HOUSE BILL NO. 393

INTRODUCED BY COBB BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE HOUSE

JANUARY 25, 1991

INTRODUCED AND REFERRED TO COMMITTEE ON APPROPRIATIONS.

FIRST READING.

MARCH 27, 1991 COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.

MARCH 28, 1991 PRINTING REPORT.

SECOND READING, DO PASS.

ENGROSSING REPORT.

ON MOTION, RULES SUSPENDED. BILL PLACED ON THIRD READING THIS DAY.

THIRD READING, PASSED. AYES, 90; NOES, 9.

TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 28, 1991

APRIL 10, 1991

APRIL 11, 1991

APRIL 12, 1991

INTRODUCED AND REFERRED TO COMMITTEE ON FINANCE & CLAIMS.

FIRST READING.

COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.

SECOND READING, CONCURRED IN.

THIRD READING, CONCURRED IN. AYES, 47; NOES, 2.

RETURNED TO HOUSE.

IN THE HOUSE

APRIL 13, 1991

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

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ARUSE BILL NO. 393 1 2 INTRODUCED BY з BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION 4 5 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE DEPARTMENT 6 OF ADMINISTRATION TO APPROVE LONG-TERM LOANS TO ACCOUNTING 7 ENTITIES IN THE FEDERAL AND STATE SPECIAL REVENUE FUNDS 8 UNDER SPECIFIED CIRCUMSTANCES: AUTHORIZING THE DEPARTMENT TO 9 APPROVE THE LOANS IF THE LOANS ARE NECESSARY TO PROVIDE CASH 10 FOR DISBURSEMENTS MADE PENDING RECEIPT OF REIMBURSEMENT FROM FEDERAL, PRIVATE, OR OTHER GOVERNMENTAL ENTITY SOURCES; 11 12 AMENDING SECTION 17-2-107, MCA; AND PROVIDING AN EFFECTIVE 13 DATE."

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15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 16 Section 1. Section 17-2-107, MCA, is amended to read: 17 "17-2-107. Accurate accounting records and interentity 18 loans. (1) The department of administration shall record 19 receipts and disbursements for treasury funds and for 20 accounting entities within treasury funds and shall maintain 21 records in such a manner as to reflect the total cash and 22 invested balance of each fund and each accounting entity. 23 The department of administration shall adopt the necessary 24 procedures to insure that interdepartmental or 25 intradepartmental transfers of money or loans do not result

Montana Leoisiative Council

in inflation of figures reflecting total governmental costs and revenues.

(2) (a) When the expenditure of an appropriation from a 3 fund designated in 17-2-102(1)(a) through (1)(c)is 4 necessary and the cash balance in the accounting entity from 5 which the appropriation was made is insufficient, the 6 department of administration may authorize a temporary loan, 7 bearing no interest, of unrestricted money from other 8 accounting entities if there is reasonable evidence that the 9 income will be sufficient to repay the loan within 1 10 calendar year and if the loan is recorded in the state 11 accounting records. An accounting entity receiving a loan or 12 an accounting entity from which a loan is made may not be so 13 impaired that all proper demands on the accounting entity 14 cannot be met even if the loan is extended. 15

(b) (i) When an expenditure from a fund or subfund 16 designated in 17-2-102(1)(d)(i)(A) through (1)(d)(vi) is 17 necessary and the cash balance in the fund or subfund from 18 which the expenditure is to be made is insufficient, the 19 commissioner of higher education may authorize a temporary 20 loan, bearing interest as provided in subsection (4), of 21 money from the agency's other funds or subfunds if there is 22 reasonable evidence that the income will be sufficient to 23 repay the loan within 1 calendar year and if the loan is 24 recorded in the state accounting records. A fund or subfund 25

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INTRODUCED BILL

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8 only accounting entity within each fund or subfund that may
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10 (c) A loan made under subsection (2)(a) or (2)(b) must
11 be repaid within 1 calendar year of the date the loan is
12 approved unless it is extended under subsection (3) or by
13 specific legislative authorization.

14 (3) Under unusual circumstances the director of the 15 department of administration or the board of regents may 16 grant one extension for up to 1 year for a loan made under 17 subsection (2)(a) or (2)(b). The director or board shall 18 prepare a written justification and proposed repayment plan 19 for each loan extension authorized and shall furnish a copy 20 of the written justification and proposed repayment plan to 21 the house appropriations and senate finance and claims 22 committees at the next legislative session.

(4) Any loan from the current unrestricted subfund to
funds designated in 17-2-102(1)(d)(i)(D) and (1)(d)(ii)
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to the previous fiscal year's average rate of return on the board of investments' short-term investment pool. Except for investment earnings on restricted donations, all designated and restricted subfund investment earnings, other than investment earnings on student activity fees used to support student governments at units of the university system, are credited to the state general fund.

8 (5) If for two consecutive fiscal yearends a loan or an 9 extension of a loan has been authorized to the same 10 accounting entity as provided in subsection (2) or (3), the 11 department of administration or the commissioner of higher 12 education shall submit to the legislative finance committee 13 by September 1 of the following fiscal year a written report 14 containing an explanation as to why the second loan or 15 extension was made, an analysis of the solvency of the 16 accounting entity or accounting entities within the 17 university fund or subfund, and a plan for repaying the 18 loans.

19 (6) If for two consecutive fiscal yearends an accounting entity in a fund or subfund designated in 17-2-102(1)(d)(i) through (1)(d)(vi) has a negative cash balance, the commissioner of higher education shall submit to the legislative finance committee by September 1 of the following fiscal year a written report containing an explanation as to why the accounting entity has a negative

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cash balance, an analysis of the solvency of the accounting
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4 (7) (a) An accounting entity in a fund designated in 5 17-2-102(1)(a) through (1)(c) may not have a negative cash 6 balance at fiscal yearend. The department of administration 7 may, however, allow an accounting entity to carry a negative 8 balance at any point during the fiscal year if the negative 9 cash balance does not exist for more than 7 working days.

10 (b) (i) Except as provided in subsection (7)(b)(ii), a 11 unit of the university system or vocational-technical center 12 shall maintain a positive cash balance in the funds and 13 subfunds designated in 17-2-102(1)(d)(i)(A) through 14 (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi).

15 (ii) If a fund or subfund inadvertently has a negative 16 cash balance, the department of administration may allow the 17 fund or subfund to carry the negative cash balance for no 18 more than 7 working days. If the negative cash balance 19 exists for more than 7 working days, a transaction may not 20 be processed through the statewide accounting system for 21 that fund or subfund.

(8) Notwithstanding the provisions of subsections (2)
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15 <u>NEW SECTION.</u> Section 2. Severability. If a part of 16 [this act] is invalid, all valid parts that are severable 17 from the invalid part remain in effect. If a part of [this 18 act] is invalid in one or more of its applications, the part 19 remains in effect in all valid applications that are 20 severable from the invalid applications.

21 NEW SECTION. Section 3. Effective date. [This act] is 22 effective July 1, 1991.

-End-

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52nd Legislature

LC 1156/01

APPROVED BY COMMITTEE ON APPROPRIATIONS

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2 INTRODUCED BY

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5 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE DEPARTMENT 6 OF ADMINISTRATION TO APPROVE LONG-TERM LOANS TO ACCOUNTING 7 ENTITIES IN THE FEDERAL AND STATE SPECIAL REVENUE FUNDS 8 UNDER SPECIFIED CIRCUMSTANCES; AUTHORIZING THE DEPARTMENT TO 9 APPROVE THE LOANS IF THE LOANS ARE NECESSARY TO PROVIDE CASH 10 FOR DISBURSEMENTS MADE PENDING RECEIPT OF REIMBURSEMENT FROM 11 PEDERAL, PRIVATE, OR OTHER GOVERNMENTAL ENTITY SOURCES; 12 AMENDING SECTION 17-2-107, MCA; AND PROVIDING AN EFFECTIVE 13 DATE."

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SECOND READING

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THIRD READING

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-End-

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HB 0393/02

1	HOUSE BILL NO. 393	1	j
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4		4	1
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6	OF ADMINISTRATION TO APPROVE LONG-TERM LOANS TO ACCOUNTING	6	٠
7	ENTITIES IN THE FEDERAL AND STATE SPECIAL REVENUE FUNDS	7	¢
8	UNDER SPECIFIED CIRCUMSTANCES; AUTHORIZING THE DEPARTMENT TO	8	ł
9	APPROVE THE LOANS IF THE LOANS ARE NECESSARY TO PROVIDE CASH	9	ą
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 accounting entity's negative cash balance or solvency.

4 (7) (a) An accounting entity in a fund designated in 5 17-2-102(1)(a) through (1)(c) may not have a negative cash 6 balance at fiscal yearend. The department of administration 7 may, however, allow an accounting entity to carry a negative 8 balance at any point during the fiscal year if the negative 9 cash balance does not exist for more than 7 working days.

10 (b) (i) Except as provided in subsection (7)(b)(ii), a 11 unit of the university system or vocational-technical center 12 shall maintain a positive cash balance in the funds and 13 subfunds designated in 17-2-102(1)(d)(i)(A) through 14 (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi).

(ii) If a fund or subfund inadvertently has a negative cash balance, the department of administration may allow the fund or subfund to carry the negative cash balance for no more than 7 working days. If the negative cash balance exists for more than 7 working days, a transaction may not be processed through the statewide accounting system for that fund or subfund.

(8) Notwithstanding the provisions of subsections (2)
through (4), the department of social--and--rehabilitation
services administration may maintain-positive-cash-balances
<u>authorize loans to accounting entities</u> in the federal and

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special revenue funds with long-term repayment 1 state whenever necessary due to the timing for--transmittal--of 2 obligated--matching--funds of the receipt of agreed upon 3 reimbursements from federal, private, or other governmental 4 entity sources for disbursements made. The department of 5 6 administration may approve the loans if it the requesting agency can be demonstrated--to--the--satisfaction--of-the 7 8 department-of-administration demonstrate that the total loan balance does not exceed total receivables from federal, 9 private, and county-governments or other governmental entity 10 sources and receivables have been billed on a timely basis. 11 12 The loan must be repaid under such terms and conditions as may be determined by the department of administration or by 13 14 specific legislative authorization." NEW SECTION. Section 2. Severability. If a part of 15 16 {this act} is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this

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

21 NEW SECTION. Section 3. Effective date. [This act] is

-End-

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22 effective July 1, 1991.

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