

HOUSE BILL NO. 265

INTRODUCED BY L. MUSZKIEWICZ, J. ISALY, P. STRAND, P. ELVERUM, M. ROMANO, M. THANE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING SCHOOL FUNDING LAWS RELATED TO THE ALLOWABLE INCREASE IN A SCHOOL DISTRICT'S GENERAL FUND BUDGET TO IMPROVE ALIGNMENT WITH THE DEFINITION OF "BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS" PROVIDED IN SECTION 20-9-309, MCA, BY ENSURING THAT THE GENERAL FUND FUNDING FORMULA IS SELF-EXECUTING AND INCLUDES A MECHANISM FOR ACCURATE ANNUAL INFLATIONARY ADJUSTMENTS; AUTHORIZING A SCHOOL BOARD TO INCREASE A PREVIOUSLY VOTER-APPROVED OVER-BASE LEVY BY THE SCHOOL FUNDING INFLATIONARY ADJUSTMENTS PROVIDED BY THE LEGISLATURE; AMENDING SECTIONS 20-9-308 AND 20-9-353, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 20-9-308, MCA, is amended to read:

"20-9-308. BASE budgets and general fund budget limits. (1) The trustees of a district shall adopt a general fund budget that is at least equal to the BASE budget established for the district. The trustees of a district may adopt a general fund budget up to the greater of:

- (a) the current year maximum general fund budget; or
(b) the previous year's general fund budget plus any increase in direct state aid for the basic and per-ANB entitlements and any increases in state funding of the data-for-achievement payment under 20-9-325 and in the general fund payments in 20-9-327 through 20-9-330.

(2) Except as provided in subsection (2)(b), whenever the trustees of a district propose to adopt a general fund budget that exceeds the BASE budget for the district and propose to increase the over-BASE budget levy over the highest revenue previously authorized by the electors of the district or imposed by the district in any of the previous 5 years to support the general fund budget, the trustees shall submit a proposition to the electors of the district, as provided in 20-9-353.

1 (b)(2) The intent of this section is to increase the flexibility and efficiency of elected school boards
 2 without increasing school district property taxes. In furtherance of this intent and provided that budget
 3 limitations otherwise specified in law are not exceeded, the trustees of a district may increase the district's over-
 4 BASE budget levy without a vote if the board of trustees reduces nonvoted property tax levies authorized by
 5 law to be imposed by action of the trustees of the district by at least as much as the amount by which the over-
 6 BASE budget levy is increased. The ongoing authority for any nonvoted increase in the over-BASE budget levy
 7 imposed under this subsection (2)(b) must be decreased in future years to the extent that the trustees of the
 8 district impose any increase in other nonvoted property tax levies.

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

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

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

13 (c) a district levy for support of a school not approved as an isolated school under the provisions of
 14 20-9-302;

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

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

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

18 (4) The over-BASE budget amount of a district must be financed by ~~a levy on the taxable value of~~
 19 ~~all property within the district or other revenue~~ available to the district; as provided in 20-9-141 and, if
 20 necessary, an over-BASE levy as described in 20-9-353."

21

22 **Section 2.** Section 20-9-353, MCA, is amended to read:

23 "**20-9-353. Over-BASE budget levy -- election for authorization to impose.** (1) The trustees of a
 24 district may ~~propose to adopt~~ an over-BASE budget amount for the district general fund that does not exceed
 25 the general fund budget limitations, as provided in 20-9-308. ~~If the trustees of a district are required to submit to~~
 26 ~~the electors of the district a proposition to finance an increase in the over-BASE budget amount pursuant to 20-~~
 27 ~~9-308, the trustees shall comply with the provisions of subsections (2) through (4) of this section.~~

28 (2) (a) The trustees of a school district may adopt an over-BASE budget amount that includes an

1 ~~over-BASE budget levy amount up to the amount of an over-BASE budget levy~~ When the trustees of the district
 2 ~~propose to adopt an over-BASE budget under subsection (1), any increase in local property taxes authorized by~~
 3 ~~20-9-308(4) over revenue~~ previously authorized by the electors of the district or imposed by the district in any of
 4 the previous 5 years with that amount increased by the same inflationary adjustment provided by the legislature
 5 for the basic and per-ANB entitlement amounts calculated as provided in 20-9-306 for the ensuing school fiscal
 6 year.

7 (b) If the trustees propose to adopt an over-BASE budget amount that requires an over-BASE
 8 budget levy in excess of the permissible amount calculated as provided in subsection (2)(a), the excess amount
 9 ~~must be submitted to a vote of the qualified electors of the district, as provided in 15-10-425. The trustees are~~
 10 ~~not required to submit to the qualified electors any increase in state funding of the basic or per-ANB~~
 11 ~~entitlements or of the general fund payments established in 20-9-327 through 20-9-330 approved by the~~
 12 ~~legislature. When the trustees of a district determine that a voted amount of financing is required for the general~~
 13 ~~fund budget, the trustees shall submit the proposition to finance the voted amount to the electors who are~~
 14 ~~qualified under 20-20-301 to vote upon the proposition. The election must be called and conducted in the~~
 15 ~~manner prescribed by this title for school elections and must conform to the requirements of 15-10-425. The~~
 16 ~~ballot for the election must conform to the requirements of 15-10-425.~~

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

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

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26 NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

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28 NEW SECTION. Section 4. Applicability. [This act] applies to school budgeting and elections

1 pertaining to school fiscal years beginning on or after July 1, 2025.

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