

SENATE BILL 471

Introduced by Jergeson, et al.

3/28	Introduced
3/28	First Reading
3/28	Referred to Finance & Claims
4/03	Fiscal Note Printed
4/04	Hearing
4/10	Committee Report--Bill Not Passed as Amended
4/10	Adverse Committee Report Adopted

1 *SENATE* BILL NO. *471*
 2 INTRODUCED BY *Jurgason, Beck, Simpson, Hayes, Grubbs*
 3 BY REQUEST OF THE EDUCATION AND *at armstrong*
 4 CULTURAL RESOURCES SUBCOMMITTEE *Beck*

5
 6 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A PLANNING
 7 AND REVIEW PROCESS FOR THE PURCHASE OF CAPITAL EQUIPMENT BY
 8 STATE AGENCIES; AND PROVIDING AN EFFECTIVE DATE."

9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 NEW SECTION. **Section 1. Definitions.** As used in
 12 [sections 1 through 5], unless the context requires
 13 otherwise, the following definitions apply:

14 (1) "Budget director" means the budget director
 15 specified in 17-7-103.

16 (2) "Capital equipment" means personal property or
 17 equipment with a useful life of more than 1 year, including
 18 computer hardware and software, to be purchased by a state
 19 agency, that individually costs more than \$25,000, or that
 20 in the aggregate of like property purchased in one fiscal
 21 year costs more than \$25,000.

22 NEW SECTION. **Section 2. Preparation of capital**
 23 **equipment acquisition programs -- submission to budget**
 24 **director.** (1) As part of the budget preparation process
 25 specified in Title 17, chapter 7, part 1, each state agency

1 and institution shall submit to the budget director, on
 2 forms furnished by the budget director, a proposed capital
 3 equipment acquisition program. Each agency and institution
 4 shall furnish any additional information requested by the
 5 budget director relating to the utilization of or need for
 6 the capital equipment.

7 (2) The budget director shall examine the information
 8 furnished by each agency and institution, gather necessary
 9 additional information, and conduct necessary surveys in
 10 order to provide a factual basis for determining the need
 11 for and the feasibility of the purchase of capital
 12 equipment. The information compiled by the budget director
 13 must be submitted to the governor as part of the preliminary
 14 budget, as provided in 17-7-121.

15 NEW SECTION. **Section 3. Submission to legislature.** As
 16 part of the executive budget submitted to the legislature
 17 under 17-7-122, the governor shall submit:

18 (1) the requests for capital equipment of all state
 19 agencies and institutions, compiled in the form of a
 20 comprehensive, long-range, proposed capital equipment
 21 acquisition program, including:

- 22 (a) the purpose for which each capital equipment item
- 23 would be used;
- 24 (b) the estimated cost of each capital equipment item;
- 25 (c) the reasons given by the agency or institution for

1 needing the capital equipment;

2 (d) a prioritized list recommended by the agency or
3 institution for each item of capital equipment;

4 (e) the recommendation of the agency or institution as
5 to when the capital equipment is needed; and

6 (f) any comments of the governor;

7 (2) a capital equipment acquisition program proposed by
8 the governor for the biennium in the form of a capital
9 equipment acquisition budget, including:

10 (a) the purpose for which each capital equipment item
11 would be used;

12 (b) the estimated cost of each capital equipment item;

13 (c) the reasons for the governor's recommendation to
14 purchase each capital equipment item during the biennium;

15 (d) the proposed method of financing for each capital
16 equipment item;

17 (e) any long-range capital equipment acquisition plans;
18 and

19 (f) any changes in the law necessary to ensure an
20 effective, well-coordinated capital equipment acquisition
21 program for the state.

22 (3) as part of the proposed capital equipment
23 acquisition program, a separate listing of proposed capital
24 equipment acquisitions as submitted by individual
25 legislative and judicial branch agencies.

1 NEW SECTION. **Section 4. Long-range capital equipment**
2 **acquisition program.** The executive budget for all state
3 agencies must include for the next 3 bienniums detailed
4 recommendations for the state long-range capital equipment
5 acquisition program presented by department, institution,
6 agency, or branch by funding source and include:

7 (1) a description of each proposed capital equipment
8 item;

9 (2) an explanation of the problem to be addressed by
10 the proposed item and alternative methods of addressing the
11 problem;

12 (3) the rationale for the selection of a particular
13 alternative; and

14 (4) a projection of the increased operating costs,
15 including maintenance, depreciation, replacement, and
16 personal services expenses related to the capital equipment
17 acquisition.

18 NEW SECTION. **Section 5. Authority to purchase capital**
19 **equipment.** (1) Except as provided in subsection (2), capital
20 equipment costing more than \$25,000 may not be purchased
21 without the consent of the legislature. When capital
22 equipment costing more than \$25,000 is to be financed in a
23 manner that does not require the appropriation of money,
24 consent may be in the form of a joint resolution.

25 (2) (a) The governor may authorize the emergency

1 repair, alteration, or procurement of capital equipment.

2 (b) The approving authority for legislative and
3 judicial branch agencies may authorize the emergency repair,
4 alteration, or procurement of capital equipment.

5 (c) The regents of the Montana university system, with
6 the consent of the governor, may authorize the purchase of
7 capital equipment that is financed wholly with federal or
8 private money if the acquisition of the capital equipment
9 will not result in a new program.

10 (d) The department of military affairs, with the
11 consent of the governor, may authorize the purchase of
12 capital equipment for the use or benefit of the state if it
13 is financed wholly with federal or private money.

14 NEW SECTION. **Section 6.** Codification instruction.
15 [Sections 1 through 5] are intended to be codified as an
16 integral part of Title 17, chapter 7, and the provisions of
17 Title 17, chapter 7, apply to [sections 1 through 5].

18 NEW SECTION. **Section 7.** Effective date. [This act] is
19 effective July 1, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0471, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

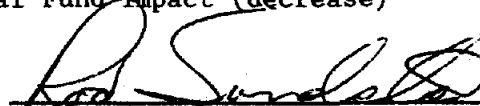
An act establishing a planning and review process for the purchase of capital equipment by state agencies effective July 1, 1991.

ASSUMPTIONS:

1. All equipment with a useful life of more than one year, including computer hardware and software, that costs more than \$25,000, individually or in the aggregate of like property during a fiscal year, will be submitted by each state agency as part of its six-year capital equipment acquisition program to the budget director as part of the budget preparation process.
2. The Office of Budget and Program Planning (OBPP) will require 2.00 FTE (grade 16 and 13) to examine the six-year equipment acquisition programs of each agency, gather additional information, conduct necessary surveys, and prepare reports for the Governor and the Legislature on the purpose of recommended items, the cost of each item, need for, methods of financing, and changes in the law necessary to ensure an effective capital equipment acquisition program for the state. The FTE will be hired at step one for the first six months.
3. Operating expenses will include \$3,150 per year for contracted secretarial work, \$3,000 per year for communications, and \$1,328 per year for travel costs. Printing of instructions, forms and executive planning process reports will cost approximately \$800 in the even-numbered years and printing of the capital equipment requests and long-range plan will cost approximately \$5,000 in the odd-numbered years, derived from capital projects experience at the Department of Administration.
4. One-time FY92 equipment costs will be \$14,776 for the staff and include PS/2, desk, chair, calculator, file cabinet, bookcase, and table.
5. Current law is the OBPP budget currently in HB0002, third reading copy.

FISCAL IMPACT:OBPP

	FY 92			FY 93		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
FTE	19.00	21.00	2.00	19.00	21.00	2.00
Personal Services	692,755	753,074	60,319	691,852	755,621	63,769
Operating Costs	134,818	143,318	8,500	150,170	162,870	12,700
Equipment	<u>15,609</u>	<u>30,385</u>	<u>14,776</u>	<u>15,076</u>	<u>15,076</u>	<u>0</u>
Total	843,182	926,777	83,595	857,098	933,567	76,469
<u>Funding:</u>						
General Fund	843,182	926,777	83,595	857,098	933,567	76,469
General Fund Impact (decrease)			(83,595)			(76,469)


 ROD SUNDSTED, BUDGET DIRECTOR
 Office of Budget and Program Planning

4-3-91
 DATE


 GREG JERGESON, PRIMARY SPONSOR

4/3/91
 DATE

Fiscal Note for SB0471, as introduced

SB 471-1