

HOUSE BILL NO. 363

INTRODUCED BY WARD, HOLLENBAUGH, LANGE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING SCHOOL DISTRICT GENERAL FUND BUDGET LIMITATIONS; ALLOWING A SCHOOL DISTRICT TO ADOPT A GENERAL FUND BUDGET IN AN AMOUNT UP TO THE MAXIMUM GENERAL FUND BUDGET OR THE PREVIOUS YEAR'S GENERAL FUND BUDGET; ALLOWING THE ADDITION OF INCREASES IN STATE FUNDING TO A SCHOOL DISTRICT'S GENERAL FUND BUDGET FOR THE PRIOR YEAR; REVISING ELECTION PROVISIONS FOR FINANCING OF THE GENERAL FUND LEVY REQUIREMENT; AMENDING SECTIONS 20-9-141, 20-9-308, AND 20-9-353, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND ~~AN~~ A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 20-9-141, MCA, is amended to read:

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

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

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

(ii) any general fund budget amount adopted by the trustees of the district under the provisions of 20-9-308 and 20-9-353, ~~including any additional funding for a general fund budget that exceeds the maximum general fund budget.~~

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

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

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

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

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

(iii) anticipated oil and natural gas production taxes;

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

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

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

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

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

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

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

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

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

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

Section 2. Section 20-9-308, MCA, is amended to read:

"20-9-308. (Temporary) BASE budgets and maximum general fund budgets. (1) (a) The trustees of a district shall adopt a general fund budget that is at least equal to the BASE budget established for the district ~~and, except as provided in subsection (3), does not exceed the maximum general fund budget established for the district.~~ The trustees of a district may adopt a general fund budget up to the maximum general fund budget or the previous year's general fund budget, whichever is greater.

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

(2) Whenever the trustees of a district propose to adopt a general fund budget that exceeds the BASE budget for the district ~~but does not exceed the maximum general fund budget for the district~~ and to increase the over-BASE budget levy to support the general fund budget, the trustees shall submit a proposition to the electors of the district, as provided in 20-9-353.

~~(3) (a) (i) Except as provided in subsections (3)(a)(ii) and (3)(b), the trustees of a school district whose previous year's general fund budget exceeds the current year's maximum general fund budget amount may adopt a general fund budget up to the maximum general fund budget amount or the previous year's general fund budget, whichever is greater. Except as provided in subsection (3)(b), a school district may adopt a budget under the criteria of this subsection (3)(a)(i) for a maximum of 5 consecutive years, but the trustees shall adopt a plan to reach the maximum general fund budget by no later than the end of the 5-year period.~~

~~———— (ii) Except as provided in subsection (3)(b), the trustees of a district whose general fund budget was above the maximum general fund budget established by Chapter 38, Special Laws of November 1993, and whose general fund budget has continued to exceed the district's maximum general fund budget in each school fiscal year after school fiscal year 1993 may continue to adopt a general fund budget that exceeds the maximum general fund budget. However, the budget adopted for the current year may not exceed the lesser of:~~

~~———— (A) the adopted budget for the previous year; or~~

~~———— (B) the district's maximum general fund budget for the current year plus the over maximum budget amount adopted for the previous year.~~

~~———— (b) A school district that adopted a general fund budget over its maximum general fund budget under any provision of subsection (3)(a) at any time between fiscal year 2001 and fiscal year 2005 may, for fiscal year 2006 and fiscal year 2007, adopt the greater of its maximum general fund budget or the highest actual budget adopted between fiscal year 2001 and fiscal year 2005.~~

~~_____ (c) Except as provided in 20-9-353(8), the trustees of the district shall submit a proposition to raise any general fund budget amount that is in excess of the maximum general fund budget for the district to the electors who are qualified under 20-20-301 to vote on the proposition, as provided in 20-9-353.~~

~~(4)(3)~~ The BASE budget for the district must be financed by the following sources of revenue:

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

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

(c) a district levy for support of a school not approved as an isolated school under the provisions of 20-9-302;

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

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

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

~~(5)(4)~~ The over-BASE budget amount of a district must be financed by a levy on the taxable value of all property within the district or other revenue available to the district, as provided in 20-9-141. (Terminates June 30, 2007--sec. 3, Ch. 190, L. 2005; sec. 25(2), Ch. 462, L. 2005.)

20-9-308. (Effective July 1, 2007) BASE budgets and maximum general fund budgets. (1) (a) The trustees of a district shall adopt a general fund budget that is at least equal to the BASE budget established for the district and, ~~except as provided in subsection (3), does not exceed the maximum general fund budget established for the district.~~ The trustees of a district may adopt a general fund budget up to the maximum general fund budget or the previous year's general fund budget, whichever is greater.

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

(2) Whenever the trustees of a district propose to adopt a general fund budget that exceeds the BASE budget for the district ~~but does not exceed the maximum general fund budget for the district~~ and to increase the over-BASE budget levy to support the general fund budget, the trustees shall submit a proposition to the electors of the district, as provided in 20-9-353.

~~(3) (a) (i) Except as provided in subsection (3)(a)(ii), the trustees of a school district whose previous year's general fund budget exceeds the current year's maximum general fund budget amount may adopt a general fund budget up to the maximum general fund budget amount or the previous year's general fund budget, whichever is greater. A school district may adopt a budget under the criteria of this subsection (3)(a)(i) for a~~

maximum of 5 consecutive years, but the trustees shall adopt a plan to reach the maximum general fund budget by no later than the end of the 5-year period. A school district whose adopted general fund budget for the previous year exceeds the maximum general fund budget for the current year and whose ANB for the previous year exceeds the ANB for the current year by 30% or more shall reduce its adopted budget by:

——— (A) in the first year, 20% of the range between the district's adopted general fund budget for the previous school fiscal year and the maximum general fund budget for the current school fiscal year;

——— (B) in the second year, 25% of the range between the district's adopted general fund budget for the previous school fiscal year and the maximum general fund budget for the current school fiscal year;

——— (C) in the third year, 33.3% of the range between the district's adopted general fund budget for the previous school fiscal year and the maximum general fund budget for the current school fiscal year;

——— (D) in the fourth year, 50% of the range between the district's adopted general fund budget for the previous school fiscal year and the maximum general fund budget for the current school fiscal year; and

——— (E) in the fifth year, the remainder of the range between the district's adopted general fund budget for the previous school fiscal year and the maximum general fund budget for the current school fiscal year.

——— (ii) The trustees of a district whose general fund budget was above the maximum general fund budget established by Chapter 38, Special Laws of November 1993, and whose general fund budget has continued to exceed the district's maximum general fund budget in each school fiscal year after school fiscal year 1993 may continue to adopt a general fund budget that exceeds the maximum general fund budget. However, the budget adopted for the current year may not exceed the lesser of:

——— (A) the adopted budget for the previous year; or

——— (B) the district's maximum general fund budget for the current year plus the over maximum budget amount adopted for the previous year.

——— (b) The trustees of the district shall submit a proposition to raise any general fund budget amount that is in excess of the maximum general fund budget for the district to the electors who are qualified under 20-20-301 to vote on the proposition, as provided in 20-9-353.

~~(4)~~(3) The BASE budget for the district must be financed by the following sources of revenue:

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

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

(c) a district levy for support of a school not approved as an isolated school under the provisions of 20-9-302;

- (d) payments in support of special education programs under the provisions of 20-9-321;
- (e) nonlevy revenue, as provided in 20-9-141; and
- (f) a BASE budget levy on the taxable value of all property within the district.

~~(5)~~(4) The over-BASE budget amount of a district must be financed by a levy on the taxable value of all property within the district or other revenue available to the district, as provided in 20-9-141."

Section 3. Section 20-9-353, MCA, is amended to read:

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

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

(2) When the trustees of the district propose to adopt an over-BASE budget under subsection (1)~~(a)~~, any increase in local property taxes authorized by ~~20-9-308(5)~~ 20-9-308(4) must be submitted to a vote of the qualified electors of the district, as provided in 15-10-425. The trustees are not required to submit to the qualified electors any increase in state funding of the basic or per-ANB entitlements or of the general fund payments established in 20-9-327 through 20-9-330 approved by the legislature. When the trustees of a district determine that a voted amount of financing is required for the general fund budget, the trustees shall submit the proposition to finance the voted amount to the electors who are qualified under 20-20-301 to vote upon the proposition. The election must be called and conducted in the manner prescribed by this title for school elections and must conform to the requirements of 15-10-425. The ballot for the election must conform to the requirements of 15-10-425.

~~(3) Except as provided in subsection (8), when the trustees of a district propose to adopt the general fund budget amount in excess of the maximum general fund budget under subsection (1)(b), the trustees shall submit the proposition to finance the additional amount of general fund budget authority to the electors who are qualified under 20-20-301 to vote upon the proposition. The election must be called and conducted in the manner prescribed by this title for school elections. The ballot for the election must state the amount of the budget to be financed, the approximate number of mills required to fund all or a portion of the budget amount, and the purpose for which the money will be expended. The ballot must be in the following format:~~

PROPOSITION

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

~~_____ FOR budget authority and any levy.~~

~~_____ AGAINST budget authority and any levy.~~

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

~~(5) Authorization to levy an additional tax to support a budget amount adopted as allowed by 20-9-308(3) is effective for only 1 school fiscal year.~~

~~(6)(4)~~ All levies adopted under this section must be authorized by the election conducted before August 1 of the school fiscal year for which it is effective.

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

~~(8) The trustees of the district may permissively levy up to the same over-BASE property tax revenue levied in the prior fiscal year. (Terminates June 30, 2007--sec. 25(2), Ch. 462, L. 2005.)~~

20-9-353. (Effective July 1, 2007) Additional financing for general fund -- election for authorization to impose. (1) The trustees of a district may propose to adopt:

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

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

(2) When the trustees of the district propose to adopt an over-BASE budget under subsection (1)~~(a)~~, any increase in local property taxes authorized by ~~20-9-308(5)~~ 20-9-308(4) must be submitted to a vote of the qualified electors of the district, as provided in 15-10-425. The trustees are not required to submit to the qualified electors any increase in state funding of the basic or per-ANB entitlements or of the general fund payments

established in ~~20-9-327 through 20-9-330~~ approved by the legislature. When the trustees of a district determine that a voted amount of financing is required for the general fund budget, the trustees shall submit the proposition to finance the voted amount to the electors who are qualified under 20-20-301 to vote upon the proposition. The election must be called and conducted in the manner prescribed by this title for school elections and must conform to the requirements of 15-10-425. The ballot for the election must conform to the requirements of 15-10-425.

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

PROPOSITION

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

~~_____ FOR budget authority and any levy.~~

~~_____ AGAINST budget authority and any levy.~~

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

~~(5) Authorization to levy an additional tax to support a budget amount adopted as allowed by 20-9-308(3) is effective for only 1 school fiscal year.~~

~~(6)(4) All levies adopted under this section must be authorized by the election conducted before August 1 of the school fiscal year for which it is effective.~~

~~(7)(5) If the trustees of a district are required to submit a proposition to finance an over-BASE budget amount or an amount in excess of the maximum general fund budget amount for the district, as allowed by~~

20-9-308(3), to the electors of the district, the trustees shall comply with the provisions of subsections (2) through (6) (4) of this section."

NEW SECTION. Section 4. Effective date. [This act] is effective July 1, 2007 ON PASSAGE AND APPROVAL.

NEW SECTION. Section 5. Applicability RETROACTIVE APPLICABILITY. [~~This act] applies to school district budgets adopted on or after July 1, 2007~~ [SECTIONS 1 AND 2] APPLY RETROACTIVELY, WITHIN THE MEANING OF 1-2-109, TO ACTIONS TAKEN BY THE TRUSTEES OF A SCHOOL DISTRICT ON OR AFTER MARCH 1, 2007, IN PREPARING SCHOOL BUDGETS FOR THE 2008 SCHOOL FISCAL YEAR, INCLUDING BUT NOT LIMITED TO SETTING, SCHEDULING, AND HOLDING GENERAL FUND LEVY ELECTIONS.

- END -

