

1 SENATE BILL NO. 138

2 INTRODUCED BY L. NELSON

3 BY REQUEST OF THE LOCAL GOVERNMENT FUNDING AND STRUCTURE COMMITTEE

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS RELATING TO LOCAL
6 GOVERNMENT ACCOUNTING, BUDGETING, AND FINANCIAL MATTERS; AMENDING SECTIONS 2-7-501,
7 ~~2-7-503~~, 2-7-503, 2-7-504, 2-7-505, 2-7-513, 2-9-316, 2-9-804, 3-5-602, 3-5-901, 7-1-114, 7-3-4432,
8 7-6-204, ~~7-6-602~~, 7-6-2111, 7-4-2514, 7-6-2113, 7-6-2202, 7-6-2521, 7-6-2524, 7-6-2601, 7-6-2602,
9 7-6-2607, 7-6-4302, 7-6-4501, 7-12-4181, 7-12-4183, 50-60-302, 53-2-322, AND 85-3-423, MCA;
10 REPEALING SECTIONS 7-6-601, 7-6-603, 7-6-604, 7-6-2112, 7-6-2201, 7-6-2203, 7-6-2211, 7-6-2212,
11 7-6-2213, 7-6-2214, 7-6-2218, 7-6-2219, 7-6-2220, 7-6-2221, 7-6-2301, 7-6-2302, 7-6-2303,
12 7-6-2311, 7-6-2312, 7-6-2313, 7-6-2314, 7-6-2315, 7-6-2316, 7-6-2317, 7-6-2318, 7-6-2319,
13 7-6-2320, 7-6-2321, 7-6-2322, 7-6-2323, 7-6-2324, 7-6-2325, 7-6-2326, 7-6-2327, 7-6-2328,
14 7-6-2329, 7-6-2330, 7-6-2331, 7-6-2335, 7-6-2341, 7-6-2342, 7-6-2343, 7-6-2345, 7-6-2348,
15 7-6-2351, 7-6-2352, 7-6-2502, 7-6-2525, 7-6-2702, 7-6-4101, 7-6-4104, 7-6-4121, 7-6-4123,
16 7-6-4124, 7-6-4134, 7-6-4135, 7-6-4140, 7-6-4141, 7-6-4201, 7-6-4202, 7-6-4203, 7-6-4205,
17 7-6-4206, 7-6-4207, 7-6-4208, 7-6-4209, 7-6-4232, 7-6-4234, 7-6-4237, 7-6-4238, 7-6-4240,
18 7-6-4259, 7-6-4260, 7-6-4261, 7-6-4262, 7-6-4263, 7-6-4264, 7-6-4265, 7-6-4266, 7-6-4267,
19 7-6-4270, 7-6-4271, 7-6-4272, 7-6-4407, AND 7-6-4408, MCA; AND PROVIDING AN EFFECTIVE DATE
20 AND AN APPLICABILITY DATE."

21

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

23

24 NEW SECTION. **Section 1. Declaration of policy.** (1) It is the policy of the state of Montana that
25 all governmental accounting systems be established and maintained in accordance with generally accepted
26 accounting principles that are nationally recognized as set forth by the governmental accounting standards
27 board or its generally recognized successor.

28 (2) The codifications, pronouncements, and interpretations of the governmental accounting
29 standards board or its generally recognized successor must be recognized as the primary authoritative
30 reference for governmental accounting.

1

2 NEW SECTION. **Section 2. Fiscal year for local governments.** ~~(1)~~ The fiscal year of local
3 governments commences on July 1 of each calendar year and ends on June 30 of the following calendar
4 year.

5 ~~(2) LOCAL GOVERNMENT ENTITIES THAT DO NOT OPERATE UNDER THE FISCAL YEAR PROVIDED IN SUBSECTION~~
6 ~~(1) SHALL ADOPT THE FISCAL YEAR PROVIDED IN SUBSECTION (1) BY JULY 1, 2003.~~

7

8 NEW SECTION. **Section 3. Role of department of commerce.** (1) The department of commerce
9 shall prescribe for all local governments:

10 (a) general methods and details of accounting in accordance with generally accepted accounting
11 principles as provided in 2-7-504;

12 (b) uniform internal and interim reporting systems as part of the uniform reporting systems
13 provided for in 2-7-503;

14 (c) the form of the annual financial report as provided in 2-7-503; and

15 (d) general methods and details of accounting for the annual financial report as provided in
16 2-7-513.

17 (2) Local governments shall file with the department of commerce:

18 (a) an annual financial report within 6 months of the fiscal yearend; and

19 (b) an audit report within 12 months of the end of the audited period.

20 (3) THE GOVERNING BODY OF EACH COUNTY OR MUNICIPALITY SHALL NOTIFY THE DEPARTMENT OF COMMERCE
21 IN WRITING, ON A FORM PRESCRIBED BY THE DEPARTMENT OF COMMERCE, OF THE CREATION, DISSOLUTION, COMBINATION,
22 OR OTHER LEGAL ALTERATION OF ANY SPECIAL PURPOSE DISTRICT WITHIN THE COUNTY OR MUNICIPALITY.

23 (4) EACH SPECIAL PURPOSE DISTRICT SHALL OBTAIN A PERMANENT MAILING ADDRESS AND NOTIFY THE
24 DEPARTMENT OF COMMERCE OF THE ADDRESS AND OF ANY SUBSEQUENT CHANGES OF THE DISTRICT'S ADDRESS.

25

26 NEW SECTION. **Section 4. Additional records and reports.** (1) ~~Subject to the resources and~~
27 ~~means available to do so, the~~ THE chief executive or governing body of a county or municipality may
28 require any elected or appointed local government official or employee to:

29 (a) maintain new or additional financial records;

30 (b) perform new or additional financial reconciliations; and

1 (c) submit new or additional financial reports.

2 (2) This part does not provide for the consolidation or reassignment, BUT DOES NOT PROHIBIT
3 DELEGATION BY MUTUAL AGREEMENT, of any duties of elected county officials. Continuing county duties
4 include but are not limited to the following:

5 (a) The county treasurer shall make a detailed monthly report to the governing body of the county
6 of all receipts, disbursements, debt, and other proceedings of the treasurer's office.

7 (b) The county clerk shall compile and present to the governing body of the county the annual
8 financial report provided for in [section 3(2)(a)].

9 (3) The designated county or municipal treasurer shall:

10 (a) receive, disburse, and serve as the custodian of all public money;

11 (b) provide for accountability of all local government cash receipts and for deposits and
12 investments of all departments, offices, AND boards, ~~special districts, and special authorities~~;

13 (c) pay out, in the order registered, all warrants presented for payment when there are funds in
14 the treasury to pay the warrants; and

15 (d) require periodic departmental reports of money receipts and their disposition on forms that the
16 designated county or municipal treasurer prescribes.

17 (4) All local governments ~~other than consolidated governments, counties, and cities or towns~~:

18 (a) shall deposit all public money with the county or municipal treasurer within a month of receipt
19 unless otherwise specifically authorized by law;

20 (b) may not maintain separate bank accounts unless specifically authorized by the county or
21 municipal governing body;

22 (c) may not maintain separate investments.

23 (5) THE PROVISIONS OF SUBSECTIONS (3) AND (4) APPLY TO LOCAL GOVERNMENTS THAT ARE NOT SUBJECT TO
24 AN INDEPENDENT AUDIT PURSUANT TO 2-7-503 AND ARE IN ADDITION TO LAWS SPECIFICALLY APPLYING TO THOSE LOCAL
25 GOVERNMENTS.

26 ~~(5)~~(6) The governing body of a county or municipality shall direct the county or municipal treasurer
27 to open separate accounts for the receipt of money for the governing body. Only the county or municipal
28 treasurer may open an account for the receipt of local government money.

29

30 NEW SECTION. **Section 5. Procedure to transfer funds.** Money may not be transferred from one

- 1 fund to another except by resolution of a county or municipal governing body unless the transfer is:
- 2 (1) previously authorized by a budget resolution;
- 3 (2) provided for by [section 6];
- 4 (3) made in the usual course of county or municipal business for:
- 5 (a) school transfers;
- 6 (b) tax increment finance districts;
- 7 (c) specialized tax situations;
- 8 (d) the purpose of distributing refunds, protested taxes, or interest charges for interest in lieu of
- 9 registered warrants;
- 10 (e) bond sinking fund transfers;
- 11 (f) residual equity transfers;
- 12 (g) transfers of investments; or
- 13 (h) corrections of errors; or
- 14 (4) otherwise authorized by statute.

15

16 **NEW SECTION. Section 6. Procedure to close inactive funds.** A county or municipal governing

17 body may transfer balances from inactive funds and close the inactive funds.

18

19 **NEW SECTION. Section 7. Authorization to maintain petty cash fund.** (1) A county or municipal

20 governing body may set aside a sum out of the general fund, which must be known as a petty cash fund.

21 The petty cash fund must be used for the purpose of paying incidental expenses, such as freight charges,

22 express charges, postage, and other similar expenses that must be immediately paid in cash.

23 (2) In counties that have a county auditor, the county auditor is responsible for expenditures from

24 the petty cash fund. In counties that do not have a county auditor, the county clerk is responsible for

25 expenditures from the petty cash fund.

26

27 **NEW SECTION. Section 8. Capital improvement program.** A county or municipal governing body

28 may provide for a capital improvement program for the replacement, improvement, and acquisition of

29 property, facilities, or equipment that costs in excess of \$5,000 and that has a life expectancy of 5 years

30 or more. The capital improvement program must be formally adopted by the county or municipal governing

1 body. The capital improvement program may receive funds from up to 10% of one or more property tax
2 levies and may receive funds from any source.

3

4 **NEW SECTION. Section 9. Short title -- applicability.** (1) [Sections 9 through 32] may be referred
5 to as the "Local Government Budget Act".

6 (2) [Sections 9 through 32] apply to all local governments.

7

8 **NEW SECTION. Section 10. Definitions.** As used in [sections 9 through 32], unless the context
9 requires otherwise, the following definitions apply:

10 (1) "Governing body" means the elected body responsible for the administration of a local
11 government.

12 (2) "Local government" has the meaning provided in 7-6-602.

13 (3) "Municipality" means an incorporated city or town.

14 (4) "Working capital" means the current assets of a fund minus the current liabilities and
15 designated reserves of a fund.

16

17 **NEW SECTION. Section 11. Budget and levies supplied to department of commerce.** (1) A local
18 government shall submit a complete copy of the final budget together with a statement of tax levies to
19 the department of commerce by the later of October 1 or 60 days after receipt of taxable values from the
20 department of revenue. The county clerk and recorder shall make this submission for counties.

21 (2) The local government shall use standard forms prescribed by the department of commerce or
22 may use an alternative budget format acceptable to the department of commerce.

23

24 **NEW SECTION. Section 12. Budget fund structure.** Local government budgets must conform to
25 the fund structure prescribed by the department of commerce.

26

27 **NEW SECTION. Section 13. Expenditures limited to appropriations.** (1) Local government officials
28 may not make a disbursement or an expenditure or incur an obligation in excess of the total appropriations
29 for a fund.

30 (2) A local government official who violates subsection (1) is liable for the amount of the excess

1 disbursement, expenditure, or obligation personally and upon the official's bond.

2 (3) The subsequent claims approval process may not be considered as the making of a
3 disbursement or an expenditure or as incurring an obligation and does not otherwise limit or mitigate the
4 local government official's personal liability.

5

6 NEW SECTION. **Section 14. Appropriation power -- requirements.** (1) A governing body may
7 appropriate money and provide for the payment of the debts and expenses of the local government.

8 (2) Money may not be disbursed, expended, or obligated except pursuant to an appropriation for
9 which working capital is or will be available.

10 (3) Appropriations may be adjusted according to procedures authorized by the governing body for:

11 (a) debt service funds for obligations related to debt approved by the governing body;

12 (b) trust funds for obligations authorized by trust covenants;

13 (c) any fund for federal, state, local, or private grants and shared revenue accepted and approved
14 by the governing body;

15 (d) any fund for special assessments approved by the governing body;

16 (E) THE PROCEEDS FROM THE SALE OF LAND;

17 ~~(e)~~(E) any fund for gifts or donations; and

18 ~~(f)~~(G) money borrowed during the fiscal year.

19 (4) THE GOVERNING BODY MAY AMEND THE BUDGET DURING THE FISCAL YEAR BY CONDUCTING PUBLIC HEARINGS
20 AT REGULARLY SCHEDULED MEETINGS. BUDGET AMENDMENTS PROVIDING FOR ADDITIONAL APPROPRIATIONS MUST
21 IDENTIFY THE FUND RESERVES, UNANTICIPATED REVENUE, OR PREVIOUSLY UNBUDGETED REVENUE THAT WILL FUND THE
22 APPROPRIATIONS.

23

24 NEW SECTION. **Section 15. Use of bond proceeds and borrowed money.** (1) Except as otherwise
25 provided by law, money borrowed by a local government may be used only for the purpose for which the
26 money was borrowed. Unless restricted by law, surplus borrowed money may be used to redeem the debt
27 for which the money was borrowed.

28 (2) The authorization of bonds by the electors or the governing body constitutes the appropriation
29 of the bond proceeds for the purpose for which the bonds are authorized.

30

1 **NEW SECTION. Section 16. Fee based budgets -- adjustable appropriation.** (1) In its final budget
2 resolution, the governing body may authorize adjustments to appropriations funded by fees throughout the
3 budget period. Adjustable appropriations are:

4 (a) proprietary fund appropriations; or

5 (b) other appropriations specifically identified in the local government's final budget resolution as
6 fee-based appropriations.

7 (2) Adjustments of fee-based appropriations must be:

8 (a) based upon the cost of providing the services supported by the fee; and

9 (b) fully funded by the related fees for services, fund reserves, or nonfee revenue such as interest.

10

11 **NEW SECTION. Section 17. Fees for services -- hearing and resolution.** (1) If a local government
12 has the authority to regulate, establish, and change fees, rates, charges, and classifications that are
13 imposed for services to its inhabitants and other persons served by the local government, the fees, rates,
14 charges, and classifications must be reasonable and related to the cost of providing the service.

15 (2) Charges for services must comply with Title 17, chapter 2, part 3, and other applicable
16 statutes.

17 (3) In order to establish or change fees, rates, charges, or classifications imposed for services, the
18 governing body shall order a hearing to be held as provided in 7-1-4131, unless a special hearing process
19 is provided by law. Municipal utility rate hearings must be held as provided in 69-7-112.

20 (4) Notice of a hearing must be published as provided in 7-1-2121 for a county and as provided
21 in 7-1-4127 and 7-1-4128 for a municipality.

22 (5) After a hearing, the fees, rates, charges, or classifications must be established by resolution
23 of the governing body.

24

25 **NEW SECTION. Section 18. Restriction on tax-financed expenditures if voter approval required.**

26 If an expenditure is to be financed from a tax levy required to be authorized and approved at an election,
27 the expenditure may not be made or an obligation may not be incurred against the expenditure until the
28 tax levy is authorized and approved.

29

30 **NEW SECTION. Section 19. Payments for judgments.** (1) Judgments against a local government

1 that are not covered by insurance may be paid:

2 (a) from the general fund; or

3 (b) from the fund or funds supporting the local government operation that incurred the judgment.

4 (2) Judgments that are to be paid from the general fund:

5 (a) must be paid in the current fiscal year if there is sufficient money in the general fund to pay
6 both the judgment and the general fund appropriations for the current fiscal year; or

7 (b) must be paid from additional tax levies made in each of the next 3 years if general fund money
8 is insufficient to pay the judgment in the current fiscal year.

9

10 NEW SECTION. **Section 20. Preliminary annual operating budget.** (1) A preliminary annual
11 operating budget must be prepared for the local government.

12 (2) [Sections 9 through 32] do not provide for the consolidation or reassignment, BUT DO NOT
13 PROHIBIT DELEGATION BY MUTUAL AGREEMENT, of any duties of elected county officials.

14 (3) (a) Before June 1 of each year, the county clerk and recorder shall notify the county
15 commission and each board, office, or official that they are required to file preliminary budget proposals
16 for their component of the total county budget.

17 (b) Component budgets must be submitted to the clerk and recorder before June 10th or on a date
18 designated by the county commission and must be submitted on forms provided by the county clerk and
19 recorder.

20 (c) The county clerk and recorder shall prepare and submit the county's preliminary annual
21 operating budget.

22 (d) Component budget responsibilities as provided in this subsection (3) include but are not limited
23 to the following:

24 (i) The county surveyor ~~and~~ OR any special engineer shall compute road and bridge component
25 budgets and submit them to the county commission.

26 (ii) The county commission shall submit road and bridge component budgets.

27 (iii) The county treasurer shall submit debt service component budgets.

28 (iv) The county commission shall submit component budgets for construction or improvements to
29 be made from new general obligation debt.

30 (4) The preliminary annual operating budget for each fund must include, at a minimum:

1 (a) a listing of all revenue and other resources for the prior budget year, current budget year, and
2 proposed budget year;

3 (b) a listing of all expenditures for the prior budget year, the current budget year, and the proposed
4 budget year. All expenditures must be classified under one of the following categories:

5 (i) salaries and wages;

6 (ii) operations and maintenance;

7 (iii) capital outlay;

8 (iv) debt service; or

9 (v) transfers out.

10 (c) a projection of changes in fund balances or cash balances available for governmental fund
11 types and a projection of changes in cash balances and working capital for proprietary fund types. This
12 projection must be supported by a summary for each fund or group of funds listing the estimated beginning
13 balance plus estimated revenue, less proposed expenditures, cash reserves, and estimated ending
14 balances.

15 (d) a detailed list of proposed capital expenditures and a list of proposed major capital projects for
16 the budget year;

17 (e) financial data on current and future debt obligations;

18 (f) schedules or summary tables of personnel or position counts for the prior budget year, current
19 budget year, and proposed budget year. The budgeted amounts for personnel services must be supported
20 by a listing of positions, salaries, and benefits for all positions of the local government. The listing of
21 positions, salaries, and benefits is not required to be part of the budget document.

22 (g) all other estimates that fall under the purview of the budget.

23 (5) The preliminary annual operating budget for each fund for which the local government will levy
24 an ad valorem property tax must include the estimated amount to be raised by the tax.

25

26 **NEW SECTION. Section 21. Notice of preliminary OR AMENDED budget.** (1) The governing body
27 shall cause a notice of a public hearing on the preliminary OR AMENDED budget to be published. The notice
28 must:

29 (a) provide that the governing body has completed its preliminary annual budget for the ensuing
30 fiscal year OR INTENDS TO AMEND ITS ANNUAL BUDGET;

1 (b) state that the budget OR BUDGET AMENDMENT has been placed on file and is open to inspection
2 in the county or municipal office designated in the notice;

3 (c) designate the date, time, and place of the meeting at which the governing body will meet for
4 approving a final budget OR AMENDED BUDGET and making appropriations; and

5 (d) state that any taxpayer or resident may appear at the meeting and be heard for or against any
6 part of the proposed budget OR BUDGET AMENDMENT.

7 (2) The publication requirements must conform to the provisions of 7-1-2121 for a county or
8 7-1-4127 and 7-1-4128 for a municipality.

9

10 NEW SECTION. Section 22. District court budgets. (1) The district court must be provided with
11 copies of the preliminary ~~county budget and the budget hearing notice as soon as it is available~~ DISTRICT
12 COURT FUND BUDGET AS SOON AS THE PRELIMINARY COUNTY BUDGET IS PREPARED PURSUANT TO [SECTION 20].

13 (2) THE DISTRICT COURT MAY RECOMMEND CHANGES TO ANY PART OF THE DISTRICT COURT FUND BUDGET THAT
14 THE COURT CONSIDERS TO BE NECESSARY FOR IT TO DISCHARGE ITS OBLIGATIONS UNDER THE LAW. ANY
15 RECOMMENDATIONS MUST BE MADE AT THE HEARING ON THE PRELIMINARY BUDGET HELD PURSUANT TO [SECTION 24].

16 ~~(2)~~(3) The district court fund may be used only for district court operations and expenses.

17

18 NEW SECTION. Section 23. State grants to district courts -- rules. (1) To the extent funds are
19 available after expenses provided for in 3-5-901 are funded, the state shall make grants to the governing
20 body of a county for the district courts, as provided in this section.

21 (2) The governing body of a county may apply to the supreme court administrator for a grant by
22 filing a written request on forms provided by the administrator by August 20 for the previous fiscal year
23 unless, upon the request of the county, the administrator grants a time extension. In its request for a
24 grant, a county shall certify that:

25 (a) all expenditures from the district court fund have been lawfully made;

26 (b) transfers from the district court fund have not been or will not be made to any other fund; and

27 (c) expenditures have not been made from the district court fund that are not specifically
28 authorized by [section 22] and 7-6-2511.

29 (3) To the extent that funds are available, the state shall award a grant if the county's district
30 court expenditures for the previous fiscal year exceeded the sum of:

1 (a) the product of the maximum mill levy authorized by law for district court purposes, whether
2 or not assessed, multiplied by the previous year's taxable valuation of the county; and

3 (b) all revenue, except district court grants, required by law to be deposited in the district court
4 fund for the previous fiscal year.

5 (4) Eligible court expenditures for grant purposes include all costs of the county associated with
6 the operation and maintenance of the district court, except building costs, costs for capital items, and
7 costs for library maintenance, replacement, and acquisitions.

8 (5) The supreme court administrator shall notify each eligible county as soon as possible of the
9 state's intention to award a grant to that county and the amount of the award.

10 (6) The grant received by the county must be placed in the district court fund.

11 (7) If an audit conducted pursuant to 2-7-503 discloses that the county received a grant in excess
12 of the amount for which it was eligible, the county shall repay the excess to the state. The supreme court
13 administrator shall redistribute any repaid excess amounts to the other counties that received grants from
14 the appropriation from which the overpayment was made, on the same basis as the original awards. A
15 county is not eligible for a district court grant if it owes the state a refund of a prior year's overpayment.

16 (8) The supreme court administrator, in consultation with the supreme court, shall prescribe rules
17 and forms necessary to effectively administer this section. The administrator may require a county to
18 provide any information considered necessary for the administration of the program.

19

20 NEW SECTION. **Section 24. Hearing on preliminary budget.** (1) The governing body shall hold a
21 hearing in accordance with the notice given pursuant to [section 21].

22 (2) Local government officials shall attend the budget hearing to answer questions on their
23 proposed budgets if called upon:

24 (a) by the governing body; or

25 (b) by a taxpayer or resident.

26 (3) The hearing may be continued from day to day and must be concluded and the budget finally
27 approved and adopted by resolution by the later of the second Monday in August or within 45 calendar
28 days of receiving certified taxable values from the department of revenue.

29

30 NEW SECTION. **Section 25. Receipt and expenditure of money prior to adoption of final budget.** A

1 local government may receive and expend money between July 1 of the fiscal year and the date the final
2 budget resolution is adopted.

3

4 NEW SECTION. Section 26. Final budget -- resolution -- appropriations. (1) The governing body
5 may amend the preliminary budget after the public hearing and after considering any public comment.

6 (2) The amended budget constitutes the final budget. The final budget must be balanced so that
7 appropriations do not exceed the projected beginning balance plus the estimated revenue of each fund for
8 the fiscal year.

9 (3) The governing body shall adopt the final budget by resolution. The resolution must:

10 (a) authorize appropriations to defray the expenses or liabilities for the fiscal year; and

11 (b) establish legal spending limits at the level of detail in the resolution.

12 (4) The effective date of the resolution is July 1 of the fiscal year, even if the resolution is adopted
13 after that date.

14

15 NEW SECTION. Section 27. Budget amendment procedures. (1) The final budget resolution may
16 authorize the governing body or a designated official to transfer appropriations between items within the
17 same fund.

18 (2) The annual budget appropriations may be amended as provided in [sections 14(3) and 16].

19 (3) Except as provided in [sections 14 through 16, 19, and 28] or in the case of an emergency
20 under Title 10, chapter 3, a public hearing is required for an overall increase in appropriation authority.

21

22 NEW SECTION. Section 28. Emergency expenditures. (1) Emergency budget appropriations must
23 be adopted by two-thirds of the members of a governing body who are present at a meeting.

24 (2) Emergency expenditures are limited to and must be charged to the adopted emergency budget
25 appropriations.

26 (3) The governing body may submit the question of funding emergency warrants at an election
27 as provided by law.

28

29 NEW SECTION. Section 29. Expenditure limitation. Except as provided in [sections 14 through
30 16, 19, and 28], the governing body, ~~and~~ each county or municipal official, AND THE DISTRICT COURTS are

1 limited to the amount of appropriations and by the classifications in the annual appropriation resolution
 2 provided for in [section 26] when making disbursements or expenditures or incurring liabilities.

3

4 NEW SECTION. Section 30. Determination of fund requirements -- property tax levy. (1) After
 5 determining the final budget, the governing body shall determine the property tax levy needed for each
 6 fund by:

7 ~~(1)(A)~~ adding the total amount of the appropriations and authorized expenditures for the budget
 8 year;

9 ~~(2)(B) adding a reserve for cash flow, which may not exceed 50% of total appropriations for each~~
 10 ~~fund~~ AN ADDITIONAL AMOUNT, SUBJECT TO THE PROVISIONS OF SUBSECTION (2), AS A RESERVE TO MEET EXPENDITURES
 11 MADE FROM THE FUND DURING THE MONTHS OF JULY TO NOVEMBER OF THE NEXT FISCAL YEAR;

12 ~~(3)(C)~~ subtracting the working capital; and

13 ~~(4)(D)~~ subtracting the total estimated revenue, other than the property tax levy, for the budget
 14 year.

15 (2) AFTER DEDUCTING FROM THE AMOUNT OF THE APPROPRIATIONS AND AUTHORIZED EXPENDITURES THE TOTAL
 16 AMOUNT APPROPRIATED AND AUTHORIZED TO BE SPENT FOR ELECTION EXPENSES AND PAYMENT OF EMERGENCY
 17 WARRANTS, THE AMOUNT THAT MAY BE ADDED AS A RESERVE, AS PROVIDED IN SUBSECTION (1)(B), TO:

18 (A) A COUNTY'S FUND MAY NOT EXCEED ONE-THIRD OF THE TOTAL AMOUNT APPROPRIATED AND AUTHORIZED
 19 TO BE SPENT FROM THE FUND DURING THE CURRENT FISCAL YEAR; AND

20 (B) A CITY'S OR TOWN'S FUND MAY NOT EXCEED ONE-HALF OF THE TOTAL AMOUNT APPROPRIATED AND
 21 AUTHORIZED TO BE SPENT FROM THE FUND DURING THE CURRENT FISCAL YEAR.

22

23 NEW SECTION. Section 31. Tax levies for boards and commissions -- bond exemption. (1) The
 24 proposed budget and mill levy for each board, commission, or other governing entity are subject to
 25 approval by the governing body.

26 (2) Except for a port authority created under Title 7, chapter 14, part 11, the taxes, revenue, or
 27 fees legally pledged for the payment of debt are not subject to approval by the governing body.

28 (3) Except for judgment levies under 2-9-316 or [section 19], all tax levies are subject to
 29 15-10-420.

30

1 NEW SECTION. **Section 32. Fixing tax levy.** (1) The governing body shall fix the tax levy for each
2 taxing jurisdiction within the county or municipality:

3 (a) by the later of the second Monday in August or within 45 calendar days after receiving
4 certified taxable values;

5 (b) after the approval and adoption of the final budget; and

6 (c) at levels that will balance the budgets as provided in [section 30].

7 (2) Each levy:

8 (a) must be made in the manner provided by 15-10-201; and

9 (b) except for a judgment levy under 2-9-316 or [section 19], is subject to 15-10-420.

10

11 **Section 33.** Section 2-7-501, MCA, is amended to read:

12 **"2-7-501. Definitions.** Unless the context requires otherwise, in this part, the following definitions
13 apply:

14 (1) "Audit" means a financial audit and includes financial statement and financial-related audits
15 as defined by government auditing standards as established by the U.S. comptroller general.

16 (2) "Board" means the Montana board of public accountants provided for in 2-15-1866.

17 (3) "Department" means the department of commerce.

18 (4) (a) "Financial assistance" means assistance provided by a federal, state, or local government
19 entity to a local government entity or subrecipient to carry out a program. Financial assistance may be in
20 the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies,
21 insurance, direct appropriations, or other noncash assistance. Financial assistance includes awards
22 received directly from federal and state agencies or indirectly when subrecipients receive funds identified
23 as federal or state funds by recipients. The granting agency is responsible for identifying the source of
24 funds awarded to recipients. The recipient is responsible for identifying the source of funds awarded to
25 subrecipients.

26 (b) Financial assistance does not include direct federal, state, or local government cash assistance
27 to individuals.

28 (5) "Financial report" means a presentation of financial statements, including applicable
29 supplemental notes and supplemental schedules, that are prepared in a format published by the department
30 using the Budgetary Accounting and Reporting System for Montana Cities, Towns, and Counties Manual

1 and that reflect a current financial position and the operating results for the 1-year reporting period.

2 (6) "Independent auditor" means:

3 (a) a federal, state, or local government auditor who meets the standards specified in the
4 government auditing standards; or

5 (b) a licensed accountant who meets the standards in subsection (6)(a).

6 (7) (a) "Local government entity" means a county, city, district, or public corporation that:

7 (i) has the power to raise REVENUE OR RECEIVE, DISBURSE, OR EXPEND LOCAL, STATE, OR FEDERAL
8 GOVERNMENT revenue for the purpose of serving the general public;

9 (ii) is governed by a board, commission, or individual elected or appointed by the public or
10 representatives of the public; and

11 (iii) receives local, state, or federal financial assistance.

12 (b) Local government entities include but are not limited to:

13 (i) airport authority districts;

14 (ii) cemetery districts;

15 (iii) counties;

16 (iv) county housing authorities;

17 (v) county road improvement districts;

18 (vi) county sewer districts;

19 (vii) county water districts;

20 (viii) county weed control districts;

21 (ix) drainage districts;

22 (x) fire department relief associations;

23 (xi) fire districts;

24 (xii) hospital districts;

25 (xiii) incorporated cities or towns;

26 (xiv) irrigation districts;

27 (xv) mosquito districts;

28 (xvi) municipal housing authority districts;

29 (xvii) port authorities;

30 (xviii) refuse disposal districts;

- 1 (xix) rural improvement districts;
- 2 (xx) school districts including a district's extracurricular funds;
- 3 (xxi) soil conservation districts;
- 4 (xxii) special education or other cooperatives;
- 5 (xxiii) television districts;
- 6 (xxiv) urban transportation districts;
- 7 ~~(xxv) volunteer fire departments; and~~
- 8 ~~(xxvi)~~(xxv) water conservancy districts; and
- 9 ~~(xxvii)~~(xxvi) other miscellaneous and special districts.

10 (8) "Revenues" means all receipts of a local government entity from any source excluding the
 11 proceeds from bond issuances."

12

13 ~~Section 34. Section 2-7-503, MCA, is amended to read:~~

14 ~~"2-7-503. Financial reports and audits of local government entities -- exception. (1) The governing~~
 15 ~~body or managing or executive officer of a local government entity, other than a school district or~~
 16 ~~associated cooperative, shall ensure that a financial report is made every year. A school district or~~
 17 ~~associated cooperative shall comply with the provisions of 20-9-213. The financial report must cover the~~
 18 ~~preceding fiscal year, be in a form prescribed by the department, and be completed within 6 months of~~
 19 ~~the end of the reporting period. The local government entity shall submit the financial report to the~~
 20 ~~department for review.~~

21 ~~(2) The department shall prescribe a uniform reporting system for all local government entities~~
 22 ~~subject to financial reporting requirements, other than school districts. The superintendent of public~~
 23 ~~instruction shall prescribe the reporting requirements for school districts.~~

24 ~~(3) (a) The governing body or managing or executive officer of each local government entity~~
 25 ~~receiving revenue or financial assistance in the period covered by the financial report in excess of~~
 26 ~~\$200,000 shall cause an audit to be made at least every 2 years. The audit must cover the entity's~~
 27 ~~preceding 2 fiscal years. The audit must commence within 9 months from the close of the last fiscal year~~
 28 ~~of the audit period. The audit must be completed and submitted to the department for review within 1 year~~
 29 ~~from the close of the last fiscal year covered by the audit.~~

30 ~~(b) The governing body or managing or executive officer of a local government entity that does~~

1 not meet the criteria established in subsection (3)(a) shall at least once every 4 years, if directed by the
 2 department, or, in the case of a school district, if directed by the department at the request of the
 3 superintendent of public instruction, cause a financial review, as defined by department rule, to be
 4 conducted of the financial statements of the entity for the preceding fiscal year.

5 ~~———— (4) An audit conducted in accordance with this part is in lieu of any financial or financial and
 6 compliance audit of an individual financial assistance program that a local government is required to
 7 conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part
 8 provides a state agency with the information that it requires to carry out its responsibilities under state
 9 or federal law or regulation, the state agency shall rely upon and use that information to plan and conduct
 10 its own audits or reviews in order to avoid a duplication of effort.~~

11 ~~———— (5) In addition to the audits required by this section, the department may at any time conduct or
 12 contract for a special audit or review of the affairs of any local government entity referred to in this part.
 13 The special audit or review must, to the extent practicable, build upon audits performed pursuant to this
 14 part.~~

15 ~~———— (6) The fee for the special audit or review must be a charge based upon the costs incurred by the
 16 department in relation to the special audit or review. The audit or review fee must be paid by the local
 17 government entity to the state treasurer and must be deposited in the enterprise fund to the credit of the
 18 department.~~

19 ~~———— (7) Subsections (1) through (3) do not apply to a local government entity that has adopted the
 20 alternative accounting method provided for in Title 7, chapter 6, part 6.~~

21 ~~———— (7) The department may perform or contract for up to 20 selected audits or reviews each year.
 22 These audits or reviews may be based upon requests that raise concerns regarding proper accounting, a
 23 random selection process, or other criteria established by the department. The \$200,000 financial report
 24 requirement in subsection (3)(a) does not apply to the selected audits or reviews. The audits or reviews
 25 conducted under this subsection must be paid for by the state from an appropriation made for the purpose
 26 of implementing this subsection."~~

27

28 **SECTION 34. SECTION 2-7-503, MCA, IS AMENDED TO READ:**

29 **"2-7-503. Financial reports and audits of local government entities -- exception.** (1) The governing
 30 body or managing or executive officer of a local government entity, other than a school district or

1 associated cooperative, shall ensure that a financial report is made every year. A school district or
2 associated cooperative shall comply with the provisions of 20-9-213. The financial report must cover the
3 preceding fiscal year, be in a form prescribed by the department, and be completed within 6 months of
4 the end of the reporting period. The local government entity shall submit the financial report to the
5 department for review.

6 (2) The department shall prescribe a uniform reporting system for all local government entities
7 subject to financial reporting requirements, other than school districts. The superintendent of public
8 instruction shall prescribe the reporting requirements for school districts.

9 (3) (a) The governing body or managing or executive officer of each local government entity
10 receiving revenue or financial assistance in the period covered by the financial report in excess of
11 \$200,000 shall cause an audit to be made at least every 2 years. The audit must cover the entity's
12 preceding 2 fiscal years. The audit must commence within 9 months from the close of the last fiscal year
13 of the audit period. The audit must be completed and submitted to the department for review within 1 year
14 from the close of the last fiscal year covered by the audit.

15 (b) The governing body or managing or executive officer of a local government entity that does
16 not meet the criteria established in subsection (3)(a) shall at least once every 4 years, if directed by the
17 department, or, in the case of a school district, if directed by the department at the request of the
18 superintendent of public instruction, cause a financial review, as defined by department rule, to be
19 conducted of the financial statements of the entity for the preceding fiscal year.

20 (4) An audit conducted in accordance with this part is in lieu of any financial or financial and
21 compliance audit of an individual financial assistance program that a local government is required to
22 conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part
23 provides a state agency with the information that it requires to carry out its responsibilities under state
24 or federal law or regulation, the state agency shall rely upon and use that information to plan and conduct
25 its own audits or reviews in order to avoid a duplication of effort.

26 (5) In addition to the audits required by this section, the department may at any time conduct or
27 contract for a special audit or review of the affairs of any local government entity referred to in this part.
28 The special audit or review must, to the extent practicable, build upon audits performed pursuant to this
29 part.

30 (6) The fee for the special audit or review must be a charge based upon the costs incurred by the

1 department in relation to the special audit or review. The audit fee must be paid by the local government
2 entity to the state treasurer and must be deposited in the enterprise fund to the credit of the department.

3 ~~(7) Subsections (1) through (3) do not apply to a local government entity that has adopted the~~
4 ~~alternative accounting method provided for in Title 7, chapter 6, part 6."~~

5

6 **Section 35.** Section 2-7-504, MCA, is amended to read:

7 **"2-7-504. Accounting methods --exception.** (1) Unless otherwise required by law, the department
8 shall prescribe by rule the general methods and details of accounting for the receipt and disbursement of
9 all money belonging to local government entities and shall establish in those offices general methods and
10 details of accounting. All local government entity officers shall conform with the accounting standards
11 prescribed by the department.

12 (2) ~~This section does not apply to a local government entity that has adopted the alternative~~
13 ~~accounting method provided for in Title 7, chapter 6, part 6. The rules adopted by the department must~~
14 ~~be in accordance with generally accepted accounting principles established by the governmental~~
15 ~~accounting standards board or its generally recognized successor."~~

16

17 **Section 36.** Section 2-7-505, MCA, is amended to read:

18 **"2-7-505. Audit scope and standards.** (1) Each audit must be a comprehensive audit of the affairs
19 of the local government entity and must be made in accordance with auditing standards and in accordance
20 with federal regulations adopted by the department by rule.

21 (2) The department, with cooperation from state agencies, shall prepare a local government
22 compliance supplement that contains state and federal regulations applicable to local government entities.
23 Auditors shall use the compliance supplement adopted pursuant to this section in conjunction with
24 government auditing standards adopted by the department to determine the compliance testing to be
25 performed during an audit.

26 (3) When auditing a county or a consolidated government auditors shall perform tests for
27 compliance with state laws relating to receipts and disbursements of agency funds maintained by the
28 entity. Findings related to compliance tests must be reported in accordance with the reporting standards
29 for financial audits prescribed in government auditing standards adopted by the department."

30

1 **Section 37.** Section 2-7-513, MCA, is amended to read:

2 **"2-7-513. Content of audit report and financial report --exception.** (1) The audit reports must
3 comply with the reporting requirements of government auditing standards issued by the U.S. comptroller
4 general and federal regulations adopted by department rule.

5 (2) ~~(a)~~ The department shall prescribe general methods and details of accounting for the financial
6 report for local government entities other than schools. The financial report must be submitted in a form
7 required by the department. The superintendent of public instruction shall prescribe the general methods
8 and details of accounting for financial reports for schools.

9 ~~(b) Subsection (2)(a) does not apply to a local government entity that has adopted the alternative
10 accounting method provided for in Title 7, chapter 6, part 6."~~

11

12 **Section 38.** Section 2-9-316, MCA, is amended to read:

13 **"2-9-316. Judgments against governmental entities except state.** ~~Except as provided in 15-1-402,~~
14 a A political subdivision of the state shall satisfy a final judgment or settlement out of funds that may be
15 available from the following sources:

16 (1) insurance;

17 (2) the general fund or any other funds legally available to the governing body;

18 (3) a property tax, otherwise properly authorized by law, collected by a special levy authorized
19 by law, in an amount necessary to pay any unpaid portion of the judgment or settlement, ~~except that the
20 levy may not exceed 10 mills;~~

21 (4) proceeds from the sale of bonds issued by a county, city, or school district for the purpose
22 of deriving revenue for the payment of the judgment or settlement liability. The governing body of a
23 county, city, or school district may issue bonds pursuant to procedures established by law. Property taxes
24 may be levied to amortize the bonds, ~~provided the levy for payment of any bonds, settlements, or
25 judgments may not exceed, in the aggregate, 10 mills annually."~~

26

27 **SECTION 39. SECTION 2-9-804, MCA, IS AMENDED TO READ:**

28 **"2-9-804. Purchase -- responsible surety.** (1) The city or town council or commissioners shall
29 purchase all surety bonds for city officers and employees.

30 ~~(2) The city or town council or commission shall actively solicit offers on a competitive bases from~~

1 ~~available qualified insurance or surety companies before purchasing the bonds.~~

2 (3) Bonds purchased by the city or town council or commission ~~shall~~ must be executed by
3 responsible insurance or surety companies authorized and admitted to execute surety bonds in this state."

4

5 **Section 40.** Section 3-5-602, MCA, is amended to read:

6 **"3-5-602. Salary and expenses -- apportionment.** (1) Each reporter is entitled to receive a base
7 annual salary of not less than \$28,000 or more than \$35,000 and no other compensation, except as
8 provided in 3-5-604, unless the judge decides to solicit bids for the work performed by the reporter, in
9 which case the salary must be for the amount specified in the bid accepted by the judge. The salary must
10 be set by the judge for whom the reporter works. The salary is payable in monthly installments out of the
11 general funds of the counties composing the district for which the reporter is appointed and out of an
12 appropriation made to the supreme court administrator as provided in subsection (2).

13 (2) The supreme court administrator shall determine the total number of civil and criminal actions
14 commenced in the preceding year in the district court or courts in the judicial district for which a reporter
15 is appointed. The state shall pay its portion of the reporter's salary based on the proportion of the total
16 number of criminal actions commenced in the district court or courts in the district and the amount
17 appropriated for that purpose. Each county shall pay its portion of the remainder of the salary based on
18 its proportion of the total number of civil and criminal actions commenced in the district courts in the
19 district. The judge or judges of the district shall, on January 1 of each year or as soon thereafter as
20 possible, apportion the amount of the salary to be paid by each county in the district on the basis
21 prescribed in this subsection. The portion of the salary payable by a county is a district court expense
22 within the meaning of ~~7-6-2351, 7-6-2352, and~~ 7-6-2511.

23 (3) In judicial districts comprising more than one county, the reporter is allowed, in addition to the
24 salary and fees provided for in subsection (1), actual and necessary travel expenses, as defined and
25 provided in 2-18-501 through 2-18-503, when on official business to a county of the reporter's judicial
26 district other than the county in which the reporter resides. The expenses must be apportioned and are
27 payable in the same way as the salary."

28

29 **Section 41.** Section 3-5-901, MCA, is amended to read:

30 **"3-5-901. State assumption of certain district court expenses -- designation as district court**

- 1 **reimbursement program.** (1) To the extent that revenue is available under 61-3-509, the state shall fund:
- 2 (a) the following district court expenses in criminal cases only:
- 3 (i) salaries of court reporters;
- 4 (ii) fees for transcripts of proceedings;
- 5 (iii) witness fees and necessary expenses;
- 6 (iv) juror fees;
- 7 (v) expenses for indigent defense; and
- 8 (vi) expenses for psychiatric examinations;
- 9 (b) the district court expenses, as listed in subsection (1)(a), in all postconviction proceedings held
- 10 pursuant to Title 46, chapter 21, and in all habeas corpus proceedings held pursuant to Title 46, chapter
- 11 22, and appeals from those proceedings;
- 12 (c) the following expenses incurred by the state in federal habeas corpus cases that challenge the
- 13 validity of a conviction or of a sentence:
- 14 (i) transcript fees;
- 15 (ii) witness fees; and
- 16 (iii) expenses for psychiatric examinations; and
- 17 (d) the following expenses incurred by the state in a proceeding held pursuant to Title 41, chapter
- 18 3, part 4 or 6, that seeks temporary investigative authority of a youth, temporary legal custody of a youth,
- 19 or termination of the parent-child legal relationship and permanent custody:
- 20 (i) transcript fees;
- 21 (ii) witness fees;
- 22 (iii) expenses for medical and psychological evaluation of a youth or the youth's parent, guardian,
- 23 or other person having physical or legal custody of the youth except for expenses for services that a
- 24 person is eligible to receive under a public program that provides medical or psychological evaluation;
- 25 (iv) expenses associated with appointment of a guardian ad litem or child advocate for the youth;
- 26 (v) expenses for appointed counsel for the youth;
- 27 (vi) expenses for appointed counsel for the parent, guardian, or other person having physical or
- 28 legal custody of the youth; and
- 29 (vii) expenses associated with court-ordered alternative dispute resolution.
- 30 (2) If revenue received under 61-3-509 exceeds the amount appropriated by the legislature to fund

1 the expenses of the appellate defender program, the excess amount is statutorily appropriated, as provided
 2 in 17-7-502, to the supreme court to fund the expenses described in subsections (1)(a) through (1)(d) of
 3 this section, the district court grant program as described in subsection (4)(a) of this section, and the costs
 4 of administering this section.

5 (3) All revenue disbursed under this section must be deposited in and credited to the district court
 6 fund. If a district court fund does not exist, the revenue must be deposited in the county general fund for
 7 district court operations.

8 (4) If money appropriated for the expenses listed in subsection (1):

9 (a) exceeds the amount necessary to fully fund those expenses, the remaining excess amounts
 10 must be used for district court grants as provided in ~~7-6-2352~~ [section 23]; or

11 (b) is insufficient to fully fund those expenses, the county is responsible for payment of the
 12 balance."

13

14 **SECTION 42.** SECTION 7-1-114, MCA, IS AMENDED TO READ:

15 **"7-1-114. Mandatory provisions.** (1) A local government with self-government powers is subject
 16 to the following provisions:

17 (a) all state laws providing for the incorporation or disincorporation of cities and towns_± for the
 18 annexation, disannexation, or exclusion of territory from a city or town_± for the creation, abandonment,
 19 or boundary alteration of counties_± and for city-county consolidation;

20 (b) Title 7, chapter 3, part 1;

21 (c) all laws establishing legislative procedures or requirements for units of local government;

22 (d) all laws regulating the election of local officials;

23 (e) all laws that require or regulate planning or zoning;

24 (f) any law directing or requiring a local government or any officer or employee of a local
 25 government to carry out any function or provide any service;

26 (g) except as provided in subsection (3), any law regulating the budget, finance, or borrowing
 27 procedures and powers of local governments, ~~except that the mill levy limits established by 15-10-420~~
 28 ~~apply~~;

29 (h) Title 70, chapters 30 and 31.

30 (2) These provisions are a prohibition on the self-government unit acting other than as provided.

1 (3) (a) Notwithstanding the provisions of subsection (1)(g) and except as provided in subsection
 2 (3)(b), self-governing local government units are not subject to the mill levy limits established by state law.

3 (b) The provisions of 15-10-420 apply to self-governing local government units."
 4

5 **Section 43.** Section 7-3-4432, MCA, is amended to read:

6 **"7-3-4432. Accounting procedures.** Accounting ~~procedure shall~~ procedures must be devised and
 7 maintained for the municipality; that are adequate to record in detail all transactions affecting the
 8 acquisition, custodianship, and disposition of values, including cash receipts and disbursements. The
 9 accounting procedures must conform to the methods and standards provided for in 2-7-504 and Title 7,
 10 chapter 6, part 6. The recorded facts ~~shall~~ must be presented periodically to officials and to the public
 11 in ~~such~~ summaries and analytical schedules in detailed support ~~thereof as of the summaries that~~ may be
 12 necessary to show the full effect of ~~such~~ the transactions for each fiscal year upon the finances of the
 13 municipality and in relation to each department of the municipal government, including distinct summaries
 14 and schedules for each publicly owned and operated utility."
 15

16 **Section 44.** Section 7-6-204, MCA, is amended to read:

17 **"7-6-204. Crediting of interest.** (1) Unless otherwise provided by law or by the terms of a gift,
 18 grant, or donation, interest paid and collected on deposits or investments must be credited to the general
 19 fund of the county, city, or town to whose credit the funds are deposited.

20 (2) Interest paid and collected on the deposits or investments of the funds of a volunteer fire
 21 district or department organized in an unincorporated area under Title 7, chapter 33, part 21 or 23, must
 22 be credited to the account of that fire district or department.

23 (3) Interest paid and collected on the deposits or investments of the county road fund or county
 24 bridge fund may be credited to the county road fund or county bridge fund."
 25

26 ~~Section 43.~~ Section 7-6-602, MCA, is amended to read:

27 ~~"7-6-602. Definition.~~ For ~~Except as provided in subsection (1)(c), for the purposes of this part,~~
 28 ~~the following definitions apply:~~

29 ~~(1) (a) "local "Local government entity" means a consolidated city-county government, or a~~
 30 ~~county, or an incorporated city or town, a district, or a public corporation that:~~

- 1 ~~—— (i) has the power to raise revenue for the purpose of serving the general public;~~
2 ~~—— (ii) is governed by a board, commission, or individual elected or appointed by the public or~~
3 ~~representatives of the public; and~~
4 ~~—— (iii) receives local, state, or federal financial funds.~~
5 ~~—— (b) Local governments include but are not limited to:~~
6 ~~—— (i) airport authority districts;~~
7 ~~—— (ii) cemetery districts;~~
8 ~~—— (iii) cooperatives;~~
9 ~~—— (iv) county housing authorities;~~
10 ~~—— (v) county road improvement districts;~~
11 ~~—— (vi) county sewer districts;~~
12 ~~—— (vii) county water districts;~~
13 ~~—— (viii) county weed control districts;~~
14 ~~—— (ix) drainage districts;~~
15 ~~—— (x) fire department relief associations;~~
16 ~~—— (xi) fire districts;~~
17 ~~—— (xii) hospital districts;~~
18 ~~—— (xiii) irrigation districts;~~
19 ~~—— (xiv) mosquito districts;~~
20 ~~—— (xv) municipal housing authority districts;~~
21 ~~—— (xvi) port authorities;~~
22 ~~—— (xvii) refuse disposal districts;~~
23 ~~—— (xviii) rural improvement districts;~~
24 ~~—— (xix) soil conservation districts;~~
25 ~~—— (xx) television districts;~~
26 ~~—— (xxi) urban transportation districts;~~
27 ~~—— (xxii) volunteer fire departments;~~
28 ~~—— (xxiii) water conservancy districts; and~~
29 ~~—— (xxiv) other miscellaneous and special districts.~~
30 ~~—— (c) The term does not include:~~

1 ~~—— (i) school districts, including a district's extracurricular funds; or~~
 2 ~~—— (ii) special education cooperatives.~~
 3 ~~—— (2) "Public money" means all cash and financial instruments received by any local government or~~
 4 ~~any local government official or employee that are derived from or received for the benefit of a local~~
 5 ~~government service. The term includes gifts, grants, and donations."~~

6

7 **Section 45.** Section 7-6-2111, MCA, is amended to read:

8 **"7-6-2111. Duties of county treasurer.** ~~(1)~~ The county treasurer shall:

9 ~~(a)(1)~~ must receive all money belonging to the county and all other money directed to be paid to
 10 the treasurer by law, safely keep the money, ~~and~~ apply and pay the money out, and account for the money
 11 as required by law;

12 ~~(b)(2)~~ shall keep an account of the receipt and expenditures of the money in books provided for
 13 the purpose, in which must be entered:

14 ~~(i)(a)~~ the amount, and the time when, from whom, and on what account all money was received;

15 ~~(ii)(b)~~ the amount, and time when, to whom, and on what account all disbursements were made;

16 ~~(c)(3)~~ shall keep books so that the amounts received and paid out on account of separate funds
 17 or specific appropriations are exhibited in separate and distinct accounts, with the whole receipts and
 18 expenditures shown in one general or cash account;

19 ~~(d)~~ may not enter money received for the current year on the treasurer's account with the county
 20 for the past fiscal year until after the treasurer's annual settlement for the past year has been made with
 21 the county clerk;

22 ~~(e)(4)~~ shall disburse the county money only on county warrants issued by the county clerk, based
 23 on orders of the board of county commissioners, or as otherwise provided by law.

24 ~~(2)~~ This section does not apply to a county that has adopted the alternative accounting method
 25 provided for in Title 7, chapter 6, part 6."

26

27 **Section 46.** Section 7-4-2514, MCA, is amended to read:

28 **"7-4-2514. Filing required to receive salary.** The board of county commissioners ~~must~~ may not
 29 order the payment of the salary of any ~~such~~ officer until ~~he~~ the officer has filed the duplicate receipt with
 30 the county clerk, properly signed by the treasurer, showing that ~~he~~ the officer has made the statement and

1 settlement for that month, as required in this part, ~~and filed the report prescribed in 7-6-2213.~~"

2

3 **Section 47.** Section 7-6-2113, MCA, is amended to read:

4 **"7-6-2113. Effect of failure to make treasurer's report.** If ~~any~~ a county treasurer neglects or
5 refuses to settle or report as required in ~~7-6-2112~~ [section 4], ~~he~~ the county treasurer forfeits and ~~must~~
6 shall pay to the county the sum of \$500 for ~~every such~~ each neglect or refusal. The board of county
7 commissioners ~~must~~ shall institute suits for the recovery ~~thereof~~ of the sum."

8

9 **Section 48.** Section 7-6-2202, MCA, is amended to read:

10 **"7-6-2202. Duties of county clerk related to finance --exception.** (1) The county clerk shall draw
11 warrants on the county treasury in favor of all persons entitled to the warrants in payment:

12 (a) of all claims and demands chargeable against the county ~~which~~ that have been legally
13 examined, allowed, and ordered paid by the board of county commissioners; and

14 (b) for all debts and demands against the county when the amounts are fixed by law and are not
15 directed to be audited by some other person or tribunal.

16 (2) The county clerk shall keep accounts current with the treasurer. When any person deposits
17 with the county treasurer any money paid into the treasury, the county clerk must be furnished by the
18 treasurer with a duplicate of the receipt issued to the person. The duplicate receipt must be filed in the
19 office of the county clerk, and the county clerk shall charge the treasurer with the amount of the deposit.

20 (3) The county clerk shall make the annual statement ~~as prescribed in 7-6-2203~~ prescribed by the
21 department of commerce.

22 (4) ~~This section does not apply to a county that has adopted the alternative accounting method~~
23 ~~provided for in Title 7, chapter 6, part 6."~~

24

25 **Section 49.** Section 7-6-2521, MCA, is amended to read:

26 **"7-6-2521. All-purpose levy authorized for counties.** A county may at its option levy an
27 all-purpose levy as provided in 7-6-2521 through 7-6-2524 and 7-6-2526."

28

29 **Section 50.** Section 7-6-2524, MCA, is amended to read:

30 **"7-6-2524. Changes from all-purpose levy.** A county adopting the all-purpose levy provided for

1 in 7-6-2521 through ~~7-6-2524~~ and 7-6-2526 is bound by that adoption during the ensuing fiscal year but
 2 may abandon the method in succeeding fiscal years."

3

4 **Section 51.** Section 7-6-2601, MCA, is amended to read:

5 **"7-6-2601. Details related to county warrants -- definition.** (1) Warrants issued pursuant to
 6 7-6-2202(1) ~~shall~~ must be signed by the county clerk and the ~~chairman~~ presiding officer of the board of
 7 county commissioners, except warrants drawn on the redemption fund.

8 (2) All warrants issued by the county clerk during each year, commencing with the first Monday
 9 in January, must be numbered consecutively. The number, date, and amount of each ~~and~~ warrant, the
 10 name of the person to whom it is payable, and the purpose for which it is drawn must be stated ~~thereon~~;
 11 on the warrant. ~~and the warrants~~ Warrants must, at the time they are issued, be registered by ~~him~~ the
 12 county clerk.

13 (3) Warrants drawn by order of the board on the county treasury for the current expenses during
 14 each year must specify the liability for which they are drawn and when the liability accrued.

15 (4) For the purposes of this part, "warrant" includes a check and an electronic funds transfer."

16

17 **Section 52.** Section 7-6-2602, MCA, is amended to read:

18 **"7-6-2602. Payment of warrants.** ~~(1) When a warrant is presented for payment, if there is money~~
 19 ~~in the treasury for that purpose, the county treasurer must pay the same, write on the face thereof "Paid"~~
 20 ~~and the date of payment, and sign his name thereto. Warrants must be paid in the order of presentation~~
 21 ~~to the treasurer.~~

22 ~~———~~ (2) The county treasurer must may not pay any order or warrant except to the payee ~~thereof~~ of
 23 the warrant or to ~~his~~ the payee's agent, assignee, or legal representative, whose authority must be in
 24 writing and delivered to ~~him~~ the county treasurer. ~~and~~ The written authority must be returned with ~~such~~
 25 the order or warrant, when paid, to the board of county commissioners."

26

27 **Section 53.** Section 7-6-2607, MCA, is amended to read:

28 **"7-6-2607. Examination and processing** Processing of warrants. ~~(1) The board, at its annual March~~
 29 ~~session or more often if necessary, must examine the county warrants returned by the county treasurer~~
 30 ~~by comparing each warrant with the record of warrants issued in the county clerk's office.~~

1 ~~(2)~~(1) The board ~~must~~ shall cause to be canceled all county warrants that have remained uncalled
 2 for 1 year or more in the county clerk's office, ~~these~~ The uncalled warrants ~~to~~ must be canceled in the
 3 same manner as other county warrants. At the same time, the county treasurer ~~must~~ shall deliver to the
 4 board all warrants or vouchers that are in the county treasurer's possession for money disbursed by ~~him~~
 5 as the county treasurer and the clerk ~~must~~ shall issue a receipt for the same warrants or vouchers.

6 ~~(3)~~(2) The board ~~must~~ shall cause to be entered on the record of warrants, opposite to the entry
 7 of each warrant issued, the date when the warrant was canceled and ~~must~~ shall make a list of the
 8 canceled warrants, specifying the number, date, amount, and the person to whom the same warrant was
 9 payable, ~~and must~~ The board shall cause the list to be entered on the minutes of the board."

10

11 **Section 54.** Section 7-6-4302, MCA, is amended to read:

12 **"7-6-4302. Payment of claims by warrant or check.** ~~Except as provided in 7-6-4121, all~~ All
 13 accounts and demands against a city or town must be submitted to the council and, if found correct, must
 14 be allowed and an order must be made that the demand be paid. The demand must be paid in accordance
 15 with one of the following options:

16 (1) The mayor may draw a warrant upon the treasury in favor of the owner, specifying for what
 17 purpose and by what authority it is issued and out of what funds it is to be paid. The city treasurer or
 18 town clerk ~~must~~ shall pay the warrant out of the proper fund.

19 (2) The city treasurer or town clerk may pay the demand by check when there are sufficient city
 20 funds on deposit in an interest-bearing checking account in a bank within the city or town that are
 21 available to cover the check."

22

23 **Section 55.** Section 7-6-4501, MCA, is amended to read:

24 **"7-6-4501. Interest on unpaid warrants -- definition.** (1) When any warrant drawn upon the
 25 treasury of a city or town and pursuant to any ordinance or resolution or direction of the council of the
 26 city or town is presented to the city treasurer or town clerk for payment and the same warrant is not paid
 27 for want of funds, the city treasurer or town clerk ~~must~~ shall endorse thereon "Not paid for want of
 28 funds", annexing the date of presentation, and signing ~~his~~ the treasurer's or clerk's name ~~thereto~~ to the
 29 warrant.

30 (2) From the time of the endorsement until the warrant is called for payment, the warrant bears

1 interest at a rate fixed by ordinance, or if the warrant is subject to purchase for investment by a county
 2 as provided in 7-6-2701 and is held by a county, the warrant bears interest at a rate fixed by the board
 3 of county commissioners under 7-6-2701.

4 (3) As used in this part, "warrant" includes a check and an electronic funds transfer."

5

6 **Section 56.** Section 7-12-4181, MCA, is amended to read:

7 **"7-12-4181. Collection of district assessments by county clerk -- certification.** (1) Except as
 8 provided in 7-12-4183, in each city or town where taxes for general, municipal, and administrative
 9 purposes are certified to and collected by the county treasurer ~~in accordance with the provisions of~~
 10 ~~7-6-4407~~ immediately after the second Monday of August of each year, it is the duty of the city treasurer
 11 or town clerk to certify to the department of revenue, at the same time that the copy of the resolution
 12 determining the annual levy for general taxes is certified by the city or town clerk to the county clerk ~~as~~
 13 ~~required by 7-6-4407, to the department of revenue~~ all special assessments and taxes levied and assessed
 14 in accordance with any of the provisions of part 42 and this part.

15 (2) The department of revenue shall enter the special assessments and taxes upon the property
 16 tax record for the county. The county treasurer shall collect all taxes and assessments in the same manner
 17 and at the same time as taxes for general, municipal, and administrative purposes are collected."

18

19 **Section 57.** Section 7-12-4183, MCA, is amended to read:

20 **"7-12-4183. Collection of district assessments by city treasurer in cities where county collects**
 21 **taxes.** (1) In any city or town where taxes for general, municipal, and administrative purposes are certified
 22 to and collected by the county treasurer in accordance with the provisions of ~~7-6-4407 and~~ 7-6-4423, the
 23 city or town may, ~~nevertheless,~~ provide by ordinance for the collection by its city treasurer or town clerk
 24 of all special assessments and taxes levied and assessed in accordance with any of the provisions of ~~this~~
 25 ~~part and~~ part 42 and this part in the same manner and at the same time as taxes for general, municipal,
 26 and administrative purposes are collected by the county treasurer. All of the provisions of 7-6-4423 apply
 27 to the collection of the special taxes and assessments in the same manner as the provisions apply to the
 28 collection of other city or town taxes.

29 (2) (a) When the payment of any one installment of any special assessment becomes delinquent,
 30 all payments of subsequent installments ~~shall~~ must, at the option of the city or town council and by

1 appropriate resolution duly adopted, become delinquent. The city or town council may order that all
2 assessments that are delinquent as a result of acceleration be withdrawn.

3 (b) Delinquent special assessments ~~shall~~ must be certified to the county clerk of the county in
4 which the city or town is situated. The county treasurer ~~must~~ shall collect the delinquent special
5 assessments and taxes in the same manner and at the same time ~~as~~ that taxes for general, municipal, and
6 administrative purposes are collected ~~by him~~. In case ~~they~~ the delinquent assessments and taxes are not
7 paid, the whole property ~~shall~~ must be sold in the same manner ~~as~~ that other property is sold for taxes.
8 The enforcement of the lien of any installment of a special assessment by any method authorized by law
9 does not prevent the enforcement of the lien of any subsequent installment when it becomes delinquent."
10

10

11 **Section 58.** Section 50-60-302, MCA, is amended to read:

12 **"50-60-302. Certification of municipal and county building codes.** (1) A county or municipality
13 may not enforce a building code unless:

14 (a) the code enforcement program has been certified by the department as in compliance with
15 applicable statutes and department certification rules;

16 (b) the current adopted code, a current list of fees to be imposed, and a current plan for
17 enforcement of the code have been filed with and approved by the department; and

18 (c) all inspectors inspecting or approving any installations, which if accomplished commercially
19 require state licensure, must themselves be properly and currently state-licensed as journeymen in that
20 craft or occupation or be certified by a nationally recognized entity for testing and certification of
21 inspectors that is approved by the department before being permitted to inspect or approve any
22 installations.

23 (2) The department shall adopt additional rules and standards governing the certification of
24 municipal and county building code enforcement programs ~~which~~ that must include provisions for prompt
25 revocation of certification for refusal or failure to comply with any applicable statute or rule. The
26 department may allow a county or municipality a reasonable amount of time, not to exceed 6 months, to
27 correct identified code enforcement program deficiencies, unless the deficiencies constitute an immediate
28 threat to the public health, safety, or welfare, in which case the department may require immediate
29 correction. Failure to correct deficiencies within the time set by the department constitutes a basis for
30 immediate decertification of the code enforcement program. Continued operation of a county or municipal

1 code enforcement program in violation of a department order to correct deficiencies may be enjoined or
 2 subject to a writ of mandamus by a judge of the district court in the jurisdiction in which the county or
 3 municipality is located. The rules and standards must include provisions for the department to ensure that
 4 all code enforcement program functions are being properly performed.

5 ~~(3) In addition to maintaining the continued compliance oversight required in subsection (1), the~~
 6 ~~department shall require a detailed and fully documented annual report from a local government with a~~
 7 ~~certified code enforcement program to ensure continued local government compliance with all requirements~~
 8 ~~of applicable statutes and rules. If review of the annual report identifies compliance problems, the~~
 9 ~~department shall immediately conduct an onsite evaluation.~~

10 ~~(4)~~(3) If the certification of any local government code enforcement program is revoked for any
 11 violation or deficiency, the state resumes its original jurisdiction for state building code enforcement within
 12 the municipal or county area and the local government retains the responsibility for completion of
 13 inspections and issuance of certificates of occupancy on any incomplete construction projects previously
 14 permitted by the local government, unless the reason for the decertification is directly related to the
 15 protection of health, safety, and welfare of the public.

16 ~~(5)~~(4) If a local government voluntarily decertifies its code enforcement program, the department
 17 must be given written notification of the intended decertification at least 90 days prior to the date of
 18 decertification. The local government retains the responsibility for completion of inspections and issuance
 19 of certificates of occupancy on any incomplete construction projects permitted by the local government
 20 prior to decertifying its code enforcement program."

21

22 **Section 59.** Section 53-2-322, MCA, is amended to read:

23 **"53-2-322. County to levy taxes, budget, and make expenditures for public assistance activities.**

24 (1) Subject to 15-10-420, the board of county commissioners in each county shall levy 13.5 mills for the
 25 county poor fund as provided by law or so much of that amount as may be necessary. The board may levy
 26 up to an additional 12 mills if approved by the voters in the county. Subject to 15-10-420, a county shall
 27 levy sufficient mills to reimburse the state for any administrative or operational costs in excess of the
 28 administrative and operational costs for the previous fiscal year. The department of public health and
 29 human services shall notify the counties of the number of mills required to be levied. Once an additional
 30 levy has been approved, the amount of the approved levy may continue to be levied without voter

1 approval.

2 (2) The board shall budget and expend so much of the funds in the county poor fund for:

3 (a) public assistance as necessary to reimburse the department for the county's proportionate
4 share of the administrative costs and of all public assistance costs;

5 (b) salaries, travel expenses, and indirect costs, as provided in 52-1-110, of protective services
6 employees of the department; and

7 (c) the county's proportionate share of any other public assistance activity that may be carried
8 on jointly by the state and the county.

9 (3) The amounts set up in the budget for the reimbursements to the department must be sufficient
10 to make all of these reimbursements in full. The budget must make separate provision for each public
11 assistance activity and for salaries, travel expenses, and indirect costs for protective services activities
12 of the department. Proper accounts must be established for the funds for all the activities.

13 (4) The department shall submit to the counties, no later than May 10, the most current county
14 participation percentages that are necessary to establish preliminary county budgets. As soon as the
15 county proposed budget ~~provided for in 7-6-2315~~ has been agreed upon, a copy must be mailed to the
16 department, and at any time before the final adoption of the budget, the department shall make
17 recommendations with regard to changes in any part of the budget relating to the county poor fund as
18 considered necessary in order to enable the county to discharge its obligations under the public assistance
19 laws.

20 (5) The department shall promptly examine the county proposed budget in order to ascertain if
21 the amounts provided for reimbursements to the department are likely to be sufficient and shall notify the
22 county clerk of its findings. The board shall make changes in the amounts provided for reimbursements,
23 if any are required, in order that the county will be able to make the reimbursements in full.

24 (6) The board of county commissioners may not make any transfer from the amounts budgeted
25 for reimbursing the department without having first obtained a statement in writing from the department
26 to the effect that the amount to be transferred will not be required during the fiscal year for the purposes
27 for which the amounts were provided in the budget.

28 (7) The county poor fund, irrespective of the source of any part of the fund, may not be used
29 directly or indirectly for the erection or improvement of any county building as long as the fund is needed
30 for paying the county's proportionate share of public assistance and protective services, as described in

1 52-1-110, or its proportionate share of any other public assistance activity that may be carried on jointly
 2 by the state and the county. Expenditures for improvement of any county buildings used directly for care
 3 of the poor, except a county hospital or county nursing home, may be made out of money in the county
 4 poor fund, whether the money was produced by the mill levy provided for in subsection (1) or from any
 5 additional levy authorized by law. The expenditure may be authorized only when any county building used
 6 for the care of the poor must be improved in order to meet legal standards required for the building by the
 7 department and when the expenditure has been approved by the department.

8 (8) Money in the county poor fund may be used as matching funds for the receipt of federal
 9 money."

10

11 **Section 60.** Section 85-3-423, MCA, is amended to read:

12 **"85-3-423. County budget waived for first appropriation -- conditions.** ~~The provisions of 7-6-2342~~
 13 ~~apply if~~ **If** an emergency condition requiring prompt expenditure occurs immediately after an authority has
 14 been created by resolution of the board of county commissioners and after certification of a mill levy by
 15 the authority. ~~In that case and only for the initial or first appropriation for the authority,~~ the county
 16 commissioners may appropriate, from money not otherwise appropriated in the general fund, money
 17 necessary to carry out the provisions of this part. However, the appropriation may not exceed an amount
 18 equal to the amount that would be raised by a 2-mill levy upon the taxable valuation of the property in the
 19 county."

20

21 **NEW SECTION. Section 61. Repealer.** Sections 7-6-601, 7-6-603, 7-6-604, 7-6-2112, 7-6-2201,
 22 7-6-2203, 7-6-2211, 7-6-2212, 7-6-2213, 7-6-2214, 7-6-2218, 7-6-2219, 7-6-2220, 7-6-2221,
 23 7-6-2301, 7-6-2302, 7-6-2303, 7-6-2311, 7-6-2312, 7-6-2313, 7-6-2314, 7-6-2315, 7-6-2316,
 24 7-6-2317, 7-6-2318, 7-6-2319, 7-6-2320, 7-6-2321, 7-6-2322, 7-6-2323, 7-6-2324, 7-6-2325,
 25 7-6-2326, 7-6-2327, 7-6-2328, 7-6-2329, 7-6-2330, 7-6-2331, 7-6-2335, 7-6-2341, 7-6-2342,
 26 7-6-2343, 7-6-2345, 7-6-2348, 7-6-2351, 7-6-2352, 7-6-2502, 7-6-2525, 7-6-2702, 7-6-4101,
 27 7-6-4104, 7-6-4121, 7-6-4123, 7-6-4124, 7-6-4134, 7-6-4135, 7-6-4140, 7-6-4141, 7-6-4201,
 28 7-6-4202, 7-6-4203, 7-6-4205, 7-6-4206, 7-6-4207, 7-6-4208, 7-6-4209, 7-6-4232, 7-6-4234,
 29 7-6-4237, 7-6-4238, 7-6-4240, 7-6-4259, 7-6-4260, 7-6-4261, 7-6-4262, 7-6-4263, 7-6-4264,
 30 7-6-4265, 7-6-4266, 7-6-4267, 7-6-4270, 7-6-4271, 7-6-4272, 7-6-4407, and 7-6-4408, MCA, are

1 repealed.

2

3 NEW SECTION. Section 62. Codification instruction. (1) [Sections 1 through 8] are intended to
4 be codified as an integral part of Title 7, chapter 6, part 6, and the provisions of Title 7, chapter 6, part
5 6, apply to [sections 1 through 8].

6 (2) [Sections 9 through 32] are intended to be codified as an integral part of Title 7, chapter 6,
7 and the provisions of Title 7, chapter 6, apply to [sections 9 through 32].

8

9 NEW SECTION. Section 63. Effective date. [This act] is effective July 1, 2001.

10

11 NEW SECTION. Section 64. Applicability. [This act] applies to special purpose districts beginning
12 July 1, 2002.

13

- END -