

HOUSE BILL 49

Introduced by R. Johnson

7/11	Introduced
7/11	Referred to Appropriations
7/11	First Reading
7/11	Fiscal Note Requested
7/13	Fiscal Note Received
7/14	Hearing
	Died in Committee

1 House BILL NO. 49
2 INTRODUCED BY Raymond Johnson
3 BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE GENERAL
6 FUND STABILIZATION ACCOUNT; ESTABLISHING PROCEDURES TO
7 TRANSFER FUNDS FROM THE ACCOUNT TO THE GENERAL FUND;
8 TRANSFERRING FUNDS FROM BOARD OF HOUSING BOND RESERVE FUNDS
9 TO THE GENERAL FUND STABILIZATION ACCOUNT; PLEDGING FUNDS IN
10 THE COAL SEVERANCE TAX PERMANENT FUND TO PROVIDE NEEDED
11 RESERVES; AMENDING SECTION 17-7-102, MCA; AND PROVIDING AN
12 IMMEDIATE EFFECTIVE DATE."
13

14 WHEREAS, the State of Montana is experiencing
15 unanticipated shortfalls of general fund revenue; and

16 WHEREAS, the Governor has called two special sessions of
17 the Legislature in the last 7 months to address imbalances
18 in general fund budgets;

19 WHEREAS, the state's financial advisors are concerned
20 over the state's bond rating because of insufficient general
21 fund cash flow;

22 WHEREAS, the Legislature finds it necessary to transfer
23 money from board of housing bond reserve funds to a general
24 fund stabilization account to ensure that Montana can
25 maintain its current bond rating and provide a positive

1 general fund cash flow.

2
3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

4 NEW SECTION. Section 1. General fund stabilization
5 account. (1) There is a general fund stabilization account
6 in the state treasury. Earnings on the account must be
7 deposited in the general fund.

8 (2) Prior to each regular session, the governor shall
9 recommend to the legislature an amount to be placed in the
10 account that will maintain the account in an amount equal to
11 5% of the requested general fund and state equalization fund
12 appropriations for each fiscal year contained in the budget
13 submitted to the legislature pursuant to 17-7-122.

14 NEW SECTION. Section 2. Transfers from general fund
15 stabilization account. (1) In the event of a projected
16 general fund budget deficit, the governor, after
17 implementing the authority the governor is legally empowered
18 to exercise pursuant to 17-7-140, may order a transfer of
19 money from the general fund stabilization account to the
20 general fund.

21 (2) The amount transferred to the general fund may not
22 exceed the lesser of:

23 (a) the balance in the general fund stabilization
24 account;

25 (b) 2 1/2% of projected general fund and school

1 equalization account revenue for the biennium; or

2 (c) an amount that, when combined with projected
3 savings from action taken under 17-7-140, will eliminate a
4 projected general fund budget deficit.

5 **Section 3.** Section 17-7-102, MCA, is amended to read:

6 "17-7-102. Definitions. As used in this chapter, the
7 following definitions apply:

8 (1) "Additional services" means different services or
9 more of the same services.

10 (2) "Agency" means each state office, department,
11 division, board, commission, council, committee,
12 institution, university unit, or other entity or
13 instrumentality of the executive branch, office of the
14 judicial branch, or office of the legislative branch of
15 state government, except for purposes of capital projects
16 administered by the department of administration, for which
17 institutions are treated as one department and university
18 units as one system.

19 (3) "Approved long-range building program budget
20 amendment" means approval by the budget director of a
21 request submitted through the architecture and engineering
22 division of the department of administration to transfer
23 excess funds appropriated to a capital project within an
24 agency to increase the appropriation of another capital
25 project within that agency or to obtain financing to expand

1 a project with funds that were not available for
2 consideration by the legislature.

3 (4) "Approving authority" means:

4 (a) the governor or his designated representative for
5 executive branch agencies;

6 (b) the chief justice of the supreme court or his
7 designated representative for judicial branch agencies;

8 (c) the speaker for the house of representatives;

9 (d) the president for the senate;

10 (e) appropriate legislative committees or a designated
11 representative for legislative branch agencies; or

12 (f) the board of regents of higher education or its
13 designated representative for the university system.

14 (5) "Budget amendment" means a legislative
15 appropriation to increase spending authority for the special
16 revenue fund, proprietary funds, or unrestricted subfund,
17 contingent on total compliance with all budget amendment
18 procedures.

19 (6) "Current funding level" means that level of funding
20 required to maintain operations and services at the level
21 authorized by the previous legislature, after adjustment for
22 inflation.

23 (7) "Effectiveness measure" means a criterion for
24 measuring the degree to which the objective sought is
25 attained.

1 (8) "Emergency" means a catastrophe, disaster,
 2 calamity, or other serious unforeseen and unanticipated
 3 circumstance that has occurred subsequent to the time an
 4 agency's appropriation was made, that was clearly not within
 5 the contemplation of the legislature and the governor, and
 6 that affects one or more functions of a state agency and the
 7 agency's expenditure requirements for the performance of the
 8 function or functions.

9 (9) "Modified funding level" means the current funding
 10 level as adjusted to reflect workload increases, the
 11 provision of new services, or changes in authorized funding.

12 (10) "Necessary" means essential to the public welfare
 13 and of a nature that cannot wait until the next legislative
 14 session for legislative consideration.

15 (11) "Priority listing" means a ranking of proposed
 16 expenditures in order of importance.

17 (12) "Program" means a combination of resources and
 18 activities designed to achieve an objective or objectives.

19 (13) "Program size" means the magnitude of a program
 20 such as the size of clientele served, the volume of service
 21 in relation to the population or area, etc.

22 (14) "Program size indicator" means a measure to
 23 indicate the magnitude of a program.

24 (15) "Projected general fund budget deficit" means an
 25 amount, certified by the budget director to the governor, of

1 a projected ending general fund balance for the biennium of
 2 less than 2% of all general fund appropriations during the
 3 biennium or 2% of the general fund appropriations for the
 4 second fiscal year of the biennium. In determining the
 5 amount of the projected general fund budget deficit, the
 6 budget director shall take into account revenue; established
 7 levels of appropriation; anticipated supplemental
 8 appropriations, including those for school equalization aid;
 9 and anticipated reversions.

10 ~~(15)~~(16) "Requesting agency" means the agency of state
 11 government that has requested a specific budget amendment.

12 ~~(16)~~(17) "University system unit" means the board of
 13 regents of higher education, office of the commissioner of
 14 higher education, university of Montana at Missoula, Montana
 15 state university at Bozeman, Montana college of mineral
 16 science and technology at Butte, eastern Montana college at
 17 Billings, northern Montana college at Havre, western Montana
 18 college of the university of Montana at Dillon, the
 19 agricultural experiment station with central offices at
 20 Bozeman, the forest and conservation experiment station with
 21 central offices at Missoula, the cooperative extension
 22 service with central offices at Bozeman, the bureau of mines
 23 and geology with central offices at Butte, the fire services
 24 training school at Great Falls, the vocational-technical
 25 centers at Billings, Butte, Great Falls, Helena, and

1 Missoula, or the community colleges at Miles City, Glendive,
2 and Kalispell."

3 NEW SECTION. **Section 4. Fund transfers.** There is
4 transferred to the general fund stabilization account \$20
5 million from board of housing bond reserve funds and
6 \$23,600,000 from the general fund.

7 NEW SECTION. **Section 5. Pledge of coal severance tax**
8 **permanent fund.** The state pledges \$20 million of the coal
9 severance tax permanent fund provided for in 17-5-703, to
10 meet the reserve requirements provided in the trust
11 indentures for the bonds issued by the board of housing.

12 NEW SECTION. **Section 6. Codification instruction.**
13 [Sections 1 and 2] are intended to be codified as an
14 integral part of Title 17, chapter 7, and the provisions of
15 Title 17, chapter 7, apply to [sections 1 and 2].

16 NEW SECTION. **Section 7. Three-fourths vote required.**
17 Because [section 5] provided for the appropriation of money
18 from the coal severance tax trust fund, Article IX, section
19 5, of the Montana constitution requires a vote of
20 three-fourths of the members of each house of the
21 legislature for passage.

22 NEW SECTION. **Section 8. Effective date.** [This act] is
23 effective on passage and approval.

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