

HOUSE BILL NO. 820

INTRODUCED BY FRITZ, B. BROWN, STANG, CORNE',
SQUIRES, RAPP-SVRCEK, THOMAS, FARRELL,
HALLIGAN, ADDY, SWYSGOOD, JERGESON,
KEENAN, HARPER, LORY, MOORE, DAILY

IN THE HOUSE

FEBRUARY 18, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON EDUCATION & CULTURAL RESOURCES.
FEBRUARY 21, 1987	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED. PRINTING REPORT.
FEBRUARY 23, 1987	SECOND READING, DO PASS. ON MOTION, TAKEN FROM ENGROSSING AND REREFERRED TO COMMITTEE ON APPROPRIATIONS.
FEBRUARY 24, 1987	ENGROSSING REPORT.
FEBRUARY 25, 1987	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED. PRINTING REPORT.
MARCH 3, 1987	SECOND READING, DO PASS.
MARCH 4, 1987	ENGROSSING REPORT. THIRD READING, PASSED. AYES, 96; NOES, 0. TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 5, 1987 INTRODUCED AND REFERRED TO COMMITTEE
 ON EDUCATION & CULTURAL RESOURCES.

MARCH 19, 1987 COMMITTEE RECOMMEND BILL BE
 CONCURRED IN. REPORT ADOPTED.

MARCH 23, 1987 SECOND READING, CONCURRED IN.

MARCH 25, 1987 THIRD READING, CONCURRED IN.
 AYES, 47; NOES, 2.

 RETURNED TO HOUSE.

IN THE HOUSE

MARCH 26, 1987 RECEIVED FROM SENATE.

 SENT TO ENROLLING.

1 *House* BILL NO. *820*
 2 INTRODUCED BY *Frank* *Bob Brown* *Stanger* *Cornie*
 3 *Spicer* *Leah* *Bonnie* *Thomas* *Farnell* *Hollis* *Adley*
 4 BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT
 5 INTEREST EARNED ON INVESTED FUNDS DERIVED FROM UNIVERSITY
 6 STUDENT ACTIVITY FEES MAY BE RETAINED BY THE STUDENT
 7 GOVERNMENT SUPPORTED BY THE ACTIVITY FEES; AMENDING SECTION
 8 17-2-107, MCA; AND PROVIDING AN EFFECTIVE DATE."

9 *Daily*
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 NEW SECTION. Section 1. Interest on student activity
 12 fees. Interest earned on investment of student activity fees
 13 used to support a student government at a unit of the
 14 university system may be retained by the student government
 15 supported by the fees.

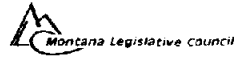
16 Section 2. Section 17-2-107, MCA, is amended to read:
 17 "17-2-107. Accurate accounting records and
 18 interaccount loans. (1) The department of administration
 19 shall record receipts and disbursements for treasury funds
 20 and for accounts within treasury funds and shall maintain
 21 records in such a manner as to reflect the total cash and
 22 invested balance of each fund and each account. The
 23 department of administration shall adopt the necessary
 24 procedures to insure that interdepartmental or
 25 intradepartmental transfers of money do not result in

1 inflation of figures reflecting total governmental costs and
 2 revenues.

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

17 (3) Under unusual circumstances the director of the
 18 department of administration may grant one extension of a
 19 loan for up to 1 year. The department of administration
 20 shall prepare a written justification and proposed repayment
 21 plan for each loan extension authorized and shall furnish a
 22 copy of the written justification and proposed repayment
 23 plan to the house appropriations and senate finance and
 24 claims committees at the next legislative session.

25 (4) Any loan from the general fund or the current



1 unrestricted subfund to funds designated in subsections
 2 (1)(d)(i)(C), (1)(d)(i)(D), and (1)(d)(ii) through
 3 (1)(d)(vi) of 17-2-102 shall bear interest at a rate
 4 equivalent to the previous fiscal year's average rate of
 5 return on the board of investments' short-term investment
 6 pool. Except for investment earnings on restricted
 7 donations, all designated and restricted subfund investment
 8 earnings, other than investment earnings on student activity
 9 fees used to support student governments at units of the
 10 university system, are credited to the state general fund.

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

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

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

24 NEW SECTION. Section 3. Codification instruction.
 25 Section 1 is intended to be codified as an integral part of

1 Title 20, chapter 25, part 4, and the provisions of Title
 2 20, chapter 25, part 4, apply to section 1.

3 NEW SECTION. Section 4. Effective date. This act is
 4 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 HB820, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to provide that interest earned on invested funds derived from University student activity fees may be retained by the student government supported by the activity fees.

ASSUMPTIONS:

1. Currently, the student activity fees are deposited in a designated fund and transferred to an agency fund account to be invested. Earnings from investments of agency funds can be retained by the agency fund.
2. Beginning in FY88, all student activity fees will be accounted for entirely in the designated fund by direction of the Legislative Auditor's Office. Earnings from investments of designated funds are credited to the general fund. Passage of this bill will allow student governments to be able to retain investment earnings on their money.
3. Student governments will continue to retain their investment earnings on their money, but will shift from accounting for their funds in an agency fund to a designated fund.
4. Interest earnings in the 1989 biennium will be approximately \$39,800/year.

FISCAL IMPACT:

	FY88		FY89		89 Biennium
	Current Law	Proposed Law	Current Law	Proposed Law	Difference
<u>Revenues Fund Type:</u>					
Agency Fund	\$ 39,800	\$ 0	\$ 39,800	\$ 0	\$ 0
Designated Fund	0	39,800	0	39,800	0
TOTAL	\$ 39,000	\$ 39,800	\$ 39,800	\$ 39,800	\$ 0
General Fund Impact:		\$ 39,800			\$ 39,800

David L. Hunter DATE 2/21/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

H. Fritz DATE 2/21/87
 HARRY FRITZ, PRIMARY SPONSOR

Fiscal Note for HB820, as introduced.

HB 820

APPROVED BY COMM. ON EDUCATION AND CULTURAL RESOURCES

1 *House* BILL NO. 820
 2 INTRODUCED BY *Sen. Bob Brown* *Sen. Steve Carni*
 3 *Squiers* *Chapman* *Thomas* *Fanel* *Holligan* *Adley*
 4 BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT
 5 INTEREST EARNED ON INVESTED FUNDS DERIVED FROM UNIVERSITY
 6 STUDENT ACTIVITY FEES MAY BE RETAINED BY THE STUDENT
 7 GOVERNMENT SUPPORTED BY THE ACTIVITY FEES; AMENDING SECTION
 8 17-2-107, MCA; AND PROVIDING AN EFFECTIVE DATE."
 9 *Daily*

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 11 NEW SECTION. Section 1. Interest on student activity
 12 fees. Interest earned on investment of student activity fees
 13 used to support a student government at a unit of the
 14 university system may be retained by the student government
 15 supported by the fees.
 16 Section 2. Section 17-2-107, MCA, is amended to read:
 17 "17-2-107. Accurate accounting records and
 18 interaccount loans. (1) The department of administration
 19 shall record receipts and disbursements for treasury funds
 20 and for accounts within treasury funds and shall maintain
 21 records in such a manner as to reflect the total cash and
 22 invested balance of each fund and each account. The
 23 department of administration shall adopt the necessary
 24 procedures to insure that interdepartmental or
 25 intradepartmental transfers of money do not result in

1 inflation of figures reflecting total governmental costs and
 2 revenues.
 3 (2) When the expenditure of an appropriation is
 4 necessary and the cash balance in the account from which the
 5 appropriation was made is insufficient, the department of
 6 administration may authorize a transfer, as a temporary loan
 7 bearing no interest, of unrestricted moneys from other
 8 accounts, provided that there is reasonable evidence that
 9 the income will be sufficient to restore the amount so
 10 transferred within 1 calendar year and provided the loan is
 11 recorded in the state accounting records. The loan must be
 12 repaid within 1 calendar year of the date the loan is
 13 approved unless it is extended under subsection (3) or by
 14 specific legislative authorization. No account shall be so
 15 impaired that all proper demands thereon cannot be met even
 16 if the loan is extended.
 17 (3) Under unusual circumstances the director of the
 18 department of administration may grant one extension of a
 19 loan for up to 1 year. The department of administration
 20 shall prepare a written justification and proposed repayment
 21 plan for each loan extension authorized and shall furnish a
 22 copy of the written justification and proposed repayment
 23 plan to the house appropriations and senate finance and
 24 claims committees at the next legislative session.
 25 (4) Any loan from the general fund or the current



1 unrestricted subfund to funds designated in subsections
 2 (1)(d)(i)(C), (1)(d)(i)(D), and (1)(d)(ii) through
 3 (1)(d)(vi) of 17-2-102 shall bear interest at a rate
 4 equivalent to the previous fiscal year's average rate of
 5 return on the board of investments' short-term investment
 6 pool. Except for investment earnings on restricted
 7 donations, all designated and restricted subfund investment
 8 earnings, other than investment earnings on student activity
 9 fees used to support student governments at units of the
 10 university system, are credited to the state general fund.

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

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

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

24 NEW SECTION. Section 3. Codification instruction.
 25 Section 1 is intended to be codified as an integral part of

1 Title 20, chapter 25, part 4, and the provisions of Title
 2 20, chapter 25, part 4, apply to section 1.

3 NEW SECTION. Section 4. Effective date. This act is
 4 effective July 1, 1987.

-End-

1
 2 INTRODUCED BY *Frank* *Bob Brown* *Stanger* *Carmi*
 3 *Aguiar* *Chapp* *Thomas* *Farnell* *Shelby* *Holly*
 4 BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT
 5 INTEREST EARNED ON INVESTED FUNDS DERIVED FROM UNIVERSITY
 6 STUDENT ACTIVITY FEES MAY BE RETAINED BY THE STUDENT
 7 GOVERNMENT SUPPORTED BY THE ACTIVITY FEES; AMENDING SECTION
 8 17-2-107, MCA; AND PROVIDING AN EFFECTIVE DATE."
 9 *Daily*

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 11 NEW SECTION. Section 1. Interest on student activity
 12 fees. Interest earned on investment of student activity fees
 13 used to support a student government at a unit of the
 14 university system may be retained by the student government
 15 supported by the fees.
 16 Section 2. Section 17-2-107, MCA, is amended to read:
 17 "17-2-107. Accurate accounting records and
 18 interaccount loans. (1) The department of administration
 19 shall record receipts and disbursements for treasury funds
 20 and for accounts within treasury funds and shall maintain
 21 records in such a manner as to reflect the total cash and
 22 invested balance of each fund and each account. The
 23 department of administration shall adopt the necessary
 24 procedures to insure that interdepartmental or
 25 intradepartmental transfers of money do not result in

1 inflation of figures reflecting total governmental costs and
 2 revenues.
 3 (2) When the expenditure of an appropriation is
 4 necessary and the cash balance in the account from which the
 5 appropriation was made is insufficient, the department of
 6 administration may authorize a transfer, as a temporary loan
 7 bearing no interest, of unrestricted moneys from other
 8 accounts, provided that there is reasonable evidence that
 9 the income will be sufficient to restore the amount so
 10 transferred within 1 calendar year and provided the loan is
 11 recorded in the state accounting records. The loan must be
 12 repaid within 1 calendar year of the date the loan is
 13 approved unless it is extended under subsection (3) or by
 14 specific legislative authorization. No account shall be so
 15 impaired that all proper demands thereon cannot be met even
 16 if the loan is extended.
 17 (3) Under unusual circumstances the director of the
 18 department of administration may grant one extension of a
 19 loan for up to 1 year. The department of administration
 20 shall prepare a written justification and proposed repayment
 21 plan for each loan extension authorized and shall furnish a
 22 copy of the written justification and proposed repayment
 23 plan to the house appropriations and senate finance and
 24 claims committees at the next legislative session.
 25 (4) Any loan from the general fund or the current



1 unrestricted subfund to funds designated in subsections
 2 (1)(d)(i)(C), (1)(d)(i)(D), and (1)(d)(ii) through
 3 (1)(d)(vi) of 17-2-102 shall bear interest at a rate
 4 equivalent to the previous fiscal year's average rate of
 5 return on the board of investments' short-term investment
 6 pool. Except for investment earnings on restricted
 7 donations, all designated and restricted subfund investment
 8 earnings, other than investment earnings on student activity
 9 fees used to support student governments at units of the
 10 university system, are credited to the state general fund.

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

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

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

24 NEW SECTION. Section 3. Codification instruction.
 25 Section 1 is intended to be codified as an integral part of

1 Title 20, chapter 25, part 4, and the provisions of Title
 2 20, chapter 25, part 4, apply to section 1.
 3 NEW SECTION. Section 4. Effective date. This act is
 4 effective July 1, 1987.

-End-

HOUSE BILL NO. 820

INTRODUCED BY FRITZ, B. BROWN, STANG, CORNE',
SQUIRES, RAPP-SVRCEK, THOMAS, FARRELL,
HALLIGAN, ADDY, SWYSGOOD, JERGESON,
KEENAN, HARPER, LORY, MOORE, DAILY

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT
INTEREST EARNED ON INVESTED FUNDS DERIVED FROM UNIVERSITY
STUDENT ACTIVITY FEES MAY BE RETAINED BY THE STUDENT
GOVERNMENT SUPPORTED BY THE ACTIVITY FEES; AMENDING SECTION
17-2-107, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. Section 1. Interest on student activity
fees. Interest earned on investment of student activity fees
used to support a student government at a unit of the
university system may be retained by the student government
supported by the fees.

Section 2. 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 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 within 1 calendar year of the date the loan is
approved unless it is extended under 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) 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



1 plan to the house appropriations and senate finance and
2 claims committees at the next legislative session.

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

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

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

22 (b) Units of the university system and postsecondary
23 vocational-technical centers must maintain positive cash
24 balances in the subfunds provided in subsections
25 (1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii) through

1 (1)(d)(vi) of 17-2-102."

2 NEW SECTION. Section 3. Codification instruction.
3 Section 1 is intended to be codified as an integral part of
4 Title 20, chapter 25, part 4, and the provisions of Title
5 20, chapter 25, part 4, apply to section 1.

6 NEW SECTION. Section 4. Effective date. This act is
7 effective July 1, 1987.

-End-