

SENATE BILL NO. 147

1/18 Introduced
1/18 Referred to State Administration
1/21 Fiscal Note Requested
1/25 Fiscal Note Received
1/31 Hearing
1/31 Fiscal Note Requested
2/06 Fiscal Note Received
2/11 Adverse Committee Report
2/11 Bill Killed

1 Senate BILL NO. 147
 2 INTRODUCED BY Haffey

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT
 5 INTEREST EARNED ON INVESTED CASH BALANCES IN THE DESIGNATED
 6 SUBFUND IS RETAINED WITHIN THE SUBFUND; AMENDING SECTION
 7 17-2-107, MCA; 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. Accurate accounting records and
 12 interaccount loans. (1) The department of administration
 13 shall record receipts and disbursements for treasury funds
 14 and for accounts within treasury funds and shall maintain
 15 records in such a manner as to reflect the total cash and
 16 invested balance of each fund and each account. The
 17 department of administration shall adopt the necessary
 18 procedures to insure that interdepartmental or
 19 intradepartmental transfers of money do not result in
 20 inflation of figures reflecting total governmental costs and
 21 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 under the criteria of
 8 subsection (3) or by specific legislative authorization. No
 9 account shall be so impaired that all proper demands thereon
 10 cannot be met even if the loan is extended.

11 (3) No loan may be extended into the next fiscal year
 12 unless it is for the sole purpose of:

- 13 (a) repairing or replacing property damage covered by
- 14 insurance; or
- 15 (b) payment of expenses which will later be reimbursed
- 16 by:
 - 17 (i) contractual receipts due from federal revenue;
 - 18 (ii) receipts due to the auxiliary and restricted
 - 19 subfunds; or
 - 20 (iii) receipts due to the loan fund.

21 (4) These loans may be extended into the next fiscal
 22 year if the department of administration receives sufficient
 23 written justification therefor from the borrower. A loan
 24 extended beyond the fiscal yearend must be repaid within 1
 25 calendar year of the date the loan is approved. Under

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

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

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

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

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

5 NEW SECTION. Section 2. Effective date. This act is
 6 effective July 1, 1985.

-End-

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN139-85

Form BD-15

In compliance with a written request received January 21 19 85, there is hereby submitted a Fiscal Note for S.B. 147 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). 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:

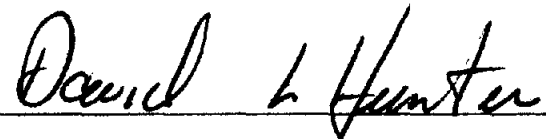
Senate Bill 147 provides that the interest earned on invested cash balances in the university system's designated subfunds be retained in the designated subfunds rather than be credited to the state's general fund.

ASSUMPTIONS:

1. The interest earned on STIP investments for FY86 and FY87 will be 10.75% and 10.90%, respectively.
2. Senate Bill 117 will pass, thereby including designated subfunds of Montana's postsecondary Vocational-Technical Centers as well as the University System.
3. Ten percent of excess cash in the designated subfund will not be invested in order to leave a reserve available for immediate needs.

REVENUES:

	<u>FY86</u>	<u>FY87</u>	<u>Biennium</u>
General Fund	\$ (171,933)	\$ (174,332)	\$(346,265)
Designated Subfund	171,933	174,332	346,265



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: JAN 25 1985
SB 147

STATE OF MONTANA
FISCAL NOTE

(Amended)
REQUEST NO. FNN 139-85
Form BD-15

In compliance with a written request received February 1, 19 85, there is hereby submitted a Fiscal Note for S.B. 147 Amended pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). 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 AMENDMENT OF PROPOSED LEGISLATION:

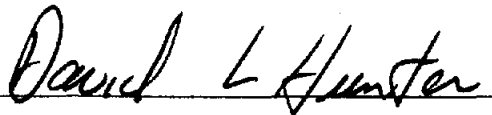
Senate Bill 147 provides that the interest earned on invested cash balances in the university system's designated subfunds be retained in the designated subfunds rather than be credited to the state's general fund. The amendment to Senate Bill 147 provides that the University System pay interest on loans from the Department of Administration.

ASSUMPTIONS:

1. Senate Bill 117 will pass, thereby including designated subfunds of, and loans to Montana's postsecondary vocational-technical centers as well as the University System.
2. Loans from the unrestricted fund to cover negative cash balances in designated subfund accounts will be charged interest which will be credited to the General Fund.
3. Interest on Department of Administration loans is charged at the prior year's STIP interest rate, i.e., FY 86 = FY 85's rate of 10.87%; FY 87 = FY 86's rate of 10.75%.

FISCAL IMPACT OF AMENDMENT:

	<u>FY 86</u>	<u>FY 87</u>	<u>Biennium</u>
General Fund Revenue			
Due to Loan Interest	\$ 127,677	\$ 126,266	\$ 253,943
<u>NET FISCAL IMPACT OF S.B. 147:</u>			
	<u>FY 86</u>	<u>FY 87</u>	<u>Biennium</u>
General Fund Cost of			
Lost Interest Earnings	\$ 171,933	\$ 174,332	\$ 346,265
Net General Fund Cost	\$ 44,256	\$ 48,066	\$ 92,322


BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 6, 1985

SB 147 Amended