

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO COMMUNITY
5 COLLEGES; CLARIFYING THE PROCEDURE FOR THE ORGANIZATION OF AND FUNDING FOR A NEW
6 COMMUNITY COLLEGE DISTRICT; REVISING THE ELECTION PROCEDURE FOR THE ORGANIZATION
7 OF A NEW COMMUNITY COLLEGE DISTRICT; REVISING AND CLARIFYING THE FUNDING SOURCES
8 AND ACCOUNTING STRUCTURE FOR COMMUNITY COLLEGES; CONSOLIDATING VARIOUS EXISTING
9 PROPERTY TAX LEVIES INTO ONE OPERATING LEVY; REVISING DEFINITIONS; AMENDING SECTIONS
10 17-7-102, 19-20-605, 20-7-702, 20-7-704, 20-7-705, 20-9-134, 20-9-501, 20-15-103, 20-15-105, 20-15-201, 20-
11 15-202, 20-15-203, 20-15-204, 20-15-208, 20-15-209, 20-15-309, 20-15-310, 20-15-311, 20-15-312, 20-15-
12 313, 20-15-314, 20-15-321, 20-15-403, AND 20-15-404, MCA; REPEALING SECTION 20-15-305, MCA; AND
13 PROVIDING AN EFFECTIVE DATE."

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16
17 **NEW SECTION. Section 1. Funding for new community college district -- state appropriation.**

18 (1) The board of trustees of a newly created community college district shall, by August 1 immediately
19 preceding the regular legislative session at which the district will first seek a state appropriation, submit to the
20 board of regents enrollment projections for each year of the ensuing biennium and an annual budget pursuant
21 to 20-15-312 for the first year of the ensuing biennium.

22 (2) The state general fund appropriation for the district must be determined as follows:

23 (a) for the first year of the ensuing biennium:

24 (i) divide the total state appropriation minus any reversions calculated under 17-7-142 and any one-
25 time-only appropriations of all community colleges in the budget base fiscal year by the total number of full-time
26 equivalent resident students of all community colleges in the budget base fiscal year; and

27 (ii) multiply the result of subsection (2)(a)(i) by the projected number of full-time equivalent resident
28 students of the new community college for the first year of the ensuing biennium.

1 (b) for the second year of the ensuing biennium multiply the amount calculated in subsection (2)(a)(i)
2 by the projected number of full-time equivalent resident students of the new community college for the second
3 year of the ensuing biennium.

4 (3) After each fiscal year of the first biennium the new community college district receives a state
5 appropriation, the commissioner of higher education shall determine the fiscal impacts that would have resulted
6 had the actual number of full-time equivalent resident students for that fiscal year been used to determine that
7 fiscal year's state appropriation and determine any overpayment to the community college for that fiscal year.
8 An overpayment determined under this subsection must revert to the state in the same manner of reversions
9 calculated under 17-7-142.

10 (4) After the first biennium a new community college district receives a state appropriation, the state
11 appropriation for the district in subsequent bienniums must be determined as described in 20-15-310.

12
13 **NEW SECTION. Section 2. Operating levy -- inflationary adjustment.** (1) A community college
14 district may impose an operating levy to support the district's current unrestricted subfund under the provisions
15 of this section.

16 (2) A newly created community college district may impose an operating levy under this section only
17 after voter approval for a new mill levy as described in 15-10-425.

18 (3) (a) A community college district may impose an operating levy sufficient to generate the amount
19 of property taxes actually assessed by the operating levy in the prior year plus the average rate of inflation for
20 the prior 3 years.

21 (b) A community college district that does not impose the maximum number of mills authorized under
22 subsection (3)(a) may carry forward the authority to impose the number of mills equal to the difference between
23 the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill
24 authority carried forward may be imposed in a subsequent tax year.

25 (c) For the purposes of subsection (3)(a), the department of revenue shall calculate the average rate
26 of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers,
27 using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of
28 labor.

1 (d) A community college district may exceed the mill levy limit provided in subsection (3) only after
2 voter approval for increasing a mill levy as described in 15-10-425.

3

4 **Section 3.** Section 17-7-102, MCA, is amended to read:

5 **"17-7-102. (Temporary) Definitions.** As used in this chapter, the following definitions apply:

6 (1) "Additional services" means different services or more of the same services.

7 (2) "Agency" means all offices, departments, boards, commissions, institutions, universities, colleges,
8 and any other person or any other administrative unit of state government that spends or encumbers public
9 money by virtue of an appropriation from the legislature under 17-8-101.

10 (3) "Approving authority" means:

11 (a) the governor or the governor's designated representative for executive branch agencies;

12 (b) the chief justice of the supreme court or the chief justice's designated representative for judicial
13 branch agencies;

14 (c) the speaker for the house of representatives;

15 (d) the president for the senate;

16 (e) appropriate legislative committees or a designated representative for legislative branch agencies;

17 or

18 (f) the board of regents of higher education or its designated representative for the university system.

19 (4) (a) "Base budget" means the resources for the operation of state government that are of an
20 ongoing and nonextraordinary nature in the current biennium. The base budget for the state general fund and
21 state special revenue funds may not exceed that level of funding authorized by the previous legislature.

22 (b) The term does not include:

23 (i) funding for water adjudication if the accountability benchmarks contained in 85-2-271 are not met;

24 (ii) funding for petroleum storage tank leak prevention if the accountability benchmarks in 75-11-521
25 are not met.

26 (5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part 4.

27 (6) "Budget stabilization reserve" means the amount of unappropriated fund balance in the budget
28 stabilization reserve fund up to 4.5% of all general fund appropriations in the second year of the biennium.

1 (7) "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and
2 unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was made,
3 that was clearly not within the contemplation of the legislature and the governor, and that affects one or more
4 functions of a state agency and the agency's expenditure requirements for the performance of the function or
5 functions.

6 (8) "Funds subject to appropriation" means those funds required to be paid out of the treasury as set
7 forth in 17-8-101.

8 (9) "Necessary" means essential to the public welfare and of a nature that cannot wait until the next
9 legislative session for legislative consideration.

10 (10) "New proposals" means requests to provide new nonmandated services, to change program
11 services, to eliminate existing services, or to change sources of funding. For purposes of establishing the
12 present law base, the distinction between new proposals and the adjustments to the base budget to develop
13 the present law base is to be determined by the existence of constitutional or statutory requirements for the
14 proposed expenditure. Any proposed increase or decrease that is not based on those requirements is
15 considered a new proposal.

16 (11) "Operating reserve" means an amount equal to 8.3% of all general fund appropriations in the
17 second year of the biennium.

18 (12) "Present law base" means that level of funding needed under present law to maintain operations
19 and services at the level authorized by the previous legislature, including but not limited to:

20 (a) changes resulting from legally mandated workload, caseload, or enrollment increases or
21 decreases;

22 (b) changes in funding requirements resulting from constitutional or statutory schedules or formulas;

23 (c) inflationary or deflationary adjustments; and

24 (d) elimination of nonrecurring appropriations.

25 (13) "Program" means a principal organizational or budgetary unit within an agency.

26 (14) "Requesting agency" means the agency of state government that has requested a specific budget
27 amendment.

28 (15) "University system unit" means the board of regents of higher education; office of the

1 commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and
2 Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural
3 experiment station, with central offices at Bozeman; the forest and conservation experiment station, with central
4 offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and
5 geology, with central offices at Butte; the fire services training school at Great Falls; and the community
6 colleges at Miles City, Glendive, and Kalispell supervised and coordinated by the board of regents pursuant to
7 20-15-103. (Terminates June 30, 2028--sec. 11, Ch. 269, L. 2015.)

8 **17-7-102. (Effective July 1, 2028) Definitions.** As used in this chapter, the following definitions
9 apply:

- 10 (1) "Additional services" means different services or more of the same services.
- 11 (2) "Agency" means all offices, departments, boards, commissions, institutions, universities, colleges,
12 and any other person or any other administrative unit of state government that spends or encumbers public
13 money by virtue of an appropriation from the legislature under 17-8-101.
- 14 (3) "Approving authority" means:
 - 15 (a) the governor or the governor's designated representative for executive branch agencies;
 - 16 (b) the chief justice of the supreme court or the chief justice's designated representative for judicial
17 branch agencies;
 - 18 (c) the speaker for the house of representatives;
 - 19 (d) the president for the senate;
 - 20 (e) appropriate legislative committees or a designated representative for legislative branch agencies;
- 21 or
 - 22 (f) the board of regents of higher education or its designated representative for the university system.
- 23 (4) "Base budget" means the resources for the operation of state government that are of an ongoing
24 and nonextraordinary nature in the current biennium. The base budget for the state general fund and state
25 special revenue funds may not exceed that level of funding authorized by the previous legislature.
- 26 (5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part 4.
- 27 (6) "Budget stabilization reserve" means the amount of unappropriated fund balance in the budget
28 stabilization reserve fund up to 4.5% of all general fund appropriations in the second year of the biennium.

1 (7) "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and
2 unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was made,
3 that was clearly not within the contemplation of the legislature and the governor, and that affects one or more
4 functions of a state agency and the agency's expenditure requirements for the performance of the function or
5 functions.

6 (8) "Funds subject to appropriation" means those funds required to be paid out of the treasury as set
7 forth in 17-8-101.

8 (9) "Necessary" means essential to the public welfare and of a nature that cannot wait until the next
9 legislative session for legislative consideration.

10 (10) "New proposals" means requests to provide new nonmandated services, to change program
11 services, to eliminate existing services, or to change sources of funding. For purposes of establishing the
12 present law base, the distinction between new proposals and the adjustments to the base budget to develop
13 the present law base is to be determined by the existence of constitutional or statutory requirements for the
14 proposed expenditure. Any proposed increase or decrease that is not based on those requirements is
15 considered a new proposal.

16 (11) "Operating reserve" means an amount equal to 8.3% of all general fund appropriations in the
17 second year of the biennium.

18 (12) "Present law base" means that level of funding needed under present law to maintain operations
19 and services at the level authorized by the previous legislature, including but not limited to:

20 (a) changes resulting from legally mandated workload, caseload, or enrollment increases or
21 decreases;

22 (b) changes in funding requirements resulting from constitutional or statutory schedules or formulas;

23 (c) inflationary or deflationary adjustments; and

24 (d) elimination of nonrecurring appropriations.

25 (13) "Program" means a principal organizational or budgetary unit within an agency.

26 (14) "Requesting agency" means the agency of state government that has requested a specific budget
27 amendment.

28 (15) "University system unit" means the board of regents of higher education; office of the

1 commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and
2 Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural
3 experiment station, with central offices at Bozeman; the forest and conservation experiment station, with central
4 offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and
5 geology, with central offices at Butte; the fire services training school at Great Falls; and the community
6 colleges at Miles City, Glendive, and Kalispell supervised and coordinated by the board of regents pursuant to
7 20-15-103."

8

9 **Section 4.** Section 19-20-605, MCA, is amended to read:

10 **"19-20-605. Pension accumulation account -- employer's contribution.** (1) The pension
11 accumulation account is the account in which the reserves for payment of retirement allowances and benefits
12 must be accumulated and from which retirement allowances and benefits must be paid to retirees or their
13 beneficiaries. Employer contributions to the pension accumulation account must be made as provided in 19-20-
14 609 and this section.

15 (2) Except as provided in subsection (3), for each member employed during the whole or part of the
16 preceding payroll period, the employer shall pay into the pension accumulation account an amount equal to
17 9.85% of total earned compensation, plus the supplemental contribution required under 19-20-609.

18 (3) For each member employed by a school district, an education cooperative, a county, or a
19 community college during the whole or part of the preceding payroll period, the employer shall pay into the
20 pension accumulation account an amount equal to 7.47% of total earned compensation, plus the supplemental
21 contribution required under 19-20-609.

22 (4) Beginning July 1, 2013, for each retired member who returns to covered employment under the
23 provisions of 19-20-731 during all or part of the preceding payroll period, the employer shall pay into the
24 pension accumulation account an amount equal to 9.85% of the total earned compensation paid to the retired
25 member, plus the supplemental contribution required under 19-20-609.

26 (5) (a) If the employer is a school district or community college district, the trustees shall budget and
27 pay for the employer's contribution under the provisions of 20-9-501.

28 (b) If the employer is a community college district, the trustees shall budget and pay for the

1 employer's contribution from the district's current unrestricted subfund.

2 (6) If the employer is the superintendent of public instruction, a public institution of the state of
3 Montana, a unit of the Montana university system, or the Montana state school for the deaf and blind, the
4 legislature shall appropriate to the employer an adequate amount to allow the payment of the employer's
5 contribution.

6 (7) If the employer is a county, the county commissioners shall budget and pay for the employer's
7 contribution in the manner provided by law for the adoption of a county budget and for payments under the
8 budget.

9 (8) All interest and other earnings realized on the money of the retirement system must be credited to
10 the pension accumulation account, and the amount required to allow regular interest on the annuity savings
11 account must be transferred to that account from the pension accumulation account.

12 (9) The board may transfer from the pension accumulation account to the expense account an
13 amount necessary to cover expenses of administration."
14

15 **Section 5.** Section 20-7-702, MCA, is amended to read:

16 **"20-7-702. Authorization to establish adult education programs.** The trustees of a district or
17 ~~community college district~~ may establish and operate an adult education program at any time of the day when
18 facilities and personnel are available. An adult education program may provide both basic and secondary
19 general education, career and technical education, vocational-technical education, American citizenship
20 education, including courses in the English language and American history and government, or any other areas
21 of instruction approved by the trustees."
22

23 **Section 6.** Section 20-7-704, MCA, is amended to read:

24 **"20-7-704. Adult education tuition and fees.** The trustees of a district or ~~community college district~~
25 ~~shall have the authority to~~ may charge tuition for instruction and ~~to~~ charge fees for the use of equipment and
26 materials. The amount of ~~such~~ the tuition and fees ~~shall~~ must be determined on a per-course basis or on the
27 basis of the cost of the entire adult education program. All proceeds from tuition and fees ~~shall~~ must be
28 deposited in the adult education fund."

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Section 7. Section 20-7-705, MCA, is amended to read:

"20-7-705. Adult education fund. (1) A separate adult education fund must be established when an adult education program is operated by a district ~~or community college district~~. The financial administration of the fund must comply with the budgeting, financing, and expenditure provisions of the laws governing the schools.

(2) Whenever the trustees of a district establish an adult education program under the provisions of 20-7-702, they shall establish an adult education fund under the provisions of this section. The adult education fund is the depository for all district money received by the district in support of the adult education program. Federal and state adult education program money must be deposited in the miscellaneous programs fund.

(3) The trustees of a district may authorize the levy of a tax on the taxable value of all taxable property within the district for the operation of an adult education program.

(4) Whenever the trustees of a district decide to offer an adult education program during the ensuing school fiscal year, they shall budget for the cost of the program in the adult education fund of the final budget. Any expenditures in support of the adult education program under the final adult education budget must be made in accordance with the financial administration provisions of this title for a budgeted fund.

(5) When a tax levy for an adult education program is included as a revenue item on the final adult education budget, the county superintendent shall report the levy requirement to the county commissioners by the later of the first Tuesday in September or within 30 calendar days after receiving certified taxable values and a levy on the district must be made by the county commissioners in accordance with 20-9-142."

Section 8. Section 20-9-134, MCA, is amended to read:

"20-9-134. Completion, filing, and delivery of final budgets. After the final budget of the elementary, high school, or community college district has been adopted by the trustees, the county superintendent shall complete all the remaining portions of the budget forms and shall:

(1) send the final budget information to the superintendent of public instruction, on the forms provided by the superintendent, on or before September 15; and

(2) in the case of the community college districts, send the final budget information to the board of

1 regents, on the forms provided by the community college coordinator, on or before ~~September 4~~ August 15."

2

3 **Section 9.** Section 20-9-501, MCA, is amended to read:

4 **"20-9-501. Retirement costs and retirement fund.** (1) The trustees of a district or the management
5 board of a cooperative employing personnel who are members of the teachers' retirement system or the public
6 employees' retirement system, who are covered by unemployment insurance, or who are covered by any
7 federal social security system requiring employer contributions shall establish a retirement fund for the
8 purposes of budgeting and paying the employer's contributions to the systems as provided in subsection (2)(a).
9 The district's or the cooperative's contribution for each employee who is a member of the teachers' retirement
10 system must be calculated in accordance with Title 19, chapter 20, part 6. The district's or the cooperative's
11 contribution for each employee who is a member of the public employees' retirement system must be calculated
12 in accordance with 19-3-316. The district's or the cooperative's contributions for each employee covered by any
13 federal social security system must be paid in accordance with federal law and regulation. The district's or the
14 cooperative's contribution for each employee who is covered by unemployment insurance must be paid in
15 accordance with Title 39, chapter 51, part 11.

16 (2) (a) The district or the cooperative shall pay the employer's contributions to the retirement, federal
17 social security, and unemployment insurance systems from the retirement fund for the following:

18 (i) a district employee whose salary and health-related benefits, if any health-related benefits are
19 provided to the employee, are paid from state or local funding sources;

20 (ii) a cooperative employee whose salary and health-related benefits, if any health-related benefits are
21 provided to the employee, are paid from the cooperative's interlocal cooperative fund if the fund is supported
22 solely from districts' general funds and state special education allowable cost payments, pursuant to 20-9-321,
23 or are paid from the miscellaneous programs fund, provided for in 20-9-507, from money received from the
24 medicaid program, pursuant to 53-6-101;

25 (iii) a district employee whose salary and health-related benefits, if any health-related benefits are
26 provided to the employee, are paid from the district's school food services fund provided for in 20-10-204; and

27 (iv) a district employee whose salary and health-related benefits, if any health-related benefits are
28 provided to the employee, are paid from the district impact aid fund, pursuant to 20-9-514.

1 (b) For an employee whose benefits are not paid from the retirement fund, the district or the
2 cooperative shall pay the employer's contributions to the retirement, federal social security, and unemployment
3 insurance systems from the funding source that pays the employee's salary.

4 (3) The trustees of a district required to make a contribution to a system referred to in subsection (1)
5 shall include in the retirement fund of the final budget the estimated amount of the employer's contribution. After
6 the final retirement fund budget has been adopted, the trustees shall pay the employer contributions to the
7 systems in accordance with the financial administration provisions of this title.

8 (4) When the final retirement fund budget has been adopted, the county superintendent shall
9 establish the levy requirement by:

10 (a) determining the sum of the money available to reduce the retirement fund levy requirement by
11 adding:

12 (i) any anticipated money that may be realized in the retirement fund during the ensuing school fiscal
13 year;

14 (ii) oil and natural gas production taxes;

15 (iii) coal gross proceeds taxes under 15-23-703;

16 (iv) any fund balance available for reappropriation as determined by subtracting the amount of the end-
17 of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school fiscal year
18 by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund operating
19 reserve may not be more than 20% of the final retirement fund budget for the ensuing school fiscal year and
20 must be used for the purpose of paying retirement fund warrants issued by the district under the final retirement
21 fund budget.

22 (v) any other revenue anticipated that may be realized in the retirement fund during the ensuing
23 school fiscal year, excluding any guaranteed tax base aid;

24 (b) notwithstanding the provisions of subsection (9), subtracting the money available for reduction of
25 the levy requirement, as determined in subsection (4)(a), from the budgeted amount for expenditures in the final
26 retirement fund budget.

27 (5) The county superintendent shall:

28 (a) total the net retirement fund levy requirements separately for all elementary school districts, and

1 all high school districts, ~~and all community college districts~~ of the county, including any prorated joint district or
2 special education cooperative agreement levy requirements; and

3 (b) report each levy requirement to the county commissioners by the later of the first Tuesday in
4 September or within 30 calendar days after receiving certified taxable values as the respective county levy
5 requirements for elementary district, and high school district, ~~and community college district~~ retirement funds.

6 (6) The county commissioners shall fix and set the county levy or district levy in accordance with 20-
7 9-142.

8 (7) The net retirement fund levy requirement for a joint elementary district or a joint high school district
9 must be prorated to each county in which a part of the district is located in the same proportion as the district
10 ANB of the joint district is distributed by pupil residence in each county. The county superintendents of the
11 counties affected shall jointly determine the net retirement fund levy requirement for each county as provided in
12 20-9-151.

13 (8) The net retirement fund levy requirement for districts that are members of special education
14 cooperative agreements must be prorated to each county in which the district is located in the same proportion
15 as the special education cooperative budget is prorated to the member school districts. The county
16 superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for
17 each county in the same manner as provided in 20-9-151, and the county commissioners shall fix and levy the
18 net retirement fund levy for each county in the same manner as provided in 20-9-152.

19 (9) The county superintendent shall calculate the number of mills to be levied on the taxable property
20 in the county to finance the retirement fund net levy requirement by dividing the amount determined in
21 subsection (5)(a) by the sum of:

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

24 (b) the taxable valuation of the district divided by 1,000.

25 ~~(10) The levy for a community college district may be applied only to property within the district.~~

26 ~~(10)~~ (10) The county superintendent of each county shall submit a report of the revenue amounts used
27 to establish the levy requirements for county school funds supporting elementary and high school district
28 retirement obligations to the superintendent of public instruction on or before September 15. The report must be

1 completed on forms supplied by the superintendent of public instruction."

2

3 **Section 10.** Section 20-15-103, MCA, is amended to read:

4 **"20-15-103. Supervision and coordination by board of regents.** ~~Community college districts shall~~
5 ~~be under the supervision and coordination of the regents.~~ Pursuant to Article X, section 9, of the Montana
6 constitution, the community college districts are assigned to the board of regents of higher education for
7 supervision and coordination as public educational institutions outside the Montana university system. The
8 regents shall:

9 (1) supervise community college districts in accordance with the provisions of this section and 20-15-
10 105;

11 (2) appoint a coordinator of community college districts and prescribe the duties of the coordinator;

12 (3) formulate and put into effect general policies for the supervision and coordination of community
13 college districts;

14 (4) after consultation with the community college trustees, develop and implement policies that
15 distinguish the regents' authority to supervise and coordinate and the trustees' authority to administer and
16 control community colleges; and

17 (5) ~~call an election, determine the results of the election, and order and implement the organization of~~
18 ~~a community college district in accordance with this chapter~~ on approval of a proposition to organize a
19 community college district, provide a recommendation to the legislature pursuant to 20-15-209."

20

21 **Section 11.** Section 20-15-105, MCA, is amended to read:

22 **"20-15-105. Courses of instruction -- tuition and fees.** (1) A community college district shall
23 provide instruction in ~~academic, occupational, and adult~~ transfer, career and technical, and adult postsecondary
24 education, subject to the approval of the board of regents of higher education. The board of trustees ~~of such of~~
25 a community college district may, in ~~their~~ its discretion and upon approval of the board of regents, prescribe:

26 (a) tuition rates for in-district students, out-of-district students who are residents of the state of
27 Montana, and students who are not residents of the state of Montana;

28 (b) matriculation charges; and

1 (c) incidental fees, including building fees, for students in the community college.

2 (2) ~~In addition thereto, such~~ The board of trustees of a community college district may prescribe ~~such~~
3 other fees as it considers necessary to maintain courses, taking into consideration ~~such~~ other funds ~~as may be~~
4 available under law for the support of ~~such~~ courses."

5

6 **Section 12.** Section 20-15-201, MCA, is amended to read:

7 **"20-15-201. Requirements for organization of community college district.** The registered electors
8 in any area of the state of Montana may request an election for the organization of a community college district
9 where the proposed community college district conforms to the following requirements:

10 (1) The proposed area coincides with the then-existing boundaries of contiguous elementary or K-12
11 districts of one or more counties.

12 (2) The taxable value of the proposed area is at least \$10 million.

13 (3) There are at least 700 pupils regularly enrolled in public and private high schools located in the
14 proposed area."

15

16 **Section 13.** Section 20-15-202, MCA, is amended to read:

17 **"20-15-202. Petition for organization of community college district.** (1) When the area of a
18 proposed community college district satisfies the specified requirements under 20-15-201, the registered
19 electors of the area may petition the ~~regents~~ board of county commissioners to call an election for the
20 organization of a community college district. ~~Such~~ The petition shall ~~must~~ be signed by at least 20% of the
21 registered electors within each county or a part of a county included in the area of the proposed community
22 college district.

23 (2) When the area to be included within the proposed community college district lies in more than one
24 county, the qualified electors of the proposed area shall present a petition to the board of county commissioners
25 in each county. Each petition must contain the signatures of at least 20% of the qualified electors of the
26 proposed district that lies within that county.

27 (3) The petition must include:

28 (a) a legal description or map of the proposed community college district boundaries;

- 1 (b) the proposed name of the community college district;
- 2 (c) a description of the educational services the proposed community college district will offer;
- 3 (d) an estimate of the number of persons expected to use the services within the district; and
- 4 (e) a notice that the creation of a community college district may, with subsequent voter approval,
- 5 result in the levying of property taxes to support:
- 6 (i) a portion of the operating costs of the community college district; and
- 7 (ii) the repayment of bonds issued as authorized by law."

8

9 **Section 14.** Section 20-15-203, MCA, is amended to read:

10 **"20-15-203. ~~Call of community~~ Community college district organization election -- notice --**

11 **proposition statement.** ~~(1) A petition for the organization of a community college district must be presented to~~
12 ~~the county election administrator responsible for conducting elections pursuant to 20-15-208. The county~~
13 ~~election administrator shall notify the regents of the petition and examine the petition to determine if the petition~~
14 ~~satisfies the petitioning and community college district organizational requirements.~~

15 ~~(2) If the county election administrator determines that the petition satisfies the requirements, the~~
16 ~~county election administrator shall notify the regents and conduct an election on the community college district~~
17 ~~organization proposition. The election must be held on the next regular school election day that, pursuant to 13-~~
18 ~~1-504(4), is not less than 85 days after the order.~~

19 (1) On a determination that a petition complies with the provisions of 20-15-202, the board of county
20 commissioners of each county in which the proposed community college district lies shall give notice of
21 elections to be held within the boundaries of the proposed district for the purposes of:

22 (a) determining whether a community college district should be organized; and

23 (b) electing trustees as provided under the provisions of this part.

24 (2) The elections must be conducted in accordance with Title 13, chapter 1, part 5.

25 (3) At the election the proposition for organization must be in substantially the following form:

26 PROPOSITION

27 Shall there be organized within the area comprising the School Districts of..... (elementary or K-12
28 districts must be listed by county), State of Montana, a community college district for the offering of ~~13th~~ and

1 14th-year courses, transfer, career and technical, and adult postsecondary education, to be known as the
 2 Community College District of....., Montana, under the provisions of the laws authorizing community college
 3 districts in Montana, as requested in the petition filed with the county election administrator on the..... day of.....,
 4 20...? The creation of a community college district may, with subsequent voter approval, result in the levying of
 5 property taxes to support:

6 (1) a portion of the operating costs of the community college district; and

7 (2) the repayment of bonds issued as authorized by law.

8 ☐ FOR organization.

9 ☐ AGAINST organization."

10

11 **Section 15.** Section 20-15-204, MCA, is amended to read:

12 **"20-15-204. Election of trustees -- districts from which elected -- terms of office.** (1) Pursuant to
 13 20-15-208, ~~the board of regents shall call and~~ the county election administrator shall conduct the election of
 14 trustees of the proposed community college district at the same time as the election to be held for the approval
 15 of the community college district's organization.

16 (2) If the county election administrator determines that the proposal to organize a new community
 17 college district has carried pursuant to 20-15-209, the county election administrator shall determine which
 18 candidates have been elected trustees.

19 (3) Seven trustees must be elected at large, except that if there is in the proposed community college
 20 district one or more high school districts or part of a high school district within the community college district
 21 with more than 43% and not more than 50% of the total population of the proposed district, as determined by
 22 the last census, then each such district or part of district shall elect three trustees and the remaining trustees
 23 must be elected at large from the remainder of the proposed community college district. Should any high school
 24 district or part of a high school district within the community college district have more than 50% of the
 25 population of the proposed district, then four trustees must be elected from that high school district or part of a
 26 high school district and the remaining trustees must be elected at large from the remainder of the proposed
 27 community college district.

28 (4) If the trustees are elected at large throughout the entire proposed community college district, the

1 three receiving the greatest number of votes must be elected for a term of 3 years, the two receiving the next
 2 greatest number of votes, for a term of 2 years, and the two receiving the next greatest number of votes, for a
 3 term of 1 year. If the trustees are elected in any manner other than at large throughout the entire proposed
 4 community college district, then the trustees elected shall determine by lot the three who shall serve for 3 years,
 5 the two who shall serve for 2 years, and the two who shall serve for 1 year. Thereafter, all trustees elected shall
 6 serve for terms of 3 years each."

7

8 **Section 16.** Section 20-15-208, MCA, is amended to read:

9 **"20-15-208. Conduct of community college district elections --cost.** (1) An election for the
 10 organization of the community college district and the concurrent election of trustees for the proposed
 11 community college district must be supervised by the board of regents acting as the governing body for the
 12 election and conducted by the county election administrator.

13 (2) For any community college district election held subsequent to the initial ~~election~~ elections under
 14 subsection (1), the community college district's board of trustees is the governing body for the election and the
 15 county election administrator shall conduct the election.

16 (3) If a proposed or existing community college district is within the boundaries of more than one
 17 county, the county election administrator of the county with the highest number of qualified electors in the
 18 proposed or existing community college district shall conduct the election.

19 (4) A community college district election must be conducted in accordance with Title 13, chapter 1,
 20 part 5.

21 ~~(5) The cost of conducting an initial community college district election under subsection (1) must be~~
 22 ~~paid by the university system."~~

23

24 **Section 17.** Section 20-15-209, MCA, is amended to read:

25 **"20-15-209. Determination of approval or disapproval of proposition -- subsequent procedures**
 26 **if approved.** (1) To carry, the proposal to organize the community college district must receive a majority of the
 27 total number of votes cast. The county election administrator shall determine whether the proposal has received
 28 the majority of the votes cast for each county within the proposed district and shall certify the results to the

1 ~~regents~~. Prior to the legislative session immediately following ~~the~~ an affirmative community college district
 2 organization election~~;~~
 3 (a) by August 15, the trustees-elect of the proposed community college district shall submit to the
 4 board of regents an analysis of the educational and workforce needs in the proposed community college district
 5 and planned course offerings to meet the needs; and

6 (b) by December 1, the regents ~~shall inform the legislature of the results of the election and shall~~
 7 provide a recommendation to the legislature based solely on an evaluation of the analysis in subsection (1)(a).

8 (2) Authority to approve a new community college district lies solely with the legislature. The
 9 legislature shall, by joint resolution at its next regular session, consider creation of the proposed community
 10 college district. If the legislature approves a new community college district, the ~~regents~~ board of county
 11 commissioners of each county in which the proposed community college district is located shall make an order
 12 declaring the community college district organized and cause a copy of the order to be recorded in the office of
 13 the county clerk and recorder in each county in which a portion of the new district is located. The board of
 14 county commissioners shall notify the board of regents of the district's organization

15 ~~(2)(3)~~ Within 30 days of the date of the organization order, the ~~regents~~ board of trustees of the
 16 community college district shall set a date and call notice an organization meeting for the board of trustees of
 17 ~~the community college district and shall notify the elected trustees of their membership and of the organization~~
 18 ~~meeting.~~ The notification must designate a temporary presiding officer and secretary for the purposes of
 19 organization."
 20

21 **Section 18.** Section 20-15-309, MCA, is amended to read:

22 **"20-15-309. Proposed budget Biennial budgeting.** The board of trustees of a community college
 23 district shall submit ~~a proposed budget~~ enrollment projections and other data necessary for calculating the state
 24 appropriation under 20-15-310 to the board of regents by August 45 1 immediately preceding each regular
 25 legislative session. ~~The proposed budget shall be for the next biennium and in a form approved by the state~~
 26 ~~budget director and the commissioner of higher education and shall be calculated in the same manner as the~~
 27 ~~operating budget described in 20-15-312. The board of regents shall review the proposed budget and all its~~
 28 ~~components and make any changes it determines necessary.~~ By the following September 1, the board of

1 regents shall submit its proposal for funding the community colleges to the budget director and the legislative
2 fiscal analyst."

3

4 **Section 19.** Section 20-15-310, MCA, is amended to read:

5 **"20-15-310. Appropriation -- definitions.** (1) It is the intent of the legislature that all community
6 college spending, other than from restricted funds, designated funds, or funds generated by an optional, voted
7 levy, be governed by the provisions of this part and the state general appropriations act.

8 (2) (a) The state general fund appropriation for each community college must be determined as
9 follows:

10 (i) multiply the variable cost of education per student by the projected full-time equivalent resident
11 student count and add the budget amount for the fixed cost of education; and

12 (ii) multiply the total in subsection (2)(a)(i) by the state share.

13 (b) The variable cost of education per student, the budget amount for fixed costs, and the state share
14 for each community college must be determined by the legislature. The state share for each community college,
15 expressed as a percentage, and the variable cost of education per student must be specified in the
16 appropriations act appropriating funds to the community colleges for each biennium.

17 (3) Except as provided in subsection (4), the state general fund appropriation for each full-time
18 equivalent resident student at a community college may not exceed the weighted average of state support per
19 resident full-time equivalent student among community colleges and 2-year and 4-year campuses of the
20 Montana university system in the most recent year plus an amount equal to two standard deviations of the most
21 recent 6 years of weighted averages of state support per resident full-time equivalent student among
22 community colleges and 2-year and 4-year campuses of the Montana university system.

23 (4) If enrollment for a community college is less than 200 full-time equivalent resident students for 2
24 consecutive fiscal years, the maximum state general fund appropriation in the subsequent fiscal year for that
25 community college may not exceed the lesser of:

26 (a) the weighted average of state support per resident full-time equivalent student within the Montana
27 university system; or

28 (b) the weighted average of state support per resident full-time equivalent student within the

1 community college system.

2 (5) At any time enrollment at a community college falls below 200 full-time equivalent resident
3 students, the community college shall submit a business plan to the board of regents for review, approval, and
4 monitoring. The business plan must include identifying what measures the community college will take to
5 increase enrollment. The plan must be submitted to the board of regents within 1 month after enrollment falls
6 below 200 full-time equivalent resident students.

7 (6) The student count may not include those enrolled in community service courses as defined by the
8 board of regents.

9 (7) As used in this section, the following definitions apply:

10 (a) "Adjusted cost of education" means the cost of education minus any reversion calculated under
11 17-7-142, ~~and expenditures from one-time-only legislative appropriations, and expenditures funded by local mill~~
12 ~~levies provided for in 2-9-212 and 20-9-501 in excess of the 2012 mill levy levels.~~

13 (b) "Cost of education" means the actual costs incurred by the community colleges during the budget
14 base fiscal year, as reported on the current unrestricted operating fund schedule that is statutorily required to
15 be submitted to the board of regents.

16 (c) "Fixed cost of education" means that portion of the adjusted cost of education, as determined by
17 the legislature, that is not influenced by increases or decreases in student enrollment.

18 (d) "Variable cost of education per student" means that portion of the total adjusted cost of education
19 at all Montana community colleges, as determined by the legislature, that is subject to change as a result of
20 increases or decreases in student enrollment, divided by the actual total student enrollment at all Montana
21 community colleges during the budget base fiscal year."

22

23 **Section 20.** Section 20-15-311, MCA, is amended to read:

24 **"20-15-311. Funding sources.** The annual ~~operating~~ current fund budget of a community college
25 district ~~must~~ may be financed from the following sources:

26 (1) the estimated revenue to be realized from student tuition and fees, except revenue related to
27 community service courses, as defined by the board of regents;

28 ~~(2) subject to 15-10-420, a mandatory mill levy on the community college district;~~

- 1 ~~(3)~~ subject to ~~15-10-420~~, the adult education levy authorized under provisions of ~~20-15-305~~;
- 2 ~~(4)~~(2) the state general fund appropriation pursuant to 20-15-310;
- 3 (3) the operating levy pursuant to [section 2];
- 4 ~~(5)~~ an optional voted levy on the community college district that must be submitted to the electorate in
- 5 accordance with general school election laws and ~~15-10-425~~;
- 6 ~~(6)~~(4) all other income, revenue, balances, or reserves not restricted by a source outside the
- 7 community college district to a specific purpose;
- 8 ~~(7)~~(5) income, revenue, balances, or reserves restricted by a source outside the community college
- 9 district to a specific purpose. Student fees paid for community service courses, as defined by the board of
- 10 regents, are considered restricted to a specific purpose.
- 11 ~~(8)~~(6) income from a political subdivision that is designated a community college service region under
- 12 20-15-241."

Section 21. Section 20-15-312, MCA, is amended to read:

"20-15-312. Calculation Review and approval of annual operating budget. (1) Annually by ~~September 4~~ August 15, the board of trustees of a community college shall submit an operating budget to the board of regents for their review. The operating budget of the community college must be ~~financed in the~~ following manner:

~~(a)~~ The general fund appropriation must be determined pursuant to ~~20-15-310~~.

~~(b)~~ The mandatory levy amount must represent a specific percentage of the combined total of the fixed cost of education and the variable cost of education, as those terms are defined in ~~20-15-310~~, and as determined by the legislature. This percentage must be specified for each community college by the board of trustees of the district and approved by the board of regents.

~~(c)~~ The funding obtained pursuant to subsections ~~(1)(a)~~ and ~~(1)(b)~~ plus the revenue derived from tuition and fee schedules approved by the board of regents and unrestricted income from any other source is the amount of the unrestricted budget. A detailed expenditure schedule for the unrestricted budget must be submitted to the board of regents for their review and approval.

~~(d)~~ The amount estimated to be raised by the voted levy must be detailed separately in an

1 expenditure schedule.

2 (e) ~~The spending of each restricted or designated funding source must be detailed separately in an~~
3 ~~expenditure schedule.~~

4 (f) ~~The expenditure schedules provided in subsections (1)(c) through (1)(e) represent the total~~
5 ~~operating budget of the community college submitted in a manner prescribed by the board of regents and~~
6 ~~include at a minimum:~~

7 (a) detailed revenue and expenditure estimates for the current fiscal year and actual revenue and
8 expenditure reports for the most recently completed fiscal year in all funds and subfunds; and

9 (b) a list of any property tax levies for the current year, displaying the amount to be raised in dollars
10 and mills and any applicable statutory limitations.

11 (2) The board of regents shall review and approve the proposed total operating budget and all its
12 components ~~and make any changes it determines necessary, ensuring the proposed budget complies with~~
13 applicable laws and accounting standards. The board of trustees of a community college district shall operate
14 within the limits of the operating budget approved by the board of regents."
15

16 **Section 22.** Section 20-15-313, MCA, is amended to read:

17 **"20-15-313. Tax levy.** (1) By the later of the first Thursday after the first Tuesday in September or
18 within 30 calendar days after receiving certified taxable values, the board of county commissioners of any
19 county where a community college district is located shall, ~~subject to 15-10-420,~~ fix and levy a tax on all the real
20 and personal property within the community college district at the rate required to finance ~~the mandatory mill~~
21 ~~levy prescribed by 20-15-312(1)(b) and the voted levy prescribed by 20-15-311(5) if one has been approved by~~
22 ~~the voters~~ the operating levy pursuant to [section 2].

23 (2) When a community college district has territory in more than one county, the board of county
24 commissioners in each county shall fix and levy the community college district tax on all the real and personal
25 property of the community college district situated in its county."
26

27 **Section 23.** Section 20-15-314, MCA, is amended to read:

28 **"20-15-314. Tax levy for community college service region.** Subject to ~~15-10-420~~ the limit and

1 inflationary adjustment under [section 2](3), a governing body designating a community college service region
 2 as provided in 20-15-241 may levy a tax on all real and personal property within the region at a rate required to
 3 finance the services offered by a community college district for the region. The levy is in addition to any other
 4 levies allowed by law and is not subject to any statutory or charter limitations on levies other than ~~15-10-420~~
 5 [section 2(3)]. The levy must be made at the same time and in the same manner as the general levy of the
 6 political subdivision designating the region is made, and the revenue generated must be collected at the same
 7 time and in the same manner. Within 30 days of collection, the appropriate revenue must be transmitted to the
 8 participating community college district."

9

10 **Section 24.** Section 20-15-321, MCA, is amended to read:

11 **"20-15-321. ~~General fund~~ Current unrestricted subfund cash reserve.** At the end of each school
 12 fiscal year the board of trustees of a community college district may designate a portion of the ~~general fund~~
 13 current unrestricted subfund end-of-the-year cash balance as a cash reserve for the purpose of paying ~~general~~
 14 ~~fund~~ current unrestricted subfund warrants issued by the district from July 1 to November 30 of the ensuing
 15 school fiscal year. The amount of the ~~general fund~~ current unrestricted subfund cash balance that is earmarked
 16 as cash reserve may not exceed 10% of the final general fund budget for the ensuing school fiscal year."

17

18 **Section 25.** Section 20-15-403, MCA, is amended to read:

19 **"20-15-403. Applications of other school district provisions.** (1) When the term "school district"
 20 appears in the following sections outside of Title 20, the term includes community college districts and the
 21 provisions of those sections applicable to school districts apply to community college districts: 2-9-101, 2-9-111,
 22 2-9-212; 2-9-316, 2-16-114, 2-16-602, 2-16-614, 2-18-703, 7-3-1101, 7-6-2604, 7-6-2801, 7-7-123, 7-8-2214, 7-
 23 8-2216, 7-11-103, 7-12-4106, 7-13-110, 7-15-4206, 10-1-703, 15-1-101, 15-6-204, 15-16-101, 15-16-605, 15-
 24 70-401, 17-5-101, 17-5-202, 17-6-103, 17-6-204, 17-6-205, 17-6-213, 17-7-201, 18-1-201, 18-2-101, 18-2-103,
 25 18-2-113, 18-2-114, 18-2-401, 18-2-404, 18-2-432, 18-5-205, 19-1-102, 19-1-811, 19-20-302, 22-1-309, 25-1-
 26 402, 27-18-406, 33-20-1104, 39-3-104, 39-4-107, 39-31-103, 39-31-304, 39-71-116, 39-71-117, 39-71-2106,
 27 40-6-237, 49-3-101, 49-3-102, 50-71-112, 52-2-617, 53-20-304, 82-10-201 through 82-10-203, 85-7-2158, and
 28 90-6-208 and Rules 4(k) and 15(c), M.R.Civ.P., as amended.

1 (2) When the term "school district" appears in a section outside of Title 20 but the section is not listed
2 in subsection (1), the school district provision does not apply to a community college district."

3

4 **Section 26.** Section 20-15-404, MCA, is amended to read:

5 **"20-15-404. Trustees to adhere to certain other laws.** Unless the context clearly indicates
6 otherwise, the trustees of a community college district shall adhere to:

7 (1) the teachers' retirement provisions of Title 19, chapter 20;

8 (2) the provisions of 20-1-201, 20-1-205, 20-1-211, and 20-1-212;

9 (3) the school property provisions of 20-6-604, 20-6-605, 20-6-621, 20-6-622, 20-6-624, 20-6-631,
10 and 20-6-633 through 20-6-636;

11 ~~(4) the adult education provisions of Title 20, chapter 7, part 7;~~

12 ~~(5)~~(4) the administration of finances provisions of 20-9-115, 20-9-134, 20-9-207, 20-9-208, 20-9-210,
13 20-9-215, 20-9-221, 20-9-223, and 20-9-512;

14 ~~(6)~~(5) the school bond provisions of 20-9-401 through 20-9-408, 20-9-410 through 20-9-412, 20-9-421
15 through 20-9-446, 20-9-461, 20-9-464, and 20-9-465;

16 ~~(7)~~(6) the special purpose funds provisions of ~~20-9-502, 20-9-503,~~ 20-9-507, 20-9-508, and 20-9-511;

17 ~~(8)~~(7) the educational cooperative agreements provisions of 20-9-701 through 20-9-704;

18 ~~(9)~~(8) the school elections provisions of Title 20, chapter 20;

19 ~~(10)~~(9) the students' rights provisions of 20-25-511 through 20-25-516; and

20 ~~(11)~~(10) the health provisions of 50-1-206."

21

22 NEW SECTION. **Section 27. Repealer.** The following section of the Montana Code Annotated is
23 repealed:

24 20-15-305. Adult education tax levy.

25

26 NEW SECTION. **Section 28. Transition.** (1) A community college district may carry forward the
27 taxing authority for the following levies in fiscal year 2021 to the operating levy under [section 2] in fiscal year
28 2022, subject to the inflationary adjustment pursuant to [section 2]:

- 1 (a) the mandatory levy;
 - 2 (b) the retirement levy under 20-9-501;
 - 3 (c) the levy for employer contributions to group benefits plans under 2-9-212; and
 - 4 (d) the adult education levy under 20-15-305.
- 5 (2) For a proposed community college district or a community college district approved by the 2021
6 legislature, the legislature intends that [this act] apply to the district prospectively as of July 1, 2021.

7

8 **NEW SECTION. Section 29. Codification instruction.** [Sections 1 and 2] are intended to be codified
9 as an integral part of Title 20, chapter 15, part 3, and the provisions of Title 20, chapter 15, part 3, apply to
10 [sections 1 and 2].

11

12 **NEW SECTION. Section 30. Effective date.** [This act] is effective July 1, 2021.

13 - END -