

HOUSE BILL NO. 248

INTRODUCED BY SIMON

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE HOUSE

JANUARY 16, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON APPROPRIATIONS.

FEBRUARY 9, 1987 COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

FEBRUARY 10, 1987 PRINTING REPORT.

FEBRUARY 11, 1987 SECOND READING, DO PASS.

FEBRUARY 12, 1987 ENGROSSING REPORT.

 THIRD READING, PASSED.
 AYES, 97; NOES, 2.

 TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 13, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON FINANCE & CLAIMS.

MARCH 6, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

MARCH 10, 1987 SECOND READING, CONCURRED IN.

MARCH 12, 1987 THIRD READING, CONCURRED IN.
 AYES, 50; NOES, 0.

 RETURNED TO HOUSE.

IN THE HOUSE

MARCH 13, 1987 RECEIVED FROM SENATE.

 SENT TO ENROLLING.

1 House BILL NO. 248
 2 INTRODUCED BY Summ
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4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO RECOVER THE COST TO
 6 THE GENERAL FUND OF PROVIDING SERVICES TO CERTAIN PROGRAMS
 7 THAT ARE NOT FUNDED THROUGH THE GENERAL FUND; AMENDING
 8 SECTION 17-6-201, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

11 Section 1. Section 17-6-201, MCA, is amended to read:

12 "17-6-201. Unified investment program -- general
 13 provisions. (1) The unified investment program directed by
 14 Article VIII, section 13, of the 1972 Montana constitution
 15 to be provided for public funds shall be administered by the
 16 board of investments and the Montana economic development
 17 board in accordance with Article VIII, section 13, of the
 18 Montana constitution and the prudent expert principle which
 19 requires any investment manager to:

20 (a) discharge his duties with the care, skill,
 21 prudence, and diligence, under the circumstances then
 22 prevailing, that a prudent person acting in a like capacity
 23 with the same resources and familiar with like matters
 24 exercises in the conduct of an enterprise of a like
 25 character with like aims;

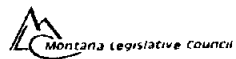
1 (b) diversify the holdings of each fund within the
 2 unified investment program to minimize the risk of loss and
 3 to maximize the rate of return, unless under the
 4 circumstances it is clearly prudent not to do so; and

5 (c) discharge his duties solely in the interest of and
 6 for the benefit of the funds forming the unified investment
 7 program.

8 (2) Retirement funds may be invested in common stocks
 9 of any corporation provided that no investment may be made
 10 at any time which would cause the book value of such
 11 investments in any retirement fund to exceed 50% of the book
 12 value of such fund or would cause the stock of one
 13 corporation to exceed 2% of the book value of such
 14 retirement fund.

15 (3) Nothing contained in this section prevents the
 16 investment in any business activity in Montana, including
 17 activities that continue existing jobs or create new jobs in
 18 Montana, if the investment meets the standard of care
 19 required by this section. In discharging its duties, the
 20 board of investments and the Montana economic development
 21 board shall consider the preservation of purchasing power of
 22 capital during periods of high monetary inflation.

23 (4) The board of investments has the sole authority to
 24 invest state funds other than the Montana in-state
 25 investment fund. No other agency may invest such state



-2- INTRODUCED BILL
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1 funds. The board shall direct the investment of state funds
 2 in accordance with the laws and constitution of this state.
 3 The board has the power to veto any investments made under
 4 its general supervision.

5 (5) The board of investments shall:

6 (a) assist agencies with public money to determine if,
 7 when, and how much surplus cash is available for investment;

8 (b) determine the amount of surplus treasury cash to
 9 be invested;

10 (c) determine the type of investment to be made;

11 (d) prepare the claim to pay for the investment; and

12 (e) keep an account of the total of each investment
 13 fund and of all the investments belonging to such fund and a
 14 record of the participation of each treasury fund account
 15 therein.

16 (6) The board of investments may:

17 (a) execute deeds of conveyance transferring all real
 18 property obtained through foreclosure of any investments
 19 purchased under the provisions of 17-6-211 when full payment
 20 has been received therefor;

21 (b) direct the withdrawal of any funds deposited by or
 22 for the state treasurer pursuant to 17-6-101 and 17-6-105;

23 (c) direct the sale of any securities in the program
 24 at their full and true value when found necessary to raise
 25 money for payments due from the treasury funds for which the

1 securities have been purchased.

2 (7) The cost of administering and accounting for each
 3 investment fund shall be deducted from the income therefrom,
 4 except that such costs of the nonexpendable trust funds
 5 shall be paid from income otherwise receivable from the
 6 pooled investment fund, and the amounts required for this
 7 purpose shall be appropriated by the legislature from the
 8 respective investment funds.

9 (8) (a) The director of the department of
 10 administration annually may prepare a statewide cost
 11 allocation plan to distribute program costs incurred by
 12 state agencies that are funded through the general fund to
 13 the programs served by the agencies. Except as provided in
 14 subsection (8)(b), the cost to an agency of providing
 15 services to a program funded through an account in the state
 16 special revenue fund as defined in 17-2-102 must be deducted
 17 by the board of investments from the account's investment
 18 earnings according to the statewide cost allocation plan.
 19 Amounts deducted by the board must be credited to the
 20 general fund.

21 (b) No deduction for program costs as provided in
 22 subsection (8)(a) may be made if an account's cash on hand
 23 is pooled for investment in the treasury cash account
 24 defined in 17-6-202."

25 NEW SECTION. Section 2. Effective date. This act is

LC 0778/01

1 effective July 1, 1987.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB248, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to recover the cost to the general fund of providing services to certain programs that are not funded through the general fund; amending section 17-6-201, MCA; and providing an effective date.

ASSUMPTIONS:

1. The allocation of statewide centralized service costs to interest-earning state special revenue accounts is based on the FY86 percentage of expenditures/transfers-out in the special revenue account to the agency's total expenditures.
2. It is assumed that an account's expenditures are related to the volume of all centralized services the account receives.
3. Amounts are based on accounts earning their own interest in FY86, except Highways accounting entity 02422.

FISCAL IMPACT:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
Board of Investments:						
Personal Services	\$ 0	\$ 240	\$ 240	\$ 0	\$ 240	\$ 240
Operating Expenses	0	60	60	0	60	60
TOTAL	\$ 0	\$ 300	\$ 300	\$ 0	\$ 300	\$ 300
<u>Revenues:</u>						
General Fund	\$ 0	\$ 49,556	\$ 49,556	\$ 0	\$ 49,556	\$ 49,556
Earmarked Special Revenue Fund	49,556	0	(49,556)	49,556	0	(49,556)
TOTAL	\$ 49,556	\$ 49,556	\$ 0	\$ 49,556	\$ 49,556	\$ 0

Funding Source: Proprietary Fund

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

N/A

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

N/A

David L Hunter DATE 1/19/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

Bruce Simon DATE 1-19-87
 BRUCE SIMON, PRIMARY SPONSOR

Fiscal Note for HB248, as introduced.

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Fiscal Note Request, HB248, as introduced.
Form BD-15
Page 2

TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION:
N/A

HB-248

APPROVED BY COMMITTEE
ON APPROPRIATIONS

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