

HOUSE BILL NO. 156

INTRODUCED BY D. BEDEY, L. JONES

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING SCHOOL FUNDING LAWS; ENHANCING SCHOOL FUNDING EQUALIZATION BY REPLACING THE GUARANTEED-TAX-BASE-AID-SUPPORTED SCHOOL DISTRICT BASE LEVY WITH A GUARANTEED-TAX-BASE-AID-SUPPORTED COUNTYWIDE LEVY TO SUPPORT THE BASE BUDGETS OF SCHOOL DISTRICTS; REDUCING REQUIRED TUITION PAYMENTS TO REFLECT THE COUNTYWIDE LEVY; REVISING THE USE OF VARIOUS FORMS OF NONLEVY REVENUE IN RELATION TO SCHOOL DISTRICT GENERAL FUND BUDGETS; REPLACING DISTRICT GUARANTEED TAX BASE AID WITH COUNTY GUARANTEED TAX BASE AID IN SUPPORT OF THE NEW COUNTYWIDE LEVY; REVISING GUARANTEED TAX BASE AID LAWS; REVISING THE DUTIES OF TRUSTEES, DISTRICT CLERKS, COUNTY SUPERINTENDENTS, AND COUNTY TREASURERS AS RELATED TO THE NEW COUNTYWIDE LEVY; AMENDING SECTIONS 7-15-4291, 15-1-402, 20-3-209, 20-3-324, 20-5-323, 20-5-324, 20-6-702, 20-9-101, 20-9-104, 20-9-131, 20-9-141, 20-9-212, 20-9-235, 20-9-306, 20-9-308, 20-9-310, 20-9-336, 20-9-366, 20-9-367, 20-9-368, 20-9-369, AND 20-9-515, MCA; REPEALING SECTION 15-1-409, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. Section 7-15-4291, MCA, is amended to read:

"7-15-4291. Voluntary agreement to remit unused portion of urban renewal district tax increments. (1) Subject to subsections (2) through (5), a local government with an urban renewal district containing a tax increment provision may enter into an agreement to remit any portion of the annual tax increment not currently required for the payment of the costs listed in 7-15-4288 or pledged to the payment of the principal of premiums, if any, and interest on the bonds referred to in 7-15-4289. The remittance agreement must:

(a) provide for remittance to each taxing jurisdiction for which the mill rates are included in the calculation of the tax increment as provided in 7-15-4286(1) and (2); and

advance and reimbursement for school facilities available to counties and districts for the ensuing school fiscal year;

(c) requiring each county and district that qualifies and applies for guaranteed tax base aid to report to the county superintendent all budget and accounting information required to administer the guaranteed tax base aid;

(d) keeping a record of the complete data concerning appropriations available for guaranteed tax base aid and the entitlements for the aid of the counties and districts that qualify;

(e) distributing the guaranteed tax base aid entitlement to each qualified county or district from the appropriations for that purpose.

(2) The superintendent shall adopt rules necessary to implement 20-9-366 through 20-9-369.

(3) The department of revenue shall provide the superintendent of public instruction by December 1 of each year a final determination of the taxable value of property within each school district and county of the state reported to the department of revenue based on information delivered to the county clerk and recorder as required in 15-10-305.

~~(4) The superintendent of public instruction shall calculate the district and statewide guaranteed tax base ratios by applying the prior year's direct state aid payment."~~

Section 22. Section 20-9-515, MCA, is amended to read:

"20-9-515. Litigation reserve fund. (1) The trustees of a school district may establish a litigation reserve fund only when litigation that is pending against the district could result in an award against the district.

(2) At the end of each school fiscal year, the trustees of a district may transfer money from the general fund, within the adopted budget, to establish the fund.

(3) Upon conclusion of litigation, the balance of the money in the fund reverts to the general fund and must be used to reduce the district's ~~general fund BASE budget levy~~ BASE funding revenue requirement computed pursuant to 20-9-141."

NEW SECTION. **Section 23. Countywide levies to support BASE budgets.** (1) Pursuant to 20-9-141, the portion of a district's BASE budget not funded by BASE aid, fund balance reappropriated, nonlevy

1 revenue, and, if applicable, a district levy for support of a school not approved as an isolated school under the
2 provisions of 20-9-302 is the district's BASE funding revenue requirement and must be funded through an
3 elementary or high school countywide levy as described in this section.

4 (2) When the final school district general fund budgets of all school districts in the county have
5 been adopted, the county superintendent shall separately total the BASE funding revenue requirements for the
6 elementary and high school districts of the county, including any prorated levy requirements pursuant to
7 subsection (3).

8 (3) The BASE funding revenue requirement for a joint school district must be prorated to each
9 county in which a part of the district is located in the same proportion as the district ANB of the joint district is
10 distributed by pupil residence in each county. The county superintendents of the counties affected shall jointly
11 determine the BASE funding revenue requirement for each county as provided in 20-9-151.

12 (4) The county superintendent shall apply any fund balance remaining from the prior fiscal year in
13 the county elementary or high school BASE support fund to reduce the amount of revenue to be raised by the
14 corresponding countywide levy.

15 (5) The county superintendent shall:

16 (a) calculate the number of mills to be levied on the taxable property in the county to finance the
17 BASE funding levy requirement by dividing subtracting from the amount determined in subsection ~~(3)~~ (2) any
18 fund balance determined under subsection (4) and then dividing the remaining total by the sum of:

19 (i) the amount of guaranteed tax base aid that the county will receive for each mill levied, as
20 certified by the superintendent of public instruction; and

21 (ii) the taxable valuation of the district divided by 1,000; and

22 (b) report the number of mills required to fund the BASE funding levy requirement to the county
23 commissioners by the later of the first Tuesday in September or within 30 calendar days after receiving certified
24 taxable values.

25 (6) The county commissioners shall fix and set the countywide BASE funding levies in accordance
26 with 20-9-142.

27 (7) The county superintendent of each county shall submit a report of the revenue amounts used
28 to establish the BASE funding levy requirements to the superintendent of public instruction on or before

1 September 15. The report must be completed on forms supplied by the superintendent of public instruction.

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3 **NEW SECTION. Section 24. Repealer.** The following section of the Montana Code Annotated is

4 repealed:

5 15-1-409. Exclusion of certain property subject to property tax protest -- guaranteed tax base -- tax

6 refund.

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8 **NEW SECTION. Section 25. Transition.** The legislature intends this act to be fully operational in

9 fiscal year 2027 with the first countywide levies to support BASE budgets levied in fiscal year 2027. The office

10 of public instruction shall prepare for this implementation and support counties and school districts with this

11 transition, including any necessary rulemaking, in a timely manner.

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13 **NEW SECTION. Section 26. Codification instruction.** [Section 23] is intended to be codified as an

14 integral part of Title 20, chapter 9, part 3, and the provisions of Title 20, chapter 9, part 3, apply to [section 22].

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16 **NEW SECTION. Section 27. Applicability.** [This act] applies to fiscal years beginning on or after

17 July 1, 2026.

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