

HOUSE BILL NO. 381

INTRODUCED BY T. BURNETT, N. BALLANCE

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING DESIGNATED STATE AGENCIES TO SUBMIT
5 REPORTS TO THE OFFICE OF BUDGET AND PROGRAM PLANNING ON INFORMATION RELATED TO
6 THEIR RECEIPT AND USE OF FEDERAL FUNDS; REQUIRING DESIGNATED STATE AGENCIES TO SUBMIT
7 REPORTS TO THE OFFICE OF BUDGET AND PROGRAM PLANNING ON THEIR RELIANCE ON FEDERAL
8 FUNDING AND CONDITIONS OR RESTRICTIONS RELATED TO THE USE OF THOSE FEDERAL FUNDS;
9 REQUIRING THE OFFICE OF BUDGET AND PROGRAM PLANNING TO COMPILE A REPORT ON FEDERAL
10 FUNDING RECEIVED BY DESIGNATED STATE AGENCIES AND SUBMIT THE REPORT IN AN ELECTRONIC
11 FORMAT TO THE LEGISLATIVE FINANCE COMMITTEE; REQUIRING THE LEGISLATIVE FINANCE
12 COMMITTEE TO REVIEW THE REPORT AND MAKE RECOMMENDATIONS; AND PROVIDING AN
13 EFFECTIVE DATE."

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

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17 NEW SECTION. **Section 1. Definitions.** (1) As used in [this act]:

- 18 (1) (a) "Designated state agency" means:
- 19 (i) the department of administration;
 - 20 (ii) the department of agriculture;
 - 21 (iii) the arts council;
 - 22 (iv) the office of the state auditor;
 - 23 (v) the board of regents;
 - 24 (vi) the department of commerce;
 - 25 (vii) the department of corrections;
 - 26 (viii) the department of environmental quality;
 - 27 (ix) the department of fish, wildlife, and parks;
 - 28 (x) the governor's office;
 - 29 (xi) the office of the commissioner of higher education;
 - 30 (xii) the department of justice;

- 1 (xiii) the department of labor and industry;
2 (xiv) the department of livestock;
3 (xv) the department of military affairs;
4 (xvi) the Montana board of crime control;
5 (xvii) the department of natural resources and conservation;
6 (xviii) the commissioner of political practices;
7 (xix) the office of the state public defender;
8 (xx) the board of public education;
9 (xxi) the department of public health and human services;
10 (xxii) the office of public instruction;
11 (xxiii) the public service commission;
12 (xxiv) the department of revenue;
13 (xxv) the school for the deaf and blind;
14 (xxvi) the secretary of state;
15 (xxvii) the state fund;
16 (xxviii) the state library; and
17 (xxix) the department of transportation.

18 (b) The term does not include the judicial branch, the legislative branch, or an office or other entity within
19 the judicial branch or the legislative branch.

20 (2) "Federal receipts" means the federal financial assistance, as defined in 31 U.S.C. 7501, that is
21 reported as part of a single audit.

22 (3) "Single audit" is as defined in 31 U.S.C. 7501.

23
24 **NEW SECTION. Section 2. Federal receipts reporting.** (1) Subject to subsections (2) and (3), a
25 designated state agency shall each year, on or before October 31, prepare a report that:

26 (a) reports the aggregate amount of federal funds that were appropriated by the legislature to the
27 designated state agency for the preceding fiscal year;

28 (b) reports the aggregate value of federal receipts the designated state agency received for the
29 preceding fiscal year;

30 (c) calculates the percentage of the designated state agency's total budget for the preceding fiscal year

1 that constitutes federal receipts that the designated state agency received for that fiscal year; and

2 (d) develops plans for operating the designated state agency if there is a reduction of:

3 (i) 5% or more in the federal receipts that the designated state agency receives; and

4 (ii) 25% or more in the federal receipts that the designated state agency receives.

5 (2) (a) The report required by subsection (1) that the board of regents prepares must include the
6 information required by subsections (1)(a) through (1)(c) for each state institution of higher education listed in
7 17-7-102.

8 (b) The report required by subsection (1) that the office of public instruction prepares must include the
9 information required by subsections (1)(a) through (1)(c) for each school district and each charter school within
10 the public education system.

11 (3) A designated state agency, on or before October 31, shall also prepare a report that:

12 (a) identifies all federal funds under the control of the agency and the programs for which the federal
13 funds are used by distinct expenditure categories;

14 (b) identifies the priority or rank of the federal funds in descending order with the funding source the
15 agency relies on to the greatest extent listed first and the funding source the agency relies on to the least extent
16 listed last;

17 (c) provides a description of any action the agency is required to take or is prohibited from taking as a
18 condition for the receipt or continued receipt of federal funds;

19 (d) provides a description of any action any individual or lawfully recognized business entity or other
20 entity is required to take or is prohibited from taking as a condition for the benefits purported to be conferred on
21 the individual or other legal entity as a result of the use of the federal funds; and

22 (e) identify any costs the agency incurs to administer federal funds it receives in descending order with
23 the most costly federal funds to administer listed first and the least costly federal funds to administer listed last.

24 (4) A designated state agency that prepares reports in accordance with subsections (1) and (3) shall
25 submit the reports to the office of budget and program planning on or before November 1 of each year.

26 (5) (a) The office of budget and program planning shall, on or before November 30 of each year, prepare
27 a report that:

28 (i) compiles and summarizes the reports the office of budget and program planning receives in
29 accordance with subsection (4); and

30 (ii) compares the aggregate value of federal receipts each designated state agency received for the

1 previous fiscal year to the aggregate amount of federal funds appropriated by the legislature to that designated
2 state agency for that fiscal year.

3 (b) The office of budget and program planning shall, as part of the report required by this subsection,
4 compile a list of designated state agencies that do not submit a report as required by this section.

5 (6) The office of budget and program planning shall submit the report required by subsection (5) to the
6 legislative finance committee on or before December 1 of each year. The report must be submitted in an
7 electronic format.

8 (7) Upon receipt of the report required by subsection (5), the chair of the legislative finance committee
9 shall place the report on the agenda for review and consideration at the next legislative finance committee
10 meeting.

11 (8) When considering the report required by subsection (5), the legislative finance committee may elect
12 to:

13 (a) recommend that the legislature reduce or eliminate appropriations for a designated state agency;

14 (b) take no action; or

15 (c) take another action that a majority of the committee approves.

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17 **NEW SECTION. Section 3. Codification instruction.** [Sections 1 and 2] are intended to be codified
18 as an integral part of Title 17, chapter 3, part 4, and the provisions of Title 17, chapter 3, part 4, apply to [sections
19 1 and 2].

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21 **NEW SECTION. Section 4. Effective date.** [This act] is effective July 1, 2015.

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