

1 HOUSE BILL NO. 32

2 INTRODUCED BY K. PETERSON

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATED TO THE GENERAL APPROPRIATIONS
5 ACT; PROVIDING FOR APPROPRIATIONS BILLS FOR EACH BRANCH AND AGENCY OF STATE
6 GOVERNMENT; REVISING PROVISIONS TO ACCOMMODATE MULTIPLE APPROPRIATIONS BILLS; AND
7 AMENDING SECTIONS 15-1-122, 17-1-507, 17-7-111, 17-7-123, 17-7-131, 17-7-138, 17-7-139, 17-7-140,
8 17-7-142, 17-7-301, 17-7-304, 20-9-542, 20-15-310, 20-25-428, 52-2-710, 53-2-217, 53-6-1020, 90-4-614, AND
9 90-4-616, MCA."

10

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

12

13 NEW SECTION. **Section 1. Requirement for appropriations bills.** (1) There must be a separate
14 appropriations bill for each of the following:

- 15 (a) legislative branch;
16 (b) judicial branch;
17 (c) governor's office;
18 (d) attorney general and the department of justice;
19 (e) secretary of state;
20 (f) state auditor;
21 (g) superintendent of public instruction;
22 (h) board of crime control;
23 (i) board of public education;
24 (j) commissioner of political practices;
25 (k) consumer counsel;
26 (l) department of administration;
27 (m) department of agriculture;
28 (n) department of commerce;
29 (o) department of corrections;
30 (p) department of environmental quality;

- 1 (q) department of fish, wildlife, and parks;
2 (r) department of labor and industry;
3 (s) department of livestock;
4 (t) department of military affairs;
5 (u) department of natural resources and conservation;
6 (v) department of public health and human services;
7 (w) department of revenue;
8 (x) department of transportation;
9 (y) library commission;
10 (z) Montana arts council;
11 (aa) Montana historical society;
12 (bb) office of state public defender;
13 (cc) public employees' retirement system;
14 (dd) public service commission;
15 (ee) Montana school for the deaf and blind;
16 (ff) teachers' retirement system; and
17 (gg) Montana university system and the commissioner of higher education.
18 (2) The office of budget and program planning may submit additional separate appropriations bills as
19 needed or upon addition of new entities.
20

21 **Section 2.** Section 15-1-122, MCA, is amended to read:

22 **"15-1-122. Fund transfers.** (1) There is transferred from the state general fund to the adoption services
23 account, provided for in 42-2-105, a base amount of \$59,209, and the amount of the transfer must be increased
24 by 10% in each succeeding fiscal year.

25 (2) For each fiscal year, there is transferred from the state general fund to the accounts, entities, or
26 recipients indicated the following amounts:

27 (a) to the motor vehicle recycling and disposal program provided for in Title 75, chapter 10, part 5, 1.48%
28 of the motor vehicle revenue deposited in the state general fund in each fiscal year. The amount of 9.48% of the
29 allocation in each fiscal year must be used for the purpose of reimbursing the hired removal of abandoned
30 vehicles. Any portion of the allocation not used for abandoned vehicle removal reimbursement must be used as

1 provided in 75-10-532.

2 (b) to the noxious weed state special revenue account provided for in 80-7-816, 1.50% of the motor
3 vehicle revenue deposited in the state general fund in each fiscal year;

4 (c) to the department of fish, wildlife, and parks:

5 (i) 0.46% of the motor vehicle revenue deposited in the state general fund, with the applicable
6 percentage to be:

7 (A) used to:

8 (I) acquire and maintain pumpout equipment and other boat facilities, 4.8% in each fiscal year;

9 (II) administer and enforce the provisions of Title 23, chapter 2, part 5, 19.1% in each fiscal year;

10 (III) enforce the provisions of 23-2-804, 11.1% in each fiscal year; and

11 (IV) develop and implement a comprehensive program and to plan appropriate off-highway vehicle
12 recreational use, 16.7% in each fiscal year; and

13 (B) deposited in the state special revenue fund established in 23-1-105 in an amount equal to 48.3% in
14 each fiscal year;

15 (ii) 0.10% of the motor vehicle revenue deposited in the state general fund in each fiscal year, with 50%
16 of the amount to be used for enforcing the purposes of 23-2-601, 23-2-602, 23-2-611, 23-2-614 through 23-2-618,
17 23-2-621, 23-2-622, 23-2-631 through 23-2-635, and 23-2-641 through 23-2-644 and 50% of the amount
18 designated for use in the development, maintenance, and operation of snowmobile facilities; and

19 (iii) 0.16% of the motor vehicle revenue deposited in the state general fund in each fiscal year to be
20 deposited in the motorboat account to be used as provided in 23-2-533;

21 (d) 0.64% of the motor vehicle revenue deposited in the state general fund in each fiscal year, with
22 24.55% to be deposited in the state veterans' cemetery account provided for in 10-2-603 and with 75.45% to be
23 deposited in the veterans' services account provided for in 10-2-112(1);

24 (e) 0.30% of the motor vehicle revenue deposited in the state general fund in each fiscal year for deposit
25 in the state special revenue fund to the credit of the senior citizens and persons with disabilities transportation
26 services account provided for in 7-14-112; and

27 (f) to the search and rescue account provided for in 10-3-801, 0.04% of the motor vehicle revenue
28 deposited in the state general fund in each fiscal year.

29 (3) For the purposes of this section, "motor vehicle revenue deposited in the state general fund" means
30 revenue received from:

- 1 (a) fees for issuing a motor vehicle title paid pursuant to 61-3-203;
- 2 (b) fees, fees in lieu of taxes, and taxes for vehicles, vessels, and snowmobiles registered or reregistered
- 3 pursuant to 61-3-321 and 61-3-562;
- 4 (c) GVW fees for vehicles registered for licensing pursuant to Title 61, chapter 3, part 3; and
- 5 (d) all money collected pursuant to 15-1-504(3).
- 6 (4) The amounts transferred from the general fund to the designated recipient must be appropriated as
- 7 state special revenue ~~in the general appropriations act~~ for the designated purposes."

8

9 **Section 3.** Section 17-1-507, MCA, is amended to read:

10 **"17-1-507. Principles of revenue dedication.** (1) It is the policy of the legislature that a revenue source

11 not be dedicated for a specific purpose unless one or more of the following conditions are met:

12 (a) The person or entity paying the tax, fee, or assessment is the direct beneficiary of the specific activity

13 that is funded by the tax, fee, or assessment; the entire cost of the activity is paid by the beneficiary; and the tax,

14 fee, or assessment paid is commensurate with the cost of the activity, including reasonable administrative costs.

15 (b) There is an expectation that funds donated by a person or entity will be used for a specified purpose.

16 Grants from private or public entities are considered donations under this subsection.

17 (c) There is a legal basis for the revenue dedication. A legal basis is a constitutional mandate, federal

18 mandate, or statutory requirement in which a source of funds is designated for a specific purpose.

19 (d) There is a recognized need for accountability through a separation of funding from the general fund

20 consistent with generally accepted accounting principles.

21 (2) The total funding for a program is a legislative budget and policy issue for which a dedicated revenue

22 provision may not be justified if:

23 (a) a general fund appropriation is needed to supplement the dedicated revenue support for the program

24 or activity; or

25 (b) dedicating a revenue source or portion of a revenue source diverts funds that could be considered

26 a general revenue source.

27 (3) In the consideration of the ~~general appropriations act~~ for each biennium, the legislature shall

28 determine the appropriateness of dedicating revenue to a program or activity under conditions described in

29 subsection (2). The office of budget and program planning shall describe the occurrence in its presentation of the

30 executive budget, and the legislative fiscal analyst shall highlight the issue in the budget analysis and for the

1 appropriations subcommittee considering the revenue dedication."
2

3 **Section 4.** Section 17-7-111, MCA, is amended to read:

4 **"17-7-111. Preparation of state budget -- agency program budgets -- form distribution and**
5 **contents.** (1) (a) To prepare a state budget, the executive branch, the legislature, and the citizens of the state
6 need information that is consistent and accurate. Necessary information includes detailed disbursements by fund
7 type for each agency and program for the appropriate time period, recommendations for creating a balanced
8 budget, and recommended disbursements and estimated receipts by fund type and fund category.

9 (b) Subject to the requirements of this chapter, the budget director and the legislative fiscal analyst shall
10 by agreement:

11 (i) establish necessary standards, formats, and other matters necessary to share information between
12 the agencies and to ensure that information is consistent and accurate for the preparation of the state's budget;
13 and

14 (ii) provide for the collection and provision of budgetary and financial information that is in addition to or
15 different from the information otherwise required to be provided pursuant to this section.

16 (2) In the preparation of a state budget, the budget director shall, not later than the date specified in
17 17-7-112(1), distribute to all agencies the proper forms and instructions necessary for the preparation of budget
18 estimates by the budget director. These forms must be prescribed by the budget director to procure the
19 information required by subsection (3). The forms must be submitted to the budget director by the date provided
20 in 17-7-112(2), or the agency's budget is subject to preparation based upon estimates as provided in 17-7-112(5).
21 The budget director may refuse to accept forms that do not comply with the provisions of this section or the
22 instructions given for completing the forms.

23 (3) ~~Subject to subsections (7) and (8), the~~ The agency budget request must set forth a balanced financial
24 plan for the agency completing the forms for each fiscal year of the ensuing biennium. The plan must consist of:

25 (a) a consolidated agency budget summary of funds subject to appropriation, as provided in 17-8-101,
26 for the current base budget expenditures, including statutory appropriations, and for each present law adjustment
27 and new proposal request setting forth the aggregate figures of the full-time equivalent personnel positions (FTE)
28 and the budget, showing a balance between the total proposed disbursements and the total anticipated receipts,
29 together with the other means of financing the budget for each fiscal year of the ensuing biennium, contrasted
30 with the corresponding figures for the last-completed fiscal year and the fiscal year in progress;

1 (b) a schedule of the actual and projected receipts, disbursements, and solvency of each fund for the
2 current biennium and estimated for the subsequent biennium;

3 (c) a statement of the agency mission and a statement of goals and objectives for each program of the
4 agency. The goals and objectives must include, in a concise form, sufficient specific information and quantifiable
5 information to enable the legislature to formulate an appropriations policy regarding the agency and its programs
6 and to allow a determination, at some future date, on whether the agency has succeeded in attaining its goals
7 and objectives.

8 (d) actual FTE and disbursements for the completed fiscal year of the current biennium, estimated FTE
9 and disbursements for the current fiscal year, and the agency's request for the ensuing biennium, by program;

10 (e) actual disbursements for the completed fiscal year of the current biennium, estimated disbursements
11 for the current fiscal year, and the agency's recommendations for the ensuing biennium, by disbursement
12 category;

13 (f) for agencies with more than 20 FTE, a plan to reduce the proposed base budget for the general bills
14 providing for appropriations ~~act~~ and to reduce the proposed state pay plan to 95% of the current base budget or
15 lower if directed by the budget director. Each agency plan must include base budget reductions that reflect the
16 required percentage reduction by fund type for the general fund and state special revenue fund types. Exempt
17 from the calculations of the 5% target amounts are legislative audit costs, administratively attached entities that
18 hire their own staff under 2-15-121, and state special revenue accounts that do not transfer their investment
19 earnings or fund balances to the general fund. The plan must include:

20 (i) a prioritized list of services that would be eliminated or reduced;

21 (ii) for each service included in the prioritized list, the savings that would result from the elimination or
22 reduction; and

23 (iii) the consequences or impacts of the proposed elimination or reduction of each service.

24 (g) a reference for each new information technology proposal stating whether the new proposal is
25 included in the approved agency information technology plan as required in 2-17-523;

26 (h) energy cost saving information as required by 90-4-616; and

27 (i) other information the budget director feels is necessary for the preparation of a budget.

28 (4) The budget director shall prepare and submit to the legislative fiscal analyst in accordance with
29 17-7-112:

30 (a) detailed recommendations for the state long-range building program. Each recommendation must

1 be presented by institution, agency, or branch, by funding source, with a description of each proposed project.

2 (b) a statewide project budget summary as provided in 2-17-526;

3 (c) the proposed pay plan schedule for all executive branch employees at the program level by fund, with
4 the specific cost and funding recommendations for each agency. Submission of a pay plan schedule under this
5 subsection is not an unfair labor practice under 39-31-401.

6 (d) agency proposals for the use of cultural and aesthetic project grants under Title 22, chapter 2, part
7 3, the renewable resource grant and loan program under Title 85, chapter 1, part 6, the reclamation and
8 development grants program under Title 90, chapter 2, part 11, and the treasure state endowment program under
9 Title 90, chapter 6, part 7.

10 (5) The board of regents shall submit, with its budget request for each university unit in accordance with
11 17-7-112, a report on the university system bonded indebtedness and related finances as provided in this
12 subsection (5). The report must include the following information for each year of the biennium, contrasted with
13 the same information for the last-completed fiscal year and the fiscal year in progress:

14 (a) a schedule of estimated total bonded indebtedness for each university unit by bond indenture;

15 (b) a schedule of estimated revenue, expenditures, and fund balances by fiscal year for each outstanding
16 bond indenture, clearly delineating the accounts relating to each indenture and the minimum legal funding
17 requirements for each bond indenture; and

18 (c) a schedule showing the total funds available from each bond indenture and its associated accounts,
19 with a list of commitments and planned expenditures from the accounts, itemized by revenue source and project
20 for each year of the current and ensuing bienniums.

21 (6) (a) The department of revenue shall make Montana individual income tax information available by
22 removing names, addresses, and social security numbers and substituting in their place a state accounting record
23 identifier number. Except for the purposes of complying with federal law, the department may not alter the data
24 in any other way.

25 (b) The department of revenue shall provide the name and address of a taxpayer on written request of
26 the budget director when the values on the requested return, including estimated payments, are considered
27 necessary by the budget director to properly analyze state revenue and are of a sufficient magnitude to materially
28 affect the analysis and when the identity of the taxpayer is necessary to evaluate the effect of the return or
29 payments on the analysis being performed.

30 ~~(7) (a) The department of public health and human services' budget request for the 2013 biennium must~~

1 identify changes necessary to reduce the 2013 biennium expenditures to the level funded in the general
2 appropriations act. The department may include changes such as reducing administrative costs, developing more
3 cost-efficient methods to deliver services, limiting the number of medicaid services that adults may receive,
4 changing medicaid services included in the Montana medicaid state plan, changing eligibility or level-of-care
5 requirements for medicaid waiver services, limiting or changing services that are fully state-funded, or
6 implementing other initiatives that reduce state funds. Achieving the necessary general fund reduction in the 2013
7 biennium budget request may not include shifting costs to state special revenue funds.

8 ~~——— (b) The department of public health and human services shall prepare a work plan with goals,
9 milestones, and measures to guide its review of alternatives to identify, evaluate, and select initiatives to reduce
10 ongoing state spending in its 2013 biennium budget submission. The department shall submit the work plan,
11 goals, milestones, and measures to the legislative finance committee at its first meeting after the adjournment
12 of the 2009 legislative session for its review and comment. The department shall provide an update of its budget
13 reduction for review and comment at each legislative finance committee meeting in a format developed with and
14 agreed upon by the committee.~~

15 ~~——— (8) Each agency budget request for the 2013 biennium must include the adjustments to present law base
16 specified in 17-7-102(10)(b)."~~

17

18 **Section 5.** Section 17-7-123, MCA, is amended to read:

19 **"17-7-123. Form of executive budget.** (1) The budget submitted must set forth a balanced financial
20 plan for funds subject to appropriation, as provided in 17-8-101, for each accounting entity and for the state
21 government for each fiscal year of the ensuing biennium. The budget must consist of:

22 (a) a consolidated budget summary setting forth the aggregate figures of the budget in a manner that
23 shows a balance between the total proposed disbursements and the total anticipated receipts, together with the
24 other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with the
25 corresponding figures for the last-completed fiscal year and the fiscal year in progress. The consolidated budget
26 summary must be supported by explanatory schedules or statements.

27 (b) budget and full-time equivalent personnel position comparisons by agency, program, and
28 appropriated funds for the current and subsequent biennium;

29 (c) the departmental mission and a statement of goals and objectives for the department;

30 (d) base budget disbursements for the completed fiscal year of the current biennium, estimated

1 comparable disbursements for the current fiscal year, and the proposed present law base budget plus new
2 proposals, if any, for each department and each program of the department;

3 (e) a statement containing recommendations of the governor for the ensuing biennium by program and
4 disbursement category, including:

5 (i) explanations of appropriation and revenue measures included in the budget that involve policy
6 changes;

7 (ii) matters not included as a part of the executive budget bill but included as a part of the executive
8 budget, such as the state employee pay plan, programs funded through separate appropriations measures, and
9 other matters considered necessary for comprehensive public and legislative consideration of the state budget;
10 and

11 (iii) a summary of budget requests that include proposed expenditures on information technology
12 resources. The summary must include funding, program references, and a decision package reference;

13 (f) a report on:

14 (i) enterprise funds not subject to the requirements of subsections (1)(a) through (1)(e), including
15 retained earnings and contributed capital, projected operations and charges, and projected fund balances; and

16 (ii) fees and charges in the internal service fund type, including changes in the level of fees and charges,
17 projected use of the fees and charges, and projected fund balances. Fees and charges in the internal service fund
18 type must be approved by the legislature in ~~the general~~ a bill providing appropriations act for each agency. Fees
19 and charges in a biennium may not exceed the level approved by the legislature in ~~the general appropriations~~
20 ~~act effective for that biennium~~.

21 (g) energy cost saving information as required by 90-4-616 and energy conservation program information
22 as required by 90-4-606; and

23 (h) any other financial or budgetary material agreed to by the budget director and the legislative fiscal
24 analyst.

25 (2) The statement of departmental goals and objectives and the schedule as required in 17-7-111(3)(b)
26 for each fund of the executive budget are not required to be printed but must be available in the office of budget
27 and program planning and on the internet."
28

29 **Section 6.** Section 17-7-131, MCA, is amended to read:

30 **"17-7-131. Legislative action -- ending fund balance.** (1) The presiding officers of the house of

1 representatives and of the senate shall promptly refer the budgets and budget bills to the proper committees. The
 2 budget ~~bill~~ bills for the maintenance of the agencies of state government and the state institutions must be based
 3 upon the budget and proposed budget ~~bill~~ bills submitted at the request of the governor. The legislature may
 4 amend the proposed budget ~~bill~~ bills, but it may not amend the proposed budget ~~bill~~ bills so as to affect either the
 5 obligations of the state or the payment of any salaries required to be paid by the constitution and laws of the state.

6 (2) The adopted budget must be limited so that a positive ending general fund balance exists at the end
 7 of the biennium for which funds are appropriated."
 8

9 **Section 7.** Section 17-7-138, MCA, is amended to read:

10 **"17-7-138. Operating budget.** (1) (a) Expenditures by a state agency must be made in substantial
 11 compliance with the budget approved by the legislature. Substantial compliance may be determined by conformity
 12 to the conditions contained in the ~~general bill providing appropriations act for the agency~~ and to legislative intent
 13 as established in the narrative accompanying the ~~general bill providing appropriations act for the agency~~. An
 14 explanation of any significant change in agency or program scope must be submitted on a regular basis to the
 15 interim committee that has program evaluation and monitoring functions for the agency pursuant to Title 5,
 16 chapter 5, part 2. An explanation of any significant change in agency or program scope, objectives, activities, or
 17 expenditures must be submitted to the legislative fiscal analyst for review and comment by the legislative finance
 18 committee prior to any implementation of the change. A significant change may not conflict with a condition
 19 contained in the ~~general bill providing appropriations act for the agency~~. If the approving authority certifies that
 20 a change is time-sensitive, the approving authority may approve the change prior to the next regularly scheduled
 21 meeting of the legislative finance committee. The approving authority shall submit all proposed time-sensitive
 22 changes to the legislative fiscal analyst prior to approval. If the legislative fiscal analyst determines that notification
 23 of the legislative finance committee is warranted, the legislative fiscal analyst shall immediately notify as many
 24 members as possible of the proposed change and communicate any concerns expressed to the approving
 25 authority. The approving authority shall present a report fully explaining the reasons for the action to the next
 26 meeting of the legislative finance committee. Except as provided in subsection (2), the expenditure of money
 27 appropriated in the ~~general bill providing appropriations act for the agency~~ is contingent upon approval of an
 28 operating budget by August 1 of each fiscal year. An approved original operating budget must comply with state
 29 law and conditions contained in the ~~general bill providing appropriations act for an agency~~.

30 (b) For the purposes of this subsection (1), an agency or program is considered to have a significant

1 change in its scope, objectives, activities, or expenditures if:

2 (i) the operating budget change exceeds \$1 million; or

3 (ii) the operating budget change exceeds 25% of a budget category and the change is greater than
4 \$75,000. If there have been other changes to the budget category in the current fiscal year, all the changes,
5 including the change under consideration, must be used in determining the 25% and \$75,000 threshold.

6 (2) The expenditure of money appropriated in the ~~general bill providing~~ appropriations ~~act~~ to the board
7 of regents, on behalf of the university system units, as defined in 17-7-102, is contingent upon approval of a
8 comprehensive operating budget by October 1 of each fiscal year. The operating budget must contain detailed
9 revenue and expenditures and anticipated fund balances of current funds, loan funds, endowment funds, and
10 plant funds. After the board of regents approves operating budgets, transfers between units may be made only
11 with the approval of the board of regents. Transfers and related justification must be submitted to the office of
12 budget and program planning and to the legislative fiscal analyst.

13 (3) The operating budget for money appropriated by the ~~general bill providing the primary~~ appropriations
14 ~~act for an agency~~ must be separate from the operating budget for money appropriated by another law except a
15 law appropriating money for the state pay plan or any portion of the state pay plan. The legislature may restrict
16 the use of funds appropriated for personal services to allow use only for the purpose of the appropriation. Each
17 operating budget must include expenditures for each agency program, detailed at least by first-level categories
18 as provided in 17-1-102(3). Each agency shall record its operating budget for all funds, other than higher
19 education funds, and any approved changes on the statewide accounting, budgeting, and human resource
20 system. Documents implementing approved changes must be signed. The operating budget for higher education
21 funds must be recorded on the university financial system, with separate accounting categories for each source
22 or use of state government funds. State sources and university sources of funds may be combined for the general
23 operating portion of the current unrestricted funds."
24

25 **Section 8.** Section 17-7-139, MCA, is amended to read:

26 "**17-7-139. Program transfers.** (1) Unless prohibited by law or a condition contained in the ~~general a~~
27 ~~bill providing~~ appropriations ~~act for an agency~~, the approving authority may approve agency requests to transfer
28 appropriations between programs within each fund type within each fiscal year. The legislature may restrict the
29 use of funds appropriated for personal services to allow use only for the purpose of the appropriation. An
30 explanation of any significant transfer must be submitted on a regular basis to the interim committee that has

1 program evaluation and monitoring functions for the agency pursuant to Title 5, chapter 5, part 2. An explanation
2 of any transfer that involves a significant change in agency or program scope, objectives, activities, or
3 expenditures must be submitted to the legislative fiscal analyst for review and comment by the legislative finance
4 committee prior to any implementation of the change. If the approving authority certifies that a request for a
5 transfer representing a significant change in agency or program scope, objectives, activities, or expenditures is
6 time-sensitive, the approving authority may approve the transfer prior to the next regularly scheduled meeting of
7 the legislative finance committee. The approving authority shall submit all proposed time-sensitive changes to
8 the legislative fiscal analyst prior to approval. If the legislative fiscal analyst determines that notification of the
9 legislative finance committee is warranted, the legislative fiscal analyst shall immediately notify as many members
10 as possible of the proposed change and communicate any concerns expressed to the approving authority. The
11 approving authority shall present a report fully explaining the reasons for the action to the next meeting of the
12 legislative finance committee. All program transfers must be completed within the same fund from which the
13 transfer originated. A request for a transfer accompanied by a justification explaining the reason for the transfer
14 must be submitted by the requesting agency to the approving authority and the office of budget and program
15 planning. Upon approval of the transfer in writing, the approving authority shall inform the legislative fiscal analyst
16 of the approved transfer and the justification for the transfer. If money appropriated for a fiscal year is transferred
17 to another fiscal year, the money may not be retransferred, except that money remaining from projected costs
18 for spring fires estimated in the last quarter of the first year of a biennium may be retransferred.

19 (2) For the purposes of subsection (1), an agency or program is considered to have a significant change
20 in its scope, objectives, activities, or expenditures if:

21 (a) the budget transfer exceeds \$1 million; or

22 (b) the budget transfer exceeds 25% of a program's total operating plan and the transfer is greater than
23 \$75,000. If there have been other transfers to or from the program in the current fiscal year, all the transfers,
24 including the transfer under consideration, must be used in determining the 25% and \$75,000 threshold."
25

26 **Section 9.** Section 17-7-140, MCA, is amended to read:

27 **"17-7-140. Reduction in spending.** (1) (a) As the chief budget officer of the state, the governor shall
28 ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in
29 subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the
30 criteria provided in subsection (1)(b), shall direct agencies to reduce spending in an amount that ensures that the

1 projected ending general fund balance for the biennium will be at least 1% of all general fund appropriations
2 during the biennium. An agency may not be required to reduce general fund spending for any program, as defined
3 in each ~~general~~ bill providing appropriations ~~act for an agency~~, by more than 10% during a biennium.
4 Departments or agencies headed by elected officials or the board of regents may not be required to reduce
5 general fund spending by a percentage greater than the percentage of general fund spending reductions required
6 for the total of all other executive branch agencies. The legislature may exempt from a reduction an appropriation
7 item within a program or may direct that the appropriation item may not be reduced by more than 10%.

8 (b) The governor shall direct agencies to manage their budgets in order to reduce general fund
9 expenditures. Prior to directing agencies to reduce spending as provided in subsection (1)(a), the governor shall
10 direct each agency to analyze the nature of each program that receives a general fund appropriation to determine
11 whether the program is mandatory or permissive and to analyze the impact of the proposed reduction in spending
12 on the purpose of the program. An agency shall submit its analysis to the office of budget and program planning
13 and shall at the same time provide a copy of the analysis to the legislative fiscal analyst. The office of budget and
14 program planning shall review each agency's analysis, and the budget director shall submit to the governor a
15 copy of the office of budget and program planning's recommendations for reductions in spending. The budget
16 director shall provide a copy of the recommendations to the legislative fiscal analyst at the time that the
17 recommendations are submitted to the governor and shall provide the legislative fiscal analyst with any proposed
18 changes to the recommendations. The legislative finance committee shall meet within 20 days of the date that
19 the proposed changes to the recommendations for reductions in spending are provided to the legislative fiscal
20 analyst. The legislative fiscal analyst shall provide a copy of the legislative fiscal analyst's review of the proposed
21 reductions in spending to the budget director at least 5 days before the meeting of the legislative finance
22 committee. The committee may make recommendations concerning the proposed reductions in spending. The
23 governor shall consider each agency's analysis and the recommendations of the office of budget and program
24 planning and the legislative finance committee in determining the agency's reduction in spending. Reductions in
25 spending must be designed to have the least adverse impact on the provision of services determined to be most
26 integral to the discharge of the agency's statutory responsibilities.

27 (2) Reductions in spending for the following may not be directed by the governor:

- 28 (a) payment of interest and principal on state debt;
29 (b) the legislative branch;
30 (c) the judicial branch;

- 1 (d) the school BASE funding program, including special education;
- 2 (e) salaries of elected officials during their terms of office; and
- 3 (f) the Montana school for the deaf and blind.
- 4 (3) (a) As used in this section, "projected general fund budget deficit" means an amount, certified by the
- 5 budget director to the governor, by which the projected ending general fund balance for the biennium is less than:
- 6 (i) 2% of the general fund appropriations for the second fiscal year of the biennium prior to October of
- 7 the year preceding a legislative session;
- 8 (ii) 3/4 of 1% in October of the year preceding a legislative session;
- 9 (iii) 1/2 of 1% in January of the year in which a legislative session is convened; and
- 10 (iv) 1/4 of 1% in March of the year in which a legislative session is convened.
- 11 (b) In determining the amount of the projected general fund budget deficit, the budget director shall take
- 12 into account revenue, established levels of appropriation, anticipated supplemental appropriations for school
- 13 equalization aid, and anticipated reversions.
- 14 (4) If the budget director determines that an amount of actual or projected receipts will result in an
- 15 amount less than the amount projected to be received in the revenue estimate established pursuant to 5-5-227,
- 16 the budget director shall notify the revenue and transportation interim committee of the estimated amount. Within
- 17 20 days of notification, the revenue and transportation interim committee shall provide the budget director with
- 18 any recommendations concerning the amount. The budget director shall consider any recommendations of the
- 19 revenue and transportation interim committee prior to certifying a projected general fund budget deficit to the
- 20 governor."

- 21
- 22 **Section 10.** Section 17-7-142, MCA, is amended to read:
- 23 **"17-7-142. Calculation of reversions for funded resident enrollment growth in Montana university**
- 24 **system and community colleges.** (1) The reversion calculation in this section is effective only in those years
- 25 when the legislature funds resident enrollment growth based upon resident enrollment projections and requires
- 26 a reversion by the Montana university system or a community college if the resident enrollment projections are
- 27 not met.
- 28 (2) The reversion must be calculated based upon the marginal funding for each resident FTE identified
- 29 in the general bill providing appropriations for the university system and community colleges.
- 30 (3) The total reversion is calculated based upon the difference between the FTE resident enrollment

1 projection and the actual FTE resident enrollment or the FTE resident enrollment projection and the prior 3-year
2 average FTE resident enrollment, whichever is lower."

3

4 **Section 11.** Section 17-7-301, MCA, is amended to read:

5 **"17-7-301. Authorization to expend during first year of biennium from appropriation for second**

6 **year -- proposed supplemental appropriation defined -- limit on second-year expenditures.** (1) An agency
7 may make expenditures during the first fiscal year of the biennium from appropriations for the second fiscal year
8 of the biennium if authorized by the ~~general bill providing~~ general bill providing appropriations ~~act for the agency~~. An agency that is not
9 authorized ~~in the general appropriations act~~ to make first-year expenditures may be granted spending
10 authorization by the approving authority upon submission and approval of a proposed supplemental appropriation
11 to the approving authority. The proposal submitted to the approving authority must include a plan for reducing
12 expenditures in the second year of the biennium that allows the agency to contain expenditures within
13 appropriations. If the approving authority finds that, ~~due to~~ because of an unforeseen and unanticipated
14 emergency, the amount actually appropriated for the first fiscal year of the biennium with all other income will be
15 insufficient for the operation and maintenance of the agency during the year for which the appropriation was
16 made, the approving authority shall, after careful study and examination of the request and upon review of the
17 recommendation for executive branch proposals by the budget director, submit the proposed supplemental
18 appropriation to the legislative fiscal analyst.

19 (2) The plan for reducing expenditures required by subsection (1) is not required if the proposed
20 supplemental appropriation is:

21 (a) due to an unforeseen and unanticipated emergency for fire suppression;

22 (b) requested by the superintendent of public instruction, in accordance with the provisions of 20-9-351,
23 and is to complete the state's funding of guaranteed tax base aid, transportation aid, or equalization aid to
24 elementary and secondary schools for the current biennium; or

25 (c) requested by the attorney general and:

26 (i) is to pay the costs associated with litigation in which the department of justice is required to provide
27 representation to the state of Montana; or

28 (ii) in accordance with the provisions of 7-32-2242, is to pay costs for which the department of justice is
29 responsible for confinement of an arrested person in a detention center.

30 (3) Upon receipt of the recommendation of the legislative finance committee pursuant to 17-7-311, the

1 approving authority may authorize an expenditure during the first fiscal year of the biennium to be made from the
2 appropriation for the second fiscal year of the biennium. Except as provided in subsection (2), the approving
3 authority shall require the agency to implement the plan for reducing expenditures in the second year of the
4 biennium that contains agency expenditures within appropriations.

5 (4) The agency may expend the amount authorized by the approving authority only for the purposes
6 specified in the authorization.

7 (5) The approving authority shall report to the next legislature in a special section of the budget the
8 amounts expended as a result of all authorizations granted by the approving authority and shall request that any
9 necessary supplemental appropriation bills be passed.

10 (6) As used in this part, "proposed supplemental appropriation" means an application for authorization
11 to make expenditures during the first fiscal year of the biennium from appropriations for the second fiscal year
12 of the biennium.

13 (7) (a) Except as provided in subsections (2) and (7)(b), an agency may not make expenditures in the
14 second year of the biennium that, if carried on for the full year, will require a deficiency appropriation, commonly
15 referred to as a "supplemental appropriation".

16 (b) An agency shall prepare and, to the extent feasible, implement a plan for reducing expenditures in
17 the second year of the biennium that contains agency expenditures within appropriations. The approving authority
18 is responsible for ensuring the implementation of the plan. If, in the second year of a biennium, mandated
19 expenditures that are required by state or federal law will cause an agency to exceed appropriations or available
20 funds, the agency shall reduce all nonmandated expenditures pursuant to the plan in order to reduce to the
21 greatest extent possible the expenditures in excess of appropriations or funding. An agency may not transfer
22 funds between fund types in order to implement a plan."

23

24 **Section 12.** Section 17-7-304, MCA, is amended to read:

25 **"17-7-304. Disposal of unexpended appropriations.** (1) All money appropriated for any specific
26 purpose except that appropriated for the university system units listed in subsection (2) and except as provided
27 in subsection (4) must, after the expiration of the time for which appropriated, revert to the several funds and
28 accounts from which originally appropriated. However, any unexpended balance in any specific appropriation may
29 be used for the years for which the appropriation was made or may be used to fund the provisions of 2-18-1203
30 through 2-18-1205 and 19-2-706 in the succeeding year.

1 (2) Except as provided in 17-2-108 and subsection (3) of this section, all money appropriated for the
2 university of Montana campuses at Missoula, Butte, Dillon, and Helena and the Montana state university
3 campuses at Bozeman, Billings, Havre, and Great Falls, the agricultural experiment station with central offices
4 at Bozeman, the forest and conservation experiment station with central offices at Missoula, the cooperative
5 extension service with central offices at Bozeman, and the bureau of mines and geology with central offices in
6 Butte must, after the expiration of the time for which appropriated, revert to an account held by the board of
7 regents. The board of regents is authorized to maintain a fund balance and to use the funds held in this account
8 in accordance with a long-term plan for major and deferred maintenance expenditures and equipment or fixed
9 assets purchases prepared by the affected university system units and approved by the board of regents. The
10 affected university system units may, with the approval of the board of regents, modify the long-term plan at any
11 time to address changing needs and priorities. The board of regents shall communicate the plan to each
12 legislature, to the finance committee when requested by the committee, and to the office of budget and program
13 planning.

14 (3) Subsection (2) does not apply to reversions that are the result of a reduction in spending directed
15 by the governor pursuant to 17-7-140. Any amount that is a result of a reduction in spending directed by the
16 governor must revert to the fund or account from which it was originally appropriated.

17 (4) (a) Subject to subsection (4)(b), after the end of a fiscal year, 30% of the money appropriated to an
18 agency for that year ~~by the general appropriations act~~ for personal services, operating expenses, and equipment,
19 by fund type, and remaining unexpended and unencumbered at the end of the year may be reappropriated to be
20 spent during the following 2 years for any purpose that is consistent with the goals and objectives of the agency.
21 The dollar amount of the 30% amount that may be carried forward and spent must be determined by the office
22 of budget and program planning.

23 (b) (i) Any portion of the 30% of the unexpended and unencumbered money referred to in subsection
24 (4)(a) that was appropriated to a legislative branch entity may be deposited in the account established in
25 5-11-407.

26 (ii) After the end of a biennium, any portion of the unexpended and unencumbered money appropriated
27 for the operation of the preceding legislature in a separate appropriation act may be deposited in the account
28 established in 5-11-407. The approving authority shall determine the portion of the unexpended and
29 unencumbered money that is deposited in the account."

30

1 **Section 13.** Section 20-9-542, MCA, is amended to read:

2 **"20-9-542. School flexibility account -- distribution of funds.** (1) There is a school flexibility account
3 in the state special revenue fund. The superintendent of public instruction shall allocate the money in the account,
4 including any interest earned on money allocated to the account, to each school district. Each school district's
5 total allocation is the sum of the district K-12 public school funding amount, the district large K-12 public school
6 funding amount, and the district student funding amount.

7 (2) In addition to funds allocated or appropriated to the school flexibility account, all money saved by the
8 state if the actual statewide ANB in a given fiscal year is less than the statewide ANB projected by the legislature
9 during the preceding legislative session must be deposited in the school flexibility account.

10 (3) A portion of the money in the school flexibility account may be expended by a district to alleviate
11 certified staff shortages in the district or for retirement incentives only if a portion of the account is specified for
12 that purpose in ~~a general appropriation~~ an act providing appropriations to the office of public instruction."

13

14 **Section 14.** Section 20-15-310, MCA, is amended to read:

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

19 (2) (a) The state general fund appropriation must be determined as follows:

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

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

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

27 (3) The student count may not include those enrolled in community service courses as defined by the
28 board of regents.

29 (4) As used in this section, the following definitions apply:

30 (a) "Cost of education" means the actual costs incurred by the community colleges during the budget

1 base fiscal year, as reported on the current unrestricted operating fund schedule that is statutorily required to be
2 submitted to the commissioner of higher education, minus any reversion and one-time-only expenditures that are
3 included.

4 (b) "Fixed cost of education" means that portion of the cost of education, as determined by the
5 legislature, that is not influenced by increases or decreases in student enrollment.

6 (c) "Variable cost of education per student" means that portion of the cost of education, as determined
7 by the legislature, that is subject to change as a result of increases or decreases in student enrollment, divided
8 by the actual student enrollment during the budget base fiscal year."

9

10 **Section 15.** Section 20-25-428, MCA, is amended to read:

11 **"20-25-428. Financial assistance for resident nonbeneficiary students.** (1) Subject to a line item
12 appropriation for purposes of this section, the regents shall provide financial assistance to tribally controlled
13 community colleges for enrolled resident nonbeneficiary students who, except as provided in subsection (8), are
14 taking courses for which credit is transferable to another Montana college or university.

15 (2) Each tribal community college shall apply for this assistance to the regents. Except as provided in
16 subsection (6), the money must be distributed on a prorated basis according to the eligible resident
17 nonbeneficiary student enrollment in each tribal community college during the previous year. To qualify, a resident
18 nonbeneficiary student must meet the residency requirements as prescribed for the system by the regents and,
19 except as provided in subsection (8), must be enrolled in courses for which credit is transferable to another
20 Montana college or university. The distribution for any student is limited to a maximum of \$3,024 each year for
21 each full-time equivalent student.

22 (3) An expenditure is contingent upon the tribal community college:

23 (a) being accredited or being a candidate for accreditation by the northwest commission on colleges and
24 universities;

25 (b) entering into a contract or a state-tribal cooperative agreement, pursuant to Title 18, chapter 11, with
26 the regents to provide the regents with information relating to eligibility of resident nonbeneficiary students and
27 documentation on the curriculum to ensure that the content and quality of courses offered by the tribal community
28 college are consistent with the standards adopted by the system;

29 (c) providing the regents with documentation that credits for the courses in which the resident
30 nonbeneficiary students are enrolled, except as provided in subsection (8), will be accepted at another Montana

1 college or university; and

2 (d) filing with the regents evidence that the college's enrollment of Indian students is at least 51%, as
3 required by the Tribally Controlled Community College Assistance Act of 1978, 25 U.S.C. 1804.

4 (4) If funding is available pursuant to subsection (1), the legislature intends that the money be an amount
5 in addition to the system budget approved in the ~~general bill providing appropriations act to the university system.~~

6 (5) All funds appropriated under subsection (1) that are unspent revert to the state general fund.

7 (6) Prior to receiving money pursuant to subsection (1), each tribal community college shall grant to
8 eligible resident nonbeneficiary students who meet the residency requirements, as prescribed for the system by
9 the regents, fee waivers in the same percentage as the number of Indian students who are receiving fee waivers
10 to attend a unit of the system bears to the total enrollment in the system.

11 (7) The calculation in subsection (6) is not intended to allow the university system to retain the calculated
12 amount of funds. Waivers must be given to eligible students.

13 (8) The limit of financial assistance to nonbeneficiary students is limited to students enrolled in courses
14 for which credit is transferable to another Montana college or university."
15

16 **Section 16.** Section 52-2-710, MCA, is amended to read:

17 **"52-2-710. At-home infant care program -- definition.** (1) There is an at-home infant care program
18 for low-income families in which a parent provides full-time child care for the family's infant under 2 years of age
19 that will be funded if a specific appropriation is ~~added to the general~~ contained in a bill providing appropriations
20 ~~act to the department~~ or by budget amendment if funds become available from federal or private sources. Subject
21 to subsection (2), the family may receive a payment in lieu of child-care assistance if the family meets the
22 following eligibility requirements:

23 (a) The family is not receiving financial assistance under Title 53, chapter 4, parts 2 and 6.

24 (b) The family has not previously received a total of 24 months of at-home infant care assistance under
25 this section.

26 (c) The family is at or below 150% of the federal poverty level.

27 (d) The family has fulfilled the following work requirements for 1 out of the 3 months prior to entering the
28 program:

29 (i) 120 hours a month for two-parent families, which may be the contribution of one or both parents;

30 (ii) 60 hours a month for single-parent families;

- 1 (iii) 40 hours a month for single-parent families who are attending postsecondary education or training.
- 2 (e) A parent must be 18 years of age or older or, if under 18 years of age, have attained an equivalency
3 of completion of secondary education, as provided in 20-7-131, or a high school diploma.
- 4 (f) A parent must meet any additional requirements as provided in administrative rules.
- 5 (2) A parent who is under 18 years of age and attending high school or a program for equivalency of
6 completion of secondary education, as provided in 20-7-131, may receive benefits for months outside of the
7 regular school year.
- 8 (3) For the purposes of this section, "parent" means a birth parent, a stepparent, a foster parent, or a
9 guardian who is acting in loco parentis.
- 10 (4) The maximum rate of assistance allowed is equal to the amount of child-care assistance for infant
11 family care for the appropriate district, as adopted by the department by rule. The family may not receive
12 subsidies for child care for other children in the family.
- 13 (5) A participating family shall report income and other family changes as specified by rule. State
14 agencies shall treat income received under this program as earned income.
- 15 (6) Family members may participate in education and work activities as long as one or both parents
16 provide care full time for the infant."

17

18 **Section 17.** Section 53-2-217, MCA, is amended to read:

19 **"53-2-217. Contingency on expenditure.** Title 33, chapter 22, part 20, may not be construed to require
20 implementation or ongoing operation of the programs in 53-6-1201(3)(d) through (3)(g) without a line item
21 appropriation ~~in the general appropriations bill included~~ for that purpose."

22

23 **Section 18.** Section 53-6-1020, MCA, is amended to read:

24 **"53-6-1020. Contingency on expenditure.** This part may not be construed to require implementation
25 or ongoing operation of the program under 53-6-1201(3)(b) without a line item appropriation ~~in the general~~
26 ~~appropriations bill included~~ for that purpose."

27

28 **Section 19.** Section 90-4-614, MCA, is amended to read:

29 **"90-4-614. Appropriation of energy cost savings.** (1) In preparing the executive budget each
30 biennium, the governor shall include for each state agency participating in the state energy conservation program:

1 (a) an estimate of the energy cost savings expected for that agency in each year of the biennium; and
 2 (b) a projection of the debt service on energy conservation program bonds that should be apportioned
 3 to that agency in each year of the biennium. Debt service is zero after the term of bond repayment.

4 (2) Each session, the legislature shall review the governor's submission pursuant to 90-4-606 and
 5 subsection (1) of this section and appropriate in the general appropriations act the following:

6 (a) authority for each participating state agency to transfer funds in an amount equal to the agency's
 7 projected debt service to the energy conservation program account established in 90-4-612; and

8 (b) authority for each participating state agency to transfer funds to the long-range building program fund
 9 in an amount equal to the difference between the estimated energy cost savings to the agency and the projected
 10 debt service apportioned to that agency.

11 (3) The current level utility appropriations of state agencies participating in the energy conservation
 12 program must be reduced by the sum of the amounts appropriated in subsections (2)(a) and (2)(b).

13 (4) Each participating state agency shall transfer upon request of the department the amounts
 14 appropriated in accordance with subsection (2)."

15

16 **Section 20.** Section 90-4-616, MCA, is amended to read:

17 **"90-4-616. Transfer of energy savings from projects.** (1) In preparing the executive budget each
 18 biennium, for each state agency participating in the energy conservation program by using appropriations from
 19 the general fund or the energy conservation capital projects account created in 90-4-617, the governor shall
 20 include an estimate of the energy cost savings expected for that agency in each year of the biennium.

21 (2) Each session, the legislature shall review the governor's submission pursuant to 90-4-606 and
 22 subsection (1) of this section and, unless the legislature disapproves, shall include in ~~the general~~ an
 23 appropriations act bill the authority for each participating state agency to transfer funds in an amount equal to the
 24 agency's estimated energy cost savings to the energy conservation repayment account established in 90-4-615.
 25 These transfers must continue until the cost of the project, including energy analysis, acquisition and installation
 26 costs of energy saving equipment or systems, and the cost of the construction of improvements in state buildings,
 27 facilities, or structures, plus annual interest payments of 3% of the unpaid balance of the cost of the project, has
 28 been paid into the energy conservation repayment account.

29 (3) The current level utility appropriations of state agencies participating in the energy conservation
 30 program must be reduced by the sum of the amounts approved to be transferred pursuant to subsection (2).

