

**Amendment - 1st Reading/2nd House-blue - Requested by: Llew Jones - (S) Finance and Claims**

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.002

1 HOUSE BILL NO. 424  
2 INTRODUCED BY L. JONES, D. BEDEY, J. ESP, J. ELLSWORTH, K. BOGNER  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING SUSTAINABILITY OF STATE FINANCE;  
5 REVISING TRANSFER PERCENTAGES INTO THE BUDGET STABILIZATION RESERVE FUND AND THE  
6 CAPITAL DEVELOPMENTS LONG-RANGE BUILDING PROGRAM ACCOUNT; INCREASING THE CAP ON  
7 THE BUDGET STABILIZATION RESERVE FUND; INCREASING THE CAP ON THE FIRE SUPPRESSION  
8 FUND; ALLOWING THE CAPITAL DEVELOPMENTS LONG-RANGE BUILDING PROGRAM ACCOUNT TO  
9 PAY ON BONDS AND RELATED COSTS; TEMPORARILY INCREASING THE GOVERNOR'S EMERGENCY  
10 FUNDS; REQUIRING THAT FUNDS IN THE CAPITAL DEVELOPMENTS LONG-RANGE BUILDING  
11 PROGRAM ACCOUNT BE USED TO FOREGO OR REDUCE THE AMOUNT OF ISSUANCE OF GENERAL  
12 OBLIGATION BONDS; PROVIDING FOR GENERAL FUND TRANSFERS AND GENERAL FUND  
13 REVERSIONS INTO THE BUDGET STABILIZATION RESERVE FUND AND THE FIRE SUPPRESSION  
14 FUND; PROVIDING FOR OTHER TRANSFERS FROM THE GENERAL FUND; PROVIDING FOR A STUDY  
15 OF STATE BUDGET PROCESS FOR PERSONAL SERVICES EXPENDITURES; PROVIDING FOR A  
16 STATUTORY APPROPRIATION; EXPANDING USES OF A STATUTORY APPROPRIATION; AMENDING  
17 SECTIONS 10-3-312, 17-7-102, 17-7-130, 17-7-140, 17-7-209, AND 17-7-502, AND 76-13-150, MCA;  
18 AMENDING SECTION 1(2), CHAPTER 476, LAWS OF 2019, SECTION 13, CHAPTER 476, LAWS OF 2019,  
19 AND SECTION 2(2), CHAPTER 499, LAWS OF 2005; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE  
20 AND A TERMINATION DATE."

21  
22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

23  
24 **Section 1.** Section 10-3-312, MCA, is amended to read:  
25 **"10-3-312. Maximum expenditure by governor -- appropriation.** (1) Whenever a disaster or an  
26 emergency, including an energy emergency as defined in 90-4-302 or an invasive species emergency declared  
27 under 80-7-1013, is declared by the governor, there is statutorily appropriated to the office of the governor, as

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1 Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural  
2 experiment station, with central offices at Bozeman; the forest and conservation experiment station, with central  
3 offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and  
4 geology, with central offices at Butte; the fire services training school at Great Falls; and the community  
5 colleges supervised and coordinated by the board of regents pursuant to 20-15-103."

6

7 **Section 3.** Section 17-7-130, MCA, is amended to read:

8 **"17-7-130. Budget stabilization reserve fund -- rules for deposits and transfers -- purpose. (1)**

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

11 (2) The purpose of the budget stabilization reserve fund is to mitigate budget reductions when  
12 there is a revenue shortfall.

13 (3) EXCEPT AS PROVIDED IN SUBSECTION (4), BY AUGUST 15 FOLLOWING THE END OF EACH FISCAL YEAR,  
14 AN AMOUNT EQUAL TO THE BALANCE OF UNEXPENDED AND UNENCUMBERED GENERAL FUND MONEY APPROPRIATED IN  
15 EXCESS OF 0.5% OF THE TOTAL GENERAL FUND MONEY APPROPRIATED FOR THAT FISCAL YEAR MUST BE TRANSFERRED  
16 BY THE STATE TREASURER FROM THE GENERAL FUND TO THE BUDGET STABILIZATION RESERVE FUND. GENERAL FUND  
17 APPROPRIATIONS THAT CONTINUE FROM A FISCAL YEAR TO THE NEXT FISCAL YEAR AND ANY GENERAL FUND  
18 APPROPRIATIONS MADE PURSUANT TO 10-3-310 OR 10-3-312 ARE EXCLUDED FROM THE CALCULATION.

19 (4) THE PROVISIONS OF SUBSECTION (3) DO NOT APPLY IN A FISCAL YEAR IN WHICH REDUCTIONS  
20 REQUIRED BY 17-7-140 OCCUR OR IF A TRANSFER PURSUANT TO SUBSECTION (3) WOULD REQUIRE REDUCTIONS  
21 PURSUANT TO 17-7-140.

22 (5) IF THE TRANSFER PROVIDED FOR IN SUBSECTION (3) INCREASES THE BALANCE IN THE BUDGET  
23 STABILIZATION RESERVE FUND TO EXCEED 16% OF ALL GENERAL FUND APPROPRIATIONS IN THE SECOND YEAR OF THE  
24 BIENNIUM, THE AMOUNT IN EXCESS IS TRANSFERRED TO THE CAPITAL DEVELOPMENTS LONG-RANGE BUILDING PROGRAM  
25 ACCOUNT ESTABLISHED IN 17-7-209.

26 ~~(3)~~(6) By August 1 of each year, the department of administration shall certify to the legislative fiscal  
27 analyst and the budget director the following:

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1 (a) the unaudited, unassigned ending fund balance of the general fund for the most recently  
2 completed fiscal year; and

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

8 ~~(4)(7)~~ (a) The state treasurer shall calculate the operating reserve level of general fund balance  
9 defined in 17-7-102(11). The treasurer shall first apply the excess revenue to reach the operating reserve level  
10 general fund balance, if necessary.

11 (b) Once the general fund balance is at the reserve level, 75% of the remaining excess revenue is  
12 transferred to the budget stabilization reserve fund, as follows:

13 (i) to the budget stabilization reserve fund, until the amount in the fund is equal to ~~12%~~ 16% of all  
14 general fund appropriations in the second year of the biennium; then

15 (ii) to the account established in 17-7-209, until the amount in the fund in excess of the amount  
16 needed for appropriations from the capital developments long-range building program account in the capital  
17 projects fund type is equal to 12% of all general fund appropriations in the second year of the biennium.

18 (c) After the transfers in subsections ~~(4)(b)(i)~~ (7)(B)(I) and ~~(4)(b)(ii)~~ (7)(B)(II) have been made, if the  
19 balance of the budget stabilization reserve fund exceeds an amount equal to ~~12%~~ 16% of the general fund  
20 appropriations in the second year of the biennium and the balance of the account established in 17-7-209 in  
21 excess of the amount needed for appropriations from the capital developments long-range building program  
22 account in the capital projects fund type exceeds ~~12%~~ ~~16%~~ 12% of all general fund appropriations in the  
23 second year of the biennium, then:

24 (i) 25% of any funds in excess of that amount must be transferred to the account established in  
25 17-7-209; and

26 (ii) 75% of the funds in excess of that amount remain in the general fund.

27 (5) ~~After a transfer is made pursuant to subsection (4), if the balance of the fund exceeds an amount~~

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1 ~~equal to 4.5% of all general fund appropriations in the second year of the biennium, then 50% of any funds in~~  
2 ~~excess of that amount must be transferred to the account established in 17-7-209 and 50% to the general fund~~  
3 ~~by August 16 of each fiscal year.~~

4 ~~(6)(5)(8)~~ For the purposes of this section, the following definitions apply:

5 (a) "Adjusted compound annual growth rate revenue" means general fund revenue for the fiscal  
6 year prior to the most recently completed fiscal year plus the growth amount.

7 (b) "Excess revenue" means the amount of general fund revenue, including transfers in, for the  
8 most recently completed fiscal year minus adjusted compound annual growth rate revenue.

9 (c) "Growth amount" means general fund revenue for the fiscal year prior to the most recently  
10 completed fiscal year multiplied by the growth rate.

11 (d) "Growth rate" means the annual compound growth rate of general fund revenue realized over  
12 the period 12 years prior to the most recently completed fiscal year, including the most recently completed fiscal  
13 year."

14

15 **Section 4.** Section 17-7-140, MCA, is amended to read:

16 **"17-7-140. Reduction in spending.** (1) (a) As the chief budget officer of the state, the governor shall  
17 ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in  
18 subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the  
19 criteria provided in subsection (1)(c), shall direct agencies to reduce spending in an amount that ensures that  
20 the projected ending general fund balance for the biennium will be at least:

21 (i) 4% of the general fund appropriations for the second fiscal year of the biennium prior to  
22 October of the year preceding a legislative session;

23 (ii) 3% of the general fund appropriations for the second fiscal year of the biennium in October of  
24 the year preceding a legislative session;

25 (iii) 2% of the general fund appropriations for the second fiscal year of the biennium in January of  
26 the year in which a legislative session is convened; and

27 (iv) 1% of the general fund appropriations for the second fiscal year of the biennium in March of the