

HOUSE BILL NO. 177

INTRODUCED BY D. HALVORSON

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A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING SCHOOL DISTRICT TRUSTEES TO BUDGET IN THE GENERAL FUND AN AMOUNT OF OIL AND NATURAL GAS PRODUCTION TAXES EQUAL TO THE LESSER OF 25% OF THE TOTAL OIL AND NATURAL GAS PRODUCTION TAXES RECEIVED BY THE DISTRICT IN THE PRIOR YEAR OR THE GENERAL FUND LEVY REQUIREMENT; AMENDING SECTIONS 20-9-310, 20-9-517, AND 20-9-518, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 20-9-310, MCA, is amended to read:

"20-9-310. (Temporary) Oil and natural gas production taxes for school districts -- allocation and limits. (1) The maximum amount of oil and natural gas production taxes that a school district may retain is 130% of the school district's maximum budget, determined in accordance with 20-9-308.

(2) Upon receipt of school district budget reports required under 20-9-134, the superintendent of public instruction shall provide the department of revenue with a list reporting the maximum general fund budget for each school district.

(3) The department of revenue shall make the full quarterly distribution of oil and natural gas production taxes as required under 15-36-332(6) until the amount distributed reaches the limitation in subsection (1) of this section.

~~(4) For fiscal year 2012, any amount of oil and natural gas production taxes exceeding the limitation in subsection (1) must be deposited in the guarantee account as provided in 20-9-622.~~

~~(5)~~(4) Subject to the limitation in subsection (1), the trustees shall budget and allocate the oil and natural gas production taxes received by the district as follows:

~~(a) for fiscal year 2012, the trustees shall budget in the general fund an amount of oil and natural gas production taxes equal to the lesser of 25% of the total oil and natural gas production taxes received by the district in the prior year or the general fund levy requirement;~~

~~(b) for fiscal year 2013, the trustees shall budget in the general fund an amount of oil and natural gas production taxes equal to the lesser of 35% of the total oil and natural gas production taxes received by the district~~

1 in the prior year or the general fund levy requirement;

2 ~~—— (c) for fiscal year 2014, the trustees shall budget in the general fund an amount of oil and natural gas~~
 3 ~~production taxes equal to the lesser of 45% of the total oil and natural gas production taxes received by the district~~
 4 ~~in the prior year or the general fund levy requirement;~~

5 ~~(d)(a)~~ for each succeeding fiscal year, the trustees shall budget in the general fund an amount of oil and
 6 natural gas production taxes equal to the lesser of ~~55%~~ 25% of the total oil and natural gas production taxes
 7 received by the district in the prior year or the general fund levy requirement;

8 ~~(e)(b)~~ oil and natural gas production taxes received by the district must be deposited in the general fund
 9 until the budgeted amount is reached; and

10 ~~(f)(c)~~ all remaining oil and natural gas production tax revenue may be deposited in any budgeted fund.

11 ~~(6)(5)~~ In any year in which the actual oil and natural gas production taxes received by a school district
 12 are less than 50% of the total oil and natural gas production taxes received by the district in the prior year, the
 13 district may transfer money from any budgeted fund to its general fund in an amount not to exceed the amount
 14 of the shortfall.

15 ~~(7)(6)~~ ~~Beginning in fiscal year 2013, for~~ For any amount retained by the department of revenue in
 16 compliance with the limitation in subsection (1), the amount retained must be allocated as follows:

17 (a) 70% of the retained amount must be deposited in the guarantee account provided for in 20-9-622;

18 (b) 5% of the retained amount must be deposited in the state school oil and natural gas impact account
 19 provided for in 20-9-517; and

20 (c) 25% of the retained amount must be distributed to the counties for deposit in the county school oil
 21 and natural gas impact fund provided for in 20-9-518. (Terminates June 30, 2016--sec. 29, Ch. 418, L. 2011.)"

22

23 **Section 2.** Section 20-9-517, MCA, is amended to read:

24 **"20-9-517. (Effective July 1, 2013) State school oil and natural gas impact account.** (1) There is a
 25 state school oil and natural gas impact account in the state special revenue fund provided for in 17-2-102. The
 26 purpose of the account is to provide money to schools that are not receiving oil and natural gas production taxes
 27 under 15-36-331 but are impacted by contiguous counties that are benefiting from receipt of oil and natural gas
 28 production taxes.

29 (2) There must be deposited in the account oil and natural gas production taxes, if any, pursuant to
 30 ~~20-9-310(7)~~ 20-9-310(6) and any amounts pursuant to 20-9-104(6).

1 (3) A school district may apply to the superintendent of public instruction for funds from the account for
 2 circumstances that are directly related to impacts resulting from the development or cessation of development
 3 of oil and natural gas as follows:

- 4 (a) an unusual enrollment increase as determined pursuant to 20-9-314;
 5 (b) a district's need to hire new teachers or staff as a result of increased enrollment;
 6 (c) the opening or reopening of an elementary or high school approved by the superintendent of public
 7 instruction pursuant to 20-6-502 or 20-6-503; or
 8 (d) major maintenance for a school or district.

9 (4) In reviewing an applicant's request for funding, the superintendent of public instruction shall consider
 10 the following:

- 11 (a) the local district's or school's need;
 12 (b) the severity of the energy development impacts;
 13 (c) availability of funds in the account; and
 14 (d) the applicant district's ability to meet the needs identified in subsection (3).
 15 (5) The superintendent of public instruction shall adopt rules necessary to implement the application and
 16 distribution process.

17 (6) The amount in the account may not exceed \$7.5 million. Any amount over \$7.5 million must be
 18 deposited in the state general fund."

19
 20 **Section 3.** Section 20-9-518, MCA, is amended to read:

21 **"20-9-518. (Effective July 1, 2013) County school oil and natural gas impact fund.** (1) The governing
 22 body of a county receiving an allocation under 20-9-104(6) and ~~20-9-310(7)~~ 20-9-310(6) shall establish a county
 23 school oil and natural gas impact fund.

24 (2) Money received by a county pursuant to 20-9-104(6) and ~~20-9-310(7)~~ 20-9-310(6) must remain in
 25 the fund and may not be appropriated by the governing body until:

- 26 (a) the amount of oil and natural gas production taxes received by a school district for the fiscal year is
 27 30% or less of the amount of the average received by the district in the previous 4 fiscal years;
 28 (b) the average price of oil is \$50 a barrel or less for the fiscal year; or
 29 (c) the production of oil in the county drops 50% or more below the average oil production in the county
 30 during the immediately preceding 5-year period.

