

SENATE BILL NO. 10

INTRODUCED BY D. SALOMON

BY REQUEST OF THE EDUCATION INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT CORRECTING ERRORS RELATED TO THE CALCULATION OF SCHOOL MAJOR MAINTENANCE AID AND THE NATURAL RESOURCE DEVELOPMENT K-12 SCHOOL FACILITIES PAYMENT; AMENDING SECTION 35, CHAPTER 429, LAWS OF 2017; AMENDING SECTION 20-9-525, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 20-9-525, MCA, is amended to read:

"20-9-525. School major maintenance aid account -- formula. (1) There is a school major maintenance aid account in the state special revenue fund provided for in 17-2-102.

(2) [Subject to legislative fund transfer,] the purpose of the account is to provide, contingent on appropriation from the legislature, funding for school major maintenance aid as provided in subsection (3) for school facility projects that support a basic system of free quality public elementary and secondary schools under 20-9-309 and that involve:

(a) first, making any repairs categorized as "safety", "damage/wear out", or "codes and standards" in the facilities condition inventory for buildings of the school district as referenced in the K-12 public schools facility condition and needs assessment final report prepared by the Montana department of administration pursuant to section 1, Chapter 1, Special Laws of December 2005; and

(b) after addressing the repairs in subsection (2)(a), any of the following:

(i) updating the facility condition inventory as recommended in the final report referenced in subsection (2)(a) with the scope and methods of the review to be determined by the trustees, employing experts as the trustees determine necessary. The first update must be completed by July 1, 2019, and each district shall certify the completion to the office of public instruction no later than October 31, 2019. Subsequent updates must be certified to the office of public instruction no less than once every 5 years following the first certification.

(ii) undertaking projects designed to produce operational efficiencies such as utility savings, reduced future maintenance costs, improved utilization of staff, and enhanced learning environments for students,

1 including but not limited to projects addressing:

2 (A) roofing systems;

3 (B) heating, ~~air-conditioning~~ air-conditioning, and ventilation systems;

4 (C) energy-efficient window and door systems and insulation;

5 (D) plumbing systems;

6 (E) electrical systems and lighting systems;

7 (F) information technology infrastructure, including internet connectivity both within and to the school
8 facility; and

9 (G) other critical repairs to an existing school facility or facilities.

10 (3) (a) In any year in which the legislature has appropriated funds for distribution from the school major
11 maintenance aid account, the superintendent of public instruction shall administer the distribution of school major
12 maintenance aid from the school major maintenance aid account for deposit in the subfund of the building reserve
13 fund provided for in 20-9-502(3)(e). Subject to proration under subsection (5) of this section, aid must be annually
14 distributed no later than the last working day of May to a school district imposing a levy pursuant to 20-9-502(3)
15 in the current school fiscal year, with the amount of state support per dollar of local effort of the applicable
16 elementary and high school program of each district determined as follows:

17 (i) using the taxable valuation most recently ~~certified~~ determined by the department of revenue under
18 ~~15-10-202~~ 20-9-369:

19 (A) divide the total statewide taxable valuation by the statewide total of school major maintenance
20 amounts and multiply the result by 171%;

21 (B) multiply the result determined under subsection (3)(a)(i)(A) by the district's school major maintenance
22 amount;

23 (C) subtract the district's taxable valuation from the amount determined under subsection (3)(a)(i)(B);
24 and

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

26 (ii) determine the greater of the amount determined in subsection (3)(a)(i) or 18% of the district's mill
27 value; and

28 (iii) multiply the result determined under subsection (3)(a)(ii) by the district's school major maintenance
29 amount, then divide the product by the sum of the result determined under subsection (3)(a)(ii) and the district's
30 ~~school major maintenance amount~~ mill value; and

1 (iv) divide the result determined under subsection (3)(a)(iii) by the difference resulting from subtracting
2 the result determined under subsection (3)(a)(iii) from the district's school major maintenance amount.

3 (b) For a district with an adopted general fund budget in the prior year greater than or equal to 97% of
4 the district's general fund maximum budget in the prior year, the amount determined in subsection (3)(a)(iii)(a)(iv)
5 rounded to the nearest cent is the amount of school major maintenance aid per dollar of local effort, not to exceed
6 an amount that would result in the state aid composing more than 80% of the district's school major maintenance
7 amount.

8 (c) For a district with an adopted general fund budget in the prior year less than 97% of the district's
9 maximum budget in the prior year, multiply the amount determined in subsection (3)(a)(iii)(a)(iv) by the ratio of
10 the district's adopted general fund budget in the prior year to the district's maximum general fund budget in the
11 prior year. The result, rounded to the nearest cent, is the amount of state school major maintenance aid per dollar
12 of local effort, not to exceed an amount that would result in the state aid composing more than 80% of the
13 district's school major maintenance amount.

14 (4) Using the taxable valuation most recently ~~certified~~ determined by the department of revenue under
15 ~~15-10-202~~ 20-9-369, the superintendent shall provide school districts with a preliminary estimated amount of state
16 school major maintenance aid per dollar of local effort for the ensuing school year no later than March 1 and a
17 final amount for the current school year no later than July 31.

18 (5) If the appropriation from or the available funds in the school major maintenance aid account in any
19 school fiscal year are less than the amount for which school districts would otherwise qualify, the superintendent
20 of public instruction shall proportionally prorate the aid distributed to ensure that the distributions do not exceed
21 the appropriated or available funds.

22 (6) If in any fiscal year the amount of revenue in the school major maintenance aid account is sufficient
23 to fund school major maintenance aid without a proration reduction pursuant to subsection (5) and if in that same
24 fiscal year the amount of revenue available in the school facility and technology account established in 20-9-516
25 will result in a proration reduction in debt service assistance pursuant to 20-9-346(2)(b) for that fiscal year, the
26 state treasurer shall transfer any excess funds in the school major maintenance aid account to the school facility
27 and technology account, not to exceed the amount required to avoid a proration reduction.

28 (7) For the purposes of this section, the following definitions apply:

29 (a) "Local effort" means an amount of money raised by levying no more than 10 mills pursuant to
30 20-9-502(3) and, provided that 10 mills have been levied, any additional amount of money deposited or

1 transferred by trustees to the subfund pursuant to 20-9-502(3).

2 (b) "School major maintenance amount" means the sum of \$15,000 and the product of \$100 multiplied
3 by the district's budgeted ANB for the prior fiscal year. (Bracketed language in subsection (2) terminates June
4 30, 2019--sec. 28, Ch. 6, Sp. L. November 2017.)"

5

6 **Section 2.** Section 35, Chapter 429, Laws of 2017, is amended to read:

7 "**Section 35. Termination.** [Sections 13, ~~27~~, and 29] terminate June 30, 2019."

8

9 NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

10

- END -