

LOCAL GOVERNMENT ACCOUNTING

LEGISLATOR NOTICE

The Legislative Services Division is required to offer a brief history on the subject matter of a bill draft request prior to drafting. (5-4-105, MCA; [Chapter 309, Laws of 2017](#)) The history must include related legislation introduced over the last five sessions and hyperlinks to the bill, hearing information, and fiscal notes. The legislation links below open to the page showing the status and history of bills introduced on this topic in the past. The bill text and any related fiscal notes can be accessed through the link at the top of that page.

Legislation can be complex and this history is not intended to be exhaustive. Please contact the drafter of the requested bill for more information.

Background Materials and Research

Topic Summary: Many local government offices conduct accounting procedures including the clerk and recorder, treasurer, county superintendent of schools, and auditor. [Title 7, chapter 6, MCA](#) details local government financial administration and taxation, a complex area including general accounting practices, taxation, audit procedure, budget development, allocation of school monies, and investment strategies allowed to counties and municipalities.

Tax and other revenue collection is one of the more important responsibilities of local government accounting. Technically, county treasurers act as arms of the state government, collecting property taxes, vehicle registration fees, intergovernmental transfer payments from state and federal government, and local fees and warrants. Since the passage of [House Bill 124](#) in 2001, county treasurers have collected all taxes and fees from constituents and sent revenue to the state government who then authorizes and appropriates certain revenue back to counties, a process known as Entitlement Share.

County auditors also perform essential accounting procedures. The county auditor's primary responsibility is to examine and investigate claims presented to the county for payment and alert the county commission, city council, or other authorities of any discrepancies. An auditor may also conduct financial or performance audits of various local government entities and ensure all revenues and receipts are legally justified.

Legislative Services Division Materials:

[HB124 \(Entitlement Share\) Timeline](#) infographic – 2020

[Entitlement Share Growth Rate](#) - 2020

[Entitlement Share History](#) – Legislative Fiscal Division - 2019

Other Materials:

[Montana Municipal Officials Handbook: Accounting](#), MSU Local Government Center

[Entitlement Share](#), Montana Association of Counties

[FY 2018 County Entitlement Share Payment](#), Montana League of Cities and Towns

Introduced Legislation

2021

[SB 171](#) – Chapter Number Assigned -- AN ACT ALLOWING A COUNTY TO ENTER INTO COOPERATIVE PURCHASING AGREEMENTS WITH CERTAIN ENTITIES; EXEMPTING COOPERATIVE PURCHASING AGREEMENTS FROM COMPETITIVE BIDDING REQUIREMENTS; AMENDING SECTION 7-5-2304, MCA; AND PROVIDING AN APPLICABILITY DATE.

[SB 301](#) – Chapter Number Assigned -- AN ACT PROHIBITING POLITICAL SUBDIVISIONS FROM REQUIRING EMPLOYERS TO PROVIDE WAGES AND BENEFITS THAT ARE INCONSISTENT WITH STATE AND FEDERAL LAW; AMENDING SECTION 7-1-111, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

2019

[SB 2](#) - Chapter Number Assigned - AN ACT ALLOWING GOVERNMENT ACCOUNTING STANDARDS TO INCLUDE A FINANCIAL REPORTING FRAMEWORK AS DEFINED BY THE DEPARTMENT OF ADMINISTRATION; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 2-7-504, 7-6-609, AND 7-6-611, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

[SB 302](#) - Chapter Number Assigned - AN ACT GENERALLY REVISING LAWS RELATED TO BUDGETING AND ACCOUNTING BY LOCAL GOVERNMENT ENTITIES; PROVIDING AUDIT TIMELINES; REQUIRING THE STOPPAGE OF STATE FINANCIAL ASSISTANCE TO LOCAL GOVERNMENTS UNDER CERTAIN CIRCUMSTANCES; PROVIDING FOR THE REVIEW OF COMPLAINTS AGAINST LOCAL GOVERNMENT ENTITIES BY THE DEPARTMENT OF ADMINISTRATION; PROVIDING AN INDEPENDENT CAUSE OF ACTION AGAINST A LOCAL GOVERNMENT ENTITY; ALLOWING A FINANCIAL RECEIVER TO BE APPOINTED UNDER CERTAIN CIRCUMSTANCES; AMENDING SECTIONS 2-7-515, 7-6-611, AND 15-1-121, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

[SB 19](#) - Died in Standing Committee - AN ACT GENERALLY REVISING LAWS RELATED TO BUDGETING AND ACCOUNTING BY LOCAL GOVERNMENT ENTITIES; REQUIRING THE ATTORNEY GENERAL TO PERFORM INVESTIGATIONS AND BRING ACTIONS AGAINST LOCAL GOVERNMENT ENTITIES UNDER CERTAIN CIRCUMSTANCES; REVISING THE DUTIES OF THE DEPARTMENT OF ADMINISTRATION AND AUDITORS WITH RESPECT TO AUDITS; REQUIRING SPECIAL AUDITS UNDER CERTAIN CIRCUMSTANCES; REQUIRING NOTIFICATION OF THE CITY OR COUNTY ATTORNEY IF A SHORTAGE IS FOUND BY AN INDEPENDENT AUDITOR; PROVIDING AUDIT TIMELINES; REQUIRING THE STOPPAGE OF STATE FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT ENTITIES UNDER CERTAIN CIRCUMSTANCES; PROVIDING A TAXPAYER WITH AN INDEPENDENT CAUSE OF ACTION AGAINST A LOCAL GOVERNMENT; ALLOWING A RECEIVER TO BE APPOINTED UNDER CERTAIN CIRCUMSTANCES;

ALLOWING THE DEPARTMENT OF ADMINISTRATION TO COMPEL ACTION BY A LOCAL GOVERNMENT UNDER CERTAIN CIRCUMSTANCES; IMPOSING MANDATORY DUTIES ON CERTAIN LOCAL GOVERNMENT AND STATE OFFICERS; PROVIDING PENALTIES; AMENDING SECTIONS 2-7-503, 2-7-506, 2-7-508, 2-7-511, 2-7-515, 2-7-517, AND 7-6-611, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

2017

[Senate Bill 278](#) – Chapter Number Assigned -- AN ACT PERMITTING LOCAL AGENCIES TO ENTER INTO A CONTRACT WITH FIRMS FOR CERTAIN PROFESSIONAL SERVICES ON AN AS-NEEDED BASIS AFTER EVALUATION OF QUALIFICATIONS; INCREASING CONTRACT LIMITS FOR CONTRACTS BY DIRECT NEGOTIATION; AMENDING SECTIONS 18-8-204 AND 18-8-212, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[Senate Bill 372](#) – Chapter Number Assigned -- AN ACT REVISING LOCAL GOVERNMENT FINANCIAL REPORTING AND AUDITING REQUIREMENTS; PROVIDING THAT REVENUE OR FINANCIAL ASSISTANCE RECEIVED BY A LOCAL GOVERNMENT IN EXCESS OF AN AMOUNT ESTABLISHED BY THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET CAUSES AN AUDIT EVERY 2 YEARS; LIMITING THE AMOUNT THAT CERTAIN LOCAL GOVERNMENTS ARE REQUIRED TO PAY FOR FILING AN AUDIT REPORT OR FINANCIAL REPORT; AMENDING SECTIONS 2-7-503 AND 2-7-514, MCA; AND PROVIDING AN EFFECTIVE DATE.

2015

[House Bill 420](#) – Missed Deadline for Revenue Bill Transmittal -- A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE RATE OF TAX FOR CERTAIN OIL AND NATURAL GAS PRODUCTION AND USING THE PROCEEDS FOR INCREASED DISTRIBUTIONS OF REVENUE; PROVIDING AN ADDITIONAL ALLOCATION OF REVENUE TO CITIES AND TOWNS; EXPANDING STATUTORY APPROPRIATION AUTHORITY FOR THE PURPOSE OF DISTRIBUTIONS TO INCORPORATED CITIES AND TOWNS; AMENDING SECTIONS 15-36-304, 15-36-331, AND 15-36-332, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

2013

[House Bill 47](#) – Chapter Number Assigned -- AN ACT REVISING DATES BY WHICH A COUNTY MUST FIX CERTAIN SALARIES, ADOPT A BUDGET, FIX TAX LEVIES, AND ESTIMATE SPECIAL DISTRICT COSTS; AMENDING SECTIONS 7-4-2504, 7-6-4024, 7-6-4036, 7-11-1025, 20-9-152, AND 20-15-313, MCA; AND PROVIDING AN EFFECTIVE DATE.

[Senate Bill 56](#) – Died in Process -- A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE CALCULATION OF FEES AND ASSESSMENTS BY LOCAL GOVERNMENTS FOR THE COMPUTATION OF PROPERTY TAXES; LIMITING THE DEPARTMENT OF REVENUE'S ROLE IN CALCULATING FEES AND ASSESSMENTS THAT ARE NOT MILL-RELATED FOR ENTRY OF TAXES; AMENDING SECTIONS 7-13-4524, ~~AND~~ 15-10-305, 85-7-2136, AND 85-6-601, MCA; AND PROVIDING ~~AN IMMEDIATE~~ A DELAYED EFFECTIVE DATE."

2011

[House Bill 41](#) – Chapter Number Assigned -- AN ACT PROVIDING THE DEPARTMENT OF ADMINISTRATION WITH DISCRETION TO DESIGNATE AN INDEPENDENT AUDITOR TO PERFORM AN AUDIT OF A LOCAL GOVERNMENT ENTITY; AND AMENDING SECTION 2-7-506, MCA.

[House Bill 123](#) – Chapter Number Assigned -- AN ACT REVISING CERTAIN DEADLINES RELATIVE TO SCHOOL AND LOCAL GOVERNMENT FINANCING LAWS; AMENDING SECTIONS 7-6-4036, 15-10-305, 20-3-205, 20-3-209, 20-7-705, 20-9-115, 20-9-121, 20-9-131, 20-9-134, 20-9-141, 20-9-142, 20-9-151, 20-9-152, 20-9-213, 20-9-439, 20-9-501, 20-9-503, 20-9-506, 20-9-533, 20-9-534, 20-9-604, 20-10-144, 20-10-146, 20-10-147, AND 20-15-313, MCA; REPEALING SECTION 20-9-211, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[Senate Bill 420](#) – Chapter Number Assigned -- AN ACT PROVIDING PENALTIES FOR DELINQUENT FILING OF REQUIRED AUDITS AND REPORTS BY A LOCAL GOVERNMENT ENTITY TO THE DEPARTMENT OF ADMINISTRATION; REQUIRING THE DEPARTMENT TO ADOPT RULES ESTABLISHING A FINE; ALLOWING THE DEPARTMENT TO WAIVE THE PENALTIES UNDER CERTAIN CIRCUMSTANCES; AMENDING SECTIONS 2-7-503 AND 2-7-517, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

Prepared By:

Toni Henneman, Research Analyst
Office of Research and Policy Analysis
October 2022