



AN ACT GENERALLY REVISING SCHOOL FUNDING LAWS RELATED TO PROPERTY TAXES; REQUIRING THE OFFICE OF PUBLIC INSTRUCTION AND THE DEPARTMENT OF REVENUE TO COLLABORATE AND MITIGATE THE IMPACTS OF REAPPRAISAL ON SCHOOL PROPERTY TAXES; PROVIDING THAT THE STATE AND COUNTY SCHOOL EQUALIZATION MILLS AND VOCATIONAL-TECHNICAL EDUCATION MILLS ARE FIXED AMOUNTS; PROVIDING THAT SCHOOL LEVIES ARE NOT SUBJECT TO SECTION 15-10-420, MCA; REVISING THE PROPERTY TAX RELIEF MECHANISMS WITHIN THE SCHOOL EQUALIZATION AND PROPERTY TAX REDUCTION ACCOUNT; CONTINGENT ON PROPERTY TAX LEGISLATION ENACTED, INCREASING GUARANTEED TAX BASE MULTIPLIERS FOR FISCAL YEAR 2026 TO PROTECT PROPERTY TAXPAYERS; CONTINGENT ON PROPERTY TAX LEGISLATION ENACTED, LOWERING PROPERTY TAXES BY INCREASING THE ON-SCHEDULE REIMBURSEMENT RATES FOR SCHOOL TRANSPORTATION; REVISING THE STATE-COUNTY SHARE OF ON-SCHEDULE REIMBURSEMENTS FOR SCHOOL TRANSPORTATION; REVISING DEFINITIONS; AMENDING SECTIONS 15-10-420, 20-9-306, 20-9-331, 20-9-333, 20-9-336, 20-9-360, 20-9-366, 20-9-367, 20-9-368, 20-9-404, 20-9-525, 20-9-533, 20-10-141, 20-10-144, 20-10-145, 20-10-146, 20-25-439, AND 90-6-403, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

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

**Section 1.** Section 15-10-420, MCA, is amended to read:

**"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in

the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half of the average rate of inflation for the prior 3 years.

(b) A governmental entity that does not impose the maximum number of mills authorized under subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill authority carried forward may be imposed in a subsequent tax year.

(c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers, using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

(2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any additional levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit, including newly taxable property.

(3) (a) For purposes of this section, newly taxable property includes:

- (i) annexation of real property and improvements into a taxing unit;
- (ii) construction, expansion, or remodeling of improvements;
- (iii) transfer of property into a taxing unit;
- (iv) subdivision of real property; and
- (v) transfer of property from tax-exempt to taxable status.

(b) Newly taxable property does not include an increase in value that arises because of an increase in the incremental value within a tax increment financing district.

(4) (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the release of taxable value from the incremental taxable value of a tax increment financing district because of:

- (i) a change in the boundary of a tax increment financing district;
- (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or
- (iii) the termination of a tax increment financing district.

(b) If a tax increment financing district terminates prior to the certification of taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax

increment financing district terminates. If a tax increment financing district terminates after the certification of taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the following tax year.

(c) For the purpose of subsection (3)(a)(ii), the value of newly taxable class four property that was constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current year market value of that property less the previous year market value of that property.

(d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of real property that results in the property being taxable as class four property under 15-6-134 or as nonqualified agricultural land as described in 15-6-133(1)(c).

(5) ~~Subject to subsection (8), subsection (1)(a) This section~~ does not apply to:

~~(a) mills imposed under 15-10-109, 20-9-331, 20-9-333, 20-9-360, or 20-25-439;~~

~~(a)(b) school district levies established in Title 20 or any other title of the Montana Code Annotated; or~~

~~(b)(c) a mill levy imposed for a newly created regional resource authority.~~

(6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received under 15-6-131 and 15-6-132.

(7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:

(a) may increase the number of mills to account for a decrease in reimbursements; and

(b) may not increase the number of mills to account for a loss of tax base because of legislative action that is reimbursed under the provisions of 15-1-121(7).

~~(8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes of 15-10-109, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated by the department may not exceed the mill levy limits established in those sections. The mill calculation must be established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the calculation must be rounded up to the nearest tenth of a mill.~~

~~(9)(8)~~ (a) The provisions of subsection (1) do not prevent or restrict:

(i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;

(ii) a levy to repay taxes paid under protest as provided in 15-1-402;

(iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;

(iv) a levy for the support of a study commission under 7-3-184;

(v) a levy for the support of a newly established regional resource authority;

(vi) the portion that is the amount in excess of the base contribution of a governmental entity's property tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703;

(vii) a levy for reimbursing a county for costs incurred in transferring property records to an adjoining county under 7-2-2807 upon relocation of a county boundary;

(viii) a levy used to fund the sheriffs' retirement system under 19-7-404(3)(b); or

(ix) a governmental entity from levying mills for the support of an airport authority in existence prior to May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past. The levy under this subsection ~~(9)(a)(ix)~~ ~~(8)(a)(ix)~~ is limited to the amount in the resolution creating the authority.

(b) A levy authorized under subsection ~~(9)(a)~~ ~~(8)(a)~~ may not be included in the amount of property taxes actually assessed in a subsequent year.

~~(10)(9)~~ A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating funds by a county or municipality during that time.

~~(11)(10)~~ The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable value in a governmental unit."

**Section 2.** Section 20-9-306, MCA, is amended to read:

**"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

- (1) "BASE" means base amount for school equity.
- (2) "BASE aid" means:
- (a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district;

(b) subject to adjustment under 20-9-336, guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the special education allowable cost payment;

- (c) the total quality educator payment;
- (d) the total at-risk student payment;
- (e) the total Indian education for all payment;
- (f) the total American Indian achievement gap payment;
- (g) the total data-for-achievement payment; and
- (h) the special education allowable cost payment.

(3) "BASE budget" means the minimum general fund budget of a district, which includes:

(a) subject to adjustment under 20-9-336, 80% of the basic entitlement, and 80% of the total per-ANB entitlement, ;

(b) 100% of the following payments:

- (i) the total quality educator payment, 100% of ;
- (ii) the total at-risk student payment, 100% of ;
- (iii) the total Indian education for all payment, 100% of ;
- (iv) the total American Indian achievement gap payment, 100% of ; and
- (v) the total data-for-achievement payment, ; and
- (c) 140% of the special education allowable cost payment.

(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through 20-9-369.

(5) "BASE funding program" means the state program for the equitable distribution of the state's share of the cost of Montana's basic system of public elementary schools and high schools, through county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

(6) "Basic entitlement" means:

- (a) for each high school district:
  - (i) \$343,483 for fiscal year 2024 and \$353,787 for each succeeding fiscal year for school districts with an ANB of 800 or fewer; and
  - (ii) \$343,483 for fiscal year 2024 and \$353,787 for each succeeding fiscal year for school districts with an ANB of more than 800, plus \$17,175 for fiscal year 2024 and \$17,690 for each succeeding fiscal year for each additional 80 ANB over 800;
- (b) for each elementary school district or K-12 district elementary program without an approved and accredited junior high school, 7th and 8th grade program, or middle school:
  - (i) \$57,246 for fiscal year 2024 and \$58,963 for each succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of 250 or fewer; and
  - (ii) \$57,246 for fiscal year 2024 and \$58,963 for each succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of more than 250, plus \$2,863 for fiscal year 2024 and \$2,949 for each succeeding fiscal year for each additional 25 ANB over 250;
- (c) for each elementary school district or K-12 district elementary program with an approved and accredited junior high school, 7th and 8th grade program, or middle school:
  - (i) for the district's kindergarten through grade 6 elementary program:
    - (A) \$57,246 for fiscal year 2024 and \$58,963 for each succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of 250 or fewer; and
    - (B) \$57,246 for fiscal year 2024 and \$58,963 for each succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of more than 250, plus \$2,863 for fiscal year 2024 and \$2,949 for each succeeding fiscal year for each additional 25 ANB over 250; and
  - (ii) for the district's approved and accredited junior high school, 7th and 8th grade programs, or middle school:
    - (A) \$114,493 for fiscal year 2024 and \$117,928 for each succeeding fiscal year for school districts or K-12 district elementary programs with combined grades 7 and 8 with an ANB of 450 or fewer; and
    - (B) \$114,493 for fiscal year 2024 and \$117,928 for each succeeding fiscal year for school districts or K-12 district elementary programs with combined grades 7 and 8 with an ANB of more than 450, plus \$5,724 for fiscal year 2024 and \$5,896 for each succeeding fiscal year for each additional 45 ANB over 450.

(7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to 20-9-311.

(8) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district and funded with state and county equalization aid.

(9) "Maximum general fund budget" means a district's general fund budget amount calculated from the basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator payment, the total at-risk student payment, the total Indian education for all payment, the total American Indian achievement gap payment, the total data-for-achievement payment, and the greater of the district's special education allowable cost payment multiplied by:

- (a) 175%; or
- (b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a maximum allowable ratio of 200%.

(10) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and within the general fund budget limits established in 20-9-308 and calculated as provided in 20-9-141.

(11) "Total American Indian achievement gap payment" means the payment resulting from multiplying \$235 for fiscal year 2024 and \$242 for each succeeding fiscal year times the number of American Indian students enrolled in the district as provided in 20-9-330.

(12) "Total at-risk student payment" means the payment resulting from the distribution of any funds appropriated for the purposes of 20-9-328.

(13) "Total data-for-achievement payment" means the payment provided in 20-9-325 resulting from multiplying \$22.89 for fiscal year 2024 and \$23.58 for each succeeding fiscal year by the district's ANB calculated in accordance with 20-9-311.

(14) "Total Indian education for all payment" means the payment resulting from multiplying \$23.91 for fiscal year 2024 and \$24.63 for each succeeding fiscal year times the ANB of the district or \$100 for each district, whichever is greater, as provided for in 20-9-329.

(15) "Total per-ANB entitlement" means the district entitlement resulting from the following

calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

(a) for a high school district or a K-12 district high school program, a maximum rate of \$7,840 for fiscal year 2024 and \$8,075 for each succeeding fiscal year for the first ANB, decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of \$6,123 for fiscal year 2024 and \$6,307 for each succeeding fiscal year for the first ANB, decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school, 7th and 8th grade program, or middle school, the sum of:

(i) a maximum rate of \$6,123 for fiscal year 2024 and \$6,307 for each succeeding fiscal year for the first ANB for kindergarten through grade 6, decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of \$7,840 for fiscal year 2024 and \$8,075 for each succeeding fiscal year for the first ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB.

(16) "Total quality educator payment" means the payment resulting from multiplying \$3,566 for fiscal year 2024 and \$3,673 for each succeeding fiscal year by the sum of:

(a) the number of full-time equivalent educators as provided in 20-9-327; and

(b) as provided in 20-9-324, for a school district meeting the legislative goal for competitive base pay of teachers, the number of full-time equivalent teachers that were in the first 3 years of the teacher's teaching career in the previous year.

(17) "Total special education allocation" means the state payment distributed pursuant to 20-9-321 that is the greater of the amount resulting from multiplying \$293.74 for fiscal year 2024 and \$302.55 for each



succeeding fiscal year by the statewide current year ANB or the amount of the previous year's total special education allocation."

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

**"20-9-331. Basic county tax for elementary equalization and other revenue for county equalization of elementary BASE funding program.** (1) ~~Subject to 15-10-420, the~~ The county commissioners of each county shall levy an annual basic county tax of 33 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 61-3-321(2) or (3), 61-3-529, 61-3-537, 61-3-562, 61-3-570, and 67-3-204, for the purposes of elementary equalization and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the elementary BASE funding programs of the school districts in the county and to the school equalization and property tax reduction account established in 20-9-336 in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE funding programs of all elementary districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the department of revenue, as provided in 15-1-504, for deposit to the state general fund immediately upon occurrence of a surplus balance and each subsequent month, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The revenue realized from the county's portion of the levy prescribed by this section and the revenue from the following sources must be used for the equalization of the elementary BASE funding program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212(1):

(a) the portion of the federal Taylor Grazing Act funds designated for the elementary county equalization fund under the provisions of 17-3-222;

(b) the portion of the federal flood control act funds distributed to a county and designated for expenditure for the benefit of the county common schools under the provisions of 17-3-232;

- (c) all money paid into the county treasury as a result of fines for violations of law, except money paid to a justice's court, and the use of which is not otherwise specified by law;
- (d) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established or referred to in this section;
- (e) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213;
- (f) gross proceeds taxes from coal under 15-23-703; and
- (g) oil and natural gas production taxes."

**Section 4.** Section 20-9-333, MCA, is amended to read:

**"20-9-333. Basic county tax for high school equalization and other revenue for county equalization of high school BASE funding program.** (1) ~~Subject to 15-10-420, the~~ The county commissioners of each county shall levy an annual basic county tax of 22 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 61-3-321(2) or (3), 61-3-529, 61-3-537, 61-3-562, 61-3-570, and 67-3-204, for the purposes of high school equalization and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the BASE funding programs of high school districts in the county and to the school equalization and property tax reduction account established in 20-9-336 in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the county's high school tuition obligation and the total of the BASE funding programs of all high school districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the department of revenue, as provided in 15-1-504, for deposit to the state general fund immediately upon occurrence of a surplus balance and each subsequent month, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

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

revenue from the following sources must be used for the equalization of the high school BASE funding program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212(1):

- (a) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established in this section;
- (b) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213;
- (c) gross proceeds taxes from coal under 15-23-703; and
- (d) oil and natural gas production taxes."

**Section 5.** Section 20-9-336, MCA, is amended to read:

**"20-9-336. School equalization and property tax reduction account -- uses.** (1) There is a school equalization and property tax reduction account in the state special revenue fund. Contingent on appropriation by the legislature, money in the account is for distribution to school districts as the second source of funding for state equalization aid as provided in 20-9-343. At fiscal yearend, any fund balance in the account exceeding what was appropriated must be transferred to the guarantee account established in 20-9-622.

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

(3) (a) Beginning in fiscal year ~~2025~~ 2027, each December the superintendent of public instruction shall forecast the amount of revenue the account will receive in that fiscal year by dividing the sum of the taxable value of all property in the state reported by the department of revenue pursuant to 20-9-369 by 1,000 to determine a statewide value mill and then multiplying that amount by ~~95 mills, or the number of mills calculated by the department of revenue under 15-10-420(8) for the applicable fiscal year~~ the total number of mills specified in 20-9-331, 20-9-333, and 20-9-360.

(b) If the forecasted amount in subsection (3)(a) differs from the amount determined through the same calculation in the prior fiscal year ~~by \$2 million or more~~ and is:

(a) ~~less by an amount greater than \$2 million~~, then the superintendent shall:

(i) decrease the multiplier used to calculate the statewide elementary and high school guaranteed tax base ratios used for funding BASE budgets under 20-9-366 to the nearest whole number determined by the

superintendent to result in a decrease in the amount of guaranteed tax base aid distributed to eligible school districts equal to 85% of the decrease in the calculated amount between the 2 years; and

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

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

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

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

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

(c) If the forecasted amount in subsection (3)(a) is greater than the amount determined through the same calculation in the prior fiscal year, the superintendent, using an amount equal to 50% of the forecasted revenue growth up to revenue growth of 105% of the prior fiscal year revenue plus all forecasted revenue growth above 105% of the prior fiscal year revenue, shall:

(i) first increase the multiplier used to calculate statewide mill value per elementary and high school ANB for retirement purposes under 20-9-366, not to exceed 305%, to the nearest whole number determined by the superintendent to result in an increase in the amount of guaranteed tax base aid distributed to eligible counties as close as mathematically possible to the excess amount determined in subsection (3)(c); and

(ii) if there is an excess amount remaining after the 305% cap is hit under subsection (3)(c)(i).

then:

(A) the superintendent shall increase the percentages of the basic and per-ANB entitlements in 20-9-306(2)(b) and (3)(a) by whole numbers not to exceed 45.3% and 90% respectively, then the multiplier used to calculate the statewide elementary and high school guaranteed tax base ratios used for funding BASE budgets under 20-9-366 by whole numbers in a manner determined by the superintendent to result in an increase in the amount of guaranteed tax base aid distributed to eligible districts as close as mathematically possible to the excess amount remaining without an increase in the amount of BASE property taxes on a statewide basis; and

(B) in making the calculations under subsection (3)(c)(ii)(A) and in calculating the guaranteed tax base aid ratios under 20-9-366 for the ensuing school fiscal year, the superintendent shall utilize a GTBA budget area for the prior year based on the adjusted percentages of the basic and per-ANB entitlements.

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

(b) Adjustments to the multipliers and percentages made under subsection (3) remain in effect in subsequent years unless further changed under 20-9-366 or subsection (3) of this section or as otherwise provided by law."

**Section 6.** Section 20-9-360, MCA, is amended to read:

**"20-9-360. State equalization aid levy.** Subject to 15-10-420, there There is a levy of 40 mills imposed by the county commissioners of each county on all taxable property within the state, except property for which a tax or fee is required under 61-3-321(2) or (3), 61-3-529, 61-3-537, 61-3-562, 61-3-570, and 67-3-204. Proceeds of the levy must be remitted to the department of revenue, as provided in 15-1-504, and must be deposited to the credit of the school equalization and property tax reduction account established in 20-9-336 for state equalization aid to the public schools of Montana."

**Section 7.** Section 20-9-366, MCA, is amended to read:

**"20-9-366. Definitions.** Subject to adjustments pursuant to 20-9-336, as used in 20-9-366 through 20-9-371, the following definitions apply:

(1) "County retirement mill value per elementary ANB" or "county retirement mill value per high school ANB" means the sum of the taxable valuation in the previous year of all property in the county divided by 1,000, with the quotient divided by the total county elementary ANB count or the total county high school ANB count used to calculate the elementary school districts' and high school districts' prior year total per-ANB entitlement amounts.

(2) (a) "District guaranteed tax base ratio" for guaranteed tax base funding for the BASE budget of an eligible district means the taxable valuation in the previous year of all property in the district, except for property value disregarded because of protested taxes under 15-1-409(2) or property subject to the creation of a new school district under 20-6-326, divided by the district's prior year GTBA budget area.

(b) "District mill value per ANB", for school facility entitlement purposes, means the taxable valuation in the previous year of all property in the district, except for property subject to the creation of a new school district under 20-6-326, divided by 1,000, with the quotient divided by the ANB count of the district used to calculate the district's prior year total per-ANB entitlement amount.

(3) "Facility guaranteed mill value per ANB", for school facility entitlement guaranteed tax base purposes, means, ~~subject to adjustment under 20-9-336,~~ the sum of the taxable valuation in the previous year of all property in the state, multiplied by 140% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state high school ANB count used to calculate the elementary school districts' and high school districts' prior year total per-ANB entitlement amounts.

(4) "Guaranteed tax base aid budget area" or "GTBA budget area" means the portion of a district's BASE budget after the following payments are subtracted:

- (a) direct state aid;
- (b) the total data-for-achievement payment;
- (c) the total quality educator payment;
- (d) the total at-risk student payment;
- (e) the total Indian education for all payment;
- (f) the total American Indian achievement gap payment; and
- (g) the state special education allowable cost payment.

(5) (a) "Statewide elementary guaranteed tax base ratio" or "statewide high school guaranteed tax

base ratio", for guaranteed tax base funding for the BASE budget of an eligible district, means, subject to adjustment under 20-9-336 and [section 19], the sum of the taxable valuation in the previous year of all property in the state, multiplied by 254% for fiscal year 2024 and by 259% for fiscal year 2025 ~~262%~~, subject to adjustment by the superintendent of public instruction pursuant to [section 20], for fiscal year 2026 and by 262% for fiscal year 2027 and each succeeding fiscal year and divided by the prior year statewide GTBA budget area for the state elementary school districts or the state high school districts. For ~~fiscal year 2024 and subsequent fiscal years~~, the superintendent of public instruction shall increase the multiplier, not to exceed 262%, in this subsection (5)(a) as follows:

(i) ~~for fiscal years 2024 through 2031, if the revenue transferred to the state general fund pursuant to 16-12-111 in the prior fiscal year is at least \$1 million more than the revenue transferred in the fiscal year 2 years prior, then:~~

(A) ~~multiply the amount of increased revenue transferred to the state general fund pursuant to 16-12-111 in the prior fiscal year above the amount of revenue transferred in the fiscal year 2 years prior by 0.25, divide the resulting product by \$500,000, and round to the nearest whole number; and~~

(B) ~~add the number derived in subsection (5)(a)(i)(A) as a percentage point increase to the multiplier used for the prior fiscal year;~~

(ii) ~~for fiscal years 2024 through 2031, if the revenue transferred to the state general fund pursuant to 16-12-111 in the prior fiscal year is less than \$1 million more than the revenue transferred in the fiscal year 2 years prior, then the multiplier is equal to the multiplier used for the prior fiscal year;~~

(iii) ~~for fiscal years 2032 and subsequent fiscal years, the multiplier is equal to the multiplier used for fiscal year 2031; and~~

(iv) ~~for all multiplier increases under this subsection (5)(a), the calculations are made in the year prior to the year in which the increase to the multiplier takes effect and impacts distribution of guaranteed tax base aid.~~

(b) "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", for school retirement guaranteed tax base purposes, means, subject to adjustment under 20-9-336 and [section 19], the sum of the taxable valuation in the previous year of all property in the state, multiplied by ~~489%~~ 189%, subject to adjustment by the superintendent of public instruction pursuant to [section 20], for fiscal year 2026

and 189% for fiscal year 2027 and each succeeding fiscal year and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state high school ANB amount used to calculate the elementary school districts' and high school districts' prior year total per-ANB entitlement amounts."

**Section 8.** Section 20-9-367, MCA, is amended to read:

**"20-9-367. Eligibility to receive guaranteed tax base aid or state debt service assistance for school facilities.** (1) If the district guaranteed tax base ratio of an elementary or high school district is less than the corresponding statewide elementary or high school guaranteed tax base ratio, the district may receive guaranteed tax base aid based on the number of mills levied in the district in support of ~~up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement, and up to 40% of the special education allowable cost payment budgeted within the general fund budget~~ the district's GTBA budget area.

(2) If the county retirement mill value per elementary ANB or the county retirement mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or high school ANB, the county may receive guaranteed tax base aid based on the number of mills levied in the county in support of the retirement fund budgets of the respective elementary or high school districts in the county.

(3) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or the district mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or statewide mill value per high school ANB, the district may receive debt service assistance in the form of a state advance or reimbursement for school facilities in support of the debt service fund."

**Section 9.** Section 20-9-368, MCA, is amended to read:

**"20-9-368. Amount of guaranteed tax base aid.** (1) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the elementary school districts in the county is the difference between the county mill value per elementary ANB and the statewide mill value per elementary ANB, multiplied by the number of mills levied in support of the retirement fund budgets for the elementary districts in the county.

(2) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the high school districts in the county is the difference between the county mill value



per high school ANB and the statewide mill value per high school ANB, multiplied by the number of mills levied in support of the retirement fund budgets for the high school districts in the county.

(3) The amount of guaranteed tax base aid that a district may receive in support of ~~up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement budgeted within the general fund budget, and up to 40% of the special education payment~~ the district's GTBA budget area is calculated in the following manner:

(a) multiply the sum of the district's prior year GTBA budget area by the corresponding statewide guaranteed tax base ratio;

(b) subtract the prior year taxable valuation of the district from the product obtained in subsection (3)(a); and

(c) divide the remainder by 1,000 to determine the equivalent to the dollar amount of guaranteed tax base aid for each mill levied.

(4) Guaranteed tax base aid provided to any county or district under this section is earmarked to finance the fund or portion of the fund for which it is provided. If a county or district receives more guaranteed tax base aid than it is entitled to, the excess must be returned to the state as required by 20-9-344."

**Section 10.** Section 20-9-404, MCA, is amended to read:

**"20-9-404. Contracts and bonds for joint construction.** (1) The trustees of a school district may enter into a contract with the trustees of any school district within the county, with any school district in an adjoining county, with the governing body of another political subdivision within the county in which the school district is located, or with the governing body of a political subdivision of a county adjoining the school district to provide for the joint construction of a facility upon terms and conditions mutually agreed upon between the districts.

(2) The trustees of any district executing a contract in accordance with this section may, ~~subject to 15-10-420,~~ levy taxes and issue bonds for the purpose of constructing the facilities authorized by this section."

**Section 11.** Section 20-9-525, MCA, is amended to read:

**"20-9-525. School major maintenance aid account -- formula.** (1) There is a school major

maintenance aid account in the state special revenue fund provided for in 17-2-102.

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

(a) improvements to school and student safety and security as described in 20-9-236(1); and  
(b) projects designed to produce operational efficiencies such as utility savings, reduced future maintenance costs, improved utilization of staff, and enhanced learning environments for students, including but not limited to projects addressing:

(i) roofing systems;  
(ii) heating, air-conditioning, and ventilation systems;  
(iii) energy-efficient window and door systems and insulation;  
(iv) plumbing systems;  
(v) electrical systems and lighting systems;  
(vi) information technology infrastructure, including internet connectivity both within and to the school facility; and  
(vii) other critical repairs to an existing school facility or facilities.

(3) (a) In any year in which the legislature has appropriated funds for distribution from the school major maintenance aid account, the superintendent of public instruction shall administer the distribution of school major maintenance aid from the school major maintenance aid account for deposit in the subfund of the building reserve fund provided for in 20-9-502(3)(e). Subject to proration under subsection (5) of this section, aid must be annually distributed no later than the last working day of May to a school district imposing a levy pursuant to 20-9-502(3) in the current school fiscal year, with the amount of state support per dollar of local effort of the applicable elementary and high school program of each district determined as follows:

(i) using the taxable valuation most recently determined by the department of revenue under 20-9-369:

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

amounts and, ~~subject to adjustment under 20-9-336~~, multiply the result by 187%;

(B) multiply the result determined under subsection (3)(a)(i)(A) by the district's school major maintenance amount;

(C) subtract the district's taxable valuation from the amount determined under subsection (3)(a)(i)(B); and

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

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

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

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

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

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

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

amount for the current school year no later than July 31.

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

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

(7) 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 and the product of \$110 multiplied by the district's budgeted ANB for the prior fiscal year."

**Section 12.** 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 under 20-9-534; and

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

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

**Section 13.** Section 20-10-141, MCA, is amended to read:

**"20-10-141. Schedule of maximum reimbursement by mileage rates.** (1) The mileage rates in subsection (2) for school transportation constitute the maximum reimbursement to districts for school transportation from state and county sources of transportation revenue under the provisions of 20-10-145 and 20-10-146. These rates may not limit the amount that a district may budget in its transportation fund budget in order to provide for the estimated and necessary cost of school transportation during the ensuing school fiscal year. All bus miles traveled on bus routes approved by the county transportation committee are reimbursable. Nonbus mileage is reimbursable for a vehicle driven by a bus driver to and from an overnight location of a school bus when the location is more than 10 miles from the school. A district may approve additional bus or nonbus miles within its own district or approved service area but may not claim reimbursement for the mileage. Any vehicle, the operation of which is reimbursed for bus mileage under the rate provisions of this schedule, must be a school bus, as defined by this title, driven by a qualified driver on a bus route approved by the county transportation committee and the superintendent of public instruction.

(2) Subject to adjustment by the superintendent of public instruction pursuant to [section 20]:

(a) ~~The~~ the rate for each bus mile traveled must be determined in accordance with the following schedule:

- (i) ~~50 cents~~ 50 cents for a school bus as defined in 20-10-101(5)(a)(ii);
  - (ii) ~~95 cents~~ 95 cents for a school bus with a rated capacity of not more than 49 passenger seating positions;
  - (iii) ~~\$1.15~~ \$1.15 for a school bus with a rated capacity of 50 to 59 passenger seating positions;
  - (iv) ~~\$1.36~~ \$1.36 for a school bus with a rated capacity of 60 to 69 passenger seating positions;
  - (v) ~~\$1.57~~ \$1.57 for a school bus with a rated capacity of 70 to 79 passenger seating positions; and
  - (vi) ~~\$1.80~~ \$1.80 for a school bus with 80 or more passenger seating positions.
- (b) Nonbus mileage, as provided in subsection (1), must be reimbursed at a rate of ~~50 cents~~ 50 cents a mile.

(3) The rated capacity is the number of passenger seating positions of a school bus as determined under the policy adopted by the board of public education. If modification of a school bus to accommodate pupils with disabilities reduces the rated capacity of the bus, the reimbursement to a district for pupil transportation is based on the rated capacity of the bus prior to modification.

(4) The number of pupils riding the school bus may not exceed the passenger seating positions of the bus."

**Section 14.** Section 20-10-144, MCA, is amended to read:

**"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund budget.** Before the second Monday of August, the county superintendent shall compute the revenue available to finance the transportation fund budget of each district. The county superintendent shall compute the revenue for each district on the following basis:

(1) The "schedule amount" of the budget expenditures that is derived from the rate schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

(a) the sum of the maximum reimbursable expenditures for all approved school bus routes maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate for

each bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus route approved by the county transportation committee and maintained by the district); plus

(b) the total of all individual transportation per diem reimbursement rates for the district as determined from the contracts submitted by the district multiplied by the number of pupil-instruction days scheduled for the ensuing school attendance year; plus

(c) any estimated costs for supervised home study or supervised correspondence study for the ensuing school fiscal year; plus

(d) the amount budgeted in the budget for the contingency amount permitted in 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100, whichever is larger, the contingency amount on the budget must be reduced to the limitation amount and used in this determination of the schedule amount; plus

(e) any estimated costs for transporting a child out of district when the child has mandatory approval to attend school in a district outside the district of residence.

(2) (a) The schedule amount determined in subsection (1) or the total transportation fund budget, whichever is smaller, is divided by 2.4 and is used to determine the available state and county revenue to be budgeted on the following basis:

(i) ~~one-half~~ three-fourths is the budgeted state transportation reimbursement; and

(ii) ~~one-half~~ one-fourth is the budgeted county transportation fund reimbursement and must be financed in the manner provided in 20-10-146.

(b) When the district has a sufficient amount of fund balance for reappropriation and other sources of district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero, any remaining amount of district revenue and fund balance reappropriated must be used to reduce the county financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to reduce the state financial obligation in subsection (2)(a)(i).

(c) The county revenue requirement for a joint district, after the application of any district money under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same proportion as the ANB of the joint district is distributed by pupil residence in each county.

(3) The total of the money available for the reduction of property tax on the district for the



transportation fund must be determined by totaling:

- (a) anticipated federal money received under the provisions of 20 U.S.C. 7701, et seq., or other anticipated federal money received in lieu of that federal act;
- (b) anticipated payments from other districts for providing school bus transportation services for the district;
- (c) anticipated payments from a parent or guardian for providing school bus transportation services for a child;
- (d) anticipated or reappropriated interest to be earned by the investment of transportation fund cash in accordance with the provisions of 20-9-213(4);
- (e) anticipated revenue from coal gross proceeds under 15-23-703;
- (f) anticipated oil and natural gas production taxes;
- (g) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320 through 20-5-324;
- (h) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year that may be used to finance the transportation fund; and
- (i) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year and is for the purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.

(4) The district levy requirement for each district's transportation fund must be computed by:

- (a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation budget amount; and

- (b) subtracting the amount of money available to reduce the property tax on the district, as determined in subsection (3), from the amount determined in subsection (4)(a).

(5) The transportation fund levy requirements determined in subsection (4) for each district must be reported to the county commissioners on or before the later of the first Tuesday in September or within 30

calendar days after receiving certified taxable values by the county superintendent as the transportation fund levy requirements for the district, and the levy must be made by the county commissioners in accordance with 20-9-142."

**Section 15.** Section 20-10-145, MCA, is amended to read:

**"20-10-145. State transportation reimbursement.** (1) A district providing school bus transportation or individual transportation in accordance with this title, board of public education transportation policy, and superintendent of public instruction transportation rules must receive a state reimbursement of its transportation expenditures under the transportation reimbursement rate provisions of 20-10-141 and 20-10-142. The state transportation reimbursement is ~~one-half~~ three-fourths of the reimbursement amounts established in 20-10-141 and 20-10-142 or one-half of the district's transportation fund budget, whichever is smaller, and must be computed on the basis of the number of days the transportation services were actually rendered to transport eligible transportees, as defined in 20-10-101, to or from school to participate in the minimum aggregate hours of instruction required pursuant to 20-1-301. In determining the amount of the state transportation reimbursement, an amount claimed by a district may not be considered for reimbursement unless the amount has been paid in the regular manner provided for the payment of other financial obligations of the district.

(2) Requests for the state transportation reimbursement must be made by each district semiannually during the school fiscal year on the claim forms and procedure promulgated by the superintendent of public instruction. The claims for state transportation reimbursements must be routed by the district to the county superintendent, who after reviewing the claims shall send them to the superintendent of public instruction. The superintendent of public instruction shall establish the validity and accuracy of the claims for the state transportation reimbursements by determining compliance with this title, board of public education transportation policy, and the transportation rules of the superintendent of public instruction. After making any necessary adjustments to the claims, the superintendent of public instruction shall order a disbursement from the state money appropriated by the legislature of the state of Montana for the state transportation reimbursement.

(3) The superintendent of public instruction shall make the disbursement to each school district according to the following schedule:

(a) By September 1 of each year, the superintendent of public instruction shall make a payment equal to 50% of the state transportation reimbursement paid to the district in the previous school year.

(b) By March 31 of each year, the superintendent of public instruction shall make a payment to the district equal to the approved amount of state reimbursement for first semester transportation claims less the amount distributed to the district under subsection (3)(a).

(c) By June 30 of each year, the superintendent of public instruction shall make a payment to the district to pay the balance of the approved amount due to the district for first and second semester transportation.

(4) Unless authorized for payment to a school district investment account established under 20-9-235, the payment of all the district's claims within one county must be made to the county treasurer of the county, and the county superintendent shall apportion the payment in accordance with the apportionment order supplied by the superintendent of public instruction.

(5) After adopting a budget amendment for the transportation fund in accordance with 20-9-161 through 20-9-166, the district shall send to the superintendent of public instruction a copy of each new or amended individual transportation contract and each new or amended bus route form to which the budget amendment applies. State reimbursement for the additional obligations must be paid as provided in subsection (1)."

**Section 16.** Section 20-10-146, MCA, is amended to read:

**"20-10-146. County transportation reimbursement.** (1) The apportionment of the county transportation reimbursement by the county superintendent for school bus transportation or individual transportation that is actually rendered by a district in accordance with this title, board of public education transportation policy, and the transportation rules of the superintendent of public instruction must be ~~the same as one-third the amount of~~ the state transportation reimbursement payment, except that:

(a) if any cash was used to reduce the budgeted county transportation reimbursement under the provisions of 20-10-144(2)(b), the annual apportionment is limited to the budget amount;

(b) when the county transportation reimbursement for a school bus has been prorated between two or more counties because the school bus is conveying pupils of more than one district located in the

counties, the apportionment of the county transportation reimbursement must be adjusted to pay the amount computed under the proration; and

(c) when county transportation reimbursement is required under the mandatory attendance agreement provisions of 20-5-321.

(2) The county transportation net levy requirement for the financing of the county transportation fund reimbursements to districts is computed by:

(a) totaling the net requirement for all districts of the county, including reimbursements to a special education cooperative or prorated reimbursements to joint districts or reimbursements under the mandatory attendance agreement provisions of 20-5-321;

(b) determining the sum of the money available to reduce the county transportation net levy requirement by adding:

(i) anticipated money that may be realized in the county transportation fund during the ensuing school fiscal year;

(ii) oil and natural gas production taxes;

(iii) coal gross proceeds taxes under 15-23-703;

(iv) any fund balance available for reappropriation from the end-of-the-year fund balance in the county transportation fund;

(v) federal forest reserve funds allocated under the provisions of 17-3-213; and

(vi) other revenue anticipated that may be realized in the county transportation fund during the ensuing school fiscal year; and

(c) subtracting the money available, as determined in subsection (2)(b), to reduce the levy requirement from the county transportation net levy requirement.

(3) The net levy requirement determined in subsection (2)(c) must be reported to the county commissioners on or before the later of the first Tuesday in September or within 30 calendar days after receiving certified taxable values by the county superintendent, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) The county superintendent of each county shall submit a report of the revenue amounts used to establish the levy requirements to the superintendent of public instruction on or before September 15. The

report must be completed on forms supplied by the superintendent of public instruction.

(5) The county superintendent shall apportion the county transportation reimbursement from the proceeds of the county transportation fund. The county superintendent shall order the county treasurer to make the apportionments in accordance with 20-9-212(2) and after the receipt of the semiannual state transportation reimbursement payments."

**Section 17.** Section 20-25-439, MCA, is amended to read:

**"20-25-439. Vocational-technical education -- mill levy required.** (1) ~~Subject to 15-10-420, the~~ The boards of county commissioners of Cascade, Lewis and Clark, Missoula, Silver Bow, and Yellowstone Counties shall in each calendar year levy a tax of 1 1/2 mills on the dollar value of all taxable property, real and personal, located within the respective county.

(2) The funds from the mill levy must be deposited in the general fund and must be distributed for vocational-technical education on the basis of budgets approved by the board of regents."

**Section 18.** Section 90-6-403, MCA, is amended to read:

**"90-6-403. Jurisdictional revenue disparity -- conditioned exemption and reallocation of certain taxable valuation.** (1) When an impact plan for a large-scale mineral development approved pursuant to 90-6-307 identifies a jurisdictional revenue disparity, the board shall promptly notify the developer, all affected local government units, and the department of revenue of the disparity. Except as provided in 90-6-404 and this section, the increase in taxable valuation of the mineral development that occurs after the issuance and validation of a permit under 82-4-335 is not subject to the usual application of county and school district property tax mill levies. This increase in taxable valuation must be allocated to local government units as provided in 90-6-404. The increase in taxable valuation allocated as provided in 90-6-404 is subject to 15-10-420 and the application of property tax mill levies in the local government unit to which it is allocated. The increase in taxable valuation allocated to the local government unit is considered newly taxable property in the recipient local government unit as provided in 15-10-420.

(2) ~~Subject to 15-10-420, the~~ The total taxable valuation of a large-scale mineral development remains subject to the statewide mill levies and basic county levies for elementary and high school BASE

funding programs as provided in 20-9-331 and 20-9-333.

(3) The provisions of subsection (1) remain in effect until the large-scale mineral development ceases operations or until the existence of the jurisdictional revenue disparity ceases, as determined by the board."

**Section 19. Adjustments to guaranteed tax base multipliers and calculations to mitigate impacts of reappraisal on property tax relief.** (1) The department of revenue and the office of public instruction shall annually collaborate and jointly assess how reappraisal affects, on a statewide basis, the portions of funding between guaranteed tax base aid and local property tax responsibilities for the general fund BASE budgets of school districts and the countywide school retirement funds budgets of counties.

(2) After completing the analysis under subsection (1) and by the May 1 deadline for finalizing guaranteed tax base aid ratios under 20-9-369, the office of public instruction shall annually adjust the guaranteed tax base multipliers and calculations outlined in sections 20-9-366 through 20-9-368 to prevent any statewide increase in property taxes due to the combined effects of reappraisal and the standard guaranteed tax base aid formulas for the general fund BASE budgets of school districts and the countywide school retirement funds budgets of counties.

**Section 20. School funding adjustments following 2025 legislative session -- duties of superintendent of public instruction and department of revenue.** (1) Following the conclusion of the 2025 legislative session and no later than May 15, 2025, the department of revenue shall provide to the superintendent of public instruction an estimate of the revenue in excess of \$441.624 million expected to be generated by the county and statewide school equalization levies under 20-9-331, 20-9-333, and 20-9-360 in fiscal year 2026.

(2) If the amount reported under subsection (1) is greater than \$0 and less than \$24.5 million, the superintendent shall:

(a) leave the guaranteed tax base multipliers under 20-9-366, as amended by [this act], unadjusted; and

(b) increase the school transportation mileage rates in 20-10-141(2)(a) and (2)(b), as amended by

[this act], by the same percentage, not to exceed 200%, to rates that result in an increase in the distribution of total state transportation reimbursements to school districts in fiscal year 2026 equal to the amount reported under subsection (1) of this section. Adjustments to the rates made under this subsection (2)(b) remain in effect in subsequent fiscal years.

(3) If the amount reported under subsection (1) is equal to or greater than \$24.5 million, the superintendent shall:

(a) increase the school transportation mileage rates pursuant to subsection (2)(b); and  
(b) subtract \$24.5 million from the amount reported under subsection (1) and use the remainder for the calculations in subsection (4).

(4) Using the amount determined under subsection (3)(b), the superintendent of public instruction shall calculate:

(a) first, an increase in the multiplier used in calculating the statewide mill value per elementary and high school ANB for retirement purposes under 20-9-366, as amended by [this act], for fiscal year 2026 that results in an increase in the amount of guaranteed tax base aid for retirement distributed to counties in fiscal year 2026 that is equal to the amount determined under subsection (3)(b), not to exceed \$7.7 million;

(b) then, if money remains, an increase in the multiplier used in calculating the statewide elementary and high school guaranteed tax base ratios used for funding BASE budgets under 20-9-366, as amended by [this act], for fiscal year 2026 that results in an increase in the amount of guaranteed tax base aid distributed to school districts in fiscal year 2026 that is equal to the amount remaining, not to exceed \$17.9 million.

**Section 21. Codification instruction.** [Section 19] is intended to be codified as an integral part of Title 20, chapter 9, part 3, and the provisions of Title 20, chapter 9, part 3, apply to [section 19].

**Section 22. Coordination instruction.** If both House Bill No. 2 and [this act] are passed and approved, then:

(1) the appropriations for "Transportation Aid" in House Bill No. 2 for fiscal year 2026 and fiscal year 2027 must be increased to align with the adjustments made to school transportation mileage rates by the

superintendent of public instruction under [section 20 of this act] but the increases may not result in a "Transportation Aid" appropriation exceeding \$36.5 million for either fiscal year; and

(2) the general fund appropriation for "K-12 BASE Aid" in House Bill No. 2 for fiscal year 2026 must be increased in accordance with the adjustments made by the superintendent of public instruction under [section 20 of this act] but the increase may not exceed \$25.6 million.

**Section 23. Coordination instruction.** If both House Bill No. 156 and [this act] are passed and approved, then:

- (1) [sections 8 and 9 of this act], amending 20-9-367 and 20-9-368, terminate June 30, 2026; and
- (2) effective July 1, 2026, [section 19(2) of this act] must be replaced with:

"(2) After completing the analysis under subsection (1) and by the May 1 deadline for finalizing guaranteed tax base aid ratios under 20-9-369, the office of public instruction shall annually adjust the guaranteed tax base multipliers and calculations outlined in sections 20-9-366 through 20-9-368 to prevent any statewide increase in property taxes due to the combined effects of reappraisal and the standard guaranteed tax base aid formulas supporting the countywide levy for BASE budget funding support and the countywide school retirement funds budgets of counties."

**Section 24. Effective date.** [This act] is effective on passage and approval.

**Section 25. Applicability.** [This act] applies to school district budgeting and funding distributions for school fiscal years beginning on or after July 1, 2025.

- END -



I hereby certify that the within bill,  
HB 483, originated in the House.

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Chief Clerk of the House

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Speaker of the House

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2025.

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President of the Senate

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2025.

HOUSE BILL NO. 483

INTRODUCED BY C. SPRUNGER, W. GALT, S. NOVAK, L. MUSZKIEWICZ, M. NIKOLAKAKOS, P. ELVERUM, C. SCHOMER, C. COCHRAN, E. TILLEMAN, M. BERTOGLIO, G. HUNTER, L. JONES, W. MCKAMEY, D. FERN, M. YAKAWICH, S. FITZPATRICK, K. WALSH, R. MINER, B. BARKER, L. BREWSTER, J. FITZPATRICK, G. HERTZ, G. PARRY, L. REKSTEN, M. ROMANO, M. THANE, J. DARLING, V. MOORE

AN ACT GENERALLY REVISING SCHOOL FUNDING LAWS RELATED TO PROPERTY TAXES; REQUIRING THE OFFICE OF PUBLIC INSTRUCTION AND THE DEPARTMENT OF REVENUE TO COLLABORATE AND MITIGATE THE IMPACTS OF REAPPRAISAL ON SCHOOL PROPERTY TAXES; PROVIDING THAT THE STATE AND COUNTY SCHOOL EQUALIZATION MILLS AND VOCATIONAL-TECHNICAL EDUCATION MILLS ARE FIXED AMOUNTS; PROVIDING THAT SCHOOL LEVIES ARE NOT SUBJECT TO SECTION 15-10-420, MCA; REVISING THE PROPERTY TAX RELIEF MECHANISMS WITHIN THE SCHOOL EQUALIZATION AND PROPERTY TAX REDUCTION ACCOUNT; CONTINGENT ON PROPERTY TAX LEGISLATION ENACTED, INCREASING GUARANTEED TAX BASE MULTIPLIERS FOR FISCAL YEAR 2026 TO PROTECT PROPERTY TAXPAYERS; CONTINGENT ON PROPERTY TAX LEGISLATION ENACTED, LOWERING PROPERTY TAXES BY INCREASING THE ON-SCHEDULE REIMBURSEMENT RATES FOR SCHOOL TRANSPORTATION; REVISING THE STATE-COUNTY SHARE OF ON-SCHEDULE REIMBURSEMENTS FOR SCHOOL TRANSPORTATION; REVISING DEFINITIONS; AMENDING SECTIONS 15-10-420, 20-9-306, 20-9-331, 20-9-333, 20-9-336, 20-9-360, 20-9-366, 20-9-367, 20-9-368, 20-9-404, 20-9-525, 20-9-533, 20-10-141, 20-10-144, 20-10-145, 20-10-146, 20-25-439, AND 90-6-403, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.