

## 1 HOUSE BILL NO. 613

2 INTRODUCED BY M. THANE

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4 A BILL FOR AN ACT ENTITLED: "AN ACT USING EXCESS REVENUE TO FUND LOCAL PROPERTY TAX  
5 RELIEF; TRANSFERRING A PORTION OF REVENUE TRANSFERRED FROM THE BUDGET  
6 STABILIZATION RESERVE ACCOUNT WHEN THE BALANCE EXCEEDS 4.5% OF ALL GENERAL FUND  
7 APPROPRIATIONS IN THE SECOND YEAR OF THE BIENNIUM TO A SCHOOL TRANSPORTATION  
8 PROPERTY TAX RELIEF ACCOUNT; PROVIDING FOR DISTRIBUTIONS FROM THE ACCOUNT;  
9 REQUIRING SCHOOL DISTRICTS TO DEPOSIT DISTRIBUTIONS IN THE TRANSPORTATION FUND FOR  
10 THE PURPOSE OF REDUCING THE SCHOOL DISTRICT TRANSPORTATION LEVIES; PROVIDING A  
11 STATUTORY APPROPRIATION; AMENDING SECTIONS 17-7-130, 17-7-502, AND 20-10-144, MCA; AND  
12 PROVIDING AN EFFECTIVE DATE."

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

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16 **NEW SECTION. Section 1. School transportation property tax relief account.** (1) There is an  
17 account in the state special revenue fund established in 17-2-102 known as the school transportation property  
18 tax relief account.

19 (2) The purpose of the fund is to use excess state revenue to reduce school transportation  
20 property tax levies.

21 (3) Money in the account is statutorily appropriated, as provided in 17-7-502, to the superintendent  
22 of public instruction.

23 (4) By the last working day of August, the superintendent of public instruction shall annually  
24 distribute one-half of the account balance, up to \$60 million, to each school district in proportion to that district's  
25 state school transportation reimbursement under 20-10-145 in the prior fiscal year compared to the statewide  
26 total of state school transportation reimbursements under 20-10-145 in the prior fiscal year. The money  
27 distributed under this section must be deposited in the school district's transportation fund for the purpose of  
28 reducing the school district transportation levies and, if applicable, to reducing county and state financial

obligations pursuant to 20-10-144 in the current fiscal year. Any amount distributed to schools under this section must be considered local school district property taxes for the purposes of calculating the state and county share of the schedule amount of transportation costs under 20-10-144.

(5) Excess funds must remain in the account for distribution in succeeding tax years. Money in the account is not subject to legislative transfers.

**Section 2.** Section 17-7-130, MCA, is amended to read:

**"17-7-130. Budget stabilization reserve fund -- rules for deposits and transfers -- purpose. (1)**

There is an account in the state special revenue fund established by 17-2-102 known as the budget stabilization reserve fund.

(2) The purpose of the budget stabilization reserve fund is to mitigate budget reductions when there is a revenue shortfall.

(3) By August 1 of each year, the department of administration shall certify to the legislative fiscal analyst and the budget director the following:

(a) the unaudited, unassigned ending fund balance of the general fund for the most recently completed fiscal year; and

(b) the amount of unaudited general fund revenue and transfers into the general fund received in the prior fiscal year recorded when that fiscal year's statewide accounting, budgeting, and human resource system records are closed. General fund revenue and transfers into the general fund are those recorded in the statewide accounting, budgeting, and human resource system using generally accepted accounting principles in accordance with 17-1-102.

(4) The state treasurer shall calculate the operating reserve level of general fund balance defined in 17-7-102(11). The treasurer shall first apply the excess revenue to reach the operating reserve level general fund balance, if necessary. Once the general fund balance is at the reserve level, 75% of the remaining excess revenue is transferred to the budget stabilization reserve fund.

(5) After a transfer is made pursuant to subsection (4), if the balance of the fund exceeds an amount equal to 4.5% of all general fund appropriations in the second year of the biennium, then ~~50% of any~~ funds in excess of that amount must be transferred by August 16 of each fiscal year as follows:

- 1           (a) 50% to the account established in 17-7-209;
- 2           (b) 25% to the school transportation property tax relief account provided for in [section 1]; and
- 3           (c) 50% 25% to the general fund ~~by August 16 of each fiscal year.~~
- 4           (6) For the purposes of this section, the following definitions apply:
- 5           (a) "Adjusted compound annual growth rate revenue" means general fund revenue for the fiscal
- 6 year prior to the most recently completed fiscal year plus the growth amount.
- 7           (b) "Excess revenue" means the amount of general fund revenue, including transfers in, for the
- 8 most recently completed fiscal year minus adjusted compound annual growth rate revenue.
- 9           (c) "Growth amount" means general fund revenue for the fiscal year prior to the most recently
- 10 completed fiscal year multiplied by the growth rate.
- 11           (d) "Growth rate" means the annual compound growth rate of general fund revenue realized over
- 12 the period 12 years prior to the most recently completed fiscal year, including the most recently completed fiscal
- 13 year."

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15           **Section 3.** Section 17-7-502, MCA, is amended to read:

- 16           **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
- 17 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without
- 18 the need for a biennial legislative appropriation or budget amendment.
- 19           (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with
- 20 both of the following provisions:
- 21           (a) The law containing the statutory authority must be listed in subsection (3).
- 22           (b) The law or portion of the law making a statutory appropriation must specifically state that a
- 23 statutory appropriation is made as provided in this section.
- 24           (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-
- 25 11-407; 5-13-403; 5-13-404; 7-4-2502; 7-4-2924; 7-32-236; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-
- 26 807; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-3-802; 10-3-1304; 10-4-304; 10-4-310; 15-1-121; 15-1-218;
- 27 15-31-165; 15-31-1004; 15-31-1005; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-
- 28 70-130; 15-70-433; 16-11-119; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-215; 18-11-

112; 19-3-319; 19-3-320; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; [section 5]; 20-9-534; 20-9-622; [20-15-328]; 20-26-617; 20-26-1503; 22-1-327; 22-3-116; 22-3-117; [22-3-1004]; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-50-209; 37-54-113; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-213; 44-13-102; 46-32-108; 50-1-115; 53-1-109; 53-6-148; 53-9-113; 53-24-108; 53-24-206; 60-5-530; 60-11-115; 61-3-321; 61-3-415; 67-1-309; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 75-26-308; 76-13-150; 76-13-151; 76-13-417; 76-17-103; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 80-11-1006; 81-1-112; 81-1-113; 81-7-106; 81-7-123; 81-10-103; 82-11-161; 85-2-526; 85-20-1504; 85-20-1505; [85-25-102]; 87-1-603; 87-5-909; 90-1-115; 90-1-205; 90-1-504; 90-6-331; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117 terminates June 30, 2025; pursuant to sec. 12, Ch. 55, L. 2017, the inclusion of 37-54-113 terminates June 30, 2023; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates September 30, 2025; pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027; pursuant to secs. 5, 8, Ch. 284, L. 2017, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2023; pursuant to sec. 1, Ch. 340, L. 2017, the inclusion of 22-1-327 terminates July 1, 2023; pursuant to sec. 10, Ch. 374, L. 2017, the inclusion of 76-17-103 terminates June 30, 2027; pursuant to sec. 5, Ch. 50, L. 2019, the inclusion of 37-50-209 terminates September 30, 2023; pursuant to sec. 1, Ch. 408, L. 2019, the inclusion of 17-7-215 terminates June 30, 2029; pursuant to secs. 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-108 terminates June

30, 2027; pursuant to sec. 7, Ch. 465, L. 2019, the inclusion of 85-2-526 terminates July 1, 2023; pursuant to sec. 5, Ch. 477, L. 2019, the inclusion of 10-3-802 terminates June 30, 2023; pursuant to secs. 1, 2, 3, Ch. 139, L. 2021, the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200, L. 2021, the inclusion of 10-4-310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the inclusion of 30-10-1004 terminates June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-115 terminates June 30, 2025; pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is effective July 1, 2027; and pursuant to sec. 15, Ch. 574, L. 2021, the inclusion of 46-32-108 terminates June 30, 2023.)"

**Section 4.** Section 20-10-144, MCA, is amended to read:

**"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund budget.** Before the second Monday of August, the county superintendent shall compute the revenue available to finance the transportation fund budget of each district. The county superintendent shall compute the revenue for each district on the following basis:

(1) The "schedule amount" of the budget expenditures that is derived from the rate schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

(a) the sum of the maximum reimbursable expenditures for all approved school bus routes maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate for each bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus route approved by the county transportation committee and maintained by the district); plus

(b) the total of all individual transportation per diem reimbursement rates for the district as determined from the contracts submitted by the district multiplied by the number of pupil-instruction days scheduled for the ensuing school attendance year; plus

(c) any estimated costs for supervised home study or supervised correspondence study for the ensuing school fiscal year; plus

(d) the amount budgeted in the budget for the contingency amount permitted in 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100, whichever is larger, the contingency amount on the budget must be reduced to the limitation amount and used in this determination of the schedule amount; plus

1 (e) any estimated costs for transporting a child out of district when the child has mandatory  
2 approval to attend school in a district outside the district of residence.

3 (2) (a) The schedule amount determined in subsection (1) or the total transportation fund budget,  
4 whichever is smaller, is divided by 2 and is used to determine the available state and county revenue to be  
5 budgeted on the following basis:

6 (i) one-half is the budgeted state transportation reimbursement; and

7 (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the  
8 manner provided in 20-10-146.

9 (b) When the district has a sufficient amount of fund balance for reappropriation and other sources  
10 of district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero,  
11 any remaining amount of district revenue and fund balance reappropriated must be used to reduce the county  
12 financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to  
13 reduce the state financial obligation in subsection (2)(a)(i).

14 (c) The county revenue requirement for a joint district, after the application of any district money  
15 under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same  
16 proportion as the ANB of the joint district is distributed by pupil residence in each county.

17 (3) The total of the money available for the reduction of property tax on the district for the  
18 transportation fund must be determined by totaling:

19 (a) anticipated federal money received under the provisions of 20 U.S.C. 7701, et seq., or other  
20 anticipated federal money received in lieu of that federal act;

21 (b) anticipated payments from other districts for providing school bus transportation services for  
22 the district;

23 (c) anticipated payments from a parent or guardian for providing school bus transportation services  
24 for a child;

25 (d) anticipated or reappropriated interest to be earned by the investment of transportation fund  
26 cash in accordance with the provisions of 20-9-213(4);

27 (e) anticipated revenue from coal gross proceeds under 15-23-703;

28 (f) anticipated oil and natural gas production taxes;

(g) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320 through 20-5-324;

(h) money received from the school transportation property tax relief account distribution provided for in [section 1];

~~(h)~~(i) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year that may be used to finance the transportation fund; and

~~(i)~~(j) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year and is for the purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.

(4) The district levy requirement for each district's transportation fund must be computed by:

(a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation budget amount; and

(b) subtracting the amount of money available to reduce the property tax on the district, as determined in subsection (3), from the amount determined in subsection (4)(a).

(5) The transportation fund levy requirements determined in subsection (4) for each district must be reported to the county commissioners on or before the later of the first Tuesday in September or within 30 calendar days after receiving certified taxable values by the county superintendent as the transportation fund levy requirements for the district, and the levy must be made by the county commissioners in accordance with 20-9-142."

**NEW SECTION. Section 5. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 20, chapter 9, and the provisions of Title 20, chapter 9, apply to [section 1].

**NEW SECTION. Section 6. Effective date.** [This act] is effective July 1, 2023.

- END -