

## SENATE BILL NO. 329

INTRODUCED BY R. ZINKE, MOORE, JONES, BRANAE, HAWKS, RIPLEY, BROWN, REICHNER, FACEY,  
OLSON, HANSEN, S. STEWART-PEREGOY

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING K-12 EDUCATION LAWS; ALLOWING FOR  
MULTIDISTRICT AGREEMENTS; ALLOWING TRUSTEES TO DECIDE THE DISPOSITION OF INACTIVE  
TUITION FUNDS; EXEMPTING PARTICIPANTS IN A COOPERATIVE PURCHASING GROUP FROM CERTAIN  
COMPETITIVE BIDDING REQUIREMENTS; ALLOWING THE TRANSFER OF FUNDS RAISED BY A VOTED  
OR PERMISSIVE LEVY IF VOTERS APPROVE THE TRANSFER IN AN ELECTION; ALLOWING TRUSTEES  
TO IMPOSE AN OVER-BASE LEVY IN SUPPORT OF A DISTRICT'S GENERAL FUND BUDGET IN AN  
AMOUNT NOT TO EXCEED REVENUE AMOUNTS PREVIOUSLY AUTHORIZED BY THE VOTERS IN ~~ANY~~  
~~PRIOR YEAR~~ THE PREVIOUS 5 YEARS; ~~REQUIRING THAT INTEREST AND INCOME IN EXCESS OF THE~~  
~~AMOUNT ESTIMATED TO BE DEPOSITED INTO THE GUARANTEE ACCOUNT UNDER THE OFFICIAL~~  
~~REVENUE ESTIMATE BE DEPOSITED IN THE SCHOOL FACILITY AND TECHNOLOGY ACCOUNT;~~  
~~REQUIRING THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO SUBMIT A SCHOOL FACILITY AND~~  
~~TECHNOLOGY BASE FOR THE SCHOOL FACILITY AND TECHNOLOGY ACCOUNT TO BE DISTRIBUTED~~  
~~ON A PER-QUALITY EDUCATOR BASIS; CHANGING THE FORMULAS FOR CERTAIN SCHOOL DISTRICT~~  
~~BLOCK GRANTS; REMOVING THE REQUIREMENT THAT TRUSTEES SUBMIT TO ELECTORS THE~~  
~~PROPOSITION OF TRANSFERRING BUS DEPRECIATION RESERVE FUNDS TO ANOTHER FUND;~~  
~~ELIMINATING THE QUALITY SCHOOLS FACILITY GRANT PROGRAM ACT; AMENDING SECTIONS~~  
~~20-3-363, 20-9-201, 20-9-204, 20-9-208, 20-9-308, 20-9-342, 20-9-353, 20-9-507, 20-9-516, 20-9-630, AND~~  
~~20-10-147, MCA; REPEALING SECTIONS 90-6-801, 90-6-802, 90-6-803, 90-6-809, 90-6-810, 90-6-811,~~  
~~90-6-812, 90-6-818, AND 90-6-819, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."~~

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

**Section 1.** Section 20-3-363, MCA, is amended to read:

**"20-3-363. Interdistrict Multidistrict agreements -- fund transfers.** (1) The boards of trustees of any  
two or more school districts ~~that have unified pursuant to 20-6-312, any two school districts that have created a~~  
~~joint board of trustees pursuant to 20-3-361, or a high school district and any elementary school district~~

1 ~~associated with that high school district~~ may enter into an interdistrict a multidistrict agreement to perform any  
 2 services, activities, and undertakings of the participating districts and to provide for the joint funding and operation  
 3 and maintenance of ~~both~~ all participating districts upon the terms and conditions as may be mutually agreed to  
 4 by the districts subject to the conditions of this section. An agreement must be approved by the ~~board~~ boards of  
 5 trustees of ~~both~~ all participating districts by ~~February 1~~ April 1 of the ~~current fiscal~~ year in which the agreement  
 6 is executed and by April 1 in any subsequent year to which the agreement applies.

7 (2) All expenditures in support of the ~~interdistrict~~ multidistrict agreement may be made from the interlocal  
 8 cooperative fund as specified in 20-9-703 and 20-9-704. Each participating district may transfer funds into the  
 9 interlocal cooperative fund from the general fund or any other budgeted fund of the district. Transfers to the  
 10 interlocal cooperative fund from each participating school district district's general fund are limited to an amount  
 11 not to exceed the direct state aid in support of the respective school district's general fund, ~~and~~ All transfers must  
 12 be completed by ~~February 1~~ April 1 of the ~~current fiscal~~ year in which the agreement is executed and by April 1  
 13 in any subsequent year to which the agreement applies.

14 (3) Expenditures from the interlocal cooperative fund under this section are limited to those expenditures  
 15 that are permitted by law and that are within the final budget for the ~~general~~ budgeted fund from which the transfer  
 16 was made.

17 (4) THE INTENT OF THIS SECTION IS TO INCREASE THE FLEXIBILITY AND EFFICIENCY OF SCHOOL DISTRICTS  
 18 WITHOUT AN INCREASE IN LOCAL TAXES. IN FURTHERANCE OF THIS INTENT, IF TRANSFERS OF FUNDS ARE MADE FROM ANY  
 19 SCHOOL DISTRICT FUND SUPPORTED BY A NONVOTED LEVY, THE DISTRICT MAY NOT INCREASE ITS NONVOTED LEVY FOR  
 20 THE PURPOSE OF RESTORING THE AMOUNT OF FUNDS TRANSFERRED."

21  
 22 **Section 2.** Section 20-9-201, MCA, is amended to read:

23 **"20-9-201. Definitions and application.** (1) As used in this title, unless the context clearly indicates  
 24 otherwise, "fund" means a separate detailed account of receipts and expenditures for a specific purpose as  
 25 authorized by law or by the superintendent of public instruction under the provisions of subsection (2). Funds are  
 26 classified as follows:

27 (a) A "budgeted fund" means any fund for which a budget must be adopted in order to expend money  
 28 from the fund. The general fund, transportation fund, bus depreciation reserve fund, tuition fund, retirement fund,  
 29 debt service fund, building reserve fund, adult education fund, nonoperating fund, and any other funds designated  
 30 by the legislature are budgeted funds.

1 (b) A "nonbudgeted fund" means any fund for which a budget is not required in order to expend money  
 2 on deposit in the fund. The school food services fund, miscellaneous programs fund, building fund, lease or rental  
 3 agreement fund, traffic education fund, interlocal cooperative fund, internal service fund, impact aid fund,  
 4 enterprise fund, agency fund, extracurricular fund, metal mines tax reserve fund, endowment fund, litigation  
 5 reserve fund, and any other funds designated by the legislature are nonbudgeted funds.

6 (2) The school financial administration provisions of this title apply to all money of any elementary or high  
 7 school district. Elementary and high school districts shall record the receipt and disbursement of all money in  
 8 accordance with generally accepted accounting principles. The superintendent of public instruction has general  
 9 supervisory authority as prescribed by law over the school financial administration provisions, as they relate to  
 10 elementary and high school districts. The superintendent of public instruction shall adopt rules necessary to  
 11 secure compliance with the law.

12 (3) ~~(a) Except as provided in subsection (3)(b) or as otherwise provided by law, whenever~~ Whenever  
 13 EXCEPT AS OTHERWISE PROVIDED BY LAW, WHENEVER the trustees of a district determine that a fund is inactive and  
 14 will no longer be used, the trustees shall close the fund by transferring all cash and other account balances to  
 15 any fund considered appropriate by the trustees if the fund does not have a cash or fund balance deficit.

16 ~~———— (b) If the trustees of a district determine that its tuition fund is inactive and will no longer be used, the~~  
 17 ~~trustees shall close the fund by transferring any cash and account balances to the district's miscellaneous~~  
 18 ~~programs fund if the tuition fund does not have a cash or fund balance deficit."~~

19

20 **Section 3.** Section 20-9-204, MCA, is amended to read:

21 **"20-9-204. Conflicts of interests, letting contracts, and calling for bids -- exceptions.** (1) It is  
 22 unlawful for a trustee to:

23 (a) have any pecuniary interest, either directly or indirectly, in any contract made by the trustee while  
 24 acting in that official capacity or by the board of trustees of which the trustee is a member; or

25 (b) be employed in any capacity by the trustee's own school district, with the exception of officiating at  
 26 athletic competitions under the auspices of the Montana officials association.

27 (2) For the purposes of subsection (1):

28 (a) "contract" does not include:

29 (i) merchandise sold to the highest bidder at public auctions;

30 (ii) investments or deposits in financial institutions that are in the business of loaning or receiving money

1 when the investments or deposits are made on a rotating or ratable basis among financial institutions in the  
 2 community or when there is only one financial institution in the community; or

3 (iii) contracts for professional services, other than salaried services, or for maintenance or repair services  
 4 or supplies when the services or supplies are not reasonably available from other sources if the interest of any  
 5 board member and a determination of the lack of availability are entered in the minutes of the board meeting at  
 6 which the contract is considered; and

7 (b) "pecuniary interest" does not include holding an interest of 10% or less in a corporation.

8 (3) (a) Except for district needs that must be met because of an unforeseen emergency, as defined in  
 9 20-3-322(5), or as provided in subsections (4) and ~~(7)~~ (6) of this section, whenever any building, furnishing,  
 10 repairing, or other work for the benefit of the district or purchasing of supplies for the district is necessary, the  
 11 work done or the purchase made must be by contract if the sum exceeds \$50,000.

12 (b) Except as provided in Title 18, chapter 2, part 5, each contract must be let to the lowest responsible  
 13 bidder after advertisement for bids. The advertisement for bids under this subsection (3)(b) must be published  
 14 in the newspaper that will give notice to the largest number of people of the district as determined by the trustees.  
 15 The advertisement must be made once each week for 2 consecutive weeks, and the second publication must  
 16 be made not less than 5 days or more than 12 days before consideration of bids. A contract not let pursuant to  
 17 this section is void. The bidding requirements applicable to services performed for the benefit of the district under  
 18 this section do not apply to:

19 (i) a registered professional engineer, surveyor, real estate appraiser, or registered architect;

20 (ii) a physician, dentist, pharmacist, or other medical, dental, or health care provider;

21 (iii) an attorney;

22 (iv) a consulting actuary;

23 (v) a private investigator licensed by any jurisdiction;

24 (vi) a claims adjuster;

25 (vii) an accountant licensed under Title 37, chapter 50; or

26 (viii) a project, as defined in 18-2-501, for which a governing body, as defined in 18-2-501, enters into  
 27 an alternative project delivery contract pursuant to Title 18, chapter 2, part 5.

28 (4) A district may enter into a cooperative purchasing contract for the procurement of supplies or services  
 29 with one or more districts. ~~The award of a contract to a successful bidder must comply with the requirements of~~  
 30 ~~subsection (5). The request for bids must be advertised in a daily newspaper of general circulation in each county~~

1 in which a district participating in the cooperative purchasing contract is located. The advertisement must be  
 2 made once each week for 2 consecutive weeks, and the second publication must be made not less than 5 days  
 3 or more than 12 days before consideration of bids A district participating in a cooperative purchasing group may  
 4 purchase supplies and services through the group without complying with the provisions of subsection (3) if the  
 5 cooperative purchasing group has a publicly available master list of items available with pricing included and  
 6 provides an opportunity at least twice yearly for any Montana vendor, INCLUDING A MONTANA VENDOR, to compete,  
 7 based on a lowest responsible bidder standard, for inclusion of their THE VENDOR'S supplies and services on the  
 8 cooperative purchasing group's master list.

9 ~~\_\_\_\_\_ (5) Except as provided in Title 18, chapter 2, part 5, whenever bidding is required, the contract must be~~  
 10 ~~awarded to the lowest responsible bidder, except that any or all bids may be rejected.~~

11 ~~(6)(5)~~ This section may not require the board of trustees to let a contract for any routine and regularly  
 12 performed maintenance or repair project or service that can be accomplished by district staff whose regular  
 13 employment with the school district is related to the routine performance of maintenance for the district.

14 ~~(7)(6)~~ Subsection (3) does not apply to the solicitation or award of a contract for an investment grade  
 15 energy audit or an energy performance contract pursuant to Title 90, chapter 4, part 11, including construction  
 16 and installation of conservation measures pursuant to the energy performance contract."  
 17

18 **Section 4.** Section 20-9-208, MCA, is amended to read:

19 **"20-9-208. Transfers among appropriation items of fund -- transfers from fund to fund. (1)**  
 20 Whenever it appears to the trustees of a district that the appropriated amount of an item of a budgeted fund of  
 21 the final budget or a budget amendment is in excess of the amount actually required during the school fiscal year  
 22 for the appropriation item, the trustees may transfer any of the excess appropriation amount to any other  
 23 appropriation item of the same budgeted fund.

24 (2) Unless otherwise restricted by a specific provision in this title, transfers may be made between  
 25 different funds of the same district or between the final budget and a budget amendment under one of the  
 26 following circumstances:

27 (a) (i) Except as provided in subsection (2)(a)(ii), transfers may be made from one budgeted fund to  
 28 another budgeted fund or between the final budget and a budget amendment for a budgeted fund whenever the  
 29 trustees determine, in their discretion, that the transfer of funds is necessary to improve the efficiency of spending  
 30 within the district or when an action of the trustees results in savings in one budgeted fund that can be put to more

1 efficient use in another budgeted fund. Transfers may not be made with funds approved by the voters or with  
 2 funds raised by a nonvoted levy unless:

3 (A) the transfer is within or directly related to the purposes for which the funds were raised. ~~Before a~~  
 4 ~~transfer can occur, the trustees shall~~ and the trustees hold a properly noticed hearing to accept public comment  
 5 on the transfer; or

6 (B) the transfer is approved by the qualified electors of the district in an election called for the purpose  
 7 of approving the transfer, IN WHICH CASE THE FUNDS MAY BE SPENT FOR THE PURPOSE APPROVED ON THE BALLOT.

8 (ii) Unless otherwise authorized by a specific provision in this title, transfers from the general fund to any  
 9 other fund and transfers to the general fund from any other fund are prohibited.

10 (b) Transfers may be made from one nonbudgeted fund to another nonbudgeted fund whenever the  
 11 trustees determine that the transfer of funds is necessary to improve the efficiency of spending within the district.  
 12 Transfers may not be made with funds restricted by state or federal law unless the transfer is in compliance with  
 13 any restrictions or conditions imposed by state or federal law. Before a transfer can occur, the trustees shall hold  
 14 a properly noticed hearing to accept public comment on the transfer.

15 (3) The trustees shall enter the authorized transfers upon the permanent records of the district.

16 (4) THE INTENT OF THIS SECTION IS TO INCREASE THE FLEXIBILITY AND EFFICIENCY OF SCHOOL DISTRICTS  
 17 WITHOUT AN INCREASE IN LOCAL TAXES. IN FURTHERANCE OF THIS INTENT, IF TRANSFERS OF FUNDS ARE MADE FROM ANY  
 18 SCHOOL DISTRICT FUND SUPPORTED BY A NONVOTED LEVY, THE DISTRICT MAY NOT INCREASE ITS NONVOTED LEVY FOR  
 19 THE PURPOSE OF RESTORING THE AMOUNT OF FUNDS TRANSFERRED."

20

21 **Section 5.** Section 20-9-308, MCA, is amended to read:

22 **"20-9-308. BASE budgets and maximum general fund budgets.** (1) (a) The trustees of a district shall  
 23 adopt a general fund budget that is at least equal to the BASE budget established for the district. The trustees  
 24 of a district may adopt a general fund budget up to the maximum general fund budget or the previous year's  
 25 general fund budget, whichever is greater.

26 (b) For purposes of the budget limitation in subsection (1)(a), the trustees may add any increase in state  
 27 funding for the general fund payments in 20-9-327 through 20-9-330 to the district's previous year's general fund  
 28 budget.

29 (2) Whenever the trustees of a district propose to adopt a general fund budget that exceeds the BASE  
 30 budget for the district and to increase the over-BASE budget levy over tax levels REVENUE previously authorized

1 by the electors of the district in a prior year ANY OF THE PREVIOUS 5 YEARS to support the general fund budget, the  
 2 trustees shall submit a proposition to the electors of the district, as provided in 20-9-353.

3 (3) The BASE budget for the district must be financed by the following sources of revenue:

4 (a) state equalization aid, as provided in 20-9-343, including any guaranteed tax base aid for which the  
 5 district may be eligible, as provided in 20-9-366 through 20-9-369;

6 (b) county equalization aid, as provided in 20-9-331 and 20-9-333;

7 (c) a district levy for support of a school not approved as an isolated school under the provisions of  
 8 20-9-302;

9 (d) payments in support of special education programs under the provisions of 20-9-321;

10 (e) nonlevy revenue, as provided in 20-9-141; and

11 (f) a BASE budget levy on the taxable value of all property within the district.

12 (4) The over-BASE budget amount of a district must be financed by a levy on the taxable value of all  
 13 property within the district or other revenue available to the district, as provided in 20-9-141."

14

15 ~~Section 6. Section 20-9-342, MCA, is amended to read:~~

16 ~~"20-9-342. Deposit of interest and income money by state board of land commissioners -- fund~~  
 17 ~~transfer. (1) Except as provided in 20-9-516, the state board of land commissioners shall annually deposit into~~  
 18 ~~the guarantee account provided for in 20-9-622 the all interest and income money for each calendar year up to~~  
 19 ~~but not exceeding the amount of interest and income money estimated to be deposited in the guarantee account~~  
 20 ~~under the official revenue estimate developed in the immediate preceding legislative session pursuant to 5-5-227.~~  
 21 ~~into the guarantee account, provided for in 20-9-622, The interest and income money deposited into the~~  
 22 ~~guarantee account must be used for state equalization aid. The state board of land commissioners shall deposit~~  
 23 ~~the interest and income money referred to in this subsection by the last business day of February following the~~  
 24 ~~calendar year in which the money was received.~~

25 ~~(2) Any amount of interest and income revenue in excess of the interest and income revenue estimated~~  
 26 ~~to be deposited in the guarantee account under the official revenue estimate developed in the immediate~~  
 27 ~~preceding legislative session pursuant to 5-5-227 must be deposited by the state board of land commissioners~~  
 28 ~~by the last business day of February following the calendar year in which the money was received in the school~~  
 29 ~~facility and technology account established in 20-9-516."~~

30

1           **Section 6.** Section 20-9-353, MCA, is amended to read:

2           **"20-9-353. Additional financing for general fund -- election for authorization to impose.** (1) The  
3 trustees of a district may propose to adopt an over-BASE budget amount for the district general fund that does  
4 not exceed the general fund budget limitations, as provided in 20-9-308.

5           (2) When the trustees of the district propose to adopt an over-BASE budget under subsection (1), any  
6 increase in local property taxes authorized by 20-9-308(4) ~~over tax levels~~ REVENUE previously authorized by the  
7 electors of the district in a prior year ~~ANY OF THE PREVIOUS 5 YEARS~~ must be submitted to a vote of the qualified  
8 electors of the district, as provided in 15-10-425. The trustees are not required to submit to the qualified electors  
9 any increase in state funding of the basic or per-ANB entitlements or of the general fund payments established  
10 in 20-9-327 through 20-9-330 approved by the legislature. When the trustees of a district determine that a voted  
11 amount of financing is required for the general fund budget, the trustees shall submit the proposition to finance  
12 the voted amount to the electors who are qualified under 20-20-301 to vote upon the proposition. The election  
13 must be called and conducted in the manner prescribed by this title for school elections and must conform to the  
14 requirements of 15-10-425. The ballot for the election must conform to the requirements of 15-10-425.

15           (3) If the proposition on any additional financing for the general fund is approved by a majority vote of  
16 the electors voting at the election, the proposition carries and the trustees may use any portion or all of the  
17 authorized amount in adopting the final general fund budget. The trustees shall certify any additional levy amount  
18 authorized by the election on the budget form that is submitted to the county superintendent, and the county  
19 commissioners shall levy the authorized number of mills on the taxable value of all taxable property within the  
20 district, as prescribed in 20-9-141.

21           (4) All levies adopted under this section must be authorized by the election conducted before August 1  
22 of the school fiscal year for which it is effective.

23           (5) If the trustees of a district are required to submit a proposition to finance an over-BASE budget  
24 amount, as allowed by 20-9-308, to the electors of the district, the trustees shall comply with the provisions of  
25 subsections (2) through (4) of this section."

26

27           **Section 7.** Section 20-9-507, MCA, is amended to read:

28           **"20-9-507. Miscellaneous programs fund.** (1) The trustees of a district receiving money from local,  
29 state, federal, or other sources provided in 20-5-324, other than money under the provisions of impact aid, as  
30 provided in 20 U.S.C. 7701, et seq., or federal money designated for deposit in a specific fund of the district, shall



1 establish a miscellaneous programs fund for the deposit of the money. The money may be a reimbursement of  
 2 miscellaneous program fund expenditures already realized by the district, indirect cost recoveries, ~~the transfer~~  
 3 ~~of a fund balance from a tuition fund closed under 20-9-201~~, or a grant of money for the financing of expenditures  
 4 to be realized by the district for a special, approved program to be operated by the district. When the money is  
 5 a reimbursement, ~~the transfer of a tuition fund balance~~, or a local government severance tax payment, the money  
 6 may be expended at the discretion of the trustees for school purposes. When the money is a grant, the money  
 7 must be expended according to the conditions of the program approval by the superintendent of public instruction  
 8 or any other approval agent. Within the miscellaneous programs fund, the trustees shall maintain a separate  
 9 accounting for each local, state, or federal grant project, ~~funds transferred from a closed tuition fund~~; and the  
 10 indirect cost recoveries.

11 (2) The financial administration of the miscellaneous programs fund must be in accordance with the  
 12 financial administration provisions of this title for a nonbudgeted fund."

13

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

15 ~~"20-9-516. School facility and technology account. (1) There is a school facility and technology~~  
 16 ~~account in the state special revenue fund provided for in 17-2-102. The purpose of the account is to equitably~~  
 17 ~~distribute and provide money to schools for to help defray the costs of:~~

18 ~~(a) major deferred maintenance;~~

19 ~~(b) improving energy efficiency in school facilities;~~

20 ~~(c) critical infrastructure in school districts;~~

21 ~~(d) emergency facility needs; and~~

22 ~~(e) technological improvements.~~

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

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

27 ~~(b) the mineral royalties transferred from the guarantee account as provided in 20-9-622; and~~

28 ~~(c) the rental income received from power site leases as provided in 77-4-208; and~~

29 ~~(d) the interest and income revenue designated to be deposited into the school facility and technology~~  
 30 ~~account as provided in 20-9-342.~~

1 ~~———— (3) In preparing and submitting an agency budget pursuant to 17-7-111 and 17-7-112, the office of the~~  
 2 ~~superintendent of public instruction shall include in its calculation of the present law base a school facility and~~  
 3 ~~technology present law base. The school facility and technology present law base must consist of all amounts~~  
 4 ~~in the school facility and technology account when the superintendent of public instruction completes and submits~~  
 5 ~~an agency budget, with a proposed amount to be distributed on a per-quality-educator basis included in that~~  
 6 ~~present law base. The proposed amount to be distributed on a per-quality-educator basis from the school facility~~  
 7 ~~and technology account must be calculated by dividing the total month-end balance of the funds in the school~~  
 8 ~~facility and technology account at the time the superintendent of public instruction completes and submits an~~  
 9 ~~agency budget by the total number of full-time equivalent quality educators as defined in 20-4-502.~~

10 ~~———— (4) A district may expend funds appropriated by the legislature under this section for any of the purposes~~  
 11 ~~set forth in this section."~~

12

13 ~~———— **Section 10.** Section 20-9-630, MCA, is amended to read:~~

14 ~~———— "**20-9-630. School district block grants.** (1) (a) The office of public instruction shall provide a block~~  
 15 ~~grant to each school district based on the revenue received by each district in fiscal year 2001 from vehicle taxes~~  
 16 ~~and fees, corporate license taxes paid by financial institutions, aeronautics fees, state land payments in lieu of~~  
 17 ~~taxes, and property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws~~  
 18 ~~of 1999.~~

19 ~~———— (b) Block grants must be calculated using the electronic reporting system that is used by the office of~~  
 20 ~~public instruction and school districts. The electronic reporting system must be used to allocate the block grant~~  
 21 ~~amount into each district's budget as an anticipated revenue source by fund.~~

22 ~~———— (c) With the exception of vehicle taxes and fees, the office of public instruction shall use the amount~~  
 23 ~~actually received from the sources listed in subsection (1)(a) in fiscal year 2001 in its calculation of the block grant~~  
 24 ~~for fiscal year 2002 budgeting purposes. For vehicle taxes and fees, the office of public instruction shall use~~  
 25 ~~93.4% of the amount actually received in fiscal year 2001 in calculating the block grant for fiscal year 2002.~~

26 ~~———— (2) If the fiscal year 2003 appropriation provided in section 248(1), Chapter 574, Laws of 2001, is~~  
 27 ~~insufficient to fund the school district block grants in fiscal year 2003 at the fiscal year 2002 level, the office of~~  
 28 ~~public instruction shall prorate the block grants to meet the remaining appropriation. School districts shall~~  
 29 ~~anticipate the prorated block grant amounts provided by the office of public instruction in their budgets for fiscal~~  
 30 ~~year 2003.~~

1 ~~————(3) Each year, 70% of each district's block grant must be distributed in November and 30% of each~~  
 2 ~~district's block grant must be distributed in May at the same time that guaranteed tax base aid is distributed.~~

3 ~~————(4) (a) The block grant for the district general fund is equal to the average amount received in fiscal years~~  
 4 ~~2002 and 2003 by the district general fund from the block grants provided for in subsection (1). The block grant~~  
 5 ~~must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.~~

6 ~~————(b) The block grant for the district transportation fund is equal to one-half of the average amount received~~  
 7 ~~in fiscal years 2002 and 2003 by the district transportation fund from the block grants provided for in subsection~~  
 8 ~~(1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.~~

9 ~~————(c)(b) (i) The combined fund block grant is equal to the average amount received in fiscal years 2002~~  
 10 ~~and 2003 by the district tuition, bus depreciation reserve, building reserve, nonoperating, and adult education~~  
 11 ~~funds from the block grants provided for in subsection (1) and one-half of the average amount received in fiscal~~  
 12 ~~years 2002 and 2003 by the district transportation fund from the block grants provided for in subsection (1). The~~  
 13 ~~block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.~~

14 ~~————(ii) The school district may deposit the combined fund block grant into any budgeted fund of the district."~~  
 15

16 **Section 8.** Section 20-10-147, MCA, is amended to read:

17 **"20-10-147. Bus depreciation reserve fund.** (1) The trustees of a district owning a bus or a two-way  
 18 radio used for purposes of transportation, as defined in 20-10-101, or for purposes of conveying pupils to and  
 19 from school functions or activities may establish a bus depreciation reserve fund to be used for the conversion,  
 20 remodeling, or rebuilding of a bus or for the replacement of a bus or radio. The trustees of a district may also use  
 21 the bus depreciation reserve fund to purchase an additional bus for purposes of transportation, as defined in  
 22 20-10-101.

23 (2) Whenever a bus depreciation reserve fund is established, the trustees may include in the district's  
 24 budget, in accordance with the school budgeting provisions of this title, an amount each year that does not  
 25 exceed 20% of the original cost of a bus or a two-way radio. The amount budgeted may not, over time, exceed  
 26 150% of the original cost of a bus or two-way radio. The annual revenue requirement for each district's bus  
 27 depreciation reserve fund, determined within the limitations of this section, must be reported by the county  
 28 superintendent to the county commissioners on the fourth Monday of August as the bus depreciation reserve fund  
 29 levy requirement for that district, and a levy must be made by the county commissioners in accordance with  
 30 20-9-142.

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

5 ~~Whenever the trustees of a district maintaining a bus depreciation reserve fund sell all of the district's~~  
 6 ~~buses and consider it to be in the best interest of the district to transfer any portion or all of the bus depreciation~~  
 7 ~~reserve fund balance to any other fund maintained by the district, the trustees shall submit the proposition to the~~  
 8 ~~electors of the district. The electors qualified to vote at the election shall qualify under 20-20-301, and the election~~  
 9 ~~must be called and conducted in the manner prescribed by this title for school elections. If a majority of those~~  
 10 ~~electors voting at the election approve the proposed transfer from the bus depreciation reserve fund, the transfer~~  
 11 ~~is approved and the trustees shall immediately order the county treasurer to make the approved transfer."~~

12  
 13 ~~NEW SECTION. Section 12. Repealer.~~ The following sections of the Montana Code Annotated are  
 14 repealed:

15 90-6-801. ~~Short title.~~

16 90-6-802. ~~Purpose.~~

17 90-6-803. ~~Definitions.~~

18 90-6-809. ~~Quality schools facility grant program -- legislature to authorize grants -- types of grants available~~

19 90-6-810. ~~Procedure for approval of projects -- role of department and governor -- approval by legislature~~

20 90-6-811. ~~Priorities for projects -- application of criteria -- consideration of project attributes -- adjustments~~  
 21 ~~for educationally relevant factors.~~

22 90-6-812. ~~Conditions for grants~~

23 90-6-818. ~~Disbursement of funds -- department discretion when actual expenses are less than projected~~  
 24 ~~expenses.~~

25 90-6-819. ~~Department to adopt rules~~

26  
 27 NEW SECTION. Section 9. Effective date. [This act] is effective on passage and approval JULY 1,  
 28 2011.

29 - END -