

Exhibit No. 5Date 3-25-13Bill No. HB 3

SUMMARY OF HB 3

The bill adds:

General fund - \$116.9 million in various agencies

State special revenue - \$0.8 million in the Departments of Corrections and Justice

Federal funds - \$6.5 million in the Department of Military Affairs

Proprietary funds - \$2.0 million in the Montana State Lottery

General fund is dominated by three items:

- 1) OPI costs due primarily to the veto of HB 316.
- 2) Fire costs and replenishment of the fire suppression fund
- 3) Replacement of reserve funding in the state's self-insurance fund that was depleted due to payment of the state's obligation under the Libby asbestos lawsuit.

Office of Public Instruction

BASE Aid - The Base Aid supplemental is related to the veto of HB 316 from the last session. HB 316 moved US mineral royalties to the guarantee account to pay for Base Aid. The HB2 appropriation for Base Aid from the general fund was reduced accordingly. When HB 316 was vetoed, the appropriation authority for Base Aid in the general fund was short since the guarantee account did not have the revenue to pay for the HB 316 share of Base Aid. This supplemental request also includes a small portion for unusual enrollment increases.

Block Grant - The block grant supplemental is to reimburse school districts and county education accounts for the business equipment tax cut in SB 372 from the prior session. This amount was inadvertently left out of the fiscal note for SB 372 and was not included in HB 2 from last session.

Department of Justice

Major Litigation - \$1.2 million for costs associated with defending the state in litigation

Exempt Staff Payouts - \$60,611 state special and \$43,000 general fund to fund retirement payouts for exempt staff turnover following the election of the new attorney general.

DNRC

Fire Suppression - \$50.0 million general fund. The appropriation provides funding for all remaining state costs of fire suppression for the biennium, which are currently estimated at around \$30.0 million. The remainder in the appropriation would be used to replenish the fire suppression account by about \$20.0 million.

Department of Administration

Montana State Lottery - \$2.0 million in proprietary funds. The Montana State Lottery had increased lottery ticket sales in both FY 2012 and FY 2013 which resulted in a corresponding increase in vendor fees. Lottery vendor fees are 5.8% of every dollar in lottery sales. In addition, increased instant (scratch) tickets sales resulted in a need to replenish stock to provide for game sales. Overall increased lottery sales result in additional general fund as net revenues of the lottery as transferred to the general fund.

Risk Management and Tort Division - \$13.4 million in general fund. Under a court settlement with victims of asbestosis in Libby the state was found liable and required to pay \$26.8 million. The state's self-insurance fund paid the \$26.8 million, eliminating reserves for the general liability, automobiles, aviation, and property programs and creating an unfunded liability of (\$15.4) million for the general liability program at the end of FY 2012. The Joint Appropriations Subcommittee on General Government increased state agency insurance premiums for general liability and determined that providing \$13.4 million to the fund would reestablish reserves for automobiles, aviation, and property insurance. In addition, it is estimated that the unfunded liability would be reduced to (\$7.1) million at the end of FY 2015. While the program does have an unfunded liability, the program would have \$11.8 million in assets to

offset an estimated \$18.9 million in liabilities. The program estimates that losses over the biennium would be \$3.3 million.

Office of the Public Defender

Public Defender Program - \$2.1 million general fund due to a 12% case growth when 4% was anticipated at the time of budget development; and \$900,000 for capital cases – 2 cases are ongoing in Sidney and the office anticipates the death penalty may be sought in 2 other cases.

Appellate Defender Program - \$200,000 general fund due to higher than anticipated caseloads.

Department of Corrections

A total \$6.6 million general fund for several adjustments:

- \$4.5 million due to higher than anticipated outside medical costs
- \$1.3 million due to retirement payouts (30 long-term employees with average payout of \$15,000 retired in 2012 and 18 employees with average payout of \$20,000 so far in 2013)
- \$360,000 associated with termination of a contract at the Montana Women's Prison for medical services
- \$350,000 for higher than anticipated per diem payments to county jails

State special revenue of \$750,000 for canteen purchases.

Department of Military Affairs

Disaster and Emergency Services - \$6.5 million in federal special revenue. The funding is to provide additional authority for Homeland Security Grants. Of the funds received through this grant program, at least 80% must be passed through to local and tribal applications.