



AN ACT REVISING SCHOOL FINANCE LAWS; CLARIFYING THE RATIO OF SPECIAL EDUCATION ALLOWABLE COST PAYMENT USED TO CALCULATE A DISTRICT'S MAXIMUM GENERAL FUND BUDGET; DEFINING "GUARANTEED TAX BASE AID BUDGET AREA"; CLARIFYING THE FORMULA FOR DETERMINING THE STATEWIDE ELEMENTARY GUARANTEED TAX BASE RATIO AND THE STATEWIDE HIGH SCHOOL GUARANTEED TAX BASE RATIO; CLARIFYING THE FORMULA USED TO CALCULATE A DISTRICT'S GUARANTEED TAX BASE AID; PERMITTING TRUSTEES TO PURCHASE AND MAINTAIN COMMUNICATION SYSTEMS OR SAFETY DEVICES FOR BUSES OWNED OR RENTED BY THE SCHOOL DISTRICT; EXPANDING THE USE OF THE BUS DEPRECIATION RESERVE FUND TO INCLUDE COMMUNICATION SYSTEMS AND SAFETY DEVICES INSTALLED ON A BUS; AMENDING SECTIONS 20-9-306, 20-9-366, 20-9-368, 20-10-107, AND 20-10-147, MCA; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 20-9-306, MCA, is amended to read:

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

- (1) "BASE" means base amount for school equity.
- (2) "BASE aid" means:
 - (a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district;
 - (b) ~~starting in fiscal year 2015~~, the natural resource development K-12 funding payment for a variable percentage of the basic and per-ANB entitlements above the direct state aid for the general fund budget of a district, as referenced in subsection (10);
 - (c) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the special education allowable cost payment;

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

(3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, 100% of the total at-risk student payment, 100% of the total Indian education for all payment, 100% of the total American Indian achievement gap payment, 100% of the total data-for-achievement payment, and 140% of the special education allowable cost payment.

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

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

(6) "Basic entitlement" means:

(a) for each high school district:

(i) \$290,000 for fiscal years 2014 and 2015 and \$300,000 for each succeeding fiscal year for school districts with an ANB of 800 or fewer; and

(ii) \$290,000 for fiscal years 2014 and 2015 and \$300,000 for each succeeding fiscal year for school districts with an ANB of more than 800, plus \$12,000 for fiscal years 2014 and 2015 and \$15,000 for each succeeding fiscal year for each additional 80 ANB over 800;

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

(i) \$40,000 for fiscal years 2014 and 2015 and \$50,000 for each succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of 250 or fewer; and

(ii) \$40,000 for fiscal years 2014 and 2015 and \$50,000 for each succeeding fiscal year for school

districts or K-12 district elementary programs with an ANB of more than 250, plus \$2,000 for fiscal years 2014 and 2015 and \$2,500 for each succeeding fiscal year for each additional 25 ANB over 250;

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

(i) for the district's kindergarten through grade 6 elementary program:

(A) \$40,000 for fiscal years 2014 and 2015 and \$50,000 for each succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of 250 or fewer; and

(B) \$40,000 for fiscal years 2014 and 2015 and \$50,000 for each succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of more than 250, plus \$2,000 for fiscal years 2014 and 2015 and \$2,500 for each succeeding fiscal year for each additional 25 ANB over 250; and

(ii) for the district's approved and accredited junior high school, 7th and 8th grade programs, or middle school:

(A) \$80,000 for fiscal years 2014 and 2015 and \$100,000 for each succeeding fiscal year for school districts or K-12 district elementary programs with combined grades 7 and 8 with an ANB of 450 or fewer; and

(B) \$80,000 for fiscal years 2014 and 2015 and \$100,000 for each succeeding fiscal year for school districts or K-12 district elementary programs with combined grades 7 and 8 with an ANB of more than 450, plus \$4,000 for fiscal years 2014 and 2015 and \$5,000 for each succeeding fiscal year for each additional 45 ANB over 450.

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

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

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

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

(b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures

to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a maximum allowable ratio of 200%.

(10) "Natural resource development K-12 funding payment" means the payment, ~~starting in fiscal year 2015~~, of a variable percentage of the basic and per-ANB entitlements above the direct state aid for the general fund budget of a district. The total payment to school districts may not exceed the greater of 50% of the fiscal year 2012 oil and natural gas production taxes deposited into the general fund pursuant to 15-36-331(4) or 50% of the oil and natural gas production taxes deposited into the general fund pursuant to 15-36-331(4) for the fiscal year occurring 2 fiscal years prior to the school fiscal year in which the payment is provided, plus any excess interest and income revenue appropriated by the legislature pursuant to 20-9-622(2)(a). The amount of the natural resource development K-12 funding payment must be determined as follows:

(a) for fiscal year 2015, \$3 million; and

(b) for fiscal year 2016 and each subsequent year, the payment must be, subject to the limitations of this subsection (10), an amount sufficient to offset any estimated increase in statewide revenue from the general fund BASE budget levy provided for in 20-9-141 that is anticipated to result from increases in the basic or per-ANB entitlements plus any excess interest and income revenue appropriated by the legislature pursuant to 20-9-622(2)(a). The superintendent of public instruction shall incorporate a natural resource development K-12 funding payment calculated in compliance with this subsection (10)(b) in preparing and submitting an agency budget pursuant to 17-7-111 and 17-7-112.

(11) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and below the maximum general fund budget for a district.

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

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

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

(15) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

(a) for a high school district or a K-12 district high school program, a maximum rate of \$6,555 for fiscal

year 2014 and \$6,691 for each succeeding fiscal year for the first ANB, decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of \$5,120 for fiscal year 2014 and \$5,226 for each succeeding fiscal year for the first ANB, decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

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

(i) a maximum rate of \$5,120 for fiscal year 2014 and \$5,226 for each succeeding fiscal year for the first ANB for kindergarten through grade 6, decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of \$6,555 for fiscal year 2014 and \$6,691 for each succeeding fiscal year for the first ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB.

(16) "Total data-for-achievement payment" means the payment calculated as provided in 20-9-325.

(17) "Total quality educator payment" means the payment resulting from multiplying \$3,042 by the number of full-time equivalent educators as provided in 20-9-327."

Section 2. Section 20-9-366, MCA, is amended to read:

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

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

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

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

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

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

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

~~(4)~~(5) (a) "Statewide elementary guaranteed tax base ratio" or "statewide high school guaranteed tax base ratio", for guaranteed tax base funding for the BASE budget of an eligible district, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by 193% and divided by the ~~total sum of either the state elementary school districts' or the high school districts' current year BASE budget amounts less total direct state aid~~ prior year statewide GTBA budget area for the state elementary school districts or the state high school districts.

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

Section 3. Section 20-9-368, MCA, is amended to read:

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

(2) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the high school districts in the county is the difference between the county mill value per high school ANB and the statewide mill value per high school ANB, multiplied by the number of mills levied in support of the retirement fund budgets for the high school districts in the county.

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

(a) multiply the sum of the district's ~~BASE budget amount less direct state aid~~ prior year GTBA budget area by the corresponding statewide guaranteed tax base ratio;

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

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

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

Section 4. Section 20-10-107, MCA, is amended to read:

"20-10-107. Power of trustees. The trustees of any district ~~shall have the power to~~ may:

- (1) purchase or rent a school bus;
- (2) purchase or rent a ~~two-way radio~~ communication system or safety device for a school bus when the trustees authorize a ~~two-way radio~~ communication system or safety device as standard equipment in a school bus because ~~such~~ the bus is operated where weather and road conditions may constitute a hazard to the safety of the school pupil passengers;
- (3) provide for the operation, maintenance, and insurance of a school bus or a ~~two-way radio~~ communication system or safety device owned or rented by the district; or
- (4) contract with a private party for the transportation of eligible transportees, ~~and such~~. The contract ~~shall~~ may not exceed the term of 5 years."

Section 5. Section 20-10-147, MCA, is amended to read:

"20-10-147. Bus depreciation reserve fund. (1) The trustees of a district owning a bus or a ~~two-way radio~~ used for purposes of transportation, as defined in 20-10-101, or for purposes of conveying pupils to and from school functions or activities may establish a bus depreciation reserve fund to be used for the conversion, remodeling, or rebuilding of a bus or for the replacement of a bus or ~~radio~~ communication systems and safety devices installed on the bus, including but not limited to global positioning systems, cameras, and two-way radios. The trustees of a district may also use the bus depreciation reserve fund to purchase an additional bus for purposes of transportation, as defined in 20-10-101.

(2) Whenever a bus depreciation reserve fund is established, the trustees may include in the district's budget, in accordance with the school budgeting provisions of this title, an amount each year that does not exceed 20% of the original cost of a bus or a ~~two-way radio~~ communication systems and safety devices installed on the bus. The amount budgeted may not, over time, exceed 150% of the original cost of a bus or ~~two-way radio~~ communication systems and safety devices installed on the bus. The annual revenue requirement for each district's bus depreciation reserve fund, determined within the limitations of this section, must be reported by the county superintendent to the county commissioners by the later of the first Tuesday in September or within 30 calendar days after receiving certified taxable values as the bus depreciation reserve fund levy requirement for that district, and a levy must be made by the county commissioners in accordance with 20-9-142.

(3) Any expenditure of bus depreciation reserve fund money must be within the limitations of the district's final bus depreciation reserve fund budget and the school financial administration provisions of this title and may be made only to convert, remodel, or rebuild buses, to replace the buses or ~~radios~~ communication systems and safety devices installed on the bus, or for the purchase of an additional bus as provided in subsection (1), for which the bus depreciation reserve fund was created."

Section 6. Effective date. [This act] is effective July 1, 2015.

- END -

I hereby certify that the within bill,
HB 0031, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day
of _____, 2015.

President of the Senate

Signed this _____ day
of _____, 2015.

HOUSE BILL NO. 31
INTRODUCED BY K. KELKER
BY REQUEST OF THE OFFICE OF PUBLIC INSTRUCTION

AN ACT REVISING SCHOOL FINANCE LAWS; CLARIFYING THE RATIO OF SPECIAL EDUCATION ALLOWABLE COST PAYMENT USED TO CALCULATE A DISTRICT'S MAXIMUM GENERAL FUND BUDGET; DEFINING "GUARANTEED TAX BASE AID BUDGET AREA"; CLARIFYING THE FORMULA FOR DETERMINING THE STATEWIDE ELEMENTARY GUARANTEED TAX BASE RATIO AND THE STATEWIDE HIGH SCHOOL GUARANTEED TAX BASE RATIO; CLARIFYING THE FORMULA USED TO CALCULATE A DISTRICT'S GUARANTEED TAX BASE AID; PERMITTING TRUSTEES TO PURCHASE AND MAINTAIN COMMUNICATION SYSTEMS OR SAFETY DEVICES FOR BUSES OWNED OR RENTED BY THE SCHOOL DISTRICT; EXPANDING THE USE OF THE BUS DEPRECIATION RESERVE FUND TO INCLUDE COMMUNICATION SYSTEMS AND SAFETY DEVICES INSTALLED ON A BUS; AMENDING SECTIONS 20-9-306, 20-9-366, 20-9-368, 20-10-107, AND 20-10-147, MCA; AND PROVIDING AN EFFECTIVE DATE.