the new or addition to the building reserve will be used;

24 (b) the duration of time over which the new or addition to the building reserve will be raised in annual,  
 25 equal installments;

26 (c) the total amount of money that will be raised during the duration of time specified in subsection (1)(b);

27 and

28 (d) any other requirements under 15-10-425 and 20-20-201 for the calling of an election.

29 (2) Except as provided in subsections (5)(b) and (6), a building reserve tax authorization may not be for  
 30 more than 20 years.

1 (3) The election must be conducted in accordance with the school election laws of this title, and the  
2 electors qualified to vote in the election must be qualified under the provisions of 20-20-301. The ballot for a  
3 building reserve proposition must be substantially in compliance with 15-10-425.

4 (4) The building reserve proposition is approved if a majority of those electors voting at the election  
5 approve the establishment of or addition to the building reserve. The annual budgeting and taxation authority of  
6 the trustees for a building reserve is computed by dividing the total authorized amount by the specified number  
7 of years. The authority of the trustees to budget and impose the taxation for the annual amount to be raised for  
8 the building reserve lapses when, at a later time, a bond issue is approved by the qualified electors of the district  
9 for the same purpose or purposes for which the building reserve fund of the district was established. Whenever  
10 a subsequent bond issue is made for the same purpose or purposes of a building reserve, the money in the  
11 building reserve must be used for the purpose or purposes before any money realized by the bond issue is used.

12 (5) (a) The trustees may submit a proposition to the qualified electors of the district for a levy to provide  
13 funding for transition costs incurred when the trustees:

14 (i) open a new school under the provisions of Title 20, chapter 6;

15 (ii) close a school;

16 (iii) replace a school building; or

17 (iv) consolidate with or annex another district under the provisions of Title 20, chapter 6.

18 (b) Except as provided in subsections (5)(c) and (6), the total amount the trustees may submit to the  
19 electorate for transition costs may not exceed the number of years specified in the proposition times the greater  
20 of 5% of the district's maximum general fund budget for the current year or \$250 per ANB for the current year.  
21 Except as provided in subsection (6), the duration of the levy for transition costs may not exceed 6 years.

22 (c) If the levy for transition costs is for consolidation or annexation:

23 (i) the limitation on the amount levied is calculated using the ANB and the maximum general fund budget  
24 for the districts that are being combined; and

25 (ii) the proposition must be submitted to the qualified electors in the combined district.

26 (d) The levy for transition costs may not be considered as outstanding indebtedness for the purpose of  
27 calculating the limitation in 20-9-406.

28 ~~\_\_\_\_\_ (6) The trustees of a K-12 district shall impose a levy for transition costs to fund the payment required~~  
29 ~~by 20-6-326(6)(b) when a proposition to create the K-12 district and to assess the transition levy has been~~  
30 ~~approved pursuant to 20-6-326(2). The levy is limited to the amount required by 20-6-326(6)(b) for a period not~~

1 to exceed 3 years."

2

3 **Section 35.** Section 20-9-506, MCA, is amended to read:

4 **"20-9-506. Budgeting and net levy requirement for nonoperating fund.** (1) The trustees of any  
5 district ~~which that~~ does not operate a school or will not operate a school during the ensuing school fiscal year  
6 shall adopt a nonoperating school district budget in accordance with the school budgeting provisions of this title.  
7 ~~Such~~ The nonoperating budget ~~shall~~ must contain the nonoperating fund and, when appropriate, a debt service  
8 fund. The nonoperating budget form ~~shall~~ must be promulgated and distributed by the superintendent of public  
9 instruction under the provisions of 20-9-103.

10 (2) After the adoption of a final budget for the nonoperating fund, the county superintendent shall  
11 compute the net levy requirement for ~~such the~~ fund by subtracting from the amount authorized by ~~such the~~ budget  
12 the sum of:

13 (a) the end-of-the-year cash balance of the nonoperating fund or, if it is the first year of nonoperation,  
14 the cash balance determined under the transfer provisions of 20-9-505;

15 (b) the estimated state ~~and county~~ transportation reimbursements; and

16 (c) any other ~~moneys~~ money that may become available during the ensuing school fiscal year.

17 (3) The county superintendent shall report the net nonoperating fund levy requirement and any net debt  
18 service fund levy requirement determined under the provisions of 20-9-439 to the county commissioners on the  
19 fourth Monday of August, and ~~such the~~ levies ~~shall~~ must be made on the district by the county commissioners  
20 in accordance with 20-9-142."

21

22 **Section 36.** Section 20-9-515, MCA, is amended to read:

23 **"20-9-515. Litigation reserve fund.** (1) The trustees of a school district may establish a litigation reserve  
24 fund only when litigation that is pending against the district could result in an award against the district.

25 (2) At the end of each school fiscal year, the trustees of a district may transfer money from the general  
26 fund, within the adopted budget, to establish the fund.

27 (3) Upon conclusion of litigation, the balance of the money in the fund reverts to the general fund and  
28 must be used to reduce the district's general fund ~~BASE~~ budget levy requirement computed pursuant to  
29 20-9-141."

30

1 ~~Section 37.~~ Section 20-9-620, MCA, is amended to read:

2 ~~"20-9-620. Definition. (1) As used in 20-9-621, 20-9-622, and this section, "distributable revenue"~~  
 3 ~~means, except for that portion of revenue described in 20-9-516(2)(a) and 77-1-109, 95% of all revenue from the~~  
 4 ~~management of school trust lands and the permanent fund, including timber sale proceeds, lease fees, interest,~~  
 5 ~~dividends, and net realized capital gains.~~

6 ~~(2) The term does not include mineral royalties or land sale proceeds that are deposited directly in the~~  
 7 ~~permanent fund or net unrealized capital gains that remain in the permanent fund until realized."~~

8

9 **Section 37.** Section 20-10-104, MCA, is amended to read:

10 **"20-10-104. Penalty for violating law or rules.** (1) Every district, its trustees and employees, and every  
 11 person under a transportation contract with a district is subject to the policies prescribed by the board of public  
 12 education and the rules prescribed by the superintendent of public instruction. When a district knowingly violates  
 13 a transportation law or board of public education transportation policy, the district shall forfeit any reimbursement  
 14 otherwise payable under 20-10-145 and ~~20-10-146~~ for any bus miles actually traveled during that fiscal year in  
 15 violation of the law or policies.

16 (2) A district knowingly violates a transportation law or board of public education policy when it operates  
 17 a bus route in a manner that does not comply with state law or board policy related to student safety. As provided  
 18 in 20-10-141(1), a district that operates a bus route not approved by its county transportation committee may not  
 19 receive transportation reimbursement on that route, but if the route is operated in compliance with transportation  
 20 law, the operation of the routes is not a violation that will result in the forfeiture of all transportation aid to the  
 21 district.

22 (3) The county superintendent shall suspend all reimbursements payable to the district under 20-10-145  
 23 and ~~20-10-146~~ for all miles being traveled, including both miles being traveled in compliance with the  
 24 transportation laws or policies and miles being traveled in violation of the transportation laws or policies, until the  
 25 district corrects the violation. When the district corrects the violation, the county superintendent shall pay all  
 26 reimbursements otherwise payable under 20-10-145 and ~~20-10-146~~, including amounts suspended during the  
 27 violation, but the amount forfeited under subsection (1) may not be paid to the district.

28 (4) When a person operating a bus under contract with a district knowingly fails to comply with the  
 29 transportation law or the board of public education transportation policies, the district may not pay the person for  
 30 any bus miles traveled during the contract year in violation of law or policies. Upon discovering a violation, the

1 trustees of the district shall give written notice to the person that unless the violation is corrected within 10 days  
 2 of the giving of notice, the contract will be canceled. The trustees of a district shall order the operation of a bus  
 3 operated under contract suspended when the bus is being operated in violation of transportation law or policies  
 4 and the trustees find that the violation jeopardizes the safety of pupils."

5

6 **Section 38.** Section 20-10-141, MCA, is amended to read:

7 **"20-10-141. Schedule of maximum reimbursement by mileage rates.** (1) The mileage rates in  
 8 subsection (2) for school transportation constitute the maximum reimbursement to districts for school  
 9 transportation from the state and county sources of transportation revenue under the provisions of 20-10-145 and  
 10 ~~20-10-146~~. These rates may not limit the amount that a district may budget in its transportation fund budget in  
 11 order to provide for the estimated and necessary cost of school transportation during the ensuing school fiscal  
 12 year. All bus miles traveled on bus routes approved by the county transportation committee are reimbursable.  
 13 Nonbus mileage is reimbursable for a vehicle driven by a bus driver to and from an overnight location of a school  
 14 bus when the location is more than 10 miles from the school. A district may approve additional bus or nonbus  
 15 miles within its own district or approved service area but may not claim reimbursement for the mileage. Any  
 16 vehicle, the operation of which is reimbursed for bus mileage under the rate provisions of this schedule, must be  
 17 a school bus, as defined by this title, driven by a qualified driver on a bus route approved by the county  
 18 transportation committee and the superintendent of public instruction.

19 (2) (a) The rate for each bus mile traveled must be determined in accordance with the following  
 20 schedule:

21 (i) 95 cents for a school bus with a rated capacity of not more than 49 passenger seating positions;

22 (ii) \$1.15 for a school bus with a rated capacity of 50 to 59 passenger seating positions;

23 (iii) \$1.36 for a school bus with a rated capacity of 60 to 69 passenger seating positions;

24 (iv) \$1.57 for a school bus with a rated capacity of 70 to 79 passenger seating positions; and

25 (v) \$1.80 for a school bus with 80 or more passenger seating positions.

26 (b) Nonbus mileage, as provided in subsection (1), must be reimbursed at a rate of 50 cents a mile.

27 (3) The rated capacity is the number of passenger seating positions of a school bus as determined under  
 28 the policy adopted by the board of public education. If modification of a school bus to accommodate pupils with  
 29 disabilities reduces the rated capacity of the bus, the reimbursement to a district for pupil transportation is based  
 30 on the rated capacity of the bus prior to modification.



1 (4) The number of pupils riding the school bus may not exceed the passenger seating positions of the  
2 bus."

3

4 **Section 39.** Section 20-10-142, MCA, is amended to read:

5 **"20-10-142. Schedule of maximum reimbursement for individual transportation.** The following rates  
6 for individual transportation constitute the maximum reimbursement to districts for individual transportation from  
7 ~~the state and county sources of transportation revenue~~ under the provisions of 20-10-145 and ~~20-10-146~~. These  
8 rates constitute the limitation of the budgeted amounts for individual transportation for the ensuing school fiscal  
9 year. The schedules provided in this section may not be altered by any authority other than the legislature. When  
10 the trustees contract with the parent or guardian of any eligible transportee to provide individual transportation  
11 for each day of school attendance, they shall reimburse the parent or guardian for actual miles transported on  
12 the basis of the following schedule:

13 (1) When a parent or guardian transports an eligible transportee or transportees from the residence of  
14 the parent or guardian to a school or to schools located within 3 miles of one another, the total reimbursement  
15 for each day of attendance is determined by multiplying the distance in miles between the residence and the  
16 school, or the most distant school if more than one, by 2, subtracting 6 miles from the product, and multiplying  
17 the difference by 35 cents, provided that:

18 (a) if two or more eligible transportees are transported by a parent or guardian to two or more schools  
19 located within 3 miles of one another and if the schools are operated by different school districts, the total amount  
20 of the reimbursement must be divided equally between the districts;

21 (b) if two or more eligible transportees are transported by a parent or guardian to two or more schools  
22 located more than 3 miles from one another, the parent or guardian must be separately reimbursed for  
23 transporting the eligible transportee or transportees to each school;

24 (c) if a parent transports two or more eligible transportees to a school and a bus stop that are located  
25 within 3 miles of one another, the total reimbursement must be determined under the provisions of this subsection  
26 (1) and must be divided equally between the district operating the school and the district operating the bus;

27 (d) if a parent transporting two or more eligible transportees to a school or bus stop must, because of  
28 varying arrival and departure times, make more than one round-trip journey to the bus stop or school, the total  
29 reimbursement allowed by this section is limited to one round trip a day for each scheduled arrival or departure  
30 time;

1 (e) notwithstanding subsection (1)(a), (1)(b), (1)(c), or (1)(d), a reimbursement may not be less than 35  
2 cents a day.

3 (2) When the parent or guardian transports an eligible transportee or transportees from the residence  
4 to a bus stop of a bus route approved by the trustees for the transportation of the transportee or transportees,  
5 the total reimbursement for each day of attendance is determined by multiplying the distance in miles between  
6 the residence and the bus stop by 2, subtracting 6 miles from the product, and multiplying the difference by 35  
7 cents, provided that:

8 (a) if the eligible transportees attend schools in different districts but ride on one bus, the districts shall  
9 divide the total reimbursement equally; and

10 (b) if the parent or guardian is required to transport the eligible transportees to more than one bus, the  
11 parent or guardian must be separately reimbursed for transportation to each bus.

12 (3) When, because of excessive distances, impassable roads, or other special circumstances of  
13 isolation, the rates prescribed in subsection (1) or (2) would be an inadequate reimbursement for the  
14 transportation costs or would result in a physical hardship for the eligible transportee, a parent or guardian may  
15 request an increase in the reimbursement rate. A request for increased rates because of isolation must be made  
16 by the parent or guardian on the contract for individual transportation for the ensuing school fiscal year by  
17 indicating the special facts and circumstances that exist to justify the increase. Before an increased rate because  
18 of isolation may be paid to the requesting parent or guardian, the rate must be approved by the county  
19 transportation committee and the superintendent of public instruction after the trustees have indicated their  
20 approval or disapproval. Regardless of the action of the trustees and when approval is given by the committee  
21 and the superintendent of public instruction, the trustees shall pay the increased rate because of isolation. The  
22 increased rate is 1 1/2 times the rate prescribed in subsection (1).

23 (4) The state ~~and county transportation~~ reimbursement for an individual transportation contract may not  
24 exceed \$12.95 for each day of attendance for the first eligible transportee and \$8.40 for each day of attendance  
25 for each additional eligible transportee.

26 (5) When the isolated conditions of the household where an eligible transportee resides require an  
27 eligible transportee to live away from the household in order to attend school, the eligible transportee is eligible  
28 for the room and board reimbursement. Approval to receive the room and board reimbursement must be obtained  
29 in the same manner prescribed in subsection (3). The per diem rate for room and board is \$12.95 for one eligible  
30 transportee and \$8.40 for each additional eligible transportee of the same household.

1 (6) When the individual transportation provision is to be satisfied by supervised home study or supervised  
2 correspondence study, the reimbursement rate is the cost of the study, provided that the course of instruction is  
3 approved by the trustees and supervised by the district."  
4

5 **Section 40.** Section 20-10-143, MCA, is amended to read:

6 **"20-10-143. Budgeting for transportation and transmittal of transportation contracts.** (1) The  
7 trustees of a district furnishing transportation to pupils who are residents of the district shall provide a  
8 transportation fund budget that is adequate to finance the district's transportation contractual obligations and any  
9 other transportation expenditures necessary for the conduct of its transportation program. The transportation fund  
10 budget must include:

11 (a) an adequate amount to finance the maintenance and operation of school buses owned and operated  
12 by the district;

13 (b) the annual contracted amount for the maintenance and operation of school buses by a private party;

14 (c) the annual contracted amount for individual transportation, including any increased amount because  
15 of isolation, which may not exceed the schedule amounts prescribed in 20-10-142;

16 (d) any amount necessary for the purchase, rental, or insurance of school buses; and

17 (e) any other amount necessary to finance the administration, operation, or maintenance of the  
18 transportation program of the district, as determined by the trustees.

19 (2) The trustees may include a contingency amount in the transportation fund budget for the purpose  
20 of enabling the district to fulfill an obligation to provide transportation in accordance with this title for:

21 (a) pupils not residing in the district at the time of the adoption of the final budget and who subsequently  
22 became residents of the district during the school fiscal year;

23 (b) pupils who have become eligible transportees since the adoption of the final budget because their  
24 legal residence has been changed; or

25 (c) other unforeseen increases in bus route mileage or obligations for payment of additional contracts  
26 for individual transportation for an eligible transportee for which state and county reimbursement is authorized  
27 under 20-10-141 and 20-10-142. The budgeted contingency amount may not exceed 10% of the transportation  
28 schedule amount as calculated under the provisions of 20-10-141 and 20-10-142 for all transportation services  
29 authorized by the schedules and provided by the district unless 10% of the transportation schedule amount is less  
30 than \$100, in which case \$100 is the maximum limitation for the budgeted contingency amount.

1 (3) A budget amendment to the transportation fund budget may be adopted subject to the provisions of  
2 20-9-161 through 20-9-166.

3 (4) The trustees shall report the transportation fund budget on the regular budget form prescribed by the  
4 superintendent of public instruction in accordance with 20-9-103, and the adoption of the transportation fund  
5 budget must be completed in accordance with the school budgeting laws. When the adopted final budget is sent  
6 to the county superintendent, the trustees shall also send copies of all completed transportation contracts for  
7 school bus transportation to the county superintendent. The contracts must substantiate all contracted school bus  
8 transportation services incorporated in the final budget."

9

10 **Section 41.** Section 20-10-144, MCA, is amended to read:

11 **"20-10-144. Computation of revenue and ~~net tax levy~~ requirements for district transportation fund**  
12 **budget.** Before the second Monday of August, the county superintendent shall compute the revenue available  
13 to finance the transportation fund budget of each district. The county superintendent shall compute the revenue  
14 for each district on the following basis:

15 (1) The "schedule amount" of the budget expenditures that is derived from the rate schedules in  
16 20-10-141 and 20-10-142 must be determined by adding the following amounts:

17 (a) the sum of the maximum reimbursable expenditures for all approved school bus routes maintained  
18 by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate for each bus mile  
19 by the total number of miles to be traveled during the ensuing school fiscal year on each bus route approved by  
20 the county transportation committee and maintained by the district); plus

21 (b) the total of all individual transportation per diem reimbursement rates for the district as determined  
22 from the contracts submitted by the district multiplied by the number of pupil-instruction days scheduled for the  
23 ensuing school attendance year; plus

24 (c) any estimated costs for supervised home study or supervised correspondence study for the ensuing  
25 school fiscal year; plus

26 (d) the amount budgeted in the budget for the contingency amount permitted in 20-10-143, except if the  
27 amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100, whichever is larger, the  
28 contingency amount on the budget must be reduced to the limitation amount and used in this determination of  
29 the schedule amount; plus

30 (e) any estimated costs for transporting a child out of district when the child has mandatory approval to

1 attend school in a district outside the district of residence.

2 (2) (a) The schedule amount determined in subsection (1) or the total transportation fund budget,  
3 whichever is smaller, ~~is divided by 2 and~~ is used to determine the available state ~~and county~~ reimbursement  
4 revenue to be budgeted ~~on the following basis:~~

5 ~~—— (i) one-half is the budgeted state transportation reimbursement; and~~

6 ~~—— (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the~~  
7 ~~manner provided in 20-10-146.~~

8 (b) When the district has a sufficient amount of fund balance for reappropriation and other sources of  
9 district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero, any  
10 remaining amount of district revenue and fund balance reappropriated must be used to reduce ~~the county~~  
11 ~~financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to reduce~~  
12 ~~the state financial obligation in subsection (2)(a)(i).~~

13 ~~—— (c) The county revenue requirement for a joint district, after the application of any district money under~~  
14 ~~subsection (2)(b), must be prorated to each county incorporated by the joint district in the same proportion as the~~  
15 ~~ANB of the joint district is distributed by pupil residence in each county.~~

16 (3) The total of the money available for the reduction of ~~property tax on the district~~ the state  
17 reimbursement for the transportation fund must be determined by totaling:

18 (a) anticipated federal money received under the provisions of 20 U.S.C. 7701, et seq., or other  
19 anticipated federal money received in lieu of that federal act;

20 (b) anticipated payments from other districts for providing school bus transportation services for the  
21 district;

22 (c) anticipated payments from a parent or guardian for providing school bus transportation services for  
23 a child;

24 (d) anticipated or reappropriated interest to be earned by the investment of transportation fund cash in  
25 accordance with the provisions of 20-9-213(4);

26 ~~—— (e) anticipated revenue from coal gross proceeds under 15-23-703;~~

27 ~~(f)~~(e) anticipated oil and natural gas production taxes;

28 ~~(g)~~(f) anticipated local government severance tax payments for calendar year 1995 production;

29 ~~(h)~~(g) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320  
30 through 20-5-324;

1 ~~\_\_\_\_\_ (i) school district block grants distributed under 20-9-630;~~  
 2 ~~(j)(h) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year~~  
 3 ~~that may be used to finance the transportation fund; and~~  
 4 ~~(k)(i) any fund balance available for reappropriation as determined by subtracting the amount of the~~  
 5 ~~end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school fiscal~~  
 6 ~~year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating reserve may~~  
 7 ~~not be more than 20% of the final transportation fund budget for the ensuing school fiscal year and is for the~~  
 8 ~~purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.~~  
 9 ~~\_\_\_\_\_ (4) The district levy requirement for each district's transportation fund must be computed by:~~  
 10 ~~\_\_\_\_\_ (a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation~~  
 11 ~~budget amount; and~~  
 12 ~~\_\_\_\_\_ (b) subtracting the amount of money available to reduce the property tax on the district, as determined~~  
 13 ~~in subsection (3), from the amount determined in subsection (4)(a).~~  
 14 ~~\_\_\_\_\_ (5) The transportation fund levy requirements determined in subsection (4) for each district must be~~  
 15 ~~reported to the county commissioners on the fourth Monday of August by the county superintendent as the~~  
 16 ~~transportation fund levy requirements for the district, and the levy must be made by the county commissioners~~  
 17 ~~in accordance with 20-9-142."~~

18  
 19 **Section 42.** Section 20-10-145, MCA, is amended to read:  
 20 **"20-10-145. State transportation reimbursement.** (1) A district providing school bus transportation or  
 21 individual transportation in accordance with this title, board of public education transportation policy, and  
 22 superintendent of public instruction transportation rules must receive a state reimbursement of its transportation  
 23 expenditures under the transportation reimbursement rate provisions of 20-10-141 and 20-10-142. The state  
 24 transportation reimbursement is ~~one-half~~ of the reimbursement amounts established in 20-10-141 and 20-10-142  
 25 or ~~one-half~~ of the district's transportation fund budget, whichever is smaller, and must be computed on the basis  
 26 of the number of days the transportation services were actually rendered, not to exceed 180 pupil-instruction  
 27 days. In determining the amount of the state transportation reimbursement, an amount claimed by a district may  
 28 not be considered for reimbursement unless the amount has been paid in the regular manner provided for the  
 29 payment of other financial obligations of the district.  
 30 (2) Requests for the state transportation reimbursement must be made by each district semiannually

1 during the school fiscal year on the claim forms and procedure promulgated by the superintendent of public  
 2 instruction. The claims for state transportation reimbursements must be routed by the district to the county  
 3 superintendent, who after reviewing the claims shall send them to the superintendent of public instruction. The  
 4 superintendent of public instruction shall establish the validity and accuracy of the claims for the state  
 5 transportation reimbursements by determining compliance with this title, board of public education transportation  
 6 policy, and the transportation rules of the superintendent of public instruction. After making any necessary  
 7 adjustments to the claims, the superintendent of public instruction shall order a disbursement from the state  
 8 money appropriated by the legislature of the state of Montana for the state transportation reimbursement. The  
 9 payment of all the district's claims within one county must be made to the county treasurer of the county, and the  
 10 county superintendent shall apportion the payment in accordance with the apportionment order supplied by the  
 11 superintendent of public instruction.

12 (3) After adopting a budget amendment for the transportation fund in accordance with 20-9-161 through  
 13 20-9-166, the district shall send to the superintendent of public instruction a copy of each new or amended  
 14 individual transportation contract and each new or amended bus route form to which the budget amendment  
 15 applies. State reimbursement for the additional obligations must be paid as provided in subsection (1)."  
 16

17 **Section 43.** Section 20-10-147, MCA, is amended to read:

18 **"20-10-147. Bus depreciation reserve fund.** (1) The trustees of a district owning a bus or a two-way  
 19 radio used for purposes of transportation, as defined in 20-10-101, or for purposes of conveying pupils to and  
 20 from school functions or activities may establish a bus depreciation reserve fund to be used for the conversion,  
 21 remodeling, or rebuilding of a bus or for the replacement of a bus or radio. The trustees of a district may also use  
 22 the bus depreciation reserve fund to purchase an additional bus for purposes of transportation, as defined in  
 23 20-10-101.

24 (2) Whenever a bus depreciation reserve fund is established, the trustees may include in the district's  
 25 budget, in accordance with the school budgeting provisions of this title, an amount each year that does not  
 26 exceed 20% of the original cost of a bus or a two-way radio. The amount budgeted may not, over time, exceed  
 27 150% of the original cost of a bus or two-way radio. The annual revenue requirement for each district's bus  
 28 depreciation reserve fund, determined within the limitations of this section, must be reported by the county  
 29 superintendent to the ~~county commissioners~~ office of public instruction on the fourth Monday of August as the  
 30 bus depreciation reserve fund ~~levy~~ requirement for that district, and a ~~levy~~ state reimbursement must be made

1 ~~by the county commissioners~~ in accordance with ~~20-9-142~~ this part.

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

6 (4) Whenever the trustees of a district maintaining a bus depreciation reserve fund sell all of the district's  
7 buses and consider it to be in the best interest of the district to transfer any portion or all of the bus depreciation  
8 reserve fund balance to any other fund maintained by the district, the trustees shall submit the proposition to the  
9 electors of the district. The electors qualified to vote at the election shall qualify under 20-20-301, and the election  
10 must be called and conducted in the manner prescribed by this title for school elections. If a majority of those  
11 electors voting at the election approve the proposed transfer from the bus depreciation reserve fund, the transfer  
12 is approved and the trustees shall immediately order the county treasurer to make the approved transfer."  
13

14 **Section 44.** Section 69-11-202, MCA, is amended to read:

15 **"69-11-202. Establishment and notice of schedule for passenger carriers.** A common carrier of  
16 passengers by railroad or by vessel plying upon waters lying wholly within this state shall establish and give public  
17 notice of a schedule time for the starting of trains or vessels from their stations or wharves. A common carrier  
18 shall, except in case of accident or detention caused by connecting lines or weather conditions, start trains or  
19 vessels at or within 10 minutes after the schedule time. Failure to comply is punishable by a fine of \$250, to be  
20 recovered by action before any court of competent jurisdiction, upon complaint filed by the county attorney, and  
21 paid into the elementary ~~county~~ equalization fund provided for in 20-9-331."  
22

23 **Section 45.** Section 90-6-309, MCA, is amended to read:

24 **"90-6-309. Tax prepayment -- large-scale mineral development.** (1) After permission to commence  
25 operation is granted by the appropriate governmental agency and upon request of the governing body of a county  
26 in which a facility is to be located, a person intending to construct or locate a large-scale mineral development  
27 in this state shall prepay property taxes as specified in the impact plan. This prepayment must exclude the 6-mill  
28 university levy established under 15-10-108 and may exclude the mandatory ~~county~~ levies for ~~the school~~ BASE  
29 elementary and high school equalization funding ~~program~~ established in 20-9-331 and 20-9-333.

30 (2) The person who is to prepay under this section is not obligated to prepay the entire amount



1 established in subsection (1) at one time. Upon request of the governing body of an affected local government  
 2 unit, the person shall prepay the amount shown to be needed from time to time as determined by the board.

3 (3) The person who is to prepay shall guarantee to the hard-rock mining impact board, through an  
 4 appropriate financial institution, as may be required by the board, that property tax prepayments will be paid as  
 5 needed for expenditures created by the impacts of the large-scale mineral development.

6 (4) When the mineral development facilities are completed and assessed by the department of revenue,  
 7 they are subject during the first 3 years and thereafter to taxation as all other property similarly situated, except  
 8 that in each year after the start of production, the local government unit that received a property tax prepayment  
 9 shall provide for repayment of prepaid property taxes in accordance with subsection (5).

10 (5) A local government unit that received all or a portion of the property tax prepayment under this  
 11 section shall provide for tax crediting as specified in the impact plan. The tax credit allowed in any year may not,  
 12 however, exceed the tax obligation of the developer for that year, and the time period for tax crediting is limited  
 13 to the productive life of the mining operation."

14

15 **Section 46.** Section 90-6-403, MCA, is amended to read:

16 **"90-6-403. Jurisdictional revenue disparity -- conditioned exemption and reallocation of certain**  
 17 **taxable valuation.** (1) When an impact plan for a large-scale mineral development approved pursuant to  
 18 90-6-307 identifies a jurisdictional revenue disparity, the board shall promptly notify the developer, all affected  
 19 local government units, and the department of revenue of the disparity. Except as provided in 90-6-404 and this  
 20 section, the increase in taxable valuation of the mineral development that occurs after the issuance and validation  
 21 of a permit under 82-4-335 is not subject to the usual application of county and school district property tax mill  
 22 levies. This increase in taxable valuation must be allocated to local government units as provided in 90-6-404.  
 23 The increase in taxable valuation allocated as provided in 90-6-404 is subject to 15-10-420 and the application  
 24 of property tax mill levies in the local government unit to which it is allocated. The increase in taxable valuation  
 25 allocated to the local government unit is considered newly taxable property in the recipient local government unit  
 26 as provided in 15-10-420.

27 (2) Subject to 15-10-420, the total taxable valuation of a large-scale mineral development remains  
 28 subject to the statewide mill levies and ~~basic county~~ levies for elementary and high school ~~BASE~~ equalization  
 29 funding ~~programs~~ as provided in 20-9-331 and 20-9-333.

30 (3) The provisions of subsection (1) remain in effect until the large-scale mineral development ceases

1 operations or until the existence of the jurisdictional revenue disparity ceases, as determined by the board."  
2

3 NEW SECTION. **Section 47. Repealer.** The following sections of the Montana Code Annotated are  
4 repealed:

- 5 20-9-368. Amount of guaranteed tax base aid.
- 6 20-9-630. School district block grants.
- 7 20-10-146. County transportation reimbursement.

8

9 NEW SECTION. **Section 48. Effective date.** [This act] is effective July 1, 2011.  
10

11 NEW SECTION. **Section 49. Applicability.** [This act] applies to tax years beginning after December  
12 31, 2011.

13

- END -