

HOUSE BILL NO. 211

INTRODUCED BY L. JONES, D. BEDEY, K. BOGNER, B. GRUBBS, B. HAMLETT, D. SALOMON,
S. WEBBER

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING EDUCATION LAWS RELATED TO RECRUITMENT AND RETENTION; REVISING ELIGIBILITY FOR THE QUALITY EDUCATOR LOAN ASSISTANCE PROGRAM TO BETTER TARGET ASSISTANCE; ALLOWING A QUALITY EDUCATOR RECEIVING LOAN REPAYMENT ASSISTANCE TO EXCLUDE THE REPAYMENT FROM ADJUSTED GROSS INCOME FOR STATE INCOME TAX PURPOSES; ~~PROVIDING A PAYMENT TO SCHOOL DISTRICTS TO SUPPORT RECRUITMENT AND RETENTION;~~ ALLOWING IMPACTED SCHOOLS TO PROVIDE LOAN REPAYMENT ASSISTANCE TO ELIGIBLE TEACHERS AFTER COMPLETING A FOURTH YEAR; PROVIDING AN APPROPRIATION; AMENDING SECTIONS 15-30-2110, 20-4-134, 20-4-501, 20-4-502, 20-4-503, 20-4-504, AND 20-4-505, MCA; REPEALING SECTION 20-4-506, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 15-30-2110, MCA, is amended to read:

"15-30-2110. Adjusted gross income. (1) Subject to subsection ~~(14)~~ (15), adjusted gross income is the taxpayer's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, 26 U.S.C. 62, and in addition includes the following:

(a) (i) interest received on obligations of another state or territory or county, municipality, district, or other political subdivision of another state, except to the extent that the interest is exempt from taxation by Montana under federal law;

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C. 852(b)(5), that are attributable to the interest referred to in subsection (1)(a)(i);

(b) refunds received of federal income tax, to the extent that the deduction of the tax resulted in a reduction of Montana income tax liability as determined under subsection ~~(15)~~ (16);

(c) that portion of a shareholder's income under subchapter S. of Chapter 1 of the Internal Revenue Code that has been reduced by any federal taxes paid by the subchapter S. corporation on the income;

- 1 (d) depreciation or amortization taken on a title plant as defined in 33-25-105;
- 2 (e) the recovery during the tax year of an amount deducted in any prior tax year to the extent that the
3 amount recovered reduced the taxpayer's Montana income tax in the year deducted;
- 4 (f) if the state taxable distribution of an estate or trust is greater than the federal taxable distribution of
5 the same estate or trust, the difference between the state taxable distribution and the federal taxable distribution
6 of the same estate or trust for the same tax period; and
- 7 (g) except for exempt-interest dividends described in subsection (2)(a)(ii), the amount of any dividend
8 to the extent that the dividend is not included in federal adjusted gross income.
- 9 (2) Notwithstanding the provisions of the Internal Revenue Code, adjusted gross income does not
10 include the following, which are exempt from taxation under this chapter:
- 11 (a) (i) all interest income from obligations of the United States government, the state of Montana, or a
12 county, municipality, district, or other political subdivision of the state and any other interest income that is exempt
13 from taxation by Montana under federal law;
- 14 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C.
15 852(b)(5), that are attributable to the interest referred to in subsection (2)(a)(i);
- 16 (b) interest income earned by a taxpayer who is 65 years of age or older in a tax year up to and including
17 \$800 for a taxpayer filing a separate return and \$1,600 for each joint return;
- 18 (c) (i) except as provided in subsection (2)(c)(ii) and subject to subsection ~~(16)~~ (17), the first \$4,070 of
19 all pension and annuity income received as defined in 15-30-2101;
- 20 (ii) subject to subsection ~~(16)~~ (17), for pension and annuity income described under subsection (2)(c)(i),
21 as follows:
- 22 (A) each taxpayer filing singly, head of household, or married filing separately shall reduce the total
23 amount of the exclusion provided in subsection (2)(c)(i) by \$2 for every \$1 of federal adjusted gross income in
24 excess of \$33,910 as shown on the taxpayer's return;
- 25 (B) in the case of married taxpayers filing jointly, if both taxpayers are receiving pension or annuity
26 income or if only one taxpayer is receiving pension or annuity income, the exclusion claimed as provided in
27 subsection (2)(c)(i) must be reduced by \$2 for every \$1 of federal adjusted gross income in excess of \$33,910
28 as shown on their joint return;
- 29 (d) all Montana income tax refunds or tax refund credits;
- 30 (e) gain required to be recognized by a liquidating corporation under 15-31-113(1)(a)(ii);

- 1 (f) all tips or gratuities that are covered by section 3402(k) or service charges that are covered by section
2 3401 of the Internal Revenue Code of 1954, 26 U.S.C. 3402(k) or 3401, as amended and applicable on January
3 1, 1983, received by a person for services rendered to patrons of premises licensed to provide food, beverage,
4 or lodging;
- 5 (g) all benefits received under the workers' compensation laws;
- 6 (h) all health insurance premiums paid by an employer for an employee if attributed as income to the
7 employee under federal law;
- 8 (i) all money received because of a settlement agreement or judgment in a lawsuit brought against a
9 manufacturer or distributor of "agent orange" for damages resulting from exposure to "agent orange";
- 10 (j) principal and income in a medical care savings account established in accordance with 15-61-201
11 or withdrawn from an account for eligible medical expenses, as defined in 15-61-102, including a medical care
12 savings account inherited by an immediate family member as provided in 15-61-202(6);
- 13 (k) principal and income in a first-time home buyer savings account established in accordance with
14 15-63-201 or withdrawn from an account for eligible costs, as provided in 15-63-202(7), for the first-time purchase
15 of a single-family residence;
- 16 (l) contributions or earnings withdrawn from a family education savings account or from a qualified tuition
17 program established and maintained by another state as provided by section 529(b)(1)(A)(ii) of the Internal
18 Revenue Code, 26 U.S.C. 529(b)(1)(A)(ii), for qualified higher education expenses, as defined in 15-62-103, of
19 a designated beneficiary;
- 20 (m) the recovery during the tax year of any amount deducted in any prior tax year to the extent that the
21 recovered amount did not reduce the taxpayer's Montana income tax in the year deducted;
- 22 (n) if the federal taxable distribution of an estate or trust is greater than the state taxable distribution of
23 the same estate or trust, the difference between the federal taxable distribution and the state taxable distribution
24 of the same estate or trust for the same tax period;
- 25 (o) deposits, not exceeding the amount set forth in 15-30-3003, deposited in a Montana farm and ranch
26 risk management account, as provided in 15-30-3001 through 15-30-3005, in any tax year for which a deduction
27 is not provided for federal income tax purposes;
- 28 (p) income of a dependent child that is included in the taxpayer's federal adjusted gross income pursuant
29 to the Internal Revenue Code. The child is required to file a Montana personal income tax return if the child and
30 taxpayer meet the filing requirements in 15-30-2602.

1 (q) principal and income deposited in a health care expense trust account, as defined in 2-18-1303, or
2 withdrawn from the account for payment of qualified health care expenses as defined in 2-18-1303;

3 (r) the amount of the gain recognized from the sale or exchange of a mobile home park as provided in
4 15-31-163;

5 (s) the amount of a scholarship to an eligible student by a student scholarship organization pursuant to
6 15-30-3104; and

7 (t) a payment received by a private landowner for providing public access to public land pursuant to Title
8 76, chapter 17, part 1.

9 (3) A shareholder of a DISC that is exempt from the corporate income tax under 15-31-102(1)(l) shall
10 include in the shareholder's adjusted gross income the earnings and profits of the DISC in the same manner as
11 provided by section 995 of the Internal Revenue Code, 26 U.S.C. 995, for all periods for which the DISC election
12 is effective.

13 (4) (a) A taxpayer who, in determining federal adjusted gross income, has reduced the taxpayer's
14 business deductions:

15 (i) by an amount for wages and salaries for which a federal tax credit was elected under sections 38 and
16 51(a) of the Internal Revenue Code, 26 U.S.C. 38 and 51(a), is allowed to deduct the amount of the wages and
17 salaries paid regardless of the credit taken; or

18 (ii) for which a federal tax credit was elected under the Internal Revenue Code is allowed to deduct the
19 amount of the business expense paid when there is no corresponding state income tax credit or deduction,
20 regardless of the credit taken.

21 (b) The deductions in subsection (4)(a) must be made in the year that the wages, salaries, or business
22 expenses were used to compute the credit. In the case of a partnership or small business corporation, the
23 deductions in subsection (4)(a) must be made to determine the amount of income or loss of the partnership or
24 small business corporation.

25 (5) Married taxpayers filing a joint federal return who are required to include part of their social security
26 benefits or part of their tier 1 railroad retirement benefits in federal adjusted gross income may split the federal
27 base used in calculation of federal taxable social security benefits or federal taxable tier 1 railroad retirement
28 benefits when they file separate Montana income tax returns. The federal base must be split equally on the
29 Montana return.

30 (6) Married taxpayers filing a joint federal return who are allowed a capital loss deduction under section

1 1211 of the Internal Revenue Code, 26 U.S.C. 1211, and who file separate Montana income tax returns may
2 claim the same amount of the capital loss deduction that is allowed on the federal return. If the allowable capital
3 loss is clearly attributable to one spouse, the loss must be shown on that spouse's return; otherwise, the loss
4 must be split equally on each return.

5 (7) In the case of passive and rental income losses, married taxpayers filing a joint federal return and
6 who file separate Montana income tax returns are not required to recompute allowable passive losses according
7 to the federal passive activity rules for married taxpayers filing separately under section 469 of the Internal
8 Revenue Code, 26 U.S.C. 469. If the allowable passive loss is clearly attributable to one spouse, the loss must
9 be shown on that spouse's return; otherwise, the loss must be split equally on each return.

10 (8) Married taxpayers filing a joint federal return in which one or both of the taxpayers are allowed a
11 deduction for an individual retirement contribution under section 219 of the Internal Revenue Code, 26 U.S.C.
12 219, and who file separate Montana income tax returns may claim the same amount of the deduction that is
13 allowed on the federal return. The deduction must be attributed to the spouse who made the contribution.

14 (9) (a) Married taxpayers filing a joint federal return who are allowed a deduction for interest paid for a
15 qualified education loan under section 221 of the Internal Revenue Code, 26 U.S.C. 221, and who file separate
16 Montana income tax returns may claim the same amount of the deduction that is allowed on the federal return.
17 The deduction may be split equally on each return or in proportion to each taxpayer's share of federal adjusted
18 gross income.

19 (b) Married taxpayers filing a joint federal return who are allowed a deduction for qualified tuition and
20 related expenses under section 222 of the Internal Revenue Code, 26 U.S.C. 222, and who file separate Montana
21 income tax returns may claim the same amount of the deduction that is allowed on the federal return. The
22 deduction may be split equally on each return or in proportion to each taxpayer's share of federal adjusted gross
23 income.

24 (10) A taxpayer receiving retirement disability benefits who has not attained 65 years of age by the end
25 of the tax year and who has retired as permanently and totally disabled may exclude from adjusted gross income
26 up to \$100 a week received as wages or payments in lieu of wages for a period during which the employee is
27 absent from work due to the disability. If the adjusted gross income before this exclusion exceeds \$15,000, the
28 excess reduces the exclusion by an equal amount. This limitation affects the amount of exclusion, but not the
29 taxpayer's eligibility for the exclusion. If eligible, married individuals shall apply the exclusion separately, but the
30 limitation for income exceeding \$15,000 is determined with respect to the spouses on their combined adjusted

1 gross income. For the purpose of this subsection, "permanently and totally disabled" means unable to engage
2 in any substantial gainful activity by reason of any medically determined physical or mental impairment lasting
3 or expected to last at least 12 months.

4 (11) (a) An individual who contributes to one or more accounts established under the Montana family
5 education savings program or to a qualified tuition program established and maintained by another state as
6 provided by section 529(b)(1)(A)(ii) of the Internal Revenue Code, 26 U.S.C. 529(b)(1)(A)(ii), may reduce adjusted
7 gross income by the lesser of \$3,000 or the amount of the contribution. In the case of married taxpayers, each
8 spouse is entitled to a reduction, not in excess of \$3,000, for the spouses' contributions to the accounts. Spouses
9 may jointly elect to treat half of the total contributions made by the spouses as being made by each spouse. The
10 reduction in adjusted gross income under this subsection applies only with respect to contributions to an account
11 of which the account owner is the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the
12 taxpayer's child or stepchild is a Montana resident. The provisions of subsection (1)(e) do not apply with respect
13 to withdrawals of contributions that reduced adjusted gross income.

14 (b) Contributions made pursuant to this subsection (11) are subject to the recapture tax provided in
15 15-62-208.

16 (12) (a) An individual who contributes to one or more accounts established under the Montana achieving
17 a better life experience program or to a qualified program established and maintained by another state as
18 provided by section 529A(e)(7) of the Internal Revenue Code, 26 U.S.C. 529A(e)(7), may reduce adjusted gross
19 income by the lesser of \$3,000 or the amount of the contribution. In the case of married taxpayers, each spouse
20 is entitled to a reduction, not to exceed \$3,000, for the spouses' contributions to the accounts. Spouses may
21 jointly elect to treat one-half of the total contributions made by the spouses as being made by each spouse. The
22 reduction in adjusted gross income under this subsection (12)(a) applies only with respect to contributions to an
23 account for which the account owner is the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild
24 if the taxpayer's child or stepchild is a Montana resident. The provisions of subsection (1)(e) do not apply with
25 respect to withdrawals of contributions that reduced adjusted gross income.

26 (b) Contributions made pursuant to this subsection (12) are subject to the recapture tax provided in
27 53-25-118.

28 (13) (a) A taxpayer may exclude the amount of the loan payment received pursuant to subsection
29 (13)(a)(iv), not to exceed \$5,000, from the taxpayer's adjusted gross income if the taxpayer:

30 (i) is a health care professional licensed in Montana as provided in Title 37;

1 (ii) is serving a significant portion of a designated geographic area, special population, or facility
 2 population in a federally designated health professional shortage area, a medically underserved area or
 3 population, or a federal nursing shortage county as determined by the secretary of health and human services
 4 or by the governor;

5 (iii) has had a student loan incurred as a result of health-related education; and

6 (iv) has received a loan payment during the tax year made on the taxpayer's behalf by a loan repayment
 7 program described in subsection (13)(b) as an incentive to practice in Montana.

8 (b) For the purposes of subsection (13)(a), a loan repayment program includes a federal, state, or
 9 qualified private program. A qualified private loan repayment program includes a licensed health care facility, as
 10 defined in 50-5-101, that makes student loan payments on behalf of the person who is employed by the facility
 11 as a licensed health care professional.

12 (14) A taxpayer may exclude the amount of loan repayment assistance received during the tax year
 13 pursuant to Title 20, chapter 4, part 5, not to exceed \$5,000, from the taxpayer's adjusted gross income.

14 ~~(14)~~(15) Notwithstanding the provisions of subsection (1), adjusted gross income does not include 40%
 15 of capital gains on the sale or exchange of capital assets before December 31, 1986, as capital gains are
 16 determined under subchapter P. of Chapter 1 of the Internal Revenue Code as it read on December 31, 1986.

17 ~~(15)~~(16) A refund received of federal income tax referred to in subsection (1)(b) must be allocated in the
 18 following order as applicable:

19 (a) to federal income tax in a prior tax year that was not deducted on the state tax return in that prior tax
 20 year;

21 (b) to federal income tax in a prior tax year that was deducted on the state tax return in that prior tax year
 22 but did not result in a reduction in state income tax liability in that prior tax year; and

23 (c) to federal income tax in a prior tax year that was deducted on the state tax return in that prior tax year
 24 and that reduced the taxpayer's state income tax liability in that prior tax year.

25 ~~(16)~~(17) By November 1 of each year, the department shall multiply the amount of pension and annuity
 26 income contained in subsection (2)(c)(i) and the federal adjusted gross income amounts in subsection (2)(c)(ii)
 27 by the inflation factor for the following tax year, rounded to the nearest \$10. The resulting amounts are effective
 28 for that following tax year and must be used as the basis for the exemption determined under subsection (2)(c).
 29 (Subsection (2)(f) terminates on occurrence of contingency--sec. 3, Ch. 634, L. 1983; subsection (2)(o) terminates
 30 on occurrence of contingency--sec. 9, Ch. 262, L. 2001; subsection (2)(s) terminates December 31, 2023--sec.

1 33, Ch. 457, L. 2015; subsection (2)(t) terminates June 30, 2027--sec. 10, Ch. 374, L. 2017.)"

2

3 **Section 2.** Section 20-4-134, MCA, is amended to read:

4 **"20-4-134. Professional stipends for teachers certified by national board for professional teaching**
5 **standards.** (1) Pursuant to subsection (5), an annual stipend of up to \$1,500 must be provided to each teacher

6 who holds a current certificate from the national board for professional teaching standards if the teacher is:

7 (a) a full-time classroom teacher, librarian, or other full-time employee serving in an assignment covered
8 by national board certification assessment;

9 (b) certified to teach in Montana under the provisions of 20-4-103; and

10 (c) a full-time employee of:

11 (i) a Montana public school district, as defined in 20-6-101;

12 (ii) an education cooperative, as described in 20-7-451;

13 (iii) the Montana school for the deaf and blind, as described in 20-8-101; or

14 (iv) a state youth correctional facility, as defined in 41-5-103.

15 (2) An annual stipend of up to \$2,500 must be provided to each teacher who meets the criteria for the
16 stipend in subsection (1) and who has an instructional assignment in a school identified as:

17 (a) a school in a high-poverty area eligible to participate in the community eligibility provision under
18 Public Law 111-296; or

19 (b) ~~a school impacted by a critical quality educator shortage pursuant to 20-4-503~~ an impacted school
20 as defined in 20-4-502.

21 (3) A teacher becomes eligible for the stipend in subsection (1) in the school year beginning July 1 after
22 the teacher obtains certification or recertification from the national board for professional teaching standards.

23 (4) By March 1, the superintendent of public instruction shall distribute stipend payments to any entity
24 listed in subsections (1)(c)(i) through (1)(c)(iv) that employs an eligible teacher.

25 (5) The obligation for funding a portion of the professional stipends is an obligation of the state. This
26 section may not be construed to require a school district to provide its matching portion of a stipend to a qualifying
27 teacher without a payment from the state to the district. If the money appropriated for the stipends is not enough
28 to provide the full amount for each eligible teacher, the superintendent of public instruction shall request the state
29 budget director to submit a request for a supplemental appropriation in the second year of the biennium that is
30 sufficient to complete the funding of the stipends.

1 (6) (a) For a stipend under subsection (1), the state shall pay \$500 and another \$1 for each \$1
2 contributed by the teacher's school district, up to a maximum state contribution of \$1,000.

3 (b) For a stipend under subsection (2), the state shall pay \$1,000 and another \$2 for each \$1 contributed
4 by the teacher's school district, up to a maximum state contribution of \$2,000."

5

6 **Section 3.** Section 20-4-501, MCA, is amended to read:

7 **"20-4-501. Quality educator loan assistance program -- purpose.** (1) There is a quality educator loan
8 assistance program administered by the ~~board of regents through the office of the commissioner of higher~~
9 education superintendent of public instruction. The program must provide for the direct repayment of educational
10 loans of eligible quality educators in accordance with policies and procedures adopted by the ~~board of regents~~
11 superintendent of public instruction in accordance with this part.

12 (2) The purpose of this program is to aid quality educator recruitment and retention for those schools
13 most impacted by critical quality educator shortages. The program must be implemented in a manner that
14 maximizes recruitment and retention assistance to impacted schools."

15

16 **Section 4.** Section 20-4-502, MCA, is amended to read:

17 **"20-4-502. Definitions.** For purposes of this part, unless the context requires otherwise, the following
18 definitions apply:

19 (1) "Critical quality educator shortage area" means a specific licensure or endorsement area in an
20 impacted school IN WHICH:

21 (A) in any of the 3 immediate preceding school fiscal years in which a position was:

22 (i) filled through the procedures set forth in 19-20-732, 20-4-106(1)(e), or 20-4-111;

23 (ii) filled from a candidate pool of less than five qualified candidates; or

24 (iii) advertised and remained vacant and unfilled due to a lack of qualified candidates for a period in
25 excess of 30 school days; OR

26 (B) A VACANCY FOR THE CURRENT SCHOOL YEAR WAS ADVERTISED FOR A PERIOD OF AT LEAST 30 DAYS AND THE
27 DISTRICT RECEIVED LESS THAN FIVE APPLICATIONS FROM QUALIFIED CANDIDATES.

28 (+)(2) "Education cooperative" means a cooperative of Montana public schools as described in 20-7-451.

29 (-)(3) "Educational loans" means all loans made pursuant to a federal loan program, except federal
30 parent loans for undergraduate students (PLUS) loans, as provided in 20 U.S.C. 1078-2.

1 ~~(3)~~(4) "Federal loan program" means educational loans authorized by 20 U.S.C. 1071, et seq., 20 U.S.C.
2 1087a, et seq., and 20 U.S.C. 1087aa, et seq.

3 (5) "Impacted school" means:

4 (a) a special education cooperative;

5 (b) the Montana school for the deaf and blind, as described in 20-8-101;

6 (c) the Montana youth challenge program, as established in 10-1-1401;

7 (d) a state youth correctional facility, as defined in 41-5-103;

8 (e) a public school located on an Indian reservation; and

9 (f) a public school that, driving at a reasonable speed for the road surface, is located:

10 (i) more than ~~45~~ 20 minutes from a MONTANA city with a population greater than ~~40,000~~ 15,000 based
11 on the most recent federal decennial census; or

12 ~~—— (ii) more than 30 minutes from a city with a population greater than 4,300 based on the most recent~~
13 ~~federal decennial census.~~

14 ~~(4)~~(6) (a) "Quality educator" means a full-time equivalent educator, as reported to the superintendent
15 of public instruction for accreditation purposes in the current school year, who:

16 (i) holds a valid certificate under the provisions of 20-4-106 and is employed by an entity listed in
17 subsection ~~(4)(b)~~ (6)(b) in a position that requires an educator license in accordance with administrative rules
18 adopted by the board of public education; or

19 (ii) is a licensed professional under 37-8-405, 37-8-415, 37-11-301, 37-15-301, 37-17-302, 37-22-301,
20 37-23-201, 37-24-301, or 37-25-302 and is employed by an entity listed in subsection ~~(4)(b)~~ (6)(b) of this section
21 to provide services to students.

22 (b) For purposes of subsection ~~(4)(a)~~ (6)(a), an entity means:

23 (i) a school district;

24 (ii) an education cooperative;

25 (iii) the Montana school for the deaf and blind, as described in 20-8-101;

26 (iv) the Montana youth challenge program; and

27 (v) a state youth correctional facility, as defined in 41-5-103.

28 ~~(5)~~(7) "School district" means a public school district, as provided in 20-6-101 and 20-6-701."

29

30 **Section 5.** Section 20-4-503, MCA, is amended to read:

1 **"20-4-503. Critical quality educator shortages.** (1) The board of public education, in consultation with
2 the office of public instruction, shall identify:

3 ~~(a) specific schools that are~~ MAINTAIN AND MAKE PUBLICLY AVAILABLE A CURRENT LIST OF impacted by critical
4 ~~quality educator shortages~~ schools; and

5 ~~(b)~~ BASED ON REPORTING BY IMPACTED SCHOOLS OR SCHOOL DISTRICTS IN WHICH IMPACTED SCHOOLS ARE
6 LOCATED, IDENTIFY within ~~each of the schools identified in subsection (1)(a)~~ IMPACTED SCHOOL, ~~the specific quality~~
7 ~~educator licensure or endorsement areas that are impacted by critical quality educator shortages~~ shortage areas
8 UNDER 20-4-502(1)(A). THE BOARD OF PUBLIC EDUCATION SHALL ALSO ESTABLISH A PROCESS FOR IMPACTED SCHOOLS
9 TO REPORT AND QUALIFY, NO LATER THAN 5 DAYS AFTER SUBMISSION OF A WRITTEN REPORT ON A FORM DEVELOPED BY
10 THE BOARD, A CURRENT VACANCY FOR A CRITICAL QUALITY EDUCATOR SHORTAGE AREA UNDER THE CRITERIA SET FORTH
11 IN 20-4-502(1)(B). CRITICAL QUALITY EDUCATOR SHORTAGE AREAS QUALIFYING UNDER 20-4-502(1)(B) ARE ELIGIBLE FOR
12 LOAN REPAYMENT ASSISTANCE INDEPENDENT OF THE REPORT UNDER SUBSECTION (2) OF THIS SECTION.

13 ~~(2) In identifying impacted schools under subsection (1)(a), the board of public education, in consultation~~
14 ~~with the office of public instruction, shall consider including the following:~~

15 ~~—— (a) special education cooperatives;~~

16 ~~—— (b) the Montana school for the deaf and blind, as described in 20-8-101;~~

17 ~~—— (c) the Montana youth challenge program, as established in 10-1-1401;~~

18 ~~—— (d) state youth correctional facilities, as defined in 41-5-103;~~

19 ~~—— (e) public schools that are located on an American Indian reservation; and~~

20 ~~—— (f) public schools that, driving at a reasonable speed for the road surface, are located:~~

21 ~~—— (i) more than 45 minutes from a city with a population greater than 10,000 based on the most recent~~
22 ~~federal decennial census; or~~

23 ~~—— (ii) more than 30 minutes from a city with a population greater than 4,300 based on the most recent~~
24 ~~federal decennial census.~~

25 ~~(3)~~(2) The board of public education shall publish by December 1 an annual report listing the ~~schools~~
26 ~~and the licensure or endorsement areas identified as impacted by critical quality educator shortages, explaining~~
27 ~~the reasons that specific schools and licensure or endorsement areas have been identified and providing~~
28 ~~information regarding any success in retention~~ critical quality educator shortage areas UNDER 20-4-502(1)(A) in
29 each impacted school. The report must apply to the school year that begins July 1 following the publication of the
30 report in order to assist recruitment by impacted schools. ~~For the school year beginning July 1, 2017, eligibility~~

1 ~~for the program may be governed by the report adopted by the board of public education by December 1, 2017.~~
 2 FOR THE SCHOOL YEAR BEGINNING JULY 1, 2019, ELIGIBILITY FOR THE PROGRAM MAY BE BASED ON THE CRITERIA UNDER
 3 20-4-502(1)(A) MUST BE GOVERNED BY THE REPORT ADOPTED BY THE BOARD OF PUBLIC EDUCATION BY DECEMBER 1,
 4 2019.

5 ~~(4)(3)~~ A quality educator working at a school identified in subsection (1) an impacted school in a critical
 6 quality educator shortage area is eligible for repayment of all or part of the quality educator's outstanding
 7 educational loans existing at the time of application in accordance with the eligibility and award criteria
 8 established under this part. If a quality educator is eligible for loan assistance and remains employed in the same
 9 impacted school OR ANOTHER IMPACTED SCHOOL WITHIN THE SAME SCHOOL DISTRICT and in the same critical quality
 10 educator shortage area for which the quality educator was originally eligible, the quality educator remains eligible
 11 for up to 3 years of STATE-FUNDED loan repayment assistance AND AN ADDITIONAL 1 YEAR OF LOAN REPAYMENT
 12 ASSISTANCE FUNDED BY THE IMPACTED SCHOOL OR THE DISTRICT UNDER WHICH THE IMPACTED SCHOOL IS OPERATED
 13 pursuant to 20-4-504(2). BOTH STATE-FUNDED AND LOCALLY FUNDED LOAN REPAYMENT ASSISTANCE UNDER THIS
 14 SECTION IS EXEMPT FROM TAXATION AS SPECIFIED IN 15-20-2110(14)."

15
 16 **Section 6.** Section 20-4-504, MCA, is amended to read:
 17 **"20-4-504. Loan repayment ~~and recruitment and retention~~ assistance.** (1) Loan repayment
 18 assistance may be provided on behalf of a quality educator who:

19 ~~(1)(a)~~ (1)(a) is employed NEWLY HIRED in an identified impacted school described in 20-4-503(1) in a critical
 20 quality educator shortage area; and

21 ~~(2)(b)~~ (2)(b) has an educational loan that is not in default and that has a minimum unpaid current balance of
 22 at least \$1,000 at the time of application.

23 (2) A quality educator is eligible for STATE-FUNDED loan repayment assistance for no more than 3 years
 24 AND AN ADDITIONAL 1 YEAR OF LOAN REPAYMENT ASSISTANCE VOLUNTARILY FUNDED BY THE IMPACTED SCHOOL OR THE
 25 DISTRICT UNDER WHICH THE IMPACTED SCHOOL IS OPERATED, with the maximum annual loan repayment assistance
 26 not to exceed:

27 (a) \$3,000 OF STATE-FUNDED LOAN REPAYMENT ASSISTANCE after the first complete year of teaching in an
 28 impacted school;

29 (b) \$4,000 OF STATE-FUNDED LOAN REPAYMENT ASSISTANCE after the second complete year of teaching
 30 in the same impacted school or another impacted school within the same school district; and

1 (c) \$5,000 OF STATE-FUNDED LOAN REPAYMENT ASSISTANCE after the third complete year of teaching in the
 2 same impacted school or another impacted school within the same school district; AND

3 (D) UP TO \$5,000 OF LOAN REPAYMENT ASSISTANCE FUNDED BY THE IMPACTED SCHOOL OR THE DISTRICT UNDER
 4 WHICH THE IMPACTED SCHOOL IS OPERATED AFTER THE FOURTH COMPLETE YEAR OF TEACHING IN THE SAME IMPACTED
 5 SCHOOL OR ANOTHER IMPACTED SCHOOL WITHIN THE SAME SCHOOL DISTRICT.

6 ~~(3) The obligation for funding loan repayment assistance under this part is an obligation of the state. If~~
 7 ~~the money appropriated for loan repayment assistance is not enough to provide the full amount for each eligible~~
 8 ~~teacher, the superintendent of public instruction shall request the state budget director to submit a request for~~
 9 ~~a supplemental appropriation in the second year of the biennium that is sufficient to complete the funding of the~~
 10 ~~loan repayment assistance.~~

11 ~~———— (4) The superintendent of public instruction shall distribute to school districts an additional payment of~~
 12 ~~\$4,000 per year for each quality educator employed by the district that has applied and qualified for loan~~
 13 ~~repayment assistance under subsection (1). The trustees may deposit this payment in any budgeted or~~
 14 ~~nonbudgeted fund of the district and shall use the payment for addressing critical quality educator shortages in~~
 15 ~~the district.~~

16 ~~———— (5) If the appropriation supporting the distributions to school districts provided in subsection (4) in any~~
 17 ~~school fiscal year is less than the amount for which school districts would otherwise qualify, the superintendent~~
 18 ~~of public instruction shall proportionally prorate the funds distributed to ensure that the distributions do not exceed~~
 19 ~~the appropriation.~~

20 (3) IF THE FUNDING FOR STATE-FUNDED LOAN REPAYMENT ASSISTANCE IN ANY YEAR IS LESS THAN THE TOTAL
 21 AMOUNT FOR WHICH MONTANA QUALITY EDUCATORS QUALIFY, THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL
 22 PRORATE REPAYMENT ASSISTANCE AMOUNTS ACCORDINGLY.

23 ~~(4) A SCHOOL DISTRICT MAY FUND LOAN REPAYMENT ASSISTANCE UNDER SUBSECTION (2)(D) FROM ANY STATE~~
 24 ~~OR LOCAL REVENUE FROM ANY BUDGETED OR NONBUDGETED FUND, OTHER THAN THE DEBT SERVICE FUND OR~~
 25 ~~RETIREMENT FUND."~~

26
 27 **Section 7.** Section 20-4-505, MCA, is amended to read:
 28 **"20-4-505. Loan repayment assistance documentation.** (1) A quality educator shall submit an
 29 application for loan repayment assistance to the ~~board of regents~~ superintendent of public instruction in
 30 accordance with policies and procedures adopted by the ~~board of regents~~ superintendent of public instruction.

1 The application must include official verification or proof of the applicant's total unpaid accumulated educational
 2 loan debt and other documentation required by the ~~board of regents~~ superintendent of public instruction that is
 3 necessary for verification of the applicant's eligibility.

4 (2) The ~~board of regents~~ superintendent of public instruction may require a quality educator who is
 5 eligible for loan repayment assistance to provide documentation that the quality educator has exhausted
 6 repayment assistance from other federal, state, or local loan forgiveness, discharge, or repayment incentive
 7 programs.

8 ~~(3) A quality educator is eligible for loan repayment assistance for no more than 3 years, with the~~
 9 ~~maximum annual loan repayment assistance not to exceed:~~

10 ~~—— (a) \$3,000 after the first complete year of teaching in an impacted school;~~

11 ~~—— (b) \$4,000 after the second complete year of teaching in the same impacted school or another impacted~~
 12 ~~school within the same school district; and~~

13 ~~—— (c) \$5,000 after the third complete year of teaching in the same impacted school or another impacted~~
 14 ~~school within the same school district.~~

15 ~~(4)(3)~~ The ~~board of regents~~ superintendent of public instruction may remit payment of the loan on behalf
 16 of the quality educator in accordance with the requirements of this part and policies and procedures adopted by
 17 the ~~board of regents~~ superintendent of public instruction.

18 (4) AN IMPACTED SCHOOL OR A SCHOOL DISTRICT UNDER WHICH AN IMPACTED SCHOOL IS OPERATED MAY REMIT
 19 PAYMENT OF THE LOAN ON BEHALF OF A QUALITY EDUCATOR ELIGIBLE FOR LOAN REPAYMENT ASSISTANCE UNDER THIS
 20 SECTION IN ACCORDANCE WITH 20-4-504."

21
 22 NEW SECTION. Section 8. Repealer. The following section of the Montana Code Annotated is
 23 repealed:

24 20-4-506. Funding -- priorities.

25
 26 NEW SECTION. Section 9. Appropriation. (1) There is appropriated ~~\$400,000~~ \$500,000 from the
 27 general fund to the office of public instruction in each fiscal year of the biennium beginning July 1, 2019, for the
 28 purpose of ~~distributions to school districts for addressing critical quality educator shortages pursuant to~~
 29 ~~20-4-504(4).~~ STATE-FUNDED LOAN REPAYMENT ASSISTANCE PURSUANT TO 20-4-504.

30 (2) The legislature intends that the appropriation in subsection (1) be considered as part of the ongoing

1 base for the next legislative session.

2

3 NEW SECTION. **Section 10. Effective date.** [This act] is effective July 1, 2019.

4

5 NEW SECTION. **Section 11. Applicability.** [This act] applies to tax years beginning after December
6 31, 2019.

7

- END -