

HOUSE BILL NO. 15

INTRODUCED BY E. MCCLAFFERTY

BY REQUEST OF THE DEPARTMENT OF COMMERCE AND THE OFFICE OF BUDGET AND PROGRAM
PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF
COMMERCE FOR FINANCIAL ASSISTANCE TO PUBLIC SCHOOL FACILITY PROJECTS THROUGH THE
QUALITY SCHOOLS FACILITY GRANT PROGRAM; AUTHORIZING GRANTS FROM THE SCHOOL FACILITY
AND TECHNOLOGY STATE SPECIAL REVENUE ACCOUNT; PLACING CONDITIONS UPON GRANTS AND
FUNDS; REVISING PRIORITIZATION OF DISTRIBUTIONS MADE FROM THE SCHOOL FACILITY AND
TECHNOLOGY ACCOUNT; ALLOWING FOR CERTAIN ADMINISTRATIVE COSTS TO BE PAID FROM THE
ACCOUNT; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR EMERGENCY
GRANTS; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR PLANNING GRANTS;
ESTABLISHING A PREFERENCE FOR CERTAIN PROJECTS; TRANSFERRING FUNDS FROM THE ORPHAN
SHARE ACCOUNT; AMENDING SECTIONS 20-9-343, 20-9-516, 20-9-620, 90-6-802, AND 90-6-811, MCA; AND
PROVIDING AN EFFECTIVE DATE."

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

SECTION 1. SECTION 20-9-343, MCA, IS AMENDED TO READ:

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

(a) distribution to the public schools for guaranteed tax base aid, BASE aid, and state reimbursement
for school facilities; and

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

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

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



1 (a) subject to ~~20-9-516(2)(a)~~ 20-9-516(3)(a), interest and income money described in 20-9-341 and
 2 20-9-342; and

3 (b) investment income earned by investing interest and income money described in 20-9-341 and
 4 20-9-342."

5

6 **SECTION 2.** SECTION 20-9-516, MCA, IS AMENDED TO READ:

7 **"20-9-516. School facility and technology account.** (1) There is a school facility and technology
 8 account in the state special revenue fund provided for in 17-2-102. The purpose of the account is to provide
 9 money to schools. After the distribution pursuant to 20-9-534 is made, the remainder of the account must be
 10 used for:

11 ~~(a) major deferred maintenance;~~

12 ~~—— (b) improving energy efficiency in school facilities;~~

13 ~~—— (c) critical infrastructure in school districts;~~

14 ~~—— (d) emergency facility needs;~~

15 ~~—— (e) technological improvements; and~~

16 ~~—— (f) state reimbursement for school facilities as provided in 20-9-371.~~

17 (2) If funds remain in the account after the distribution in subsection (1) is made, the budget director shall
 18 certify the amount of unencumbered funds available in the account. These available funds must be used for
 19 grants made by the department of commerce under 90-6-802. Grants made pursuant to 90-6-802 must be for:

20 (a) emergency facility needs;

21 (b) critical infrastructure in school districts;

22 (c) major deferred maintenance;

23 (d) improving energy efficiency in school facilities; and

24 (e) technological improvements.

25 ~~(2)(3)~~ There must be deposited in the account:

26 (a) an amount of money equal to the income attributable to the difference between the average sale
 27 value of 18 million board feet and the total income produced from the annual timber harvest on common school
 28 trust lands during the fiscal year;

29 (b) the mineral royalties transferred from the guarantee account as provided in 20-9-622; and

30 (c) the income received from certain lands and riverbeds as provided in 17-3-1003(5)."

1

2 **SECTION 3. SECTION 20-9-620, MCA, IS AMENDED TO READ:**

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

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

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10 **SECTION 4. SECTION 90-6-802, MCA, IS AMENDED TO READ:**

11 **"90-6-802. Purpose.** (1) The purpose of this part is to establish a mechanism to distribute grants to
 12 public school districts for school facility and technology projects from the school facility and technology account
 13 established in 20-9-516. The account is to be used to assist schools in addressing major deferred maintenance,
 14 energy efficiency, critical infrastructure needs, emergency facility needs, and technological improvements and
 15 establishes an ongoing flow of state revenue into the account. Grants must be distributed for projects that:

16 ~~(1)(a)~~ (a) enhance the quality of life and protect the health, safety, and welfare of Montana's public school
 17 students;

18 ~~(2)(b)~~ (b) ensure the successful delivery of an educational system that meets the accreditation standards
 19 provided for in 20-7-111;

20 ~~(3)(c)~~ (c) extend the life of Montana's existing public school facilities;

21 ~~(4)(d)~~ (d) promote energy conservation and reduction;

22 ~~(5)(e)~~ (e) integrate technology into Montana's education framework to support student educational needs
 23 for the 21st century; and

24 ~~(6)(f)~~ (f) are fiscally responsible by considering both long-term and short-term needs of the public school
 25 district, the local community, and the state.

26 (2) The department may charge reasonable administrative costs for administering the grant program.
 27 Costs must be paid from the account established in 20-9-516."

28

29 **NEW SECTION. Section 5. Appropriations APPROPRIATION from school facility and technology**
 30 **state special revenue account.** (1) There is appropriated to the department of commerce ~~\$11,268,792~~

1 \$11,418,642 from the school facility and technology state special revenue account to be used to finance grants
2 authorized by this section.

3 (2) The funds appropriated in subsection (1) must be used by the department to make grants to the
4 public school districts listed in subsection (3) for the described purposes and in amounts not to exceed the
5 amounts set out in subsection (3). The appropriation is subject to the conditions set forth in ~~section 3~~ SECTION
6 7] and described in the quality schools facility grant program 2015 biennium report to the 63rd legislature. The
7 legislature, pursuant to 90-6-809 and 90-6-810, authorizes the grants for the projects listed in subsection (3). The
8 department shall commit funds to projects listed in subsection (3), up to the amounts authorized, based on the
9 manner of disbursement set forth in subsection (5) until the funds appropriated in subsection (1) are expended.

10 (3) The following applicants and projects are authorized for grants and listed in the order of their priority:

11 Applicant/Project	Grant Amount
12 1. DeSmet ELE/Asbestos abatement	\$30,000
13 2. Fairfield ELE/Kitchen upgrades	\$596,379
14 3. Montana City ELE/Fire sprinklers system	\$764,700
15 4. Powder River HS/Asbestos abatement	\$36,380
16 5. Vaughn ELE/Mitigate moisture problems	\$133,227
17 6. Eureka ELE/Asbestos abatement	\$195,593
18 7. Frontier ELE/Build technology lab	\$200,000
19 8. Wyola ELE/Roof replacement	\$514,900
20 9. Lone Rock ELE/Replace gymnasium	\$206,375
21 10. Hamilton K-12/Replace restroom floor	\$41,494
22 11. Plenty Coups HS/Energy efficiency project	\$307,000
23 12. St. Ignatius K-12/Roof repairs	\$534,590
24 13. Simms HS/Kitchen upgrades	\$123,644
25 14. Hot Springs HS/Consolidate campus facilities	\$497,240
26 15. Grass Range ELE/Install air lock doors	\$45,799
27 16. Flathead HS/Energy efficiency project	\$1,010,067
28 17. Box Elder ELE/Install emergency generator	\$310,607
29 18. Missoula ELE/Replace boiler and system	\$200,000
30 19. Havre ELE/Renovations to K-2 school	\$2,000,000

1	20.	Geraldine ELE/Complete energy upgrades	\$68,161
2	21.	Plains ELE/Classroom addition project	\$1,150,000
3	22.	St. Regis K-12/ADA upgrades	\$185,837
4	23.	Corvallis K-12/Replace boiler and system	\$729,910
5	24.	Stanford K-12/Replace heating units	\$184,196
6	25.	Darby K-12/ADA upgrades	\$404,207
7	26.	Nashua K-12/Replace boilers and heating units	\$463,200
8	27.	Target Range ELE/Technology upgrades	\$31,324
9	28.	Ryegate K-12/Lighting replacement	\$9,962
10	29.	Froid HS/ELE/Replace boiler and system	\$294,000
11	<u>30.</u>	<u>MILES CITY ELE/REPLACE BOILER AND SYSTEM</u>	<u>\$149,850</u>

12 (4) This section constitutes a valid obligation of funds to the grant recipients listed in subsection (3) for
 13 purposes of encumbering the school facility and technology state special revenue account funds during the
 14 biennium beginning July 1, 2013, pursuant to 17-7-302. However, a grant recipient's entitlement to receive funds
 15 is dependent on the grant recipient's compliance with the conditions referred to in ~~[section 3]~~ [SECTION 7] and on
 16 the availability of funds.

17 (5) Funding for projects in subsection (3) will be provided only as long as there are sufficient funds
 18 available from the school facility and technology state special revenue account. Funding for these projects will
 19 be made available in the order that the grant recipients satisfy the conditions in ~~[section 3]~~ [SECTION 7].

20 (6) Grants to recipients listed in subsection (3) that have not completed all of the conditions described
 21 in ~~[section 3]~~ [SECTION 7] by September 30, 2014, must be reviewed by the next regular session of the legislature
 22 to determine if the authorized grant should be withdrawn.

23
 24 **NEW SECTION. Section 6. Approval of grants -- completion of biennial appropriation.** (1) The
 25 legislature, pursuant to 90-6-809 and 90-6-810, authorizes grants for the projects and purposes identified in
 26 ~~[section 1(3)]~~ [SECTION 5(3)] and for the projects and purposes identified in ~~[sections 4 and 5]~~ [SECTIONS 8 AND 9].

27 (2) The authorization of these grants completes a biennial appropriation from the school facility and
 28 technology state special revenue account provided for in 20-9-516(1).

29
 30 **NEW SECTION. Section 7. Conditions of grants -- disbursement of funds.** The disbursement of

1 grant funds for the projects specified in ~~[section 1(3)]~~ [SECTION 5(3)] is subject to the conditions set forth in
 2 90-6-812.

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 4 **NEW SECTION. Section 8. Appropriations from school facility and technology state special**
 5 **revenue account for emergency grants.** There is appropriated to the department of commerce \$100,000 for
 6 the biennium beginning July 1, 2013, from the school facility and technology state special revenue account for
 7 the purpose of providing emergency grants to public school districts for a school facility project that is
 8 necessitated by an emergency, as defined in 90-6-803.

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 10 **NEW SECTION. Section 9. Appropriations from school facility and technology state special**
 11 **revenue account for planning grants.** There is appropriated to the department of commerce \$900,000 for the
 12 biennium beginning July 1, 2013, from the school facility and technology state special revenue account for the
 13 purpose of providing matching planning grants to public school districts for the planning of school facility projects,
 14 as defined in 90-6-803.

15
 16 **SECTION 10. SECTION 90-6-811, MCA, IS AMENDED TO READ:**
 17 **"90-6-811. Priorities for projects -- application of criteria -- consideration of project attributes --**
 18 **adjustments for educationally relevant factors.** (1) In preparing recommendations to the governor under
 19 90-6-810, the department shall apply the following criteria to applications for school facility projects in the listed
 20 order of priority giving preference to school facility projects involving repairs to existing facilities over projects
 21 involving construction of new facilities:

22 (a) projects that solve urgent and serious public health or safety problems or that enable public school
 23 districts to meet state or federal health or safety standards;

24 (b) projects that ~~provide improvements necessary to bring school facilities up to current local, state, and~~
 25 ~~federal codes and standards~~ address deferred maintenance by repairing or replacing existing building
 26 components that are inoperable or difficult to service or that lack minimum integrity;

27 (c) projects that enhance a public school district's ability to offer specific services related to the
 28 requirements of the accreditation standards provided for in 20-7-111;

29 (d) projects that provide long-term, cost-effective benefits through energy-efficient design;

30 (e) projects that incorporate long-term, cost-effective benefits to school facilities, including the technology

1 needs of school facilities; and

2 (f) projects that enhance educational opportunities for students.

3 (2) In applying the criteria under subsection (1), the department shall consider, ~~without preference or~~
4 ~~priority~~, the following attributes of a school facility project application:

5 (a) the need for financial assistance;

6 (b) the fiscal capacity of the public school district to meet the conditions established in 90-6-812;

7 (c) past efforts to ensure sound, effective, long-term planning and management of the school facility and
8 attempts to address school facility needs with local resources;

9 (d) the ability to obtain funds from sources other than the funds provided under this part; and

10 (e) the importance of the project and support for the project from the community.

11 (3) Before making its recommendations to the governor, the department may make adjustments to its
12 ranking of the projects based on the educationally relevant factors established in 20-9-309. Before making any
13 adjustments, the department may consult with the office of public instruction concerning the educationally relevant
14 factors."

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16 NEW SECTION. SECTION 11. TRANSFER OF FUNDS. BY JULY 15, 2013, THE STATE TREASURER SHALL
17 TRANSFER THE AMOUNT OF \$149,850 FROM THE ORPHAN SHARE STATE SPECIAL REVENUE ACCOUNT TO THE SCHOOL
18 FACILITY AND TECHNOLOGY STATE SPECIAL REVENUE ACCOUNT.

19

20 NEW SECTION. Section 12. Notification to tribal governments. The secretary of state shall send
21 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
22 Chippewa tribe.

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24 NEW SECTION. Section 13. Effective date. [This act] is effective July 1, 2013.

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- END -