

HOUSE BILL NO. 3

INTRODUCED BY N. BALLANCE

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING EXPENDITURES AND APPROPRIATING MONEY TO VARIOUS STATE AGENCIES FOR THE FISCAL YEAR ENDING JUNE 30, 2017; AUTHORIZING THE GOVERNOR BUDGET DIRECTOR TO MANDATE REDUCTIONS TO EXPENDITURES FOR THE FISCAL YEAR ENDING JUNE 30, 2017; REDUCING GENERAL FUND APPROPRIATIONS FOR FISCAL YEAR 2017; AMENDING SECTIONS 10-3-312 AND 76-13-150, MCA; AMENDING SECTION 2, CHAPTER 353, LAWS OF 2015, SECTION 3, CHAPTER 359, LAWS OF 2015, SECTION 22, CHAPTER 368, LAWS OF 2015, SECTION 1, CHAPTER 371, LAWS OF 2015, SECTION 4, CHAPTER 376, LAWS OF 2015, AND SECTION 3, CHAPTER 386, LAWS OF 2015; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

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

NEW SECTION. Section 1. Time limits. The appropriations contained in [section 2] are intended to provide necessary and ordinary expenditures for the fiscal year ending June 30, 2017. The unspent balance of any appropriation must revert to the appropriate fund.

NEW SECTION. Section 2. Appropriations. The following money is appropriated, subject to the terms and conditions of [section 1]:

Agency and Program	Amount	Fund
Office of Public Instruction		
Base Aid	\$16,500,000	General Fund
	<u>\$17,300,000</u>	
Office of Commissioner of Higher Education		
STEM Scholarships	\$358,000	General Fund
Department of Corrections		
Secure Facilities	\$3,148,125	General Fund

1	Department of Commerce		
2	Coal Board Grants	\$1,945,617	State Special Revenue
3	<u>DEPARTMENT OF FISH, WILDLIFE, AND PARKS</u>		
4	<u>FISHERIES DIVISION</u>	<u>\$1,500,000</u>	<u>FEDERAL</u> <u>SPECIAL</u> <u>REVENUE</u>
5	<u>DEPARTMENT OF FISH, WILDLIFE, AND PARKS</u>		
6	<u>FISHERIES DIVISION</u>	<u>\$200,000</u>	<u>GENERAL</u> <u>FUND</u>
7	<u>DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION</u>		
8	<u>CONSERVATION RESOURCE DEVELOPMENT DIVISION</u>	<u>\$200,000</u>	<u>GENERAL</u> <u>FUND</u>

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11 ~~———— NEW SECTION. Section 3. Authority to reduce expenditures. (1) Except as provided in subsection~~

12 ~~(7), the governor, taking into account the criteria provided in subsection (5), shall mandate reductions to agency~~

13 ~~expenditures for the biennium ending June 30, 2017.~~

14 ~~———— (2) The governor may mandate up to \$16 million in reductions to expenditures from the general fund for~~

15 ~~the biennium.~~

16 ~~———— (3) The governor may not require an agency to reduce general fund spending for any program, as~~

17 ~~defined in the general appropriations act, by more than 10%.~~

18 ~~———— (4) Departments or agencies headed by elected officials or the board of regents may not be required to~~

19 ~~reduce general fund spending by a percentage greater than the percentage of general fund spending reductions~~

20 ~~required for the total of all other executive branch agencies.~~

21 ~~———— (5) Prior to mandating reductions, the governor shall consider whether an agency program is mandatory~~

22 ~~or permissive and analyze the impact of the proposed reduction in spending on the purpose of the program.~~

23 ~~Reductions in spending must be designed to have the least adverse impact on the provision of services~~

24 ~~determined to be most integral to the discharge of the agency's statutory responsibilities.~~

1 ~~—— (6) The office of budget and program planning shall submit a report that identifies the governor's~~
 2 ~~reductions to expenditures within 30 days of the passage and approval of [this act]. The report must be provided~~
 3 ~~in an electronic format to the chair of the house appropriations committee and to the legislative fiscal analyst.~~

4 ~~—— (7) Reductions in spending for the following may not be directed by the governor:~~

5 ~~—— (a) payment of interest and principal on state debt;~~

6 ~~—— (b) the legislative branch;~~

7 ~~—— (c) the judicial branch;~~

8 ~~—— (d) the school BASE funding program, including special education; and~~

9 ~~—— (e) salaries of elected officials during their terms of office.~~

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11 NEW SECTION. SECTION 3. RECOMMENDATIONS TO REDUCE EXPENDITURES. (1) EXCEPT AS PROVIDED IN
 12 SUBSECTION (4), THE BUDGET DIRECTOR, TAKING INTO ACCOUNT THE CRITERIA PROVIDED IN SUBSECTION (2), SHALL
 13 MANDATE REDUCTIONS TO AGENCY EXPENDITURES OF AT LEAST \$10 MILLION FOR THE BIENNIUM ENDING JUNE 30, 2017.

14 (2) PRIOR TO MANDATING REDUCTIONS, THE BUDGET DIRECTOR SHALL CONSIDER WHETHER AN AGENCY
 15 PROGRAM IS MANDATORY OR PERMISSIVE AND ANALYZE THE IMPACT OF THE PROPOSED REDUCTION IN SPENDING ON THE
 16 PURPOSE OF THE PROGRAM. REDUCTIONS IN SPENDING MUST BE DESIGNED TO HAVE THE LEAST ADVERSE IMPACT ON THE
 17 PROVISION OF SERVICES DETERMINED TO BE MOST INTEGRAL TO THE DISCHARGE OF THE AGENCY'S STATUTORY
 18 RESPONSIBILITIES.

19 (3) THE BUDGET DIRECTOR SHALL SUBMIT AN ITEMIZED LIST OF MANDATED REDUCTIONS TO THE 65TH
 20 LEGISLATURE BY ~~MARCH 4~~ MARCH 11, 2017.

21 (4) THE BUDGET DIRECTOR MAY NOT MANDATE REDUCTIONS IN SPENDING FOR THE FOLLOWING:

22 (A) PAYMENT OF INTEREST AND PRINCIPAL ON STATE DEBT;

23 (B) THE LEGISLATIVE BRANCH;

24 (C) THE JUDICIAL BRANCH;

25 (D) THE SCHOOL BASE FUNDING PROGRAM, INCLUDING SPECIAL EDUCATION; AND

26 (E) SALARIES OF ELECTED OFFICIALS DURING THEIR TERMS OF OFFICE.

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28 SECTION 4. SECTION 10-3-312, MCA, IS AMENDED TO READ:

29 **"10-3-312. Maximum expenditure by governor -- appropriation.** (1) Whenever a disaster or an
 30 emergency, including an energy emergency as defined in 90-4-302 or an invasive species emergency declared

1 under 80-7-1013, is declared by the governor, there is statutorily appropriated to the office of the governor, as
 2 provided in 17-7-502, and, subject to subsection (2), the governor is authorized to expend from the general fund
 3 an amount not to exceed ~~\$16~~ \$4 million in any biennium, minus any amount appropriated pursuant to 10-3-310
 4 in the same biennium. The statutory appropriation in this subsection may be used by any state agency designated
 5 by the governor.

6 (2) In the event of the recovery of money expended under this section, the spending authority must be
 7 reinstated to a level reflecting the recovery.

8 (3) If a disaster is declared by the president of the United States, there is statutorily appropriated to the
 9 office of the governor, as provided in 17-7-502, and the governor is authorized to expend from the general fund
 10 an amount not to exceed \$500,000 during the biennium to meet the state's share of the individuals and
 11 households grant programs as provided in 42 U.S.C. 5174. The statutory appropriation in this subsection may
 12 be used by any state agency designated by the governor.

13 (4) At the end of each biennium, an amount equal to the unexpended and unencumbered balance of the
 14 ~~\$16~~ \$4 million statutory appropriation in subsection (1), minus any amount appropriated pursuant to 10-3-310 in
 15 the same biennium, must be transferred by the state treasurer from the state general fund to the fire suppression
 16 account provided for in 76-13-150."

17

18 **SECTION 5. SECTION 76-13-150, MCA, IS AMENDED TO READ:**

19 **"76-13-150. Fire suppression account -- fund transfer.** (1) There is a fire suppression account in the
 20 state special revenue fund to the credit of the department.

21 (2) The legislature may transfer money from other funds to the account, and the money in the account
 22 is subject to legislative fund transfers.

23 (3) Funds received for restitution by private parties must be deposited in the account.

24 (4) ~~Money~~ Except as provided in subsection (11), money in the account may be used only for the
 25 purpose of paying expenses for fire prevention, including fuel reduction and mitigation, forest restoration, grants
 26 for the purchase of fire suppression equipment for county cooperatives, and fire suppression costs.

27 (5) Interest earned on the balance of the account is retained in the account.

28 (6) Except as provided in subsections (7) and (8), by August 15 following the end of each fiscal year, an
 29 amount equal to the balance of unexpended and unencumbered general fund money appropriated in excess of
 30 0.5% of the total general fund money appropriated for that fiscal year must be transferred by the state treasurer

1 from the general fund to the fire suppression account. General fund appropriations that continue from a fiscal year
 2 to the next fiscal year and any general fund appropriations made pursuant to 10-3-310 or 10-3-312 are excluded
 3 from the calculation.

4 (7) The provisions of subsection (6) do not apply in a fiscal year in which reductions required by 17-7-140
 5 occur or if a transfer pursuant to subsection (6) would require reductions pursuant to 17-7-140.

6 (8) The fund balance in the account may not exceed \$100 million.

7 (9) Up to \$5 million each biennium may be used for the purpose of fuel reduction and mitigation and
 8 forest restoration.

9 (10) Money in the account is statutorily appropriated, as provided in 17-7-502, to the department or to
 10 the governor for the purposes described in ~~subsection~~ subsections (4) and (11).

11 (11) For the biennium beginning July 1, 2015, if a disaster or an emergency, including an energy
 12 emergency as defined in 90-4-302 or an invasive species emergency declared under 80-7-1013, is declared by
 13 the governor, the governor is authorized to expend from the fire fund an amount not to exceed \$5 million."
 14

15 **NEW SECTION. SECTION 6. REDUCTIONS TO GENERAL FUND APPROPRIATIONS FOR FISCAL YEAR 2017. THE**
 16 **FOLLOWING GENERAL FUND APPROPRIATIONS FOR FISCAL YEAR 2017, AS ENACTED IN HOUSE BILL NO. 2 IN CH. 400,**
 17 **LAWS OF 2015, ARE REDUCED AS FOLLOWS:**

18 **SECTION A**

19 **LEGISLATIVE BRANCH**

20 1. LEGISLATIVE COMMITTEES & ACTIVITIES FROM \$598,938 TO \$359,938.

21 2. FISCAL ANALYSIS & REVIEW FROM \$1,983,594 TO \$1,783,594.

22 3. AUDIT & EXAMINATION FROM \$2,440,363 TO \$1,672,708.

23 **DEPARTMENT OF REVENUE**

24 1. DIRECTOR'S OFFICE, FISCAL NOTE OVERTIME, FROM \$70,000 TO \$0.

25 2. DIRECTOR'S OFFICE, SERVER REPLACEMENTS, FROM \$376,855 TO \$0.

26 **SECTION B**

27 **DEPARTMENT OF HEALTH & HUMAN SERVICES**

28 1. MEDICAID AND HEALTH SERVICES BRANCH, HEALTH RESOURCES DIVISION, FROM \$151,293,936 TO
 29 \$146,293,936.

30 **SECTION C**

1 **DEPARTMENT OF LIVESTOCK**

2 1. ANIMAL HEALTH DIVISION, ESTABLISH BUDGET, FROM \$837,418 TO \$790,415.

3 **DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION**

4

5 1. CENTRALIZED SERVICES FROM \$4,106,524 TO \$3,917,576.

6 2. CONSERVATION AND RESOURCE DEVELOPMENT DIVISION, FROM \$1,729,316 TO \$1,671,606.

7 3. WATER RESOURCES DIVISION FROM \$9,390,051 TO \$9,051,609.

8 4. FORESTRY AND TRUST LAND MANAGEMENT FROM \$12,258,791 TO \$11,843,891.

9 **SECTION D**

10 **JUDICIAL BRANCH**

11 1. SUPREME COURT OPERATIONS FROM \$11,442,783 TO \$11,262,978.

12 2. SUPREME COURT OPERATIONS, INFORMATION TECHNOLOGY STAFF, FROM \$205,938 TO \$200,551.

13 3. SUPREME COURT OPERATIONS, COURT HELP PROGRAM, FROM \$295,000 TO \$286,092.

14 4. SUPREME COURT OPERATIONS, JDIP ADMINISTRATION, FROM \$5,068,622 TO \$5,061,415.

15 5. LAW LIBRARY FROM \$946,763 TO \$934,190.

16 6. DISTRICT COURT OPERATIONS FROM \$28,226,316 TO \$27,468,173.

17 7. WATER COURTS SUPERVISION FROM \$1,098,666 TO \$1,070,689.

18 **CRIME CONTROL DIVISION**

19 1. JUSTICE SYSTEM SUPPORT SERVICE FROM \$2,465,858 TO \$2,365,858.

20 **DEPARTMENT OF JUSTICE**

21 1. MOTOR VEHICLE DIVISION FROM \$9,174,900 TO \$8,735,900.

22 2. DIVISION OF CRIMINAL INVESTIGATION FROM \$7,434,929 TO \$7,365,429.

23 3. PUBLIC SAFETY OFFICERS STANDARDS AND TRAINING FROM \$348,253 TO \$331,004.

24 4. CENTRAL SERVICES DIVISION FROM \$905,781 TO \$877,228.

25 5. INFORMATION TECHNOLOGY SERVICES FROM \$4,622,500 TO \$4,452,500.

26 **SECTION E**

27 **OFFICE OF PUBLIC INSTRUCTION**

28 1. STATE LEVEL ACTIVITIES FROM ~~\$10,983,741~~ TO ~~\$10,683,741~~ \$10,893,741 TO \$10,593,741.

29 **COMMISSIONER OF HIGHER EDUCATION**

30 1. ADMINISTRATION PROGRAM, RESEARCH INITIATIVE, FROM \$7,500,000 TO \$7,420,395.



1 2. STUDENT ASSISTANCE PROGRAM, GOVERNOR'S BEST AND BRIGHTEST SCHOLARSHIP, FROM \$1,000,000
 2 TO \$979,605.

3
 4 **SECTION 7.** SECTION 2, CHAPTER 353, LAWS OF 2015, IS AMENDED TO READ:
 5 "**Section 2. Appropriation.** There is appropriated ~~\$20,170~~ \$5,422 from the general fund to the legislative
 6 services division for the biennium beginning July 1, 2015, to support the commission provided for in [section 1]."

7
 8 **SECTION 8.** SECTION 3, CHAPTER 359, LAWS OF 2015, IS AMENDED TO READ:
 9 "**Section 3. Appropriation.** There is appropriated from the general fund to the legislative services division
 10 for the biennium beginning July 1, 2015, ~~\$55,000~~ \$50,425 for the purposes of convening the commission under
 11 [section 1]. It is intended that the commission hold one 1-week meeting in each year of the biennium."

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 13 **SECTION 9.** SECTION 22, CHAPTER 368, LAWS OF 2015, IS AMENDED TO READ:
 14 "**Section 22. Appropriations.** (1) There is appropriated from the state general fund for the biennium
 15 beginning July 1, 2015, the following:

16 (a) \$1,761,476 to the department of labor and industry for the purposes of [sections 14 through 17]; and
 17 (b) ~~\$393,213~~ \$298,056 to the department of revenue for the purposes of [section 18].

18 (2) These appropriations are to be considered base funding for the preparation of the 2019 biennium
 19 budget."

20
 21 **SECTION 10.** SECTION 1, CHAPTER 371, LAWS OF 2015, IS AMENDED TO READ:

22 "**Section 1. Appropriation.** (1) For the biennium beginning July 1, 2015, there is appropriated ~~\$1 million~~
 23 \$1 from the general fund to the department of justice for litigation to improve and protect the state's access to and
 24 growth in domestic and international markets for its products and natural resources including energy and other
 25 major litigation. ~~At least \$200,000 of these funds~~ Funds may be expended only for actions that the attorney
 26 general determines will likely establish, benefit, improve, or protect the state's access to domestic or international
 27 markets and may be used at the discretion of the attorney general to cover the costs and fees of those actions,
 28 including evaluating, commencing, or participating in legal actions or proceedings in state and federal courts or
 29 administrative proceedings.

30 (2) Any funds not expended or encumbered in the biennium must revert to the general fund.

1 (3) The department of justice will report to the legislative finance committee prior to the end of each fiscal
2 year on any amounts expended or encumbered in that fiscal year for the purposes described in subsection (1)."

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4 **SECTION 11. SECTION 4, CHAPTER 376, LAWS OF 2015, IS AMENDED TO READ:**

5 **"Section 4. Appropriation.** There is appropriated ~~\$300,000~~ \$100,000 from the state general fund to the
6 office of the court administrator for the biennium beginning July 1, 2015, for the purpose of administering the child
7 abuse court diversion pilot project described in [section 1]."

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9 **SECTION 12. SECTION 3, CHAPTER 386, LAWS OF 2015, IS AMENDED TO READ:**

10 **"Section 3. Appropriation.** There is appropriated ~~\$24,000~~ \$19,534 from the general fund to the
11 legislative services division for the biennium beginning July 1, 2015, to support the activities of the task force
12 established in [section 1]."

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14 **NEW SECTION. Section 13. Effective date.** [This act] is effective on passage and approval.

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16 **NEW SECTION. SECTION 14. TERMINATION.** [SECTIONS 4 AND 5] TERMINATE JUNE 30, 2017.

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- END -