

HOUSE BILL NO. 313

INTRODUCED BY E. MCCLAFFERTY

1  
2  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING EDUCATION LAWS; AMENDING THE  
5 DEFINITION OF "PUPIL" FOR THE PURPOSES OF CALCULATING THE AVERAGE NUMBER BELONGING  
6 TO INCLUDE STUDENTS AGE 19 OR OLDER ADMITTED TO A SCHOOL AT THE DISCRETION OF SCHOOL  
7 DISTRICT TRUSTEES; REVISING THE CONDITIONS FOR EXEMPTION FROM COMPULSORY SCHOOL  
8 ENROLLMENT AND ATTENDANCE; PROVIDING INFLATION-RELATED ADJUSTMENTS TO THE BASIC  
9 ENTITLEMENT, THE PER-ANB ENTITLEMENT, AND THE GENERAL FUND PAYMENTS IN 20-9-325 AND  
10 20-9-327 THROUGH 20-9-330; REDIRECTING THE NATURAL RESOURCE DEVELOPMENT K-12 FUNDING  
11 PAYMENT TO THE SCHOOL FACILITY AND TECHNOLOGY ACCOUNT; PROVIDING FOR THE  
12 CALCULATION OF THE DATA-FOR-ACHIEVEMENT PAYMENT IN 20-9-306 INSTEAD OF 20-9-325;  
13 INCREASING THE DEBT LIMITS FOR SCHOOL DISTRICTS; PROVIDING AN APPROPRIATION; AMENDING  
14 SECTIONS 20-1-101, 20-5-102, 20-5-103, 20-9-141, 20-9-306, 20-9-325, 20-9-344, 20-9-406, 20-9-407,  
15 20-9-516, 20-9-622, AND 23-5-413, MCA; AND PROVIDING AN EFFECTIVE DATE AND APPLICABILITY  
16 DATES."

17  
18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

19  
20 **Section 1.** Section 20-1-101, MCA, is amended to read:  
21 **"20-1-101. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following  
22 definitions apply:

- 23 (1) "Accreditation standards" means the body of administrative rules governing standards such as:  
24 (a) school leadership;  
25 (b) educational opportunity;  
26 (c) academic requirements;  
27 (d) program area standards;  
28 (e) content and performance standards;  
29 (f) school facilities and records;  
30 (g) student assessment; and

1 (h) general provisions.

2 (2) "Aggregate hours" means the hours of pupil instruction for which a school course or program is  
3 offered or for which a pupil is enrolled.

4 (3) "Agricultural experiment station" means the agricultural experiment station established at Montana  
5 state university-Bozeman.

6 (4) "At-risk student" means any student who is affected by environmental conditions that negatively  
7 impact the student's educational performance or threaten a student's likelihood of promotion or graduation.

8 (5) "Average number belonging" or "ANB" means the average number of regularly enrolled, full-time  
9 pupils physically attending or receiving educational services at an offsite instructional setting from the public  
10 schools of a district.

11 (6) "Board of public education" means the board created by Article X, section 9, subsection (3), of the  
12 Montana constitution and 2-15-1507.

13 (7) "Board of regents" means the board of regents of higher education created by Article X, section 9,  
14 subsection (2), of the Montana constitution and 2-15-1505.

15 (8) "Commissioner" means the commissioner of higher education created by Article X, section 9,  
16 subsection (2), of the Montana constitution and 2-15-1506.

17 (9) "County superintendent" means the county government official who is the school officer of the county.

18 (10) "District superintendent" means a person who holds a valid class 3 Montana teacher certificate with  
19 a superintendent's endorsement that has been issued by the superintendent of public instruction under the  
20 provisions of this title and the policies adopted by the board of public education and who has been employed by  
21 a district as a district superintendent.

22 (11) (a) "Educational program" means a set of educational offerings designed to meet the program area  
23 standards contained in the accreditation standards.

24 (b) The term does not include an educational program or programs used in 20-4-121 and 20-25-803.

25 (12) "K-12 career and vocational/technical education" means organized educational activities that have  
26 been approved by the office of public instruction and that:

27 (a) offer a sequence of courses that provide a pupil with the academic and technical knowledge and skills  
28 that the pupil needs to prepare for further education and for careers in the current or emerging employment  
29 sectors; and

30 (b) include competency-based applied learning that contributes to the academic knowledge, higher-order

1 reasoning and problem-solving skills, work attitudes, general employability skills, technical skills, and  
2 occupation-specific skills of the pupil.

3 (13) (a) "Minimum aggregate hours" means the minimum hours of pupil instruction that must be  
4 conducted during the school fiscal year in accordance with 20-1-301 and includes passing time between classes.

5 (b) The term does not include lunch time and periods of unstructured recess.

6 (14) "Offsite instructional setting" means an instructional setting at a location, separate from a main  
7 school site, where a school district provides for the delivery of instruction to a student who is enrolled in the  
8 district.

9 (15) "Principal" means a person who holds a valid class 3 Montana teacher certificate with an applicable  
10 principal's endorsement that has been issued by the superintendent of public instruction under the provisions of  
11 this title and the policies adopted by the board of public education and who has been employed by a district as  
12 a principal. For the purposes of this title, any reference to a teacher must be construed as including a principal.

13 (16) "Pupil" means a child who is ~~6 years of age or older on or before September 10 of the year in which~~  
14 ~~the child is to enroll or has been enrolled by special permission of the board of trustees under 20-5-101(3) but~~  
15 ~~who has not yet reached 19 years of age and who is admitted pursuant to 20-5-101 and enrolled in a school~~  
16 ~~established and maintained under the laws of the state at public expense. For purposes of calculating the average~~  
17 ~~number belonging pursuant to 20-9-311, the definition of pupil includes a person who has not yet reached 19~~  
18 ~~years of age by September 10 of the year and is enrolled under 20-5-101(3) in a school established and~~  
19 ~~maintained under the laws of the state at public expense.~~

20 (17) "Pupil instruction" means the conduct of organized instruction of pupils enrolled in public schools  
21 while under the supervision of a teacher.

22 (18) "Qualified and effective teacher or administrator" means an educator who is licensed and endorsed  
23 in the areas in which the educator teaches, specializes, or serves in an administrative capacity as established  
24 by the board of public education.

25 (19) "Regents" means the board of regents of higher education.

26 (20) "School food services" means a service of providing food for the pupils of a district on a nonprofit  
27 basis and includes any food service financially assisted through funds or commodities provided by the United  
28 States government.

29 (21) "State board of education" means the board composed of the board of public education and the  
30 board of regents as specified in Article X, section 9, subsection (1), of the Montana constitution.

- 1 (22) "State university" means Montana state university-Bozeman.
- 2 (23) "Student with limited English proficiency" means any student:
- 3 (a) (i) who was not born in the United States or whose native language is a language other than English;
- 4 (ii) who is an American Indian and who comes from an environment in which a language other than
- 5 English has had a significant impact on the individual's level of English proficiency; or
- 6 (iii) who is migratory, whose native language is a language other than English, and who comes from an
- 7 environment in which a language other than English is dominant; and
- 8 (b) whose difficulties in speaking, reading, writing, or understanding the English language may be
- 9 sufficient to deny the student:
- 10 (i) the ability to meet the state's proficiency assessments;
- 11 (ii) the ability to successfully achieve in classrooms where the language of instruction is English; or
- 12 (iii) the opportunity to participate fully in society.
- 13 (24) "Superintendent of public instruction" means that state government official designated as a member
- 14 of the executive branch by the Montana constitution.
- 15 (25) "System" means the Montana university system.
- 16 (26) "Teacher" means a person, except a district superintendent, who holds a valid Montana teacher
- 17 certificate that has been issued by the superintendent of public instruction under the provisions of this title and
- 18 the policies adopted by the board of public education and who is employed by a district as a member of its
- 19 instructional, supervisory, or administrative staff. This definition of a teacher includes a person for whom an
- 20 emergency authorization of employment has been issued under the provisions of 20-4-111.
- 21 (27) "Textbook" means a book or manual used as a principal source of study material for a given class
- 22 or group of students.
- 23 (28) "Textbook dealer" means a party, company, corporation, or other organization selling, offering to sell,
- 24 or offering for adoption textbooks to districts in the state.
- 25 (29) "Trustees" means the governing board of a district.
- 26 (30) "University" means the university of Montana-Missoula.
- 27 (31) "Vocational-technical education" means vocational-technical education of vocational-technical
- 28 students that is conducted by a unit of the Montana university system, a community college, or a tribally controlled
- 29 community college, as designated by the board of regents."
- 30

1           **Section 2.** Section 20-5-102, MCA, is amended to read:

2           **"20-5-102. Compulsory enrollment and excuses.** (1) Except as provided in subsection (2), any parent,  
3 guardian, or other person who is responsible for the care of any child who is 7 years of age or older prior to the  
4 first day of school in any school fiscal year shall cause the child to be instructed in the program prescribed by the  
5 board of public education pursuant to 20-7-111 until the ~~later~~ earliest of the following dates:

6           (a) the child's ~~16th~~ 18th birthday; ~~or~~

7           (b) the date of completion of ~~the work of the 8th grade.~~ high school graduation requirements; or

8           (c) the date of certification that the child has satisfied the requirements for equivalency of completion of  
9 secondary education as provided in 20-7-131.

10           (2) A parent, guardian, or other person shall enroll the child in the school assigned by the trustees of the  
11 district within the first week of the school term or when the parent, guardian, or person establishes residence in  
12 the district unless the child is:

13           (a) enrolled in a school of another district or state under any of the tuition provisions of this title;

14           (b) provided with supervised correspondence study or supervised home study under the transportation  
15 provisions of this title;

16           (c) excused from compulsory school attendance upon a determination by a district judge that attendance  
17 is not in the best interest of the child;

18           (d) excused by the board of trustees upon a determination that attendance by a child who has attained  
19 the age of ~~16~~ 18 is not in the best interest of the child and the school; ~~or~~

20           (e) at least 16 years of age, has withdrawn from school, and has enrolled in an adult basic education  
21 program, the Montana youth challenge program, a Montana job corps program, an accredited postsecondary  
22 program, or a registered apprenticeship program; or

23           ~~(e)(f)~~ (f) enrolled in a nonpublic or home school that complies with the provisions of 20-5-109. For the  
24 purposes of this subsection ~~(2)(e)~~ (2)(f), a home school is the instruction by a parent of the parent's child,  
25 stepchild, or ward in the parent's residence, and a nonpublic school includes a parochial, church, religious, or  
26 private school."

27

28           **Section 3.** Section 20-5-103, MCA, is amended to read:

29           **"20-5-103. Compulsory attendance and excuses.** (1) Except as provided in subsection (2), any parent,  
30 guardian, or other person who is responsible for the care of any child who is 7 years of age or older prior to the

1 first day of school in any school fiscal year shall cause the child to attend the school in which the child is enrolled  
 2 for the school term and each school day in the term prescribed by the trustees of the district until the ~~later~~ earliest  
 3 of the following dates:

4 (a) the child's ~~46th~~ 18th birthday; or

5 (b) the date of completion of ~~the work of the 8th grade.~~ high school graduation requirements; or

6 (c) the date of certification that the child has satisfied the requirements for equivalency of completion of  
 7 secondary education as provided in 20-7-131.

8 (2) The provisions of subsection (1) do not apply in the following cases:

9 (a) The child has been excused under one of the conditions specified in 20-5-102.

10 (b) The child is absent because of illness, bereavement, or any other reason prescribed by the policies  
 11 of the trustees.

12 (c) The child has been suspended or expelled under the provisions of 20-5-202."  
 13

14 **Section 4.** Section 20-9-141, MCA, is amended to read:

15 **"20-9-141. Computation of general fund net levy requirement by county superintendent.** (1) The  
 16 county superintendent shall compute the levy requirement for each district's general fund on the basis of the  
 17 following procedure:

18 (a) Determine the funding required for the district's final general fund budget less the sum of direct state  
 19 aid, ~~the natural resource development K-12 funding payment,~~ and the special education allowable cost payment  
 20 for the district by totaling:

21 (i) the district's nonisolated school BASE budget requirement to be met by a district levy as provided in  
 22 20-9-303; and

23 (ii) any general fund budget amount adopted by the trustees of the district under the provisions of  
 24 20-9-308 and 20-9-353.

25 (b) Determine the money available for the reduction of the property tax on the district for the general fund  
 26 by totaling:

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

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

30 (A) interest earned by the investment of general fund cash in accordance with the provisions of

1 20-9-213(4); and

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

4 (iii) anticipated oil and natural gas production taxes;

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

6 (v) school district block grants distributed under 20-9-630.

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

11 (d) Determine the sum of any amount remaining after the determination in subsection (1)(c) and any  
12 tuition payments for out-of-district pupils to be received under the provisions of 20-5-320 through 20-5-324, except  
13 the amount of tuition received for a pupil who is a child with a disability in excess of the amount received for a  
14 pupil without disabilities, as calculated under 20-5-323(2).

15 (e) Subtract the amount determined in subsection (1)(d) from any additional funding requirement to be  
16 met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional financing as  
17 provided in 20-9-353 to determine any additional general fund levy requirements.

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

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

23 (b) the current total taxable valuation of the district, as certified by the department of revenue under  
24 15-10-202, divided by 1,000.

25 (3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported  
26 to the county commissioners by the later of the first Tuesday in September or within 30 calendar days after  
27 receiving certified taxable values by the county superintendent as the general fund net levy requirement for the  
28 district, and a levy must be set by the county commissioners in accordance with 20-9-142.

29 (4) For each school district, the department of revenue shall calculate and report to the county  
30 superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross

1 proceeds under 15-23-703."

2

3 **Section 5.** Section 20-9-306, MCA, is amended to read:

4 **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following  
5 definitions apply:

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

7 (2) "BASE aid" means:

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

10 (b) ~~starting in fiscal year 2015, the natural resource development K-12 funding payment for a variable~~  
11 ~~percentage of the basic and per-ANB entitlements above the direct state aid for the general fund budget of a~~  
12 ~~district, as referenced in subsection (10);~~

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

16 ~~(d)(c) the total quality educator payment;~~

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

18 ~~(f)(e) the total Indian education for all payment;~~

19 ~~(g)(f) the total American Indian achievement gap payment; and~~

20 ~~(h)(g) the total data-for-achievement payment.~~

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

26 (4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may  
27 be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through  
28 20-9-369.

29 (5) "BASE funding program" means the state program for the equitable distribution of the state's share  
30 of the cost of Montana's basic system of public elementary schools and high schools, through county equalization



1 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  
2 BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

3 (6) "Basic entitlement" means:

4 (a) for each high school district:

5 (i) ~~\$290,000~~ \$300,000 for fiscal ~~years 2014 and 2015~~ year 2016 and ~~\$300,000~~ \$305,370 for each  
6 succeeding fiscal year for school districts with an ANB of 800 or fewer; and

7 (ii) ~~\$290,000~~ \$300,000 for fiscal ~~years 2014 and 2015~~ year 2016 and ~~\$300,000~~ \$305,370 for each  
8 succeeding fiscal year for school districts with an ANB of more than 800, plus ~~\$12,000~~ \$15,000 for fiscal ~~years~~  
9 ~~2014 and 2015~~ year 2016 and ~~\$15,000~~ \$15,269 for each succeeding fiscal year for each additional 80 ANB over  
10 800;

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

13 (i) ~~\$40,000~~ \$50,000 for fiscal ~~years 2014 and 2015~~ year 2016 and ~~\$50,000~~ \$50,895 for each succeeding  
14 fiscal year for school districts or K-12 district elementary programs with an ANB of 250 or fewer; and

15 (ii) ~~\$40,000~~ \$50,000 for fiscal ~~years 2014 and 2015~~ year 2016 and ~~\$50,000~~ \$50,895 for each succeeding  
16 fiscal year for school districts or K-12 district elementary programs with an ANB of more than 250, plus ~~\$2,000~~  
17 \$2,500 for fiscal ~~years 2014 and 2015~~ year 2016 and ~~\$2,500~~ \$2,545 for each succeeding fiscal year for each  
18 additional 25 ANB over 250;

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 the district's kindergarten through grade 6 elementary program:

22 (A) ~~\$40,000~~ \$50,000 for fiscal ~~years 2014 and 2015~~ year 2016 and ~~\$50,000~~ \$50,895 for each succeeding  
23 fiscal year for school districts or K-12 district elementary programs with an ANB of 250 or fewer; and

24 (B) ~~\$40,000~~ \$50,000 for fiscal ~~years 2014 and 2015~~ year 2016 and ~~\$50,000~~ \$50,895 for each succeeding  
25 fiscal year for school districts or K-12 district elementary programs with an ANB of more than 250, plus ~~\$2,000~~  
26 \$2,500 for fiscal ~~years 2014 and 2015~~ year 2016 and ~~\$2,500~~ \$2,545 for each succeeding fiscal year for each  
27 additional 25 ANB over 250; and

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

30 (A) ~~\$80,000~~ \$100,000 for fiscal ~~years 2014 and 2015~~ year 2016 and ~~\$100,000~~ \$101,790 for each

1 succeeding fiscal year for school districts or K-12 district elementary programs with combined grades 7 and 8 with  
 2 an ANB of 450 or fewer; and

3 (B) ~~\$80,000~~ \$100,000 for fiscal ~~years 2014 and 2015~~ year 2016 and ~~\$100,000~~ \$101,790 for each  
 4 succeeding fiscal year for school districts or K-12 district elementary programs with combined grades 7 and 8 with  
 5 an ANB of more than 450, plus ~~\$4,000~~ \$5,000 for fiscal ~~years 2014 and 2015~~ year 2016 and ~~\$5,000~~ \$5,090 for  
 6 each succeeding fiscal year for each additional 45 ANB over 450.

7 (7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to  
 8 20-9-311.

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

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

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

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

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

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

29 ~~— (b) for fiscal year 2016 and each subsequent year, the payment must be,~~ subject to the limitations of this  
 30 subsection (10), an amount sufficient to offset any estimated increase in statewide revenue from the general fund

1 BASE budget levy provided for in 20-9-141 that is anticipated to result from increases in the basic or per-ANB  
 2 entitlements plus any excess interest and income revenue ~~appropriated by the legislature pursuant to~~ as provided  
 3 in 20-9-622(2)(a). The superintendent of public instruction shall incorporate a natural resource development K-12  
 4 funding payment calculated in compliance with this subsection (10)(b) in preparing and submitting an agency  
 5 budget pursuant to 17-7-111 and 17-7-112.

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

8 (12) "Total American Indian achievement gap payment" means the payment resulting from multiplying  
 9 ~~\$200~~ \$205 for fiscal year 2016 and \$209 for each succeeding year times the number of American Indian students  
 10 enrolled in the district as provided in 20-9-330.

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

13 (14) "Total Indian education for all payment" means the payment resulting from multiplying ~~\$20.40~~ \$20.88  
 14 for fiscal year 2016 and \$21.25 for each succeeding fiscal year times the ANB of the district or \$100 for each  
 15 district, whichever is greater, as provided for in 20-9-329.

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

18 (a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$6,555~~ \$6,847  
 19 for fiscal year ~~2014~~ 2016 and ~~\$6,694~~ \$6,970 for each succeeding fiscal year for the first ANB, decreased at the  
 20 rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess  
 21 of 800 receiving the same amount of entitlement as the 800th ANB;

22 (b) for an elementary school district or a K-12 district elementary program without an approved and  
 23 accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of ~~\$5,120~~ \$5,348  
 24 for fiscal year ~~2014~~ 2016 and ~~\$5,226~~ \$5,444 for each succeeding fiscal year for the first ANB, decreased at the  
 25 rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess  
 26 of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

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

29 (i) a maximum rate of ~~\$5,120~~ \$5,348 for fiscal year ~~2014~~ 2016 and ~~\$5,226~~ \$5,444 for each succeeding  
 30 fiscal year for the first ANB for kindergarten through grade 6, decreased at the rate of 20 cents per ANB for each

1 additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of  
2 entitlement as the 1,000th ANB; and

3 (ii) a maximum rate of ~~\$6,555~~ \$6,847 for fiscal year ~~2014~~ 2016 and ~~\$6,694~~ \$6,970 for each succeeding  
4 fiscal year for the first ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for each additional ANB  
5 for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of  
6 entitlement as the 800th ANB.

7 (16) "Total data-for-achievement payment" means the payment ~~calculated~~ resulting from multiplying \$20  
8 in fiscal year 2016 and \$20.36 for each succeeding fiscal year times ANB as provided in 20-9-325.

9 (17) "Total quality educator payment" means the payment resulting from multiplying ~~\$3,042~~ \$3,113 for  
10 fiscal year 2016 and \$3,169 for each succeeding fiscal year by the number of full-time equivalent educators as  
11 provided in 20-9-327."

12

13 **Section 6.** Section 20-9-325, MCA, is amended to read:

14 **"20-9-325. Data-for-achievement payment.** (1) The state shall provide a data-for-achievement payment  
15 to public school districts as defined in 20-6-101 and 20-6-701. The data-for-achievement payment is ~~the district's~~  
16 ~~ANB, calculated in accordance with 20-9-311, multiplied by:~~

17 ~~—— (a) \$10 for fiscal year 2014;~~

18 ~~—— (b) \$15 for fiscal year 2015; and~~

19 ~~—— (c) \$20 for fiscal year 2016 and subsequent fiscal years calculated as provided in 20-9-306.~~

20 (2) Funds received for the data-for-achievement payment must be used by a school district to pay for  
21 access fees or other costs associated with use of or participation in the statewide data system administered by  
22 the office of public instruction or a comparable data system provided by a private vendor, including data entry and  
23 staff training on use of the systems.

24 (3) Unless funds are otherwise appropriated at higher amounts by the legislature, the office of public  
25 instruction may spend no more than \$500,000 per biennium for the purposes of mediating with vendors,  
26 developing a plan, preparing a request for proposal solicitation package, managing the vendor contract, and  
27 implementing a plan with school districts for the statewide data system. This limitation does not apply if the office  
28 of public instruction develops and administers the statewide data system without a vendor."

29

30 **Section 7.** Section 20-9-344, MCA, is amended to read:

1           **"20-9-344. Duties of board of public education for distribution of BASE aid.** (1) The board of public  
2 education shall administer and distribute the BASE aid and state advances for county equalization in the manner  
3 and with the powers and duties provided by law. The board of public education:

4           (a) shall adopt policies for regulating the distribution of BASE aid and state advances for county  
5 equalization in accordance with the provisions of law;

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

8           (c) shall order the superintendent of public instruction to distribute the BASE aid on the basis of each  
9 district's annual entitlement to the aid as established by the superintendent of public instruction. In ordering the  
10 distribution of BASE aid, the board of public education may not increase or decrease the BASE aid distribution  
11 to any district on account of any difference that may occur during the school fiscal year between budgeted and  
12 actual receipts from any other source of school revenue.

13           (2) The board of public education may order the superintendent of public instruction to withhold  
14 distribution of BASE aid from a district when the district fails to:

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

16           (b) maintain accredited status because of failure to meet the board of public education's assurance and  
17 performance standards.

18           (3) Prior to any proposed order by the board of public education to withhold distribution of BASE aid or  
19 county equalization money, the district is entitled to a contested case hearing before the board of public  
20 education, as provided under the Montana Administrative Procedure Act.

21           (4) If a district or county receives more BASE aid than it is entitled to, the county treasurer shall return  
22 the overpayment to the state upon the request of the superintendent of public instruction in the manner prescribed  
23 by the superintendent of public instruction.

24           (5) Except as provided in 20-9-347(2), the BASE aid payment must be distributed according to the  
25 following schedule:

26           (a) from August to October of the school fiscal year, to each district 10% of:

27           (i) direct state aid;

28           (ii) the total quality educator payment;

29           (iii) the total at-risk student payment;

30           (iv) the total Indian education for all payment;

- 1 (v) the total American Indian achievement gap payment; and  
 2 (vi) the total data-for-achievement payment; ~~and~~  
 3 ~~(vii) the total natural resource development K-12 funding payment;~~  
 4 (b) from December to April of the school fiscal year, to each district 10% of:  
 5 (i) direct state aid;  
 6 (ii) the total quality educator payment;  
 7 (iii) the total at-risk student payment;  
 8 (iv) the total Indian education for all payment;  
 9 (v) the total American Indian achievement gap payment; and  
 10 (vi) the total data-for-achievement payment; ~~and~~  
 11 ~~(vii) the total natural resource development K-12 funding payment;~~  
 12 (c) in November of the school fiscal year, one-half of the guaranteed tax base aid payment to each  
 13 district or county that has submitted a final budget to the superintendent of public instruction in accordance with  
 14 the provisions of 20-9-134;  
 15 (d) in May of the school fiscal year, the remainder of the guaranteed tax base aid payment to each district  
 16 or county; and  
 17 (e) in June of the school fiscal year, the remaining payment to each district of direct state aid, the total  
 18 quality educator payment, the total at-risk student payment, the total Indian education for all payment, the total  
 19 American Indian achievement gap payment, and the total data-for-achievement payment, ~~and the total natural~~  
 20 ~~resource development K-12 funding payment.~~  
 21 (6) The distribution provided for in subsection (5) must occur by the last working day of each month."  
 22

23 **Section 8.** Section 20-9-406, MCA, is amended to read:

24 **"20-9-406. Limitations on amount of bond issue -- definition of federal impact aid basic support**  
 25 **payment -- oil and natural gas payment.** (1) (a) Except as provided in subsection (1)(c), the maximum amount  
 26 for which an elementary district or a high school district may become indebted by the issuance of general  
 27 obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous  
 28 issues, registered warrants, outstanding obligations under 20-9-471, oil and natural gas revenue bonds to which  
 29 a deficiency tax levy is pledged, and any other loans or notes payable that are held as general obligations of the  
 30 district, is ~~50%~~ 100% of the taxable value of the property subject to taxation, as ascertained by the last

1 assessment for state, county, and school taxes previous to the incurring of the indebtedness.

2 (b) Except as provided in subsection (1)(c), the maximum amount for which a K-12 school district, as  
 3 formed pursuant to 20-6-701, may become indebted by the issuance of general obligation bonds, including all  
 4 indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants,  
 5 outstanding obligations under 20-9-471, oil and natural gas revenue bonds to which a deficiency tax levy is  
 6 pledged, and any other loans or notes payable that are held as general obligations of the district, ~~is up to 100%~~  
 7 regardless of whether the general obligation bonds finance elementary program improvements or high school  
 8 program improvements, is the sum of 100% of the taxable value of the property in the elementary district subject  
 9 to taxation and 100% of the taxable value of the property in the high school district subject to taxation, as  
 10 ascertained by the last assessment for state, county, and school taxes previous to the incurring of the  
 11 indebtedness.

12 (c) (i) ~~The~~ Unless the maximum amount calculated under subsection (1)(a) yields a greater amount, the  
 13 maximum amount for which an elementary district or a high school district with a district mill value per elementary  
 14 ANB or per high school ANB that is less than the facility guaranteed mill value per elementary ANB or high school  
 15 ANB under 20-9-366 may become indebted by the issuance of general obligation bonds, including all  
 16 indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants,  
 17 outstanding obligations under 20-9-471, oil and natural gas revenue bonds to which a deficiency tax levy is  
 18 pledged, and any other loans or notes payable that are held as general obligations of the district, is ~~50% of the~~  
 19 corresponding facility guaranteed mill value per ANB times 1,000 times the ANB of the district. For a K-12 district,  
 20 unless the maximum amount calculated under subsection (1)(b) yields a greater amount, the maximum amount  
 21 for which the district may become indebted is ~~50% of the~~ sum of the facility guaranteed mill value per elementary  
 22 ANB times 1,000 times the elementary ANB of the district and the facility guaranteed mill value per high school  
 23 ANB times 1,000 times the high school ANB of the district. For the purpose of calculating ANB under this  
 24 subsection, a district may use the greater of the current year ANB or the 3-year ANB calculated under 20-9-311.

25 (ii) If mutually agreed upon by the affected districts, for the purpose of calculating its maximum bonded  
 26 indebtedness under this subsection (1)(c), a district may include the ANB of the district plus the number of  
 27 students residing within the district for which the district or county pays tuition for attendance at a school in an  
 28 adjacent district. The receiving district may not use out-of-district ANB for the purpose of calculating its maximum  
 29 indebtedness if the out-of-district ANB has been included in the ANB of the sending district pursuant to the mutual  
 30 agreement. For the purpose of calculating ANB under this subsection, a district may use the greater of the current

1 year ANB or the 3-year ANB calculated under 20-9-311.

2 (2) The maximum amounts determined in subsection (1) do not pertain to indebtedness imposed by  
3 special improvement district obligations or assessments against the school district or to general obligation bonds  
4 issued for the repayment of tax protests lost by the district. All general obligation bonds issued in excess of the  
5 amount are void, except as provided in this section.

6 (3) The maximum amount of impact aid revenue bonds that an elementary district, high school district,  
7 or K-12 school district may issue may not exceed a total aggregate amount equal to three times the average of  
8 the school district's annual federal impact aid basic support payments for the 5 years immediately preceding the  
9 issuance of the bonds. However, at the time of issuance of the bonds, the average annual payment of principal  
10 of and interest on the impact aid bonds each year may not exceed 35% of the total federal impact aid basic  
11 support payments of the school district for the current year.

12 (4) The maximum amount of oil and natural gas revenue bonds that an elementary district, high school  
13 district, or K-12 school district may issue may not exceed a total aggregate amount equal to three times the  
14 average of the school district's annual oil and natural gas production taxes received pursuant to 15-36-331,  
15 15-36-332, and 20-9-310 for the 2 fiscal years immediately preceding the issuance of the bonds. At the time of  
16 the issuance of the bonds, the average annual payment of principal of and interest on the oil and natural gas  
17 revenue bonds each year may not exceed 35% of the total oil and natural gas production taxes received by the  
18 school district under the limitations in 20-9-310 for the immediately preceding fiscal year. If the oil and natural gas  
19 revenue bonds are also secured by a deficiency tax levy as provided in 20-9-437, the debt limitation provided in  
20 subsection (1) of this section applies to the bonds.

21 (5) When the total indebtedness of a school district has reached the limitations prescribed in this section,  
22 the school district may pay all reasonable and necessary expenses of the school district on a cash basis in  
23 accordance with the financial administration provisions of this chapter.

24 (6) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt  
25 service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the  
26 refunding bond issue is decreased accordingly.

27 (7) As used in this part, "federal impact aid basic support payment" means the annual impact aid revenue  
28 received by a district under 20 U.S.C. 7703(b) but excludes revenue received for impact aid special education  
29 under 20 U.S.C. 7703(d) and impact aid construction under 20 U.S.C. 7707.

30 (8) The state reimbursement for school facilities program created in 20-9-370 and 20-9-371 may only



1 be calculated on up to 50% of the taxable value of the property subject to taxation."

2

3 **Section 9.** Section 20-9-407, MCA, is amended to read:

4 **"20-9-407. Industrial facility agreement for bond issue in excess of maximum.** (1) In a school district  
5 within which a new major industrial facility that seeks to qualify for taxation as class five property under 15-6-135  
6 is being constructed or is about to be constructed, the school district may require, as a precondition of the new  
7 major industrial facility qualifying as class five property, that the owners of the proposed industrial facility enter  
8 into an agreement with the school district concerning the issuing of bonds in excess of the ~~50%~~ limitation  
9 prescribed in 20-9-406. Under an agreement, the school district may, with the approval of the voters, issue bonds  
10 that exceed the limitation prescribed in this section by a maximum of ~~50%~~ 100% of the estimated taxable value  
11 of the property of the new major industrial facility subject to taxation when completed. The estimated taxable value  
12 of the property of the new major industrial facility subject to taxation must be computed by the department of  
13 revenue when requested to do so by a resolution of the board of trustees of the school district. A copy of the  
14 department's statement of estimated taxable value must be printed on each ballot used to vote on a bond issue  
15 proposed under this section.

16 (2) Pursuant to the agreement between the new major industrial facility and the school district and as  
17 a precondition to qualifying as class five property, the new major industrial facility and its owners shall pay, in  
18 addition to the taxes imposed by the school district on property owners generally, as much of the principal and  
19 interest on the bonds provided for under this section as represents payment on an indebtedness in excess of the  
20 limitation prescribed in 20-9-406. After the completion of the new major industrial facility and when the  
21 indebtedness of the school district no longer exceeds the limitation prescribed in this section, the new major  
22 industrial facility is entitled, after all the current indebtedness of the school district has been paid, to a tax credit  
23 over a period of no more than 20 years. The credit must as a total amount be equal to the amount that the facility  
24 paid the principal and interest of the school district's bonds in excess of its general liability as a taxpayer within  
25 the district.

26 (3) A major industrial facility is a facility subject to the taxing power of the school district, whose  
27 construction or operation will increase the population of the district, imposing a significant burden upon the  
28 resources of the district and requiring construction of new school facilities. A significant burden is an increase in  
29 ANB of at least 20% in a single year."

30

1           **Section 10.** Section 20-9-516, MCA, is amended to read:

2           **"20-9-516. School facility and technology account.** (1) There is a school facility and technology  
3 account in the state special revenue fund provided for in 17-2-102. The purpose of the account is to provide  
4 money to schools for:

5           (a) major deferred maintenance;

6           (b) improving energy efficiency in school facilities;

7           (c) critical infrastructure in school districts;

8           (d) emergency facility needs;

9           (e) technological improvements; and

10          (f) state reimbursement for school facilities as provided in 20-9-371.

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

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

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

16          (c) the natural resource development K-12 funding payment provided for in 20-9-306."

17

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

19           **"20-9-622. Guarantee account.** (1) There is a guarantee account in the state special revenue fund. The  
20 guarantee account is intended to:

21           (a) stabilize the long-term growth of the permanent fund; and

22           (b) maintain a constant and increasing distributable revenue stream. All realized capital gains and all  
23 distributable revenue must be deposited in the guarantee account. ~~The~~ Except as provided in subsection (2), the  
24 guarantee account is statutorily appropriated, as provided in 17-7-502, for distribution to school districts through  
25 school equalization aid as provided in 20-9-343.

26           (2) Any excess interest and income revenue deposited in the guarantee account for distribution under  
27 this section must be allocated as follows:

28           (a) 50% of the excess interest and income revenue must be reserved ~~for an appropriation in the next~~  
29 ~~regular session of the legislature~~ as part of the natural resource development K-12 funding payment referred to  
30 in 20-9-306; and

1 (b) 50% of the excess interest and income revenue must be distributed to schools on a  
2 per-quality-educator basis, with the amount to be distributed to each district calculated by dividing the total funds  
3 available for distribution under this subsection (2)(b) by the total number of quality educators, as defined in  
4 20-4-502, employed by each school district in the state in the immediately preceding school fiscal year. A school  
5 district receiving funds under this section shall deposit the funds in its miscellaneous programs fund provided for  
6 in 20-9-507 and shall use the funds in the following order:

7 (i) to address any repairs categorized as "safety", "damage/wear out", or "codes and standards" in the  
8 facilities condition inventory for buildings of the school district as referenced in the K-12 public schools facility  
9 condition and needs assessment prepared by the Montana department of administration pursuant to section 1,  
10 Chapter 1, Special Laws of December 2005; and

11 (ii) if repairs under subsection (2)(b)(i) have been completed, to any other purpose authorized by  
12 20-9-543."  
13

14 **Section 12.** Section 23-5-413, MCA, is amended to read:

15 **"23-5-413. Raffle prizes -- investigations -- rulemaking.** (1) (a) The department shall investigate all  
16 violations of this part.

17 (b) The department may adopt rules to require recordkeeping for receipts and payouts under this part  
18 and to establish procedures to ensure the fair selection of winners.

19 (2) (a) A person or organization conducting a raffle shall own all prizes to be awarded as part of the raffle  
20 before the sale of any tickets.

21 (b) The value of a prize awarded for an individual ticket for a raffle conducted by a person or an  
22 organization may not exceed \$5,000. Prizes may not be combined in any manner to increase the ultimate value  
23 of the prize awarded for each ticket.

24 (c) The provisions of subsections (2)(a) and (2)(b) do not apply to a nonprofit organization, a college,  
25 a university, a public school district as provided in 20-6-101 and 20-6-701, or a nonpublic school as described  
26 in 20-5-102~~(2)(e)~~(2)(f). The proceeds from the sale of tickets for a raffle conducted by a nonprofit organization,  
27 college, university, or school district may be used only for charitable purposes or to pay for prizes and may not  
28 be used for the administrative costs of conducting the raffle.

29 (3) (a) The sale of raffle tickets authorized by this part is restricted to events and participants within the  
30 geographic confines of the state.

1 (b) The sale of raffle tickets may not be conducted over the internet. All raffle announcements or  
2 advertisements conducted over the internet must include this sale restriction, the name of the organization  
3 offering the raffle, and all raffle terms."  
4

5 NEW SECTION. **Section 13. Severability.** If a part of [this act] is invalid, all valid parts that are  
6 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,  
7 the part remains in effect in all valid applications that are severable from the invalid applications.  
8

9 NEW SECTION. **Section 14. Appropriation.** There is appropriated \$9.5 million from the state school  
10 oil and natural gas distribution account for fiscal year 2016 for the purposes specified in 20-9-520.  
11

12 NEW SECTION. **Section 15. Notification to tribal governments.** The secretary of state shall send  
13 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell  
14 Chippewa tribe.  
15

16 NEW SECTION. **Section 16. Effective date.** [This act] is effective July 1, 2015.  
17

18 NEW SECTION. **Section 17. Applicability.** (1) Except as provided in subsection (2), [this act] applies  
19 to school years beginning on or after July 1, 2015.

20 (2) [Section 1] applies to school years beginning on or after July 1, 2016.  
21

- END -