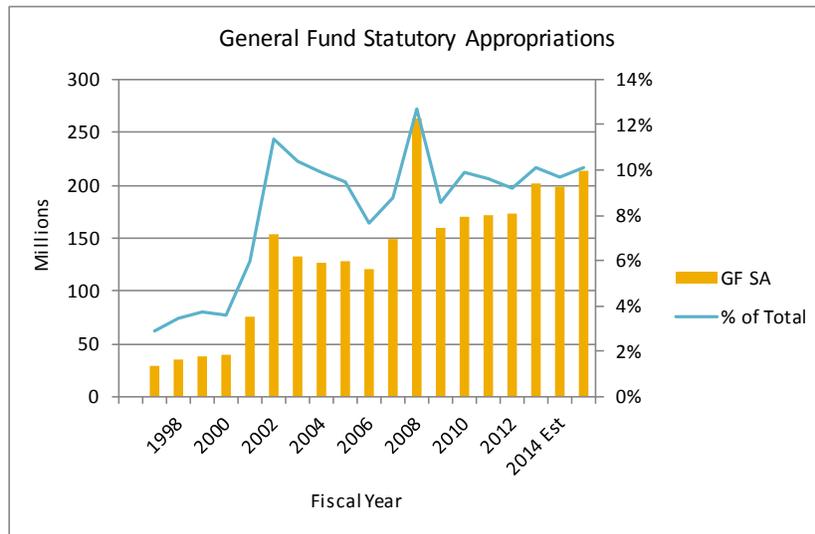


APPENDIX B - STATUTORY APPROPRIATIONS

Total statutory appropriation expenditures since FY 2000 were \$5.8 billion, of which \$1.9 billion was general fund.



The largest single statutory appropriation of general fund occurs under 15-1-121, MCA. Under this statute, \$211.6 million is expected to be spent for entitlement payments to local governments and tax increment financing districts in the 2013 biennium and \$234.1 million in the 2015 biennium. Through FY 2011, statute allowed annual increases based on averages of Montana’s gross state product and personal income. The amount grew at an average annual rate of 1.5% from FY 2002 to FY 2012 (excluding and tax increment financing districts). For FY 2012 and FY 2013, entitlement payments were held constant at the FY 2011 amount. Beginning in FY 2014 a different methodology for calculating the growth rate will be used based on revenue from individual income taxes, corporation license taxes, and sources in 15-1-121(2)(b)(c)(g), MCA.

LFD COMMENT

The Legislative Finance Committee has made many attempts to review statutory appropriations. In their most recent comprehensive review, they set forth the following policy statement:

“It is the policy of the Legislative Finance Committee that the legislature does not enact legislation establishing a statutory appropriation unless a termination date is included”.

During the last interim, the Legislative Finance Committee directed staff to identify statutory appropriations that could be changed or modified. As a result of this study, the committee has introduced the following pieces of legislation

- HB 21 amends 17-1-508, MCA to eliminate the guideline “The fund or use requires an appropriation” and remove the word “not” from the guidelines to make the intent clearer. Minor changes and cleanup to other statutory appropriations are also included.
- HB 18 replaces the current statutory appropriation of \$3.65 million general fund to the research and commercialization state special revenue account with a general fund transfer of the same amount.

LFD COMMENT

Executive General Fund Statutory Appropriation Budget Proposals

The executive is proposing three new on-going statutory appropriations of state special revenue, incurring debt service payments on additional general obligation bonds, and would reduce two existing general fund statutory appropriations.

Beginning July 1, 2013, a new statutory appropriation of state special revenue would appropriate all of the coal tax revenue that is currently deposited in the general fund to the public employees' retirement fund. The loss of general fund revenue is estimated to be \$14.8 million in FY 2014 and \$15.9 million in FY 2015 for a biennial general fund revenue reduction of \$30.7 million.

Two current general fund statutory appropriations would be reduced. Beginning July 1, 2013, the \$1.25 million appropriation for the growth through agriculture program is reduced to \$0.625 million and the \$3.65 million appropriation to the research and commercialization account is reduced to \$2.375 million, for reductions in general fund expenditures of \$6.0 million over the 2015 biennium. At the time of this writing the bill number was unknown.

Beginning July 1, 2013, another new statutory appropriation of state special revenue would appropriate all of the interest earnings from the coal tax permanent fund that is currently deposited in the general fund to the public employees' retirement fund. The loss of the general fund revenue is estimated to be: \$24.4 million in FY 2014 and \$24.5 million in FY 2015 for a biennial general fund revenue reduction of \$48.9 million. At the time of this writing the bill number was unknown.

Beginning July 1, 2013, another new statutory appropriation of state special revenue is being proposed to appropriate \$25 million each year from the guarantee account to the teachers' retirement fund. At the time of this writing the bill number was unknown.

LC871: The executive is proposing the sale of \$159.9 million of general obligation bonds for Montana University System buildings, Montana Historical Society buildings, and Tribal water compacts. Debt service and issuance costs are estimated to be \$5.374 million in FY 2014 and \$10.820 million in FY 2015 for a biennial total of \$16.1 million paid with a general fund statutory appropriation.