

1 HOUSE BILL NO. 408

2 INTRODUCED BY M. MILLER

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE TAX RATE FOR CERTAIN AIR AND WATER
5 POLLUTION CONTROL EQUIPMENT FOR PROPERTY TAX PURPOSES; PROVIDING A REIMBURSEMENT
6 TO LOCAL GOVERNMENTS AND TAX INCREMENT FINANCING DISTRICTS UNDER THE ENTITLEMENT
7 SHARE PAYMENT, TO SCHOOL DISTRICTS THROUGH THE BLOCK GRANT PROGRAM, TO COUNTY
8 SCHOOL RETIREMENT AND COUNTY TRANSPORTATION REIMBURSEMENT, AND TO THE MONTANA
9 UNIVERSITY SYSTEM THROUGH SUPPORT OF PUBLIC EDUCATION INSTITUTIONS FOR THE LOSS OF
10 CLASS FIVE REVENUE; AND AMENDING SECTIONS 15-1-121, 15-6-135, 20-9-501, AND 20-10-146, MCA."

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

13
14 **NEW SECTION. Section 1. Reimbursement for class five rate reduction -- distribution.** (1) For the
15 tax rate reductions in 15-6-135(5)(b), the department shall, by June 1, 2014, and for each calendar year that the
16 tax rate in 15-6-135(5)(b) is different from the tax rate in 15-6-135(5)(a), estimate for each local government, as
17 defined in 15-1-121(5), each school district, the county retirement fund under 20-9-501, the countywide school
18 transportation reimbursement under 20-10-146, each tax increment financing district, and the 6-mill university
19 levy for the purposes of 15-10-108, the difference between property tax collections under 15-6-135(5)(b) as
20 amended by [section 3] and the property tax revenue that would have been collected under 15-6-135(5) if
21 15-6-135(5) had not been amended by [section 3]. The difference is the annual reimbursable amount for each
22 local government, each school district, each tax increment financing district, and the 6-mill levy for the support
23 of the Montana university system under 15-10-108.

24 (2) The department shall distribute the reimbursement to local governments with the entitlement share
25 payments under 15-1-121(7) for each fiscal year in which the tax rate in 15-6-135(5)(b) is different than the tax
26 rate in 15-6-135(5)(a). Local government reimbursements for subsequent years are made pursuant to the
27 entitlement share recomputation as provided in 15-1-121(6).

28 (3) The office of public instruction shall distribute the reimbursement to school districts with the block
29 grants pursuant to 20-9-630 for each fiscal year in which the tax rate in 15-6-135(5)(b) is different than the tax
30 rate in 15-6-135(5)(a). School district reimbursements for subsequent years are made pursuant to 20-9-630.

1 (4) For each fiscal year in which the tax rate in 15-6-135(5)(b) is different than the tax rate in
2 15-6-135(5)(a), the amount determined under subsection (1) for each tax increment financing district must be
3 added to the reimbursement amount for the tax increment financing district as provided in 15-1-121(8)(b) if the
4 tax increment financing district is still in existence. If a tax increment financing district that is entitled to a
5 reimbursement under this section is not listed under 15-1-121(8)(b), the reimbursement must be made to that tax
6 increment financing district at the same time as other districts.

7 (5) (a) For each fiscal year in which the tax rate in 15-6-135(5)(b) is different than the tax rate in
8 15-6-135(5)(a), the amount determined under subsection (1) for the 6-mill university levy must be added to
9 current collections and reimbursements for the support of the Montana university system as provided in
10 15-10-108.

11 (b) Beginning in fiscal year 2015, the department of administration shall transfer the amounts determined
12 under this subsection (5) from the general fund to the state special revenue fund for the support of the Montana
13 university system as provided in 15-10-108.

14 (6) The office of public instruction shall distribute the reimbursement to the countywide retirement fund
15 under 20-9-501 for each fiscal year in which the tax rate in 15-6-135(5)(b) is different than the tax rate in
16 15-6-135(5)(a). One-half of the amount must be distributed in November and the remainder in May.

17 (7) The office of public instruction shall distribute the reimbursement to the county transportation
18 reimbursement under 20-10-146 for each fiscal year in which the tax rate in 15-6-135(5)(b) is different than the
19 tax rate in 15-6-135(5)(a). The reimbursement must be made at the same time as countywide school
20 transportation block grants are distributed under 20-9-632."

21

22 **Section 2.** Section 15-1-121, MCA, is amended to read:

23 **"15-1-121. Entitlement share payment -- purpose -- appropriation.** (1) As described in 15-1-120(3),
24 each local government is entitled to an annual amount that is the replacement for revenue received by local
25 governments for diminishment of property tax base and various earmarked fees and other revenue that, pursuant
26 to Chapter 574, Laws of 2001, amended by section 4, Chapter 13, Special Laws of August 2002, and later
27 enactments, were consolidated to provide aggregation of certain reimbursements, fees, tax collections, and other
28 revenue in the state treasury with each local government's share. The reimbursement under this section is
29 provided by direct payment from the state treasury rather than the ad hoc system that offset certain state
30 payments with local government collections due the state and reimbursements made by percentage splits, with

1 a local government remitting a portion of collections to the state, retaining a portion, and in some cases sending
2 a portion to other local governments.

3 (2) The sources of dedicated revenue that were relinquished by local governments in exchange for an
4 entitlement share of the state general fund were:

5 (a) personal property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter
6 584, Laws of 1999;

7 (b) vehicle, boat, and aircraft taxes and fees pursuant to:

8 (i) Title 23, chapter 2, part 5;

9 (ii) Title 23, chapter 2, part 6;

10 (iii) Title 23, chapter 2, part 8;

11 (iv) 61-3-317;

12 (v) 61-3-321;

13 (vi) Title 61, chapter 3, part 5, except for 61-3-509(3), as that subsection read prior to the amendment
14 of 61-3-509 in 2001;

15 (vii) Title 61, chapter 3, part 7;

16 (viii) 5% of the fees collected under 61-10-122;

17 (ix) 61-10-130;

18 (x) 61-10-148; and

19 (xi) 67-3-205;

20 (c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);

21 (d) district court fees pursuant to:

22 (i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);

23 (ii) 25-1-202;

24 (iii) 25-9-506; and

25 (iv) 27-9-103;

26 (e) certificate of title fees for manufactured homes pursuant to 15-1-116;

27 (f) financial institution taxes collected pursuant to the former provisions of Title 15, chapter 31, part 7;

28 (g) all beer, liquor, and wine taxes pursuant to:

29 (i) 16-1-404;

30 (ii) 16-1-406; and

1 (iii) 16-1-411;
2 (h) late filing fees pursuant to 61-3-220;
3 (i) title and registration fees pursuant to 61-3-203;
4 (j) veterans' cemetery license plate fees pursuant to 61-3-459;
5 (k) county personalized license plate fees pursuant to 61-3-406;
6 (l) special mobile equipment fees pursuant to 61-3-431;
7 (m) single movement permit fees pursuant to 61-4-310;
8 (n) state aeronautics fees pursuant to 67-3-101; and
9 (o) department of natural resources and conservation payments in lieu of taxes pursuant to Title 77,
10 chapter 1, part 5.

11 (3) (a) Except as provided in subsection (3)(b), the total amount received by each local government in
12 fiscal year 2010 as an entitlement share payment under this section is the base component for the fiscal year
13 2011 distribution, and in each subsequent year the prior year entitlement share payment, including any
14 reimbursement payments received pursuant to subsection (7), is each local government's base component. The
15 sum of all local governments' base components is the fiscal year entitlement share pool.

16 (b) The total amount received by each local government in fiscal year 2011 as an entitlement share
17 payment under this section is the base component for fiscal year 2012 and 2013 distributions, and in each
18 subsequent year the prior year entitlement share payment, including any reimbursement payments received
19 pursuant to subsection (7), is each local government's base component. The sum of all local governments' base
20 components is the fiscal year entitlement share pool.

21 (4) (a) With the exception of fiscal years 2012 and 2013, the base entitlement share pool must be
22 increased annually by an entitlement share growth rate as provided for in this subsection (4). The amount
23 determined through the application of annual growth rates is the entitlement share pool for each fiscal year, with
24 the exception of fiscal years 2012 and 2013.

25 (b) By October 1 of each year, the department shall calculate the growth rate of the entitlement share
26 pool for the current year in the following manner:

27 (i) The department shall calculate the entitlement share growth rate based on the ratio of two factors of
28 state revenue sources for the first, second, and third most recently completed fiscal years as recorded on the
29 statewide budgeting and accounting system. The first factor is the sum of the revenue for the first and second
30 previous completed fiscal years received from the sources referred to in subsection (2)(b), (2)(c), and (2)(g)

1 divided by the sum of the revenue for the second and third previous completed fiscal years received from the
2 same sources multiplied by 0.75. The second factor is the sum of the revenue for the first and second previous
3 completed fiscal years received from individual income tax as provided in Title 15, chapter 30, and corporation
4 income tax as provided in Title 15, chapter 31, divided by the sum of the revenue for the second and third
5 previous completed fiscal years received from the same sources multiplied by 0.25.

6 (ii) Except as provided in subsection (4)(b)(iii), the entitlement share growth rate is the lesser of:

7 (A) the sum of the first factor plus the second factor; or

8 (B) 1.03 for counties, 1.0325 for consolidated local governments, and 1.035 for cities and towns.

9 (iii) In no instance can the entitlement growth factor be less than 1. The entitlement share growth rate is
10 applied to the most recently completed fiscal year entitlement payment to determine the subsequent fiscal year
11 payment.

12 (5) As used in this section, "local government" means a county, a consolidated local government, an
13 incorporated city, and an incorporated town. A local government does not include a tax increment financing
14 district provided for in subsection (8). The county or consolidated local government is responsible for making an
15 allocation from the county's or consolidated local government's share of the entitlement share pool to each special
16 district within the county or consolidated local government in a manner that reasonably reflects each special
17 district's loss of revenue sources for which reimbursement is provided in this section. The allocation for each
18 special district that existed in 2002 must be based on the relative proportion of the loss of revenue in 2002.

19 (6) (a) The entitlement share pools calculated in this section, the amounts determined under 15-1-123(2)
20 and [section 1(2)] for local governments, the funding provided for in subsection (8) of this section, and the
21 amounts determined under 15-1-123(4) and [section 1(4)] for tax increment financing districts are statutorily
22 appropriated, as provided in 17-7-502, from the general fund to the department for distribution to local
23 governments. Except for the distribution made under 15-1-123(2)(b), the distributions must be made on a
24 quarterly basis.

25 (b) (i) The growth amount is the difference between the entitlement share pool in the current fiscal year
26 and the entitlement share pool in the previous fiscal year. The growth factor in the entitlement share must be
27 calculated separately for:

28 (A) counties;

29 (B) consolidated local governments; and

30 (C) incorporated cities and towns.

1 (ii) In each fiscal year, the growth amount for counties must be allocated as follows:

2 (A) 50% of the growth amount must be allocated based upon each county's percentage of the prior fiscal
3 year entitlement share pool for all counties; and

4 (B) 50% of the growth amount must be allocated based upon the percentage that each county's
5 population bears to the state population not residing within consolidated local governments as determined by the
6 latest interim year population estimates from the Montana department of commerce as supplied by the United
7 States bureau of the census.

8 (iii) In each fiscal year, the growth amount for consolidated local governments must be allocated as
9 follows:

10 (A) 50% of the growth amount must be allocated based upon each consolidated local government's
11 percentage of the prior fiscal year entitlement share pool for all consolidated local governments; and

12 (B) 50% of the growth amount must be allocated based upon the percentage that each consolidated local
13 government's population bears to the state's total population residing within consolidated local governments as
14 determined by the latest interim year population estimates from the Montana department of commerce as
15 supplied by the United States bureau of the census.

16 (iv) In each fiscal year, the growth amount for incorporated cities and towns must be allocated as follows:

17 (A) 50% of the growth amount must be allocated based upon each incorporated city's or town's
18 percentage of the prior fiscal year entitlement share pool for all incorporated cities and towns; and

19 (B) 50% of the growth amount must be allocated based upon the percentage that each city's or town's
20 population bears to the state's total population residing within incorporated cities and towns as determined by the
21 latest interim year population estimates from the Montana department of commerce as supplied by the United
22 States bureau of the census.

23 (v) In each fiscal year, the amount of the entitlement share pool before the growth amount or adjustments
24 made under subsection (7) are applied is to be distributed to each local government in the same manner as the
25 entitlement share pool was distributed in the prior fiscal year.

26 (7) If the legislature enacts a reimbursement provision that is to be distributed pursuant to this section,
27 the department shall determine the reimbursement amount as provided in the enactment and add the appropriate
28 amount to the entitlement share distribution under this section. The total entitlement share distributions in a fiscal
29 year, including distributions made pursuant to this subsection, equal the local fiscal year entitlement share pool.
30 The ratio of each local government's distribution from the entitlement share pool must be recomputed to

1 determine each local government's ratio to be used in the subsequent year's distribution determination under
 2 subsections (6)(b)(ii)(A), (6)(b)(iii)(A), and (6)(b)(iv)(A).

3 (8) (a) Except for a tax increment financing district entitled to a reimbursement under 15-1-123(4) or
 4 [section 1(4)], if a tax increment financing district was not in existence during the fiscal year ending June 30, 2000,
 5 then the tax increment financing district is not entitled to any funding. If a tax increment financing district referred
 6 to in subsection (8)(b) terminates, then the funding for the district provided for in subsection (8)(b) terminates.

7 (b) Except for the reimbursement made under 15-1-123(4)(b), one-half of the payments provided for in
 8 this subsection (8)(b) must be made by November 30 and the other half by May 31 of each year. Subject to
 9 subsection (8)(a), the entitlement share for tax increment financing districts is as follows:

10	Deer Lodge	TIF District 1	\$2,833
11	Deer Lodge	TIF District 2	2,813
12	Flathead	Kalispell - District 2	4,638
13	Flathead	Kalispell - District 3	37,231
14	Flathead	Whitefish District	148,194
15	Gallatin	Bozeman - downtown	31,158
16	Missoula	Missoula - 1-1C	250,279
17	Missoula	Missoula - 4-1C	30,009
18	Silver Bow	Butte - uptown	255,421

19 (9) The estimated fiscal year entitlement share pool and any subsequent entitlement share pool for local
 20 governments do not include revenue received from tax increment financing districts, from countywide
 21 transportation block grants, or from countywide retirement block grants.

22 (10) When there has been an underpayment of a local government's share of the entitlement share pool,
 23 the department shall distribute the difference between the underpayment and the correct amount of the
 24 entitlement share. When there has been an overpayment of a local government's entitlement share, the local
 25 government shall remit the overpaid amount to the department.

26 (11) A local government may appeal the department's estimation of the base component, the entitlement
 27 share growth rate, or a local government's allocation of the entitlement share pool, according to the uniform
 28 dispute review procedure in 15-1-211.

29 (12) A payment required pursuant to this section may not be offset by a debt owed to a state agency by
 30 a local government in accordance with Title 17, chapter 4, part 1."

1

2 **Section 3.** Section 15-6-135, MCA, is amended to read:

3 **"15-6-135. Class five property -- description -- taxable percentage.** (1) Class five property includes:

4 (a) all property used and owned by cooperative rural electrical and cooperative rural telephone

5 associations organized under the laws of Montana, except property owned by cooperative organizations

6 described in 15-6-137(1)(a);

7 (b) air and water pollution control equipment as defined in this section;

8 (c) new industrial property as defined in this section;

9 (d) any personal or real property used primarily in the production of ethanol-blended gasoline during

10 construction and for the first 3 years of its operation;

11 (e) all land and improvements and all personal property owned by a research and development firm,

12 provided that the property is actively devoted to research and development;

13 (f) machinery and equipment used in electrolytic reduction facilities;

14 (g) all property used and owned by persons, firms, corporations, or other organizations that are engaged

15 in the business of furnishing telecommunications services exclusively to rural areas or to rural areas and cities

16 and towns of 1,200 permanent residents or less.

17 (2) (a) "Air and water pollution control equipment" means that portion of identifiable property, facilities,

18 machinery, devices, or equipment designed, constructed, under construction, or operated for removing, disposing,

19 abating, treating, eliminating, destroying, neutralizing, stabilizing, rendering inert, storing, or preventing the

20 creation of air or water pollutants that, except for the use of the item, would be released to the environment.

21 Reduction in pollutants obtained through operational techniques without specific facilities, machinery, devices,

22 or equipment is not eligible for certification under this section.

23 (b) Requests for certification must be made on forms available from the department of revenue.

24 Certification may not be granted unless the applicant is in substantial compliance with all applicable rules, laws,

25 orders, or permit conditions. Certification remains in effect only as long as substantial compliance continues.

26 (c) The department of environmental quality shall promulgate rules specifying procedures, including

27 timeframes for certification application, and definitions necessary to identify air and water pollution control

28 equipment for certification and compliance. The department of revenue shall promulgate rules pertaining to the

29 valuation of qualifying air and water pollution control equipment. The department of environmental quality shall

30 identify and track compliance in the use of certified air and water pollution control equipment and report

1 continuous acts or patterns of noncompliance at a facility to the department of revenue. Casual or isolated
2 incidents of noncompliance at a facility do not affect certification.

3 (d) A person may appeal the certification, classification, and valuation of the property to the state tax
4 appeal board. Appeals on the property certification must name the department of environmental quality as the
5 respondent, and appeals on the classification or valuation of the equipment must name the department of
6 revenue as the respondent.

7 (3) (a) "New industrial property" means any new industrial plant, including land, buildings, machinery,
8 and fixtures, used by new industries during the first 3 years of their operation. The property may not have been
9 assessed within the state of Montana prior to July 1, 1961.

10 (b) New industrial property does not include:

11 (i) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades,
12 or professions unless the business or profession meets the requirements of subsection (4)(b)(v);

13 (ii) a plant that will create adverse impact on existing state, county, or municipal services; or

14 (iii) property used or employed in an industrial plant that has been in operation in this state for 3 years
15 or longer.

16 (4) (a) "New industry" means any person, corporation, firm, partnership, association, or other group that
17 establishes a new plant in Montana for the operation of a new industrial endeavor, as distinguished from a mere
18 expansion, reorganization, or merger of an existing industry.

19 (b) New industry includes only those industries that:

20 (i) manufacture, mill, mine, produce, process, or fabricate materials;

21 (ii) do similar work, employing capital and labor, in which materials unserviceable in their natural state
22 are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial
23 products or materials;

24 (iii) engage in the mechanical or chemical transformation of materials or substances into new products
25 in the manner defined as manufacturing in the North American Industry Classification System Manual prepared
26 by the United States office of management and budget;

27 (iv) engage in the transportation, warehousing, or distribution of commercial products or materials if 50%
28 or more of an industry's gross sales or receipts are earned from outside the state; or

29 (v) earn 50% or more of their annual gross income from out-of-state sales.

30 (5) ~~Class~~ (a) Except as provided in subsection (5)(b), class five property is taxed at 3% of its market

1 value.

2 (b) Air and water pollution control equipment certified under subsection (2)(b) is taxed as follows:

3 (i) 3% of its market value in tax year 2013;

4 (ii) 2.5% of its market value in tax year 2014;

5 (iii) 2% of its market value in tax year 2015;

6 (iv) 1.5% of its market value in tax year 2016; and

7 (v) 1% of its market value in tax year 2017 and thereafter."

8

9 **Section 4.** Section 20-9-501, MCA, is amended to read:

10 **"20-9-501. Retirement costs and retirement fund.** (1) The trustees of a district or the management
11 board of a cooperative employing personnel who are members of the teachers' retirement system or the public
12 employees' retirement system, who are covered by unemployment insurance, or who are covered by any federal
13 social security system requiring employer contributions shall establish a retirement fund for the purposes of
14 budgeting and paying the employer's contributions to the systems as provided in subsection (2)(a). The district's
15 or the cooperative's contribution for each employee who is a member of the teachers' retirement system must
16 be calculated in accordance with Title 19, chapter 20, part 6. The district's or the cooperative's contribution for
17 each employee who is a member of the public employees' retirement system must be calculated in accordance
18 with 19-3-316. The district's or the cooperative's contributions for each employee covered by any federal social
19 security system must be paid in accordance with federal law and regulation. The district's or the cooperative's
20 contribution for each employee who is covered by unemployment insurance must be paid in accordance with Title
21 39, chapter 51, part 11.

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

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

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

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

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

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

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

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

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

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

17 (ii) oil and natural gas production taxes;

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

19 (iv) any fund balance available for reappropriation as determined by subtracting the amount of the
20 end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school fiscal
21 year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund operating
22 reserve may not be more than 35% of the final retirement fund budget for the ensuing school fiscal year and must
23 be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund
24 budget.

25 (v) property tax reimbursements made pursuant to 15-1-123(6) and [section 1(6)];

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

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

1 (5) The county superintendent shall:

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

5 (b) report each levy requirement to the county commissioners by the later of the first Tuesday in
6 September or within 30 calendar days after receiving certified taxable values as the respective county levy
7 requirements for elementary district, high school district, and community college district retirement funds.

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

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

14 (8) The net retirement fund levy requirement for districts that are members of special education
15 cooperative agreements must be prorated to each county in which the district is located in the same proportion
16 as the special education cooperative budget is prorated to the member school districts. The county
17 superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each
18 county in the same manner as provided in 20-9-151, and the county commissioners shall fix and levy the net
19 retirement fund levy for each county in the same manner as provided in 20-9-152.

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

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

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

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

27 (11) The county superintendent of each county shall submit a report of the revenue amounts used to
28 establish the levy requirements for county school funds supporting elementary and high school district retirement
29 obligations to the superintendent of public instruction on or before September 15. The report must be completed
30 on forms supplied by the superintendent of public instruction."

1

2 **Section 5.** Section 20-10-146, MCA, is amended to read:

3 **"20-10-146. County transportation reimbursement.** (1) The apportionment of the county transportation

4 reimbursement by the county superintendent for school bus transportation or individual transportation that is

5 actually rendered by a district in accordance with this title, board of public education transportation policy, and

6 the transportation rules of the superintendent of public instruction must be the same as the state transportation

7 reimbursement payment, except that:

8 (a) if any cash was used to reduce the budgeted county transportation reimbursement under the

9 provisions of 20-10-144(2)(b), the annual apportionment is limited to the budget amount;

10 (b) when the county transportation reimbursement for a school bus has been prorated between two or

11 more counties because the school bus is conveying pupils of more than one district located in the counties, the

12 apportionment of the county transportation reimbursement must be adjusted to pay the amount computed under

13 the proration; and

14 (c) when county transportation reimbursement is required under the mandatory attendance agreement

15 provisions of 20-5-321.

16 (2) The county transportation net levy requirement for the financing of the county transportation fund

17 reimbursements to districts is computed by:

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

19 education cooperative or prorated reimbursements to joint districts or reimbursements under the mandatory

20 attendance agreement provisions of 20-5-321;

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

22 by adding:

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

24 fiscal year;

25 (ii) oil and natural gas production taxes;

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

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

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

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

30 transportation fund;

1 (vii) federal forest reserve funds allocated under the provisions of 17-3-213;
2 (viii) property tax reimbursements made pursuant to 15-1-123(7) and [section 1(7)]; and
3 (ix) other revenue anticipated that may be realized in the county transportation fund during the ensuing
4 school fiscal year; and
5 (c) subtracting the money available, as determined in subsection (2)(b), to reduce the levy requirement
6 from the county transportation net levy requirement.

7 (3) The net levy requirement determined in subsection (2)(c) must be reported to the county
8 commissioners on or before the later of the first Tuesday in September or within 30 calendar days after receiving
9 certified taxable values by the county superintendent, and a levy must be set by the county commissioners in
10 accordance with 20-9-142.

11 (4) The county superintendent of each county shall submit a report of the revenue amounts used to
12 establish the levy requirements to the superintendent of public instruction on or before September 15. The report
13 must be completed on forms supplied by the superintendent of public instruction.

14 (5) The county superintendent shall apportion the county transportation reimbursement from the
15 proceeds of the county transportation fund. The county superintendent shall order the county treasurer to make
16 the apportionments in accordance with 20-9-212(2) and after the receipt of the semiannual state transportation
17 reimbursement payments."
18

19 **NEW SECTION. Section 6. Codification instruction.** [Section 1] is intended to be codified as an
20 integral part of Title 15, chapter 1, part 1, and the provisions of Title 15, chapter 1, part 1, apply to [section 1].

21 - END -