

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; PROVIDING

17 APPROPRIATIONS; REQUIRING THE REDUCTION OF EXECUTIVE FULL-TIME EQUIVALENTS IN THE

18 2027 BIENNIUM BUDGET; AMENDING SECTIONS 10-3-312, 17-7-102, 17-7-130, 17-7-140, 17-7-209, AND

19 17-7-502, AND 76-13-150, MCA; AMENDING SECTION 1(2), CHAPTER 476, LAWS OF 2019, SECTION 13,

20 CHAPTER 476, LAWS OF 2019, AND SECTION 2(2), CHAPTER 499, LAWS OF 2005; AND PROVIDING AN

21 IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

22

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

24

25 **Section 1.** Section 10-3-312, MCA, is amended to read:

26 **"10-3-312. Maximum expenditure by governor -- appropriation.** (1) Whenever a disaster or an

27 emergency, including an energy emergency as defined in 90-4-302 or an invasive species emergency declared

28 under 80-7-1013, is declared by the governor, there is statutorily appropriated to the office of the governor, as

1 provided in 17-7-502, and, subject to subsection (2), the governor is authorized to expend from the general fund
2 an amount not to exceed ~~\$46~~ ~~\$32~~ ~~\$20~~ million in any biennium, minus any amount appropriated pursuant to 10-
3 3-310 in the same biennium. The statutory appropriation in this subsection may be used by any state agency
4 designated by the governor.

5 (2) In the event of the recovery of money expended under this section, the spending authority must
6 be reinstated to a level reflecting the recovery.

7 (3) If a disaster is declared by the president of the United States, there is statutorily appropriated to
8 the office of the governor, as provided in 17-7-502, and the governor is authorized to expend from the general
9 fund an amount not to exceed \$500,000 during the biennium to meet the state's share of the individuals and
10 households grant programs as provided in 42 U.S.C. 5174. The statutory appropriation in this subsection may
11 be used by any state agency designated by the governor.

12 (4) At the end of each biennium, an amount equal to the unexpended and unencumbered balance
13 of the ~~\$46~~ ~~\$32~~ ~~\$20~~ million statutory appropriation in subsection (1), minus any amount appropriated pursuant to
14 10-3-310 in the same biennium, must be transferred by the state treasurer from the state general fund to the
15 fire suppression account provided for in 76-13-150."

16

17 **Section 2.** Section 17-7-102, MCA, is amended to read:

18 **"17-7-102. (Temporary) Definitions.** As used in this chapter, the following definitions apply:

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

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

23 (3) "Approving authority" means:

24 (a) the governor or the governor's designated representative for executive branch agencies;

25 (b) the chief justice of the supreme court or the chief justice's designated representative for judicial
26 branch agencies;

27 (c) the speaker for the house of representatives;

28 (d) the president for the senate;

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1 (e) appropriate legislative committees or a designated representative for legislative branch
2 agencies; or

3 (f) the board of regents of higher education or its designated representative for the university
4 system.

5 (4) (a) "Base budget" means the resources for the operation of state government that are of an
6 ongoing and nonextraordinary nature in the current biennium. The base budget for the state general fund and
7 state special revenue funds may not exceed that level of funding authorized by the previous legislature.

8 (b) The term does not include:

9 (i) funding for water adjudication if the accountability benchmarks contained in 85-2-271 are not
10 met;

11 (ii) funding for petroleum storage tank leak prevention if the accountability benchmarks in 75-11-
12 521 are not met.

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% ~~12%~~ 16% of all general fund 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) "Necessary" means essential to the public welfare and of a nature that cannot wait until the
26 next legislative session for legislative consideration.

27 (10) "New proposals" means requests to provide new nonmandated services, to change program
28 services, to eliminate existing services, or to change sources of funding. For purposes of establishing the

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1 present law base, the distinction between new proposals and the adjustments to the base budget to develop
2 the present law base is to be determined by the existence of constitutional or statutory requirements for the
3 proposed expenditure. Any proposed increase or decrease that is not based on those requirements is
4 considered a new proposal.

5 (11) "Operating reserve" means an amount equal to 8.3% of all general fund appropriations in the
6 second year of the biennium.

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

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

11 (b) changes in funding requirements resulting from constitutional or statutory schedules or
12 formulas;

13 (c) inflationary or deflationary adjustments; and

14 (d) elimination of nonrecurring appropriations.

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

16 (14) "Requesting agency" means the agency of state government that has requested a specific
17 budget amendment.

18 (15) "University system unit" means the board of regents of higher education; office of the
19 commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and
20 Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural
21 experiment station, with central offices at Bozeman; the forest and conservation experiment station, with central
22 offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and
23 geology, with central offices at Butte; the fire services training school at Great Falls; and the community
24 colleges supervised and coordinated by the board of regents pursuant to 20-15-103. (Terminates June 30,
25 2028--sec. 11, Ch. 269, L. 2015.)

26 **17-7-102. (Effective July 1, 2028) Definitions.** As used in this chapter, the following definitions
27 apply:

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

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

4 (3) "Approving authority" means:

5 (a) the governor or the governor's designated representative for executive branch agencies;

6 (b) the chief justice of the supreme court or the chief justice's designated representative for judicial
7 branch agencies;

8 (c) the speaker for the house of representatives;

9 (d) the president for the senate;

10 (e) appropriate legislative committees or a designated representative for legislative branch
11 agencies; or

12 (f) the board of regents of higher education or its designated representative for the university
13 system.

14 (4) "Base budget" means the resources for the operation of state government that are of an
15 ongoing and nonextraordinary nature in the current biennium. The base budget for the state general fund and
16 state special revenue funds may not exceed that level of funding authorized by the previous legislature.

17 (5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part
18 4.

19 (6) "Budget stabilization reserve" means the amount of unappropriated fund balance in the budget
20 stabilization reserve fund up to 4.5% ~~12%~~ 16% of all general fund appropriations in the second year of the
21 biennium.

22 (7) "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and
23 unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was made,
24 that was clearly not within the contemplation of the legislature and the governor, and that affects one or more
25 functions of a state agency and the agency's expenditure requirements for the performance of the function or
26 functions.

27 (8) "Funds subject to appropriation" means those funds required to be paid out of the treasury as
28 set forth in 17-8-101.

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1 (9) "Necessary" means essential to the public welfare and of a nature that cannot wait until the
2 next legislative session for legislative consideration.

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

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

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

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

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

17 (c) inflationary or deflationary adjustments; and

18 (d) elimination of nonrecurring appropriations.

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

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

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

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Section 3. 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 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 FUND 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.

~~(3)~~(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 system records are closed. General fund revenue and transfers into the general fund are those recorded in the statewide accounting, budgeting, and human resource system using generally accepted accounting principles

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1 in accordance with 17-1-102.

2 ~~(4)(7)~~ (a) The state treasurer shall calculate the operating reserve level of general fund balance
3 defined in 17-7-102(11). The treasurer shall first apply the excess revenue to reach the operating reserve level
4 general fund balance, if necessary.

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

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

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

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

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

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

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

25 ~~(6)(5)(8)~~ For the purposes of this section, the following definitions apply:

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

28 (b) "Excess revenue" means the amount of general fund revenue, including transfers in, for the

1 most recently completed fiscal year minus adjusted compound annual growth rate revenue.

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

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

7

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

9 **"17-7-140. Reduction in spending.** (1) (a) As the chief budget officer of the state, the governor shall
10 ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in
11 subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the
12 criteria provided in subsection (1)(c), shall direct agencies to reduce spending in an amount that ensures that
13 the projected ending general fund balance for the biennium will be at least:

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

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

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

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

22 (b) An agency may not be required to reduce general fund spending for any program, as defined in
23 each general appropriations act, by more than 10% during a biennium. A governor may not reduce total agency
24 spending in the biennium by more than 4% of the second year general fund appropriations for the agency.

25 Departments or agencies headed by elected officials or the board of regents may not be required to reduce
26 general fund spending by a percentage greater than the percentage of general fund spending reductions
27 required for the weighted average of all other executive branch agencies. The legislature may exempt from a
28 reduction an appropriation item within a program or may direct that the appropriation item may not be reduced

1 by more than 10%.

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

23 (2) Reductions in spending for the following may not be directed by the governor:

- 24 (a) payment of interest and principal on state debt;
- 25 (b) the legislative branch;
- 26 (c) the judicial branch;
- 27 (d) the school BASE funding program, including special education;
- 28 (e) salaries of elected officials during their terms of office; and

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1 (f) the Montana school for the deaf and blind.

2 (3) (a) As used in this section, "projected general fund budget deficit" means an amount, certified
3 by the budget director to the governor, by which the projected ending general fund balance for the biennium is
4 less than:

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

7 (ii) 1.875% in October of the year preceding a legislative session;

8 (iii) 1.25% in January of the year in which a legislative session is convened; and

9 (iv) 0.625% in March of the year in which a legislative session is convened.

10 (b) In determining the amount of the projected general fund budget deficit, the budget director shall
11 take into account revenue, established levels of appropriation, anticipated supplemental appropriations for
12 school equalization aid and the cost of the state's wildland fire suppression activities exceeding the amount
13 statutorily appropriated in 10-3-312, and anticipated reversions.

14 (4) If the budget director determines that an amount of actual or projected receipts will result in an
15 amount less than the amount projected to be received in the revenue estimate established pursuant to 5-5-227,
16 the budget director shall notify the revenue interim committee in accordance with 5-11-210 of the estimated
17 amount. Within 20 days of notification, the revenue interim committee shall provide the budget director with any
18 recommendations concerning the amount. The budget director shall consider any recommendations of the
19 revenue interim committee prior to certifying a projected general fund budget deficit to the governor.

20 (5) If the budget director certifies a projected general fund budget deficit, the governor may
21 authorize transfers to the general fund from certain accounts as set forth in ~~subsections~~ SUBSECTION (6) and (7).

22 (6) The governor may authorize transfers from the budget stabilization reserve fund provided for in
23 17-7-130. The governor may authorize \$2 ~~\$3~~ of transfers from the fund for each \$1 of reductions in spending ~~for~~
24 ~~up to two-thirds of the balance in the reserve fund as calculated following the annual transfers to and from the~~
25 ~~fund made pursuant to 17-7-130(4) BUT MAY NOT AUTHORIZE A TRANSFER THAT WOULD CAUSE THE BALANCE OF THE~~
26 ~~BUDGET STABILIZATION RESERVE FUND TO BE LESS THAN 6% OF ALL GENERAL FUND APPROPRIATIONS IN THE SECOND~~
27 ~~YEAR OF THE BIENNIUM.~~

28 (7) ~~If the budget stabilization reserve fund provided for in 17-7-130 is fully expended and the~~

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1 ~~governor determines more spending reductions are needed to address the projected general fund budget~~
2 ~~deficit, the governor may authorize transfers to the general fund from the fire suppression account established~~
3 ~~in 76-13-150. The amount of funds available for a transfer from this account is up to the sum of the fund~~
4 ~~balance of the account, plus expected current year revenue, minus the sum of 1% of the general fund~~
5 ~~appropriations for the second fiscal year of the biennium, plus estimated expenditures from the account for the~~
6 ~~fiscal year. The governor may authorize \$1 of transfers from the fire suppression account established in 76-13-~~
7 ~~150 for each \$1 of reductions in spending."~~

8

9 **Section 5.** Section 17-7-209, MCA, is amended to read:

10 **"17-7-209. Capital developments long-range building program account.** (1) (a) There is a capital
11 developments long-range building program account in the capital projects fund type to fund capital
12 developments and to retire general obligation bonds paid by the general fund.

13 (b) If there are funds in excess of the amount needed for appropriations of from the capital
14 developments long-range building program account in the capital projects fund type, then the excess funds:

15 (i) may be used to pay down the debt service on principal, interest, premiums, and any costs or
16 fees associated with redeeming or defeasing outstanding general obligation bonds paid by the general fund for
17 capital projects previously authorized by the legislature if allowed without penalty by the terms of the bond
18 issuance and issued pursuant to state law; and

19 (ii) must be used to delay, forego, or reduce the amount of an issuance of general obligation
20 bonds paid by the general fund and authorized by the legislature pursuant to state law only if the balance in the
21 capital developments long-range building program account established in 17-7-209 is \$100 million or more after
22 reducing the account balance by:

23 (A) the amount needed for appropriations from the account; and

24 (B) the amount of funds used to forego or reduce the issuance of general obligation bonds paid by
25 the general fund.

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

28 (3) ~~The legislature may transfer unencumbered funds from the account only to supplement funding~~

1 local infrastructure. For the purposes of subsection (1)(b)(i), funds are statutorily appropriated pursuant to 17-7-
2 502(4) from this account.

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

7

8 **Section 6.** Section 17-7-502, MCA, is amended to read:

9 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
10 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without
11 the need for a biennial legislative appropriation or budget amendment.

12 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with
13 both of the following provisions:

14 (a) The law containing the statutory authority must be listed in subsection (3).

15 (b) The law or portion of the law making a statutory appropriation must specifically state that a
16 statutory appropriation is made as provided in this section.

17 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-
18 11-407; 5-13-403; 5-13-404; 7-4-2502; 7-4-2924; 7-32-236; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-
19 807; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-3-802; 10-3-1304; 10-4-304; 10-4-310; 15-1-121; 15-1-218;
20 15-31-165; 15-31-1004; 15-31-1005; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-
21 70-130; 15-70-433; 16-11-119; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-215; 18-11-
22 112; 19-3-319; 19-3-320; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-
23 506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; [20-15-328]; 20-26-617; 20-26-1503; 22-
24 1-327; 22-3-116; 22-3-117; [22-3-1004]; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-
25 1004; 37-43-204; 37-50-209; 37-54-113; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-213; 44-13-102;
26 46-32-108; 50-1-115; 53-1-109; 53-6-148; 53-9-113; 53-24-108; 53-24-206; 60-5-530; 60-11-115; 61-3-321; 61-
27 3-415; 67-1-309; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 75-26-308; 76-13-150; 76-
28 13-151; 76-13-417; 76-17-103; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 80-11-1006; 81-1-112; 81-

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1 1-113; 81-7-106; 81-7-123; 81-10-103; 82-11-161; 85-2-526; 85-20-1504; 85-20-1505; [85-25-102]; 87-1-603;
2 87-5-909; 90-1-115; 90-1-205; 90-1-504; 90-6-331; and 90-9-306.

3 (4) There is a statutory appropriation to pay the principal, interest, premiums, and any costs of or
4 fees associated with issuing, paying, ~~and~~-securing, redeeming, or defeasing all bonds, notes, or other
5 obligations, as due in the ordinary course or when earlier called for redemption or defeased, that have been
6 authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements
7 authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through
8 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on
9 the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec.
10 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates contingently when the amortization period for the
11 teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the
12 inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for
13 the supplemental benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102
14 is effective on occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and
15 22-3-117 terminates June 30, 2025; pursuant to sec. 12, Ch. 55, L. 2017, the inclusion of 37-54-113 terminates
16 June 30, 2023; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates September 30,
17 2025; pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027; pursuant to
18 secs. 5, 8, Ch. 284, L. 2017, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2023;
19 pursuant to sec. 1, Ch. 340, L. 2017, the inclusion of 22-1-327 terminates July 1, 2023; pursuant to sec. 10, Ch.
20 374, L. 2017, the inclusion of 76-17-103 terminates June 30, 2027; pursuant to sec. 5, Ch. 50, L. 2019, the
21 inclusion of 37-50-209 terminates September 30, 2023; pursuant to sec. 1, Ch. 408, L. 2019, the inclusion of
22 17-7-215 terminates June 30, 2029; pursuant to secs. 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-
23 108 terminates June 30, 2027; pursuant to sec. 7, Ch. 465, L. 2019, the inclusion of 85-2-526 terminates July 1,
24 2023; pursuant to sec. 5, Ch. 477, L. 2019, the inclusion of 10-3-802 terminates June 30, 2023; pursuant to
25 secs. 1, 2, 3, Ch. 139, L. 2021, the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200,
26 L. 2021, the inclusion of 10-4-310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the
27 inclusion of 30-10-1004 terminates June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-
28 115 terminates June 30, 2025; pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is

1 effective July 1, 2027; and pursuant to sec. 15, Ch. 574, L. 2021, the inclusion of 46-32-108 terminates June
2 30, 2023.)"

3

4 **Section 7.** Section 76-13-150, MCA, is amended to read:

5 **"76-13-150. Fire suppression account -- fund transfer.** (1) There is a fire suppression account in
6 the state special revenue fund to the credit of the department.

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

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

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

11 (a) — fire suppression costs;

12 (b) — fuel reduction and mitigation;

13 (c) — forest restoration;

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

15 (e) — forest management projects on federal land;

16 (f) — support for collaborative groups that include at least one representative of an affected county
17 commission that is engaged with a federal forest project and for local governments engaged in litigation related
18 to federal forest projects; and

19 (g) — road maintenance on federal lands.

20 (5) — Interest earned on the balance of the account is retained in the account.

21 (6) — Except as provided in subsections (7) and (8), by August 15 following the end of each fiscal
22 year, an amount equal to the balance of unexpended and unencumbered general fund money appropriated in
23 excess of 0.5% of the total general fund money appropriated for that fiscal year must be transferred by the state
24 treasurer from the general fund to the fire suppression account. General fund appropriations that continue from
25 a fiscal year to the next fiscal year and any general fund appropriations made pursuant to 10-3-310 or 10-3-312
26 are excluded from the calculation.

27 (7) — The provisions of subsection (6) do not apply in a fiscal year in which reductions required by
28 17-7-140 occur or if a transfer pursuant to subsection (6) would require reductions pursuant to 17-7-140 .

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1 (8) — The fund balance in the account may not exceed 4% ~~12%~~ of all general fund appropriations in
2 the second year of the biennium.

3 (9) — By August 15 of each even-numbered fiscal year, if the balance in the account at the end of the
4 most recently completed odd-numbered fiscal year exceeds \$40 ~~\$100~~ million, the excess, up to \$5 ~~\$ 2 5~~ million,
5 must be used in the biennium for the purposes in subsections (4)(b) through (4)(g). Of that amount, no more
6 than 5% may be used for the purposes of subsection (4)(f).

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

9
10 NEW SECTION. Section 7. Transfer of funds. (1) By June 30, 2023, the state treasurer shall
11 transfer \$184.7 ~~\$377~~ million from the general fund to the budget stabilization reserve fund provided for in 17-7-
12 130.

13 (2) — By June 30, 2023, the state treasurer shall transfer \$254 million from the general fund to the
14 fire suppression account provided for in 76-13-150.

15 (3)(2) By June 30, 2023, the state treasurer shall transfer \$30 million from the general fund to the
16 state employee health care expense trust account provided for in 2-18-1304 STATE SELF-INSURANCE RESERVE
17 FUND ESTABLISHED IN 2-18-812.

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

21
22 NEW SECTION. SECTION 8. STUDY OF STATE BUDGET PROCESS AND PERSONAL SERVICES EXPENDITURES.

23 (1) DURING THE 2025 BIENNIUM INTERIM, A SUBCOMMITTEE OF THE LEGISLATIVE FINANCE COMMITTEE, THE LEGISLATIVE
24 FISCAL DIVISION, AND THE OFFICE OF BUDGET AND PROGRAM PLANNING SHALL JOINTLY STUDY THE PROCESS BY WHICH
25 THE STATE BUDGETS FOR PERSONAL SERVICES.

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

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

4
5 **Section 9.** Section 1(2), Chapter 476, Laws of 2019, is amended to read:

6 **"Section 1. Definitions.**

7 (2) "CPA" means the capital projects account provided for in 17-5-803 and 17-5-804 or the account
8 established in 17-7-209."

9
10 **Section 10.** Section 13, Chapter 476, Laws of 2019, is amended to read:

11 **"Section 13. Authorization of bonds -- conditions -- maturity.** (1) The board of examiners is
12 authorized to issue and sell general obligation bonds in one or more series and from time to time for the
13 purposes described in subsection (3) in addition to the amount of general obligation bonds outstanding on
14 January 1, 2019.

15 (2) The bonds under this section must be issued in accordance with the terms and in the manner
16 required by Title 17, chapter 5, part 8, and the maturity of these bonds must be 10 years. The authority granted
17 to the board of examiners by this section is in addition to any other authorization to the board of examiners to
18 issue and sell general obligation bonds.

19 (3) On [the effective date of this act], the board of examiners is authorized to issue and sell general
20 obligation bonds and deposit the proceeds as follows

21 (a) \$39,550,000 of the proceeds from the bonds sold under this section must be deposited in the
22 capital projects account provided for in 17-5-803 and 17-5-804; and

23 (b) \$21,500,000 of the proceeds from the bonds sold under this section must be deposited in the
24 delivering local assistance account for grants provided for in [section 2(1)].

25 (c) \$18,823,553 of the proceeds from the bonds sold under this section must be deposited in the
26 local infrastructure account provided for in [section 2(2)].

27 (4) For the purposes of subsection (3), funds on hand in the account established in 17-7-209 in
28 excess of the amount needed for appropriations from the account are appropriated and may be deposited in the

1 accounts described in subsection (3) in lieu of the proceeds of bonds authorized in this section. The total
2 amount of funds deposited in the accounts from bond proceeds and funds from the account established in 17-7-
3 209 may not exceed the amounts authorized in subsection (3)."

4

5 **Section 11.** Section 2(2), Chapter 499, Laws of 2005, is amended to read:

6 **"Section 2. Appropriation of bond proceeds.**

7 (2) The following money is appropriated from the CPF from the proceeds for the bonds authorized
8 by [section 3] or from the account provided for in 17-7-209 to the department of natural resources and
9 conservation for the capital projects described in this section, and if the bond proceeds are used, contingent
10 upon the authorization of general obligation bonds by the 59th legislature and the sale of bonds by the board of
11 examiners:"

12

13 **NEW SECTION. Section 12. Reduction of FTE in 2027 biennium -- appropriations.** (1) For the
14 biennium beginning July 1, 2025, the executive budget must include a reduction of no fewer than 165 full-time
15 equivalents.

16 (2) The reduction may only include positions funded by the general appropriations act.

17 (3) The reduction in full-time equivalents cannot disproportionately reduce full-time equivalents
18 from the department of justice, the office of public instruction, the state auditor's office, the secretary of state's
19 office, the office of the commissioner of higher education, and the public service commission.

20 (4) There is appropriated the following funds from the following sources in each year of the
21 biennium beginning July 1, 2023, to the office of budget and program planning for the purpose of recruiting and
22 retaining state employees:

23 (a) \$6 million from the general fund;

24 (b) \$6.4 million from state special revenue;

25 (c) \$4.8 million from federal special revenue; and

26 (d) \$200,000 in proprietary funds.

27

28 **NEW SECTION. Section 13. Severability.** If a part of [this act] is invalid, all valid parts that are

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1 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,
2 the part remains in effect in all valid applications that are severable from the invalid applications.

3

4 NEW SECTION. **Section 14. Effective date.** [This act] is effective on passage and approval.

5

6 NEW SECTION. **Section 15. Termination.** [Section 1] terminates June 30, 2025.

7

- END -

AMENDED