

HOUSE BILL 146

Introduced by Cobb, et al.

1/12	Introduced
1/12	Referred to Appropriations
1/12	First Reading
1/14	Fiscal Note Requested
1/20	Fiscal Note Received
1/20	Fiscal Note Printed
3/02	Hearing
3/19	Committee Report--Bill Passed as Amended
3/23	2nd Reading Passed
3/24	3rd Reading Passed
	Transmitted to Senate
3/26	First Reading
3/26	Referred to Finance & Claims
4/05	Hearing
4/13	Tabled in Committee

House BILL NO. 146
INTRODUCED BY Cott Zook, Rep. District

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3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING APPROPRIATION
5 LAWS; ALLOWING AGENCIES TO EXPEND MONEY APPROPRIATED FOR THE
6 FIRST FISCAL YEAR OF A BIENNIUM IN THE SECOND FISCAL YEAR OF
7 THE BIENNIUM; EXPANDING THE ABILITY OF AGENCIES TO TRANSFER
8 FUNDS BETWEEN PROGRAMS; ALLOWING AGENCIES TO RETAIN A
9 PORTION OF UNEXPENDED APPROPRIATIONS FOR CERTAIN PURPOSES;
10 STATUTORILY APPROPRIATING THE RETAINED FUNDS; AMENDING
11 SECTIONS 17-7-139, 17-7-301, 17-7-302, AND 17-7-304, MCA;
12 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."
13

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

15 **Section 1.** Section 17-7-139, MCA, is amended to read:
16 "17-7-139. Program transfers. Unless prohibited by law,
17 the approving authority may approve agency requests to
18 transfer appropriations between programs within each fund
19 type within each fiscal year. ~~The transfer may not exceed 5%~~
20 ~~of the total agency appropriation, excluding statutory~~
21 ~~appropriations, administrative authorizations, and budget~~
22 ~~amendments.~~ All program transfers must be completed within
23 the same fund from which the transfer originated. A request
24 for a transfer accompanied by a justification explaining the
25 reason for the transfer must be submitted by the requesting

1 agency to the approving authority and the office of budget
2 and program planning. Upon approval of the transfer, the
3 approving authority shall inform the legislative fiscal
4 analyst of the approved transfer and the justification for
5 the transfer."

6 **Section 2.** Section 17-7-301, MCA, is amended to read:
7 "17-7-301. Authorization to expend during first either
8 year of biennium from appropriation for second year --
9 proposed supplemental appropriation defined. (1) A state
10 department, institution, or agency of the executive branch
11 desiring authorization to make expenditures during the first
12 fiscal year of the biennium from appropriations for the
13 second fiscal year of the biennium shall submit a proposed
14 supplemental appropriation to the governor through the
15 budget director. If the governor finds that, due to an
16 unforeseen and unanticipated emergency, the amount actually
17 appropriated for the first fiscal year of the biennium with
18 all other income will be insufficient for the operation and
19 maintenance of said the department, institution, or agency
20 during the year for which the appropriation was made, he the
21 governor shall, after careful study and examination of the
22 request and upon review of the recommendation of the budget
23 director, submit the proposed supplemental appropriation to
24 the legislative fiscal analyst. Upon receipt of the
25 recommendation of the legislative finance committee pursuant



1 to 17-7-311, the governor may authorize an expenditure
2 during the first fiscal year of the biennium to be made from
3 the appropriation for the second fiscal year of the
4 biennium.

5 (2) The department, institution, or agency may expend
6 the amount authorized by the governor as provided in
7 subsection (1) only for the purposes specified in the
8 authorization.

9 (3) The governor shall report to the next legislature
10 in a special section of the budget the amounts expended as a
11 result of all such authorizations granted by him pursuant to
12 subsection (1) and shall request that any necessary
13 supplemental appropriation bills be passed.

14 (4) As used in this part, "proposed supplemental
15 appropriation" means an application for authorization to
16 make expenditures during the first fiscal year of the
17 biennium from appropriations for the second fiscal year of
18 the biennium.

19 (5) A department, institution, or agency may retain
20 money from unexpended appropriations for the first fiscal
21 year of the biennium and make expenditures during the second
22 fiscal year of the biennium from appropriations for the
23 first fiscal year of the biennium. The appropriation carried
24 over to the second fiscal year of the biennium may be
25 expended only for the purposes specified in the original

1 appropriation."

2 **Section 3.** Section 17-7-302, MCA, is amended to read:

3 "17-7-302. **Encumbrance of fiscal yearend obligations.**

4 (1) Any valid obligation not paid within the fiscal year,
5 including valid written interagency or intra-agency service
6 agreements for systems development, shall be encumbered for
7 payment thereof at the end of each fiscal year in the
8 department of administration's accounts. Except as provided
9 in subsection (2), an appropriation ~~shall be deemed to be~~ is
10 encumbered at the time and to the extent that a valid
11 obligation against the appropriation is created.

12 (2) An appropriation may be encumbered by a written
13 interagency or intra-agency agreement with the department
14 for the alteration, repair, maintenance, or renovation of a
15 building pursuant to the provisions of Title 18, chapter 2.
16 ~~If Except as provided in 17-7-301(5), if~~ the appropriation
17 is not encumbered by a valid obligation at the end of the
18 next fiscal year, the appropriation reverts to the fund from
19 which it was originally appropriated."

20 **Section 4.** Section 17-7-304, MCA, is amended to read:

21 "17-7-304. **(Temporary) Disposal of unexpended**
22 **appropriations.** (1) ~~At~~ Except as provided in subsection
23 (4), money appropriated for any specific purpose except
24 those that appropriated for the university system units
25 listed in subsection (2) ~~shall~~ must, after the expiration of

1 the time biennium for which appropriated, revert to the
 2 several funds and accounts from which originally
 3 appropriated. However, any unexpended balance in any
 4 specific appropriation may be used for the years for which
 5 the appropriation was made.

6 (2) Except as provided in 17-2-108 and subsection (3)
 7 of this section, all money appropriated for the university
 8 of Montana at Missoula, Montana state university at Bozeman,
 9 Montana college of mineral science and technology at Butte,
 10 eastern Montana college at Billings, northern Montana
 11 college at Havre, western Montana college of the university
 12 of Montana at Dillon, the agricultural experiment station
 13 with central offices at Bozeman, the forest and conservation
 14 experiment station with central offices at Missoula, the
 15 cooperative extension service with central offices at
 16 Bozeman, the bureau of mines and geology with central
 17 offices in Butte, and the vocational-technical centers at
 18 Billings, Butte, Great Falls, Helena, and Missoula must,
 19 after the expiration of the time biennium for which
 20 appropriated, revert to an account held by the board of
 21 regents. The board of regents is authorized to maintain a
 22 fund balance. There is a statutory appropriation, as
 23 provided in 17-7-502, to use the funds held in this account
 24 in accordance with a long-term plan for major and deferred
 25 maintenance expenditures and equipment or fixed assets

1 purchases prepared by the affected university system units
 2 and approved by the board of regents. The affected
 3 university system units may, with the approval of the board
 4 of regents, modify the long-term plan at any time to address
 5 changing needs and priorities. The board of regents shall
 6 communicate the plan to each legislature, to the finance
 7 committee when requested by the committee, and to the office
 8 of budget and program planning.

9 (3) Subsection (2) does not apply to reversions that
 10 are the result of a reduction in spending directed by the
 11 governor pursuant to 17-7-140. Any amount that is a result
 12 of a reduction in spending directed by the governor must
 13 revert to the fund or account from which it was originally
 14 appropriated.

15 (4) An agency may retain unexpended appropriations from
 16 the general fund or the unexpended cash portion of a state
 17 special revenue fund appropriation in a reserve account in
 18 the fund from which the appropriation was made. The agency
 19 may use the reserve account for personal services, operating
 20 expenses, equipment, or capital outlay expenses pursuant to
 21 a plan approved by the approving authority. The plan must
 22 provide that the money in the account be expended in
 23 accordance with the law governing the fund from which the
 24 appropriation was originally made. The balance in a reserve
 25 account is carried forward to succeeding bienniums. A

1 reserve account is statutorily appropriated, as provided in
 2 17-7-502, to the agency. (Terminates June 30, 1996--sec. 23,
 3 Ch. 787, L. 1991; sec. 5, Ch. 5, Sp. L. July 1992.)

4 17-7-304. (Effective July 1, 1996) Disposal of
 5 unexpended appropriations. (1) All moneys except as provided
 6 in subsection (2), money appropriated for any specific
 7 purpose except those appropriated for the university system
 8 units listed in subsection (2) shall must, after the
 9 expiration of the time biennium for which so appropriated,
 10 revert to the several funds and accounts from which
 11 originally appropriated. However, any unexpended balance in
 12 any specific appropriation may be used for the years
 13 biennium for which the appropriation was made.

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 21 provide that the money in the account be expended in
 22 accordance with the law governing the fund from which the
 23 appropriation was originally made. The balance in a reserve
 24 account is carried forward to succeeding bienniums. A
 25 reserve account is statutorily appropriated, as provided in

1 17-7-502, to the agency."

2 NEW SECTION. Section 5. Effective date. [This act] is
 3 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0146, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

A bill revising appropriation laws to allow agencies to expend money appropriated for the first fiscal year of a biennium in the second fiscal year of the biennium, expanding the ability of agencies to transfer funds between programs, allowing agencies to retain a portion of unexpended appropriations for certain purposes, and statutorily appropriating the retained funds.

ASSUMPTIONS:

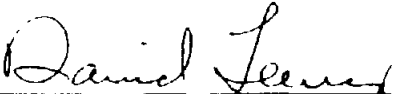
Department of Administration:

1. The ability to carry forward the unexpended portion of first year appropriations to the second year will require changes to the Statewide Budgeting & Accounting System (SBAS) to allow non-continuing appropriations to handle both current and prior year activity.
2. Retaining unexpended general fund and state special revenue fund appropriations at the end of a biennium will require these two funds to be handled differently than other funds.
3. Creation of the reserve accounts may require new control accounts or accounting entities that both systems will have to account for. This assumption is made with the effective date as FYE95.
4. Changes to SBAS will require changing several computer programs before the end of FY94. All areas of SBAS from daily processing, monthly updates, fiscal year processing and the generation of the Comprehensive Annual Financial Report will be affected. Exact changes are unknown at this time but several SBAS reports will need to be changed and possibly new ones added. Several edits to the transactions as well as update processes will need to be changed. A realistic time for the programmer to do this would be between 240-320 hours. At \$39 an hour and 30% additional charge for computer use this would cost \$12,168-\$16,224.

Office of Budget and Program Planning:

5. General fund reversions expected in the executive budget are \$3.645 million in FY94 and \$3.663 million in FY95. Under the proposal it is assumed that OBPP will closely examine each reversion account creation request and approve only those where there is compelling need. Further, it is assumed the proposal will result in less fiscal year end spending because of the ability to carry unspent amounts forward thereby increasing "reversions" relative to current law. On net, it is assumed the proposal will have a minimal effect on reversions.
6. It is assumed that SBAS and OBPP's appropriation control system can handle the increased number of appropriations likely to result from the proposal.
7. Three weeks of contracted computer programming and system tests will be required to modify the state appropriations establishment and control system in OBPP at rates provided in (4) above ($1.3 \times 120 \text{ hours} \times \$39 = \$6,084$).

(continued)

 1-20-93

DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

John Cobb, PRIMARY SPONSOR DATE
Fiscal Note for HB0146, as introduced

HB 146

ISCAL IMPACT:

Department of Administration:

	FY '94			FY '95		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
Operating Expenses	366,345	382,569	16,224	321,489	321,489	0

Funding:

General Fund	366,345	382,569	16,224	321,489	321,489	0
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Office of Budget and Program Planning:

<u>Expenditures:</u>						
Operating Expenses	122,397	128,481	6,084	138,585	138,585	0

Funding:

General Fund	122,397	128,481	6,084	138,585	138,585	0
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Net Impact:

General Fund			22,308			0
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LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Increased transactions in SBAS will probably occur as agencies contend with separating activity between years and between types of appropriations.

TECHNICAL NOTES:

- 1. Since the law is effective upon passage and approval, the wording change to the biennium could be interpreted to mean the 1993 biennium, thereby allowing for FY93 appropriations to be carried into the reserve account. If this is the intent of the law, the changes discussed above would need to be done this year. Time and budget will not allow for SBAS modifications.
- 2. On p. 6, Section 4, subsection (4) and on p. 7, subsection (2) effective after July 1, 1996, use of "may" to describe retention, instead of "must" in the prior subsection (2) for the university system would complicate the automatic processing of closing each year-end.
- 3. In the same two subsections, following "general fund or the" delete: "the unexpended cash portion of a" and following "state special revenue fund" delete: "appropriation" because appropriations are not segregated into cash and noncash. Cash balances in state special revenue accounts will restrict the available authority under current policy and procedures.
- 4. Future potential conflicts might be avoided by inserting in 17-7-302(2) [p.4, line 16 following (5)] or 17-7-212. This would clarify that capital projects are reappropriated.

HB 146

APPROVED BY COMMITTEE
ON APPROPRIATIONS

HOUSE BILL NO. 146

INTRODUCED BY COBB, ZOOK, GAGE, KASTEN

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING APPROPRIATION LAWS; ALLOWING AGENCIES TO EXPEND MONEY APPROPRIATED FOR THE FIRST FISCAL YEAR OF A BIENNIUM IN THE SECOND FISCAL YEAR OF THE BIENNIUM; ~~EXPANDING THE ABILITY OF AGENCIES TO TRANSFER FUNDS BETWEEN PROGRAMS;~~ ALLOWING AGENCIES TO RETAIN A PORTION OF UNEXPENDED APPROPRIATIONS FOR CERTAIN PURPOSES; ~~STATUTORILY APPROPRIATING THE RETAINED FUNDS;~~ ALLOWING THE STATE TREASURER TO BORROW FROM CERTAIN INTEREST-BEARING FUNDS; AMENDING SECTIONS ~~17-7-139~~ 17-2-105, 17-7-301, ~~17-7-302~~, 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 17-7-139, MCA, is amended to read:--~~

~~"17-7-139. Program transfers. Unless prohibited by law, the approving authority may approve agency requests to transfer appropriations between programs within each fund type within each fiscal year. The transfer may not exceed 5% of the total agency appropriation, excluding statutory appropriations, administrative authorizations, and budget amendments. All program transfers must be completed within the same fund from which the transfer originated. A request~~

~~for a transfer accompanied by a justification explaining the reason for the transfer must be submitted by the requesting agency to the approving authority and the office of budget and program planning. Upon approval of the transfer, the approving authority shall inform the legislative fiscal analyst of the approved transfer and the justification for the transfer."~~

Section 1. Section 17-7-301, MCA, is amended to read:

"17-7-301. Authorization to expend during first either year of biennium ~~from appropriation for second year~~ -- proposed supplemental appropriation defined. (1) A state department, institution, or agency of the executive branch desiring authorization to make expenditures during the first fiscal year of the biennium from appropriations for the second fiscal year of the biennium shall submit a proposed supplemental appropriation to the governor through the budget director. If the governor finds that, due to an unforeseen and unanticipated emergency, the amount actually appropriated for the first fiscal year of the biennium with all other income will be insufficient for the operation and maintenance of said the department, institution, or agency during the year for which the appropriation was made, he the governor shall, after careful study and examination of the request and upon review of the recommendation of the budget director, submit the proposed supplemental appropriation to

1 the legislative fiscal analyst. Upon receipt of the
 2 recommendation of the legislative finance committee pursuant
 3 to 17-7-311, the governor may authorize an expenditure
 4 during the first fiscal year of the biennium to be made from
 5 the appropriation for the second fiscal year of the
 6 biennium.

7 (2) The department, institution, or agency may expend
 8 the amount authorized by the governor as provided in
 9 subsection (1) only for the purposes specified in the
 10 authorization.

11 (3) The governor shall report to the next legislature
 12 in a special section of the budget the amounts expended as a
 13 result of all such authorizations granted by him pursuant to
 14 subsection (1) and shall request that any necessary
 15 supplemental appropriation bills be passed.

16 (4) As used in this part, "proposed supplemental
 17 appropriation" means an application for authorization to
 18 make expenditures during the first fiscal year of the
 19 biennium from appropriations for the second fiscal year of
 20 the biennium.

21 (5) A department, institution, or agency may retain
 22 money from unexpended appropriations for the first fiscal
 23 year of the biennium and make expenditures during the second
 24 fiscal year of the biennium from appropriations for the
 25 first fiscal year of the biennium. The appropriation carried

1 over to the second fiscal year of the biennium may be
 2 expended only for the purposes specified in the original
 3 appropriation."

4 **Section 3.** ~~Section 17-7-302, MCA, is amended to read:--~~
 5 ~~"17-7-302. Encumbrance of fiscal year end obligations.~~
 6 ~~{1} Any valid obligation not paid within the fiscal year~~
 7 ~~including valid written interagency or intra-agency service~~
 8 ~~agreements for systems development, shall be encumbered for~~
 9 ~~payment thereof at the end of each fiscal year in the~~
 10 ~~department of administration's accounts. Except as provided~~
 11 ~~in subsection {2}, an appropriation shall be deemed to be is~~
 12 ~~encumbered at the time and to the extent that a valid~~
 13 ~~obligation against the appropriation is created.~~

14 ~~{2} An appropriation may be encumbered by a written~~
 15 ~~interagency or intra-agency agreement with the department~~
 16 ~~for the alteration, repair, maintenance, or renovation of a~~
 17 ~~building pursuant to the provisions of Title 18, chapter 2,~~
 18 ~~if Except as provided in 17-7-301(5), if the appropriation~~
 19 ~~is not encumbered by a valid obligation at the end of the~~
 20 ~~next fiscal year, the appropriation reverts to the fund from~~
 21 ~~which it was originally appropriated."~~

22 **Section 2.** Section 17-7-304, MCA, is amended to read:
 23 "17-7-304. (Temporary) Disposal of unexpended
 24 appropriations. (1) All ~~Except as provided in subsection~~
 25 ~~{4}~~ ALL money appropriated for any specific purpose except

1 those that appropriated for the university system units
 2 listed in subsection (2) ~~shall~~ must, after the expiration of
 3 the time biennium for which appropriated, revert to the
 4 several funds and accounts from which originally
 5 appropriated. However, any unexpended balance in any
 6 specific appropriation may be used for the years for which
 7 the appropriation was made.

8 (2) Except as provided in 17-2-108 and subsection (3)
 9 of this section, all money appropriated for the university
 10 of Montana at Missoula, Montana state university at Bozeman,
 11 Montana college of mineral science and technology at Butte,
 12 eastern Montana college at Billings, northern Montana
 13 college at Havre, western Montana college of the university
 14 of Montana at Dillon, the agricultural experiment station
 15 with central offices at Bozeman, the forest and conservation
 16 experiment station with central offices at Missoula, the
 17 cooperative extension service with central offices at
 18 Bozeman, the bureau of mines and geology with central
 19 offices in Butte, and the vocational-technical centers at
 20 Billings, Butte, Great Falls, Helena, and Missoula must,
 21 after the expiration of the time biennium for which
 22 appropriated, revert to an account held by the board of
 23 regents. The board of regents is authorized to maintain a
 24 fund balance. There is a statutory appropriation, as
 25 provided in 17-7-502, to use the funds held in this account

1 in accordance with a long-term plan for major and deferred
 2 maintenance expenditures and equipment or fixed assets
 3 purchases prepared by the affected university system units
 4 and approved by the board of regents. The affected
 5 university system units may, with the approval of the board
 6 of regents, modify the long-term plan at any time to address
 7 changing needs and priorities. The board of regents shall
 8 communicate the plan to each legislature, to the finance
 9 committee when requested by the committee, and to the office
 10 of budget and program planning.

11 (3) Subsection (2) does not apply to reversions that
 12 are the result of a reduction in spending directed by the
 13 governor pursuant to 17-7-140. Any amount that is a result
 14 of a reduction in spending directed by the governor must
 15 revert to the fund or account from which it was originally
 16 appropriated.

17 ~~(4) An agency may retain unexpended appropriations from~~
 18 ~~the general fund or the unexpended cash portion of a state~~
 19 ~~special revenue fund appropriation in a reserve account in~~
 20 ~~the fund from which the appropriation was made. The agency~~
 21 ~~may use the reserve account for personal services, operating~~
 22 ~~expenses, equipment, or capital outlay expenses pursuant to~~
 23 ~~a plan approved by the approving authority. The plan must~~
 24 ~~provide that the money in the account be expended in~~
 25 ~~accordance with the law governing the fund from which the~~

~~appropriation--was--originally--made--The--balance--in--a--reserve
account--is--carried--forward--to--succeeding--bienniums--A
reserve--account--is--statutorily--appropriated--as--provided--in
17-7-502--to--the--agency--~~ (Terminates June 30, 1996--sec. 23,
Ch. 787, L. 1991; sec. 5, Ch. 5, Sp. L. July 1992.)

17-7-304. (Effective July 1, 1996) Disposal of
unexpended appropriations. ~~(1) All moneys Except as provided
in subsection (2), money~~ ALL MONEY appropriated for any
specific purpose ~~except--those--appropriated--for--the
university-system-units-listed-in-subsection-(2)--shall~~ must,
after the expiration of the time biennium for which so
appropriated, revert to the several funds and accounts from
which originally appropriated. However, any unexpended
balance in any specific appropriation may be used for the
years biennium for which the appropriation was made.

~~(2)--An--agency--may--retain--unexpended--appropriations--from
the--general--fund--or--the--unexpended--cash--portion--of--a--state
special--revenue--fund--appropriation--in--a--reserve--account--in
the--fund--from--which--the--appropriation--was--made--The--agency
may--use--the--reserve--account--for--personal--services--operating
expenses--equipment--or--capital--outlay--expenses--pursuant--to
a--plan--approved--by--the--approving--authority--The--plan--must
provide--that--the--money--in--the--account--be--expended--in
accordance--with--the--law--governing--the--fund--from--which--the
appropriation--was--originally--made--The--balance--in--a--reserve~~

~~account--is--carried--forward--to--succeeding--bienniums--A
reserve--account--is--statutorily--appropriated--as--provided--in
17-7-502--to--the--agency--"~~

SECTION 3. SECTION 17-2-105, MCA, IS AMENDED TO READ:

"17-2-105. Maintenance of fund and account records and
interfund loans. (1) The state treasurer shall record
receipts and disbursements for treasury funds and shall
maintain fund records in such a manner as to reflect the
total cash and invested balance of each fund. The state
treasurer shall also maintain records of individual funds
within the debt service, agency, capital projects, and trust
fund types in such a manner as to reflect the total cash and
invested balance of each fund. When necessary to meet
federal or other requirements that moneys be segregated in
the treasury, the state treasurer may establish accounts,
funds, or subfunds within any fund type listed in 17-2-102.

(2) For the purpose of supplying deficiencies in the
general fund, the state treasurer may temporarily borrow
from other treasury funds, except retirement funds and
expendable and nonexpendable trust funds, providing that the
loan is recorded in the state accounting records. Such loan,
if from the short-term investment pool balance of a treasury
fund that is authorized to retain its own interest, shall
must bear no interest, at a rate equal to that earned by the
board of investments on its short-term investment pool. The

1 department of administration shall work with each agency
2 from which funds are borrowed to ensure and-no-fund-shall-be
3 so--impaired that all proper demands on that fund thereon
4 cannot can be met."

5 NEW SECTION. Section 4. Effective date. [This act] is
6 effective on passage and approval.

7 NEW SECTION. SECTION 5. TERMINATION. [THIS ACT]
8 TERMINATES JUNE 30, 1997.

-End-

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2 INTRODUCED BY COBB, ZOOK, GAGE, KASTEN

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17 budget director. If the governor finds that, due to an
18 unforeseen and unanticipated emergency, the amount actually
19 appropriated for the first fiscal year of the biennium with
20 all other income will be insufficient for the operation and
21 maintenance of said the department, institution, or agency
22 during the year for which the appropriation was made, he the
23 governor shall, after careful study and examination of the
24 request and upon review of the recommendation of the budget
25 director, submit the proposed supplemental appropriation to

1 the legislative fiscal analyst. Upon receipt of the
2 recommendation of the legislative finance committee pursuant
3 to 17-7-311, the governor may authorize an expenditure
4 during the first fiscal year of the biennium to be made from
5 the appropriation for the second fiscal year of the
6 biennium.

7 (2) The department, institution, or agency may expend
8 the amount authorized by the governor as provided in
9 subsection (1) only for the purposes specified in the
10 authorization.

11 (3) The governor shall report to the next legislature
12 in a special section of the budget the amounts expended as a
13 result of all such authorizations granted by him pursuant to
14 subsection (1) and shall request that any necessary
15 supplemental appropriation bills be passed.

16 (4) As used in this part, "proposed supplemental
17 appropriation" means an application for authorization to
18 make expenditures during the first fiscal year of the
19 biennium from appropriations for the second fiscal year of
20 the biennium.

21 (5) A department, institution, or agency may retain
22 money from unexpended appropriations for the first fiscal
23 year of the biennium and make expenditures during the second
24 fiscal year of the biennium from appropriations for the
25 first fiscal year of the biennium. The appropriation carried

1 over to the second fiscal year of the biennium may be
2 expended only for the purposes specified in the original
3 appropriation."

4 ~~Section 3. Section 17-7-302, MCA, is amended to read:--~~

5 ~~"17-7-302. Encumbrance of fiscal year-end obligations:~~
6 ~~(1) Any valid obligation not paid within the fiscal year,~~
7 ~~including valid written interagency or intra-agency service~~
8 ~~agreements for systems development, shall be encumbered for~~
9 ~~payment thereof at the end of each fiscal year in the~~
10 ~~department of administration's accounts. Except as provided~~
11 ~~in subsection (2), an appropriation shall be deemed to be in~~
12 ~~encumbered at the time and to the extent that a valid~~
13 ~~obligation against the appropriation is created.~~

14 ~~(2) An appropriation may be encumbered by a written~~
15 ~~interagency or intra-agency agreement with the department~~
16 ~~for the alteration, repair, maintenance, or renovation of a~~
17 ~~building pursuant to the provisions of Title 18, chapter 2,~~
18 ~~if Except as provided in 17-7-301(5), if the appropriation~~
19 ~~is not encumbered by a valid obligation at the end of the~~
20 ~~next fiscal year, the appropriation reverts to the fund from~~
21 ~~which it was originally appropriated."~~

22 Section 2. Section 17-7-304, MCA, is amended to read:

23 "17-7-304. (Temporary) Disposal of unexpended
24 appropriations. (1) All ~~Except as provided in subsection~~
25 ~~(4)~~ ALL money appropriated for any specific purpose except

1 those that appropriated for the university system units
 2 listed in subsection (2) ~~shall~~ must, after the expiration of
 3 the time biennium for which appropriated, revert to the
 4 several funds and accounts from which originally
 5 appropriated. However, any unexpended balance in any
 6 specific appropriation may be used for the years for which
 7 the appropriation was made.

8 (2) Except as provided in 17-2-108 and subsection (3)
 9 of this section, all money appropriated for the university
 10 of Montana at Missoula, Montana state university at Bozeman,
 11 Montana college of mineral science and technology at Butte,
 12 eastern Montana college at Billings, northern Montana
 13 college at Havre, western Montana college of the university
 14 of Montana at Dillon, the agricultural experiment station
 15 with central offices at Bozeman, the forest and conservation
 16 experiment station with central offices at Missoula, the
 17 cooperative extension service with central offices at
 18 Bozeman, the bureau of mines and geology with central
 19 offices in Butte, and the vocational-technical centers at
 20 Billings, Butte, Great Falls, Helena, and Missoula must,
 21 after the expiration of the time biennium for which
 22 appropriated, revert to an account held by the board of
 23 regents. The board of regents is authorized to maintain a
 24 fund balance. There is a statutory appropriation, as
 25 provided in 17-7-502, to use the funds held in this account

1 in accordance with a long-term plan for major and deferred
 2 maintenance expenditures and equipment or fixed assets
 3 purchases prepared by the affected university system units
 4 and approved by the board of regents. The affected
 5 university system units may, with the approval of the board
 6 of regents, modify the long-term plan at any time to address
 7 changing needs and priorities. The board of regents shall
 8 communicate the plan to each legislature, to the finance
 9 committee when requested by the committee, and to the office
 10 of budget and program planning.

11 (3) Subsection (2) does not apply to reversions that
 12 are the result of a reduction in spending directed by the
 13 governor pursuant to 17-7-140. Any amount that is a result
 14 of a reduction in spending directed by the governor must
 15 revert to the fund or account from which it was originally
 16 appropriated.

17 ~~(4) An agency may retain unexpended appropriations from~~
 18 ~~the general fund or the unexpended cash portion of a state~~
 19 ~~special revenue fund appropriation in a reserve account in~~
 20 ~~the fund from which the appropriation was made. The agency~~
 21 ~~may use the reserve account for personal services, operating~~
 22 ~~expenses, equipment, or capital outlay expenses pursuant to~~
 23 ~~a plan approved by the approving authority. The plan must~~
 24 ~~provide that the money in the account be expended in~~
 25 ~~accordance with the law governing the fund from which the~~

~~appropriation was originally made. The balance in a reserve account is carried forward to succeeding bienniums. A reserve account is statutorily appropriated, as provided in~~

~~17-7-502, to the agency. (Terminates June 30, 1996--sec. 23, Ch. 787, L. 1991; sec. 5, Ch. 5, Sp. L. July 1992.)~~

17-7-304. (Effective July 1, 1996) Disposal of unexpended appropriations. ~~(1) All moneys except as provided in subsection (2), money~~ ALL MONEY appropriated for any specific purpose ~~except those appropriated for the university system units listed in subsection (2) shall~~ must, after the expiration of the time biennium for which so appropriated, revert to the several funds and accounts from which originally appropriated. However, any unexpended balance in any specific appropriation may be used for the years biennium for which the appropriation was made.

~~(2) An agency may retain unexpended appropriations from the general fund or the unexpended cash portion of a state special revenue fund appropriation in a reserve account in the fund from which the appropriation was made. The agency may use the reserve account for personal services, operating expenses, equipment, or capital outlay expenses pursuant to a plan approved by the approving authority. The plan must provide that the money in the account be expended in accordance with the law governing the fund from which the appropriation was originally made. The balance in a reserve~~

~~account is carried forward to succeeding bienniums. A reserve account is statutorily appropriated, as provided in 17-7-502, to the agency."~~

SECTION 3. SECTION 17-2-105, MCA, IS AMENDED TO READ:

"17-2-105. Maintenance of fund and account records and interfund loans. (1) The state treasurer shall record receipts and disbursements for treasury funds and shall maintain fund records in such a manner as to reflect the total cash and invested balance of each fund. The state treasurer shall also maintain records of individual funds within the debt service, agency, capital projects, and trust fund types in such a manner as to reflect the total cash and invested balance of each fund. When necessary to meet federal or other requirements that moneys be segregated in the treasury, the state treasurer may establish accounts, funds, or subfunds within any fund type listed in 17-2-102.

(2) For the purpose of supplying deficiencies in the general fund, the state treasurer may temporarily borrow from other treasury funds, except retirement funds and expendable and nonexpendable trust funds, providing that the loan is recorded in the state accounting records. Such loan, if from the short-term investment pool balance of a treasury fund that is authorized to retain its own interest, shall must bear no interest, at a rate equal to that earned by the board of investments on its short-term investment pool. The

1 department of administration shall work with each agency
2 from which funds are borrowed to ensure and-no-fund-shall-be
3 so--impaired that all proper demands on that fund thereon
4 cannot can be met."

5 NEW SECTION. Section 4. Effective date. [This act] is
6 effective on passage and approval.

7 NEW SECTION. SECTION 5. TERMINATION. [THIS ACT]
8 TERMINATES JUNE 30, 1997.

-End-