

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 PENSION FUND; PROVIDING FOR A STATUTORY
19 APPROPRIATION; PROVIDING A SUPPLEMENTAL APPROPRIATION; PROVIDING APPROPRIATIONS;
20 PROVIDING FOR A CONTINGENT APPROPRIATION; EXPANDING USES OF A STATUTORY
21 APPROPRIATION; AMENDING SECTIONS 10-3-312, 17-7-102, 17-7-130, 17-7-140, 17-7-209, AND 17-7-502,
22 AND 76-13-150, MCA; AMENDING SECTION 1(2), CHAPTER 476, LAWS OF 2019, SECTION 13, CHAPTER
23 476, LAWS OF 2019, AND SECTION 2(2), CHAPTER 499, LAWS OF 2005; AND PROVIDING AN
24 IMMEDIATE EFFECTIVE DATE AND A 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 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

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%-75%~~ of any funds in excess of that amount must be transferred to the account established
22 in ~~17-7-209~~ section 8; and

23 (ii) ~~75%- 25%~~ 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 inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for
2 the supplemental benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102
3 is effective on occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and
4 22-3-117 terminates June 30, 2025; pursuant to sec. 12, Ch. 55, L. 2017, the inclusion of 37-54-113 terminates
5 June 30, 2023; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates September 30,
6 2025; pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027; pursuant to
7 secs. 5, 8, Ch. 284, L. 2017, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2023;
8 pursuant to sec. 1, Ch. 340, L. 2017, the inclusion of 22-1-327 terminates July 1, 2023; pursuant to sec. 10, Ch.
9 374, L. 2017, the inclusion of 76-17-103 terminates June 30, 2027; pursuant to sec. 5, Ch. 50, L. 2019, the
10 inclusion of 37-50-209 terminates September 30, 2023; pursuant to sec. 1, Ch. 408, L. 2019, the inclusion of
11 17-7-215 terminates June 30, 2029; pursuant to secs. 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-
12 108 terminates June 30, 2027; pursuant to sec. 7, Ch. 465, L. 2019, the inclusion of 85-2-526 terminates July 1,
13 2023; pursuant to sec. 5, Ch. 477, L. 2019, the inclusion of 10-3-802 terminates June 30, 2023; pursuant to
14 secs. 1, 2, 3, Ch. 139, L. 2021, the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200,
15 L. 2021, the inclusion of 10-4-310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the
16 inclusion of 30-10-1004 terminates June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-
17 115 terminates June 30, 2025; pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is
18 effective July 1, 2027; and pursuant to sec. 15, Ch. 574, L. 2021, the inclusion of 46-32-108 terminates June
19 30, 2023.)"

20

21 **NEW SECTION. Section 8. Pension state special revenue account.** (1) There is a pension state
22 special revenue account to the credit of the department of administration.

23 (2) The account is funded by a distribution pursuant to 17-7-130.

24 (3) Funds in the account may only be used to transfer into:

25 (a) a state-administered pension fund;

26 (b) the budget stabilization reserve fund provided for in 17-7-130;

27 (c) the fire suppression account provided for in 76-13-150; or

28 (d) the capital developments long-range building program account provided for in 17-7-209.

1 (4) The fund is subject to legislative transfer.

2
3 ~~"76-13-150. Fire suppression account -- fund transfer. (1) There is a fire suppression account in~~
4 ~~the state special revenue fund to the credit of the department.~~

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

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

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

9 (a) ~~fire suppression costs;~~

10 (b) ~~fuel reduction and mitigation;~~

11 (c) ~~forest restoration;~~

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

13 (e) ~~forest management projects on federal land;~~

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

17 (g) ~~road maintenance on federal lands.~~

18 (5) ~~Interest earned on the balance of the account is retained in the account.~~

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

25 (7) ~~The provisions of subsection (6) do not apply in a fiscal year in which reductions required by~~
26 ~~17-7-140 occur or if a transfer pursuant to subsection (6) would require reductions pursuant to 17-7-140.~~

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

1 (2) THE REPORTS MUST BE PROVIDED IN AN ELECTRONIC FORMAT AND PRESENTED TO THE COMMITTEE IN
2 PERSON.

3
4 NEW SECTION. Section 14. APPROPRIATIONS. (1) THERE IS APPROPRIATED \$2.5 MILLION FROM THE
5 GENERAL FUND TO THE OFFICE OF STATE PUBLIC DEFENDER FOR THE FISCAL YEAR ENDING JUNE 30, 2023, FOR THE
6 PURPOSES OF OPERATING THE OFFICE.

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

9
10 **Section 15.** Section 2(2), Chapter 499, Laws of 2005, is amended to read:

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

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

17
18 NEW SECTION. Section 16. Severability. If a part of [this act] is invalid, all valid parts that are
19 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,
20 the part remains in effect in all valid applications that are severable from the invalid applications.

21
22 NEW SECTION. Section 17. CODIFICATION INSTRUCTION. ~~SECTION 6~~ IS [sections 6 and 8] ARE
23 INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 17, CHAPTER 7, AND THE PROVISIONS OF TITLE 17, CHAPTER
24 7, APPLY TO ~~SECTION 6~~ [sections 6 and 8].

25
26
27 COORDINATION SECTION. Section 18. COORDINATION INSTRUCTION. IF BOTH HOUSE BILL NO. 587
28 AND [THIS ACT] ARE PASSED AND APPROVED, THEN [SECTION 2 OF THIS ACT], AMENDING 17-7-102, IS VOID AND 17-7-

- 1 (a) changes resulting from legally mandated workload, caseload, or enrollment increases or
- 2 decreases;
- 3 (b) changes in funding requirements resulting from constitutional or statutory schedules or
- 4 formulas;
- 5 (c) inflationary or deflationary adjustments; and
- 6 (d) elimination of nonrecurring appropriations.

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

8 (15) "Requesting agency" means the agency of state government that has requested a specific budget
9 amendment.

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

17
18 COORDINATION SECTION. Section 19. COORDINATION INSTRUCTION. IF BOTH HOUSE BILL NO. 587
19 AND [THIS ACT] ARE PASSED AND APPROVED, THEN [SECTION 3 OF THIS ACT], AMENDING 17-7-130, IS VOID AND 17-7-
20 130 MUST BE AMENDED AS FOLLOWS:

21 "17-7-130. BUDGET STABILIZATION RESERVE FUND -- RULES FOR DEPOSITS AND TRANSFERS -- PURPOSE.

22 (1) There is an account in the state special revenue fund established by 17-2-102 known as the budget
23 stabilization reserve fund.

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

26 (3) Except as provided in subsection (4), by August 15 following the end of each fiscal year, an
27 amount equal to the balance of unexpended and unencumbered general fund money appropriated in excess of
28 0.5% of the total general fund money appropriated for that fiscal year must be transferred by the state treasurer

1 from the general fund to the budget stabilization reserve fund. General fund appropriations that continue from a
2 fiscal year to the next fiscal year and any general fund appropriations made pursuant to 10-3-310 or 10-3-312
3 are excluded from the calculation.

4 (4) The provisions of subsection (3) do not apply in a fiscal year in which reductions required by
5 17-7-140 occur or if a transfer pursuant to subsection (3) would require reductions pursuant to 17-7-140.

6 (5) If the transfer provided for in subsection (3) increases the balance in the budget stabilization
7 reserve fund to exceed 16% of all general revenue appropriations in the second year of the biennium, the
8 amount in excess is transferred to the capital developments long-range building program account established in
9 17-7-209.

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

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

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

19 (7) (a) The state treasurer shall calculate the operating reserve level of general fund balance
20 defined in ~~47-7-402(11)~~ 17-7-102(12). The treasurer shall first apply the excess revenue to reach the operating
21 reserve level general fund balance, if necessary.

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

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

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

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

6 (i) ~~25%~~ 75% of any funds in excess of that amount must be transferred to the account established
7 in ~~17-7-209~~ [section 8 of House Bill No. 424]; and

8 (ii) ~~75%~~ 25% of the funds in excess of that amount remain in the general fund.

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

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

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

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

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

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

23
24 COORDINATION SECTION. Section 20. COORDINATION INSTRUCTION. IF BOTH HOUSE BILL NO. 587
25 AND [THIS ACT] ARE PASSED AND APPROVED, THEN [SECTION 4 OF THIS ACT], AMENDING 17-7-140, IS VOID AND 17-7-
26 140 MUST BE AMENDED AS FOLLOWS:

27 "17-7-140. REDUCTION IN SPENDING. (1) (a) As the chief budget officer of the state, the governor shall
28 ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in