

1 HOUSE BILL NO. 587
 2 INTRODUCED BY L. JONES, E. BUTTREY, D. SALOMON, S. FITZPATRICK, G. HERTZ, D. ZOLNIKOV, M.
 3 REGIER, D. LOGE, F. ANDERSON, S. VINTON, T. WELCH, J. ELLSWORTH, K. BOGNER, B. GILLESPIE, J.
 4 KASSMIER, D. BEDEY, B. LER, K. ZOLNIKOV, L. REKSTEN, K. WALSH, B. BARKER

5
 6 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING SCHOOL FINANCE LAWS;
 7 ESTABLISHING A SCHOOL EQUALIZATION AND PROPERTY TAX REDUCTION ACCOUNT IN THE STATE
 8 SPECIAL REVENUE FUND; PROVIDING THAT THE REVENUE FROM THE SCHOOL EQUALIZATION
 9 LEVIES IS DEPOSITED IN THE ACCOUNT AND THAT THE ACCOUNT IS THE SECOND SOURCE OF
 10 FUNDING FOR STATE EQUALIZATION AID FOLLOWING THE GUARANTEE ACCOUNT; PROVIDING
 11 ADJUSTMENTS TO SCHOOL FUNDING EQUALIZATION MECHANISMS BASED ON REVENUE
 12 DEPOSITED IN THE ACCOUNT; INCREASING THE COUNTY RETIREMENT GTB MULTIPLIER TO LOWER
 13 COUNTY PROPERTY TAXES; CLARIFYING AND PROVIDING A CAP ON BASE GTB ADJUSTMENTS
 14 FROM MARIJUANA REVENUE; REVISING DEFINITIONS; AMENDING SECTIONS 20-9-331, 20-9-333, 20-9-
 15 360, 20-9-366, 20-9-525, AND 20-9-622, MCA; AND PROVIDING AN EFFECTIVE DATE."

16
 17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18
 19 **NEW SECTION. Section 1. School equalization and property tax reduction account -- uses. (1)**

20 There is a school equalization and property tax reduction account in the state special revenue fund. Contingent
 21 on appropriation by the legislature, money in the account is for distribution to school districts as the second
 22 source of funding for state equalization aid as provided in 20-9-343. At fiscal yearend, any fund balance in the
 23 account exceeding what was appropriated must be transferred to the guarantee account established in 20-9-
 24 622.

25 (2) The account receives revenue as described in 20-9-331, 20-9-333, and 20-9-360.

26 (3) Beginning in fiscal year 2025, each December the superintendent of public instruction shall
 27 forecast the amount of revenue the account will receive in that fiscal year by dividing the sum of the taxable
 28 value of all property in the state reported by the department of revenue pursuant to 20-9-369 by 1,000 to

Amendment - 1st Reading/2nd House-blue - Requested by: (S) Finance and Claims

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Drafter: Julie Johnson, 406-444-4024

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1 determine a statewide value mill and then multiplying that amount by 95 mills, or the number of mills calculated
2 by the department of revenue under 15-10-420(8) for the applicable fiscal year. If the forecasted amount differs
3 from the amount determined through the same calculation in the prior fiscal year by \$2 million or more and is:

4 (a) less, then the superintendent shall:

5 (i) decrease the multiplier used to calculate the statewide elementary and high school guaranteed
6 tax base ratios used for funding BASE budgets under 20-9-366 to the nearest whole number determined by the
7 superintendent to result in a decrease in the amount of guaranteed tax base aid distributed to eligible school
8 districts equal to 85% of the decrease in the calculated amount between the 2 years; and

9 (ii) decrease the multiplier used to calculate the statewide elementary and high school mill value
10 per ANB for school retirement guaranteed tax base purposes under 20-9-366 to the nearest whole number
11 determined by the superintendent to result in a decrease in the amount of retirement guaranteed tax base aid
12 distributed to eligible school districts equal to 15% of the decrease in the calculated amount between the 2
13 years;

14 (b) more, then the superintendent shall increase the multipliers used in the guaranteed tax base
15 formulas under 20-9-366 and in the formula for school major maintenance aid under 20-9-525 to the nearest
16 whole number by an amount calculated by the superintendent to result in an increase in the amount of
17 guaranteed tax base aid and school major maintenance aid distributed to eligible counties and school districts
18 equal to ~~one-third~~ 55% of the increase in the calculated amount between the 2 years in the following order, with
19 any amount exceeding the caps under subsections (3)(b)(i) through (3)(b)(iii) flowing to the next mechanism:

20 (i) first, the multiplier used in calculating the statewide mill value per elementary and high school
21 ANB for retirement purposes, not to exceed 305%;

22 (ii) second, the multiplier used in calculating the amount of state school major maintenance aid
23 support for each dollar of local effort, not to exceed 365%; and

24 (iii) third, the multiplier used in calculating the facility guaranteed mill value per ANB for school
25 facility entitlement guaranteed tax base purposes, not to exceed 300%.

26 (4) (a) The adjustments to the multipliers under subsection (3) are applicable to state equalization
27 aid distributions in the fiscal year following the adjustment.

28 (b) Adjustments to the multipliers made under subsection (3) remain in effect in subsequent years

1 unless further changed under 20-9-366 or subsection (3) of this section or as otherwise provided by law.

2

3 **Section 2.** Section 20-9-331, MCA, is amended to read:

4 **"20-9-331. Basic county tax for elementary equalization and other revenue for county**

5 **equalization of elementary BASE funding program.** (1) Subject to 15-10-420, the county commissioners of

6 each county shall levy an annual basic county tax of 33 mills on the dollar of the taxable value of all taxable

7 property within the county, except for property subject to a tax or fee under 61-3-321(2) or (3), 61-3-529, 61-3-

8 537, 61-3-562, 61-3-570, and 67-3-204, for the purposes of elementary equalization and state BASE funding

9 program support. The revenue collected from this levy must be apportioned to the support of the elementary

10 BASE funding programs of the school districts in the county and to the ~~state general fund~~ school equalization

11 and property tax reduction account established in [section 1] in the following manner:

12 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,

13 the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE

14 funding programs of all elementary districts of the county.

15 (b) If the basic levy and other revenue prescribed by this section produce more revenue than is

16 required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to

17 the department of revenue, as provided in 15-1-504, for deposit to the state general fund immediately upon

18 occurrence of a surplus balance and each subsequent month, with any final remittance due no later than June

19 20 of the fiscal year for which the levy has been set.

20 (2) The revenue realized from the county's portion of the levy prescribed by this section and the

21 revenue from the following sources must be used for the equalization of the elementary BASE funding program

22 of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county

23 treasurer in accordance with 20-9-212(1):

24 (a) the portion of the federal Taylor Grazing Act funds designated for the elementary county

25 equalization fund under the provisions of 17-3-222;

26 (b) the portion of the federal flood control act funds distributed to a county and designated for

27 expenditure for the benefit of the county common schools under the provisions of 17-3-232;

28 (c) all money paid into the county treasury as a result of fines for violations of law, except money