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SENATE BILL NO. 42
INTRODUCED BY C. BOLAND
BY REQUEST OF THE EDUCATION INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING SCHOOL FUNDING LAWS TO CLARIFY THAT SCHOOL DISTRICTS CAN USE TRANSFERRED FUNDS, STATE MAJOR MAINTENANCE AID, AND PROCEEDS FROM THE MAJOR MAINTENANCE LEVY FOR LEAD REMEDIATION AND OTHER EMERGENT HEALTH AND SAFETY ISSUES; AMENDING SECTIONS 20-9-236 AND 20-9-502, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

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

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

- (a) planning for improvements to and maintenance of school and student safety, including but not limited to the cost of staffing for or services provided by architects, engineers, school resource officers, counselors, and other staff or consultants assisting the district with improvements to school and student safety and security;
- (b) programs to support school and student safety and security, including but not limited to active shooter training, threat assessments, and restorative justice;
- (c) installing or updating locking mechanisms and ingress and egress systems at public school access points, including but not limited to systems for exterior egress doors and interior passageways and rooms, using contemporary technologies;
- (d) installing or updating bullet-resistant windows and barriers; ~~and~~
- (e) installing or updating emergency response systems using contemporary technologies; and

1 (f) remediation, repairs, or improvements related to emergent health and safety issues, including
2 issues related to any rules adopted by the department of public health and human services under 50-1-206.

3 (2) Any transfers made pursuant to subsection (1) are not considered expenditures to be applied
4 against budget authority. Any revenue transfers that are not encumbered for expenditures in compliance with
5 subsection (1) within 2 full school fiscal years after the funds are transferred must be transferred back to the
6 originating fund from which the revenue was transferred.

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

11
12 **Section 2.** Section 20-9-502, MCA, is amended to read:

13 **"20-9-502. Purpose and authorization of building reserve fund -- subfund structure.** (1) The
14 trustees of any district may establish a building reserve fund to budget for and expend funds for any of the
15 purposes set forth in this section. Appropriate subfunds must be created to ensure separate tracking of the
16 expenditure of funds from voted and nonvoted levies and transfers for school safety pursuant to 20-9-236.

17 (2) (a) A voted levy may be imposed and a subfund must be created with the approval of the qualified
18 electors of the district for the purpose of raising money for the future construction, equipping, or enlarging of
19 school buildings or for the purpose of purchasing land needed for school purposes in the district. In order to
20 submit to the qualified electors of the district a building reserve proposition for the establishment of or addition
21 to a building reserve, the trustees shall pass a resolution that specifies:

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

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

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

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

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

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

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

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

24 (i) following public notice requirements pursuant to 20-9-116, adopt no later than March 31 of each
25 fiscal year a resolution:

26 (A) identifying the anticipated improvements or projects for which the proceeds of the levy, the
27 deposits and transfers authorized under subsection (3)(f) of this section, and anticipated state aid pursuant to
28 20-9-525(3) will be used; and

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

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

7 (b) Proceeds from the levy may be expended only for the purposes under 20-9-525(2), and the
8 expenditure of the money must be reported in the annual trustees' report as required by 20-9-213.

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

14 (d) When a tax levy pursuant to this subsection (3) is included as a revenue item on the final building
15 reserve fund budget, the county superintendent shall report the levy requirement to the county commissioners
16 by the later of the first Tuesday in September or within 30 calendar days after receiving certified taxable values
17 and a levy on the district must be made by the county commissioners in accordance with 20-9-142.

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

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

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

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

4 (ii) close a school;

5 (iii) replace a school building;

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

7 (v) receive approval from voters to expand an elementary district into a K-12 district pursuant to 20-6-
8 326.

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

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

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

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

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

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

20 (i) the funds transferred to the building reserve fund for school safety and security pursuant to 20-9-
21 236; and

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

24 (b) A voted levy may be imposed with the approval of the qualified electors of the district to provide
25 funding for improvements to school and student safety and security that meet any of the criteria set forth in 20-
26 9-236(1)(a) through ~~(1)(e)~~ (1)(f). A voted levy for school and student safety and security may not be considered
27 as outstanding indebtedness for the purpose of calculating the limitation in 20-9-406. The election for a voted
28 levy for school and student safety and security must be conducted in accordance with the school election laws

1 of this title, and the electors qualified to vote in the election must be qualified under the provisions of 20-20-301.
2 The ballot for a building reserve proposition must be substantially in compliance with 15-10-425."

3

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

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