

HOUSE BILL NO. 136

INTRODUCED BY T. SCHMIDT

BY REQUEST OF THE GOVERNOR

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5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING MONTANA'S EDUCATION LAWS;
6 ESTABLISHING A TEACH MONTANA SPECIAL REVENUE ACCOUNT; DISTRIBUTING A PERCENTAGE OF
7 OIL AND NATURAL GAS PRODUCTION TAXES TO THE TEACH MONTANA ACCOUNT TO SERVE AS A
8 NONEXCLUSIVE FUNDING SOURCE FOR THE QUALITY EDUCATOR PAYMENT; ESTABLISHING AN
9 INFLATIONARY INCREASE TO THE QUALITY EDUCATOR PAYMENT; PROVIDING INFLATIONARY
10 INCREASES TO THE BASIC ENTITLEMENT, THE PER-ANB ENTITLEMENT, AND THE QUALITY EDUCATOR
11 PAYMENT; RENAMING THE MONTANA VIRTUAL ACADEMY; MOVING THE ACADEMY FROM THE
12 MONTANA UNIVERSITY SYSTEM TO THE OFFICE OF PUBLIC INSTRUCTION AND CHANGING THE
13 MEMBERSHIP OF THE BOARD; INCLUDING STATE REIMBURSEMENT FOR SCHOOL FACILITIES AS A
14 PURPOSE OF THE SCHOOL FACILITY AND TECHNOLOGY ACCOUNT; APPROPRIATING MONEY TO THE
15 DEPARTMENT OF COMMERCE FOR GRANTS TO HIGH SCHOOL DISTRICTS FOR ALTERNATIVE ENERGY
16 PROJECTS; APPROPRIATING MONEY TO THE DEPARTMENT OF REVENUE TO IMPLEMENT THE TAX
17 DISTRIBUTIONS; DELAYING THE DEPOSIT OF POWER SITE RENTAL PAYMENTS TO THE SCHOOL
18 FACILITY AND TECHNOLOGY ACCOUNT; AMENDING SECTIONS 15-36-331, 15-36-332, 20-7-1201,
19 20-9-306, 20-9-326, AND 20-9-516, MCA; AMENDING SECTION 32, CHAPTER 486, LAWS OF 2009; AND
20 PROVIDING AN EFFECTIVE DATE AND APPLICABILITY DATES."

21
22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

23
24 NEW SECTION. **Section 1. Teach Montana account.** (1) There is a teach Montana account in the
25 state special revenue fund provided for in 17-2-102. The purpose of the account is to provide:

26 (a) a nonexclusive source of funding for the quality educator payment provided for in 20-9-327, including
27 the inflationary increase provided for in 20-9-326; and

28 (b) a reserve to provide a source of funding for the payments described in subsection (1)(a) in the event
29 that the quality educator payments required under 20-9-327 exceed the revenue in the account under subsection
30 (2) of this section in any biennium.



1 (2) There must be deposited in the teach Montana account the oil and natural gas production tax revenue
 2 directed to the account as provided in 15-36-331 and 15-36-332.

3 (3) All interest and income earned on money in the account must be deposited into the account.
 4

5 **Section 2.** Section 15-36-331, MCA, is amended to read:

6 **"15-36-331. Distribution of taxes.** (1) (a) For each calendar quarter, the department shall determine
 7 the amount of tax, late payment interest, and penalties collected under this part.

8 (b) For the purposes of distribution of oil and natural gas production taxes to county and school district
 9 taxing units under 15-36-332 and to the state, the department shall determine the amount of oil and natural gas
 10 production taxes paid on production in the taxing unit.

11 (2) (a) The amount of oil and natural gas production taxes collected for the privilege and license tax
 12 pursuant to 82-11-131 must be deposited, in accordance with the provisions of 17-2-124, in the state special
 13 revenue fund for the purpose of paying expenses of the board, as provided in 82-11-135.

14 (b) The amount of the tax allocated in 15-36-304(7)(b) for the oil and gas natural resource distribution
 15 account established in 90-6-1001(1) must be deposited in the account.

16 (3) (a) For each tax year, the amount of oil and natural gas production taxes determined under
 17 subsection (1)(b) is allocated to each county and to the teach Montana account established in [section 1]
 18 according to the following schedule:

	<u>County</u>	<u>Teach Montana Account</u>
19 Big Horn	45.05% <u>34.11%</u>	<u>10.94%</u>
20 Blaine	58.39% <u>45.39%</u>	<u>13.00%</u>
21 Carbon	48.27% <u>26.90%</u>	<u>21.37%</u>
22 Chouteau	58.14% <u>45.69%</u>	<u>12.45%</u>
23 Custer	69.53% <u>49.97%</u>	<u>19.56%</u>
24 Daniels	50.81% <u>28.64%</u>	<u>22.17%</u>
25 Dawson	47.79% <u>32.48%</u>	<u>15.31%</u>
26 Fallon	41.78% <u>25.77%</u>	<u>16.01%</u>
27 Fergus	69.18% <u>36.03%</u>	<u>33.15%</u>
28 Garfield	45.96% <u>35.13%</u>	<u>10.83%</u>
29 Glacier	58.83% <u>34.42%</u>	<u>24.41%</u>

1	Golden Valley	58.37% <u>29.66%</u>	<u>28.71%</u>
2	Hill	64.51% <u>35.56%</u>	<u>28.95%</u>
3	Liberty	57.94% <u>39.57%</u>	<u>18.37%</u>
4	McCone	49.92% <u>30.51%</u>	<u>19.41%</u>
5	Musselshell	48.64% <u>34.56%</u>	<u>14.08%</u>
6	Petroleum	48.04% <u>24.05%</u>	<u>23.99%</u>
7	Phillips	54.02% <u>33.95%</u>	<u>20.07%</u>
8	Pondera	54.26% <u>32.20%</u>	<u>22.06%</u>
9	Powder River	60.9% <u>48.71%</u>	<u>12.20%</u>
10	Prairie	40.38% <u>26.97%</u>	<u>13.41%</u>
11	Richland	47.47% <u>28.77%</u>	<u>18.70%</u>
12	Roosevelt	45.71% <u>28.87%</u>	<u>16.84%</u>
13	Rosebud	39.33% <u>13.50%</u>	<u>25.83%</u>
14	Sheridan	47.99% <u>27.42%</u>	<u>20.57%</u>
15	Stillwater	53.51% <u>33.69%</u>	<u>19.82%</u>
16	Sweet Grass	61.24% <u>40.73%</u>	<u>20.51%</u>
17	Teton	46.1% <u>33.89%</u>	<u>12.21%</u>
18	Toole	57.61% <u>35.02%</u>	<u>22.59%</u>
19	Valley	51.43% <u>32.40%</u>	<u>19.03%</u>
20	Wibaux	49.16% <u>35.24%</u>	<u>13.92%</u>
21	Yellowstone	46.74% <u>24.54%</u>	<u>22.20%</u>
22	All other counties	50.15% <u>31.63%</u>	<u>18.52%</u>

23 (b) The oil and natural gas production taxes allocated to each county must be deposited in the state
 24 special revenue fund and transferred to each county for distribution, as provided in 15-36-332.

25 (c) The oil and natural gas production taxes allocated to the teach Montana account must be deposited
 26 in the teach Montana account.

27 (4) The department shall, in accordance with the provisions of 17-2-124, distribute the state portion of
 28 oil and natural gas production taxes remaining after the distributions pursuant to subsections (2) and (3) as
 29 follows:

30 (a) for each fiscal year through the fiscal year ending June 30, 2011, to be distributed as follows:

- 1 (i) 1.23% to the coal bed methane protection account established in 76-15-904;
- 2 (ii) 1.45% to the natural resources projects state special revenue account established in 15-38-302;
- 3 (iii) 1.45% to the natural resources operations state special revenue account established in 15-38-301;
- 4 (iv) 2.99% to the orphan share account established in 75-10-743;
- 5 (v) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the
- 6 purposes of the state tax levy as provided in 15-10-108; and
- 7 (vi) all remaining proceeds to the state general fund;
- 8 (b) for fiscal years beginning after June 30, 2011, to be distributed as follows:
- 9 (i) 2.16% to the natural resources projects state special revenue account established in 15-38-302;
- 10 (ii) 2.02% to the natural resources operations state special revenue account established in 15-38-301;
- 11 (iii) 2.95% to the orphan share account established in 75-10-743;
- 12 (iv) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the
- 13 purposes of the state tax levy as provided in 15-10-108; and
- 14 (v) all remaining proceeds to the state general fund."

15
16 **Section 3.** Section 15-36-332, MCA, is amended to read:

17 **"15-36-332. Distribution of taxes to taxing units -- appropriation.** (1) (a) By the dates referred to in
18 subsection (6), the department shall distribute oil and natural gas production taxes allocated under 15-36-331(3)
19 to each eligible county and to the teach Montana account established in [section 1].

20 (b) By the dates referred to in subsection (6), the department shall distribute the amount deposited in
21 the oil and gas natural resource distribution account under 15-36-331(2)(b) as provided in subsection (8) of this
22 section.

23 (2) (a) Each county treasurer shall distribute the amount of oil and natural gas production taxes
24 designated under subsection (1)(a), including the amounts referred to in subsection (2)(b), to the countywide
25 elementary and high school retirement funds, countywide transportation funds, and eligible school districts
26 according to the following schedule:

	Elementary	High School	Countywide	School
	Retirement	Retirement	Transportation	Districts
29 Big Horn	44.81%	40.36%	2.99%	26.99%
30	<u>19.56%</u>	<u>13.68%</u>	<u>3.95%</u>	<u>3.56%</u>

1	Blaine	5.86%	2.31%	2.71%	24.73%
2		<u>7.54%</u>	<u>2.97%</u>	<u>3.49%</u>	<u>3.18%</u>
3	Carbon	3.6%	6.62%	1.31%	49.18%
4		<u>6.46%</u>	<u>11.88%</u>	<u>2.35%</u>	<u>8.82%</u>
5	Chouteau	8.1%	4.32%	3.11%	23.79%
6		<u>10.31%</u>	<u>5.50%</u>	<u>3.96%</u>	<u>3.03%</u>
7	Custer	6.9%	3.4%	1.19%	31.25%
8		<u>9.60%</u>	<u>4.73%</u>	<u>1.66%</u>	<u>4.35%</u>
9	Daniels	0	7.77%	3.92%	48.48%
10			<u>13.78%</u>	<u>6.95%</u>	<u>8.60%</u>
11	Dawson	5.53%	2.5%	1.11%	35.6%
12		<u>8.14%</u>	<u>3.68%</u>	<u>1.63%</u>	<u>5.24%</u>
13	Fallon	0	7.63%	1.24%	42.58%
14			<u>12.37%</u>	<u>2.01%</u>	<u>6.90%</u>
15	Fergus	7.88%	4.84%	2.08%	53.25%
16		<u>15.13%</u>	<u>9.29%</u>	<u>3.99%</u>	<u>10.23%</u>
17	Garfield	4.04%	3.13%	5.29%	26.19%
18		<u>5.29%</u>	<u>4.10%</u>	<u>6.92%</u>	<u>3.43%</u>
19	Glacier	11.2%	4.87%	3.01%	46.11%
20		<u>19.146%</u>	<u>8.32%</u>	<u>5.15%</u>	<u>7.88%</u>
21	Golden Valley	0	11.52%	2.77%	54.65%
22			<u>22.67%</u>	<u>5.45%</u>	<u>10.75%</u>
23	Hill	6.7%	4.07%	1.59%	49.87%
24		<u>12.16%</u>	<u>7.38%</u>	<u>2.88%</u>	<u>9.05%</u>
25	Liberty	4.9%	4.56%	1.15%	35.22%
26		<u>7.17%</u>	<u>6.68%</u>	<u>1.68%</u>	<u>5.16%</u>
27	McCone	4.18%	3.19%	2.58%	43.21%
28		<u>6.84%</u>	<u>5.22%</u>	<u>4.22%</u>	<u>7.07%</u>
29	Musselshell	5.98%	4.07%	3.53%	32.17%
30		<u>8.42%</u>	<u>5.73%</u>	<u>4.97%</u>	<u>4.53%</u>

1	Petroleum	0	41.92%	4.59%	55.48%
2			<u>23.81%</u>	<u>9.17%</u>	<u>11.08%</u>
3	Phillips	0.43%	6.6%	1.08%	41.29%
4		<u>0.68%</u>	<u>10.50%</u>	<u>1.72%</u>	<u>6.57%</u>
5	Pondera	6.96%	5.06%	1.94%	45.17%
6		<u>11.736%</u>	<u>8.53%</u>	<u>3.27%</u>	<u>7.61%</u>
7	Powder River	3.96%	2.97%	4.57%	22.25%
8		<u>4.95%</u>	<u>3.71%</u>	<u>5.71%</u>	<u>2.78%</u>
9	Prairie	0	8.88%	1.63%	36.9%
10			<u>13.30%</u>	<u>12.44%</u>	<u>5.52%</u>
11	Richland	4.1%	3.92%	2.26%	43.77%
12		<u>6.76%</u>	<u>6.47%</u>	<u>3.73%</u>	<u>7.22%</u>
13	Roosevelt	9.93%	7.37%	2.74%	40.94%
14		<u>15.72%</u>	<u>11.67%</u>	<u>4.34%</u>	<u>6.48%</u>
15	Rosebud	3.87%	2.24%	1.05%	72.97%
16		<u>11.27%</u>	<u>6.53%</u>	<u>3.06%</u>	<u>21.26%</u>
17	Sheridan	0	3.39%	2.22%	47.63%
18			<u>5.93%</u>	<u>3.89%</u>	<u>8.34%</u>
19	Stillwater	6.87%	4.86%	1.63%	41.16%
20		<u>10.91%</u>	<u>7.72%</u>	<u>2.59%</u>	<u>6.54%</u>
21	Sweet Grass	6.12%	6.5%	2.4%	37.22%
22		<u>9.20%</u>	<u>9.77%</u>	<u>3.61%</u>	<u>5.60%</u>
23	Teton	6.88%	8.19%	3.8%	29.43%
24		<u>9.36%</u>	<u>11.14%</u>	<u>5.17%</u>	<u>4.00%</u>
25	Toole	2.78%	4.78%	1.3%	43.56%
26		<u>4.57%</u>	<u>7.86%</u>	<u>2.14%</u>	<u>7.16%</u>
27	Valley	2.26%	12.61%	4.63%	41.11%
28		<u>3.59%</u>	<u>20.02%</u>	<u>7.35%</u>	<u>6.53%</u>
29	Wibaux	0	4.1%	0.77%	31.46%
30			<u>5.72%</u>	<u>1.07%</u>	<u>4.39%</u>

1	Yellowstone	7.98%	4.56%	1.07%	52.77%
2		<u>15.20%</u>	<u>8.68%</u>	<u>2.04%</u>	<u>10.05%</u>
3	All other counties	3.81%	7.84%	1.81%	41.04%
4		<u>6.04%</u>	<u>12.43%</u>	<u>2.87%</u>	<u>6.51%</u>

5 (b) (i) The county treasurer shall distribute ~~9.8%~~ 13.63% of the Custer County share to the countywide
6 community college district in Custer County.

7 (ii) The county treasurer shall distribute ~~14.5%~~ 21.34% of the Dawson County share to the countywide
8 community college district in Dawson County.

9 (3) The remaining oil and natural gas production taxes for each county must be used for the exclusive
10 use and benefit of the county, including districts within the county established by the county.

11 (4) (a) The county treasurer shall distribute oil and natural gas production taxes to school districts in each
12 county referred to in subsection (2) as provided in subsections (4)(b) through (4)(d).

13 (b) The amount distributed to each K-12 district within the county is equal to oil and natural gas
14 production taxes in the county multiplied by the ratio that oil and natural gas production taxes attributable to oil
15 and natural gas production in the K-12 school district bear to total oil and natural gas production taxes attributable
16 to total oil and natural gas production in the county and multiply that amount by the school district percentage
17 figure for the county referred to in subsection (2)(a).

18 (c) For the amount to be distributed to each elementary school district and to each high school district
19 under subsection (4)(d), the department shall first determine the amount of oil and natural gas taxes in the high
20 school district that is attributable to oil and natural gas production in each elementary school district that is located
21 in whole or in part within the exterior boundaries of a high school district and multiply that amount by the school
22 district percentage figure for the county referred to in subsection (2)(a).

23 (d) (i) The amount distributed to each elementary school district that is located in whole or in part within
24 the exterior boundaries of a high school district is equal to the amount determined in subsection (4)(c) multiplied
25 by the ratio that the total mills of the elementary school district bear to the sum of the total mills of the elementary
26 school district and the total mills of the high school district.

27 (ii) The amount distributed to the high school district is equal to the amount determined in subsection
28 (4)(c) multiplied by the ratio that the total mills of the high school district bear to the sum of the total mills of each
29 elementary school district referred to in subsection (4)(c) and the total mills of the high school district.

30 (5) (a) Oil and natural gas production taxes calculated for each school district under subsections (4)(b)

1 through (4)(d) must be distributed to each school district in the relative proportion of the mill levy for each fund.

2 (b) If a distribution under subsection (5)(a) exceeds the total budget for a school district fund, the board
3 of trustees of an elementary or high school district may reallocate the excess to any budgeted fund of the school
4 district.

5 (6) The department shall remit ~~the amounts to be distributed in this section~~ to the county treasurer and
6 deposit in the teach Montana account the amounts to be distributed under this section by the following dates:

7 (a) On or before August 1 of each year, the department shall remit to the county treasurer and deposit
8 into the teach Montana account the oil and natural gas production tax payments received for the calendar quarter
9 ending March 31 of the current year.

10 (b) On or before November 1 of each year, the department shall remit to the county treasurer and deposit
11 in the teach Montana account the oil and natural gas production tax payments received for the calendar quarter
12 ending June 30 of the current year.

13 (c) On or before February 1 of each year, the department shall remit to the county treasurer and deposit
14 into the teach Montana account the oil and natural gas production tax payments received for the calendar quarter
15 ending September 30 of the previous year.

16 (d) On or before May 1 of each year, the department shall remit to the county treasurer and deposit into
17 the teach Montana account the oil and natural gas production tax payments received for the calendar quarter
18 ending December 31 of the previous year.

19 (7) The department shall provide to each county by May 31 of each year the amount of gross taxable
20 value represented by all types of production taxed under 15-36-304 for the previous calendar year multiplied by
21 60%. The resulting value must be treated as taxable value for county classification purposes under 7-1-2111.

22 (8) The department shall distribute the funds received under 15-36-331(2)(b) to counties based on
23 county oil and gas production. Of the distribution to a county, one-third must be distributed to the county
24 government and two-thirds must be distributed to incorporated cities and towns within the county. If there is more
25 than one incorporated city or town within the county, the city and town allocation must be distributed to the cities
26 and towns based on their relative populations.

27 (9) The distributions to taxing units and to counties and incorporated cities and towns under this section
28 are statutorily appropriated, as provided in 17-7-502, from the state special revenue fund."
29

30 **Section 4.** Section 20-7-1201, MCA, is amended to read:

1 **"20-7-1201. Montana ~~virtual~~ digital academy -- purposes -- governance.** (1) There is a Montana
2 ~~virtual digital~~ academy at a unit of the Montana university system within the office of public instruction.

3 (2) The purposes of the Montana ~~virtual~~ digital academy are to:

4 (a) make distance learning opportunities available to all school-age children through public school
5 districts in the state of Montana;

6 (b) offer high-quality instructors who are licensed and endorsed in Montana and courses that are in
7 compliance with all relevant education and distance learning rules, standards, and policies; and

8 (c) emphasize the core subject matters required under the accreditation standards, offer advanced
9 courses for dual credit in collaboration with the Montana university system, and offer enrichment courses.

10 (3) The Montana ~~virtual~~ digital academy must be governed by a board with equal representation from:

11 (a) the commissioner of higher education or a designee;

12 (b) the superintendent of public instruction or a designee;

13 (c) a Montana-licensed and Montana-endorsed classroom teacher appointed by the board of public
14 education;

15 (d) a Montana-licensed school district administrator appointed by the board of public education;

16 (e) a trustee of a Montana school district appointed by the board of public education;

17 (f) the dean of ~~the~~ a school of education ~~of the hosting unit of the Montana university system or a~~
18 ~~designee~~ appointed by the board of public education as a nonvoting member; and

19 (g) the two officers provided for in subsection (5) as nonvoting members.

20 (4) The governing board shall elect a presiding officer and vice presiding officer to 2-year terms without
21 limitation on the number of terms.

22 (5) The governing board shall hire a program director and a curriculum director who shall serve as chief
23 executive officer and vice chief executive officer respectively on the governing board in a nonvoting capacity. The
24 program director shall develop and, upon approval of the governing board, implement policies and guidelines for
25 the Montana ~~virtual~~ digital academy pertaining to:

26 (a) course offerings;

27 (b) software and hardware selection;

28 (c) instructor selection;

29 (d) partnering school agreements;

30 (e) instructor training and curriculum development;

- 1 (f) course evaluation;
2 (g) grant opportunities; and
3 (h) other activities that are essential to the success of a statewide distance learning program."
4

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

6 **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following
7 definitions apply:

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

9 (2) "BASE aid" means:

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

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

15 (c) the total quality educator payment;

16 (d) the total at-risk student payment;

17 (e) the total Indian education for all payment; and

18 (f) the total American Indian achievement gap payment.

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

23 (4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may
24 be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through
25 20-9-369.

26 (5) "BASE funding program" means the state program for the equitable distribution of the state's share
27 of the cost of Montana's basic system of public elementary schools and high schools, through county equalization
28 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
29 BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

30 (6) "Basic entitlement" means:

- 1 (a) for each high school district:
- 2 (i) ~~\$246,085~~ \$258,284 for fiscal year ~~2010~~ 2012; and
- 3 (ii) ~~\$253,468~~ \$262,236 for each succeeding fiscal year;
- 4 (b) for each elementary school district or K-12 district elementary program without an approved and
- 5 accredited junior high school, 7th and 8th grade program, or middle school:
- 6 (i) ~~\$22,144~~ \$23,238 for fiscal year ~~2010~~ 2012;
- 7 (ii) ~~\$22,805~~ \$23,594 for each succeeding fiscal year; and
- 8 (c) for each elementary school district or K-12 district elementary program with an approved and
- 9 accredited junior high school, 7th and 8th grade program, or middle school:
- 10 (i) for kindergarten through grade 6 elementary program:
- 11 (A) ~~\$22,144~~ \$23,238 for fiscal year ~~2010~~ 2012; and
- 12 (B) ~~\$22,805~~ \$23,594 for each succeeding fiscal year; plus
- 13 (ii) for an approved and accredited junior high school program, 7th and 8th grade program, or middle
- 14 school:
- 15 (A) ~~\$62,704~~ \$65,812 for fiscal year ~~2010~~ 2012; and
- 16 (B) ~~\$64,585~~ \$66,819 for each succeeding fiscal year.
- 17 (7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to
- 18 20-9-311.
- 19 (8) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement
- 20 for the general fund budget of a district and funded with state and county equalization aid.
- 21 (9) "Maximum general fund budget" means a district's general fund budget amount calculated from the
- 22 basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator payment,
- 23 the total at-risk student payment, the total Indian education for all payment, the total American Indian achievement
- 24 gap payment, and the greater of:
- 25 (a) 175% of special education allowable cost payments; or
- 26 (b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures
- 27 to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a
- 28 maximum allowable ratio of 200%.
- 29 (10) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted
- 30 that is above the BASE budget and below the maximum general fund budget for a district.

1 (11) "Total American Indian achievement gap payment" means the payment resulting from multiplying
2 \$200 times the number of American Indian students enrolled in the district as provided in 20-9-330.

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

5 (13) "Total Indian education for all payment" means the payment resulting from multiplying \$20.40 times
6 the ANB of the district or \$100 for each district, whichever is greater, as provided for in 20-9-329.

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

9 (a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$6,097~~ \$6,399
10 for fiscal year ~~2010~~ 2012 and ~~\$6,280~~ \$6,497 for each succeeding fiscal year for the first ANB, decreased at the
11 rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess
12 of 800 receiving the same amount of entitlement as the 800th ANB;

13 (b) for an elementary school district or a K-12 district elementary program without an approved and
14 accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of ~~\$4,763~~ \$4,999
15 for fiscal year ~~2010~~ 2012 and ~~\$4,906~~ \$5,075 for each succeeding fiscal year for the first ANB, decreased at the
16 rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess
17 of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

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

20 (i) a maximum rate of ~~\$4,763~~ \$4,999 for fiscal year ~~2010~~ 2012 and ~~\$4,906~~ \$5,075 for each succeeding
21 fiscal year for the first ANB for kindergarten through grade 6, decreased at the rate of 20 cents per ANB for each
22 additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of
23 entitlement as the 1,000th ANB; and

24 (ii) a maximum rate of ~~\$6,097~~ \$6,399 for fiscal year ~~2010~~ 2012 and ~~\$6,280~~ \$6,497 for each succeeding
25 fiscal year for the first ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for each additional ANB
26 for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of
27 entitlement as the 800th ANB.

28 (15) "Total quality educator payment" means the payment resulting from multiplying ~~\$3,036~~ \$3,042 for
29 fiscal year ~~2008~~ 2012 and ~~\$3,042~~ \$3,089 for each succeeding fiscal year times the number of full-time equivalent
30 educators as provided in 20-9-327."

1

2 **Section 6.** Section 20-9-326, MCA, is amended to read:

3 **"20-9-326. Annual inflation-related adjustments to basic entitlements, and per-ANB entitlements,**
 4 **and quality educator payment.** (1) In preparing and submitting an agency budget pursuant to 17-7-111 and
 5 17-7-112, the superintendent of public instruction shall determine the inflation factor for the basic and per-ANB
 6 entitlements and the quality educator payment in each fiscal year of the ensuing biennium. The inflation factor
 7 is calculated as follows:

8 (a) for the first year of the biennium, divide the consumer price index for July 1 of the prior calendar year
 9 by the consumer price index for July 1 of the calendar year 3 years prior to the prior calendar year and raise the
 10 resulting ratio to the power of one-third; and

11 (b) for the second year of the biennium, divide the consumer price index for July 1 of the current calendar
 12 year by the consumer price index for July 1 of the calendar year 3 years prior to the current calendar year and
 13 raise the resulting ratio to the power of one-third.

14 (2) The present law base for the basic and per-ANB entitlements, calculated under Title 17, chapter 7,
 15 part 1, must consist of any enrollment increases or decreases plus the inflation factor calculated pursuant to this
 16 section, not to exceed 3% in each year, applied to both years of the biennium.

17 (3) The present law base of the quality educator payment, calculated under Title 17, chapter 7, part 1,
 18 must consist of any increases or decreases in the number of full-time equivalent educators plus the inflation factor
 19 calculated pursuant to this section, not to exceed 3% each year, applied to both years of the biennium.

20 ~~(3)~~(4) For the purposes of this section, "consumer price index" means the consumer price index, U.S.
 21 city average, all urban consumers, for all items, using the 1982-84 base of 100, as published by the bureau of
 22 labor statistics of the U.S. department of labor."
 23

24 **Section 7.** Section 20-9-516, MCA, is amended to read:

25 **"20-9-516. School facility and technology account.** (1) There is a school facility and technology
 26 account in the state special revenue fund provided for in 17-2-102. The purpose of the account is to provide
 27 money to schools for:

- 28 (a) major deferred maintenance;
- 29 (b) improving energy efficiency in school facilities;
- 30 (c) critical infrastructure in school districts;

- 1 (d) emergency facility needs; and
 2 (e) technological improvements; and
 3 (f) state reimbursement for school facilities as provided in 20-9-371.

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

- 5 (a) an amount of money equal to the income attributable to the difference between the average sale
 6 value of 18 million board feet and the total income produced from the annual timber harvest on common school
 7 trust lands during the fiscal year;
 8 (b) the mineral royalties transferred from the guarantee account as provided in 20-9-622; and
 9 (c) the rental income received from power site leases as provided in 77-4-208."

10
 11 NEW SECTION. Section 8. Appropriation. (1) There is appropriated to the department of commerce
 12 from the general fund \$5,000,000 for the biennium ending June 30, 2013, to be used for grants to high school
 13 districts on an application basis for the construction of alternative energy systems, as defined in 15-32-102, for
 14 educational and energy production purposes. The department shall assist high school districts, as requested, in
 15 preparing their applications for grant money under this section. The department may deduct its administrative
 16 expenses, not to exceed 1% of the total appropriation, from the amount appropriated.

17 (2) The department shall adopt guidelines for applications for grants under this section.

18 (3) The department shall report to the 2013 legislature on all grants approved by the department under
 19 this section.

20
 21 **Section 9.** Section 32, Chapter 486, Laws of 2009, is amended to read:

22 "**Section 32. Coordination instruction.** If House Bill No. 152 and [this act] are both passed and
 23 approved, then [section 22] of House Bill No. 152 must be amended as follows:

24 "NEW SECTION. Section 22. Applicability. [Section 18] applies to rental payments beginning ~~January~~
 25 July 1, 2014 ~~2012~~ 2013."

26
 27 NEW SECTION. Section 10. Appropriation. There is appropriated to the department of revenue from
 28 the state general fund \$300,000 for the biennium ending June 30, 2013, to implement the tax system changes
 29 provided for in [sections 2 and 3].

30

1 **NEW SECTION. Section 11. Codification instruction.** [Section 1] is intended to be codified as an
 2 integral part of Title 20, chapter 9, part 3, and the provisions of Title 20, chapter 9, part 3, apply to [section 1].

3
 4 **NEW SECTION. Section 12. Applicability.** [Sections 2 and 3] apply to taxes owed under 15-36-304
 5 on oil and natural gas produced and sold on or after April 1, 2011.

6
 7 **NEW SECTION. Section 13. Effective date.** [This act] is effective July 1, 2011.

8 - END -