



MONTANA LEGISLATIVE BRANCH

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Director
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DATE: January 29, 2021
TO: Long-Range Planning Subcommittee
FROM: Cathy Duncan, Senior Fiscal Analyst
RE: Uses of Capital Development Account

In the subcommittee work session of January 27, the Rep. Hamilton ask if funds in the capital development account could be used to provide funding for long-range information technology projects. With consultation of the Legislative Legal team, the short answer to the question is no. The following statutory framework was used in making this determination.

17-7-209. Capital developments long-range building program account.

- 1) There is a capital developments long-range building program account in the capital projects fund type **to fund capital developments.**
- 2) Interest earnings, project carryover funds, administrative fees, and miscellaneous revenue must be retained in the account.
- 3) **The legislature may transfer unencumbered funds from the account only to supplement funding local infrastructure.**
- 4) The state treasurer may temporarily borrow from the fund to address cash balance deficiencies in the general fund. A loan made to the general fund does not bear interest and must be recorded in the state accounting records. The fund may not be so impaired by a loan that all legal obligations against the fund cannot be met.

17-7-201. Definitions. In this part, the following definitions apply:

...

- 2) "Capital development" means a:
 - a. renovation, construction, alteration, site, or utility project with a total cost of \$2.5 million or more;
 - b. new facility with a construction cost of \$250,000 or more; or
 - c. purchase of real property for which an appropriation is required to fund the purchase.

2-17-506. Definitions. In this part, unless the context requires otherwise, the following definitions apply:

...

- 8) "Long-range information technology capital project" means a discrete long-range information technology system or application, including the replacement or upgrade to existing systems.

Statute as provided in 17-7-209, MCA provides two uses for capital development account that include 1) long-range building capital development projects, as defined in 17-7-201, MCA, and transfers to supplement the funding of local government infrastructure. The allowable uses do not include long-range information capital projects as defined in 2-17-506, MCA. Were it the desire of the LRP subcommittee to use capital development account funds for long-range IT projects, the subcommittee would need to recommend an amendment to 17-7-209, MCA.