_____ BILL NO. _____

INTRODUCED BY _____

BY REQUEST OF THE EDUCATION INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: “AN ACT REVISING SCHOOL FUNDING LAWS TO IMPROVE THE CONSISTENCY AND CLARITY OF TERMINOLOGY; REPLACING THE TERM "CASH BALANCE" WITH THE MORE COMMON AND UNDERSTOOD TERM "FUND BALANCE"; AMENDING SECTIONS 20-9-506 AND 20-9-509, MCA; AND PROVIDING AN EFFECTIVE DATE.”

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

Section 1. Section 20-9-506, MCA, is amended to read:

"**20-9-506. Budgeting and net levy requirement for nonoperating fund.** (1) The trustees of any district that does not operate a school or will not operate a school during the ensuing school fiscal year shall adopt a nonoperating school district budget in accordance with the school budgeting provisions of this title. The nonoperating budget must contain the nonoperating fund and, when appropriate, a debt service fund. The nonoperating budget form must be promulgated and distributed by the superintendent of public instruction under the provisions of 20-9-103.

(2) After the adoption of a final budget for the nonoperating fund, the county superintendent shall compute the net levy requirement for the fund by subtracting from the amount authorized by the budget the sum of:

(a) the end-of-the-year ~~cash~~ fund balance of the nonoperating fund or, if it is the first year of nonoperation, the ~~cash~~ fund balance determined under the transfer provisions of 20-9-505;

(b) the estimated state and county transportation reimbursements; and

(c) any other money that may become available during the ensuing school fiscal year.

(3) The county superintendent shall report the net nonoperating fund levy requirement and any net debt service fund levy requirement determined under the provisions of 20-9-439 to the county commissioners on or before the later of the first Tuesday in September or within 30 calendar days after receiving certified

taxable values, and the county commissioners shall impose the required levies on the district in accordance with 20-9-142."

Section 2. Section 20-9-509, MCA, is amended to read:

"**20-9-509. Lease or rental agreement fund.** (1) The trustees of any district that provides pupil or teacher housing in district-owned buildings under a lease or rental agreement with pupils or teachers or receives money under the provision of 20-6-607 may establish a lease or rental agreement fund. All money received from the lease or rental agreements may be deposited with the county treasurer to the credit of the lease or rental agreement fund, general fund, the debt service fund, or any other appropriate fund. Whenever the end-of-the-year ~~cash~~ fund balance of a lease or rental agreement fund is more than $10,000 for an elementary or high school district or $20,000 for a K-12 district, the ~~cash~~ fund balance in excess of this limit must be transferred to the general fund of the district.

(2) Any expenditure of money from a lease or rental agreement fund must be made for the maintenance and operation of the district-owned buildings to which the lease or rental agreements apply or for the acquisition of additional housing or dormitory facilities. The financial administration of the lease or rental agreement fund must be in accordance with the financial administration provisions of this title for a nonbudgeted fund."

NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2027.

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