

HOUSE BILL NO. 373

INTRODUCED BY E. MATTHEWS, S. NOVAK, L. MUSZKIEWICZ, J. ISALY, P. STRAND, P. ELVERUM, C. NEUMANN, E. TILLEMANN, D. ZOLNIKOV, D. HARVEY, J. WINDY BOY, K. ZOLNIKOV, E. BOLDMAN, L. BREWSTER, D. HAYMAN, S. HOWELL, J. KARLEN, E. KERR-CARPENTER, C. POPE, M. ROMANO, E. STAFMAN, K. SULLIVAN, P. TUSS, J. LYNCH

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ALLOCATION OF EXCESS LOTTERY REVENUE TO SCHOOLS; PROVIDING 50% OF ALLOCATION TO INCREASE THE BASE AGGREGATE LIMITS FOR EDUCATION-RELATED TAX CREDITS; PROVIDING 50% OF ALLOCATION TO THE SCHOOL EQUALIZATION AND PROPERTY TAX REDUCTION ACCOUNT; PROVIDING FOR QUARTERLY DISTRIBUTIONS TO SCHOOLS SCHOOL DISTRICTS BASED ON A PER QUALITY EDUCATOR FORMULA; ESTABLISHING A LOTTERY EDUCATION STATE SPECIAL REVENUE ACCOUNT; PROVIDING A STATUTORY APPROPRIATION; REVISING ELIGIBLE USES OF A SCHOOL'S FLEXIBILITY FUND; AMENDING SECTIONS 15-30-3110, 15-30-3111, 20-9-336, 17-7-502, 20-9-543, 23-7-202, AND 23-7-402, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

NEW SECTION. Section 1. Distribution of lottery revenues -- STATE SPECIAL REVENUE ACCOUNT --

STATUTORY APPROPRIATION. (1) THERE IS A LOTTERY EDUCATION STATE SPECIAL REVENUE ACCOUNT WITHIN THE STATE SPECIAL REVENUE FUND ESTABLISHED IN 17-2-102 ADMINISTERED BY THE OFFICE OF PUBLIC INSTRUCTION.

(2) THE ACCOUNT IS FUNDED BY LOTTERY REVENUES RECEIVED PURSUANT TO 23-7-402 AND IS STATUTORILY APPROPRIATED, AS PROVIDED IN 17-7-502, TO THE OFFICE OF PUBLIC INSTRUCTION TO DISTRIBUTE TO SCHOOL DISTRICTS.

(3) The office of public instruction shall distribute lottery revenues received pursuant to 23-7-402 on a quarterly basis and within 30 days of receiving the funds AN ANNUAL BASIS BY JUNE 1 EVERY YEAR. The funds must be distributed to schools ALL SCHOOL DISTRICTS on a per quality educator basis, with the amount to be distributed to each district calculated by dividing the total funds available for distribution by the total number of

~~quality educators, as defined in 20-4-502, employed by each school district in the state in the immediately preceding school fiscal year.~~

~~(2)(4) A school district receiving funds under this section shall deposit the funds in its flexibility fund established under 20-9-543.~~

**Section 1.** Section 15-30-3110, MCA, is amended to read:

**"15-30-3110. (Temporary) Credit for providing supplemental funding to public schools -- innovative educational program.** (1) Subject to subsection (4), a taxpayer or corporation is allowed a credit against the tax imposed by chapter 30 or 31 for donations made to a school district for the purpose of providing supplemental funding to the school district for innovative educational programs. The amount of the credit allowed is equal to the amount of the donation, not to exceed \$200,000.

(2) (a) If the credit allowed under this section is claimed by a small business corporation, a pass-through entity, or a partnership, the credit must be attributed to shareholders, owners, or partners using the same proportion as used to report the entity's income or loss.

(b) A donation by an estate or trust qualifies for the credit. Any credit not used by the estate or trust may be attributed to each beneficiary of the estate or trust in the same proportion used to report the beneficiary's income from the estate or trust for Montana income tax purposes.

(3) The credit allowed under this section may not exceed the taxpayer's income tax liability but may be carried forward 3 years. The entire amount of the tax credit not used in the year earned must be carried first to the earliest tax year in which the credit may be applied and then to each succeeding tax year.

(4) (a) (i) The aggregate amount of tax credits allowed under this section is ~~\$2-\$6~~ million per year in tax year ~~2023-2025~~ and ~~\$5-\$7.2~~ million per year in tax year ~~2024-2026~~ and subsequent tax years except as provided in this subsection (4)(a).

~~(ii) The aggregate amount of tax credits allowed under this section is \$12 million per year in tax year 2027.~~

~~(ii)(iii)~~ Beginning in ~~2024~~ 2027, by December 31 of each year, the department shall determine if 80% of the aggregate limit provided for in subsection ~~(4)(a)(iii)-(4)(a)(iv)~~ in donations was preapproved by the department. If this condition is satisfied, the aggregate amount of tax credits allowed must be increased by 20%

for the succeeding tax years.

~~(iii)(iv)~~ If the aggregate limit is increased in any tax year, the department shall use the new limit as the base aggregate limit for succeeding tax years until a new aggregated limit is established under the provisions of subsection ~~(4)(a)(ii)~~ ~~(4)(a)(iii)~~.

(b) The aggregate limit under this subsection (4) applies to the year in which a donation is made regardless of whether the full credit is claimed in that tax year or carried forward.

(5) A credit is not allowed under this section with respect to any amount deducted by the taxpayer for state tax purposes as a charitable contribution to a charitable organization qualified under section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. 501(c)(3). This section does not prevent a taxpayer from:

(a) claiming a credit under this section instead of a deduction; or  
(b) claiming an exclusion, deduction, or credit for a charitable contribution that exceeds the amount for which the credit is allowed under this section.

(6) (a) On receiving a donation under this part, a school district shall seek preapproval, in a manner prescribed by the department, that the amount of tax credit sought by the taxpayer is available under the aggregate limit under subsection (4).

(b) On preapproval by the department, a school district shall issue a receipt, in a form prescribed by the department, to each contributing taxpayer indicating the value of the donation received and preapproval of the tax credit.

(c) A taxpayer shall provide a copy of the receipt when claiming the tax credit.

(7) (a) A school district may not retain donations under this section that exceed either:

(i) the greater of \$50,000 or 15% of the school district's maximum general fund budget; or  
(ii) 20% of the total aggregate amount provided for in subsection (4).

(b) If a school district receives donations that exceed the amounts provided for in subsection (7)(a), the school district shall remit the excess funds within 30 days to the superintendent of public instruction for deposit in the account provided for in 20-9-250.

(c) The superintendent of public instruction shall distribute funds received under subsection (7)(b) to school districts as described in 20-9-250. A school district shall deposit funds received under this subsection (7)(c) into the school district flexibility fund and use them for out-of-pocket pupil costs provided for in 20-7-

1 1506(5)(a).

2 (8) A school district shall deposit retained donations into the school district's miscellaneous  
3 programs fund and shall limit the expenditure of the donation to expenditures for innovative educational  
4 programs of the school district. (Terminates December 31, 2029--sec. 20, Ch. 480, L. 2021, sec. 7, Ch. 558, L.  
5 2023, sec. 12, Ch. 558, L. 2023.)"

7 **Section 2.** Section 15-30-3111, MCA, is amended to read:

8 **"15-30-3111. (Temporary) Qualified education tax credit for donations to student scholarship**  
9 **organizations.** (1) Subject to subsection (4), a taxpayer or corporation is allowed a credit against the tax  
10 imposed by chapter 30 or 31 for donations made to a student scholarship organization. The donor may not  
11 direct or designate donations to a parent, legal guardian, or specific qualified education provider. The amount of  
12 the credit allowed is equal to the amount of the donation, not to exceed \$200,000.

13 (2) (a) If the credit allowed under this section is claimed by a small business corporation, a pass-  
14 through entity, or a partnership, the credit must be attributed to shareholders, owners, or partners using the  
15 same proportion as used to report the entity's income or loss.

16 (b) A donation by an estate or trust qualifies for the credit. Any credit not used by the estate or trust  
17 may be attributed to each beneficiary of the estate or trust in the same proportion used to report the  
18 beneficiary's income from the estate or trust for Montana income tax purposes.

19 (3) The credit allowed under this section may not exceed the taxpayer's income tax liability but  
20 may be carried forward 3 years. The entire amount of the tax credit not used in the year earned must be carried  
21 first to the earliest tax year in which the credit may be applied and then to each succeeding tax year

22 (4) (a) (i) The aggregate amount of tax credits allowed under this section is ~~\$2-\$6~~ million per year  
23 in tax year ~~2023-2025~~ and ~~\$5-\$7.2~~ million per year in tax year ~~2024-2026~~ and subsequent tax years except as  
24 provided in this subsection (4)(a).

25 ~~(ii)~~ The aggregate amount of tax credits allowed under this section is \$12 million per year in tax  
26 year 2027.

27 ~~(ii)(iii)~~ Beginning in 2024-2027, by December 31 of each year, the department shall determine if 80%  
28 of the aggregate limit provided for in subsection ~~(4)(a)(iii)-(4)(a)(iv)~~ in tax credits was preapproved by the

department. If this condition is satisfied, the aggregate limit of tax credits allowed must be increased by 20% for the succeeding tax years.

~~(iii)(iv)~~ If the aggregate limit is increased in any tax year, the department shall use the new limit as the aggregate limit for succeeding tax years until a new aggregated limit is established under the provisions of subsection ~~(4)(a)(ii)~~ (4)(a)(iii).

(b) The aggregate limit under this subsection (4) applies to the year in which a donation is made regardless of whether the full credit is claimed in that tax year or carried forward.

(5) A credit is not allowed under this section with respect to any amount deducted by the taxpayer for state tax purposes as a charitable contribution to a charitable organization qualified under section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. 501(c)(3). This section does not prevent a taxpayer from:

(a) claiming a credit under this section instead of a deduction; or

(b) claiming an exclusion, deduction, or credit for a charitable contribution that exceeds the amount for which the credit is allowed under this section.

(6) (a) On receiving a donation under this part, a student scholarship organization shall seek preapproval, in a manner prescribed by the department, that the amount of tax credit sought by the taxpayer is available under the aggregate limit under subsection (4).

(b) On preapproval by the department, a student scholarship organization shall issue a receipt, in a form prescribed by the department, to each contributing taxpayer indicating the value of the donation received and preapproval of the tax credit.

(c) A taxpayer shall provide a copy of the receipt when claiming the tax credit. (Terminates December 31, 2029--sec. 20, Ch. 480, L. 2021, sec. 7, Ch. 558, L. 2023, sec. 12, Ch. 558, L. 2023.)"

**SECTION 2. SECTION 17-7-502, MCA, IS AMENDED TO READ:**

~~"17-7-502. Statutory appropriations—definition—requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.~~

~~(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:~~

1 ~~(a) — The law containing the statutory authority must be listed in subsection (3).~~

2 ~~(b) — The law or portion of the law making a statutory appropriation must specifically state that a~~  
3 ~~statutory appropriation is made as provided in this section.~~

4 ~~(3) — The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-~~  
5 ~~11-407; 5-13-403; 5-13-404; 7-4-2502; 7-4-2924; 7-32-236; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-~~  
6 ~~807; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-3-316; 10-3-802; 10-3-1304; 10-4-304; 10-4-310; 15-1-121;~~  
7 ~~15-1-142; 15-1-143; 15-1-218; 15-1-2302; 15-31-165; 15-31-1004; 15-31-1005; 15-35-108; 15-36-332; 15-37-~~  
8 ~~117; 15-39-110; 15-65-121; 15-70-128; 15-70-131; 15-70-132; 15-70-433; 16-11-119; 16-11-509; 17-3-106; 17-~~  
9 ~~3-212; 17-3-222; 17-3-241; 17-6-101; 17-6-214; 17-7-133; 17-7-215; 18-11-112; 19-3-319; 19-3-320; 19-6-410;~~  
10 ~~19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-3-~~  
11 ~~369; 20-7-1709; 20-8-107; [section 1]; 20-9-250; 20-9-534; 20-9-622; [20-15-328]; 20-26-617; 20-26-1503; 22-~~  
12 ~~1-327; 22-3-116; 22-3-117; [22-3-1004]; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-~~  
13 ~~1004; 37-43-204; 37-50-209; 37-54-113; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-4-1506; 44-12-213;~~  
14 ~~44-13-102; 50-1-115; 53-1-109; 53-6-148; 53-9-113; 53-24-108; 53-24-206; 60-5-530; 60-11-115; 61-3-321; 61-~~  
15 ~~3-415; 67-1-309; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 75-26-308; 76-13-150; 76-~~  
16 ~~13-151; 76-13-417; 76-17-103; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 80-11-1006; 81-1-112; 81-~~  
17 ~~1-113; 81-2-203; 81-7-106; 81-7-123; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; [85-25-102]; 87-1-603;~~  
18 ~~87-5-909; 90-1-115; 90-1-205; 90-1-504; 90-6-331; and 90-9-306.~~

19 ~~(4) — There is a statutory appropriation to pay the principal, interest, premiums, and any costs or fees~~  
20 ~~associated with issuing, paying, securing, redeeming, or defeasing all bonds, notes, or other obligations, as due~~  
21 ~~in the ordinary course or when earlier called for redemption or defeased, that have been authorized and issued~~  
22 ~~pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of~~  
23 ~~Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined~~  
24 ~~by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have~~  
25 ~~statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the~~  
26 ~~inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement~~  
27 ~~system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410~~  
28 ~~terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental~~

~~benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117 terminates June 30, 2025; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates September 30, 2025; pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027; pursuant to sec. 10, Ch. 374, L. 2017, the inclusion of 76-17-103 terminates June 30, 2027; pursuant to secs. 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-108 terminates June 30, 2027; pursuant to sec. 1, Ch. 408, L. 2019, the inclusion of 17-7-215 terminates June 30, 2029; pursuant to secs. 1, 2, 3, Ch. 139, L. 2021, the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200, L. 2021, the inclusion of 10-4-310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the inclusion of 30-10-1004 terminates June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-115 terminates June 30, 2025; pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is effective July 1, 2027; pursuant to sec. 1, Ch. 20, L. 2023, sec. 2, Ch. 20, L. 2023, and sec. 3, Ch. 20, L. 2023, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2029; pursuant to sec. 9, Ch. 44, L. 2023, the inclusion of 15-1-142 terminates December 31, 2025; pursuant to sec. 10, Ch. 47, L. 2023, the inclusion of 15-1-2302 terminates June 30, 2025; pursuant to sec. 2, Ch. 374, L. 2023, the inclusion of 10-3-802 terminates June 30, 2031; pursuant to sec. 12, Ch. 558, L. 2023, the inclusion of 20-9-250 terminates December 31, 2029; pursuant to sec. 4, Ch. 621, L. 2023, the inclusion of 22-1-327 terminates July 1, 2029; pursuant to sec. 24, Ch. 722, L. 2023, the inclusion of 17-7-133 terminates June 30, 2027; pursuant to sec. 10, Ch. 758, L. 2023, the inclusion of 44-4-1506 terminates June 30, 2027; and pursuant to sec. 10, Ch. 764, L. 2023, the inclusion of 15-1-143 terminates December 31, 2025.)"~~

**Section 3.** ~~Section 20-9-543, MCA, is amended to read:~~

~~"20-9-543. School flexibility fund -- uses. (1) The trustees of a district may establish a school flexibility fund and may use the fund, in their discretion, for school-district expenditures incurred for:~~

~~(a) technological equipment enhancements and expansions considered by the trustees to support enhanced educational programs in the classroom;~~

~~(b) facility expansion and remodeling considered by the trustees to support the delivery of educational programs, to address health or safety hazards, or to support the removal and replacement of~~



1 ~~obsolete facilities;~~

2 ~~(c) — supplies and materials considered by the trustees to support the delivery of enhanced~~  
3 ~~educational programs;~~

4 ~~(d) — student assessment and evaluation;~~

5 ~~(e) — the development of curriculum materials;~~

6 ~~(f) — training for classroom staff considered by the trustees to support the delivery of enhanced~~  
7 ~~educational programs;~~

8 ~~(g) — purchase, lease, or rental of real property that must be used to provide free or reduced price~~  
9 ~~housing for classroom teachers;~~

10 ~~(h) — salaries, benefits, bonuses, and other incentives for the recruitment and retention of classroom~~  
11 ~~teachers and other certified staff, subject to collective bargaining when applicable; or~~

12 ~~(i) — increases in energy costs caused by an increase in energy rates from the rates paid by the~~  
13 ~~district in fiscal year 2001 or from increased use of energy as a result of the expansion of facilities, equipment,~~  
14 ~~or other resources of the district.~~

15 ~~(2) — The financial administration of the school flexibility fund must be in accordance with the~~  
16 ~~financial administration provisions of this title for a budgeted fund."~~

17  
18 **Section 3.** Section 20-9-336, MCA, is amended to read:

19 **"20-9-336. School equalization and property tax reduction account -- uses.** (1) There is a school  
20 equalization and property tax reduction account in the state special revenue fund. Contingent on appropriation  
21 by the legislature, money in the account is for distribution to school districts as the second source of funding for  
22 state equalization aid as provided in 20-9-343. At fiscal yearend, any fund balance in the account exceeding  
23 what was appropriated must be transferred to the guarantee account established in 20-9-622.

24 (2) The account receives revenue as described in 20-9-331, 20-9-333, ~~and 20-9-360, and 23-7-~~  
25 ~~402. Amounts transferred as provided in 23-7-402 must be used to increase the multipliers in subsections~~  
26 ~~(3)(b)(i) through (3)(b)(iii) in the order of priority specified in subsection (3)(b) after completion of calculations~~  
27 ~~under subsection (3) by the superintendent of public instruction for revenue received in the account from 20-9-~~  
28 ~~331, 20-9-333, and 20-9-360.~~



(3) Beginning in fiscal year 2025, each December the superintendent of public instruction shall forecast the amount of revenue the account will receive in that fiscal year by dividing the sum of the taxable value of all property in the state reported by the department of revenue pursuant to 20-9-369 by 1,000 to determine a statewide value mill and then multiplying that amount by 95 mills, or the number of mills calculated by the department of revenue under 15-10-420(8) for the applicable fiscal year. If the forecasted amount differs from the amount determined through the same calculation in the prior fiscal year by \$2 million or more and is:

(a) less, then the superintendent shall:

(i) decrease the multiplier used to calculate the statewide elementary and high school guaranteed tax base ratios used for funding BASE budgets under 20-9-366 to the nearest whole number determined by the superintendent to result in a decrease in the amount of guaranteed tax base aid distributed to eligible school districts equal to 85% of the decrease in the calculated amount between the 2 years; and

(ii) decrease the multiplier used to calculate the statewide elementary and high school mill value per ANB for school retirement guaranteed tax base purposes under 20-9-366 to the nearest whole number determined by the superintendent to result in a decrease in the amount of retirement guaranteed tax base aid distributed to eligible school districts equal to 15% of the decrease in the calculated amount between the 2 years;

(b) more, then the superintendent shall increase the multipliers used in the guaranteed tax base formulas under 20-9-366 and in the formula for school major maintenance aid under 20-9-525 to the nearest whole number by an amount calculated by the superintendent to result in an increase in the amount of guaranteed tax base aid and school major maintenance aid distributed to eligible counties and school districts equal to 55% of the increase in the calculated amount between the 2 years in the following order, with any amount exceeding the caps under subsections (3)(b)(i) through (3)(b)(iii) flowing to the next mechanism:

(i) first, the multiplier used in calculating the statewide mill value per elementary and high school ANB for retirement purposes, not to exceed 305%;

(ii) second, the multiplier used in calculating the amount of state school major maintenance aid support for each dollar of local effort, not to exceed 365%; and

(iii) third, the multiplier used in calculating the facility guaranteed mill value per ANB for school facility entitlement guaranteed tax base purposes, not to exceed 300%.

(4) (a) The adjustments to the multipliers under subsection (3) are applicable to state equalization aid distributions in the fiscal year following the adjustment.

(b) Adjustments to the multipliers made under subsection (3) remain in effect in subsequent years unless further changed under 20-9-366 or subsection (3) of this section or as otherwise provided by law."

**Section 4.** Section 23-7-202, MCA, is amended to read:

**"23-7-202. Powers and duties of commission.** The commission shall:

(1) establish and operate a state lottery;

(2) determine policies for the operation of the state lottery, supervise the director and the staff, and meet with the director at least once every 3 months to make and consider recommendations, set policies, determine types and forms of lottery and sports wagering games to be operated by the state lottery, and transact other necessary business;

(3) maximize the net revenue paid ~~to the state general fund~~ office of public instruction for distribution to schools as provided for in [section 1] and to the Montana STEM scholarship program special revenue account under 23-7-402 and for other education-related purposes pursuant to 23-7-402 and ensure that all policies and rules adopted further revenue maximization;

(4) subject to 23-7-402(1), determine the percentage of the money paid for tickets, chances, wagers, or bets to be paid out as prizes;

(5) determine the price of each ticket, chance, wager, or bet and the number and size of prizes;

(6) provide for the conduct of drawings of winners of lottery games and sports wagering;

(7) carry out, with the director, a continuing study of the state lottery in Montana and other states' lotteries and sports wagering operations to make the state lottery more efficient, profitable, and secure from violations of the law;

(8) study and may enter into agreements with:

(a) other lottery states and countries to offer lottery games; or

(b) an association for the purpose of participating in multistate lottery games or games offered in other states and other countries;

(9) prepare quarterly and annual reports on all aspects of the operation of the state lottery,

including but not limited to types of games, gross revenue, prize money paid, operating expenses, net revenue to the state, contracts with gaming suppliers, and recommendations for changes to this part, and deliver a copy of each report to the governor, the department of administration, the legislative auditor, and to the legislature in accordance with 5-11-210;

(10) adopt rules relating to lottery and sports wagering and any other rules necessary to carry out this part, including but not limited to:

- (a) acceptance of wagers on a sports event or a series of sports events;
- (b) the type of wagering tickets that may be used;
- (c) method of issuing tickets;
- (d) method of accounting and associated reporting minimums to be used by sales agent;
- (e) sales agent licensing requirements and prohibitions;
- (f) method of age verification;
- (g) player exclusion requirements;
- (h) protections for an individual placing a wager;
- (i) contribution and participation in responsible gaming and consumer protection activities and programs; and
- (j) ensuring game integrity through monitoring and reporting of suspicious betting activity and equipment tampering; and
- (11) prescribe policies relating to sports wagering sales agents' commissions without conducting rulemaking under Title 2, chapter 4, but otherwise meet the requirements of this chapter."

**Section 5.** Section 23-7-402, MCA, is amended to read:

**"23-7-402. Disposition of revenue — ~~statutory appropriations~~.** (1) A minimum of 45% of the money paid for tickets or chances must be paid out as prize money. The prize money is statutorily appropriated, as provided in 17-7-502, to the state lottery.

(2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating expense.

(3) That part of all gross revenue not used for the payment of prizes, commissions, and operating

1 expenses, together with the interest earned on the gross revenue while the gross revenue is in the enterprise  
2 fund, is net revenue. Net revenue must be transferred quarterly from the enterprise fund established by 23-7-  
3 401 in the following order:

4 (a) the first \$2.25 million of net revenue in each fiscal year must be transferred quarterly in equal  
5 payments of \$562,500 to the Montana STEM scholarship program special revenue account established in 20-  
6 26-617; and

7 (b) net revenue in excess of \$2.25 million in each fiscal year ~~must be transferred to the state~~  
8 ~~general fund is statutorily appropriated, as provided in 17-7-502, to the office of public instruction to distribute to~~  
9 ~~schools pursuant to [section 1]~~ MUST BE TRANSFERRED TO THE LOTTERY EDUCATION STATE SPECIAL REVENUE  
10 ACCOUNT PROVIDED FOR IN [SECTION 1] as follows:

11 (i) 25% to the general fund to offset general fund revenue reductions from an equivalent increase  
12 in the aggregate limit for the Montana tax credit for providing supplemental funding to public schools for  
13 innovative educational programs established in 15-30-3110;

14 (ii) 25% to the general fund to offset general fund revenue reductions from an equivalent increase  
15 in the Montana qualified education tax credit for donations to student scholarship organizations established in  
16 15-30-3111; and

17 (iii) 50% to the school equalization and property tax reduction account in 20-9-336.

18 (4) The spending authority of the state lottery may be increased in accordance with this section  
19 upon review and approval of a revised operation plan by the office of budget and program planning."  
20

21 ~~NEW SECTION. Section 6. Codification instruction. [Section 1] is intended to be codified as an~~  
22 ~~integral part of Title 20, chapter 9, part 5, and the provisions of Title 20, chapter 9, part 5, apply to [section 1].~~  
23

24 NEW SECTION. Section 6. Effective date. [This act] is effective July 1, 2025.  
25

26 NEW SECTION. SECTION 7. APPLICABILITY. [THIS ACT] APPLIES TO NET REVENUES OF LOTTERY PROCEEDS  
27 FOR THE FISCAL QUARTER BEGINNING JULY 1, 2025, AND ALL SUBSEQUENT FISCAL QUARTERS.  
28

- END -