

HOUSE BILL NO. 71

INTRODUCED BY S. ROSE, J. ANDERSEN, T. FACEY, S. KITZENBERG, L. MCCULLOCH

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A SCHOOL DISTRICT WHOSE CURRENT YEAR GENERAL FUND BUDGET EXCEEDS THE ENSUING YEAR'S MAXIMUM GENERAL FUND BUDGET AMOUNT TO ADOPT A GENERAL FUND BUDGET FOR THE ENSUING YEAR UP TO THE ENSUING YEAR'S MAXIMUM GENERAL FUND AMOUNT OR UP TO ~~96~~ 94 PERCENT OF THE CURRENT YEAR'S GENERAL FUND BUDGET, WHICHEVER IS GREATER; ALLOWING ADOPTION OF A GENERAL FUND BUDGET THAT EXCEEDS THE MAXIMUM GENERAL FUND BUDGET FOR A MAXIMUM OF 5 CONSECUTIVE YEARS; PROVIDING AN EXCEPTION REQUIRING A SCHOOL DISTRICT WHOSE BUDGET EXCEEDS THE MAXIMUM GENERAL FUND BUDGET BECAUSE THE AVERAGE NUMBER BELONGING DECLINES 30 PERCENT OR MORE TO REDUCE ITS GENERAL FUND BUDGET PROPORTIONATELY OVER 5 CONSECUTIVE YEARS; ELIMINATING THE PROVISION FOR TRUSTEES TO ADOPT A BUDGET BASED ON THE PREVIOUS YEAR'S GENERAL FUND BUDGET PER-ANB; PROVIDING THAT A VOTE IS REQUIRED FOR ANY INCREASE IN LOCAL PROPERTY TAXES; AMENDING SECTIONS ~~SECTION~~ SECTIONS 20-9-308 ~~AND 20-9-353~~ AND 20-9-353, MCA; ~~PROVIDING A CONTINGENT VOIDNESS PROVISION;~~ AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 20-9-308, MCA, is amended to read:

"20-9-308. BASE budgets and maximum general fund budgets. (1) The trustees of a district shall adopt a general fund budget that:

(a) ~~except as provided in subsection (2);~~ is at least equal to the BASE budget established for the district; ~~or and,~~

(b) except as provided in ~~section 3, Chapter 38, Special Laws of November 1993,~~ and subsection (4) (3) of this section, does not exceed the maximum general fund budget established for the district.

(2) (a) ~~If the BASE budget for a district for the school fiscal year is greater than the general fund budget of the district for the prior school fiscal year, the trustees of the district:~~

~~(i) shall increase the general fund budget by at least:~~

1 ~~———(A) 25% of the range between the district general fund budget for the school fiscal year ending June 30,~~
 2 ~~1994, and the BASE budget for the district for the school fiscal year beginning July 1, 1994;~~

3 ~~———(B) 33.3% of the range between the district general fund budget for the school fiscal year ending June~~
 4 ~~30, 1995, and the BASE budget for the district for the school fiscal year beginning July 1, 1995;~~

5 ~~———(C) 50% of the range between the district general fund budget for the school fiscal year ending June 30,~~
 6 ~~1996, and the BASE budget for the district for the school fiscal year beginning July 1, 1996; or~~

7 ~~———(D) the remainder of the range between the district general fund budget for the school fiscal year ending~~
 8 ~~June 30, 1997, and the BASE budget for the district for the school fiscal year beginning July 1, 1997;~~

9 ~~———(ii) may increase the general fund budget beyond the amount in subsection (2)(a)(i) but not by more than~~
 10 ~~4% of the previous year's general fund budget or by more than 4% of the previous year's general fund per-ANB~~
 11 ~~multiplied by the current year's ANB for budgeting purposes pursuant to subsection (2)(b).~~

12 ~~———(b) The trustees shall submit a proposition on any amount exceeding the limitations in subsection (2)(a)(i)~~
 13 ~~to the electors of the district, as provided in 20-9-353.~~

14 ~~———(3) (a)(2) (a) Whenever the trustees of a district adopt a general fund budget that exceeds the BASE~~
 15 ~~budget for the district but does not exceed the maximum general fund budget for the district, the trustees shall~~
 16 ~~submit a proposition to the electors of the district, as provided in 20-9-353, for any budget amount that exceeds~~
 17 ~~the previous year's general fund budget amount or the previous year's general fund budget per-ANB multiplied~~
 18 ~~by the current year's ANB for budgeting purposes.~~

19 (b) A general fund budget adopted under this subsection ~~(3)~~ (2) may not exceed the greater of:

20 (i) 104% of the previous year's general fund budget ~~as adjusted by the provisions of section 3, Chapter~~
 21 ~~38, Special Laws of November 1993; or~~

22 (ii) 104% of the previous year's general fund budget per-ANB multiplied by the current year's ANB for
 23 budgeting purposes ~~as adjusted by the provisions of section 3, Chapter 38, Special Laws of November 1993.~~

24 (4) (a) ~~If the maximum general fund budget for a district for an ensuing school fiscal year is less than the~~
 25 ~~general fund budget for the district for the current school fiscal year, as adjusted by the provisions of section 3,~~
 26 ~~Chapter 38, Special Laws of November 1993, the trustees of the district may not adopt a general fund budget~~
 27 ~~for the ensuing school fiscal year that is greater than the district's general fund budget for the current school fiscal~~
 28 ~~year.~~

29 (3) (a) The (i) EXCEPT AS PROVIDED IN SUBSECTIONS (3)(A)(II) AND (3)(A)(III), THE trustees of a district whose
 30 current year general fund budget exceeds the ensuing year's maximum budget amount may adopt a general fund

1 budget for the ensuing year up to the ensuing year's maximum general fund budget amount or up to 96% 94%
 2 of the current year's general fund budget, whichever is greater. A SCHOOL DISTRICT MAY ADOPT A BUDGET UNDER
 3 THE CRITERIA OF THIS SUBSECTION (3) FOR A MAXIMUM OF 5 CONSECUTIVE YEARS.

4 (II) THE TRUSTEES OF A DISTRICT WHOSE GENERAL FUND BUDGET WAS ABOVE THE MAXIMUM GENERAL FUND
 5 BUDGET ESTABLISHED BY CHAPTER 30, SPECIAL LAWS OF NOVEMBER 1993, MAY CONTINUE TO ADOPT A GENERAL FUND
 6 BUDGET IN EACH ENSUING SCHOOL FISCAL YEAR THAT EXCEEDS THE DISTRICT'S MAXIMUM GENERAL FUND BUDGET BUT
 7 DOES NOT EXCEED THE DISTRICT'S GENERAL FUND BUDGET FOR THE CURRENT SCHOOL FISCAL YEAR.

8 (III) A SCHOOL DISTRICT WHOSE CURRENT BUDGET EXCEEDS THE ENSUING YEAR'S MAXIMUM BUDGET AND WHOSE
 9 CURRENT YEAR ANB EXCEEDS THE ENSUING YEAR'S ANB BY 30% OR MORE SHALL REDUCE ITS ADOPTED BUDGET BY:

10 (A) IN THE FIRST YEAR, 20% OF THE RANGE BETWEEN THE DISTRICT'S ADOPTED GENERAL FUND BUDGET FOR
 11 THE CURRENT FISCAL YEAR AND THE MAXIMUM GENERAL FUND FOR THE ENSUING SCHOOL FISCAL YEAR;

12 (B) IN THE SECOND YEAR, 25% OF THE RANGE BETWEEN THE DISTRICT'S ADOPTED GENERAL FUND BUDGET FOR
 13 THE CURRENT SCHOOL FISCAL YEAR AND THE MAXIMUM GENERAL FUND BUDGET FOR THE ENSUING SCHOOL FISCAL YEAR;

14 (C) IN THE THIRD YEAR, 33.3% OF THE RANGE BETWEEN THE DISTRICT'S ADOPTED GENERAL FUND BUDGET FOR
 15 THE CURRENT FISCAL YEAR AND THE MAXIMUM GENERAL FUND BUDGET FOR THE ENSUING SCHOOL FISCAL YEAR;

16 (D) IN THE FOURTH YEAR, 50% OF THE RANGE BETWEEN THE DISTRICT'S ADOPTED GENERAL FUND BUDGET FOR
 17 THE CURRENT FISCAL YEAR AND THE MAXIMUM GENERAL FUND BUDGET FOR THE ENSUING SCHOOL FISCAL YEAR; AND

18 (E) IN THE FIFTH YEAR, THE REMAINDER OF THE RANGE BETWEEN THE DISTRICT'S ADOPTED GENERAL FUND
 19 BUDGET FOR THE CURRENT FISCAL YEAR AND THE MAXIMUM GENERAL FUND BUDGET FOR THE ENSUING SCHOOL FISCAL
 20 YEAR.

21 (b) Except for the school fiscal year beginning July 1, 1994, the The trustees of the district shall submit
 22 a proposition to raise any general fund budget amount that is in excess of the maximum general fund budget for
 23 the district to the electors who are qualified under 20-20-301 to vote on the proposition, as provided in 20-9-353.

24 (5)(4) Whenever the trustees of a district adopt a general fund budget that does not exceed the BASE
 25 budget for the district, the trustees shall finance this amount with The BASE budget for the district must be
 26 financed by the following sources of revenue:

27 (a) state equalization aid, as provided in 20-9-343, including any guaranteed tax base aid for which the
 28 district may be eligible, as provided in 20-9-366 through 20-9-369;

29 (b) county equalization aid, as provided in 20-9-331 and 20-9-333;

30 (c) a district levy for support of a school not approved as an isolated school under the provisions of

1 20-9-302;

2 (d) payments in support of special education programs under the provisions of 20-9-321;

3 (e) nonlevy revenue, as provided in 20-9-141; and

4 (f) a BASE budget levy on the taxable value of all property within the district.

5 ~~(6)~~(5) The over-BASE budget amount of a district must be financed by a levy on the taxable value of all
6 property within the district or other revenue available to the district, as provided in 20-9-141."

7

8 ~~Section 2.~~ Section 20-9-353, MCA, is amended to read:

9 ~~"20-9-353. Additional financing budget authority LEVY for general fund -- election for authorization~~
10 ~~to impose TO IMPOSE -- tax election to impose DEFINITION OF TAX INCREASE.~~ (1) The trustees of a district may
11 propose to adopt:

12 ~~(a) a budget amount up to the BASE budget amount for the district general fund that is within the~~
13 ~~limitations and required budget increases provided in 20-9-308(2);~~

14 ~~(b) an over-BASE budget amount for the district general fund that does not exceed the maximum general~~
15 ~~fund budget for the district or other limitations, as provided in 20-9-308(3)(2); or~~

16 ~~(c)(b) a general fund budget amount in excess of the maximum general fund budget amount for the~~
17 ~~district, as provided in 20-9-308(4)(3).~~

18 ~~(2) When the trustees of a district determine that a voted amount of financing TAX INCREASE is required~~
19 ~~for the general fund budget, the trustees shall submit the proposition to finance adopt the additional voted amount~~
20 ~~of AUTHORIZE THE TAX INCREASE FOR THE general fund financing budget authority to the electors who are qualified~~
21 ~~under 20-20-301 to vote upon ON the proposition AT THE TAX ELECTION. The special election must be called and~~
22 ~~conducted in the manner prescribed by this title for school elections. The ballot for the election must state the~~
23 ~~amount of money budget authority to be financed authorized, the approximate number of mills required to raise~~
24 ~~all or a portion of the money, and the purpose for which the money will be expended. The ballot must be in the~~
25 ~~following format:~~

26 ~~PROPOSITION~~

27 ~~Shall the district be authorized to expend the sum of (state the additional amount to be expended), and~~
28 ~~being approximately (give number) mills, adopt a general fund budget that exceeds the nonvoted general fund~~
29 ~~amount by (state the additional budget amount) for the purpose of (insert the purpose for which the additional~~
30 ~~financing is made) GENERAL FUND LEVY TAX BE INCREASED ANNUALLY BY (STATE THE NUMBER OF MILLS) IN THE~~

1 FOLLOWING MANNER?

2 ~~_____ _____ FOR budget authority and any levy INCREASING THE DISTRICT LEVY BY (STATE THE NUMBER OF MILLS)~~
 3 ~~TO SUPPORT THE DISTRICT'S GENERAL FUND BUDGET.~~

4 ~~_____ _____ AGAINST budget authority and any levy INCREASING THE DISTRICT LEVY BY (STATE THE NUMBER OF~~
 5 ~~MILLS) TO SUPPORT THE DISTRICT'S GENERAL FUND BUDGET.~~

6 ~~_____ (3)(2) If the election on any additional financing budget authority LEVY for the general fund is approved~~
 7 ~~by a majority vote of the electors voting at the election, the proposition carries and the trustees may use any~~
 8 ~~portion or all of the authorized amount in adopting the final general fund budget. The trustees MAY USE ANY~~
 9 ~~PORTION OR ALL OF THE AUTHORIZED AMOUNT IN ADOPTING THE FINAL GENERAL FUND BUDGET. THE TRUSTEES shall~~
 10 ~~certify any additional levy amount the budget authority ANY ADDITIONAL LEVY AMOUNT authorized by the special~~
 11 ~~election on the budget form that is submitted to the county superintendent, and the county commissioners shall~~
 12 ~~levy submit to the electors who are qualified under 20-20-301 a proposition at the tax election on LEVY the~~
 13 ~~authorized number of mills on the taxable value of all taxable property within the district, as prescribed in~~
 14 ~~20-9-141, to raise the amount of the additional levy. The tax election ballot must be in the following format:~~

15 ~~_____ PROPOSITION~~

16 ~~_____ SHALL THE DISTRICT GENERAL FUND LEVY BE INCREASED ANNUALLY BY [state the number of~~
 17 ~~mills] IN THE FOLLOWING MANNER?~~

18 ~~_____ _____ FOR increasing the district levy by (state the number of mills) to support the district's additional~~
 19 ~~general fund budget amount.~~

20 ~~_____ _____ AGAINST increasing the district levy by (state the number of mills) to support the district's~~
 21 ~~additional general fund budget amount.~~

22 ~~_____ (4) Authorization to levy an additional tax to support a budget amount adopted as allowed by 20-9-308(4)~~
 23 ~~is effective for only 1 school fiscal year.~~

24 ~~_____ (5) All levies adopted under this section must be authorized by a special election conducted before~~
 25 ~~August 1 of the school fiscal year for which it is effective.~~

26 ~~_____ (6)(5)(3) If the trustees of a district are required to submit a proposition to finance an increased amount~~
 27 ~~up to the BASE budget amount, as provided in 20-9-308(2)(b), an increased over-BASE budget amount, as~~
 28 ~~provided in 20-9-308(3)(a)(2), or an amount in excess of the maximum general fund budget amount for the district~~
 29 ~~as allowed by 20-9-308(4)(3) to the electors of the district, the trustees shall comply with the provisions of~~
 30 ~~subsections (2) through (4) AS USED IN THIS SECTION, "TAX INCREASE" HAS THE MEANING PROVIDED IN ARTICLE VIII,~~

1 ~~SECTION 17, OF THE MONTANA CONSTITUTION."~~

2

3 ~~NEW SECTION. Section 3. Contingent voidness. If Constitutional Initiative No. 75, enacting Article~~
 4 ~~VIII, section 17, of the Montana constitution is declared invalid, then [section 2 of this act], amending 20-9-353,~~
 5 ~~is void.~~

6

7 **SECTION 2.** SECTION 20-9-353, MCA, IS AMENDED TO READ:

8 **"20-9-353. Additional financing for general fund -- election for authorization to impose.** (1) The
 9 trustees of a district may propose to adopt:

10 (a) ~~a budget amount up to the BASE budget amount for the district general fund that is within the~~
 11 ~~limitations and required budget increases provided in 20-9-308(2);~~

12 (b)(a) an over-BASE budget amount for the district general fund that does not exceed the maximum
 13 general fund budget for the district or other limitations, as provided in ~~20-9-308(3)~~ 20-9-308(2); or

14 (e)(b) a general fund budget amount in excess of the maximum general fund budget amount for the
 15 district, as provided in ~~20-9-308(4)~~ 20-9-308(3)(a)(ii).

16 (2) When the trustees of the district propose to adopt an over-BASE budget under subsection (1)(a), any
 17 increase in local property taxes authorized by 20-9-308(5) must be submitted to a vote of the qualified electors
 18 of the district. The trustees are not required to submit to the qualified electors any increase in state funding of
 19 the basic or per-ANB entitlements approved by the legislature. When the trustees of a district determine that a
 20 voted amount of financing is required for the general fund budget, the trustees shall submit the proposition to
 21 finance the ~~additional voted amount of general fund financing~~ to the electors who are qualified under 20-20-301
 22 to vote upon the proposition. The special election must be called and conducted in the manner prescribed by this
 23 title for school elections. The ballot for the election must state the amount of ~~money to be financed, the~~
 24 ~~approximate number of mills required to raise all or a portion of the money, and the purpose for which the money~~
 25 ~~will be expended~~ the estimated increase in local property taxes and the estimated impact on the over-BASE mills
 26 needed to fund the general fund budget. The ballot must be in the following format:

27

PROPOSITION

28 The district levied (state the total amount of local property taxes levied in support of the district's prior
 29 year's over-BASE general fund budget) dollars and (state the total number of mills levied in support of the district's
 30 prior year's over-BASE general fund budget) mills to support the previous year's over-BASE general fund budget.

1 If this proposition is approved, the local property taxes to support the district's proposed over-BASE general fund
 2 budget will increase by (state the additional local property taxes) dollars. The mills will (increase or decrease as
 3 applicable) by (insert the number of mills) mills.

4 Shall the district be authorized to ~~expend the sum of (state the additional amount to be expended), and~~
 5 ~~being approximately (give number) mills, for the purpose of (insert the purpose for which the additional financing~~
 6 ~~is made) increase the local property taxes by (insert the amount), which will (increase or decrease as applicable)~~
 7 ~~the local mills by (insert the number of mills) mills?~~

8 ~~FOR budget authority and any~~ the additional levy.

9 ~~AGAINST budget authority and any~~ the additional levy.

10 (3) When the trustees of a district propose to adopt a general fund budget amount in excess of the
 11 maximum general fund budget under subsection (1)(b), the trustees shall submit the proposition to finance the
 12 additional amount of general fund budget authority to the electors who are qualified under 20-20-301 to vote upon
 13 the proposition. The special election must be called and conducted in the manner prescribed by this title for
 14 school elections. The ballot for the election must state the amount of the budget to be financed, the approximate
 15 number of mills required to fund all or a portion of the budget amount, and the purpose for which the money will
 16 be expended. The ballot must be in the following format:

17 PROPOSITION

18 Shall the district be authorized to expend the sum of (state the additional amount to be expended) and
 19 being approximately (give number) mills for the purpose of (insert the purpose for which the additional financing
 20 is made)?

21

22 FOR budget authority and any levy.

23 AGAINST budget authority and levy.

24 ~~(3)(4)~~ If the election on any additional financing or budget authority for the general fund is approved by
 25 a majority vote of the electors voting at the election, the proposition carries and the trustees may use any portion
 26 or all of the authorized amount in adopting the final general fund budget. The trustees shall certify any additional
 27 levy amount authorized by the special election on the budget form that is submitted to the county superintendent,
 28 and the county commissioners shall levy the authorized number of mills on the taxable value of all taxable
 29 property within the district, as prescribed in 20-9-141, to raise the amount of the additional levy.

30 ~~(4)(5)~~ Authorization to levy an additional tax to support a budget amount adopted as allowed by

1 ~~20-9-308(4)~~ 20-9-308(3)(a)(ii) is effective for only 1 school fiscal year.

2 ~~(5)(6)~~ All levies adopted under this section must be authorized by a special election conducted before
3 August 1 of the school fiscal year for which it is effective.

4 ~~(6)(7)~~ If the trustees of a district are required to submit a proposition to finance an ~~increased amount up~~
5 ~~to the BASE budget amount, as provided in 20-9-308(2)(b), an increased over-BASE budget amount, as provided~~
6 ~~in 20-9-308(3)(a),~~ or an amount in excess of the maximum general fund budget amount for the district as allowed
7 by ~~20-9-308(4)~~ 20-9-308(3)(a)(ii) to the electors of the district, the trustees shall comply with the provisions of
8 subsections (2) through ~~(4)~~ (6) of this section."

9

10 NEW SECTION. Section 3. Effective date -- applicability. [This act] is effective July 1, 1999, and
11 applies to school budgets for the school fiscal years beginning on or after July 1, 2000.

12

- END -