

Section Summary of LC GRT2

SFTA = School Facility and Technology Account; the bill draft renames this the Debt Service Assistance Account and uses it solely for funding debt service assistance (currently known as facility reimbursements or debt service GTB)

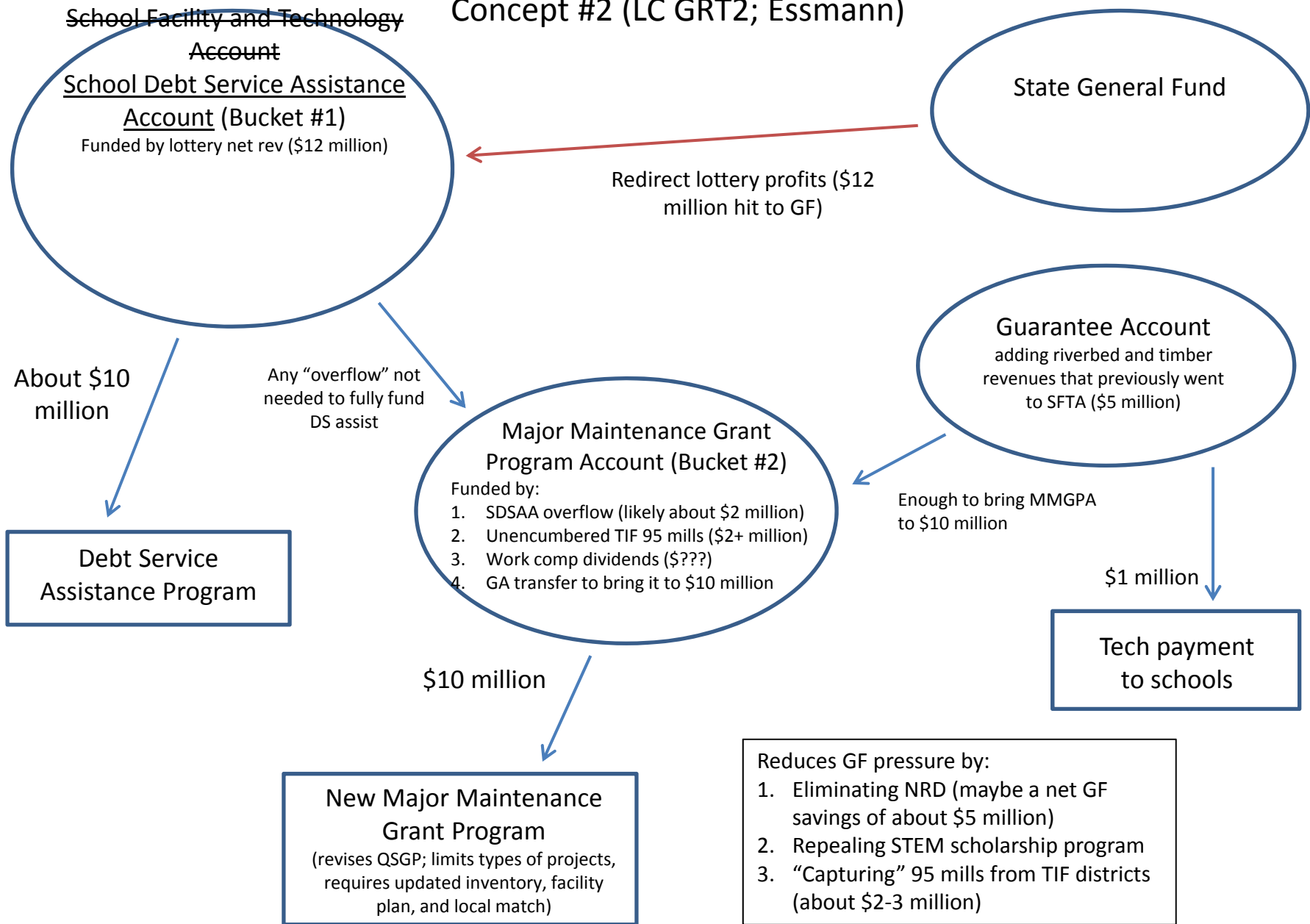
TIFD = Tax Increment Finance District; the bill draft “captures” the 95 school equalization mills on the tax increment (unless they are required to pay a bond) and directs this revenue to the new Major Maintenance Grant Program Account

GA = Guarantee Account; the bill draft uses revenue in the GA to “top off” the Major Maintenance Grant Program Account (see diagram)

Sections

1. Amends 7-15-4286 to “capture” 95 mills in TIFDs not required for TIFD bonds
2. Amends 17-3-1003 rerouting riverbed income that currently flows to SFTA to GA
3. Amends 20-9-104 related to simplifying revenue flow and renaming SFTA
4. Amends 20-9-141 related to eliminating the NRD payment
5. Amends 20-9-306 eliminating the NRD payment; corrects alphabetization of data for achievement payment
6. Amends 20-9-343 related to renaming debt service assistance
7. Amends 20-9-344 related to eliminating the NRD payment
8. Amends 20-9-367 related to renaming debt service assistance
9. Amends 20-9-371 related to renaming debt service assistance
10. Amends 20-9-516 to:
 - a. Change name of account to school debt service assistance account
 - b. Limit function to debt service assistance
 - c. Change revenue streams to just lottery net revenue
11. New section creates “School Facility Major Maintenance Grant Program Account” and revenue streams to total \$10 million annual revenue
12. Amends 20-9-534 to switch revenue source of tech payment to districts to guarantee account; removes erroneous reference to 20-9-343
13. Amends 20-9-620 related to funding major maintenance account
14. Amends 20-9-622 related to eliminating the NRD and using excess interest and income to supplement major maintenance account
15. Amends 23-7-202 directing lottery net revenue to debt service assistance account
16. Amends 23-7-402 directing lottery net revenue to debt service assistance account and related to eliminating STEM scholarships
17. Amends 39-71-403 requiring that any workers’ comp dividends refunded to a state agency be transferred to the major maintenance account
18. Amends 90-6-801 renaming Quality Schools grant program
19. Amends 90-6-802 related to purpose of grant program
20. Amends 90-6-803 related to grant program and eligible projects
21. Amends 90-6-809 related to grant program; requiring local matching funds and updated facility inventories and maintenance plans
22. Amends 90-6-810 related to grant program similar to above
23. Amends 90-6-811 related to grant program; modifies prioritization of grants
24. Repeals Montana STEM scholarship program
25. Codification instruction for new section
26. Effective date TBD

Concept #2 (LC GRT2; Essmann)



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As of: August 3, 2016 (2:10pm)

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**** Bill No. ****

Introduced By *****

By Request of the *****

A Bill for an Act entitled: "An Act revising funding related to state support for school facilities; renaming the school facility and technology account, creating a school facility major maintenance grant program state special revenue account, and providing revenue for both accounts; eliminating the natural resource development K-12 payment; redirecting lottery proceeds; requiring the transfer of any workers' compensation dividends refunded to a state agency be transferred to the school facility major maintenance grant program account; utilizing the 95 mills levied on the incremental taxable value within an urban renewal area or targeted economic development district for school facility major maintenance grants; revising the source of the statutory appropriation for the state technology payment to schools; revising and renaming the quality schools facility grant program; eliminating the STEM scholarship program; amending sections 7-15-4286, 17-3-1003, 20-9-104, 20-9-141, 20-9-306, 20-9-343, 20-9-344, 20-9-367, 20-9-371, 20-9-516, 20-9-534, 20-9-620, 20-9-622, 23-7-202, 23-7-402, 39-71-403, 90-6-801, 90-6-802, 90-6-803, 90-6-809, 90-6-810, and 90-6-811, MCA; repealing sections 20-26-614, 20-26-615, 20-26-616, and 20-26-617, MCA."

Be it enacted by the Legislature of the State of Montana:

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Section 1. Section 7-15-4286, MCA, is amended to read:

"7-15-4286. Procedure to determine and disburse tax

increment. (1) Mill rates of taxing bodies for taxes levied after the effective date of the tax increment provision must be calculated on the basis of the sum of the taxable value, as shown by the last equalized assessment roll, of all taxable property located outside the urban renewal area or targeted economic development district and the base taxable value of all taxable property located within the area or district. The mill rate determined must be levied against the sum of the actual taxable value of all taxable property located within as well as outside the area or district.

(2) (a) ~~The~~ Except as provided in subsection (2)(b), the tax increment, if any, received in each year from the levy of the combined mill rates of all the affected taxing bodies against the incremental taxable value within the area or district, except for the university system mills levied pursuant to 15-10-108 and 20-25-439 and the public school equalization mills levied and assessed against property pursuant to 20-9-331, 20-9-333, and 20-9-360, must be paid into a special fund held by the treasurer of the local government and used as provided in 7-15-4282 through 7-15-4294.

(b) If the tax increment is pledged to the payment of the principal of premiums, if any, and interest on the bonds referred to in 7-15-4289 created before August 29, 2016, and the tax increment derived from the public school equalization mills or a portion thereof is required to make those payments, the public

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school equalization mills or a portion thereof must be included in the combined mill rate used to calculate the tax increment and paid into the fund provided for in subsection (2)(a) until the time when the tax increment derived from the public school equalization mills is not required to make the payment of the principal of premiums and interest on the bonds.

(b)(c) The balance of the taxes collected in each year must be paid to each of the taxing bodies as otherwise provided by law."

{Internal References to 7-15-4286:

- 7-15-4279 * ok
- 7-15-4283 * ok
- 7-15-4286 * ok
- 7-15-4301 * ok
- 71-3-1506 ok}
- 7-15-4282 * ok
- 7-15-4283 * ok
- 7-15-4291 7-15-4291 * ok
- 7-15-4324 * ok

Section 2. Section 17-3-1003, MCA, is amended to read:

"17-3-1003. Support of state institutions. (1) Except as provided in subsection (5), for the support and endowment of each state institution, there is annually and perpetually appropriated, after any deductions made under 77-1-109, the income from all permanent endowments for the institution and from all land grants as provided by law. All money received or collected in connection with permanent endowments by all higher educational institutions, reformatory, custodial and penal institutions, state hospitals, and sanitariums, for any purpose, except revenue pledged to secure the payment of principal and interest of obligations incurred for the purchase, construction, equipment, or improvement of facilities at units of the Montana

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university system and for the refunding of obligations or money that constitutes temporary deposits, all or part of which may be subject to withdrawal or repayment, must be paid to the state treasurer, who shall deposit the money to the credit of the proper fund.

(2) Except as provided in subsections (1), (3), and (5), all money received from the investment of grants of a state institution and all money received from the leasing of lands granted to a state institution must be deposited with the state treasurer of Montana for each institution, to the credit of the state special revenue fund.

(3) Except as provided in 77-1-109 and subsection (4) of this section, all money received from the sale of timber from lands granted to a state institution must be deposited to the credit of the permanent trust fund for the support of the institution.

(4) The board of regents shall designate, at least once a biennium, whether the timber sale proceeds from Montana university system lands must be distributed to the beneficiaries or placed in the permanent fund.

(5) Except as provided in 77-1-109, income received from certain lands and riverbeds pursuant to 77-1-103(4) or 77-4-208 must be deposited ~~as follows:~~

~~—(a) from July 1, 2011, through June 30, 2014, to in the guarantee account provided for in 20-9-622~~7~~ and~~

~~—(b) on or after July 1, 2014, to the school facility and technology account provided for in 20-9-516."~~

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{*Internal References to 17-3-1003:*

17-3-1004 ok 20-9-516 a 77-1-101 ok 77-1-103 ok
77-1-109 ok 77-1-109 ok 77-4-208 ok}

Section 3. Section 20-9-104, MCA, is amended to read:

"20-9-104. (Temporary) General fund operating reserve. (1)

At the end of each school fiscal year, the trustees of each district shall designate the portion of the general fund end-of-the-year fund balance that is to be earmarked as operating reserve for the purpose of paying general fund warrants issued by the district from July 1 to November 30 of the ensuing school fiscal year. Except as provided in subsections (6) and (7), the amount of the general fund balance that is earmarked as operating reserve may not exceed 10% of the final general fund budget for the ensuing school fiscal year.

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

(3) Excess reserves as provided in subsection (6) may be appropriated to reduce the BASE budget levy, the over-BASE budget levy, or the additional levy provided by 20-9-353.

(4) Except as provided in subsection (9), any portion of the general fund end-of-the-year fund balance, including any portion attributable to a tax increment remitted under 7-15-4291, that is not reserved under subsection (2) or reappropriated under subsection (3) is fund balance reappropriated and must be used for property tax reduction as provided in 20-9-141(1)(b) up to an amount not exceeding 15% of a school district's maximum general

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fund budget.

(5) Except as provided in subsection (9), any unreserved fund balance in excess of 15% of a school district's maximum general fund budget must be remitted to the state and ~~allocated as follows:~~

~~—— (a) 70% of the excess amount must be remitted to the state to be deposited in the guarantee account provided for in 20-9-622; and~~

~~—— (b) 30% of the excess amount must be remitted to the school facility and technology account.~~

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

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

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

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

(7) The limitation of subsection (1) does not apply when the amount earmarked as operating reserve is \$10,000 or less.

(8) Any amounts remitted to the state under subsection (5) are not considered expenditures to be applied against budget authority.

(9) Any portion of a tax increment remitted under 7-15-4291 and deposited in the district's general fund is not subject to

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the:

(a) 15% fund balance limit provided for in subsection (4);

or

(b) provisions of subsection (5). (Terminates June 30, 2020--sec. 38, Ch. 400, L. 2013.)

20-9-104. (Effective July 1, 2020) General fund operating reserve. (1) At the end of each school fiscal year, the trustees of each district shall designate the portion of the general fund end-of-the-year fund balance that is to be earmarked as operating reserve for the purpose of paying general fund warrants issued by the district from July 1 to November 30 of the ensuing school fiscal year. Except as provided in subsections (6) and (7), the amount of the general fund balance that is earmarked as operating reserve may not exceed 10% of the final general fund budget for the ensuing school fiscal year.

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

(3) Excess reserves as provided in subsection (6) may be appropriated to reduce the BASE budget levy, the over-BASE budget levy, or the additional levy provided by 20-9-353.

(4) Any portion of the general fund end-of-the-year fund balance that is not reserved under subsection (2) or reappropriated under subsection (3), including any portion attributable to a tax increment remitted under 7-15-4291, is fund balance reappropriated and must be used for property tax reduction as provided in 20-9-141(1)(b).

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(5) Except as provided in subsection (9), any unreserved fund balance in excess of 15% of a school district's maximum general fund budget must be remitted to the state and ~~allocated as follows:~~

~~—— (a) 70% of the excess amount must be remitted to the state to be deposited in the guarantee account provided for in 20-9-622; and~~

~~—— (b) 30% of the excess amount must be remitted to the school facility and technology account.~~

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

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

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

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

(7) The limitation of subsection (1) does not apply when the amount earmarked as operating reserve is \$10,000 or less.

(8) Any amounts remitted to the state under subsection (5) are not considered expenditures to be applied against budget authority.

(9) Any portion of a tax increment remitted under 7-15-4291 and deposited in the district's general fund is not subject to the provisions of subsection (5)."

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{*Internal References to 20-9-104:*
7-15-4291 ok 7-15-4291 ok 20-9-141 a}

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

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

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

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

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

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

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

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

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

(B) any other revenue received during the school fiscal year that may be used to finance the general fund, excluding any

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guaranteed tax base aid;

(iii) anticipated oil and natural gas production taxes;

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

(v) school district block grants distributed under 20-9-630; and

(vi) any portion of the increment remitted to a school district under 7-15-4291 used to reduce the BASE levy budget.

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

(d) Determine the sum of:

(i) any amount remaining after the determination in subsection (1)(c);

(ii) any portion of the increment remitted to a school district under 7-15-4291 used to reduce the over-BASE budget levy; and

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

(e) Subtract the amount determined in subsection (1)(d) from any additional funding requirement to be met by an over-BASE

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budget amount, a district levy as provided in 20-9-303, and any additional financing as provided in 20-9-353 to determine any additional general fund levy requirements.

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

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

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

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

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

{*Internal References to 20-9-141:*

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20-9-104 a	20-9-104 a	20-9-104 a	20-9-104 a
20-9-235 ok	20-9-306 a	20-9-308 ok	20-9-308 ok
20-9-310 ok	20-9-310 ok	20-9-310 ok	20-9-310 ok
20-9-310 ok	20-9-310 ok	20-9-353 ok	20-9-515 ok

Section 5. 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) 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)~~(b) 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)~~(c) the total quality educator payment;

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

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

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

and

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~~(h)~~(g) 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) \$300,000 for fiscal year 2016 and \$305,370 for each succeeding fiscal year for school districts with an ANB of 800 or fewer; and

(ii) \$300,000 for fiscal year 2016 and \$305,370 for each succeeding fiscal year for school districts with an ANB of more

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than 800, plus \$15,000 for fiscal year 2016 and \$15,269 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) \$50,000 for fiscal year 2016 and \$50,895 for each succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of 250 or fewer; and

(ii) \$50,000 for fiscal year 2016 and \$50,895 for each succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of more than 250, plus \$2,500 for fiscal year 2016 and \$2,545 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) \$50,000 for fiscal year 2016 and \$50,895 for each succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of 250 or fewer; and

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

(ii) for the district's approved and accredited junior high

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school, 7th and 8th grade programs, or middle school:

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

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

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

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

(a) 175%; or

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

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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 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, 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) in preparing and submitting an agency budget pursuant to 17-7-111 and 17-7-112.~~

~~(11)~~(10) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the

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BASE budget and below the maximum general fund budget for a district.

~~(12)~~(11) "Total American Indian achievement gap payment" means the payment resulting from multiplying \$205 in fiscal year 2016 and \$209 for each succeeding fiscal year times the number of American Indian students enrolled in the district as provided in 20-9-330.

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

(13) "Total data-for-achievement payment" means the payment provided in 20-9-325 resulting from multiplying \$20 for fiscal year 2016 and \$20.36 for each succeeding fiscal year by the district's ANB calculated in accordance with 20-9-311.

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

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

(a) for a high school district or a K-12 district high school program, a maximum rate of \$6,847 for fiscal year 2016 and \$6,970 for each succeeding fiscal year for the first ANB, decreased at the rate of 50 cents per ANB for each additional ANB

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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 \$5,348 for fiscal year 2016 and \$5,444 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 \$5,348 for fiscal year 2016 and \$5,444 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 \$6,847 for fiscal year 2016 and \$6,970 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 provided in 20-9-325 resulting from multiplying \$20 for fiscal~~

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~~year 2016 and \$20.36 for each succeeding fiscal year by the district's ANB calculated in accordance with 20-9-311.~~

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

{Internal References to 20-9-306:

20-5-323 ok	20-5-323 ok	20-7-102 ok	20-7-1404 ok
20-7-1404 ok	20-7-1404 ok	20-9-325 ok	20-9-327 ok
20-9-329 ok	20-9-330 ok	20-9-376 ok	20-9-622 ok

Section 6. Section 20-9-343, MCA, is amended to read:

"20-9-343. Definition of and revenue for state equalization aid. (1) As used in this title, the term "state equalization aid" means revenue as required in this section for:

(a) distribution to the public schools for guaranteed tax base aid, BASE aid, and state ~~reimbursement for school facilities~~ assistance for debt service; and

(b) negotiated payments authorized under 20-7-420(3) up to \$500,000 a biennium.

(2) The superintendent of public instruction may spend throughout the biennium funds appropriated for the purposes of guaranteed tax base aid, BASE aid for the BASE funding program, state ~~reimbursement for school facilities~~ assistance for debt service, and negotiated payments authorized under 20-7-420(3).

(3) The following money must be paid into the guarantee account provided for in 20-9-622 for the public schools of the state as indicated:

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(a) subject to 20-9-516(2)(a), interest and income money described in 20-9-341 and 20-9-342; and

(b) investment income earned by investing interest and income money described in 20-9-341 and 20-9-342."

{*Internal References to 20-9-343:*

2-7-514 ok 20-9-306 ok 20-9-308 ok 20-9-534 a
20-9-622 a }

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

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

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

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

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

(2) The board of public education may order the

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superintendent of public instruction to withhold distribution of BASE aid from a district when the district fails to:

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

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

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

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

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

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

(i) direct state aid;

(ii) the total quality educator payment;

(iii) the total at-risk student payment;

(iv) the total Indian education for all payment;

(v) the total American Indian achievement gap payment; and

(vi) the total data-for-achievement payment; and

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~~— (vii) the total natural resource development K-12 funding payment;~~

(b) from December to April of the school fiscal year, to each district 10% of:

(i) direct state aid;

(ii) the total quality educator payment;

(iii) the total at-risk student payment;

(iv) the total Indian education for all payment;

(v) the total American Indian achievement gap payment; and

(vi) the total data-for-achievement payment; and

~~— (vii) the total natural resource development K-12 funding payment;~~

(c) in November of the school fiscal year, one-half of the guaranteed tax base aid payment to each district or county that has submitted a final budget to the superintendent of public instruction in accordance with the provisions of 20-9-134;

(d) in May of the school fiscal year, the remainder of the guaranteed tax base aid payment to each district or county; and

(e) in June of the school fiscal year, the remaining payment to each district of direct state aid, 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, and the total data-for-achievement payment, ~~and the total natural resource development K-12 funding payment.~~

(6) The distribution provided for in subsection (5) must occur by the last working day of each month."

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{*Internal References to 20-9-344:*

20-2-121 ok 20-9-314 ok 20-9-347 ok 20-9-347 ok
20-9-347 ok 20-9-368 ok}

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

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

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

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

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~~support of the debt service fund."~~

{*Internal References to 20-9-367:*

20-3-106 * 20-3-106 * 20-9-306 * 20-9-308 *
20-9-310 * 20-9-310 * 20-9-310 * 20-9-346 *
20-9-346 * 20-9-351 * 20-9-366 * 20-9-369 *
20-9-408 all OK}

Section 9. Section 20-9-371, MCA, is amended to read:

"20-9-371. Calculation and uses of school facility entitlement amount debt service assistance. (1) The state reimbursement for school facilities for a district is the percentage determined in 20-9-346(2)(b) times (1-(district mill value per ANB/facility guaranteed mill value per ANB)) times the lesser of the total school facility entitlement calculated under the provisions of 20-9-370 or the district's current year debt service obligations on general obligation bonds that qualify under the provisions of 20-9-370(3).

(2) The state advance for school facilities for a district is determined as follows:

(a) Calculate the percentage of the district's debt service payment that will be advanced by the state using the district ANB, the district mill value and the statewide mill value for the current year, and the percentage used to determine the proportionate share of state reimbursement for school facilities in the prior year.

(b) Multiply the percentage determined in subsection (2)(a) by the lesser of the total school facility entitlement calculated under the provisions of 20-9-370 or the district's current year debt service obligation for general obligation bonds to which the

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state advance applies.

(3) Within the available appropriation, the superintendent of public instruction shall first distribute to eligible districts the state advance for school facilities. From the remaining appropriation, the superintendent shall distribute to eligible districts the state reimbursement for school facilities.

(4) The trustees of a district may apply the state reimbursement for school facilities to reduce the levy requirement in the ensuing school fiscal year for all outstanding bonded indebtedness on general obligation bonds sold in the debt service fund of the district. The trustees may apply the state advance for school facilities to reduce the levy requirement in the current school fiscal year for debt service payments on general obligation bonds to which the state advance for school facilities applies."

{*Internal References to 20-9-371:*

20-9-346 ok 20-9-366 ok 20-9-367 ok 20-9-422 ok
20-9-439 ok 20-9-516 a }

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

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

- ~~— (a) major deferred maintenance;~~
- ~~— (b) improving energy efficiency in school facilities;~~
- ~~— (c) critical infrastructure in school districts;~~

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~~— (d) emergency facility needs;~~

~~— (e) technological improvements; and~~

~~(f) state reimbursement for school facilities~~ assistance for debt service as provided in 20-9-371.

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

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

~~— (b) the income received from certain lands and riverbeds as provided in 17-3-1003(5)~~ The account is funded by lottery net revenues pursuant to 23-7-402."

{*Internal References to 20-9-516:*

17-3-1003 a 20-9-342 ok 20-9-343 a 20-9-534 a
20-9-620 a 77-1-218 ok 90-6-802 a 90-6-802 a
90-6-803 a }

NEW SECTION. **Section 11. School Facility Major Maintenance Grant Program Account.** (1) There is a school facility major maintenance grant program account in the state special revenue fund provided for in 17-2-102. The purpose of the account is to provide money to schools through the school facility major maintenance grant program pursuant to Title 90, chapter 6, part 8.

(2) There must be deposited in the account:

(a) a transfer of any funds remaining in the school debt service assistance account provided for in 20-9-516 after the distribution for debt service assistance has been made to

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districts;

(b) a transfer from the state general fund of an amount equal to any funds remitted to the state from state equalization mills levied on the incremental taxable value of an urban renewal area or targeted economic development district, as provided for in 7-15-4286(2)(a);

(c) any workers' compensation dividends refunded to state agencies pursuant to 39-71-403;

(d) a transfer of an amount of the interest and income money from school trust lands as defined in 20-9-341 sufficient to bring the total annual revenue in the account to \$10 million.

Section 12. Section 20-9-534, MCA, is amended to read:

"20-9-534. Statutory appropriation for school technology purposes. (1) The amount of \$1 million a year is statutorily appropriated, as provided in 17-7-502, from the ~~school facility and technology guarantee~~ account established in ~~20-9-516~~ 20-9-622 for grants for school technology purposes.

(2) By the third Friday in July, the superintendent of public instruction shall allocate the annual statutory appropriation for school technology purposes to each district based on the ratio that each district's BASE budget bears to the statewide BASE budget amount for all school districts ~~multiplied by the amount of money provided in 20-9-343~~ for the purposes of 20-9-533."

{*Internal References to 20-9-534:*
17-7-502 ok 20-9-533 ok}

Section 13. Section 20-9-620, MCA, is amended to read:

"20-9-620. Definition. (1) As used in 20-9-621, 20-9-622, and this section, "distributable revenue" means, except for that portion of revenue described in 20-9-516(2)(a), [section 11(2)(d)], and 77-1-109, 95% of all revenue from the management of school trust lands and the permanent fund, including timber sale proceeds, lease fees, interest, dividends, and net realized capital gains.

(2) The term does not include mineral royalties or land sale proceeds that are deposited directly in the permanent fund or net unrealized capital gains that remain in the permanent fund until realized."

{*Internal References to 20-9-620: None.*}

Section 14. Section 20-9-622, MCA, is amended to read:

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

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

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

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

(a) 50% of the excess interest and income revenue must be ~~reserved for an appropriation in the next regular session of the legislature as part of the natural resource development K-12 funding payment referred to in 20-9-306~~ transferred to the school facility major maintenance grant program account provided in [section 13]; and

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

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

December 2005; and

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

{Internal References to 20-9-622:

17-3-1003 a	17-7-502 ok	20-9-104 a	20-9-104 a
20-9-306 a	20-9-306 a	20-9-310 ok	20-9-310 ok
20-9-323 ok	20-9-342 ok	20-9-342 ok	20-9-342 ok
20-9-343 a	20-9-517 ok	20-9-517 ok	20-9-517 ok
20-9-620 a	77-1-228 ok	77-1-229 ok	

Section 15. Section 23-7-202, MCA, is amended to read:

"23-7-202. Powers and duties of commission. The commission shall:

(1) establish and operate a state lottery and may not become involved in any other gambling or gaming;

(2) determine policies for the operation of the state lottery, supervise the director and the staff, and meet with the director at least once every 3 months to make and consider recommendations, set policies, determine types and forms of lottery games to be operated by the state lottery, and transact other necessary business;

(3) maximize the net revenue paid to the state ~~general fund and to the Montana STEM scholarship program special revenue~~ debt service assistance account under ~~23-7-402~~ 20-9-516 and ensure that all policies and rules adopted further revenue maximization;

(4) subject to 23-7-402(1), determine the percentage of the money paid for tickets or chances to be paid out as prizes;

(5) determine the price of each ticket or chance and the number and size of prizes;

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(6) provide for the conduct of drawings of winners of lottery games;

(7) carry out, with the director, a continuing study of the state lotteries of Montana and other states to make the state lottery more efficient, profitable, and secure from violations of the law;

(8) study and may enter into agreements with:

(a) other lottery states and countries to offer lottery games; or

(b) an association for the purpose of participating in multistate lottery games or games offered in other states and other countries;

(9) prepare quarterly and annual reports on all aspects of the operation of the state lottery, including but not limited to types of games, gross revenue, prize money paid, operating expenses, net revenue to the state, contracts with gaming suppliers, and recommendations for changes to this part, and deliver a copy of each report to the governor, the department of administration, the legislative auditor, the president of the senate, the speaker of the house of representatives, and each member of the appropriate committee of each house of the legislature as determined by the president of the senate and the speaker of the house; and

(10) adopt rules relating to lottery staff sales incentives or bonuses and sales agents' commissions and any other rules necessary to carry out this part."

{*Internal References to 23-7-202:*

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23-7-311 ok}

Section 16. Section 23-7-402, MCA, is amended to read:

"23-7-402. (Temporary) Disposition of revenue. (1) A minimum of 45% of the money paid for tickets or chances must be paid out as prize money. The prize money is statutorily appropriated, as provided in 17-7-502, to the lottery.

(2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating expense.

(3) Lottery contractor fees, which are fees paid to contracted lottery vendors based on sales, must be paid from the state lottery enterprise fund. The money to pay lottery contractor fees is statutorily appropriated, as provided in 17-7-502, to the lottery.

(4) ~~(a) Except as provided in subsection (4)(b), that~~ That part of all gross revenue not used for the payment of prizes, commissions, and operating expenses, together with the interest earned on the gross revenue while the gross revenue is in the enterprise fund, is net revenue. Net revenue must be transferred quarterly from the enterprise fund established by 23-7-401 to the ~~state general fund~~ school debt service assistance account under 20-9-516. ~~Once the amount of net revenue transferred to the general fund during a fiscal year equals the amount transferred to the general fund in fiscal year 2015, any additional net revenue must be transferred to the Montana STEM scholarship program special revenue account established in 20-26-617.~~

~~(b) For fiscal year 2016, prior to any net revenue being~~

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~~transferred to the general fund from the enterprise fund, \$400,000 of net revenue must be transferred from the enterprise fund to the Montana STEM scholarship special revenue account established in 20-26-617 for the purpose of distributing STEM scholarships pursuant to 20-26-614 through 20-26-617 during the 2015-2016 school year.~~

(5) The spending authority of the lottery may be increased in accordance with this section upon review and approval of a revised operation plan by the office of budget and program planning. (Terminates June 30, 2019--sec. 3, Ch. 2, L. 2013.)

23-7-402. (Effective July 1, 2019) Disposition of revenue.

(1) A minimum of 45% of the money paid for tickets or chances must be paid out as prize money. The prize money is statutorily appropriated, as provided in 17-7-502, to the lottery.

(2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating expense.

(3) That part of all gross revenue not used for the payment of prizes, commissions, and operating expenses, together with the interest earned on the gross revenue while the gross revenue is in the enterprise fund, is net revenue. Net revenue must be transferred quarterly from the enterprise fund established by 23-7-401 to the state general fund school debt service assistance account under 20-9-516. ~~Once the amount of net revenue transferred to the general fund during a fiscal year equals the amount transferred to the general fund in fiscal year 2015, any additional net revenue must be transferred to the Montana STEM scholarship program special revenue account established in~~

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~~20-26-617-~~

(4) The spending authority of the lottery may be increased in accordance with this section upon review and approval of a revised operation plan by the office of budget and program planning."

{*Internal References to 23-7-402:*

17-7-502 ok 20-26-617 r 23-7-202 a 23-7-202 a}

Section 17. Section 39-71-403, MCA, is amended to read:

"39-71-403. Plan three exclusive for state agencies -- election of plan by public corporations -- financing of self-insurance fund -- exemption for university system -- definitions -- rulemaking. (1) (a) Except as provided in subsection (5), if a state agency is the employer, the terms, conditions, and provisions of compensation plan No. 3, state fund, are exclusive, compulsory, and obligatory upon both employer and employee. Any sums necessary to be paid under the provisions of this chapter by a state agency are considered to be ordinary and necessary expenses of the agency. The agency shall pay the sums into the state fund at the time and in the manner provided for in this chapter, notwithstanding that the state agency may have failed to anticipate the ordinary and necessary expense in a budget, estimate of expenses, appropriations, ordinances, or otherwise.

(b) (i) Subject to subsection (5), the department of administration, provided for in 2-15-1001, shall manage workers' compensation insurance coverage for all state agencies.

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(ii) The state fund shall provide the department of administration with all information regarding the state agencies' coverage.

(iii) Notwithstanding the status of a state agency as employer in subsection (1)(a) and contingent upon mutual agreement between the department of administration and the state fund, the state fund shall issue one or more policies for all state agencies.

(iv) In any year in which the workers' compensation premium due from a state agency is lower than in the previous year, the appropriation for that state agency must be reduced by the same amount that the workers' compensation premium was reduced and the difference must be returned to the originating fund instead of being applied to other purposes by the state agency submitting the premium.

(v) Any dividend pursuant to 39-71-2323 refunded to a state agency that would otherwise revert to the state general fund must be transferred to the school facility major maintenance grant program account provided for in [section 11].

(2) A public corporation, other than a state agency, may elect coverage under compensation plan No. 1, plan No. 2, or plan No. 3, separately or jointly with any other public corporation, other than a state agency. A public corporation electing compensation plan No. 1 may purchase reinsurance or issue bonds or notes pursuant to subsection (3)(b). A public corporation electing compensation plan No. 1 is subject to the same provisions as a private employer electing compensation plan No.

1.

(3) (a) A public corporation, other than a state agency, that elects plan No. 1 may establish a fund sufficient to pay the compensation and benefits provided for in this chapter and to discharge all liabilities that are reasonably incurred during the fiscal year for which the election is effective. Proceeds from the fund must be used only to pay claims covered by this chapter and for actual and necessary expenses required for the efficient administration of the fund, including debt service on any bonds and notes issued pursuant to subsection (3)(b).

(b) (i) A public corporation, other than a state agency, separately or jointly with another public corporation, other than a state agency, may issue and sell its bonds and notes for the purpose of establishing, in whole or in part, the self-insurance workers' compensation fund provided for in subsection (3)(a) and to pay the costs associated with the sale and issuance of the bonds. Bonds and notes may be issued in an amount not exceeding 0.18% of the total assessed value of taxable property, determined as provided in 15-8-111, of the public corporation as of the date of issue. The bonds and notes must be authorized by resolution of the governing body of the public corporation and are payable from an annual property tax levied in the amount necessary to pay principal and interest on the bonds or notes. This authority to levy an annual property tax exists despite any provision of law or maximum levy limitation, including 15-10-420, to the contrary. The revenue derived from the sale of the bonds and notes may not be used for any other purpose.

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(ii) The bonds and notes:

(A) may be sold at public or private sale;

(B) do not constitute debt within the meaning of any statutory debt limitation; and

(C) may contain other terms and provisions that the governing body determines.

(iii) Two or more public corporations, other than state agencies, may agree to exercise their respective borrowing powers jointly under this subsection (3)(b) or may authorize a joint board to exercise the powers on their behalf.

(iv) The fund established from the proceeds of bonds and notes issued and sold under this subsection (3)(b) may, if sufficient, be used in lieu of a surety bond, reinsurance, specific and aggregate excess insurance, or any other form of additional security necessary to demonstrate the public corporation's ability to discharge all liabilities as provided in subsection (3)(a). Subject to the total assessed value limitation in subsection (3)(b)(i), a public corporation may issue bonds and notes to establish a fund sufficient to discharge liabilities for periods greater than 1 year.

(4) All money in the fund established under subsection (3)(a) not needed to meet immediate expenditures must be invested by the governing body of the public corporation or the joint board created by two or more public corporations as provided in subsection (3)(b)(iii), and all proceeds of the investment must be credited to the fund.

(5) For the purposes of subsection (1)(b), the judicial

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branch or the legislative branch may choose not to have the department of administration manage its workers' compensation policy.

(6) The department of administration may adopt rules to implement subsection (1)(b)(i).

(7) As used in this section, the following definitions apply:

(a) "Public corporation" includes the Montana university system.

(b) (i) "State agency" means:

(A) the executive branch and its departments and all boards, commissions, committees, bureaus, and offices;

(B) the judicial branch; and

(C) the legislative branch.

(ii) The term does not include the Montana university system."

{*Internal References to 39-71-403:*
39-71-2201 ok}

Section 18. Section 90-6-801, MCA, is amended to read:

"90-6-801. Short title. This part may be cited as the "Quality Schools Facility Grant Program Act School Facility Major Maintenance Grant Program Act"."

{*Internal References to 90-6-801: None.*}

Section 19. Section 90-6-802, MCA, is amended to read:

"90-6-802. Purpose. (1) The purpose of this part is to

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~~establish a mechanism to distribute grants to public school districts for school facility and technology projects from the school facility and technology account established in 20-9-516. The account is to be used to assist schools in addressing major deferred maintenance, energy efficiency, critical infrastructure needs, emergency facility needs, and technological improvements and establishes an ongoing flow of state revenue into the account. Grants must be distributed for projects that:~~

~~—— (a) enhance the quality of life and protect the health, safety, and welfare of Montana's public school students;~~

~~—— (b) ensure the successful delivery of an educational system that meets the accreditation standards provided for in 20-7-111;~~

~~—— (c) extend the life of Montana's existing public school facilities;~~

~~—— (d) promote energy conservation and reduction;~~

~~—— (e) integrate technology into Montana's education framework to support student educational needs for the 21st century; and~~

~~—— (f) are fiscally responsible by considering both long-term and short-term needs of the public school district, the local community, and the state :~~

(a) coordinate and improve major maintenance project financing by federal, state, school district, and private sources;

(b) provide additional financial assistance for district projects based on their compliance with the purpose of this part and their relative need for assistance; and

(c) encourage public school districts to:

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- (i) update, maintain, and utilize facility inventories;
- (ii) prepare and execute a long-term major maintenance plans in order to prolong and maintain the economic useful life of school facilities; and
- (iii) consistently utilize voter approved building reserve levies proportionate to the financial ability of the district.

(2) The department may charge reasonable administrative costs for administering the grant program. Costs must be paid from the account established in ~~20-9-516~~ [section 11]."

{*Internal References to 90-6-802: None.*}

Section 20. Section 90-6-803, MCA, is amended to read:

"90-6-803. Definitions. As used in this part, the following definitions apply:

(1) "Account" means the school facility ~~and technology~~ major maintenance grant program account provided for in ~~20-9-516~~ [section 11].

(2) "Department" means the department of commerce established in 2-15-1801.

(3) "Emergency" means the imminent threat or actual occurrence of an event causing immediate peril to life, property, or the environment that can be averted or minimized with timely action.

(4) "Program" means the ~~quality schools facility~~ school facility major maintenance grant program established in 90-6-809.

(5) "Public school district" means a district as defined in 20-6-101 or a K-12 school district as defined in 20-6-701.

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(6) "School" has the meaning provided for in 20-6-501.

(7) "~~School~~ Eligible school facility project" means a project to support a basic system of free quality public elementary and secondary schools under 20-9-309 that involves:

- ~~(a) construction of a school facility;~~
- ~~(b) major repairs or deferred maintenance to an existing school facility;~~
- ~~(c) major improvements or enhancements to an existing school facility; or~~
- ~~(d) information technology infrastructure, including installations, upgrades, or improvements to an existing school facility or facilities~~

(a) updating a facility inventory prepared prior to January 1, 2009;

(b) preparing a long-term major maintenance plan in order to prolong and maintain the economic useful life of school facilities;

(c) making major improvements or rehabilitation of an existing school facility that will prolong and maintain its economic useful life including:

- (i) roofing systems;
- (ii) heating, air conditioning and ventilation systems;
- (iii) energy efficient window and door systems and insulation;
- (iv) plumbing systems;
- (v) electrical systems and lighting systems;
- (vi) information technology infrastructure, including

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internet connectivity both within and to the school facility; or

(d) making emergency repairs to an existing school facility or facilities, but only for districts that have prepared and begun to fund a long-term major maintenance plan."

{*Internal References to 90-6-803: None.*}

Section 21. Section 90-6-809, MCA, is amended to read:

"90-6-809. ~~Quality schools facility~~ School facility major maintenance grant program -- legislature to authorize grants -- types of grants available. (1) There is a ~~quality schools facility~~ school facility major maintenance grant program funded by the account.

(2) As provided in 90-6-810, the legislature shall ~~authorize the following types of financial assistance to public school districts provide for and make available to eligible school districts~~ the following types of financial assistance under this part:

~~(a) grants to public school districts for school facility projects;~~

~~— (b) matching planning grants to public school districts for the planning of school facility projects; and~~

~~— (c) emergency grants to public school districts for a school facility project that is necessitated by an emergency~~

(a) matching grants for updating a school facility inventory prepared prior to January 1, 2009;

(b) matching grants for preparing a long-term major maintenance plan in order to prolong and maintain the economic

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useful life of school facilities;

(c) matching grants for major improvements or rehabilitation of an existing school facility that will prolong and maintain its economic useful life including:

(i) roofing systems;

(ii) heating, air conditioning and ventilation systems;

(iii) energy efficient window and door systems and insulation;

(iv) plumbing systems;

(v) electrical systems and lighting systems;

(vi) information technology infrastructure, including internet connectivity both within and to the school facility; and

(d) emergency grants for repairs to an existing school facility or facilities, but only for districts that have prepared and begun to fund a long term major maintenance plan."

{*Internal References to 90-6-809:*
90-6-803 a}

Section 22. Section 90-6-810, MCA, is amended to read:

"90-6-810. Procedure for approval of projects -- role of department and governor -- approval by legislature. (1) The department shall:

(a) receive proposals for school facility projects from public school districts;

(b) assist public school districts in preparing cost estimates for projects;

(c) ~~as appropriate~~ in reviewing project proposals, consult

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with other state agencies with expertise pertinent to the proposal, including but not limited to the department of administration and the office of public instruction;

(d) with the exception of emergency grants and matching planning grants for updating pre-2009 facility inventories and developing long-term major maintenance plans, prepare and submit to the governor a list of recommendations as to projects and the form and amount of financial assistance for each project, prioritized in accordance with the requirements of 90-6-811;

(e) report to each regular session of the legislature the status of all school facility projects for which grants were approved by a previous legislature but have not been completed;

(f) award matching planning grants for facility inventory updates and for development of long-term major maintenance plans, in accordance with rules adopted by the department, to public school districts ~~for the planning of school facility projects~~ within the limits of legislative appropriations for this purpose. The department shall prioritize the award of matching planning grants for updates and planning in accordance with the requirements of 90-6-811. The department shall report to the governor and the legislature regarding each matching planning grant for updates and planning awarded during a biennium.

(g) award emergency grants to public school districts in accordance with rules adopted by the department and within the limits of legislative appropriations for this purpose. The department shall report to the governor and the legislature regarding each emergency grant awarded during a biennium.

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(2) The governor shall review the projects recommended by the department under subsection (1)(d) and submit to the legislature a list of recommendations as to projects and the form and amount of financial assistance for each project.

(3) (a) The legislature shall:

(i) consider the governor's recommendations, approve matching grants to public school districts for eligible school facility projects pursuant to 90-6-803(7)(c), and appropriate money to the department from the account to fund the grants that have been approved, after the deduction of administrative expenses by the department; and

(ii) authorize funding and appropriate money to the department from the account to be awarded to public school districts by the department for matching facility inventory update and planning grants and emergency grants, after the deduction of administrative expenses by the department.

(b) Grants approved by the legislature are dependent on the availability of funds and will be made available by the department in the order that the grant recipient satisfies the conditions described in 90-6-812."

{*Internal References to 90-6-810:*
90-6-809 a 90-6-811 a 90-6-812 ok }

Section 23. Section 90-6-811, MCA, is amended to read:

"90-6-811. Priorities for projects -- application of criteria -- consideration of project attributes -- adjustments for educationally relevant factors. (1) In preparing

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recommendations to the governor under 90-6-810, the department shall apply the following criteria to applications for eligible school facility projects in the listed order of priority ~~giving preference to school facility projects involving repairs to existing facilities over projects involving construction of new facilities:~~

(a) projects that solve urgent and serious public health or safety problems or that enable public school districts to meet state or federal health or safety standards;

(b) ~~projects that address deferred maintenance by repairing or replacing~~ performed in accordance with a long-term major maintenance plan that repair or replace existing building components that are inoperable or difficult to service ~~or~~ that lack minimum integrity, or have reached the end of their economic useful life;

~~(c) projects that enhance a public school district's ability to offer specific services related to the requirements of the accreditation standards provided for in 20-7-111;~~

~~(d) projects that provide long-term, cost-effective benefits through energy-efficient design;~~

~~(e) projects that incorporate long-term, cost-effective benefits to school facilities, including the technology needs of school facilities; and~~

~~(f) projects that enhance educational opportunities for students~~

(c) projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions

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to school facility needs, including the technology needs of school facilities;

(d) projects that provide long-term, cost-effective benefits through energy-efficient design; and

(e) projects that enhance a public school district's ability to offer specific services related to the requirements of the accreditation standards provided for in 20-7-111.

(2) In applying the criteria under subsection (1), the department shall consider the following attributes of a an eligible school facility project application:

~~(a) the need for financial assistance;~~

~~——(b) the fiscal capacity of the public school district to meet the conditions established in 90-6-812;~~

~~——(c) past efforts to ensure sound, effective, long-term planning and management of the school facility and attempts to address school facility needs with local resources;~~

~~——(d) the ability to obtain funds from sources other than the funds provided under this part; and~~

~~——(e) the importance of the project and support for the project from the community~~

(a) the presence of an updated facility inventory;

(b) the conformance of the project to an adopted long-term major maintenance plan that provides sound, effective, and long-term management to the facility and includes:

(i) 10-year enrollment projections; and

(ii) evidence that prioritized projects will result in operational efficiencies such as utility savings, reduced future

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maintenance costs, and improved utilization of staff;

(c) projects that are high local priorities and have strong community support as demonstrated by the consistent use of a building reserve levy to raise local resources proportionate to the financial ability of the district;

(d) the ability to obtain funds from sources other than the funds provided under this part; and

(e) the need for financial assistance.

(3) Before making its recommendations to the governor, the department may make adjustments to its ranking of the projects based on the educationally relevant factors established in 20-9-309. Before making any adjustments, the department may consult with the office of public instruction concerning the educationally relevant factors."

{Internal References to 90-6-811:
90-6-810 a 90-6-810 a}

NEW SECTION. Section 24. {standard} Repealer. The following sections of the Montana Code Annotated are repealed:

- 20-26-614. Montana STEM scholarship program.
- 20-26-615. Eligibility requirements -- ineligibility.
- 20-26-616. STEM scholarship amounts -- renewal requirements.
- 20-26-617. Montana STEM scholarship program state special revenue account.

{Internal References to 20-26-614: 20-26-606 20-26-614 * r 20-26-617 * r
23-7-402 * a
Internal References to 20-26-615: 20-26-614 * r 20-26-616 r
20-26-617 r
20-26-617 * r 23-7-402 * a
Internal References to 20-26-616: 20-26-614 * r 20-26-617 r

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20-26-617 r

23-7-402 * a

Internal References to 20-26-617: 17-7-502 20-26-614 r 20-26-616 r

23-7-402 a

23-7-402 a 23-7-402 a 23-7-402 a}

NEW SECTION. **Section 25. {standard} Codification**

instruction. [Section 11] is intended to be codified as an integral part of Title 20, chapter 9, part 5, and the provisions of Title 20, chapter 9, part 5, apply to [section 11].

- END -

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