

SENATE BILL NO. 313
INTRODUCED BY S. KITZENBERG

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A SCHOOL DISTRICT TO TRANSFER THE DISTRICT'S GENERAL FUND END-OF-THE-YEAR FUND BALANCE INTO THE DISTRICT'S MISCELLANEOUS PROGRAMS FUND; AMENDING SECTION 20-9-104, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 20-9-104, MCA, is amended to read:

"20-9-104. General fund operating reserve. (1) At the end of each school fiscal year, the trustees of each district shall designate the portion of the general fund end-of-the-year fund balance that is to be earmarked as operating reserve for the purpose of paying general fund warrants issued by the district from July 1 to November 30 of the ensuing school fiscal year. Except as provided in subsections ~~(5)~~ (3) and ~~(6)~~ (4), the amount of the general fund balance that is earmarked as operating reserve may not exceed 10% of the final general fund budget for the ensuing school fiscal year. The trustees of a district may transfer any funds remaining in the district's general fund end-of-the-year fund balance into the miscellaneous programs fund established in 20-9-507.

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

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

~~———(4)(2) Any portion of the general fund end-of-the-year fund balance that is not reserved under subsection (2) or reappropriated reserved or transferred under subsection (3) (1) is fund balance reappropriated and must be used for property tax reduction as provided in 20-9-141(1)(b).~~

~~(5)(3) The limitation of on the operating reserve in subsection (1) does not apply when the amount in excess of the limitation is equal to or less than the unused balance of any amount:~~

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

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

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

~~(6)(4)~~ The limitation ~~of~~ on the operating reserve in subsection (1) does not apply when the amount earmarked as operating reserve is \$10,000 or less."

NEW SECTION. **Section 2. Effective date -- applicability.** [This act] is effective July 1, 2003, and applies to transfers into the miscellaneous programs fund made on or after July 1, 2003.

- END -