

SENATE BILL NO. 260

INTRODUCED BY F. MOORE

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING DISTRIBUTIONS FROM THE STATE SCHOOL OIL AND NATURAL GAS DISTRIBUTION ACCOUNT; PROVIDING FOR THE DISTRIBUTION OF FUNDS BY THE OFFICE OF PUBLIC INSTRUCTION; GRANTING RULEMAKING AUTHORITY; PROVIDING STATUTORY APPROPRIATIONS; AMENDING SECTIONS 17-7-502, 20-9-310, 20-9-517, 20-9-518, AND 20-9-520, MCA; AND PROVIDING EFFECTIVE DATES AND A TERMINATION DATE."

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

**SECTION 1. SECTION 17-7-502, MCA, IS AMENDED TO READ:**

**"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-15-247; 2-17-105; 5-11-120; 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-517; 20-9-520; 20-9-534; 20-9-622; 20-26-1503; 22-1-327; 22-3-1004; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-51-501; 39-1-105; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-206; 44-13-102; 53-1-109; 53-1-215; 53-2-208; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150; 76-13-416; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103;



1 82-11-161; 85-20-1504; 85-20-1505; 87-1-603; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and  
 2 90-9-306.

3 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
 4 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
 5 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana  
 6 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state  
 7 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory  
 8 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion  
 9 of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded  
 10 liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and  
 11 sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L.  
 12 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under  
 13 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 14, Ch. 374, L. 2009, the  
 14 inclusion of 53-9-113 terminates June 30, 2015; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331  
 15 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004 terminates June 30,  
 16 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30, 2019; pursuant to sec.  
 17 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017; pursuant to sec. 11(2),  
 18 Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency; pursuant to secs. 3 and 5,  
 19 Ch. 244, L. 2013, the inclusion of 22-1-327 is effective July 1, 2015, and terminates July 1, 2017; and pursuant  
 20 to sec. 10, Ch. 413, L. 2013, the inclusion of 2-15-247, 39-1-105, 53-1-215, and 53-2-208 terminates June 30,  
 21 2015.)"

22

23 **Section 2.** Section 20-9-310, MCA, is amended to read:

24 **"20-9-310. (Temporary) Oil and natural gas production taxes for school districts -- allocation and**  
 25 **limits.** (1) (a) Except as provided in subsections (1)(b) and (8), the maximum amount of oil and natural gas  
 26 production taxes that a school district may retain is 130% of the school district's maximum budget, determined  
 27 in accordance with 20-9-308.

28 (b) For fiscal years 2014 through ~~2017~~ 2016 for a school district with a maximum general fund budget  
 29 of less than \$1.5 million, the maximum amount of oil and gas production taxes that a school district may retain  
 30 is 150% of the school district's maximum general fund budget.

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

4 (3) The department of revenue shall make the full quarterly distribution of oil and natural gas production  
5 taxes as required under 15-36-332(6) until the amount distributed reaches the limitation in subsection (1) of this  
6 section. The department of revenue shall deposit any amount exceeding the limitation in subsection (1) in the  
7 state school oil and natural gas distribution account provided for in 20-9-520.

8 (4) (a) By the last day of the month immediately following the month in which the quarterly distribution  
9 of oil and natural gas production taxes in subsection (3) is made, the office of public instruction shall distribute  
10 any amount of oil and natural gas production taxes exceeding the limitation in subsection (1) based on allocations  
11 determined by the department of revenue pursuant to subsection (3) in the following priority:

12 (i) to the other school district within the unified school system from which the oil and natural gas  
13 production revenue originates or to any school district having a joint board status with the district, as provided  
14 in 20-3-361, from which the oil and natural gas production revenue originates, up to 130% of the maximum budget  
15 of the school district receiving a distribution of revenue under this subsection (4)(a)(i) on a prorated basis;

16 (ii) if funds remain to be distributed after distribution to school districts under subsection (4)(a)(i), to all  
17 school districts immediately contiguous to the district from which the oil and natural gas production revenue  
18 originates, up to 130% of the maximum budget of each school district receiving a distribution of revenue under  
19 this subsection (4)(a)(ii) on a prorated basis. If there is more than one school district from which distributable oil  
20 and natural gas production revenue originates and is available for a distribution under this subsection (4)(a)(ii)  
21 that is immediately contiguous to a school district qualifying for receipt of a distribution of oil and natural gas  
22 revenue under this subsection (4)(a)(ii), the distribution of oil and natural gas production revenue must be  
23 prorated from the districts from which oil and natural gas production revenue originates in relative proportion to  
24 the amount that the oil and natural gas revenue available for distribution from each school district bears to the  
25 total oil and natural gas revenue available for distribution from all school districts from which the distributable  
26 revenue originates.

27 (iii) if funds remain to be distributed after distribution to school districts under subsection (4)(a)(ii), to all  
28 school districts that are located in whole or in part in the same county as the school district from which the oil and  
29 natural gas production revenue originates, up to 130% of the maximum budget of each school district receiving  
30 a distribution of revenue under this subsection (4)(a)(iii) on a prorated basis. If there is more than one school

1 district from which distributable oil and natural gas production revenue originates and is available for distribution  
 2 under this subsection (4)(a)(iii), the distribution of oil and natural gas production revenue must be prorated from  
 3 the districts from which oil and natural gas production revenue originates in relative proportion to the amount that  
 4 the oil and natural gas revenue available for distribution from each school district bears to the total oil and natural  
 5 gas revenue available for distribution from all school districts from which the distributable revenue originates.

6 (iv) if funds remain to be distributed after distribution to school districts under subsection (4)(a)(iii), to all  
 7 school districts that are located in whole or in part in a county contiguous to a county where a horizontally  
 8 completed well, as defined in 15-36-303, has been drilled within the last 3 years according to the department of  
 9 natural resources and conservation, up to 130% of the maximum budget of each school district receiving a  
 10 distribution under this subsection (4)(a)(iv) on a prorated basis. If there is more than one school district from which  
 11 distributable oil and natural gas production revenue originates and is available for distribution under this  
 12 subsection (4)(a)(iv), the distribution of oil and natural gas production revenue must be prorated from the districts  
 13 from which oil and natural gas production revenue originates in relative proportion to the amount that the oil and  
 14 natural gas revenue available for distribution from each school district bears to the total oil and natural gas  
 15 revenue available for distribution from all school districts from which the distributable revenue originates.

16 (b) Any funds remaining after distribution under subsections (4)(a)(i) through (4)(a)(iv) must be deposited  
 17 as follows:

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

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

21 (iii) 25% of the retained amount must be distributed to the counties ~~for deposit in the~~ IN PROPORTION TO  
 22 A COUNTY'S OIL AND NATURAL GAS PRODUCTION TAXES FOR THE PRECEDING 3 YEARS COMPARED TO THE TOTAL OF ALL  
 23 COUNTIES' OIL AND NATURAL GAS PRODUCTION TAXES FOR THE PRECEDING 3 YEARS. FUNDS DISTRIBUTED MUST BE  
 24 DEPOSITED IN A COUNTY'S county school oil and natural gas impact fund provided for in 20-9-518.

25 (5) Subject to the limitation in subsection (1) and except as provided in subsection (7), the trustees shall  
 26 budget and allocate the oil and natural gas production taxes received by the district as follows:

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

30 (b) oil and natural gas production taxes received by the district must be deposited in the general fund

1 until the limit under subsection (5)(a) is reached; and

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

3 (6) Except as provided in subsection (7), 50% of the oil and natural gas production taxes deposited in  
4 the general fund pursuant to subsection (5)(a) must be applied to the BASE budget levy. Remaining oil and  
5 natural gas production taxes deposited in the general fund may be applied to either the BASE budget levy or the  
6 over-BASE budget levy at the discretion of the board of trustees.

7 (7) The provisions of subsections (5) and (6) do not apply to the following:

8 (a) a district that has a maximum general fund budget of less than \$1 million;

9 (b) a district whose oil and gas revenue combined with its adopted general fund budget totals 105% or  
10 less of its maximum general fund budget;

11 (c) a district that has a maximum general fund budget of \$1 million or more and has had an unusual  
12 enrollment increase approved by the superintendent of public instruction as provided in 20-9-314 in the year  
13 immediately preceding the fiscal year to which subsections (5) and (6) of this section would otherwise apply; or

14 (d) a district that has issued outstanding oil and natural gas revenue bonds. Any funds received pursuant  
15 to this section must first be applied by the district to payment of debt service obligations for oil and natural gas  
16 revenue bonds for the next 12-month period.

17 (8) The limit on oil and natural gas production taxes that a school district may retain under subsection  
18 (1) must be increased for any school district with an unusual enrollment increase approved by the superintendent  
19 of public instruction as provided in 20-9-314. The increase in the limit on oil and natural gas productions taxes  
20 that a school district may retain under subsection (1) applies in the year immediately following the fiscal year in  
21 which the office of public instruction has approved the district's unusual enrollment increase and must be  
22 calculated by multiplying \$45,000 times each additional ANB approved by the superintendent of public instruction  
23 as provided in 20-9-314.

24 (9) In any year in which the actual oil and natural gas production taxes received by a school district are  
25 less than 50% of the total oil and natural gas production taxes received by the district in the prior year, the district  
26 may transfer money from any budgeted fund to its general fund in an amount not to exceed the amount of the  
27 shortfall. (Terminates June 30, 2016--sec. 43, Ch. 400, L. 2013.)

28 **20-9-310. (Effective July 1, 2016) Oil and natural gas production taxes for school districts --**  
29 **allocation and limits.** (1) Except as provided in subsection (8), the maximum amount of oil and natural gas  
30 production taxes that a school district may retain is 130% of the school district's maximum budget, determined

1 in accordance with 20-9-308.

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

5 (3) The department of revenue shall make the full quarterly distribution of oil and natural gas production  
6 taxes as required under 15-36-332(6) until the amount distributed reaches the limitation in subsection (1) of this  
7 section. The department of revenue shall deposit any amount exceeding the limitation in subsection (1) in the  
8 state school oil and natural gas distribution account provided for in 20-9-520.

9 (4) (a) By the last day of the month immediately following the month in which the quarterly distribution  
10 of oil and natural gas production taxes in subsection (3) is made, the office of public instruction shall distribute  
11 ~~up to 50% of~~ any amount of oil and natural gas production taxes exceeding the limitation in subsection (1) based  
12 on allocations determined by the department of revenue pursuant to subsection (3) ~~as follows in the following~~  
13 ~~priority:~~

14 ~~—— (i) to the other school district within the unified school system from which the oil and natural gas~~  
15 ~~production revenue originates or to any school district having a joint board status with the district, as provided~~  
16 ~~in 20-3-361, from which the oil and natural gas production revenue originates, up to 130% of the maximum budget~~  
17 ~~of the school district receiving a distribution of revenue under this subsection (4)(a)(i) on a prorated basis;~~

18 ~~—— (ii) if funds remain to be distributed after distribution to school districts under subsection (4)(a)(i), to all~~  
19 ~~school districts immediately contiguous to the district from which the oil and natural gas production revenue~~  
20 ~~originates, up to 130% of the maximum budget of each school district receiving a distribution of revenue under~~  
21 ~~this subsection (4)(a)(ii) on a prorated basis. If there is more than one school district from which distributable oil~~  
22 ~~and natural gas production revenue originates and is available for a distribution under this subsection (4)(a)(ii)~~  
23 ~~that is immediately contiguous to a school district qualifying for receipt of a distribution of oil and natural gas~~  
24 ~~revenue under this subsection (4)(a)(ii), the distribution of oil and natural gas production revenue must be~~  
25 ~~prorated from the districts from which oil and natural gas production revenue originates in relative proportion to~~  
26 ~~the amount that the oil and natural gas revenue available for distribution from each school district bears to the~~  
27 ~~total oil and natural gas revenue available for distribution from all school districts from which the distributable~~  
28 ~~revenue originates;~~

29 ~~—— (iii) if funds remain to be distributed after distribution to school districts under subsection (4)(a)(ii), to all~~  
30 ~~school districts that are located in whole or in part in the same county as the school district from which the oil and~~

~~1 natural gas production revenue originates, up to 130% of the maximum budget of each school district receiving  
2 a distribution of revenue under this subsection (4)(a)(iii) on a prorated basis. If there is more than one school  
3 district from which distributable oil and natural gas production revenue originates and is available for distribution  
4 under this subsection (4)(a)(iii), the distribution of oil and natural gas production revenue must be prorated from  
5 the districts from which oil and natural gas production revenue originates in relative proportion to the amount that  
6 the oil and natural gas revenue available for distribution from each school district bears to the total oil and natural  
7 gas revenue available for distribution from all school districts from which the distributable revenue originates.~~

~~8 (iv) if funds remain to be distributed after distribution to school districts under subsection (4)(a)(iii), to all  
9 school districts that are located in whole or in part in a county contiguous to a county where a horizontally  
10 completed well, as defined in 15-36-303, has been drilled within the last 3 years according to the department of  
11 natural resources and conservation, up to 130% of the maximum budget of each school district receiving a  
12 distribution under this subsection (4)(a)(iv) on a prorated basis. If there is more than one school district from which  
13 distributable oil and natural gas production revenue originates and is available for distribution under this  
14 subsection (4)(a)(iv), the distribution of oil and natural gas production revenue must be prorated from the districts  
15 from which oil and natural gas production revenue originates in relative proportion to the amount that the oil and  
16 natural gas revenue available for distribution from each school district bears to the total oil and natural gas  
17 revenue available for distribution from all school districts from which the distributable revenue originates.~~

~~18 (b) Any funds remaining after distribution under subsections (4)(a)(i) through (4)(a)(iv) must be  
19 distributed by the office of public instruction to school districts that are directly impacted by oil and natural gas  
20 development, but that receive insufficient oil and natural gas revenues to address the oil and natural gas  
21 development impacts. The office of public instruction shall collaborate with all public school districts to develop  
22 ADOPT administrative rules to establish a process, criteria, and a mechanism for distribution under this subsection  
23 (4)(b), using the negotiated rulemaking process set forth in the Montana Negotiated Rulemaking Act, Title 2,  
24 chapter 5, part 1~~

~~25 (a) 70% of the retained amount must be deposited in the guarantee account provided for in 20-9-622;~~

~~26 (b) 5% of the retained amount must be deposited in the state school oil and natural gas impact account  
27 provided for in 20-9-517; and~~

~~28 (c) 25% of the retained amount must be distributed to the counties for deposit in the county school oil  
29 and natural gas impact fund provided for in 20-9-518.~~

~~30 (B) IN DEVELOPING ADMINISTRATIVE RULES, THE OFFICE OF PUBLIC INSTRUCTION SHALL ESTABLISH TWO~~

1 INDEPENDENT NEGOTIATED RULEMAKING COMMITTEES TO CONSIDER ISSUES FOR THE PURPOSE OF REACHING A  
2 CONSENSUS TO DEVELOP PROPOSED RULES FOR THE DISTRIBUTION OF THE FUNDS UNDER THIS SUBSECTION (4).

3 (C) THE MEMBERS OF THE FIRST NEGOTIATED RULEMAKING COMMITTEE APPOINTED BY THE OFFICE OF PUBLIC  
4 INSTRUCTION MUST INCLUDE PUBLIC SCHOOL OFFICIALS AND PUBLIC SCHOOL EMPLOYEES FROM SCHOOL DISTRICTS THAT  
5 ARE LOCATED IN OR ARE IMMEDIATELY ADJACENT TO A COUNTY IN WHICH OIL AND NATURAL GAS PRODUCTION TAXES ARE  
6 GENERATED AND PROFESSIONAL ORGANIZATIONS REPRESENTING THESE PUBLIC SCHOOL OFFICIALS AND EMPLOYEES. THIS  
7 COMMITTEE SHALL TRANSMIT PROPOSED RULES REGARDING DISTRIBUTION OF 50% OF THE FUNDS AVAILABLE UNDER THIS  
8 SUBSECTION (4) IN ACCORDANCE WITH 2-5-108.

9 (D) THE MEMBERS OF THE SECOND NEGOTIATED RULEMAKING COMMITTEE APPOINTED BY THE OFFICE OF PUBLIC  
10 INSTRUCTION MUST INCLUDE PUBLIC SCHOOL OFFICIALS AND PUBLIC SCHOOL EMPLOYEES FROM SCHOOL DISTRICTS  
11 AROUND THE STATE AND PROFESSIONAL ORGANIZATIONS REPRESENTING THESE PUBLIC SCHOOL OFFICIALS AND  
12 EMPLOYEES. THIS COMMITTEE SHALL TRANSMIT PROPOSED RULES REGARDING THE DISTRIBUTION OF THE REMAINING 50%  
13 OF THE FUNDS AVAILABLE UNDER THIS SUBSECTION (4) IN ACCORDANCE WITH 2-5-108.

14 (5) Subject to the limitation in subsection (1) and except as provided in subsection (7), the trustees shall  
15 budget and allocate the oil and natural gas production taxes received by the district as follows:

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

19 (b) oil and natural gas production taxes received by the district must be deposited in the general fund  
20 until the limit under subsection (5)(a) is reached; and

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

22 (6) Except as provided in subsection (7), 50% of the oil and natural gas production taxes deposited in  
23 the general fund pursuant to subsection (5)(a) must be applied to the BASE budget levy. Remaining oil and  
24 natural gas production taxes deposited in the general fund may be applied to either the BASE budget levy or the  
25 over-BASE budget levy at the discretion of the board of trustees.

26 (7) The provisions of subsections (5) and (6) do not apply to the following:

27 (a) a district that has a maximum general fund budget of less than \$1 million;

28 (b) a district whose oil and gas revenue combined with its adopted general fund budget totals 105% or  
29 less of its maximum general fund budget;

30 (c) a district that has a maximum general fund budget of \$1 million or more and has had an unusual



1 enrollment increase approved by the superintendent of public instruction as provided in 20-9-314 in the year  
2 immediately preceding the fiscal year to which subsections (5) and (6) of this section would otherwise apply; or

3 (d) a district that has issued outstanding oil and natural gas revenue bonds. Any funds received pursuant  
4 to this section must first be applied by the district to payment of debt service obligations for oil and natural gas  
5 revenue bonds for the next 12-month period.

6 (8) The limit on oil and natural gas production taxes that a school district may retain under subsection  
7 (1) must be increased for any school district with an unusual enrollment increase approved by the superintendent  
8 of public instruction as provided in 20-9-314. The increase in the limit on oil and natural gas production taxes that  
9 a school district may retain under subsection (1) applies in the year immediately following the fiscal year in which  
10 the office of public instruction has approved the district's unusual enrollment increase and must be calculated by  
11 multiplying \$45,000 times each additional ANB approved by the superintendent of public instruction as provided  
12 in 20-9-314.

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

17

18 **Section 3.** Section 20-9-517, MCA, is amended to read:

19 **"20-9-517. (Temporary) State school oil and natural gas impact account.** (1) There is a state school  
20 oil and natural gas impact account in the state special revenue fund provided for in 17-2-102. The purpose of the  
21 account is to provide money to schools that are receiving oil and natural gas production taxes under 15-36-331  
22 in an amount less than 20% of the district's maximum general fund budget but that are impacted by oil and natural  
23 gas development. THE FUNDS IN THIS ACCOUNT ARE STATUTORILY APPROPRIATED AS PROVIDED IN 17-7-502.

24 (2) There must be deposited in the account oil and natural gas production taxes, if any, pursuant to  
25 20-9-310(4)(b) ~~and any amounts pursuant to 20-9-104(6).~~

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

29 (a) an unusual enrollment increase as determined pursuant to 20-9-161 and 20-9-314;

30 (b) an unusual enrollment decrease;

- 1 (c) higher rates of student mobility;
- 2 (d) a district's need to hire new teachers or staff as a result of increased enrollment;
- 3 (e) the opening or reopening of an elementary or high school approved by the superintendent of public  
4 instruction pursuant to 20-6-502 or 20-6-503; or
- 5 (f) major maintenance for a school or district.
- 6 (4) In reviewing an applicant's request for funding, the superintendent of public instruction shall consider  
7 the following:
- 8 (a) the local district's or school's need;
- 9 (b) the severity of the energy development impacts;
- 10 (c) availability of funds in the account; and
- 11 (d) the applicant district's ability to meet the needs identified in subsection (3).
- 12 (5) The superintendent of public instruction shall adopt rules necessary to implement the application and  
13 distribution process.
- 14 (6) The amount in the account may not exceed \$7.5 million. Any amount over \$7.5 million must be  
15 deposited in the guarantee account and distributed in the same manner as provided in 20-9-622(2). (Terminates  
16 June 30, 2016--sec. 43, Ch. 400, L. 2013.)
- 17 **20-9-517. (Effective July 1, 2016) State school oil and natural gas impact account.** (1) There is a  
18 state school oil and natural gas impact account in the state special revenue fund provided for in 17-2-102. The  
19 purpose of the account is to provide money to schools that are not receiving oil and natural gas production taxes  
20 under 15-36-331 in an amount sufficient to address oil and natural gas development impacts. THE FUNDS IN THIS  
21 ACCOUNT ARE STATUTORILY APPROPRIATED AS PROVIDED IN 17-7-502.
- 22 ~~(2) There must be deposited in the account oil and natural gas production taxes, if any, pursuant to~~  
23 ~~20-9-310(4) and any amounts pursuant to 20-9-104(6).~~
- 24 ~~(3)~~(2) A school district may apply to the superintendent of public instruction for funds from the account  
25 for circumstances that are directly related to impacts resulting from the development or cessation of development  
26 of oil and natural gas as follows:
- 27 (a) an unusual enrollment increase as determined pursuant to 20-9-161 and 20-9-314;
- 28 (b) an unusual enrollment decrease;
- 29 (c) higher rates of student mobility;
- 30 (d) a district's need to hire new teachers or staff as a result of increased enrollment;

1 (e) the opening or reopening of an elementary or high school approved by the superintendent of public  
2 instruction pursuant to 20-6-502 or 20-6-503; or

3 (f) major maintenance for a school or district.

4 ~~(4)~~(3) In reviewing an applicant's request for funding, the superintendent of public instruction shall  
5 consider the following:

6 (a) the local district's or school's need;

7 (b) the severity of the energy development impacts;

8 (c) availability of funds in the account; and

9 (d) the applicant district's ability to meet the needs identified in subsection ~~(3)~~ (2).

10 ~~(5)~~(4) The superintendent of public instruction shall adopt rules necessary to implement the application  
11 and distribution process.

12 ~~(6)~~(5) The amount in the account may not exceed \$7.5 million. Any amount over \$7.5 million must be  
13 deposited in the guarantee account and distributed in the same manner as provided in 20-9-622(2)."

14

15 **Section 4.** Section 20-9-518, MCA, is amended to read:

16 **"20-9-518. County school oil and natural gas impact fund.** (1) The governing body of a county  
17 ~~receiving that has previously received~~ an allocation under 20-9-310~~(4)(b)~~ shall ~~establish~~ maintain a county school  
18 oil and natural gas impact fund.

19 (2) Money previously received by a county pursuant to 20-9-310~~(4)(b)~~ must remain in the fund and may  
20 not be appropriated by the governing body until:

21 (a) the amount of oil and natural gas production taxes received by a school district for the fiscal year is  
22 50% or less of the amount of the average received by the district in the previous 4 fiscal years; or

23 (b) the average price for a barrel of oil as reported in the Wall Street Journal for west Texas intermediate  
24 crude oil during a calendar quarter is less than \$65 a barrel. The average price for each barrel must be computed  
25 by dividing the sum of the daily price for west Texas intermediate crude oil as reported in the Wall Street Journal  
26 for the calendar quarter by the number of days on which the price was reported in the quarter.

27 (3) (a) Within 120 days following the end of the fiscal year, the superintendent of public instruction shall  
28 determine if the criteria in subsection (2)(a) have been met and the department of revenue shall determine if the  
29 criteria in subsection (2)(b) have been met.

30 (b) If it is determined under subsection (3)(a) that the criteria in subsection (2)(a) or (2)(b) have been

1 met, the superintendent of public instruction or the department of revenue shall notify the county treasurer.

2 (4) Upon notification under subsection (3)(b), the county treasurer shall allocate 80% of the money  
3 proportionally to affected high school districts and elementary school districts in the county, which must be  
4 calculated by dividing the total funds available for distribution by the total number of quality educators, as defined  
5 in 20-4-502, employed by the qualifying school districts in the county in the immediately preceding school fiscal  
6 year. The number of quality educators used for the calculation under this subsection in a district with territory in  
7 more than one county must be prorated based on the average number belonging of the district residing in school  
8 district territory located in each respective county. A school district receiving this money may deposit the funds  
9 in any budgeted fund of the district at the discretion of the trustees.

10 (5) The governing body of the county may use 20% of the money in the fund to:

11 (a) pay for outstanding capital project bonds or other expenses incurred prior to the reduction in the price  
12 of oil or the reduction in the receipt of oil and natural gas production taxes described in subsection (2);

13 (b) offset property tax levy increases that are directly caused by the cessation or reduction of oil and  
14 natural gas activity;

15 (c) promote diversification and development of the economic base within the jurisdiction;

16 (d) attract new industry to the area impacted by changes in oil and natural gas activity leading to the  
17 reduction in the price of oil or the reduction in the receipt of oil and natural gas production taxes described in  
18 subsection (2); or

19 (e) provide cash incentives for expanding the employment base of the area impacted by the changes  
20 in oil and natural gas activity leading to the reduction in the price of oil or the reduction in the receipt of oil and  
21 natural gas production taxes described in subsection (2).

22 (6) Except as provided in subsection (5)(b), money held in the fund may not be considered as fund  
23 balance for the purpose of reducing mill levies.

24 (7) Money in the fund must be invested as provided by law. Interest and income from the investment of  
25 money in the fund must be credited to the fund."

26

27 **Section 5.** Section 20-9-520, MCA, is amended to read:

28 **"20-9-520. State school oil and natural gas distribution account.** (1) There is a state school oil and  
29 natural gas distribution account in the state special revenue fund provided for in 17-2-102. The purpose of the  
30 account is for distribution of the oil and natural gas production revenue exceeding the limitation in 20-9-310(1)

1 ~~to school districts~~ in accordance with 20-9-310(4). THE FUNDS DEPOSITED IN THIS ACCOUNT FOR DISTRIBUTION TO  
 2 SCHOOL DISTRICTS AND COUNTIES UNDER 20-9-310(4) ARE STATUTORILY APPROPRIATED AS PROVIDED IN 17-7-502.

3 (2) The department of revenue shall deposit in the account oil and natural gas production taxes that  
 4 ~~exceeds 130% of a school district's maximum budget~~ exceed the limitations in 20-9-310.

5 (3) The superintendent of public instruction shall distribute the money from the account in accordance  
 6 with 20-9-310(4) ~~as long as funds remain in the account.~~

7 ~~———(4) If funds remain after all of the provisions of 20-9-310(4)(a)(i) through (4)(a)(iv) have occurred, the~~  
 8 ~~superintendent of public instruction will deposit the remaining funds in accordance with 20-9-310(4)(b)."~~

9  
 10 NEW SECTION. Section 6. Effective dates. (1) Except as provided in subsection (2), [this act] is  
 11 effective ~~October 1, 2015~~ ON PASSAGE AND APPROVAL.

12 (2) [Section ~~3~~ 4] is effective July 1, 2016.

13  
 14 NEW SECTION. Section 7. Termination. [Sections ~~1, 2, and 3~~ 2, 3, AND 4] terminate June 30, ~~2024~~  
 15 2019.

16 - END -