

MINUTES OF THE MEETING OF THE HOUSE STATE ADMINISTRATION COMMITTEE
February 2, 1983

CHAIRMAN JOE BRAND called the meeting to order at 8 a.m. in Room 129 of the Capitol. All members were present.

CHAIRMAN BRAND CALLED THE COMMITTEE INTO EXECUTIVE SESSION BY CALLING FOR ACTION ON HOUSE BILL 52.

EXECUTIVE SESSION

HOUSE BILL 52

REPRESENTATIVE KATHLEEN McBRIDE said that her subcommittee has decided House Bill 52 is unneeded under present law. She said there are remedies in the law now. She said the subcommittee got a list from the attorney for the Campaign Commissioner's office of remedies that now exist in the law. Rep. McBride recommended the Committee table the bill, show its sponsor, REPRESENTATIVE JOHN SHONTZ, the list from the Campaign Commissioner Attorney, and see if he wants to pursue the bill.

REP. McBRIDE MOVED that House Bill 52 be TABLED. REP. WALTER SALES SECONDED. The question being called, the MOTION CARRIED by unanimous voice vote. House Bill 52 was TABLED.

HOUSE BILL 79

Rep. McBride noted that House Bill 79, REPRESENTATIVE KEN NORDTVEDT'S salary bill, had much work invested by the committee and the subcommittee. She said a fiscal note attached to the measure was speculative at best. She said it would use a formula contained in an amendment to index elected officials salaries. In her words, "It doesn't make it any easier to deal with large increases." She said the Legislature would always have the prerogative of changing the formula.

REPRESENTATIVE SALES, who was a co-sponsor of House Bill 79, conceded the bill would always produce a lagging effect in the salaries of elected officials because it is based on a previous three-year factor. He said the Legislature could always disregard the bill, and "every Legislature would be under pressure to raise or lower it."

Rep. McBride said the key to the bill is the initial establishment of base salaries against which the future factor would be applied. She said that would probably be "the biggest fight over this bill."

Rep. Sales said those who are set with high salaries would do well by the bill from here on out, while the ones with low salaries would get less.

REPRESENTATIVE JERRY DRISCOLL noted that "When good times come, the growth percentage for elected state officials' salaries could be as much as 35 percent."

REPRESENTATIVE PAUL PISTORIA MOVED that House Bill 79 DO NOT PASS AS AMENDED, REPRESENTATIVE O'CONNELL SECONDED.

REPRESENTATIVE JOHN PHILLIPS noted, "I don't like the concept."

The question being called, the MOTION CARRIED by voice vote. REP. SALES voting "NO." House Bill 79 was reported out DO NOT PASS AS AMENDED.

HOUSE BILL 375

Rep. McBride noted that Legislative Researcher Lois Menzies would hand out a revised version of the bill, which the committee could use as a substitute bill. She said it would clear up the question of when payments would become due and "timely." Rep. McBride said that exceptions to the requirement for timely payment would be in the event of intra-government payments and disputes.

REP. McBRIDE MOVED the AMENDMENTS to House Bill 375, REPRESENTATIVE JOE HAMMOND SECONDED. The question being called, the MOTION CARRIED by unanimous voice vote. House Bill 375 was AMENDED.

REP. PHILLIPS MOVED House Bill 375 DO PASS AS AMENDED, REPRESENTATIVE BILL HAND SECONDED.

Rep. Driscoll asked why wages would be exempt from this bill. Rep. McBride noted that wages are covered by other statutes. MORRIS BRUSETT, Director of the Department of Administration noted that wages were covered elsewhere in the codes. He said this bill is regarding goods and services.

Rep. Paul Pistoria asked the purpose of the bill. Rep. McBride noted that it was to stop state government from operating on vendors' money. She said it also protects the state by making sure it does not pay too soon, and it provides for a formal receiving process for the state when receiving goods and services. Rep. Pistoria asked how it would affect the Department of Administration. Brusett said he would like to work with Rep. McBride on that.

The question being called, the MOTION CARRIED by unanimous voice vote. House Bill 375 was recommended DO PASS AS AMENDED.

HOUSE BILL 411

Rep. Bill Hand, whose subcommittee worked on House Bill 411, said he preferred to see the measure debated on the floor on second reading.

REP. DRISCOLL MOVED House Bill 411 DO PASS AS AMENDED, REP. HAMMOND SECONDED.

REPRESENTATIVE BRENT BLISS noted the measure would allow people to check how many voters register and how they register. Rep. Driscoll noted that Rep. Bliss was correct. Rep. Bliss asked if it would create problems if one wanted to serve on a board as an appointed "independent."

Rep. Pistoria asked if the bill forbade independents from voting. Rep. Hand said it did. Chairman Brand said an independent can vote, but must vote for party candidates. He said the independent voters must declare a party and then vote only that party. At the subsequent election, Chairman Brand said, the independent voter can change parties for the next election.

REPRESENTATIVE SOLBERG said the measure would force an independent voter to say "I'm one or the other." He said it was not fair to independents. Chairman Brand said independents could have an independent party ticket. He spoke for the bill, saying the national parties are going to take the state of Montana or the individual parties to court because of the current system of voting in primaries. He said the dispute centered with the national parties about how delegates are selected to national conventions.

REPRESENTATIVE MUELLER noted that there may be problems with the Democratic Party, but not with the Republicans. Chairman Brand said that there were problems with the Republican Party and cited the Reagan-Ford race in 1976. In the Chairman's words, "You could have the national GOP people saying 'Your procedure is not right.'"

Rep. John Phillips noted that under the bill, "I have to vote for the party I was last affiliated with."

Rep. Joe Hammond noted that a change could be made no sooner than 30 days before the election.

Rep. Bliss said the people of Montana would not favor this.

Rep. Sales said, "We're shafting the largest group of voters in the state -- the independents -- with this bill. Those last 30 days can be quite important."

Rep. Pistoria said that in the case when one declares 30 days prior to an election, what happens then -- can you go one way or the other? Several committee members answered in the negative.

Chairman Brand noted that the committee already killed an open primary bill, and this was the only alternative before the state of Montana or the political parties go to court.

Rep. Helen O'Connell said that she regarded the voting booth as a confessional, and entitled to all the privilege and privacy of a confessional. With this, however, "it's wide open."

REPRESENTATIVE FRANCIS KOEHNKE said, "It's nobody else's business."

Rep. Phillips said the bill would "help the party maintain discipline." But, he said, with this bill he believes voting in primaries would go down immensely.

The question being called, the MOTION FAILED on a roll-call vote by a vote of 11 "NAYS" and 8 "AYES".

REP. PHILLIPS MOVED House Bill 411 DO NOT PASS AS AMENDED, REP. BLISS SECONDED. Chairman Brand asked for, and received, the consent of the committee to reverse the previous roll-call vote, to indicate the Phillips' MOTION PASSING by a vote of 11 "AYES" and 8 "NAYS".

CHAIRMAN BRAND TOOK THE COMMITTEE FROM EXECUTIVE SESSION AND ASKED REPRESENTATIVE O'CONNELL TO CHAIR THE PORTION OF THE COMMITTEE FOR HEARING BILLS.

HOUSE BILLS 489,505, 530, 531, 532, 533

VICE CHAIRMAN O'CONNELL called for a joint hearing on House Bills 489,505,530, 531, 532,& 533, REPRESENTATIVE FRANCIS BARDANOUVE, sponsor of the measures, stated that the six bills were house-keeping measures to bring code language into compliance with two measures passed by the 1981 Legislature, House Bills 341 and 482.

Rep. Bardanouve said House Bill 341 from 1981 would adopt "generally accepted accounting principles" in appropriate code language, and House Bill 482 would change the names of the funds. He said the effective dates on those measures were delayed until 1983 in order to provide for these house-keeping bills in this session. Rep. Bardanouve said these bills were necessary in order for the state to receive more favorable interest rates on bonds. He said adoption of this kind of language, "generally accepted accounting principles," could boost interest rates on state bonds by 1/8 to 1/4 of 2 percent. He said on several million dollars worth of bonds, "that is a substantial amount of money."

Rep. Bardanouve noted that general accepted accounting principles (GAAP) provide a "yardstick" used by the accounting and finance industries. He said that in the wake of the New York City bonding fiasco, bond companies are becoming nervous about various accounting systems. He said the bond companies prefer that governments adopt GAAP. Otherwise, he said, governments can have debts that don't appear on balance sheets. He said the absence of GAAP is a negative factor in the review and rating of bonds. He said it makes it harder to sell bonds without GAAP.

Some of the changes Rep. Bardanouve said would be made by the six bills would be to describe "earmarked revenue" as "special revenue funds"; "debt service fund" as "enterprise fund"; "internal service funds" as "inter-agency charges."

He said the bill would enable our bond buyers to know what we have and when. He said it would save money for Montana. Rep. Bardanouve also distributed two handouts relevant to the measures (attached).

PROPONENTS

Morris Brusett, Director of the Department of Administration, spoke for the bills, calling them "very necessary."

JUDY RIPPINGALE, Legislative Fiscal Analyst, noted some problems with the bills. With regard to the Special Revenue Fund, she said, the bill would no longer indicate whether revenue comes from federal or state sources. She said this is not required under GAAP, but is helpful in the Legislative budgeting process. She suggested that changes could be made in the bills to still comply with GAAP but also identify two separate sub-funds within a special revenue fund.

REPRESENTATIVE GLENN MUELLER asked Rep. Bardanouve if he had any problems with Rippingale's recommendation. Rep. Bardanouve said he would like to have the changes made if GAAP could be maintained. Rep. Mueller asked Brusett if this was possible. Brusett said he did not see the necessity of putting the extra information in there, but he did not feel strongly about it. He said, however, the Legislative Auditor's office does.

WAYNE KETTISH, the Audit Manager of the Legislative Auditor's office, spoke against Rippingale's suggestion. He called it "not necessary. It reduces legislative flexibility," he said. "You may want changes in the future but this bill makes it hard to change. Some funds don't fit in with this." Kettish suggested reviewing accounting titles as an alternative to Rippingale's suggestion.

Chairman Brand asked whether it would be better to know of the additional information about money, where it comes from and where it goes? Kettish said the current budget was done in a "transition mode." He suggested that another bill be used to track federal funds without getting into the matter of special revenue funds.

Chairman Brand asked Kettish about the practice of other states. Kettish said the system may be used in other states, because their are "hundreds and hundreds of ways" to operate the books.

Rep. Mueller asked Kettish if he thought that Rippingale's suggestions could be solved with internal bookkeeping. Kettish said that the problem is that agencies often place money in the wrong fund and a problem arises as to how to settle the dispute -- through emergency funding or just the wrong deposit of funds.

Rep. Joe Hammond asked Kettish if he was saying that a separate bill would take care of the problem. Legislative Fiscal Analyst Rippingale said the problem that Kettish describes is a theoretical problem with a theoretical solution, and those sorts of solutions prove to be impractical in reality.

Rep. Hammond asked if Rippingale was recommending the committee go through 235 amendments and change the language. Rippingale said that was the most ideal.

Rep. Mueller asked if a separate bill was possible. Rippingale said it was, but it would be more clear if the changes were handled in the six bills.

Chairman Brand asked Brusett if this would take long to do. Brusett said no, it would just require drafting of amendments.

Rep. Paul Pistoria asked Bardanouve what he thought of Rippingale's suggestion. Rep. Bardanouve said he would probably oppose anything that would complicate the bills.

Rep. Hand asked Kettish if he would oppose Rippingale's suggestion. Kettish said he would not but he thought that his suggestions were better. He said it would work "either way."

THERE BEING NO FURTHER PROPONENTS, AND NO OPPONENTS TO THE SIX BILLS, REPRESENTATIVE BARDANOUE CLOSED.

Chairman Brand suggested the bills be assigned to a committee to bring the various factions together. Chairman Brand appointed Rep. Hammond chairman of the subcommittee and appointed Reps. Bardanouve and Smith to serve on the subcommittee.

THE MEETING WAS DECLARED ADJOURNED.


REPRESENTATIVE JOE BRAND, Chairman

STANDING COMMITTEE REPORT

2-2

19 83

MR. SPEAKER

We, your committee on STATE ADMINISTRATION

having had under consideration HOUSE Bill No. 52

reading with ()
Debat

**"AN ACT DEFINING THE RESPONSIBILITIES OF ELECTION ADMINISTRATORS;
REQUIRING THE COMMISSIONER OF POLITICAL PRACTICES TO INVESTIGATE
ALLEGATIONS BY CANDIDATES; PROVIDING PENALTIES; AMENDING
SECTION 13-37-111, MCA."**

Respectfully report as follows: That HOUSE Bill No. 52

~~DO PASS~~ *Tabled*

STANDING COMMITTEE REPORT

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February 2, 1983

19

SPEAKER

MR.

State Administration

We, your committee on

House

79

having had under consideration Bill No.

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color

**"AN ACT CHANGING SALARIES OF ELECTED STATE OFFICIALS EACH BIENNium
BY AN AMOUNT EQUAL TO THE GROWTH PERCENTAGE; AMENDING SECTIONS
2-16-301, MCA; AND PROVIDING AN EFFECTIVE DATE."**

House

79

Respectfully report as follows: That

be amended as follows:

1. Title, line 5.

Following: "OFFICIALS"

Insert: "FOR"

Following: "EACH"

Insert: "FISCAL YEAR OF A"

Following: "BIENNium"

Insert: "BEGINNING ON OR AFTER JULY 1, 1985"

2. Title, line 6.

Following: "THE"

Insert: "PER CAPITA"

3. Title, lines 6 and 7.

Following: ";" on line 6

Strike: "AMENDING" through ";" on line 7

XXXXXX

DO PASS

February 2, 1983 19.....

4. Page 1 through 4.

Following: the enacting clause

Strike: Sections 1 through 3 in their entirety.

Insert: "Section 1. Salaries of certain elected state officials." (1) Except as provided in subsection (3), for each fiscal year of a biennium beginning on or after July 1, 1985, the annual salary of the governor, lieutenant governor, chief justice of the supreme court, each justice of the supreme court, attorney general, state auditor, superintendent of public instruction, each public service commissioner, secretary of state, and clerk of the supreme court equals the salary paid that elected state official for the corresponding fiscal year of the previous biennium plus the per capita growth percentage.

(2) For the purpose of this section, "per capita growth percentage" means the growth percentage is 17-8-106 minus (plus) the percentage increase (decrease) in Montana's population during the most recent two year period preceding the biennium for which salaries are being set, as estimated by the bureau of the census, U.S. department of commerce.

(3) If the per capita growth percentage for any biennium is negative, the salary of the chief justice of the supreme court or a justice of the supreme court remains unchanged for the biennium.

Section 2. Salaries of district judges. (1) Except as provided in subsection (3), for each fiscal year of a biennium beginning on or after July 1, 1985, the annual salary of a district judge equals the salary paid this official in the corresponding fiscal year of the previous biennium plus the per capita growth percentage as defined in [section 1].

(2) If the per capita growth percentage for any biennium is negative, the salary of a district court judge remains unchanged for the biennium.

Section 3. Salary of the legislators while in session. For each fiscal year of a biennium beginning on or after July 1, 1985, the daily salary of a legislator for days when the legislature is in session equals the daily salary paid this official during the corresponding fiscal year of the previous biennium plus the per capita growth percentage as defined in [section 1].

Section 4. Codification instruction. (1) Section 1 is intended to be codified as an integral part of Title 2, chapter 16, and the provisions of Title 2, chapter 16, apply to section 1.

(2) Section 2 is intended to be codified as an integral part of Title 3, chapter 5, and the provisions of Title 3, chapter 5, apply to section 2.

(3) Section 3 is intended to be codified as an integral part of Title 5, chapter 2, and the provisions of Title 5, chapter 2, apply to section 3."

Renumber: subsequent section accordingly and remove "NEW SECTION" designation

AND AS AMENDED
~~DO NOT PASS~~

FEBRUARY 2, 19 83

MR. **SPEAKER**

STATE ADMINISTRATION

We, your committee on

HOUSE

375

having had under consideration Bill No.

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"AN ACT TO REQUIRE THE STATE TO PAY A CLAIM WITHIN 30 DAYS; AND TO PROVIDE FOR INTEREST ON THE UNPAID BALANCE; AMENDING SECTION 18-4-214, MCA."

HOUSE

375

Respectfully report as follows: That Bill No.

be amended as follows:

1. Title, line 5.
Following: "DAYS"
Insert: "OR WHEN SPECIFIED IN A CONTRACT OR AGREEMENT"

2. Title, line 6.
Strike: "; AMENDING SECTION 18-4-214, MCA"

3. Page 1, following line 8.
Strike: all of the bill
Insert: "Section 1. Definitions. As used in [sections 1 through 4], the following definitions apply:
(1) "Services" means the furnishing of labor, time, or effort, including construction services, purchased or contracted for by the state or any agency thereof.

~~XXXXXX~~
DO PASS

REP. JOE BRAND, (initials) Chairman.

FEBRUARY 2,

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(2) "Supplies" means all personal property purchased, leased, or contracted for by the state or any agency thereof, including leases of equipment and buildings.

Section 2. (1) Except as provided in [section 3], a state agency shall pay simple interest at the rate of 3.05% each day, on amounts due for supplies and services received if the agency fails to make timely payment.

(2) For purposes of this section, payment is timely if a warrant is mailed or is otherwise made available to the payee when due and for the amount specified in the applicable contract or agreement. If no date is specified in the applicable contract or agreement payment is timely if paid within 30 days after receipt of a properly completed invoice, addressed to the payer agency, or receipt of the supplies or services by the agency, whichever is later.

Section 3. [Section 2] does not apply to the following:

- (1) interagency or intergovernmental transactions;
- (2) claims subject to a good faith dispute;
- (3) delinquencies due to natural disasters, disruptions in postal or delivery service, work stoppage due to labor disputes, power failures, or any other cause resulting from circumstances clearly beyond the control of the payer agency;

(4) contracts entered into before [the effective date of this act];

(5) wages due and payable to state employees or payments from any state retirement system created pursuant to Title 19; or

(6) claims submitted to the state or to its fiscal intermediary by providers of supplies or services under the Montana medicaid program if reasonable cause for nonpayment exists.

Section 4. Any interest owing under [sections 1 through 4] must be paid from funds designated for administrative costs of the agency receiving the supplies and services.

Section 5. Codification instruction. Sections 1 through 4 are intended to be codified as an integral part of Title 17, and the provisions of Title 17 apply to sections 1 through 4."

AND AS AMENDED
DO PASS

FEBRUARY 2,

19 83

MR. SPEAKER

We, your committee on STATE ADMINISTRATION

having had under consideration HOUSE Bill No. 411

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"AN ACT ESTABLISHING A CRITERION FOR THE PRIVILEGE OF VOTING IN A POLITICAL PARTY'S PRIMARY ELECTION; AUTHORIZING CHALLENGES OF PROSPECTIVE VOTERS; PROVIDING CHANGES IN PARTY PRIMARY ELECTION BALLOTS; PROVIDING CHANGES IN PRIMARY ELECTION PROCEDURES AND VOTING; REQUIRING RECORDING OF PARTY AFFILIATION; CHANGING OPERATION OF VOTING MACHINES; PROVIDING NONPARTISAN PRIMARY AND BALLOT ISSUE BALLOTS; AMENDING SECTIONS 13-10-209, 13-10-301, 13-13-306, 13-14-115, AND 13-17-103, MCA."

Respectfully report as follows: That HOUSE Bill No. 411

be amended as follows:

- 1. Title, lines 4 and 5.
- Following: "ACT" on line 4
- Strike: "ESTABLISHING" through "VOTING" on line 5
- Insert: "REQUIRING AN ELECTOR TO DECLARE HIS PARTY AFFILIATION TO BE ELIGIBLE TO VOTE"

~~DO PASS~~

FEBRUARY 2,

19 83

2. Page 1, line 21.

Following: "alternative,"

Strike: " "

Insert: "House"

Following: "No."

Strike: " "

Insert: "117"

Strike: "[LC 484]"

3. Page 2, lines 1 through 9.

Following: "1." on line 1

Strike: "Qualification" through "." on line 9

Insert: "Eligibility to vote in primary--
 declaration of party affiliation--change
 of party affiliation. (1) A registered
 elector who has declared a political party
 affiliation as provided in this section is
 entitled to vote in the primary election of
 the party with which he is affiliated.

(2) A registered elector may declare his
 political party affiliation by stating his
 affiliation in writing on a form provided by
 the election judge on the day of the first
 primary election after the effective date of
 this act in which the elector desires to vote.

(3) Any registered elector who has declared
 his political party affiliation may change his
 affiliation by:

(a) not less than 30 days before a primary
 election, filing with the election administrator
 a written declaration stating his change of
 party affiliation; or

(b) stating his new party affiliation in
 writing on a form provided by the election
 judge on the day of any primary election;
 however, the change is effective for the next
 primary election. An elector desiring to vote
 in the primary election at which he submitted
 a form changing his party affiliation must vote
 for the party with which he was previously
 affiliated."

FEBRUARY 2, 19 83

4. Page 2, line 20.

Following: "(2)"

Strike: "The"

Insert: "In those counties using only paper ballots,
the"

5. Page 2, line 23.

Strike: "general"

Insert: "primary"

6. Page 8, line 19 through line 3 on page 9.

Following: "vote" on line 19

Strike: ":" through "election" on line 3, page 9

7. Page 10, line 18.

Strike: "or device"

8. Page 10, line 20.

Following: "election"

Insert: "1"

Strike: "and"

Insert: "(4)"

9. Page 10, line 22.

Strike: "that"

Insert: "the"

Strike: "By"

Insert: "with which"

Following: "elector"

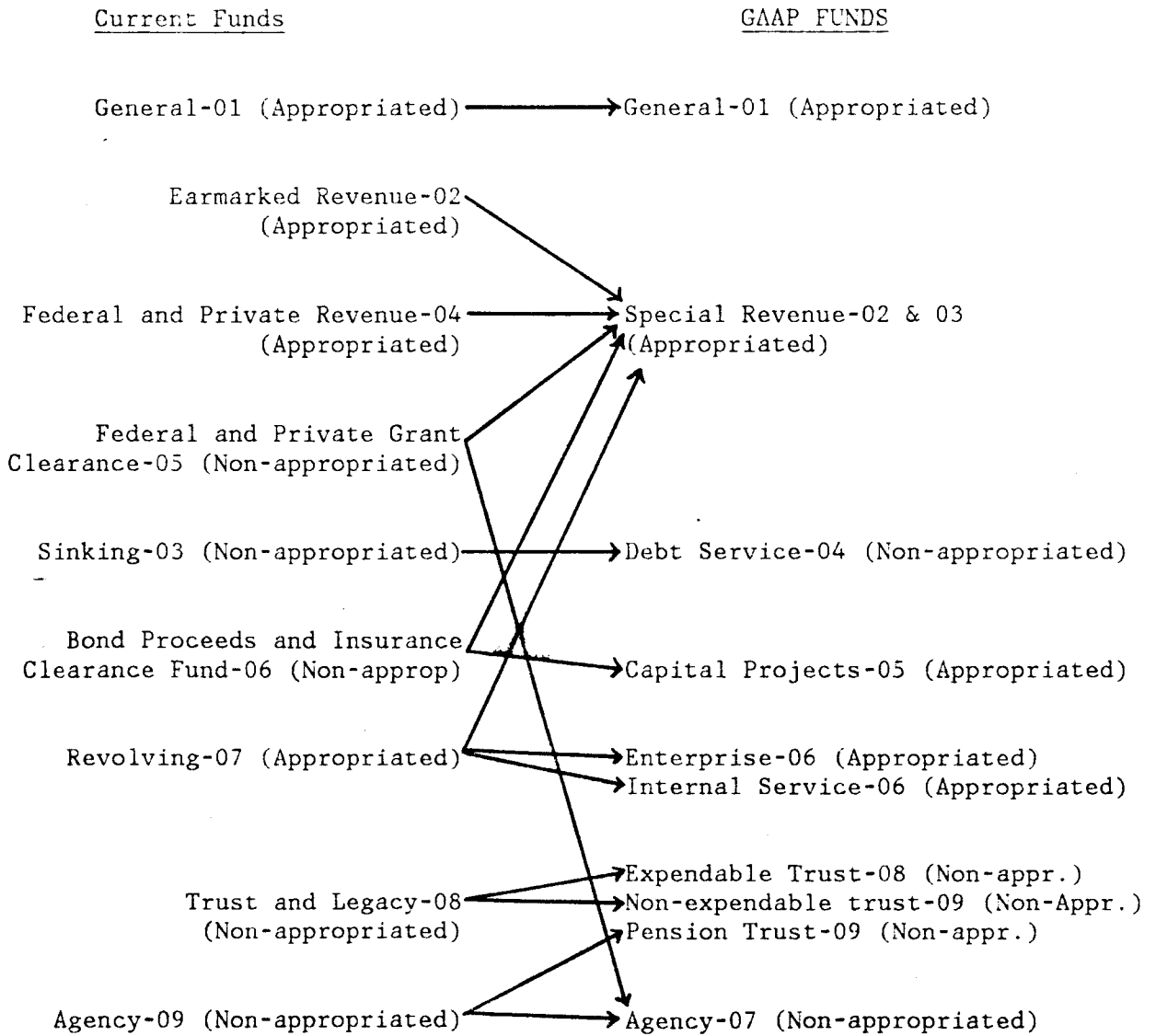
Insert: "has declared his affiliation under [section 1]"

ReNUMBER: subsequent subsections

AND AS AMENDED

DO PASS NOT PASS

The following shows where the majority of entities making up a current treasury fund were placed under the new GAAP fund structure.



Current Montana Funds

General Fund - all monies available to defray general costs of state government which do not fall into one of the state funds defined below.

Earmarked Revenue Fund - monies from state sources which are specifically earmarked by law for defraying the costs of a particular agency, program or function of state government.

Sinking Fund - monies for payment of principal and interest and the accumulation of reserves for bonded or other indebtedness.

Federal and Private Revenue Fund - monies from federal and private sources, including trust income, used for the operation of state government.

Federal and Private Grant Clearance Fund - monies from federal or private sources, including trust income, disbursed to persons, associations, or units of local government.

Bond Proceeds and Insurance Clearance Fund - (a) monies from the sale of bonds, certificates of indebtedness, or similar obligations; (b) monies indemnifying the state for loss or damage of property.

Revolving Fund - (a) monies used to defray reimbursable expenditures; (b) monies used to supply working capital for enterprise type operations.

Trust and Legacy Fund - monies state administrators as a trustee pursuant to a law or trust agreement restricting use of the monies for a specified purpose and prohibiting expenditure of principal for at least 5 years.

Agency Fund - monies held and disbursed by the State as custodian or agent.

GAAP Funds

General Fund - all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - proceeds of specific revenue sources legally restricted to expenditure for specified purposes (other than expendable trusts or major capital projects).

Capital Project Funds - resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary type or trust funds).

Debt Service Funds - resources accumulated for payment of general long-term debt principal and interest.

Enterprise Funds - operations (a) financed and operated similar to private business enterprise whenever the intent of the legislature is that costs are to be financed or recovered primarily through user charges, or (b) whenever the legislature has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate.

Internal Service Funds - to account for the financing of goods and services provided by one department or agency to others or to other governmental entities on a cost reimbursed basis.

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental entities or other funds. These include: (a) expendable trust funds, (b) nonexpendable trust funds, (c) pension trust funds, and (d) agency funds.

SUBSTITUTE BILL

HOUSE BILL NO. 375

INTRODUCED BY McBride, Fabrega, Harper, Stobie

A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THE STATE TO
PAY A CLAIM WITHIN 30 DAYS; AND TO PROVIDE FOR SIMPLE INTEREST
ON THE UNPAID BALANCE; -AMENDING-SECTION-18-4-214, -MCA."

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

Refer to Introduced Bill

(Strike everything after the enacting clause and insert:)

NEW SECTION. Section 1. Definitions. As used in [this act],
the following definitions apply:

(1) "Services" means the furnishing of labor, time or ef-
fort, including construction services, purchased or contracted
for by the state of Montana or any agency thereof.

(2) "Supplies" means all personal property purchased, leased
or contracted for by the state of Montana or any agency thereof,
including leases of equipment and buildings.

NEW SECTION. Section 2. (1) Except as provided in [section
3], each state agency shall pay simple interest at the rate of
.05 percent, per day, on amounts due for supplies and services
received whenever the state agency fails to make timely payment.

(2) For purposes of this section, payment is timely if
a warrant is mailed or is otherwise made available to the payee
when due and for the amount specified in the applicable contract
or agreement. If no date is specified in the contract or agreement
then payment is timely if paid within 30 days after receipt of
a properly completed invoice, addressed to the payor agency,
or receipt of the supplies or services by the agency whichever
is later.

(over)

NEW SECTION. Section 3. [Section 2] does not apply to the following:

- (1) interagency or intergovernmental transactions;
- (2) claims subject to a good faith dispute;
- (3) delinquencies due to natural disasters, disruptions in postal or delivery service, work stoppages due to labor disputes, power failures, or any other cause resulting from circumstances clearly beyond the control of the payor;
- (4) contracts entered into before [the effective date of this act];
- (5) wages due and payable to employees of the state of Montana or payments from any state retirement system created pursuant to Title 19, MCA;
- (6) claims submitted to the state, or to its fiscal intermediary, by providers of supplies or services under the Montana Medicaid program if reasonable cause for nonpayment exists.

NEW SECTION. Section 4. Any interest owing under [this act] must be paid from funds designated for administrative costs of the agency receiving the supplies and services.

Section 5. Codification instruction. Sections 1 through 4 are intended to be codified as an integral part of Title 17, and the provisions of Title 17 apply to sections 1 through 4.

--End--