

SENATE BILL NO. 292

INTRODUCED BY R. WEBB

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATED TO THE FINANCIAL ADMINISTRATION OF SCHOOL DISTRICTS; ALLOWING TRUSTEES TO ADMINISTER MORE OF THE DISTRICT'S FINANCES AND TO RECEIVE DIRECTLY MORE STATE PAYMENTS, INCLUDING DEBT SERVICE ASSISTANCE AND STATE TRANSPORTATION REIMBURSEMENTS; AMENDING SECTIONS 20-9-235, 20-9-440, AND 20-10-145, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 20-9-235, MCA, is amended to read:

"20-9-235. Authorization for school district investment account. (1) The trustees of a school district may establish investment accounts and may temporarily transfer into the accounts all or a portion of any of its budgeted or nonbudgeted funds.

(2) Money transferred into investment accounts established under this section may be expended from a subsidiary checking account under the conditions specified in subsection (3)(b).

(3) The district may either:

(a) establish and use the accounts as nonspending accounts to ensure that district funds remain in an interest-bearing status until money is reverted to the budgeted or nonbudgeted fund of original deposit as necessary for use by the county treasurer to pay claims against the district. The district shall ensure that sufficient money is reverted to the district's budgeted and nonbudgeted funds maintained by the county treasurer in sufficient time to pay all claims presented against the applicable funds of the district. The county treasurer shall accept all money that is reverted upon tendered transfer of the district.

(b) establish a subsidiary checking account for expenditures from the investment accounts. The district may write checks on or provide electronic payments from the account if:

(i) the payments made from the accounts representing budgeted funds are in compliance with the budget adopted by the trustees;

(ii) the accounts are subject to the audit of district finances completed for compliance with 2-7-503 and 20-9-503; and



1 (iii) the district complies with all accounting system requirements required by the superintendent of public
2 instruction.

3 (4) (a) A district that chooses to establish a school district investment account described in this section
4 shall enter into a written agreement with the county treasurer. The agreement must:

5 (i) establish specific procedures and reporting dates to comply with the requirements of subsection (3);

6 (ii) be binding upon the district and the county treasurer for a negotiated period of time;

7 (iii) be signed by the presiding officer of the board of trustees and the county treasurer; and

8 (iv) coincide with fiscal years beginning on July 1 and ending on June 30.

9 (b) The district and the county treasurer may renew an agreement, including terms and conditions on
10 which they agree, provided that the terms and conditions comply with the provisions of this section.

11 (5) ~~Except for debt service money that the county treasurer is required by law to collect and report to the~~
12 ~~districts and state transportation reimbursement payments provided for in 20-10-141 and 20-10-142~~ Unless
13 otherwise provided by law, all other revenue may be sent directly to a participating district's investment account.

14 (6) The trustees shall implement an accounting system for the investment account pursuant to rules
15 adopted by the superintendent of public instruction. The rules for the accounting system must include but are not
16 limited to:

17 (a) providing for the internal control of deposits into and transfers between a district's investment
18 accounts and budgeted and nonbudgeted funds of the district;

19 (b) requiring that the principal and interest earned on the principal is allocated to the budgeted or
20 nonbudgeted fund from which the deposit was originally made; and

21 (c) ensuring that other proper accounting principles are followed.

22 (7) All interest earned on the district's general fund deposits must be allocated for district property tax
23 reduction as required by 20-9-141.

24 (8) In making deposits to investment accounts under this section, a district shall comply with the
25 requirements of Title 17, chapter 6, part 1, with respect to deposits in excess of the amount insured by the federal
26 deposit insurance corporation or the national credit union administration, as applicable.

27 (9) A district establishing investment accounts under the section shall pay the automated clearinghouse
28 system charges for all automated clearinghouse transfers made by the office of public instruction to the district's
29 accounts."
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1 **Section 2.** Section 20-9-440, MCA, is amended to read:

2 **"20-9-440. Payment of debt service obligations -- termination of interest.** (1) The school district shall
3 provide the county treasurer with a general obligation bond, oil and natural gas revenue bond, or impact aid
4 revenue bond debt services schedule. The county treasurer shall maintain a separate debt service fund for each
5 school district and, if bonds are to be issued as either impact aid revenue bonds or oil and natural gas revenue
6 bonds, shall maintain a separate impact aid revenue bond debt service fund or oil and natural gas revenue bond
7 debt service fund, as applicable, and an impact aid revenue bond debt service reserve account or oil and natural
8 gas revenue bond debt service reserve account, if required. The school district shall credit all tax money, oil and
9 natural gas revenue, or impact aid revenue collected for debt service to the appropriate fund and use the money
10 credited to the fund for the payment of debt service obligations in accordance with the school financial
11 administration provisions of this title.

12 (2) The county treasurer or, if a district has established an investment account and subsidiary checking
13 account for the district's debt service fund under 20-9-235, the school district shall pay from the debt service fund
14 all amounts of interest and principal on school district bonds as the interest or principal becomes due when the
15 coupons or bonds are presented and surrendered for payment and shall pay all special improvement district
16 assessments as they become due. If the bonds are held by the state of Montana, then all payments must be
17 remitted to the state treasurer who shall cancel the coupons or bonds and return the coupons or bonds to the
18 county treasurer with the state treasurer's receipt. If the bonds are not held by the state of Montana and the
19 interest or principal is made payable at some designated bank or financial institution, the county treasurer shall
20 remit the amount due for interest or principal to the bank or financial institution for payment against the surrender
21 of the canceled coupons or bonds.

22 (3) Whenever any school district bond or installment on school district bonds becomes due and payable,
23 interest ceases on that date unless sufficient funds are available to pay the bond when it is presented for payment
24 or when payment of an installment is demanded. In either case, interest on the bond or installment continues until
25 payment is made.

26 (4) Any installment on interest and principal on bonds held by the state that is not promptly paid when
27 due draws interest at an annual rate of 6% from the date due until actual payment, irrespective of the rate of
28 interest on the bonds."
29

30 **Section 3.** Section 20-10-145, MCA, is amended to read:

1 **"20-10-145. State transportation reimbursement.** (1) A district providing school bus transportation or
2 individual transportation in accordance with this title, board of public education transportation policy, and
3 superintendent of public instruction transportation rules must receive a state reimbursement of its transportation
4 expenditures under the transportation reimbursement rate provisions of 20-10-141 and 20-10-142. The state
5 transportation reimbursement is one-half of the reimbursement amounts established in 20-10-141 and 20-10-142
6 or one-half of the district's transportation fund budget, whichever is smaller, and must be computed on the basis
7 of the number of days the transportation services were actually rendered to transport eligible transportees, as
8 defined in 20-10-101, to or from school to participate in the minimum aggregate hours of instruction required
9 pursuant to 20-1-301. In determining the amount of the state transportation reimbursement, an amount claimed
10 by a district may not be considered for reimbursement unless the amount has been paid in the regular manner
11 provided for the payment of other financial obligations of the district.

12 (2) Requests for the state transportation reimbursement must be made by each district semiannually
13 during the school fiscal year on the claim forms and procedure promulgated by the superintendent of public
14 instruction. The claims for state transportation reimbursements must be routed by the district to the county
15 superintendent, who after reviewing the claims shall send them to the superintendent of public instruction. The
16 superintendent of public instruction shall establish the validity and accuracy of the claims for the state
17 transportation reimbursements by determining compliance with this title, board of public education transportation
18 policy, and the transportation rules of the superintendent of public instruction. After making any necessary
19 adjustments to the claims, the superintendent of public instruction shall order a disbursement from the state
20 money appropriated by the legislature of the state of Montana for the state transportation reimbursement.

21 (3) The superintendent of public instruction shall make the disbursement to each school district according
22 to the following schedule:

23 (a) By September 1 of each year, the superintendent of public instruction shall make a payment equal
24 to 50% of the state transportation reimbursement paid to the district in the previous school year.

25 (b) By March 31 of each year, the superintendent of public instruction shall make a payment to the district
26 equal to the approved amount of state reimbursement for first semester transportation claims less the amount
27 distributed to the district under subsection (3)(a).

28 (c) By June 30 of each year, the superintendent of public instruction shall make a payment to the district
29 to pay the balance of the approved amount due to the district for first and second semester transportation.

30 (4) ~~The~~ Unless authorized for payment to a school district investment account established under

1 20-9-235, the payment of all the district's claims within one county must be made to the county treasurer of the
2 county, and the county superintendent shall apportion the payment in accordance with the apportionment order
3 supplied by the superintendent of public instruction.

4 (5) After adopting a budget amendment for the transportation fund in accordance with 20-9-161 through
5 20-9-166, the district shall send to the superintendent of public instruction a copy of each new or amended
6 individual transportation contract and each new or amended bus route form to which the budget amendment
7 applies. State reimbursement for the additional obligations must be paid as provided in subsection (1)."

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9 NEW SECTION. **Section 4. Effective date -- applicability.** [This act] is effective July 1, 2019, and
10 applies to school fiscal years beginning on or after July 1, 2019.

11 - END -