

SENATE BILL NO. 191

INTRODUCED BY R. OSMUNDSON

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING STATE FINANCE LAWS; REVISING LAWS RELATED TO THE BUDGET STABILIZATION FUND; REVISING THE PURPOSE OF THE BUDGET STABILIZATION FUND; DEFINING TERMS; REVISING THE CAPITAL DEVELOPMENTS LONG-RANGE BUILDING PROGRAM ACCOUNT; CLARIFYING BUDGET AMENDMENT REQUIREMENTS; AMENDING ~~SECTION SECTIONS~~ 17-7-130, 17-7-209, AND 17-7-402, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 17-7-130, MCA, is amended to read:

"17-7-130. Budget stabilization reserve fund -- rules for deposits and transfers -- purpose. (1)

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

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

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

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

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

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

(3) By August 1 of each year, the department of administration shall certify to the legislative fiscal analyst and the budget director the following:

(a) the unaudited, unassigned ending fund balance of the general fund for the ~~prior~~ MOST RECENTLY COMPLETED fiscal year; and

(b) the amount of unaudited general fund revenue and transfers into the general fund received in the prior fiscal year recorded when that fiscal year's statewide accounting, budgeting, and human resource system records are closed. General fund revenue and transfers into the general fund are those recorded in the

1 statewide accounting, budgeting, and human resource system using generally accepted accounting principles
 2 in accordance with 17-1-102.

3 ~~(4) For the fiscal years beginning July 1, 2016, through July 1, 2020, if actual general fund revenue~~
 4 ~~exceeds the revenue estimate established pursuant to 5-5-227 for that fiscal year, excess revenue over the~~
 5 ~~amount of revenue that exceeds the revenue estimate by \$15 million is allocated as follows:~~

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

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

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

13 ~~(6)(5)~~ After a transfer is made pursuant to subsection (4) ~~or (5)~~, if the balance of the fund exceeds an
 14 amount equal to 4.5% of all general fund appropriations in the second year of the biennium ~~in the subsequent~~
 15 ~~fiscal year,~~ THEN any funds in excess of that amount must be transferred to the account established in 17-7-208
 16 by August 16 of each fiscal year.

17 ~~(7)(6)~~ For the purposes of this section, the following definitions apply:

18 (a) "Adjusted COMPOUND ANNUAL GROWTH RATE revenue" means general fund revenue for the FISCAL
 19 YEAR PRIOR TO THE ~~prior~~ MOST RECENTLY COMPLETED fiscal year plus the growth amount.

20 (b) "Excess revenue" means the amount of general fund revenue, including transfers in, for the most
 21 recently completed fiscal year minus adjusted COMPOUND ANNUAL GROWTH RATE revenue.

22 (c) "Growth amount" means general fund revenue for the ~~prior~~ FISCAL YEAR PRIOR TO THE MOST
 23 RECENTLY COMPLETED fiscal year multiplied by the growth rate.

24 (d) "Growth rate" means the ~~average compound rate of growth of general fund revenue for the most~~
 25 ~~recently completed 6 fiscal years~~ ANNUAL COMPOUND GROWTH RATE OF GENERAL FUND REVENUE REALIZED OVER
 26 THE PERIOD 12 YEARS PRIOR TO THE MOST RECENTLY COMPLETED FISCAL YEAR, INCLUDING THE MOST RECENTLY
 27 COMPLETED FISCAL YEAR."

28

1 **SECTION 2. SECTION 17-7-209, MCA, IS AMENDED TO READ:**

2 **"17-7-209. Capital developments long-range building program account.** (1) (a) There is a capital
3 developments long-range building program account in the capital projects fund type to fund capital
4 developments.

5 (b) If there are funds in excess of the amount needed for appropriations of the capital fund type, then
6 the excess funds:

7 (i) may be used to pay down the debt service on bonds for capital projects previously authorized by
8 the legislature if allowed without penalty by the terms of the bond issuance; and

9 (ii) must be used to delay, forego, or reduce the amount of an issuance of bonds authorized by the
10 legislature.

11 (2) Interest earnings, project carryover funds, administrative fees, and miscellaneous revenue must
12 be retained in the account.

13 (3) The legislature may transfer unencumbered funds from the account only to supplement funding
14 local infrastructure.

15 (4) The state treasurer may temporarily borrow from the fund to address cash balance deficiencies in
16 the general fund. A loan made to the general fund does not bear interest and must be recorded in the state
17 accounting records. The fund may not be so impaired by a loan that all legal obligations against the fund cannot
18 be met."

19

20 **SECTION 3. SECTION 17-7-402, MCA, IS AMENDED TO READ:**

21 **"17-7-402. Budget amendment requirements.** (1) Except as provided in subsection (7), a budget
22 amendment may not be approved:

23 (a) by the approving authority, except a budget amendment to spend:

24 (i) additional federal revenue;

25 (ii) additional tuition collected by the Montana university system;

26 (iii) additional revenue deposited in the internal service funds within the department or the office of the
27 commissioner of higher education as a result of increased service demands by state agencies;

28 (iv) Montana historical society enterprise revenue resulting from sales to the public;

1 (v) additional revenue that is deposited in funds other than the general fund and that is from the sale
2 of fuel for those agencies participating in the Montana public vehicle fueling program established by Executive
3 Order 22-91;

4 (vi) revenue resulting from the sale of goods produced or manufactured by the industries program of
5 an institution within the department of corrections;

6 (vii) revenue collected for the administration of the state grain laboratory under the provisions of Title
7 80, chapter 4, part 7;

8 (viii) revenue collected for the Water Pollution Control State Revolving Fund Act under the provisions
9 of Title 75, chapter 5, part 11;

10 (ix) revenue collected for the Drinking Water State Revolving Fund Act under the provisions of Title 75,
11 chapter 6, part 2;

12 (x) state special revenue adjustments required to allocate costs for leave or terminal leave within an
13 agency in accordance with federal circular A-87; ~~or~~

14 (xi) revenue generated from fees collected by the department of justice for dissemination of criminal
15 history record information pursuant to Title 44, chapter 5, part 3; or

16 (xii) additional state special funds and proprietary funds identified in House Bill No. 2 as being eligible
17 for budget amendments for the fiscal years beginning July 1, 2021, and July 1, 2022;

18 (b) by the approving authority if the budget amendment contains any significant ascertainable
19 commitment for any present or future increased general fund support;

20 (c) by the approving authority for the expenditure of money in the state special revenue fund unless:

21 (i) an emergency justifies the expenditure;

22 (ii) the expenditure is authorized under subsection (1)(a); or

23 (iii) the expenditure is exempt under subsection (5);

24 (d) by the approving authority unless it will provide additional services;

25 (e) by the approving authority for any matter of which the requesting agency had knowledge at a time
26 when the proposal could have been presented to an appropriation subcommittee, the house appropriations
27 committee, or the senate finance and claims committee of the most recent legislative session open to that
28 matter, except when the legislative finance committee is given specific notice by the approving authority that

1 significant identifiable events, specific to Montana and pursuant to provisions or requirements of Montana state
2 law, have occurred since the matter was raised with or presented for consideration by the legislature; or

3 (f) to extend beyond June 30 of the last year of any biennium, except that budget amendments for
4 federal funds may extend to the end of the federal fiscal year.

5 (2) A general fund loan made pursuant to 17-2-107 does not constitute a significant ascertainable
6 commitment of present general fund support.

7 (3) Subject to subsection (1)(f), all budget amendments must itemize planned expenditures by fiscal
8 year.

9 (4) Each budget amendment must be submitted by the approving authority to the budget director and
10 the legislative fiscal analyst.

11 (5) Money from nonstate or nonfederal sources that would be deposited in the state special revenue
12 fund and that is restricted by law or by the terms of a written agreement, such as a contract, trust agreement, or
13 donation, is exempt from the requirements of this part.

14 (6) An appropriation for a nonrecurring item that would usually be the subject of a budget amendment
15 must be submitted to the legislature for approval during a legislative session between January 1 and the senate
16 hearing on the budget amendment bill. The bill may include authority to spend money in the current fiscal year
17 and in both fiscal years of the next biennium.

18 (7) A budget amendment to spend state funds, other than from the general fund, required for
19 matching funds in order to receive a grant is exempt from the provisions of subsection (1)."

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21 **NEW SECTION. Section 4. Effective date.** [This act] is effective June 30, 2021.

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