### 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.

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- 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.

SENT TO ENROLLING. REPORTED CORRECTLY ENROLLED.

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LC 0469/01

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

24 (2) When the expenditure of an appropriation is25 necessary and the cash balance in the account from which the



appropriation was made is insufficient, the department of 1 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 loan for up to 1 year. The department of administration 15 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 plan to the house appropriations and senate finance and 19 20 claims committees at the next legislative session.

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

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1 return on the board of investments' short-term investment 2 pool. Except for investment earnings on restricted donations, all designated and restricted subfund investment 3 4 earnings, other than investment earnings on student activity 5 fees used to support student governments at units of the university system, are credited to the state general fund. б 7 (5) No accounting--entity account may have a negative 8 cash balance at fiscal yearend. The department of 9 administration may, however, allow any-entity an account to 10 carry a negative balance at any point during the fiscal year 11 subject-to-the-following-restrictions:

12 (a)--Accounting-entity if the negative cash balances 13 may of the account do not exist for more than 7 working days 14 in--the--funds-provided-in-subsections-(1)(a)-through-(1)(c) 15 of-17-2-102-

16 (b)--Units---of----the----university----system-----and 17 vocational-technical--centers--must--maintain--positive-cash 18 balances---in---the---subfunds---provided---in---subsections 19 (i)(d)(i)(A)--through--(i)(d)(i)(B)--and--(i)(d)(ii)-through 20 (i)(d)(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 1 of the department of administration that the total loan 2 3 balance does not exceed total receivables from federal and 4 county governments and receivables have been billed on a timely basis. The loan must be repaid under such terms and 5 conditions as may be determined by the department of 6 7 administration or by specific legislative authorization. 8 (7) Notwithstanding the provisions of subsections (2) 9 and (3), units of the university system and 10 vocational-technical centers may borrow from other accounts 11 to maintain a positive cash balance in the restricted 12 subfund with long-term repayment whenever necessary due to 13 the reimbursement nature of the restricted subfund if it can 14 be demonstrated that the total loan balance does not exceed 15 total restricted subfund receivables. 16 (8) For purposes of applying subsections (2) through (7) to units of the university system and to 17 18 vocational-technical centers, "account" means the 19 unrestricted subfund, restricted subfund, designated 20 subfund, auxiliary subfund, student loan fund, endowment 21 fund, annuity and life income fund, plant fund, and agency 22 fund as defined in 17-2-102. For other state agencies, 23 "account" means an accounting entity." 24 Section 2. Effective date. [This act] is effective on 25 passage and approval.

-End--4-

#### 51st Legislature

HB 0044/02

# APPROVED BY COMMITTEE

ON APPROPRIATIONS

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 BEPINING-TERMS-RELATING
6	TO-INTERACCOUNTLOANSWITHINSTATEGOVERNMENT; REVISING
7	PROVISIONS CONCERNING INTERACCOUNT INTERENTITY LOANS BY-THE
8	UNIVERSITY-SYSTEM-ANDVOCATIONAL-TECHNICALCENTERS WITHIN
9	STATE GOVERNMENT: AMENDING SECTION 17-2-107, MCA; AND
10	PROVIDING AN IMMEDIATE EFFECTIVE DATE."

11

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

13 Section 1. Section 17-2-107, MCA, is amended to read: 14 "17-2-107. Accurate accounting records and 15 interaccount INTERENTITY loans. (1) The department of administration shall record receipts and disbursements for 16 17 treasury funds and for accounts ACCOUNTING ENTITIES within treasury funds and shall maintain records in such a manner 18 19 as to reflect the total cash and invested balance of each fund and each account ACCOUNTING ENTITY. The department of 20 administration shall adopt the necessary procedures to 21 22 insure that interdepartmental or intradepartmental transfers of money OR LOANS do not result in inflation of figures 23 24 reflecting total governmental costs and revenues.

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

Montana Legislative Council

1	A FUND DESIGNATED IN 17-2-102(1)(A) THROUGH (1)(C) is
2	necessary and the cash balance in the account ACCOUNTING
3	ENTITY from which the appropriation was made is
4	insufficient, the department of administration may authorize
5	a-transfer;-as a temporary loan, bearing no interest, of
6	unrestricted moneys MONEY from other accounts;-provided-that
7	ACCOUNTING ENTITIES IF there is reasonable evidence that the
8	income will be sufficient to restoretheamountso
9	transferred REPAY THE LOAN within 1 calendar year and
10	provided IF the loan is recorded in the state accounting
11	records. AN ACCOUNTING ENTITY RECEIVING A LOAN OP AN
12	ACCOUNTING ENTITY FROM WHICH A LOAN IS MADE MAY NOT BE SO
13	IMPAIRED THAT ALL PROPER DEMANDS ON THE ACCOUNTING ENTITY
14	CANNOT BE MET EVEN IF THE LOAN IS EXTENDED.
15	(B) (I) WHEN AN EXPENDITURE FROM A FUND OR SUBFUND
16	DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(VI) IS
17	NECESSARY AND THE CASH BALANCE IN THE FUND OR SUBFUND FROM
18	WHICH THE EXPENDITURE IS TO BE MADE IS INSUFFICIENT, THE
19	COMMISSIONER OF HIGHER EDUCATION MAY AUTHORIZE A TEMPORARY
20	LOAN, BEARING INTEREST AS PROVIDED IN SUBSECTION (4), OF
21	MONEY FROM THE AGENCY'S OTHER FUNDS OR SUBFUNDS IF THERE IS
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 22
 REASONABLE EVIDENCE THAT THE INCOME WILL BE SUFFICIENT TO

 23
 REPAY THE LOAN WITHIN 1 CALENDAR YEAR AND IF THE LOAN IS

 24
 RECORDED IN THE STATE ACCOUNTING RECORDS. A FUND OR SUBFUND

25 RECEIVING A LOAN OR FROM WHICH A LOAN IS MADE MAY NOT BE SO

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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)(1)(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-shallbeso
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
11	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.
24	(4) how loss from the research fund or the current

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

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1	unrestricted subfund to funds designated in subsections
2	$t^{1}$ , $t^{1}$ , $t^{2}$ , $t$
3	(1)(d)(vi) of17-2-102shall 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 OF 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

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1 TO THE LEGISLATIVE FINANCE COMMITTEE BY SEPTEMBER 1 OF THE 2 FOLLOWING FISCAL YEAR A WRITTEN REPORT CONTAINING AN EXPLANATION AS TO WHY THE ACCOUNTING ENTITY HAS A NEGATIVE з CASH BALANCE, AN ANALYSIS OF THE SOLVENCY OF THE ACCOUNTING 4 ENTITY, AND A PLAN TO ADDRESS ANY PROBLEMS CONCERNING THE 5 6 ACCOUNTING ENTITY'S NEGATIVE CASH BALANCE OR SOLVENCY. 7 #5}--No accounting---entity account (7) (A) AN ACCOUNTING ENTITY IN A FUND DESIGNATED IN 17-2-102(1)(A) 8 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 <u>of--the-account-do BALANCE DOES</u> not exist <u>for</u> more than 16 7 working days in-the-funds-provided-in--subsections--(1)(a) 17 through-(1)(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 (1)(d)(i)(A)-through--(1)(d)(i)(D)--and--(1)(d)(ii)--through 22 (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

#### 1 SUBFUNDS DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(I)(D) AND (1)(D)(II) THROUGH (1)(D)(VI). 2 (II) IF A FUND OR SUBFUND INADVERTENTLY HAS A NEGATIVE 3 CASH BALANCE, THE DEPARTMENT OF ADMINISTRATION MAY ALLOW THE Δ FUND OR SUBFUND TO CARRY THE NEGATIVE CASH BALANCE FOR NO 5 MORE THAN 7 WORKING DAYS. IF THE NEGATIVE CASH BALANCE б 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. (16) Notwithstanding the provisions of subjections 10 11 (2) through (4), the department of social and rehabilitation services may maintain positive cash balances in the federal 12 special revenue fund with long-term repayment whenever 13 14 necessary due to the timing for transmittal of obligated matching funds if it can be demonstrated to the satisfaction 15 of the department of administration that the total loan 16 balance does not exceed total receivables from federal and 17 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 <u>(7)--Notwithstanding-the-provisions-of-subsections.(2)</u> 23 <u>and---(3);---units---of---the----university----system----and</u> 24 <u>vocational-technical--centers-may-borrow-from-other accounts</u> 25 to-maintain--a-positive--cent-balance-in-the restricted

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1	subfundwithiong-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-notexceed
4	total-restricted-subfund-receivables.
5	(B) Por purposes of -applying-subsections-(2)-through
6	<u> 17)tounitsoftheuniversitysystemandto</u>
7	vocational-technicalcenters;#account#meansthe
8	unrestrictedsubfund;restrictedsubfund;designated
9	subfund;auxiliarysubfund;studentloan-fund;-endowment
10	fund, annuity-and life-income-fund;-plant-fund;andagency
11	fundas- defined-in17-2-102Porother-state-agencies;
12	"account"-means an accounting-entity-"
13	NEW SECTION. Section 2. Effective date. [This act] is

i4 effective on passage and approval.

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-End-

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HOUSE BILL NO. 44
INTRODUCED BY PECK
BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE
A BILL FOR AN ACT ENTITLED: "AN ACT DEPINING-TERMS-REGATING
90-inferaccountboanswithinstatecovernment;
PROVISIONS CONCERNING INTERACCOUNT INTERENTITY LOANS BY-THE
UNIVERSITY-SYSTEM-ANDVOCATIONAL-TECHNICALCENTERS <u>WITHIN</u>
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
treasury funds and shall maintain records in such a manner as to reflect the total cash and invested balance of each
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as to reflect the total cash and invested balance of each
as to reflect the total cash and invested balance of each fund and each account ACCOUNTING ENTITY. The department of
as to reflect the total cash and invested balance of each fund and each account <u>ACCOUNTING ENTITY</u> . The department of administration shall adopt the necessary procedures to
as to reflect the total cash and invested balance of each fund and each account <u>ACCOUNTING ENTITY</u> . The department of administration shall adopt the necessary procedures to insure that interdepartmental or intradepartmental transfers

1	A FUND DESIGNATED IN 17-2-102(1)(A) THROUGH (1)(C) is
2	necessary and the cash balance in the account ACCOUNTING
3	ENTITY from which the appropriation was made is
4	insufficient, the department of administration may authorize
5	a-transfer, as a temporary loan, bearing no interest, of
6	unrestricted moneys MONEY from other accounts; provided-that
7	ACCOUNTING ENTITIES IF there is reasonable evidence that the
8	income will be sufficient to restoretheamountso
9	transferred REPAY THE LOAN within 1 calendar year and
10	provided IF the loan is recorded in the state accounting
11	records. AN ACCOUNTING ENTITY RECEIVING A LOAN OR AN
12	ACCOUNTING ENTITY FROM WHICH A LOAN IS MADE MAY NOT BE SO
13	IMPAIRED THAT ALL PROPER DEMANDS ON THE ACCOUNTING ENTITY
14	CANNOT BE MET EVEN IF THE LOAN IS EXTENDED.
15	(B) (I) WHEN AN EXPENDITURE FROM A FUND OR SUBFUND
16	DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(VI) IS
17	NECESSARY AND THE CASH BALANCE IN THE FUND OR SUBFUND FROM
18	WHICH THE EXPENDITURE IS TO BE MADE IS INSUFFICIENT, THE
19	COMMISSIONER OF HIGHER EDUCATION MAY AUTHORIZE A TEMPORARY
20	LOAN, BEARING INTEREST AS PROVIDED IN SUBSECTION (4), OF
21	MONEY FROM THE AGENCY'S OTHER FUNDS OR SUBFUNDS IF THERE IS
22	REASONABLE EVIDENCE THAT THE INCOME WILL BE SUFFICIENT TO
23	REPAY THE LOAN WITHIN 1 CALENDAR YEAR AND IF THE LOAN IS
24	RECORDED IN THE STATE ACCOUNTING RECORDS. A FUND OR SUBFUND
25	RECEIVING A LOAN OR FROM WHICH A LOAN IS MADE MAY NOT BE SO

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THIRD READING

IMPAIRED THAT ALL PROPER DEMANDS ON THE FUND OR SUBFUND 1 2 CANNOT BE MET EVEN IF THE LOAN IS EXTENDED. (II) ONE ACCOUNTING ENTITY WITHIN EACH FUND OR SUBFUND з DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(VI) MUST 4 BE ESTABLISHED FOR THE SOLE PURPOSE OF RECORDING LOANS 5 BETWEEN THE FUNDS OR SUBFUNDS. THIS ACCOUNTING ENTITY IS 6 7 THE ONLY ACCOUNTING ENTITY WITHIN EACH FUND OR SUBFUND THAT MAY RECEIVE A LOAN OR FROM WHICH A LOAN MAY BE MADE. 8 (C) The A loan MADE UNDER SUBSECTION (2)(A) OR (2)(B) 9 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-(3) Under unusual circumstances the director of the 15 department of administration OR THE BOARD OF REGENTS may 16 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 administration DIRECTOR OR BOARD shall prepare a written 19 justification and proposed repayment plan for each loan 20 extension authorized and shall furnish a copy of the written 21 justification and proposed repayment plan to the house 22 23 appropriations and senate finance and claims committees at the next legislative session. 24

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

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1	unrestricted subfund to funds designated in subsections
2	<b>{}}{d};{}</b>
3	(l)(d)(vi) of17-2-102shall 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 PISCAL 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

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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	<del>(5)No accountingentity <u>account</u> (7) (A) AN</del>
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	fa}Accounting-entity if the negative cash balances
15	may <u>ofthe-account-do</u> BALANCE DOES not exist for more than
16	7 working days in-the-funds-provided-insubsections(t)(a)
17	through-{1}{c}-of-17-2-102-
18	<pre>tb}Unitsoftheuniversitysystemand</pre>
19	vocational-technical-centersmustmaintainpositivecash
20	balancesinthesubfundsprovidedinsubsections
21	tl)td)ti)tA)-throughtl)td)ti)tB)andtl)td)tii)through
22	ti)td)tvi)-of-17-2-182.
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

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HB 44

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-	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	(II) 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	<pre>(8) Notwithstanding the provisions of subsections</pre>
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	$\frac{1}{1}$
23	and{3},unitsoftheuniversitysystemand
24	vocational-technicalcenters-may-borrow-from-other-accounts
25	to-maintainapositivecashbalanceintherestricted

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1	subfundwithlong-term-repayment-whenever-necessary-due-to
2	the-reimbursement-nature-of-the-restricted-subfund-if-it-can
Э	be-demonstrated-that-the-total-loan-balance-does-notexceed
4	total-restricted-subfund-receivables-
5	f8;Porpurposesof-applying-subsections-(2)-through
6	17)tounitsoftheuniversitysystemandto
7	vocational-technicalcenters,faccountmeansthe
8	<u>unrestrictedsubfund;restrictedsubfund;designated</u>
9	subfund,quxiliarysubfund,studentloan-fund,-endowment
10	fundy-annuity-and-life-income-fundy-plant-fundyandagency
11	fundasdefinedin17-7-102:Porother-state-agencies7
12	"account"-means-an-accounting-entity-"
13	NEW SECTION. Section 2. Effective date. [This act] is

14 effective on passage and approval.

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-End-

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1	HOUSE BILL NO. 44
2	INTRODUCED BY PECK
3	BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE
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5	A BILL FOR AN ACT ENTITLED: "AN ACT BEFINING-TERMS-RELATING
6	ŦŎ-INŦERAEEÐUNŦĿŎANSWITHINSTATEGOVERNMENT; REVISING
7	PROVISIONS CONCERNING INTEREMEEOUNT INTERENTITY LOANS BY-THE
8	UNIVERSITY-SYSTEM-ANDVOCATIONAL-TECHNICAL-CENTERS WITHIN
9	STATE GOVERNMENT; AMENDING SECTION 17-2-107, MCA; AND
10	PROVIDING AN IMMEDIATE EFFECTIVE DATE."
11	
12	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
13	Section 1. Section 17-2-107, MCA, is amended to read:
13 14	<b>Section 1.</b> Section 17-2-107, MCA, is amended to read: *17-2-107. Accurate accounting records and
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14	*17-2-107. Accurate accounting records and
14 15	"17-2-107. Accurate accounting records and interaccount INTERENTITY loans. (1) The department of
14 15 16	"17-2-107. Accurate accounting records and interaccount INTERENTITY loans. (1) The department of administration shall record receipts and disbursements for
14 15 16 17	*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
14 15 16 17 18	"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 <u>ACCOUNTING ENTITIES</u> within treasury funds and shall maintain records in such a manner
14 15 16 17 18 19	"17-2-107. Accurate accounting records and interaccount <u>INTERENTITY</u> loans. (1) The department of administration shall record receipts and disbursements for treasury funds and for accounts <u>ACCOUNTING ENTITIES</u> within treasury funds and shall maintain records in such a manner as to reflect the total cash and invested balance of each
14 15 16 17 18 19 20	"17-2-107. Accurate accounting records and interaccount <u>INTERENTITY</u> loans. (1) The department of administration shall record receipts and disbursements for treasury funds and for accounts <u>ACCOUNTING ENTITIES</u> 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 <u>ACCOUNTING ENTITY</u> . The department of
14 15 16 17 18 19 20 21	"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 <u>ACCOUNTING ENTITIES</u> 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 <u>ACCOUNTING ENTITY</u> . The department of administration shall adopt the necessary procedures to

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



1	A FUND DESIGNATED IN 17-2-102(1)(A) THROUGH (1)(C) is
2	necessary and the cash balance in the account ACCOUNTING
3	ENTITY from which the appropriation was made is
4	insufficient, the department of administration may authorize
5	<b>a-transfer,-as</b> a temporary loan <u>,</u> bearing no interest, of
6	unrestricted moneys MONEY from other accounts;-provided-that
7	ACCOUNTING ENTITIES IF there is reasonable evidence that the
8	income will be sufficient to restoretheamountso
9	transferred REPAY THE LOAN within 1 calendar year and
10	provided <u>IF</u> the loan is recorded in the state accounting
11	records. AN ACCOUNTING ENTITY RECEIVING A LOAN OR AN
12	ACCOUNTING ENTITY FROM WHICH A LOAN IS MADE MAY NOT BE SO
13	IMPAIRED THAT ALL PROPER DEMANDS ON THE ACCOUNTING ENTITY
14	CANNOT BE MET EVEN IF THE LOAN IS EXTENDED.
15	(B) (I) WHEN AN EXPENDITURE FROM A FUND OR SUBFUND
16	DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(VI) IS
17	NECESSARY AND THE CASH BALANCE IN THE FUND OR SUBFUND FROM
18	WHICH THE EXPENDITURE IS TO BE MADE IS INSUFFICIENT, THE
19	COMMISSIONER OF HIGHER EDUCATION MAY AUTHORIZE A TEMPORARY
20	LOAN, BEARING INTEREST AS PROVIDED IN SUBSECTION (4), OF
21	MONEY FROM THE AGENCY'S OTHER FUNDS OR SUBFUNDS IF THERE IS
22	REASONABLE EVIDENCE THAT THE INCOME WILL BE SUFFICIENT TO
23	REPAY THE LOAN WITHIN 1 CALENDAR YEAR AND IF THE LOAN IS
24	RECORDED IN THE STATE ACCOUNTING RECORDS. A FUND OR SUBFUND
25	RECEIVING A LOAN OR FROM WHICH A LOAN IS MADE MAY NOT BE SO

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IMPAIRED THAT ALL PROPER DEMANDS ON THE FUND OR SUBFUND 1 2 CANNOT BE MET EVEN IF THE LOAN IS EXTENDED. 3 (II) ONE ACCOUNTING ENTITY WITHIN EACH FUND OR SUBFUND DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(VI) MUST 4 BE ESTABLISHED FOR THE SOLE PURPOSE OF RECORDING LOANS 5 BETWEEN THE FUNDS OR SUBFUNDS. THIS ACCOUNTING ENTITY IS 6 7 THE ONLY ACCOUNTING ENTITY WITHIN EACH FUND OR SUBFUND THAT MAY RECEIVE A LOAN OR FROM WHICH A LOAN MAY BE MADE. 8 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 is approved unless it is extended under subsection (3) or by 11 12 specific legislative authorization. No-account-shall--be--so impaired--that-all-proper-demands-thereon-cannot-be-met-even 13 14 if-the-loan-is-extended. (3) Under unusual circumstances the director of the 15 department of administration OR THE BOARD OF REGENTS may 16 grant one extension of-a-loan for up to 1 year FOR A LOAN 17 MADE UNDER SUBSECTION (2)(A) OR (2)(B). The department-of 18 administration DIRECTOR OR BOARD shall prepare a written 19

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  $(1)(d)(i)(D)_7$  and  $(1)(d)(i)(i)(D)_7$ з (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 return on the board of investments' short-term investment 5 6 pool, Except for investment earnings on restricted 7 donations, all designated and restricted subfund investment earnings, other than investment earnings on student activity 8 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 EXTENSION WAS MADE, AN ANALYSIS OF THE SOLVENCY OF THE 18 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 <u>17-2-102(1)(D)(I)</u> THROUGH (1)(D)(VI) HAS A NEGATIVE CASH

25 BALANCE, THE COMMISSIONER OF HIGHER EDUCATION SHALL SUBMIT

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TO THE LEGISLATIVE FINANCE COMMITTEE BY SEPTEMBER 1 OF THE 1 FOLLOWING FISCAL YEAR A WRITTEN REPORT CONTAINING AN 2 EXPLANATION AS TO WHY THE ACCOUNTING ENTITY HAS A NEGATIVE 3 CASH BALANCE, AN ANALYSIS OF THE SOLVENCY OF THE ACCOUNTING 4 5 ENTITY, AND A PLAN TO ADDRESS ANY PROBLEMS CONCERNING THE 6 ACCOUNTING ENTITY'S NEGATIVE CASH BALANCE OR SOLVENCY. 7 (7) (A) AN f5}--No accounting---entity account ACCOUNTING ENTITY IN A FUND DESIGNATED IN 17-2-102(1)(A) 8 THROUGH (1)(C) may NOT have a negative cash balance at 9 10 fiscal yearend. The department of administration may, however, allow any-entity an-account AN ACCOUNTING ENTITY to 11 carry a negative balance at any point during the fiscal year 12 13 subject-to-the-following-restrictions: ta) -- Accounting-entity if the negative cash balances 14 15 may of--the-account-do BALANCE DOES not exist for more than 16 7 working days in-the-funds-provided-in--subsections--(1)(a) 17 through-(1)(c)-of-17-2-102-18 tb}--Units----of----the----university----system----and 19 vocational-technical-centers--must--maintain--positive--cash 20 balances---in---the---subfunds---provided---in---subsections 21 tl)td)ti)tA}-through--fl)td)ti)tB}--and--fl)td)tij--through 22 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 -5-HB 44

#### (1)(D)(I)(D) AND (1)(D)(II) THROUGH (1)(D)(V1). 2 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 MORE THAN 7 WORKING DAYS. IF THE NEGATIVE CASH BALANCE 6 EXISTS FOR MORE THAN 7 WORKING DAYS, A TRANSACTION MAY NOT 7 BE PROCESSED THROUGH THE STATEWIDE ACCOUNTING SYSTEM FOR 8 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

SUBFUNDS DESIGNATED IN 17-2-102(1)(D)(1)(A) THROUGH

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 <u>(77--Notwithstanding--the-provisions-of-subsections-(2)</u> 23 <u>and--(3)7---units--of---the----university----system----and</u> 24 <u>vocational-technical--centers-may-borrow-from-other accounts</u> 25 <u>to-maintain--a--positive--cash--balance--in--the--restricted</u>

county governments and receivables have been billed on a

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1	subfundwithlong-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-notexceed
4	total-restricted-subfund-receivables,
5	<pre>f8;Porpurposesof-applying-subsections-(2)-through</pre>
6	<u> {7}tounitsoftheuniversitysystemandto</u>
7	vocational-technicalcenters7"account"meansthe
8	unrestrictedsubfund;restrictedsubfund;designated
9	subfund;auxiliarysubfund;studentloan-fund;-endowment
10	fund;-annuity-and-life-income-fund;-plant-fund;andagency
11	fundasdefinedin17-2-1027Porother-state-agencies7
12	"account"-means-an-accounting-entity-"

13 NEW SECTION. Section 2. Effective date. [This act] is

14 effective on passage and approval,

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