



Problems Experienced in Calculating the Expenditure Limitation

1. When is the calculation done?
2. Who does the calculation?
3. To whom does the limitation apply?
4. Appropriations are different from expenditures. The statute mentions both.
5. What fund types are applicable?
 - a. State special revenue funds include private funds. There is no way to verify that SSR appropriations exclude private funds.
 - b. Federal funds are excluded, but federal funds are deposited in the general fund. Examples: institutional reimbursements, US mineral royalties.
6. The expenditure limit is dynamic and changes over time
 - a. One legislature can cause the prior legislature to exceed the cap through supplemental appropriations
 - b. Estimates are used so the expenditure limit will change once actual appropriations are known (see number 4 and 5 below)
7. Estimates are required for:
 - a. Statutory appropriations
 - b. SSR budget amendments
 - c. Carry forward appropriations
 - d. Continuing appropriations
 - e. Reverted appropriations
8. The Montana personal income for the last applicable calendar year has to be estimated, but becomes known after the first of the calendar year. It is merely an estimate prepared by US DOC, BEA. Revisions can be done years later.
9. The calculation includes appropriations from initiative or court ordered expenditures (i.e. I-149 cigarette tax increase, school funding)
10. Some appropriations of applicable funds are not required (i.e. agencies paying for services and goods supplied by other agencies). Money transferred within the state treasury does not need to be appropriated. HB 2 however, appropriates funds to agencies to pay for services and goods supplied by other agencies (i.e. Information Technology Services Division, FWP capitol grounds maintenance)
11. The statute references a "reserve account" which does not exist.
12. Certain appropriations are included in both biennia (i.e. House Bill 5 appropriates money for two months at the end of a biennium of which very little if any is actually spent. The remainder (usually all) of the appropriations are carried over to the next biennium)
13. There are myriad of exceptions
 - a. Money received from the federal government (see 2b.)
 - b. Payments of principal and interest on bonded indebtedness
 - c. Money received from the sale of goods or services provided the purchase of the goods or services is discretionary
 - d. Money paid from permanent endowments, constitutional trust, or pension funds (coal severance tax and interest earnings are distributed to the general and state special revenue funds and are appropriated)
 - e. Proceeds of gifts or bequests made for purposes specified by the donor.
 - f. Money appropriated for tax relief, which is not defined
 - g. Funds transferred within state government or used to purchase goods for resale (i.e. liquor and lottery profits)
14. According to Greg Petesch, the 2/3 vote requirement to exceed the limitation is meaningless.