

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

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

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

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:

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

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~~

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

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

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

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NEW SECTION. **Section 12. Severability.** If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

COORDINATION SECTION. **Section 13. Coordination instruction.** If both House Bill No. 587 and [this act] are passed and approved, then [section 2 of this act], amending 17-7-102, is void and 17-7-102 must be amended as follows:

"17-7-102. (Temporary) Definitions. As used in this chapter, the following definitions apply:

- (1) "Additional services" means different services or more of the same services.
- (2) "Agency" means all offices, departments, boards, commissions, institutions, universities, colleges, and any other person or any other administrative unit of state government that spends or encumbers public money by virtue of an appropriation from the legislature under 17-8-101.
- (3) "Approving authority" means:
 - (a) the governor or the governor's designated representative for executive branch agencies;
 - (b) the chief justice of the supreme court or the chief justice's designated representative for judicial branch agencies;
 - (c) the speaker for the house of representatives;
 - (d) the president for the senate;
 - (e) appropriate legislative committees or a designated representative for legislative branch agencies; or
 - (f) the board of regents of higher education or its designated representative for the university system.
- (4) (a) "Base budget" means the resources for the operation of state government that are of an ongoing and nonextraordinary nature in the current biennium. The base budget for the state general fund and state special revenue funds may not exceed that level of funding authorized by the previous legislature.
- (b) The term does not include:

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

- 1 (i) funding for water adjudication if the accountability benchmarks contained in 85-2-271 are not
2 met;
- 3 (ii) funding for petroleum storage tank leak prevention if the accountability benchmarks in 75-11-
4 521 are not met.
- 5 (5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part
6 4.
- 7 (6) "Budget stabilization reserve" means the amount of unappropriated fund balance in the budget
8 stabilization reserve fund up to ~~4.5%~~ 16% of all general fund-revenue appropriations in the second year of the
9 biennium.
- 10 (7) "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and
11 unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was made,
12 that was clearly not within the contemplation of the legislature and the governor, and that affects one or more
13 functions of a state agency and the agency's expenditure requirements for the performance of the function or
14 functions.
- 15 (8) "Funds subject to appropriation" means those funds required to be paid out of the treasury as
16 set forth in 17-8-101.
- 17 ~~(9)~~ "General revenue appropriations" means appropriations from the general fund or the school
18 equalization and property tax reduction account in [section 1 of House Bill No. 587].
- 19 ~~(9)(10)~~ "Necessary" means essential to the public welfare and of a nature that cannot wait until the
20 next legislative session for legislative consideration.
- 21 ~~(10)(11)~~ "New proposals" means requests to provide new nonmandated services, to change program
22 services, to eliminate existing services, or to change sources of funding. For purposes of establishing the
23 present law base, the distinction between new proposals and the adjustments to the base budget to develop
24 the present law base is to be determined by the existence of constitutional or statutory requirements for the
25 proposed expenditure. Any proposed increase or decrease that is not based on those requirements is
26 considered a new proposal.
- 27 ~~(11)(12)~~ "Operating reserve" means an amount equal to 8.3% of all general fund-revenue

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

1 appropriations in the second year of the biennium.

2 ~~(12)~~(13) "Present law base" means that level of funding needed under present law to maintain
3 operations and services at the level authorized by the previous legislature, including but not limited to:

4 (a) changes resulting from legally mandated workload, caseload, or enrollment increases or
5 decreases;

6 (b) changes in funding requirements resulting from constitutional or statutory schedules or
7 formulas;

8 (c) inflationary or deflationary adjustments; and

9 (d) elimination of nonrecurring appropriations.

10 ~~(13)~~(14) "Program" means a principal organizational or budgetary unit within an agency.

11 ~~(14)~~(15) "Requesting agency" means the agency of state government that has requested a specific
12 budget amendment.

13 ~~(15)~~(16) "University system unit" means the board of regents of higher education; office of the
14 commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and
15 Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural
16 experiment station, with central offices at Bozeman; the forest and conservation experiment station, with central
17 offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and
18 geology, with central offices at Butte; the fire services training school at Great Falls; and the community
19 colleges supervised and coordinated by the board of regents pursuant to 20-15-103. (Terminates June 30,
20 2028--sec. 11, Ch. 269, L. 2015.)

21 **17-7-102. (Effective July 1, 2028) Definitions.** As used in this chapter, the following definitions
22 apply:

23 (1) "Additional services" means different services or more of the same services.

24 (2) "Agency" means all offices, departments, boards, commissions, institutions, universities,
25 colleges, and any other person or any other administrative unit of state government that spends or encumbers
26 public money by virtue of an appropriation from the legislature under 17-8-101.

27 (3) "Approving authority" means:

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

- 1 (a) the governor or the governor's designated representative for executive branch agencies;
- 2 (b) the chief justice of the supreme court or the chief justice's designated representative for judicial
- 3 branch agencies;
- 4 (c) the speaker for the house of representatives;
- 5 (d) the president for the senate;
- 6 (e) appropriate legislative committees or a designated representative for legislative branch
- 7 agencies; or
- 8 (f) the board of regents of higher education or its designated representative for the university
- 9 system.
- 10 (4) "Base budget" means the resources for the operation of state government that are of an
- 11 ongoing and nonextraordinary nature in the current biennium. The base budget for the state general fund and
- 12 state special revenue funds may not exceed that level of funding authorized by the previous legislature.
- 13 (5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part
- 14 4.
- 15 (6) "Budget stabilization reserve" means the amount of unappropriated fund balance in the budget
- 16 stabilization reserve fund up to ~~4.5%~~ 16% of all general ~~fund-revenue~~ appropriations in the second year of the
- 17 biennium.
- 18 (7) "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and
- 19 unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was made,
- 20 that was clearly not within the contemplation of the legislature and the governor, and that affects one or more
- 21 functions of a state agency and the agency's expenditure requirements for the performance of the function or
- 22 functions.
- 23 (8) "Funds subject to appropriation" means those funds required to be paid out of the treasury as
- 24 set forth in 17-8-101.
- 25 (9) "General revenue appropriations" means appropriations from the general fund or the school
- 26 equalization and property tax reduction account in [section 1 of House Bill No. 587].
- 27 (10) "Necessary" means essential to the public welfare and of a nature that cannot wait until the

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

1 next legislative session for legislative consideration.

2 ~~(10)~~(11) "New proposals" means requests to provide new nonmandated services, to change program
3 services, to eliminate existing services, or to change sources of funding. For purposes of establishing the
4 present law base, the distinction between new proposals and the adjustments to the base budget to develop
5 the present law base is to be determined by the existence of constitutional or statutory requirements for the
6 proposed expenditure. Any proposed increase or decrease that is not based on those requirements is
7 considered a new proposal.

8 ~~(11)~~(12) "Operating reserve" means an amount equal to 8.3% of all general fund revenue
9 appropriations in the second year of the biennium.

10 ~~(12)~~(13) "Present law base" means that level of funding needed under present law to maintain
11 operations and services at the level authorized by the previous legislature, including but not limited to:

12 (a) changes resulting from legally mandated workload, caseload, or enrollment increases or
13 decreases;

14 (b) changes in funding requirements resulting from constitutional or statutory schedules or
15 formulas;

16 (c) inflationary or deflationary adjustments; and

17 (d) elimination of nonrecurring appropriations.

18 ~~(13)~~(14) "Program" means a principal organizational or budgetary unit within an agency.

19 ~~(14)~~(15) "Requesting agency" means the agency of state government that has requested a specific
20 budget amendment.

21 ~~(15)~~(16) "University system unit" means the board of regents of higher education; office of the
22 commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and
23 Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural
24 experiment station, with central offices at Bozeman; the forest and conservation experiment station, with central
25 offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and
26 geology, with central offices at Butte; the fire services training school at Great Falls; and the community
27 colleges supervised and coordinated by the board of regents pursuant to 20-15-103."

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COORDINATION SECTION. **Section 14. Coordination instruction.** If both House Bill No. 587 and [this act] are passed and approved, then [section 3 of this act], amending 17-7-130, is void and 17-7-130 must be amended as follows:

"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 to mitigate budget reductions when there is a revenue shortfall.

(3) Except as provided in subsection (4), by August 15 following the end of each fiscal year, an amount equal to the balance of unexpended and unencumbered general fund money appropriated in excess of 0.5% of the total general fund money appropriated for that fiscal year must be transferred by the state treasurer from the general fund to the budget stabilization reserve fund. General fund appropriations that continue from a fiscal year to the next fiscal year and any general fund appropriations made pursuant to 10-3-310 or 10-3-312 are excluded from the calculation.

(4) The provisions of subsection (3) do not apply in a fiscal year in which reductions required by 17-7-140 occur or if a transfer pursuant to subsection (3) would require reductions pursuant to 17-7-140.

(5) If the transfer provided for in subsection (3) increases the balance in the budget stabilization reserve fund to exceed 16% of all general revenue appropriations in the second year of the biennium, the amount in excess is transferred to the capital developments long-range building program account established in 17-7-209.

(6) 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 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

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

1 system records are closed. General fund revenue and transfers into the general fund are those recorded in the
2 statewide accounting, budgeting, and human resource system using generally accepted accounting principles
3 in accordance with 17-1-102.

4 ~~(4)(7)~~ (a) The state treasurer shall calculate the operating reserve level of general fund balance
5 defined in ~~17-7-102(11)~~17-7-102(12). The treasurer shall first apply the excess revenue to reach the operating
6 reserve level general fund balance, if necessary.

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

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

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

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

19 (i) ~~25% of any funds in excess of that amount must be transferred to the account established in~~
20 ~~17-7-209; and~~

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

22 (5) ~~After a transfer is made pursuant to subsection (4), if the balance of the fund exceeds an amount~~
23 ~~equal to 4.5% of all general fund appropriations in the second year of the biennium, then 50% of any funds in~~
24 ~~excess of that amount must be transferred to the account established in 17-7-209 and 50% to the general fund~~
25 ~~by August 16 of each fiscal year.~~

26 (6)(8) For the purposes of this section, the following definitions apply:

27 (a) "Adjusted compound annual growth rate revenue" means general fund revenue for the fiscal

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

1 year prior to the most recently completed fiscal year plus the growth amount.

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

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

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

9
10 COORDINATION SECTION. Section 15. Coordination instruction. If both House Bill No. 587 and
11 [this act] are passed and approved, then [section 4 of this act], amending 17-7-140, is void and 17-7-140 must
12 be amended as follows:

13 **"17-7-140. Reduction in spending.** (1) (a) As the chief budget officer of the state, the governor shall
14 ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in
15 subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the
16 criteria provided in subsection (1)(c), shall direct agencies to reduce spending in an amount that ensures that
17 the projected ending general fund balance for the biennium will be at least:

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

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

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

24 (iv) 1% of the general fund revenue appropriations for the second fiscal year of the biennium in
25 March of the year in which a legislative session is convened.

26 (b) An agency may not be required to reduce general fund spending for any program, as defined in
27 each general appropriations act, by more than 10% during a biennium. A governor may not reduce total agency

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

1 spending in the biennium by more than 4% of the second year general fund revenue appropriations for the
2 agency. Departments or agencies headed by elected officials or the board of regents may not be required to
3 reduce general fund spending by a percentage greater than the percentage of general fund spending
4 reductions required for the weighted average of all other executive branch agencies. The legislature may
5 exempt from a reduction an appropriation item within a program or may direct that the appropriation item may
6 not be reduced by more than 10%.

7 (c) The governor shall direct agencies to manage their budgets in order to reduce general fund
8 expenditures. Prior to directing agencies to reduce spending as provided in subsection (1)(a), the governor
9 shall direct each agency to analyze the nature of each program that receives a general fund appropriation to
10 determine whether the program is mandatory or permissive and to analyze the impact of the proposed
11 reduction in spending on the purpose of the program. An agency shall submit its analysis to the office of budget
12 and program planning and shall at the same time provide a copy of the analysis to the legislative fiscal analyst.
13 The report must be submitted in an electronic format. The office of budget and program planning shall review
14 each agency's analysis, and the budget director shall submit to the governor a copy of the office of budget and
15 program planning's recommendations for reductions in spending. The budget director shall provide a copy of
16 the recommendations to the legislative fiscal analyst at the time that the recommendations are submitted to the
17 governor and shall provide the legislative fiscal analyst with any proposed changes to the recommendations.
18 The recommendations must be provided in an electronic format. The recommendations must be provided to the
19 legislature in accordance with 5-11-210. The legislative finance committee shall meet within 20 days of the date
20 that the proposed changes to the recommendations for reductions in spending are provided to the legislative
21 fiscal analyst. The legislative fiscal analyst shall provide a copy of the legislative fiscal analyst's review of the
22 proposed reductions in spending to the budget director at least 5 days before the meeting of the legislative
23 finance committee. The committee may make recommendations concerning the proposed reductions in
24 spending. The governor shall consider each agency's analysis and the recommendations of the office of budget
25 and program planning and the legislative finance committee in determining the agency's reduction in spending.
26 Reductions in spending must be designed to have the least adverse impact on the provision of services
27 determined to be most integral to the discharge of the agency's statutory responsibilities.

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

- 1 (2) Reductions in spending for the following may not be directed by the governor:
- 2 (a) payment of interest and principal on state debt;
- 3 (b) the legislative branch;
- 4 (c) the judicial branch;
- 5 (d) the school BASE funding program, including special education;
- 6 (e) salaries of elected officials during their terms of office; and
- 7 (f) the Montana school for the deaf and blind.
- 8 (3) (a) As used in this section, "projected general fund budget deficit" means an amount, certified
- 9 by the budget director to the governor, by which the projected ending general fund balance for the biennium is
- 10 less than:
- 11 (i) 4% of the general fund revenue appropriations for the second fiscal year of the biennium prior
- 12 to October of the year preceding a legislative session;
- 13 (ii) 1.875% in October of the year preceding a legislative session;
- 14 (iii) 1.25% in January of the year in which a legislative session is convened; and
- 15 (iv) 0.625% in March of the year in which a legislative session is convened.
- 16 (b) In determining the amount of the projected general fund budget deficit, the budget director shall
- 17 take into account revenue, established levels of appropriation, anticipated supplemental appropriations for
- 18 school equalization aid and the cost of the state's wildland fire suppression activities exceeding the amount
- 19 statutorily appropriated in 10-3-312, and anticipated reversions.
- 20 (4) If the budget director determines that an amount of actual or projected receipts will result in an
- 21 amount less than the amount projected to be received in the revenue estimate established pursuant to 5-5-227,
- 22 the budget director shall notify the revenue interim committee in accordance with 5-11-210 of the estimated
- 23 amount. Within 20 days of notification, the revenue interim committee shall provide the budget director with any
- 24 recommendations concerning the amount. The budget director shall consider any recommendations of the
- 25 revenue interim committee prior to certifying a projected general fund budget deficit to the governor.
- 26 (5) If the budget director certifies a projected general fund budget deficit, the governor may
- 27 authorize transfers to the general fund from certain accounts as set forth in subsections-subsection (6) and (7).

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

1 (6) The governor may authorize transfers from the budget stabilization reserve fund provided for in
2 17-7-130. The governor may authorize ~~\$2 \$3~~ of transfers from the fund for each \$1 of reductions in spending
3 ~~but may not authorized a transfer that would cause the balance of the budget stabilization reserve fund to be~~
4 ~~less than 6% of all general revenue appropriations in the second year of the biennium.~~

5 ~~(7) If the budget stabilization reserve fund provided for in 17-7-130 is fully expended and the governor~~
6 ~~determines more spending reductions are needed to address the projected general fund budget deficit, the~~
7 ~~governor may authorize transfers to the general fund from the fire suppression account established in 76-13-~~
8 ~~150. The amount of funds available for a transfer from this account is up to the sum of the fund balance of the~~
9 ~~account, plus expected current year revenue, minus the sum of 1% of the general fund appropriations for the~~
10 ~~second fiscal year of the biennium, plus estimated expenditures from the account for the fiscal year. The~~
11 ~~governor may authorize \$1 of transfers from the fire suppression account established in 76-13-150 for each \$1~~
12 ~~of reductions in spending."~~

13
14
15 COORDINATION SECTION. **Section 16. Coordination instruction.** If House Bill No. 883, House Bill
16 No. 587, and [this act] are all passed and approved, then the section of House Bill No. 883 amending 76-13-
17 150 is void, and 76-13-150 must be amended as follows:

18 **"76-13-150. Fire suppression account -- fund transfer.** (1) There is a fire suppression account in
19 the state special revenue fund to the credit of the department.

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

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

23 (4) Money in the account may be used only for:

24 (a) fire suppression costs;

25 (b) fuel reduction and mitigation;

26 (c) forest restoration;

27 (d) grants for the purchase of fire suppression equipment for county cooperatives;

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

- 1 (e) forest management projects on federal land;
- 2 (f) support for collaborative groups that include at least one representative of an affected county
- 3 commission that is engaged with a federal forest project and for local governments engaged in litigation related
- 4 to federal forest projects; ~~and~~
- 5 (g) road maintenance on federal lands; and
- 6 (h) fire preparedness.
- 7 ~~(5) Interest earned on the balance of the account is retained in the account.~~
- 8 ~~(6) Except as provided in subsections (7) and (8), by August 15 following the end of each fiscal year,~~
- 9 ~~an amount equal to the balance of unexpended and unencumbered general fund money appropriated in excess~~
- 10 ~~of 0.5% of the total general fund money appropriated for that fiscal year must be transferred by the state~~
- 11 ~~treasurer from the general fund to the fire suppression account. General fund appropriations that continue from~~
- 12 ~~a fiscal year to the next fiscal year and any general fund appropriations made pursuant to 10-3-310 or 10-3-312~~
- 13 ~~are excluded from the calculation.~~
- 14 (7)(5) In an even-numbered calendar year, after the transfers made pursuant to 17-7-130, if the
- 15 preliminary general fund ending fund balance at fiscal yearend was greater than 8.3% of all general revenue
- 16 appropriations in the second year of the biennium, then the state treasurer shall transfer from the general fund
- 17 to the fire suppression account funds sufficient to bring the fire suppression fund balance to 6% of all general
- 18 revenue appropriations in the second year of the biennium. The transfer may not cause the general fund ending
- 19 fund balance to have a balance of less than 8.3% of all general revenue appropriations in the second year of
- 20 the biennium.
- 21 (6) The provisions of subsection ~~(6)(5)~~ do not apply in a fiscal year in which reductions required by
- 22 17-7-140 occur or if a transfer pursuant to subsection ~~(6)(5)~~ would require reductions pursuant to 17-7-140.
- 23 ~~(8) The fund balance in the account may not exceed 4% of all general fund appropriations in the~~
- 24 ~~second year of the biennium.~~
- 25 (9)(7) By August 15 of each even-numbered fiscal year, if For only the biennium beginning July 1,
- 26 2023, if the balance in the account at the end of the most recently completed odd-numbered fiscal year
- 27 exceeds ~~\$40 million, the excess, up to \$5 million, must be used in the biennium~~ 3% of all general revenue

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.004

1 appropriations in the second year of the biennium, then up to 1% of all general revenue appropriations in the
2 second year of the biennium is statutorily appropriated from the fire suppression account for the purposes in
3 subsections (4)(b) through (4)(g). Of that amount, no more than 5% may be used for the purposes of
4 subsection (4)(f).

5 (8) For only the biennium beginning July 1, 2023, up to 0.5% of all general revenue appropriations
6 in the second year of the biennium is statutorily appropriated from the fire suppression account to the
7 department of natural resources and conservation each year for the item in subsection (4)(h).

8 ~~(10)(9)~~ Money in the account is statutorily appropriated, as provided in 17-7-502, to the department for
9 the purposes described in subsection (4)(a).

10 (10) For purposes of this section "general revenue appropriations" has the meaning provided in 17-
11 7-102."

12
13 COORDINATION SECTION. Section 17. Coordination instruction. If both House Bill No. 587 and
14 [this act] are passed and approved, then "17-7-102(10)" in 17-7-111(7)(a) must be changed to "17-7-102(11)".

15
16 NEW SECTION. Section 18. Effective date. [This act] is effective on passage and approval.

17
18 NEW SECTION. Section 19. Termination. [Section 1] terminates June 30, 2025.

19 - END -