

1 SENATE BILL NO. 376

2 INTRODUCED BY J. BRENDEN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT RESTRICTING THE USES OF RECOVERED AGENCY INDIRECT
5 COSTS; AMENDING SECTION 17-1-106, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

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9 **Section 1.** Section 17-1-106, MCA, is amended to read:10 **"17-1-106. Agency recovery of indirect costs -- exemption.** (1) An agency receiving nongeneral funds
11 shall, in accordance with all applicable regulations, guidelines, or grant rules governing those funds, negotiate
12 indirect cost reimbursement amounts and methodologies so that the agency may recover indirect costs.13 (2) An agency, except for a unit of the university system, that applies for or otherwise receives funds
14 through federal or private grants or contracts that do not allow the agency to fully recover indirect costs shall notify
15 and must receive written approval from ~~its~~ the agency's approving authority prior to accepting the funds.16 (3) The department of transportation may not recover indirect costs from a local government for the
17 community transportation enhancement program.18 (4) The department of transportation may not recover indirect costs for administration of a U.S. federal
19 transit administration grant, including but not limited to grants provided for in 49 U.S.C. 5310, 49 U.S.C. 5311,
20 49 U.S.C. 5316, and 49 U.S.C. 5317, from a local government, nonprofit organization, or public transportation
21 provider that provides transit services.22 (5) An agency, except for a unit of the university system, may not, as part of the grant or contract
23 proposal or negotiation process, waive or otherwise forfeit the agency's ability to recover indirect costs that are
24 otherwise allowable costs under the program, except for intra-agency or interagency grants or contracts. For
25 grants or contracts for which the entity providing the funds limits administrative cost reimbursements or indirect
26 cost recoveries by regulation, policy, or guideline, statewide and agency indirect costs paid originally from the
27 general fund must be claimed first, other indirect costs must be claimed second, agency direct costs of
28 administration must be claimed third, and program direct costs must be claimed last. For grants or contracts for
29 which there is no limit on indirect costs or administrative costs, indirect and administrative costs must be claimed
30 first and direct program costs must be claimed last.

1 (6) Each agency receiving federal funds and not directly charging a grant or program for the recovery
2 of indirect costs shall submit an indirect cost proposal to the appropriate federal agency. The department shall
3 provide technical assistance to an agency on how to build an indirect cost proposal.

4 (7) Except as provided for a unit of the university system under 20-25-427, indirect costs recovered by
5 an agency to pay the agency's indirect costs under 17-1-105 must be deposited as provided in 17-1-105. All other
6 indirect costs must be deposited in the fund from which the indirect costs were originally paid.

7 (8) An agency may use recovered indirect costs for operating expenses, such as infrastructure and
8 maintenance. An agency may not use the funds for compensation increases or bonuses outside of the
9 legislatively authorized pay plan."

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11 NEW SECTION. Section 2. Effective date. [This act] is effective July 1, 2015.

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