

HOUSE BILL NO. 449

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE HOUSE

January 22, 1983	Introduced and referred to Committee on Appropriations.
February 18, 1983	Committee recommend bill do pass as amended. Report adopted.
February 19, 1983	Bill printed and placed on members' desks.  Second reading, do pass.
February 22, 1983	Considered correctly engrossed.  Third reading, passed. Transmitted to Senate.

IN THE SENATE

March 1, 1983	Introduced and referred to Committee on Finance and Claims.
March 16, 1983	Committee recommend bill be concurred in as amended. Report adopted.
March 18, 1983	Second reading, pass consideration until 65th Legislative Day.
March 22, 1983	Second reading, concurred in as amended.
March 24, 1983	Third reading, concurred in. Ayes, 49; Noes, 0.

IN THE HOUSE

March 24, 1983

Returned to House with  
amendments.

March 31, 1983

Second reading, amendments  
concurred in.

April 1, 1983

Third reading, amendments  
concurred in.

Sent to enrolling.

Reported correctly enrolled.

1 House BILL NO. 449  
2 INTRODUCED BY Bauman  
3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION  
4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE TIME  
6 LIMIT ON INTERACCOUNT LOANS; AMENDING SECTION 17-2-107, MCA;  
7 AND PROVIDING AN EFFECTIVE DATE."  
8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
10 Section 1. Section 17-2-107, MCA, is amended to read:  
11 "17-2-107. (Effective July 1, 1983) Accurate  
12 accounting records and interaccount loans. (1) The  
13 department of administration shall record receipts and  
14 disbursements for treasury funds and for accounts within  
15 treasury funds and shall maintain records in such a manner  
16 as to reflect the total cash and invested balance of each  
17 fund and each account. The department of administration  
18 shall adopt the necessary procedures to insure that  
19 interdepartmental or intradepartmental transfers of money do  
20 not result in inflation of figures reflecting total  
21 governmental costs and revenues.  
22 (2) When the expenditure of an appropriation is  
23 necessary and the cash balance in the account from which the  
24 appropriation was made is insufficient, the department of  
25 administration may authorize a transfer, as a temporary loan

1 bearing no interest, of unrestricted moneys from other  
2 accounts, provided that there is reasonable evidence that  
3 the income provided for the remainder of the fiscal year  
4 will be sufficient to restore the amount so transferred and  
5 provided the loan is recorded in the state accounting  
6 records. The loan must be repaid before the end of the  
7 fiscal year unless it is extended. The department of  
8 administration may extend a loan into the next fiscal year  
9 if it receives sufficient written justification therefor  
10 from the borrower. No account shall be so impaired that all  
11 proper demands thereon cannot be met.

12 (3) Any loan from the general fund or the university  
13 current unrestricted subfund to funds designated in  
14 subsections (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi)  
15 of 17-2-102 shall bear interest at a rate equivalent to the  
16 previous fiscal year's average rate of return on the board  
17 of investment's short-term investment pool. Except for  
18 investment earnings on restricted donations, all designated  
19 and restricted subfund investment earnings are credited to  
20 the state general fund.

21 (4) No accounting entity may have a negative cash  
22 balance at fiscal yearend. The department of administration  
23 may, however, allow any entity to carry a negative balance  
24 at any point during the fiscal year subject to the following  
25 restrictions:

1       (a) Accounting entity negative cash balances may not  
2 exist more than 7 working days in the funds provided in  
3 subsections (1)(a) through (1)(c) of 17-2-102.

4       (b) Units of the university system must maintain  
5 positive cash balances in the subfunds provided in  
6 subsections (1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii)  
7 through (1)(d)(vi) of 17-2-102."

8       NEW SECTION. Section 2. Effective date. This act is  
9 effective July 1, 1983.

-End-

Approved by Comm.  
on Appropriations

## HOUSE BILL NO. 449

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BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE TIME  
LIMIT ON INTERACCOUNT LOANS; AMENDING SECTION 17-2-107, MCA;  
AND PROVIDING AN EFFECTIVE DATE."

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Section 1. Section 17-2-107, MCA, is amended to read:

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department of administration shall record receipts and  
disbursements for treasury funds and for accounts within  
treasury funds and shall maintain records in such a manner  
as to reflect the total cash and invested balance of each  
fund and each account. The department of administration  
shall adopt the necessary procedures to insure that  
interdepartmental or intradepartmental transfers of money do  
not result in inflation of figures reflecting total  
governmental costs and revenues.

(2) When the expenditure of an appropriation is  
necessary and the cash balance in the account from which the  
appropriation was made is insufficient, the department of  
administration may authorize a transfer, as a temporary loan

bearing no interest, of unrestricted moneys from other  
accounts, provided that there is reasonable evidence that  
the income provided for the remainder of the fiscal year  
will be sufficient to restore the amount so transferred and  
provided the loan is recorded in the state accounting  
records. ~~The loan must be repaid before the end of the  
fiscal year unless it is extended. The department of  
administration may extend a loan into the next fiscal year  
if it receives sufficient written justification therefor  
from the borrower~~ UNDER THE CRITERIA OF 17-2-107(3). No  
account shall be so impaired that all proper demands thereon  
cannot be met ~~EVEN IF THE LOAN IS EXTENDED.~~

~~(3) NO LOAN MAY BE EXTENDED INTO THE NEXT FISCAL YEAR  
UNLESS IT IS FOR THE SOLE PURPOSE OF REPAIRING OR REPLACING  
PROPERTY DAMAGE COVERED BY INSURANCE OR TO ACCOMMODATE  
RECEIPTS DUE FROM FEDERAL REVENUE AND RECEIPTS DUE TO THE  
AUXILIARY AND RESTRICTED SUBFUNDS AND THE LOAN FUND. THESE  
LOANS MAY BE EXTENDED INTO THE NEXT FISCAL YEAR IF THE  
DEPARTMENT OF ADMINISTRATION RECEIVES SUFFICIENT WRITTEN  
JUSTIFICATION THEREFOR FROM THE BORROWER. NO LOAN MAY BE  
EXTENDED BEYOND ONE TIME OR FOR A PERIOD LONGER THAN 6  
MONTHS AFTER FISCAL YEAR-END UNLESS THE EXTENSION IS DUE TO  
UNRESOLVED FEDERAL AUDIT SANCTIONS. NO SUCH LOAN MAY BE  
RENEWED, AND NO LOANS MAY BE MADE TO DIRECTLY OR INDIRECTLY  
REPAY ANY UNPAID LOAN OR PORTION THEREOF.~~

1       ~~(3)~~(4) Any loan from the general fund or the  
2 university current unrestricted subfund to funds designated  
3 in subsections (1)(d)(i)(D) and (1)(d)(ii) through  
4 (1)(d)(vi) of 17-2-102 shall bear interest at a rate  
5 equivalent to the previous fiscal year's average rate of  
6 return on the board of investment's short-term investment  
7 pool. Except for investment earnings on restricted  
8 donations, all designated and restricted subfund investment  
9 earnings are credited to the state general fund.

10       ~~(4)~~(5) No accounting entity may have a negative cash  
11 balance at fiscal yearend. The department of administration  
12 may, however, allow any entity to carry a negative balance  
13 at any point during the fiscal year subject to the following  
14 restrictions:

15       (a) Accounting entity negative cash balances may not  
16 exist more than 7 working days in the funds provided in  
17 subsections (1)(a) through (1)(c) of 17-2-102.

18       (b) Units of the university system must maintain  
19 positive cash balances in the subfunds provided in  
20 subsections (1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii)  
21 through (1)(d)(vi) of 17-2-102."

22       NEW SECTION. Section 2. Effective date. This act is  
23 effective July 1, 1983.

-End-

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A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE TIME LIMIT ON INTERACCOUNT LOANS; AMENDING SECTION 17-2-107, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 17-2-107, MCA, is amended to read:

"17-2-107. (Effective July 1, 1983) Accurate accounting records and interaccount loans. (1) The department of administration shall record receipts and disbursements for treasury funds and for accounts within treasury funds and shall maintain records in such a manner as to reflect the total cash and invested balance of each fund and each account. The department of administration shall adopt the necessary procedures to insure that interdepartmental or intradepartmental transfers of money do not result in inflation of figures reflecting total governmental costs and revenues.

(2) When the expenditure of an appropriation is necessary and the cash balance in the account from which the appropriation was made is insufficient, the department of administration may authorize a transfer, as a temporary loan

bearing no interest, of unrestricted moneys from other accounts, provided that there is reasonable evidence that the income provided for the remainder of the fiscal year will be sufficient to restore the amount so transferred and provided the loan is recorded in the state accounting records. ~~The loan must be repaid before the end of the fiscal year unless it is extended--the department of administration may extend a loan into the next fiscal year if it receives sufficient written justification therefor from the borrower~~ UNDER THE CRITERIA OF 17-2-107(3). No account shall be so impaired that all proper demands thereon cannot be met EVEN IF THE LOAN IS EXTENDED.

(3) NO LOAN MAY BE EXTENDED INTO THE NEXT FISCAL YEAR UNLESS IT IS FOR THE SOLE PURPOSE OF REPAIRING OR REPLACING PROPERTY DAMAGE COVERED BY INSURANCE OR TO ACCOMMODATE RECEIPTS DUE FROM FEDERAL REVENUE AND RECEIPTS DUE TO THE AUXILIARY AND RESTRICTED SUBFUNDS AND THE LOAN FUND. THESE LOANS MAY BE EXTENDED INTO THE NEXT FISCAL YEAR IF THE DEPARTMENT OF ADMINISTRATION RECEIVES SUFFICIENT WRITTEN JUSTIFICATION THEREFOR FROM THE BORROWER. NO LOAN MAY BE EXTENDED BEYOND ONE TIME OR FOR A PERIOD LONGER THAN 6 MONTHS AFTER FISCAL YEAREND UNLESS THE EXTENSION IS DUE TO UNRESOLVED FEDERAL AUDIT SANCTIONS. NO SUCH LOAN MAY BE RENEWED, AND NO LOANS MAY BE MADE TO DIRECTLY OR INDIRECTLY REPAY ANY UNPAID LOAN OR PORTION THEREOF.

1       ~~(3)(4)~~ Any loan from the general fund or the  
 2 university current unrestricted subfund to funds designated  
 3 in subsections (1)(d)(i)(D) and (1)(d)(ii) through  
 4 (1)(d)(vi) of 17-2-102 shall bear interest at a rate  
 5 equivalent to the previous fiscal year's average rate of  
 6 return on the board of investment's short-term investment  
 7 pool. Except for investment earnings on restricted  
 8 donations, all designated and restricted subfund investment  
 9 earnings are credited to the state general fund.

10       ~~(4)(5)~~ No accounting entity may have a negative cash  
 11 balance at fiscal yearend. The department of administration  
 12 may, however, allow any entity to carry a negative balance  
 13 at any point during the fiscal year subject to the following  
 14 restrictions:

15       (a) Accounting entity negative cash balances may not  
 16 exist more than 7 working days in the funds provided in  
 17 subsections (1)(a) through (1)(c) of 17-2-102.

18       (b) Units of the university system must maintain  
 19 positive cash balances in the subfunds provided in  
 20 subsections (1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii)  
 21 through (1)(d)(vi) of 17-2-102."

22       **NEW SECTION.** Section 2. Effective date. This act is  
 23 effective July 1, 1983.

-End-



March 16, 1983

SENATE STANDING COMMITTEE REPORT  
(Finance & Claims)

That House Bill No. 449 be amended as follows:

1. Page 2, line 20.

Following: "BORROWER."

Strike: "NO"

Insert: "A"

Following: "LOAN"

Strike: "MAY"

Insert: "extended beyond the fiscal year end must"

Following: "BE"

Insert: "repaid"

2. Page 2, line 21.

Strike: lines 21 through line 25 in their entirety"

Insert: "within one calendar year of the date the loan is approved.

Under unusual circumstances the director of the department of administration may grant one extension of a loan for up to 1 year. The department of administration shall prepare a written justification and proposed repayment plan for each loan extension authorized, and shall furnish a copy of the written justification and proposed repayment plan to the house appropriations and senate finance and claims committees at the next legislative session."

March 22, 1983

Senate

COMMITTEE OF THE WHOLE AMENDMENT

That House Bill No. 449 be amended as follows:

1. Title, line 7.

Strike: "AND"

Following: "DATE"

Insert: "AND AN APPLICABILITY DATE"

2. Page 2, line 10.

Following: "17-2-107(3)"

Insert: "or by specific legislative authorization"

3. Page 2, line 14.

Following: "OF"

Insert: " : (a) "

4. Page 2, line 15.

Following: "INSURANCE"

Insert: " ; "

Following: "OR"

Strike: Remainder of line 15 through "FUND" on line 17.

Insert: "(b) payment of expenses which will later be  
reimbursed by:

(i) contractual receipts due from federal revenue;

(ii) receipts due to the auxiliary and restricted  
subfunds; or

(iii) receipts due to the loan fund

5. Page 3, line 21.

Following: line 21

Insert: "NEW SECTION." Section 2. Applicability date. This act  
applies only to loans made and approved on or after March 1, 1983.  
Loans made and approved by the department of administration  
before March 1, 1983 shall be repaid according to the repayment  
plan previously approved."

Renumber: subsequent section.

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LIMIT ON INTERACCOUNT LOANS; AMENDING SECTION 17-2-107, MCA;  
AND PROVIDING AN EFFECTIVE DATE ~~AND AN APPLICABILITY DATE.~~"

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

Section 1. Section 17-2-107, MCA, is amended to read:

"17-2-107. (Effective July 1, 1993) Accurate  
accounting records and interaccount loans. (1) The  
department of administration shall record receipts and  
disbursements for treasury funds and for accounts within  
treasury funds and shall maintain records in such a manner  
as to reflect the total cash and invested balance of each  
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shall adopt the necessary procedures to insure that  
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not result in inflation of figures reflecting total  
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necessary and the cash balance in the account from which the  
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accounts, provided that there is reasonable evidence that  
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fiscal year unless it is extended; the department of  
administration may extend a loan into the next fiscal year  
if it receives sufficient written justification therefor  
from the borrower~~ UNDER THE CRITERIA OF 17-2-107(3) OR BY  
SPECIFIC LEGISLATIVE AUTHORIZATION. No account shall be so  
impaired that all proper demands thereon cannot be met ~~EVEN  
IF THE LOAN IS EXTENDED.~~

~~(3) NO LOAN MAY BE EXTENDED INTO THE NEXT FISCAL YEAR  
UNLESS IT IS FOR THE SOLE PURPOSE OF:~~

~~(A) REPAIRING OR REPLACING PROPERTY DAMAGE COVERED BY  
INSURANCE; OR TO ACCOMMODATE RECEIPTS DUE FROM FEDERAL  
REVENUE; AND RECEIPTS DUE TO THE AUXILIARY AND RESTRICTED  
FUNDS; AND THE LOAN FUND~~

~~(B) PAYMENT OF EXPENSES WHICH WILL LATER BE REIMBURSED  
BY:~~

~~(I) CONTRACTUAL RECEIPTS DUE FROM FEDERAL REVENUE;~~

~~(II) RECEIPTS DUE TO THE AUXILIARY AND RESTRICTED  
FUNDS; OR~~

~~(III) RECEIPTS DUE TO THE LOAN FUND.~~

~~(4) THESE LOANS MAY BE EXTENDED INTO THE NEXT FISCAL YEAR IF THE DEPARTMENT OF ADMINISTRATION RECEIVES SUFFICIENT WRITTEN JUSTIFICATION THEREFOR FROM THE BORROWER. NO A LOAN MAY EXTENDED BEYOND THE FISCAL YEAREND MUST BE REPAYED EXTENDED BEYOND ONE TIME OR FOR A PERIOD LONGER THAN 6 MONTHS AFTER FISCAL YEAREND UNLESS THE EXTENSION IS ONE OF UNRESOLVED FEDERAL AUDIT SANCTIONS. NO SUCH LOAN MAY BE RENEWED AND NO LOANS MAY BE MADE TO DIRECTLY OR INDIRECTLY REPAY ANY UNPAID LOAN OR PORTION THEREOF WITHIN 1 CALENDAR YEAR OF THE DATE THE LOAN IS APPROVED. UNDER UNUSUAL CIRCUMSTANCES THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION MAY GRANT ONE EXTENSION OF A LOAN FOR UP TO 1 YEAR. THE DEPARTMENT OF ADMINISTRATION SHALL PREPARE A WRITTEN JUSTIFICATION AND PROPOSED REPAYMENT PLAN FOR EACH LOAN EXTENSION AUTHORIZED AND SHALL FURNISH A COPY OF THE WRITTEN JUSTIFICATION AND PROPOSED REPAYMENT PLAN TO THE HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES AT THE NEXT LEGISLATIVE SESSION.~~

~~(3)(4)(5)~~ Any loan from the general fund or the university current unrestricted subfund to funds designated in subsections (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi) of 17-2-102 shall bear interest at a rate equivalent to the previous fiscal year's average rate of return on the board of investment's short-term investment pool. Except for investment earnings on restricted

donations, all designated and restricted subfund investment earnings are credited to the state general fund.

~~(4)(5)(6)~~ No accounting entity may have a negative cash balance at fiscal yearend. The department of administration may, however, allow any entity to carry a negative balance at any point during the fiscal year subject to the following restrictions:

(a) Accounting entity negative cash balances may not exist more than 7 working days in the funds provided in subsections (1)(a) through (1)(c) of 17-2-102.

(b) Units of the university system must maintain positive cash balances in the subfunds provided in subsections (1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi) of 17-2-102."

~~SECTION 2. APPLICABILITY DATE. THIS ACT APPLIES ONLY TO LOANS MADE AND APPROVED ON OR AFTER MARCH 1, 1983. LOANS MADE AND APPROVED BY THE DEPARTMENT OF ADMINISTRATION BEFORE MARCH 1, 1983, SHALL BE REPAYED ACCORDING TO THE REPAYMENT PLAN PREVIOUSLY APPROVED.~~

~~NEW SECTION. Section 3. Effective date. This act is effective July 1, 1983.~~

-End-