EXHIBIT 3
DATE 3-19-07
HB 3

Amendments to House Bill No. 3
1st Reading Copy

Requested by Representative Eve Franklin

For the House Appropriations Committee

Prepared by Jon Moe
March 16, 2007 (2:20pm)

1. Page 1, line 19.
Strike: "$27,000,000"
Insert: "$28,201,678"

2. Page 1.
Following: line 19
Insert: "Canteen Purchases $375,000 State Special Revenue"

3. Page 2, line 2.
Strike: "$3,300,000"
Insert: "$5,363,042"

4. Page 2, line 14.
Insert: "Common Schools Guarantee Account $446,928 General Fund
Common Schools Permanent Trust $ 15,235 General Fund"

5. Page 2.
Following: line 16
Insert: "Transportation Aid $380,000 General Fund"

6. Page 2, line 17.
Insert: "Department of Revenue
Business Equipment Rate Reduction Reimbursement
$2,802,315 General Fund"

- END -

Explanation -

For #1 - Based upon updated projections, the Department of Corrections will be $28.2 million short of funding in FY 2007. The increase includes $65,000 in the canteen for personal services and inmate payroll and $1,136,678 to implement the requirements of SB 477 (53-30-507, MCA) passed by the 2005 Legislature.

For #2 - Addition spending authority is necessary to cover the increases in the Canteen purchases of goods to be resold to inmates. Increases are due to inmate populations, the additions

of regional prisons for Canteen services, and the wholesale cost of canteen goods.

For #3 - Based upon updated projections, the Office of Public Defender will be nearly $5.4 million short of funding in FY 2007. Major drivers for the request are transition costs from contract attorneys to state attorneys, caseload, and start up costs.

For #4 - In accordance with a recent legislative audit, the amendment repays the Common Schools the amount of distributable and non-distributable funds that were diverted to allow the DNRC to fully fund the Trust Land Administration Account to pay administrative costs.

For #5 - Based upon updated projections, the Office of Public Instruction will require an additional $380,000.

For #6 - Authority from this amendment has a zero net impact to the general fund. This amendment provides the Department of Revenue (Department) with authority to record gross instead of net revenues and expenditures for reimbursement of tax reductions to local governments.

$2.8 million general fund authority in FY 2007 provides for reimbursement of class 8 business equipment tax rate reductions in accordance with 15-1-112, MCA, to local governments.

Previously, the department recorded net revenue for the 40 mill state equalization aid levy less the local government reimbursement. According to the Legislative Auditor, the department should record gross revenue for the 40 mill state equalization aid levy and then record an expenditure for the reimbursement amount retained by local governments.

This request is based on a recommendation of the Legislative Audit Division issued in October 2006. There is no impact to the general fund as gross revenues will be increased by the amount of this appropriation.