

HOUSE BILL NO. 12

INTRODUCED BY D. HAYMAN

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

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5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING EDUCATION FUNDING LAWS;
6 PROVIDING INFLATION-RELATED ADJUSTMENTS TO THE BASIC ENTITLEMENT, THE PER-ANB
7 ENTITLEMENT, AND THE GENERAL FUND PAYMENTS IN 20-9-327, 20-9-329, AND 20-9-330; ELIMINATING
8 THE NATURAL RESOURCE DEVELOPMENT K-12 FUNDING PAYMENT; ELIMINATING THE STATUTORY
9 APPROPRIATION FOR THE STATE SCHOOL OIL AND NATURAL GAS IMPACT ACCOUNT AND THE STATE
10 SCHOOL OIL AND NATURAL GAS DISTRIBUTION ACCOUNT; REPEALING THE DATA-FOR-ACHIEVEMENT
11 PAYMENT; REVISING TERMINATION DATES OF TEMPORARY VERSIONS OF 20-9-310, 20-9-517 AND
12 20-9-518, MCA; REVISING UNUSUAL ENROLLMENT FUNDING; REVISING EXCESS OIL AND NATURAL GAS
13 REVENUE DISTRIBUTION; TEMPORARILY REDIRECTING AND STATUTORILY APPROPRIATING
14 TECHNOLOGY FUNDING TO E-RATE BROADBAND MATCH; PROVIDING LEGISLATIVE INTENT;
15 AMENDING SECTIONS 17-7-502, 20-7-102, 20-9-141, 20-9-306, 20-9-308, 20-9-310, 20-9-314, 20-9-323,
16 20-9-326, 20-9-342, 20-9-344, 20-9-366, 20-9-517, 20-9-518, 20-9-520, 20-9-534, AND 20-9-622, MCA;
17 AMENDING SECTION 7, CHAPTER 433, LAWS OF 2015; REPEALING SECTION 20-9-325, MCA; AND
18 PROVIDING EFFECTIVE DATES, AN APPLICABILITY DATE, AND A TERMINATION DATE."

19
20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

21
22 **Section 1.** Section 17-7-502, MCA, is amended to read:
23 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
24 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the
25 need for a biennial legislative appropriation or budget amendment.
26 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both
27 of the following provisions:
28 (a) The law containing the statutory authority must be listed in subsection (3).
29 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory
30 appropriation is made as provided in this section.



1 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;
2 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;
3 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;
4 15-70-433; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-215;
5 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;
6 19-20-604; 19-20-607; 19-21-203; 20-8-107; ~~20-9-517; 20-9-520~~; 20-9-534; 20-9-622; 20-9-905; 20-26-617;
7 20-26-1503; 22-1-327; 22-3-116; 22-3-117; 22-3-1004; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301;
8 23-7-402; 30-10-1004; 37-43-204; 37-50-209; 37-51-501; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-213;
9 44-13-102; 50-1-115; 53-1-109; 53-6-1304; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870;
10 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;
11 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; [85-25-102]; 87-1-603; 90-1-115;
12 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

13 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
14 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
15 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
16 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
17 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
18 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion
19 of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded
20 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
21 sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L.
22 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under
23 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion
24 of 90-6-331 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004
25 terminates June 30, 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30,
26 2019; pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017;
27 pursuant to sec. 11(2), Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency;
28 pursuant to sec. 5, Ch. 244, L. 2013, the inclusion of 22-1-327 terminates July 1, 2017; pursuant to sec. 27, Ch.
29 285, L. 2015, and sec. 1, Ch. 292, L. 2015, the inclusion of 53-9-113 terminates June 30, 2021; pursuant to sec.
30 6, Ch. 291, L. 2015, the inclusion of 50-1-115 terminates June 30, 2021; pursuant to sec. 28, Ch. 368, L. 2015,

1 the inclusion of 53-6-1304 terminates June 30, 2019; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of
 2 85-25-102 is effective on occurrence of contingency; pursuant to sec. 5, Ch. 422, L. 2015, the inclusion of
 3 17-7-215 terminates June 30, 2021; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117
 4 terminates June 30, 2025; pursuant to sec. 10, Ch. 427, L. 2015, the inclusion of 37-50-209 terminates
 5 September 30, 2019; and pursuant to sec. 33, Ch. 457, L. 2015, the inclusion of 20-9-905 terminates December
 6 31, 2023.)"

7

8 **Section 2.** Section 20-7-102, MCA, is amended to read:

9 **"20-7-102. Accreditation of schools.** (1) The conditions under which each elementary school, each
 10 middle school, each junior high school, 7th and 8th grades funded at high school rates, and each high school
 11 operates must be reviewed by the superintendent of public instruction to determine compliance with the standards
 12 of accreditation. The accreditation status of each school must then be established by the board of public
 13 education upon the recommendation of the superintendent of public instruction. Notification of the accreditation
 14 status for the applicable school year or years must be given to each district by the superintendent of public
 15 instruction.

16 (2) A school may be accredited for a period consisting of 1, 2, 3, 4, or 5 school years, except that
 17 multiyear accreditation may be granted only to schools that are in compliance with 20-4-101.

18 (3) A nonpublic school may, through its governing body, request that the board of public education
 19 accredit the school. Nonpublic schools may be accredited in the same manner as provided in subsection (1).

20 (4) As used in this section, "7th and 8th grades funded at high school rates" means an elementary school
 21 district or K-12 district elementary program whose 7th and 8th grades are funded as provided in
 22 ~~20-9-306(15)(e)(ii)~~ 20-9-306(14)(c)(ii)."

23

24 **Section 3.** Section 20-9-141, MCA, is amended to read:

25 **"20-9-141. Computation of general fund net levy requirement by county superintendent.** (1) The
 26 county superintendent shall compute the levy requirement for each district's general fund on the basis of the
 27 following procedure:

28 (a) Determine the funding required for the district's final general fund budget less the sum of direct state
 29 aid, ~~the natural resource development K-12 funding payment,~~ and the special education allowable cost payment
 30 for the district by totaling:

1 (i) the district's nonisolated school BASE budget requirement to be met by a district levy as provided in
2 20-9-303; and

3 (ii) any general fund budget amount adopted by the trustees of the district under the provisions of
4 20-9-308 and 20-9-353.

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

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

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

10 (A) interest earned by the investment of general fund cash in accordance with the provisions of
11 20-9-213(4); and

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

14 (iii) anticipated oil and natural gas production taxes;

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

16 (v) school district block grants distributed under 20-9-630; and

17 (vi) any portion of the increment remitted to a school district under 7-15-4291 used to reduce the BASE
18 levy budget.

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

23 (d) Determine the sum of:

24 (i) any amount remaining after the determination in subsection (1)(c);

25 (ii) any portion of the increment remitted to a school district under 7-15-4291 used to reduce the
26 over-BASE budget levy; and

27 (iii) any tuition payments for out-of-district pupils to be received under the provisions of 20-5-320 through
28 20-5-324, except the amount of tuition received for a pupil who is a child with a disability in excess of the amount
29 received for a pupil without disabilities, as calculated under 20-5-323(2).

30 (e) Subtract the amount determined in subsection (1)(d) from any additional funding requirement to be

1 met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional financing as
2 provided in 20-9-353 to determine any additional general fund levy requirements.

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

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

8 (b) the current total taxable valuation of the district, as certified by the department of revenue under
9 15-10-202, divided by 1,000.

10 (3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported
11 to the county commissioners by the later of the first Tuesday in September or within 30 calendar days after
12 receiving certified taxable values by the county superintendent as the general fund net levy requirement for the
13 district, and a levy must be set by the county commissioners in accordance with 20-9-142.

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

17

18 **Section 4.** Section 20-9-306, MCA, is amended to read:

19 **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following
20 definitions apply:

21 (1) "BASE" means base amount for school equity.

22 (2) "BASE aid" means:

23 (a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the
24 general fund budget of a district;

25 ~~(b) the natural resource development K-12 funding payment for a variable percentage of the basic and~~
26 ~~per-ANB entitlements above the direct state aid for the general fund budget of a district, as referenced in~~
27 ~~subsection (10);~~

28 ~~(e)~~(b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement,
29 up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the
30 special education allowable cost payment;

- 1 ~~(d)~~(c) the total quality educator payment;
- 2 ~~(e)~~(d) the total at-risk student payment;
- 3 ~~(f)~~(e) the total Indian education for all payment; and
- 4 ~~(g)~~(f) the total American Indian achievement gap payment; ~~and~~
- 5 ~~(h) the total data-for-achievement payment.~~

6 (3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic
7 entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, 100% of the total
8 at-risk student payment, 100% of the total Indian education for all payment, 100% of the total American Indian
9 achievement gap payment, ~~100% of the total data-for-achievement payment~~, and 140% of the special education
10 allowable cost payment.

11 (4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may
12 be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through
13 20-9-369.

14 (5) "BASE funding program" means the state program for the equitable distribution of the state's share
15 of the cost of Montana's basic system of public elementary schools and high schools, through county equalization
16 aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the
17 BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

18 (6) "Basic entitlement" means:

19 (a) for each high school district:

20 (i) ~~\$300,000~~ \$309,554 for fiscal year ~~2016~~ 2018 and ~~\$305,370~~ \$312,650 for each succeeding fiscal year
21 for school districts with an ANB of 800 or fewer; and

22 (ii) ~~\$300,000~~ \$309,554 for fiscal year ~~2016~~ 2018 and ~~\$305,370~~ \$312,650 for each succeeding fiscal year
23 for school districts with an ANB of more than 800, plus ~~\$15,000~~ \$15,478 for fiscal year ~~2016~~ 2018 and ~~\$15,269~~
24 \$15,633 for each succeeding fiscal year for each additional 80 ANB over 800;

25 (b) for each elementary school district or K-12 district elementary program without an approved and
26 accredited junior high school, 7th and 8th grade program, or middle school:

27 (i) ~~\$50,000~~ \$51,592 for fiscal year ~~2016~~ 2018 and ~~\$50,895~~ \$52,108 for each succeeding fiscal year for
28 school districts or K-12 district elementary programs with an ANB of 250 or fewer; and

29 (ii) ~~\$50,000~~ \$51,592 for fiscal year ~~2016~~ 2018 and ~~\$50,895~~ \$52,108 for each succeeding fiscal year for
30 school districts or K-12 district elementary programs with an ANB of more than 250, plus ~~\$2,500~~ \$2,580 for fiscal

1 year ~~2016 2018~~ and ~~\$2,545~~ \$2,606 for each succeeding fiscal year for each additional 25 ANB over 250;

2 (c) for each elementary school district or K-12 district elementary program with an approved and
3 accredited junior high school, 7th and 8th grade program, or middle school:

4 (i) for the district's kindergarten through grade 6 elementary program:

5 (A) ~~\$50,000~~ \$51,592 for fiscal year ~~2016 2018~~ and ~~\$50,895~~ \$52,108 for each succeeding fiscal year for
6 school districts or K-12 district elementary programs with an ANB of 250 or fewer; and

7 (B) ~~\$50,000~~ \$51,592 for fiscal year ~~2016 2018~~ and ~~\$50,895~~ \$52,108 for each succeeding fiscal year for
8 school districts or K-12 district elementary programs with an ANB of more than 250, plus ~~\$2,500~~ \$2,580 for fiscal
9 year ~~2016 2018~~ and ~~\$2,545~~ \$2,606 for each succeeding fiscal year for each additional 25 ANB over 250; and

10 (ii) for the district's approved and accredited junior high school, 7th and 8th grade programs, or middle
11 school:

12 (A) ~~\$100,000~~ \$103,185 for fiscal year ~~2016 2018~~ and ~~\$101,790~~ \$104,217 for each succeeding fiscal year
13 for school districts or K-12 district elementary programs with combined grades 7 and 8 with an ANB of 450 or
14 fewer; and

15 (B) ~~\$100,000~~ \$103,185 for fiscal year ~~2016 2018~~ and ~~\$101,790~~ \$104,217 for each succeeding fiscal year
16 for school districts or K-12 district elementary programs with combined grades 7 and 8 with an ANB of more than
17 450, plus ~~\$5,000~~ \$5,160 for fiscal year ~~2016 2018~~ and ~~\$5,090~~ \$5,212 for each succeeding fiscal year for each
18 additional 45 ANB over 450.

19 (7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to
20 20-9-311.

21 (8) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement
22 for the general fund budget of a district and funded with state and county equalization aid.

23 (9) "Maximum general fund budget" means a district's general fund budget amount calculated from the
24 basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator payment,
25 the total at-risk student payment, the total Indian education for all payment, the total American Indian achievement
26 gap payment, ~~the total data-for-achievement payment~~, and the greater of the district's special education allowable
27 cost payment multiplied by:

28 (a) 175%; or

29 (b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures
30 to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a

1 maximum allowable ratio of 200%.

2 ~~(10) "Natural resource development K-12 funding payment" means the payment of a variable percentage~~
 3 ~~of the basic and per-ANB entitlements above the direct state aid for the general fund budget of a district. The total~~
 4 ~~payment to school districts may not exceed the greater of 50% of the fiscal year 2012 oil and natural gas~~
 5 ~~production taxes deposited into the general fund pursuant to 15-36-331(4) or 50% of the oil and natural gas~~
 6 ~~production taxes deposited into the general fund pursuant to 15-36-331(4) for the fiscal year occurring 2 fiscal~~
 7 ~~years prior to the school fiscal year in which the payment is provided, plus any excess interest and income~~
 8 ~~revenue appropriated by the legislature pursuant to 20-9-622(2)(a). The amount of the natural resource~~
 9 ~~development K-12 funding payment must be, subject to the limitations of this subsection (10), an amount sufficient~~
 10 ~~to offset any estimated increase in statewide revenue from the general fund BASE budget levy provided for in~~
 11 ~~20-9-141 that is anticipated to result from increases in the basic or per-ANB entitlements plus any excess interest~~
 12 ~~and income revenue appropriated by the legislature pursuant to 20-9-622(2)(a). The superintendent of public~~
 13 ~~instruction shall incorporate a natural resource development K-12 funding payment calculated in compliance with~~
 14 ~~this subsection (10) in preparing and submitting an agency budget pursuant to 17-7-111 and 17-7-112.~~

15 ~~(11)~~(10) "Over-BASE budget levy" means the district levy in support of any general fund amount
 16 budgeted that is above the BASE budget and below the maximum general fund budget for a district.

17 ~~(12)~~(11) "Total American Indian achievement gap payment" means the payment resulting from multiplying
 18 ~~\$205~~ \$212 in fiscal year ~~2016~~ 2018 and ~~\$209~~ \$214 for each succeeding fiscal year times the number of American
 19 Indian students enrolled in the district as provided in 20-9-330.

20 ~~(13)~~(12) "Total at-risk student payment" means the payment resulting from the distribution of any funds
 21 appropriated for the purposes of 20-9-328.

22 ~~(14)~~(13) "Total Indian education for all payment" means the payment resulting from multiplying ~~\$20.88~~
 23 \$21.54 in fiscal year ~~2016~~ 2018 and ~~\$21.25~~ \$21.76 for each succeeding fiscal year times the ANB of the district
 24 or \$100 for each district, whichever is greater, as provided for in 20-9-329.

25 ~~(15)~~(14) "Total per-ANB entitlement" means the district entitlement resulting from the following
 26 calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

27 (a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$6,847~~ \$7,065 for
 28 fiscal year ~~2016~~ 2018 and ~~\$6,970~~ \$7,136 for each succeeding fiscal year for the first ANB, decreased at the rate
 29 of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800
 30 receiving the same amount of entitlement as the 800th ANB;

1 (b) for an elementary school district or a K-12 district elementary program without an approved and
 2 accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of ~~\$5,348~~ \$5,519 for
 3 fiscal year ~~2016~~ 2018 and ~~\$5,444~~ \$5,574 for each succeeding fiscal year for the first ANB, decreased at the rate
 4 of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of
 5 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

6 (c) for an elementary school district or a K-12 district elementary program with an approved and
 7 accredited junior high school, 7th and 8th grade program, or middle school, the sum of:

8 (i) a maximum rate of ~~\$5,348~~ \$5,519 for fiscal year ~~2016~~ 2018 and ~~\$5,444~~ \$5,574 for each succeeding
 9 fiscal year for the first ANB for kindergarten through grade 6, decreased at the rate of 20 cents per ANB for each
 10 additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of
 11 entitlement as the 1,000th ANB; and

12 (ii) a maximum rate of ~~\$6,847~~ \$7,065 for fiscal year ~~2016~~ 2018 and ~~\$6,970~~ \$7,136 for each succeeding
 13 fiscal year for the first ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for each additional ANB
 14 for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of
 15 entitlement as the 800th ANB.

16 ~~(16) "Total data-for-achievement payment" means the payment provided in 20-9-325 resulting from~~
 17 ~~multiplying \$20 for fiscal year 2016 and \$20.36 for each succeeding fiscal year by the district's ANB calculated~~
 18 ~~in accordance with 20-9-311.~~

19 ~~(17)~~(15) "Total quality educator payment" means the payment resulting from multiplying ~~\$3,113~~ \$3,212
 20 in fiscal year ~~2016~~ 2018 and ~~\$3,169~~ \$3,244 for each succeeding fiscal year by the number of full-time equivalent
 21 educators as provided in 20-9-327."

22

23 **Section 5.** Section 20-9-308, MCA, is amended to read:

24 **"20-9-308. BASE budgets and maximum general fund budgets.** (1) (a) The trustees of a district shall
 25 adopt a general fund budget that is at least equal to the BASE budget established for the district. The trustees
 26 of a district may adopt a general fund budget up to the maximum general fund budget or the previous year's
 27 general fund budget, whichever is greater.

28 (b) For purposes of the budget limitation in subsection (1)(a), the trustees may add any increase in direct
 29 state aid for the basic and per-ANB entitlements and any increases ~~in state funding of the data-for-achievement~~
 30 ~~payment under 20-9-325~~ and in the general fund payments in 20-9-327 through 20-9-330 to the district's previous

1 year's general fund budget.

2 (2) (a) Except as provided in subsection (2)(b), whenever the trustees of a district propose to adopt a
3 general fund budget that exceeds the BASE budget for the district and propose to increase the over-BASE budget
4 levy over the highest revenue previously authorized by the electors of the district or imposed by the district in any
5 of the previous 5 years to support the general fund budget, the trustees shall submit a proposition to the electors
6 of the district, as provided in 20-9-353.

7 (b) The intent of this section is to increase the flexibility and efficiency of elected school boards without
8 increasing school district property taxes. In furtherance of this intent and provided that budget limitations
9 otherwise specified in law are not exceeded, the trustees of a district may increase the district's over-BASE
10 budget levy without a vote if the board of trustees reduces nonvoted property tax levies authorized by law to be
11 imposed by action of the trustees of the district by at least as much as the amount by which the over-BASE
12 budget levy is increased. The ongoing authority for any nonvoted increase in the over-BASE budget levy imposed
13 under this subsection (2)(b) must be decreased in future years to the extent that the trustees of the district impose
14 any increase in other nonvoted property tax levies.

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

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

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

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

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

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

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

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

26

27 **Section 6.** Section 20-9-310, MCA, is amended to read:

28 **"20-9-310. (Temporary) Oil and natural gas production taxes for school districts -- allocation and**
29 **limits.** (1) Except as provided in subsection (6), the maximum amount of oil and natural gas production taxes that
30 a school district may retain is 130% of the school district's maximum budget, determined in accordance with

1 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 any amount of oil and natural gas production taxes exceeding the limitation in subsection (1) based on allocations
12 determined by the department of revenue pursuant to subsection (3) to school districts that are directly impacted
13 by oil and natural gas development, but that receive insufficient oil and natural gas revenue to address the oil and
14 natural gas development impacts. The office of public instruction shall adopt administrative rules to establish a
15 process, criteria, and a mechanism for distribution under this subsection (4), using the negotiated rulemaking
16 process set forth in the Montana Negotiated Rulemaking Act, Title 2, chapter 5, part 1.

17 (b) In developing administrative rules, the office of public instruction shall establish two independent
18 negotiated rulemaking committees to consider issues for the purpose of reaching a consensus to develop
19 proposed rules for the distribution of the funds under this subsection (4).

20 (c) The members of the first negotiated rulemaking committee appointed by the office of public instruction
21 must include public school officials and public school employees from school districts that are located in or are
22 immediately adjacent to a county in which oil and natural gas production taxes are generated and professional
23 organizations representing these public school officials and employees. This committee shall transmit proposed
24 rules regarding distribution of 50% of the funds available under this subsection (4) in accordance with 2-5-108.

25 (d) The members of the second negotiated rulemaking committee appointed by the office of public
26 instruction must include public school officials and public school employees from school districts around the state
27 and professional organizations representing these public school officials and employees. This committee shall
28 transmit proposed rules regarding the distribution of the remaining 50% of the funds available under this
29 subsection (4) in accordance with 2-5-108.

30 (5) (a) Subject to the limitation in subsection (1) and the conditions in subsection (5)(b), the trustees shall

1 budget and allocate the oil and natural gas production taxes anticipated by the district in any budgeted fund at
2 the discretion of the trustees. Oil and natural gas production taxes allocated to the district general fund may be
3 applied to the BASE or over-BASE portions of the general fund budget at the discretion of the trustees.

4 (b) Except as provided in subsection (5)(c), if the trustees apply an amount less than 12.5% of the total
5 oil and natural gas production taxes received by the district in the prior school fiscal year to the district's general
6 fund BASE budget for the upcoming school fiscal year, then:

7 (i) the trustees shall levy the number of mills required to raise an amount equal to the difference between
8 12.5% of the oil and natural gas production taxes received by the district in the prior school fiscal year and the
9 amount of oil and natural gas production taxes the trustees budget in the district's general fund BASE budget for
10 the upcoming school fiscal year;

11 (ii) the mills levied under subsection (5)(b)(i) are not eligible for the guaranteed tax base subsidy under
12 the provisions of 20-9-366 through 20-9-369; and

13 (iii) the general fund BASE budget levy requirement calculated in 20-9-141 must be calculated as though
14 the trustees budgeted 12.5% of the oil and natural gas production taxes received by the district in the prior year
15 and the number of mills calculated in subsection (5)(b)(i) must be added to the number of mills calculated in
16 20-9-141(2).

17 (c) The provisions of subsection (5)(b) do not apply to the following:

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

19 (ii) a district whose oil and natural gas revenue combined with its adopted general fund budget totals
20 105% or less of its maximum general fund budget;

21 (iii) a district that has a maximum general fund budget of \$1 million or more and has had an unusual
22 enrollment increase approved by the superintendent of public instruction as provided in 20-9-314 in the year
23 immediately preceding the fiscal year to which the provisions of this subsection (5) would otherwise apply; or

24 (iv) a district that has issued outstanding oil and natural gas revenue bonds. Funds received pursuant
25 to this section must first be applied by the district to payment of debt service obligations for oil and natural gas
26 revenue bonds for the next 12-month period.

27 (6) The limit on oil and natural gas production taxes that a school district may retain under subsection
28 (1) must be increased for any school district with an unusual enrollment increase approved by the superintendent
29 of public instruction as provided in 20-9-314. The increase in the limit on oil and natural gas production taxes that
30 a school district may retain under subsection (1) applies in the year immediately following the fiscal year in which

1 the office of public instruction has approved the district's unusual enrollment increase and must be calculated by
 2 multiplying \$45,000 times each additional ANB approved by the superintendent of public instruction as provided
 3 in 20-9-314.

4 (7) In any year in which the actual oil and natural gas production taxes received by a school district are
 5 less than 50% of the total oil and natural gas production taxes received by the district in the prior year, the district
 6 may transfer money from any budgeted fund to its general fund in an amount not to exceed the amount of the
 7 shortfall. (Terminates June 30, 2019 ~~2017~~--sec. 7, Ch. 433, L. 2015.)

8 **20-9-310. (Effective July 1, 2019 ~~2017~~) Oil and natural gas production taxes for school districts**

9 **-- allocation and limits.** (1) Except as provided in subsection (6), the maximum amount of oil and natural gas
 10 production taxes that a school district may retain is 130% of the school district's maximum budget, determined
 11 in accordance with 20-9-308.

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

15 (3) The department of revenue shall make the full quarterly distribution of oil and natural gas production
 16 taxes as required under 15-36-332(6) until the amount distributed reaches the limitation in subsection (1) of this
 17 section. The department of revenue shall deposit any amount exceeding the limitation in subsection (1) in the
 18 ~~state school oil and natural gas distribution account provided for in 20-9-520~~ guarantee account provided for in
 19 20-9-622.

20 ~~———— (4) By the last day of the month immediately following the month in which the quarterly distribution of oil~~
 21 ~~and natural gas production taxes in subsection (3) is made, the office of public instruction shall distribute any~~
 22 ~~amount of oil and natural gas production taxes exceeding the limitation in subsection (1) based on allocations~~
 23 ~~determined by the department of revenue pursuant to subsection (3) as follows:~~

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

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

27 ~~———— (c) 25% of the retained amount must be distributed to the counties in proportion to a county's oil and~~
 28 ~~natural gas production taxes for the preceding 3 years compared to the total of all counties' oil and natural gas~~
 29 ~~production taxes for the preceding 3 years. Funds distributed must be deposited in a county's county school oil~~
 30 ~~and natural gas impact fund provided for in 20-9-518.~~

1 ~~(5)~~(4) (a) Subject to the limitation in subsection (1) and the conditions in subsection ~~(5)(b)~~ (4)(b), the
2 trustees shall budget and allocate the oil and natural gas production taxes anticipated by the district in any
3 budgeted fund at the discretion of the trustees. Oil and natural gas production taxes allocated to the district
4 general fund may be applied to the BASE or over-BASE portions of the general fund budget at the discretion of
5 the trustees.

6 (b) Except as provided in subsection ~~(5)(c)~~ (4)(c), if the trustees apply an amount less than 12.5% of the
7 total oil and natural gas production taxes received by the district in the prior school fiscal year to the district's
8 general fund BASE budget for the upcoming school fiscal year, then:

9 (i) the trustees shall levy the number of mills required to raise an amount equal to the difference between
10 12.5% of the oil and natural gas production taxes received by the district in the prior school fiscal year and the
11 amount of oil and natural gas production taxes the trustees budget in the district's general fund BASE budget for
12 the upcoming school fiscal year;

13 (ii) the mills levied under subsection ~~(5)(b)(i)~~ (4)(b)(i) are not eligible for the guaranteed tax base subsidy
14 under the provisions of 20-9-366 through 20-9-369; and

15 (iii) the general fund BASE budget levy requirement calculated in 20-9-141 must be calculated as though
16 the trustees budgeted 12.5% of the oil and natural gas production taxes received by the district in the prior year
17 and the number of mills calculated in subsection ~~(5)(b)(i)~~ (4)(b)(i) must be added to the number of mills calculated
18 in 20-9-141(2).

19 (c) The provisions of subsection ~~(5)(b)~~ (4)(b) do not apply to the following:

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

21 (ii) a district whose oil and natural gas revenue combined with its adopted general fund budget totals
22 105% or less of its maximum general fund budget;

23 (iii) a district that has a maximum general fund budget of \$1 million or more and has had an unusual
24 enrollment increase approved by the superintendent of public instruction as provided in 20-9-314 in the year
25 immediately preceding the fiscal year to which the provisions of this subsection ~~(5)~~ (4) would otherwise apply;

26 or

27 (iv) a district that has issued outstanding oil and natural gas revenue bonds. Funds received pursuant
28 to this section must first be applied by the district to payment of debt service obligations for oil and natural gas
29 revenue bonds for the next 12-month period.

30 ~~(6)~~(5) The limit on oil and natural gas production taxes that a school district may retain under subsection

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

7 ~~(7)~~(6) In any year in which the actual oil and natural gas production taxes received by a school district
8 are less than 50% of the total oil and natural gas production taxes received by the district in the prior year, the
9 district may transfer money from any budgeted fund to its general fund in an amount not to exceed the amount
10 of the shortfall."
11

12 **Section 7.** Section 20-9-314, MCA, is amended to read:

13 **"20-9-314. Procedures for determining eligibility and amount of increased average number**
14 **belonging due to unusual enrollment increase.** A district that anticipates an unusual increase in enrollment
15 in the ensuing school fiscal year, as provided for in 20-9-313(1)(d), may increase its basic entitlement and total
16 per-ANB entitlement for the ensuing school fiscal year in accordance with the following provisions:

17 (1) Prior to June 1, the district shall estimate the elementary or high school enrollment to be realized
18 during the ensuing school fiscal year, based on as much factual information as may be available to the district.

19 (2) No later than June 1, the district shall submit its application for an anticipated unusual enrollment
20 increase by elementary or high school level to the superintendent of public instruction. The application must
21 include:

22 (a) the enrollment for the current school fiscal year;

23 (b) the average number belonging used to calculate the basic entitlement and total per-ANB entitlement
24 for the current school fiscal year;

25 (c) the average number belonging that will be used to calculate the basic entitlement and total per-ANB
26 entitlement for the ensuing school fiscal year;

27 (d) the anticipated enrollment, including the factual information on which the estimate is based, as
28 provided in subsection (1); and

29 (e) any other information or data that may be requested by the superintendent of public instruction.

30 (3) The superintendent of public instruction shall immediately review all the factors of the application and

1 shall approve or disapprove the application or adjust the enrollment used to calculate the budgeted average
 2 number belonging for the ensuing school fiscal year. After approving an estimate, with or without adjustment, the
 3 superintendent of public instruction shall:

4 (a) determine the percentage by which the adjusted enrollment exceeds the enrollment used for the
 5 budgeted average number belonging; and

6 (b) approve an increase of the average number belonging used to establish the ensuing year's basic
 7 entitlement and total per-ANB entitlement in accordance with subsection (5) if the increase in subsection (3)(a)
 8 is at least ~~4% or 40 students, whichever is less~~ 6%.

9 (4) The superintendent of public instruction shall notify the district of the decision by the fourth Monday
 10 in June.

11 (5) Whenever an unusual enrollment increase is approved by the superintendent of public instruction,
 12 the maximum allowable increase to the average number belonging is equal to the adjusted enrollment as
 13 determined by the superintendent of public instruction in subsection (3) minus the sum of:

14 (a) the enrollment used to calculate the budgeted average number belonging for the ensuing school
 15 fiscal year; and

16 (b) ~~the lesser of 40 students or 4%~~ 6% of the enrollment used to calculate the budgeted average number
 17 belonging for the ensuing school fiscal year.

18 (6) (a) Any entitlement increases resulting from provisions of this section must be reviewed at the end
 19 of the ensuing school fiscal year.

20 (b) If the actual enrollment is less than the enrollment used to determine the budgeted ANB, the
 21 superintendent of public instruction shall revise the total per-ANB entitlement and basic entitlement calculations
 22 using the actual enrollment in place of the adjusted enrollment. All total per-ANB entitlements received by the
 23 district in excess of the revised entitlements are overpayments subject to the refund provisions of 20-9-344(4)."

24

25 **Section 8.** Section 20-9-323, MCA, is amended to read:

26 **"20-9-323. Ending fund balance limits.** (1) Beginning July 1, 2020, the combined ending fund balance
 27 for all budgeted funds of a school district may not exceed 300% of the maximum general fund budget. The 300%
 28 limit is not applicable to the building reserve fund, the debt service fund, or the bus depreciation reserve fund.

29 (2) The county superintendent shall, upon completion of a school fiscal year, redistribute any amounts
 30 in excess of the 300% limit among any other school districts in the same county whose combined ending fund

1 balance for all budgeted funds included in subsection (1) has not exceeded the 300% limit. The county
 2 superintendent shall redistribute funds equally to the school districts qualifying for redistribution on a
 3 per-quality-educator basis, calculated by dividing the total funds by the total number of quality educators, as
 4 defined in 20-4-502, employed by the qualifying school districts in the county in the immediately preceding school
 5 fiscal year. School districts receiving the funds may place the funds in any budgeted fund of the district at the
 6 discretion of the board of trustees of each district.

7 (3) Unless an exception is granted under subsection (5), upon completion of a school fiscal year, a
 8 school district with combined ending fund balances in excess of the 300% limit shall cooperate with the county
 9 superintendent in effectuating the redistribution of excess funds as provided in subsection (2). A school district
 10 may make the payment required under this subsection from any fund or funds of the district other than the debt
 11 service fund, the building reserve fund, and the bus depreciation reserve fund.

12 (4) Any funds that cannot be redistributed within a county without causing a school district in the county
 13 to exceed the 300% limit must be remitted by the county treasurer to the state for deposit in the guarantee
 14 account and distribution in the same manner as provided in ~~20-9-622(2)~~ 20-9-622.

15 (5) In accordance with 20-9-161, a school district shall report to the education and local government
 16 interim committee for any exception taken to the limits prescribed by subsection (1) of this section.

17 (6) This section does not apply to school districts that are in a nonoperating status under 20-9-505 or
 18 that are in the first year of operation after reopening under 20-6-502 or 20-6-503.

19 (7) Beginning July 1, 2020, the balance of a school district's flexibility fund may not exceed 150% of the
 20 school district's maximum general fund budget."

21

22 **Section 9.** Section 20-9-326, MCA, is amended to read:

23 **"20-9-326. Annual inflation-related adjustments to basic entitlements and per-ANB entitlements.**

24 (1) In preparing and submitting an agency budget pursuant to 17-7-111 and 17-7-112, the superintendent of
 25 public instruction shall determine the inflation factor for the basic and per-ANB entitlements, ~~the~~
 26 ~~data for achievement payment,~~ and the general fund payments in 20-9-327 through 20-9-330 in each fiscal year
 27 of the ensuing biennium. The inflation factor is calculated as follows:

28 (a) for the first year of the biennium, divide the consumer price index for July 1 of the prior calendar year
 29 by the consumer price index for July 1 of the calendar year 3 years prior to the prior calendar year and raise the
 30 resulting ratio to the power of one-third; and

1 (b) for the second year of the biennium, divide the consumer price index for July 1 of the current calendar
 2 year by the consumer price index for July 1 of the calendar year 3 years prior to the current calendar year and
 3 raise the resulting ratio to the power of one-third.

4 (2) The present law base for the entitlements referenced in subsection (1), calculated under Title 17,
 5 chapter 7, part 1, must consist of any enrollment increases or decreases plus the inflation factor calculated
 6 pursuant to this section, not to exceed 3% in each year, applied to both years of the biennium.

7 (3) For the purposes of this section, "consumer price index" means the consumer price index, U.S. city
 8 average, all urban consumers, for all items, using the 1982-84 base of 100, as published by the bureau of labor
 9 statistics of the U.S. department of labor."
 10

11 **Section 10.** Section 20-9-342, MCA, is amended to read:

12 **"20-9-342. Deposit of interest and income money by state board of land commissioners.** ~~(1)~~ Except
 13 as provided in 20-9-516, the state board of land commissioners shall deposit the interest and income money for
 14 each fiscal year into the guarantee account, provided for in 20-9-622, by the last business day of February and
 15 June before the close of the fiscal year in which the money was received. ~~Except as provided in subsection (2),~~
 16 ~~money~~ Money in the guarantee account must be used for state equalization aid.

17 ~~(2) Subject to subsection (3), any excess interest and income revenue deposited in the guarantee~~
 18 ~~account in each fiscal year must be distributed in accordance with 20-9-622(2).~~

19 ~~———— (3) The excess interest and income revenue must equal at least \$1 million in order to be distributed~~
 20 ~~pursuant to subsection (2). Excess interest and income revenue of \$1 million or less must be carried forward and~~
 21 ~~added to the excess interest and income revenue in the next ensuing school fiscal year and distributed in~~
 22 ~~accordance with 20-9-622(2).~~

23 ~~———— (4) For purposes of this section, "excess interest and income revenue" means an annual amount in~~
 24 ~~excess of \$56 million."~~

25
 26 **Section 11.** Section 20-9-344, MCA, is amended to read:

27 **"20-9-344. Duties of board of public education for distribution of BASE aid.** (1) The board of public
 28 education shall administer and distribute the BASE aid and state advances for county equalization in the manner
 29 and with the powers and duties provided by law. The board of public education:

30 (a) shall adopt policies for regulating the distribution of BASE aid and state advances for county

1 equalization in accordance with the provisions of law;

2 (b) may require reports from the county superintendents, county treasurers, and trustees that it considers
3 necessary; and

4 (c) shall order the superintendent of public instruction to distribute the BASE aid on the basis of each
5 district's annual entitlement to the aid as established by the superintendent of public instruction. In ordering the
6 distribution of BASE aid, the board of public education may not increase or decrease the BASE aid distribution
7 to any district on account of any difference that may occur during the school fiscal year between budgeted and
8 actual receipts from any other source of school revenue.

9 (2) The board of public education may order the superintendent of public instruction to withhold
10 distribution of BASE aid from a district when the district fails to:

11 (a) submit reports or budgets as required by law or rules adopted by the board of public education; or

12 (b) maintain accredited status because of failure to meet the board of public education's assurance and
13 performance standards.

14 (3) Prior to any proposed order by the board of public education to withhold distribution of BASE aid or
15 county equalization money, the district is entitled to a contested case hearing before the board of public
16 education, as provided under the Montana Administrative Procedure Act.

17 (4) If a district or county receives more BASE aid than it is entitled to, the county treasurer shall return
18 the overpayment to the state upon the request of the superintendent of public instruction in the manner prescribed
19 by the superintendent of public instruction.

20 (5) Except as provided in 20-9-347(2), the BASE aid payment must be distributed according to the
21 following schedule:

22 (a) from August to October of the school fiscal year, to each district 10% of:

23 (i) direct state aid;

24 (ii) the total quality educator payment;

25 (iii) the total at-risk student payment;

26 (iv) the total Indian education for all payment; and

27 (v) the total American Indian achievement gap payment;

28 ~~(vi) the total data-for-achievement payment; and~~

29 ~~(vii) the total natural resource development K-12 funding payment;~~

30 (b) from December to April of the school fiscal year, to each district 10% of:

- 1 (i) direct state aid;
- 2 (ii) the total quality educator payment;
- 3 (iii) the total at-risk student payment;
- 4 (iv) the total Indian education for all payment; and
- 5 (v) the total American Indian achievement gap payment;
- 6 ~~(vi) the total data-for-achievement payment; and~~
- 7 ~~(vii) the total natural resource development K-12 funding payment;~~
- 8 (c) in November of the school fiscal year, one-half of the guaranteed tax base aid payment to each
- 9 district or county that has submitted a final budget to the superintendent of public instruction in accordance with
- 10 the provisions of 20-9-134;
- 11 (d) in May of the school fiscal year, the remainder of the guaranteed tax base aid payment to each district
- 12 or county; and
- 13 (e) in June of the school fiscal year, the remaining payment to each district of direct state aid, the total
- 14 quality educator payment, the total at-risk student payment, the total Indian education for all payment, and the
- 15 total American Indian achievement gap payment; ~~the total data-for-achievement payment, and the total natural~~
- 16 ~~resource development K-12 funding payment.~~
- 17 (6) The distribution provided for in subsection (5) must occur by the last working day of each month."
- 18

19 **Section 12.** Section 20-9-366, MCA, is amended to read:

20 **"20-9-366. Definitions.** As used in 20-9-366 through 20-9-371, the following definitions apply:

21 (1) "County retirement mill value per elementary ANB" or "county retirement mill value per high school

22 ANB" means the sum of the taxable valuation in the previous year of all property in the county divided by 1,000,

23 with the quotient divided by the total county elementary ANB count or the total county high school ANB count

24 used to calculate the elementary school districts' and high school districts' prior year total per-ANB entitlement

25 amounts.

26 (2) (a) "District guaranteed tax base ratio" for guaranteed tax base funding for the BASE budget of an

27 eligible district means the taxable valuation in the previous year of all property in the district, except for property

28 value disregarded because of protested taxes under 15-1-409(2) or property subject to the creation of a new

29 school district under 20-6-326, divided by the district's prior year GTBA budget area.

30 (b) "District mill value per ANB", for school facility entitlement purposes, means the taxable valuation in

1 the previous year of all property in the district, except for property subject to the creation of a new school district
 2 under 20-6-326, divided by 1,000, with the quotient divided by the ANB count of the district used to calculate the
 3 district's prior year total per-ANB entitlement amount.

4 (3) "Facility guaranteed mill value per ANB", for school facility entitlement guaranteed tax base purposes,
 5 means the sum of the taxable valuation in the previous year of all property in the state, multiplied by 140% and
 6 divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state high school
 7 ANB count used to calculate the elementary school districts' and high school districts' prior year total per-ANB
 8 entitlement amounts.

9 (4) "Guaranteed tax base aid budget area" or "GTBA budget area" means the portion of a district's BASE
 10 budget after the following payments are subtracted:

- 11 (a) direct state aid;
- 12 ~~(b) the total data for achievement payment;~~
- 13 ~~(c)(b)~~ the total quality educator payment;
- 14 ~~(d)(c)~~ the total at-risk student payment;
- 15 ~~(e)(d)~~ the total Indian education for all payment;
- 16 ~~(f)(e)~~ the total American Indian achievement gap payment; and
- 17 ~~(g)(f)~~ the state special education allowable cost payment.

18 (5) (a) "Statewide elementary guaranteed tax base ratio" or "statewide high school guaranteed tax base
 19 ratio", for guaranteed tax base funding for the BASE budget of an eligible district, means the sum of the taxable
 20 valuation in the previous year of all property in the state, multiplied by 193% and divided by the prior year
 21 statewide GTBA budget area for the state elementary school districts or the state high school districts.

22 (b) "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", for school
 23 retirement guaranteed tax base purposes, means the sum of the taxable valuation in the previous year of all
 24 property in the state, multiplied by 121% and divided by 1,000, with the quotient divided by the total state
 25 elementary ANB count or the total state high school ANB amount used to calculate the elementary school
 26 districts' and high school districts' prior year total per-ANB entitlement amounts."
 27

28 **Section 13.** Section 20-9-517, MCA, is amended to read:

29 **"20-9-517. (Temporary) State school oil and natural gas impact account.** (1) There is a state school
 30 oil and natural gas impact account in the state special revenue fund provided for in 17-2-102. The purpose of the

1 account is to provide money to schools that are not receiving oil and natural gas production taxes under
 2 15-36-331 in an amount sufficient to address oil and natural gas development impacts. The funds in this account
 3 are statutorily appropriated as provided in 17-7-502.

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

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

8 (b) an unusual enrollment decrease;

9 (c) higher rates of student mobility;

10 (d) a district's need to hire new teachers or staff as a result of increased enrollment;

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

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

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

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

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

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

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

20 (4) The superintendent of public instruction shall adopt rules necessary to implement the application and
 21 distribution process.

22 (5) The amount in the account may not exceed \$7.5 million. Any amount over \$7.5 million must be
 23 deposited in the guarantee account and distributed in the same manner as provided in 20-9-622(2). (Terminates
 24 June 30, ~~2019~~ 2017--sec. 7, Ch. 433, L. 2015.)

25 **20-9-517. (Effective July 1, ~~2019~~ 2017) State school oil and natural gas impact account.** (1) There
 26 is a state school oil and natural gas impact account in the state special revenue fund provided for in 17-2-102.
 27 The purpose of the account is to provide money to schools that are not receiving oil and natural gas production
 28 taxes under 15-36-331 in an amount sufficient to address oil and natural gas development impacts.

29 ~~—(2) There must be deposited in the account oil and natural gas production taxes, if any, pursuant to~~
 30 ~~20-9-310(4).~~

1 ~~(3)~~(2) A school district may apply to the superintendent of public instruction for funds from the account
2 for 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 20-9-161 and 20-9-314;
5 (b) an unusual enrollment decrease;
6 (c) higher rates of student mobility;
7 (d) a district's need to hire new teachers or staff as a result of increased enrollment;
8 (e) the opening or reopening of an elementary or high school approved by the superintendent of public
9 instruction pursuant to 20-6-502 or 20-6-503; or
10 (f) major maintenance for a school or district.

11 ~~(4)~~(3) In reviewing an applicant's request for funding, the superintendent of public instruction shall
12 consider the following:

- 13 (a) the local district's or school's need;
14 (b) the severity of the energy development impacts;
15 (c) availability of funds in the account; and
16 (d) the applicant district's ability to meet the needs identified in subsection (3).

17 ~~(5)~~(4) The superintendent of public instruction shall adopt rules necessary to implement the application
18 and distribution process.

19 ~~(6)~~(5) The amount in the account may not exceed \$7.5 million. Any amount over \$7.5 million must be
20 deposited in the guarantee account and distributed in the same manner as provided in ~~20-9-622(2)~~ 20-9-622."

21

22 **Section 14.** Section 20-9-518, MCA, is amended to read:

23 **"20-9-518. (Temporary) County school oil and natural gas impact fund.** (1) The governing body of
24 a county that has previously received an allocation under 20-9-310 shall maintain a county school oil and natural
25 gas impact fund.

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

- 28 (a) the amount of oil and natural gas production taxes received by a school district for the fiscal year is
29 50% or less of the amount of the average received by the district in the previous 4 fiscal years; or
30 (b) the average price for a barrel of west Texas intermediate crude oil during a calendar quarter is less

1 than \$65. The average price for each barrel must be computed by dividing the sum of the daily price for a barrel
2 of west Texas intermediate crude oil for the calendar quarter by the number of days on which the price was
3 reported in the quarter.

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

7 (b) If it is determined under subsection (3)(a) that the criteria in subsection (2)(a) or (2)(b) have been
8 met, the superintendent of public instruction or the department of revenue shall notify the county treasurer.

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

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

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

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

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

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

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

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

1 (7) Money in the fund must be invested as provided by law. Interest and income from the investment of
 2 money in the fund must be credited to the fund. (Terminates June 30, ~~2019~~ 2017--sec. 7, Ch. 433, L. 2015.)

3 **20-9-518. (Effective July 1, ~~2019~~ 2017) County school oil and natural gas impact fund.** (4) The
 4 governing body of a county receiving an allocation under ~~20-9-310(4)(b)~~ 20-9-310 shall establish a county school
 5 oil and natural gas impact fund.

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

8 ~~—— (a) the amount of oil and natural gas production taxes received by a school district for the fiscal year is~~
 9 ~~50% or less of the amount of the average received by the district in the previous 4 fiscal years; or~~

10 ~~—— (b) the average price for a barrel of west Texas intermediate crude oil during a calendar quarter is less~~
 11 ~~than \$65. The average price for each barrel must be computed by dividing the sum of the daily price for a barrel~~
 12 ~~of west Texas intermediate crude oil for the calendar quarter by the number of days on which the price was~~
 13 ~~reported in the quarter.~~

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

17 ~~—— (b) If it is determined under subsection (3)(a) that the criteria in subsection (2)(a) or (2)(b) have been~~
 18 ~~met, the superintendent of public instruction or the department of revenue shall notify the county treasurer.~~

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

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

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

30 ~~—— (b) offset property tax levy increases that are directly caused by the cessation or reduction of oil and~~

1 natural gas activity;
 2 ~~———(c) promote diversification and development of the economic base within the jurisdiction;~~
 3 ~~———(d) attract new industry to the area impacted by changes in oil and natural gas activity leading to the~~
 4 ~~reduction in the price of oil or the reduction in the receipt of oil and natural gas production taxes described in~~
 5 ~~subsection (2); or~~
 6 ~~———(e) provide cash incentives for expanding the employment base of the area impacted by the changes~~
 7 ~~in oil and natural gas activity leading to the reduction in the price of oil or the reduction in the receipt of oil and~~
 8 ~~natural gas production taxes described in subsection (2);~~
 9 ~~———(6) Except as provided in subsection (5)(b), money held in the fund may not be considered as fund~~
 10 ~~balance for the purpose of reducing mill levies.~~
 11 ~~———(7) Money in the fund must be invested as provided by law. Interest and income from the investment of~~
 12 ~~money in the fund must be credited to the fund."~~

13

14 **Section 15.** Section 20-9-520, MCA, is amended to read:

15 **"20-9-520. State school oil and natural gas distribution account.** ~~(1)~~ There is a state school oil and
 16 natural gas distribution account in the state special revenue fund provided for in 17-2-102. ~~The purpose of the~~
 17 ~~account is for distribution of the oil and natural gas production revenue exceeding the limitation in 20-9-310(1)~~
 18 ~~in accordance with 20-9-310(4). The funds deposited in this account for distribution to school districts and~~
 19 ~~counties under 20-9-310(4) are statutorily appropriated as provided in 17-7-502.~~

20 ~~———(2) The department of revenue shall deposit in the account oil and natural gas production taxes that~~
 21 ~~exceed the limitations in 20-9-310.~~

22 ~~———(3) The superintendent of public instruction shall distribute the money from the account in accordance~~
 23 ~~with 20-9-310(4)."~~

24

25 **Section 16.** Section 20-9-534, MCA, is amended to read:

26 **"20-9-534. Statutory appropriation for school technology purposes.** ~~(1)~~ The amount of \$1 million
 27 a year is statutorily appropriated, as provided in 17-7-502, from the school facility and technology account
 28 established in 20-9-516 to the department of commerce for providing funds for schools to use as a match for
 29 e-rate broadband matching funds. ~~for grants for school technology purposes.~~

30 ~~(2) By the third Friday in July, the superintendent of public instruction shall allocate the annual statutory~~

1 appropriation for school technology purposes to each district based on the ratio that each district's BASE budget
 2 bears to the statewide BASE budget amount for all school districts multiplied by the amount of money provided
 3 in 20-9-343 for the purposes of 20-9-533."

4

5 **Section 17.** Section 20-9-622, MCA, is amended to read:

6 **"20-9-622. Guarantee account.** ~~(1)~~ There is a guarantee account in the state special revenue fund. The
 7 guarantee account is intended to:

8 ~~(a)~~(1) stabilize the long-term growth of the permanent fund; and

9 ~~(b)~~(2) maintain a constant and increasing distributable revenue stream. All realized capital gains and all
 10 distributable revenue must be deposited in the guarantee account. The guarantee account is statutorily
 11 appropriated, as provided in 17-7-502, for distribution to school districts through school equalization aid as
 12 provided in 20-9-343.

13 ~~————(2) Any excess interest and income revenue deposited in the guarantee account for distribution under
 14 this section must be allocated as follows:~~

15 ~~————(a) 50% of the excess interest and income revenue must be reserved for an appropriation in the next
 16 regular session of the legislature as part of the natural resource development K-12 funding payment referred to
 17 in 20-9-306; and~~

18 ~~————(b) 50% of the excess interest and income revenue must be distributed to schools on a
 19 per-quality-educator basis, with the amount to be distributed to each district calculated by dividing the total funds
 20 available for distribution under this subsection (2)(b) by the total number of quality educators, as defined in
 21 20-4-502, employed by each school district in the state in the immediately preceding school fiscal year. A school
 22 district receiving funds under this section shall deposit the funds in its miscellaneous programs fund provided for
 23 in 20-9-507 and shall use the funds in the following order:~~

24 ~~————(i) to address any repairs categorized as "safety", "damage/wear out", or "codes and standards" in the
 25 facilities condition inventory for buildings of the school district as referenced in the K-12 public schools facility
 26 condition and needs assessment prepared by the Montana department of administration pursuant to section 1,
 27 Chapter 1, Special Laws of December 2005; and~~

28 ~~————(ii) if repairs under subsection (2)(b)(i) have been completed, to any other purpose authorized by
 29 20-9-543."~~

30

