**** BILL NO. ****

INTRODUCED BY ****

BY REQUEST OF THE ****

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO SCHOOL FACILITIES; REMOVING SCHOOL COUNSELORS AND SCHOOL RESOURCE OFFICERS FROM THE LIST OF STAFF ELIGIBLE TO BE PAID OUT OF THE BUILDING RESERVE FUND; REDIRECTING EXCESS OIL AND NATURAL GAS PRODUCTION TAX NOT RETAINED BY A SCHOOL DISTRICT FROM THE GUARANTEE ACCOUNT TO THE SCHOOL FACILITY AND TECHNOLOGY ACCOUNT; REVISING THE CALCULATION FOR THE SCHOOL MAJOR MAINTENANCE AMOUNT; AMENDING SECTIONS 20-9-236, 20-9-310, 20-9-516, AND 20-9-525, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 20-9-236, MCA, is amended to read:

"**20-9-236. Transfer of funds -- improvements to school safety and security.** (1) A school district that has certified to the office of public instruction a current school safety plan or emergency operations plan pursuant to 20-1-401 may transfer state or local revenue from any budgeted or nonbudgeted fund, other than the debt service fund or retirement fund, to its building reserve fund in an amount not to exceed the school district's estimated costs of improvements to school and student safety and security as follows:

(a) planning for improvements to and maintenance of school and student safety, including but not limited to the cost of staffing for or services provided by architects, engineers, ~~school resource officers, counselors,~~ and other staff or consultants assisting the district with improvements to school and student safety and security;

(b) programs and training for school employees, students, parents, and community members approved by the trustees to support school and student safety and security, including but not limited to active shooter training, threat assessment practices pursuant to 20-1-401(3)(b), and restorative justice;

(c) installing or updating locking mechanisms and ingress and egress systems at public school access points, including but not limited to systems for exterior egress doors and interior passageways and rooms, using contemporary technologies;

(d) installing or updating bullet-resistant windows and barriers;

(e) installing or updating emergency response systems using contemporary technologies; and

(f) providing automated external defibrillators and making other student safety improvements pursuant to 20-7-1339.

(2) Any transfers made pursuant to subsection (1) are not considered expenditures to be applied against budget authority. Any revenue transfers that are not encumbered for expenditures in compliance with subsection (1) within 2 full school fiscal years after the funds are transferred must be transferred back to the originating fund from which the revenue was transferred.

(3) The intent of this section is to increase the flexibility and efficiency of school districts without an increase in local taxes. In furtherance of this intent, if transfers of funds are made from any school district fund supported by a nonvoted levy, the district may not increase its nonvoted levy for the purpose of restoring the transferred funds."

Section 2. Section 20-9-310, MCA, is amended to read:

"**20-9-310. Oil and natural gas production taxes for school districts -- allocation and limits.** (1) Except as provided in subsection (5), the maximum amount of oil and natural gas production taxes that a school district may retain is 130% of the school district's maximum budget, determined in accordance with 20-9-308.

(2) Upon receipt of school district budget reports required under 20-9-134, the superintendent of public instruction shall provide the department of revenue with a list reporting the maximum general fund budget for each school district.

(3) Except as provided by 15-36-332(9), the department of revenue shall make the full quarterly distribution of oil and natural gas production taxes as required under 15-36-332(6) until the amount distributed reaches the limitation in subsection (1) of this section. The department of revenue shall deposit any amount exceeding the limitation in subsection (1) in the ~~guarantee account provided for in 20-9-622~~ school facility and technology account provided for in 20-9-516.

(4) Subject to the limitation in subsection (1), the trustees shall budget and allocate the oil and natural gas production taxes anticipated by the district in any budgeted fund at the discretion of the trustees. Oil and natural gas production taxes allocated to the district general fund may be applied to the BASE or over-BASE portions of the general fund budget at the discretion of the trustees.

(5) (a) The limit on oil and natural gas production taxes that a school district may retain under subsection (1) must be increased for any school district that was eligible for a significant enrollment increase payment pursuant to 20-9-166. The increase in the limit on oil and natural gas production taxes that a school district may retain under subsection (1) applies in the fiscal year immediately following the fiscal year in which the district was eligible and must be calculated by multiplying $45,000 times each additional ANB used to calculate the significant enrollment increase payment pursuant to 20-9-166, including the absorption factor reduction.

(b) For a district in nonoperating status under 20-9-505, the maximum amount of oil and natural gas production taxes that a school district may retain is 130% of the school district's maximum budget in the district's most recent operating year, determined in accordance with 20-9-308.

(6) In any year in which the actual oil and natural gas production taxes received by a school district are less than 50% of the total oil and natural gas production taxes received by the district in the prior year, the district may transfer money from any budgeted fund to its general fund in an amount not to exceed the amount of the shortfall."

Section 3. Section 20-9-516, MCA, is amended to read:

"**20-9-516. School facility and technology account -- statutory appropriation for school technology purposes.** (1) There is a school facility and technology account in the state special revenue fund provided for in 17-2-102. The purpose of the account is to provide funding for the following in priority order:

(a) school technology purposes as provided in subsection (3);

(b) contingent on appropriation from the legislature, other technology purposes;

(c) contingent on appropriation from the legislature, school major maintenance aid as provided in 20-9-525; and

(d) contingent on appropriation from the legislature, state debt service assistance as provided in

20-9-371.

(2) There must be deposited in the account:

(a) an amount of money equal to the income attributable to the difference between the average sale value of 18 million board feet and the total income produced from the annual timber harvest on common school trust lands during the fiscal year;

(b) the income received from certain lands and riverbeds as provided in 17-3-1003(5);

(c) earnings from the school facilities fund within the coal severance tax trust fund as provided in 17-5-703; ~~and~~

(d) if applicable, excess interest and income revenue as provided in 20-9-622; and

(e) if applicable, excess oil and natural gas production taxes not retained by a school district under 20-9-310.

(3) (a) The amount of $1 million a year is statutorily appropriated, as provided in 17-7-502, from the school facility and technology account established in this section for grants for school technology purposes.

(b) By the last working day in August, the superintendent of public instruction shall allocate a portion of the $1 million for school technology purposes to each district based on the ratio that each district's BASE budget bears to the statewide BASE budget amount for all school districts for the purposes of 20-9-533."

Section 4. Section 20-9-525, MCA, is amended to read:

"**20-9-525. School major maintenance aid -- formula -- filing.** (1) The purpose of school major maintenance aid as provided in this section is to support school facility projects, including the payment of principal and interest on obligations issued pursuant to 20-9-471 for school facility projects, that support a basic system of free quality public elementary and secondary schools under 20-9-309, including but not limited to:

(a) improvements to school and student safety and security as described in 20-9-236(1); and

(b) projects designed to produce operational efficiencies such as utility savings, reduced future maintenance costs, improved utilization of staff, and enhanced learning environments for students, including but not limited to projects addressing:

(i) roofing systems;

(ii) heating, air-conditioning, and ventilation systems;

(iii) energy-efficient window and door systems and insulation;

(iv) plumbing systems;

(v) electrical systems and lighting systems;

(vi) information technology infrastructure, including internet connectivity both within and to the school facility; and

(vii) other critical repairs to an existing school facility or facilities.

(2) (a) In any year in which the legislature has appropriated funds for school major maintenance aid, the superintendent of public instruction shall administer the distribution of school major maintenance aid for deposit in the subfund of the building reserve fund provided for in 20-9-502(3)(e). Subject to proration under subsection (4) of this section, aid must be annually distributed no later than the last working day of May to a school district imposing a levy pursuant to 20-9-502(3) in the current school fiscal year, with the amount of state support per dollar of local effort of the applicable elementary and high school program of each district determined as follows:

(i) using the taxable valuation most recently determined by the department of revenue under 20-9-369:

(A) divide the total statewide taxable valuation by the statewide total of school major maintenance amounts and multiply the result by 355%;

(B) multiply the result determined under subsection (2)(a)(i)(A) by the district's school major maintenance amount;

(C) subtract the district's taxable valuation from the amount determined under subsection (2)(a)(i)(B); and

(D) divide the amount determined under subsection (2)(a)(i)(C) by 1,000;

(ii) determine the greater of the amount determined in subsection (2)(a)(i) or 18% of the district's mill value;

(iii) multiply the result determined under subsection (2)(a)(ii) by the district's school major maintenance amount, then divide the product by the sum of the result determined under subsection (2)(a)(ii) and the district's mill value; and

(iv) divide the result determined under subsection (2)(a)(iii) by the difference resulting from subtracting the result determined under subsection (2)(a)(iii) from the district's school major maintenance amount.

(b) For a district with an adopted general fund budget in the prior year greater than or equal to 97% of the district's general fund maximum budget in the prior year, the amount determined in subsection (2)(a)(iv) rounded to the nearest cent is the amount of school major maintenance aid per dollar of local effort, not to exceed an amount that would result in the state aid composing more than 80% of the district's school major maintenance amount.

(c) For a district with an adopted general fund budget in the prior year less than 97% of the district's maximum budget in the prior year, multiply the amount determined in subsection (2)(a)(iv) by the ratio of the district's adopted general fund budget in the prior year to the district's maximum general fund budget in the prior year. The result, rounded to the nearest cent, is the amount of state school major maintenance aid per dollar of local effort, not to exceed an amount that would result in the state aid composing more than 80% of the district's school major maintenance amount.

(3) Using the taxable valuation most recently determined by the department of revenue under 20-9-369, the superintendent shall provide school districts with a preliminary estimated amount of state school major maintenance aid per dollar of local effort for the ensuing school year no later than March 1 and a final amount for the current school year no later than July 31.

(4) If the appropriation for school major maintenance aid or the available funds in any school fiscal year are less than the amount of school major maintenance aid for which school districts would otherwise qualify, the superintendent of public instruction shall proportionally prorate the aid distributed to ensure that the distributions do not exceed the appropriated or available funds.

(5) A school district that receives school major maintenance aid shall, within 30 days of receiving the funds, file with the office of the superintendent of public instruction a document acknowledging it has received funds from the coal severance tax trust fund.

(6) For the purposes of this section, the following definitions apply:

(a) "Local effort" means an amount of money raised by levying no more than 10 mills pursuant to 20-9-502(3) and, provided that 10 mills have been levied, any additional amount of money deposited or transferred by trustees to the subfund pursuant to 20-9-502(3).

(b) "School major maintenance amount" means the sum of ~~$40,000~~ $10,000 and the product of ~~$115~~ $200 multiplied by the district's budgeted ANB for the prior fiscal year."

NEW SECTION. **Section 5. Effective date.** [This act] is effective July 1, 2027.

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