

1 HOUSE BILL NO. 818

2 INTRODUCED BY L. REKSTEN, L. JONES

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO FUNDING FOR
5 SCHOOL FACILITIES; CONSOLIDATING TWO EXISTING STATE SPECIAL REVENUE ACCOUNTS AND
6 THEIR VARIOUS REVENUE SOURCES AND PRIORITIZING THE FUNDING OF PROGRAMS; ~~CHANGING~~
7 ~~THE NATURAL RESOURCE DEVELOPMENT K-12 SCHOOL FACILITIES PAYMENT FROM A GENERAL~~
8 ~~FUND APPROPRIATION TO A GENERAL FUND TRANSFER~~; PROVIDING A STATUTORY
9 APPROPRIATION; AMENDING SECTIONS 17-5-703, 17-7-502, 20-6-702, 20-9-380, 20-9-502, 20-9-516, 20-
10 9-525, 20-9-533, 20-9-622, AND 20-9-635, MCA; REPEALING SECTION 20-9-534, MCA; AND PROVIDING
11 EFFECTIVE DATES."

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

14
15 **Section 1.** Section 17-5-703, MCA, is amended to read:

16 **"17-5-703. (Temporary) Coal severance tax trust funds.** (1) The trust established under Article IX,
17 section 5, of the Montana constitution is composed of the following funds:

- 18 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal
19 severance tax must be deposited;
- 20 (b) a Montana coal endowment fund;
- 21 (c) a Montana coal endowment regional water system fund;
- 22 (d) a coal severance tax permanent fund;
- 23 (e) a coal severance tax income fund;
- 24 (f) a big sky economic development fund; and
- 25 (g) a school facilities fund.

26 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet
27 all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12

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1 (i) the funds transferred to the building reserve fund for school safety and security pursuant to 20-
2 9-236; and

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

5 (b) A voted levy may be imposed with the approval of the qualified electors of the district to provide
6 funding for improvements to school and student safety and security that meet any of the criteria set forth in 20-
7 9-236(1)(a) through (1)(e). A voted levy for school and student safety and security may not be considered as
8 outstanding indebtedness for the purpose of calculating the limitation in 20-9-406. The election for a voted levy
9 for school and student safety and security must be conducted in accordance with the school election laws of
10 this title, and the electors qualified to vote in the election must be qualified under the provisions of 20-20-301.
11 The ballot for a building reserve proposition must be substantially in compliance with 15-10-425."
12

13 **Section 6.** Section 20-9-516, MCA, is amended to read:

14 **"20-9-516. School facility and technology account -- statutory appropriation for school**
15 **technology purposes.** (1) There is a school facility and technology account in the state special revenue fund
16 provided for in 17-2-102. ~~The account is statutorily appropriated, as provided in 17-7-502, for distribution to~~
17 ~~school districts as provided in this section.~~ The purpose of the account is to provide, ~~contingent on~~
18 ~~appropriation from the legislature,~~ funding for the following in priority order:

19 (a) school technology purposes as provided in 20-9-534 subsection (3); and

20 (b) up to \$15 million for contingent on appropriation from the legislature, school major maintenance
21 aid as provided in 20-9-525; and

22 (b)(c) up to \$15 million for contingent on appropriation from the legislature, state debt service
23 assistance as provided in 20-9-371.

24 (2) There must be deposited in the account:

25 (a) an amount of money equal to the income attributable to the difference between the average
26 sale value of 18 million board feet and the total income produced from the annual timber harvest on common
27 school trust lands during the fiscal year; ~~and~~

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1 (b) the income received from certain lands and riverbeds as provided in 17-3-1003(5); and
2 (c) earnings from the school facilities fund within the coal severance tax trust fund as provided in
3 17-5-703; and
4 ~~(d) the natural resource development K-12 school facilities payment as provided in 20-9-635.~~
5 ~~(3) (a) The amount of \$1 million a year is statutorily appropriated, as provided in 17-7-502, from~~
6 ~~the school facility and technology account established in this section for grants for school technology purposes.~~
7 (b) By the last working day of August, the superintendent of public instruction shall allocate \$1
8 million for school technology purposes to each district based on the ratio that each district's BASE budget bears
9 to the statewide BASE budget amount for all school districts for the purposes of 20-9-533.

10 ~~(3) If in any fiscal year the amount of revenue in the school facility and technology account is~~
11 ~~sufficient to fund debt service assistance without a proration reduction pursuant to 20-9-346(2)(b) and if in that~~
12 ~~same fiscal year the amount of revenue available in the school major maintenance aid account established in~~
13 ~~20-9-525 will result in a proration reduction in school major maintenance aid pursuant to 20-9-525(5) for that~~
14 ~~fiscal year, the state treasurer shall transfer any excess funds in the school facility and technology account to~~
15 ~~the school major maintenance aid account not to exceed the amount required to avoid a proration reduction."~~

17 **Section 7.** Section 20-9-525, MCA, is amended to read:

18 **"20-9-525. School major maintenance aid account -- formula.** (1) There is a school major
19 maintenance aid account in the state special revenue fund provided for in 17-2-102.

20 (2)(1) The purpose of the account is to provide, contingent on appropriation from the legislature,
21 funding for school major maintenance aid as provided in subsection (3) for this section is to support school
22 facility projects, including the payment of principal and interest on obligations issued pursuant to 20-9-471 for
23 school facility projects, that support a basic system of free quality public elementary and secondary schools
24 under 20-9-309, including but not limited to:

25 (a) improvements to school and student safety and security as described in 20-9-236(1); and

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

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1 but not limited to projects addressing:

2 (i) roofing systems;

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

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

5 (iv) plumbing systems;

6 (v) electrical systems and lighting systems;

7 (vi) information technology infrastructure, including internet connectivity both within and to the

8 school facility; and

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

10 ~~(3)(2)~~ (a) In any year in which the legislature has appropriated funds for distribution from the school

11 ~~major maintenance aid account, the~~ The In any year in which the legislature has appropriated funds for school

12 major maintenance aid, the superintendent of public instruction shall administer the distribution of school major

13 maintenance aid ~~from the school major maintenance aid account~~ from the school facility and technology

14 account as provided in 20-9-516 for deposit in the subfund of the building reserve fund provided for in 20-9-

15 502(3)(e). Subject to proration under subsection ~~(5)-(4)~~ of this section, aid must be annually distributed no later

16 than the last working day of May to a school district imposing a levy pursuant to 20-9-502(3) in the current

17 school fiscal year, with the amount of state support per dollar of local effort of the applicable elementary and

18 high school program of each district determined as follows:

19 (i) using the taxable valuation most recently determined by the department of revenue under 20-9-

20 369:

21 (A) divide the total statewide taxable valuation by the statewide total of school major maintenance

22 amounts and multiply the result by 187%;

23 (B) multiply the result determined under subsection ~~(3)(2)~~(a)(i)(A) by the district's school major

24 maintenance amount;

25 (C) subtract the district's taxable valuation from the amount determined under subsection ~~(3)~~

26 ~~(2)~~(a)(i)(B); and

27 (D) divide the amount determined under subsection ~~(3)(2)~~(a)(i)(C) by 1,000;

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1 (ii) determine the greater of the amount determined in subsection ~~(3)(2)(a)(i)~~ or 18% of the
2 district's mill value;

3 (iii) multiply the result determined under subsection ~~(3)(2)(a)(ii)~~ by the district's school major
4 maintenance amount, then divide the product by the sum of the result determined under subsection ~~(3)(2)(a)(ii)~~
5 and the district's mill value; and

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

9 (b) For a district with an adopted general fund budget in the prior year greater than or equal to
10 97% of the district's general fund maximum budget in the prior year, the amount determined in subsection
11 ~~(3)(2)(a)(iv)~~ rounded to the nearest cent is the amount of school major maintenance aid per dollar of local effort,
12 not to exceed an amount that would result in the state aid composing more than 80% of the district's school
13 major maintenance amount.

14 (c) For a district with an adopted general fund budget in the prior year less than 97% of the
15 district's maximum budget in the prior year, multiply the amount determined in subsection ~~(3)(2)(a)(iv)~~ by the
16 ratio of the district's adopted general fund budget in the prior year to the district's maximum general fund budget
17 in the prior year. The result, rounded to the nearest cent, is the amount of state school major maintenance aid
18 per dollar of local effort, not to exceed an amount that would result in the state aid composing more than 80% of
19 the district's school major maintenance amount.

20 ~~(4)(3)~~ Using the taxable valuation most recently determined by the department of revenue under 20-
21 9-369, the superintendent shall provide school districts with a preliminary estimated amount of state school
22 major maintenance aid per dollar of local effort for the ensuing school year no later than March 1 and a final
23 amount for the current school year no later than July 31.

24 ~~(5)(4)~~ If the appropriation from or the appropriation for school major maintenance aid or the available
25 funds in the school major maintenance aid facility and technology account provided for in 20-9-516 in any
26 school fiscal year are less than the amount of school major maintenance aid for which school districts would
27 otherwise qualify, the superintendent of public instruction shall proportionally prorate the aid distributed to

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1 ensure that the distributions do not exceed the ~~appropriated or~~ appropriated or available funds.

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

8 ~~(7)~~(5) For the purposes of this section, the following definitions apply:

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

12 (b) "School major maintenance amount" means the sum of \$15,000 and the product of \$110
13 multiplied by the district's budgeted ANB for the prior fiscal year."
14

15 **Section 8.** Section 20-9-533, MCA, is amended to read:

16 **"20-9-533. Technology acquisition and depreciation fund -- limitations.** (1) The trustees of a
17 district may establish a technology acquisition and depreciation fund for school district expenditures incurred
18 for:

19 (a) the purchase, rental, repair, and maintenance of technological equipment, including computers
20 and computer network access;

21 (b) cloud computing services for technology infrastructure, platform, software, network, storage,
22 security, data, database, test environment, curriculum, or desktop virtualization purposes, including any
23 subscription or any license-based or pay-per-use service that is accessed over the internet or other remote
24 network to meet the district's information technology and other needs; and

25 (c) associated technical training for school district personnel.

26 (2) Any expenditures from the technology acquisition and depreciation fund must be made in
27 accordance with the financial administration requirements for a budgeted fund pursuant to this title. The

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1 (8) A district whose qualified electors have previously approved a technology levy of perpetual
2 duration prior to July 1, 2013, may submit a proposition to the qualified electors on or after July 1, 2013, for an
3 increase in the amount of the levy to cover the costs of providing technologies under subsections (1)(b) and
4 (1)(c) or to seek relief from the obligation of tracking depreciation of equipment under a levy approved prior to
5 July 1, 2013. In seeking approval of the proposition, the district shall specify a proposed revised duration of the
6 underlying perpetual levy previously approved and a proposed duration for the proposed increase in the
7 amount of the levy, neither of which may exceed 10 years. If the proposition is approved by the qualified
8 electors, both the underlying levy previously approved for a perpetual duration and the increase in the amount
9 of the levy are subject to the revised durational limit specified on the ballot.

10 (9) The trustees of a district may not use revenue in the technology acquisition and depreciation
11 fund to finance contributions to the teachers' retirement system, the public employees' retirement system, or the
12 federal social security system or for unemployment compensation insurance."

13

14 **Section 9.** Section 20-9-622, MCA, is amended to read:

15 **"20-9-622. Guarantee account.** (1) There is a guarantee account in the state special revenue fund.

16 The guarantee account is intended to:

17 (a) stabilize the long-term growth of the permanent fund; and

18 (b) maintain a constant and increasing distributable revenue stream. All realized capital gains and

19 all distributable revenue must be deposited in the guarantee account. The guarantee account is statutorily

20 appropriated, as provided in 17-7-502, for distribution to school districts through school equalization aid as

21 provided in 20-9-343.

22 (2) Any excess interest and income revenue deposited in the guarantee account for distribution

23 under this section must be transferred to the school ~~major maintenance aid~~ facility and technology account

24 provided for in ~~20-9-525~~ 20-9-516."

25

26 **Section 10.** Section 20-9-635, MCA, is amended to read:

27 **"20-9-635. Natural resource development K-12 school facilities payment.** (1) The natural

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1 resource development K-12 school facilities payment replaces the former natural resource development K-12
2 funding payment as a means to provide local property tax relief by supporting school district facility needs. The
3 legislature intends for the new payment to grow in a manner similar to the previous payment as described in
4 subsection (2) through fiscal year 2022 until other revenue to support school facilities has increased.

5 (2) The legislature intends the natural resource development K-12 school facilities payment to be a
6 general fund appropriation to support school major maintenance aid pursuant to 20-9-525 that is:

7 (a) for fiscal years 2020, 2021, 2022, and 2023, calculated as the greater of:

8 (i) \$6.4 million in fiscal year 2020, \$7.6 million in fiscal year 2021, \$10 million in fiscal year 2022, and
9 \$10 million in fiscal year 2023, with each fiscal year's appropriation reduced by the amount of projected
10 earnings from the school facilities fund pursuant to 17-5-703 for that fiscal year; or

11 (ii) 5% of the oil and natural gas production taxes deposited in the general fund pursuant to 15-36-
12 331(4) for the fiscal year occurring 2 fiscal years prior to the fiscal year of the payment; and

13 (b) for fiscal years 2024 and beyond, The state treasurer shall, no later than May 1 each fiscal year,
14 transfer from the general fund to the school facility and technology account under 20-9-516 the natural resource
15 development K-12 school facilities payment. The legislature intends the natural resource development K-12
16 school facilities payment to be a general fund appropriation to support school major maintenance aid pursuant
17 to 20-9-525 that is calculated as the greater of:

18 (i)(a) \$10 million increased by an inflationary adjustment calculated as provided in 20-9-326 applied
19 in fiscal year 2024 and in each succeeding fiscal year; or

20 (ii)(b) 5% of the oil and natural gas production taxes deposited in the general fund pursuant to 15-36-
21 331(4) for the fiscal year occurring 2 fiscal years prior to the fiscal year of the payment.

22 (3) The present law base calculated under Title 17, chapter 7, part 1, for major maintenance aid must
23 consist of:

24 (a) the natural resource development K-12 school facilities payment as calculated in subsection (2) as
25 a general fund appropriation; and

26 (b) projected revenue available in the school major maintenance account, established in 20-9-525, as
27 a state special revenue fund appropriation, including:

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- 1 ~~(i) projected earnings from the school facilities fund pursuant to 17-5-703; and~~
2 ~~(ii) any anticipated transfers of excess interest and income revenue pursuant to 20-9-622."~~

3

4 **NEW SECTION. Section 11. Repealer.** The following section of the Montana Code Annotated is
5 repealed:

6 20-9-534. (Temporary) Statutory appropriation for school technology purposes.

7

8 **NEW SECTION. Section 12. Transfer of funds.** Any unencumbered and unexpended fund balance
9 in the school major maintenance aid account on June 30, 2023, must be transferred to the school facility and
10 technology account.

11

12 **NEW SECTION. Section 13. Effective dates.** (1) Except as provided in subsection (2), [this act] is
13 effective on passage and approval.

14 (2) [Sections 1 through 11] are effective July 1, 2023.

15

- END -