

HOUSE BILL NO. 33

INTRODUCED BY R. EHLI

BY REQUEST OF THE CHILDREN, FAMILIES, HEALTH, AND HUMAN SERVICES INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT EXPANDING MENTAL HEALTH CRISIS INTERVENTION AND JAIL DIVERSION SERVICES TO AREAS OF THE STATE THAT LACK SERVICES; REVISING REQUIREMENTS OF THE CRISIS INTERVENTION AND JAIL DIVERSION GRANT PROGRAM FOR COUNTIES; REDUCING LOCAL GOVERNMENT ENTITLEMENT SHARE PAYMENTS AND CERTAIN CALCULATIONS FOR THE PURPOSE OF PROVIDING FUNDING; PROVIDING AN APPROPRIATION; AMENDING ~~SECTION~~ SECTIONS 15-1-121 AND 53-21-1203, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

SECTION 1. SECTION 15-1-121, MCA, IS AMENDED TO READ:

"15-1-121. Entitlement share payment -- purpose -- appropriation. (1) As described in 15-1-120(3), each local government is entitled to an annual amount that is the replacement for revenue received by local governments for diminishment of property tax base and various earmarked fees and other revenue that, pursuant to Chapter 574, Laws of 2001, amended by section 4, Chapter 13, Special Laws of August 2002, and later enactments, were consolidated to provide aggregation of certain reimbursements, fees, tax collections, and other revenue in the state treasury with each local government's share. The reimbursement under this section is provided by direct payment from the state treasury rather than the ad hoc system that offset certain state payments with local government collections due the state and reimbursements made by percentage splits, with a local government remitting a portion of collections to the state, retaining a portion, and in some cases sending a portion to other local governments.

(2) The sources of dedicated revenue that were relinquished by local governments in exchange for an entitlement share of the state general fund were:

(a) personal property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999;

(b) vehicle, boat, and aircraft taxes and fees pursuant to:

(i) Title 23, chapter 2, part 5;



- 1 (ii) Title 23, chapter 2, part 6;
- 2 (iii) Title 23, chapter 2, part 8;
- 3 (iv) 61-3-317;
- 4 (v) 61-3-321;
- 5 (vi) Title 61, chapter 3, part 5, except for 61-3-509(3), as that subsection read prior to the amendment
- 6 of 61-3-509 in 2001;
- 7 (vii) Title 61, chapter 3, part 7;
- 8 (viii) 5% of the fees collected under 61-10-122;
- 9 (ix) 61-10-130;
- 10 (x) 61-10-148; and
- 11 (xi) 67-3-205;
- 12 (c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);
- 13 (d) district court fees pursuant to:
- 14 (i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);
- 15 (ii) 25-1-202;
- 16 (iii) 25-9-506; and
- 17 (iv) 27-9-103;
- 18 (e) certificate of title fees for manufactured homes pursuant to 15-1-116;
- 19 (f) financial institution taxes collected pursuant to the former provisions of Title 15, chapter 31, part 7;
- 20 (g) all beer, liquor, and wine taxes pursuant to:
- 21 (i) 16-1-404;
- 22 (ii) 16-1-406; and
- 23 (iii) 16-1-411;
- 24 (h) late filing fees pursuant to 61-3-220;
- 25 (i) title and registration fees pursuant to 61-3-203;
- 26 (j) veterans' cemetery license plate fees pursuant to 61-3-459;
- 27 (k) county personalized license plate fees pursuant to 61-3-406;
- 28 (l) special mobile equipment fees pursuant to 61-3-431;
- 29 (m) single movement permit fees pursuant to 61-4-310;
- 30 (n) state aeronautics fees pursuant to 67-3-101; and

1 (o) department of natural resources and conservation payments in lieu of taxes pursuant to Title 77,
2 chapter 1, part 5.

3 (3) (a) Except as provided in subsection (3)(b), the total amount received by each local government in
4 the prior fiscal year 2010 as an entitlement share payment under this section is the base component for the
5 subsequent fiscal year 2011 distribution, and in each subsequent year the prior year entitlement share payment,
6 including any reimbursement payments received pursuant to subsection (7), is each local government's base
7 component. ~~The~~ Subject to subsection (3)(b), the sum of all local governments' base components is the fiscal
8 year entitlement share pool.

9 (b) ~~The~~ For fiscal year 2016, the fiscal year entitlement share pool is reduced by \$1,049,904 total amount
10 ~~received by each local government in fiscal year 2011 as an entitlement share payment under this section is the~~
11 ~~base component for fiscal year 2012 and 2013 distributions, and in each subsequent year the prior year~~
12 ~~entitlement share payment, including any reimbursement payments received pursuant to subsection (7), is each~~
13 ~~local government's base component. The sum of all local governments' base components is the fiscal year~~
14 ~~entitlement share pool.~~

15 (4) (a) ~~With the exception of fiscal years 2012 and 2013~~ Subject to subsection (3)(b), the base
16 entitlement share pool must be increased annually by an entitlement share growth rate as provided for in this
17 subsection (4). The amount determined through the application of annual growth rates is the entitlement share
18 pool for each fiscal year, ~~with the exception of fiscal years 2012 and 2013.~~

19 (b) By October 1 of each year, the department shall calculate the growth rate of the entitlement share
20 pool for the current year in the following manner:

21 (i) The department shall calculate the entitlement share growth rate based on the ratio of two factors of
22 state revenue sources for the first, second, and third most recently completed fiscal years as recorded on the
23 statewide budgeting and accounting system. The first factor is the sum of the revenue for the first and second
24 previous completed fiscal years received from the sources referred to in ~~subsection~~ subsections (2)(b), (2)(c),
25 and (2)(g) divided by the sum of the revenue for the second and third previous completed fiscal years received
26 from the same sources multiplied by 0.75. The second factor is the sum of the revenue for the first and second
27 previous completed fiscal years received from individual income tax as provided in Title 15, chapter 30, and
28 corporate income tax as provided in Title 15, chapter 31, divided by the sum of the revenue for the second and
29 third previous completed fiscal years received from the same sources multiplied by 0.25.

30 (ii) Except as provided in subsection (4)(b)(iii), the entitlement share growth rate is the lesser of:

1 (A) the sum of the first factor plus the second factor; or

2 (B) 1.03 for counties, 1.0325 for consolidated local governments, and 1.035 for cities and towns.

3 (iii) In no instance can the entitlement growth factor be less than 1. ~~The~~ Subject to subsection (4)(b)(iv),
4 the entitlement share growth rate is applied to the most recently completed fiscal year entitlement payment to
5 determine the subsequent fiscal year payment.

6 (iv) For fiscal year 2016, the entitlement share growth rate is applied to the most recently completed fiscal
7 year entitlement payment minus \$1,049,904 to determine the subsequent fiscal year payment.

8 (5) As used in this section, "local government" means a county, a consolidated local government, an
9 incorporated city, and an incorporated town. A local government does not include a tax increment financing
10 district provided for in subsection (8). The county or consolidated local government is responsible for making an
11 allocation from the county's or consolidated local government's share of the entitlement share pool to each special
12 district within the county or consolidated local government in a manner that reasonably reflects each special
13 district's loss of revenue sources for which reimbursement is provided in this section. The allocation for each
14 special district that existed in 2002 must be based on the relative proportion of the loss of revenue in 2002.

15 (6) (a) The entitlement share pools calculated in this section, the amounts determined under 15-1-123(2)
16 for local governments, the funding provided for in subsection (8) of this section, and the amounts determined
17 under 15-1-123(4) for tax increment financing districts are statutorily appropriated, as provided in 17-7-502, from
18 the general fund to the department for distribution to local governments. Except for the distribution made under
19 15-1-123(2)(b), the distributions must be made on a quarterly basis.

20 (b) (i) The growth amount is the difference between the entitlement share pool in the current fiscal year
21 and the entitlement share pool in the previous fiscal year. The growth factor in the entitlement share must be
22 calculated separately for:

23 (A) counties;

24 (B) consolidated local governments; and

25 (C) incorporated cities and towns.

26 (ii) In each fiscal year, the growth amount for counties must be allocated as follows:

27 (A) 50% of the growth amount must be allocated based upon each county's percentage of the prior fiscal
28 year entitlement share pool for all counties; and

29 (B) 50% of the growth amount must be allocated based upon the percentage that each county's
30 population bears to the state population not residing within consolidated local governments as determined by the

1 latest interim year population estimates from the Montana department of commerce as supplied by the United
2 States bureau of the census.

3 (iii) In each fiscal year, the growth amount for consolidated local governments must be allocated as
4 follows:

5 (A) 50% of the growth amount must be allocated based upon each consolidated local government's
6 percentage of the prior fiscal year entitlement share pool for all consolidated local governments; and

7 (B) 50% of the growth amount must be allocated based upon the percentage that each consolidated local
8 government's population bears to the state's total population residing within consolidated local governments as
9 determined by the latest interim year population estimates from the Montana department of commerce as
10 supplied by the United States bureau of the census.

11 (iv) In each fiscal year, the growth amount for incorporated cities and towns must be allocated as follows:

12 (A) 50% of the growth amount must be allocated based upon each incorporated city's or town's
13 percentage of the prior fiscal year entitlement share pool for all incorporated cities and towns; and

14 (B) 50% of the growth amount must be allocated based upon the percentage that each city's or town's
15 population bears to the state's total population residing within incorporated cities and towns as determined by the
16 latest interim year population estimates from the Montana department of commerce as supplied by the United
17 States bureau of the census.

18 (v) In each fiscal year, the amount of the entitlement share pool before the growth amount or adjustments
19 made under subsection (7) are applied is to be distributed to each local government in the same manner as the
20 entitlement share pool was distributed in the prior fiscal year.

21 (7) If the legislature enacts a reimbursement provision that is to be distributed pursuant to this section,
22 the department shall determine the reimbursement amount as provided in the enactment and add the appropriate
23 amount to the entitlement share distribution under this section. The total entitlement share distributions in a fiscal
24 year, including distributions made pursuant to this subsection, equal the local fiscal year entitlement share pool.
25 The ratio of each local government's distribution from the entitlement share pool must be recomputed to
26 determine each local government's ratio to be used in the subsequent year's distribution determination under
27 subsections (6)(b)(ii)(A), (6)(b)(iii)(A), and (6)(b)(iv)(A).

28 (8) (a) Except for a tax increment financing district entitled to a reimbursement under 15-1-123(4), if a
29 tax increment financing district was not in existence during the fiscal year ending June 30, 2000, then the tax
30 increment financing district is not entitled to any funding. If a tax increment financing district referred to in

1 subsection (8)(b) terminates, then the funding for the district provided for in subsection (8)(b) terminates.

2 (b) Except for the reimbursement made under 15-1-123(4)(b), one-half of the payments provided for in
 3 this subsection (8)(b) must be made by November 30 and the other half by May 31 of each year. Subject to
 4 subsection (8)(a), the entitlement share for tax increment financing districts is as follows:

5	Deer Lodge	TIF District 1	\$2,833
6	Deer Lodge	TIF District 2	2,813
7	Flathead	Kalispell - District 2	4,638
8	Flathead	Kalispell - District 3	37,231
9	Flathead	Whitefish District	148,194
10	Gallatin	Bozeman - downtown	31,158
11	Missoula	Missoula - 1-1C	225,251
12	Missoula	Missoula - 4-1C	30,009
13	Silver Bow	Butte - uptown	255,421

14 (9) The estimated fiscal year entitlement share pool and any subsequent entitlement share pool for local
 15 governments do not include revenue received from tax increment financing districts, from countywide
 16 transportation block grants, or from countywide retirement block grants.

17 (10) When there has been an underpayment of a local government's share of the entitlement share pool,
 18 the department shall distribute the difference between the underpayment and the correct amount of the
 19 entitlement share. When there has been an overpayment of a local government's entitlement share, the local
 20 government shall remit the overpaid amount to the department.

21 (11) A local government may appeal the department's estimation of the base component, the entitlement
 22 share growth rate, or a local government's allocation of the entitlement share pool, according to the uniform
 23 dispute review procedure in 15-1-211.

24 (12) A payment required pursuant to this section may not be offset by a debt owed to a state agency by
 25 a local government in accordance with Title 17, chapter 4, part 1."

26

27 **Section 2.** Section 53-21-1203, MCA, is amended to read:

28 **"53-21-1203. State matching fund grants for county crisis intervention, jail diversion,**
 29 **precommitment, and short-term inpatient treatment costs.** (1) As soon as possible after July 1 of each year,
 30 from funds appropriated by the legislature for the purposes of this section, the department shall grant to each

1 eligible county state matching funds for:

2 (a) jail diversion and crisis intervention services to implement 53-21-1201 and 53-21-1202;

3 (b) insurance coverage against catastrophic precommitment costs if a county insurance pool is
4 established pursuant to 2-9-211; and

5 (c) short-term inpatient treatment.

6 (2) Grant amounts must be based on available funding and the prospects that a county or multicounty
7 plan submitted pursuant to subsection (3) will, if implemented, reduce admissions to the state hospital for
8 emergency and court-ordered detention and evaluation and ultimately result in cost savings to the state. The
9 department shall develop a sliding scale for state grants based upon the historical county use of the state hospital
10 with a high-use county receiving a lower percentage of matching funds. The sliding scale must be based upon
11 the number of admissions by county compared to total admissions and upon the population of each county
12 compared to the state population.

13 (3) In order to be eligible for the state matching funds, a county shall, in the time and manner prescribed
14 by the department:

15 (a) apply for the funds and include in the grant application a detailed plan for how the county and other
16 local entities will collaborate and commit local funds for the mental health services listed in subsection (1);

17 (b) develop and submit to the department a county or multicounty jail diversion and crisis intervention
18 services strategic plan pursuant to 53-21-1201 and 53-21-1202, including a plan for community-based or regional
19 emergency and court-ordered detention and examination services and short-term inpatient treatment;

20 (c) participate in a statewide or regional county insurance plan for precommitment costs under 53-21-132
21 if a statewide or regional insurance plan has been established as authorized under 2-9-211;

22 (d) participate in a statewide or regional jail suicide prevention program if one has been established by
23 the department for the state or for the region in which the county is situated; and

24 (e) collect and report data and information on county jail diversion, crisis intervention, and short-term
25 inpatient treatment services in the form and manner prescribed by the department to support program evaluation
26 and measure progress on performance goals.

27 (4) (a) Money FOR THE BIENNIUM BEGINNING JULY 1, 2015, MONEY appropriated for the purposes of this
28 section that exceeds the amount appropriated for this purpose in fiscal year 2015 must be used IN THE FOLLOWING
29 ORDER to:

30 (i) create crisis intervention or jail diversion services in areas of the state that currently lack services; or

1 (ii) provide new crisis intervention or jail diversion services in areas of the state that have received state
 2 matching funds pursuant to this section for other purposes; OR

3 (iii) RECOGNIZE AN INCREASE IN THE DEMAND FOR OR USE OF SERVICES THAT HAVE RECEIVED FUNDING IN
 4 PREVIOUS YEARS.

5 (b) The FOR THE BIENNIUM BEGINNING JULY 1, 2015, THE department shall, at a minimum, maintain the level
 6 of state matching funds provided to counties that received matching funds in fiscal year 2015 if the counties
 7 request continued funding of the services created or provided through use of the matching funds. IF A COUNTY
 8 REQUESTS ADDITIONAL MATCHING FUNDS FOR CONTINUED FUNDING OF SERVICES PROVIDED THROUGH USE OF MATCHING
 9 FUNDS IN PREVIOUS YEARS, THE DEPARTMENT SHALL CONSIDER WHETHER THE SERVICE IS EXPERIENCING INCREASED
 10 DEMAND OR USE AS PROVIDED IN SUBSECTION (4)(A)(iii) AND IS ELIGIBLE FOR INCREASED FUNDING.

11 (5) MONEY APPROPRIATED FOR THE PURPOSES OF THIS SECTION AFTER JUNE 30, 2017, MAY BE USED TO
 12 SUPPORT SERVICES DEVELOPED THROUGH USE OF STATE MATCHING FUNDS IN PREVIOUS YEARS. IF AN APPROPRIATION
 13 EXCEEDS THE BASE BUDGET, THE DEPARTMENT SHALL GIVE PRIORITY FOR USE OF THE ADDITIONAL MONEY TO COUNTIES
 14 THAT ARE PROPOSING TO CREATE CRISIS INTERVENTION OR JAIL DIVERSION SERVICES IN AREAS OF THE STATE THAT LACK
 15 SERVICES OR TO COUNTIES THAT ARE PROPOSING TO CREATE NEW SERVICES OR PROVIDE ADDITIONAL SERVICES IN AREAS
 16 OF THE STATE THAT HAVE RECEIVED STATE MATCHING FUNDS FOR OTHER PURPOSES.

17 (4)(5)(6)(5) The department shall adopt rules by August 1, 2011, to implement the provisions of this
 18 section."

19
 20 NEW SECTION. Section 3. Appropriation. (1) There is appropriated \$2 million from the general fund
 21 to the department of public health and human services for the biennium beginning July 1, 2015, to provide state
 22 matching funds pursuant to 53-21-1203.

23 (2) EXPENDITURES FROM THIS APPROPRIATION ARE INTENDED TO BE ONGOING AND MUST BE INCLUDED IN THE
 24 BUDGET PREPARED BY THE GOVERNOR FOR THE 2019 BIENNIUM.

25
 26 COORDINATION SECTION. SECTION 4. COORDINATION INSTRUCTION. (1) IF BOTH HOUSE BILL NO. 2 AND
 27 [THIS ACT] ARE PASSED AND APPROVED AND HOUSE BILL NO. 2 CONTAINS AN APPROPRIATION OF \$1.85 MILLION OR MORE
 28 TO THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES IN EACH YEAR OF THE BIENNIUM BEGINNING JULY 1, 2015,
 29 FOR STATE MATCHING FUNDS GRANTED PURSUANT TO 53-21-1203, THEN [SECTION 2 3 OF THIS ACT] IS VOID.

30 (2) IF BOTH HOUSE BILL NO. 2 AND [THIS ACT] ARE PASSED AND APPROVED AND HOUSE BILL NO. 2 CONTAINS

1 AN APPROPRIATION OF LESS THAN \$1.85 MILLION BUT MORE THAN \$850,000 IN EACH YEAR OF THE BIENNIUM BEGINNING
2 JULY 1, 2015, TO THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES FOR STATE MATCHING FUNDS GRANTED
3 PURSUANT TO 53-21-1203, THEN THE APPROPRIATION IN HOUSE BILL NO. 2 MUST BE REDUCED TO \$850,000 IN EACH
4 YEAR OF THE BIENNIUM.

5 (3) IF BOTH HOUSE BILL NO. 2 AND [THIS ACT] ARE PASSED AND APPROVED AND HOUSE BILL NO. 2 CONTAINS
6 AN APPROPRIATION OF LESS THAN \$850,000 IN EACH YEAR OF THE BIENNIUM BEGINNING JULY 1, 2015, TO THE
7 DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES FOR STATE MATCHING FUNDS GRANTED PURSUANT TO
8 53-21-1203, THEN THE APPROPRIATION IN HOUSE BILL NO. 2 IS VOID AND THE APPROPRIATION IN [THIS ACT] MUST BE
9 INCREASED TO \$3.7 MILLION FOR THE BIENNIUM.

10

11 NEW SECTION. Section 5. Effective date. [This act] is effective July 1, 2015.

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- END -