

1 *Senate* BILL NO. *63*  
 2 INTRODUCED BY *Murphy Nelson*  
 3 BY REQUEST OF THE DEPARTMENT OF LIVESTOCK

4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT PERMITTING THE  
 6 INVESTMENT OF THE FUNDS OF CERTAIN EARMARKED ACCOUNTS OF THE  
 7 DEPARTMENTS OF LIVESTOCK AND AGRICULTURE; DIRECTING THAT THE  
 8 INCOME FROM SUCH INVESTMENTS BE CREDITED TO THE ACCOUNT FROM  
 9 WHICH THE INVESTMENT IS MADE; AND GENERALLY CLARIFYING  
 10 LANGUAGE; AMENDING SECTIONS 3-2917, 3-233, 3-2033, AND  
 11 82-1507, R.C.M. 1947."

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

14 Section 1. There is a new R.C.M. section numbered  
 15 46-105.1 that reads as follows:

16 46-105.1. Investment of earmarked revenue account  
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 19 earmarked revenue accounts of the department pursuant to the  
 20 provisions of the unified investment program for state  
 21 funds. The income from such investments shall be credited to  
 22 the earmarked account of the department from which the  
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24 Section 2. Section 3-2917, R.C.M. 1947, is amended to  
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1 "3-2917. Research and marketing account -- sources --  
 2 use -- expenditures. (1) There shall be an account in the  
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 4 and marketing account. The following shall be placed in the  
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6 (a) ~~The~~ the proceeds of all mileage levies collected  
 7 under this chapter; and

8 (b) ~~The~~ the proceeds from all gifts, grants, or  
 9 donations to the department for research authorized under  
 10 this chapter.

11 (2) The account shall be maintained for the purposes  
 12 of this chapter and shall be separate from all other  
 13 accounts of the department.

14 (3) The department may direct the board of investments  
 15 to invest funds from the account pursuant to the provisions  
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 17 income from such investments shall be credited to the wheat  
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19 Section 3. Section 82-1507, R.C.M. 1947, is amended to  
 20 read as follows:

21 "82-1507. Scope and object of levy -- reserve. (1) In  
 22 making the levy provided in ~~the preceding section [82-1506],~~  
 23 the state board of hail insurance shall provide for:

24 (a) ~~The~~ the payment of all expenses of administration,  
 25 together with all interest owed or to be owing on registered

1 warrants;

2 (b) ~~For~~ that portion of the losses incurred during the  
3 current year which are not paid from funds drawn from the  
4 reserve;

5 (c) ~~For~~ the maintenance of the reserve, a part or all  
6 of which may be used in any one year for the purpose of  
7 paying the costs of administration, interest on the  
8 warrants, and losses as the same shall be settled and  
9 adjusted by the ~~said~~ board, including the losses sustained  
10 in any prior year or years under the state hail insurance  
11 law during or subsequent to the year 1919 that have not been  
12 paid.

13 ~~(3)(2)~~ If at the end of any hail insurance season the  
14 state board of hail insurance determines and finds that more  
15 funds are accumulating from the current year's levies than  
16 were estimated when the levy was made, and ~~which funds~~ are  
17 in excess of the need for the payment of losses and expenses  
18 and maintenance of the reserve, the state board of ~~hail~~  
19 ~~insurance~~ may, at its discretion, refund to the farmers  
20 insured for the ~~said~~ year, on a pro rata or percentage  
21 basis, the excess.

22 ~~(2)(3)~~ Each year when the hail board makes its annual  
23 levy for the payment of current losses, expenses of  
24 administration, and for an addition to the reserve if  
25 conditions permit, it ~~shall~~ may not increase the levy enough

1 in any year so that such addition to the reserve will exceed  
2 ~~five per cent (5%)~~ of the maximum risk written for that  
3 year.

4 ~~(3)(3)~~ The reserve fund shall may not exceed ~~four~~  
5 ~~million dollars (\$4,000,000)~~ \$4 million prior to January 1,  
6 1976. On January 1, 1976, and thereafter the maximum  
7 permissible reserve fund shall be established as set forth  
8 in subsection ~~(4)(5)~~ of this section.

9 ~~(4)(5)~~ The board may engage the services of a  
10 qualified actuary to conduct an actuarial valuation of the  
11 reserve. This valuation shall include the actuary's  
12 determination of the amount of reserve necessary to absorb  
13 all reasonably anticipated catastrophic losses. This amount  
14 shall be the maximum permissible reserve fund for the next  
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16 ~~(5)(6)~~ The reserve hereby created shall be deposited  
17 in the agency fund and the state board of ~~hail insurance~~ is  
18 hereby granted the power to draw from its ~~soney~~ its ~~said~~ the  
19 fund such amounts as it ~~may deem~~ considers necessary for the  
20 purpose of paying costs of administration, interest, and  
21 losses, ~~and provided further, that whenever~~ Whenever there  
22 are no unpaid losses for prior years and whenever in any one  
23 ~~(4)~~ year the cost of administration, interest, and losses  
24 for the current year ~~shall be~~ are less than the sum of ~~sixty~~  
25 60 cents ~~(60¢)~~ per acre on nonirrigated grains and a

1 proportionate amount on irrigated grains and other crops,  
 2 the ~~state board of hail insurance shall~~ may not draw on the  
 3 reserve for any purpose unless the amount required for the  
 4 payment of losses for the current year, including interest  
 5 on warrants and costs of administration, ~~shall exceed~~  
 6 exceeds the amount of the estimate made by the state board  
 7 ~~of hail insurance.~~

8 (7) The board of hail insurance may direct the board  
 9 of investments to invest funds from the agency fund pursuant  
 10 to the provisions of the unified investment program for  
 11 state funds. The income from such investments shall be  
 12 credited to the board of hail insurance account in the  
 13 agency fund."

14 Section 4. Section 3-233, R.C.M. 1947, is amended to  
 15 read as follows:

16 "3-233. Fees — disposition. (1) All fees and other  
 17 charges fixed by the department, including fees for the  
 18 inspection, grading, weighing, and protein-testing of grain,  
 19 shall be kept as near the actual cost of the services as  
 20 possible. All those fees and charges shall be paid to the  
 21 department and deposited with the state treasurer. The state  
 22 treasurer shall place all the fees and charges in the  
 23 earmarked revenue fund. Fees deposited in the earmarked  
 24 revenue fund may be used to pay claims for expense incurred  
 25 in inspecting, grading, weighing, and protein-testing of

1 grain, when the claims have been approved as provided by  
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11 "3-2033. Deposit of fees. (1) All fees collected for  
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 13 the state treasury to the credit of the earmarked revenue  
 14 fund for the purpose of administering this act, including  
 15 the cost of equipment and facilities and the cost of  
 16 inspecting, analyzing, and examining commercial feeds  
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 18 developing better analytical methods, and means of  
 19 evaluating the value or the potential toxic qualities of a  
 20 feed.

21 (2) The department may direct the board of investments  
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-End-

STATE OF MONTANA

REQUEST NO. 406-77

FISCAL NOTE

Form BD-15

In compliance with a written request received 2-10, 19 77, there is hereby submitted a Fiscal Note for Senate Bill 63 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 63 provides that investment income from certain earmarked accounts of the Department of Livestock and Agriculture be credited to the account from which the investment is made.

FISCAL IMPACT:

If Senate Bill 63 is enacted into law the following amounts will be deposited into various earmarked revenue fund or agency fund accounts instead of the General Fund.

	<u>FY78</u>	<u>FY79</u>
Department of Livestock	\$ 12,000	\$ 3,000
Department of Agriculture	<u>88,792</u>	<u>94,252</u>
	<u>\$100,792</u>	<u>\$ 97,252</u>

*Richard L. Drury for*  
BUDGET DIRECTOR  
Office of Budget and Program Planning  
Date: 2-14-77

Approved by Committee  
on Agriculture Livestock  
& Irrigation

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Section 1. There is a new R.C.M. section numbered 46-105.1 that reads as follows:

46-105.1. Investment of earmarked revenue account funds — crediting of investment income. The board may direct the board of investments to invest funds from the earmarked revenue accounts of the department pursuant to the provisions of the unified investment program for state funds. The income from such investments shall be credited to the earmarked account of the department from which the investment is made.

Section 2. Section 3-2917, R.C.M. 1947, is amended to read as follows:

"3-2917. Research and marketing account — sources — use — expenditures. (1) There shall be an account in the federal and private revenue fund known as the wheat research and marketing account. The following shall be placed in the account:

(a) ~~The~~ the proceeds of all mileage levies collected under this chapter; and

(b) ~~the~~ the proceeds from all gifts, grants, or donations to the department for research authorized under this chapter.

(2) The account shall be maintained for the purposes of this chapter and shall be separate from all other accounts of the department.

(3) The department may direct the board of investments to invest funds from the account pursuant to the provisions of the unified investment program for state funds. The income from such investments shall be credited to the wheat research and marketing account.

Section 3. Section 82-1507, R.C.M. 1947, is amended to read as follows:

"82-1507. Scope and object of levy — reserve. (1) In making the levy provided in ~~the preceding section (82-1506),~~ the state board of hail insurance shall provide for:

(a) ~~The~~ the payment of all expenses of administration, together with all interest owed or to be owing on registered

1 warrants;

2 (b) ~~For~~ that portion of the losses incurred during the  
3 current year which are not paid from funds drawn from the  
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6 of which may be used in any one year for the purpose of  
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 17 charges fixed by the department, including fees for the  
 18 inspection, grading, weighing, and protein-testing of grain,  
 19 shall be kept as near the actual cost of the services as  
 20 possible. All those fees and charges shall be paid to the  
 21 department and deposited with the state treasurer. The state  
 22 treasurer shall place all the fees and charges in the  
 23 earmarked revenue fund. Fees deposited in the earmarked  
 24 revenue fund may be used to pay claims for expense incurred  
 25 in inspecting, grading, weighing, and protein-testing of

1 grain, when the claims have been approved as provided by  
 2 law.

3 (2) The department may direct the board of investments  
 4 to invest funds from the earmarked revenue fund pursuant to  
 5 the provisions of the unified investment program for state  
 6 funds. The income from such investments shall be credited to  
 7 the proper department account in the earmarked revenue  
 8 fund."

9 Section 5. Section 3-2033, R.C.M. 1947, is amended to  
 10 read as follows:

11 "3-2033. Deposit of fees. (1) All fees collected for  
 12 permits, registration, and inspection shall be deposited in  
 13 the state treasury to the credit of the earmarked revenue  
 14 fund for the purpose of administering this act, including  
 15 the cost of equipment and facilities and the cost of  
 16 inspecting, analyzing, and examining commercial feeds  
 17 manufactured or distributed in this state and the cost of  
 18 developing better analytical methods, and means of  
 19 evaluating the value or the potential toxic qualities of a  
 20 feed.

21 (2) The department may direct the board of investments  
 22 to invest funds from the earmarked revenue fund pursuant to  
 23 the provisions at the unified investment program for state  
 24 funds. The income from such investments shall be credited to  
 25 the proper department account in the earmarked revenue

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1 fund."

-End-