

HOUSE BILL NO. 515

INTRODUCED BY L. REKSTEN, E. ALBUS, E. TILLEMAN, D. BEDEY, M. BERTOGLIO, L. JONES, G.

LAMMERS, G. PARRY

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO FUNDING FOR SCHOOL FACILITIES AND TECHNOLOGY; CONSOLIDATING TWO EXISTING STATE SPECIAL REVENUE ACCOUNTS AND THEIR VARIOUS REVENUE SOURCES AND PRIORITIZING THE FUNDING OF PROGRAMS; INCREASING THE SCHOOL MAJOR MAINTENANCE AMOUNT AND THE MULTIPLIER IN THE STATE-SCHOOL MAJOR MAINTENANCE AID FORMULA TO MAKE MORE MONEY AVAILABLE TO SCHOOL DISTRICTS FOR MAJOR MAINTENANCE PROJECTS WITHOUT IMPACTING PROPERTY TAXPAYERS; REVISING STATUTES RELATED TO THE STATE SCHOOL TECHNOLOGY PAYMENT; REMOVING OUTDATED LANGUAGE RELATED TO THE NATURAL RESOURCE DEVELOPMENT PAYMENT AND PROVIDING THAT THE PAYMENT CAN SUPPORT STATE-SCHOOL MAJOR MAINTENANCE AID AND DEBT SERVICE ASSISTANCE; REVISING AN EXISTING STATUTORY APPROPRIATION; PROVIDING FOR TRANSFERS; AMENDING SECTIONS 17-5-703, 17-7-502, 20-6-702, 20-9-380, 20-9-502, 20-9-516, 20-9-525, 20-9-533, 20-9-622, AND 20-9-635, MCA; REPEALING SECTION 20-9-534, MCA; AND PROVIDING EFFECTIVE DATES."

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

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

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

(a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal severance tax must be deposited;

(b) a Montana coal endowment fund;

(c) a Montana coal endowment regional water system fund;

1 9-516 receives earnings from the school facilities fund as provided in 17-5-703.

2 ~~(3) A school district that receives funds from the schoolmajor maintenance aid account~~
3 ~~shall, within 30 days of receiving the funds, file with the office of the superintendent of public instruction a~~
4 ~~document acknowledging it has received funds from the coal severance tax trust fund."~~

5

6 **Section 5.** Section 20-9-502, MCA, is amended to read:

7 **"20-9-502. Purpose and authorization of building reserve fund -- subfund structure.** (1) The

8 trustees of any district may establish a building reserve fund to budget for and expend funds for any of the
9 purposes set forth in this section. Appropriate subfunds must be created to ensure separate tracking of the
10 expenditure of funds from voted and nonvoted levies and transfers for school safety pursuant to 20-9-236.

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

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

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

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

20 and

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

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

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

27 (d) The building reserve proposition is approved if a majority of those electors voting at the election
28 approve the establishment of or addition to the building reserve. The annual budgeting and taxation authority of

the trustees for a building reserve is computed by dividing the total authorized amount by the specified number of years. The authority of the trustees to budget and impose the taxation for the annual amount to be raised for the building reserve lapses when, at a later time, a bond issue is approved by the qualified electors of the district for the same purpose or purposes for which the building reserve fund of the district was established. Whenever a subsequent bond issue is made for the same purpose or purposes of a building reserve, the money in the building reserve must be used for the purpose or purposes before any money realized by the bond issue is used.

(3) (a) A subfund must be created to account for revenue and expenditures for school major maintenance and repairs authorized under this subsection (3). The trustees of a district may authorize and impose a levy of no more than 10 mills on the taxable value of all taxable property within the district for that school fiscal year for the purposes of raising revenue for identified improvements or projects meeting the requirements of 20-9-525(2). The 10-mill limit under this subsection (3) must be calculated using the district's total taxable valuation most recently certified by the department of revenue under 15-10-202. The amount of money raised by the levy, the deposits and transfers authorized under subsection (3)(f) of this section, and anticipated state aid pursuant to 20-9-525(3) may not exceed the district's school major maintenance amount ~~as defined in 20-9-525. For the purposes of this section, the term "school major maintenance amount" means the sum of \$15,000 and the product of \$110 multiplied by the district's budgeted ANB for the prior fiscal year.~~

To authorize and impose a levy under this subsection (3), the trustees shall:

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

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

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

(ii) include the amount of any final levy to be imposed as part of its final budget meeting noticed in

1 compliance with 20-9-131.

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

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

9 (d) When a tax levy pursuant to this subsection (3) is included as a revenue item on the final
10 building reserve fund budget, the county superintendent shall report the levy requirement to the county
11 commissioners by the later of the first Tuesday in September or within 30 calendar days after receiving certified
12 taxable values and a levy on the district must be made by the county commissioners in accordance with 20-9-
13 142.

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

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

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

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

28 (ii) close a school;

- 1 (iii) replace a school building;
- 2 (iv) consolidate with or annex another district under the provisions of Title 20, chapter 6; or
- 3 (v) receive approval from voters to expand an elementary district into a K-12 district pursuant to
- 4 20-6-326.
- 5 (b) Except as provided in subsection (4)(c), the total amount the trustees may submit to the
- 6 electorate for transition costs may not exceed the number of years specified in the proposition times the greater
- 7 of 5% of the district's maximum general fund budget for the current year or \$250 per ANB for the current year.
- 8 The duration of the levy for transition costs may not exceed 6 years.
- 9 (c) If the levy for transition costs is for consolidation or annexation:
- 10 (i) the limitation on the amount levied is calculated using the ANB and the maximum general fund
- 11 budget for the districts that are being combined; and
- 12 (ii) the proposition must be submitted to the qualified electors in the combined district.
- 13 (d) The levy for transition costs may not be considered as outstanding indebtedness for the
- 14 purpose of calculating the limitation in 20-9-406.
- 15 (5) (a) A subfund in the building reserve fund must be created for:
- 16 (i) the funds transferred to the building reserve fund for school safety and security pursuant to 20-
- 17 9-236; and
- 18 (ii) funds generated by a voter-approved levy for school and student safety and security pursuant
- 19 to subsection (5)(b) of this section.
- 20 (b) A voted levy may be imposed with the approval of the qualified electors of the district to provide
- 21 funding for improvements to school and student safety and security that meet any of the criteria set forth in 20-
- 22 9-236(1)(a) through (1)(e). A voted levy for school and student safety and security may not be considered as
- 23 outstanding indebtedness for the purpose of calculating the limitation in 20-9-406. The election for a voted levy
- 24 for school and student safety and security must be conducted in accordance with the school election laws of
- 25 this title, and the electors qualified to vote in the election must be qualified under the provisions of 20-20-301.
- 26 The ballot for a building reserve proposition must be substantially in compliance with 15-10-425."

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