

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 INTRODUCED AND REFERRED TO COMMITTEE
ON FINANCE & CLAIMS.

 FIRST READING.

APRIL 10, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

APRIL 11, 1991 SECOND READING, CONCURRED IN.

APRIL 12, 1991 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.

1 House BILL NO. 393
2 INTRODUCED BY Cobb

3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION
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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 FEDERAL, PRIVATE, OR OTHER GOVERNMENTAL ENTITY SOURCES;
12 AMENDING SECTION 17-2-107, MCA; AND PROVIDING AN EFFECTIVE
13 DATE."
14

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

1 in inflation of figures reflecting total governmental costs
2 and revenues.

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

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

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2 impaired that all proper demands on the fund or subfund
3 cannot be met even if the loan is extended.

4 (ii) One accounting entity within each fund or subfund
5 designated in 17-2-102(1)(d)(i)(A) through (1)(d)(vi) must
6 be established for the sole purpose of recording loans
7 between the funds or subfunds. This accounting entity is the
8 only accounting entity within each fund or subfund that may
9 receive a loan or from which a loan may be made.

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.

23 (4) Any loan from the current unrestricted subfund to
24 funds designated in 17-2-102(1)(d)(i)(D) and (1)(d)(ii)
25 through (1)(d)(vi) must bear interest at a rate equivalent

1 to the previous fiscal year's average rate of return on the
2 board of investments' short-term investment pool. Except for
3 investment earnings on restricted donations, all designated
4 and restricted subfund investment earnings, other than
5 investment earnings on student activity fees used to support
6 student governments at units of the university system, are
7 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
20 accounting entity in a fund or subfund designated in
21 17-2-102(1)(d)(i) through (1)(d)(vi) has a negative cash
22 balance, the commissioner of higher education shall submit
23 to the legislative finance committee by September 1 of the
24 following fiscal year a written report containing an
25 explanation as to why the accounting entity has a negative

1 cash balance, an analysis of the solvency of the accounting
2 entity, and a plan to address any problems concerning the
3 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
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18 more than 7 working days. If the negative cash balance
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20 be processed through the statewide accounting system for
21 that fund or subfund.

22 (8) Notwithstanding the provisions of subsections (2)
23 through (4), the department of ~~social--and--rehabilitation~~
24 services administration may ~~maintain-positive-cash-balances~~
25 authorize loans to accounting entities in the federal and

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

15 NEW SECTION. 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.

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25 through (1)(d)(vi) must bear interest at a rate equivalent

1 to the previous fiscal year's average rate of return on the
2 board of investments' short-term investment pool. Except for
3 investment earnings on restricted donations, all designated
4 and restricted subfund investment earnings, other than
5 investment earnings on student activity fees used to support
6 student governments at units of the university system, are
7 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
20 accounting entity in a fund or subfund designated in
21 17-2-102(1)(d)(i) through (1)(d)(vi) has a negative cash
22 balance, the commissioner of higher education shall submit
23 to the legislative finance committee by September 1 of the
24 following fiscal year a written report containing an
25 explanation as to why the accounting entity has a negative

1 cash balance, an analysis of the solvency of the accounting
 2 entity, and a plan to address any problems concerning the
 3 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).

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.

22 (8) Notwithstanding the provisions of subsections (2)
 23 through (4), the department of ~~social--and--rehabilitation~~
 24 services administration may ~~maintain positive cash balances~~
 25 authorize loans to accounting entities in the federal and

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

15 NEW SECTION. 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-