

SENATE BILL NO. 60

INTRODUCED BY D. SALOMON

BY REQUEST OF THE EDUCATION INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING UNDERGRADUATE FINANCIAL AID LAWS; REVISING THE MONTANA RESIDENT STUDENT FINANCIAL AID PROGRAM; REVISING THE MONTANA STEM SCHOLARSHIP PROGRAM; EXTENDING ELIGIBILITY FOR THE MONTANA STEM SCHOLARSHIP PROGRAM TO 4 YEARS; ELIMINATING THE GOVERNOR'S POSTSECONDARY SCHOLARSHIP ADVISORY COUNCIL; REPEALING THE GOVERNOR'S POSTSECONDARY SCHOLARSHIP PROGRAM; ~~REPEALING THE MONTANA PROMISE GRANT PROGRAM; PROVIDING FOR TRANSFERS OF FUNDS;~~ AMENDING SECTIONS 20-1-225, 20-26-101, 20-26-102, 20-26-103, 20-26-104, 20-26-201, 20-26-202, 20-26-203, 20-26-603, 20-26-606, 20-26-614, 20-26-616, 20-26-617, AND 23-7-402, MCA; REPEALING SECTIONS 2-15-1524, 20-26-601, 20-26-602, 20-26-604, ~~AND 20-26-605, AND 23-7-402, 20-26-621, 20-26-622, AND 20-26-623;~~ MCA; AND PROVIDING AN EFFECTIVE DATE EFFECTIVE DATES AND A TERMINATION DATE."

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

**Section 1.** Section 20-1-225, MCA, is amended to read:

**"20-1-225. Compliance with Military Selective Service Act for postsecondary financial assistance**

**-- rulemaking -- definitions.** (1) A postsecondary educational institution may not provide student financial assistance to or enroll as a student an individual who is receiving or will receive student financial assistance unless the individual has complied with the registration requirements of the federal Military Selective Service Act, 50 App. U.S.C. 451, et seq. However, this prohibition does not apply to an individual who:

(a) by a preponderance of the evidence shows that the failure to register was not done knowingly or willfully; or

(b) is exempt from registration under the provisions of the Military Selective Service Act.

(2) The board of regents shall adopt rules to implement this section.

(3) The following definitions apply to this section:

(a) "Postsecondary educational institution" means:



- 1 (i) the Montana university system; or  
 2 (ii) any other postsecondary school:  
 3 (A) accepting as a student an individual receiving student financial assistance; or  
 4 (B) accepting state funds.  
 5 (b) "Student financial assistance":  
 6 (i) means a grant, loan, or insurance on a loan, all or a part of which is provided by the state; and  
 7 (ii) includes money given or to be given pursuant to:  
 8 (A) the reimbursement for services provided to resident nonbeneficiary students provision in 20-25-428;  
 9 (B) the work-study program provided for in Title 20, chapter 25, part 7;  
 10 (C) the Montana resident student financial ~~assistance~~ aid program provided for in Title 20, chapter 26,  
 11 parts 1 and 2; or  
 12 (D) the guaranteed student loan program provided for in Title 20, chapter 26, part 11."

13  
 14 **Section 2.** Section 20-26-101, MCA, is amended to read:

15 **"20-26-101. Short title.** Parts 1 and 2 may be cited as "The Montana Resident Student Financial  
 16 ~~Assistance Aid Program Act~~."  
 17

18 **Section 3.** Section 20-26-102, MCA, is amended to read:

19 **"20-26-102. Purpose -- legislative intent.** (1) The purpose of parts 1 and 2 is to establish a program  
 20 to provide financial ~~assistance~~ aid to resident Montana postsecondary undergraduate and graduate students.

21 (2) In establishing the Montana resident student financial aid program, the legislature intends to  
 22 collaborate with the board of regents and postsecondary institutions to create three types of aid programs for  
 23 undergraduate students:

24 (a) an incentive program as established in 20-26-614 through 20-26-617 and funded by the state to  
 25 encourage Montana resident students to pursue postsecondary credentials in science, technology, engineering,  
 26 math, and health care fields that satisfy current and anticipated economic and workforce development needs in  
 27 Montana;

28 (b) a merit program to recruit and retain the highest-achieving Montana resident students to units of the  
 29 Montana university system, funded through tuition waivers, discounts, and other financial aid pursuant to policies  
 30 adopted by the board of regents; and

1 (c) an access-to-higher-education program to provide scholarships and other financial aid funded by the  
 2 foundations that have been established for the benefit of units of the university system and provided to Montana  
 3 resident students who demonstrate financial need.

4 (3) The legislature intends to maximize federal need-based aid and work-study awards by providing  
 5 sufficient state funding for federal matching requirements whenever possible.

6 (4) The legislature intends to continue its support of graduate exchange programs for Montana residents  
 7 who are pursuing professional degrees outside the state."

8

9 **Section 4.** Section 20-26-103, MCA, is amended to read:

10 **"20-26-103. Definitions.** As used in parts 1 and 2, the following definitions apply:

11 (1) "Postsecondary institution" ~~includes~~ means:

12 (a) the units a unit of the Montana university system and any private postsecondary institution as defined  
 13 in 20-25-201;

14 (b) a Montana community college, defined and organized as provided in 20-15-101; or

15 (c) an accredited tribal college located in the state of Montana.

16 (2) "Resident student" means a person who was a resident of Montana prior to enrolling and who is  
 17 attending a qualified postsecondary institution within Montana."

18

19 **Section 5.** Section 20-26-104, MCA, is amended to read:

20 **"20-26-104. Resident Montana resident student financial assistance aid program created.** There  
 21 is a Montana resident student financial ~~assistance~~ aid program administered by the commissioner of higher  
 22 education."

23

24 NEW SECTION. **Section 6. Montana resident student financial aid program -- reporting**  
 25 **requirements.** The commissioner of higher education shall submit an annual report to the education interim  
 26 committee provided for in 5-5-224 regarding the Montana resident student financial aid program. The report must  
 27 provide information about the previous year and must include the progress and results achieved by:

28 (1) the incentive-based financial aid program pursuant to 20-26-102(2)(a), including but not limited to the  
 29 number of Montana STEM scholarships awarded, the amount of scholarship funds awarded, the workforce  
 30 development needs targeted by the Montana STEM scholarship program, the number and type of postsecondary

1 credentials earned by Montana STEM scholarship recipients, and any measurable impacts on the Montana  
2 workforce;

3 (2) the merit-based financial aid program pursuant to 20-26-102(2)(b), including but not limited to the  
4 recruitment and retention of the highest-achieving Montana resident students, the number of merit-based financial  
5 aid recipients, the amount and type of merit-based financial aid awarded, the number and type of postsecondary  
6 credentials awarded to merit-based financial aid recipients, and any measurable impacts on the Montana  
7 workforce; and

8 (3) the access-based financial aid program pursuant to 20-26-102(2)(c), including but not limited to the  
9 number of access-based financial aid recipients, the amount and type of access-based financial aid awarded,  
10 the effect of access-based financial aid on the retention and credential completion by recipients of access-based  
11 financial aid, and any measurable impacts on the Montana workforce.

12

13 **Section 7.** Section 20-26-201, MCA, is amended to read:

14 **"20-26-201. Duties of commissioner of higher education relative to program.** The commissioner  
15 of higher education shall:

16 (1) adopt ~~rules~~ policies to administer the Montana resident student financial ~~assistance~~ aid program,  
17 including the establishment of criteria for student eligibility ~~which shall~~ that must consider financial need;

18 (2) determine the amount of individual ~~grants~~ financial aid awards;

19 (3) establish procedures for fiscal control, fund accounting, and necessary reports, including the reports  
20 required under [section 6]; and

21 (4) apply for, receive, and administer federal and private money."

22

23 **Section 8.** Section 20-26-202, MCA, is amended to read:

24 **"20-26-202. Administrative costs.** Administration costs not provided by the federal grant that are  
25 attributable to parts 1 and 2 ~~shall~~ must be negotiated and charged to the individual participants."

26

27 **Section 9.** Section 20-26-203, MCA, is amended to read:

28 **"20-26-203. Deposit of ~~moneys~~ funds.** Funds received by the commissioner of higher education for  
29 the Montana resident student financial ~~assistance~~ aid program, including funds for the administration of parts 1  
30 and 2, ~~shall~~ must be deposited in the state treasury."

1

2 **Section 10.** Section 20-26-603, MCA, is amended to read:

3 **"20-26-603. Definitions.** As used in this part, the following definitions apply:

4 (1) "Accredited" means a school that is accredited by the board of public education pursuant to 20-7-102.

5 (2) "Board" means the board of regents of higher education created by Article X, section 9(2), of the  
6 Montana constitution.

7 ~~(3) "Council" means the governor's postsecondary scholarship advisory council created in 2-15-1524.~~

8 ~~(4)~~(3) "Montana high school" means an accredited public or nonpublic high school.

9 ~~(5)~~(4) "Montana private college" means a nonprofit private educational institution:

10 (a) with its main campus and primary operations located within the state; and

11 (b) that offers education on the level of a baccalaureate degree and is accredited for that purpose by a  
12 national or regional accrediting agency recognized by the board.

13 ~~(6)~~(5) "Postsecondary institution" means:

14 (a) a unit of the Montana university system, as defined in 20-25-201;

15 (b) a Montana community college, defined and organized as provided in 20-15-101; or

16 (c) an accredited tribal ~~community~~ college located in the state of Montana.

17 ~~(7)~~(6) "Scholarship" means a payment toward the cost of attendance at a qualifying postsecondary  
18 institution, rounded up to the nearest dollar.

19 ~~(8)~~(7) "STEM or health care major" means a major that is related to science, technology, engineering,  
20 mathematics, or health care. Specific qualifying majors are identified in board policy.

21 ~~(9)~~(8) "Title IV" refers to Title IV of the Higher Education Act of 1965, as amended."  
22

23 **Section 11.** Section 20-26-606, MCA, is amended to read:

24 **"20-26-606. Public and private sources of funding -- restrictions on use -- accounting.** (1) The  
25 board may accept donations from public or private sources for the Montana STEM scholarship program and shall  
26 distribute those funds in accordance with this part.

27 ~~(2) Except when a donor of private funds designates that scholarship funds must be given to students~~  
28 ~~attending a private college, scholarship~~ Scholarship awards are determined solely by the board or an entity  
29 designated by the board pursuant to board policy adopted under ~~20-26-602 and~~ 20-26-614.

30 (3) Funds from public sources may not be used to pay for scholarships for students enrolled in Montana

1 private colleges.

2 (4) Funds from private sources must be deposited into ~~an~~ the Montana STEM scholarship program  
3 account in the state special revenue fund established in ~~47-2-102~~ 20-26-617 to pay for scholarships for students  
4 enrolled in postsecondary institutions ~~or, when designated by the donor, in Montana private colleges.~~

5 (5) Each postsecondary institution ~~or Montana private college~~ that receives scholarship payments shall  
6 prepare and submit to the board, in accordance with procedures and policies established by the board, a report  
7 of the postsecondary institution's ~~or Montana private college's~~ administration of the scholarships and a complete  
8 accounting of scholarship funds.

9 (6) Funds from a scholarship may not be used to pay for remedial or college-preparatory course work.

10 (7) Except for funds donated from private sources, the obligation for funding the ~~governor's~~  
11 ~~postsecondary~~ Montana STEM scholarship program is an obligation of the state. This section may not be  
12 construed to require the board to provide scholarships to an eligible student without an appropriation to the board  
13 for the purposes of the ~~governor's postsecondary~~ Montana STEM scholarship program. Funds from private  
14 sources may not be used as an offset to general fund appropriations."  
15

16 **Section 12.** Section 20-26-614, MCA, is amended to read:

17 **"20-26-614. Montana STEM scholarship program.** (1) There is a Montana STEM scholarship program.  
18 The program is administered by the board through the office of the commissioner of higher education.

19 (2) The purpose of the Montana STEM scholarship program is to provide an incentive for Montana high  
20 school students to prepare for, enter into, and complete degrees in postsecondary fields related to science,  
21 technology, engineering, mathematics, and health care, with the ~~goal~~ goals of increasing the number of STEM  
22 degree recipients participating in Montana's workforce and satisfying current and anticipated economic and  
23 workforce development needs in Montana.

24 (3) The board shall adopt policies and procedures for the administration of the Montana STEM  
25 scholarship program consistent with ~~20-26-614 through 20-26-617~~ this part."  
26

27 **Section 13.** Section 20-26-616, MCA, is amended to read:

28 **"20-26-616. STEM scholarship amounts -- renewal requirements.** (1) A student who meets the  
29 requirements of 20-26-615 will receive a \$1,000 scholarship for the first academic year the student is enrolled  
30 at a postsecondary institution.

1 (2) A student who meets the requirements of this subsection will receive a ~~\$2,000 scholarship for the~~  
 2 ~~student's second academic year~~ an additional scholarship for up to 3 subsequent academic years. To be eligible  
 3 for the STEM scholarship in the ~~student's second~~ a subsequent academic year, the student must:

4 (a) have completed at least:

5 (i) 30 credit hours in the first academic year to be eligible for a \$1,500 scholarship in the second  
 6 academic year;

7 (ii) 60 credit hours by the end of the second academic year to be eligible for a \$1,500 scholarship in the  
 8 third academic year; and

9 (iii) 90 credit hours by the end of the third academic year to be eligible for a \$2,000 scholarship in the  
 10 fourth academic year;

11 (b) have maintained a grade point average of at least 3.0;

12 (c) be enrolled full time at the postsecondary institution in the current academic year; and

13 (d) continue to pursue a STEM or health care major.

14 (3) ~~The board shall adopt a policy regarding the award of scholarships when the funds in the account~~  
 15 ~~established in 20-26-617 are insufficient to fully fund the STEM scholarship program. The policy must prioritize~~  
 16 ~~scholarships in the following order:~~

17 ~~—— (a) Renewals for qualified applicants of scholarships that were previously awarded have the highest~~  
 18 ~~priority.~~

19 ~~—— (b) If funds remain after renewal scholarships are awarded pursuant to subsection (3)(a), then the~~  
 20 ~~number of new scholarships must be reduced but the individual award amounts must meet the requirements of~~  
 21 ~~subsections (1) and (2). The legislature intends scholarships to be awarded at the full amounts provided for in~~  
 22 ~~this section. If the funds in the account established in 20-26-617 are insufficient to fully fund the program for a~~  
 23 ~~year, scholarships shall be prorated and awarded pursuant to 20-26-617(4)."~~

24

25 **Section 14.** Section 20-26-617, MCA, is amended to read:

26 **"20-26-617. Montana STEM scholarship program state special revenue account.** (1) There is a  
 27 Montana STEM scholarship program account within the state special revenue fund established in 17-2-102. The  
 28 purpose of the account is to fund the Montana STEM scholarship program. The account is administered by the  
 29 board through the office of the commissioner of higher education.

30 (2) There must be paid into the account the lottery net revenue calculated pursuant to 23-7-402. ~~Every~~

1 student who is eligible under the provisions of 20-26-615 and 20-26-616 must be awarded a Montana STEM  
2 scholarship:

3 (3) If the amount in this account is greater than the amount required to fund the scholarships ~~as in the~~  
4 amounts required by subsection (2) 20-26-616, the excess funds ~~may~~ must be carried over and used to fund  
5 scholarships in the next fiscal year.

6 (4) If the amount in this account is less than required to fully fund the scholarships as required by  
7 20-26-616, the board may prorate the amount of individual scholarships so that each eligible student still receives  
8 a Montana STEM scholarship.

9 (5) The board may use up to 1% of the funds transferred into the account in each fiscal year for costs  
10 related to administering the Montana STEM scholarship program.

11 ~~(5)(6)~~ This account is statutorily appropriated, as provided in 17-7-502, to the board for the Montana  
12 STEM scholarship program established in ~~20-26-614 through 20-26-616~~ this part."

13

14 **Section 15.** Section 23-7-402, MCA, is amended to read:

15 **"23-7-402. (Temporary) Disposition of revenue.** (1) A minimum of 45% of the money paid for tickets  
16 or chances must be paid out as prize money. The prize money is statutorily appropriated, as provided in  
17 17-7-502, to the lottery.

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

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

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

29 (a) the first \$2 million (i) THE FIRST \$500,000 of net revenue in each fiscal year 2020 must be transferred  
30 QUARTERLY IN EQUAL PAYMENTS OF \$125,000 to the Montana STEM scholarship program special revenue account



1 established in 20-26-617; and

2 (b) (ii) net revenue in excess of \$2 million \$500,000 in each fiscal year 2020 must be transferred to the  
3 state general fund.

4 (B) (i) THE FIRST \$1 MILLION OF NET REVENUE IN FISCAL YEAR 2021 MUST BE TRANSFERRED QUARTERLY IN  
5 EQUAL PAYMENTS OF \$250,000 TO THE MONTANA STEM SCHOLARSHIP PROGRAM SPECIAL REVENUE ACCOUNT  
6 ESTABLISHED IN 20-26-617; AND

7 (ii) NET REVENUE IN EXCESS OF \$1 MILLION IN FISCAL YEAR 2021 MUST BE TRANSFERRED TO THE STATE GENERAL  
8 FUND.

9 (C) (i) THE FIRST \$1.5 MILLION OF NET REVENUE IN FISCAL YEAR 2022 MUST BE TRANSFERRED QUARTERLY IN  
10 EQUAL PAYMENTS OF \$375,000 TO THE MONTANA STEM SCHOLARSHIP PROGRAM SPECIAL REVENUE ACCOUNT  
11 ESTABLISHED IN 20-26-617; AND

12 (ii) NET REVENUE IN EXCESS OF \$1.5 MILLION IN FISCAL YEAR 2022 MUST BE TRANSFERRED TO THE STATE  
13 GENERAL FUND.

14 (D) (i) THE FIRST \$2 MILLION OF NET REVENUE IN FISCAL YEAR 2023 MUST BE TRANSFERRED QUARTERLY IN  
15 EQUAL PAYMENTS OF \$500,000 TO THE MONTANA STEM SCHOLARSHIP PROGRAM SPECIAL REVENUE ACCOUNT  
16 ESTABLISHED IN 20-26-617; AND

17 (ii) NET REVENUE IN EXCESS OF \$2 MILLION IN FISCAL YEAR 2023 MUST BE TRANSFERRED TO THE STATE GENERAL  
18 FUND.

19 (E) (i) THE FIRST \$2.25 MILLION OF NET REVENUE IN FISCAL YEAR 2024 AND SUBSEQUENT FISCAL YEARS MUST  
20 BE TRANSFERRED QUARTERLY IN EQUAL PAYMENTS OF \$562,500 TO THE MONTANA STEM SCHOLARSHIP PROGRAM  
21 SPECIAL REVENUE ACCOUNT ESTABLISHED IN 20-26-617; AND

22 (ii) NET REVENUE IN EXCESS OF \$2.25 MILLION IN FISCAL YEAR 2024 AND SUBSEQUENT FISCAL YEARS MUST BE  
23 TRANSFERRED TO THE STATE GENERAL FUND.

24 (b) For fiscal year 2016, prior to any net revenue being transferred to the general fund from the enterprise  
25 fund, \$400,000 of net revenue must be transferred from the enterprise fund to the Montana STEM scholarship  
26 special revenue account established in 20-26-617 for the purpose of distributing STEM scholarships pursuant  
27 to 20-26-614 through 20-26-617 during the 2015-2016 school year.

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

1           **23-7-402. (Effective July 1, 2019) Disposition of revenue.** (1) A minimum of 45% of the money paid  
 2 for tickets or chances must be paid out as prize money. The prize money is statutorily appropriated, as provided  
 3 in 17-7-502, to the lottery.

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

5           (3) That part of all gross revenue not used for the payment of prizes, commissions, and operating  
 6 expenses, together with the interest earned on the gross revenue while the gross revenue is in the enterprise  
 7 fund, is net revenue. Net revenue must be transferred quarterly from the enterprise fund established by 23-7-401  
 8 ~~to the state general fund. Once the amount of net revenue transferred to the general fund during a fiscal year~~  
 9 ~~equals the amount transferred to the general fund in fiscal year 2015, any additional net revenue must be~~  
 10 ~~transferred to the Montana STEM scholarship program special revenue account established in 20-26-617 in the~~  
 11 ~~following order:~~

12           ~~(a) the first \$2 million~~ (i) THE FIRST \$500,000 OF NET REVENUE IN EACH FISCAL YEAR 2020 MUST BE TRANSFERRED  
 13 QUARTERLY IN EQUAL PAYMENTS OF \$125,000 TO THE MONTANA STEM SCHOLARSHIP PROGRAM SPECIAL REVENUE ACCOUNT  
 14 ESTABLISHED IN 20-26-617; AND

15           ~~(b)(ii) net revenue in excess of \$2 million~~ \$500,000 IN EACH FISCAL YEAR 2020 MUST BE TRANSFERRED TO THE  
 16 STATE GENERAL FUND.

17           (B) (i) THE FIRST \$1 MILLION OF NET REVENUE IN FISCAL YEAR 2021 MUST BE TRANSFERRED QUARTERLY IN  
 18 EQUAL PAYMENTS OF \$250,000 TO THE MONTANA STEM SCHOLARSHIP PROGRAM SPECIAL REVENUE ACCOUNT  
 19 ESTABLISHED IN 20-26-617; AND

20           (ii) NET REVENUE IN EXCESS OF \$1 MILLION IN FISCAL YEAR 2021 MUST BE TRANSFERRED TO THE STATE GENERAL  
 21 FUND.

22           (C) (i) THE FIRST \$1.5 MILLION OF NET REVENUE IN FISCAL YEAR 2022 MUST BE TRANSFERRED QUARTERLY IN  
 23 EQUAL PAYMENTS OF \$375,000 TO THE MONTANA STEM SCHOLARSHIP PROGRAM SPECIAL REVENUE ACCOUNT  
 24 ESTABLISHED IN 20-26-617; AND

25           (ii) NET REVENUE IN EXCESS OF \$1.5 MILLION IN FISCAL YEAR 2022 MUST BE TRANSFERRED TO THE STATE  
 26 GENERAL FUND.

27           (D) (i) THE FIRST \$2 MILLION OF NET REVENUE IN FISCAL YEAR 2023 MUST BE TRANSFERRED QUARTERLY IN  
 28 EQUAL PAYMENTS OF \$500,000 TO THE MONTANA STEM SCHOLARSHIP PROGRAM SPECIAL REVENUE ACCOUNT  
 29 ESTABLISHED IN 20-26-617; AND

30           (ii) NET REVENUE IN EXCESS OF \$2 MILLION IN FISCAL YEAR 2023 MUST BE TRANSFERRED TO THE STATE GENERAL

1 FUND.

2 (E) (I) THE FIRST \$2.25 MILLION OF NET REVENUE IN FISCAL YEAR 2024 AND SUBSEQUENT FISCAL YEARS MUST  
 3 BE TRANSFERRED QUARTERLY IN EQUAL PAYMENTS OF \$562,500 TO THE MONTANA STEM SCHOLARSHIP PROGRAM  
 4 SPECIAL REVENUE ACCOUNT ESTABLISHED IN 20-26-617; AND

5 (II) NET REVENUE IN EXCESS OF \$2.25 MILLION IN FISCAL YEAR 2024 AND SUBSEQUENT FISCAL YEARS MUST BE  
 6 TRANSFERRED TO THE STATE GENERAL FUND.

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

9

10 **SECTION 16. SECTION 23-7-402, MCA, IS AMENDED TO READ:**

11 **"23-7-402. (Temporary) Disposition of revenue.** (1) A minimum of 45% of the money paid for tickets  
 12 or chances must be paid out as prize money. The prize money is statutorily appropriated, as provided in  
 13 17-7-502, to the lottery.

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

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

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

25 ~~———(b) For fiscal year 2016, prior to any net revenue being transferred to the general fund from the enterprise~~  
 26 ~~fund, \$400,000 of net revenue must be transferred from the enterprise fund to the Montana STEM scholarship~~  
 27 ~~special revenue account established in 20-26-617 for the purpose of distributing STEM scholarships pursuant~~  
 28 ~~to 20-26-614 through 20-26-617 during the 2015-2016 school year.~~

29 ~~———(5) The spending authority of the lottery may be increased in accordance with this section upon review~~  
 30 ~~and approval of a revised operation plan by the office of budget and program planning. (Terminates June 30,~~

1 ~~2019--sec. 3, Ch. 2, L. 2013--)~~

2 **23-7-402. (Effective July 1, 2019 2023) Disposition of revenue.** (1) A minimum of 45% of the money  
3 paid for tickets or chances must be paid out as prize money. The prize money is statutorily appropriated, as  
4 provided in 17-7-502, to the lottery.

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

6 (3) That part of all gross revenue not used for the payment of prizes, commissions, and operating  
7 expenses, together with the interest earned on the gross revenue while the gross revenue is in the enterprise  
8 fund, is net revenue. Net revenue must be transferred quarterly from the enterprise fund established by 23-7-401  
9 ~~to the state general fund. Once the amount of net revenue transferred to the general fund during a fiscal year~~  
10 ~~equals the amount transferred to the general fund in fiscal year 2015, any additional net revenue must be~~  
11 ~~transferred to the Montana STEM scholarship program special revenue account established in 20-26-617 in the~~  
12 ~~following order:~~

13 (a) the first \$2.25 million of net revenue in each fiscal year must be transferred quarterly in equal  
14 payments of \$562,500 to the Montana STEM scholarship program special revenue account established in  
15 20-26-617; and

16 (b) net revenue in excess of \$2.25 million in each fiscal year must be transferred to the state general  
17 fund.

18 (4) The spending authority of the lottery may be increased in accordance with this section upon review  
19 and approval of a revised operation plan by the office of budget and program planning."  
20

21 **NEW SECTION. Section 17. Repealer.** The following sections of the Montana Code Annotated are  
22 repealed:

23 2-15-1524. Governor's postsecondary scholarship advisory council -- terms.

24 20-26-601. Short title.

25 20-26-602. Governor's postsecondary scholarship program -- duties of council -- duties of board.

26 20-26-604. Types and amounts of scholarships -- criteria.

27 20-26-605. Eligibility requirements -- renewals -- limited appeals.

28 ~~20-26-621. Short title.~~

29 ~~20-26-622. Purpose.~~

30 ~~20-26-623. Montana promise grant program -- student eligibility -- administration.~~

1  
 2 ~~NEW SECTION. Section 17. Transfer of funds.~~ (1) By July 15, 2019, the state treasurer shall transfer  
 3 \$750,000 from the state general fund to the Montana STEM scholarship program state special revenue account  
 4 established in 20-26-617 to ensure the scholarship program is sufficiently funded for the 2019-2020 academic  
 5 year.

6 ~~(2) By June 30, 2020, the board of regents shall transfer \$750,000 from the Montana STEM scholarship~~  
 7 ~~program state special revenue account established in 20-26-617 to the state general fund.~~

8  
 9 NEW SECTION. Section 18. Codification instruction. [Section 6] is intended to be codified as an  
 10 integral part of Title 20, chapter 26, part 1, and the provisions of Title 20, chapter 26, part 1, apply to [section 6].

11  
 12 NEW SECTION. Section 19. Effective date. ~~[This act]~~ (1) EXCEPT AS PROVIDED IN SUBSECTION (2), [THIS  
 13 ACT] is effective July 1, 2019.

14 (2) [SECTION 16] IS EFFECTIVE JULY 1, 2023.

15  
 16 NEW SECTION. SECTION 20. TERMINATION. [SECTION 15] TERMINATES JUNE 30, 2023.

17 - END -