

SENATE BILL NO. 107

INTRODUCED BY T. BROWN

1  
2  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ELIGIBILITY CRITERIA, PROCEDURE, AND  
5 FUNDING FOR AN EXISTING ELEMENTARY DISTRICT TO EXPAND INTO A K-12 SCHOOL DISTRICT;  
6 AMENDING SECTIONS 20-6-326, ~~20-6-411~~, 20-6-417, 20-9-311, 20-9-502, AND 20-9-630, MCA; AND  
7 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10  
11 **Section 1.** Section 20-6-326, MCA, is amended to read:

12 **"20-6-326. Procedure for creation of high school district solely for expansion into K-12 school**  
13 **district -- trustee resolution.** (1) An existing elementary district that is not part of a unified school system or  
14 governed by a joint board with a high school district may create a high school district solely for the purpose of  
15 expanding an elementary district into a K-12 district only if the elementary district's ANB, as calculated under the  
16 provisions of 20-9-311, is at least 1,000.:

17 ~~\_\_\_\_\_ (a) the nearest elementary school building is located at a distance of at least 40 miles from the nearest~~  
18 ~~accessible high school;~~

19 ~~\_\_\_\_\_ (b) the trip from the nearest elementary school building to the nearest accessible high school is 60~~  
20 ~~minutes or more over the shortest passable route;~~

21 ~~\_\_\_\_\_ (c) periodically during the school year, the condition of the road makes it impractical to attend the nearest~~  
22 ~~accessible high school; and~~

23 ~~\_\_\_\_\_ (d) at least 50 high school students reside in the elementary district; and~~

24 ~~\_\_\_\_\_ (e) the taxable valuation and boundaries of the combining elementary and high school district are the~~  
25 ~~same.~~

26 (2) The creation of a new high school district may be requested by the trustees of an existing elementary  
27 district through passage of a resolution that includes the information outlined in 20-6-105(3) and requests the  
28 county superintendent to order an election to allow the electors of the elementary district to consider the  
29 proposition to create a high school district solely for the purpose of expanding the elementary school district into  
30 a K-12 district. ~~Approval of the proposition results in a tax levy for payments as provided in subsection (6)(b).~~

1 When the trustees canvass the vote of a school district expansion election under this section, they shall determine  
 2 the approval or rejection of the expansion proposition as follows:

3 (a) Except as provided in subsection (2)(c), if the school district expansion election is held at a regular  
 4 school election or at a special election called by the trustees, the trustees shall:

5 (i) determine the total number of electors of the elementary school district who are qualified to vote under  
 6 the provisions of 20-20-301 from the list of electors provided by the county registrar for the school district  
 7 expansion election;

8 (ii) determine the total number of qualified electors voting at the school district expansion election from  
 9 the tally sheets for the election; and

10 (iii) calculate the percentage of qualified electors voting at the school district expansion election by  
 11 dividing the amount determined in subsection (2)(a)(ii) by the amount determined in subsection (2)(a)(i).

12 (b) When the calculated percentage in subsection (2)(a)(iii) is:

13 (i) 40% or more, the school district expansion proposition is approved and adopted only if a majority of  
 14 the votes were cast in favor of the proposition;

15 (ii) more than 30% but less than 40%, the school district expansion proposition is approved and adopted  
 16 only if 60% or more of the votes were cast in favor of the proposition; or

17 (iii) 30% or less, the school district expansion proposition is rejected.

18 (c) If the school district expansion election is held at a general election, at an election that is conducted  
 19 by mail ballot as provided in Title 13, chapter 19, or at a special election that is held in conjunction with a regular  
 20 or primary election, the determination of the approval or rejection of the school district expansion proposition is  
 21 made by a majority of the votes cast on the issue.

22 (d) If the canvass of the vote establishes the approval and adoption of the school district expansion  
 23 proposition, the trustees shall issue a certificate proclaiming the passage of the proposition.

24 (3) If the proposition to create a high school district solely for the purpose of expanding the elementary  
 25 district into a K-12 district is approved by the electors of the district pursuant to subsection (2), the approval of  
 26 the proposition results in a transition costs tax levy for payments as provided in subsection (8)(b).

27 ~~(3)(4)~~ If the proposition for the expansion and the transition levy provided for in 20-9-502(6) into a K-12  
 28 district is approved by the electors of the elementary district and the trustees issue a certificate of election as  
 29 provided in 20-20-416, the county superintendent shall order the creation of the high school district and oversee  
 30 the expansion of the high school district into a K-12 district pursuant to 20-6-701.

1 (5) If the proposition for expanding the elementary district into a K-12 district is approved under the  
 2 procedure provided in subsection (2) and the trustees issue a certificate of election under 20-20-416, the county  
 3 superintendent shall report the amount of the transition levy requirement to the county commissioners and a levy  
 4 on the district must be made by the county commissioners in accordance with 20-9-142.

5 ~~(4)(6)~~ The county superintendent shall send a copy of the order to the board of county commissioners  
 6 and to the trustees of the districts affected by the creation of the district.

7 ~~(5)(7)~~ If a new district is created, the effective date of its creation is the following July 1. The trustees of  
 8 the elementary district must be designated as the trustees of the new K-12 district.

9 ~~(6)(8)~~ Until the first school fiscal year in which the new K-12 district enrolls high school students in all  
 10 grades, the existing high school district shall provide high school instruction to students residing in the newly  
 11 created K-12 district with the K-12 district paying the existing high school district:

12 (a) tuition and transportation charged pursuant to the provisions of 20-5-320 and 20-5-321; and

13 (b) an amount equal to the BASE general fund mills for the existing high school district assessed against  
 14 the taxable valuation in the new K-12 district and funded using a building reserve fund levy for transition costs  
 15 as provided in 20-9-502. In calculating the number of BASE general fund mills to be levied in the existing high  
 16 school district, the existing high school district shall include the taxable valuation of the new high school district.  
 17 The payment to the existing high school district must be deposited in the district general fund and used to reduce  
 18 the BASE budget levy.

19 ~~(7) If bonded indebtedness has been approved by the voters of the existing high school district prior to~~  
 20 ~~April 12, 2007, but the bonds have not been sold prior to the creation of the new K-12 district, then the future~~  
 21 ~~indebtedness of those bonds when those bonds are sold must be paid by levies on the original territory.~~

22 (9) Upon the county superintendent's order of creation of the new high school district under subsection  
 23 (4), the trustees of the new high school district shall enter into negotiations for a multidistrict cooperative  
 24 agreement with the existing high school district under the provisions of 20-3-363. The agreement between the  
 25 districts must address, at a minimum:

26 ~~(a) how the districts will retire any bonded indebtedness approved by the voters of the existing high~~  
 27 ~~school district prior to the voters' approval for the creation of a new high school district for the purpose of~~  
 28 ~~expanding into a K-12 district; and~~

29 ~~(b) how the districts will address the~~ AN EQUITABLE division of assets currently held in trust for the mutual  
 30 benefit of all students in the existing district, including but not limited to property, buildings, buses, machinery,

1 textbooks, and computers and related equipment. THE DIVISION OF ASSETS MUST CONSIDER ANY REMAINING BONDED  
2 INDEBTEDNESS APPROVED BY THE VOTERS OF THE EXISTING HIGH SCHOOL DISTRICT PRIOR TO THE VOTERS' APPROVAL  
3 FOR THE CREATION OF A NEW HIGH SCHOOL DISTRICT FOR THE PURPOSE OF EXPANDING INTO A K-12 DISTRICT.

4 (10) (a) If the school district trustees are unable to reach agreement as provided under subsection (9)  
5 within 90 days of the county superintendent's order of creation of the new high school district under subsection  
6 (4), the affected school districts shall submit their respective proposals to the county superintendent, who shall:

7 (i) not more than 40 days after the submission of the proposals, set a place, date, and time for a hearing  
8 to consider the unresolved issues; and

9 (ii) give notice of the place, date, and time of the hearing. The notice must be posted in the districts  
10 affected by the multidistrict cooperative agreement in the manner prescribed in this title for notices for school  
11 elections. Notice must also be delivered to the board of trustees in each of the districts affected.

12 (b) The county superintendent shall conduct a hearing as scheduled, and any resident, taxpayer, or  
13 representative of the existing or new district must, on request, be heard. At the hearing, the new district has the  
14 initial burden of presenting evidence on its proposal's effect on the educational opportunity in the existing and new  
15 districts, including but not limited to:

16 (i) class size;

17 (ii) ability to maintain demographic diversity;

18 (iii) local control;

19 (iv) parental involvement;

20 (v) the capability of the new district to provide educational services;

21 (vi) student transportation, including but not limited to safety, cost, and travel time of students; and

22 (vii) the economic viability of the new district. This analysis must include but is not limited to the existence  
23 of a significant burden on the taxpayers, the significance of any loss in state funding for students, the viability of  
24 the future bonding capacity, and the ability to meet minimum bonding requirements in both the existing district  
25 and the new district.

26 (c) After receiving evidence from representatives of the existing school district and the new school  
27 district, the county superintendent shall, within 30 days of the hearing, issue a resolution for each of the issues  
28 presented, which must be adopted into the multidistrict cooperative agreement between the existing district and  
29 the new district. The resolution of the county superintendent is final 30 days after the date of its issuance unless  
30 it is appealed to the district court by a resident, taxpayer, or representative of either district affected by the

1 multidistrict cooperative agreement. The county superintendent's resolution must be upheld unless the court finds  
 2 that the county superintendent's resolution constituted an abuse of discretion under this section.

3 ~~(8)(11)~~ If the K-12 school district does not open and operate a high school within ~~3~~ 5 years after the  
 4 effective date of the creation of the new district, the order of the county superintendent creating a new district  
 5 under this section is void, the new district ceases to exist, and the trustees of the new district have no capacity  
 6 to act. Those trustees retain authority as trustees of the elementary district."

7  
 8 ~~Section 2.~~ Section 20-6-411, MCA, is amended to read:

9 ~~"20-6-411. Bonded indebtedness to remain with original territory except when assumed by~~  
 10 ~~election -- exceptions.~~ Whenever district boundaries are changed in any manner prescribed in this title, the  
 11 existing bonded indebtedness against any district or territory affected by a change of boundaries remains the  
 12 indebtedness of the original territory against which the bonds were issued and must be paid by levies on the  
 13 original territory, except when districts are consolidated with the mutual assumption of bonded indebtedness, or  
 14 when a district is annexed with a joint assumption of the annexing district's bonded indebtedness, or when  
 15 bonded indebtedness is negotiated when an elementary district expands into a K-12 district under 20-6-326. Any  
 16 money to the credit of the debt service fund of a district when its boundaries are changed must be used to pay  
 17 the existing bond principal and interest of the original territory issuing the bonds as it becomes due or for bond  
 18 redemption under the bonding provisions of this title."

19  
 20 **Section 2.** Section 20-6-417, MCA, is amended to read:  
 21 **"20-6-417. Property disposition when district boundaries changed.** ~~Whenever~~ Except when the  
 22 division of assets is negotiated as the result of elementary district expansion into a K-12 district under 20-6-326,  
 23 whenever district boundaries are changed, title to the real and personal property of the districts involved in such  
 24 boundary change shall vest in the district ~~which~~ that encompasses the territory where such real or personal  
 25 property was located at the time the legal procedure to authorize the boundary change was introduced. The  
 26 disposition or utilization of such property will be in the discretion of the trustees of the district encompassing the  
 27 territory of its location, as provided by law."

28  
 29 **Section 3.** Section 20-9-311, MCA, is amended to read:

30 **"20-9-311. Calculation of average number belonging (ANB) -- 3-year averaging.** (1) Average number

1 belonging (ANB) must be computed for each budget unit as follows:

2 (a) compute an average enrollment by adding a count of regularly enrolled full-time pupils who were  
3 enrolled as of the first Monday in October of the prior school fiscal year to a count of regularly enrolled pupils on  
4 the first Monday in December of the prior school fiscal year and to a count of regularly enrolled pupils on the first  
5 Monday in February of the prior school fiscal year or the next school day if those dates do not fall on a school day,  
6 and divide the sum by three; and

7 (b) multiply the average enrollment calculated in subsection (1)(a) by the sum of 180 and the approved  
8 pupil-instruction-related days for the current school fiscal year and divide by 180.

9 (2) For the purpose of calculating ANB under subsection (1), up to 7 approved pupil-instruction-related  
10 days may be included in the calculation.

11 (3) When a school district has approval to operate less than the minimum aggregate hours under  
12 20-9-806, the total ANB must be calculated in accordance with the provisions of 20-9-805.

13 (4) (a) Except as provided in subsection (4)(d), for the purpose of calculating ANB, enrollment in an  
14 education program:

15 (i) from 180 to 359 aggregate hours of pupil instruction per school year is counted as one-quarter-time  
16 enrollment;

17 (ii) from 360 to 539 aggregate hours of pupil instruction per school year is counted as half-time  
18 enrollment;

19 (iii) from 540 to 719 aggregate hours of pupil instruction per school year is counted as three-quarter-time  
20 enrollment; and

21 (iv) 720 or more aggregate hours of pupil instruction per school year is counted as full-time enrollment.

22 (b) Except as provided in subsection (4)(d), enrollment in a program intended to provide fewer than 180  
23 aggregate hours of pupil instruction per school year may not be included for purposes of ANB.

24 (c) Enrollment in a self-paced program or course may be converted to an hourly equivalent based on  
25 the hours necessary and appropriate to provide the course within a regular classroom schedule.

26 (d) A school district may include in its calculation of ANB a pupil who is enrolled in a program providing  
27 fewer than the required aggregate hours of pupil instruction required under subsection (4)(a) or (4)(b) if the pupil  
28 has demonstrated proficiency in the content ordinarily covered by the instruction as determined by the school  
29 board using district assessments. The ANB of a pupil under this subsection (4)(d) must be converted to an hourly  
30 equivalent based on the hours of instruction ordinarily provided for the content over which the student has

1 demonstrated proficiency.

2 (e) A pupil in kindergarten through grade 12 who is concurrently enrolled in more than one public school,  
3 program, or district may not be counted as more than one full-time pupil for ANB purposes.

4 (5) For a district that is transitioning from a half-time to a full-time kindergarten program, the state  
5 superintendent shall count kindergarten enrollment in the previous year as full-time enrollment for the purpose  
6 of calculating ANB for the elementary programs offering full-time kindergarten in the current year. For the  
7 purposes of calculating the 3-year ANB, the superintendent of public instruction shall count the kindergarten  
8 enrollment as one-half enrollment and then add the additional kindergarten ANB to the 3-year average ANB for  
9 districts offering full-time kindergarten.

10 (6) When a pupil has been absent, with or without excuse, for more than 10 consecutive school days,  
11 the pupil may not be included in the enrollment count used in the calculation of the ANB unless the pupil resumes  
12 attendance prior to the day of the enrollment count.

13 (7) The enrollment of preschool pupils, as provided in 20-7-117, may not be included in the ANB  
14 calculations.

15 (8) The average number belonging of the regularly enrolled, full-time pupils for the public schools of a  
16 district must be based on the aggregate of all the regularly enrolled, full-time pupils attending the schools of the  
17 district, except that:

18 (a) the ANB is calculated as a separate budget unit when:

19 (i) a school of the district is located more than 20 miles beyond the incorporated limits of a city or town  
20 located in the district and at least 20 miles from any other school of the district, the number of regularly enrolled,  
21 full-time pupils of the school must be calculated as a separate budget unit for ANB purposes and the district must  
22 receive a basic entitlement for the school calculated separately from the other schools of the district;

23 (ii) a school of the district is located more than 20 miles from any other school of the district and  
24 incorporated territory is not involved in the district, the number of regularly enrolled, full-time pupils of the school  
25 must be calculated separately for ANB purposes and the district must receive a basic entitlement for the school  
26 calculated separately from the other schools of the district;

27 (iii) the superintendent of public instruction approves an application not to aggregate when conditions  
28 exist affecting transportation, such as poor roads, mountains, rivers, or other obstacles to travel, or when any  
29 other condition exists that would result in an unusual hardship to the pupils of the school if they were transported  
30 to another school, the number of regularly enrolled, full-time pupils of the school must be calculated separately

1 for ANB purposes and the district must receive a basic entitlement for the school calculated separately from the  
2 other schools of the district; or

3 (iv) two or more districts consolidate or annex under the provisions of 20-6-422 or 20-6-423, the ANB and  
4 the basic entitlements of the component districts must be calculated separately for a period of 3 years following  
5 the consolidation or annexation. Each district shall retain a percentage of its basic entitlement for 3 additional  
6 years as follows:

7 (A) 75% of the basic entitlement for the fourth year;

8 (B) 50% of the basic entitlement for the fifth year; and

9 (C) 25% of the basic entitlement for the sixth year.

10 (b) when a junior high school has been approved and accredited as a junior high school, all of the  
11 regularly enrolled, full-time pupils of the junior high school must be considered as high school district pupils for  
12 ANB purposes;

13 (c) when a middle school has been approved and accredited, all pupils below the 7th grade must be  
14 considered elementary school pupils for ANB purposes and the 7th and 8th grade pupils must be considered high  
15 school pupils for ANB purposes; or

16 (d) when a school has been designated as nonaccredited by the board of public education because of  
17 failure to meet the board of public education's assurance and performance standards, the regularly enrolled,  
18 full-time pupils attending the nonaccredited school are not eligible for average number belonging calculation  
19 purposes, nor will an average number belonging for the nonaccredited school be used in determining the BASE  
20 funding program for the district.

21 (9) The district shall provide the superintendent of public instruction with semiannual reports of school  
22 attendance, absence, and enrollment for regularly enrolled students, using a format determined by the  
23 superintendent.

24 (10) (a) Except as provided in subsections (10)(b) and (10)(c), enrollment in a basic education program  
25 provided by the district through any combination of onsite or offsite instruction may be included for ANB purposes  
26 only if the pupil is offered access to the complete range of educational services for the basic education program  
27 required by the accreditation standards adopted by the board of public education.

28 (b) Access to school programs and services for a student placed by the trustees in a private program  
29 for special education may be limited to the programs and services specified in an approved individual education  
30 plan supervised by the district.

1 (c) Access to school programs and services for a student who is incarcerated in a facility, other than a  
2 youth detention center, may be limited to the programs and services provided by the district at district expense  
3 under an agreement with the incarcerating facility.

4 (d) This subsection (10) may not be construed to require a school district to offer access to activities  
5 governed by an organization having jurisdiction over interscholastic activities, contests, and tournaments to a  
6 pupil who is not otherwise eligible under the rules of the organization.

7 (11) A district may include only, for ANB purposes, an enrolled pupil who is otherwise eligible under this  
8 title and who is:

9 (a) a resident of the district or a nonresident student admitted by trustees under a student attendance  
10 agreement and who is attending a school of the district;

11 (b) unable to attend school due to a medical reason certified by a medical doctor and receiving  
12 individualized educational services supervised by the district, at district expense, at a home or facility that does  
13 not offer an educational program;

14 (c) unable to attend school due to the student's incarceration in a facility, other than a youth detention  
15 center, and who is receiving individualized educational services supervised by the district, at district expense, at  
16 a home or facility that does not offer an educational program;

17 (d) receiving special education and related services, other than day treatment, under a placement by the  
18 trustees at a private nonsectarian school or private program if the pupil's services are provided at the district's  
19 expense under an approved individual education plan supervised by the district;

20 (e) participating in the running start program at district expense under 20-9-706;

21 (f) receiving educational services, provided by the district, using appropriately licensed district staff at  
22 a private residential program or private residential facility licensed by the department of public health and human  
23 services;

24 (g) enrolled in an educational program or course provided at district expense using electronic or offsite  
25 delivery methods, including but not limited to tutoring, distance learning programs, online programs, and  
26 technology delivered learning programs, while attending a school of the district or any other nonsectarian offsite  
27 instructional setting with the approval of the trustees of the district. The pupil shall:

28 (i) meet the residency requirements for that district as provided in 1-1-215;

29 (ii) live in the district and must be eligible for educational services under the Individuals With Disabilities  
30 Education Act or under 29 U.S.C. 794; or

1 (iii) attend school in the district under a mandatory attendance agreement as provided in 20-5-321.

2 (h) a resident of the district attending the Montana youth challenge program or a Montana job corps  
3 program under an interlocal agreement with the district under 20-9-707.

4 (12) A district shall, for ANB purposes, calculate the enrollment of an eligible Montana youth challenge  
5 program participant as half-time enrollment.

6 (13) (a) For an elementary or high school district that has been in existence for 3 years or more, the  
7 district's maximum general fund budget and BASE budget for the ensuing school fiscal year must be calculated  
8 using the current year ANB for all budget units or the 3-year average ANB for all budget units, whichever  
9 generates the greatest maximum general fund budget.

10 (b) For a K-12 district that has been in existence for 3 years or more, the district's maximum general fund  
11 budget and BASE budget for the ensuing school fiscal year must be calculated separately for the elementary and  
12 high school programs pursuant to subsection (13)(a) and then combined.

13 (c) For the purposes of school funding calculations under this chapter in a K-12 district created pursuant  
14 to 20-6-326, the high school ANB for the first year that the district enrolls high school students in all grades, and  
15 for any prior years, must be estimated by dividing the ANB of the elementary district by 9 and then multiplying  
16 by 4. The superintendent of public instruction shall adjust the district's BASE aid for the remainder of the initial  
17 year of high school operations based on the October enrollment count described in subsection (1)(a).

18 (14) The term "3-year ANB" means an average ANB over the most recent 3-year period, calculated by:

19 (a) adding the ANB for the budget unit for the ensuing school fiscal year to the ANB for each of the  
20 previous 2 school fiscal years; and

21 (b) dividing the sum calculated under subsection (14)(a) by ~~three~~ 3."  
22

23 **Section 4.** Section 20-9-502, MCA, is amended to read:

24 **"20-9-502. Purpose and authorization of building reserve fund by election -- levy for school**  
25 **transition costs.** (1) The trustees of any district, with the approval of the qualified electors of the district, may  
26 establish a building reserve for the purpose of raising money for the future construction, equipping, or enlarging  
27 of school buildings, for the purpose of purchasing land needed for school purposes in the district, or for the  
28 purpose of funding school transition costs as provided in subsections (5) and (6). In order to submit to the  
29 qualified electors of the district a building reserve proposition for the establishment of or addition to a building  
30 reserve, the trustees shall pass a resolution that specifies:

- 1 (a) the purpose or purposes for which the new or addition to the building reserve will be used;
- 2 (b) the duration of time over which the new or addition to the building reserve will be raised in annual,  
3 equal installments;
- 4 (c) the total amount of money that will be raised during the duration of time specified in subsection (1)(b);  
5 and
- 6 (d) any other requirements under 15-10-425 and 20-20-201 for the calling of an election.
- 7 (2) Except as provided in subsections (5)(b) and (6), a building reserve tax authorization may not be for  
8 more than 20 years.
- 9 (3) The election must be conducted in accordance with the school election laws of this title, and the  
10 electors qualified to vote in the election must be qualified under the provisions of 20-20-301. The ballot for a  
11 building reserve proposition must be substantially in compliance with 15-10-425.
- 12 (4) The building reserve proposition is approved if a majority of those electors voting at the election  
13 approve the establishment of or addition to the building reserve. The annual budgeting and taxation authority of  
14 the trustees for a building reserve is computed by dividing the total authorized amount by the specified number  
15 of years. The authority of the trustees to budget and impose the taxation for the annual amount to be raised for  
16 the building reserve lapses when, at a later time, a bond issue is approved by the qualified electors of the district  
17 for the same purpose or purposes for which the building reserve fund of the district was established. Whenever  
18 a subsequent bond issue is made for the same purpose or purposes of a building reserve, the money in the  
19 building reserve must be used for the purpose or purposes before any money realized by the bond issue is used.
- 20 (5) (a) The trustees may submit a proposition to the qualified electors of the district for a levy to provide  
21 funding for transition costs incurred when the trustees:
- 22 (i) open a new school under the provisions of Title 20, chapter 6;  
23 (ii) close a school;  
24 (iii) replace a school building; or  
25 (iv) consolidate with or annex another district under the provisions of Title 20, chapter 6.
- 26 (b) Except as provided in subsections (5)(c) and (6), the total amount the trustees may submit to the  
27 electorate for transition costs may not exceed the number of years specified in the proposition times the greater  
28 of 5% of the district's maximum general fund budget for the current year or \$250 per ANB for the current year.  
29 Except as provided in subsection (6), the duration of the levy for transition costs may not exceed 6 years.
- 30 (c) If the levy for transition costs is for consolidation or annexation:

1 (i) the limitation on the amount levied is calculated using the ANB and the maximum general fund budget  
2 for the districts that are being combined; and

3 (ii) the proposition must be submitted to the qualified electors in the combined district.

4 (d) The levy for transition costs may not be considered as outstanding indebtedness for the purpose of  
5 calculating the limitation in 20-9-406.

6 (6) The trustees of a K-12 district shall impose a levy for transition costs to fund the payment required  
7 by 20-6-326(6)(b)(8)(b) when a proposition to create the K-12 district and to assess the transition levy has been  
8 approved pursuant to 20-6-326(2) through (4). The levy is limited to the amount required by 20-6-326(6)(b)(8)(b)  
9 for a period not to exceed ~~3~~ 5 years."

10

11 **Section 5.** Section 20-9-630, MCA, is amended to read:

12 **"20-9-630. School district block grants.** (1) (a) The office of public instruction shall provide a block  
13 grant to each school district based on:

14 (i) the revenue received by each district in fiscal year 2001 from vehicle taxes and fees, corporate income  
15 taxes paid by financial institutions, aeronautics fees, state land payments in lieu of taxes, and property tax  
16 reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999; and

17 (ii) any reimbursement to be made to a school district pursuant to subsection (2).

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

21 (2) If the legislature enacts a reimbursement provision that is to be distributed pursuant to this section,  
22 the office of public instruction shall determine the reimbursement amount as provided in the enactment and add  
23 the appropriate amount to block grant distributions under this section. Except for the reimbursement made under  
24 15-1-123(3)(b), the total of reimbursement distributions made pursuant to this subsection in a fiscal year must  
25 be added to all other distributions to the school district in the fiscal year to determine the distribution for the  
26 subsequent fiscal year.

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

29 (4) (a) The block grant for the district general fund is equal to the amount received in fiscal year 2011  
30 by the district general fund from the block grants provided for in subsection (1) and the amount received by the

1 district general fund under subsection (2), except the amount received under 15-1-123(3)(b).

2 (b) The block grant for the district transportation fund is equal to the amount received in fiscal year 2011  
3 by the district transportation fund from the block grants provided for in subsection (1) and the amount received  
4 by the district transportation fund under subsection (2), except the amount received under 15-1-123(3)(b).

5 (c) (i) The combined fund block grant is equal to the amount received in fiscal year 2011 and the amount  
6 received under subsection (2), except the amount received under 15-1-123(3)(b).

7 (ii) The school district may deposit the combined fund block grant into any budgeted fund of the district.

8 (5) When a new K-12 district is created under the provisions of 20-6-326, new block grant payments to  
9 the resulting high school district and the new K-12 district must be established by the office of public instruction  
10 based on the proportion of high school ANB in each."

11

12 NEW SECTION. Section 6. Effective date. [This act] is effective on passage and approval.

13

- END -