

1 SENATE BILL NO. 307

2 INTRODUCED BY L. JONES, S. BERGLEE, E. BUTTREY, R. COOK, J. ESSMANN, T. FACEY, M. FUNK,
3 B. GRUBBS, S. GUNDERSON, B. HAMLETT, D. HAYMAN, B. HOVEN, D. JONES, J. KEANE,
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5

6 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO SCHOOL FUNDING;
7 REQUIRING TRUSTEES TO ADOPT A RESOLUTION WITH PUBLIC NOTICE PRIOR TO INCREASING
8 NONVOTED LEVIES; MAKING A SCHOOL DISTRICT'S ABILITY TO TRANSFER FUNDS FOR SCHOOL
9 SAFETY PURPOSES PERMANENT; REQUIRING SUBFUNDS TO ACCOUNT FOR VARIOUS REVENUES
10 AND USES OF THE BUILDING RESERVE FUND; AUTHORIZING A LIMITED LEVY FOR SCHOOL FACILITY
11 MAJOR MAINTENANCE WITH STATE SUPPORT; RENAMING THE SCHOOL FACILITY REIMBURSEMENT
12 PROGRAM THE DEBT SERVICE ASSISTANCE PROGRAM; CREATING A STATE SPECIAL REVENUE
13 ACCOUNT AND PROGRAM FOR SCHOOL MAJOR MAINTENANCE AID; PHASING OUT THE QUALITY
14 SCHOOLS FACILITY GRANT PROGRAM; AMENDING SECTIONS 20-6-702, 20-9-236, 20-9-343, 20-9-367,
15 20-9-502, AND 20-9-516, MCA; REPEALING SECTIONS 90-6-801, 90-6-802, 90-6-803, 90-6-809, 90-6-810,
16 90-6-811, 90-6-812, 90-6-818, AND 90-6-819, MCA; REPEALING SECTION 12, CHAPTER 364, LAWS OF 2013,
17 AND SECTION 3, CHAPTER 323, LAWS OF 2015; AND PROVIDING EFFECTIVE DATES AND APPLICABILITY
18 DATES."

19
20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
21

22 NEW SECTION. **Section 1. Resolution of intent to increase nonvoted levy -- notice.** (1) The
23 trustees of a school district shall adopt a resolution no later than April 15 in fiscal year 2017 only and no later than
24 March 31 in fiscal years 2018 and subsequent fiscal years and provide notice pursuant to subsection (2)
25 whenever the trustees intend to impose an increase in a nonvoted levy in the ensuing school fiscal year for the
26 purposes of funding any of the funds listed below:

- 27 (a) the tuition fund under 20-5-324;
28 (b) the adult education fund under 20-7-705;
29 (c) the building reserve fund under 20-9-502 and 20-9-503;
30 (d) the transportation fund under 20-10-143 and 20-10-144; and

1 (e) the bus depreciation reserve fund under 20-10-147.

2 (2) The trustees shall provide notice of intent to impose an increase in a nonvoted levy for the ensuing
3 school fiscal year by:

4 (a) adopting a resolution of intent to impose an increase in a nonvoted levy that includes, at a minimum,
5 the estimated number of increased or decreased mills to be imposed and the estimated increased or decreased
6 revenue to be raised compared to nonvoted levies under (1)(a) through (1)(e) imposed in the current school fiscal
7 year and, based on the district's taxable valuation most recently certified by the department of revenue under
8 15-10-202, the estimated impacts of the increase or decrease on a home valued at \$100,000 and a home valued
9 at \$200,000; and

10 (b) publishing a copy of the resolution in a newspaper that will give notice to the largest number of people
11 of the district as determined by the trustees and posting a copy of the resolution to the school district's website.

12

13 **Section 2.** Section 20-6-702, MCA, is amended to read:

14 **"20-6-702. Funding for K-12 school districts.** (1) Notwithstanding the provisions of subsections (2)
15 through (6), a K-12 school district formed under the provisions of 20-6-701 is subject to the provisions of law for
16 high school districts.

17 (2) The number of elected trustees of the K-12 school district must be based on the classification of the
18 attached elementary district under the provisions of 20-3-341 and 20-3-351.

19 (3) Calculations for the following must be made separately for the elementary school program and the
20 high school program of a K-12 school district:

21 (a) the calculation of ANB for purposes of determining the total per-ANB entitlements must be in
22 accordance with the provisions of 20-9-311;

23 (b) the basic county tax for elementary equalization and revenue for the elementary BASE funding
24 program for the district must be determined in accordance with the provisions of 20-9-331, and the basic county
25 tax for high school equalization and revenue for the high school BASE funding program for the district must be
26 determined in accordance with 20-9-333; and

27 (c) the guaranteed tax base aid for BASE funding program purposes for a K-12 school district must be
28 calculated separately, using each district's guaranteed tax base ratio, as defined in 20-9-366. The BASE budget
29 levy to be levied for the K-12 school district must be prorated based on the ratio of the BASE funding program
30 amounts for elementary school programs to the BASE funding program amounts for high school programs.

1 (d) the levy authority limits under 20-9-502(3) and the corresponding state school facility MAJOR
 2 maintenance aid under ~~20-9-516(3)~~ [SECTION 8(3)] for a K-12 school district must be calculated separately for the
 3 K-12 school district's elementary and high school programs in the same manner as those limits and aid would
 4 be calculated if the K-12 school district consisted of a separate elementary and high school district.

5 (4) The retirement obligation and eligibility for retirement guaranteed tax base aid for a K-12 school
 6 district must be calculated and funded as a high school district retirement obligation under the provisions of
 7 20-9-501.

8 (5) For the purposes of budgeting for a K-12 school district, the trustees shall adopt a single fund for any
 9 of the budgeted or nonbudgeted funds described in 20-9-201 for the costs of operating all grades and programs
 10 of the district.

11 (6) Tuition for attendance in the K-12 school district must be determined separately for high school pupils
 12 and for elementary pupils under the provisions of 20-5-320 through 20-5-324, except that the actual expenditures
 13 used for calculations in 20-5-323 must be based on an amount prorated between the elementary and high school
 14 programs in the appropriate funds of each district in the year prior to the attachment of the districts."
 15

16 **Section 3.** Section 20-9-236, MCA, is amended to read:

17 **"20-9-236. (Temporary) Transfer of funds -- improvements to school safety and security.** (1) A
 18 school district may transfer state or local revenue from any budgeted or nonbudgeted fund, other than the debt
 19 service fund or retirement fund, to its building reserve fund in an amount not to exceed the school district's
 20 estimated costs of improvements to school safety and security as follows:

21 (a) planning for improvements to school safety, including but not limited to the cost of services provided
 22 by architects, engineers, and other consultants;

23 (b) installing or updating locking mechanisms and ingress and egress systems at public school access
 24 points, including but not limited to systems for exterior egress doors and interior passageways and rooms, using
 25 contemporary technologies;

26 (c) installing or updating bullet-resistant windows and barriers; and

27 (d) installing or updating emergency response systems using contemporary technologies.

28 (2) Any transfers made pursuant to subsection (1) are not considered expenditures to be applied against
 29 budget authority. Any revenue transfers that are not encumbered for expenditures in compliance with subsection
 30 (1) ~~by June 30, 2019,~~ within 2 full school fiscal years after the funds are transferred must be transferred back to

1 the originating fund from which the revenue was transferred.

2 (3) The intent of this section is to increase the flexibility and efficiency of school districts without an
3 increase in local taxes. In furtherance of this intent, if transfers of funds are made from any school district fund
4 supported by a nonvoted levy, the district may not increase its nonvoted levy for the purpose of restoring the
5 transferred funds. (~~Terminates June 30, 2019--sec. 3, Ch. 323, L. 2015.~~)"

6

7 **SECTION 4. SECTION 20-9-343, MCA, IS AMENDED TO READ:**

8 **"20-9-343. Definition of and revenue for state equalization aid.** (1) As used in this title, the term "state
9 equalization aid" means revenue as required in this section for:

10 (a) distribution to the public schools for guaranteed tax base aid, BASE aid, and state ~~reimbursement~~
11 ~~for school facilities~~ debt service assistance; and

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

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

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

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

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

21

22 **SECTION 5. SECTION 20-9-367, MCA, IS AMENDED TO READ:**

23 **"20-9-367. Eligibility to receive guaranteed tax base aid or state ~~advance or reimbursement~~ debt**
24 **service assistance for school facilities.** (1) If the district guaranteed tax base ratio of ~~any an~~ elementary or high
25 school district is less than the corresponding statewide elementary or high school guaranteed tax base ratio, the
26 district may receive guaranteed tax base aid based on the number of mills levied in the district in support of up
27 to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement, and up to 40% of the special
28 education allowable cost payment budgeted within the general fund budget.

29 (2) If the county retirement mill value per elementary ANB or the county retirement mill value per high
30 school ANB is less than the corresponding statewide mill value per elementary ANB or high school ANB, the

1 county may receive guaranteed tax base aid based on the number of mills levied in the county in support of the
2 retirement fund budgets of the respective elementary or high school districts in the county.

3 (3) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or the district
4 mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or
5 statewide mill value per high school ANB, the district may receive debt service assistance in the form of a state
6 advance or reimbursement for school facilities in support of the debt service fund."

7

8 **Section 6.** Section 20-9-502, MCA, is amended to read:

9 **"20-9-502. Purpose and authorization of building reserve fund ~~by election -- levy for school~~**
10 **transition costs.** (1) The trustees of any district, ~~with the approval of the qualified electors of the district,~~ may
11 establish a building reserve fund to budget for and expend funds for any of the purposes set forth in this section.
12 Appropriate subfunds must be created to ensure separate tracking of the expenditure of funds from voted and
13 nonvoted levies and transfers for school safety pursuant to 20-9-236.

14 (2) (a) A voted levy may be imposed and a subfund must be created with the approval of the qualified
15 electors of the district for the purpose of raising money for the future construction, equipping, or enlarging of
16 school buildings; or for the purpose of purchasing land needed for school purposes in the district, ~~or for the~~
17 ~~purpose of funding school transition costs as provided in subsections (5) and (6).~~ In order to submit to the
18 qualified electors of the district a building reserve proposition for the establishment of or addition to a building
19 reserve, the trustees shall pass a resolution that specifies:

20 (a)(i) the purpose or purposes for which the new or addition to the building reserve will be used;

21 (b)(ii) the duration of time over which the new or addition to the building reserve will be raised in annual,
22 equal installments;

23 (c)(iii) the total amount of money that will be raised during the duration of time specified ~~in subsection~~
24 ~~(1)(b)~~ for the levy; and

25 (d)(iv) any other requirements under 15-10-425 and 20-20-201 for the calling of an election.

26 (2)(b) Except as provided in subsections ~~(5)(b)~~ (4)(b) and (6), a building reserve tax authorization may
27 not be for more than 20 years.

28 (3)(c) The election must be conducted in accordance with the school election laws of this title, and the
29 electors qualified to vote in the election must be qualified under the provisions of 20-20-301. The ballot for a
30 building reserve proposition must be substantially in compliance with 15-10-425.

1 ~~(4)(d)~~ The building reserve proposition is approved if a majority of those electors voting at the election
 2 approve the establishment of or addition to the building reserve. The annual budgeting and taxation authority of
 3 the trustees for a building reserve is computed by dividing the total authorized amount by the specified number
 4 of years. The authority of the trustees to budget and impose the taxation for the annual amount to be raised for
 5 the building reserve lapses when, at a later time, a bond issue is approved by the qualified electors of the district
 6 for the same purpose or purposes for which the building reserve fund of the district was established. Whenever
 7 a subsequent bond issue is made for the same purpose or purposes of a building reserve, the money in the
 8 building reserve must be used for the purpose or purposes before any money realized by the bond issue is used.

9 (3) (a) A subfund must be created to account for revenue and expenditures for school facility MAJOR
 10 maintenance and repairs authorized under this subsection (3). Except as provided in subsection (3)(g), the
 11 trustees of a district may authorize and impose a levy of no more than 10 mills on the taxable value of all taxable
 12 property within the district for that school fiscal year for the purposes of raising revenue for identified school facility
 13 MAJOR maintenance projects meeting the requirements of ~~20-9-516(1)(b)~~ [SECTION 8(2)]. The 10-mill limit under
 14 this section must be calculated using THE district's total taxable valuation most recently certified by the department
 15 of revenue under 15-10-202. The amount of money raised by the levy, THE deposits and transfers authorized
 16 under subsection (3)(f) of this section, and ANTICIPATED state aid pursuant to ~~20-9-516(3)~~ [SECTION 8(3)] may not
 17 exceed the district's school facility MAJOR maintenance amount. For the purposes of this section, the term "school
 18 facility MAJOR maintenance amount" means the sum of \$15,000 and the product of \$100 multiplied by the district's
 19 budgeted ANB for the prior fiscal year. To authorize and impose a levy under this subsection (3), the trustees
 20 shall:

21 (i) following public notice requirements pursuant to [section 1], adopt no later than April 15 for fiscal year
 22 2017 only and no later than March 31 for fiscal years 2018 and subsequent fiscal years, a resolution:

23 (A) identifying the anticipated school facility MAJOR maintenance projects for which the proceeds of the
 24 levy, THE deposits and transfers authorized under subsection (3)(f) of this section, and anticipated state aid
 25 pursuant to ~~20-9-516(3)~~ [SECTION 8(3)] will be used; and

26 (B) estimating a total dollar amount of money to be raised by the levy, THE deposits and transfers
 27 authorized under subsection (3)(f) of this section, anticipated state aid pursuant to ~~20-9-516(3)~~ [SECTION 8(3)],
 28 and the resulting estimated number of mills to be levied using the district's taxable valuation most recently
 29 certified by the department of revenue under 15-10-202; and

30 (ii) include the amount of any final levy to be imposed as part of its final budget meeting noticed in

1 compliance with 20-9-131.

2 (b) Proceeds from the levy may be expended only for the purposes under ~~20-9-516(1)(b)~~ [SECTION 8(2)],
 3 and the expenditure of the money must be reported in the annual trustees' report as required by 20-9-213.

4 (c) Whenever the trustees of a district impose a levy pursuant to this section during the current school
 5 fiscal year, they shall budget for the proceeds of the levy, THE deposits and transfers authorized under subsection
 6 (3)(f) of this section, and anticipated state aid pursuant to ~~20-9-516(3)~~ [SECTION 8(3)] in the district's building
 7 reserve fund budget. Any expenditures of the funds must be made in accordance with the financial administration
 8 provisions of this title for a budgeted fund.

9 (d) When a tax levy pursuant to this section is included as a revenue item on the final building reserve
 10 fund budget, the county superintendent shall report the levy requirement to the county commissioners by the later
 11 of the first Tuesday in September or within 30 calendar days after receiving certified taxable values and a levy
 12 on the district must be made by the county commissioners in accordance with 20-9-142.

13 (e) A subfund in the building reserve fund must be created for the deposit of proceeds from the levy, THE
 14 deposits and transfers authorized under subsection (3)(f) of this section, and anticipated state aid pursuant to
 15 ~~20-9-516(3)~~ [SECTION 8(3)].

16 (f) If the imposition of 10 mills pursuant to subsection (3)(a) is estimated by the trustees to generate an
 17 amount less than the maximum levy revenue specified in subsection (3)(a), the trustees may deposit additional
 18 funds from any lawfully available revenue source and may transfer additional funds from any lawfully available
 19 fund of the district to the subfund provided for in subsection (3)(a), up to the difference between the revenue
 20 estimated to be raised by the imposition of 10 mills and the maximum levy revenue specified in subsection
 21 (3)(a). The district's local effort for purposes of calculating its eligibility for state school facility MAJOR maintenance
 22 aid pursuant to ~~20-9-516~~ [SECTION 8] consists of the combined total of funds raised from the imposition of 10 mills
 23 and additional funds raised from deposits and transfers in compliance with this subsection (3)(f).

24 (g) A district awarded a quality schools facility grant pursuant to Title 90, chapter 6, part 8, during the
 25 biennium beginning July 1, 2017, may not impose the levy under this subsection (3) during the biennium
 26 beginning July 1, 2017.

27 ~~(5)(4)~~ (a) The trustees may submit a proposition to the qualified electors of the district for a levy A voted
 28 levy may be imposed and a subfund must be created with the approval of the qualified electors of the district to
 29 provide funding for transition costs incurred when the trustees:

30 (i) open a new school under the provisions of Title 20, chapter 6;

1 (ii) close a school;

2 (iii) replace a school building; or

3 (iv) consolidate with or annex another district under the provisions of Title 20, chapter 6.

4 (b) Except as provided in subsections ~~(5)(e)~~ (4)(c) and (6), the total amount the trustees may submit to
5 the electorate for transition costs may not exceed the number of years specified in the proposition times the
6 greater of 5% of the district's maximum general fund budget for the current year or \$250 per ANB for the current
7 year. Except as provided in subsection (6), the duration of the levy for transition costs may not exceed 6 years.

8 (c) If the levy for transition costs is for consolidation or annexation:

9 (i) the limitation on the amount levied is calculated using the ANB and the maximum general fund budget
10 for the districts that are being combined; and

11 (ii) the proposition must be submitted to the qualified electors in the combined district.

12 (d) The levy for transition costs may not be considered as outstanding indebtedness for the purpose of
13 calculating the limitation in 20-9-406.

14 (5) A subfund in the building reserve fund must be created for the funds transferred to the building
15 reserve fund for school safety and security pursuant to 20-9-236.

16 (6) The trustees of a K-12 district shall create a subfund and impose a levy for transition costs to fund
17 the payment required by 20-6-326(6)(b) when a proposition to create the K-12 district and to assess the transition
18 levy has been approved pursuant to 20-6-326(2). The levy is limited to the amount required by 20-6-326(6)(b)
19 for a period not to exceed 3 years."

20

21 **Section 7.** Section 20-9-516, MCA, is amended to read:

22 **"20-9-516. School facility and technology account.** (1) There is a school facility and technology
23 account in the state special revenue fund provided for in 17-2-102. The purpose of the account is to provide
24 ~~money to schools for:~~ contingent on appropriation from the legislature, funding for the following in priority order:

25 (a) school technology purposes as provided in 20-9-534; AND

26 (b) school facility maintenance aid as provided in subsection (3) for:

27 ~~—— (a)(i) major deferred maintenance;~~

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

29 ~~—— (c)(iii) critical infrastructure in school districts;~~

30 ~~—— (d)(iv) emergency facility needs; and~~

1 ~~_____ (e)(v) technological improvements; and~~

2 ~~(f)(c)(B) state reimbursement for school facilities DEBT SERVICE ASSISTANCE as provided in 20-9-371.~~

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

4 (a) an amount of money equal to the income attributable to the difference between the average sale

5 value of 18 million board feet and the total income produced from the annual timber harvest on common school

6 trust lands during the fiscal year; and

7 (b) the income received from certain lands and riverbeds as provided in 17-3-1003(5).

8 ~~(3) (a) Beginning in the 2021 biennium, the superintendent of public instruction shall administer the~~

9 ~~distribution of state school facility maintenance aid from the school facility and technology account for deposit in~~

10 ~~the subfund of the building reserve fund provided for in 20-9-502(3)(e). Subject to proration under subsection (5)~~

11 ~~of this section, aid must be annually distributed no later than the last working day of May to a school district~~

12 ~~imposing a levy pursuant to 20-9-502(3) in the current school fiscal year, with the amount of state support per~~

13 ~~dollar of local effort of the applicable elementary and high school program of each district determined as follows:~~

14 ~~_____ (i) using the taxable valuation most recently certified by the department of revenue under 15-10-202;~~

15 ~~_____ (A) divide the total statewide taxable valuation by the statewide total of school facility maintenance~~

16 ~~amounts and multiply the result by 171%;~~

17 ~~_____ (B) multiply the result determined under subsection (3)(a)(i)(A) by the district's school facility~~

18 ~~maintenance amount;~~

19 ~~_____ (C) subtract the district's taxable valuation from the amount determined under subsection (3)(a)(i)(B);~~

20 ~~and~~

21 ~~_____ (D) divide the amount determined under subsection (3)(a)(i)(C) by 1,000;~~

22 ~~_____ (ii) determine the greater of the amount determined in subsection (3)(a)(i) or 18% of the district's mill~~

23 ~~value;~~

24 ~~_____ (iii) multiply the result determined under subsection (3)(a)(ii) by the district's school facility maintenance~~

25 ~~amount, then divide the product by the sum of the result determined under subsection (3)(a)(ii) and the district's~~

26 ~~school facility maintenance amount;~~

27 ~~_____ (b) For a district with an adopted general fund budget in the prior year greater than or equal to 97% of~~

28 ~~the district's general fund maximum budget in the prior year, the amount determined in subsection (3)(a)(iii)~~

29 ~~rounded to the nearest cent is the amount of state school facility maintenance aid per dollar of local effort, not~~

30 ~~to exceed an amount that would result in the state aid comprising more than 80% of the district's school facility~~

1 ~~maintenance amount.~~

2 ~~—— (c) For a district with an adopted general fund budget in the prior year less than 97% of the district's~~
3 ~~maximum budget in the prior year, multiply the amount determined in subsection (3)(a)(iii) by the ratio of the~~
4 ~~district's adopted general fund budget in the prior year to the district's maximum general fund budget in the prior~~
5 ~~year. The result, rounded to the nearest cent, is the amount of state school facility maintenance aid per dollar of~~
6 ~~local effort, not to exceed an amount that would result in the state aid comprising more than 80% of the district's~~
7 ~~school facility maintenance amount.~~

8 ~~—— (4) Using the taxable valuation most recently certified by the department of revenue under 15-10-202,~~
9 ~~the superintendent shall provide school districts with a preliminary estimated amount of state school facility~~
10 ~~maintenance aid per dollar of local effort for the ensuing school year no later than March 1 and a final amount~~
11 ~~for the current school year no later than July 31.~~

12 ~~—— (5) If the appropriation from or the available funds in the school facility and technology account in any~~
13 ~~school fiscal year is less than the amount for which school districts would otherwise qualify, the superintendent~~
14 ~~of public instruction shall proportionally prorate the aid distributed to ensure that the distributions do not exceed~~
15 ~~the appropriated or available funds.~~

16 ~~—— (6) For the purposes of this section, the following definitions apply:~~

17 ~~—— (a) "Local effort" means an amount of money raised by levying no more than 10 mills pursuant to~~
18 ~~20-9-502(3) and, provided that 10 mills have been levied, any additional amount of money deposited or~~
19 ~~transferred by trustees to the subfund pursuant to 20-9-502(3).~~

20 ~~—— (b) "School facility maintenance amount" means the sum of \$15,000 and the product of \$100 multiplied~~
21 ~~by the district's budgeted ANB for the prior fiscal year.~~

22 ~~(3) IF IN ANY FISCAL YEAR THE AMOUNT OF REVENUE IN THE SCHOOL FACILITY AND TECHNOLOGY ACCOUNT IS~~
23 ~~SUFFICIENT TO FUND DEBT SERVICE ASSISTANCE WITHOUT A PRORATION REDUCTION PURSUANT TO 20-9-346(2)(B) AND~~
24 ~~IF IN THAT SAME FISCAL YEAR THE AMOUNT OF REVENUE AVAILABLE IN THE SCHOOL MAJOR MAINTENANCE AID ACCOUNT~~
25 ~~ESTABLISHED IN [SECTION 8] WILL RESULT IN A PRORATION REDUCTION IN SCHOOL MAJOR MAINTENANCE AID PURSUANT~~
26 ~~TO [SECTION 8(5)] FOR THAT FISCAL YEAR, THE STATE TREASURER SHALL TRANSFER ANY EXCESS FUNDS IN THE SCHOOL~~
27 ~~FACILITY AND TECHNOLOGY ACCOUNT TO THE SCHOOL MAJOR MAINTENANCE AID ACCOUNT NOT TO EXCEED THE AMOUNT~~
28 ~~REQUIRED TO AVOID A PRORATION REDUCTION."~~

29
30 ~~NEW SECTION. SECTION 8. SCHOOL MAJOR MAINTENANCE AID ACCOUNT -- FORMULA. (1) THERE IS A SCHOOL~~

1 MAJOR MAINTENANCE AID ACCOUNT IN THE STATE SPECIAL REVENUE FUND PROVIDED FOR IN 17-2-102.

2 (2) THE PURPOSE OF THE ACCOUNT IS TO PROVIDE, CONTINGENT ON APPROPRIATION FROM THE LEGISLATURE,
3 FUNDING FOR SCHOOL MAJOR MAINTENANCE AID AS PROVIDED IN SUBSECTION (3) FOR SCHOOL FACILITY PROJECTS THAT
4 SUPPORT A BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS UNDER 20-9-309 AND THAT
5 INVOLVE:

6 (A) FIRST, MAKING ANY REPAIRS CATEGORIZED AS "SAFETY", "DAMAGE/WEAR OUT", OR "CODES AND STANDARDS"
7 IN THE FACILITIES CONDITION INVENTORY FOR BUILDINGS OF THE SCHOOL DISTRICT AS REFERENCED IN THE K-12 PUBLIC
8 SCHOOLS FACILITY CONDITION AND NEEDS ASSESSMENT FINAL REPORT PREPARED BY THE MONTANA DEPARTMENT OF
9 ADMINISTRATION PURSUANT TO SECTION 1, CHAPTER 1, SPECIAL LAWS OF DECEMBER 2005; AND

10 (B) AFTER ADDRESSING THE REPAIRS IN SUBSECTION (2)(A), ANY OF THE FOLLOWING:

11 (i) UPDATING THE FACILITY CONDITION INVENTORY AS RECOMMENDED IN THE FINAL REPORT REFERENCED IN
12 SUBSECTION (2)(A) WITH THE SCOPE AND METHODS OF THE REVIEW TO BE DETERMINED BY THE TRUSTEES, EMPLOYING
13 EXPERTS AS THE TRUSTEES DETERMINE NECESSARY. THE FIRST UPDATE MUST BE COMPLETED BY JULY 1, 2019, AND
14 EACH DISTRICT SHALL CERTIFY THE COMPLETION TO THE OFFICE OF PUBLIC INSTRUCTION NO LATER THAN OCTOBER 31,
15 2019. SUBSEQUENT UPDATES MUST BE CERTIFIED TO THE OFFICE OF PUBLIC INSTRUCTION NO LESS THAN ONCE EVERY
16 5 YEARS FOLLOWING THE FIRST CERTIFICATION.

17 (ii) UNDERTAKING PROJECTS DESIGNED TO PRODUCE OPERATIONAL EFFICIENCIES SUCH AS UTILITY SAVINGS,
18 REDUCED FUTURE MAINTENANCE COSTS, IMPROVED UTILIZATION OF STAFF, AND ENHANCED LEARNING ENVIRONMENTS
19 FOR STUDENTS, INCLUDING BUT NOT LIMITED TO PROJECTS ADDRESSING:

20 (A) ROOFING SYSTEMS;

21 (B) HEATING, AIR CONDITIONING, AND VENTILATION SYSTEMS;

22 (C) ENERGY-EFFICIENT WINDOW AND DOOR SYSTEMS AND INSULATION;

23 (D) PLUMBING SYSTEMS;

24 (E) ELECTRICAL SYSTEMS AND LIGHTING SYSTEMS;

25 (F) INFORMATION TECHNOLOGY INFRASTRUCTURE, INCLUDING INTERNET CONNECTIVITY BOTH WITHIN AND TO
26 THE SCHOOL FACILITY; AND

27 (G) OTHER CRITICAL REPAIRS TO AN EXISTING SCHOOL FACILITY OR FACILITIES.

28 (3) (A) IN ANY YEAR IN WHICH THE LEGISLATURE HAS APPROPRIATED FUNDS FOR DISTRIBUTION FROM THE
29 SCHOOL MAJOR MAINTENANCE AID ACCOUNT, THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL ADMINISTER THE
30 DISTRIBUTION OF SCHOOL MAJOR MAINTENANCE AID FROM THE SCHOOL MAJOR MAINTENANCE AID ACCOUNT FOR DEPOSIT

1 IN THE SUBFUND OF THE BUILDING RESERVE FUND PROVIDED FOR IN 20-9-502(3)(E). SUBJECT TO PRORATION UNDER
2 SUBSECTION (5) OF THIS SECTION, AID MUST BE ANNUALLY DISTRIBUTED NO LATER THAN THE LAST WORKING DAY OF MAY
3 TO A SCHOOL DISTRICT IMPOSING A LEVY PURSUANT TO 20-9-502(3) IN THE CURRENT SCHOOL FISCAL YEAR, WITH THE
4 AMOUNT OF STATE SUPPORT PER DOLLAR OF LOCAL EFFORT OF THE APPLICABLE ELEMENTARY AND HIGH SCHOOL
5 PROGRAM OF EACH DISTRICT DETERMINED AS FOLLOWS:

6 (I) USING THE TAXABLE VALUATION MOST RECENTLY CERTIFIED BY THE DEPARTMENT OF REVENUE UNDER
7 15-10-202:

8 (A) DIVIDE THE TOTAL STATEWIDE TAXABLE VALUATION BY THE STATEWIDE TOTAL OF SCHOOL MAJOR
9 MAINTENANCE AMOUNTS AND MULTIPLY THE RESULT BY 171%;

10 (B) MULTIPLY THE RESULT DETERMINED UNDER SUBSECTION (3)(A)(I)(A) BY THE DISTRICT'S SCHOOL MAJOR
11 MAINTENANCE AMOUNT;

12 (C) SUBTRACT THE DISTRICT'S TAXABLE VALUATION FROM THE AMOUNT DETERMINED UNDER SUBSECTION
13 (3)(A)(I)(B); AND

14 (D) DIVIDE THE AMOUNT DETERMINED UNDER SUBSECTION (3)(A)(I)(C) BY 1,000;

15 (II) DETERMINE THE GREATER OF THE AMOUNT DETERMINED IN SUBSECTION (3)(A)(I) OR 18% OF THE DISTRICT'S
16 MILL VALUE; AND

17 (III) MULTIPLY THE RESULT DETERMINED UNDER SUBSECTION (3)(A)(II) BY THE DISTRICT'S SCHOOL MAJOR
18 MAINTENANCE AMOUNT, THEN DIVIDE THE PRODUCT BY THE SUM OF THE RESULT DETERMINED UNDER SUBSECTION
19 (3)(A)(II) AND THE DISTRICT'S SCHOOL MAJOR MAINTENANCE AMOUNT.

20 (B) FOR A DISTRICT WITH AN ADOPTED GENERAL FUND BUDGET IN THE PRIOR YEAR GREATER THAN OR EQUAL
21 TO 97% OF THE DISTRICT'S GENERAL FUND MAXIMUM BUDGET IN THE PRIOR YEAR, THE AMOUNT DETERMINED IN
22 SUBSECTION (3)(A)(III) ROUNDED TO THE NEAREST CENT IS THE AMOUNT OF SCHOOL MAJOR MAINTENANCE AID PER
23 DOLLAR OF LOCAL EFFORT, NOT TO EXCEED AN AMOUNT THAT WOULD RESULT IN THE STATE AID COMPOSING MORE THAN
24 80% OF THE DISTRICT'S SCHOOL MAJOR MAINTENANCE AMOUNT.

25 (C) FOR A DISTRICT WITH AN ADOPTED GENERAL FUND BUDGET IN THE PRIOR YEAR LESS THAN 97% OF THE
26 DISTRICT'S MAXIMUM BUDGET IN THE PRIOR YEAR, MULTIPLY THE AMOUNT DETERMINED IN SUBSECTION (3)(A)(III) BY THE
27 RATIO OF THE DISTRICT'S ADOPTED GENERAL FUND BUDGET IN THE PRIOR YEAR TO THE DISTRICT'S MAXIMUM GENERAL
28 FUND BUDGET IN THE PRIOR YEAR. THE RESULT, ROUNDED TO THE NEAREST CENT, IS THE AMOUNT OF STATE SCHOOL
29 MAJOR MAINTENANCE AID PER DOLLAR OF LOCAL EFFORT, NOT TO EXCEED AN AMOUNT THAT WOULD RESULT IN THE STATE
30 AID COMPOSING MORE THAN 80% OF THE DISTRICT'S SCHOOL MAJOR MAINTENANCE AMOUNT.

1 (4) USING THE TAXABLE VALUATION MOST RECENTLY CERTIFIED BY THE DEPARTMENT OF REVENUE UNDER
 2 15-10-202, THE SUPERINTENDENT SHALL PROVIDE SCHOOL DISTRICTS WITH A PRELIMINARY ESTIMATED AMOUNT OF STATE
 3 SCHOOL MAJOR MAINTENANCE AID PER DOLLAR OF LOCAL EFFORT FOR THE ENSUING SCHOOL YEAR NO LATER THAN
 4 MARCH 1 AND A FINAL AMOUNT FOR THE CURRENT SCHOOL YEAR NO LATER THAN JULY 31.

5 (5) IF THE APPROPRIATION FROM OR THE AVAILABLE FUNDS IN THE SCHOOL MAJOR MAINTENANCE AID ACCOUNT
 6 IN ANY SCHOOL FISCAL YEAR IS LESS THAN THE AMOUNT FOR WHICH SCHOOL DISTRICTS WOULD OTHERWISE QUALIFY, THE
 7 SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL PROPORTIONALLY PRORATE THE AID DISTRIBUTED TO ENSURE THAT THE
 8 DISTRIBUTIONS DO NOT EXCEED THE APPROPRIATED OR AVAILABLE FUNDS.

9 (6) IF IN ANY FISCAL YEAR THE AMOUNT OF REVENUE IN THE SCHOOL MAJOR MAINTENANCE AID ACCOUNT IS
 10 SUFFICIENT TO FUND SCHOOL MAJOR MAINTENANCE AID WITHOUT A PRORATION REDUCTION PURSUANT TO SUBSECTION
 11 (5) AND IF IN THAT SAME FISCAL YEAR THE AMOUNT OF REVENUE AVAILABLE IN THE SCHOOL FACILITY AND TECHNOLOGY
 12 ACCOUNT ESTABLISHED IN 20-9-516 WILL RESULT IN A PRORATION REDUCTION IN DEBT SERVICE ASSISTANCE PURSUANT
 13 TO 20-9-346(2)(B) FOR THAT FISCAL YEAR, THE STATE TREASURER SHALL TRANSFER ANY EXCESS FUNDS IN THE SCHOOL
 14 MAJOR MAINTENANCE AID ACCOUNT TO THE SCHOOL FACILITY AND TECHNOLOGY ACCOUNT, NOT TO EXCEED THE AMOUNT
 15 REQUIRED TO AVOID A PRORATION REDUCTION.

16 (7) FOR THE PURPOSES OF THIS SECTION, THE FOLLOWING DEFINITIONS APPLY:

17 (A) "LOCAL EFFORT" MEANS AN AMOUNT OF MONEY RAISED BY LEVYING NO MORE THAN 10 MILLS PURSUANT TO
 18 20-9-502(3) AND, PROVIDED THAT 10 MILLS HAVE BEEN LEVIED, ANY ADDITIONAL AMOUNT OF MONEY DEPOSITED OR
 19 TRANSFERRED BY TRUSTEES TO THE SUBFUND PURSUANT TO 20-9-502(3).

20 (B) "SCHOOL MAJOR MAINTENANCE AMOUNT" MEANS THE SUM OF \$15,000 AND THE PRODUCT OF \$100
 21 MULTIPLIED BY THE DISTRICT'S BUDGETED ANB FOR THE PRIOR FISCAL YEAR.

22
 23 NEW SECTION. Section 9. Repealer. The following sections of the Montana Code Annotated are
 24 repealed:

25 90-6-801. Short title.
 26 90-6-802. Purpose.
 27 90-6-803. Definitions.
 28 90-6-809. Quality schools facility grant program -- legislature to authorize grants -- types of grants
 29 available.
 30 90-6-810. Procedure for approval of projects -- role of department and governor -- approval by legislature.

1 90-6-811. Priorities for projects -- application of criteria -- consideration of project attributes -- adjustments
2 for educationally relevant factors.

3 90-6-819. Department to adopt rules.

4
5 **NEW SECTION. Section 10. Repealer.** The following sections of the Montana Code Annotated are
6 repealed:

7 90-6-812. Conditions for grants.

8 90-6-818. Disbursement of funds -- department discretion when actual expenses are less than projected
9 expenses.

10
11 **NEW SECTION. Section 11. Repealer.** Section 12, Chapter 364, Laws of 2013, and section 3, Chapter
12 323, Laws of 2015, are repealed.

13
14 **NEW SECTION. Section 12. Codification instruction.** (1) [Section 1] is intended to be codified as an
15 integral part of Title 20, chapter 9, part 1, and the provisions of Title 20, chapter 9, part 1, apply to [section 1].

16 **(2) [SECTION 8] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 20, CHAPTER 9, PART 5, AND THE**
17 **PROVISIONS OF TITLE 20, CHAPTER 9, PART 5, APPLY TO [SECTION 8].**

18
19 **COORDINATION SECTION. SECTION 13. COORDINATION INSTRUCTION. IF BOTH SENATE BILL NO. 139 AND**
20 **[THIS ACT] ARE PASSED AND APPROVED AND IF BOTH CONTAIN A SECTION AMENDING 20-9-502, THEN THE SECTIONS**
21 **AMENDING 20-9-502 ARE VOID AND 20-9-502 MUST BE AMENDED AS FOLLOWS:**

22 **"20-9-502. Purpose and authorization of building reserve fund by election -- levy for school**
23 **transition costs.** (1) The trustees of any district, ~~with the approval of the qualified electors of the district,~~ may
24 establish a building reserve fund to budget for and expend funds for any of the purposes set forth in this section.
25 Appropriate subfunds must be created to ensure separate tracking of the expenditure of funds from voted and
26 nonvoted levies and transfers for school safety pursuant to 20-9-236.

27 **(2) (a) A voted levy may be imposed and a subfund must be created with the approval of the qualified**
28 **electors of the district for the purpose of raising money for the future construction, equipping, or enlarging of**
29 **school buildings; or for the purpose of purchasing land needed for school purposes in the district, or for the**
30 **purpose of funding school transition costs as provided in subsections (5) and (6).** In order to submit to the

1 qualified electors of the district a building reserve proposition for the establishment of or addition to a building
 2 reserve, the trustees shall pass a resolution that specifies:

3 ~~(a)~~(i) the purpose or purposes for which the new or addition to the building reserve will be used;

4 ~~(b)~~(ii) the duration of time over which the new or addition to the building reserve will be raised in annual,
 5 equal installments;

6 ~~(c)~~(iii) the total amount of money that will be raised during the duration of time specified in ~~subsection~~
 7 ~~(1)(b)~~ for the levy; and

8 ~~(d)~~(iv) any other requirements under 15-10-425 and 20-20-201 for the calling of an election.

9 ~~(2)(b)~~ Except as provided in ~~subsections (5)(b) and (6)~~ subsection (4)(b), a building reserve tax
 10 authorization may not be for more than 20 years.

11 ~~(3)(c)~~ The election must be conducted in accordance with the school election laws of this title, and the
 12 electors qualified to vote in the election must be qualified under the provisions of 20-20-301. The ballot for a
 13 building reserve proposition must be substantially in compliance with 15-10-425.

14 ~~(4)(d)~~ The building reserve proposition is approved if a majority of those electors voting at the election
 15 approve the establishment of or addition to the building reserve. The annual budgeting and taxation authority of
 16 the trustees for a building reserve is computed by dividing the total authorized amount by the specified number
 17 of years. The authority of the trustees to budget and impose the taxation for the annual amount to be raised for
 18 the building reserve lapses when, at a later time, a bond issue is approved by the qualified electors of the district
 19 for the same purpose or purposes for which the building reserve fund of the district was established. Whenever
 20 a subsequent bond issue is made for the same purpose or purposes of a building reserve, the money in the
 21 building reserve must be used for the purpose or purposes before any money realized by the bond issue is used.

22 (3) (a) A subfund must be created to account for revenue and expenditures for school major
 23 maintenance and repairs authorized under this subsection (3). Except as provided in subsection (3)(g), the
 24 trustees of a district may authorize and impose a levy of no more than 10 mills on the taxable value of all taxable
 25 property within the district for that school fiscal year for the purposes of raising revenue for identified school major
 26 maintenance projects meeting the requirements of [section 8(2)]. The 10-mill limit under this section must be
 27 calculated using the district's total taxable valuation most recently certified by the department of revenue under
 28 15-10-202. The amount of money raised by the levy, the deposits and transfers authorized under subsection (3)(f)
 29 of this section, and anticipated state aid pursuant to [section 8(3)] may not exceed the district's school major
 30 maintenance amount. For the purposes of this section, the term "school major maintenance amount" means the

1 sum of \$15,000 and the product of \$100 multiplied by the district's budgeted ANB for the prior fiscal year. To
2 authorize and impose a levy under this subsection (3), the trustees shall:

3 (i) following public notice requirements pursuant to [section 1], adopt no later than April 15 for fiscal year
4 2017 only and no later than March 31 for fiscal years 2018 and subsequent fiscal years, a resolution:

5 (A) identifying the anticipated school major maintenance projects for which the proceeds of the levy, the
6 deposits and transfers authorized under subsection (3)(f) of this section, and anticipated state aid pursuant to
7 [section 8(3)] will be used; and

8 (B) estimating a total dollar amount of money to be raised by the levy, the deposits and transfers
9 authorized under subsection (3)(f) of this section, anticipated state aid pursuant to [section 8(3)], and the resulting
10 estimated number of mills to be levied using the district's taxable valuation most recently certified by the
11 department of revenue under 15-10-202; and

12 (ii) include the amount of any final levy to be imposed as part of its final budget meeting noticed in
13 compliance with 20-9-131.

14 (b) Proceeds from the levy may be expended only for the purposes under [section 8(2)], and the
15 expenditure of the money must be reported in the annual trustees' report as required by 20-9-213.

16 (c) Whenever the trustees of a district impose a levy pursuant to this section during the current school
17 fiscal year, they shall budget for the proceeds of the levy, the deposits and transfers authorized under subsection
18 (3)(f) of this section, and anticipated state aid pursuant to [section 8(3)] in the district's building reserve fund
19 budget. Any expenditures of the funds must be made in accordance with the financial administration provisions
20 of this title for a budgeted fund.

21 (d) When a tax levy pursuant to this section is included as a revenue item on the final building reserve
22 fund budget, the county superintendent shall report the levy requirement to the county commissioners by the later
23 of the first Tuesday in September or within 30 calendar days after receiving certified taxable values and a levy
24 on the district must be made by the county commissioners in accordance with 20-9-142.

25 (e) A subfund in the building reserve fund must be created for the deposit of proceeds from the levy, the
26 deposits and transfers authorized under subsection (3)(f) of this section, and anticipated state aid pursuant to
27 [section 8(3)].

28 (f) If the imposition of 10 mills pursuant to subsection (3)(a) is estimated by the trustees to generate an
29 amount less than the maximum levy revenue specified in subsection (3)(a), the trustees may deposit additional
30 funds from any lawfully available revenue source and may transfer additional funds from any lawfully available

1 fund of the district to the subfund provided for in subsection (3)(a), up to the difference between the revenue
 2 estimated to be raised by the imposition of 10 mills and the maximum levy revenue specified in subsection (3)(a).
 3 The district's local effort for purposes of calculating its eligibility for state school major maintenance aid pursuant
 4 to [section 8] consists of the combined total of funds raised from the imposition of 10 mills and additional funds
 5 raised from deposits and transfers in compliance with this subsection (3)(f).

6 (g) A district awarded a quality schools facility grant pursuant to Title 90, chapter 6, part 8, during the
 7 biennium beginning July 1, 2017, may not impose the levy under this subsection (3) during the biennium
 8 beginning July 1, 2017.

9 ~~(5)(4)~~ (a) ~~The trustees may submit a proposition to the qualified electors of the district for a levy~~ A voted
 10 levy may be imposed and a subfund must be created with the approval of the qualified electors of the district to
 11 provide funding for transition costs incurred when the trustees:

- 12 (i) open a new school under the provisions of Title 20, chapter 6;
- 13 (ii) close a school;
- 14 (iii) replace a school building; or
- 15 (iv) consolidate with or annex another district under the provisions of Title 20, chapter 6; or
- 16 (v) receive approval from voters to expand an elementary district into a K-12 district pursuant to 20-6-326.

17 (b) ~~Except as provided in subsections (5)(c) and (6) subsection (4)(c),~~ the total amount the trustees may
 18 submit to the electorate for transition costs may not exceed the number of years specified in the proposition times
 19 the greater of 5% of the district's maximum general fund budget for the current year or \$250 per ANB for the
 20 current year. ~~Except as provided in subsection (6), the~~ The duration of the levy for transition costs may not exceed
 21 6 years.

22 (c) If the levy for transition costs is for consolidation or annexation:

- 23 (i) the limitation on the amount levied is calculated using the ANB and the maximum general fund budget
- 24 for the districts that are being combined; and
- 25 (ii) the proposition must be submitted to the qualified electors in the combined district.

26 (d) The levy for transition costs may not be considered as outstanding indebtedness for the purpose of
 27 calculating the limitation in 20-9-406.

28 (5) A subfund in the building reserve fund must be created for the funds transferred to the building
 29 reserve fund for school safety and security pursuant to 20-9-236.

30 ~~(6) The trustees of a K-12 district shall impose a levy for transition costs to fund the payment required~~

1 by 20-6-326(6)(b) when a proposition to create the K-12 district and to assess the transition levy has been
2 approved pursuant to 20-6-326(2). The levy is limited to the amount required by 20-6-326(6)(b) for a period not
3 to exceed 3 years."

4
5 COORDINATION SECTION. SECTION 14. COORDINATION INSTRUCTION. IF BOTH HOUSE BILL NO. 134 AND
6 [THIS ACT] ARE PASSED AND APPROVED, THEN HOUSE BILL NO. 134 IS VOID.

7
8 NEW SECTION. Section 15. Effective dates -- coordination -- retroactive applicability. (1) Except
9 as provided in subsections (2) and (3), [this act] is effective on passage and approval and applies to school district
10 budgets beginning on or after July 1, 2017.

11 (2) The authority and requirement for notice under [sections 1 and ~~4(3)~~ 6(3)] applies retroactively, within
12 the meaning of 1-2-109, to levies noticed on or after January 1, 2017.

13 (3) (a) Except as provided in subsection (3)(b), [sections ~~6 and 7~~ 9 AND 10] are effective July 1, 2017.

14 (b) If House Bill No. ~~14~~ or [~~LC 2344~~ 645] OR SENATE BILL NO. 367 is passed and approved and provides
15 grants to schools for facilities, then [section ~~7~~ 10] is effective July 1, 2019.

16 - END -