

HOUSE BILL NO. 44

INTRODUCED BY PECK

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

IN THE HOUSE

DECEMBER 30, 1988	INTRODUCED AND REFERRED TO COMMITTEE ON APPROPRIATIONS.
JANUARY 2, 1989	FIRST READING.
MARCH 14, 1989	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
MARCH 15, 1989	PRINTING REPORT.
MARCH 16, 1989	SECOND READING, DO PASS.
MARCH 17, 1989	ENGROSSING REPORT.
MARCH 18, 1989	THIRD READING, PASSED. AYES, 87; NOES, 3.
	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 20, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON FINANCE & CLAIMS.
	FIRST READING.
APRIL 6, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
APRIL 10, 1989	SECOND READING, CONCURRED IN.
APRIL 12, 1989	THIRD READING, CONCURRED IN. AYES, 46; NOES, 1.
	RETURNED TO HOUSE.

IN THE HOUSE

APRIL 12, 1989	RECEIVED FROM SENATE.
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SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1                    HOUSE    BILL NO. 44  
2    INTRODUCED BY PECK  
3                    BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE  
4  
5    A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING TERMS RELATING  
6    TO INTERACCOUNT LOANS WITHIN STATE GOVERNMENT; REVISING  
7    PROVISIONS CONCERNING INTERACCOUNT LOANS BY THE UNIVERSITY  
8    SYSTEM AND VOCATIONAL-TECHNICAL CENTERS; AMENDING SECTION  
9    17-2-107, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."  
10  
11    BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
12                    **Section 1.** Section 17-2-107, MCA, is amended to read:  
13                    "17-2-107. Accurate accounting records and  
14    interaccount loans. (1) The department of administration  
15    shall record receipts and disbursements for treasury funds  
16    and for accounts within treasury funds and shall maintain  
17    records in such a manner as to reflect the total cash and  
18    invested balance of each fund and each account. The  
19    department of administration shall adopt the necessary  
20    procedures to insure that interdepartmental or  
21    intradepartmental transfers of money do not result in  
22    inflation of figures reflecting total governmental costs and  
23    revenues.  
24                    (2) When the expenditure of an appropriation is  
25    necessary and the cash balance in the account from which the

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

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

21                    (4) Any loan from the general fund or the current  
22    unrestricted subfund to funds designated in subsections  
23    (1)(d)(i)(C), (1)(d)(i)(D), and (1)(d)(ii) through  
24    (1)(d)(vi) of 17-2-102 shall bear interest at a rate  
25    equivalent to the previous fiscal year's average rate of

return on the board of investments' short-term investment pool. Except for investment earnings on restricted donations, all designated and restricted subfund investment earnings, other than investment earnings on student activity fees used to support student governments at units of the university system, are credited to the state general fund.

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

~~{a}--Accounting-entity if the negative cash balances may of the account do not exist for 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 and vocational-technical centers must maintain positive cash balances in the subfunds provided in subsections {1}{d}{1}{A} through {1}{d}{1}{B} and {1}{d}{1}{1} through {1}{d}{1}{vi} of 17-2-102.~~

(6) Notwithstanding the provisions of subsections (2) through (4), the department of social and rehabilitation services may maintain positive cash balances in the federal special revenue fund with long-term repayment whenever necessary due to the timing for transmittal of obligated

matching funds if it can be demonstrated to the satisfaction of the department of administration that the total loan balance does not exceed total receivables from federal and county governments and receivables have been billed on a timely basis. The loan must be repaid under such terms and conditions as may be determined by the department of administration or by specific legislative authorization.

(7) Notwithstanding the provisions of subsections (2) and (3), units of the university system and vocational-technical centers may borrow from other accounts to maintain a positive cash balance in the restricted subfund with long-term repayment whenever necessary due to the reimbursement nature of the restricted subfund if it can be demonstrated that the total loan balance does not exceed total restricted subfund receivables.

(8) For purposes of applying subsections (2) through (7) to units of the university system and to vocational-technical centers, "account" means the unrestricted subfund, restricted subfund, designated subfund, auxiliary subfund, student loan fund, endowment fund, annuity and life income fund, plant fund, and agency fund as defined in 17-2-102. For other state agencies, "account" means an accounting entity.

**Section 2. Effective date.** [This act] is effective on passage and approval.

-End-

-4-

APPROVED BY COMMITTEE  
ON APPROPRIATIONS

HOUSE BILL NO. 44

INTRODUCED BY PECK

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT ~~DEFINING TERMS RELATING~~  
~~TO INTERACCOUNT--LOANS--WITHIN--STATE--GOVERNMENT~~; REVISING  
PROVISIONS CONCERNING ~~INTERACCOUNT~~ INTERENTITY LOANS BY ~~THE~~  
~~UNIVERSITY-SYSTEM-AND--VOCATIONAL-TECHNICAL--CENTERS~~ WITHIN  
STATE GOVERNMENT; AMENDING SECTION 17-2-107, MCA; AND  
PROVIDING 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 INTERENTITY loans. (1) The department of  
administration shall record receipts and disbursements for  
treasury funds and for accounts ACCOUNTING ENTITIES 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 ACCOUNTING ENTITY. The department of  
administration shall adopt the necessary procedures to  
insure that interdepartmental or intradepartmental transfers  
of money OR LOANS do not result in inflation of figures  
reflecting total governmental costs and revenues.

(2) (A) When the expenditure of an appropriation FROM

A FUND DESIGNATED IN 17-2-102(1)(A) THROUGH (1)(C) is  
necessary and the cash balance in the account ACCOUNTING  
ENTITY 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 MONEY from other accounts; ~~provided that~~  
ACCOUNTING ENTITIES IF there is reasonable evidence that the  
income will be sufficient to ~~restore the amount so~~  
transferred REPAY THE LOAN within 1 calendar year and  
provided IF the loan is recorded in the state accounting  
records. AN ACCOUNTING ENTITY RECEIVING A LOAN OR AN  
ACCOUNTING ENTITY FROM WHICH A LOAN IS MADE MAY NOT BE SO  
IMPAIRED THAT ALL PROPER DEMANDS ON THE ACCOUNTING ENTITY  
CANNOT BE MET EVEN IF THE LOAN IS EXTENDED.

(B) (I) WHEN AN EXPENDITURE FROM A FUND OR SUBFUND  
DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(VI) IS  
NECESSARY AND THE CASH BALANCE IN THE FUND OR SUBFUND FROM  
WHICH THE EXPENDITURE IS TO BE MADE IS INSUFFICIENT, THE  
COMMISSIONER OF HIGHER EDUCATION MAY AUTHORIZE A TEMPORARY  
LOAN, BEARING INTEREST AS PROVIDED IN SUBSECTION (4), OF  
MONEY FROM THE AGENCY'S OTHER FUNDS OR SUBFUNDS IF THERE IS  
REASONABLE EVIDENCE THAT THE INCOME WILL BE SUFFICIENT TO  
REPAY THE LOAN WITHIN 1 CALENDAR YEAR AND IF THE LOAN IS  
RECORDED IN THE STATE ACCOUNTING RECORDS. A FUND OR SUBFUND  
RECEIVING A LOAN OR FROM WHICH A LOAN IS MADE MAY NOT BE SO

1 IMPAIRED THAT ALL PROPER DEMANDS ON THE FUND OR SUBFUND  
 2 CANNOT BE MET EVEN IF THE LOAN IS EXTENDED.

3 (II) ONE ACCOUNTING ENTITY WITHIN EACH FUND OR SUBFUND  
 4 DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(VI) MUST  
 5 BE ESTABLISHED FOR THE SOLE PURPOSE OF RECORDING LOANS  
 6 BETWEEN THE FUNDS OR SUBFUNDS. THIS ACCOUNTING ENTITY IS  
 7 THE ONLY ACCOUNTING ENTITY WITHIN EACH FUND OR SUBFUND THAT  
 8 MAY RECEIVE A LOAN OR FROM WHICH A LOAN MAY BE MADE.

9 (C) The A loan MADE UNDER SUBSECTION (2)(A) OR (2)(B)  
 10 must be repaid within 1 calendar year of the date the loan  
 11 is approved unless it is extended under subsection (3) or by  
 12 specific legislative authorization. No account shall be so  
 13 impaired that all proper demands thereon cannot be met even  
 14 if the loan is extended.

15 (3) Under unusual circumstances the director of the  
 16 department of administration OR THE BOARD OF REGENTS may  
 17 grant one extension of a loan for up to 1 year FOR A LOAN  
 18 MADE UNDER SUBSECTION (2)(A) OR (2)(B). The department of  
 19 administration DIRECTOR OR BOARD shall prepare a written  
 20 justification and proposed repayment plan for each loan  
 21 extension authorized and shall furnish a copy of the written  
 22 justification and proposed repayment plan to the house  
 23 appropriations and senate finance and claims committees at  
 24 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)(D) and (1)(d)(ii) through  
 3 (1)(d)(vi) of 17-2-102 shall MUST 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) IF FOR TWO CONSECUTIVE FISCAL YEARENDS A LOAN OR  
 12 AN EXTENSION OF A LOAN HAS BEEN AUTHORIZED TO THE SAME  
 13 ACCOUNTING ENTITY AS PROVIDED IN SUBSECTION (2) OR (3), THE  
 14 DEPARTMENT OF ADMINISTRATION OR THE COMMISSIONER OF HIGHER  
 15 EDUCATION SHALL SUBMIT TO THE LEGISLATIVE FINANCE COMMITTEE  
 16 BY SEPTEMBER 1 OF THE FOLLOWING FISCAL YEAR A WRITTEN REPORT  
 17 CONTAINING AN EXPLANATION AS TO WHY THE SECOND LOAN OR  
 18 EXTENSION WAS MADE, AN ANALYSIS OF THE SOLVENCY OF THE  
 19 ACCOUNTING ENTITY OR ACCOUNTING ENTITIES WITHIN THE  
 20 UNIVERSITY FUND OR SUBFUND, AND A PLAN FOR REPAYING THE  
 21 LOANS.

22 (6) IF FOR TWO CONSECUTIVE FISCAL YEARENDS AN  
 23 ACCOUNTING ENTITY IN A FUND OR SUBFUND DESIGNATED IN  
 24 17-2-102(1)(D)(I) THROUGH (1)(D)(VI) HAS A NEGATIVE CASH  
 25 BALANCE, THE COMMISSIONER OF HIGHER EDUCATION SHALL SUBMIT

TO THE LEGISLATIVE FINANCE COMMITTEE BY SEPTEMBER 1 OF THE FOLLOWING FISCAL YEAR A WRITTEN REPORT CONTAINING AN EXPLANATION AS TO WHY THE ACCOUNTING ENTITY HAS A NEGATIVE CASH BALANCE, AN ANALYSIS OF THE SOLVENCY OF THE ACCOUNTING ENTITY, AND A PLAN TO ADDRESS ANY PROBLEMS CONCERNING THE ACCOUNTING ENTITY'S NEGATIVE CASH BALANCE OR SOLVENCY.

~~{5}--No accounting---entity account (7) (A) AN ACCOUNTING ENTITY IN A FUND DESIGNATED IN 17-2-102(1)(A) THROUGH (1)(C) may NOT have a negative cash balance at fiscal yearend. The department of administration may, however, allow any-entity an-account AN ACCOUNTING ENTITY to carry a negative balance at any point during the fiscal year subject-to-the-following-restrictions:~~

~~{a}--Accounting-entity if the negative cash balances may of--the-account-do BALANCE DOES not exist for 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----and vocational-technical-centers--must--maintain--positive--cash balances---in---the---subfunds---provided---in---subsections {1}{d}{1}{A} through--{1}{d}{1}{B}--and--{1}{d}{1}{1}--through {1}{d}{vi}-of-17-2-102.~~

(B) (I) EXCEPT AS PROVIDED IN SUBSECTION (7)(B)(II), A UNIT OF THE UNIVERSITY SYSTEM OR VOCATIONAL-TECHNICAL CENTER SHALL MAINTAIN A POSITIVE CASH BALANCE IN THE FUNDS AND

SUBFUNDS DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(I)(D) AND (1)(D)(II) THROUGH (1)(D)(VI).

(II) IF A FUND OR SUBFUND INADVERTENTLY HAS A NEGATIVE CASH BALANCE, THE DEPARTMENT OF ADMINISTRATION MAY ALLOW THE FUND OR SUBFUND TO CARRY THE NEGATIVE CASH BALANCE FOR NO MORE THAN 7 WORKING DAYS. IF THE NEGATIVE CASH BALANCE EXISTS FOR MORE THAN 7 WORKING DAYS, A TRANSACTION MAY NOT BE PROCESSED THROUGH THE STATEWIDE ACCOUNTING SYSTEM FOR THAT FUND OR SUBFUND.

~~{6}{8} Notwithstanding the provisions of subsections (2) through (4), the department of social and rehabilitation services may maintain positive cash balances in the federal special revenue fund with long-term repayment whenever necessary due to the timing for transmittal of obligated matching funds if it can be demonstrated to the satisfaction of the department of administration that the total loan balance does not exceed total receivables from federal and county governments and receivables have been billed on a timely basis. The loan must be repaid under such terms and conditions as may be determined by the department of administration or by specific legislative authorization.~~

~~{7}--Notwithstanding--the-provisions-of-subsections (2) and--{3},--units---of----the----university----system----and vocational-technical-centers may-borrow-from-other-accounts to-maintain--a--positive--cash-balance-in-the-restricted~~

1 ~~subfund--with--long-term-repayment-whenever-necessary-due-to~~  
2 ~~the-reimbursement-nature-of-the-restricted-subfund-if-it-can~~  
3 ~~be-demonstrated-that-the-total-loan-balance-does-not--exceed~~  
4 ~~total-restricted-subfund-receivables;~~

5 {8}--For--purposes--of-applying-subsections-(2)-through  
6 {7)--to--units--of--the--university--system--and--to  
7 vocational-technical--centers;--"account"--means--the  
8 unrestricted--subfund;--restricted--subfund;--designated  
9 subfund;--auxiliary--subfund;--student--loan-fund;--endowment  
10 fund;--annuity-and-life-income-fund;--plant-fund;--and--agency  
11 fund--as--defined--in--17-2-102;--For--other-state-agencies,  
12 "account"--means--an-accounting-entity;"

13 NEW SECTION. Section 2. Effective date. [This act] is  
14 effective on passage and approval.

-End-



HOUSE BILL NO. 44

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PROVISIONS CONCERNING ~~INTERACCOUNT~~ INTERENTITY LOANS BY ~~THE~~  
~~UNIVERSITY-SYSTEM-AND--VOCATIONAL-TECHNICAL--CENTERS~~ WITHIN  
STATE GOVERNMENT; AMENDING SECTION 17-2-107, MCA; AND  
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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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

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insure that interdepartmental or intradepartmental transfers  
of money OR LOANS do not result in inflation of figures  
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(2) (A) When the expenditure of an appropriation FROM

A FUND DESIGNATED IN 17-2-102(1)(A) THROUGH (1)(C) is  
necessary and the cash balance in the account ACCOUNTING  
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(B) (I) WHEN AN EXPENDITURE FROM A FUND OR SUBFUND  
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7 THE ONLY ACCOUNTING ENTITY WITHIN EACH FUND OR SUBFUND THAT  
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9 (C) The A loan MADE UNDER SUBSECTION (2)(A) OR (2)(B)  
10 must be repaid within 1 calendar year of the date the loan  
11 is approved unless it is extended under subsection (3) or by  
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13 impaired--that-all-proper-demands-thereon-cannot-be-met-even  
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15 (3) Under unusual circumstances the director of the  
16 department of administration OR THE BOARD OF REGENTS may  
17 grant one extension of-a-loan for up to 1 year FOR A LOAN  
18 MADE UNDER SUBSECTION (2)(A) OR (2)(B). The department-of  
19 administration DIRECTOR OR BOARD shall prepare a written  
20 justification and proposed repayment plan for each loan  
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22 justification and proposed repayment plan to the house  
23 appropriations and senate finance and claims committees at  
24 the next legislative session.

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

1 unrestricted subfund to funds designated in subsections  
2 ~~{i}{d}{i}{e}~~, 17-2-102(1)(d)(i)(D), and (1)(d)(ii) through  
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TO THE LEGISLATIVE FINANCE COMMITTEE BY SEPTEMBER 1 OF THE FOLLOWING FISCAL YEAR A WRITTEN REPORT CONTAINING AN EXPLANATION AS TO WHY THE ACCOUNTING ENTITY HAS A NEGATIVE CASH BALANCE, AN ANALYSIS OF THE SOLVENCY OF THE ACCOUNTING ENTITY, AND A PLAN TO ADDRESS ANY PROBLEMS CONCERNING THE ACCOUNTING ENTITY'S NEGATIVE CASH BALANCE OR SOLVENCY.

~~{5}--No accounting--entity account~~ (7) (A) AN ACCOUNTING ENTITY IN A FUND DESIGNATED IN 17-2-102(1)(A) THROUGH (1)(C) may NOT have a negative cash balance at fiscal yearend. The department of administration may, however, allow any-entity ~~an-account~~ AN ACCOUNTING ENTITY to carry a negative balance at any point during the fiscal year subject-to-the-following-restrictions:

~~{a}--Accounting-entity if the negative cash balances may of--the-account-do~~ BALANCE DOES not exist for 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----and vocational-technical-centers--must--maintain--positive--cash balances---in---the---subfunds---provided---in---subsections {1}{d}{1}{A} through--{1}{d}{1}{B}--and--{1}{d}{1}{i}--through {1}{d}{1}{vi}--of-17-2-102.~~

(B) (I) EXCEPT AS PROVIDED IN SUBSECTION (7)(B)(II), A UNIT OF THE UNIVERSITY SYSTEM OR VOCATIONAL-TECHNICAL CENTER SHALL MAINTAIN A POSITIVE CASH BALANCE IN THE FUNDS AND

SUBFUNDS DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(I)(D) AND (1)(D)(II) THROUGH (1)(D)(VI).

(II) IF A FUND OR SUBFUND INADVERTENTLY HAS A NEGATIVE CASH BALANCE, THE DEPARTMENT OF ADMINISTRATION MAY ALLOW THE FUND OR SUBFUND TO CARRY THE NEGATIVE CASH BALANCE FOR NO MORE THAN 7 WORKING DAYS. IF THE NEGATIVE CASH BALANCE EXISTS FOR MORE THAN 7 WORKING DAYS, A TRANSACTION MAY NOT BE PROCESSED THROUGH THE STATEWIDE ACCOUNTING SYSTEM FOR THAT FUND OR SUBFUND.

~~{6}{8}~~ Notwithstanding the provisions of subsections (2) through (4), the department of social and rehabilitation services may maintain positive cash balances in the federal special revenue fund with long-term repayment whenever necessary due to the timing for transmittal of obligated matching funds if it can be demonstrated to the satisfaction of the department of administration that the total loan balance does not exceed total receivables from federal and county governments and receivables have been billed on a timely basis. The loan must be repaid under such terms and conditions as may be determined by the department of administration or by specific legislative authorization.

~~{7}--Notwithstanding--the-provisions-of-subsections-{2} and---{3},---units---of---the---university----system----and vocational-technical-centers--may-borrow-from-other-accounts to-maintain--a--positive--cash--balance--in--the--restricted~~

subfund--with--long-term-repayment-whenever-necessary-due-to  
the-reimbursement-nature-of-the-restricted-subfund-if-it-can  
be-demonstrated-that-the-total-loan-balance-does-not-exceed  
total-restricted-subfund-receivables.

{8}--For--purposes--of-applying-subsections-{2}-through  
{7}--to--units--of--the--university--system--and--to  
vocational-technical--centers,--"account"--means--the  
unrestricted--subfund,--restricted--subfund,--designated  
subfund,--auxiliary--subfund,--student--loan-fund,--endowment  
fund,--annuity-and-life-income-fund,--plant-fund,--and--agency  
fund--as--defined--in--17-2-102.--For--other-state-agencies,  
"account"--means--an-accounting-entity."

NEW SECTION. Section 2. Effective date. [This act] is  
effective on passage and approval.

-End-

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INTRODUCED BY PECK

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

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~~UNIVERSITY-SYSTEM-AND--VOCATIONAL-TECHNICAL--CENTERS~~ WITHIN  
STATE GOVERNMENT; AMENDING SECTION 17-2-107, MCA; AND  
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 interaccount INTERENTITY loans. (1) The department of  
 administration shall record receipts and disbursements for  
 treasury funds and for accounts ACCOUNTING ENTITIES 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 ACCOUNTING ENTITY. The department of  
 administration shall adopt the necessary procedures to  
 insure that interdepartmental or intradepartmental transfers  
 of money OR LOANS do not result in inflation of figures  
 reflecting total governmental costs and revenues.

(2) (A) When the expenditure of an appropriation FROM

A FUND DESIGNATED IN 17-2-102(1)(A) THROUGH (1)(C) is  
 necessary and the cash balance in the account ACCOUNTING  
ENTITY 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 MONEY from other accounts; ~~provided that~~  
ACCOUNTING ENTITIES IF there is reasonable evidence that the  
 income will be sufficient to restore the amount so  
 transferred REPAY THE LOAN within 1 calendar year and  
 provided IF the loan is recorded in the state accounting  
 records. AN ACCOUNTING ENTITY RECEIVING A LOAN OR AN  
ACCOUNTING ENTITY FROM WHICH A LOAN IS MADE MAY NOT BE SO  
IMPAIRED THAT ALL PROPER DEMANDS ON THE ACCOUNTING ENTITY  
CANNOT BE MET EVEN IF THE LOAN IS EXTENDED.

(B) (I) WHEN AN EXPENDITURE FROM A FUND OR SUBFUND  
DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(VI) IS  
NECESSARY AND THE CASH BALANCE IN THE FUND OR SUBFUND FROM  
WHICH THE EXPENDITURE IS TO BE MADE IS INSUFFICIENT, THE  
COMMISSIONER OF HIGHER EDUCATION MAY AUTHORIZE A TEMPORARY  
LOAN, BEARING INTEREST AS PROVIDED IN SUBSECTION (4), OF  
MONEY FROM THE AGENCY'S OTHER FUNDS OR SUBFUNDS IF THERE IS  
REASONABLE EVIDENCE THAT THE INCOME WILL BE SUFFICIENT TO  
REPAY THE LOAN WITHIN 1 CALENDAR YEAR AND IF THE LOAN IS  
RECORDED IN THE STATE ACCOUNTING RECORDS. A FUND OR SUBFUND  
RECEIVING A LOAN OR FROM WHICH A LOAN IS MADE MAY NOT BE SO

1 IMPAIRED THAT ALL PROPER DEMANDS ON THE FUND OR SUBFUND  
2 CANNOT BE MET EVEN IF THE LOAN IS EXTENDED.

3 (II) ONE ACCOUNTING ENTITY WITHIN EACH FUND OR SUBFUND  
4 DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(VI) MUST  
5 BE ESTABLISHED FOR THE SOLE PURPOSE OF RECORDING LOANS  
6 BETWEEN THE FUNDS OR SUBFUNDS. THIS ACCOUNTING ENTITY IS  
7 THE ONLY ACCOUNTING ENTITY WITHIN EACH FUND OR SUBFUND THAT  
8 MAY RECEIVE A LOAN OR FROM WHICH A LOAN MAY BE MADE.

9 (C) The A loan MADE UNDER SUBSECTION (2)(A) OR (2)(B)  
10 must be repaid within 1 calendar year of the date the loan  
11 is approved unless it is extended under subsection (3) or by  
12 specific legislative authorization. No-account-shall-be-so  
13 impaired--that-all-proper-demands-thereon-cannot-be-met-even  
14 if-the-loan-is-extended.

15 (3) Under unusual circumstances the director of the  
16 department of administration OR THE BOARD OF REGENTS may  
17 grant one extension of-a-loan for up to 1 year FOR A LOAN  
18 MADE UNDER SUBSECTION (2)(A) OR (2)(B). The department-of  
19 administration DIRECTOR OR BOARD shall prepare a written  
20 justification and proposed repayment plan for each loan  
21 extension authorized and shall furnish a copy of the written  
22 justification and proposed repayment plan to the house  
23 appropriations and senate finance and claims committees at  
24 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) through 17-2-102(1)(d)(i)(D), and (1)(d)(ii) through  
3 (1)(d)(vi) of--17-2-102--shall MUST 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) IF FOR TWO CONSECUTIVE FISCAL YEARENDS A LOAN OR  
12 AN EXTENSION OF A LOAN HAS BEEN AUTHORIZED TO THE SAME  
13 ACCOUNTING ENTITY AS PROVIDED IN SUBSECTION (2) OR (3), THE  
14 DEPARTMENT OF ADMINISTRATION OR THE COMMISSIONER OF HIGHER  
15 EDUCATION SHALL SUBMIT TO THE LEGISLATIVE FINANCE COMMITTEE  
16 BY SEPTEMBER 1 OF THE FOLLOWING FISCAL YEAR A WRITTEN REPORT  
17 CONTAINING AN EXPLANATION AS TO WHY THE SECOND LOAN OR  
18 EXTENSION WAS MADE, AN ANALYSIS OF THE SOLVENCY OF THE  
19 ACCOUNTING ENTITY OR ACCOUNTING ENTITIES WITHIN THE  
20 UNIVERSITY FUND OR SUBFUND, AND A PLAN FOR REPAYING THE  
21 LOANS.

22 (6) IF FOR TWO CONSECUTIVE FISCAL YEARENDS AN  
23 ACCOUNTING ENTITY IN A FUND OR SUBFUND DESIGNATED IN  
24 17-2-102(1)(D)(I) THROUGH (1)(D)(VI) HAS A NEGATIVE CASH  
25 BALANCE, THE COMMISSIONER OF HIGHER EDUCATION SHALL SUBMIT

1 TO THE LEGISLATIVE FINANCE COMMITTEE BY SEPTEMBER 1 OF THE  
 2 FOLLOWING FISCAL YEAR A WRITTEN REPORT CONTAINING AN  
 3 EXPLANATION AS TO WHY THE ACCOUNTING ENTITY HAS A NEGATIVE  
 4 CASH BALANCE, AN ANALYSIS OF THE SOLVENCY OF THE ACCOUNTING  
 5 ENTITY, AND A PLAN TO ADDRESS ANY PROBLEMS CONCERNING THE  
 6 ACCOUNTING ENTITY'S NEGATIVE CASH BALANCE OR SOLVENCY.

7 ~~{5}~~--No accounting---entity account (7) (A) AN  
 8 ACCOUNTING ENTITY IN A FUND DESIGNATED IN 17-2-102(1)(A)  
 9 THROUGH (1)(C) may NOT have a negative cash balance at  
 10 fiscal yearend. The department of administration may,  
 11 however, allow any-entity an-account AN ACCOUNTING ENTITY to  
 12 carry a negative balance at any point during the fiscal year  
 13 subject-to-the-following-restrictions:

14 ~~{a}~~--Accounting-entity if the negative cash balances  
 15 may of--the-account-do BALANCE DOES not exist for more than  
 16 7 working days in-the-funds-provided-in--subsections--~~{i}~~~~{a}~~  
 17 through-~~{i}~~~~{c}~~-of-17-2-102:

18 ~~{b}~~--Units-----of-----the-----university-----system-----and  
 19 vocational-technical-centers--must--maintain--positive--cash  
 20 balances---in---the---subfunds---provided---in---subsections  
 21 ~~{i}~~~~{d}~~~~{i}~~~~{A}~~-through--~~{i}~~~~{d}~~~~{i}~~~~{B}~~--and--~~{i}~~~~{d}~~~~{i}~~--through  
 22 ~~{i}~~~~{d}~~~~{vi}~~-of-17-2-102.

23 (B) (I) EXCEPT AS PROVIDED IN SUBSECTION (7)(B)(II), A  
 24 UNIT OF THE UNIVERSITY SYSTEM OR VOCATIONAL-TECHNICAL CENTER  
 25 SHALL MAINTAIN A POSITIVE CASH BALANCE IN THE FUNDS AND

1 SUBFUNDS DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH  
 2 (1)(D)(I)(D) AND (1)(D)(II) THROUGH (1)(D)(VI).

3 (11) IF A FUND OR SUBFUND INADVERTENTLY HAS A NEGATIVE  
 4 CASH BALANCE, THE DEPARTMENT OF ADMINISTRATION MAY ALLOW THE  
 5 FUND OR SUBFUND TO CARRY THE NEGATIVE CASH BALANCE FOR NO  
 6 MORE THAN 7 WORKING DAYS. IF THE NEGATIVE CASH BALANCE  
 7 EXISTS FOR MORE THAN 7 WORKING DAYS, A TRANSACTION MAY NOT  
 8 BE PROCESSED THROUGH THE STATEWIDE ACCOUNTING SYSTEM FOR  
 9 THAT FUND OR SUBFUND.

10 ~~{6}~~~~(8)~~ Notwithstanding the provisions of subsections  
 11 (2) through (4), the department of social and rehabilitation  
 12 services may maintain positive cash balances in the federal  
 13 special revenue fund with long-term repayment whenever  
 14 necessary due to the timing for transmittal of obligated  
 15 matching funds if it can be demonstrated to the satisfaction  
 16 of the department of administration that the total loan  
 17 balance does not exceed total receivables from federal and  
 18 county governments and receivables have been billed on a  
 19 timely basis. The loan must be repaid under such terms and  
 20 conditions as may be determined by the department of  
 21 administration or by specific legislative authorization.

22 ~~{7}~~--Notwithstanding--the-provisions-of-subsections-(2)  
 23 and--~~{3}~~--units---of---the---university---system---and  
 24 vocational-technical-centers--may-borrow-from-other accounts  
 25 to-maintain--a--positive--cash--balance--in--the--restricted

~~subfund--with--long-term-repayment-whenever-necessary-due-to  
the-reimbursement-nature-of-the-restricted-subfund-if-it-can  
be-demonstrated-that-the-total-loan-balance-does-not-exceed  
total-restricted-subfund-receivables;~~

~~{8}--For--purposes--of-applying-subsections-{2}-through  
{7}---to---units---of---the---university---system---and---to  
vocational-technical---centers,---"account"---means---the  
unrestricted---subfund,---restricted---subfund,---designated  
subfund,---auxiliary-subfund,---student--loan-fund,---endowment  
fund,---annuity-and-life-income-fund,---plant-fund,---and--agency  
fund--as--defined--in--17-2-102. For--other-state-agencies,  
"account"--means-an-accounting-entity."~~

NEW SECTION. Section 2. Effective date. [This act] is  
effective on passage and approval.

-End-