



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: August 4, 2010

TO: Members of the Education and Local Government Subcommittee

FROM: Roger Lloyd, Senior Fiscal Analyst

RE: Materials for the August 17th and 18th Meeting

I will be presenting options from the Legislative Fiscal Division's "Reference Book" that relate to certain local government statutory appropriations from the general fund.

To provide you with some general background information about statutory appropriations, the following has a short introduction that explains what they are and also gives you a little bit of history behind them. This is followed by a list of the 26 statutory appropriations that currently authorize expenditures from the general fund and a short description of each one. Fiscal 2009 expenditures are provided to give you some idea of the magnitude of expenditure for each.

I have also included information about "indirect" general fund statutory appropriations – those that authorize expenditures from a non-general fund account that receives money from a general fund transfer.

If you have any questions about these materials, please contact me at 444-5385 or rlloyd@mt.gov.

General Fund Statutory Appropriations

Introduction

Statutory appropriations are a special kind of legislative appropriation. Unlike temporary appropriations that expire in two years (such as those in the general appropriations act), statutory appropriations are, as their name suggests, in statute and are not part of the biennial budgeting process. As such, they are not automatically reviewed by the legislature and are not subject to the priority setting process like temporary appropriations (such as those in HB 2). Since the appropriations are in statute, they remain static until removed or changed by legislation. The legislature has made various attempts to not lose sight of these appropriations. In 1985, Representative Bardanouve sponsored legislation that required all valid statutory appropriations to be contained in a list in 17-7-502, MCA. That list provides statutory citations for each statutory appropriation. Although there are currently 92 sections listed containing 95 separate statutory appropriations, each appropriation listed in statute could have multiple appropriations established on the state accounting system. Of the 92, 25 statutorily appropriate general fund.

In 1993, Senator Grosfield successfully sponsored legislation (SB 378) that required the Legislative Finance Committee to review all statutory appropriations every two years (this requirement was removed by the 2001 Legislature). After coming off some tough budget sessions (\$156.1 million of general fund budget balancers were enacted in the three special sessions in 1992 and 1993), Senator Grosfield and other legislators were frustrated with their inability to prioritize statutorily appropriated general fund programs with those appropriated in HB 2. They were also concerned with the difficulty in reducing statutory appropriations and the unfairness this caused when HB 2 appropriations had to absorb a larger portion of the reductions.

Current Statutory Appropriations

Currently, there are 26 statutory appropriations that authorize expenditures from the general fund. In FY 2009, expenditures from 21 of these totaled \$159,682,315. From FY 2000 through 2009, all statutorily appropriated general fund expenditures totaled \$1,197,549,941.

The 26 current general fund statutory appropriations and their statute citations are listed below based in broad categories. A short description is provided along with the amount of general fund spent in FY 2009.

State Government (\$20,723,428 spent in FY 2009)

- 10-1-1202: National Guard death benefits (Nothing has been spent)
- 10-3-310: Local incidence response by the state (Nothing has been spent)
- 10-3-312 A: Governor declared emergency/disaster – Primarily fire suppression, claims and benefits, and personal services (\$1,494,100 spent in FY 2009)
- 10-3-312 B: Disaster declared by the president – Family programs (Nothing has been spent)
- 15-1-218: Dept. of Revenue out-of-state tax collections (Nothing spent in FY 2009. \$30,315 spent in FY 2010 to date)
- 15-70-369: Biodiesel fuel tax refund (Nothing has been spent)
- 15-70-601: Tax incentive for biodiesel producers (\$596 spent in FY 2009)
- 16-11-509: Recoveries from tobacco settlement litigation (\$890 spent in FY 2009)
- 17-3-106: Reimbursement of federal funds and interest (\$21,129 spent in FY 2009)
- 17-6-101: Board of Investment contracted banking services (\$2,156,990 spent in FY 2009)
- 17-7-502: Debt service obligations for multiple funds (\$16,979,824 spent in FY 2009)

Grants (\$6,027,541 spent in FY 2009)

15-35-108: Coal tax earnings for economic development – Primarily grants, personal services, and consulting (\$6,027,541 spent in FY 2009)

Local Government (\$94,276,920 spent in FY 2009)

7-4-2502: County attorney salaries – Spent as local assistance to county attorneys (\$2,381,377 spent in FY 2009)

15-1-121: Local government entitlements – Spent for local assistance to counties and cities (\$91,895,543 spent in FY 2009)

Retirement (\$38,654,426 spent in FY 2009)

19-3-319: Local government & school employee retirement (\$685,704 spent in FY 2009)

19-6-404: Highway Patrol retirement (\$1,163,055 spent in FY 2009)

19-6-410: Supplemental Highway Patrol retirement (\$285,517 spent in FY 2009)

19-9-702: Municipal police retirement (\$10,185,974 spent in FY 2009)

19-13-604: MT firefighters' unified retirement (\$9,831,417 spent in FY 2009)

19-17-301: Volunteer firefighters' retirement (\$1,579,887 spent in FY 2009)

19-18-512: Local firefighters' retirement (\$417,304 spent in FY 2009)

19-19-305: Other municipal police retirement (\$334,513 spent in FY 2009)

19-19-506: Other municipal police supplemental retirement (\$23,731 spent in FY 2009)

19-20-604 Teachers' retirement (\$777,786 spent in FY 2009)

19-20-607: Supplemental teachers' retirement (\$13,369,538 spent in FY 2009)

19-21-203: MUS optional retirement (\$1,721,295 spent in FY 2009 through a non-statutory appropriation)

Indirect General Fund Statutory Appropriations

Although the following statutory appropriations appropriate state special revenue rather than general fund, the state special revenue originated from a transfer of general fund money. These statutory appropriations and their statute citations are listed below along with a short description. Also provided is the amount of available money in each account. To-date, the total of the fund balances is \$10,781,291.

5-11-120: Legislative branch retirement terminations – A one-time transfer of \$400,000 in FY 2008 to a state special revenue fund is statutorily appropriated to fund staff retirement termination pay in the legislative branch. To date, the fund balance is \$308,590.

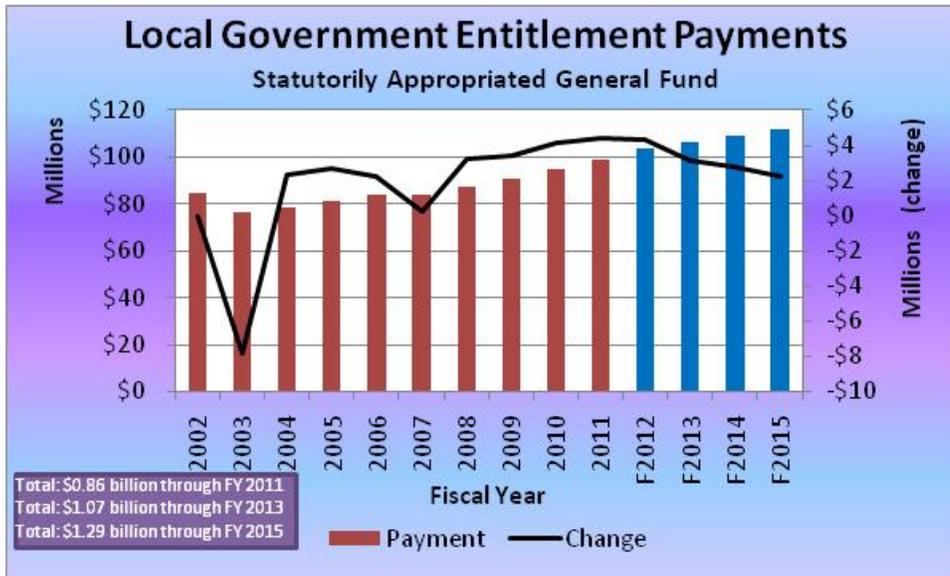
10-2-603: State veterans' cemeteries – General fund is transferred to the veterans' affairs cemetery account state special revenue account from which it is statutorily appropriated for construction, maintenance, operation, and administration of the state veterans' cemeteries. To date, the fund balance is \$211,635.

77-1-108: Department of Natural Resources and Conservation trust land management - \$80,000 of general fund each biennium is transferred to the Morrill trust land management state special revenue account and is statutorily appropriated to fund costs related to Morrill Act trust lands. To date, the fund balance is \$83,822.

90-1-504: Distressed wood products - A one-time transfer of \$7,500,000 general fund in FY 2009 to a state special revenue fund is statutorily appropriated to fund a revolving loan program. To date, the fund balance is \$7,428,452.

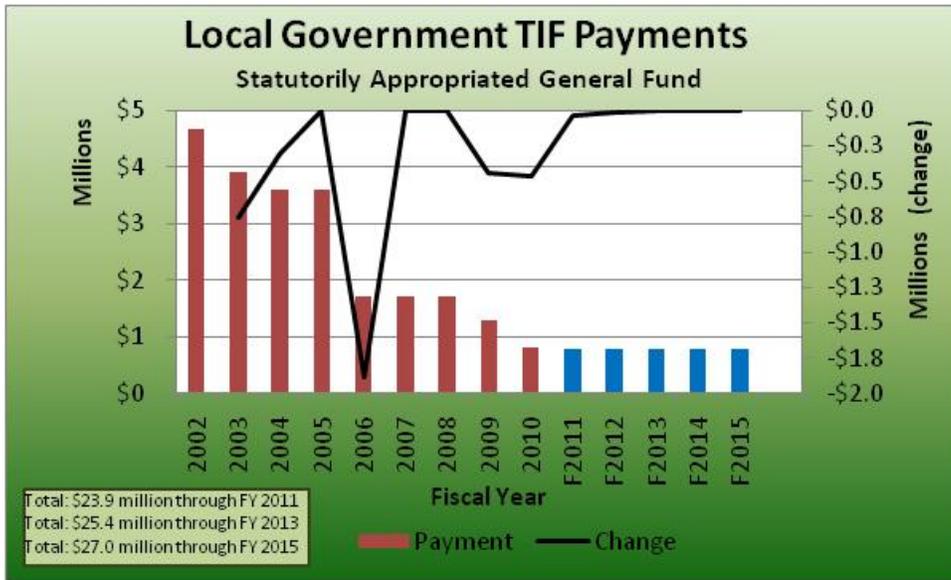
90-3-1003: Fund research and commercialization projects – General fund is transferred (with the general fund statutory appropriation in 15-35-108) to the research and commercialization state special revenue fund from which it is again statutorily appropriated. Primarily grant expenditures and personal services. To date, the fund balance is \$2,748,792 (\$3,650,000 spent in FY 2009)

Local Government/TIF Entitlements General Fund Statutorily Appropriated Payments



Fiscal Year	Payment	Change
2002	84,293,511	0
2003	76,488,502	(7,805,009)
2004	78,850,426	2,361,924
2005	81,523,762	2,673,336
2006	83,779,587	2,255,824
2007	83,983,138	203,552
2008	87,213,753	3,230,615
2009	90,607,079	3,393,326
2010	94,776,645	4,169,566
2011	99,209,226	4,432,581
F2012	103,535,806	4,326,580
F2013	106,678,581	3,142,775
F2014	109,430,263	2,751,682
F2015	111,695,539	2,265,276

Entitlement Share Savings		
No Growth: FY 2010 to FY 2015		
Fiscal Year	Expenditure	Change
2009A	\$90.607080	
2010A	\$94.776646	\$4.169567
2011F	\$99.209226	\$4.432580
2012F	\$103.535806	\$4.326579
2013F	\$106.678581	\$3.142775
2014F	\$109.430263	\$2.751682
2015F	\$111.695539	\$2.265276
Total:	\$715.933140	\$21.088459



Fiscal Year	Payment	Change
2002	4,667,886	
2003	3,909,527	(758,359)
2004	3,608,325	(301,202)
2005	3,608,324	(1)
2006	1,725,279	(1,883,045)
2007	1,725,279	0
2008	1,725,279	0
2009	1,288,464	(436,815)
2010	819,498	(468,966)
F2011	784,878	(34,620)
F2012	773,000	(11,878)
F2013	773,000	0
F2014	773,000	0
F2015	773,000	0