

SCHOOL FACILITY FUNDING

LEGISLATOR NOTICE

The Legislative Services Division is required to offer a brief history on the subject matter of a bill draft request prior to drafting. (5-4-105, MCA; [Chapter 309, Laws of 2017](#)) The history must include related legislation introduced over the last five sessions and hyperlinks to the bill, hearing information, and fiscal notes. The legislation links below open to the page showing the status and history of bills introduced on this topic in the past. The bill text and any related fiscal notes can be accessed through the link at the top of that page.

Legislation can be complex, and this history is not intended to be exhaustive. Please contact the drafter of the requested bill for more information.

Background Materials and Research

Topic Summary:

School facilities, and in particular mechanisms for state support for school facilities, have received a lot of legislative attention in the past decade or so, and especially following the work of the 2015-2016 School Funding Interim Commission. That commission surveyed education stakeholders around the state for areas of concern related to school funding; school facilities was one of the four top priorities that the commission investigated over the interim, eventually recommending four bills to the 2017 Legislature.

Despite this attention, during the 2019 biennium, the two programs for state support—debt service assistance and major maintenance aid—were not funded. Debt service assistance provides state support to low property wealth districts in paying off bonds for new construction or major renovation of school buildings. Major maintenance aid was created in 2017, replacing the Quality School Facility Grant Program. It supplements local effort through a new limited permissive levy within the school district building reserve fund for major maintenance.

The 2019 Legislature did provide some (but not full) funding for debt service assistance and major maintenance aid for the 2021 biennium and clarified the funding streams and distribution mechanisms for both programs. Additionally, \$10.75 million was appropriated to the Department of Commerce in HB 652 (the bonding bill) to distribute to schools for infrastructure projects through a grant program, in a sense temporarily recreating the Quality School Facility Grant Program.

During the 2019-2020 interim, the Department of Public Health and Human Services revised administrative rules related to school health, including indoor air quality standards and requirements to test for lead in drinking water. The school facility needs resulting from these rule changes is only beginning to be known.

State support for school facilities was an area of concern identified by the court in the *Columbia Falls v. State* decision of 2004 that found the state funding formula to be constitutionally inadequate. A number of changes were made to the formula following that decision. Additionally, the state spent about \$2.5 million to conduct a facilities condition inventory that was completed in 2008 and distributed about \$50 million total in fiscal years 2007 and 2008 for weatherization, deferred maintenance, and capital investment. State support for school facilities has decreased significantly since that time.

Legislative Services Division Materials:

[2015-2016 School Funding Interim Commission webpage](#) (click “Committee Topics; see materials under “School facilities”)

[School Funding Interim Commission Bill Drafts and Outcomes](#)

[School Facilities and SB 307](#) (prepared for 2017-2018 Education Interim Committee)

Other Materials:

[State Assistance with K-12 Facility Improvements 2003-2017 chart](#) (LFD)

[Montana’s school building crisis](#) (a five-part series of articles published by Lee Newspapers in February 2016)

Introduced Legislation

*Chapter number assigned means bill was passed and approved.

2019

[SENATE BILL NO. 10](#) - Chapter Number Assigned -- AN ACT CORRECTING ERRORS RELATED TO THE CALCULATION OF SCHOOL MAJOR MAINTENANCE AID AND THE NATURAL RESOURCE DEVELOPMENT K-12 SCHOOL FACILITIES PAYMENT; AMENDING SECTION 35, CHAPTER 429, LAWS OF 2017; AMENDING SECTION 20-9-525, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[HOUSE BILL NO. 159](#) - Chapter Number Assigned -- AN ACT REVISING SCHOOL FUNDING LAWS; APPLYING INFLATIONARY ADJUSTMENTS TO FUNDING FORMULA COMPONENTS; REVISING THE NATURAL RESOURCE DEVELOPMENT K-12 SCHOOL FACILITIES PAYMENT; AMENDING SECTIONS 20-9-306 AND 20-9-635, MCA; AMENDING SECTION 35, CHAPTER 429, LAWS OF 2017; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE.

[HOUSE BILL NO. 652](#) - Chapter Number Assigned -- AN ACT PROVIDING FUNDING AND AUTHORIZATION FOR CAPITAL AND INFRASTRUCTURE PROJECTS STATEWIDE; PROVIDING FUNDING AND AUTHORIZATION FOR SCHOOL FACILITY PROJECTS STATEWIDE; CREATING THE DELIVERING LOCAL ASSISTANCE GRANT PROGRAM; PROVIDING RULEMAKING AUTHORITY; CREATING THE DELIVERING LOCAL ASSISTANCE ACCOUNT FOR GRANTS AND THE LOCAL INFRASTRUCTURE ACCOUNT; APPROPRIATING MONEY TO AGENCIES FOR CAPITAL PROJECTS; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR GRANTS UNDER THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR GRANTS UNDER THE RECLAMATION AND DEVELOPMENT GRANTS PROGRAM; APPROPRIATING MONEY TO THE DEPARTMENT OF

COMMERCE FOR FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS; AUTHORIZING PROJECT GRANT AMOUNTS; PLACING CONDITIONS UPON GRANTS AND FUNDS; AUTHORIZING THE CREATION OF STATE DEBT THROUGH THE ISSUANCE OF GENERAL OBLIGATION BONDS; TRANSFERRING FUNDS; AMENDING SECTION 90-6-701, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE.

2017

[SENATE BILL NO. 307](#) - Chapter Number Assigned -- AN ACT GENERALLY REVISING LAWS RELATED TO SCHOOL FUNDING; REQUIRING TRUSTEES TO ADOPT A RESOLUTION WITH PUBLIC NOTICE PRIOR TO INCREASING NONVOTED LEVIES; MAKING A SCHOOL DISTRICT'S ABILITY TO TRANSFER FUNDS FOR SCHOOL SAFETY PURPOSES PERMANENT; REQUIRING SUBFUNDS TO ACCOUNT FOR VARIOUS REVENUES AND USES OF THE BUILDING RESERVE FUND; AUTHORIZING A LIMITED LEVY FOR SCHOOL MAJOR MAINTENANCE WITH STATE SUPPORT; RENAMING THE SCHOOL FACILITY REIMBURSEMENT PROGRAM THE DEBT SERVICE ASSISTANCE PROGRAM; CREATING A STATE SPECIAL REVENUE ACCOUNT AND PROGRAM FOR SCHOOL MAJOR MAINTENANCE AID; PHASING OUT THE QUALITY SCHOOLS FACILITY GRANT PROGRAM; AMENDING SECTIONS 20-6-702, 20-9-236, 20-9-343, 20-9-367, 20-9-502, AND 20-9-516, MCA; REPEALING SECTIONS 90-6-801, 90-6-802, 90-6-803, 90-6-809, 90-6-810, 90-6-811, 90-6-812, 90-6-818, AND 90-6-819, MCA; REPEALING SECTION 12, CHAPTER 364, LAWS OF 2013, AND SECTION 3, CHAPTER 323, LAWS OF 2015; AND PROVIDING EFFECTIVE DATES AND APPLICABILITY DATES.

[SENATE BILL NO. 260](#) - Chapter Number Assigned -- AN ACT CREATING THE SCHOOL FACILITIES FUND WITHIN THE COAL SEVERANCE TAX TRUST FUND; ALLOCATING COAL SEVERANCE TAX FUNDS TO THE SCHOOL FACILITIES FUND; PROVIDING FOR TRANSFERS; CREATING A STATE SPECIAL REVENUE ACCOUNT; REVISING THE ALLOCATION OF COAL SEVERANCE TAXES; AMENDING SECTION 17-5-703, MCA; AND PROVIDING AN EFFECTIVE DATE.

[SENATE BILL NO. 5](#) - Chapter Number Assigned -- AN ACT INCREASING THE FLEXIBILITY OF SCHOOL DISTRICTS IN ISSUING AND SELLING OBLIGATIONS TO THE BOARD OF INVESTMENTS; AMENDING SECTIONS 20-9-471 AND 20-9-503, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[HOUSE BILL NO. 66](#) - (H) Died in Standing Committee -- AN ACT REVISING FUNDING RELATED TO STATE SUPPORT FOR SCHOOL FACILITIES; CREATING A NEW FORMULA GRANT PROGRAM FOR SCHOOL FACILITIES AND A NEW STATE SPECIAL REVENUE ACCOUNT; PROVIDING AN ANNUAL TRANSFER OF FUNDS TO THE NEW ACCOUNT; REPEALING THE SCHOOL FACILITY AND TECHNOLOGY ACCOUNT AND THE QUALITY SCHOOLS FACILITY GRANT PROGRAM; REVISING THE SOURCE OF THE STATUTORY APPROPRIATION FOR THE STATE TECHNOLOGY PAYMENT TO SCHOOLS; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTIONS 17-3-1003, 17-7-502, 20-9-104, 20-9-342, 20-9-343, 20-9-534, 20-9-620, AND 77-1-218, MCA; REPEALING SECTIONS 20-9-516, 90-6-801, 90-6-802, 90-6-803, 90-6-809, 90-6-810, 90-6-811, 90-6-812, 90-6-818, AND 90-6-819, MCA; AND PROVIDING AN EFFECTIVE DATE.

[HOUSE BILL NO. 134](#) - (H) Died in Process -- AN ACT REVISING FUNDING RELATED TO STATE SUPPORT FOR SCHOOLS; REVISING THE DISTRIBUTION OF EXCESS OIL AND NATURAL GAS REVENUE; AMENDING SECTIONS 17-7-502, 20-9-310, AND 20-9-520, MCA; REPEALING SECTIONS 20-9-517 AND 20-9-518, MCA; AND PROVIDING EFFECTIVE DATES.

2015

[HOUSE BILL NO. 373](#) - Chapter Number Assigned -- AN ACT INCREASING THE DEBT LIMIT FOR AN ELEMENTARY DISTRICT, A K-12 DISTRICT, OR A HIGH SCHOOL DISTRICT; AMENDING SECTIONS 20-9-406 AND 20-9-407, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[HOUSE BILL NO. 15](#) - (H) Missed Deadline for Appropriation Bill Transmittal -- AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR FINANCIAL ASSISTANCE TO PUBLIC SCHOOL FACILITY PROJECTS THROUGH THE QUALITY SCHOOLS FACILITY GRANT PROGRAM; AUTHORIZING GRANTS FROM THE SCHOOL FACILITY AND TECHNOLOGY STATE SPECIAL REVENUE ACCOUNT; PLACING CONDITIONS ON GRANTS AND FUNDS; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR EMERGENCY GRANTS; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR PLANNING GRANTS; AND PROVIDING AN EFFECTIVE DATE.

2013

[HOUSE BILL NO. 15](#) - Chapter Number Assigned -- AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR FINANCIAL ASSISTANCE TO PUBLIC SCHOOL FACILITY PROJECTS THROUGH THE QUALITY SCHOOLS FACILITY GRANT PROGRAM; AUTHORIZING GRANTS FROM THE SCHOOL FACILITY AND TECHNOLOGY STATE SPECIAL REVENUE ACCOUNT; PLACING CONDITIONS UPON GRANTS AND FUNDS; REVISING PRIORITIZATION OF DISTRIBUTIONS MADE FROM THE SCHOOL FACILITY AND TECHNOLOGY ACCOUNT; ALLOWING FOR CERTAIN ADMINISTRATIVE COSTS TO BE PAID FROM THE ACCOUNT; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR EMERGENCY GRANTS; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR PLANNING GRANTS; ESTABLISHING A PREFERENCE FOR CERTAIN PROJECTS; TRANSFERRING FUNDS FROM THE ORPHAN SHARE ACCOUNT; AMENDING SECTIONS 90-6-802 AND 90-6-811, MCA; AND PROVIDING AN EFFECTIVE DATE

[HOUSE BILL NO. 301](#) - (H) Veto Override Failed in Legislature -- AN ACT INCREASING THE DEBT LIMIT FOR AN ELEMENTARY DISTRICT, A K-12 DISTRICT, OR A HIGH SCHOOL DISTRICT; AMENDING SECTIONS 20-9-406 AND 20-9-407, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

2011

[HOUSE BILL NO. 15](#) - Chapter Number Assigned -- AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR FINANCIAL ASSISTANCE TO PUBLIC SCHOOL FACILITY PROJECTS THROUGH THE QUALITY SCHOOLS FACILITY GRANT PROGRAM; AUTHORIZING GRANTS FROM THE SCHOOL FACILITY AND TECHNOLOGY ACCOUNT IN THE STATE SPECIAL REVENUE FUND; PLACING CONDITIONS UPON GRANTS AND FUNDS; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR EMERGENCY GRANTS; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR PLANNING GRANTS; AND PROVIDING AN EFFECTIVE DATE.

[HOUSE BILL NO. 165](#) - Chapter Number Assigned - AN ACT REVISING AND CLARIFYING THE DISTRIBUTION OF PROCEEDS AND INCOME FROM CERTAIN STATE TRUST LANDS; PROVIDING THAT INCOME RECEIVED FROM CERTAIN ISLANDS, ABANDONED RIVERBEDS, RIVERBEDS, AND POWER SITES BE DEPOSITED IN THE GUARANTEE ACCOUNT AND THE SCHOOL FACILITY AND TECHNOLOGY

ACCOUNT FOR DISTRIBUTION TO PUBLIC SCHOOLS; INCLUDING STATE REIMBURSEMENT FOR SCHOOL FACILITIES AS A PURPOSE OF THE SCHOOL FACILITY AND TECHNOLOGY ACCOUNT; AMENDING SECTIONS 17-3-1003, 20-9-516, 77-1-102, 77-1-103, AND 77-4-208, MCA; AMENDING SECTION 32, CHAPTER 486, LAWS OF 2009; AND PROVIDING AN EFFECTIVE DATE.

2009

[HOUSE BILL NO. 152](#) - Chapter Number Assigned - AN ACT CREATING THE QUALITY SCHOOLS FACILITY GRANT PROGRAM; PROVIDING FOR FUNDING OF THE PROGRAM THROUGH THE SCHOOL FACILITY AND TECHNOLOGY ACCOUNT; PROVIDING FOR ADMINISTRATION OF THE PROGRAM THROUGH THE DEPARTMENT OF COMMERCE; ESTABLISHING CRITERIA AND PRIORITIES FOR THE AWARD OF GRANTS; DEPOSITING CERTAIN TIMBER HARVEST REVENUE, CERTAIN MINERAL ROYALTIES, AND POWER SITE RENTAL PAYMENTS IN THE SCHOOL FACILITY AND TECHNOLOGY ACCOUNT; STATUTORILY APPROPRIATING \$1 MILLION A YEAR FOR GRANTS FOR SCHOOL TECHNOLOGY PURPOSES; APPROPRIATING \$12 MILLION TO THE DEPARTMENT OF COMMERCE TO AWARD SCHOOL FACILITY PROJECT GRANTS, MATCHING PLANNING GRANTS, AND EMERGENCY GRANTS TO PUBLIC SCHOOL DISTRICTS FOR SCHOOL FACILITIES DURING THE 2011 BIENNIUM; AMENDING SECTIONS 17-6-340, 20-9-342, 20-9-343, 20-9-516, 20-9-534, 20-9-620, 20-9-622, AND 77-4-208, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[HOUSE BILL NO. 646](#) - (H) Died in Standing Committee - AN ACT ESTABLISHING THE MONTANA HIGH PERFORMANCE SCHOOLS AND ECONOMIC STIMULUS ACT; PROVIDING FOR A PUBLIC SCHOOL BUILDINGS ENERGY EFFICIENCY ACCOUNT AND FOR AN ENERGY EFFICIENCY AND CONSERVATION PROGRAM IN THE DEPARTMENT OF ENVIRONMENTAL QUALITY; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTION 17-7-502, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Prepared By:

Pad McCracken, Research Analyst
Office of Research and Policy Analysis
October 2018 (revised and updated August 2020)