

Amendment - 1st Reading/2nd House-blue - Requested by: Llew Jones - (S) Education and Cultural Resources

- 2025

69th Legislature 2025

Drafter: Pad McCracken,

HB0515.002.001

1 HOUSE BILL NO. 515

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

3 LAMMERS, G. PARRY

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO FUNDING FOR

6 SCHOOL FACILITIES AND TECHNOLOGY; CONSOLIDATING TWO EXISTING STATE SPECIAL REVENUE

7 ACCOUNTS AND THEIR VARIOUS REVENUE SOURCES AND PRIORITIZING THE FUNDING OF

8 PROGRAMS; INCREASING THE SCHOOL MAJOR MAINTENANCE AMOUNT AND THE MULTIPLIER IN

9 THE STATE SCHOOL MAJOR MAINTENANCE AID FORMULA TO MAKE MORE MONEY AVAILABLE TO

10 SCHOOL DISTRICTS FOR MAJOR MAINTENANCE PROJECTS WITHOUT IMPACTING PROPERTY

11 TAXPAYERS; REVISING STATUTES RELATED TO THE STATE SCHOOL TECHNOLOGY PAYMENT;

12 REMOVING OUTDATED LANGUAGE RELATED TO THE NATURAL RESOURCE DEVELOPMENT

13 PAYMENT AND PROVIDING THAT THE PAYMENT CAN SUPPORT STATE SCHOOL MAJOR

14 MAINTENANCE AID AND DEBT SERVICE ASSISTANCE; REVISING AN EXISTING STATUTORY

15 APPROPRIATION; PROVIDING FOR TRANSFERS; AMENDING SECTIONS 17-5-703, 17-7-502, 20-6-702,

16 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-

17 9-534, MCA; AND PROVIDING EFFECTIVE DATES."

18

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

20

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

22 **"17-5-703. (Temporary) Coal severance tax trust funds.** (1) The trust established under Article IX,

23 section 5, of the Montana constitution is composed of the following funds:

24 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal

25 severance tax must be deposited;

26 (b) a Montana coal endowment fund;

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

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1 (d) a coal severance tax permanent fund;

2 (e) a coal severance tax income fund;

3 (f) a big sky economic development fund;

4 (g) a school facilities fund;

5 (h) a conservation district fund; and

6 (i) a coal board fund.

7 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet
8 all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12
9 months and retain that amount in the coal severance tax bond fund.

10 (b) The amount in the coal severance tax bond fund in excess of the amount required in
11 subsection (2)(a) must be transferred from that fund as provided in subsections (4) through (6).

12 (3) (a) The state treasurer shall monthly transfer from the Montana coal endowment fund to the
13 Montana coal endowment special revenue account the amount of earnings, excluding unrealized gains and
14 losses, required to meet the obligations of the state that are payable from the account in accordance with 90-6-
15 710. Earnings not transferred to the Montana coal endowment special revenue account must be retained in the
16 Montana coal endowment fund.

17 (b) The state treasurer shall monthly transfer from the Montana coal endowment regional water
18 system fund to the Montana coal endowment regional water system special revenue account the amount of
19 earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable
20 from the account for regional water systems authorized under 90-6-715. Earnings not transferred to the
21 Montana coal endowment regional water system special revenue account must be retained in the Montana coal
22 endowment regional water system fund.

23 (4) (a) Starting July 1, 2023, the state treasurer shall quarterly transfer to the school facilities fund
24 provided for in 20-9-380(1) 10% of the amount in the coal severance tax bond fund in excess of the amount that
25 is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state treasurer
26 when the balance of the school facilities fund is \$300 million. Beginning with the quarter following this
27 certification, the state treasurer shall instead transfer to the coal severance tax permanent fund 10% of the

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1 amount in the coal severance tax bond fund that exceeds the amount that is specified in subsection (2) to be
2 retained in the fund.

3 (b) The state treasurer shall ~~monthly~~annually transfer on May 15 or the Monday following from the
4 school facilities fund to the account established in ~~20-9-525~~ 20-9-516 the amount of earnings, excluding
5 unrealized gains and losses, required to meet the obligations of the state that are payable from the account.
6 Earnings not transferred to the account established in ~~20-9-525~~ 20-9-516 must be retained in the school
7 facilities fund.

8 (5) (a) Starting July 1, 2023, the state treasurer shall quarterly transfer to the conservation district
9 fund provided for in 76-15-108 65% of the amount in the coal severance tax bond fund in excess of the amount
10 that is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state
11 treasurer when the balance of the conservation district fund is \$100 million. Beginning with the quarter following
12 this certification, the state treasurer shall instead transfer to the coal board fund 65% of the amount in the coal
13 severance tax bond fund that exceeds the amount that is specified in subsection (2) to be retained in the fund.
14 The budget director shall certify to the state treasurer when the balance of the coal board fund reaches \$150
15 million. Beginning with the quarter following this certification, the state treasurer shall instead transfer to the
16 Montana coal endowment fund 65% of the amount in the coal severance tax bond fund that exceeds the
17 amount that is specified in subsection (2) to be retained in the fund.

18 (b) The state treasurer shall monthly transfer from the conservation district fund to the account
19 established in 76-15-106 the amount of earnings, excluding unrealized gains and losses, required to meet the
20 obligations of the state that are payable from the account. Earnings not transferred to the account established
21 in 76-15-106 must be retained in the conservation district fund.

22 (c) The state treasurer shall monthly transfer from the coal board fund to the account established
23 in 90-6-1001(2) the amount of earnings, excluding unrealized gains and losses, required to meet the obligations
24 of the state that are payable from the account. Earnings not transferred to the account established in 90-6-
25 1001(2) must be retained in the coal board fund.

26 (6) (a) From July 1, 2005, through June 30, 2035, the state treasurer shall quarterly transfer to the
27 big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the

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1 amount that is specified in subsection (2) to be retained in the fund.

2 (b) The state treasurer shall monthly transfer from the big sky economic development fund to the
3 economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding
4 unrealized gains and losses, required to meet the obligations of the state that are payable from the account in
5 accordance with 90-1-204. Earnings not transferred to the economic development special revenue account
6 must be retained in the big sky economic development fund.

7 (7) Any amount in the coal severance tax bond fund in excess of the amount that is specified in
8 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
9 deposited in the coal severance tax permanent fund. (Terminates June 30, 2031--secs. 1 through 3, Ch. 305, L.
10 2015.)

11 **17-5-703. (Effective July 1, 2031) Coal severance tax trust funds.** (1) The trust established under
12 Article IX, section 5, of the Montana constitution is composed of the following funds:

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

15 (b) a Montana coal endowment fund;

16 (c) a coal severance tax permanent fund;

17 (d) a coal severance tax income fund;

18 (e) a big sky economic development fund;

19 (f) a school facilities fund;

20 (g) a conservation district fund; and

21 (h) a coal board fund.

22 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet
23 all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12
24 months and retain that amount in the coal severance tax bond fund.

25 (b) The amount in the coal severance tax bond fund in excess of the amount required in
26 subsection (2)(a) must be transferred from that fund as provided in subsections (4) through (6).

27 (3) The state treasurer shall monthly transfer from the Montana coal endowment fund to the

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Montana coal endowment special revenue account the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account in accordance with 90-6-710. Earnings not transferred to the Montana coal endowment special revenue account must be retained in the Montana coal endowment fund.

(4) (a) Starting July 1, 2023, the state treasurer shall quarterly transfer to the school facilities fund provided for in 20-9-380(1) 10% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state treasurer when the balance of the school facilities fund is \$300 million. Beginning with the quarter following this certification, the state treasurer shall instead transfer to the coal severance tax permanent fund 10% of the amount in the coal severance tax bond fund that exceeds the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall ~~monthly~~ annually transfer on May 15 or the Monday following from the school facilities fund to the account established in ~~20-9-525~~ 20-9-516 the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account. Earnings not transferred to the account established in ~~20-9-525~~ 20-9-516 must be retained in the school facilities fund.

(5) (a) Starting July 1, 2023, the state treasurer shall quarterly transfer to the conservation district fund provided for in 76-15-108 65% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state treasurer when the balance of the conservation district fund is \$100 million. Beginning with the quarter following this certification, the state treasurer shall instead transfer to the coal board fund 65% of the amount in the coal severance tax bond fund that exceeds the amount that is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state treasurer when the balance of the coal board fund reaches \$150 million. Beginning with the quarter following this certification, the state treasurer shall instead transfer to the Montana coal endowment fund 65% of the amount in the coal severance tax bond fund that exceeds the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall monthly transfer from the conservation district fund to the account

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1 established in 76-15-106 the amount of earnings, excluding unrealized gains and losses, required to meet the
2 obligations of the state that are payable from the account. Earnings not transferred to the account established
3 in 76-15-106 must be retained in the conservation district fund.

4 (c) The state treasurer shall monthly transfer from the coal board fund to the account established
5 in 90-6-1001(2) the amount of earnings, excluding unrealized gains and losses, required to meet the obligations
6 of the state that are payable from the account. Earnings not transferred to the account established in 90-6-
7 1001(2) must be retained in the coal board fund.

8 (6) (a) From July 1, 2005, through June 30, 2035, the state treasurer shall quarterly transfer to the
9 big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the
10 amount that is specified in subsection (2) to be retained in the fund.

11 (b) The state treasurer shall monthly transfer from the big sky economic development fund to the
12 economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding
13 unrealized gains and losses, required to meet the obligations of the state that are payable from the account in
14 accordance with 90-1-204. Earnings not transferred to the economic development special revenue account
15 must be retained in the big sky economic development fund.

16 (7) Any amount in the coal severance tax bond fund in excess of the amount that is specified in
17 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
18 deposited in the coal severance tax permanent fund."
19

20 **Section 2.** Section 17-7-502, MCA, is amended to read:

21 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
22 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without
23 the need for a biennial legislative appropriation or budget amendment.

24 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with
25 both of the following provisions:

26 (a) The law containing the statutory authority must be listed in subsection (3).

27 (b) The law or portion of the law making a statutory appropriation must specifically state that a

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1 statutory appropriation is made as provided in this section.

2 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-
3 11-407; 5-13-403; 5-13-404; 7-4-2502; 7-4-2924; 7-32-236; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-
4 807; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-3-316; 10-3-802; 10-3-1304; 10-4-304; 10-4-310; 15-1-121;
5 15-1-142; 15-1-143; 15-1-218; 15-1-2302; 15-31-165; 15-31-1004; 15-31-1005; 15-35-108; 15-36-332; 15-37-
6 117; 15-39-110; 15-65-121; 15-70-128; 15-70-131; 15-70-132; 15-70-433; 16-11-119; 16-11-509; 17-3-106; 17-
7 3-212; 17-3-222; 17-3-241; 17-6-101; 17-6-214; 17-7-133; 17-7-215; 18-11-112; 19-3-319; 19-3-320; 19-6-410;
8 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-3-
9 369; 20-7-1709; 20-8-107; 20-9-250; ~~20-9-534~~ 20-9-516; 20-9-622; [20-15-328]; 20-26-617; 20-26-1503; 22-1-
10 327; 22-3-116; 22-3-117; [22-3-1004]; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-
11 1004; 37-43-204; 37-50-209; 37-54-113; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-4-1506; 44-12-213;
12 44-13-102; 50-1-115; 53-1-109; 53-6-148; 53-9-113; 53-24-108; 53-24-206; 60-5-530; 60-11-115; 61-3-321; 61-
13 3-415; 67-1-309; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 75-26-308; 76-13-150; 76-
14 13-151; 76-13-417; 76-17-103; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 80-11-1006; 81-1-112; 81-
15 1-113; 81-2-203; 81-7-106; 81-7-123; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; [85-25-102]; 87-1-603;
16 87-5-909; 90-1-115; 90-1-205; 90-1-504; 90-6-331; and 90-9-306.

17 (4) There is a statutory appropriation to pay the principal, interest, premiums, and any costs or fees
18 associated with issuing, paying, securing, redeeming, or defeasing all bonds, notes, or other obligations, as due
19 in the ordinary course or when earlier called for redemption or defeased, that have been authorized and issued
20 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of
21 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined
22 by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have
23 statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the
24 inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement
25 system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410
26 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental
27 benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on

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1 occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117
2 terminates June 30, 2025; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates
3 September 30, 2025; pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027;
4 pursuant to sec. 10, Ch. 374, L. 2017, the inclusion of 76-17-103 terminates June 30, 2027; pursuant to secs.
5 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-108 terminates June 30, 2027; pursuant to sec. 1, Ch.
6 408, L. 2019, the inclusion of 17-7-215 terminates June 30, 2029; pursuant to secs. 1, 2, 3, Ch. 139, L. 2021,
7 the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200, L. 2021, the inclusion of 10-4-
8 310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the inclusion of 30-10-1004 terminates
9 June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-115 terminates June 30, 2025;
10 pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is effective July 1, 2027; pursuant to
11 sec. 1, Ch. 20, L. 2023, sec. 2, Ch. 20, L. 2023, and sec. 3, Ch. 20, L. 2023, the inclusion of 81-1-112, 81-1-
12 113, and 81-7-106 terminates June 30, 2029; pursuant to sec. 9, Ch. 44, L. 2023, the inclusion of 15-1-142
13 terminates December 31, 2025; pursuant to sec. 10, Ch. 47, L. 2023, the inclusion of 15-1-2302 terminates
14 June 30, 2025; pursuant to sec. 2, Ch. 374, L. 2023, the inclusion of 10-3-802 terminates June 30, 2031;
15 pursuant to sec. 12, Ch. 558, L. 2023, the inclusion of 20-9-250 terminates December 31, 2029; pursuant to
16 sec. 4, Ch. 621, L. 2023, the inclusion of 22-1-327 terminates July 1, 2029; pursuant to sec. 24, Ch. 722, L.
17 2023, the inclusion of 17-7-133 terminates June 30, 2027; pursuant to sec. 10, Ch. 758, L. 2023, the inclusion
18 of 44-4-1506 terminates June 30, 2027; and pursuant to sec. 10, Ch. 764, L. 2023, the inclusion of 15-1-143
19 terminates December 31, 2025.)"

20
21 **Section 3.** Section 20-6-702, MCA, is amended to read:

22 **"20-6-702. Funding for K-12 school districts.** (1) Notwithstanding the provisions of subsections (2)
23 through (6), a K-12 school district formed under the provisions of 20-6-701 is subject to the provisions of law for
24 high school districts.

25 (2) The number of elected trustees of the K-12 school district must be based on the classification
26 of the attached elementary district under the provisions of 20-3-341 and 20-3-351.

27 (3) Calculations for the following must be made separately for the elementary school program and

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1 the high school program of a K-12 school district:

2 (a) the calculation of ANB for purposes of determining the total per-ANB entitlements must be in
3 accordance with the provisions of 20-9-311;

4 (b) the basic county tax for elementary equalization and revenue for the elementary BASE funding
5 program for the district must be determined in accordance with the provisions of 20-9-331, and the basic county
6 tax for high school equalization and revenue for the high school BASE funding program for the district must be
7 determined in accordance with 20-9-333;

8 (c) the guaranteed tax base aid for BASE funding program purposes for a K-12 school district must
9 be calculated separately, using each district's guaranteed tax base ratio, as defined in 20-9-366. The BASE
10 budget levy to be levied for the K-12 school district must be prorated based on the ratio of the BASE funding
11 program amounts for elementary school programs to the BASE funding program amounts for high school
12 programs.

13 (d) the levy authority limits under 20-9-502(3) and the corresponding state school major
14 maintenance aid under 20-9-525(3) for a K-12 school district must be calculated separately for the K-12 school
15 district's elementary and high school programs in the same manner as those limits and aid would be calculated
16 if the K-12 school district consisted of a separate elementary and high school district.

17 (4) The retirement obligation and eligibility for retirement guaranteed tax base aid for a K-12 school
18 district must be calculated and funded as a high school district retirement obligation under the provisions of 20-
19 9-501.

20 (5) For the purposes of budgeting for a K-12 school district, the trustees shall adopt a single fund
21 for any of the budgeted or nonbudgeted funds described in 20-9-201 for the costs of operating all grades and
22 programs of the district.

23 (6) Tuition for attendance in the K-12 school district must be determined separately for high school
24 pupils and for elementary pupils under the provisions of 20-5-320 through 20-5-324, except that the actual
25 expenditures used for calculations in 20-5-323 must be based on an amount prorated between the elementary
26 and high school programs in the appropriate funds of each district in the year prior to the attachment of the
27 districts."

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2 **Section 4.** Section 20-9-380, MCA, is amended to read:

3 **"20-9-380. School facilities fund --~~school major maintenance aid special revenue account.~~** (1)

4 There is a school facilities fund administered by the department of administration. Pursuant to 17-5-703, a
5 percentage of coal severance taxes received by the state must be deposited into this fund. Earnings not
6 transferred to the school ~~major maintenance aid facility and technology~~ account as provided in subsection (2)
7 must be retained in the school facilities fund.

8 (2) The school ~~major maintenance aid facility and technology~~ account established in ~~20-9-525~~ 20-
9 9-516 receives earnings from the school facilities fund as provided in 17-5-703.

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

13

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

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

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

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

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

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

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1 and

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

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

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

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

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

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(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 compliance with 20-9-131.

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

(c) Whenever the trustees of a district impose a levy pursuant to this subsection (3) during the current school fiscal year, they shall budget for 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) in the district's building reserve fund budget. Any expenditures of the funds must be made in accordance with the financial administration provisions of this title for a budgeted fund.

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

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

(f) If the imposition of 10 mills pursuant to subsection (3)(a) is estimated by the trustees to

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

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

- 10 (i) open a new school under the provisions of Title 20, chapter 6;
11 (ii) close a school;
12 (iii) replace a school building;
13 (iv) consolidate with or annex another district under the provisions of Title 20, chapter 6; or
14 (v) receive approval from voters to expand an elementary district into a K-12 district pursuant to
15 20-6-326.

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

- 20 (c) If the levy for transition costs is for consolidation or annexation:
21 (i) the limitation on the amount levied is calculated using the ANB and the maximum general fund
22 budget for the districts that are being combined; and
23 (ii) the proposition must be submitted to the qualified electors in the combined district.
24 (d) The levy for transition costs may not be considered as outstanding indebtedness for the
25 purpose of calculating the limitation in 20-9-406.

- 26 (5) (a) A subfund in the building reserve fund must be created for:
27 (i) the funds transferred to the building reserve fund for school safety and security pursuant to 20-

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1 9-236; and

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

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

11

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

13 **"20-9-516. School facility and technology account -- statutory appropriation for school**

14 **technology purposes.** (1) There is a school facility and technology account in the state special revenue fund
15 provided for in 17-2-102. The purpose of the account is to provide, ~~contingent on appropriation from the~~
16 ~~legislature,~~ funding for the following in priority order:

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

18 (b) contingent on appropriation from the legislature, school major maintenance aid as provided in
19 20-9-525; and

20 (b)(c) contingent on appropriation from the legislature, state debt service assistance as provided in
21 20-9-371.

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

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

26 (b) the income received from certain lands and riverbeds as provided in 17-3-1003(5);

27 (c) earnings from the school facilities fund within the coal severance tax trust fund as provided in

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1 17-5-703; and

2 (d) if applicable, excess interest and income revenue as provided in 20-9-622.

3 (3) (a) The amount of \$1 million a year is statutorily appropriated, as provided in 17-7-502, from
4 the school facility and technology account established in this section for grants for school technology purposes.

5 (b) By the last working day in August, the superintendent of public instruction shall allocate a
6 portion of the \$1 million for school technology purposes to each district based on the ratio that each district's
7 BASE budget bears to the statewide BASE budget amount for all school districts for the purposes of 20-9-533.

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

14

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

16 **"20-9-525. School major maintenance aid account -- formula -- filing.** (1) There is a school major
17 maintenance aid account in the state special revenue fund provided for in 17-2-102.

18 ~~(2)(1)~~ The purpose of the account is to provide, contingent on appropriation from the legislature,
19 funding for school major maintenance aid as provided in subsection (3) for this section is to support school
20 facility projects, including the payment of principal and interest on obligations issued pursuant to 20-9-471 for
21 school facility projects, that support a basic system of free quality public elementary and secondary schools
22 under 20-9-309, including but not limited to:

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

24 (b) projects designed to produce operational efficiencies such as utility savings, reduced future
25 maintenance costs, improved utilization of staff, and enhanced learning environments for students, including
26 but not limited to projects addressing:

27 (i) roofing systems;

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- 1 (ii) heating, air-conditioning, and ventilation systems;
- 2 (iii) energy-efficient window and door systems and insulation;
- 3 (iv) plumbing systems;
- 4 (v) electrical systems and lighting systems;
- 5 (vi) information technology infrastructure, including internet connectivity both within and to the
- 6 school facility; and
- 7 (vii) other critical repairs to an existing school facility or facilities.
- 8 ~~(3)(2)~~ (a) In any year in which the legislature has appropriated funds for distribution from the school
- 9 major maintenance aid account, the superintendent of public instruction shall administer the distribution of
- 10 school major maintenance aid from the school major maintenance aid account for deposit in the subfund of the
- 11 building reserve fund provided for in 20-9-502(3)(e). Subject to proration under subsection ~~(5)~~ (4) of this
- 12 section, aid must be annually distributed no later than the last working day of May to a school district imposing
- 13 a levy pursuant to 20-9-502(3) in the current school fiscal year, with the amount of state support per dollar of
- 14 local effort of the applicable elementary and high school program of each district determined as follows:
- 15 (i) using the taxable valuation most recently determined by the department of revenue under 20-9-
- 16 369:
- 17 (A) divide the total statewide taxable valuation by the statewide total of school major maintenance
- 18 amounts and, subject to adjustment under 20-9-336, multiply the result by ~~187%~~ 355%;
- 19 (B) multiply the result determined under subsection ~~(3)(a)(i)(A)~~ ~~(2)(a)(i)(A)~~ by the district's school
- 20 major maintenance amount;
- 21 (C) subtract the district's taxable valuation from the amount determined under subsection
- 22 ~~(3)(a)(i)(B)~~ ~~(2)(a)(i)(B)~~; and
- 23 (D) divide the amount determined under subsection ~~(3)(a)(i)(C)~~ ~~(2)(a)(i)(C)~~ by 1,000;
- 24 (ii) determine the greater of the amount determined in subsection ~~(3)(a)(i)~~ ~~(2)(a)(i)~~ or 18% of the
- 25 district's mill value;
- 26 (iii) multiply the result determined under subsection ~~(3)(a)(ii)~~ ~~(2)(a)(ii)~~ by the district's school major
- 27 maintenance amount, then divide the product by the sum of the result determined under subsection ~~(3)(a)(ii)~~

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1 ~~(2)(a)(ii)~~ and the district's mill value; and

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

5 (b) For a district with an adopted general fund budget in the prior year greater than or equal to
6 97% of the district's general fund maximum budget in the prior year, the amount determined in subsection ~~(3)~~
7 ~~(a)(iv)-(2)(a)(iv)~~ rounded to the nearest cent is the amount of school major maintenance aid per dollar of local
8 effort, not to exceed an amount that would result in the state aid composing more than 80% of the district's
9 school major maintenance amount.

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

16 ~~(4)(3)~~ Using the taxable valuation most recently determined by the department of revenue under 20-
17 9-369, the superintendent shall provide school districts with a preliminary estimated amount of state school
18 major maintenance aid per dollar of local effort for the ensuing school year no later than March 1 and a final
19 amount for the current school year no later than July 31.

20 ~~(5)(4)~~ If the appropriation from for school major maintenance aid or the available funds in the school
21 ~~major maintenance aid account~~ in any school fiscal year are less than the amount of school major maintenance
22 aid for which school districts would otherwise qualify, the superintendent of public instruction shall proportionally
23 prorate the aid distributed to ensure that the distributions do not exceed the appropriated or available funds.

24 ~~(6)~~ If in any fiscal year the amount of revenue in the school major maintenance aid account is
25 sufficient to fund school major maintenance aid without a proration reduction pursuant to subsection (5) and if in
26 that same fiscal year the amount of revenue available in the school facility and technology account established
27 in 20-9-516 will result in a proration reduction in debt service assistance pursuant to 20-9-346(2)(b) for that

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~~fiscal year, the state treasurer shall transfer any excess funds in the school major maintenance aid account to the school facility and technology account, not to exceed the amount required to avoid a proration reduction.~~

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

~~(7)~~(6) For the purposes of this section, the following definitions apply:

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

(b) "School major maintenance amount" means the sum of ~~\$15,000~~ \$40,000 and the product of ~~\$140~~ \$115 multiplied by the district's budgeted ANB for the prior fiscal year."

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

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

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

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

(c) associated technical training for school district personnel.

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

(a) the state money received for school technology purposes under ~~20-9-534~~ 20-9-516; and

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(b) other local, state, private, and federal funds received for the purpose of funding technology or technology-associated training.

(3) In depreciating the technological equipment of a school district for levies approved prior to July 1, 2013, the trustees may include in the district's budget, contingent upon voter approval of a levy under subsection (6) and pursuant to the school budgeting requirements of this title, an amount each fiscal year that does not exceed 20% of the original cost of any technological equipment, including computers and computer network access, that is owned by the district. The amount budgeted pursuant to levies approved prior to July 1, 2013, may not, over time, exceed 150% of the original cost of the equipment.

(4) The annual revenue requirement for each district's technology acquisition and depreciation fund determined within the limitations of this section must be reported by the county superintendent of schools to the board of county commissioners on or before the later of the first Tuesday in September or within 30 calendar days after receiving certified taxable values as the technology acquisition and depreciation fund levy requirement for that district, and a levy must be made by the county commissioners in accordance with 20-9-142.

(5) Any expenditure of technology acquisition and depreciation fund money must be within the limitations of the district's final technology acquisition and depreciation fund budget and the school financial administration provisions of this title.

(6) In addition to the funds received pursuant to subsection (2), the trustees of a school district may submit a proposition to the qualified electors of the district to approve an additional levy to fund costs of providing the technologies included in subsection (1). The election must be called and conducted in the manner prescribed by this title for school elections and in the manner prescribed by 15-10-425. A technology levy authorization approved after July 1, 2013, may not exceed 10 years.

(7) The technology proposition is approved if a majority of those electors voting at the election approve the levy. Notwithstanding any other provision of law, the levy under subsection (6) is subject to 15-10-420.

(8) A district whose qualified electors have previously approved a technology levy of perpetual duration prior to July 1, 2013, may submit a proposition to the qualified electors on or after July 1, 2013, for an

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

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

11
12 **Section 9.** Section 20-9-622, MCA, is amended to read:

13 **"20-9-622. Guarantee account.** (1) There is a guarantee account in the state special revenue fund.
14 The guarantee account is intended to:

15 (a) stabilize the long-term growth of the permanent fund; and
16 (b) maintain a constant and increasing distributable revenue stream. All realized capital gains and
17 all distributable revenue must be deposited in the guarantee account. The guarantee account is statutorily
18 appropriated, as provided in 17-7-502, for distribution to school districts as the first source of funding for state
19 equalization aid as provided in 20-9-343.

20 (2) Any excess interest and income revenue, as defined in 20-9-342, that is deposited in the
21 guarantee account for distribution under this section must be transferred to the school ~~major maintenance aid~~
22 facility and technology account provided for in ~~20-9-525~~ 20-9-516."

23
24 **Section 10.** Section 20-9-635, MCA, is amended to read:

25 **"20-9-635. Natural resource development K-12 school facilities payment.** (1) The natural
26 resource development K-12 school facilities payment replaces the former natural resource development K-12
27 funding payment as a means to provide local property tax relief by supporting school district facility needs. The

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1 legislature intends for the new payment to grow in a manner similar to the previous payment as described in
2 subsection (2) through fiscal year 2022 until other revenue to support school facilities has increased.

3 (2) The legislature intends the natural resource development K-12 school facilities payment to be a
4 general fund appropriation to support school major maintenance aid pursuant to 20-9-525 and debt service
5 assistance pursuant to 20-9-371 that is:

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

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

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

12 (b) — for fiscal years 2024 and beyond, calculated as the greater of:

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

15 (ii)(b) 5% of the oil and natural gas production taxes deposited in the general fund pursuant to 15-36-
16 331(4) for the fiscal year occurring 2 fiscal years prior to the fiscal year of the payment.

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

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

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

23 (i) — projected earnings from the school facilities fund pursuant to 17-5-703; and

24 (ii) — any anticipated transfers of excess interest and income revenue pursuant to 20-9-622."

25
26 NEW SECTION. Section 11. Repealer. The following section of the Montana Code Annotated is
27 repealed:

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1 20-9-534. Statutory appropriation for school technology purposes.

2

3 NEW SECTION. Section 12. Transfer of funds. (1) No later than August 15, 2025, there is

4 transferred from the general fund to the school facilities fund established in 20-9-380 the amount necessary to

5 bring the fund balance in the school facilities fund to ~~\$300~~ \$250 million.

6 (2) Any unencumbered and unexpended fund balance in the school major maintenance aid

7 account on June 30, 2025, must be transferred to the school facility and technology account provided for in 20-

8 9-516.

9

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

12 (2) [Sections 1 through 11] are effective July 1, 2025.

13 - END -