

1 \_\_\_\_\_ BILL NO. \_\_\_\_\_

2 INTRODUCED BY \_\_\_\_\_  
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE REVENUE ESTIMATING PROCESS; REQUIRING  
5 THE REVENUE AND TRANSPORTATION INTERIM COMMITTEE TO PREPARE THE GOVERNOR'S  
6 ESTIMATE OF REVENUE FOR INTRODUCTION; PROVIDING THAT THE GOVERNOR'S REVENUE  
7 ESTIMATE BE USED FOR FISCAL NOTES UNTIL FINAL ADOPTION OF A REVENUE ESTIMATE;  
8 PROVIDING THAT A REVENUE ESTIMATE IS NOT USED FOR THE PURPOSE OF DETERMINING  
9 WHETHER THERE IS A BALANCED BUDGET UNTIL FINAL ADOPTION BY BOTH HOUSES OF THE  
10 LEGISLATURE; AND AMENDING SECTIONS 5-4-205, 5-5-227, 17-7-112, AND 17-7-140, MCA."

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

13  
14 NEW SECTION. **Section 1. Revenue estimate.** (1) (a) The revenue and transportation interim  
15 committee shall prepare for introduction during each regular legislative session the governor's estimate of the  
16 amount of projected revenue as provided in 5-5-227.

17 (b) The committee may prepare for introduction during a special session of the legislature in which a  
18 revenue bill or an appropriation bill is under consideration a senate joint resolution that includes the governor's  
19 estimate of the amount of projected revenue as provided in 5-5-227.

20 (2) The governor's estimate and assumptions underlying the estimate must be used by all agencies with  
21 responsibilities for estimating revenue or costs, including the preparation of fiscal notes, until final adoption of a  
22 revenue estimate by both houses.

23 (3) The revenue estimate and the assumptions underlying the estimate do not constitute the legislature's  
24 revenue estimate for the purpose of determining whether there is a balanced budget as required by Article VIII,  
25 section 9, of the Montana constitution until final adoption of the estimate by both houses.

26  
27 **Section 2.** Section 5-4-205, MCA, is amended to read:

28 **"5-4-205. Contents of notes.** (1) Fiscal notes must, when possible, show in dollar amounts the  
29 estimated increase or decrease in revenue or expenditures, costs that may be absorbed without additional funds,  
30 and long-range financial implications. A comment or opinion relative to the merits of the bill may not be included



1 in the fiscal note. However, technical or mechanical defects may be noted.

2 (2) It is the legislature's intent that a fiscal note be prepared as an objective analysis of the fiscal impact  
 3 of legislation. The fiscal note should represent only the estimate of the revenue and expenditures that would result  
 4 from the implementation of the legislation, if enacted, and may not in any way reflect the views or opinions of the  
 5 preparing agencies, the sponsor, or other interested parties. Changes in revenue must be estimated for each  
 6 reported year based upon appropriate revenue estimating methodologies for the source of revenue described  
 7 and should reflect a change from the official revenue estimate provided for in ~~5-5-227~~ [section 1]. Expenditures  
 8 must be estimated as the amount required for implementing the legislation, if enacted, in excess of or as a  
 9 reduction to the present law base level of expenditures in each reported year regardless of whether or not the  
 10 preparing agency determines that it can absorb the costs in its proposed budget.

11 (3) The fiscal note must clearly differentiate between facts and assumptions made in the preparation of  
 12 the fiscal note while maintaining a logical flow of both fact and assumption in presenting how the fiscal impact  
 13 is determined."  
 14

15 **Section 3.** Section 5-5-227, MCA, is amended to read:

16 **"5-5-227. Revenue and transportation interim committee -- powers and duties -- revenue**  
 17 **~~estimating and use of estimates estimate.~~** (1) The revenue and transportation interim committee has  
 18 administrative rule review, draft legislation review, program evaluation, and monitoring functions for the  
 19 department of revenue and the department of transportation and the entities attached to the departments for  
 20 administrative purposes.

21 (2) (a) The committee must have prepared by December 1 for introduction during each regular session  
 22 of the legislature in which a revenue bill is under consideration ~~an~~ a senate joint resolution including the  
 23 governor's estimate of the amount of revenue projected to be available for legislative appropriation.

24 (b) The committee may prepare for introduction during a special session of the legislature in which a  
 25 revenue bill or an appropriation bill is under consideration ~~an~~ a senate joint resolution that includes the governor's  
 26 estimate of the amount of projected revenue. The revenue estimate is considered a subject specified in the call  
 27 of a special session under 5-3-101.

28 ~~(3) The committee's estimate, as introduced in the legislature, constitutes the legislature's current~~  
 29 ~~revenue estimate until amended or until final adoption of the estimate by both houses. It is intended that the~~  
 30 ~~legislature's estimates and the assumptions underlying the estimates will be used by all agencies with~~

1 ~~responsibilities for estimating revenue or costs, including the preparation of fiscal notes.~~

2 ~~(4)(3)~~ The legislative services division shall provide staff assistance to the committee. The committee  
3 may request the assistance of the staffs of the office of the legislative fiscal analyst, the legislative auditor, the  
4 department of revenue, and any other agency that has information regarding any of the tax or revenue bases of  
5 the state."

6

7 **Section 4.** Section 17-7-112, MCA, is amended to read:

8 **"17-7-112. Submission deadlines -- budgeting schedule.** The following is the schedule for the  
9 preparation of a state budget for submission to the legislature convening in the following year:

10 (1) By August 1, forms necessary for preparation of budget estimates must be distributed pursuant to  
11 17-7-111(2).

12 (2) (a) Except as provided in subsection (2)(b), by September 1, each agency shall submit the  
13 information required under 17-7-111 to the budget director.

14 (b) By September 1, the consolidated legislative branch shall submit a preliminary draft of the information  
15 required under 17-7-111 to the budget director. By October 10, the consolidated legislative branch shall submit  
16 the information required under 17-7-111 in final form to the budget director.

17 (3) By September 1, the budget director shall submit each state agency's budget request, except the  
18 budget request for the consolidated legislative branch, required under 17-7-111(3) to the legislative fiscal analyst.  
19 The transfer of budget information must be done on a schedule mutually agreed to by the budget director and  
20 the legislative fiscal analyst in a manner that facilitates an even transfer of budget information that allows each  
21 office to maintain a reasonable staff workflow.

22 (4) By October 10, the budget director shall furnish the legislative fiscal analyst with a preliminary budget  
23 reflecting the base budget in a format agreed upon by both the office of budget and program planning and the  
24 legislative fiscal analyst.

25 (5) By October 30, a budget request must be prepared by the budget director and submitted to the  
26 legislative fiscal analyst on behalf of any agency that did not present the information required by this section. The  
27 budget request must be based upon the budget director's studies of the operations, plans, and needs of the  
28 institution, university unit, or agency.

29 (6) By November 1, the budget director shall furnish the legislative fiscal analyst with a present law base  
30 for each agency and a copy of the documents that reflect the anticipated receipts and other means of financing

1 the base budget and present law base for each fiscal year of the ensuing biennium. The material must be in a  
2 format agreed upon by both the office of budget and program planning and the legislative fiscal analyst.

3 (7) By November 12, the budget director shall furnish the legislative fiscal analyst with the documents,  
4 in a format agreed upon by both the office of budget and program planning and the legislative fiscal analyst, that  
5 reflect expenditures to the second level, as provided in 17-1-102(3), by funding source and detailed by accounting  
6 entity.

7 (8) By November 15, the proposed pay plan schedule and the statewide project budget summary  
8 required by 17-7-111(4), a preliminary budget that meets the statutory requirements for submission of the budget  
9 to the legislature, and a summary of the preliminary budget designed for distribution to members and  
10 members-elect of the legislature must be submitted to the legislative fiscal analyst and the governor's estimate  
11 of the amount of projected revenue must be provided to the revenue and transportation interim committee as  
12 provided in 5-5-227.

13 (9) By December 15, the budget director shall submit a preliminary budget to the governor and to the  
14 governor-elect, if there is one, as provided in 17-7-121, and shall furnish the legislative fiscal analyst with all  
15 amendments to the preliminary budget.

16 (10) By January 7, recommended changes proposed by a governor-elect must be transmitted to the  
17 legislative fiscal analyst and the legislature as provided in 17-7-121."

18

19 **Section 5.** Section 17-7-140, MCA, is amended to read:

20 **"17-7-140. Reduction in spending.** (1) (a) As the chief budget officer of the state, the governor shall  
21 ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in  
22 subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the  
23 criteria provided in subsection (1)(b), shall direct agencies to reduce spending in an amount that ensures that the  
24 projected ending general fund balance for the biennium will be at least 1% of all general fund appropriations  
25 during the biennium. An agency may not be required to reduce general fund spending for any program, as defined  
26 in each general appropriations act, by more than 10% during a biennium. Departments or agencies headed by  
27 elected officials or the board of regents may not be required to reduce general fund spending by a percentage  
28 greater than the percentage of general fund spending reductions required for the total of all other executive  
29 branch agencies. The legislature may exempt from a reduction an appropriation item within a program or may  
30 direct that the appropriation item may not be reduced by more than 10%.

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

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

- 22 (a) payment of interest and principal on state debt;  
23 (b) the legislative branch;  
24 (c) the judicial branch;  
25 (d) the school BASE funding program, including special education;  
26 (e) salaries of elected officials during their terms of office; and  
27 (f) the Montana school for the deaf and blind.

28 (3) (a) As used in this section, "projected general fund budget deficit" means an amount, certified by the  
29 budget director to the governor, by which the projected ending general fund balance for the biennium is less than:

- 30 (i) 2% of the general fund appropriations for the second fiscal year of the biennium prior to October of

1 the year preceding a legislative session;

2 (ii) 3/4 of 1% in October of the year preceding a legislative session;

3 (iii) 1/2 of 1% in January of the year in which a legislative session is convened; and

4 (iv) 1/4 of 1% in March of the year in which a legislative session is convened.

5 (b) In determining the amount of the projected general fund budget deficit, the budget director shall take  
6 into account revenue, established levels of appropriation, anticipated supplemental appropriations for school  
7 equalization aid and the cost of the state's wildland fire suppression activities exceeding the amount statutorily  
8 appropriated in 10-3-312, and anticipated reversions.

9 (4) If the budget director determines that an amount of actual or projected receipts will result in an  
10 amount less than the amount projected to be received in the revenue estimate established pursuant to ~~5-5-227~~  
11 [section 1], the budget director shall notify the revenue and transportation interim committee of the estimated  
12 amount. Within 20 days of notification, the revenue and transportation interim committee shall provide the budget  
13 director with any recommendations concerning the amount. The budget director shall consider any  
14 recommendations of the revenue and transportation interim committee prior to certifying a projected general fund  
15 budget deficit to the governor."  
16

17 NEW SECTION. Section 6. Codification instruction. [Section 1] is intended to be codified as an  
18 integral part of Title 17, chapter 7, part 1, and the provisions of Title 17, chapter 7, part 1, apply to [section 1].

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