HOUSE BILL NO. 816

INTRODUCED BY J. KASSMIER, S. FITZPATRICK

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE DISTRIBUTION OF SURPLUS REVENUE; ~~PROVIDING FOR A SUPPLEMENTAL INCOME TAX REBATE;~~ ~~PROVIDING FOR A SUPPLEMENTAL PROPERTY TAX REBATE;~~ ~~CREATING THE MONTANA HOUSING INFRASTRUCTURE REVOLVING LOAN ACCOUNT; CREATING A STATE SPECIAL REVENUE ACCOUNT; PROVIDING FOR DUTIES FOR THE BOARD OF INVESTMENTS; PROVIDING ELIGIBILITY REQUIREMENTS FOR THE USE OF FUNDS; PROVIDING FOR DEED RESTRICTIONS SET BY THE BOARD OF INVESTMENTS; PROVIDING FOR PLANNING GRANTS AND LOANS; ESTABLISHING REPORTING REQUIREMENTS; PROVIDING FOR GRANTS TO ELIGIBLE ENTITIES FOR INFRASTRUCTURE PROJECTS; SETTING UP A GRANT PROCESS; REQUIRING A PERCENTAGE OF MATCHING FUNDS; PROVIDING FOR OVERSIGHT; ADDRESSING COST OVERRUNS AND MISAPPROPRIATION OF FUNDS; SETTING GRANT LIMITS; PROVIDING FUNDING TO LOCAL GOVERNMENTS FOR THE MAINTENANCE OF COUNTY AND CITY ROADS; PROVIDING FOR THE DISTRIBUTION OF FUNDS ;~~ PROVIDING A STATUTORY ~~APPROPRIATIONS~~ APPROPRIATION; ~~REVISING CONTRIBUTIONS IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO PROVIDE FOR AN ACTUARIALLY DETERMINED CONTRIBUTION; CHANGING THE DEFAULT RETIREMENT PLAN TO THE PUBLIC EMPLOYEES' DEFINED CONTRIBUTION PLAN; REVISING THE EMPLOYER CONTRIBUTION TO THE DEFINED CONTRIBUTION PLAN OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; PROVIDING DEFINITIONS; ESTABLISHING A CHILD TAX CREDIT FOR MONTANA RESIDENT TAXPAYERS; PROVIDING A MAXIMUM REFUNDABLE CREDIT AMOUNT FOR A CHILD 5 YEARS OF AGE OR YOUNGER ;~~ PROVIDING FOR A SUPPLEMENTAL FUND TRANSFER FOR THE INCOME TAX REBATE THAT IS BASED ON INDIVIDUAL INCOME TAXES PAID; ~~REVISING THE~~ PROVIDING FOR A SUPPLEMENTAL PROPERTY TAX REBATE; PROVIDING ~~AN APPROPRIATION~~ ~~APPROPRIATIONS~~ ~~AN APPROPRIATION~~ APPROPRIATIONS; PROVIDING FOR TRANSFERS; ~~PROVIDING FOR ALLOCATIONS TO COUNTIES ;~~ AMENDING ~~SECTION~~ SECTIONS ~~SECTIONS 15-30-2303,~~ 15-31-1007, 15-31-1009, AND 17-7-502, ~~19-2-303, 19-2-405, 19-2-409, 19-3-315, 19-3-316, 19-3-319, 19-3-1605, 19-~~

~~3-2111, 19-3-2117, AND 19-21-214,~~ MCA; AMENDING SECTION 2, CHAPTER 44, LAWS OF 2023 AND SECTION 1, CHAPTER 47, LAWS OF 2023; AND PROVIDING AN IMMEDIATE ~~AN IMMEDIATE~~ EFFECTIVE DATE ~~DATE~~ ~~DATES, AN APPLICABILITY DATE,~~ AND ~~A~~ TERMINATION ~~DATE~~ DATES.”

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

~~NEW SECTION.~~ ~~**Section 1. — Individual income tax rebate.**~~ ~~(1) A qualified taxpayer that is entitled to an individual income tax rebate pursuant to [section 2 of House Bill No. 192] may increase the amount of the filing status limit s in [section 2(1)(b) of House Bill No. 192] by the bonus amounts provided in subsection (2). In administering the income tax rebate, the department shall add the bonus to the filing status limits and update any rebate forms to reflect the additional amount.~~

~~(2) (a) Subject to subsection (2)(c), the amount of the bonus for a single taxpayer, a head of household, or a married taxpayer filing a separate return is the quotient of the appropriation in [section 3 39] divided by 3 50,000.~~

~~(b) Subject to subsection (2)(c), the amount of the bonus for a married couple filing a joint return is double the amount provided for in subsection (2)(a).~~

~~(c) The department shall round the quotients provided for in subsections (2)(a) and (2)(b) downward to the nearest $1.~~

~~(3) The bonus provided for in this section is administered as part of the individual income tax rebate provided for in [House Bill No. 192]. Any income tax rebate received that is based on this section is exempt from taxation under this chapter.~~

NEW SECTION. **SECTION 1. PROPERTY TAX REBATE.** (1) A TAXPAYER THAT IS ENTITLED TO A REBATE OF MONTANA PROPERTY TAXES PAID PURSUANT TO [SECTIONS 1 THROUGH 3 OF HOUSE BILL NO. 222] MAY INCREASE THE DOLLAR AMOUNT LIMITS OF THE REBATES IN [SECTION 2(1)(A) AND (1)(B) OF HOUSE BILL NO. 222] BY THE BONUS AMOUNTS PROVIDED IN SUBSECTION (2). IN ADMINISTERING THE REBATE, THE DEPARTMENT SHALL ADD THE BONUS TO THE DOLLAR AMOUNT LIMITATIONS FOR TAX YEAR 2022 AND TAX YEAR 2023 AND UPDATE ANY REBATE FORMS TO

REFLECT THE ADDITIONAL AMOUNT.

(2) (A) SUBJECT TO SUBSECTION (2)(D), THE AMOUNT OF THE BONUS FOR TAX YEAR 2022 IS HALF OF THE AMOUNT PROVIDED FOR IN SUBSECTION (2)(C).

(B) SUBJECT TO SUBSECTION (2)(C), THE AMOUNT OF THE BONUS FOR TAX YEAR 2023 IS HALF OF THE AMOUNT PROVIDED FOR IN SUBSECTION (2)(C).

(C) THE PRELIMINARY BONUS AMOUNT IS THE QUOTIENT OF THE APPROPRIATION IN [SECTION 6] DIVIDED BY 284,343.

(D) THE DEPARTMENT SHALL ROUND THE QUOTIENTS PROVIDED FOR IN SUBSECTIONS (2)(A) AND (2)(B) DOWNWARD TO THE NEAREST $1.

(3) THE BONUS PROVIDED FOR IN THIS SECTION IS ADMINISTERED AS PART OF THE PROPERTY TAX REBATE PROVIDED FOR IN [HOUSE BILL NO. 222]. ANY PROPERTY TAX REBATE RECEIVED THAT IS BASED ON THIS SECTION IS EXEMPT FROM TAXATION UNDER ~~THIS~~ CHAPTER 30.

~~NEW SECTION. **Section 2. Montana housing infrastructure revolving loan fund account.** (1) THERE IS A MONTANA HOUSING INFRASTRUCTURE REVOLVING LOAN FUND ACCOUNT WITHIN THE STATE SPECIAL REVENUE FUND TYPE ESTABLISHED IN 17-2-102 TO THE CREDIT OF THE BOARD OF INVESTMENTS. MONEY DEPOSITED IN THE ACCOUNT ESTABLISHED IN THIS SECTION MUST BE INVESTED BY THE BOARD OF INVESTMENTS AS PROVIDED BY LAW.~~

~~(2) THE PRINCIPAL OF THE ACCOUNT MAY ONLY BE APPROPRIATED BY A VOTE OF TWO-THIRDS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE.~~

~~NEW SECTION. **Section 3. Purpose.** THE PURPOSE OF THE LOANS MADE AND THE BONDS OR OTHER SECURITIES ISSUED AND PURCHASED PURSUANT TO [SECTIONS 2 THROUGH 6] ARE:~~

~~(1) TO INCREASE HOME OWNERSHIP AND PROVIDE MORE LONG-TERM RENTAL OPPORTUNITY;~~

~~(2) TO INCREASE HOUSING SUPPLY AND OFFER DIVERSE HOUSING TYPES TO MEET THE NEEDS OF POPULATION GROWTH; AND~~

~~(3) TO CREATE PARTNERSHIPS BETWEEN THE STATE, LOCAL GOVERNMENTS, PRIVATE SECTOR DEVELOPERS, AND APPLICANTS FOR RESIDENTIAL DEVELOPMENT TO FINANCE NECESSARY INFRASTRUCTURE FOR~~

~~(c) the job growth incentive tax credit provided for in 15-30-2361 and 15-31-175 ; and~~

~~(d) the credit for trades education and training provided for in 15-30-2359 and 15-31-174~~.

~~(5) The following tax credits must be reviewed during the biennium commencing July 1, 2027, and during each biennium commencing 10 years thereafter:~~

~~(a) the credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357 and 15-31-173 ;~~

~~(b) the earned income tax credit provided for in 15-30-2318 ; and~~

~~(c) the media production and postproduction credits provided for in 15-31-1007 and 15-31-1009~~.

~~(6) The revenue interim committee shall review the tax credits scheduled for review and make recommendations in accordance with 5-11-210 at the conclusion of the full review to the legislature about whether to eliminate or revise the credits. The committee shall also review any tax credit with an expiration date or termination date that is not listed in this section in the biennium before the credit is scheduled to expire or terminate.~~

~~(7) The revenue interim committee shall review the credits using the following criteria:~~

~~(a) whether the credit changes taxpayer decisions, including whether the credit rewards decisions that may have been made regardless of the existence of the tax credit;~~

~~(b) to what extent the credit benefits some taxpayers at the expense of other taxpayers;~~

~~(c) whether the credit has out-of-state beneficiaries;~~

~~(d) the timing of costs and benefits of the credit and how long the credit is effective;~~

~~(e) any adverse impacts of the credit or its elimination and whether the benefits of continuance or elimination outweigh adverse impacts; and~~

~~(f) the extent to which benefits of the credit affect the larger economy. (Subsection (4)(d) terminates December 31, 2026--sec. 7, Ch. 248, L. 2021; subsection (4)(c) terminates December 31, 2028--sec. 24(1), Ch. 550, L. 2021.)"~~

Section 3. Section 15-31-1007, MCA, is amended to read:

"**15-31-1007. (Temporary) Tax credit for media production.** (1) Subject to 15-31-1010 and through the tax year ending December 31, ~~2029~~ 2033, a production company and its affiliates are allowed a credit against the taxes imposed by chapter 30 and this chapter for investments in a state-certified production approved by the department of commerce as provided in 15-31-1004 and 15-31-1005. The credit is for the base investment made up to 6 months before state certification through completion of the project. The ~~credit must be claimed for the period July 1, 2019, through December 31, 2020, in which the production expenditures were incurred or the compensation was paid unless the credit is transferred to the next tax year because the limits provided for in 15-31-1010 have been met. For periods after December 31, 2020, the~~ credit must be claimed for the year in which the production expenditures were incurred or the compensation was paid unless the credit is transferred to the next tax year because the limits provided for in 15-31-1010 have been met.

(2) To claim the credit provided for in this section:

(a) the production company or its affiliate must have applied to the department of commerce as provided in 15-31-1005 and been approved to claim or transfer the credit; or

(b) the taxpayer must be the entity to which a credit approved pursuant to 15-31-1005 and this section was transferred.

(3) (a) The credit is equal to 20% of the production expenditures in the state in the tax year, plus the additional amounts provided for in subsection (3)(b), but may not in the aggregate exceed 35% of the production company's base investment in the tax year.

(b) Additional amounts for which the credit may be claimed are:

(i) 25% of the compensation paid per production or season of a television series to each crew member or production staff member who is a resident, not to exceed a $150,000 credit per person;

(ii) 15% of the compensation paid per production or season of a television series to each crew member or production staff member who is not a resident but for whom Montana income taxes have been withheld, not to exceed a $150,000 credit per person;

(iii) 20% of the first $7.5 million of compensation paid per production or season of a television series to each actor, director, producer, or writer for whom Montana income taxes have been withheld;

(iv) 30% of compensation paid per production or season of a television series to a student enrolled in a Montana college or university who works on the production for college credit. The credit may not exceed

$50,000 per student. If a credit provided for in this subsection (3)(b)(iv) is claimed for an enrolled student, the credits provided for in subsections (3)(b)(i) through (3)(b)(iii) may not be claimed for the same enrolled student.

(v) an additional 10% of payments made to a Montana college or university for stage rentals, equipment rentals, or location fees for filming on campus;

(vi) an additional 10% of all in-studio facility and equipment rental expenditures incurred in this state for a production that rents a studio for 20 days or more;

(vii) an additional 5% for production expenditures made in an underserved area; and

(viii) an additional 5% of the base investment in the state if the state-certified production includes a Montana screen credit furnished by the state as provided in 15-31-1004(7).

(4) If one production company makes a production expenditure to hire another production company to produce a project or contribute elements of a project for pay, the hired production company is considered a service provider for the hiring company and the hiring company is entitled to claim the credit for all expenditures that are incurred in the state.

(5) Any unused credit may be carried forward for 5 years or may be transferred as provided in 15-31-1008. The credit allowed by this section, including a transferred credit, may not be refunded if the taxpayer has a tax liability less than the amount of the credit.

(6) A taxpayer claiming a credit shall include with the tax return the following information:

(a) the amount of tax credit claimed and transferred for the tax year;

(b) the amount of the tax credit previously claimed or transferred;

(c) the amount of the tax credit carried over from a previous tax year; and

(d) the amount of the tax credit to be carried over to a subsequent tax year.

(7) (a) A taxpayer claiming the credit provided for in this section must claim the credit as provided in subsection (7)(b).

(b) (i) An entity taxed as a corporation for Montana income tax purposes shall claim the credit on its corporate income tax return.

(ii) Individuals, estates, and trusts shall claim a credit allowed under this section on their individual income tax return.

(iii) An entity not taxed as a corporation shall claim the credit allowed under this section on member or partner returns as follows:

(A) corporate partners or members shall claim their share of the credit on their corporate income tax returns;

(B) individual partners or members shall claim their share of the credit on their individual income tax returns; and

(C) partners or members that are estates or trusts shall claim their share of the credit on their fiduciary income tax returns.

(c) In order to prevent disguised sales of the credit provided for in this section, allocations of credits through partnership and membership agreements may not be recognized unless they have a substantial economic effect as that term is defined in 26 U.S.C. 704 and applicable federal regulations.

(8) The credit allowed under this section may not be claimed by a taxpayer if the taxpayer has included the amount of the production expenditure or compensation on which the amount of the credit was computed as a deduction under 15-30-2131 or 15-31-114.

15-31-1007. (Effective January 1, 2024) Tax credit for media production. (1) Subject to 15-31-1010 and through the tax year ending December 31, ~~2029~~ 2033, a production company and its affiliates are allowed a credit against the taxes imposed by chapter 30 and this chapter for investments in a state-certified production approved by the department of commerce as provided in 15-31-1004 and 15-31-1005. The credit is for the base investment made up to 6 months before state certification through completion of the project. The ~~credit must be claimed for the period July 1, 2019, through December 31, 2020, in which the production expenditures were incurred or the compensation was paid unless the credit is transferred to the next tax year because the limits provided for in 15-31-1010 have been met. For periods after December 31, 2020, the~~ credit must be claimed for the year in which the production expenditures were incurred or the compensation was paid unless the credit is transferred to the next tax year because the limits provided for in 15-31-1010 have been met.

(2) To claim the credit provided for in this section:

(a) the production company or its affiliate must have applied to the department of commerce as provided in 15-31-1005 and been approved to claim or transfer the credit; or

(b) the taxpayer must be the entity to which a credit approved pursuant to 15-31-1005 and this section was transferred.

(3) (a) The credit is equal to 20% of the production expenditures in the state in the tax year, plus the additional amounts provided for in subsection (3)(b), but may not in the aggregate exceed 35% of the production company's base investment in the tax year.

(b) Additional amounts for which the credit may be claimed are:

(i) 25% of the compensation paid per production or season of a television series to each crew member or production staff member who is a resident, not to exceed a $150,000 credit per person;

(ii) 15% of the compensation paid per production or season of a television series to each crew member or production staff member who is not a resident but for whom Montana income taxes have been withheld, not to exceed a $150,000 credit per person;

(iii) 20% of the first $7.5 million of compensation paid per production or season of a television series to each actor, director, producer, or writer for whom Montana income taxes have been withheld;

(iv) 30% of compensation paid per production or season of a television series to a student enrolled in a Montana college or university who works on the production for college credit. The credit may not exceed $50,000 per student. If a credit provided for in this subsection (3)(b)(iv) is claimed for an enrolled student, the credits provided for in subsections (3)(b)(i) through (3)(b)(iii) may not be claimed for the same enrolled student.

(v) an additional 10% of payments made to a Montana college or university for stage rentals, equipment rentals, or location fees for filming on campus;

(vi) an additional 10% of all in-studio facility and equipment rental expenditures incurred in this state for a production that rents a studio for 20 days or more;

(vii) an additional 5% for production expenditures made in an underserved area; and

(viii) an additional 5% of the base investment in the state if the state-certified production includes a Montana screen credit furnished by the state as provided in 15-31-1004(7).

(4) If one production company makes a production expenditure to hire another production company to produce a project or contribute elements of a project for pay, the hired production company is considered a

service provider for the hiring company and the hiring company is entitled to claim the credit for all expenditures that are incurred in the state.

(5) Any unused credit may be carried forward for 5 years or may be transferred as provided in 15-31-1008. The credit allowed by this section, including a transferred credit, may not be refunded if the taxpayer has a tax liability less than the amount of the credit.

(6) A taxpayer claiming a credit shall include with the tax return the following information:

(a) the amount of tax credit claimed and transferred for the tax year;

(b) the amount of the tax credit previously claimed or transferred;

(c) the amount of the tax credit carried over from a previous tax year; and

(d) the amount of the tax credit to be carried over to a subsequent tax year.

(7) (a) A taxpayer claiming the credit provided for in this section must claim the credit as provided in subsection (7)(b).

(b) (i) An entity taxed as a corporation for Montana income tax purposes shall claim the credit on its corporate income tax return.

(ii) Individuals, estates, and trusts shall claim a credit allowed under this section on their individual income tax return.

(iii) An entity not taxed as a corporation shall claim the credit allowed under this section on member or partner returns as follows:

(A) corporate partners or members shall claim their share of the credit on their corporate income tax returns;

(B) individual partners or members shall claim their share of the credit on their individual income tax returns; and

(C) partners or members that are estates or trusts shall claim their share of the credit on their fiduciary income tax returns.

(c) In order to prevent disguised sales of the credit provided for in this section, allocations of credits through partnership and membership agreements may not be recognized unless they have a substantial economic effect as that term is defined in 26 U.S.C. 704 and applicable federal regulations.

(8) The credit allowed under this section may not be claimed by a taxpayer if the taxpayer has included the amount of the production expenditure or compensation on which the amount of the credit was computed in determining Montana taxable income under 15-30-2120 or as a deduction under 15-31-114."

Section 4. Section 15-31-1009, MCA, is amended to read:

"**15-31-1009. Tax credit for postproduction wages.** (1) Through the tax year ending December 31, ~~2029~~ 2033, a postproduction company that has incurred qualified postproduction wages in the tax year is allowed a credit against the taxes imposed by chapter 30 and this chapter if the taxpayer applies to the department of commerce as provided in 15-31-1004 and to the department of revenue as provided in 15-31-1005 and is approved to claim the credit.

(2) The tax credit is equal to 25% of qualified postproduction wages incurred in the state.

(3) A tax credit claimed under this section may not exceed the postproduction company's total compensation paid to employees working in this state for the tax year in which the credit is claimed.

(4) The tax credit allowed by this section may not be refunded if the taxpayer has no tax liability. Any unused credit may be carried forward for 5 years.

(5) A taxpayer claiming a credit shall include with the tax return the following information:

(a) the amount of tax credit claimed for the tax year;

(b) the amount of the tax credit previously claimed;

(c) the amount of the tax credit carried over from a previous tax year; and

(d) the amount of the tax credit to be carried over to a subsequent tax year.

(6) (a) A taxpayer claiming the credit provided for in this section must claim the credit as provided in subsection (6)(b).

(b) (i) An entity taxed as a corporation for Montana income tax purposes shall claim the credit on its corporate income tax return.

(ii) Individuals, estates, and trusts shall claim a credit allowed under this section on their individual income tax return.

(iii) An entity not taxed as a corporation shall claim the credit allowed under this section on member or partner returns as follows:

(A) corporate partners or members shall claim their share of the credit on their corporate income tax returns;

(B) individual partners or members shall claim their share of the credit on their individual income tax returns; and

(C) partners or members that are estates or trusts shall claim their share of the credit on their fiduciary income tax returns.

(c) In order to prevent disguised sales of the credit provided for in this section, allocations of credits through partnership and membership agreements may not be recognized unless they have a substantial economic effect as that term is defined in 26 U.S.C. 704 and applicable federal regulations.

(7) A postproduction company may not claim a credit under this section for production expenditures for which the media production credit provided for in 15-31-1007 is claimed."

Section 5. SECTION 17-7-502, MCA, IS AMENDED TO READ:

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

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

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

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

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 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; 10-2-807; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-3-802; 10-3-1304; 10-4-304; 10-4-310; ~~[section 22];~~ 15-1-121; 15-1-218; 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; 15-70-130; 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-

the part remains in effect in all valid applications that are severable from the invalid applications.

NEW SECTION. **Section 11. Effective ~~date~~ ~~DATE S~~ DATE.** ~~(1)~~ ~~[This act] is~~ ~~[SECTIONS 1, 7 THROUGH 18, 22, 23, AND 36 THROUGH 45] ARE~~ [THIS ACT] IS effective on passage and approval.

~~(2) [SECTIONS 2 THROUGH 6, 19 THROUGH 21, AND 24 THROUGH 35] ARE EFFECTIVE JULY 1, 2023.~~

COORDINATION SECTION. **Section 12. Coordination instruction -- transfer.** If both House Bill No. 424 and [this act] are passed and approved and if House Bill No. 424 creates a pension state special revenue account to the credit of the department of administration, then the state treasurer shall transfer $100 million from the general fund to the pension state special revenue account by June 30, 2023.

COORDINATION SECTION. **Section 13. Coordination instruction -- House Bill No. 424.** If both House Bill No. 424 and [this act] are passed and approved, if House Bill No. 424 creates a pension state special revenue account to the credit of the department of administration, and if House Bill No. 587 is not passed and approved, then, only for the biennium beginning July 1, 2023, if the budget director certifies a projected ending general fund balance for the biennium of less than 6% of general fund appropriations in the second fiscal year of the biennium the governor may authorize a transfer from the account in [section 8 of House Bill No. 424] to the general fund not to exceed one-half of the balance of the account in [section 8 of House Bill No. 424] prior to any other transfers out of the account.

COORDINATION SECTION. **Section 14. Coordination instruction -- House Bill No. 424 and House Bill No. 587.** If House Bill No. 424, House Bill No. 587, and [this act] are passed and approved, and if House Bill No. 424 creates a pension state special revenue account to the credit of the department of administration, then, only for the biennium beginning July 1, 2023, if the budget director certifies a projected ending general fund balance for the biennium of less than 6% of general revenue appropriations in the second fiscal year of the biennium the governor may authorize a transfer from the account in [Section 8 of House Bill No. 424] to the general fund not to exceed one-half of the balance of the account in [Section 8 of House Bill No.

424] prior to any other transfers out of the account.

COORDINATION SECTION. **Section 15. Coordination instruction -- Senate Bill No. 536.** If both Senate Bill No. 536 and [this act] are passed and approved, then:

(1) [sections 1(3) and 2 of Senate Bill No. 536] are void;

(2) the transfer provided for in [section 4 of Senate Bill No. 536] is $80 million; and

(3) [section 6 of Senate Bill No. 536] must be amended to read: "If both House Bill No. 2 and [this act] are passed and approved and if House Bill No. 2 includes an appropriation of at least $80 million to the department of transportation for the purposes of [this act], then the appropriation in House Bill No. 2 for the purposes of [this act] is void."

NEW SECTION. **Section 16. Future operating efficiencies -- appropriations.** (1) The legislature adopted a 5% vacancy savings budget reduction in the general appropriations act. The executive branch shall maintain 5% vacant FTE positions in the 2025 biennium.

(2) To access the funding in this section, the executive branch must reduce 1% of the general appropriations act FTE positions. Positions that are reduced must be funded in the general appropriations act and do not have an employee in the position. This reduction in FTE positions must be reflected in the executive base budget for the 2027 biennium.

(3) The appropriations in subsections (4) and (5) are to provide the executive branch funding for personnel or operations. Reductions in FTE and allocation of the appropriation authority must be reported to the interim budget committees throughout the interim.

(4) The following funds are appropriated to the office of budget and program and planning may be allocated among executive branch agencies for the fiscal year beginning July 1, 2023:

(a) $3,001,436 from the general fund;

(b) $3,220,257 from state special revenue;

(c) $1,826,237 from federal special revenue; and

(d) $75,070 in proprietary funds.

(5) The following funds are appropriated to the office of budget and program and planning may be allocated among executive branch agencies for the fiscal year beginning July 1, 2024:

(a) $3,021,311 from the general fund;

(b) $3,239,526 from state special revenue;

(c) $1,833,866 from federal special revenue; and

(d) $75,460 in proprietary funds.

(6) There is appropriated to the office of budget and program planning $3.9 million from the general fund and $600,000 from state special revenue for the biennium beginning July 1, 2023, to cover shortfalls resulting from legislation this legislative session.

COORDINATION SECTION. **Section 17. Coordination instruction -- House Bill No. 355**. (1) If both House Bill No. 355 and [this act] are passed and approved, then the provisions of House Bill No. 355 apply to qualifying towns, cities, and consolidated city-county governments and [section 11 of House Bill No. 355] must be amended to include the following subsection (4):

"(4) (a) For the purpose of allocating the funds in subsections (1)(b) and (1)(c) to a consolidated city-county government, each entity must be considered to have separate city and county boundaries. The city limit boundaries are the last official city limit boundaries for the former city unless revised boundaries based on the location of the urban area have been approved by the department of transportation and must be used to determine city and county populations and road mileages in the following manner:

(i) Percentage factors must be calculated to determine separate populations for the city and rural county by using the last official decennial federal census population figures that recognized an incorporated city and the rural county. The factors must be based on the ratio of the city to the rural county population, considering the total population in the county minus the population of any other incorporated city or town in the county.

(ii) The city and county populations must be calculated by multiplying the total county population, as determined by the latest official decennial census or the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census, minus the population of any other incorporated city or town in that county, by the factors established in subsection (4)(a)(i).

(b) The amount allocated by this method for the city and the county must be combined, and a single allocation must be made to the consolidated city-county government."

COORDINATION SECTION. **Section 18. Coordination instruction -- House Bill No. 587**. If both House Bill No. 587 and [this act] are passed and approved, then [section 1 of House Bill No. 587] must be amended to read:

"NEW SECTION 1. **School equalization and property tax reduction account -- uses.** (1) There is a school equalization and property tax reduction account in the state special revenue fund. Contingent on appropriation by the legislature, money in the account is for distribution to school districts as the second source of funding for state equalization aid as provided in 20-9-343. At fiscal yearend, any fund balance in the account exceeding what was appropriated must be transferred to the guarantee account established in 20-9-622.

(2) The account receives revenue as described in 20-9-331, 20-9-333, and 20-9-360.

(3) Beginning in fiscal year 2025, each December the superintendent of public instruction shall forecast the amount of revenue the account will receive in that fiscal year by dividing the sum of the taxable value of all property in the state reported by the department of revenue pursuant to 20-9-369 by 1,000 to determine a statewide value mill and then multiplying that amount by 95 mills, or the number of mills calculated by the department of revenue under 15-10-420(8) for the applicable fiscal year. If the forecasted amount differs from the amount determined through the same calculation in the prior fiscal year by $2 million or more and is:

(a) less, then the superintendent shall:

(i) decrease the multiplier used to calculate the statewide elementary and high school guaranteed tax base ratios used for funding BASE budgets under 20-9-366 to the nearest whole number determined by the superintendent to result in a decrease in the amount of guaranteed tax base aid distributed to eligible school districts equal to 85% of the decrease in the calculated amount between the 2 years; and

(ii) decrease the multiplier used to calculate the statewide elementary and high school mill value per ANB for school retirement guaranteed tax base purposes under 20-9-366 to the nearest whole number determined by the superintendent to result in a decrease in the amount of retirement guaranteed tax base aid distributed to eligible school districts equal to 15% of the decrease in the calculated amount between the 2 years;

(b) more, then the superintendent shall increase the multipliers used in the guaranteed tax base formulas under 20-9-366 and in the formula for school major maintenance aid under 20-9-525 to the nearest whole number by an amount calculated by the superintendent to result in an increase in the amount of guaranteed tax base aid and school major maintenance aid distributed to eligible counties and school districts equal to one-third of the increase in the calculated amount between the 2 years in the following order, with any amount exceeding the caps under subsections (3)(b)(i) through (3)(b)(iii) flowing to the next mechanism:

(i) first, the multiplier used in calculating the statewide mill value per elementary and high school ANB for retirement purposes, not to exceed 305%;

(ii) second, the multiplier used in calculating the amount of state school major maintenance aid support for each dollar of local effort, not to exceed 365%; and

(iii) third, the multiplier used in calculating the facility guaranteed mill value per ANB for school facility entitlement guaranteed tax base purposes, not to exceed 300%.

(4) (a) The adjustments to the multipliers under subsection (3) are applicable to state equalization aid distributions in the fiscal year following the adjustment.

(b) Adjustments to the multipliers made under subsection (3) remain in effect in subsequent years unless further changed under 20-9-366 or subsection (3) of this section or as otherwise provided by law."

<u>COORDINATION SECTION.</u> **Section 19. Coordination instruction -- House Bill No. 856**. If both House Bill No. 856 and [this act] are passed and approved, then [section 14(4) of House Bill No. 856 must be amended to read:

"(4) There is appropriated $75 million from the capital developments long-range building program account in the capital projects fund type provided for in 17-7-209, to the department of administration for the department renovation of the capitol complex offices and the implementation of the 2022 Montana remote and office workspace study project for the biennium beginning July 1, 2023."