

SENATE BILL NO. 2

INTRODUCED BY HIMSL

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE SENATE

June 16, 1986	Introduced and referred to Committee on State Administration.
June 18, 1986	Committee recommend bill do pass. Report adopted. Second reading, do pass. Third reading, passed. Ayes, 49; Noes, 0. Transmitted to House.

IN THE HOUSE

June 19, 1986	Introduced and referred to Committee on State Administration.
June 20, 1986	Committee recommend bill be concurrred in. Report adopted.
June 23, 1986	Second reading, concurred in. Third reading, concurred in. Returned to Senate.

IN THE SENATE

June 24, 1986	Received from House. Sent to enrolling. Reported correctly enrolled.
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A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT ALL INTERENTITY LOANS BE PAID WITHIN 1 CALENDAR YEAR OF THE DATE APPROVED; AMENDING SECTION 17-2-107, MCA; AND PROVIDING AN APPLICABILITY DATE AND AN IMMEDIATE 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. 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 within 1 calendar year and provided the loan is recorded in the state accounting records. The loan must be repaid before the-end-of-the-fiscal-year within 1 calendar year of the date the loan is approved unless it is extended under the criteria--of subsection (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~~

~~(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;~~

~~(iii)--receipts--due--to--the--loan--fund;--or~~

~~(iv)--receipts--from--the--sale--of--state--prison--ranch products;~~

-2- INTRODUCED BILL

SB2

1 †4†(3) These loans may be extended into the next
 2 fiscal year if the department of administration receives
 3 sufficient written justification therefor from the borrower.
 4 A loan extended beyond the fiscal year end must be repaid
 5 within a calendar year of the date the loan is approved.
 6 Under unusual circumstances the director of the department
 7 of administration may grant one extension of a loan for up
 8 to 1 year. The department of administration shall prepare a
 9 written justification and proposed repayment plan for each
 10 loan extension authorized and shall furnish a copy of the
 11 written justification and proposed repayment plan to the
 12 house appropriations and senate finance and claims
 13 committees at the next legislative session.

14 †5†(4) Any loan from the general fund or the current
 15 unrestricted subfund to funds designated in subsections
 16 (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi) of 17-2-102
 17 shall bear interest at a rate equivalent to the previous
 18 fiscal year's average rate of return on the board of
 19 investments' short-term investment pool. Except for
 20 investment earnings on restricted donations, all designated
 21 and restricted subfund investment earnings are credited to
 22 the state general fund.

23 †6†(5) No accounting entity may have a negative cash
 24 balance at fiscal year end. The department of administration
 25 may, however, allow any entity to carry a negative balance

1 at any point during the fiscal year subject to the following
 2 restrictions:

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

6 (b) Units of the university system and postsecondary
 7 vocational-technical centers must maintain positive cash
 8 balances in the subfunds provided in subsections
 9 (1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii) through
 10 (1)(d)(vi) of 17-2-102."

11 NEW SECTION. Section 2. Applicability. This act
 12 applies retroactively, within the meaning of 1-2-109, to
 13 loans processed on or after July 1, 1985.

14 NEW SECTION. Section 3. Effective date. This act is
 15 effective on passage and approval.

-End-

YELLOW PRINTING DISPENSED

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

23 (2) When the expenditure of an appropriation is
24 necessary and the cash balance in the account from which the
25 appropriation was made is insufficient, the department of

1 administration may authorize a transfer, as a temporary loan
2 bearing no interest, of unrestricted moneys from other
3 accounts, provided that there is reasonable evidence that
4 the income provided for the remainder of the fiscal year
5 will be sufficient to restore the amount so transferred
6 within 1 calendar year and provided the loan is recorded in
7 the state accounting records. The loan must be repaid before
8 the end of the fiscal year within 1 calendar year of the
9 date the loan is approved unless it is extended under the
10 criteria of subsection (3) or by specific legislative
11 authorization. No account shall be so impaired that all
12 proper demands thereon cannot be met even if the loan is
13 extended.

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

16 (a) repairing or replacing property damage covered by
17 insurance; or

18 (b) payment of expenses which will later be reimbursed
19 by:

20 (i) contractual receipts due from federal revenue;

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

23 (iii) receipts due to the loan fund; or

24 (iv) receipts from the sale of state prison ranch
25 products;

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 2 fiscal year if the department of administration receives
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