

HOUSE BILL 11

Introduced by Bardanouve

|      |  |
|------|--|
| 1/03 | Introduced                                     |
| 1/03 | Referred to Appropriations                     |
| 1/06 | First Reading                                  |
| 1/08 | Hearing  |
| 1/10 | Hearing  |
| 1/13 | Committee Report--Bill Passed<br>as Amended    |
| 1/13 | 2nd Reading Passed                             |
| 1/13 | 3rd Reading Passed                             |
|      | Transmitted to Senate                          |
| 1/14 | First Reading                                  |
| 1/14 | Referred to Finance & Claims                   |
| 1/14 | Hearing  |
| 1/16 | Committee Report--Bill Concurred<br>as Amended |
| 1/16 | 2nd Reading be Concurred in as<br>Amended      |
|      | Motion Failed                                  |
| 1/16 | 2nd Reading Indefinitely Postponed             |

1  
2 INTRODUCED BY House BILL NO. 11  
Boulanger

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE  
5 GOVERNOR HAS THE AUTHORITY TO DIRECT EXECUTIVE BRANCH  
6 AGENCIES TO REDUCE SPENDING IN THE EVENT OF A SHORTFALL IN  
7 REVENUE; PROVIDING GUIDELINES FOR DIRECTING AGENCIES TO  
8 REDUCE SPENDING; DEFINING THE TERM "SHORTFALL IN REVENUE";  
9 AMENDING SECTION 17-7-140, MCA; AND PROVIDING AN IMMEDIATE  
10 EFFECTIVE DATE."

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 17-7-140, MCA, is amended to read:

14 "17-7-140. Reduction of ~~an~~ appropriation in spending.

15 (1) (a) As the chief budget officer of the state, the  
16 governor shall ensure that the expenditure of appropriations  
17 does not exceed available revenue. Except as provided in  
18 subsection (2), in the event of a shortfall in revenue, the  
19 governor ~~may~~ shall direct executive branch agencies to  
20 reduce appropriations spending in an amount equal to the  
21 shortfall in revenue. An appropriation agency may not be  
22 reduced required to reduce spending for any appropriation  
23 item by more than 15%.

24 (b) The governor shall direct agencies to manage their  
25 budgets in order to reduce expenditures from the fund in the

1 state treasury that is experiencing the shortfall in  
2 revenue. Prior to directing agencies to reduce spending in  
3 an amount equal to the shortfall in revenue, the governor  
4 shall direct each agency to analyze the nature of each  
5 program funded by an itemized appropriation to determine if  
6 the program is mandatory or permissive and to analyze the  
7 impact of the proposed reduction in spending on the purpose  
8 of the program. The governor shall use each agency's  
9 analysis in determining the agency's reduction in spending.

10 (2) ~~The~~ appropriations Reductions in spending for the  
11 following may not be reduced directed by the governor:

- 12 (a) payment of interest and principal on state debt;
- 13 (b) the legislative branch;
- 14 (c) the judicial branch;
- 15 (d) the school foundation program, including special
- 16 education; and
- 17 (e) salaries of elected officials during their terms of
- 18 office.

19 (3) As used in this section, "shortfall in revenue"  
20 means an amount less than the amount projected to be  
21 received in a revenue category as determined in the revenue  
22 estimate established pursuant to 5-18-107."

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

-End-



**HB 11**  
**INTRODUCED BILL**

APPROVED BY COMMITTEE  
ON APPROPRIATIONS

HOUSE BILL NO. 11

INTRODUCED BY BARDANOUVE, SVRCEK

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE GOVERNOR HAS THE AUTHORITY TO DIRECT EXECUTIVE--BRANCH AGENCIES TO REDUCE SPENDING IN THE EVENT OF A ~~SHORTFALL-IN-REVENUE~~ PROJECTED GENERAL FUND BUDGET DEFICIT; PROVIDING GUIDELINES FOR DIRECTING AGENCIES TO REDUCE GENERAL FUND SPENDING; PROVIDING PROCEDURES TO BE USED IN DETERMINING WHEN A PROJECTED GENERAL FUND BUDGET DEFICIT EXISTS AND IN ESTABLISHING REDUCTIONS IN GENERAL FUND SPENDING; CLARIFYING THAT REVERSIONS FROM ALL GENERAL FUND APPROPRIATIONS THAT RESULT FROM REDUCTIONS IN SPENDING MUST REVERT TO THE GENERAL FUND; DEFINING THE TERM "~~SHORTFALL-IN-REVENUE~~" "PROJECTED GENERAL FUND BUDGET DEFICIT"; AMENDING SECTION SECTIONS 17-7-140 AND 17-7-304, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

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

**Section 1.** Section 17-7-140, MCA, is amended to read:

**"17-7-140. Reduction of--appropriation in spending.**

(1) (a) As the chief budget officer of the state, the governor shall ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in subsection (2), in the event of a ~~shortfall-in-revenue~~

PROJECTED GENERAL FUND BUDGET DEFICIT, the governor, TAKING INTO ACCOUNT THE CRITERIA PROVIDED IN SUBSECTION (1)(B), may shall direct executive---branch agencies to reduce appropriations spending in an amount equal-to-the-shortfall-in-revenue NOT TO EXCEED THE PROJECTED GENERAL FUND BUDGET DEFICIT. An appropriation agency may not be reduced required to reduce GENERAL FUND spending for any appropriation-item PROGRAM, AS DEFINED IN EACH GENERAL APPROPRIATIONS ACT, by more than ±5% 10% DURING A BIENNIUM. THE LEGISLATURE MAY EXEMPT FROM A REDUCTION AN APPROPRIATION ITEM WITHIN A PROGRAM OR MAY DIRECT THAT THE APPROPRIATION ITEM MAY NOT BE REDUCED BY MORE THAN 10%.

(b) The governor shall direct agencies to manage their budgets in order to reduce GENERAL FUND expenditures from the--fund--in--the--state--treasury--that--is--experiencing--the--shortfall--in--revenue. Prior to directing agencies to reduce spending in an amount equal-to-the-shortfall-in-revenue NOT TO EXCEED THE PROJECTED GENERAL FUND BUDGET DEFICIT, the governor shall direct each agency to analyze the nature of each program funded-by-an-itemized THAT RECEIVES A GENERAL FUND appropriation to determine if the program is mandatory or permissive and to analyze the impact of the proposed reduction in spending on the purpose of the program. AN AGENCY SHALL SUBMIT ITS ANALYSIS TO THE OFFICE OF BUDGET AND PROGRAM PLANNING AND SHALL AT THE SAME TIME PROVIDE A COPY

1 OF THE ANALYSIS TO THE LEGISLATIVE FISCAL ANALYST. THE  
 2 OFFICE OF BUDGET AND PROGRAM PLANNING SHALL REVIEW EACH  
 3 AGENCY'S ANALYSIS, AND THE BUDGET DIRECTOR SHALL SUBMIT TO  
 4 THE GOVERNOR A COPY OF THE OFFICE OF BUDGET AND PROGRAM  
 5 PLANNING'S RECOMMENDATIONS FOR REDUCTIONS IN SPENDING. THE  
 6 BUDGET DIRECTOR SHALL PROVIDE A COPY OF THE RECOMMENDATIONS  
 7 TO THE LEGISLATIVE FISCAL ANALYST AT THE TIME THE  
 8 RECOMMENDATIONS ARE SUBMITTED TO THE GOVERNOR AND SHALL  
 9 PROVIDE THE LEGISLATIVE FISCAL ANALYST WITH ANY PROPOSED  
 10 CHANGES TO THE RECOMMENDATIONS. THE LEGISLATIVE FINANCE  
 11 COMMITTEE SHALL MEET WITHIN 20 DAYS OF THE DATE THAT THE  
 12 PROPOSED CHANGES TO THE RECOMMENDATIONS FOR REDUCTIONS IN  
 13 SPENDING ARE PROVIDED TO THE LEGISLATIVE FISCAL ANALYST.  
 14 THE LEGISLATIVE FISCAL ANALYST SHALL PROVIDE A COPY OF THE  
 15 LEGISLATIVE FISCAL ANALYST'S REVIEW OF THE PROPOSED  
 16 REDUCTIONS IN SPENDING TO THE BUDGET DIRECTOR AT LEAST 5  
 17 DAYS BEFORE THE MEETING OF THE LEGISLATIVE FINANCE  
 18 COMMITTEE. THE COMMITTEE MAY MAKE RECOMMENDATIONS  
 19 CONCERNING THE PROPOSED REDUCTIONS IN SPENDING. The governor  
 20 shall use CONSIDER each agency's analysis AND THE  
 21 RECOMMENDATIONS OF THE OFFICE OF BUDGET AND PROGRAM PLANNING  
 22 AND THE LEGISLATIVE FINANCE COMMITTEE in determining the  
 23 agency's reduction in spending. REDUCTIONS IN SPENDING MUST  
 24 BE DESIGNED TO HAVE THE LEAST ADVERSE IMPACT ON THE  
 25 PROVISION OF SERVICES DETERMINED TO BE MOST INTEGRAL TO THE

1 DISCHARGE OF THE AGENCY'S STATUTORY RESPONSIBILITIES.  
 2 (2) ~~The appropriations~~ Reductions in spending for the  
 3 following may not be reduced directed by the governor:  
 4 (a) payment of interest and principal on state debt;  
 5 (b) the legislative branch;  
 6 (c) the judicial branch;  
 7 (d) the school foundation program, including special  
 8 education; and  
 9 (e) salaries of elected officials during their terms of  
 10 office.  
 11 (3) (A) As used in this section, "~~shortfall-in-revenue~~"  
 12 "PROJECTED GENERAL FUND BUDGET DEFICIT" means an amount,  
 13 CERTIFIED BY THE BUDGET DIRECTOR TO THE GOVERNOR, OF THE  
 14 PROJECTED ENDING GENERAL FUND BALANCE FOR THE BIENNIUM OF  
 15 LESS THAN 2% OF ALL GENERAL FUND APPROPRIATIONS DURING THE  
 16 BIENNIUM OR 2% OF THE GENERAL FUND APPROPRIATIONS FOR THE  
 17 SECOND FISCAL YEAR OF THE BIENNIUM. IN DETERMINING THE  
 18 AMOUNT OF THE PROJECTED GENERAL FUND BUDGET DEFICIT, THE  
 19 BUDGET DIRECTOR SHALL TAKE INTO ACCOUNT REVENUE, ESTABLISHED  
 20 LEVELS OF APPROPRIATION, ANTICIPATED SUPPLEMENTAL  
 21 APPROPRIATIONS FOR SCHOOL EQUALIZATION AID, AND ANTICIPATED  
 22 REVERSIONS.  
 23 (B) IF THE BUDGET DIRECTOR DETERMINES THAT AN AMOUNT OF  
 24 ACTUAL OR PROJECTED RECEIPTS WILL RESULT IN AN AMOUNT less  
 25 than the amount projected to be received ~~in--a--revenue~~

1 category-as-determined in the revenue estimate established  
 2 pursuant to 5-18-107, THE BUDGET DIRECTOR SHALL NOTIFY THE  
 3 REVENUE OVERSIGHT COMMITTEE OF THE ESTIMATED AMOUNT. WITHIN  
 4 20 DAYS OF NOTIFICATION, THE REVENUE OVERSIGHT COMMITTEE  
 5 SHALL PROVIDE THE BUDGET DIRECTOR WITH ANY RECOMMENDATIONS  
 6 CONCERNING THE AMOUNT. THE BUDGET DIRECTOR SHALL CONSIDER  
 7 ANY RECOMMENDATIONS OF THE REVENUE OVERSIGHT COMMITTEE PRIOR  
 8 TO CERTIFYING A PROJECTED GENERAL FUND BUDGET DEFICIT TO THE  
 9 GOVERNOR.

10 (4) THIS SECTION DOES NOT LIMIT THE AUTHORITY OF THE  
 11 GOVERNOR OR THE LEGISLATURE TO CALL A SPECIAL SESSION OF THE  
 12 LEGISLATURE."

13 **SECTION 2. SECTION 17-7-304, MCA, IS AMENDED TO READ:**

14 **"17-7-304. Disposal of unexpended appropriations. (1)**

15 All ~~moneys~~ money appropriated for any specific purpose  
 16 except those appropriated for the university system units  
 17 listed in subsection (2) shall, after the expiration of the  
 18 time for which ~~so~~ appropriated, revert to the several funds  
 19 and accounts from which originally appropriated. However,  
 20 any unexpended balance in any specific appropriation may be  
 21 used for the years for which the appropriation was made.

22 (2) Except as provided in 17-2-108 and subsection (3)  
 23 of this section, all money appropriated for the university  
 24 of Montana at Missoula, Montana state university at Bozeman,  
 25 Montana college of mineral science and technology at Butte,

1 eastern Montana college at Billings, northern Montana  
 2 college at Havre, western Montana college of the university  
 3 of Montana at Dillon, the agricultural experiment station  
 4 with central offices at Bozeman, the forest and conservation  
 5 experiment station with central offices at Missoula, the  
 6 cooperative extension service with central offices at  
 7 Bozeman, the bureau of mines and geology with central  
 8 offices in Butte, and the vocational-technical centers at  
 9 Billings, Butte, Great Falls, Helena, and Missoula must,  
 10 after the expiration of the time for which appropriated,  
 11 revert to an account held by the board of regents. The board  
 12 of regents is authorized to maintain a fund balance. There  
 13 is a statutory appropriation, as provided in 17-7-502, to  
 14 use the funds held in this account in accordance with a  
 15 long-term plan for major and deferred maintenance  
 16 expenditures and equipment or fixed assets purchases  
 17 prepared by the affected university system units and  
 18 approved by the board of regents. The affected university  
 19 system units may, with the approval of the board of regents,  
 20 modify the long-term plan at any time to address changing  
 21 needs and priorities. The board of regents shall communicate  
 22 the plan to each legislature, to the finance committee when  
 23 requested by the committee, and to the office of budget and  
 24 program planning.

25 (3) Subsection (2) does not apply to reversions that

1 are the result of a reduction in spending directed by the  
2 governor pursuant to 17-7-140. Any amount that is a result  
3 of a reduction in spending directed by the governor must  
4 revert to the fund or account from which it was originally  
5 appropriated. (Subsection (2) terminates June 30, 1996--sec.  
6 23, Ch. 787, L. 1991.)"

7 NEW SECTION. Section 3. Effective date -- TERMINATION.  
8 [This act] is effective on passage and approval, AND  
9 [SECTION 2] TERMINATES JUNE 30, 1996.

-End-

1 HOUSE BILL NO. 11

2 INTRODUCED BY BARDANOUVE, SVRCEK

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE  
5 GOVERNOR HAS THE AUTHORITY TO DIRECT ~~EXECUTIVE--BRANCH~~  
6 AGENCIES TO REDUCE SPENDING IN THE EVENT OF A ~~SHORTFALL--IN~~  
7 REVENUE PROJECTED GENERAL FUND BUDGET DEFICIT; PROVIDING  
8 GUIDELINES FOR DIRECTING AGENCIES TO REDUCE GENERAL FUND  
9 SPENDING; PROVIDING PROCEDURES TO BE USED IN DETERMINING  
10 WHEN A PROJECTED GENERAL FUND BUDGET DEFICIT EXISTS AND IN  
11 ESTABLISHING REDUCTIONS IN GENERAL FUND SPENDING; CLARIFYING  
12 THAT REVERSIONS FROM ALL GENERAL FUND APPROPRIATIONS THAT  
13 RESULT FROM REDUCTIONS IN SPENDING MUST REVERT TO THE  
14 GENERAL FUND; DEFINING THE TERM "~~SHORTFALL--IN--REVENUE~~"  
15 "PROJECTED GENERAL FUND BUDGET DEFICIT"; AMENDING SECTION  
16 SECTIONS 17-7-140 AND 17-7-304, MCA; AND PROVIDING AN  
17 IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

18  
19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

20 **Section 1.** Section 17-7-140, MCA, is amended to read:

21 **\*17-7-140. Reduction of--appropriation in spending.**

22 (1) (a) As the chief budget officer of the state, the  
23 governor shall ensure that the expenditure of appropriations  
24 does not exceed available revenue. Except as provided in  
25 subsection (2), in the event of a ~~shortfall--in-revenue~~

There are no changes in this bill,  
and will not be reprinted. Please  
refer to yellow copy for complete  
text.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
January 16, 1992

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 11 (third reading copy -- blue), respectfully report that House Bill No. 11 be amended and as so amended be concurred in:

1. Title, line 17.

Strike: "IMMEDIATE"

2. Page 2, lines 5 and 6.

Following: "revenue" on line 5

Strike: "NOT TO EXCEED"

Insert: "that ensures that"

Following: "PROJECTED"

Insert: "ending"

Following: "FUND"

Strike: remainder of line 5 through "DEFICIT" on line 6

Insert: "balance for the biennium will be at least 1% of all general fund appropriations during the biennium"

3. Page 2, lines 17 and 18.

Following: "spending" on line 17

Strike: "in an amount"

Following: "revenue" on line 17

Strike: remainder of line 17 through "DEFICIT" on line 18

Insert: "as provided in subsection (1)(a)"

4. Page 4, line 13.

Following: "OF"

Strike: "THE"

5. Page 4, lines 14 through 17.

Following: "PROJECTED" on line 14

Insert: "negative"

Following: "BIENNIUM"

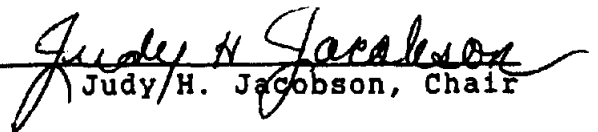
Strike: remainder of line 14 through "BIENNIUM" on line 17


6. Page 7, line 8.

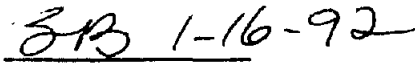
Strike: "on passage and approval"

Insert: "July 1, 1992"

Signed:

  
Judy H. Jacobson, Chair

  
JH 1-16-92  
Amd. Coord.

  
SB 1-16-92  
Sec. of Senate

SENATE