

## HOUSE BILL NO. 639

INTRODUCED BY W. STAHL

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4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING K-12 SCHOOL FUNDING; REPLACING  
5 GUARANTEED TAX BASE, DIRECT STATE AID, AND COUNTY EQUALIZATION AID WITH A STATE CORE  
6 CURRICULUM TEACHER PAYMENT; PROVIDING THAT BASE AID IS THE CORE CURRICULUM TEACHER  
7 PAYMENT; REQUIRING THAT ALL FEDERAL AND STATE SCHOOL FUNDING PROVIDED IN ADDITION TO  
8 THE CORE CURRICULUM TEACHER PAYMENT IS OVER-BASE; REQUIRING THAT ANY COURSE OF  
9 INSTRUCTION OFFERED BY A K-12 PUBLIC SCHOOL THAT IS NOT A CORE CURRICULUM COURSE IS  
10 FUNDED BY A COUNTY OR SCHOOL DISTRICT; PROVIDING THAT THE LEGISLATURE DEFINES AND  
11 SPECIFIES THE SCHOOL ACCREDITATION STANDARDS; LIMITING AVERAGE NUMBER BELONGING TO  
12 FUNDING FOR SPECIAL EDUCATION AND COUNTYWIDE TRANSPORTATION GRANTS; PROVIDING A  
13 STATEWIDE PROPERTY TAX LEVY OF NOT LESS THAN 40 MILLS FOR THE SUPPORT OF THE STATE  
14 CORE CURRICULUM TEACHER PAYMENT; PROVIDING RULEMAKING AUTHORITY; ESTABLISHING AN  
15 AD HOC COMMITTEE TO REVIEW ACCREDITATION STANDARDS; PROVIDING AN APPROPRIATION;  
16 AMENDING SECTIONS 2-7-514, 7-1-2111, 15-1-112, 15-1-409, 15-10-420, 15-24-1402, 15-24-1703,  
17 15-24-1802, 15-24-1902, 15-24-2002, 15-24-2102, 15-36-331, 15-36-332, 15-39-110, 17-3-213, 17-7-140,  
18 17-7-301, 17-7-502, 20-1-301, 20-2-121, 20-3-106, 20-3-205, 20-3-324, 20-3-363, 20-4-203, 20-4-501, 20-4-502,  
19 20-4-503, 20-4-504, 20-4-505, 20-4-506, 20-5-323, 20-5-324, 20-6-326, 20-6-502, 20-6-503, 20-6-504, 20-6-506,  
20 20-6-507, 20-6-702, 20-7-101, 20-7-102, 20-7-111, 20-7-117, 20-7-401, 20-7-420, 20-7-701, 20-7-714, 20-9-104,  
21 20-9-141, 20-9-166, 20-9-212, 20-9-302, 20-9-303, 20-9-305, 20-9-306, 20-9-308, 20-9-309, 20-9-311, 20-9-313,  
22 20-9-314, 20-9-326, 20-9-327, 20-9-329, 20-9-332, 20-9-342, 20-9-344, 20-9-346, 20-9-347, 20-9-348, 20-9-351,  
23 20-9-353, 20-9-360, 20-9-406, 20-9-422, 20-9-439, 20-9-501, 20-9-515, 20-9-533, 20-9-622, 20-9-630,  
24 69-11-202, 90-6-309, 90-6-403, AND 90-6-1001, MCA; REPEALING SECTIONS 15-30-2336, 20-7-202,  
25 20-9-331, 20-9-333, 20-9-335, 20-9-343, 20-9-361, 20-9-366, 20-9-367, 20-9-368, 20-9-369, 20-9-370, 20-9-371,  
26 AND 20-9-534, MCA; AND PROVIDING AN EFFECTIVE DATE."

27

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

29

30 **Section 1.** Section 2-7-514, MCA, is amended to read:

1           **"2-7-514. Filing of audit report and financial report.** (1) Completed audit reports must be filed with  
 2 the department. Completed financial reports must be filed with the department as provided in 2-7-503(1). The  
 3 state superintendent of public instruction shall file with the department a list of school districts subject to audit  
 4 under 2-7-503(3). The list must be filed with the department within 6 months after the close of the fiscal year.

5           (2) At the time that the financial report is filed or, in the case of a school district, when the audit report  
 6 is filed with the department, the local government entity shall pay to the department a filing fee. The department  
 7 shall charge a filing fee to any local government entity required to have an audit under 2-7-503, which fee must  
 8 be based upon the costs incurred by the department in the administration of this part. ~~Notwithstanding the~~  
 9 ~~provisions of 20-9-343, the~~ The filing fees for school districts required by this section must be paid by the office  
 10 of public instruction. The department shall adopt the fee schedule by rule based upon the local government  
 11 entities' revenue amounts.

12           (3) Copies of the completed audit and financial reports must be made available by the department and  
 13 the local government entity for public inspection during regular office hours."  
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15           **Section 2.** Section 7-1-2111, MCA, is amended to read:

16           **"7-1-2111. Classification of counties.** (1) For the purpose of regulating the compensation and salaries  
 17 of all county officers not otherwise provided for and for fixing the penalties of officers' bonds, the counties of this  
 18 state must be classified according to the taxable valuation of the property in the counties upon which the tax levy  
 19 is made as follows:

- 20           (a) first class--all counties having a taxable valuation of \$50 million or more;  
 21           (b) second class--all counties having a taxable valuation of \$30 million or more and less than \$50 million;  
 22           (c) third class--all counties having a taxable valuation of \$20 million or more and less than \$30 million;  
 23           (d) fourth class--all counties having a taxable valuation of \$15 million or more and less than \$20 million;  
 24           (e) fifth class--all counties having a taxable valuation of \$10 million or more and less than \$15 million;  
 25           (f) sixth class--all counties having a taxable valuation of \$5 million or more and less than \$10 million;  
 26           (g) seventh class--all counties having a taxable valuation of less than \$5 million.

27           (2) As used in this section, "taxable valuation" means the taxable value of taxable property in the county  
 28 as of the time of determination plus:

- 29           (a) that portion of the taxable value of the county on December 31, 1981, attributable to automobiles and  
 30 trucks having a rated capacity of three-quarters of a ton or less;

- 1 (b) that portion of the taxable value of the county on December 31, 1989, attributable to automobiles and  
 2 trucks having a manufacturer's rated capacity of more than three-quarters of a ton but less than or equal to 1 ton;
- 3 (c) that portion of the taxable value of the county on December 31, 1997, attributable to buses, trucks  
 4 having a manufacturer's rated capacity of more than 1 ton, and truck tractors;
- 5 (d) that portion of the taxable value of the county on December 31, 1997, attributable to trailers, pole  
 6 trailers, and semitrailers with a declared weight of less than 26,000 pounds;
- 7 (e) the value provided by the department of revenue under 15-36-332~~(7)~~(4);
- 8 (f) 50% of the taxable value of the county on December 31, 1999, attributable to telecommunications  
 9 property under 15-6-141;
- 10 (g) 50% of the taxable value in the county on December 31, 1999, attributable to electrical generation  
 11 property under 15-6-141;
- 12 (h) the value provided by the department of revenue under 15-24-3001;
- 13 (i) 6% of the taxable value of the county on January 1 of each tax year;
- 14 (j) 45% of the contract sales price of the gross proceeds of coal in the county as provided in 15-23-703  
 15 and as reported under 15-23-702; and
- 16 (k) 33 1/3% of the value of bentonite produced during the previous year as provided in 15-39-110~~(12)~~(10)  
 17 and as reported under 15-39-101."

18  
 19 **Section 3.** Section 15-1-112, MCA, is amended to read:

20 **"15-1-112. Business equipment tax rate reduction reimbursement to local government taxing**  
 21 **jurisdictions.** (1) ~~On or before January 1, 1996, for the reduction in payment under subsection (4) and by June~~  
 22 ~~1 of 1996, 1997, and 1998 for all other reimbursements in this section, the~~ The department shall determine a  
 23 reimbursement amount associated with reducing the tax rate in 15-6-138 and provide that information to each  
 24 county treasurer. The reimbursement amount must be determined for each local government taxing jurisdiction  
 25 that levied mills on the taxable value of property described in 15-6-138 in the corresponding tax year. However,  
 26 the reimbursement does not apply to property described in 15-6-138 that has a reduced tax rate under  
 27 15-24-1402.

28 ~~(2) (a) The reimbursement amount to be used as the basis for the payment reduction under subsection~~  
 29 ~~(4) is the product of multiplying the tax year 1995 taxable value of property described in 15-6-138 for each local~~  
 30 ~~government taxing jurisdiction by the tax year 1995 mill levy for the jurisdiction and then multiplying by 1/9th.~~

1       ~~———— (b) (i) The reimbursement amount for each local government taxing jurisdiction for tax year 1996 is the~~  
2       ~~amount determined under subsection (2)(a) unless the tax year 1996 market value of property described in~~  
3       ~~15-6-138, for the particular local government taxing jurisdiction, is more than the tax year 1995 market value for~~  
4       ~~property described in 15-6-138 in the same jurisdiction.~~

5       ~~———— (ii) If the tax year 1996 market value is greater than the tax year 1995 market value for a particular~~  
6       ~~jurisdiction, then the reimbursement amount for tax year 1996 is the result of subtracting the simulated 1996 tax~~  
7       ~~from the 1995 tax. The 1995 tax is the tax for the particular jurisdiction, determined by multiplying the actual~~  
8       ~~taxable valuation of property described in 15-6-138, for tax year 1995, by the tax year 1995 mill levy for the~~  
9       ~~jurisdiction. The simulated 1996 tax for the particular jurisdiction is the actual tax year 1996 taxable value of~~  
10       ~~property described in 15-6-138 multiplied by the tax year 1995 mill levy for the particular jurisdiction. If the~~  
11       ~~simulated 1996 tax is greater than the 1995 tax, the reimbursement amount is zero.~~

12       ~~———— (c) (i) The reimbursement amount for each local government taxing jurisdiction for tax year 1997 is the~~  
13       ~~amount determined under subsection (2)(a) multiplied by two unless the tax year 1997 market value of property~~  
14       ~~described in 15-6-138, for the particular local government taxing jurisdiction, is more than the tax year 1995~~  
15       ~~market value for property described in 15-6-138 in the same jurisdiction.~~

16       ~~———— (ii) If the tax year 1997 market value is greater than the tax year 1995 market value for a particular~~  
17       ~~jurisdiction, then the reimbursement amount for tax year 1997 is the result of subtracting the simulated 1997 tax~~  
18       ~~from the 1995 tax. The 1995 tax is the tax for the particular jurisdiction, determined by multiplying the actual~~  
19       ~~taxable valuation of property described in 15-6-138, for tax year 1995, by the tax year 1995 mill levy for the~~  
20       ~~jurisdiction. The simulated 1997 tax for the particular jurisdiction is the actual tax year 1997 taxable value of~~  
21       ~~property described in 15-6-138 multiplied by the tax year 1995 mill levy for the particular jurisdiction. If the~~  
22       ~~simulated 1997 tax is greater than the 1995 tax, the reimbursement amount is zero.~~

23       ~~———— (d) (i) The reimbursement amount for each local government taxing jurisdiction for tax year 1998 is the~~  
24       ~~amount determined under subsection (2)(a) multiplied by three unless the tax year 1998 market value of property~~  
25       ~~described in 15-6-138, for the particular local government taxing jurisdiction, is more than the tax year 1995~~  
26       ~~market value for property described in 15-6-138 in the same jurisdiction.~~

27       ~~———— (ii) If the tax year 1998 market value is greater than the tax year 1995 market value for a particular~~  
28       ~~jurisdiction, then the reimbursement amount for tax year 1998 is the result of subtracting the simulated 1998 tax~~  
29       ~~from the 1995 tax. The 1995 tax is the tax for the particular jurisdiction, determined by multiplying the actual~~  
30       ~~taxable valuation of property described in 15-6-138, for tax year 1995, by the tax year 1995 mill levy for the~~

1 jurisdiction. The simulated 1998 tax for the particular jurisdiction is the actual tax year 1998 taxable value of  
 2 property described in 15-6-138 multiplied by the tax year 1995 mill levy for the particular jurisdiction. If the  
 3 simulated 1998 tax is greater than the 1995 tax, the reimbursement amount is zero.

4 ~~(3)~~(2) (a) For purposes of this section, "local government taxing jurisdiction" means a local government  
 5 rather than a state taxing jurisdiction that levied mills against property described in 15-6-138, including county  
 6 governments, incorporated city and town governments, consolidated county and city governments, tax increment  
 7 financing districts, local elementary and high school districts, local community college districts, miscellaneous  
 8 districts, and special districts. The term includes countywide mills levied for equalization of school retirement or  
 9 transportation.

10 (b) The term does not include county or state school equalization levies provided for in ~~20-9-331,~~  
 11 ~~20-9-333,~~ 20-9-360; and 20-25-439.

12 (c) Each tax increment financing district must receive the benefit of the state mill on the incremental  
 13 taxable value of the district.

14 ~~(4) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360~~  
 15 ~~in June of 1996 by an amount equal to 38% of the reimbursement amount determined under subsection (2)(a)~~  
 16 ~~for all of the local government taxing jurisdictions in the county.~~

17 ~~————(5) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360~~  
 18 ~~in December of 1996 by an amount equal to 31% of the reimbursement amount for tax year 1996 for all of the~~  
 19 ~~local government taxing jurisdictions in the county, as determined by the department under subsection (2).~~

20 ~~————(6) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360~~  
 21 ~~in June of 1997 by an amount equal to 31% of the reimbursement amount for tax year 1996 for all of the local~~  
 22 ~~government taxing jurisdictions in the county and by an amount equal to 38% of the reimbursement amount for~~  
 23 ~~tax year 1997 for all of the local government taxing jurisdictions in the county, as determined by the department~~  
 24 ~~under subsection (2).~~

25 ~~————(7) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360~~  
 26 ~~in December of 1997 by an amount equal to 31% of the reimbursement amount for tax year 1997 for all of the~~  
 27 ~~local government taxing jurisdictions in the county, as determined by the department under subsection (2).~~

28 ~~————(8) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360~~  
 29 ~~in June of 1998 by an amount equal to 31% of the reimbursement amount for tax year 1997 for all of the local~~  
 30 ~~government taxing jurisdictions in the county and by an amount equal to 38% of the reimbursement amount for~~

1 tax year 1998 for all of the local government taxing jurisdictions in the county, as determined by the department  
 2 under subsection (2):

3 ~~———— (9) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360~~  
 4 ~~in December of 1998 by an amount equal to 31% of the reimbursement amount for tax year 1998 for all of the~~  
 5 ~~local government taxing jurisdictions in the county, as determined by the department under subsection (2):~~

6 ~~———— (10) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360~~  
 7 ~~in June of 1999 by an amount equal to 69% of the reimbursement amount for tax year 1998 for all of the local~~  
 8 ~~government taxing jurisdictions in the county, as determined by the department under subsection (2):~~

9 ~~———— (11) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360~~  
 10 ~~in December of the years 1999 through 2007 by an amount equal to 31% of the reimbursement amount~~  
 11 ~~determined in subsection (13) for all of the local government taxing jurisdictions in the county, as determined by~~  
 12 ~~the department under subsection (2):~~

13 ~~———— (12) County treasurers shall reduce the county payment to the state for the levy imposed under 20-9-360~~  
 14 ~~in June of the years 2000 through 2008 by an amount equal to 69% of the reimbursement amount determined~~  
 15 ~~in subsection (13) for all of the local government taxing jurisdictions in the county, as determined by the~~  
 16 ~~department under subsection (2):~~

17 (13) (a) The reimbursement amount for tax year 1999 and each subsequent tax year for 9 years must  
 18 be progressively reduced each year by 10% of the reimbursement amount for tax year 1998, according to the  
 19 following schedule:

Tax Year	Percentage of 1998 Reimbursement Amount
1999	90
2000	80
2001	70
2002	60
2003	50
2004	40
2005	30
2006	20
2007	10

1 2008 and following years \_\_\_\_\_ 0

2 \_\_\_\_\_ (b) The reimbursement amount for each tax year must be the basis for reducing the amount remitted to  
3 the state for the levy imposed under 20-9-360 in December of the same year and June of the following year.

4 \_\_\_\_\_ (14) The county treasurer shall use the funds from the reduced payment to the state for the levy imposed  
5 under 20-9-360 to reimburse each local government taxing jurisdiction in the amount determined by the  
6 department under subsection (2). The reimbursement must be distributed to funds within local government taxing  
7 jurisdictions in the same manner as taxes on property described in 15-6-138 are distributed. The reimbursement  
8 in June must be distributed based on the prior year's mill levy, and the reimbursement in December must be  
9 based on the current year's mill levy.

10 (15)(3) Each local government taxing jurisdiction receiving reimbursements shall consider the amount  
11 of reimbursement that will be received and lower the mill levy otherwise necessary to fund the budget by the  
12 amount that would otherwise have to be raised by the mill levy.

13 (16)(4) A local government taxing jurisdiction that ceases to exist after October 1, 1995, will no longer  
14 be considered for revenue loss or reimbursement purposes. A local government taxing jurisdiction that is created  
15 after January 1, 1996, will not be considered for revenue loss or reimbursement purposes. If a local government  
16 taxing jurisdiction that existed prior to January of 1996 is split between two or more taxing jurisdictions or is  
17 annexed to or is consolidated with another taxing jurisdiction, the department shall determine how much of the  
18 revenue loss and reimbursement is attributed to the new jurisdictions."

19

20 **Section 4.** Section 15-1-409, MCA, is amended to read:

21 **"15-1-409. Exclusion of property subject to property tax protest -- ~~guarantee tax base -- tax~~**  
22 **refund.** (1) A school district that has property subject to pending property tax protests shall, prior to February 1  
23 of each year, elect whether to waive the school district's right to receive its portion of protested taxes for the  
24 previous year.

25 (2) ~~If the school district elects to waive its right to its portion of the protested taxes, the district's~~  
26 ~~guaranteed tax base aid calculated under 20-9-366 must be determined based on the total taxable value of~~  
27 ~~property in the school district that is not subject to a tax protest.~~ Upon settlement or other resolution of the protest,  
28 the department is responsible for refunding protested taxes or paying any other costs due the protesting taxpayer  
29 and retaining any portion of protested taxes that would have been distributed to the school district for each year  
30 the school district has elected to waive receiving its portion of the protested taxes."

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**Section 5.** 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 value of newly taxable property, 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;



- 1 (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or  
2 (iii) the termination of a tax increment financing district.
- 3 (b) If a tax increment financing district terminates prior to the certification of taxable values as required  
4 in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax increment  
5 financing district terminates. If a tax increment financing district terminates after the certification of taxable values  
6 as required in 15-10-202, the increment value is reported as newly taxable property in the following tax year.
- 7 (c) For the purpose of subsection (3)(a)(ii), the value of newly taxable class four property that was  
8 constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current  
9 year market value of that property less the previous year market value of that property.
- 10 (d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of real  
11 property that results in the property being taxable as class four property under 15-6-134 or as nonqualified  
12 agricultural land as described in 15-6-133(1)(c).
- 13 (5) Subject to subsection (8), subsection (1)(a) does not apply to:  
14 (a) school district levies established in Title 20; or  
15 (b) a mill levy imposed for a newly created regional resource authority.
- 16 (6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received  
17 under 15-6-131 and 15-6-132.
- 18 (7) In determining the maximum number of mills in subsection (1)(a), the governmental entity may  
19 increase the number of mills to account for a decrease in reimbursements.
- 20 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes  
21 of 15-10-108, ~~20-9-331~~, ~~20-9-333~~, ~~20-9-360~~, and 20-25-439. However, the number of mills calculated by the  
22 department may not exceed the mill levy limits established in those sections. The mill calculation must be  
23 established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the  
24 calculation must be rounded up to the nearest tenth of a mill.
- 25 (9) (a) The provisions of subsection (1) do not prevent or restrict:  
26 (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;  
27 (ii) a levy to repay taxes paid under protest as provided in 15-1-402;  
28 (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;  
29 (iv) a levy for the support of a study commission under 7-3-184;  
30 (v) a levy for the support of a newly established regional resource authority; or

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

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

5 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402,  
6 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport  
7 authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating  
8 funds by a county or municipality during that time.

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

12

13 **Section 6.** Section 15-24-1402, MCA, is amended to read:

14 **"15-24-1402. New or expanding industry -- assessment -- notification.** (1) In the first 5 years after  
15 a construction permit is issued, qualifying improvements or modernized processes that represent new industry  
16 or expansion of an existing industry, as designated in the approving resolution, must be taxed at 50% of their  
17 taxable value. Subject to 15-10-420, each year thereafter, the percentage must be increased by equal  
18 percentages until the full taxable value is attained in the 10th year. In subsequent years, the property must be  
19 taxed at 100% of its taxable value.

20 (2) (a) In order for a taxpayer to receive the tax benefits described in subsection (1), the governing body  
21 of the affected county or the incorporated city or town must have approved by separate resolution for each  
22 project, following due notice as defined in 76-15-103 and a public hearing, the use of the schedule provided for  
23 in subsection (1) for its respective jurisdiction. The governing body may not grant approval for the project until  
24 all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude approval.

25 (b) Subject to 15-10-420, the governing body may end the tax benefits by majority vote at any time, but  
26 the tax benefits may not be denied an industrial facility that previously qualified for the benefits.

27 (c) The resolution provided for in subsection (2)(a) must include a definition of the improvements or  
28 modernized processes that qualify for the tax treatment that is to be allowed in the taxing jurisdiction. The  
29 resolution may provide that real property other than land, personal property, improvements, or any combination  
30 thereof is eligible for the tax benefits described in subsection (1).

1 (d) Property taxes abated from the reduction in taxable value allowed by this section are subject to  
 2 recapture by the local governing body if the ownership or use of the property does not meet the requirements of  
 3 15-24-1401, this section, or the resolution required by subsections (2)(a) and (2)(c) of this section. The recapture  
 4 is equal to the amount of taxes avoided, plus interest and penalties for nonpayment of property taxes provided  
 5 in 15-16-102, during any period in which an abatement under the provisions of this section was in effect. The  
 6 amount recaptured, including penalty and interest, must be distributed by the treasurer to funds and accounts  
 7 subject to the abatement in the same ratio as the property tax was abated. A recapture of taxes abated by this  
 8 section is not allowed with regard to property ceasing to qualify for the abatement by reason of an involuntary  
 9 conversion. The recapture of abated taxes may be canceled, in whole or in part, if the local governing body  
 10 determines that the taxpayer's failure to meet the requirements is a result of circumstances beyond the control  
 11 of the taxpayer.

12 (3) The taxpayer shall apply to the department for the tax treatment allowed under subsection (1). The  
 13 application by the taxpayer must first be approved by the governing body of the appropriate local taxing  
 14 jurisdiction, and the governing body shall indicate in its approval that the property of the applicant qualifies for the  
 15 tax treatment provided for in this section. Upon receipt of the form with the approval of the governing body of the  
 16 affected taxing jurisdiction, the department shall make the assessment change pursuant to this section.

17 (4) The tax benefit described in subsection (1) applies only to the number of mills levied and assessed  
 18 for local high school district and elementary school district purposes and to the number of mills levied and  
 19 assessed by the governing body approving the benefit over which the governing body has sole discretion. The  
 20 benefit described in subsection (1) may not apply to levies or assessments required under Title 15, chapter 10,  
 21 ~~20-9-331, 20-9-333, or 20-9-360~~ or otherwise required under state law.

22 (5) Prior to approving the resolution under this section, the governing body shall notify by certified mail  
 23 all taxing jurisdictions affected by the tax benefit."  
 24

25 **Section 7.** Section 15-24-1703, MCA, is amended to read:

26 **"15-24-1703. Application of suspension or cancellation.** The suspension or cancellation of delinquent  
 27 property taxes pursuant to this part:

28 (1) applies to all mills levied in the county or otherwise required under state law, including levies or  
 29 assessments required under Title 15, chapter 10, ~~20-9-331, and 20-9-333;~~

30 (2) does not apply to assessments made against property for the payment of bonds issued pursuant to

1 Title 7, chapter 12."

2

3 **Section 8.** Section 15-24-1802, MCA, is amended to read:

4 **"15-24-1802. Business incubator tax exemption -- procedure.** (1) A business incubator owned or  
5 leased and operated by a local economic development organization is eligible for an exemption from property  
6 taxes as provided in this section.

7 (2) In order to qualify for the tax exemption described in this section, the governing body of the county,  
8 consolidated government, incorporated city or town, or school district in which the property is located shall  
9 approve the tax exemption by resolution, after due notice, as defined in 76-15-103, and hearing. The governing  
10 body may approve or disapprove the tax exemption provided for in subsection (1). If a tax exemption is approved,  
11 the governing body shall do so by a separate resolution for each business incubator in its respective jurisdiction.  
12 The governing body may not grant approval for the business incubator until all of the applicant's taxes have been  
13 paid in full or, if the property is leased to a business incubator, until all of the owner's property taxes on that  
14 property have been paid in full. Taxes paid under protest do not preclude approval. Prior to holding the hearing,  
15 the governing body shall determine that the local economic development organization:

16 (a) is a private, nonprofit corporation as provided in Title 35, chapter 2, and is exempt from taxation under  
17 section 501(c)(3) or 501(c)(6) of the Internal Revenue Code;

18 (b) is engaged in economic development and business assistance work in the area; and

19 (c) owns or leases and operates or will operate the business incubator.

20 (3) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the department shall  
21 make the assessment change for the tax exemption provided for in this section.

22 (4) The tax exemption described in subsection (1) applies only to the number of mills levied and  
23 assessed by the governing body approving the exemption over which the governing body has sole discretion.  
24 If the governing body of a county, consolidated government, or incorporated city or town approves the exemption,  
25 the exemption applies to levies and assessments required under Title 15, chapter 10, ~~20-9-331, or 20-9-333~~ or  
26 otherwise required under state law.

27 (5) Property taxes abated from the reduction in property taxes allowed by this section are subject to  
28 recapture by the local governing body if the ownership or use of the property does not meet the requirements of  
29 15-24-1801, this section, or the resolution required by subsection (2) of this section. The recapture is equal to  
30 the amount of taxes avoided, plus interest and penalties for nonpayment of property taxes provided in 15-16-102,

1 during any period in which an abatement under the provisions of this section was in effect. The amount  
2 recaptured, including penalty and interest, must be distributed by the treasurer to funds and accounts subject to  
3 the abatement in the same ratio as the property tax was abated. A recapture of taxes abated by this section is  
4 not allowed with regard to property ceasing to qualify for the abatement by reason of an involuntary conversion.  
5 The recapture of abated taxes may be canceled, in whole or in part, if the local governing body determines that  
6 the taxpayer's failure to meet the requirements is a result of circumstances beyond the control of the taxpayer."

7

8 **Section 9.** Section 15-24-1902, MCA, is amended to read:

9 **"15-24-1902. Industrial park tax exemption -- procedure -- termination.** (1) An industrial park owned  
10 and operated by a local economic development organization or a port authority is eligible for an exemption from  
11 property taxes as provided in this section.

12 (2) In order to qualify for the tax exemption described in this section, the governing body of the county,  
13 consolidated government, incorporated city or town, or school district in which the property is located shall  
14 approve the tax exemption by resolution, after due notice, as defined in 76-15-103, and hearing. The governing  
15 body may approve or disapprove the tax exemption provided for in subsection (1). If a tax exemption is approved,  
16 the governing body shall do so by a separate resolution for each industrial park in its respective jurisdiction. The  
17 governing body may not grant approval for the industrial park until all of the applicant's taxes have been paid in  
18 full. Taxes paid under protest do not preclude approval. Prior to holding the hearing, the governing body shall  
19 determine that:

20 (a) the local economic development organization:

21 (i) is a private, nonprofit corporation as provided in Title 35, chapter 2, and is exempt from taxation under  
22 section 501(c)(3) or 501(c)(6) of the Internal Revenue Code;

23 (ii) is engaged in economic development and business assistance work in the area; and

24 (iii) owns and operates or will own and operate the industrial development park; or

25 (b) the port authority legally exists under the provisions of 7-14-1101 or 7-14-1102.

26 (3) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the department shall  
27 make the assessment change for the tax exemption provided for in this section.

28 (4) The tax exemption described in subsection (1) applies only to the number of mills levied and  
29 assessed by the governing body approving the exemption over which the governing body has sole discretion.

30 If the governing body of a county, consolidated government, or incorporated city or town approves the exemption,

1 the exemption applies to levies or assessments required under Title 15, chapter 10, ~~20-9-331, or 20-9-333~~ or  
 2 otherwise required under state law.

3 (5) If a local economic development organization sells, leases, or otherwise disposes of the exempt  
 4 property to a purchaser or lessee that is not a local economic development organization or a unit of federal, state,  
 5 or local government, the tax exemption provided in this section terminates. The termination of the exemption  
 6 applies January 1 of the taxable year immediately following the sale, lease, or other disposition of the property.  
 7 Upon termination of the exemption, the property must be assessed as provided in 15-16-203.

8 (6) Property taxes abated from the reduction in property taxes allowed by this section are subject to  
 9 recapture by the local governing body if the ownership or use of the property does not meet the requirements of  
 10 15-24-1901, this section, or the resolution required by subsection (2) of this section. The recapture is equal to  
 11 the amount of taxes avoided, plus interest and penalties for nonpayment of property taxes provided in 15-16-102,  
 12 during any period in which an abatement under the provisions of this section was in effect. The amount  
 13 recaptured, including penalty and interest, must be distributed by the treasurer to funds and accounts subject to  
 14 the abatement in the same ratio as the property tax was abated. A recapture of taxes abated by this section is  
 15 not allowed with regard to property ceasing to qualify for the abatement by reason of an involuntary conversion.  
 16 The recapture of abated taxes may be canceled, in whole or in part, if the local governing body determines that  
 17 the taxpayer's failure to meet the requirements is a result of circumstances beyond the control of the taxpayer."  
 18

19 **Section 10.** Section 15-24-2002, MCA, is amended to read:

20 **"15-24-2002. Building and land tax exemption -- procedure -- termination.** (1) A building and land  
 21 owned by a local economic development organization that the local economic development organization intends  
 22 to sell or lease to a profit-oriented, employment-stimulating business are eligible for an exemption from property  
 23 taxes as provided in this section.

24 (2) In order to qualify for the tax exemption described in this section, the governing body of the affected  
 25 county, consolidated government, incorporated city or town, or school district in which the building and land are  
 26 located shall approve the tax exemption by resolution, after due notice, as defined in 76-15-103, and hearing. The  
 27 governing body may approve or disapprove the tax exemption provided for in subsection (1). The governing body  
 28 shall approve a tax exemption by a separate resolution. The governing body may not grant approval for the  
 29 building and land until all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude  
 30 approval. Prior to holding the hearing, the governing body shall determine that the local economic development

1 organization:

2 (a) is a private, nonprofit corporation, as provided in Title 35, chapter 2, and is exempt from taxation  
3 under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code;

4 (b) is engaged in economic development and business assistance work in the area; and

5 (c) owns or will own the building and land.

6 (3) Upon receipt of approval of the governing body of the affected taxing jurisdiction, the department shall  
7 make the assessment change for the tax exemption provided for in this section.

8 (4) The tax exemption described in subsection (1) applies only to the number of mills levied and  
9 assessed by the governing body approving the exemption over which the governing body has sole discretion.  
10 If the governing body of a county, consolidated government, or incorporated city or town approves the exemption,  
11 the exemption applies to levies or assessments required under Title 15, chapter 10, ~~20-9-331~~, or ~~20-9-333~~ and  
12 other levies required under state law.

13 (5) When a local economic development organization sells, leases, or otherwise disposes of the exempt  
14 property to a purchaser or lessee that is not a local economic development organization or a unit of federal, state,  
15 or local government, the tax exemption provided in this section terminates. The termination of the exemption  
16 applies January 1 of the taxable year immediately following the sale, lease, or other disposition of the property.  
17 Upon termination of the exemption, the property must be assessed as provided in 15-16-203.

18 (6) Property taxes abated from the reduction in property taxes allowed by this section are subject to  
19 recapture by the local governing body if the ownership or use of the property does not meet the requirements of  
20 this section or the resolution required by subsection (2). The recapture is equal to the amount of taxes avoided,  
21 plus interest and penalties for nonpayment of property taxes provided in 15-16-102, during any period in which  
22 an abatement under the provisions of this section was in effect. The amount recaptured, including penalty and  
23 interest, must be distributed by the treasurer to funds and accounts subject to the abatement in the same ratio  
24 as the property tax was abated. A recapture of taxes abated by this section is not allowed with regard to property  
25 ceasing to qualify for the abatement by reason of an involuntary conversion. The recapture of abated taxes may  
26 be canceled, in whole or in part, if the local governing body determines that the taxpayer's failure to meet the  
27 requirements is a result of circumstances beyond the control of the taxpayer."

28

29 **Section 11.** Section 15-24-2102, MCA, is amended to read:

30 **"15-24-2102. Reduction in assessment of taxable value of commercial and industrial property --**

1 **application -- approval.** (1) (a) For property tax years 2009, 2010, and 2011, the governing bodies of a county  
2 or consolidated local government unit, incorporated city or town, if the property is located in the city or town, and  
3 school district may jointly reduce by 95% the taxable value of commercial real property improvements, personal  
4 property, or any combination of that property, other than land, that is subject to taxation. The reduction in taxable  
5 value under this section applies only to commercial or industrial property taxed under 15-6-134 or 15-6-138. A  
6 taxpayer that has not been operating the property for at least 6 months immediately preceding the request for  
7 reduction in taxable value and that does not intend to use the property for at least 6 months following the  
8 reduction in taxable value qualifies under this section.

9 (b) (i) Except as provided in subsection (1)(b)(ii), an application for the reduction in taxable value allowed  
10 under this section must be made to the affected local governing bodies by April 15 of the property tax year.

11 (ii) An application for the reduction in taxable value allowed under this section for property tax year 2009  
12 must be made to the affected local governing bodies by May 15, 2009.

13 (c) For the purposes of 15-24-2103 and this section, a local governing body includes the board of  
14 trustees of a school district.

15 (2) (a) In order for a taxpayer to receive the tax benefits described in subsection (1), the governing  
16 bodies of the affected county or consolidated local government unit, incorporated city or town, if the property is  
17 located in the city or town, and school district must have approved by a separate, joint resolution for each  
18 commercial or industrial property, following due notice as defined in 76-15-103 and a public hearing, the taxable  
19 value reduction provided for in subsection (1) for the respective jurisdictions. The presiding officer of the  
20 governing body of the affected county or consolidated local government unit is the presiding officer of the joint  
21 meeting of the affected taxing jurisdictions. If the property is located in more than one county, the presiding officer  
22 of the governing body of the county in which most of the property is located is the presiding officer of the joint  
23 meeting.

24 (b) For the purpose of this subsection (2), each affected governing body shall provide due notice of the  
25 joint meeting.

26 (c) Subject to 15-10-420, the governing bodies may end the tax benefits by majority vote at any time,  
27 but the tax benefits may not be denied to a commercial or industrial business that previously qualified for the  
28 benefits in the tax year.

29 (d) The joint resolution provided for in subsection (2)(a) must include a description of the improvements  
30 and personal property that qualify for the tax treatment that is to be allowed in the taxing jurisdictions. The joint



1 resolution may provide that commercial real property improvements, personal property, or any combination of  
2 that property, other than land, is eligible for the tax benefits described in subsection (1).

3 (3) The joint resolution must state that the reduction in taxable value is in the best interest of the  
4 governing body based on full disclosure of all pertinent financial information by the owner of the real and personal  
5 property as required by the local governing body. The joint resolution must be approved by a majority vote of the  
6 governing body of each affected taxing jurisdiction referred to in subsection (2)(a).

7 (4) The governing bodies may refuse to reduce the taxable value of the property if they determine that  
8 the business is restructuring the ownership of the property for the primary purpose of escaping payment of  
9 property taxes or if the governing bodies determine that the reduction in taxable value is not in the best interest  
10 of the local governments.

11 (5) The reduction in taxable value granted by the joint resolution may be only for the current tax year.  
12 The governing bodies may grant a reduction in taxable value for the same owner of the property in the  
13 subsequent tax year under the provisions of this section, but they may not grant a reduction in taxable value for  
14 more than 3 tax years as provided in this section. The tax benefit granted under this section applies for the entire  
15 tax year.

16 (6) The tax benefits may not be granted under this section if the business owes delinquent property taxes  
17 for prior tax years.

18 (7) (a) If the reduction in taxable value is granted by a majority vote of the governing body of each  
19 affected taxing jurisdiction, the reduction applies only to mills levied in the affected county or consolidated local  
20 government unit, the affected incorporated city or town, and the affected school district.

21 (b) The benefit described in subsection (1) does not apply to levies or assessments required under Title  
22 15, chapter 10, ~~20-9-331, 20-9-333~~, or 20-9-360 or otherwise required under state law.

23 (8) Within 15 days of approving the joint resolution to grant a reduction of taxable value but not later than  
24 July 15 of the tax year for which the reduction is granted, the governing body of the affected county or  
25 consolidated local government unit shall notify the department of the approval by each of the affected governing  
26 bodies. Upon receipt of the notification of approval by the governing body of the affected county or consolidated  
27 local government unit, the department shall make the assessment change pursuant to this section for each  
28 affected taxing jurisdiction."

29

30 **Section 12.** Section 15-36-331, MCA, is amended to read:

1           **"15-36-331. Distribution of taxes.** (1) (a) For each calendar quarter, the department shall determine  
 2 the amount of tax, late payment interest, and penalties collected under this part.

3           (b) For the purposes of distribution of oil and natural gas production taxes to county and school district  
 4 taxing units under 15-36-332 and to the state, the department shall determine the amount of oil and natural gas  
 5 production taxes paid on production in the taxing unit.

6           (2) (a) The amount of oil and natural gas production taxes collected for the privilege and license tax  
 7 pursuant to 82-11-131 must be deposited, in accordance with the provisions of 17-2-124, in the state special  
 8 revenue fund for the purpose of paying expenses of the board, as provided in 82-11-135.

9           (b) The amount of the tax allocated in 15-36-304(7)(b) for the oil and gas natural resource distribution  
 10 account established in 90-6-1001(1) must be deposited in the account.

11           (3) (a) For each tax year, one-half of the amount of oil and natural gas production taxes determined  
 12 under subsection (1)(b) is allocated to each county, ~~according to the following schedule:~~

13	Big Horn	45.05%
14	Blaine	58.39%
15	Carbon	48.27%
16	Chouteau	58.14%
17	Custer	69.53%
18	Daniels	50.81%
19	Dawson	47.79%
20	Fallon	41.78%
21	Fergus	69.18%
22	Garfield	45.96%
23	Glacier	58.83%
24	Golden Valley	58.37%
25	Hill	64.51%
26	Liberty	57.94%
27	McCone	49.92%
28	Musselshell	48.64%
29	Petroleum	48.04%
30	Phillips	54.02%

1	Pondera	54.26%
2	Powder River	60.9%
3	Prairie	40.38%
4	Richland	47.47%
5	Roosevelt	45.71%
6	Rosebud	39.33%
7	Sheridan	47.99%
8	Stillwater	53.51%
9	Sweet Grass	61.24%
10	Teton	46.1%
11	Toole	57.61%
12	Valley	51.43%
13	Wibaux	49.16%
14	Yellowstone	46.74%
15	All other counties	50.15%

16 (b) The oil and natural gas production taxes allocated to each county must be deposited in the state  
 17 special revenue fund and transferred to each county for distribution, as provided in 15-36-332.

18 (4) The department shall, in accordance with the provisions of 17-2-124, distribute the state portion of  
 19 oil and natural gas production taxes remaining after the distributions pursuant to subsections (2) and (3) as  
 20 follows:

21 ~~(a) for each fiscal year through the fiscal year ending June 30, 2011, to be distributed as follows:~~

22 ~~—— (i) 1.23% to the coal bed methane protection account established in 76-15-904;~~

23 ~~—— (ii) 1.45% to the natural resources projects state special revenue account established in 15-38-302;~~

24 ~~—— (iii) 1.45% to the natural resources operations state special revenue account established in 15-38-301;~~

25 ~~—— (iv) 2.99% to the orphan share account established in 75-10-743;~~

26 ~~—— (v) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the~~  
 27 ~~purposes of the state tax levy as provided in 15-10-108; and~~

28 ~~—— (vi) all remaining proceeds to the state general fund;~~

29 ~~(b) for fiscal years beginning after June 30, 2011, to be distributed as follows:~~

30 ~~(i)(a) 2.16% to the natural resources projects state special revenue account established in 15-38-302;~~

- 1           ~~(ii)(b)~~ 2.02% to the natural resources operations state special revenue account established in 15-38-301;
- 2           ~~(iii)(c)~~ 2.95% to the orphan share account established in 75-10-743;
- 3           ~~(iv)(d)~~ 2.65% to the state special revenue fund to be appropriated to the Montana university system for
- 4 the purposes of the state tax levy as provided in 15-10-108; and
- 5           ~~(v)(e)~~ all remaining proceeds to the ~~state general fund~~ guarantee account provided for in 20-9-622 for
- 6 the core curriculum teacher payment as provided in [section 55]."

7

8           **Section 13.** Section 15-36-332, MCA, is amended to read:

9           **"15-36-332. Distribution of taxes to taxing units -- appropriation.** (1) ~~(a)~~ By the dates referred to in

10 subsection ~~(6)~~ (3), the department shall distribute oil and natural gas production taxes allocated under

11 15-36-331(3) to each eligible county.

12           ~~(b)~~ By the dates referred to in subsection ~~(6)~~, the department shall distribute the amount deposited in

13 ~~the oil and gas natural resource distribution account under 15-36-331(2)(b) as provided in subsection (8) of this~~

14 ~~section:~~

15           (2) ~~(a)~~ Each county treasurer shall distribute the amount of oil and natural gas production taxes

16 designated under subsection (1)~~(a)~~, ~~including the amounts referred to in subsection (2)(b)~~; to funds within state

17 and local taxing jurisdictions in the same manner as taxes on property described in 15-6-138 are distributed. The

18 payments to be made by February 1, May 1, and August 1 must be distributed based on the prior year's mill levy,

19 and the payment to be made by November 1 must be based on the current year's mill levy. ~~the countywide~~

20 ~~elementary and high school retirement funds, countywide transportation funds, and eligible school districts~~

21 ~~according to the following schedule:~~

	Elementary	High School	Countywide	School
	Retirement	Retirement	Transportation	Districts
24 Big Horn	14.81%	10.36%	2.99%	26.99%
25 Blaine	5.86%	2.31%	2.71%	24.73%
26 Carbon	3.6%	6.62%	1.31%	49.18%
27 Chouteau	8.1%	4.32%	3.11%	23.79%
28 Custer	6.9%	3.4%	1.19%	31.25%
29 Daniels	0	7.77%	3.92%	48.48%
30 Dawson	5.53%	2.5%	1.11%	35.6%

1	Fallon	0	7.63%	1.24%	42.58%
2	Fergus	7.88%	4.84%	2.08%	53.25%
3	Garfield	4.04%	3.13%	5.29%	26.19%
4	Glacier	11.2%	4.87%	3.01%	46.11%
5	Golden Valley	0	11.52%	2.77%	54.65%
6	Hill	6.7%	4.07%	1.59%	49.87%
7	Liberty	4.9%	4.56%	1.15%	35.22%
8	McGone	4.18%	3.19%	2.58%	43.21%
9	Musselshell	5.98%	4.07%	3.53%	32.17%
10	Petroleum	0	11.92%	4.59%	55.48%
11	Phillips	0.43%	6.6%	1.08%	41.29%
12	Pondera	6.96%	5.06%	1.94%	45.17%
13	Powder River	3.96%	2.97%	4.57%	22.25%
14	Prairie	0	8.88%	1.63%	36.9%
15	Richland	4.1%	3.92%	2.26%	43.77%
16	Roosevelt	9.93%	7.37%	2.74%	40.94%
17	Rosebud	3.87%	2.24%	1.05%	72.97%
18	Sheridan	0	3.39%	2.22%	47.63%
19	Stillwater	6.87%	4.86%	1.63%	41.16%
20	Sweet Grass	6.12%	6.5%	2.4%	37.22%
21	Teton	6.88%	8.19%	3.8%	29.43%
22	Toole	2.78%	4.78%	1.3%	43.56%
23	Valley	2.26%	12.61%	4.63%	41.11%
24	Wibaux	0	4.1%	0.77%	31.46%
25	Yellowstone	7.98%	4.56%	1.07%	52.77%
26	All other counties	3.81%	7.84%	1.81%	41.04%

27 \_\_\_\_\_ (b) (i) The county treasurer shall distribute 9.8% of the Custer County share to the countywide community  
 28 college district in Custer County.

29 \_\_\_\_\_ (ii) The county treasurer shall distribute 14.5% of the Dawson County share to the countywide community  
 30 college district in Dawson County.

1 ~~————(3) The remaining oil and natural gas production taxes for each county must be used for the exclusive~~  
 2 ~~use and benefit of the county, including districts within the county established by the county.~~

3 ~~————(4) (a) The county treasurer shall distribute oil and natural gas production taxes to school districts in each~~  
 4 ~~county referred to in subsection (2) as provided in subsections (4)(b) through (4)(d).~~

5 ~~————(b) The amount distributed to each K-12 district within the county is equal to oil and natural gas~~  
 6 ~~production taxes in the county multiplied by the ratio that oil and natural gas production taxes attributable to oil~~  
 7 ~~and natural gas production in the K-12 school district bear to total oil and natural gas production taxes attributable~~  
 8 ~~to total oil and natural gas production in the county and multiply that amount by the school district percentage~~  
 9 ~~figure for the county referred to in subsection (2)(a).~~

10 ~~————(c) For the amount to be distributed to each elementary school district and to each high school district~~  
 11 ~~under subsection (4)(d), the department shall first determine the amount of oil and natural gas taxes in the high~~  
 12 ~~school district that is attributable to oil and natural gas production in each elementary school district that is located~~  
 13 ~~in whole or in part within the exterior boundaries of a high school district and multiply that amount by the school~~  
 14 ~~district percentage figure for the county referred to in subsection (2)(a).~~

15 ~~————(d) (i) The amount distributed to each elementary school district that is located in whole or in part within~~  
 16 ~~the exterior boundaries of a high school district is equal to the amount determined in subsection (4)(c) multiplied~~  
 17 ~~by the ratio that the total mills of the elementary school district bear to the sum of the total mills of the elementary~~  
 18 ~~school district and the total mills of the high school district.~~

19 ~~————(ii) The amount distributed to the high school district is equal to the amount determined in subsection~~  
 20 ~~(4)(c) multiplied by the ratio that the total mills of the high school district bear to the sum of the total mills of each~~  
 21 ~~elementary school district referred to in subsection (4)(c) and the total mills of the high school district.~~

22 ~~————(5) (a) Oil and natural gas production taxes calculated for each school district under subsections (4)(b)~~  
 23 ~~through (4)(d) must be distributed to each school district in the relative proportion of the mill levy for each fund.~~

24 ~~————(b) If a distribution under subsection (5)(a) exceeds the total budget for a school district fund, the board~~  
 25 ~~of trustees of an elementary or high school district may reallocate the excess to any budgeted fund of the school~~  
 26 ~~district.~~

27 ~~(6)(3)~~ The department shall remit the amounts to be distributed in this section to the county treasurer  
 28 by the following dates:

29 (a) On or before August 1 of each year, the department shall remit to the county treasurer oil and natural  
 30 gas production tax payments received for the calendar quarter ending March 31 of the current year.

1 (b) On or before November 1 of each year, the department shall remit to the county treasurer oil and  
2 natural gas production tax payments received for the calendar quarter ending June 30 of the current year.

3 (c) On or before February 1 of each year, the department shall remit to the county treasurer oil and  
4 natural gas production tax payments received for the calendar quarter ending September 30 of the previous year.

5 (d) On or before May 1 of each year, the department shall remit to the county treasurer oil and natural  
6 gas production tax payments received for the calendar quarter ending December 31 of the previous year.

7 ~~(7)~~(4) The department shall provide to each county by May 31 of each year the amount of gross taxable  
8 value represented by all types of production taxed under 15-36-304 for the previous calendar year multiplied by  
9 60%. The resulting value must be treated as taxable value for county classification purposes under 7-1-2111.

10 ~~(8)~~ The department shall distribute the funds received under 15-36-331(2)(b) to counties based on  
11 county oil and gas production. Of the distribution to a county, one-third must be distributed to the county  
12 government and two-thirds must be distributed to incorporated cities and towns within the county. If there is more  
13 than one incorporated city or town within the county, the city and town allocation must be distributed to the cities  
14 and towns based on their relative populations.

15 ~~(9)~~(5) The distributions to ~~taxing units and to counties and incorporated cities and towns~~ counties under  
16 this section are statutorily appropriated, as provided in 17-7-502, from the state special revenue fund."

17

18 **Section 14.** Section 15-39-110, MCA, is amended to read:

19 "**15-39-110. Distribution of taxes.** (1) (a) For each semiannual period, the department shall determine  
20 the amount of tax, late payment interest, and penalties collected under this part from bentonite mines that  
21 produced bentonite before January 1, 2005. The tax is distributed as provided in subsections (2) through ~~(9)~~ (7).

22 (b) For each semiannual period, the department shall determine the amount of tax, late payment interest,  
23 and penalties collected under this part from bentonite mines that first began producing bentonite after December  
24 31, 2004. The tax is distributed as provided in subsection ~~(40)~~ (8).

25 (2) The percentage of the tax determined under subsection (1)(a) and specified in subsections (3)  
26 through ~~(9)~~ (7) is allocated according to the following schedule:

27 (a) 2.33% to the state special revenue fund to be appropriated to the Montana university system for the  
28 purposes of the state tax levy as provided in 15-10-108;

29 (b) 18.14% to the ~~state general fund~~ guarantee account provided for in 20-9-622 to be appropriated for  
30 the purposes of the ~~tax levies as provided in 20-9-331, 20-9-333, and 20-9-360~~ core curriculum teacher payment;

1 (c) 3.35% to Carbon County to be distributed in proportion to current fiscal year mill levies in the taxing  
 2 jurisdictions in which production occurs, except a distribution may not be made for county and state levies under  
 3 15-10-108, ~~20-9-331~~, ~~20-9-333~~, and 20-9-360; and

4 (d) 76.18% to Carter County to be distributed in proportion to current fiscal year mill levies in the taxing  
 5 jurisdictions in which production occurs, except a distribution may not be made for county and state levies under  
 6 15-10-108, ~~20-9-331~~, ~~20-9-333~~, and 20-9-360.

7 ~~(3)~~ For the production of bentonite occurring after December 31, 2008, and before January 1, 2010, 60%  
 8 of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 40% must  
 9 be distributed as provided in subsection (10):

10 ~~———— (4)~~ For the production of bentonite occurring after December 31, 2009, and before January 1, 2011, 50%  
 11 of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 50% must  
 12 be distributed as provided in subsection (10):

13 ~~(5)~~(3) For the production of bentonite occurring after December 31, 2010, and before January 1, 2012,  
 14 40% of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 60%  
 15 must be distributed as provided in subsection ~~(10)~~ (8).

16 ~~(6)~~(4) For the production of bentonite occurring after December 31, 2011, and before January 1, 2013,  
 17 30% of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 70%  
 18 must be distributed as provided in subsection ~~(10)~~ (8).

19 ~~(7)~~(5) For the production of bentonite occurring after December 31, 2012, and before January 1, 2014,  
 20 20% of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 80%  
 21 must be distributed as provided in subsection ~~(10)~~ (8).

22 ~~(8)~~(6) For the production of bentonite occurring after December 31, 2013, and before January 1, 2015,  
 23 10% of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 90%  
 24 must be distributed as provided in subsection ~~(10)~~ (8).

25 ~~(9)~~(7) For the production of bentonite occurring in tax years beginning after December 31, 2014, 100%  
 26 of the tax determined under subsection (1)(a) must be distributed as provided in subsection ~~(10)~~ (8).

27 ~~(10)~~(8) For the production of bentonite, 100% of the tax determined under subsection (1)(b) and the  
 28 distribution percentages determined under subsections (3) through ~~(9)~~ (7) are allocated according to the following  
 29 schedule:

30 (a) 1.30% to the state special revenue fund to be appropriated to the Montana university system for the



1 purposes of the state tax levy as provided in 15-10-108;

2 (b) 20.75% to the ~~state general fund guarantee account provided for in 20-9-622~~ to be appropriated for  
3 the purposes of the ~~tax levies as provided in 20-9-331, 20-9-333, and 20-9-360~~ core curriculum teacher payment  
4 as provided in [section 55];

5 (c) 77.95% to the county in which production occurred to be distributed in proportion to current fiscal year  
6 mill levies in the taxing jurisdictions in which production occurs, except a distribution may not be made for county  
7 and state levies under 15-10-108, ~~20-9-331, 20-9-333, and 20-9-360~~.

8 ~~(11)~~(9) The department shall remit the amounts to be distributed in this section to the county treasurer  
9 by the following dates:

10 (a) On or before October 1 of each year, the department shall remit the county's share of bentonite  
11 production tax payments received for the semiannual period ending June 30 of the current year to the county  
12 treasurer.

13 (b) On or before April 1 of each year, the department shall remit the county's share of bentonite  
14 production tax payments received to the county treasurer for the semiannual period ending December 31 of the  
15 previous year.

16 ~~(12)~~(10) (a) The department shall also provide to each county the amount of gross yield of value from  
17 bentonite, including royalties, for the previous calendar year. Thirty-three and one-third percent of the gross yield  
18 of value must be treated as taxable value for county classification purposes under 7-1-2111 and for determining  
19 school district debt limits under 20-9-406.

20 (b) The percentage amount of the gross yield of value determined under subsection ~~(12)(a)~~ (10)(a) must  
21 be treated as assessed value under 15-8-111 for the purposes of local government debt limits and other bonding  
22 provisions as provided by law.

23 ~~(13)~~(11) The bentonite tax proceeds are statutorily appropriated, as provided in 17-7-502, to the  
24 department for distribution as provided in this section."  
25

26 **Section 15.** Section 17-3-213, MCA, is amended to read:

27 **"17-3-213. Allocation of forest reserve funds and other federal funds -- options provided in federal**  
28 **law.** (1) The board of county commissioners in each county shall decide among payment options provided in  
29 subsections (2) through (6), as provided in Public Law 106-393 and Public Law 110-343, to determine how the  
30 forest reserve funds, Public Law 106-393 funds, and Public Law 110-343 funds apportioned to each county must

1 be distributed by the county treasurer pursuant to this section.

2 (2) If a board of county commissioners chooses to receive a payment that is 25% of the revenue derived  
3 from national forest system lands, as provided in 16 U.S.C. 500, all funds received must be distributed as  
4 provided in subsection (5).

5 (3) (a) Except as provided in subsection (4), if a county elects to receive the county's full payment under  
6 Public Law 106-393, a minimum of 80% up to a maximum of 85% of the county's full payment must be designated  
7 by the county for distribution as provided in subsection (5).

8 (b) The balance not distributed pursuant to subsection (3)(a) may be allocated by the county in  
9 accordance with Public Law 106-393.

10 (4) If a county's full payment under Public Law 106-393 is less than \$100,000, the county may elect to  
11 distribute up to 100% of the payment as provided in subsection (5).

12 (5) The total amount designated by a county in accordance with subsection (3)(a) or (4) must be  
13 distributed as follows:

14 (a) to the general road fund, 66 2/3% of the amount designated;

15 (b) to the following countywide school levies, 33 1/3% of the amount designated:

16 ~~(i) county equalization for elementary schools provided for in 20-9-331;~~

17 ~~(ii) county equalization for high schools provided for in 20-9-333;~~

18 (i) the core curriculum teacher payment provided for in [section 55];

19 ~~(iii)~~(ii) the county transportation fund provided for in 20-10-146; and

20 ~~(iv)~~(iii) the elementary and high school district retirement fund obligations provided for in 20-9-501.

21 (6) The apportionment of money to the funds provided for under subsection (5)(b) must be made by the  
22 county superintendent based on the proportion that the mill levy of each fund bears to the total number of mills  
23 for all the funds. Whenever the total amount of money available for apportionment under subsection (5)(b) is  
24 greater than the total requirements of a levy, the excess money and any interest income must be retained in a  
25 separate reserve fund, to be reapportioned in the ensuing school fiscal year to the levies designated in subsection  
26 (5)(b).

27 (7) In counties in which special road districts have been created according to law, the board of county  
28 commissioners shall distribute a proportionate share of the 66 2/3% distributed under subsection (5)(a) for the  
29 general road fund to the special road districts within the county based upon the percentage that the total area of  
30 the road district bears to the total area of the entire county.

1 (8) Except as provided in subsection (9), if a county elects to receive the county's full payment under  
2 Public Law 110-343, not less than 80% but not more than 85% of the funds must be expended in the same  
3 manner as provided in subsection (5). A county may reserve not more than 7% of the county's full payment for  
4 projects in accordance with Title III of section 601 of Public Law 110-343. The balance of the funds may be:

5 (a) reserved for projects in accordance with Title II of section 601 of Public Law 110-343; or

6 (b) returned to the United States.

7 (9) (a) If a county's full payment is more than \$100,000 but less than or equal to \$350,000, the county  
8 may use all of the funds as provided in Title II or Title III of section 601 of Public Law 110-343 or return the funds  
9 to the United States.

10 (b) If a county's full payment is less than or equal to \$100,000, the county may elect to distribute up to  
11 100% of the payment as provided in subsection (5)."

12

13 **Section 16.** Section 17-7-140, MCA, is amended to read:

14 **"17-7-140. Reduction in spending.** (1) (a) As the chief budget officer of the state, the governor shall  
15 ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in  
16 subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the  
17 criteria provided in subsection (1)(b), shall direct agencies to reduce spending in an amount that ensures that the  
18 projected ending general fund balance for the biennium will be at least 1% of all general fund appropriations  
19 during the biennium. An agency may not be required to reduce general fund spending for any program, as defined  
20 in each general appropriations act, by more than 10% during a biennium. Departments or agencies headed by  
21 elected officials or the board of regents may not be required to reduce general fund spending by a percentage  
22 greater than the percentage of general fund spending reductions required for the total of all other executive  
23 branch agencies. The legislature may exempt from a reduction an appropriation item within a program or may  
24 direct that the appropriation item may not be reduced by more than 10%.

25 (b) The governor shall direct agencies to manage their budgets in order to reduce general fund  
26 expenditures. Prior to directing agencies to reduce spending as provided in subsection (1)(a), the governor shall  
27 direct each agency to analyze the nature of each program that receives a general fund appropriation to determine  
28 whether the program is mandatory or permissive and to analyze the impact of the proposed reduction in spending  
29 on the purpose of the program. An agency shall submit its analysis to the office of budget and program planning  
30 and shall at the same time provide a copy of the analysis to the legislative fiscal analyst. The office of budget and

1 program planning shall review each agency's analysis, and the budget director shall submit to the governor a  
 2 copy of the office of budget and program planning's recommendations for reductions in spending. The budget  
 3 director shall provide a copy of the recommendations to the legislative fiscal analyst at the time that the  
 4 recommendations are submitted to the governor and shall provide the legislative fiscal analyst with any proposed  
 5 changes to the recommendations. The legislative finance committee shall meet within 20 days of the date that  
 6 the proposed changes to the recommendations for reductions in spending are provided to the legislative fiscal  
 7 analyst. The legislative fiscal analyst shall provide a copy of the legislative fiscal analyst's review of the proposed  
 8 reductions in spending to the budget director at least 5 days before the meeting of the legislative finance  
 9 committee. The committee may make recommendations concerning the proposed reductions in spending. The  
 10 governor shall consider each agency's analysis and the recommendations of the office of budget and program  
 11 planning and the legislative finance committee in determining the agency's reduction in spending. Reductions in  
 12 spending must be designed to have the least adverse impact on the provision of services determined to be most  
 13 integral to the discharge of the agency's statutory responsibilities.

14 (2) Reductions in spending for the following may not be directed by the governor:

- 15 (a) payment of interest and principal on state debt;
- 16 (b) the legislative branch;
- 17 (c) the judicial branch;
- 18 (d) the school BASE funding program, ~~including special education~~;
- 19 (e) the state or federal portion of over-BASE funding as provided in 20-9-306(8);
- 20 ~~(e)(f)~~ salaries of elected officials during their terms of office; and
- 21 ~~(f)(g)~~ the Montana school for the deaf and blind.

22 (3) (a) As used in this section, "projected general fund budget deficit" means an amount, certified by the  
 23 budget director to the governor, by which the projected ending general fund balance for the biennium is less than:

- 24 (i) 2% of the general fund appropriations for the second fiscal year of the biennium prior to October of  
 25 the year preceding a legislative session;
- 26 (ii) 3/4 of 1% in October of the year preceding a legislative session;
- 27 (iii) 1/2 of 1% in January of the year in which a legislative session is convened; and
- 28 (iv) 1/4 of 1% in March of the year in which a legislative session is convened.

29 (b) In determining the amount of the projected general fund budget deficit, the budget director shall take  
 30 into account revenue, established levels of appropriation, anticipated supplemental appropriations for school

1 equalization aid, and anticipated reversions.

2 (4) If the budget director determines that an amount of actual or projected receipts will result in an  
 3 amount less than the amount projected to be received in the revenue estimate established pursuant to 5-5-227,  
 4 the budget director shall notify the revenue and transportation interim committee of the estimated amount. Within  
 5 20 days of notification, the revenue and transportation interim committee shall provide the budget director with  
 6 any recommendations concerning the amount. The budget director shall consider any recommendations of the  
 7 revenue and transportation interim committee prior to certifying a projected general fund budget deficit to the  
 8 governor."

9

10 **Section 17.** Section 17-7-301, MCA, is amended to read:

11 **"17-7-301. Authorization to expend during first year of biennium from appropriation for second**  
 12 **year -- proposed supplemental appropriation defined -- limit on second-year expenditures.** (1) An agency  
 13 may make expenditures during the first fiscal year of the biennium from appropriations for the second fiscal year  
 14 of the biennium if authorized by the general appropriations act. An agency that is not authorized in the general  
 15 appropriations act to make first-year expenditures may be granted spending authorization by the approving  
 16 authority upon submission and approval of a proposed supplemental appropriation to the approving authority.  
 17 The proposal submitted to the approving authority must include a plan for reducing expenditures in the second  
 18 year of the biennium that allows the agency to contain expenditures within appropriations. If the approving  
 19 authority finds that, due to an unforeseen and unanticipated emergency, the amount actually appropriated for the  
 20 first fiscal year of the biennium with all other income will be insufficient for the operation and maintenance of the  
 21 agency during the year for which the appropriation was made, the approving authority shall, after careful study  
 22 and examination of the request and upon review of the recommendation for executive branch proposals by the  
 23 budget director, submit the proposed supplemental appropriation to the legislative fiscal analyst.

24 (2) The plan for reducing expenditures required by subsection (1) is not required if the proposed  
 25 supplemental appropriation is:

26 (a) due to an unforeseen and unanticipated emergency for fire suppression;

27 (b) requested by the superintendent of public instruction, in accordance with the provisions of 20-9-351,  
 28 and is to complete the state's funding of ~~guaranteed tax base aid~~, the core curriculum teacher payment or  
 29 ~~transportation aid, or equalization aid~~ to elementary and secondary schools for the current biennium; or

30 (c) requested by the attorney general and:

1 (i) is to pay the costs associated with litigation in which the department of justice is required to provide  
2 representation to the state of Montana; or

3 (ii) in accordance with the provisions of 7-32-2242, is to pay costs for which the department of justice is  
4 responsible for confinement of an arrested person in a detention center.

5 (3) Upon receipt of the recommendation of the legislative finance committee pursuant to 17-7-311, the  
6 approving authority may authorize an expenditure during the first fiscal year of the biennium to be made from the  
7 appropriation for the second fiscal year of the biennium. Except as provided in subsection (2), the approving  
8 authority shall require the agency to implement the plan for reducing expenditures in the second year of the  
9 biennium that contains agency expenditures within appropriations.

10 (4) The agency may expend the amount authorized by the approving authority only for the purposes  
11 specified in the authorization.

12 (5) The approving authority shall report to the next legislature in a special section of the budget the  
13 amounts expended as a result of all authorizations granted by the approving authority and shall request that any  
14 necessary supplemental appropriation bills be passed.

15 (6) As used in this part, "proposed supplemental appropriation" means an application for authorization  
16 to make expenditures during the first fiscal year of the biennium from appropriations for the second fiscal year  
17 of the biennium.

18 (7) (a) Except as provided in subsections (2) and (7)(b), an agency may not make expenditures in the  
19 second year of the biennium that, if carried on for the full year, will require a deficiency appropriation, commonly  
20 referred to as a "supplemental appropriation".

21 (b) An agency shall prepare and, to the extent feasible, implement a plan for reducing expenditures in  
22 the second year of the biennium that contains agency expenditures within appropriations. The approving authority  
23 is responsible for ensuring the implementation of the plan. If, in the second year of a biennium, mandated  
24 expenditures that are required by state or federal law will cause an agency to exceed appropriations or available  
25 funds, the agency shall reduce all nonmandated expenditures pursuant to the plan in order to reduce to the  
26 greatest extent possible the expenditures in excess of appropriations or funding. An agency may not transfer  
27 funds between fund types in order to implement a plan."

28

29 **Section 18.** Section 17-7-502, MCA, is amended to read:

30 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory

1 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the  
2 need for a biennial legislative appropriation or budget amendment.

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

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

6 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory  
7 appropriation is made as provided in this section.

8 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;  
9 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312;  
10 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-31-906; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121;  
11 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101;  
12 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506;  
13 19-20-604; 19-20-607; 19-21-203; 20-8-107; ~~20-9-534~~; 20-9-622; 20-26-1503; 22-3-1004; 23-4-105; 23-5-306;  
14 23-5-409; 23-5-612; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101;  
15 44-12-206; 44-13-102; 50-4-623; 53-1-109; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870;  
16 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 81-10-103;  
17 82-11-161; 87-1-230; 87-1-603; 87-1-621; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

18 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
19 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
20 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana  
21 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state  
22 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory  
23 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion  
24 of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is  
25 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and sec. 2, Ch.  
26 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 17, Ch. 593, L. 2005, and  
27 sec. 1, Ch. 186, L. 2009, the inclusion of 15-31-906 terminates January 1, 2015; pursuant to sec. 73, Ch. 44, L.  
28 2007, the inclusion of 19-6-410 terminates upon the death of the last recipient eligible under 19-6-709(2) for the  
29 supplemental benefit provided by 19-6-709; pursuant to sec. 14, Ch. 374, L. 2009, the inclusion of 53-9-113  
30 terminates June 30, 2015; pursuant to sec. 8, Ch. 427, L. 2009, the inclusion of 87-1-230 terminates June 30,

1 2013; and pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331 terminates June 30, 2019.)"

2

3 **Section 19.** Section 20-1-301, MCA, is amended to read:

4 **"20-1-301. School fiscal year.** (1) The school fiscal year begins on July 1 and ends on June 30. At least  
5 the minimum aggregate hours defined in subsection (2) must be conducted during each school fiscal year, except  
6 that 1,050 aggregate hours of pupil instruction for graduating seniors may be sufficient.

7 (2) The minimum aggregate hours required by grade are:

8 (a) 360 hours for a half-time kindergarten program or 720 hours for a full-time kindergarten program, as  
9 provided in 20-7-117;

10 (b) 720 hours for grades 1 through 3; and

11 (c) 1,080 hours for grades 4 through 12.

12 (3) For any elementary or high school district that fails to provide for at least the minimum aggregate  
13 hours, as listed in subsections (1) and (2), the superintendent of public instruction shall reduce the ~~direct state~~  
14 ~~aid~~ core curriculum teacher payment for the district for that school year ~~by two times an hourly rate, as calculated~~  
15 ~~by the office of public instruction, by 1%~~ for the aggregate hours missed."

16

17 **Section 20.** Section 20-2-121, MCA, is amended to read:

18 **"20-2-121. Board of public education -- powers and duties.** The board of public education shall:

19 (1) effect an orderly and uniform system for teacher certification and specialist certification and for the  
20 issuance of an emergency authorization of employment by adopting the policies prescribed by 20-4-102 and  
21 20-4-111;

22 (2) consider the suspension or revocation of teacher or specialist certificates and appeals from the denial  
23 of teacher or specialist certification in accordance with the provisions of 20-4-110;

24 (3) administer and order the distribution of BASE aid in accordance with the provisions of 20-9-344;

25 (4) adopt and enforce policies to provide uniform standards and regulations for the design, construction,  
26 and operation of school buses in accordance with the provisions of 20-10-111;

27 (5) adopt policies prescribing the conditions when school may be conducted on Saturday and the types  
28 of pupil-instruction-related days and approval procedure for those days in accordance with the provisions of  
29 20-1-303 and 20-1-304;

30 (6) ~~adopt standards of accreditation and~~ establish the accreditation status of every school in accordance



1 with the provisions of 20-7-101 and 20-7-102;

2 (7) approve or disapprove educational media selected by the superintendent of public instruction for the  
3 educational media library in accordance with the provisions of 20-7-201;

4 (8) adopt policies for the conduct of special education in accordance with the provisions of 20-7-402;

5 (9) adopt rules for issuance of documents certifying equivalency of completion of secondary education  
6 in accordance with 20-7-131;

7 (10) adopt policies for the conduct of programs for gifted and talented children in accordance with the  
8 provisions of 20-7-903 and 20-7-904;

9 (11) adopt rules for student assessment in the public schools; and

10 (12) perform any other duty prescribed from time to time by this title or any other act of the legislature."  
11

12 **Section 21.** Section 20-3-106, MCA, is amended to read:

13 **"20-3-106. Supervision of schools -- powers and duties.** The superintendent of public instruction has  
14 the general supervision of the public schools and districts of the state and shall perform the following duties or  
15 acts in implementing and enforcing the provisions of this title:

16 (1) resolve any controversy resulting from the proration of costs by a joint board of trustees under the  
17 provisions of 20-3-362;

18 (2) issue, renew, or deny teacher certification and emergency authorizations of employment;

19 (3) negotiate reciprocal tuition agreements with other states in accordance with the provisions of  
20 20-5-314;

21 (4) approve or disapprove the opening or reopening of a school in accordance with the provisions of  
22 20-6-502, 20-6-503, 20-6-504, or 20-6-505;

23 (5) approve or disapprove school isolation within the limitations prescribed by 20-9-302;

24 (6) generally supervise the school budgeting procedures prescribed by law in accordance with the  
25 provisions of 20-9-102 and prescribe the school budget format in accordance with the provisions of 20-9-103 and  
26 20-9-506;

27 (7) establish a system of communication for calculating joint district revenue in accordance with the  
28 provisions of 20-9-151;

29 (8) approve or disapprove the adoption of a district's budget amendment resolution under the conditions  
30 prescribed in 20-9-163 and adopt rules for an application for additional ~~direct state~~ BASE aid for a budget

- 1 amendment in accordance with the approval and disbursement provisions of 20-9-166;
- 2 (9) generally supervise the school financial administration provisions as prescribed by 20-9-201(2);
- 3 (10) prescribe and furnish the annual report forms to enable the districts to report to the county  
4 superintendent in accordance with the provisions of 20-9-213(6) and the annual report forms to enable the county  
5 superintendents to report to the superintendent of public instruction in accordance with the provisions of 20-3-209;
- 6 (11) approve, disapprove, or adjust an increase of the average number belonging (ANB) in accordance  
7 with the provisions of 20-9-313 and 20-9-314;
- 8 (12) distribute BASE aid and special education allowable cost payments in support of the ~~BASE~~  
9 over-BASE funding program in accordance with the provisions of ~~20-9-331, 20-9-333, 20-9-342, 20-9-346, and~~  
10 ~~20-9-347, and 20-9-366 through 20-9-369~~;
- 11 (13) provide for the uniform and equal provision of transportation by performing the duties prescribed by  
12 the provisions of 20-10-112;
- 13 (14) request, accept, deposit, and expend federal money in accordance with the provisions of 20-9-603;
- 14 (15) authorize the use of federal money for the support of an interlocal cooperative agreement in  
15 accordance with the provisions of 20-9-703 and 20-9-704;
- 16 (16) prescribe the form and contents of and approve or disapprove interstate contracts in accordance  
17 with the provisions of 20-9-705;
- 18 (17) recommend standards of accreditation for all schools to the ~~board of public education~~ legislature and  
19 evaluate compliance with the standards and recommend accreditation status of every school to the board of  
20 public education in accordance with the provisions of 20-7-101 and 20-7-102;
- 21 (18) collect and maintain a file of curriculum guides and assist schools with instructional programs in  
22 accordance with the provisions of 20-7-113 and 20-7-114;
- 23 (19) establish and maintain a library of visual, aural, and other educational media in accordance with the  
24 provisions of 20-7-201;
- 25 (20) license textbook dealers and initiate prosecution of textbook dealers violating the law in accordance  
26 with the provisions of the textbooks part of this title;
- 27 (21) as the governing agent and executive officer of the state of Montana for K-12 career and  
28 vocational/technical education, adopt the policies prescribed by and in accordance with the provisions of  
29 20-7-301;
- 30 (22) supervise and coordinate the conduct of special education in the state in accordance with the

1 provisions of 20-7-403;

2 (23) administer the traffic education program in accordance with the provisions of 20-7-502;

3 (24) administer the school food services program in accordance with the provisions of 20-10-201 through

4 20-10-203;

5 (25) review school building plans and specifications in accordance with the provisions of 20-6-622;

6 (26) provide schools with information and technical assistance for compliance with the student

7 assessment rules provided for in 20-2-121 and collect and summarize the results of the student assessment for

8 the board of public education and the legislature;

9 (27) upon request and in compliance with confidentiality requirements of state and federal law, disclose

10 to interested parties all school district student assessment data for a test required by the board of public

11 education; and

12 ~~(28) administer the distribution of guaranteed tax base aid in accordance with 20-9-366 through 20-9-369;~~

13 ~~and~~

14 ~~(29)~~(28) perform any other duty prescribed from time to time by this title, any other act of the legislature,

15 or the policies of the board of public education."

16

17 **Section 22.** Section 20-3-205, MCA, is amended to read:

18 **"20-3-205. Powers and duties.** (1) The county superintendent has general supervision of the schools

19 of the county within the limitations prescribed by this title and shall perform the following duties or acts:

20 (a) determine, establish, and reestablish trustee nominating districts in accordance with the provisions

21 of 20-3-352, 20-3-353, and 20-3-354;

22 (b) administer and file the oaths of members of the boards of trustees of the districts in the county in

23 accordance with the provisions of 20-3-307;

24 (c) register the teacher or specialist certificates or emergency authorization of employment of any person

25 employed in the county as a teacher, specialist, principal, or district superintendent in accordance with the

26 provisions of 20-4-202;

27 (d) file a copy of the audit report for a district in accordance with the provisions of 20-9-203;

28 (e) classify districts in accordance with the provisions of 20-6-201 and 20-6-301;

29 (f) keep a transcript of the district boundaries of the county;

30 (g) fulfill all responsibilities assigned under the provisions of this title regulating the organization,

- 1 alteration, or abandonment of districts;
- 2 (h) act on any unification proposition and, if approved, establish additional trustee nominating districts  
3 in accordance with 20-6-312 and 20-6-313;
- 4 (i) estimate the average number belonging (ANB) and anticipated enrollment of an opening school in  
5 accordance with the provisions of 20-6-502, 20-6-503, 20-6-504, or 20-6-506;
- 6 (j) process and, when required, act on school isolation applications in accordance with the provisions  
7 of 20-9-302;
- 8 (k) complete the budgets, compute the budgeted revenue and tax levies, file final budgets and budget  
9 amendments, and fulfill other responsibilities assigned under the provisions of this title regulating school  
10 budgeting systems;
- 11 (l) submit an annual financial report to the superintendent of public instruction in accordance with the  
12 provisions of 20-9-211;
- 13 (m) monthly, unless otherwise provided by law, order the county treasurer to apportion state money,  
14 county school money, and any other school money subject to apportionment in accordance with the provisions  
15 of 20-9-212, 20-9-347, 20-10-145, or 20-10-146;
- 16 (n) act on any request to transfer average number belonging (ANB) in accordance with the provisions  
17 of 20-9-313(1)(c);
- 18 (o) calculate the estimated budgeted general fund sources of revenue in accordance with the general  
19 fund revenue provisions of the general fund part of this title;
- 20 (p) compute the revenue and compute the district and county levy requirements for each fund included  
21 in each district's final budget and report the computations to the board of county commissioners in accordance  
22 with the provisions of the general fund, transportation, bonds, and other school funds parts of this title;
- 23 (q) file and forward bus driver certifications, transportation contracts, and state transportation  
24 reimbursement claims in accordance with the provisions of 20-10-103, 20-10-143, or 20-10-145;
- 25 (r) for districts that do not employ a district superintendent or principal, recommend library book and  
26 textbook selections in accordance with the provisions of 20-7-204 or 20-7-602;
- 27 (s) notify the superintendent of public instruction of a textbook dealer's activities when required under  
28 the provisions of 20-7-605 and otherwise comply with the textbook dealer provisions of this title;
- 29 (t) act on district requests to allocate federal money for indigent children for school food services in  
30 accordance with the provisions of 20-10-205;

1 (u) perform any other duty prescribed from time to time by this title, any other act of the legislature, the  
2 policies of the board of public education, the policies of the board of regents relating to community college  
3 districts, or the rules of the superintendent of public instruction;

4 (v) administer the oath of office to trustees without the receipt of pay for administering the oath;

5 (w) keep a record of official acts, preserve all reports submitted to the superintendent under the  
6 provisions of this title, preserve all books and instructional equipment or supplies, keep all documents applicable  
7 to the administration of the office, and surrender all records, books, supplies, and equipment to the next  
8 superintendent;

9 (x) within 90 days after the close of the school fiscal year, publish an annual report in the county  
10 newspaper stating the following financial information for the school fiscal year just ended for each district of the  
11 county:

12 (i) the total of the cash balances of all funds maintained by the district at the beginning of the year;

13 (ii) the total receipts that were realized in each fund maintained by the district;

14 (iii) the total expenditures that were made from each fund maintained by the district; and

15 (iv) the total of the cash balances of all funds maintained by the district at the end of the school fiscal  
16 year; and

17 (y) hold meetings for the members of the trustees from time to time at which matters for the good of the  
18 districts must be discussed.

19 (2) (a) When a district in one county annexes a district in another county, the county superintendent of  
20 the county where the annexing district is located shall perform the duties required by this section.

21 (b) When two or more districts in more than one county consolidate, the duties required by this section  
22 must be performed by the county superintendent designated in the same manner as other county officials in  
23 20-9-202."

24

25 **Section 23.** Section 20-3-324, MCA, is amended to read:

26 **"20-3-324. Powers and duties.** As prescribed elsewhere in this title, the trustees of each district shall:

27 (1) employ or dismiss a teacher, principal, or other assistant upon the recommendation of the district  
28 superintendent, the county high school principal, or other principal as the board considers necessary, accepting  
29 or rejecting any recommendation as the trustees in their sole discretion determine, in accordance with the  
30 provisions of Title 20, chapter 4;

- 1 (2) employ and dismiss administrative personnel, clerks, secretaries, teacher's aides, custodians,  
2 maintenance personnel, school bus drivers, food service personnel, nurses, and any other personnel considered  
3 necessary to carry out the various services of the district;
- 4 (3) administer the attendance and tuition provisions and govern the pupils of the district in accordance  
5 with the provisions of the pupils chapter of this title;
- 6 (4) call, conduct, and certify the elections of the district in accordance with the provisions of the school  
7 elections chapter of this title;
- 8 (5) participate in the teachers' retirement system of the state of Montana in accordance with the  
9 provisions of the teachers' retirement system chapter of Title 19;
- 10 (6) participate in district boundary change actions in accordance with the provisions of the school districts  
11 chapter of this title;
- 12 (7) organize, open, close, or acquire isolation status for the schools of the district in accordance with the  
13 provisions of the school organization part of this title;
- 14 (8) adopt and administer the annual budget or a budget amendment of the district in accordance with  
15 the provisions of the school budget system part of this title;
- 16 (9) conduct the fiscal business of the district in accordance with the provisions of the school financial  
17 administration part of this title;
- 18 (10) establish the ANB, the core curriculum teacher payment calculation, BASE budget levy, over-BASE  
19 budget levy, additional levy, and operating reserve, and state impact aid amounts for the general fund of the  
20 district in accordance with the provisions of the general fund part of this title;
- 21 (11) establish, maintain, budget, and finance the transportation program of the district in accordance with  
22 the provisions of the transportation parts of this title;
- 23 (12) issue, refund, sell, budget, and redeem the bonds of the district in accordance with the provisions  
24 of the bonds parts of this title;
- 25 (13) when applicable, establish, financially administer, and budget for the tuition fund, retirement fund,  
26 building reserve fund, adult education fund, nonoperating fund, school food services fund, miscellaneous  
27 programs fund, building fund, lease or rental agreement fund, traffic education fund, impact aid fund, interlocal  
28 cooperative fund, and other funds as authorized by the state superintendent of public instruction in accordance  
29 with the provisions of the other school funds parts of this title;
- 30 (14) when applicable, administer any interlocal cooperative agreement, gifts, legacies, or devises in

- 1 accordance with the provisions of the miscellaneous financial parts of this title;
- 2 (15) hold in trust, acquire, and dispose of the real and personal property of the district in accordance with  
3 the provisions of the school sites and facilities part of this title;
- 4 (16) operate the schools of the district in accordance with the provisions of the school calendar part of  
5 this title;
- 6 (17) set the length of the school term, school day, and school week in accordance with 20-1-302;
- 7 (18) establish and maintain the instructional services of the schools of the district in accordance with the  
8 provisions of the instructional services, textbooks, K-12 career and vocational/technical education, and special  
9 education parts of this title;
- 10 (19) establish and maintain the school food services of the district in accordance with the provisions of  
11 the school food services parts of this title;
- 12 (20) make reports from time to time as the county superintendent, superintendent of public instruction,  
13 and board of public education may require;
- 14 (21) retain, when considered advisable, a physician or registered nurse to inspect the sanitary conditions  
15 of the school or the general health conditions of each pupil and, upon request, make available to any parent or  
16 guardian any medical reports or health records maintained by the district pertaining to the child;
- 17 (22) for each member of the trustees, visit each school of the district not less than once each school fiscal  
18 year to examine its management, conditions, and needs, except that trustees from a first-class school district may  
19 share the responsibility for visiting each school in the district;
- 20 (23) procure and display outside daily in suitable weather on school days at each school of the district  
21 an American flag that measures not less than 4 feet by 6 feet;
- 22 (24) provide that an American flag that measures approximately 12 inches by 18 inches be prominently  
23 displayed in each classroom in each school of the district, except in a classroom in which the flag may get soiled.  
24 This requirement is waived if the flags are not provided by a local civic group.
- 25 (25) adopt and administer a district policy on assessment for placement of any child who enrolls in a  
26 school of the district from a nonpublic school that is not accredited, as required in 20-5-110;
- 27 (26) upon request and in compliance with confidentiality requirements of state and federal law, disclose  
28 to interested parties school district student assessment data for any test required by the board of public  
29 education;
- 30 (27) consider and may enter into an interlocal agreement with a postsecondary institution, as defined in

1 20-9-706, that authorizes 11th and 12th grade students to obtain credits through classes available only at a  
2 postsecondary institution;

3 (28) approve or disapprove the conduct of school on a Saturday in accordance with the provisions of  
4 20-1-303;

5 (29) consider and, if advisable for a high school or K-12 district, establish a student financial institution,  
6 as defined in 32-1-115; and

7 (30) perform any other duty and enforce any other requirements for the government of the schools  
8 prescribed by this title, the policies of the board of public education, or the rules of the superintendent of public  
9 instruction."

10

11 **Section 24.** Section 20-3-363, MCA, is amended to read:

12 **"20-3-363. Interdistrict agreements -- fund transfers.** (1) The trustees of any two school districts that  
13 have unified pursuant to 20-6-312, any two school districts that have created a joint board of trustees pursuant  
14 to 20-3-361, or a high school district and any elementary school district associated with that high school district  
15 may enter into an interdistrict agreement to provide for the joint funding and operation and maintenance of both  
16 districts upon the terms and conditions as may be mutually agreed to by the districts subject to the conditions of  
17 this section. An agreement must be approved by the board of trustees of both districts by February 1 of the  
18 current fiscal year.

19 (2) All expenditures in support of the interdistrict agreement may be made from the interlocal cooperative  
20 fund as specified in 20-9-703 and 20-9-704. Each district may transfer funds into the interlocal cooperative fund  
21 from the general fund of the district. Transfers to the interlocal cooperative fund from each school district are  
22 limited to an amount not to exceed the ~~direct state aid~~ core curriculum teacher payment in support of the  
23 respective school district's general fund and must be completed by February 1 of the current fiscal year.

24 (3) Expenditures from the interlocal cooperative fund under this section are limited to those expenditures  
25 that are permitted by law and that are within the final budget for the general fund from which the transfer was  
26 made."

27

28 **Section 25.** Section 20-4-203, MCA, is amended to read:

29 **"20-4-203. Teacher tenure.** (1) Except as provided in 20-4-208, whenever a teacher has been elected  
30 by the offer and acceptance of a contract for the fourth consecutive year of employment by a district in a position



1 requiring teacher certification except as a district superintendent or specialist, the teacher is considered to be  
 2 reelected from year to year as a tenured teacher at the same salary and in the same or a comparable position  
 3 of employment as that provided by the last-executed contract with the teacher unless the trustees resolve by  
 4 majority vote of their membership to terminate the services of the teacher in accordance with the provisions of  
 5 20-4-204.

6 (2) The tenure of a teacher with a district may not be impaired upon termination of services of the teacher  
 7 if the following conditions exist:

8 (a) the tenure teacher is terminated because the financial condition of the district requires a reduction  
 9 in the number of teachers employed; and

10 (b) continued employment rights are provided for in a collectively bargained contract of the district.

11 (3) (a) For the purposes of subsection (1), "same salary" means the daily rate of pay, excluding benefits  
 12 and excluding stipends for nonteaching duties, multiplied by the number of days worked under the last-executed  
 13 contract with the teacher, up to the total number of days funded by the state ~~in the per-ANB entitlements, as~~  
 14 ~~provided in 20-9-311~~, including pupil-instruction-related days. The calculation of daily rate of pay is determined  
 15 by dividing the salary in the last-executed contract with the teacher for pupil-instruction and  
 16 pupil-instruction-related days, excluding benefits and excluding stipends for nonteaching duties, by the total  
 17 number of contracted days under the last-executed contract.

18 (b) The definition of same salary may be modified if negotiated and agreed to in a collective bargaining  
 19 agreement executed by the district and the teacher's exclusive representative pursuant to Title 39, chapter 31,  
 20 or in an individual contract between the district and a teacher in a district in which the teachers have no exclusive  
 21 representative as provided in Title 39, chapter 31.

22 (4) Upon receiving tenure, the employment of a teacher may be terminated for good cause."  
 23

24 **Section 26.** Section 20-4-501, MCA, is amended to read:

25 "**20-4-501. Quality Certified educator loan assistance program.** There is a quality certified educator  
 26 loan assistance program administered by the board of regents through the office of the commissioner of higher  
 27 education. The program must provide for the direct repayment of educational loans of eligible quality certified  
 28 educators in accordance with policies and procedures adopted by the board of regents in accordance with this  
 29 part."  
 30

1           **Section 27.** Section 20-4-502, MCA, is amended to read:

2           **"20-4-502. Definitions.** For purposes of this part, unless the context requires otherwise, the following  
3 definitions apply:

4           (1) (a) "Certified educator" means a full-time equivalent educator, as reported to the superintendent of  
5 public instruction for accreditation purposes in the current school year, who holds a valid certificate under the  
6 provisions of 20-4-106 and is employed by an entity listed in subsection (1)(b) in a position that requires an  
7 educator license in accordance with administrative rules adopted by the board of public education.

8           (b) For purposes of subsection (1)(a), an entity means:

9           (i) a school district;

10          (ii) an education cooperative;

11          (iii) the Montana school for the deaf and blind, as described in 20-8-101;

12          (iv) the Montana youth challenge program; and

13          (v) a state youth correctional facility, as defined in 41-5-103.

14          ~~(1)(2)~~ "Education cooperative" means a cooperative of Montana public schools as described in 20-7-451.

15          ~~(2)(3)~~ "Educational loans" means all loans made pursuant to a federal loan program, except federal  
16 parent loans for undergraduate students (PLUS) loans, as provided in 20 U.S.C. 1078-2.

17          ~~(3)(4)~~ "Federal loan program" means educational loans authorized by 20 U.S.C. 1071, et seq., 20 U.S.C.  
18 1087a, et seq., and 20 U.S.C. 1087aa, et seq.

19          ~~(4) (a) "Quality educator" means a full-time equivalent educator, as reported to the superintendent of~~  
20 ~~public instruction for accreditation purposes in the current school year, who:~~

21          ~~—— (i) holds a valid certificate under the provisions of 20-4-106 and is employed by an entity listed in~~  
22 ~~subsection (4)(b) in a position that requires an educator license in accordance with administrative rules adopted~~  
23 ~~by the board of public education; or~~

24          ~~—— (ii) is a licensed professional under 37-8-405, 37-8-415, 37-11-301, 37-15-301, 37-17-302, 37-22-301,~~  
25 ~~37-23-201, 37-24-301, or 37-25-302 and is employed by an entity listed in subsection (4)(b) of this section to~~  
26 ~~provide services to students.~~

27          ~~—— (b) For purposes of subsection (4)(a), an entity means:~~

28          ~~—— (i) a school district;~~

29          ~~—— (ii) an education cooperative;~~

30          ~~—— (iii) the Montana school for the deaf and blind, as described in 20-8-101;~~

1 ~~\_\_\_\_\_ (iv) the Montana youth challenge program; and~~

2 ~~\_\_\_\_\_ (v) a state youth correctional facility, as defined in 41-5-103.~~

3 (5) "School district" means a public school district, as provided in 20-6-101 and 20-6-701."

4

5 **Section 28.** Section 20-4-503, MCA, is amended to read:

6 **"20-4-503. Critical quality certified educator shortages.** (1) The board of public education, in  
7 consultation with the office of public instruction, shall identify:

8 (a) specific schools that are impacted by critical quality certified educator shortages; and

9 (b) within the schools identified in subsection (1)(a), the specific quality certified educator licensure or  
10 endorsement areas that are impacted by critical quality certified educator shortages.

11 (2) The board of public education shall publish an annual report listing the schools and the licensure or  
12 endorsement areas identified as impacted by critical quality certified educator shortages, explaining the reasons  
13 that specific schools and licensure or endorsement areas have been identified and providing information  
14 regarding any success in retention.

15 (3) Quality certified educators working at schools identified in subsection (1) are eligible for repayment  
16 of all or part of the quality certified educator's outstanding educational loans existing at the time of application in  
17 accordance with the eligibility and award criteria established under this part."

18

19 **Section 29.** Section 20-4-504, MCA, is amended to read:

20 **"20-4-504. Loan repayment assistance.** Loan repayment assistance may be provided on behalf of a  
21 quality certified educator who:

22 (1) is employed in an identified school described in 20-4-503(1); and

23 (2) has an educational loan that is not in default and that has a minimum unpaid current balance of at  
24 least \$1,000 at the time of application."

25

26 **Section 30.** Section 20-4-505, MCA, is amended to read:

27 **"20-4-505. Loan repayment assistance documentation.** (1) A quality certified educator shall submit  
28 an application for loan repayment assistance to the board of regents in accordance with policies and procedures  
29 adopted by the board of regents. The application must include official verification or proof of the applicant's total  
30 unpaid accumulated educational loan debt and other documentation required by the board of regents that is

1 necessary for verification of the applicant's eligibility.

2 (2) A quality certified educator is eligible for loan repayment assistance for up to a maximum of 4 years.  
3 The total annual loan repayment assistance for an eligible quality certified educator may not exceed \$3,000. The  
4 board of regents may require an eligible quality certified educator to provide documentation that the quality  
5 certified educator has exhausted repayment assistance from other federal, state, or local loan forgiveness,  
6 discharge, or repayment incentive programs.

7 (3) The board of regents may remit payment of the loan on behalf of the quality certified educator in  
8 accordance with the requirements of this part and policies and procedures adopted by the board of regents."  
9

10 **Section 31.** Section 20-4-506, MCA, is amended to read:

11 **"20-4-506. Funding -- priorities.** (1) If the funding for this part in any year is less than the total amount  
12 for which Montana quality certified educators qualify, the board of regents shall provide preference in the award  
13 of loan repayment assistance to quality certified educators working in the specific schools that are most impacted  
14 by quality certified educator shortages identified as provided in 20-4-503.

15 (2) This part may not be construed to require the provision of loan repayment assistance without an  
16 express appropriation for that purpose. This part may not be construed to require loan repayment assistance for  
17 school years prior to July 1, 2007."  
18

19 **Section 32.** Section 20-5-323, MCA, is amended to read:

20 **"20-5-323. Tuition and transportation rates.** (1) Except as provided in subsections (2) through (5),  
21 whenever a child has approval to attend a school outside of the child's district of residence under the provisions  
22 of 20-5-320 or 20-5-321, the rate of tuition charged for a Montana resident student may not exceed 20% of the  
23 ~~per-AND maximum rate established in 20-9-306~~ per- student program costs for the year of attendance.

24 (2) The tuition for a child with a disability must be determined under rules adopted by the superintendent  
25 of public instruction for the calculation of tuition for special education pupils.

26 (3) The tuition rate for out-of-district placement pursuant to 20-5-321(1)(d) and (1)(e) for a student  
27 without disabilities who requires a program with costs that exceed the average district costs must be determined  
28 as the actual individual costs of providing that program according to the following:

29 (a) the district of attendance and the district, person, or entity responsible for the tuition payments shall  
30 approve an agreement with the district of attendance for the tuition cost;

1 (b) for a Montana resident student, 80% of the maximum per-ANB rate established in 20-9-306, received  
2 in the year for which the tuition charges are calculated, must be subtracted from the per-student program costs  
3 for a Montana resident student; and

4 (c) the maximum tuition rate paid to a district under this section may not exceed ~~\$2,500 per ANB~~ the  
5 per-student program costs.

6 (4) When a child attends a public school of another state or province, the amount of daily tuition may not  
7 be greater than the average annual cost for each student in the child's district of residence. This calculation for  
8 tuition purposes is determined by totaling all of the expenditures for all of the district budgeted funds for the  
9 preceding school fiscal year and dividing that amount by the October 1 enrollment in the preceding school fiscal  
10 year. For the purposes of this subsection, the following do not apply:

11 (a) placement of a child with a disability pursuant to Title 20, chapter 7, part 4;

12 (b) placement made in a state or province with a reciprocal tuition agreement pursuant to 20-5-314;

13 (c) an order issued under Title 40, chapter 4, part 2; or

14 (d) out-of-state placement by a state agency.

15 (5) When a child is placed by a state agency in an out-of-state residential facility, the state agency  
16 making the placement is responsible for the education costs resulting from the placement.

17 (6) The amount, if any, charged for transportation may not exceed the lesser of the average  
18 transportation cost for each student in the child's district of residence or 35 cents a mile. The average  
19 expenditures for the district transportation fund for the preceding school fiscal year must be calculated by dividing  
20 the transportation fund expenditures by the October 1 enrollment for the preceding fiscal year."

21

22 **Section 33.** Section 20-5-324, MCA, is amended to read:

23 **"20-5-324. Tuition report and payment provisions.** (1) Following the close of each school fiscal year,  
24 the trustees of a district shall report to the superintendent of public instruction:

25 (a) the name and district of residence of each child who attended a school of the district under a  
26 mandatory out-of-district attendance agreement approved under the provisions of 20-5-321(1)(d) or (1)(e) in the  
27 previous school year;

28 (b) the number of days of enrollment for each child reported under the provisions of subsection (1)(a);

29 (c) the annual tuition rate for each child's tuition payment, as determined under the provisions of  
30 20-5-323, and the tuition cost for each child reported under the provisions of subsection (1)(a);

1 (d) the names, districts of attendance, and amount of tuition paid by the district for resident students  
2 attending public schools out of state in the previous school year; and

3 (e) the names, schools of attendance, and amount of tuition to be paid by the district for resident students  
4 attending day-treatment programs under approved individualized education programs at private, nonsectarian  
5 schools in the previous school year.

6 (2) Subject to the limitations of 20-5-323, the superintendent of public instruction shall:

7 (a) pay the district of attendance the amount of the tuition obligation reported under subsection (1)(c),  
8 prorated for the actual days of enrollment;

9 (b) determine the total ~~per-ANB entitlement~~ per-student program costs for which the district would have  
10 been eligible if the students reported in subsections (1)(d) and (1)(e) had been enrolled in the resident district in  
11 the prior year; and

12 (c) reimburse the district of residence for the state portion of the ~~per-ANB entitlement~~ per-student  
13 program costs for each student, not to exceed the district's actual payment of tuition or fees for service for the  
14 student in the previous year.

15 (3) In order to be eligible to receive payment under subsection (2), the trustees of the district of  
16 attendance shall submit the report required by subsection (1) within the school fiscal year following the year of  
17 attendance.

18 (4) Notwithstanding the requirements of subsection (5)(a), tuition payment provisions for out-of-district  
19 placement of students with disabilities must be determined pursuant to Title 20, chapter 7, part 4.

20 (5) (a) (i) When a child has approval to attend a school outside the child's district of residence at the  
21 resident district's expense under the provisions of 20-5-320 or 20-5-321(1)(a) or (1)(b) or when a child has  
22 approval to attend a day-treatment program under an approved individualized education program at a private,  
23 nonsectarian school located in or outside of the child's district of residence, the district of residence shall finance  
24 the tuition amount from the district tuition fund and any transportation amount from the transportation fund.

25 (ii) By December 31 of the school fiscal year following the year of attendance, the district of residence  
26 shall pay at least one-half of any tuition and transportation obligation established under subsection (5)(a)(i) out  
27 of the money realized to date from the district tuition or transportation fund. The remaining tuition and  
28 transportation obligation must be paid by June 15 of the school fiscal year following the year of attendance.

29 (b) When a child has approval to attend a school outside the child's district of residence because of a  
30 parent's or guardian's request under the provisions of 20-5-320 or 20-5-321(1)(c), the parent or guardian of the

1 child shall finance the tuition and transportation amount.

2 (6) (a) Except as provided in subsections (6)(b) through (6)(d), the district shall credit tuition receipts to  
3 the district general fund and transportation receipts to the transportation fund.

4 (b) Any tuition receipts received under the provisions of 20-5-323(3) for the current school fiscal year  
5 that exceed the tuition receipts of the prior year may be deposited in the district miscellaneous programs fund  
6 and must be used for that year in the manner provided for in 20-9-507 to support the costs of the program for  
7 which the tuition was received.

8 (c) Any tuition receipts received for the current school fiscal year for a pupil who is a child with a disability  
9 that exceed the tuition amount received for a pupil without disabilities may be deposited in the district  
10 miscellaneous programs fund and must be used for that year in the manner provided for in 20-9-507 to support  
11 the costs of the program for which the tuition was received.

12 (d) Any other tuition receipts received for the current school fiscal year that exceed the tuition receipts  
13 of the prior year may be deposited in the district miscellaneous programs fund and may be used for that year in  
14 the manner provided for in that fund. For the ensuing school fiscal year, the receipts must be credited to the  
15 district general fund budget.

16 (7) The reimbursements paid under subsection (2)(c) must be deposited into the district tuition fund and  
17 must be used by the district to pay obligations for resident students attending public schools out of state or for  
18 resident students attending day-treatment programs under approved individualized education programs at private,  
19 nonsectarian schools at district expense.

20 (8) The provisions of this section do not apply to out-of-state placements made by a state agency  
21 pursuant to 20-7-422."

22

23 **Section 34.** Section 20-6-326, MCA, is amended to read:

24 **"20-6-326. Procedure for creation of high school district solely for expansion into K-12 school**  
25 **district -- trustee resolution.** (1) An existing elementary district may create a high school district solely for the  
26 purpose of expanding an elementary district into a K-12 district only if:

27 (a) the nearest elementary school building is located at a distance of at least 40 miles from the nearest  
28 accessible high school;

29 (b) the trip from the nearest elementary school building to the nearest accessible high school is 60  
30 minutes or more over the shortest passable route;

1 (c) periodically during the school year, the condition of the road makes it impractical to attend the nearest  
2 accessible high school; and

3 (d) at least 50 high school students reside in the elementary district; and

4 (e) the taxable valuation and boundaries of the combining elementary and high school district are the  
5 same.

6 (2) The creation of a new high school district may be requested by the trustees of an existing elementary  
7 district through passage of a resolution that includes the information outlined in 20-6-105(3) and requests the  
8 county superintendent to order an election to allow the electors of the elementary district to consider the  
9 proposition to create a high school district solely for the purpose of expanding the elementary school district into  
10 a K-12 district. Approval of the proposition results in a tax levy for payments as provided in subsection (6)(b).

11 (3) If the proposition for the expansion and the transition levy provided for in 20-9-502(6) is approved  
12 by the electors of the elementary district and the trustees issue a certificate of election as provided in 20-20-416,  
13 the county superintendent shall order the creation of the high school district and oversee the expansion of the  
14 high school district into a K-12 district pursuant to 20-6-701.

15 (4) The county superintendent shall send a copy of the order to the board of county commissioners and  
16 to the trustees of the districts affected by the creation of the district.

17 (5) If a new district is created, the effective date of its creation is the following July 1. The trustees of the  
18 elementary district must be designated as the trustees of the new K-12 district.

19 (6) Until the first school fiscal year in which the new K-12 district enrolls high school students in all  
20 grades, the existing high school district shall provide high school instruction to students residing in the newly  
21 created K-12 district with the K-12 district paying the existing high school district:

22 (a) tuition and transportation charged pursuant to the provisions of 20-5-320 and 20-5-321; and

23 (b) an amount equal to the ~~BASE~~ general fund mills for the existing high school district assessed against  
24 the taxable valuation in the new K-12 district and funded using a building reserve fund levy for transition costs  
25 as provided in 20-9-502. The payment to the existing high school district must be deposited in the district general  
26 fund ~~and used to reduce the BASE budget levy for transition costs.~~

27 (7) If bonded indebtedness has been approved by the voters of the existing high school district prior to  
28 April 12, 2007, but the bonds have not been sold prior to the creation of the new K-12 district, then the future  
29 indebtedness of those bonds when those bonds are sold must be paid by levies on the original territory.

30 (8) If the K-12 school district does not open and operate a high school within 3 years after the effective



1 date of the creation of the new district, the order of the county superintendent creating a new district under this  
2 section is void, the new district ceases to exist, and the trustees of the new district have no capacity to act. Those  
3 trustees retain authority as trustees of the elementary district."  
4

5 **Section 35.** Section 20-6-502, MCA, is amended to read:

6 **"20-6-502. Opening or reopening of elementary school.** The trustees of any elementary district may  
7 open or reopen an elementary school of the district when the opening or reopening has been approved in  
8 accordance with the following procedure:

9 (1) The parents of at least two pupils who would attend the opened or reopened school petition the  
10 trustees of the district to open or reopen a school. The petition must identify the school, state the reasons for  
11 requesting the opening or reopening, and give the names of the children who would attend the school.

12 (2) If the trustees approve the opening or reopening of a school, they shall send the petition with a copy  
13 of their approval resolution to the county superintendent. The county superintendent shall review the petition to  
14 determine if the ~~average number belonging (ANB) of the school would be two~~ anticipated number of students  
15 would be 10 or more. If the trustees plan to open or reopen the school during the current school fiscal year, the  
16 trustees shall include the proposed opening date in the approval resolution and shall request that the process  
17 outlined in this section be expedited.

18 (3) The county superintendent shall present the petition, the trustees' approval, and the county  
19 superintendent's findings on the probable ANB and anticipated number of students to be enrolled to the board  
20 of county commissioners for their consideration. The board shall deny the opening or reopening of any school  
21 if the county superintendent's enrollment estimate for the school is less than ~~two ANB~~ 10. In all other cases, the  
22 board may approve or disapprove the requested opening or reopening of the elementary school.

23 (4) (a) If the board approves a school opening or reopening, the county superintendent shall send a copy  
24 of the approval, along with the petition, the trustees' approval, and the county superintendent's estimate of the  
25 probable ANB and the number of students to be enrolled, to the superintendent of public instruction. Except under  
26 the circumstances described in subsection (4)(b), the trustees shall apply to the superintendent of public  
27 instruction for approval to open or reopen the school by June 1 prior to the beginning of the school year in which  
28 they intend to open or reopen the elementary school. The superintendent of public instruction shall approve or  
29 disapprove the requested opening or reopening of the elementary school by the fourth Monday of June. If the  
30 opening or reopening is approved, the superintendent of public instruction shall approve or adjust the ANB

1 estimate or enrolled student estimate of the county superintendent for the school and the ANB amount and core  
 2 curriculum teacher payment calculation must be used for budgeting and BASE funding program purposes during  
 3 the ensuing school fiscal year. ~~An ANB amount~~ Funding may not be approved for the ensuing school fiscal year  
 4 for an opening or reopening school when the request for the school has not been received by the superintendent  
 5 of public instruction by June 1.

6 (b) (i) If the opening or reopening is approved and the trustees want to open or reopen the school during  
 7 the current school fiscal year, the trustees shall submit a budget request to the superintendent of public instruction  
 8 for that portion of the fiscal year in which the school will be in operation prior to the ensuing school fiscal year.  
 9 The superintendent of public instruction shall approve or adjust the budget request and shall fund the budget for  
 10 the portion of the school year in which the school will be in operation.

11 (ii) Before a school may open or reopen during the current school fiscal year, the school must be  
 12 classified as an isolated school in accordance with the provisions of 20-9-302, except that the dates in that  
 13 section for the submission and approval of the application for classification do not apply and the application must  
 14 be made at the same time that the application for opening or reopening the school is made."  
 15

16 **Section 36.** Section 20-6-503, MCA, is amended to read:

17 **"20-6-503. Opening or reopening of a high school.** (1) The trustees of any high school district may  
 18 open or reopen a high school of the district or a branch of a high school of the district when ~~such the~~ opening or  
 19 reopening has been approved by the superintendent of public instruction; ~~except that~~ when a county high school  
 20 is discontinued by a unification action, the trustees may establish, by resolution, a high school to be operated by  
 21 the high school district without further action or approval. When the trustees of a high school district resolve to  
 22 open or reopen a high school, they shall apply to the superintendent of public instruction for approval to open or  
 23 reopen ~~such the~~ school by June 1 before the school fiscal year in which they intend to open or reopen the high  
 24 school. ~~Such The~~ application ~~shall~~ must state:

- 25 (a) their reasons why the high school should be opened or reopened;  
 26 (b) the probable enrollment of ~~such the~~ high school;  
 27 (c) the distance and road conditions of the route to neighboring high schools;  
 28 (d) the taxable value of the district;  
 29 (e) the building and equipment facilities available for ~~such the~~ high school;  
 30 (f) the planned course of instruction for ~~such the~~ high school;

- 1 (g) the planned methods of complying with high school standards of accreditation; and  
 2 (h) any other information that may be required by the superintendent of public instruction.

3 (2) The superintendent of public instruction shall investigate the application for the opening or reopening  
 4 of a high school and shall approve or disapprove the opening of the high school before the fourth Monday of June  
 5 preceding the first year of intended operation. If the opening is approved, the high school district trustees may  
 6 open ~~such the~~ high school.

7 (3) Whenever the opening or reopening of a high school is approved for the ensuing school fiscal year,  
 8 the county superintendent shall estimate the average number belonging (ANB) and the anticipated number of  
 9 students to be enrolled after investigating the probable enrollment for the high school. The ANB and the  
 10 anticipated enrollment determined by the county superintendent ~~shall~~ must be used for budgeting and BASE  
 11 funding program purposes.

12 (4) Nothing ~~herein~~ contained ~~shall in this section may~~ be construed ~~so as~~ to preclude the trustees of a  
 13 high school district from establishing more than one high school in the district."  
 14

15 **Section 37.** Section 20-6-504, MCA, is amended to read:

16 **"20-6-504. Opening of a junior high school.** (1) The trustees of any elementary district and the trustees  
 17 of the high school district in which ~~such the~~ elementary district is located may open a junior high school when  
 18 ~~such the~~ opening has been approved by the superintendent of public instruction, except that when the high  
 19 school district operates a county high school, the opening of a junior high school ~~shall~~ must be approved under  
 20 the provisions of 20-6-505.

21 (2) When the trustees of ~~such the~~ districts resolve to open a junior high school, they shall jointly apply  
 22 to the superintendent of public instruction for approval to open ~~such the~~ school by June 1 before the school fiscal  
 23 year in which they intend to open the junior high school. The application ~~shall~~ must contain ~~such the~~ information  
 24 ~~as is~~ required under 20-6-503 for an application to open a high school.

25 (3) The superintendent of public instruction shall investigate the application for the opening of a junior  
 26 high school and shall approve or disapprove the opening of the junior high school before the fourth Monday of  
 27 June preceding the first year of intended operation. If the opening is approved, the trustees of the elementary  
 28 district and the high school district may jointly open ~~such the~~ school.

29 (4) Whenever the opening of a junior high school is approved for the ensuing school fiscal year, the  
 30 county superintendent shall estimate the average number belonging (ANB) and the anticipated number of

1 students to be enrolled after investigating the probable enrollment for the junior high school. The ANB and the  
 2 anticipated enrollment determined by the county superintendent ~~shall~~ must be used for budgeting and BASE  
 3 funding program purposes during the ensuing school fiscal year."

4

5 **Section 38.** Section 20-6-506, MCA, is amended to read:

6 **"20-6-506. Budgeting and cost sharing when junior high school operated by elementary district**  
 7 **and high school district operating county high school.** (1) Whenever the opening of a junior high school is  
 8 approved for the ensuing school fiscal year under 20-6-505, the county superintendent shall estimate the average  
 9 number belonging (ANB) and the anticipated number of students to be enrolled after investigating the probable  
 10 enrollment for the junior high school. The ANB and the anticipated enrollment determined by the county  
 11 superintendent and the ANB and enrollment actually realized in subsequent school fiscal years must be applied  
 12 to prorate the BASE funding program amount between the elementary and high school districts. Each district shall  
 13 adopt its general fund budget on the basis of the prorated amount and shall finance its proportionate share of the  
 14 cost of operating the junior high school.

15 (2) The cost of operating the junior high school must be prorated between the elementary district and  
 16 the high school district on the basis of the ratio that the number of pupils of their district is to the total enrollment  
 17 of the junior high school."

18

19 **Section 39.** Section 20-6-507, MCA, is amended to read:

20 **"20-6-507. Opening of middle school.** The trustees of any elementary district may open a middle  
 21 school when ~~such~~ the opening has been approved by the superintendent of public instruction. The state  
 22 superintendent shall investigate an application for the opening of a middle school and shall approve or disapprove  
 23 the opening before the fourth Monday in June preceding the first year of intended operation. When a middle  
 24 school opening is approved, the county superintendent shall estimate the ANB and the anticipated number of  
 25 students to be enrolled after investigating the probable enrollment for the middle school. The estimated ANB and  
 26 ~~so~~ estimated shall enrollment must be used for budgeting and BASE funding program purposes during the  
 27 ensuing school fiscal year."

28

29 **Section 40.** Section 20-6-702, MCA, is amended to read:

30 **"20-6-702. Funding for K-12 school districts.** (1) Notwithstanding the provisions of subsections (2)

1 through (6), a K-12 school district formed under the provisions of 20-6-701 is subject to the provisions of law for  
2 high school districts.

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

5 (3) Calculations for the ~~following core curriculum teacher payment as provided in [section 55]~~ must be  
6 made separately for the elementary school program and the high school program of a K-12 school district.

7 ~~(a) the~~ The calculation of ANB for purposes of determining the total per-ANB entitlements for special  
8 education and countywide school transportation grants must be in accordance with the provisions of 20-9-311.

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

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

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  
19 20-9-501.

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

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

28 **Section 41.** Section 20-7-101, MCA, is amended to read:

29 **"20-7-101. Standards of accreditation.** ~~(†)~~ Standards of accreditation for all schools, as determined  
30 by the legislature, must be adopted by the board of public education upon the recommendations of the

1 superintendent of public instruction.

2 ~~———(2) Prior to adoption or amendment of any accreditation standard, the board shall submit each proposal~~  
 3 ~~to the education and local government interim committee for review. The interim committee shall request a fiscal~~  
 4 ~~analysis to be prepared by the legislative fiscal division. The legislative fiscal division shall provide its analysis~~  
 5 ~~to the interim committee and to the office of budget and program planning to be used in the preparation of the~~  
 6 ~~executive budget.~~

7 ~~———(3) If the fiscal analysis of the proposal is found by the legislative fiscal division to have a substantial~~  
 8 ~~fiscal impact, the board may not implement the standard until July 1 following the next regular legislative session~~  
 9 ~~and shall request that the same legislature fund implementation of the proposed standard. A substantial fiscal~~  
 10 ~~impact is an amount that cannot be readily absorbed in the budget of an existing school district program.~~

11 ~~———(4) Standards for the retention of school records must be as provided in 20-1-212."~~

12

13 **Section 42.** Section 20-7-102, MCA, is amended to read:

14 **"20-7-102. Accreditation of schools.** (1) The conditions under which each elementary school, ~~each~~  
 15 ~~middle school, each junior high school, 7th and 8th grades funded at high school rates~~ grade program, and each  
 16 high school operates must be reviewed by the superintendent of public instruction to determine compliance with  
 17 the standards of accreditation. The accreditation status of each school must then be established by the board  
 18 of public education upon the recommendation of the superintendent of public instruction. Notification of the  
 19 accreditation status for the applicable school year or years must be given to each district by the superintendent  
 20 of public instruction.

21 (2) A school may be accredited for a period consisting of 1, 2, 3, 4, or 5 school years, except that  
 22 multiyear accreditation may be granted only to schools that are in compliance with 20-4-101.

23 (3) A nonpublic school may, through its governing body, request that the board of public education  
 24 accredit the school. Nonpublic schools may be accredited in the same manner as provided in subsection (1).

25 ~~(4) As used in this section, "7th and 8th grades funded at high school rates" means an elementary school~~  
 26 ~~district or K-12 district elementary program whose 7th and 8th grades are funded as provided in~~  
 27 ~~20-9-306(14)(c)(ii)."~~

28

29 **Section 43.** Section 20-7-111, MCA, is amended to read:

30 **"20-7-111. Instruction in public schools.** The ~~board of public education~~ legislature shall define and

1 specify the basic instructional program for pupils in public schools, and ~~such that~~ program ~~shall~~ must be set forth  
 2 in the standards of accreditation. Other instruction may be given when approved by ~~the~~ a school district board  
 3 of trustees."  
 4

5 **Section 44.** Section 20-7-117, MCA, is amended to read:

6 **"20-7-117. Kindergarten and preschool programs.** (1) The trustees of an elementary district shall  
 7 establish or make available a kindergarten program capable of accommodating, at a minimum, all the children  
 8 in the district who will be 5 years old on or before September 10 of the school year for which the program is to  
 9 be conducted or who have been enrolled by special permission of the board of trustees. The kindergarten  
 10 program, which the trustees may designate as either a half-time or full-time program, must be an integral part of  
 11 the elementary school and must be financed and governed accordingly, provided that to be eligible for inclusion  
 12 in the calculation of ANB pursuant to 20-9-311, a child must have reached 5 years of age on or before September  
 13 10 of the school year covered by the calculation or have been enrolled by special permission of the board of  
 14 trustees. A kindergarten program must meet the minimum aggregate hour requirements established in 20-1-301.  
 15 A kindergarten program that is designated as a full-time program must allow a parent, guardian, or other person  
 16 who is responsible for the enrollment of a child in school, as provided in 20-5-102, to enroll the child half-time.

17 (2) The trustees of an elementary school district may establish and operate a free preschool program  
 18 for children between the ages of 3 and 5 years. When preschool programs are established, they must be an  
 19 integral part of the elementary school and must be governed accordingly. Financing of preschool programs may  
 20 not be supported by money available from state ~~equalization aid~~ BASE aid."  
 21

22 **Section 45.** Section 20-7-401, MCA, is amended to read:

23 **"20-7-401. Definitions.** In this title, unless the context clearly indicates otherwise, the following  
 24 definitions apply:

25 (1) "Child with a disability" means a child evaluated in accordance with the regulations of the Individuals  
 26 With Disabilities Education Act as having a disability and who because of the disability needs special education  
 27 and related services.

28 (2) "Free appropriate public education" means special education and related services that:

29 (a) are provided at public expense under public supervision and direction and without charge;

30 (b) meet the accreditation standards of the ~~board of public education~~ legislature, the special education

1 requirements of the superintendent of public instruction, and the requirements of the Individuals With Disabilities  
2 Education Act;

3 (c) include preschool, elementary school, and high school education in Montana; and

4 (d) are provided in conformity with an individualized education program that meets the requirements of  
5 the Individuals With Disabilities Education Act.

6 (3) "Related services" means services in accordance with regulations of the Individuals With Disabilities  
7 Education Act that are required to assist a child with a disability to benefit from special education.

8 (4) "Special education" means specially designed instruction, given at no cost to the parents or  
9 guardians, to meet the unique needs of a child with a disability, including but not limited to instruction conducted  
10 in a classroom, home, hospital, institution, or other setting and instruction in physical education.

11 (5) "Surrogate parent" means an individual appointed to safeguard a child's rights and protect the child's  
12 interests in educational evaluation, placement, and hearing or appeal procedures concerning the child."

13

14 **Section 46.** Section 20-7-420, MCA, is amended to read:

15 **"20-7-420. Residency requirements -- financial responsibility for special education.** (1) Except for  
16 a pupil attending the Montana youth challenge program or a job corps program pursuant to 20-9-707, a child's  
17 district of residence for special education purposes must be determined in accordance with the provisions of  
18 1-1-215, unless otherwise determined by the court. This applies to a child living at home, in an institution, or under  
19 foster care. If the parent has left the state, the parent's last-known district of residence is the child's district of  
20 residence.

21 (2) The superintendent of public instruction is financially responsible for tuition and transportation as  
22 established under 20-5-323 and 20-5-324 for a child with a disability, as defined in 20-7-401, who attends school  
23 outside the district and county of residence because the student has been placed in a foster care or group home  
24 licensed by the state. The superintendent of public instruction is not financially responsible for tuition and  
25 transportation for a child who is placed by a state agency in an out-of-state public school or an out-of-state private  
26 residential facility.

27 (3) If an eligible child, as defined in 20-7-436, is receiving inpatient treatment in an in-state residential  
28 treatment facility or children's psychiatric hospital, as defined in 20-7-436, and the educational services are  
29 provided by a public school district under the provisions of 20-7-411 or 20-7-435, the superintendent of public  
30 instruction shall reimburse the district providing the services for the negotiated amount, as established pursuant



1 to 20-7-435(5), that represents the district's costs of providing education and related services. Payments must  
 2 be made from funds appropriated for this purpose. If the negotiated amount exceeds the daily membership rate  
 3 under 20-7-435(3) and any ~~per ANB amount of direct state aid~~ per-student program costs, the superintendent  
 4 of public instruction shall pay the remaining balance from available funds. However, the amount spent from  
 5 available funds for this purpose may not exceed \$500,000 during a biennium.

6 (4) A state agency that makes a placement of a child with a disability is responsible for the financial costs  
 7 of room and board and the treatment of the child. The state agency that makes an out-of-state placement of a  
 8 child with a disability is responsible for the education fees required to provide a free appropriate public education  
 9 that complies with the requirements of Title 20, chapter 7, part 4."

10

11 **Section 47.** Section 20-7-701, MCA, is amended to read:

12 **"20-7-701. Definition of adult basic education and adult education.** As used in this title, unless the  
 13 context clearly indicates otherwise, the following definitions apply:

14 (1) "Adult basic education" means instruction in basic skills, such as reading, writing, arithmetic, and  
 15 other skills required to function in society, offered to persons 16 years of age or older who are not regularly  
 16 enrolled, full-time K-12 pupils ~~for the purposes of ANB computation~~. Adult basic education may include any  
 17 subject normally offered in the basic curricula of an accredited elementary or secondary school in the state.

18 (2) "Adult education" means the instruction of persons 16 years of age or older who are not regularly  
 19 enrolled, full-time K-12 pupils ~~for the purposes of ANB computation~~."

20

21 **Section 48.** Section 20-7-714, MCA, is amended to read:

22 **"20-7-714. County adult literacy programs -- authorization to levy tax and establish fund.** (1) (a)

23 Subject to 15-10-420, the governing body of a county may, in its discretion, establish a fund and levy a tax on the  
 24 taxable value of all taxable property in the county for the support of county literacy programs that give first priority  
 25 to providing direct instruction to adults. The tax levy is in addition to all other tax levies and is subject to limitations  
 26 on property taxes set forth in 15-10-402.

27 (b) The fund may be used only for the support of adult literacy programs within the county.

28 (2) (a) If a county levies a property tax for adult literacy programs, the county governing body shall  
 29 appoint a county adult literacy board to administer the expenditure of funds from the county adult literacy fund  
 30 established in subsection (1).

1 (b) The county adult literacy board shall coordinate all adult literacy programs receiving county adult  
 2 literacy funds. The board may adopt policies concerning program standards and financial accountability for  
 3 organizations receiving adult literacy funds. The board may require that adult literacy programs match adult  
 4 literacy funds with federal, state, or private money. The board may, with the concurrence of the appropriate county  
 5 officials, arrange for county in-kind services to support adult literacy programs.

6 (c) County adult literacy funding may be expended only on literacy programs for persons who are 16  
 7 years of age or older and who are not regularly enrolled, full-time K-12 pupils ~~for the purposes of ANB~~  
 8 ~~computation.~~"

9

10 **Section 49.** Section 20-9-104, MCA, is amended to read:

11 **"20-9-104. General fund operating reserve.** (1) At the end of each school fiscal year, the trustees of  
 12 each district shall designate the portion of the general fund end-of-the-year fund balance that is to be earmarked  
 13 as operating reserve for the purpose of paying general fund warrants issued by the district from July 1 to  
 14 November 30 of the ensuing school fiscal year. Except as provided in subsections (5) and (6), the amount of the  
 15 general fund balance that is earmarked as operating reserve may not exceed 10% of the final general fund  
 16 budget for the ensuing school fiscal year.

17 (2) The amount held as operating reserve may not be used for property tax reduction in the manner  
 18 permitted by 20-9-141(1)(b) for other receipts.

19 (3) Excess reserves as provided in subsection (5) may be appropriated to reduce the ~~BASE budget levy;~~  
 20 ~~the over-BASE budget levy;~~ or the additional levy provided by 20-9-353.

21 (4) Any portion of the general fund end-of-the-year fund balance that is not reserved under subsection  
 22 (2) or reappropriated under subsection (3) is fund balance reappropriated and must be used for property tax  
 23 reduction as provided in 20-9-141(1)(b).

24 (5) The limitation of subsection (1) does not apply when the amount in excess of the limitation is equal  
 25 to or less than the unused balance of any amount:

26 (a) received in settlement of tax payments protested in a prior school fiscal year;

27 (b) received in taxes from a prior school fiscal year as a result of a tax audit by the department of  
 28 revenue or its agents; or

29 (c) received in delinquent taxes from a prior school fiscal year.

30 (6) The limitation of subsection (1) does not apply when the amount earmarked as operating reserve is

1 \$10,000 or less."

2

3 **Section 50.** Section 20-9-141, MCA, is amended to read:

4 **"20-9-141. Computation of general fund over-BASE net levy requirement by county**  
 5 **superintendent.** (1) The county superintendent shall compute the levy requirement for each district's general  
 6 fund over-BASE budget on the basis of the following procedure:

7 (a) Determine the funding required for the district's final general fund budget less the ~~sum of direct state~~  
 8 ~~aid core curriculum teacher payment, and the special education allowable cost payment for the district by totaling:~~

9 (i) ~~the district's nonisolated school BASE budget requirement to be met by a district levy as provided in~~  
 10 ~~20-9-303; and~~

11 ~~———— (ii) any general fund budget amount adopted by the trustees of the district under the provisions of~~  
 12 ~~20-9-308 and 20-9-353.~~

13 (b) Determine the money available for the reduction of the property tax on the district for the ~~general fund~~  
 14 over-BASE by totaling:

15 (i) the general fund balance reappropriated, as established under the provisions of 20-9-104;

16 (ii) amounts received in the last fiscal year for which revenue reporting was required for each of the  
 17 following:

18 (A) interest earned by the investment of general fund cash in accordance with the provisions of  
 19 20-9-213(4); and

20 (B) any other revenue received during the school fiscal year that may be used to finance the general  
 21 fund; ~~excluding any guaranteed tax base aid;~~

22 ~~———— (iii) anticipated oil and natural gas production taxes;~~

23 ~~(iv)(iii)~~ pursuant to subsection (4), anticipated revenue from coal gross proceeds under 15-23-703; ~~and~~

24 ~~(v)(iv)~~ school district block grants distributed under 20-9-630;:

25 (v) the special education allowable cost payment for the district;

26 ~~———— (c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the property~~  
 27 ~~tax required to finance the general fund that has been determined in subsection (1)(b) from any general fund~~  
 28 ~~budget amount adopted by the trustees of the district, up to the BASE budget amount, to determine the general~~  
 29 ~~fund BASE budget levy requirement.~~

30 ~~(d)(vi)~~ Determine the sum of any amount remaining after the determination in subsection (1)(c) and any

1 tuition payments for out-of-district pupils to be received under the provisions of 20-5-320 through 20-5-324, except  
 2 the amount of tuition received for a pupil who is a child with a disability in excess of the amount received for a  
 3 pupil without disabilities, as calculated under 20-5-323(2); and

4 (vii) and other funds available to the district for the reduction of the over-BASE budget levy.

5 ~~(e)(c) Subtract the amount determined in subsection (1)(d) (1)(b) from any additional funding requirement~~  
 6 ~~to be met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional~~ and the  
 7 ~~remainder of the over-BASE funds provided in 20-9-306(8) from the amount in (1)(a) to determine the remainder~~  
 8 to fund the maximum or general fund budget.

9 (2) Additional financing necessary to fund a school district's maximum general fund budget may be met  
 10 through a tax levy as provided in 20-9-353 to determine any additional general fund levy requirements.

11 ~~———(2) The county superintendent shall calculate the number of mills to be levied on the taxable property~~  
 12 ~~in the district to finance the general fund levy requirement for any amount that does not exceed the BASE budget~~  
 13 ~~amount for the district by dividing the amount determined in subsection (1)(c) by the sum of:~~

14 ~~———(a) the amount of guaranteed tax base aid that the district will receive for each mill levied, as certified~~  
 15 ~~by the superintendent of public instruction; and~~

16 ~~———(b) the current total taxable valuation of the district, as certified by the department of revenue under~~  
 17 ~~15-10-202, divided by 1,000.~~

18 (3) The net general fund over-BASE levy requirement determined in ~~subsections (1)(c) and (1)(d)~~  
 19 subsection (2) must be reported to the county commissioners on the fourth Monday of August by the county  
 20 superintendent as the general fund over-BASE net levy requirement for the district, and a levy must be set by the  
 21 county commissioners in accordance with 20-9-142.

22 (4) For each school district, the department of revenue shall calculate and report to the county  
 23 superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross  
 24 proceeds under 15-23-703."

25

26 **Section 51.** Section 20-9-166, MCA, is amended to read:

27 **"20-9-166. State financial aid for budget amendments.** Whenever a final budget amendment has  
 28 been adopted for the general fund to finance the cost of an amendment resulting from increased enrollment, the  
 29 trustees may apply to the superintendent of public instruction for an ~~increased payment~~ increase from the state  
 30 for ~~direct state aid~~ the core curriculum teacher payment. Whenever a final budget amendment has been adopted

1 for the transportation fund, the trustees may apply to the superintendent of public instruction for an increased  
 2 payment for state transportation reimbursement. The superintendent of public instruction shall adopt rules for the  
 3 application. The superintendent of public instruction shall approve or disapprove each application for increased  
 4 ~~state BASE aid made in accordance with 20-9-314 and this section~~ based on the need for additional core  
 5 curriculum teachers as a result of the increased enrollment. When the superintendent of public instruction  
 6 approves an application, the superintendent of public instruction shall determine the additional amount of ~~direct~~  
 7 ~~state aid~~ the core curriculum teacher payment or the state transportation reimbursement that will be made  
 8 available to the applicant district because of the increase in enrollment or additional pupil transportation  
 9 obligations. The superintendent of public instruction shall notify the applicant district of the superintendent's  
 10 approval or disapproval and, in the event of approval, the amount of additional ~~state~~ BASE aid that will be made  
 11 available for the general fund or the transportation fund. The superintendent of public instruction shall disburse  
 12 the ~~state~~ BASE aid to the eligible district at the time the next regular ~~state~~ BASE aid payment is made."

13

14 **Section 52.** Section 20-9-212, MCA, is amended to read:

15 **"20-9-212. Duties of county treasurer.** The county treasurer of each county:

16 (1) must receive and shall hold all school money subject to apportionment and keep a separate  
 17 accounting of its apportionment to the several districts that are entitled to a portion of the money according to the  
 18 apportionments ordered by the county superintendent or by the superintendent of public instruction. A separate  
 19 accounting must be maintained for each county fund supported by a countywide levy for a specific, authorized  
 20 purpose, including:

21 ~~(a) the basic county tax for elementary equalization;~~

22 ~~(b) the basic county tax for high school equalization;~~

23 ~~(c)~~(a) the county tax in support of the transportation schedules;

24 (b) any county tax in support of the over-BASE;

25 ~~(d)~~(c) the county tax in support of the elementary and high school district retirement obligations; and

26 ~~(e)~~(d) any other county tax for schools, including the community colleges, that may be authorized by law

27 and levied by the county commissioners.

28 (2) whenever requested, shall notify the county superintendent and the superintendent of public  
 29 instruction of the amount of county school money on deposit in each of the funds enumerated in subsection (1)  
 30 and the amount of any other school money subject to apportionment and apportion the county and other school

1 money to the districts in accordance with the apportionment ordered by the county superintendent or the  
2 superintendent of public instruction;

3 (3) shall keep a separate accounting of the receipts, expenditures, and cash balances for each fund;

4 (4) except as otherwise limited by law, shall pay all warrants properly drawn on the county or district  
5 school money;

6 (5) must receive all revenue collected by and for each district and shall deposit these receipts in the fund  
7 designated by law or by the district if a fund is not designated by law. Interest and penalties on delinquent school  
8 taxes must be credited to the same fund and district for which the original taxes were levied.

9 (6) shall send all revenue received for a joint district, part of which is situated in the county, to the county  
10 treasurer designated as the custodian of the revenue, no later than December 15 of each year and every 3  
11 months after that date until the end of the school fiscal year;

12 (7) at the direction of the trustees of a district, shall assist the district in the issuance and sale of tax and  
13 revenue anticipation notes as provided in Title 7, chapter 6, part 11;

14 (8) shall register district warrants drawn on a budgeted fund in accordance with 7-6-2604 when there  
15 is insufficient money available in all funds of the district to make payment of the warrant. Redemption of registered  
16 warrants must be made in accordance with 7-6-2116, 7-6-2605, and 7-6-2606.

17 (9) when directed by the trustees of a district, shall invest the money of the district within 3 working days  
18 of the direction;

19 (10) each month, shall give to the trustees of each district an itemized report for each fund maintained  
20 by the district, showing the paid warrants, registered warrants, interest distribution, amounts and types of revenue  
21 received, and the cash balance;

22 (11) shall remit promptly to the department of revenue receipts for the county tax for a  
23 vocational-technical program within a unit of the university system when levied by the board of county  
24 commissioners under the provisions of 20-25-439;

25 (12) shall invest the money received from the basic county taxes ~~for elementary and high school~~  
26 ~~equalization, the county levy in support of the elementary and high school district retirement obligations,~~ and the  
27 county levy in support of the transportation schedules within 3 working days of receipt. The money must be  
28 invested until the working day before it is required to be distributed to school districts within the county or remitted  
29 to the state. Clerks of a school district shall provide a minimum of 30 hours' notice in advance of cash demands  
30 to meet payrolls, claims, and electronic transfers that are in excess of \$50,000, pursuant to 20-3-325. If a clerk

1 of a district fails to provide the required 30-hour notice, the county treasurer shall assess a fee equal to any  
 2 charges demanded by the state investment pool or other permissible investment manager for improperly noticed  
 3 withdrawal of funds. Permissible investments are specified in 20-9-213(4). All investment income must be  
 4 deposited, and credited proportionately, in the funds established to account for the taxes received for the  
 5 purposes specified in subsections (1)(a) through ~~(1)(d)~~ (1)(c).

6 ~~(13) shall remit on a monthly basis to the department of revenue, as provided in 15-1-504, all county~~  
 7 ~~equalization revenue received under the provisions of 20-9-331 and 20-9-333, including all interest earned, in~~  
 8 ~~repayment of the state advance for county equalization prescribed in 20-9-347. Any funds in excess of a state~~  
 9 ~~advance must be used as required in 20-9-331(1)(b) and 20-9-333(1)(b)."~~

10

11 **Section 53.** Section 20-9-302, MCA, is amended to read:

12 **"20-9-302. School isolation.** (1) Except as provided in 20-6-502(4)(b), the trustees of any district  
 13 operating an elementary school of less than 10 ~~ANB~~ enrolled students or a high school of less than 25 ~~ANB~~  
 14 enrolled students for 2 consecutive years shall apply to have the school classified as an isolated school. The  
 15 application must be submitted by the trustees to the county superintendent by May 1 of the second consecutive  
 16 year that enrollment falls below the amount specified in this subsection. The application must include:

17 (a) the name of each pupil who will attend the school during the ensuing school fiscal year with the  
 18 distance the pupil resides from the nearest county road or highway;

19 (b) a description of conditions affecting transportation such as poor roads, mountains, rivers, or other  
 20 obstacles to travel, the distance the school is from the nearest open school having room and facilities for the  
 21 pupils of the school, or any other condition that would result in an unusual hardship to the pupils of the school  
 22 if they were transported to another school; and

23 (c) any other information prescribed by the superintendent of public instruction.

24 (2) The county superintendent shall submit the applications to the board of county commissioners for  
 25 their consideration on or before May 15. The board shall approve or disapprove the application on the basis of  
 26 the criteria established by the superintendent of public instruction. The board may approve an application  
 27 because of the existence of other conditions which would result in an unusual hardship to the pupils of the school  
 28 if they were transported to another school.

29 (3) When an application is approved, the county superintendent shall submit the application to the  
 30 superintendent of public instruction before June 1. The superintendent of public instruction shall approve or

1 disapprove the application for isolated classification by the fourth Monday of June on the basis of the information  
 2 supplied by the application or objective information the superintendent of public instruction may collect on the  
 3 superintendent's own initiative. An elementary or high school may not be considered an isolated school until the  
 4 approval of the superintendent of public instruction has been received."

5

6 **Section 54.** Section 20-9-303, MCA, is amended to read:

7 **"20-9-303. Nonisolated school BASE budget funding -- special education funds.** (1) An elementary  
 8 school that has ~~an ANB of~~ nine or fewer pupils for 2 consecutive years and that is not approved as an isolated  
 9 school under the provisions of 20-9-302 may budget and spend the BASE budget amount, but the county and  
 10 state shall provide one-half of the ~~direct state~~ BASE aid, and the district shall finance the remaining one-half of  
 11 the ~~direct state~~ BASE aid by a tax levied on the property of the district. When a school of nine or fewer pupils is  
 12 approved as isolated under the provisions of 20-9-302, the county and state shall participate in the financing of  
 13 the total amount of the ~~direct state~~ BASE aid.

14 (2) Funds provided to support the special education program may be expended only for special  
 15 education purposes as approved by the superintendent of public instruction in accordance with the special  
 16 education budgeting provisions of this title. Expenditures for special education must be accounted for separately  
 17 from and in addition to the balance of the school district general fund budgeting requirements provided in  
 18 20-9-308. The amount of the special education allowable cost payments that is not matched with district funds,  
 19 as required in 20-9-321, will reduce by a like amount the district's ensuing year's allowable cost payment for  
 20 special education."

21

22 NEW SECTION. **Section 55. Core curriculum teacher payment.** (1) (a) The state shall provide a core  
 23 curriculum teacher payment to public school districts, as defined in 20-6-101 and 20-6-701, for the purpose of  
 24 funding BASE aid.

25 (b) Revenue from the oil and natural gas production tax as provided in 15-36-331 and from the mill levy  
 26 in 20-9-360 must be deposited in the guarantee account provided for in 20-9-622 to fund a core curriculum  
 27 teacher payment established in this section.

28 (2) Each school district is entitled to \$90,000 for each teacher in the district instructing core curriculum  
 29 classes under the basic system of accreditation. Guidance counselors, administrative staff, and librarians are not  
 30 included in the core curriculum teacher calculation.



1 (3) In calculating the number of core curriculum teachers that a school district has, the school district may  
 2 not include any teacher who is teaching a course other than those required to meet the basic core curriculum  
 3 standards.

4 (4) If a school district determines to teach a course of instruction not required under the core curriculum  
 5 accreditation standards, the funding for the course must be met by available over-BASE funds as described in  
 6 20-9-306(8), pursuant to local levy approved by the registered electors of the district, or through other available  
 7 district funds.

8 (5) The calculation of the number of core curriculum teachers is based on a full-time teacher's minimum  
 9 aggregate hours. The sum of all one-quarter-time, half-time, three-quarter-time, and full-time teachers are  
 10 included in the calculation of the core curriculum teacher payment as follows:

- 11 (a) 180 to 359 aggregate hours of pupil instruction per school year is counted as one-quarter-time;  
 12 (b) 360 to 539 aggregate hours of pupil instruction per school year is counted as half-time;  
 13 (c) 540 to 719 aggregate hours of pupil instruction per school year is counted as three-quarter-time; and  
 14 (d) 720 or more aggregate hours of pupil instruction per school year is counted as full-time.

15 (6) If a teacher is teaching a mixture of core curriculum courses and noncore curriculum courses, the  
 16 teacher's minimum aggregate hours will be calculated based on the core curriculum courses only, consistent with  
 17 subsection (5).

18 (7) For fiscal year 2012, the core curriculum teacher calculation is the number of teachers instructing  
 19 core curriculum courses as of March 30, 2011.

20

21 **Section 56.** Section 20-9-305, MCA, is amended to read:

22 **"20-9-305. Proration and calculation of BASE funding program for joint district.** (1) In joint districts,  
 23 the ~~direct state aid~~ BASE aid of a joint district must be prorated among the counties in which any part of the joint  
 24 district is located for the purpose of determining the amount of each source of revenue for the ~~direct state~~ BASE  
 25 aid for which each county is obligated. The proration of the joint district ~~direct state~~ BASE aid must be calculated  
 26 as follows:

27 (a) Divide the total of the core curriculum teachers for the joint district ~~direct state aid~~ by the ANB of the  
 28 joint district to determine the per-ANB amount of the direct state aid ~~by the number of full-time core curriculum~~  
 29 teachers as described in [section 55] in each county.

30 (b) ~~Determine the ANB for each county's portion of the joint district on the basis of each pupil's resident~~

1 county: When taken together, the sum of the ANB full-time teachers assigned to all the counties must equal the  
 2 total ANB full-time teachers for the joint district.

3 (c) Multiply the ~~per-ANB amount of the direct state aid determined in subsection~~ number of full-time core  
 4 curriculum teachers in subsection (1)(a) by the ANB amount in [section 55(2)] for each county's portion, as  
 5 determined in subsection (1)(b), to determine the portion of the ~~direct state aid~~ core curriculum teacher payment  
 6 for each county.

7 (2) The portion of a joint district ~~direct state aid~~ core curriculum teacher payment for each county, as  
 8 determined in subsection (1)(c), is a separate ~~direct state aid~~ amount in the county for the purposes of calculating  
 9 the various revenues for the BASE funding program. ~~After the calculation of the direct state aid revenues, the~~  
 10 ~~remainder of the general fund revenues must be calculated in accordance with the provisions for general fund~~  
 11 ~~financing."~~

12

13 **Section 57.** Section 20-9-306, MCA, is amended to read:

14 **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following  
 15 definitions apply:

16 (1) "BASE" means base amount for school equity.

17 (2) "BASE aid" means the core curriculum teacher payment, which includes:

18 ~~(a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the~~  
 19 ~~general fund budget of a district;~~

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

23 ~~(c)~~(a) the total quality educator payment; and

24 ~~(d)~~ the total at-risk student payment;

25 ~~(e)~~(b) the total Indian education for all payment; ~~and~~

26 ~~(f)~~ the total American Indian achievement gap payment.

27 (3) "BASE budget" means the minimum general fund budget of a district, ~~which includes 80% of the basic~~  
 28 ~~entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, and is 100% of~~  
 29 ~~the core curriculum teacher payment 100% of the total at-risk student payment, 100% of the total Indian education~~  
 30 ~~for all payment, 100% of the total American Indian achievement gap payment, and 140% of the special education~~

1 allowable cost payment.

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

5 (5)(4) "BASE funding program" means the state program for the equitable distribution of the state's share  
6 of the cost of Montana's basic system of public elementary schools and high schools, through county equalization  
7 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  
8 BASE budgets of districts and special education allowable cost payments as provided in 20-9-324.

9 (5) "Basic system of accreditation" means the minimum core curriculum course requirements under the  
10 school accreditation standards.

11 (6) "Basic entitlement" means:

12 — (a) for each high school district:

13 — (i) \$246,085 for fiscal year 2010; and

14 — (ii) \$253,468 for each succeeding fiscal year;

15 — (b) for each elementary school district or K-12 district elementary program without an approved and  
16 accredited junior high school, 7th and 8th grade program, or middle school:

17 — (i) \$22,141 for fiscal year 2010;

18 — (ii) \$22,805 for each succeeding fiscal year; and

19 — (c) for each elementary school district or K-12 district elementary program with an approved and  
20 accredited junior high school, 7th and 8th grade program, or middle school:

21 — (i) for kindergarten through grade 6 elementary program:

22 — (A) \$22,141 for fiscal year 2010; and

23 — (B) \$22,805 for each succeeding fiscal year; plus

24 — (ii) for an approved and accredited junior high school program, 7th and 8th grade program, or middle  
25 school:

26 — (A) \$62,704 for fiscal year 2010; and

27 — (B) \$64,585 for each succeeding fiscal year.

28 (7)(6) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to  
29 20-9-311.

30 — (8) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement

1 ~~for the general fund budget of a district and funded with state and county equalization aid.~~

2 ~~(9)(7) "Maximum general fund budget" means a district's general fund budget amount calculated from~~  
 3 ~~the basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator~~  
 4 ~~payment, the total at-risk student payment, the total Indian education for all payment, the total American Indian~~  
 5 ~~achievement gap payment, core curriculum teacher payment, the over-BASE budget, any over-BASE budget levy,~~  
 6 ~~and the greater of:~~

7 ~~(a) 175% of special education allowable cost payments; or~~

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

11 ~~(8) "Over-BASE budget" means the amount of funding provided by a school district in addition to the~~  
 12 ~~BASE budget not to exceed the maximum general fund budget and includes:~~

13 ~~(a) 100% of the total at-risk student payment;~~

14 ~~(b) 100% of the total American Indian achievement gap payment;~~

15 ~~(c) the special education allowable cost payments under 20-9-321;~~

16 ~~(d) nonlevy revenue available pursuant to 20-9-141(1)(b);~~

17 ~~(e) any additional revenue from federal sources;~~

18 ~~(f) negotiated payments authorized under 20-7-420(3) up to \$500,000 a biennium;~~

19 ~~(g) any other funds available to the school district under Title 20; and~~

20 ~~(h) any over-BASE budget levy imposed.~~

21 ~~(10)(9) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted~~  
 22 ~~that is above the BASE budget and the over-BASE payments provided in subsection (8) and that is below the~~  
 23 ~~maximum general fund budget for a district.~~

24 ~~(11)(10) "Total American Indian achievement gap payment" means the payment resulting from multiplying~~  
 25 ~~\$200 times the number of American Indian students enrolled in the district as provided in 20-9-330.~~

26 ~~(12)(11) "Total at-risk student payment" means the payment resulting from the distribution of any funds~~  
 27 ~~appropriated for the purposes of 20-9-328.~~

28 ~~(13) "Total Indian education for all payment" means the payment resulting from multiplying \$20.40 times~~  
 29 ~~the ANB of the district or \$100 for each district, whichever is greater, as provided for in 20-9-329.~~

30 ~~(14)(12) "Total per-ANB entitlement" means the district entitlement resulting from the following~~

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

2 ~~——— (a) for a high school district or a K-12 district high school program, a maximum rate of \$6,097 for fiscal~~  
3 ~~year 2010 and \$6,280 for each succeeding fiscal year for the first ANB, decreased at the rate of 50 cents per ANB~~  
4 ~~for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same~~  
5 ~~amount of entitlement as the 800th ANB;~~

6 ~~——— (b) for an elementary school district or a K-12 district elementary program without an approved and~~  
7 ~~accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of \$4,763 for fiscal~~  
8 ~~year 2010 and \$4,906 for each succeeding fiscal year for the first ANB, decreased at the rate of 20 cents per ANB~~  
9 ~~for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the~~  
10 ~~same amount of entitlement as the 1,000th ANB; and~~

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

13 ~~——— (i) a maximum rate of \$4,763 for fiscal year 2010 and \$4,906 for each succeeding fiscal year for the first~~  
14 ~~ANB for kindergarten through grade 6, decreased at the rate of 20 cents per ANB for each additional ANB up~~  
15 ~~through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th~~  
16 ~~ANB; and~~

17 ~~——— (ii) a maximum rate of \$6,097 for fiscal year 2010 and \$6,280 for each succeeding fiscal year for the first~~  
18 ~~ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8~~  
19 ~~up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th~~  
20 ~~ANB;~~

21 (15) "Total quality educator payment" means the payment resulting from multiplying \$3,036 for fiscal year  
22 2008 and \$3,042 for each succeeding fiscal year times the number of full-time equivalent educators as provided  
23 in 20-9-327."

24

25 **Section 58.** Section 20-9-308, MCA, is amended to read:

26 **"20-9-308. BASE budgets and maximum general fund budgets.** (1) (a) The trustees of a district shall  
27 adopt a general fund budget that is at least equal to the BASE budget established for the district. The trustees  
28 of a district may adopt a general fund budget up to the maximum general fund budget or the previous year's  
29 general fund budget, whichever is greater.

30 (b) For purposes of the budget limitation in subsection (1)(a), the trustees may add any increase in state

1 funding for the general fund payments in ~~20-9-327 through~~ 20-9-328 and 20-9-330 to the district's previous year's  
2 general fund budget.

3 (2) Whenever the trustees of a district propose to adopt a general fund budget that exceeds the BASE  
4 budget for the district and to increase the over-BASE budget levy to support the general fund budget, the trustees  
5 shall submit a proposition to the electors of the district, as provided in 20-9-353.

6 (3) The BASE budget for the district must be financed by the ~~following sources of revenue:~~

7 ~~—— (a) state equalization aid, as provided in 20-9-343, including any guaranteed tax base aid for which the~~  
8 ~~district may be eligible, as provided in 20-9-366 through 20-9-369;~~

9 ~~(b) county equalization aid, as provided in 20-9-331 and 20-9-333;~~

10 ~~—— (c) a district levy for support of a school not approved as an isolated school under the provisions of~~  
11 ~~20-9-302;~~

12 ~~(d) payments in support of special education programs under the provisions of 20-9-321;~~

13 ~~—— (e) nonlevy revenue, as provided in 20-9-141; and~~

14 ~~(f) a BASE budget levy on the taxable value of all property within the district. core curriculum teacher~~  
15 ~~payment.~~

16 (4) The over-BASE budget amount of a district must be financed by a levy on the taxable value of all  
17 property within the district or other revenue available to the district, as provided in 20-9-141."

18

19 **Section 59.** Section 20-9-309, MCA, is amended to read:

20 **"20-9-309. Basic system of free quality public elementary and secondary schools defined --**  
21 **identifying educationally relevant factors -- establishment of funding formula and budgetary structure --**  
22 **legislative review.** (1) Pursuant to Article X, section 1, of the Montana constitution, the legislature is required to  
23 provide a basic system of free quality public elementary and secondary schools throughout the state of Montana  
24 that will guarantee equality of educational opportunity to all.

25 (2) As used in this section, a "basic system of free quality public elementary and secondary schools"  
26 means:

27 (a) the educational program specified by the core curriculum in the accreditation standards provided for  
28 in 20-7-111, which represent the minimum standards upon which a basic system of free quality public elementary  
29 and secondary schools is built;

30 (b) educational programs to provide for students with special needs, such as:

- 1 (i) a child with a disability, as defined in 20-7-401;  
 2 (ii) an at-risk student;  
 3 (iii) a student with limited English proficiency;  
 4 (iv) a child who is qualified for services under 29 U.S.C. 794; and  
 5 (v) gifted and talented children, as defined in 20-7-901;  
 6 (c) educational programs to implement the provisions of Article X, section 1(2), of the Montana  
 7 constitution and Title 20, chapter 1, part 5, through development of curricula designed to integrate the distinct and  
 8 unique cultural heritage of American Indians into the curricula, with particular emphasis on Montana Indians;  
 9 (d) qualified and effective teachers or administrators and qualified staff to implement the programs in  
 10 subsections (2)(a) through (2)(c);  
 11 (e) facilities and distance learning technologies associated with meeting the accreditation standards;  
 12 (f) transportation of students pursuant to Title 20, chapter 10;  
 13 (g) a procedure to assess and track student achievement in the programs established pursuant to  
 14 subsections (2)(a) through (2)(c); and  
 15 (h) preservation of local control of schools in each district vested in a board of trustees pursuant to Article  
 16 X, section 8, of the Montana constitution.

17 (3) In developing a mechanism to fund the basic system of free quality public elementary and secondary  
 18 schools and in making adjustments to the funding formula, the legislature shall, at a minimum, consider the  
 19 following educationally relevant factors:

- 20 ~~(a) the number of students in a district;~~  
 21 ~~(b) the needs of isolated schools with low population density;~~  
 22 ~~(c) the needs of urban schools with high population density;~~  
 23 ~~(d)~~(a) the needs of students with special needs, such as a child with a disability, an at-risk student, a  
 24 student with limited English proficiency, a child who is qualified for services under 29 U.S.C. 794, and gifted and  
 25 talented children;  
 26 ~~(e)~~(b) the needs of American Indian students; and  
 27 ~~(f)~~(c) the ability of school districts to attract and retain qualified educators and other personnel.

28 (4) ~~By July 1, 2007, the~~ The legislature shall:  
 29 ~~(a) determine the costs of providing the basic system of free quality public elementary and secondary~~  
 30 ~~schools;~~

1 (b) establish a funding formula that:

2 (i) ~~is based on the definition of a basic system of free quality public elementary and secondary schools~~  
3 ~~and reflects the costs associated with providing that system as determined in subsection (4)(a);~~

4 ~~—— (ii) allows the legislature to adjust the funding formula based on the educationally relevant factors~~  
5 ~~identified in this section;~~

6 ~~—— (iii) is self-executing and includes a mechanism for annual inflationary adjustments;~~

7 ~~—— (iv) is based on state laws;~~

8 ~~(v)(a)~~ is based on federal education laws consistent with Montana's constitution and laws; and

9 ~~(v)(b)~~ distributes to school districts in an equitable manner the state's share of the costs of the basic  
10 system of free quality public elementary and secondary schools; and

11 (c) ~~consolidate~~ consolidates the budgetary fund structure to create the number and types of funds  
12 necessary to provide school districts with the greatest budgetary flexibility while ensuring accountability and  
13 efficiency.

14 ~~(5) At least every 10 years following April 7, 2005, the legislature shall:~~

15 ~~—— (a) authorize a study to reassess the educational needs and costs related to the basic system of free~~  
16 ~~quality public elementary and secondary schools; and~~

17 ~~—— (b) if necessary, incorporate the results of those assessments into the state's funding formula.~~

18 (5) A basic system of free quality public elementary and secondary schools does not include any course  
19 or instruction in addition to the core curriculum in the accreditation standards. Any course or instruction offered  
20 by a school or school district in addition to the core curriculum must be funded by local levy, through federal  
21 funding, or by other funds available to the district."

22

23 **Section 60.** Section 20-9-311, MCA, is amended to read:

24 **"20-9-311. Calculation of average number belonging (ANB) -- three-year averaging.** (1) Average  
25 number belonging (ANB) must be computed for each budget unit for the entitlement for special education and  
26 countywide school transportation block grants as follows:

27 (a) compute an average enrollment by adding a count of regularly enrolled full-time pupils who were  
28 enrolled as of the first Monday in October of the prior school fiscal year to a count of regularly enrolled pupils on  
29 February 1 of the prior school fiscal year, or the next school day if those dates do not fall on a school day, and  
30 divide the sum by two; and



1 (b) multiply the average enrollment calculated in subsection (1)(a) by the sum of 180 and the approved  
2 pupil-instruction-related days for the current school fiscal year and divide by 180.

3 (2) For the purpose of calculating ANB under subsection (1), up to 7 approved pupil-instruction-related  
4 days may be included in the calculation.

5 (3) When a school district has approval to operate less than the minimum aggregate hours under  
6 20-9-806, the total ANB must be calculated in accordance with the provisions of 20-9-805.

7 (4) (a) For the purpose of calculating ANB, enrollment in an education program:

8 (i) from 180 to 359 aggregate hours of pupil instruction per school year is counted as one-quarter-time  
9 enrollment;

10 (ii) from 360 to 539 aggregate hours of pupil instruction per school year is counted as half-time  
11 enrollment;

12 (iii) from 540 to 719 aggregate hours of pupil instruction per school year is counted as three-quarter-time  
13 enrollment; and

14 (iv) 720 or more aggregate hours of pupil instruction per school year is counted as full-time enrollment.

15 (b) Enrollment in a program intended to provide fewer than 180 aggregate hours of pupil instruction per  
16 school year may not be included for purposes of ANB.

17 (c) Enrollment in a self-paced program or course may be converted to an hourly equivalent based on  
18 the hours necessary and appropriate to provide the course within a regular classroom schedule.

19 (d) A pupil in kindergarten through grade 12 who is concurrently enrolled in more than one public school,  
20 program, or district may not be counted as more than one full-time pupil for ANB purposes.

21 (5) For a district that is transitioning from a half-time to a full-time kindergarten program, the state  
22 superintendent shall count kindergarten enrollment in the previous year as full-time enrollment for the purpose  
23 of calculating ANB for the elementary programs offering full-time kindergarten in the current year. For the  
24 purposes of calculating the 3-year ANB, the superintendent of public instruction shall count the kindergarten  
25 enrollment as one-half enrollment and then add the additional kindergarten ANB to the 3-year average ANB for  
26 districts offering full-time kindergarten.

27 (6) When a pupil has been absent, with or without excuse, for more than 10 consecutive school days,  
28 the pupil may not be included in the enrollment count used in the calculation of the ANB unless the pupil resumes  
29 attendance prior to the day of the enrollment count.

30 (7) The enrollment of preschool pupils, as provided in 20-7-117, may not be included in the ANB

1 calculations.

2 (8) The average number belonging of the regularly enrolled, full-time pupils for the public schools of a  
3 district must be based on the aggregate of all the regularly enrolled, full-time pupils attending the schools of the  
4 district, except that the ANB is calculated as a separate budget unit when:

5 (a) (i) a school of the district is located more than 20 miles beyond the incorporated limits of a city or town  
6 located in the district and at least 20 miles from any other school of the district, the number of regularly enrolled,  
7 full-time pupils of the school must be calculated as a separate budget unit for ANB purposes and the district must  
8 receive ~~a basic~~ the entitlement for the school calculated separately from the other schools of the district;

9 (ii) a school of the district is located more than 20 miles from any other school of the district and  
10 incorporated territory is not involved in the district, the number of regularly enrolled, full-time pupils of the school  
11 must be calculated separately for ANB purposes and the district must receive ~~a basic~~ the entitlement for the  
12 school calculated separately from the other schools of the district;

13 (iii) the superintendent of public instruction approves an application not to aggregate when conditions  
14 exist affecting transportation, such as poor roads, mountains, rivers, or other obstacles to travel, or when any  
15 other condition exists that would result in an unusual hardship to the pupils of the school if they were transported  
16 to another school, the number of regularly enrolled, full-time pupils of the school must be calculated separately  
17 for ANB purposes and the district must receive ~~a basic~~ the entitlement for the school calculated separately from  
18 the other schools of the district; or

19 (iv) two or more districts consolidate or annex under the provisions of 20-6-422 or 20-6-423, the ANB and  
20 the ~~basic~~ entitlements of the component districts must be calculated separately for a period of 3 years following  
21 the consolidation or annexation. Each district shall retain a percentage of its ~~basic~~ entitlement for 3 additional  
22 years as follows:

23 (A) 75% of the ~~basic~~ entitlement for the fourth year;

24 (B) 50% of the ~~basic~~ entitlement for the fifth year; and

25 (C) 25% of the ~~basic~~ entitlement for the sixth year.

26 (b) a junior high school has been approved and accredited as a junior high school, all of the regularly  
27 enrolled, full-time pupils of the junior high school must be considered as high school district pupils for ANB  
28 purposes;

29 (c) a middle school has been approved and accredited, all pupils below the 7th grade must be  
30 considered elementary school pupils for ANB purposes and the 7th and 8th grade pupils must be considered high

1 school pupils for ANB purposes; or

2 (d) a school has not been accredited by the board of public education, the regularly enrolled, full-time  
3 pupils attending the nonaccredited school are not eligible for average number belonging calculation purposes,  
4 nor will an average number belonging for the nonaccredited school be used in determining the BASE funding  
5 program for the district.

6 (9) The district shall provide the superintendent of public instruction with semiannual reports of school  
7 attendance, absence, and enrollment for regularly enrolled students, using a format determined by the  
8 superintendent.

9 (10) (a) Except as provided in subsections (10)(b) and (10)(c), enrollment in a basic education program  
10 provided by the district through any combination of onsite or offsite instruction may be included for ANB purposes  
11 only if the pupil is offered access to the complete range of educational services for the basic education program  
12 required by the accreditation standards adopted by the ~~board of public education~~ legislature.

13 (b) Access to school programs and services for a student placed by the trustees in a private program  
14 for special education may be limited to the programs and services specified in an approved individual education  
15 plan supervised by the district.

16 (c) Access to school programs and services for a student who is incarcerated in a facility, other than a  
17 youth detention center, may be limited to the programs and services provided by the district at district expense  
18 under an agreement with the incarcerating facility.

19 (d) This subsection (10) may not be construed to require a school district to offer access to activities  
20 governed by an organization having jurisdiction over interscholastic activities, contests, and tournaments to a  
21 pupil who is not otherwise eligible under the rules of the organization.

22 (11) A district may include only, for ANB purposes, an enrolled pupil who is otherwise eligible under this  
23 title and who is:

24 (a) a resident of the district or a nonresident student admitted by trustees under a student attendance  
25 agreement and who is attending a school of the district;

26 (b) unable to attend school due to a medical reason certified by a medical doctor and receiving  
27 individualized educational services supervised by the district, at district expense, at a home or facility that does  
28 not offer an educational program;

29 (c) unable to attend school due to the student's incarceration in a facility, other than a youth detention  
30 center, and who is receiving individualized educational services supervised by the district, at district expense, at

1 a home or facility that does not offer an educational program;

2 (d) receiving special education and related services, other than day treatment, under a placement by the  
3 trustees at a private nonsectarian school or private program if the pupil's services are provided at the district's  
4 expense under an approved individual education plan supervised by the district;

5 (e) participating in the running start program at district expense under 20-9-706;

6 (f) receiving educational services, provided by the district, using appropriately licensed district staff at  
7 a private residential program or private residential facility licensed by the department of public health and human  
8 services;

9 (g) enrolled in an educational program or course provided at district expense using electronic or offsite  
10 delivery methods, including but not limited to tutoring, distance learning programs, online programs, and  
11 technology delivered learning programs, while attending a school of the district or any other nonsectarian offsite  
12 instructional setting with the approval of the trustees of the district. The pupil shall:

13 (i) meet the residency requirements for that district as provided in 1-1-215;

14 (ii) live in the district and must be eligible for educational services under the Individuals With Disabilities  
15 Education Act or under 29 U.S.C. 794; or

16 (iii) attend school in the district under a mandatory attendance agreement as provided in 20-5-321.

17 (h) a resident of the district attending the Montana youth challenge program or a Montana job corps  
18 program under an interlocal agreement with the district under 20-9-707.

19 (12) A district shall, for ANB purposes, calculate the enrollment of an eligible Montana youth challenge  
20 program participant as half-time enrollment.

21 (13) (a) For an elementary or high school district that has been in existence for 3 years or more, the  
22 district's maximum general fund budget and BASE budget for the ensuing school fiscal year must be calculated  
23 using the current year ANB for all budget units or the 3-year average ANB for all budget units, whichever  
24 generates the greatest maximum general fund budget.

25 (b) For a K-12 district that has been in existence for 3 years or more, the district's maximum general fund  
26 budget and BASE budget for the ensuing school fiscal year must be calculated separately for the elementary and  
27 high school programs pursuant to subsection (13)(a) and then combined.

28 (14) The term "3-year ANB" means an average ANB over the most recent 3-year period, calculated by:

29 (a) adding the ANB for the budget unit for the ensuing school fiscal year to the ANB for each of the  
30 previous 2 school fiscal years; and

1 (b) dividing the sum calculated under subsection (14)(a) by three."  
2

3 **Section 61.** Section 20-9-313, MCA, is amended to read:

4 **"20-9-313. Circumstances under which regular average number belonging may be increased. (1)**

5 The average number belonging of a school, calculated in accordance with the ANB formula prescribed in  
6 20-9-311, may be increased when:

7 (a) the opening of a new elementary school or the reopening of an elementary school has been approved  
8 in accordance with 20-6-502. The average number belonging and the anticipated enrollment for the school must  
9 be established by the county superintendent and approved, disapproved, or adjusted by the superintendent of  
10 public instruction.

11 (b) the opening or reopening of a high school or a branch of the county high school has been approved  
12 in accordance with 20-6-503, 20-6-504, or 20-6-505. The average number belonging and anticipated enrollment  
13 for the high school must be established by the county superintendent's estimate, after an investigation of the  
14 probable number of pupils that will attend the high school.

15 (c) a district anticipates an increase in the average number belonging due to the closing of a private or  
16 public school in the district or a neighboring district. The estimated increase in average number belonging must  
17 be established by the trustees and the county superintendent and approved, disapproved, or adjusted by the  
18 superintendent of public instruction no later than the fourth Monday in June.

19 (d) a district anticipates an unusual enrollment increase in the ensuing school fiscal year. The increase  
20 in average number belonging must be based on estimates of increased enrollment approved by the  
21 superintendent of public instruction and must be computed in the manner prescribed by 20-9-314.

22 (e) for the initial year of operation of a kindergarten program established under 20-7-117(1), the ANB  
23 and the anticipated enrollment to be used for budget purposes is:

24 (i) one-half the number of 5-year-old children residing in the district as of September 10 of the preceding  
25 school year, either as shown on the official school census or as determined by some other procedure approved  
26 by the superintendent of public instruction, for the purpose of implementing a half-time kindergarten program as  
27 provided in 20-1-301; or

28 (ii) the number of 5-year-old children residing in the district as of September 10 of the preceding school  
29 year, either as shown on the official school census or as determined by some other procedure approved by the  
30 superintendent of public instruction, for the purpose of implementing a full-time kindergarten program as provided

1 in 20-1-301; or

2 (f) a high school district provides early graduation for a student who completes graduation requirements  
3 in less than eight semesters or the equivalent amount of secondary school enrollment. The increase must be  
4 established by the trustees as though the student had attended to the end of the school fiscal year and must be  
5 approved, disapproved, or adjusted by the superintendent of public instruction.

6 (2) This section does not apply to the expansion of a half-time kindergarten program to a full-time  
7 kindergarten program."

8

9 **Section 62.** Section 20-9-314, MCA, is amended to read:

10 **"20-9-314. Procedures for determining eligibility and amount of increased average number**  
11 **belonging due to unusual enrollment increase.** A district that anticipates an unusual increase in enrollment  
12 in the ensuing school fiscal year, as provided for in 20-9-313(1)(d), may increase its ~~basic entitlement and total~~  
13 per-ANB entitlement for special education and countywide school transportation block grants the ensuing school  
14 fiscal year in accordance with the following provisions:

15 (1) Prior to June 1, the district shall estimate the elementary or high school enrollment to be realized  
16 during the ensuing school fiscal year, based on as much factual information as may be available to the district.

17 (2) No later than June 1, the district shall submit its application for an unusual enrollment increase by  
18 elementary or high school level to the superintendent of public instruction. The application must include:

19 (a) the enrollment for the current school fiscal year;

20 (b) the average number belonging used to calculate the ~~basic entitlement and total per-ANB entitlement~~  
21 for the current school fiscal year;

22 (c) the average number belonging that will be used to calculate the ~~basic entitlement and total per-ANB~~  
23 entitlement for the ensuing school fiscal year;

24 (d) the estimated enrollment, including the factual information on which the estimate is based, as  
25 provided in subsection (1); and

26 (e) any other information or data that may be requested by the superintendent of public instruction.

27 (3) The superintendent of public instruction shall immediately review all the factors of the application and  
28 shall approve or disapprove the application or adjust the estimated average number belonging for the ensuing  
29 ANB calculation period. After approving an estimate, with or without adjustment, the superintendent of public  
30 instruction shall:

1 (a) determine the percentage by which the estimated enrollment exceeds the enrollment used for the  
2 budgeted ANB; and

3 (b) approve an increase of the average number belonging used to establish the ensuing year's ~~basic~~  
4 ~~entitlement and~~ total per-ANB entitlement in accordance with subsection (5) if the increase in subsection (3)(a)  
5 is at least 6%.

6 (4) The superintendent of public instruction shall notify the district of the decision by the fourth Monday  
7 in June.

8 (5) Whenever an unusual enrollment increase is approved by the superintendent of public instruction,  
9 the increase of the average number belonging used to establish the ~~basic entitlement and~~ total per-ANB  
10 entitlement for the ensuing ANB calculation period is determined using the difference between the enrollment for  
11 the ensuing school fiscal year and 106% of the enrollment used to calculate the budgeted ANB. The amount  
12 determined is the maximum allowable increase added to the average number belonging for the purpose of  
13 establishing the ensuing year's ~~basic entitlement and~~ total per-ANB entitlement.

14 (6) (a) Any entitlement increases resulting from provisions of this section must be reviewed at the end  
15 of the ensuing school fiscal year.

16 (b) If the actual enrollment is less than the enrollment used to determine the budgeted ANB, the  
17 superintendent of public instruction shall revise the total per-ANB entitlement ~~and basic entitlement calculations~~  
18 calculation, as provided in subsection (5), using the actual enrollment in place of the estimated enrollment. All  
19 total per-ANB entitlements received by the district in excess of the revised entitlements are overpayments subject  
20 to the refund provisions of 20-9-344(4)."

21  
22 **Section 63.** Section 20-9-326, MCA, is amended to read:

23 **"20-9-326. Annual inflation-related adjustments to ~~basic entitlements and per-ANB entitlements~~**  
24 **for special education and countywide transportation.** (1) In preparing and submitting an agency budget  
25 pursuant to 17-7-111 and 17-7-112, the superintendent of public instruction shall determine the inflation factor  
26 for the ~~basic and~~ per-ANB entitlements for special education and countywide transportation in each fiscal year  
27 of the ensuing biennium. The inflation factor is calculated as follows:

28 (a) for the first year of the biennium, divide the consumer price index for July 1 of the prior calendar year  
29 by the consumer price index for July 1 of the calendar year 3 years prior to the prior calendar year and raise the  
30 resulting ratio to the power of one-third; and

1 (b) for the second year of the biennium, divide the consumer price index for July 1 of the current calendar  
 2 year by the consumer price index for July 1 of the calendar year 3 years prior to the current calendar year and  
 3 raise the resulting ratio to the power of one-third.

4 (2) The present law base for the ~~basic and per-ANB~~ entitlements, calculated under Title 17, chapter 7,  
 5 part 1, must consist of any enrollment increases or decreases plus the inflation factor calculated pursuant to this  
 6 section, not to exceed 3% in each year, applied to both years of the biennium.

7 (3) For the purposes of this section, "consumer price index" means the consumer price index, U.S. city  
 8 average, all urban consumers, for all items, using the 1982-84 base of 100, as published by the bureau of labor  
 9 statistics of the U.S. department of labor."

10

11 **Section 64.** Section 20-9-327, MCA, is amended to read:

12 **"20-9-327. Quality educator payment.** (1) (a) The state shall provide a quality educator payment, as  
 13 a component of the core curriculum teacher payment, to:

14 (i) public school districts, as defined in 20-6-101 and 20-6-701;

15 (ii) special education cooperatives, as described in 20-7-451;

16 (iii) the Montana school for the deaf and blind, as described in 20-8-101;

17 (iv) state youth correctional facilities, as defined in 41-5-103; and

18 (v) the Montana youth challenge program.

19 (b) A special education cooperative that has not met the requirements of 20-7-454 may not be funded  
 20 under the provisions of this section except by approval of the superintendent of public instruction.

21 (2) (a) The quality educator payment for special education cooperatives must be distributed directly to  
 22 those entities by the superintendent of public instruction.

23 (b) The quality educator payment for the Montana school for the deaf and blind must be distributed to  
 24 the Montana school for the deaf and blind.

25 (c) The quality educator payment for Pine Hills and Riverside youth correctional facilities must be  
 26 distributed to those facilities by the department of corrections.

27 (d) The quality educator payment for the Montana youth challenge program must be distributed to that  
 28 program by the department of military affairs.

29 (3) The quality educator payment is ~~calculated as provided in 20-9-306~~, determined by using the number  
 30 of full-time ~~equivalent educators~~ core curriculum teachers, as reported to the superintendent of public instruction



1 for accreditation purposes in the previous school year, each of whom:

2 (a) holds a valid certificate under the provisions of 20-4-106 and is employed by an entity listed in  
3 subsection (1) of this section in a position that requires an educator license in accordance with the administrative  
4 rules adopted by the board of public education; ~~or~~ and

5 (b) ~~(i) is a licensed professional under 37-8-405, 37-8-415, 37-11-301, 37-15-301, 37-17-302, 37-22-301,~~  
6 ~~37-23-201, 37-24-301, or 37-25-302; and~~

7 ~~(ii)~~(b) is employed by an entity listed in subsection (1) to provide services to students."  
8

9 **Section 65.** Section 20-9-329, MCA, is amended to read:

10 **"20-9-329. Indian education for all payment.** (1) The state shall provide an Indian education for all  
11 payment to public school districts, as defined in 20-6-101 and 20-6-701, to implement the provisions of Article  
12 X, section 1(2), of the Montana constitution and Title 20, chapter 1, part 5.

13 (2) The Indian education for all payment is ~~calculated as provided in 20-9-306 and~~ is a component of the  
14 core curriculum teacher payment within the BASE budget of the district.

15 (3) The district shall deposit the payment in the general fund of the district.

16 (4) A public school district that receives an Indian education for all payment may ~~not divert~~ use the funds  
17 ~~to any purpose other than~~ the purposes of curriculum development, providing curriculum and materials to  
18 students, and providing training to teachers about the curriculum and materials. A public school district shall file  
19 an annual report with the office of public instruction, in a form prescribed by the superintendent of public  
20 instruction, that specifies how the Indian education for all funds were expended."  
21

22 **Section 66.** Section 20-9-332, MCA, is amended to read:

23 **"20-9-332. Fines and penalties proceeds for elementary county equalization general fund.** All fines  
24 and penalties collected under the provisions of this title, except those collected by a justice's court, must be paid  
25 into the ~~elementary county equalization fund as provided by 20-9-331(2)(c)~~ county general fund. In order to  
26 implement this section and any other provision of law requiring the deposit of fines in the ~~elementary county~~  
27 equalization general fund, a report must be made to the county superintendent of the county, at the close of each  
28 term, by the clerk of each district court, reporting all fines imposed and collected during the term and indicating  
29 the type of violation and the date of collection."  
30

1           **Section 67.** Section 20-9-342, MCA, is amended to read:

2           **"20-9-342. Deposit of interest and income money by state board of land commissioners.** Except  
3 as provided in 20-9-516, the state board of land commissioners shall annually deposit the interest and income  
4 money and the investment income earned by investing interest and income money for each calendar year into  
5 the guarantee account, provided for in 20-9-622, for state equalization aid by the last business day of February  
6 following the calendar year in which the money was received."

7

8           **Section 68.** Section 20-9-344, MCA, is amended to read:

9           **"20-9-344. Duties of board of public education for distribution of BASE aid and over-BASE**  
10 **payments.** (1) The board of public education shall administer and distribute the BASE aid ~~and state advances~~  
11 ~~for county equalization~~ and over-BASE payments as required by 20-9-141 in the manner and with the powers  
12 and duties provided by law. The board of public education:

13           (a) shall adopt policies for regulating the distribution of BASE aid and the over-BASE payments as  
14 provided in 20-9-306 ~~and state advances for county equalization~~ in accordance with the provisions of law;

15           (b) may require reports from the county superintendents, county treasurers, and trustees that it considers  
16 necessary; and

17           (c) shall order the superintendent of public instruction to distribute the BASE aid and over-BASE  
18 payments on the basis of each district's annual entitlement to the aid as established by the superintendent of  
19 public instruction. In ordering the distribution of BASE aid and over-BASE payments, the board of public education  
20 may not increase or decrease the BASE aid distribution or over-BASE payments to any district on account of any  
21 difference that may occur during the school fiscal year between budgeted and actual receipts from any other  
22 source of school revenue.

23           (2) The board of public education may order the superintendent of public instruction to withhold  
24 distribution of BASE aid or over-BASE payments from a district when the district fails to:

25           (a) submit reports or budgets as required by law or rules adopted by the board of public education; or

26           (b) maintain accredited status.

27           (3) Prior to any proposed order by the board of public education to withhold distribution of BASE aid or  
28 ~~county equalization money~~ over-BASE payments, the district is entitled to a contested case hearing before the  
29 board of public education, as provided under the Montana Administrative Procedure Act.

30           (4) If a district or county receives more BASE aid or over-BASE payments than it is entitled to, the county

1 treasurer shall return the overpayment to the state upon the request of the superintendent of public instruction  
2 in the manner prescribed by the superintendent of public instruction.

3 (5) Except as provided in 20-9-347(2), the BASE aid payment and over-BASE payments must be  
4 distributed according to the following schedule:

5 (a) from August to October of the school fiscal year, to each district 10% of:

6 (i) ~~direct state aid~~ the core curriculum teacher payment;

7 (ii) ~~the total quality educator payment~~;

8 (iii)(ii) ~~the total at-risk student payment~~; and

9 (iv) ~~the total Indian education for all payment~~; and

10 (v)(iii) ~~the total American Indian achievement gap payment~~;

11 (b) from December to April of the school fiscal year, to each district 10% of:

12 (i) ~~direct state aid~~ the core curriculum teacher payment;

13 (ii) ~~the total quality educator payment~~;

14 (iii)(ii) ~~the total at-risk student payment~~; and

15 (iv) ~~the total Indian education for all payment~~; and

16 (v)(iii) ~~the total American Indian achievement gap payment~~;

17 (c) ~~in November of the school fiscal year, one-half of the guaranteed tax base aid payment to each~~  
18 ~~district or county that has submitted a final budget to the superintendent of public instruction in accordance with~~  
19 ~~the provisions of 20-9-134;~~

20 (d)(c) ~~in May of the school fiscal year, the remainder of the guaranteed tax base aid~~ over-BASE payment  
21 to each district or county not otherwise scheduled for payment; and

22 (e)(d) ~~in June of the school fiscal year, the remaining payment to each district of~~ direct state aid the core  
23 curriculum teacher payment, ~~the total quality educator payment~~, the total at-risk student payment, ~~the total Indian~~  
24 ~~education for all payment~~, and the total American Indian achievement gap payment.

25 (6) The distribution provided for in subsection (5) must occur by the last working day of each month."  
26

27 **Section 69.** Section 20-9-346, MCA, is amended to read:

28 **"20-9-346. Duties of superintendent of public instruction for ~~state and county equalization~~ BASE**  
29 **aid and over-BASE distribution.** The superintendent of public instruction shall administer the distribution of the  
30 ~~state and county equalization~~ BASE aid and over-BASE payments by:

- 1           (1) establishing the annual entitlement of each district and county to state ~~and county equalization~~ BASE  
 2 aid and over-BASE payments, based on the data reported in the retirement; and general fund; ~~and debt service~~  
 3 ~~fund~~ budgets for each district that have been adopted for the current school fiscal year and verified by the  
 4 superintendent of public instruction;
- 5           ~~(2) for the purposes of state advances and reimbursements for school facilities, limiting the distribution~~  
 6 ~~to no more than the amount appropriated for the school fiscal year to the districts that are eligible under the~~  
 7 ~~provisions of 20-9-366 through 20-9-371 by:~~
- 8           ~~—— (a) determining the debt service payment obligation in each district for debt service on bonds that were~~  
 9 ~~sold as provided in 20-9-370(3) that qualify for a state advance or reimbursement for school facilities under the~~  
 10 ~~provisions of 20-9-366 through 20-9-369 and 20-9-370;~~
- 11           ~~(b) based on the limitation of state equalization aid appropriated for debt service purposes, determining~~  
 12 ~~the state advance for school facilities and the proportionate share of state reimbursement for school facilities that~~  
 13 ~~each eligible district must receive for the school fiscal year; and~~
- 14           ~~—— (c) distributing that amount by May 31 of each school fiscal year to each eligible district for reducing the~~  
 15 ~~property tax for the debt service fund for the ensuing school fiscal year;~~
- 16           ~~(3)(2) distributing by electronic transfer the BASE aid and over-BASE payments and state advances for~~  
 17 ~~county equalization; for each district or county entitled to the aid; to the county treasurer of the respective county~~  
 18 ~~for county equalization or to the county treasurer of the county where the district is located or to the investment~~  
 19 ~~account identified by the applicable district for BASE aid and over-BASE payments, in accordance with the~~  
 20 ~~distribution ordered by the board of public education;~~
- 21           ~~(4)(3) keeping a record of the full and complete data concerning money available for state equalization~~  
 22 ~~aid, state advances for county equalization, and the entitlements for BASE aid and over-BASE payments of the~~  
 23 ~~districts of the state;~~
- 24           ~~(5) reporting to the board of public education the estimated amount that will be available for state~~  
 25 ~~equalization aid; and~~
- 26           ~~(6)(4) reporting to the office of budget and program planning, as provided in 17-7-111:~~
- 27           (a) the figures and data available concerning distributions of state ~~and county equalization~~ aid during  
 28 the preceding 2 school fiscal years;
- 29           (b) the amount of state equalization aid then available;
- 30           (c) the apportionment made of the available money but not yet distributed;

1 (d) the latest estimate of accruals of money available for ~~state equalization aid; and~~ BASE aid,  
 2 over-BASE payments, and interest and income money pursuant to 20-9-341 and 20-9-342.

3 ~~(e) the amount of state advances and repayment for county equalization."~~

4  
 5 **Section 70.** Section 20-9-347, MCA, is amended to read:

6 **"20-9-347. Distribution of BASE aid and special education allowable cost payments in support**  
 7 **of BASE over-BASE funding program -- exceptions.** (1) The superintendent of public instruction shall:

8 ~~(a)~~ supply the county treasurer and the county superintendent with a monthly report of the payment of  
 9 BASE aid in support of the BASE funding program of each district of the county;

10 ~~—— (b) in the manner described in 20-9-344, provide for a state advance to each county in an amount that~~  
 11 ~~is no less than the amount anticipated to be raised for the elementary and high school county equalization funds~~  
 12 ~~as provided in 20-9-331 and 20-9-333; and~~

13 ~~(c) adopt rules to implement the provisions of subsection (1)(b).~~

14 (2) (a) The superintendent of public instruction is authorized to adjust the schedule prescribed in  
 15 20-9-344 for distribution of the BASE aid and over-BASE payments if the distribution will cause a district to  
 16 register warrants under the provisions of 20-9-212(8).

17 (b) To qualify for an adjustment in the payment schedule, a district shall demonstrate to the  
 18 superintendent of public instruction, in the manner required by the office, that the payment schedule prescribed  
 19 in 20-9-344 will result in insufficient money available in all funds of the district to make payment of the district's  
 20 warrants. The county treasurer shall confirm the anticipated deficit. This section may not be construed to  
 21 authorize the superintendent of public instruction to exceed a district's annual ~~payment for~~ BASE aid or  
 22 over-BASE payments.

23 (3) The superintendent of public instruction shall:

24 (a) distribute special education allowable cost payments to districts; and

25 (b) supply the county treasurer and the county superintendent of schools with a report of payments for  
 26 special education allowable costs to districts of the county."

27  
 28 **Section 71.** Section 20-9-348, MCA, is amended to read:

29 **"20-9-348. Estimation of state equalization aid for budget purposes.** The apportionment of state  
 30 equalization aid ~~shall be~~ is the ~~second~~ source of revenue in calculating the financing of the elementary district

1 BASE funding program and the high school district BASE funding program. In order to allow for the estimation  
 2 of the amount of money to be realized from this source of revenue when the county superintendent is estimating  
 3 the general fund budget revenues, the county superintendent shall consider that the state BASE funding program  
 4 ~~revenues and county equalization moneys, together,~~ revenue will be capable of financing 100% of the BASE  
 5 funding program."  
 6

7 **Section 72.** Section 20-9-351, MCA, is amended to read:

8 **"20-9-351. Funding of deficiency in BASE aid.** If the money available for BASE aid is not the result  
 9 of a reduction in spending under 17-7-140 and is not sufficient to provide the ~~guaranteed tax base aid required~~  
 10 ~~under 20-9-366 through 20-9-369~~ and BASE aid support determined under 20-9-347, the superintendent of public  
 11 instruction shall request the budget director to submit a request for a supplemental appropriation in the second  
 12 year of the biennium that is sufficient to complete the funding of BASE aid for the elementary and high school  
 13 districts for the current biennium."  
 14

15 **Section 73.** Section 20-9-353, MCA, is amended to read:

16 **"20-9-353. Additional financing for general fund -- election for authorization to impose.** (1) The  
 17 trustees of a district may propose to adopt an over-BASE budget amount for the district general fund that does  
 18 not exceed the general fund budget limitations, as provided in 20-9-308.

19 (2) When the trustees of the district propose to adopt an over-BASE budget under subsection (1), any  
 20 increase in local property taxes authorized by 20-9-308(4) must be submitted to a vote of the qualified electors  
 21 of the district, as provided in 15-10-425. ~~The trustees are not required to submit to the qualified electors any~~  
 22 ~~increase in state funding of the basic or per-ANB entitlements or of the general fund payments established in~~  
 23 ~~20-9-327 through 20-9-330 approved by the legislature. When the trustees of a district determine that a voted~~  
 24 ~~amount of financing is required for the general fund budget, the trustees shall submit the proposition to finance~~  
 25 ~~the voted amount to the electors who are qualified under 20-20-301 to vote upon the proposition.~~ The election  
 26 must be called and conducted in the manner prescribed by this title for school elections and must conform to the  
 27 requirements of 15-10-425. The ballot for the election must conform to the requirements of 15-10-425.

28 (3) If the proposition on any additional financing for the ~~general fund~~ over-BASE is approved by a  
 29 majority vote of the electors voting at the election, the proposition carries and the trustees may use any portion  
 30 or all of the authorized amount in adopting the final general fund budget. The trustees shall certify any additional

1 levy amount authorized by the election on the budget form that is submitted to the county superintendent, and  
 2 the county commissioners shall levy the authorized number of mills on the taxable value of all taxable property  
 3 within the district, as prescribed in 20-9-141.

4 (4) All levies adopted under this section must be authorized by the election conducted before August 1  
 5 of the school fiscal year for which it is effective.

6 (5) If the trustees of a district are required to submit a proposition to finance an over-BASE budget  
 7 amount, as allowed by 20-9-308, to the electors of the district, the trustees shall comply with the provisions of  
 8 subsections (2) through (4) of this section."

9

10 **Section 74.** Section 20-9-360, MCA, is amended to read:

11 **"20-9-360. State equalization aid levy for core curriculum teacher payment.** (1) Subject to  
 12 15-10-420, there is a levy of not less than 40 mills imposed by the county commissioners of each county on all  
 13 taxable property within the state, except property for which a tax or fee is required under 61-3-321(2) or (3),  
 14 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  
 15 of revenue, as provided in 15-1-504, and must be deposited to the credit of the state general fund for ~~state~~  
 16 ~~equalization aid to~~ core curriculum teacher payments as provided in [section 55] for the public schools of  
 17 Montana.

18 (2) The superintendent of public instruction shall calculate, on a statewide basis, the number of mills to  
 19 be imposed for the purposes of this section. The number of mills to be levied is the number sufficient to generate  
 20 the amount necessary to fully fund core curriculum teacher payments after subtracting the total amount available  
 21 under the guarantee account, collections from distribution of oil and natural gas production taxes, and any amount  
 22 appropriated from the state general fund. The amount may not exceed the mill levy limit established under  
 23 15-10-420(1). The mill levy calculation must be established in tenths of mills. If the mill levy calculation does not  
 24 result in an even tenth of a mill, then the calculation must be rounded up to the nearest tenth of a mill."

25

26 **Section 75.** Section 20-9-406, MCA, is amended to read:

27 **"20-9-406. Limitations on amount of bond issue -- definition of federal impact aid basic support**  
 28 **payment.** (1) (a) ~~Except as provided in subsection (1)(c), the~~ The maximum amount for which an elementary  
 29 district or a high school district may become indebted by the issuance of general obligation bonds, including all  
 30 indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants,

1 outstanding obligations under 20-9-471, and any other loans or notes payable that are held as general obligations  
 2 of the district, is 50% of the taxable value of the property subject to taxation, as ascertained by the last  
 3 assessment for state, county, and school taxes previous to the incurring of the indebtedness.

4 ~~(b) Except as provided in subsection (1)(c), the~~ The maximum amount for which a K-12 school district,  
 5 as formed pursuant to 20-6-701, may become indebted by the issuance of general obligation bonds, including  
 6 all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants,  
 7 outstanding obligations under 20-9-471 and 20-9-502, and any other loans or notes payable that are held as  
 8 general obligations of the district, is up to 100% of the taxable value of the property subject to taxation, as  
 9 ascertained by the last assessment for state, county, and school taxes previous to the incurring of the  
 10 indebtedness.

11 ~~(c) (i) The maximum amount for which an elementary district or a high school district with a district mill~~  
 12 ~~value per elementary ANB or per high school ANB that is less than the facility guaranteed mill value per~~  
 13 ~~elementary ANB or high school ANB under 20-9-366 may become indebted by the issuance of general obligation~~  
 14 ~~bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues,~~  
 15 ~~registered warrants, outstanding obligations under 20-9-471 and 20-9-502, and any other loans or notes payable~~  
 16 ~~that are held as general obligations of the district, is 50% of the corresponding facility guaranteed mill value per~~  
 17 ~~ANB times 1,000 times the ANB of the district. For a K-12 district, the maximum amount for which the district may~~  
 18 ~~become indebted is 50% of the sum of the facility guaranteed mill value per elementary ANB times 1,000 times~~  
 19 ~~the elementary ANB of the district and the facility guaranteed mill value per high school ANB times 1,000 times~~  
 20 ~~the high school ANB of the district. For the purpose of calculating ANB under this subsection, a district may use~~  
 21 ~~the greater of the current year ANB or the 3-year ANB calculated under 20-9-311.~~

22 ~~—— (ii) If mutually agreed upon by the affected districts, for the purpose of calculating its maximum bonded~~  
 23 ~~indebtedness under this subsection (1)(c), a district may include the ANB of the district plus the number of~~  
 24 ~~students residing within the district for which the district or county pays tuition for attendance at a school in an~~  
 25 ~~adjacent district. The receiving district may not use out-of-district ANB for the purpose of calculating its maximum~~  
 26 ~~indebtedness if the out-of-district ANB has been included in the ANB of the sending district pursuant to the mutual~~  
 27 ~~agreement. For the purpose of calculating ANB under this subsection, a district may use the greater of the current~~  
 28 ~~year ANB or the 3-year ANB calculated under 20-9-311.~~

29 (2) The maximum amounts determined in subsection (1) do not pertain to indebtedness imposed by  
 30 special improvement district obligations or assessments against the school district or to general obligation bonds



1 issued for the repayment of tax protests lost by the district. All general obligation bonds issued in excess of the  
2 amount are void, except as provided in this section.

3 (3) The maximum amount of impact aid revenue bonds that an elementary district, high school district,  
4 or K-12 school district may issue may not exceed a total aggregate amount equal to three times the average of  
5 the school district's annual federal impact aid basic support payments for the 5 years immediately preceding the  
6 issuance of the bonds. However, at the time of issuance of the bonds, the average annual payment of principal  
7 and interest on the impact aid bonds each year may not exceed 35% of the total federal impact aid basic support  
8 payments of the school district for the current year.

9 (4) When the total indebtedness of a school district has reached the limitations prescribed in this section,  
10 the school district may pay all reasonable and necessary expenses of the school district on a cash basis in  
11 accordance with the financial administration provisions of this chapter.

12 (5) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt  
13 service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the  
14 refunding bond issue is decreased accordingly.

15 (6) As used in this part, "federal impact aid basic support payment" means the annual impact aid revenue  
16 received by a district under 20 U.S.C. 7703(b) but excludes revenue received for impact aid special education  
17 under 20 U.S.C. 7703(d) and impact aid construction under 20 U.S.C. 7707."

18

19 **Section 76.** Section 20-9-422, MCA, is amended to read:

20 **"20-9-422. Additional requirements for trustees' resolution calling bond election.** (1) In addition  
21 to the requirements for calling an election that are prescribed in 20-20-201 and 20-20-203, the trustees' resolution  
22 calling a school district bond election must:

23 (a) specify whether the bonds will be general obligation bonds or impact aid revenue bonds;

24 (b) fix the exact amount of the bonds proposed to be issued, which may be more or less than the  
25 amounts estimated in a petition;

26 (c) fix the maximum number of years in which the proposed bonds would be paid;

27 (d) in the case of initiation by a petition, state the essential facts about the petition and its presentation;

28 and

29 (e) state the amount of the state advance for school facilities estimated, pursuant to subsection (2), to  
30 be received by the district in the first school fiscal year in which a debt service payment would be due on the

1 proposed bonds.

2 (2) Prior to the adoption of the resolution calling for a school bond election for a general obligation bond,  
 3 the trustees of a district may request from the superintendent of public instruction a statement of the estimated  
 4 amount of state advance for school facilities that the district will receive for debt service payments on the  
 5 proposed general obligation bonds in the first school fiscal year in which a debt service payment is due. The  
 6 district shall provide the superintendent with an estimate of the debt service payment due in the first school fiscal  
 7 year. ~~The superintendent shall estimate the state advance for the general obligation bond issue pursuant to~~  
 8 ~~20-9-371(2)."~~

9

10 **Section 77.** Section 20-9-439, MCA, is amended to read:

11 **"20-9-439. Computation of net levy requirement for general obligation bonds -- procedure when**  
 12 **levy inadequate.** Subject to 20-6-326, the following provisions apply:

13 (1) The county superintendent shall compute the levy requirement for each school district's general  
 14 obligation debt service fund on the basis of the following procedure:

15 (a) Determine the total money available in the debt service fund for the reduction of the property tax on  
 16 the district by totaling:

17 (i) the end-of-the-year fund balance in the debt service fund, less any limited operating reserve as  
 18 provided in 20-9-438;

19 (ii) anticipated interest to be earned by the investment of debt service cash in accordance with the  
 20 provisions of 20-9-213(4) or by the investment of bond proceeds under the provisions of 20-9-435;

21 ~~(iii) any state advance for school facilities distributed to a qualified district under the provisions of~~  
 22 ~~20-9-346, 20-9-370, and 20-9-371;~~

23 ~~(iv)~~(iii) funds transferred from the impact aid fund established pursuant to 20-9-514 that are authorized  
 24 by 20-9-437(2) to be used to repay the district's bonds; and

25 ~~(v)~~(iv) any other money, including money from federal sources, anticipated by the trustees to be available  
 26 in the debt service fund during the ensuing school fiscal year from sources such as legally authorized money  
 27 transfers into the debt service fund or from rental income, ~~excluding any guaranteed tax base aid.~~

28 (b) Subtract the total amount available to reduce the property tax, determined in subsection (1)(a), from  
 29 the final budget for the debt service fund as established in 20-9-438.

30 (2) The net debt service fund levy requirement determined in subsection (1)(b) must be reported to the

1 county commissioners on the fourth Monday of August by the county superintendent as the net debt service fund  
2 levy requirement for the district, and a levy must be made by the county commissioners in accordance with  
3 20-9-142.

4 (3) If the board of county commissioners fails in any school fiscal year to make a levy for any issue or  
5 series of bonds of a school district sufficient to raise the money necessary for payment of interest and principal  
6 becoming due during the next ensuing school fiscal year, in any amounts established under the provisions of this  
7 section, the holder of any bond of the issue or series or any taxpayer of the district may apply to the district court  
8 of the county in which the school district is located for a writ of mandate to compel the board of county  
9 commissioners of the county to make a sufficient levy for payment purposes. If, upon the hearing of the  
10 application, it appears to the satisfaction of the court that the board of county commissioners of the county has  
11 failed to make a levy or has made a levy that is insufficient to raise the amount required to be raised as  
12 established in the manner provided in this section, the court shall determine the amount of the deficiency and  
13 shall issue a writ of mandate directed to and requiring the board of county commissioners, at the next meeting  
14 for the purpose of fixing tax levies for county purposes, to fix and make a levy against all taxable property in the  
15 school district that is sufficient to raise the amount of the deficiency. The levy is in addition to any levy required  
16 to be made at that time for the ensuing school fiscal year. Any costs that may be allowed or awarded the  
17 petitioner in the proceeding must be paid by the members of the board of county commissioners and may not be  
18 a charge against the school district or the county."

19

20 **Section 78.** Section 20-9-501, MCA, is amended to read:

21 **"20-9-501. Retirement costs and retirement fund.** (1) The trustees of a district or the management  
22 board of a cooperative employing personnel who are members of the teachers' retirement system or the public  
23 employees' retirement system, who are covered by unemployment insurance, or who are covered by any federal  
24 social security system requiring employer contributions shall establish a retirement fund for the purposes of  
25 budgeting and paying the employer's contributions to the systems as provided in subsection (2)(a). The district's  
26 or the cooperative's contribution for each employee who is a member of the teachers' retirement system must  
27 be calculated in accordance with Title 19, chapter 20, part 6. The district's or the cooperative's contribution for  
28 each employee who is a member of the public employees' retirement system must be calculated in accordance  
29 with 19-3-316. The district's or the cooperative's contributions for each employee covered by any federal social  
30 security system must be paid in accordance with federal law and regulation. The district's or the cooperative's

1 contribution for each employee who is covered by unemployment insurance must be paid in accordance with Title  
2 39, chapter 51, part 11.

3 (2) (a) The district or the cooperative shall pay the employer's contributions to the retirement, federal  
4 social security, and unemployment insurance systems from the retirement fund for the following:

5 (i) a district employee whose salary and health-related benefits, if any health-related benefits are  
6 provided to the employee, are paid from state or local funding sources;

7 (ii) a cooperative employee whose salary and health-related benefits, if any health-related benefits are  
8 provided to the employee, are paid from the cooperative's interlocal cooperative fund if the fund is supported  
9 solely from districts' general funds and state special education allowable cost payments, pursuant to 20-9-321,  
10 or are paid from the miscellaneous programs fund, provided for in 20-9-507, from money received from the  
11 medicaid program, pursuant to 53-6-101;

12 (iii) a district employee whose salary and health-related benefits, if any health-related benefits are  
13 provided to the employee, are paid from the district's school food services fund provided for in 20-10-204;

14 (iv) a district employee whose salary and health-related benefits, if any health-related benefits are  
15 provided to the employee, are paid from the district impact aid fund, pursuant to 20-9-514; and

16 (v) for the 2011 biennium only, a district employee whose salary and health-related benefits, if any  
17 health-related benefits are provided to the employee, are budgeted in the district general fund but are paid from  
18 state fiscal stabilization funds received pursuant the American Recovery and Reinvestment Act of 2009, Public  
19 Law 111-5.

20 (b) For an employee whose benefits are not paid from the retirement fund, the district or the cooperative  
21 shall pay the employer's contributions to the retirement, federal social security, and unemployment insurance  
22 systems from the funding source that pays the employee's salary.

23 (3) The trustees of a district required to make a contribution to a system referred to in subsection (1) shall  
24 include in the retirement fund of the final budget the estimated amount of the employer's contribution. After the  
25 final retirement fund budget has been adopted, the trustees shall pay the employer contributions to the systems  
26 in accordance with the financial administration provisions of this title.

27 (4) When the final retirement fund budget has been adopted, the county superintendent shall establish  
28 the levy requirement by:

29 (a) determining the sum of the money available to reduce the retirement fund levy requirement by adding:

30 (i) any anticipated money that may be realized in the retirement fund during the ensuing school fiscal

1 year;

2 ~~(ii) oil and natural gas production taxes;~~

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

4 ~~(iv)(iii)~~ any fund balance available for reappropriation as determined by subtracting the amount of the  
5 end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school fiscal  
6 year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund operating  
7 reserve may not be more than 35% of the final retirement fund budget for the ensuing school fiscal year and must  
8 be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund  
9 budget.

10 ~~(v)(iv)~~ any other revenue anticipated that may be realized in the retirement fund during the ensuing  
11 school fiscal year, ~~excluding any guaranteed tax base aid.~~

12 (b) notwithstanding the provisions of subsection (9), subtracting the money available for reduction of the  
13 levy requirement, as determined in subsection (4)(a), from the budgeted amount for expenditures in the final  
14 retirement fund budget.

15 (5) The county superintendent shall:

16 (a) total the net retirement fund levy requirements separately for all elementary school districts, all high  
17 school districts, and all community college districts of the county, including any prorated joint district or special  
18 education cooperative agreement levy requirements; and

19 (b) report each levy requirement to the county commissioners on the fourth Monday of August as the  
20 respective county levy requirements for elementary district, high school district, and community college district  
21 retirement funds.

22 (6) The county commissioners shall fix and set the county levy or district levy in accordance with  
23 20-9-142.

24 (7) The net retirement fund levy requirement for a joint elementary district or a joint high school district  
25 must be prorated to each county in which a part of the district is located in the same proportion as the district ANB  
26 of the joint district is distributed by pupil residence in each county. The county superintendents of the counties  
27 affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.

28 (8) The net retirement fund levy requirement for districts that are members of special education  
29 cooperative agreements must be prorated to each county in which the district is located in the same proportion  
30 as the special education cooperative budget is prorated to the member school districts. The county

1 superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each  
 2 county in the same manner as provided in 20-9-151, and the county commissioners shall fix and levy the net  
 3 retirement fund levy for each county in the same manner as provided in 20-9-152.

4 (9) The county superintendent shall calculate the number of mills to be levied on the taxable property  
 5 in the county to finance the retirement fund net levy requirement by dividing the amount determined in subsection  
 6 (5)(a) by the ~~sum of:~~

7 ~~(a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as certified~~  
 8 ~~by the superintendent of public instruction; and~~

9 ~~(b) the taxable valuation of the district divided by 1,000.~~

10 (10) The levy for a community college district may be applied only to property within the district.

11 (11) The county superintendent of each county shall submit a report of the revenue amounts used to  
 12 establish the levy requirements for county school funds supporting elementary and high school district retirement  
 13 obligations to the superintendent of public instruction not later than the second Monday in September. The report  
 14 must be completed on forms supplied by the superintendent of public instruction."  
 15

16 **Section 79.** Section 20-9-515, MCA, is amended to read:

17 **"20-9-515. Litigation reserve fund.** (1) The trustees of a school district may establish a litigation reserve  
 18 fund only when litigation that is pending against the district could result in an award against the district.

19 (2) At the end of each school fiscal year, the trustees of a district may transfer money from the general  
 20 fund, within the adopted budget, to establish the fund.

21 (3) Upon conclusion of litigation, the balance of the money in the fund reverts to the general fund and  
 22 must be used to reduce the district's general fund ~~BASE~~ over-BASE budget levy requirement computed pursuant  
 23 to 20-9-141."  
 24

25 **Section 80.** Section 20-9-533, MCA, is amended to read:

26 **"20-9-533. Technology acquisition and depreciation fund -- limitations.** (1) The trustees of a district  
 27 may establish a technology acquisition and depreciation fund for school district expenditures incurred and  
 28 depreciation accrued for:

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

1 (b) associated technical training for school district personnel.

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

5 ~~—— (a) the state money received under 20-9-534; and~~

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

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

13 (4) The annual revenue requirement for each district's technology acquisition and depreciation fund  
14 determined within the limitations of this section must be reported by the county superintendent of schools to the  
15 board of county commissioners on the fourth Monday of August as the technology acquisition and depreciation  
16 fund levy requirement for that district, and a levy must be made by the county commissioners in accordance with  
17 20-9-142.

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

21 (6) In addition to the funds received pursuant to subsection (2), the trustees of a school district may  
22 submit a proposition to the qualified electors of the district to approve an additional levy to fund the depreciation  
23 of technological equipment authorized under this section. The election must be called and conducted in the  
24 manner prescribed by this title for school elections and in the manner prescribed by 15-10-425.

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

27 (8) The trustees of a district may not use revenue in the technology acquisition and depreciation fund  
28 to finance contributions to the teachers' retirement system, the public employees' retirement system, or the federal  
29 social security system or for unemployment compensation insurance."  
30

1           **Section 81.** Section 20-9-622, MCA, is amended to read:

2           "**20-9-622. Guarantee account.** ~~(1)~~ There is a guarantee account in the state special revenue fund. The  
3 guarantee account is intended to:

4           ~~(a)~~(1) stabilize the long-term growth of the permanent fund; and

5           ~~(b)~~(2) maintain a constant and increasing distributable revenue stream. All realized capital gains and all  
6 distributable revenue must be deposited in the guarantee account. ~~Except as provided in subsection (2), the~~ The  
7 guarantee account is statutorily appropriated, as provided in 17-7-502, for distribution to school districts through  
8 school equalization aid ~~as provided in 20-9-343.~~

9           ~~(2) As long as a portion of the coal severance tax loan authorized in section 8, Chapter 418, Laws of~~  
10 ~~2001, is outstanding, the department of natural resources and conservation shall monthly transfer from the~~  
11 ~~guarantee account to the general fund an amount that represents the amount of interest income that would be~~  
12 ~~earned from the investment of the amount of the loan that is currently outstanding. When the loan is fully paid,~~  
13 ~~all mineral royalties deposited in the guarantee account must be transferred to the school facility and technology~~  
14 ~~account pursuant to 17-6-340."~~

15

16           **Section 82.** Section 20-9-630, MCA, is amended to read:

17           "**20-9-630. School district block grants.** (1) (a) The office of public instruction shall provide a block  
18 grant to each school district based on the revenue received by each district in fiscal year 2001 from vehicle taxes  
19 and fees, corporate license taxes paid by financial institutions, aeronautics fees, state land payments in lieu of  
20 taxes, and property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws  
21 of 1999.

22           (b) Block grants must be calculated using the electronic reporting system that is used by the office of  
23 public instruction and school districts. The electronic reporting system must be used to allocate the block grant  
24 amount into each district's budget as an anticipated revenue source by fund.

25           (c) With the exception of vehicle taxes and fees, the office of public instruction shall use the amount  
26 actually received from the sources listed in subsection (1)(a) in fiscal year 2001 in its calculation of the block grant  
27 for fiscal year 2002 budgeting purposes. For vehicle taxes and fees, the office of public instruction shall use  
28 93.4% of the amount actually received in fiscal year 2001 in calculating the block grant for fiscal year 2002.

29           (2) If the fiscal year 2003 appropriation provided in section 248(1), Chapter 574, Laws of 2001, is  
30 insufficient to fund the school district block grants in fiscal year 2003 at the fiscal year 2002 level, the office of



1 public instruction shall prorate the block grants to meet the remaining appropriation. School districts shall  
2 anticipate the prorated block grant amounts provided by the office of public instruction in their budgets for fiscal  
3 year 2003.

4 (3) Each year, 70% of each district's block grant must be distributed in November and 30% of each  
5 district's block grant must be distributed in May ~~at the same time that guaranteed tax base aid is distributed.~~

6 (4) (a) The block grant for the district general fund is equal to the average amount received in fiscal years  
7 2002 and 2003 by the district general fund from the block grants provided for in subsection (1). The block grant  
8 must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.

9 (b) The block grant for the district transportation fund is equal to one-half of the average amount received  
10 in fiscal years 2002 and 2003 by the district transportation fund from the block grants provided for in subsection  
11 (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.

12 (c) (i) The combined fund block grant is equal to the average amount received in fiscal years 2002 and  
13 2003 by the district tuition, bus depreciation reserve, building reserve, nonoperating, and adult education funds  
14 from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year  
15 2004 and in each succeeding fiscal year.

16 (ii) The school district may deposit the combined fund block grant into any budgeted fund of the district."  
17

18 **Section 83.** Section 69-11-202, MCA, is amended to read:

19 **"69-11-202. Establishment and notice of schedule for passenger carriers.** A common carrier of  
20 passengers by railroad or by vessel plying upon waters lying wholly within this state shall establish and give public  
21 notice of a schedule time for the starting of trains or vessels from their stations or wharves. A common carrier  
22 shall, except in case of accident or detention caused by connecting lines or weather conditions, start trains or  
23 vessels at or within 10 minutes after the schedule time. Failure to comply is punishable by a fine of \$250, to be  
24 recovered by action before any court of competent jurisdiction, upon complaint filed by the county attorney, and  
25 paid into the ~~elementary county equalization~~ general fund."  
26

27 **Section 84.** Section 90-6-309, MCA, is amended to read:

28 **"90-6-309. Tax prepayment -- large-scale mineral development.** (1) After permission to commence  
29 operation is granted by the appropriate governmental agency and upon request of the governing body of a county  
30 in which a facility is to be located, a person intending to construct or locate a large-scale mineral development

1 in this state shall prepay property taxes as specified in the impact plan. This prepayment must exclude the 6-mill  
 2 university levy established under 15-10-108 and may exclude the mandatory county levies for the school BASE  
 3 funding program established in 20-9-331 and 20-9-333.

4 (2) The person who is to prepay under this section is not obligated to prepay the entire amount  
 5 established in subsection (1) at one time. Upon request of the governing body of an affected local government  
 6 unit, the person shall prepay the amount shown to be needed from time to time as determined by the board.

7 (3) The person who is to prepay shall guarantee to the hard-rock mining impact board, through an  
 8 appropriate financial institution, as may be required by the board, that property tax prepayments will be paid as  
 9 needed for expenditures created by the impacts of the large-scale mineral development.

10 (4) When the mineral development facilities are completed and assessed by the department of revenue,  
 11 they are subject during the first 3 years and thereafter to taxation as all other property similarly situated, except  
 12 that in each year after the start of production, the local government unit that received a property tax prepayment  
 13 shall provide for repayment of prepaid property taxes in accordance with subsection (5).

14 (5) A local government unit that received all or a portion of the property tax prepayment under this  
 15 section shall provide for tax crediting as specified in the impact plan. The tax credit allowed in any year may not,  
 16 however, exceed the tax obligation of the developer for that year, and the time period for tax crediting is limited  
 17 to the productive life of the mining operation."

18

19 **Section 85.** Section 90-6-403, MCA, is amended to read:

20 **"90-6-403. Jurisdictional revenue disparity -- conditioned exemption and reallocation of certain**  
 21 **taxable valuation.** (1) When an impact plan for a large-scale mineral development approved pursuant to  
 22 90-6-307 identifies a jurisdictional revenue disparity, the board shall promptly notify the developer, all affected  
 23 local government units, and the department of revenue of the disparity. Except as provided in 90-6-404 and this  
 24 section, the increase in taxable valuation of the mineral development that occurs after the issuance and validation  
 25 of a permit under 82-4-335 is not subject to the usual application of county and school district property tax mill  
 26 levies. This increase in taxable valuation must be allocated to local government units as provided in 90-6-404.  
 27 The increase in taxable valuation allocated as provided in 90-6-404 is subject to 15-10-420 and the application  
 28 of property tax mill levies in the local government unit to which it is allocated. The increase in taxable valuation  
 29 allocated to the local government unit is considered newly taxable property in the recipient local government unit  
 30 as provided in 15-10-420.

1 (2) Subject to 15-10-420, the total taxable valuation of a large-scale mineral development remains  
 2 subject to the statewide mill levies and basic county levies for elementary and high school for BASE funding  
 3 programs ~~as provided in 20-9-331 and 20-9-333.~~

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

6

7 **Section 86.** Section 90-6-1001, MCA, is amended to read:

8 **"90-6-1001. Oil, gas, and coal natural resource accounts.** (1) There is an oil and gas natural resource  
 9 distribution account in the state special revenue fund. The collections allocated to the account from  
 10 15-36-304(7)(b) must be deposited in the account ~~to be used~~ and distributed to counties as provided in  
 11 15-36-332(8) ~~and (9).~~

12 (2) There is a coal natural resource account in the state special revenue fund. The collections allocated  
 13 to the account from 15-35-108(7) must be deposited in the account. The money in the account is allocated to the  
 14 coal board provided for in 2-15-1821 and may be used only for local impact grants provided for in 90-6-205  
 15 through 90-6-207 and costs related to the administration of the grant awards."

16

17 **NEW SECTION. Section 87. Rulemaking authority of superintendent of public instruction.** The  
 18 superintendent of public instruction shall make rules to provide for the adjustment of the core curriculum teacher  
 19 payment calculation based upon an increase in enrollment. The rules must include:

20 (1) an application process for a school district to request an increase in the core curriculum teacher  
 21 calculation for a school or schools;

22 (2) procedures as to the frequency that a school district may apply for an increase; and

23 (3) procedures for determining whether a school has a decrease in the number of students requiring a  
 24 decrease in the number of core curriculum teachers.

25

26 **NEW SECTION. Section 88. Ad hoc committee on accreditation standards -- appointment**  
 27 **process.** (1) There is an ad hoc committee on accreditation standards that shall meet during the interim for the  
 28 purpose of reviewing and approving accreditation standards for K-12 schools.

29 (2) The ad hoc accreditation standards committee must consist of:

30 (a) four members from the house of representatives appointed by the speaker of the house;

1 (b) four members from the senate appointed by the committee on committees;

2 (c) one representative of the office of public instruction; and

3 (d) one representative from the board of public education.

4 (3) The committee may request recommendations for curriculum or accreditation standards from the  
5 superintendent of public instruction or the board of public education.

6

7 **NEW SECTION. Section 89. Repealer.** The following sections of the Montana Code Annotated are  
8 repealed:

9 15-30-2336. Refundable income tax credit -- statewide equalization property tax levies on principal residence  
10 -- rules.

11 20-7-202. School library required.

12 20-9-331. Basic county tax for elementary equalization and other revenue for county equalization of  
13 elementary BASE funding program.

14 20-9-333. Basic county tax for high school equalization and other revenue for county equalization of high  
15 school BASE funding program.

16 20-9-335. Formula for apportionment of county equalization money.

17 20-9-343. Definition of and revenue for state equalization aid.

18 20-9-361. County equalization revenue.

19 20-9-366. Definitions.

20 20-9-367. Eligibility to receive guaranteed tax base aid or state advance or reimbursement for school  
21 facilities.

22 20-9-368. Amount of guaranteed tax base aid.

23 20-9-369. Duties of superintendent of public instruction and department of revenue.

24 20-9-370. Definitions.

25 20-9-371. Calculation and uses of school facility entitlement amount.

26 20-9-534. Statutory appropriation for school technology purposes.

27

28 **NEW SECTION. Section 90. Appropriation.** There is appropriated \$200,000 for the biennium  
29 beginning July 1, 2011, to the ad hoc committee on accreditation standards for the purpose of reviewing the K-12  
30 standards and recommending core curriculum standards to the 2013 legislature.

