

HOUSE BILL NO. 304

INTRODUCED BY R. COOK, R. OSMUNDSON

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A STATUTORY APPROPRIATION TO THE DEPARTMENT OF REVENUE FOR THE PURCHASE OF CIGARETTE TAX STAMPS; AMENDING SECTIONS 10-2-417, 16-11-119, 17-7-502, AND 53-6-1201, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 10-2-417, MCA, is amended to read:

"10-2-417. Use of funds generated by taxation on cigarettes. (1) Revenue generated by 16-11-119 and allocated to the department of public health and human services for veterans' homes must be used to support the operation and maintenance of the Montana veterans' homes programs.

(2) The legislature shall appropriate from the account established in 16-11-119~~(1)(a)~~(2)(a) the funds required for the operation and maintenance of the Montana veterans' homes."

Section 2. Section 16-11-119, MCA, is amended to read:

"16-11-119. Disposition of taxes -- statutory appropriation. (1) A sum equal to the amount necessary to purchase cigarette tax stamps must be deposited to or allocated from the state special revenue fund to the credit of the department from cigarette taxes collected under the provisions of 16-11-111, as provided in subsection (5).

(2) After the deposit or allocation in subsection (1), cigarette ~~Cigarette~~ taxes collected under the provisions of 16-11-111 must, in accordance with the provisions of 17-2-124, be deposited as follows:

(a) 8.3% or \$2 million, whichever is greater, in the state special revenue fund to the credit of the department of public health and human services for the operation and maintenance of state veterans' nursing homes;

~~(b) for fiscal years beginning July 1, 2011, and ending June 30, 2015, 1.2% in the state special revenue fund to the credit of the account established in section 2, Chapter 461, Laws of 2009, for the construction of the state veterans' home in southwestern Montana;~~

~~(c)~~(b) 2.6% in the long-range building program account provided for in 17-7-205;



1 ~~(d)~~(c) 44% in the state special revenue fund to the credit of the health and medicaid initiatives account
2 provided for in 53-6-1201; and

3 ~~(e)~~(d) the remainder to the state general fund.

4 ~~(2)~~(3) If money in the state special revenue fund for the operation and maintenance of state veterans'
5 nursing homes exceeds \$2 million at the end of the fiscal year, the excess must be transferred to the state
6 general fund.

7 ~~(3)~~(4) The taxes collected on tobacco products, other than cigarettes, must in accordance with the
8 provisions of 17-2-124 be deposited as follows:

9 (a) one-half in the state general fund; and

10 (b) one-half in the state special revenue fund account for health and medicaid initiatives provided for in
11 53-6-1201.

12 (5) Each fiscal year, a sum equal to the amount of money necessary to purchase cigarette tax stamps
13 is statutorily appropriated, as provided in 17-7-502, from the state special revenue fund allocation in subsection
14 (1) to the department for tax administration responsibilities."

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16 **Section 3.** Section 17-7-502, MCA, is amended to read:

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

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

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

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

25 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;
26 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312;
27 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101;
28 15-70-433; 15-70-601; 16-11-119; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101;
29 17-7-215; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305;
30 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-517; 20-9-520; 20-9-534; 20-9-622; 20-9-905;

1 20-26-617; 20-26-1503; 22-1-327; 22-3-116; 22-3-117; 22-3-1004; 23-4-105; 23-5-306; 23-5-409; 23-5-612;
2 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-50-209; 37-51-501; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101;
3 44-12-213; 44-13-102; 50-1-115; 53-1-109; 53-6-1304; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415;
4 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150; 76-13-416; 77-1-108; 77-2-362; 80-2-222;
5 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; [85-25-102]; 87-1-603;
6 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

7 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
8 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
9 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
10 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
11 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
12 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion
13 of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded
14 liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and
15 sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L.
16 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under
17 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion
18 of 90-6-331 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004
19 terminates June 30, 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30,
20 2019; pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017;
21 pursuant to sec. 11(2), Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency;
22 pursuant to sec. 5, Ch. 244, L. 2013, the inclusion of 22-1-327 terminates July 1, 2017; pursuant to sec. 27, Ch.
23 285, L. 2015, and sec. 1, Ch. 292, L. 2015, the inclusion of 53-9-113 terminates June 30, 2021; pursuant to sec.
24 6, Ch. 291, L. 2015, the inclusion of 50-1-115 terminates June 30, 2021; pursuant to sec. 28, Ch. 368, L. 2015,
25 the inclusion of 53-6-1304 terminates June 30, 2019; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of
26 85-25-102 is effective on occurrence of contingency; pursuant to sec. 5, Ch. 422, L. 2015, the inclusion of
27 17-7-215 terminates June 30, 2021; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117
28 terminates June 30, 2025; pursuant to sec. 10, Ch. 427, L. 2015, the inclusion of 37-50-209 terminates
29 September 30, 2019; and pursuant to sec. 33, Ch. 457, L. 2015, the inclusion of 20-9-905 terminates December
30 31, 2023.)"

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2 **Section 4.** Section 53-6-1201, MCA, is amended to read:
3 **"53-6-1201. Special revenue fund -- health and medicaid initiatives.** (1) There is a health and
4 medicaid initiatives account in the state special revenue fund established by 17-2-102. This account is to be
5 administered by the department of public health and human services.

6 (2) There must be deposited in the account:
7 (a) money from cigarette taxes deposited under 16-11-119~~(1)(d)~~(2)(c);
8 (b) money from taxes on tobacco products other than cigarettes deposited under 16-11-119~~(3)(b)~~(4)(b);

9 and

10 (c) any interest and income earned on the account.
11 (3) This account may be used only to provide funding for:
12 (a) the state funds necessary to take full advantage of available federal matching funds in order to
13 administer the plan and maximize enrollment of eligible children under the healthy Montana kids plan, provided
14 for under Title 53, chapter 4, part 11, and to provide outreach to the eligible children;

15 (b) a new need-based prescription drug program established by the legislature for children, seniors,
16 chronically ill, and disabled persons that does not supplant similar services provided under any existing program;

17 (c) increased medicaid services and medicaid provider rates. The increased revenue is intended to
18 increase medicaid services and medicaid provider rates and not to supplant the general fund in the trended
19 traditional level of appropriation for medicaid services and medicaid provider rates.

20 (d) an offset to loss of revenue to the general fund as a result of new tax credits;

21 (e) funding new programs to assist eligible small employers with the costs of providing health insurance
22 benefits to eligible employees;

23 (f) the cost of administering the tax credit, the purchasing pool, and the premium incentive payments and
24 premium assistance payments as provided in Title 33, chapter 22, part 20; and

25 (g) providing a state match for the medicaid program for premium incentive payments or premium
26 assistance payments to the extent that a waiver is granted by federal law as provided in 53-2-216.

27 (4) (a) On or before July 1, the budget director shall calculate a balance required to sustain each
28 program in subsection (3) for each fiscal year of the biennium. If the budget director certifies that the reserve
29 balance will be sufficient, then the agencies may expend the revenue for the programs as appropriated. If the
30 budget director determines that the reserve balance of the revenue will not support the level of appropriation, the

1 budget director shall notify each agency. Upon receipt of the notification, the agency shall adjust the operating
2 budget for the program to reflect the available revenue as determined by the budget director.

3 (b) Until the programs or credits described in subsections (3)(b) and (3)(d) through (3)(g) are established,
4 the funding must be used exclusively for the purposes described in subsections (3)(a) and (3)(c).

5 (5) The phrase "trended traditional level of appropriation", as used in subsection (3)(c), means the
6 appropriation amounts, including supplemental appropriations, as those amounts were set based on eligibility
7 standards, services authorized, and payment amount during the past five biennial budgets.

8 (6) The department of public health and human services may adopt rules to implement this section."
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10 NEW SECTION. **Section 5. Effective date.** [This act] is effective July 1, 2017.

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