

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; ESTABLISHING  
16 REPORTING REQUIREMENTS ON THE USE OF APPROPRIATIONS FOR THE OPERATION OF STATE  
17 HEALTH CARE FACILITIES; PROVIDING LOCAL DISASTER RESILIENCY FUNDS; ESTABLISHING  
18 ELIGIBLE USES FOR THE FUNDS; PROVIDING FOR A STATUTORY APPROPRIATION; PROVIDING A  
19 SUPPLEMENTAL APPROPRIATION; PROVIDING APPROPRIATIONS; PROVIDING FOR A CONTINGENT  
20 APPROPRIATION; EXPANDING USES OF A STATUTORY APPROPRIATION; AMENDING SECTIONS 10-3-  
21 312, 17-7-102, 17-7-130, 17-7-140, 17-7-209, AND 17-7-502, AND 76-13-150, MCA; AMENDING SECTION  
22 1(2), CHAPTER 476, LAWS OF 2019, SECTION 13, CHAPTER 476, LAWS OF 2019, AND SECTION 2(2),  
23 CHAPTER 499, LAWS OF 2005; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A  
24 TERMINATION DATE."

25  
26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

27  
28 **Section 1.** Section 10-3-312, MCA, is amended to read:

1           **"10-3-312. Maximum expenditure by governor -- appropriation.** (1) Whenever a disaster or an  
2 emergency, including an energy emergency as defined in 90-4-302 or an invasive species emergency declared  
3 under 80-7-1013, is declared by the governor, there is statutorily appropriated to the office of the governor, as  
4 provided in 17-7-502, and, subject to subsection (2), the governor is authorized to expend from the general fund  
5 an amount not to exceed ~~\$46~~ ~~\$32~~ \$20 million in any biennium, minus any amount appropriated pursuant to 10-  
6 3-310 in the same biennium. The statutory appropriation in this subsection may be used by any state agency  
7 designated by the governor.

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

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

15           (4) At the end of each biennium, an amount equal to the unexpended and unencumbered balance  
16 of the ~~\$46~~ ~~\$32~~ \$20 million statutory appropriation in subsection (1), minus any amount appropriated pursuant to  
17 10-3-310 in the same biennium, must be transferred by the state treasurer from the state general fund to the  
18 fire suppression account provided for in 76-13-150."  
19

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

21           **"17-7-102. (Temporary) Definitions.** As used in this chapter, the following definitions apply:

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

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

26           (3) "Approving authority" means:

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

28           (b) the chief justice of the supreme court or the chief justice's designated representative for judicial

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1 branch agencies;

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

3 (d) the president for the senate;

4 (e) appropriate legislative committees or a designated representative for legislative branch  
5 agencies; or

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

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

11 (b) The term does not include:

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

14 (ii) funding for petroleum storage tank leak prevention if the accountability benchmarks in 75-11-  
15 521 are not met.

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

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

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

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

28 (9) "Necessary" means essential to the public welfare and of a nature that cannot wait until the

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1 next legislative session for legislative consideration.

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

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

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

21 (15) "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. (Terminates June 30,  
28 2028--sec. 11, Ch. 269, L. 2015.)

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

2 apply:

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

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

7           (3) "Approving authority" means:

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

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

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

12           (d) the president for the senate;

13           (e) appropriate legislative committees or a designated representative for legislative branch  
14 agencies; or

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

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

20           (5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part  
21 4.

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

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

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1 functions.

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

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

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

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

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

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

18 (b) changes in funding requirements resulting from constitutional or statutory schedules or  
19 formulas;

20 (c) inflationary or deflationary adjustments; and

21 (d) elimination of nonrecurring appropriations.

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

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

25 (15) "University system unit" means the board of regents of higher education; office of the  
26 commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and  
27 Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural  
28 experiment station, with central offices at Bozeman; the forest and conservation experiment station, with central

1 offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and  
2 geology, with central offices at Butte; the fire services training school at Great Falls; and the community  
3 colleges supervised and coordinated by the board of regents pursuant to 20-15-103."  
4

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

6 **"17-7-130. Budget stabilization reserve fund -- rules for deposits and transfers -- purpose. (1)**

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

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

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

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

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

24 ~~(3)~~(6) By August 1 of each year, the department of administration shall certify to the legislative fiscal  
25 analyst and the budget director the following:

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

28 (b) the amount of unaudited general fund revenue and transfers into the general fund received in

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

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

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

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

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

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

21 (i) ~~25% of any funds in excess of that amount must be transferred to the account established in~~  
22 ~~17-7-209; and~~

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

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

28 (6)(5)(8) For the purposes of this section, the following definitions apply:



- 1 (a) "Adjusted compound annual growth rate revenue" means general fund revenue for the fiscal  
2 year prior to the most recently completed fiscal year plus the growth amount.
- 3 (b) "Excess revenue" means the amount of general fund revenue, including transfers in, for the  
4 most recently completed fiscal year minus adjusted compound annual growth rate revenue.
- 5 (c) "Growth amount" means general fund revenue for the fiscal year prior to the most recently  
6 completed fiscal year multiplied by the growth rate.
- 7 (d) "Growth rate" means the annual compound growth rate of general fund revenue realized over  
8 the period 12 years prior to the most recently completed fiscal year, including the most recently completed fiscal  
9 year."

10  
11 **Section 4.** Section 17-7-140, MCA, is amended to read:

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

- 17 (i) 4% of the general fund appropriations for the second fiscal year of the biennium prior to  
18 October of the year preceding a legislative session;
- 19 (ii) 3% of the general fund appropriations for the second fiscal year of the biennium in October of  
20 the year preceding a legislative session;
- 21 (iii) 2% of the general fund appropriations for the second fiscal year of the biennium in January of  
22 the year in which a legislative session is convened; and
- 23 (iv) 1% of the general fund appropriations for the second fiscal year of the biennium in March of the  
24 year in which a legislative session is convened.

25 (b) An agency may not be required to reduce general fund spending for any program, as defined in  
26 each general appropriations act, by more than 10% during a biennium. A governor may not reduce total agency  
27 spending in the biennium by more than 4% of the second year general fund appropriations for the agency.  
28 Departments or agencies headed by elected officials or the board of regents may not be required to reduce

1 general fund spending by a percentage greater than the percentage of general fund spending reductions  
2 required for the weighted average of all other executive branch agencies. The legislature may exempt from a  
3 reduction an appropriation item within a program or may direct that the appropriation item may not be reduced  
4 by more than 10%.

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

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

27 (a) payment of interest and principal on state debt;

28 (b) the legislative branch;

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- 1 (c) the judicial branch;
- 2 (d) the school BASE funding program, including special education;
- 3 (e) salaries of elected officials during their terms of office; and
- 4 (f) the Montana school for the deaf and blind.
- 5 (3) (a) As used in this section, "projected general fund budget deficit" means an amount, certified
- 6 by the budget director to the governor, by which the projected ending general fund balance for the biennium is
- 7 less than:
- 8 (i) 4% of the general fund appropriations for the second fiscal year of the biennium prior to
- 9 October of the year preceding a legislative session;
- 10 (ii) 1.875% in October of the year preceding a legislative session;
- 11 (iii) 1.25% in January of the year in which a legislative session is convened; and
- 12 (iv) 0.625% in March of the year in which a legislative session is convened.
- 13 (b) In determining the amount of the projected general fund budget deficit, the budget director shall
- 14 take into account revenue, established levels of appropriation, anticipated supplemental appropriations for
- 15 school equalization aid and the cost of the state's wildland fire suppression activities exceeding the amount
- 16 statutorily appropriated in 10-3-312, and anticipated reversions.
- 17 (4) If the budget director determines that an amount of actual or projected receipts will result in an
- 18 amount less than the amount projected to be received in the revenue estimate established pursuant to 5-5-227,
- 19 the budget director shall notify the revenue interim committee in accordance with 5-11-210 of the estimated
- 20 amount. Within 20 days of notification, the revenue interim committee shall provide the budget director with any
- 21 recommendations concerning the amount. The budget director shall consider any recommendations of the
- 22 revenue interim committee prior to certifying a projected general fund budget deficit to the governor.
- 23 (5) If the budget director certifies a projected general fund budget deficit, the governor may
- 24 authorize transfers to the general fund from certain accounts as set forth in ~~subsections~~ SUBSECTION (6) and (7).
- 25 (6) The governor may authorize transfers from the budget stabilization reserve fund provided for in
- 26 17-7-130. The governor may authorize \$2 ~~\$3~~ of transfers from the fund for each \$1 of reductions in spending ~~for~~
- 27 up to two thirds of the balance in the reserve fund as calculated following the annual transfers to and from the
- 28 fund made pursuant to 17-7-130(4) BUT MAY NOT AUTHORIZE A TRANSFER THAT WOULD CAUSE THE BALANCE OF THE

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1 BUDGET STABILIZATION RESERVE FUND TO BE LESS THAN 6% OF ALL GENERAL FUND APPROPRIATIONS IN THE SECOND  
2 YEAR OF THE BIENNIUM.

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

11  
12 **Section 5.** Section 17-7-209, MCA, is amended to read:

13 **"17-7-209. Capital developments long-range building program account.** (1) (a) There is a capital  
14 developments long-range building program account in the capital projects fund type to fund capital  
15 developments and to retire general obligation bonds paid by the general fund.

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

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

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

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

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

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

3 (3) ~~The legislature may transfer unencumbered funds from the account only to supplement funding~~  
4 ~~local infrastructure. For the purposes of subsection (1)(b)(i), funds are statutorily appropriated pursuant to 17-7-~~  
5 ~~502(4) from this account.~~

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

11 **NEW SECTION. Section 6. Montana local disaster resiliency fund.** (1) There is statutorily  
12 appropriated pursuant to 17-7-502 \$4 million per year beginning in the fiscal year beginning July 1, 2023, from  
13 the general fund to the department of military affairs.  
14 (2) Eligible uses of the money are:  
15 (a) state and local mitigation projects that reduce or eliminate long-term risk to people and property  
16 from future disasters;  
17 (b) the nonfederal cost share for personnel performing mitigation program management; and  
18 (c) matching funds for grants for the purchase of hazardous material equipment and training to  
19 increase local capacity to respond to incidents as defined in 10-3-1203 involving hazardous material.  
20 (3) The appropriation is void in any year that there is a projected general fund budget deficit  
21 pursuant to 17-7-140.

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

24 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory  
25 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without  
26 the need for a biennial legislative appropriation or budget amendment.

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

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

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

4 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-  
5 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-  
6 807; 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;  
7 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-  
8 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;  
9 [section 6]; 18-11-112; 19-3-319; 19-3-320; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512;  
10 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; [20-15-328]; 20-26-  
11 617; 20-26-1503; 22-1-327; 22-3-116; 22-3-117; [22-3-1004]; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-  
12 301; 23-7-402; 30-10-1004; 37-43-204; 37-50-209; 37-54-113; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-  
13 12-213; 44-13-102; 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-  
14 11-115; 61-3-321; 61-3-415; 67-1-309; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 75-26-  
15 308; 76-13-150; 76-13-151; 76-13-417; 76-17-103; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 80-11-  
16 1006; 81-1-112; 81-1-113; 81-7-106; 81-7-123; 81-10-103; 82-11-161; 85-2-526; 85-20-1504; 85-20-1505; [85-  
17 25-102]; 87-1-603; 87-5-909; 90-1-115; 90-1-205; 90-1-504; 90-6-331; and 90-9-306.

18 (4) There is a statutory appropriation to pay the principal, interest, premiums, and any costs of or  
19 fees associated with issuing, paying, and securing, redeeming, or defeasing all bonds, notes, or other  
20 obligations, as due in the ordinary course or when earlier called for redemption or defeased, that have been  
21 authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements  
22 authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through  
23 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on  
24 the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec.  
25 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates contingently when the amortization period for the  
26 teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the  
27 inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for  
28 the supplemental benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102

1 is effective on occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and  
2 22-3-117 terminates June 30, 2025; pursuant to sec. 12, Ch. 55, L. 2017, the inclusion of 37-54-113 terminates  
3 June 30, 2023; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates September 30,  
4 2025; pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027; pursuant to  
5 secs. 5, 8, Ch. 284, L. 2017, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2023;  
6 pursuant to sec. 1, Ch. 340, L. 2017, the inclusion of 22-1-327 terminates July 1, 2023; pursuant to sec. 10, Ch.  
7 374, L. 2017, the inclusion of 76-17-103 terminates June 30, 2027; pursuant to sec. 5, Ch. 50, L. 2019, the  
8 inclusion of 37-50-209 terminates September 30, 2023; pursuant to sec. 1, Ch. 408, L. 2019, the inclusion of  
9 17-7-215 terminates June 30, 2029; pursuant to secs. 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-  
10 108 terminates June 30, 2027; pursuant to sec. 7, Ch. 465, L. 2019, the inclusion of 85-2-526 terminates July 1,  
11 2023; pursuant to sec. 5, Ch. 477, L. 2019, the inclusion of 10-3-802 terminates June 30, 2023; pursuant to  
12 secs. 1, 2, 3, Ch. 139, L. 2021, the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200,  
13 L. 2021, the inclusion of 10-4-310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the  
14 inclusion of 30-10-1004 terminates June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-  
15 115 terminates June 30, 2025; pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is  
16 effective July 1, 2027; and pursuant to sec. 15, Ch. 574, L. 2021, the inclusion of 46-32-108 terminates June  
17 30, 2023.)"

18

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

20 **"76-13-150. Fire suppression account -- fund transfer.** (1) There is a fire suppression account in  
21 ~~the state special revenue fund to the credit of the department.~~

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

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

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

26 (a) ~~— fire suppression costs;~~

27 (b) ~~— fuel reduction and mitigation;~~

28 (c) ~~— forest restoration;~~

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68th Legislature

Drafter: Julie Johnson, 406-444-4024

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- 1           (d) ~~grants for the purchase of fire suppression equipment for county cooperatives;~~  
2           (e) ~~forest management projects on federal land;~~  
3           (f) ~~support for collaborative groups that include at least one representative of an affected county~~  
4 ~~commission that is engaged with a federal forest project and for local governments engaged in litigation related~~  
5 ~~to federal forest projects; and~~  
6           (g) ~~road maintenance on federal lands.~~  
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~~  
9 ~~year, an amount equal to the balance of unexpended and unencumbered general fund money appropriated in~~  
10 ~~excess 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) ~~The provisions of subsection (6) do not apply in a fiscal year in which reductions required by~~  
15 ~~17-7-140 occur or if a transfer pursuant to subsection (6) would require reductions pursuant to 17-7-140 .~~  
16           (8) ~~The fund balance in the account may not exceed 4% 12% of all general fund appropriations in~~  
17 ~~the second year of the biennium.~~  
18           (9) ~~By August 15 of each even-numbered fiscal year, if the balance in the account at the end of the~~  
19 ~~most recently completed odd-numbered fiscal year exceeds \$40 \$100 million, the excess, up to \$5 \$ 2 5 million,~~  
20 ~~must be used in the biennium for the purposes in subsections (4)(b) through (4)(g). Of that amount, no more~~  
21 ~~than 5% may be used for the purposes of subsection (4)(f).~~  
22           (10) ~~Money in the account is statutorily appropriated, as provided in 17-7-502, to the department for~~  
23 ~~the purposes described in subsection (4). "~~  
24

25           **NEW SECTION. Section 8. Transfer of funds.** (1) By June 30, 2023, the state treasurer shall  
26 transfer \$184.7 \$377 million from the general fund to the budget stabilization reserve fund provided for in 17-7-  
27 130.

28           (2) ~~By June 30, 2023, the state treasurer shall transfer \$254 million from the general fund to the~~



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 9. 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~~  
28 ~~study is to maximize effective use of legislative time and legislative staff time in the joint subcommittees in the~~

1 first half of each regular session.

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

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

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

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

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

23

24 **Section 10.** Section 1(2), Chapter 476, Laws of 2019, is amended to read:

25 **"Section 1. Definitions.**

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

28

1           **Section 11.** Section 13, Chapter 476, Laws of 2019, is amended to read:

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

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

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

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

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

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

18           (4) For the purposes of subsection (3), funds on hand in the account established in 17-7-209 in  
19 excess of the amount needed for appropriations from the account are appropriated and may be deposited in the  
20 accounts described in subsection (3) in lieu of the proceeds of bonds authorized in this section. The total  
21 amount of funds deposited in the accounts from bond proceeds and funds from the account established in 17-7-  
22 209 may not exceed the amounts authorized in subsection (3)."

23

24           NEW SECTION. **Section 12. Reporting on appropriations for operation of state health care**  
25 **facilities by department of public health and human services.** (1) For any appropriations in House Bill No.  
26 835 or House Bill No. 2 that provide funding for the operation of state health care facilities in the department of  
27 public health and human services beyond those budgeted for the fiscal year beginning July 1, 2022, the  
28 department shall report to the health and human services interim budget committee as follows:

- 1 (a) by September 1, 2023, on the amounts spent by the department from the appropriations  
2 referred to in subsection (1) on contract staffing, state employee compensation, and state employee recruitment  
3 and retention efforts at each relevant state health care facility in the preceding fiscal year. The department must  
4 also report on its plan for mitigating expenditures over the biennium beginning July 1, 2023, at:
- 5 (i) the intensive behavior center provided for in 53-20-602;
  - 6 (ii) the Montana mental health nursing care center provided for in 53-21-411; and
  - 7 (iii) the Montana state hospital provided for in 53-21-601;
- 8 (b) by September 1, 2024, on the amounts spent by the department from the appropriations  
9 referred to in subsection (1) on contract staffing, state employee compensation, and state employee recruitment  
10 and retention efforts at each relevant state health care facility in the preceding fiscal year; and
- 11 (c) by September 1, 2025, on the amounts spent by the department from the appropriations  
12 referred to in subsection (1) on contract staffing, state employee compensation, and state employee recruitment  
13 and retention efforts at each relevant state health care facility in the preceding fiscal year.
- 14 (2) The reports must be provided in an electronic format and presented to the committee in person.

16 **NEW SECTION. Section 13. Appropriations.** (1) There is appropriated \$2.5 million from the general  
17 fund to the office of state public defender for the fiscal year ending June 30, 2023, for the purposes of operating  
18 the office.

19 (2) There is appropriated \$175,000 from the general fund to the legislative branch for the fiscal  
20 year beginning July 1, 2024, to be used only to change data backup services for the Miles City data center.

22 **Section 14.** Section 2(2), Chapter 499, Laws of 2005, is amended to read:

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

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

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**NEW SECTION. Section 15. 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.

**NEW SECTION. Section 16. Codification instruction.** [Section 6] is intended to be codified as an integral part of Title 17, chapter 7, and the provisions of Title 17, chapter 7, apply to [section 6].

**COORDINATION SECTION. Section 17. 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

1 state special revenue funds may not exceed that level of funding authorized by the previous legislature.

2 (b) The term does not include:

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

5 (ii) funding for petroleum storage tank leak prevention if the accountability benchmarks in 75-11-  
6 521 are not met.

7 (5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part  
8 4.

9 (6) "Budget stabilization reserve" means the amount of unappropriated fund balance in the budget  
10 stabilization reserve fund up to ~~4.5%~~ 16% of all general ~~fund-revenue~~ appropriations in the second year of the  
11 biennium.

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

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

19 ~~(9)~~ "General revenue appropriations" means appropriations from the general fund or the school  
20 equalization and property tax reduction account in [section 1 of House Bill No. 587].

21 ~~(9)(10)~~ "Necessary" means essential to the public welfare and of a nature that cannot wait until the  
22 next legislative session for legislative consideration.

23 ~~(10)(11)~~ "New proposals" means requests to provide new nonmandated services, to change program  
24 services, to eliminate existing services, or to change sources of funding. For purposes of establishing the  
25 present law base, the distinction between new proposals and the adjustments to the base budget to develop  
26 the present law base is to be determined by the existence of constitutional or statutory requirements for the  
27 proposed expenditure. Any proposed increase or decrease that is not based on those requirements is  
28 considered a new proposal.

1 ~~(11)~~(12) "Operating reserve" means an amount equal to 8.3% of all general ~~fund revenue~~  
2 appropriations in the second year of the biennium.

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

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

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

9 (c) inflationary or deflationary adjustments; and

10 (d) elimination of nonrecurring appropriations.

11 ~~(13)~~(14) "Program" means a principal organizational or budgetary unit within an agency.

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

14 ~~(15)~~(16) "University system unit" means the board of regents of higher education; office of the  
15 commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and  
16 Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural  
17 experiment station, with central offices at Bozeman; the forest and conservation experiment station, with central  
18 offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and  
19 geology, with central offices at Butte; the fire services training school at Great Falls; and the community  
20 colleges supervised and coordinated by the board of regents pursuant to 20-15-103. (Terminates June 30,  
21 2028--sec. 11, Ch. 269, L. 2015.)

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

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

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

28 (3) "Approving authority" means:

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- 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
- 28 next legislative session for legislative consideration.



1 ~~(10)~~(11) "New proposals" means requests to provide new nonmandated services, to change program  
2 services, to eliminate existing services, or to change sources of funding. For purposes of establishing the  
3 present law base, the distinction between new proposals and the adjustments to the base budget to develop  
4 the present law base is to be determined by the existence of constitutional or statutory requirements for the  
5 proposed expenditure. Any proposed increase or decrease that is not based on those requirements is  
6 considered a new proposal.

7 ~~(11)~~(12) "Operating reserve" means an amount equal to 8.3% of all general ~~fund revenue~~  
8 appropriations in the second year of the biennium.

9 ~~(12)~~(13) "Present law base" means that level of funding needed under present law to maintain  
10 operations and services at the level authorized by the previous legislature, including but not limited to:

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

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

15 (c) inflationary or deflationary adjustments; and

16 (d) elimination of nonrecurring appropriations.

17 ~~(13)~~(14) "Program" means a principal organizational or budgetary unit within an agency.

18 ~~(14)~~(15) "Requesting agency" means the agency of state government that has requested a specific  
19 budget amendment.

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

27  
28 COORDINATION SECTION. **Section 18. Coordination instruction.** If both House Bill No. 587 and

1 [this act] are passed and approved, then [section 3 of this act], amending 17-7-130, is void and 17-7-130 must  
2 be amended as follows:

3 **"17-7-130. Budget stabilization reserve fund -- rules for deposits and transfers -- purpose. (1)**

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

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

8 (3) Except as provided in subsection (4), by August 15 following the end of each fiscal year, an  
9 amount equal to the balance of unexpended and unencumbered general fund money appropriated in excess of  
10 0.5% of the total general fund money appropriated for that fiscal year must be transferred by the state treasurer  
11 from the general fund to the budget stabilization reserve fund. General fund appropriations that continue from a  
12 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 (4) The provisions of subsection (3) do not apply in a fiscal year in which reductions required by  
15 17-7-140 occur or if a transfer pursuant to subsection (3) would require reductions pursuant to 17-7-140.

16 (5) If the transfer provided for in subsection (3) increases the balance in the budget stabilization  
17 reserve fund to exceed 16% of all general revenue appropriations in the second year of the biennium, the  
18 amount in excess is transferred to the capital developments long-range building program account established in  
19 17-7-209.

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

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

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

1 ~~(4)(7)~~ (a) The state treasurer shall calculate the operating reserve level of general fund balance  
2 defined in ~~17-7-102(11)~~17-7-102(12). The treasurer shall first apply the excess revenue to reach the operating  
3 reserve level general fund balance, if necessary.

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

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

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

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

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

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

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

23 ~~(6)(8)~~ For the purposes of this section, the following definitions apply:

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

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

28 (c) "Growth amount" means general fund revenue for the fiscal year prior to the most recently

1 completed fiscal year multiplied by the growth rate.

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

5  
6

7 COORDINATION SECTION. **Section 19. Coordination instruction.** If both House Bill No. 587 and  
8 [this act] are passed and approved, then [section 4 of this act], amending 17-7-140, is void and 17-7-140 must  
9 be amended as follows:

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

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

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

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

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

23 (b) An agency may not be required to reduce general fund spending for any program, as defined in  
24 each general appropriations act, by more than 10% during a biennium. A governor may not reduce total agency  
25 spending in the biennium by more than 4% of the second year general fund revenue appropriations for the  
26 agency. Departments or agencies headed by elected officials or the board of regents may not be required to  
27 reduce general fund spending by a percentage greater than the percentage of general fund spending  
28 reductions required for the weighted average of all other executive branch agencies. The legislature may

1 exempt from a reduction an appropriation item within a program or may direct that the appropriation item may  
2 not be reduced by more than 10%.

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

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

- 25 (a) payment of interest and principal on state debt;
- 26 (b) the legislative branch;
- 27 (c) the judicial branch;
- 28 (d) the school BASE funding program, including special education;

1 (e) salaries of elected officials during their terms of office; and

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

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

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

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

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

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

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

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

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

23 (6) The governor may authorize transfers from the budget stabilization reserve fund provided for in  
24 17-7-130. The governor may authorize \$2 \$3 of transfers from the fund for each \$1 of reductions in spending  
25 but may not authorized a transfer that would cause the balance of the budget stabilization reserve fund to be  
26 less than 6% of all general revenue appropriations in the second year of the biennium.

27 ~~(7) If the budget stabilization reserve fund provided for in 17-7-130 is fully expended and the governor~~  
28 ~~determines more spending reductions are needed to address the projected general fund budget deficit, the~~

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

7  
 8  
 9 COORDINATION SECTION. Section 20. Coordination instruction. If House Bill No. 883, House Bill  
 10 No. 587, and [this act] are all passed and approved, then the section of House Bill No. 883 amending 76-13-  
 11 150 is void, and 76-13-150 must be amended as follows:

12 **"76-13-150. Fire suppression account -- fund transfer.** (1) There is a fire suppression account in  
 13 the state special revenue fund to the credit of the department.  
 14 (2) The legislature may transfer money from other funds to the account, and the money in the  
 15 account is subject to legislative fund transfers.  
 16 (3) Funds received for restitution by private parties must be deposited in the account.  
 17 (4) Money in the account may be used only for:  
 18 (a) fire suppression costs;  
 19 (b) fuel reduction and mitigation;  
 20 (c) forest restoration;  
 21 (d) grants for the purchase of fire suppression equipment for county cooperatives;  
 22 (e) forest management projects on federal land;  
 23 (f) support for collaborative groups that include at least one representative of an affected county  
 24 commission that is engaged with a federal forest project and for local governments engaged in litigation related  
 25 to federal forest projects; ~~and~~  
 26 (g) road maintenance on federal lands; ~~and~~  
 27 ~~(h) fire preparedness.~~  
 28 ~~(5) Interest earned on the balance of the account is retained in the account.~~

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

7 ~~(7)(5) In an even-numbered calendar year, after the transfers made pursuant to 17-7-130, if the~~  
8 ~~preliminary general fund ending balance at fiscal yearend was greater than 8.3% of all general revenue~~  
9 ~~appropriations in the second year of the biennium, then the state treasurer shall transfer from the general fund~~  
10 ~~to fire suppression account funds sufficient to bring the fire suppression account fund balance to 6% of the~~  
11 ~~general revenue appropriations in the second year of the biennium. The transfer may not cause the general~~  
12 ~~fund ending fund balance to have a balance of less than 8.3% of all general revenue appropriations in the~~  
13 ~~second year of the biennium.~~

14 ~~(6) The provisions of subsection (6)(5) do not apply in a fiscal year in which reductions required by~~  
15 ~~17-7-140 occur or if a transfer pursuant to subsection (6)(5) would require reductions pursuant to 17-7-140.~~

16 ~~(8) The fund balance in the account may not exceed 4% of all general fund appropriations in the~~  
17 ~~second year of the biennium.~~

18 ~~(9)(7) By August 15 of each even-numbered fiscal year, if If the balance in the account at the end of~~  
19 ~~the most recently completed odd-numbered fiscal year exceeds \$40 million, the excess, up to \$5 million, must~~  
20 ~~be used in the biennium 3% of all general revenue appropriations in the second year of the biennium, then up~~  
21 ~~to 1% of all general revenue appropriations in the second year of the biennium is statutorily appropriated from~~  
22 ~~the fire suppression account for the purposes in subsections (4)(b) through (4)(g). Of that amount, no more than~~  
23 ~~5% may be used for the purposes of subsection (4)(f).~~

24 ~~(8) For the biennium beginning July 1, 2023, up to 0.5% of all general revenue appropriations in~~  
25 ~~the second year of the biennium is statutorily appropriated from the fire suppression account to the department~~  
26 ~~for the item in subsection (4)(h).~~

27 ~~(10)(9) Money in the account is statutorily appropriated, as provided in 17-7-502, to the department for~~  
28 ~~the purposes described in subsection (4)-(a).~~



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

COORDINATION SECTION. **Section 21. Coordination instruction.** (1) If both [this act] and House Bill No. 226 are passed and approved, then the following sums are appropriated to the office of budget and program planning from the following sources in the fiscal year beginning July 1, 2023:

- (a) \$299,489 from the general fund;
- (b) \$269,572 from state special revenue;
- (c) \$124,611 from federal special revenue;
- (d) \$117,071 in proprietary funds; and
- (e) \$119,796 from the general fund for the benefit of the Montana University System.

(2) If both [this act] and House Bill No. 226 are passed and approved, then the following sums are appropriated to the office of budget and program planning from the following sources in the fiscal year beginning July 1, 2024:

- (a) \$1,547,360 from the general fund;
- (b) \$1,392,791 from state special revenue;
- (c) \$643,826 from federal special revenue;
- (d) \$604,869 in proprietary funds; and
- (e) \$618,944 from the general fund for the benefit of the Montana University System.

NEW SECTION. **Section 22. Effective date.** [This act] is effective on passage and approval.

NEW SECTION. **Section 23. Termination.** (1) [Section 1] terminates June 30, 2025.

(2) [Sections 6 and 7(3)] terminate June 30, 2027.

- END -