

1 SENATE BILL NO. 191

2 INTRODUCED BY R. OSMUNDSON

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING STATE FINANCE LAWS; REVISING
5 LAWS RELATED TO THE BUDGET STABILIZATION FUND; AMENDING SECTION 17-7-130, MCA; AND
6 PROVIDING AN EFFECTIVE DATE."

7

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

9

10 **Section 1.** Section 17-7-130, MCA, is amended to read:11 **"17-7-130. Budget stabilization reserve fund -- rules for deposits and transfers -- purpose. (1)**

12 There is an account in the state special revenue fund established by 17-2-102 known as the budget
13 stabilization reserve fund.

14 (2) The purpose of the budget stabilization reserve fund is:

15 (a) to mitigate budget reductions when there is a revenue shortfall; and

16 (b) when there are funds in excess of the reserve level, to:

17 (i) pay down the debt service on bonds for capital projects previously authorized by the legislature if
18 allowed without penalty by the terms of the bond issuance; and

19 (ii) delay, forego, or reduce the amount of an issuance of bonds authorized by the legislature.

20 (3) By August 1 of each year, the department of administration shall certify to the legislative fiscal

21 analyst and the budget director the following:

22 (a) the unaudited, unassigned ending fund balance of the general fund for the prior fiscal year; and

23 (b) the amount of unaudited general fund revenue and transfers into the general fund received in the
24 prior fiscal year recorded when that fiscal year's statewide accounting, budgeting, and human resource system
25 records are closed. General fund revenue and transfers into the general fund are those recorded in the
26 statewide accounting, budgeting, and human resource system using generally accepted accounting principles
27 in accordance with 17-1-102.

28 (4) ~~For the fiscal years beginning July 1, 2016, through July 1, 2020, if actual general fund revenue~~

1 exceeds the revenue estimate established pursuant to 5-5-227 for that fiscal year, excess revenue over the
 2 amount of revenue that exceeds the revenue estimate by \$15 million is allocated as follows:

3 ~~(a)~~ 50% remains in the general fund; and

4 ~~(b)~~ 50% is transferred into the budget stabilization reserve fund on or before August 15 of the
 5 following fiscal year.

6 ~~(5)~~ Starting in the fiscal year beginning July 1, 2021, the By August 15, the state treasurer shall
 7 transfer, by August 15 of the following fiscal year, from the general fund to the budget stabilization reserve fund
 8 an amount equal to 50% of the excess revenue for the fiscal year as calculated in subsection (3).

9 ~~(6)~~(5) After a transfer is made pursuant to subsection (4) ~~or (5)~~, if the balance of the fund exceeds an
 10 amount equal to 4.5% of all general fund appropriations in the second year of the biennium in the subsequent
 11 fiscal year, any funds in excess of that amount must be transferred to the account established in 17-7-208 by
 12 August 16 of each fiscal year.

13 ~~(7)~~(6) For the purposes of this section, the following definitions apply:

14 (a) "Adjusted revenue" means general fund revenue for the prior fiscal year plus the growth amount.

15 (b) "Excess revenue" means the amount of general fund revenue, including transfers in, for the most
 16 recently completed fiscal year minus adjusted revenue.

17 (c) "Growth amount" means general fund revenue for the prior fiscal year multiplied by the growth
 18 rate.

19 (d) "Growth rate" means the average compound rate of growth of general fund revenue for the most
 20 recently completed 6 fiscal years."

21

22 NEW SECTION. Section 2. Effective date. [This act] is effective June 30, 2021.

23

- END -