

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

68th Legislature

Drafter: Julie Johnson, 406-444-4024

HB0424.002.006

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; PROVIDING AN APPROPRIATION; EXPANDING USES OF A STATUTORY
17 APPROPRIATION; AMENDING SECTIONS 10-3-312, 17-7-102, 17-7-130, 17-7-140, 17-7-209, AND 17-7-502,
18 AND 76-13-150, MCA; AMENDING SECTION 1(2), CHAPTER 476, LAWS OF 2019, SECTION 13, CHAPTER
19 476, LAWS OF 2019, AND SECTION 2(2), CHAPTER 499, LAWS OF 2005; AND PROVIDING AN
20 IMMEDIATE EFFECTIVE DATE 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 ~~fire suppression account provided for in 76-13-150.~~

2 ~~(3)(2)~~ By June 30, 2023, the state treasurer shall transfer \$30 million from the general fund to the
3 ~~state employee health care expense trust account provided for in 2-18-1304~~ STATE SELF-INSURANCE RESERVE
4 FUND ESTABLISHED IN 2-18-812.

5 ~~(4)(3)~~ By June 30, 2023, the state treasurer shall transfer \$18 million from the general fund to the
6 office of the commissioner of higher education for the Montana university system for one-time benefit of
7 university system employees.

8

9 **NEW SECTION. SECTION 8. STUDY OF STATE BUDGET PROCESS AND PERSONAL SERVICES EXPENDITURES**

10 ~~-- appropriation. (1) DURING THE 2025 BIENNIUM INTERIM, A SUBCOMMITTEE a working group composed of~~
11 ~~members from OF THE LEGISLATIVE FINANCE COMMITTEE, THE LEGISLATIVE FISCAL DIVISION, AND THE OFFICE OF~~
12 ~~BUDGET AND PROGRAM PLANNING SHALL JOINTLY STUDY THE PROCESS BY WHICH THE STATE BUDGETS FOR PERSONAL~~
13 ~~SERVICES. conduct a study on the state budgeting process.~~

14 ~~(2) THE STUDY MUST INCLUDE CONSULTATION WITH THE VENDOR OF THE STATE'S BUDGETING SOFTWARE~~
15 ~~SYSTEM ON POTENTIAL OPTIONS FOR PERSONAL SERVICES BUDGETING. THE STUDY MUST ALSO INCLUDE A SURVEY OF~~
16 ~~PEER STATES ON THEIR PERSONAL SERVICES BUDGETING METHODOLOGY AND OUTCOMES.~~

17 ~~(3) THE SUBCOMMITTEE SHALL MAKE RECOMMENDATIONS BY JUNE 2024 TO THE LEGISLATIVE FINANCE~~
18 ~~COMMITTEE AND THE OFFICE OF BUDGET AND PROGRAM PLANNING FOR THE BUDGETING PROCESS FOR THE 2027~~
19 ~~BIENNIUM.~~

20 ~~(a) The study must include the development of methods to analyze and present the state budget in~~
21 ~~a manner that clearly illustrates the various costs associated with providing different services, an analysis of the~~
22 ~~strengths and weaknesses of the current budget development process, and an assessment of best practices in~~
23 ~~budget development from other states and jurisdictions.~~

24 ~~(b) The methodology developed should enable legislators to understand cost drivers for each~~
25 ~~public service, including but not limited to personnel costs, operational expenses, and other costs of providing~~
26 ~~publicly funded services to Montanans. A goal of this study is to optimize the state budgeting process to~~
27 ~~improve effectiveness and inform decisionmaking in joint subcommittees during sessions. Another goal of this~~

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1 study is to maximize effective use of legislative time and legislative staff time in the joint subcommittees in the
2 first half of each regular session.

3 (c) The study must additionally include an analysis of the strengths and weaknesses of the current
4 personal services budgeting process and assessment of the personal services budgeting process in peer
5 states.

6 (2) The study of state budget development and the personal services budgeting process must
7 include consultation with the vendor of the state's budgeting software system on potential options for personal
8 services budgeting. The working group may seek input from relevant stakeholders, including state agencies,
9 program managers, budget analysts, and financial experts, to gather insights on and areas for improvement in
10 both the state budget development process and personal services budgeting process.

11 (3) The working group shall submit a comprehensive report of its findings and recommendations to
12 the legislative finance committee and the office of budget and program planning by June 2024 outlining
13 potential options for enhancing both the state budget development process and the personal services
14 budgeting process for the 2027 biennium. The report should include specific proposals for improving
15 transparency, efficiency, accuracy, and effectiveness in budgeting, as well as the development of potential
16 output and outcome measures, supplemental data and analysis considered necessary, and any potentially
17 necessary changes to budgeting laws, rules, or regulations.

18 (4) The legislative finance committee presiding officer, with consultation of the vice presiding
19 officer, shall appoint seven members from the legislative finance committee to participate with the working
20 group. At each legislative finance committee meeting the legislative fiscal division will report on the progress of
21 the working group and have items for consideration and discussion by the legislative finance committee.

22 (5) There is appropriated \$25,000 from the general fund to the legislative fiscal division for the
23 biennium beginning July 1, 2023, for costs associated with this study.

24

25 **Section 9.** Section 1(2), Chapter 476, Laws of 2019, is amended to read:

26 **"Section 1. Definitions.**

27 (2) "CPA" means the capital projects account provided for in 17-5-803 and 17-5-804 or the account