

## SENATE BILL NO. 382

INTRODUCED BY C. KAUFMANN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING SCHOOL FINANCE LAWS BY EQUALIZING MILL  
5 LEVIES FOR K-12 EDUCATION; INCREASING THE STATE EQUALIZATION AID LEVY; AMENDING  
6 SECTIONS 20-9-306, 20-9-360, AND 20-9-366, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE  
7 AND APPLICABILITY DATES."

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

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11 **Section 1.** Section 20-9-306, MCA, is amended to read:  
12 **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following  
13 definitions apply:  
14 (1) "BASE" means base amount for school equity.  
15 (2) "BASE aid" means:  
16 (a) direct state aid for ~~44.7%~~ 50% of the basic entitlement and ~~44.7%~~ 50% of the total per-ANB  
17 entitlement for the general fund budget of a district;  
18 (b) guaranteed tax base aid for an eligible district for any amount up to ~~35.3%~~ 30% of the basic  
19 entitlement, up to ~~35.3%~~ 30% of the total per-ANB entitlement budgeted in the general fund budget of a district,  
20 and 40% of the special education allowable cost payment;  
21 (c) the total quality educator payment;  
22 (d) the total at-risk student payment;  
23 (e) the total Indian education for all payment; and  
24 (f) the total American Indian achievement gap payment.  
25 (3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic  
26 entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, 100% of the total  
27 at-risk student payment, 100% of the total Indian education for all payment, 100% of the total American Indian  
28 achievement gap payment, and 140% of the special education allowable cost payment.  
29 (4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may  
30 be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through

1 20-9-369.

2 (5) "BASE funding program" means the state program for the equitable distribution of the state's share  
3 of the cost of Montana's basic system of public elementary schools and high schools, through county equalization  
4 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  
5 BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

6 (6) "Basic entitlement" means:

7 (a) for each high school district:

8 (i) \$256,003 for fiscal year 2012; and

9 (ii) \$260,099 for each succeeding fiscal year;

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

12 (i) \$23,033 for fiscal year 2012;

13 (ii) \$23,402 for each succeeding fiscal year; and

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

16 (i) for kindergarten through grade 6 elementary program:

17 (A) \$23,033 for fiscal year 2012; and

18 (B) \$23,402 for each succeeding fiscal year; plus

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

21 (A) \$65,231 for fiscal year 2012; and

22 (B) \$66,275 for each succeeding fiscal year.

23 (7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to  
24 20-9-311.

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

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

- 1 (a) 175% of special education allowable cost payments; or
- 2 (b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures
- 3 to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a
- 4 maximum allowable ratio of 200%.
- 5 (10) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted
- 6 that is above the BASE budget and below the maximum general fund budget for a district.
- 7 (11) "Total American Indian achievement gap payment" means the payment resulting from multiplying
- 8 \$200 times the number of American Indian students enrolled in the district as provided in 20-9-330.
- 9 (12) "Total at-risk student payment" means the payment resulting from the distribution of any funds
- 10 appropriated for the purposes of 20-9-328.
- 11 (13) "Total Indian education for all payment" means the payment resulting from multiplying \$20.40 times
- 12 the ANB of the district or \$100 for each district, whichever is greater, as provided for in 20-9-329.
- 13 (14) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations
- 14 and using either the current year ANB or the 3-year ANB provided for in 20-9-311:
- 15 (a) for a high school district or a K-12 district high school program, a maximum rate of \$6,343 for fiscal
- 16 year 2012 and \$6,444 for each succeeding fiscal year for the first ANB, decreased at the rate of 50 cents per ANB
- 17 for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same
- 18 amount of entitlement as the 800th ANB;
- 19 (b) for an elementary school district or a K-12 district elementary program without an approved and
- 20 accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of \$4,955 for fiscal
- 21 year 2012 and \$5,034 for each succeeding fiscal year for the first ANB, decreased at the rate of 20 cents per ANB
- 22 for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the
- 23 same amount of entitlement as the 1,000th ANB; and
- 24 (c) for an elementary school district or a K-12 district elementary program with an approved and
- 25 accredited junior high school, 7th and 8th grade program, or middle school, the sum of:
- 26 (i) a maximum rate of \$4,955 for fiscal year 2012 and \$5,034 for each succeeding fiscal year for the first
- 27 ANB for kindergarten through grade 6, decreased at the rate of 20 cents per ANB for each additional ANB up
- 28 through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th
- 29 ANB; and
- 30 (ii) a maximum rate of \$6,343 for fiscal year 2012 and \$6,444 for each succeeding fiscal year for the first

1 ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8  
 2 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th  
 3 ANB.

4 (15) "Total quality educator payment" means the payment resulting from multiplying \$3,036 for fiscal year  
 5 2008 and \$3,042 for each succeeding fiscal year times the number of full-time equivalent educators as provided  
 6 in 20-9-327."

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8 **Section 2.** Section 20-9-360, MCA, is amended to read:

9 **"20-9-360. State equalization aid levy.** Subject to 15-10-420, there is a levy of ~~40~~ 60 mills imposed by  
 10 the county commissioners of each county on all taxable property within the state, except property for which a tax  
 11 or fee is required under 61-3-321(2) or (3), 61-3-529, 61-3-537, 61-3-562, 61-3-570, and 67-3-204. Proceeds of  
 12 the levy must be remitted to the department of revenue, as provided in 15-1-504, and must be deposited to the  
 13 credit of the state general fund for state equalization aid to the public schools of Montana."

14

15 **Section 3.** Section 20-9-366, MCA, is amended to read:

16 **"20-9-366. Definitions.** As used in 20-9-366 through 20-9-371, the following definitions apply:

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

22 (2) (a) "District guaranteed tax base ratio" for guaranteed tax base funding for the BASE budget of an  
 23 eligible district means the taxable valuation in the previous year of all property in the district, except for property  
 24 value disregarded because of protested taxes under 15-1-409(2) or property subject to the creation of a new  
 25 school district under 20-6-326, divided by the sum of the district's current year BASE budget amount less direct  
 26 state aid and the state special education allowable cost payment.

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

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

6 (4) (a) "Statewide elementary guaranteed tax base ratio" or "statewide high school guaranteed tax base  
7 ratio", for guaranteed tax base funding for the BASE budget of an eligible district, means the sum of the taxable  
8 valuation in the previous year of all property in the state, multiplied by ~~493%~~ 275% and divided by the total sum  
9 of either the state elementary school districts' or the high school districts' current year BASE budget amounts less  
10 total direct state aid.

11 (b) "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", for school  
12 retirement guaranteed tax base purposes, means the sum of the taxable valuation in the previous year of all  
13 property in the state, multiplied by 121% and divided by 1,000, with the quotient divided by the total state  
14 elementary ANB count or the total state high school ANB amount used to calculate the elementary school  
15 districts' and high school districts' current year total per-ANB entitlement amounts."

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17 **NEW SECTION. Section 4. Effective date.** [This act] is effective on passage and approval.

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19 **NEW SECTION. Section 5. Applicability.** (1) [This act] applies retroactively, within the meaning of  
20 1-2-109, to tax years beginning after December 31, 2012.

21 (2) [This act] applies to school fiscal years beginning on or after July 1, 2013.

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