

SENATE BILL NO. 92

INTRODUCED BY D. SALOMON

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4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPROVING SCHOOL AND STUDENT SAFETY AND SECURITY;
5 CLARIFYING PERMISSIBLE EXPENDITURES FOR SCHOOL AND STUDENT SAFETY AND SECURITY;
6 EXPANDING PERMISSIBLE EXPENDITURES OF STATE SCHOOL MAJOR MAINTENANCE AID AND MAJOR
7 MAINTENANCE LEVIES TO INCLUDE SCHOOL AND STUDENT SAFETY AND SECURITY; AUTHORIZING
8 THE TRUSTEES OF A SCHOOL DISTRICT TO SEEK VOTER APPROVAL OF A LEVY FOR SCHOOL AND
9 STUDENT SAFETY AND SECURITY; AMENDING SECTIONS 20-9-236, 20-9-502, AND 20-9-525, MCA; AND
10 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13
14 **Section 1.** Section 20-9-236, MCA, is amended to read:

15 **"20-9-236. Transfer of funds -- improvements to school safety and security.** (1) A school district
16 may transfer state or local revenue from any budgeted or nonbudgeted fund, other than the debt service fund or
17 retirement fund, to its building reserve fund in an amount not to exceed the school district's estimated costs of
18 improvements to school and student safety and security as follows:

19 (a) planning for improvements to and maintenance of school and student safety, including but not limited
20 to the cost of staffing for or services provided by architects, engineers, school resource officers, counselors, and
21 other staff or consultants assisting the district with improvements to school and student safety and security;

22 (b) programs to support school and student safety and security, including but not limited to active shooter
23 training, threat assessments, and restorative justice;

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

27 (e)(d) installing or updating bullet-resistant windows and barriers; and

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

29 (2) Any transfers made pursuant to subsection (1) are not considered expenditures to be applied against
30 budget authority. Any revenue transfers that are not encumbered for expenditures in compliance with subsection

1 (1) within 2 full school fiscal years after the funds are transferred must be transferred back to the originating fund
2 from which the revenue was transferred.

3 (3) The intent of this section is to increase the flexibility and efficiency of school districts without an
4 increase in local taxes. In furtherance of this intent, if transfers of funds are made from any school district fund
5 supported by a nonvoted levy, the district may not increase its nonvoted levy for the purpose of restoring the
6 transferred funds."

7

8 **Section 2.** Section 20-9-502, MCA, is amended to read:

9 **"20-9-502. Purpose and authorization of building reserve fund -- ~~levy for school transition costs~~**

10 **subfund structure.** (1) The trustees of any district may establish a building reserve fund to budget for and
11 expend funds for any of the purposes set forth in this section. Appropriate subfunds must be created to ensure
12 separate tracking of the expenditure of funds from voted and nonvoted levies and transfers for school safety
13 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. In order to
17 submit to the qualified electors of the district a building reserve proposition for the establishment of or addition
18 to a building reserve, the trustees shall pass a resolution that specifies:

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

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

22 (iii) the total amount of money that will be raised during the duration of time specified for the levy; and

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

24 (b) Except as provided in subsection (4)(b), a building reserve tax authorization may not be for more than
25 20 years.

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

29 (d) The building reserve proposition is approved if a majority of those electors voting at the election
30 approve the establishment of or addition to the building reserve. The annual budgeting and taxation authority of

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

7 (3) (a) A subfund must be created to account for revenue and expenditures for school major
 8 maintenance and repairs authorized under this subsection (3). Except as provided in subsection (3)(g), the
 9 trustees of a district may authorize and impose a levy of no more than 10 mills on the taxable value of all taxable
 10 property within the district for that school fiscal year for the purposes of raising revenue for identified ~~school major~~
 11 ~~maintenance~~ improvements or projects meeting the requirements of 20-9-525(2). The 10-mill limit under this
 12 section must be calculated using the district's total taxable valuation most recently certified by the department
 13 of revenue under 15-10-202. The amount of money raised by the levy, the deposits and transfers authorized
 14 under subsection (3)(f) of this section, and anticipated state aid pursuant to 20-9-525(3) may not exceed the
 15 district's school major maintenance amount. For the purposes of this section, the term "school major maintenance
 16 amount" means the sum of \$15,000 and the product of \$100 multiplied by the district's budgeted ANB for the prior
 17 fiscal year. To authorize and impose a levy under this subsection (3), the trustees shall:

18 (i) following public notice requirements pursuant to 20-9-116, adopt no later than ~~June 1 for fiscal year~~
 19 ~~2017 only and no later than March 31 for fiscal years 2018 and subsequent fiscal years~~ of each fiscal year; a
 20 resolution:

21 (A) identifying the anticipated ~~school major maintenance~~ improvements or projects for which the
 22 proceeds of the levy, the deposits and transfers authorized under subsection (3)(f) of this section, and anticipated
 23 state aid pursuant to 20-9-525(3) will be used; and

24 (B) estimating a total dollar amount of money to be raised by the levy, the deposits and transfers
 25 authorized under subsection (3)(f) of this section, anticipated state aid pursuant to 20-9-525(3), and the resulting
 26 estimated number of mills to be levied using the district's taxable valuation most recently certified by the
 27 department of revenue under 15-10-202; and

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

30 (b) Proceeds from the levy may be expended only for the purposes under 20-9-525(2), and the

1 expenditure of the money must be reported in the annual trustees' report as required by 20-9-213.

2 (c) Whenever the trustees of a district impose a levy pursuant to this section during the current school
3 fiscal year, they shall budget for the proceeds of the levy, the deposits and transfers authorized under subsection
4 (3)(f) of this section, and anticipated state aid pursuant to 20-9-525(3) in the district's building reserve fund
5 budget. Any expenditures of the funds must be made in accordance with the financial administration provisions
6 of this title for a budgeted fund.

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

11 (e) A subfund in the building reserve fund must be created for the deposit of proceeds from the levy, the
12 deposits and transfers authorized under subsection (3)(f) of this section, and anticipated state aid pursuant to
13 20-9-525(3).

14 (f) If the imposition of 10 mills pursuant to subsection (3)(a) is estimated by the trustees to generate an
15 amount less than the maximum levy revenue specified in subsection (3)(a), the trustees may deposit additional
16 funds from any lawfully available revenue source and may transfer additional funds from any lawfully available
17 fund of the district to the subfund provided for in subsection (3)(a), up to the difference between the revenue
18 estimated to be raised by the imposition of 10 mills and the maximum levy revenue specified in subsection (3)(a).
19 The district's local effort for purposes of calculating its eligibility for state school major maintenance aid pursuant
20 to 20-9-525 consists of the combined total of funds raised from the imposition of 10 mills and additional funds
21 raised from deposits and transfers in compliance with this subsection (3)(f).

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

25 (4) (a) A voted levy may be imposed and a subfund must be created with the approval of the qualified
26 electors of the district to provide funding for transition costs incurred when the trustees:

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

28 (ii) close a school;

29 (iii) replace a school building;

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

1 (v) receive approval from voters to expand an elementary district into a K-12 district pursuant to
2 20-6-326.

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

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

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

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

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

13 (5) (a) A subfund in the building reserve fund must be created for:

14 (i) the funds transferred to the building reserve fund for school safety and security pursuant to 20-9-236;
15 and

16 (ii) funds generated by a voter-approved levy for school and student safety and security pursuant to
17 subsection (5)(b) of this section.

18 (b) A voted levy may be imposed with the approval of the qualified electors of the district to provide
19 funding for improvements to school and student safety and security that meet any of the criteria set forth in
20 20-9-236(1)(a) through (1)(e). A voted levy for school and student safety and security may not be considered
21 as outstanding indebtedness for the purpose of calculating the limitation in 20-9-406. The election for a voted
22 levy for school and student safety and security must be conducted in accordance with the school election laws
23 of this title, and the electors qualified to vote in the election must be qualified under the provisions of 20-20-301.
24 The ballot for a building reserve proposition must be substantially in compliance with 15-10-425."

25
26 ~~Section 3. Section 20-9-525, MCA, is amended to read:~~
27 ~~"20-9-525. School major maintenance aid account -- formula. (1) There is a school major~~
28 ~~maintenance aid account in the state special revenue fund provided for in 17-2-102.~~
29 ~~(2) [Subject to legislative fund transfer,] the purpose of the account is to provide, contingent on~~
30 ~~appropriation from the legislature, funding for the capital and operational costs of improving school and student~~

1 ~~safety and security and for school major maintenance aid as provided in subsection (3) for improvements to~~
2 ~~school and student safety and security and for school facility projects that support a basic system of free quality~~
3 ~~public elementary and secondary schools under 20-9-309, and that involve: Purposes for which the funds in the~~
4 ~~account may be expended include:~~

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

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

10 ~~—— (i)(a) updating the facility condition inventory as recommended in the K-12 public schools facility~~
11 ~~condition and needs assessment final report prepared by the Montana department of administration pursuant to~~
12 ~~section 1, Chapter 1, Special Laws of December 2005, final report referenced in subsection (2)(a) with the scope~~
13 ~~and methods of the review to be determined by the trustees, employing experts as the trustees determine~~
14 ~~necessary. The first update must be completed by July 1, 2019, and each district shall certify the completion to~~
15 ~~the office of public instruction no later than October 31, 2019. Subsequent updates must be certified to the office~~
16 ~~of public instruction no less than once every 5 years following the first certification.~~

17 ~~—— (ii)(b) undertaking projects designed to produce operational efficiencies such as utility savings, reduced~~
18 ~~future maintenance costs, improved utilization of staff, and enhanced learning environments for students,~~
19 ~~including but not limited to projects addressing:~~

20 ~~—— (A)(i) roofing systems;~~

21 ~~—— (B)(ii) heating, air conditioning air conditioning, and ventilation systems;~~

22 ~~—— (C)(iii) energy-efficient window and door systems and insulation;~~

23 ~~—— (D)(iv) plumbing systems;~~

24 ~~—— (E)(v) electrical systems and lighting systems;~~

25 ~~—— (F)(vi) information technology infrastructure, including internet connectivity both within and to the school~~
26 ~~facility; and~~

27 ~~—— (G)(vii) other critical repairs to an existing school facility or facilities; and~~

28 ~~—— (c) improvements to school and student safety and security that meet any of the criteria set forth in~~
29 ~~20-9-236(1)(a) through (1)(e).~~

30 ~~—— (3) (a) In any year in which the legislature has appropriated funds for distribution from the school major~~

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

7 ~~—— (i) using the taxable valuation most recently certified by the department of revenue under 15-10-202:~~

8 ~~—— (A) divide the total statewide taxable valuation by the statewide total of school major maintenance~~
 9 ~~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 maintenance~~
 11 ~~amount;~~

12 ~~—— (C) subtract the district's taxable valuation from the amount determined under subsection (3)(a)(i)(B);~~
 13 ~~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 mill~~
 16 ~~value; and~~

17 ~~—— (iii) multiply the result determined under subsection (3)(a)(ii) by the district's school major maintenance~~
 18 ~~amount, then divide the product by the sum of the result determined under subsection (3)(a)(ii) and the district's~~
 19 ~~school major maintenance amount.~~

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

25 ~~—— (c) For a district with an adopted general fund budget in the prior year less than 97% of the district's~~
 26 ~~maximum budget in the prior year, multiply the amount determined in subsection (3)(a)(iii) by the ratio of the~~
 27 ~~district's adopted general fund budget in the prior year to the district's maximum general fund budget in the prior~~
 28 ~~year. The result, rounded to the nearest cent, is the amount of state school major maintenance aid per dollar of~~
 29 ~~local effort, not to exceed an amount that would result in the state aid composing more than 80% of the district's~~
 30 ~~school major maintenance amount.~~

1 ~~——— (4) Using the taxable valuation most recently certified by the department of revenue under 15-10-202,~~
 2 ~~the superintendent shall provide school districts with a preliminary estimated amount of state school major~~
 3 ~~maintenance aid per dollar of local effort for the ensuing school year no later than March 1 and a final amount~~
 4 ~~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 in any~~
 6 ~~school fiscal year are less than the amount for which school districts would otherwise qualify, the superintendent~~
 7 ~~of public instruction shall proportionally prorate the aid distributed to ensure that the distributions do not exceed~~
 8 ~~the appropriated or available funds.~~

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

15 ~~——— (7) For the purposes of this section, the following definitions apply:~~

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

19 ~~——— (b) "School major maintenance amount" means the sum of \$15,000 and the product of \$100 multiplied~~
 20 ~~by the district's budgeted ANB for the prior fiscal year. (Bracketed language in subsection (2) terminates June~~
 21 ~~30, 2019--sec. 28, Ch. 6, Sp. L. November 2017.)"~~

22

23 **SECTION 3. SECTION 20-9-525, MCA, IS AMENDED TO READ:**

24 **"20-9-525. School major maintenance aid account -- formula.** (1) There is a school major
 25 maintenance aid account in the state special revenue fund provided for in 17-2-102.

26 (2) [Subject to legislative fund transfer,] the purpose of the account is to provide, contingent on
 27 appropriation from the legislature, funding for school major maintenance aid as provided in subsection (3) for
 28 school facility projects that support a basic system of free quality public elementary and secondary schools under
 29 20-9-309 and that involve, except as provided in subsection (7):

30 (a) first, making any repairs categorized as "safety", "damage/wear out", or "codes and standards" in the

1 facilities condition inventory for buildings of the school district as referenced in the K-12 public schools facility
 2 condition and needs assessment final report prepared by the Montana department of administration pursuant to
 3 section 1, Chapter 1, Special Laws of December 2005; and

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

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

10 (ii) undertaking projects designed to produce operational efficiencies such as utility savings, reduced
 11 future maintenance costs, improved utilization of staff, and enhanced learning environments for students,
 12 including but not limited to projects addressing:

13 (A) roofing systems;

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

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

16 (D) plumbing systems;

17 (E) electrical systems and lighting systems;

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

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

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

28 (i) using the taxable valuation most recently certified by the department of revenue under 15-10-202:

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

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

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

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

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

8 (iii) multiply the result determined under subsection (3)(a)(ii) by the district's school major maintenance
9 amount, then divide the product by the sum of the result determined under subsection (3)(a)(ii) and the district's
10 school major maintenance amount.

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

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

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

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

30 (6) If in any fiscal year the amount of revenue in the school major maintenance aid account is sufficient

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

6 (7) School district boards of trustees that have certified to the office of public instruction a current school
7 safety plan or emergency operations plan pursuant to 20-1-401 may, prior to addressing the school facility
8 projects under subsection (2) of this section, utilize the proceeds from the levy authorized in 20-9-502(3) and any
9 school major maintenance aid for improvements to school and student safety and security as described in
10 20-9-236(1).

11 ~~(7)~~(8) For the purposes of this section, the following definitions apply:

12 (a) "Local effort" means an amount of money raised by levying no more than 10 mills pursuant to
13 20-9-502(3) and, provided that 10 mills have been levied, any additional amount of money deposited or
14 transferred by trustees to the subfund pursuant to 20-9-502(3).

15 (b) "School major maintenance amount" means the sum of \$15,000 and the product of \$100 multiplied
16 by the district's budgeted ANB for the prior fiscal year. (Bracketed language in subsection (2) terminates June
17 30, 2019--sec. 28, Ch. 6, Sp. L. November 2017.)"

18

19 NEW SECTION. Section 4. Effective date. [This act] is effective on passage and approval.

20

- END -