

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A STATEWIDE PUBLIC SCHOOL RISK POOL AND
5 HEALTH BENEFIT PLANS; REQUIRING PUBLIC SCHOOL DISTRICTS TO PROVIDE EMPLOYEES WHO
6 WERE ENROLLED IN A SCHOOL DISTRICT'S HEALTH BENEFIT PLAN DURING THE PRIOR SCHOOL
7 FISCAL YEAR WITH ACCESS TO FULL-YEAR GROUP HEALTH, MEDICAL, HOSPITALIZATION, AND
8 SURGICAL INSURANCE BENEFITS PURSUANT TO AN EMPLOYEE-SELECTED STANDARD OR BASIC
9 HEALTH BENEFITS PLAN; OFFERING EMPLOYEES AND SCHOOL DISTRICTS DENTAL BENEFITS, VISION
10 BENEFITS, LIFE INSURANCE, EMPLOYEE LONG-TERM DISABILITY OR ACCIDENTAL DEATH AND
11 DISMEMBERMENT INSURANCE, AND OTHER RELATED GROUP BENEFITS IN AN EFFICIENT MANNER
12 AND AT AN AFFORDABLE COST; AUTHORIZING TRUSTEES AND RETIREES TO ELECT TO RECEIVE
13 HEALTH INSURANCE COVERAGE AT THEIR OWN EXPENSE; MAINTAINING COLLECTIVE BARGAINING
14 THAT ALLOWS FOR AN EMPLOYEE-SELECTED STANDARD OR BASIC HEALTH BENEFITS PLAN AND
15 EMPLOYER CONTRIBUTIONS TOWARD PREMIUMS OR EXTENDED DEPENDENT OR RETIREE
16 COVERAGE AND CONTRIBUTIONS FOR CORE BENEFITS OR OTHER GROUP BENEFITS; CREATING A
17 PUBLIC SCHOOL BENEFITS BOARD; AUTHORIZING THE BOARD TO HIRE AND MANAGE ITS OWN
18 PERSONNEL FOR ADMINISTRATIVE SERVICES; AUTHORIZING THE BOARD OF INVESTMENTS TO
19 PROVIDE A LOAN FOR IMPLEMENTATION OF THE STATEWIDE PUBLIC SCHOOL RISK POOL AND
20 HEALTH BENEFIT PLANS AND A LINE OF CREDIT TO FINANCE THE INITIAL RESERVES; PROVIDING
21 ADDITIONAL LOAN AUTHORITY TO THE BOARD OF INVESTMENTS; REQUIRING THE LOAN AND LINE
22 OF CREDIT FROM THE BOARD OF INVESTMENTS FOR IMPLEMENTATION COSTS AND RESERVES TO
23 BE REPAID FROM PREMIUMS WITHIN 10 YEARS; PROHIBITING THE USE OF THE BOARD OF
24 INVESTMENTS LOAN OR LINE OF CREDIT TO PAY OFF CLAIMS OR LIABILITIES INCURRED PRIOR TO
25 JULY 1, 2008; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTIONS 2-18-103, 17-5-1608,
26 AND 17-7-502, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

27
28 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

29
30 NEW SECTION. **Section 1. Purpose.** The purpose of [sections 1 through 7] is to:



1 (1) create a uniform statewide public school risk pool and health benefit plans for K-12 public school
2 employees in which employers provide employees who were eligible to be enrolled in the district's health benefit
3 plan in the prior school fiscal year or employees who are determined by a district to be eligible to participate in
4 the statewide public school risk pool and health benefit plans with access to core benefits;

5 (2) offer vision, dental, disability, life insurance, and other related group benefits for members and their
6 dependents in an efficient manner, at the employer's and member's election, and at an affordable cost;

7 (3) mitigate and eliminate previously experienced erratic annual health care insurance premium
8 increases for members and employers by spreading health care cost experience over a larger and more stable
9 statewide public school risk group, while reducing administrative expenses associated with small health insurance
10 groups;

11 (4) provide members with access to health insurance coverage and provide equitable access to
12 affordable health care; and

13 (5) effectively allow employers and members, through the public school benefits board, an opportunity
14 to negotiate medical cost containment, quality assurances, and managed care measures with health care
15 providers, which will partially insulate school district budgets and members' income from escalating health care
16 costs.

17
18 **NEW SECTION. Section 2. Definitions.** As used in [sections 1 through 7], the following definitions
19 apply:

20 (1) "Basic plan" means a plan adopted by the board that provides core benefits for each member and
21 the member's dependents, that provides lower premiums and higher member cost sharing than under the
22 standard plan, and that provides benefits that are approximately actuarially equivalent to health benefits provided
23 to state employees on July 1, 2006, under the comparable basic plan offered by the state group insurance
24 program authorized pursuant to Title 2, chapter 18, part 8.

25 (2) "Board" means the public school benefits board established in [section 4].

26 (3) "Composite-rate premium" means the average per-enrollee premium cost for all local district
27 cooperative members who are otherwise enrolled in the statewide core benefits or other group benefits plans
28 pursuant to the tiered-rate premiums established by the board.

29 (4) "Core benefits" means group hospitalization, health, medical, and surgical insurance benefits offered
30 by employers for members and their dependents on a statewide basis pursuant to [sections 1 through 7].

1 (5) "Department" means the department of administration provided for in 2-15-1001.

2 (6) "Employee" means:

3 (a) a person employed by a public elementary or high school district, as defined in 20-6-101, a K-12
4 school district, as defined in 20-6-701, or an education cooperative, as described in 20-7-451, who was eligible
5 to be enrolled in the school district's or cooperative's health benefit plan, other than a health benefit plan provided
6 by a multiple employer welfare arrangement, in the prior school fiscal year; or

7 (b) a member of an identifiable group of employees who are determined by a district to be eligible to be
8 enrolled in the statewide public school risk pool and a health benefit plan.

9 (7) "Employer" means the governing board of any public elementary or high school district, as defined
10 in 20-6-101, a K-12 school district, as defined in 20-6-701, or an education cooperative, as described in 20-7-451.

11 (8) "Group benefits" means core benefits and dental, vision, disability, accidental death and
12 dismemberment, life, and other similar and related benefits offered to members and dependents on a statewide
13 basis pursuant to [sections 1 through 7].

14 (9) "Managed care plan" means a plan provided by a health care provider network that is subject to
15 review and regulation as a health maintenance organization pursuant to Title 33, chapter 31, and that provides
16 health care or other benefits on a local, regional, or statewide basis.

17 (10) "Medicare supplement plan" means a plan adopted by the board that offers core benefits for
18 members and their dependents who are enrolled in medicare and that supplements benefits provided under the
19 medicare program. The term may include a medicare managed care plan.

20 (11) "Member" means an employee, retiree, or trustee who is eligible for enrollment in the statewide
21 public school risk pool and health benefit plans.

22 (12) "Multiple employer welfare arrangement" means a national health and benefits program, as defined
23 by the Employee Retirement Income Security Act of 1974, 29 U.S.C. 1002(40), that is sponsored by a national
24 union and incorporated into a local school district or cooperative collective bargaining agreement.

25 (13) "Retiree" means:

26 (a) an employee who has terminated employment with an employer and who, at the time of termination,
27 was continuously employed for a period of 10 or more school years, was 55 years of age or older, and was
28 enrolled in a school district, cooperative, or statewide public school health benefit plan and at the time of
29 termination of employment elected continued enrollment in the school district, cooperative, or statewide public
30 school health benefit plan;

1 (b) an employee who has terminated employment with an employer and who, at the time of termination,
 2 was enrolled in a school district, cooperative, or statewide public school health benefit plan and was eligible for
 3 normal retirement pursuant to law or rules of the public employees' retirement system or the teachers' retirement
 4 system and at the time of termination of employment elected continued enrollment in the school district,
 5 cooperative, or statewide public school health benefit plan;

6 (c) an employee or trustee who was enrolled prior to July 1, 2008, as a retiree under terms of the
 7 employer's school district or cooperative health benefit plan; or

8 (d) a trustee who terminated board trusteeship with a school district and who, at the time of termination,
 9 was continuously enrolled in the school district, cooperative, or statewide public school health benefit plan and
 10 at the time of termination of employment elected continued enrollment in the school district, cooperative, or
 11 statewide public school health benefit plan.

12 (14) "Standard plan" means a plan adopted by the board that provides core benefits for each member
 13 and the member's dependents, that provides a standard premium and lower member cost sharing than that
 14 provided under the basic plan, and that provides benefits that are approximately actuarially equivalent to health
 15 benefits provided on July 1, 2006, under the comparable traditional plan offered by the state group insurance
 16 program authorized pursuant to Title 2, chapter 18, part 8.

17 (15) "Tiered-rate premium" means the premium cost established by the board that is necessary to fund
 18 members enrolled as single, single and dependents, two-party, family, and other enrollment categories
 19 established by the board.

20 (16) "Trustee" means a member of a public school board who, by a local board policy, is made eligible
 21 for participation and who has elected to be enrolled in the statewide public school risk pool and health benefit
 22 plans.

23
 24 **NEW SECTION. Section 3. Mandatory statewide public school risk pool and health benefit plans**
 25 **-- enrollment -- collective bargaining of employer contributions.** (1) On or after [the effective date of this act],
 26 the board shall study the statewide public school risk pool and core and other group benefit plans and adopt rules
 27 for defining the statewide public school risk pool and establishing provisions of the core and other group benefit
 28 plans.

29 (2) By April 1, 2008, the board shall adopt and maintain:

30 (a) a basic plan and a standard plan, one or more locally available managed care plans, and one or more

1 medicare supplement plans providing for health insurance benefits for each member and the member's
2 dependents. The plans adopted by the board must be operating and available to all employers and members
3 by no later than July 1, 2008.

4 (b) an actuarially sound schedule of tiered-rate and composite-rate premiums for each adopted plan that
5 offers the option of selecting a premium payment method to all employers and employees by collective bargaining
6 or to nonbargaining members by board policy. The board shall, by April 15, 2008, and each succeeding April 15,
7 notify each school district and the department of the adoption of the premium structure adopted for each plan.

8 (3) By June 1, 2008, and by each succeeding June 1, employers shall notify the board of the employee's
9 selection of the standard plan, basic plan, or managed care plan and of the employer's selection of the premium
10 payment method for all eligible employee, retiree, and trustee members.

11 (4) By the later of either July 1, 2008, or upon the expiration of a collective bargaining agreement that
12 is in effect prior to [the effective date of this act] and extends through the 2009 contract year and that includes
13 provisions that specifically restrict or are otherwise in conflict with the provisions of [sections 1 through 7], an
14 employer shall:

15 (a) enroll each eligible employee in the statewide public school risk pool and provide core benefits under
16 the standard plan, basic plan, or managed care plan as elected by the employee; and

17 (b) enroll each retiree and trustee member who is eligible under [sections 1 through 7] and who elects
18 benefits coverage under the standard plan, basic plan, managed care plan, or medicare supplement plan.

19 (5) Except as provided in subsection (8) and unless otherwise prohibited by law, an employer shall, by
20 July 1, 2008, and monthly after that date, transfer to the board from any budgeted fund or nonbudgeted fund, as
21 defined in 20-9-201, the premium amount determined by the board to be necessary to:

22 (a) insure and provide core benefits on behalf of each employee enrolled under the standard plan, basic
23 plan, or managed care plan selected by the employee;

24 (b) repay the board of investments loans provided for under [section 7]; and

25 (c) implement the plan, pay administration costs, and establish reserves.

26 (6) (a) For an employee whose employment is covered by a collective bargaining agreement under Title
27 39, chapter 31, an employer's selection of tiered-rate or composite-rate premium structure for core benefits
28 premium payments and other group benefits pursuant to this section and an employer's and employee's
29 contributions for employee-selected core benefits and other group benefits made pursuant to subsection (2) or
30 (3) must be determined by collective bargaining between the employer and the exclusive representative of the

1 bargaining unit.

2 (b) For an employee whose employment is not covered by a collective bargaining agreement pursuant
3 to Title 39, chapter 31, an employer's selection of tiered-rate or composite-rate premium structure for core
4 benefits premium payments and other group benefits pursuant to this section and an employer's and employee's
5 contributions for locally selected core benefits and other group benefits made pursuant to subsection (2) or (3)
6 must be determined by an employer policy.

7 (7) A trustee or a retiree may, at the time of retirement and at the trustee's or retiree's expense, elect to
8 be enrolled in the statewide public school risk pool and receive health benefits under the standard plan, basic
9 plan, or managed care plan as offered by the district or may, if eligible, enroll in the medicare supplement plan.

10 (8) If by a collective bargaining agreement, the employer agrees to make payments for health and related
11 insurance benefits for retired school personnel, the employer shall continue to provide benefits and make
12 payments to the board pursuant to the terms of the collective bargaining agreement.

13 (9) The board shall deposit all reserve funds and premiums paid to a health benefit plan, and the money
14 deposited is statutorily appropriated, as provided in 17-7-502, to the department to be expended for claims,
15 payment of administrative costs, and loan repayments under the plan and to maintain actuarially sound reserves
16 considered necessary for the plan.

17 (10) If premiums and other income collected in a fiscal year are insufficient to fully fund the claims
18 liabilities and all expenses incurred for that year, premiums for the ensuing year must be increased to collect the
19 revenue necessary to repay losses.

20 (11) If premiums and other income collected in a fiscal year exceed the amount necessary to fully fund
21 the claims liabilities and all expenses incurred during that year, premiums for the ensuing fiscal year must be
22 reduced to return the surplus to plan participants.

23 (12) If the board acts to add or eliminate benefits from any plan, the premiums for the plan must be
24 increased by amounts actuarially required to pay for increased benefits or decreased by amounts actuarially
25 determined to be saved by elimination of benefits.

26 (13) A local district with a self-funded health benefit plan is required to use reserves of the health benefit
27 plan to pay claims and other liabilities of the district's health benefit plan. Upon enrollment in a statewide public
28 school health benefit plan, any remaining reserves must be maintained by the district under the provisions of
29 19-20-414 and must be used to pay for employee benefit costs incurred by the employer under the statewide
30 plan.

1 (14) The provisions of Title 33 do not apply to the board when exercising the powers and duties provided
2 for in this section.

3 (15) The provisions of [sections 1 through 7] may not be construed to require a specific contribution by
4 either an employer or an employee toward the cost of core benefits and other benefits provided in [sections 1
5 through 7].

6 (16) Complying with the requirements of [sections 1 through 7] may not be interpreted as a refusal to
7 bargain in good faith with an exclusive representative in violation of 39-31-401(5).

8
9 **NEW SECTION. Section 4. Public school benefits board -- composition -- appointment.** (1) There
10 is a public school benefits board.

11 (2) The board consists of seven members appointed to 4-year staggered terms by the governor as
12 follows:

13 (a) one public school classroom teacher from a first-class elementary or high school district, as defined
14 in 20-6-201 or 20-6-301, holding a class 1, 2, or 4 certificate pursuant to 20-4-106;

15 (b) one public school classroom teacher from a second-class or third-class elementary or high school
16 district, as defined in 20-6-201 or 20-6-301, holding a class 1, 2, or 4 certificate pursuant to 20-4-106;

17 (c) one administrator from a first-class elementary or high school district;

18 (d) one administrator from a second-class or third-class elementary or high school district;

19 (e) one classified employee; and

20 (f) two public members.

21 (3) When a vacancy occurs, the governor shall designate any person meeting the requirements of the
22 vacancy to fill the position.

23 (4) The board is allocated to the department for administrative purposes only as prescribed in 2-15-121,
24 except that the provisions of 2-15-121(2)(d) do not apply.

25 (5) The board is designated as a quasi-judicial board for the purposes of 2-15-124, except that the
26 requirement that at least one member be an attorney does not apply.

27
28 **NEW SECTION. Section 5. Public school benefits board -- powers and duties.** (1) The board shall:

29 (a) serve in a fiduciary capacity as the financial and benefits monitor for the statewide public school
30 health benefit plans and contract with plan and claims payment administrators, plan benefit managers and

1 advisers, and actuaries, as needed;

2 (b) meet at least six times annually and review monthly enrollment, claims, claims payment, and fund
3 financial status information;

4 (c) establish, review, and revise provisions of core benefit plans, local managed care plans, and local
5 network provider agreements and establish, review, and revise provisions of other group benefit plans offered
6 by the board;

7 (d) annually determine benefit provisions and set premiums needed to fund core benefits, repay board
8 of investments loans needed to implement [sections 1 through 7], provide reserves, and set premiums necessary
9 for all other group benefit plans offered by the board;

10 (e) conduct claims and any financial and operational reviews that are necessary to properly monitor the
11 performance of the group benefit plan vendors; and

12 (f) adopt rules to implement the provisions of [sections 1 through 7], including but not limited to rules to:

13 (i) determine timely and automated procedures for monthly enrollment of employee, retiree, and trustee
14 members, bid specifications, claim forms and procedures, claims distribution, appeal procedures, and the general
15 administration and operation of the statewide public school risk pool and health benefit plans;

16 (ii) authorize the board to establish default selection and rate preference election for circumstances when
17 an employer does not notify the board of locally bargained or otherwise determined choices by June 1 of each
18 year; and

19 (iii) coordinate benefits with other health plans, participate in cooperative purchasing as provided in
20 2-18-711, provide for dual enrollment of spouses enrolled in a statewide public school health benefit plan, the
21 state employee group benefits plan, or the Montana university system health plans, and provide for an enrollment
22 waiver based on an eligible employee's signed statement declining enrollment in the plan and acknowledging
23 relinquishment of enrollment rights until the next fiscal year's general enrollment period as established by the
24 board.

25 (2) The board shall hire and manage its own personnel, including an administrative accountant
26 responsible for direct entry and access to the state budgeting and accounting database, and may, by contract,
27 hire personnel for all administrative services, including but not limited to:

28 (a) clerical and plan oversight and supervision services required by the board;

29 (b) with regard to enrollment of members in public school health benefit plans, coordinating enrollment
30 with school employer staff and payroll systems, preparing descriptive materials, providing member and employer

1 information concerning plan benefits and enrollment and claims processing procedures, and providing members
2 with assistance as needed for claims submission and processing;

3 (c) claims processing and recordkeeping, full financial accounting, and reporting to the board;

4 (d) actuarial and plan design services, as needed;

5 (e) preparation of an annual report that describes enrollment trends within the statewide public school
6 risk pool, benefit provisions and premium structure of the health benefit plans, and administrative experience
7 relating to the plans, that details historical and projected program costs and the status of reserve funds, and that
8 makes recommendations, if any, for changes in the existing public school risk pool, health benefit plans, premium
9 structures, or related matters;

10 (f) preparation of informational and educational services through local public school employers for
11 members regarding the statewide public school risk pool and health benefit plans;

12 (g) providing assistance and training to public school benefits and payroll administrators and to members
13 regarding enrollment and premium payment procedures associated with the statewide public school risk pool and
14 health benefit plans; and

15 (h) providing assistance for members and employers to establish and maintain locally available wellness
16 programs.

17 (3) The board shall contract with regional or locally licensed insurance agents to provide services
18 described in subsections (2)(f) and (2)(g).

19 (4) The board shall include as part of the costs of the statewide public school risk pool and health benefit
20 plans the costs of the board in administering health benefit plans and claims processing, repayment of board of
21 investments implementation and reserve loans as provided in [section 7], and other benefit consulting, actuarial,
22 and auditing costs.

23 (5) The board is subject to the Montana Procurement Act provided for in Title 18, chapter 4.

24 (6) At least every 3 years, contracted services for monthly enrollment, billing, and claims processing must
25 be bid separately or jointly by the board on a monthly basis for each employee based on the number of enrolled
26 employees in the statewide public school risk pool. The board shall consider the enrollment, billing, and claims
27 processing charges with regard to any coupled or independent provider reimbursement schedules made available
28 through providers directly or provided by vendors or for stop-loss insurance as described in subsection (7). A
29 contract accepted for these services for more than 1 year must limit the annual increase in contract price to no
30 more than the annual rate of growth in the consumer price index, U.S. city average, for all urban consumers.

1 (7) The board shall purchase individual, individual and aggregate, or aggregate stop-loss insurance for
2 the first 2 years of operation of the statewide public school risk pool and health benefit plans.

3
4 **NEW SECTION. Section 6. Annual audit of statewide public school health benefit plans required.**
5 The statewide public school health benefit plans established under [sections 1 through 7] must be audited every
6 year. The audit must cover the fiscal year since the last audit and be conducted by or at the direction of the
7 legislative auditor.

8
9 **NEW SECTION. Section 7. Board of investments loan and line of credit -- limitation on use.** (1)
10 If considered prudent under the provisions of 17-6-201, the board of investments may on July 1, 2007, provide
11 to the public school benefits board a loan in the amount of \$1.2 million for the biennium beginning July 1, 2007,
12 and ending June 30, 2009, for the purpose of implementing the statewide public school risk pool and health
13 benefit plans.

14 (2) The board of investments may on July 1, 2007, authorize and provide to the public school benefits
15 board a line of credit in the amount of \$18 million to be available on or before July 1, 2008, to establish initial
16 reserves for the statewide public school risk pool and health benefit plans.

17 (3) The loan and line of credit provided for in subsections (1) and (2) must be issued pursuant to the
18 Municipal Finance Consolidation Act of 1983 provided for in Title 17, chapter 5, part 16, and the repayment term
19 established for a loan may not exceed a period of 10 years.

20 (4) For any loan or line of credit provided under this section, the board shall establish and maintain a
21 specific loan repayment account and shall repay the loan or line of credit from premiums charged for core and
22 other group benefits.

23 (5) The loan authorized in subsection (1) and the line of credit authorized in subsection (2) may not be
24 used to pay any claims incurred, but not paid, prior to July 1, 2008, or for any other liabilities incurred prior to July
25 1, 2008.

26
27 **Section 8.** Section 2-18-103, MCA, is amended to read:
28 **"2-18-103. Officers and employees excepted.** Parts 1 through 3 and 10 do not apply to the following
29 officers and employees in state government:

30 (1) elected officials;

- 1 (2) county assessors and their chief deputies;
- 2 (3) employees of the office of consumer counsel;
- 3 (4) judges and employees of the judicial branch;
- 4 (5) members of boards and commissions appointed by the governor, the legislature, or other elected
- 5 state officials;
- 6 (6) officers or members of the militia;
- 7 (7) agency heads appointed by the governor;
- 8 (8) academic and professional administrative personnel with individual contracts under the authority of
- 9 the board of regents of higher education;
- 10 (9) academic and professional administrative personnel and live-in houseparents who have entered into
- 11 individual contracts with the state school for the deaf and blind under the authority of the state board of public
- 12 education;
- 13 (10) investment officer, assistant investment officer, executive director, and five professional staff
- 14 positions of the board of investments;
- 15 (11) four professional staff positions under the board of oil and gas conservation;
- 16 (12) assistant director for security of the Montana state lottery;
- 17 (13) executive director and employees of the state compensation insurance fund;
- 18 (14) state racing stewards employed by the executive secretary of the Montana board of horseracing;
- 19 (15) executive director of the Montana wheat and barley committee;
- 20 (16) commissioner of banking and financial institutions;
- 21 (17) training coordinator for county attorneys;
- 22 (18) employees of an entity of the legislative branch consolidated, as provided in 5-2-504;
- 23 (19) chief information officer in the department of administration;
- 24 (20) chief business development officer and six professional staff positions in the office of economic
- 25 development provided for in 2-15-218;
- 26 (21) chief public defender appointed by the public defender commission pursuant to the Montana Public
- 27 Defender Act, Title 47, chapter 1, and the employees in the positions listed in 47-1-201(3)(a), who are appointed
- 28 by the chief public defender;
- 29 (22) employees of the public school benefits board established in [section 4]."
- 30

1 **Section 9.** Section 17-5-1608, MCA, is amended to read:

2 **"17-5-1608. Limitations on amounts.** The board may not issue any bonds or notes that cause the total
3 outstanding indebtedness of the board under this part, except for bonds or notes issued to fund or refund other
4 outstanding bonds or notes or to purchase registered warrants or tax or revenue anticipation notes of a local
5 government as defined in 7-6-1101, to exceed ~~\$120~~ \$138 million."
6

7 **Section 10.** Section 17-7-502, MCA, is amended to read:

8 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
9 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the
10 need for a biennial legislative appropriation or budget amendment.

11 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both
12 of the following provisions:

13 (a) The law containing the statutory authority must be listed in subsection (3).

14 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory
15 appropriation is made as provided in this section.

16 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-407;
17 5-13-403; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-1-113; 15-1-121;
18 15-23-706; 15-31-906; 15-35-108; 15-36-332; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 15-70-369;
19 15-70-601; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-304; 18-11-112; 19-3-319;
20 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 20-8-107;
21 [section 3]; 20-9-534; 20-9-622; 20-26-1503; 22-3-1004; 23-4-105; 23-4-202; 23-4-204; 23-4-302; 23-4-304;
22 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 41-5-2011; 42-2-105;
23 44-1-504; 44-12-206; 44-13-102; 50-4-623; 53-1-109; 53-6-703; 53-24-108; 53-24-206; 60-11-115; 61-3-415;
24 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-2-362; 80-2-222; 80-4-416; 80-5-510; 80-11-518;
25 82-11-161; 87-1-513; 90-1-115; 90-1-205; 90-3-1003; and 90-9-306.

26 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
27 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
28 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
29 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
30 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory

1 appropriation authority for the payments. (In subsection (3): pursuant to Ch. 422, L. 1997, the inclusion of
2 15-1-111 terminates on July 1, 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360, L.
3 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's
4 unfunded liability is 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates
5 July 1, 2014; pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, and secs. 3 and 6, Ch. 481, L. 2003, the inclusion
6 of 15-35-108 terminates June 30, 2010; pursuant to sec. 7, Ch. 314, L. 2005, the inclusion of 23-4-105, 23-4-202,
7 23-4-204, 23-4-302, and 23-4-304 becomes effective July 1, 2007; and pursuant to sec. 17, Ch. 593, L. 2005,
8 the inclusion of 15-31-906 terminates January 1, 2010.)"

9

10 **NEW SECTION. Section 11. Codification instruction.** [Sections 1 through 7] are intended to be
11 codified as an integral part of Title 20, chapter 9, and the provisions of Title 20, chapter 9, apply to [sections 1
12 through 7].

13

14 **NEW SECTION. Section 12. Implementation of staggered terms.** (1) To implement the
15 staggered-term system provided for in [section 4], the first terms of the members are as follows:

16 (a) three two members shall serve 2-year terms;

17 (b) three two members shall serve 3-year terms; and

18 (c) three members shall serve 4-year terms.

19 (2) Upon expiration of the terms provided for in subsection (1), each member shall serve a 4-year term.

20

21 **NEW SECTION. Section 13. Contingent voidness.** If the board of investments fails to provide to the
22 public school benefits board the \$1.2 million loan for the biennium beginning July 1, 2007, and ending June 30,
23 2009, to implement the statewide public school risk pool and health benefit plans pursuant to [section 7(1)] or fails
24 to authorize the line of credit in the amount of \$18 million by July 1, 2007, to establish reserves pursuant to
25 [section 7(2)], then [this act] is void.

26

27 **NEW SECTION. Section 14. Effective date -- applicability.** [This act] is effective on passage and
28 approval and applies to contracts entered into on or after [the effective date of this act].

29

- END -