

HOUSE BILL NO. 500

INTRODUCED BY MERCER, BARDANOUE, GRINDE, JACOBSON,  
DRISCOLL, PECK, ZOOK, GRADY, SWYSGOOD, HARP, GILBERT,  
J. RICE, AKLESTAD

IN THE HOUSE

FEBRUARY 5, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON APPROPRIATIONS.
	FIRST READING.
MARCH 10, 1993	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
MARCH 11, 1993	PRINTING REPORT.
MARCH 13, 1993	SECOND READING, DO PASS AS AMENDED.
MARCH 15, 1993	ENGROSSING REPORT.
MARCH 16, 1993	THIRD READING, PASSED. AYES, 88; NOES, 10.
MARCH 17, 1993	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 18, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON FINANCE & CLAIMS.
	FIRST READING.
MARCH 25, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
MARCH 26, 1993	SECOND READING, CONCURRED IN.
MARCH 27, 1993	THIRD READING, CONCURRED IN. AYES, 33; NOES, 16.
	RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 1, 1993	SECOND READING, AMENDMENTS CONCURRED IN.
APRIL 2, 1993	THIRD READING, AMENDMENTS

CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 House BILL NO. 500  
 2 INTRODUCED BY MERCER Bandana G. GRINOS  
 3 Jarvison Orinell Beck Gook Family Support HARP  
 4 Did not file A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT A  
 5 PROPOSED SUPPLEMENTAL APPROPRIATION MUST CONTAIN A PLAN FOR  
 6 REDUCING EXPENDITURES IN THE SECOND YEAR OF THE BIENNIUM  
 7 THAT ALLOWS THE AGENCY TO CONTAIN EXPENDITURES WITHIN  
 8 APPROPRIATIONS; AUTHORIZING THE GOVERNOR TO IMPLEMENT THE  
 9 PLAN; PROHIBITING DURING THE SECOND FISCAL YEAR OF A  
 10 BIENNIUM NONMANDATORY EXPENDITURES THAT WILL CAUSE  
 11 EXPENDITURES TO EXCEED APPROPRIATIONS; AND AMENDING SECTIONS  
 12 17-7-301 AND 17-7-311, MCA."  
 13  
 14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 15 **Section 1.** Section 17-7-301, MCA, is amended to read:  
 16 "17-7-301. Authorization to expend during first year of  
 17 biennium from appropriation for second year -- proposed  
 18 supplemental appropriation defined -- limit on second-year  
 19 expenditures. (1) A state department, institution, or agency  
 20 of the executive branch desiring authorization to make  
 21 expenditures during the first fiscal year of the biennium  
 22 from appropriations for the second fiscal year of the  
 23 biennium shall submit a proposed supplemental appropriation  
 24 to the governor through the budget director. The proposal  
 25 submitted to the governor must include a plan for reducing

1 expenditures in the second year of the biennium that allows  
 2 the agency to contain expenditures within appropriations. If  
 3 the governor finds that, due to an unforeseen and  
 4 unanticipated emergency, the amount actually appropriated  
 5 for the first fiscal year of the biennium with all other  
 6 income will be insufficient for the operation and  
 7 maintenance of said the department, institution, or agency  
 8 during the year for which the appropriation was made, he the  
 9 governor shall, after careful study and examination of the  
 10 request and upon review of the recommendation of the budget  
 11 director, submit the proposed supplemental appropriation to  
 12 the legislative fiscal analyst. If the emergency is for fire  
 13 suppression, the plan for reducing expenditures is not  
 14 required. Upon receipt of the recommendation of the  
 15 legislative finance committee pursuant to 17-7-311, the  
 16 governor may authorize an expenditure during the first  
 17 fiscal year of the biennium to be made from the  
 18 appropriation for the second fiscal year of the biennium.  
 19 The governor shall require the agency to implement the plan  
 20 for reducing expenditures in the second year of the biennium  
 21 that contains agency expenditures within appropriations.  
 22 (2) The department, institution, or agency may expend  
 23 the amount authorized by the governor only for the purposes  
 24 specified in the authorization.  
 25 (3) The governor shall report to the next legislature

1 in a special section of the budget the amounts expended as a  
2 result of all such authorizations granted by him the  
3 governor and shall request that any necessary supplemental  
4 appropriation bills be passed.

5 (4) As used in this part, "proposed supplemental  
6 appropriation" means an application for authorization to  
7 make expenditures during the first fiscal year of the  
8 biennium from appropriations for the second fiscal year of  
9 the biennium.

10 (5) (a) Except as provided in subsection (5)(b), an  
11 agency may not make expenditures in the second year of the  
12 biennium that, if carried on for the full year, will require  
13 a deficiency appropriation, commonly referred to as a  
14 "supplemental appropriation".

15 (b) An agency shall prepare and, to the extent  
16 feasible, implement a plan for reducing expenditures in the  
17 second year of the biennium that contains agency  
18 expenditures within appropriations. The approving authority  
19 is responsible for ensuring the implementation of the plan.  
20 If, in the second year of a biennium, mandated expenditures  
21 that are required by state or federal law will cause an  
22 agency to exceed appropriations or available funds, the  
23 agency shall reduce all nonmandated expenditures pursuant to  
24 the plan in order to reduce to the greatest extent possible  
25 the expenditures in excess of appropriations or funding. An

1 agency may not transfer funds between fund types in order to  
2 implement a plan."

3 **Section 2.** Section 17-7-311, MCA, is amended to read:

4 "17-7-311. Proposed supplemental appropriation --  
5 procedure. (1) A proposed supplemental appropriation and all  
6 supporting documentation must be submitted to the  
7 legislative fiscal analyst. The governor may not approve a  
8 proposed supplemental appropriation until the governor  
9 receives the legislative finance committee's written report  
10 for that proposed supplemental appropriation unless:

11 (a) the report is not received within 90 calendar days  
12 from the date the proposed supplemental appropriation and  
13 supporting documentation were forwarded to the legislative  
14 finance committee, in which case the governor may approve  
15 the proposed supplemental appropriation; or

16 (b) there has been a waiver of the review and report  
17 requirements, as provided in subsection (4).

18 (2) The legislative fiscal analyst shall review each  
19 proposed supplemental appropriation submitted by the  
20 governor for compliance with statutory requirements and  
21 standards and to determine the expenditures that will be  
22 reduced in order to contain spending within legislative  
23 appropriations. and The legislative fiscal analyst shall  
24 present a written report of this review to the legislative  
25 finance committee. Within 10 days after the legislative

1 finance committee's consideration of the proposed  
2 supplemental appropriation, the legislative fiscal analyst  
3 shall submit the legislative finance committee's report to  
4 the governor.

5 (3) Upon receipt of the legislative finance committee's  
6 written report, the governor may approve or deny the  
7 proposed supplemental appropriation or may return the  
8 proposed supplemental appropriation to the requesting agency  
9 for further information. If the governor has returned the  
10 proposed supplemental appropriation to the requesting agency  
11 and the requesting agency resubmits the proposed  
12 supplemental appropriation to the governor, all procedures  
13 provided in this section apply to the resubmitted proposed  
14 supplemental appropriation.

15 (4) (a) If an emergency occurs that poses a serious  
16 threat to the life, health, or safety of the public, the  
17 legislative fiscal analyst may waive the written review and  
18 the legislative finance committee's written report required  
19 by this section. After a waiver, the legislative fiscal  
20 analyst may complete the written review.

21 (b) Upon receipt of the waiver, the governor may  
22 approve the proposed supplemental appropriation.

23 (c) A waiver affects only the legislative fiscal  
24 analyst's written review and the legislative finance  
25 committee's written report on the proposed supplemental

1 appropriation. All other proposed supplemental appropriation  
2 requirements and standards remain in effect.

3 (5) Nothing in this part confers on the legislative  
4 finance committee authority to approve or deny a proposed  
5 supplemental appropriation."

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0500, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

The bill requires that a proposed supplemental appropriation (appropriation transfer) must contain a plan for reducing agency expenditures in the second year of the biennium to contain expenditures within authorized appropriations; authorizing the Governor to implement the plan; prohibiting nonmandatory expenditures during the second year of a biennium that will cause expenditures to exceed appropriations.

ASSUMPTIONS:

The proposal will act to reduce future supplemental appropriations by inserting more stringent requirements into law. The likely magnitude, however, cannot be reasonably estimated. The workload increase in the Office of Budget and Program Planning and the Office of the Legislative Fiscal Analyst will be managed within executive budget levels.

FISCAL IMPACT:

Not subject to accurate estimate.

David Lewis 2-11-93  
DAVID LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

MERCER 2-12-93  
JOHN MERCER, PRIMARY SPONSOR      DATE

Fiscal Note for HB0500, as introduced

HB 500

APPROVED BY COMMITTEE  
ON APPROPRIATIONS

House BILL NO. 500

INTRODUCED BY MERCER Boudanand GRINCE  
Jacobson Dignell Beck Gook Emily Sengul  
Did not like MAKE STAY HARP

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT A PROPOSED SUPPLEMENTAL APPROPRIATION MUST CONTAIN A PLAN FOR REDUCING EXPENDITURES IN THE SECOND YEAR OF THE BIENNIUM THAT ALLOWS THE AGENCY TO CONTAIN EXPENDITURES WITHIN APPROPRIATIONS; AUTHORIZING THE GOVERNOR TO IMPLEMENT THE PLAN; PROHIBITING DURING THE SECOND FISCAL YEAR OF A BIENNIUM NONMANDATORY EXPENDITURES THAT WILL CAUSE EXPENDITURES TO EXCEED APPROPRIATIONS; AND AMENDING SECTIONS 17-7-301 AND 17-7-311, MCA."

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

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

"17-7-301. Authorization to expend during first year of biennium from appropriation for second year -- proposed supplemental appropriation defined -- limit on second-year expenditures. (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. The proposal submitted to the governor must include a plan for reducing

expenditures in the second year of the biennium that allows the agency to contain expenditures within appropriations. 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 the legislative fiscal analyst. If the emergency is for fire suppression, the plan for reducing expenditures is not required. Upon receipt of the recommendation of the legislative finance committee pursuant to 17-7-311, the governor may authorize an expenditure during the first fiscal year of the biennium to be made from the appropriation for the second fiscal year of the biennium. The governor shall require the agency to implement the plan for reducing expenditures in the second year of the biennium that contains agency expenditures within appropriations.

(2) The department, institution, or agency may expend the amount authorized by the governor only for the purposes specified in the authorization.

(3) The governor shall report to the next legislature

1 in a special section of the budget the amounts expended as a  
2 result of all such authorizations granted by him the  
3 governor and shall request that any necessary supplemental  
4 appropriation bills be passed.

5 (4) As used in this part, "proposed supplemental  
6 appropriation" means an application for authorization to  
7 make expenditures during the first fiscal year of the  
8 biennium from appropriations for the second fiscal year of  
9 the biennium.

10 (5) (a) Except as provided in subsection (5)(b), an  
11 agency may not make expenditures in the second year of the  
12 biennium that, if carried on for the full year, will require  
13 a deficiency appropriation, commonly referred to as a  
14 "supplemental appropriation".

15 (b) An agency shall prepare and, to the extent  
16 feasible, implement a plan for reducing expenditures in the  
17 second year of the biennium that contains agency  
18 expenditures within appropriations. The approving authority  
19 is responsible for ensuring the implementation of the plan.  
20 If, in the second year of a biennium, mandated expenditures  
21 that are required by state or federal law will cause an  
22 agency to exceed appropriations or available funds, the  
23 agency shall reduce all nonmandated expenditures pursuant to  
24 the plan in order to reduce to the greatest extent possible  
25 the expenditures in excess of appropriations or funding. An

1 agency may not transfer funds between fund types in order to  
2 implement a plan."

3 **Section 2.** Section 17-7-311, MCA, is amended to read:

4 "17-7-311. **Proposed supplemental appropriation --**  
5 **procedure.** (1) A proposed supplemental appropriation and all  
6 supporting documentation must be submitted to the  
7 legislative fiscal analyst. The governor may not approve a  
8 proposed supplemental appropriation until the governor  
9 receives the legislative finance committee's written report  
10 for that proposed supplemental appropriation unless:

11 (a) the report is not received within 90 calendar days  
12 from the date the proposed supplemental appropriation and  
13 supporting documentation were forwarded to the legislative  
14 finance committee, in which case the governor may approve  
15 the proposed supplemental appropriation; or

16 (b) there has been a waiver of the review and report  
17 requirements, as provided in subsection (4).

18 (2) The legislative fiscal analyst shall review each  
19 proposed supplemental appropriation submitted by the  
20 governor for compliance with statutory requirements and  
21 standards and to determine the expenditures that will be  
22 reduced in order to contain spending within legislative  
23 appropriations, and The legislative fiscal analyst shall  
24 present a written report of this review to the legislative  
25 finance committee. Within 10 days after the legislative



1 Finance committee's consideration of the proposed  
2 supplemental appropriation, the legislative fiscal analyst  
3 shall submit the legislative finance committee's report to  
4 the governor.

5 (3) Upon receipt of the legislative finance committee's  
6 written report, the governor may approve or deny the  
7 proposed supplemental appropriation or may return the  
8 proposed supplemental appropriation to the requesting agency  
9 for further information. If the governor has returned the  
10 proposed supplemental appropriation to the requesting agency  
11 and the requesting agency resubmits the proposed  
12 supplemental appropriation to the governor, all procedures  
13 provided in this section apply to the resubmitted proposed  
14 supplemental appropriation.

15 (4) (a) If an emergency occurs that poses a serious  
16 threat to the life, health, or safety of the public, the  
17 legislative fiscal analyst may waive the written review and  
18 the legislative finance committee's written report required  
19 by this section. After a waiver, the legislative fiscal  
20 analyst may complete the written review.

21 (b) Upon receipt of the waiver, the governor may  
22 approve the proposed supplemental appropriation.

23 (c) A waiver affects only the legislative fiscal  
24 analyst's written review and the legislative finance  
25 committee's written report on the proposed supplemental

1 appropriation. All other proposed supplemental appropriation  
2 requirements and standards remain in effect.

3 (5) Nothing in this part confers on the legislative  
4 finance committee authority to approve or deny a proposed  
5 supplemental appropriation."

-End-

## HOUSE BILL NO. 500

INTRODUCED BY MERCER, BARDANOUVE, GRINDE, JACOBSON,  
DRISCOLL, PECK, ZOOK, GRADY, SWYSGOOD, HARP, GILBERT,  
J. RICE, AKLESTAD

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT A  
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of the executive branch desiring authorization to make  
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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  
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suppression OR IF THE PROPOSED SUPPLEMENTAL APPROPRIATION IS  
REQUESTED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION, IN  
ACCORDANCE WITH THE PROVISIONS OF 20-9-351, AND IS TO  
COMPLETE THE STATE'S FUNDING OF GUARANTEED TAX BASE AID,  
TRANSPORTATION AID, OR EQUALIZATION AID TO ELEMENTARY AND  
SECONDARY SCHOOLS FOR THE CURRENT BIENNIUM, the plan for  
reducing expenditures is not required. Upon receipt of the  
recommendation of the legislative finance committee pursuant  
to 17-7-311, the governor may authorize an expenditure  
during the first fiscal year of the biennium to be made from  
the appropriation for the second fiscal year of the

1 biennium. The governor shall require the agency to implement  
 2 the plan for reducing expenditures in the second year of the  
 3 biennium that contains agency expenditures within  
 4 appropriations.

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

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

13 (4) As used in this part, "proposed supplemental  
 14 appropriation" means an application for authorization to  
 15 make expenditures during the first fiscal year of the  
 16 biennium from appropriations for the second fiscal year of  
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18 (5) (a) Except as provided in subsection (5)(b), an  
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 20 biennium that, if carried on for the full year, will require  
 21 a deficiency appropriation, commonly referred to as a  
 22 "supplemental appropriation".

23 (b) An agency shall prepare and, to the extent  
 24 feasible, implement a plan for reducing expenditures in the  
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1 expenditures within appropriations. The approving authority  
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 3 If, in the second year of a biennium, mandated expenditures  
 4 that are required by state or federal law will cause an  
 5 agency to exceed appropriations or available funds, the  
 6 agency shall reduce all nonmandated expenditures pursuant to  
 7 the plan in order to reduce to the greatest extent possible  
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 10 implement a plan."

11 **Section 2.** Section 17-7-311, MCA, is amended to read:

12 "17-7-311. Proposed supplemental appropriation --  
 13 procedure. (1) A proposed supplemental appropriation and all  
 14 supporting documentation must be submitted to the  
 15 legislative fiscal analyst. The governor may not approve a  
 16 proposed supplemental appropriation until the governor  
 17 receives the legislative finance committee's written report  
 18 for that proposed supplemental appropriation unless:

19 (a) the report is not received within 90 calendar days  
 20 from the date the proposed supplemental appropriation and  
 21 supporting documentation were forwarded to the legislative  
 22 finance committee, in which case the governor may approve  
 23 the proposed supplemental appropriation; or

24 (b) there has been a waiver of the review and report  
 25 requirements, as provided in subsection (4).

1       (2) The legislative fiscal analyst shall review each  
 2 proposed supplemental appropriation submitted by the  
 3 governor for compliance with statutory requirements and  
 4 standards and to determine the expenditures that will be  
 5 reduced in order to contain spending within legislative  
 6 appropriations. and The legislative fiscal analyst shall  
 7 present a written report of this review to the legislative  
 8 finance committee. Within 10 days after the legislative  
 9 finance committee's consideration of the proposed  
 10 supplemental appropriation, the legislative fiscal analyst  
 11 shall submit the legislative finance committee's report to  
 12 the governor.

13       (3) Upon receipt of the legislative finance committee's  
 14 written report, the governor may approve or deny the  
 15 proposed supplemental appropriation or may return the  
 16 proposed supplemental appropriation to the requesting agency  
 17 for further information. If the governor has returned the  
 18 proposed supplemental appropriation to the requesting agency  
 19 and the requesting agency resubmits the proposed  
 20 supplemental appropriation to the governor, all procedures  
 21 provided in this section apply to the resubmitted proposed  
 22 supplemental appropriation.

23       (4) (a) If an emergency occurs that poses a serious  
 24 threat to the life, health, or safety of the public, the  
 25 legislative fiscal analyst may waive the written review and

1 the legislative finance committee's written report required  
 2 by this section. After a waiver, the legislative fiscal  
 3 analyst may complete the written review.

4       (b) Upon receipt of the waiver, the governor may  
 5 approve the proposed supplemental appropriation.

6       (c) A waiver affects only the legislative fiscal  
 7 analyst's written review and the legislative finance  
 8 committee's written report on the proposed supplemental  
 9 appropriation. All other proposed supplemental appropriation  
 10 requirements and standards remain in effect.

11       (5) Nothing in this part confers on the legislative  
 12 finance committee authority to approve or deny a proposed  
 13 supplemental appropriation."

-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 2  
March 24, 1993

Page 2 of 2  
March 24, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 500 (first reading copy -- blue), respectfully report that House Bill No. 500 be amended as follows and as so amended be concurred in.

Signed: Judy H. Jacobson  
Senator Judy H. Jacobson, Chair

That such amendments read:

1. Title, line 10.

Following: ";

Insert: "PROVIDING CERTAIN EXCEPTIONS;"

2. Page 2, line 14.

Following: "analyst."

Strike: "If the"

Insert: "(2) The plan for reducing expenditures required by subsection (1) is not required if the proposed supplemental appropriation is:  
(a) due to an unforeseen and unanticipated"

3. Page 2, line 14.

Following: "emergency"

Strike: "is"

4. Page 2, line 15.

Following: "suppression"

Strike: "OR IF THE PROPOSED SUPPLEMENTAL APPROPRIATION IS"

Insert: " ; (b) "

5. Page 2, lines 20 and 21.

Following: "BIENNIUM"

Strike: ", the plan for reducing expenditures is not required."

Insert: " ; or (c) requested by the attorney general and: (i) is to pay the costs associated with litigation in which the department of justice must provide representation to the state of Montana; or (ii) in accordance with the provisions of 7-32-2242, is to pay costs for which the department of justice is responsible for confinement of an arrested person in a detention center. (3) "

Renumber: subsequent subsections

6. Page 3, line 1.

Following: "biennium."

Strike: "The"

Insert: "Except as provided in subsection (2), the"

7. Page 3, line 18.

Following: "in"

Strike: "subsection (5)(b)"

Insert: "subsections (2) and (7)(b)"

-END-

HH Amd. Coord.  
91 Sec. of Senate

Senator Simpson  
Senator Carrying Bill

661436SC.San

SENATE  
HB 500  
661436SC.San

## HOUSE BILL NO. 500

INTRODUCED BY MERCER, BARDANOUVE, GRINDE, JACOBSON,  
DRISCOLL, PECK, ZOOK, GRADY, SWYSGOOD, HARP, GILBERT,  
J. RICE, AKLESTAD

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT A  
PROPOSED SUPPLEMENTAL APPROPRIATION MUST CONTAIN A PLAN FOR  
REDUCING EXPENDITURES IN THE SECOND YEAR OF THE BIENNIUM  
THAT ALLOWS THE AGENCY TO CONTAIN EXPENDITURES WITHIN  
APPROPRIATIONS; PROVIDING CERTAIN EXCEPTIONS; AUTHORIZING  
THE GOVERNOR TO IMPLEMENT THE PLAN; PROHIBITING DURING THE  
SECOND FISCAL YEAR OF A BIENNIUM NONMANDATORY EXPENDITURES  
THAT WILL CAUSE EXPENDITURES TO EXCEED APPROPRIATIONS; AND  
AMENDING SECTIONS 17-7-301 AND 17-7-311, MCA."

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

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

"17-7-301. Authorization to expend during first year of  
biennium from appropriation for second year -- proposed  
supplemental appropriation defined -- limit on second-year  
expenditures. (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. The proposal  
submitted to the governor must include a plan for reducing  
expenditures in the second year of the biennium that allows  
the agency to contain expenditures within appropriations. 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  
the legislative fiscal analyst. if the

(2) THE PLAN FOR REDUCING EXPENDITURES REQUIRED BY  
SUBSECTION (1) IS NOT REQUIRED IF THE PROPOSED SUPPLEMENTAL  
APPROPRIATION IS:

(A) DUE TO AN UNFORESEEN AND UNANTICIPATED emergency ~~is~~  
for fire suppression OR--IF--THE--PROPOSED--SUPPLEMENTAL  
APPROPRIATION--IS;

(B) REQUESTED BY THE SUPERINTENDENT OF PUBLIC  
INSTRUCTION, IN ACCORDANCE WITH THE PROVISIONS OF 20-9-351,  
AND IS TO COMPLETE THE STATE'S FUNDING OF GUARANTEED TAX  
BASE AID, TRANSPORTATION AID, OR EQUALIZATION AID TO  
ELEMENTARY AND SECONDARY SCHOOLS FOR THE CURRENT BIENNIUM;

~~the plan for reducing expenditures is not required;~~ OR

(C) REQUESTED BY THE ATTORNEY GENERAL AND:

(I) IS TO PAY THE COSTS ASSOCIATED WITH LITIGATION IN WHICH THE DEPARTMENT OF JUSTICE MUST PROVIDE REPRESENTATION TO THE STATE OF MONTANA; OR

(II) IN ACCORDANCE WITH THE PROVISIONS OF 7-32-2242, IS TO PAY COSTS FOR WHICH THE DEPARTMENT OF JUSTICE IS RESPONSIBLE FOR CONFINEMENT OF AN ARRESTED PERSON IN A DETENTION CENTER.

(3) Upon receipt of the recommendation of the legislative finance committee pursuant to 17-7-311, the governor may authorize an expenditure during the first fiscal year of the biennium to be made from the appropriation for the second fiscal year of the biennium. The EXCEPT AS PROVIDED IN SUBSECTION (2), THE governor shall require the agency to implement the plan for reducing expenditures in the second year of the biennium that contains agency expenditures within appropriations.

(2)(4) The department, institution, or agency may expend the amount authorized by the governor only for the purposes specified in the authorization.

(3)(5) The governor shall report to the next legislature in a special section of the budget the amounts expended as a result of all such authorizations granted by him the governor and shall request that any necessary

supplemental appropriation bills be passed.

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

(5)(7) (a) Except as provided in subsection--(5)(b) SUBSECTIONS (2) AND (7)(B), an agency may not make expenditures in the second year of the biennium that, if carried on for the full year, will require a deficiency appropriation, commonly referred to as a "supplemental appropriation".

(b) An agency shall prepare and, to the extent feasible, implement a plan for reducing expenditures in the second year of the biennium that contains agency expenditures within appropriations. The approving authority is responsible for ensuring the implementation of the plan. If, in the second year of a biennium, mandated expenditures that are required by state or federal law will cause an agency to exceed appropriations or available funds, the agency shall reduce all nonmandated expenditures pursuant to the plan in order to reduce to the greatest extent possible the expenditures in excess of appropriations or funding. An agency may not transfer funds between fund types in order to implement a plan."

**Section 2.** Section 17-7-311, MCA, is amended to read:

"17-7-311. Proposed supplemental appropriation -- procedure. (1) A proposed supplemental appropriation and all supporting documentation must be submitted to the legislative fiscal analyst. The governor may not approve a proposed supplemental appropriation until the governor receives the legislative finance committee's written report for that proposed supplemental appropriation unless:

(a) the report is not received within 90 calendar days from the date the proposed supplemental appropriation and supporting documentation were forwarded to the legislative finance committee, in which case the governor may approve the proposed supplemental appropriation; or

(b) there has been a waiver of the review and report requirements, as provided in subsection (4).

(2) The legislative fiscal analyst shall review each proposed supplemental appropriation submitted by the governor for compliance with statutory requirements and standards and to determine the expenditures that will be reduced in order to contain spending within legislative appropriations. and The legislative fiscal analyst shall present a written report of this review to the legislative finance committee. Within 10 days after the legislative finance committee's consideration of the proposed supplemental appropriation, the legislative fiscal analyst

shall submit the legislative finance committee's report to the governor.

(3) Upon receipt of the legislative finance committee's written report, the governor may approve or deny the proposed supplemental appropriation or may return the proposed supplemental appropriation to the requesting agency for further information. If the governor has returned the proposed supplemental appropriation to the requesting agency and the requesting agency resubmits the proposed supplemental appropriation to the governor, all procedures provided in this section apply to the resubmitted proposed supplemental appropriation.

(4) (a) If an emergency occurs that poses a serious threat to the life, health, or safety of the public, the legislative fiscal analyst may waive the written review and the legislative finance committee's written report required by this section. After a waiver, the legislative fiscal analyst may complete the written review.

(b) Upon receipt of the waiver, the governor may approve the proposed supplemental appropriation.

(c) A waiver affects only the legislative fiscal analyst's written review and the legislative finance committee's written report on the proposed supplemental appropriation. All other proposed supplemental appropriation requirements and standards remain in effect.



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1       (5) Nothing in this part confers on the legislative  
2 finance committee authority to approve or deny a proposed  
3 supplemental appropriation."

-End-