

HOUSE BILL NO. 19
INTRODUCED BY KASTEN

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE STATE EXPENDITURE LIMITATION; PROVIDING THAT THE LIMITATION APPLIES TO GENERAL FUND EXPENDITURES RECOMMENDED BY THE EXECUTIVE BRANCH AND GENERAL FUND EXPENDITURES ADOPTED BY THE LEGISLATURE; PROVIDING FOR A GROWTH FACTOR; REQUIRING THE EXECUTIVE BUDGET TO IDENTIFY SEPARATELY THE PORTION OF THE PROPOSED BUDGET THAT DOES NOT CONFORM TO THE EXPENDITURE LIMITATION; REQUIRING THE LEGISLATIVE FISCAL ANALYST TO DETERMINE CONFORMITY WITH THE EXPENDITURE LIMITATION PRIOR TO THE ADOPTION OF THE GENERAL APPROPRIATIONS ACT; ~~CREATING A RESERVE ACCOUNT INTO WHICH EXCESS, UNRESERVED ENDING GENERAL FUND BALANCE IS TRANSFERRED;~~ AMENDING SECTIONS 17-7-123, 17-7-131, 17-8-105, AND 17-8-106, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 17-7-123, MCA, is amended to read:

"17-7-123. Form of executive budget. (1) The executive budget submitted to the legislature must set forth a balanced financial plan for funds subject to appropriation and enterprise funds that transfer profits to the general fund or to accounts subject to appropriation for each accounting entity and for the state government for each fiscal year of the ensuing biennium that conforms to the expenditure limitation provided for in 17-8-106. The base level plan must consist of:

(a) a consolidated budget summary setting forth the aggregate figures of the budget in a manner that shows a balance between the total proposed disbursements and the total anticipated receipts, together with the other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with the corresponding figures for the ~~last completed~~ last-completed fiscal year and the fiscal year in progress. The consolidated budget summary must be supported by explanatory schedules or statements.

(b) budget and full-time equivalent personnel position comparisons by agency, program, and appropriated funds for the current and subsequent biennium;

(c) the departmental mission and a statement of goals and objectives for the department;

(d) base budget disbursements for the completed fiscal year of the current biennium, estimated

comparable disbursements for the current fiscal year, and the proposed present law base budget plus new proposals, if any, for each department and each program of the department;

(e) a statement containing recommendations of the governor for the ensuing biennium by program and disbursement category, including:

(i) explanations of appropriation and revenue measures included in the budget that involve policy changes;

(ii) matters not included as a part of the budget bill but included as a part of the executive budget, such as the state employee pay plan, programs funded through separate appropriations measures, and other matters considered necessary for comprehensive public and legislative consideration of the state budget; and

(iii) a summary of budget requests that include proposed expenditures on information technology resources. The summary must include funding, program references, and a decision package reference;

(f) a report on:

(i) enterprise funds not subject to the requirements of subsections (1)(a) through (1)(e), including retained earnings and contributed capital, projected operations and charges, and projected fund balances; and

(ii) fees and charges in the internal service fund type, including changes in the level of fees and charges, projected use of the fees and charges, and projected fund balances. Fees and charges in the internal service fund type must be approved by the legislature in the general appropriations act. Fees and charges in a biennium may not exceed the level approved by the legislature in the general appropriations act effective for that biennium.

(g) any other financial or budgetary material agreed to by the budget director and the legislative fiscal analyst.

(2) The statement of departmental goals and objectives and the schedule for each fund required in 17-7-111(3)(b) of the executive budget are not required to be printed but must be available in the office of budget and program planning and on the internet.

(3) Any proposed expenditures in excess of the limitation provided for in 17-8-106 must be identified separately from the rest of the budget."

Section 2. Section 17-7-131, MCA, is amended to read:

"17-7-131. Legislative action. (1) The presiding officers of the house of representatives and of the senate shall promptly refer the budgets and budget bills to the proper committees. The budget bill for the maintenance of the agencies of state government and the state institutions ~~shall~~ must be based upon the budget and proposed budget bill ~~so~~ submitted pursuant to this part. The legislature may amend the proposed budget bill,

but it may not amend the proposed budget bill so as to affect either the obligations of the state or the payment of any salaries required to be paid by the constitution and laws of the state.

(2) Prior to the adoption of the general appropriations act, the legislative fiscal analyst shall determine that the budget conforms to the expenditure limitation provided for in 17-8-106. If the budget does not conform to the expenditure limitation, the GENERAL FUND appropriations AND GENERAL FUND TRANSFERS in excess of the limitation must be approved by two-thirds of the members of each house as provided in 17-8-106. If the two-thirds vote is not achieved, the legislature shall reduce the budget to conform to the expenditure limitation."

Section 3. Section 17-8-105, MCA, is amended to read:

"17-8-105. Definitions applicable to expenditure limitation. As used in 17-8-106 and this section, the following definitions apply:

~~(1) "Montana total personal income" means the current income from all sources received during a particular period of time by persons residing within Montana as determined by the United States department of commerce or its successor agency.~~

(1) "Growth factor" means the sum of the inflation rate change plus the population change plus 1.

(2) "Inflation rate" means the estimated percent change in the consumer price index for the last calendar year of the current biennium to the estimated consumer price index for the last calendar year of the ensuing biennium divided by 100. The consumer price index used must be as projected by Wharton econometrics in the most recent short-term economic forecast. The inflation index used must be the consumer price index, U.S. city average, all urban consumers (CPI-U), using the 1982-84 base of 100.

(3) "Population change" means the estimated percent change in total Montana population from the last calendar year of the current biennium to the estimated total Montana population for the last calendar year of the ensuing biennium divided by 100. Population estimates used must be based upon the most recent projections by the bureau of business and economic research at the university of Montana-Missoula.

~~(2)(4) (a) "State expenditures for the current biennium" means, subject to subsection (4)(b), the general fund appropriations, the special revenue fund type appropriations, and the cash portion of the appropriations in the capital projects fund type, excluding:~~

~~—— (a) money received from the federal government;~~

~~—— (b) payments of principal and interest on bonded indebtedness;~~

~~—— (c) money paid for unemployment or disability insurance benefits;~~

~~—— (d) money received from the sale of goods or services provided that the purchase of the goods or~~

services is discretionary;

~~— (e) money paid from permanent endowments, constitutional trusts, or pension funds;~~

~~— (f) proceeds of gifts or bequests made for purposes specified by the donor;~~

~~— (g) money appropriated for tax relief; and~~

~~— (h) funds transferred within state government or used to purchase goods for resale, OTHER MISCELLANEOUS GENERAL FUND APPROPRIATIONS, GENERAL FUND STATUTORY APPROPRIATIONS, AND GENERAL FUND TRANSFERS, as adopted by the legislature. Appropriations for tax relief, supplemental appropriations, and accounting changes must be excluded from the biennium budget.~~

(b) The term does not include deficiency appropriations referred to in 17-7-301(7).

(5) (a) "State expenditures for the ensuing biennium" means the recommended general fund appropriations, other miscellaneous general fund appropriations, general fund transfers, and general fund statutory appropriations. Appropriations for tax relief and amounts related to accounting changes must be excluded from the biennium budget.

(b) The term does not include deficiency appropriations referred to in 17-7-301(7)."

Section 4. Section 17-8-106, MCA, is amended to read:

"17-8-106. Expenditure limitation -- exception. (1) Except as provided in subsection (2), the state expenditures for a the ensuing biennium may not exceed the state expenditures for the preceding current biennium ~~plus the product of the state expenditures for the preceding biennium and times~~ the growth percentage factor. The growth percentage is the percentage difference between the average Montana total personal income for the 3 calendar years immediately preceding the next biennium and the average Montana total personal income for the 3 calendar years immediately preceding the current biennium.

(2) The legislature may appropriate funds in excess of this limit ~~from the reserve account~~ if:

~~— (a) the governor declares that an emergency exists; and~~

~~— (b) two-thirds of the members of each house approve a bill stating the amount to be spent appropriated in excess of the expenditures expenditure limitation established in subsection (1), ~~the source of the excess revenue to be spent, and an intention to exceed the limitation.~~~~

~~(3) Expenditures may exceed the expenditures limitation only for the year or years for which an emergency has been declared.~~

~~(4)~~(3) The legislature is not required to appropriate the full amount allowed in any year under subsection (1)."

~~NEW SECTION. **Section 5. Reserve account.** There is a reserve account in the state special revenue fund. Any amount of the unreserved general fund balance at the end of a biennium that is in excess of 102% of the ending general fund balance projected by the legislative fiscal analyst at the end of the most recent legislative session adopting or changing the budget for that biennium must be transferred to the reserve account. The reserve account may be used for tax relief or to offset budget shortfalls as determined by the legislature.~~

~~NEW SECTION. **Section 6. Codification instruction.** [Section 5] is intended to be codified as an integral part of Title 17, chapter 2, part 1, and the provisions of Title 17, chapter 2, part 1, apply to [section 5].~~

NEW SECTION. **Section 5. Effective date.** [This act] is effective July 1, 2003.

NEW SECTION. **Section 6. Applicability.** [This act] applies to budgets prepared and adopted after July 1, 2003.

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