

1 HOUSE BILL NO. 35

2 INTRODUCED BY COBB

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE APPROVING AUTHORITY TO ALLOW AN
5 AGENCY TO TRANSFER APPROPRIATIONS FROM THE FIRST FISCAL YEAR OF A BIENNIUM TO THE
6 SECOND FISCAL YEAR OF A BIENNIUM; AMENDING SECTION 17-7-304, MCA; AND PROVIDING AN
7 EFFECTIVE DATE."

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

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11 **Section 1.** Section 17-7-304, MCA, is amended to read:

12 **"17-7-304. (Temporary) Disposal of unexpended appropriations.** (1)(a) All money appropriated for
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17 appropriation was made.

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19 first fiscal year of a biennium to the second fiscal year of a biennium.

20 (2) Except as provided in 17-2-108 and subsection (3) of this section, all money appropriated for
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6 (3) Subsection (2) does not apply to reversions that are the result of a reduction in spending
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6 **NEW SECTION. Section 2. Effective date.** [This act] is effective July 1, 1995.

7

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0035, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing the approving authority to allow an agency to transfer appropriations from the first year of a biennium to the second fiscal year of a biennium beginning in the 1997 biennium.

ASSUMPTIONS:

1. The FY94 general fund reversions were approximately \$2.7 million and the 1997 biennium budgeted general fund reversions are \$2.5 million each year.
2. Statutory and language appropriations are not included in the transfer authority.
3. The amount of first year authority approved and transferred to the second year would be dependent, in part, upon guidelines adopted by the approving authority.
4. In FY96, the OBPP will issue a management memorandum for the executive branch allowing transfer of funds that are necessary and consistent with the goals and objectives of the agency.
5. The fact that the first year of a biennium is the base year used to develop the budget for the following biennium will provide a partial counterbalancing reason not to transfer appropriations to the second fiscal year of a biennium.
6. The combined impact of the management memo and the base year factor could result in about 50% of the available reversions being transferred to and expended in FY 97.
7. The transfers will not reduce the number and amount of the supplemental appropriations required in the second year of the biennium.
8. Although the fiscal impact is not quantifiable, there is likely to be a general fund cost of less than \$1.25 million in FY96 due to reduced reversions.

FISCAL IMPACT:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
General Fund (01)	(1,250,000)	0

Dave Lewis 1-4-95

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

 JOHN COBB, PRIMARY SPONSOR DATE

Fiscal Note for HB0035, as introduced
HB 35

SPONSOR'S FISCAL NOTE

Form BD-15S

There is hereby submitted a Sponsor's Fiscal Note for: HB 35, Version: _____

Rebuttal to Administration Fiscal note.

Answer:

The Budget office fiscal note is wrong, wrong, wrong, wrong, and just plain wrong.

THE BUDGET OFFICE IN THEIR MANAGEMENT MEMO TO THE EXECUTIVE DEPARTMENTS SHOULD SIMPLY SAY THAT THERE SHALL BE NO TRANSFERS UNTIL WE ARE SURE WE HAVE THE REVERSIONS THAT WE WANT.

Cobb Fiscal note - \$0.00

Assumptions.

- 1. The administration's fiscal note is being used to kill my bill.
- 2. It is true that 2.7 million dollars was reverted in fiscal year 1994.
- 3. The total general fund budget for fiscal year 1994 was 480 million dollars. That means that .5% was left over from the general fund from reversions.
- 4. Trying to balance the budget with reversions is not good budget practice.
- 5. Nevertheless, ~~instead of any reversions~~ ^{in this bill} the transfer of money from the first year to the second year must be also approved by the approving authority in this bill.
- 6. The approving authority for all executive agencies including the Sec. of State, OPI, Justice and so on is the Governor's Budget Office. The Board of Regents are the approving authority for the university system.
- 7. The University System never ever reverts money so you do not have to worry about reversions from them. The Governor's budget office will have the final say so over all executive agencies wanting to transfer money from the first year to the second year.
- 8. Only the legislative branch and the Courts would have the say so to transfer money from the first year to the second year without the Governors Budget Office giving their approval.
- 9. Agencies now dump, spend down or buy through "A" accruals to get rid of excess money to avoid reversions. "A" accruals means buying this year, things like equipment but not receiving it until the next fiscal year. This usually happens at the end of a fiscal year. The use of "A" accruals in most cases is all right, but it is also used to dump money that can't be spent now. This allows them to buy short term equipment needs, contracted services etc. in order to avoid reverting money.
In fact one year the legislature kept the agencies from moving money from personal services (salaries) to other uses such

as "A" accruals. Over 10 million dollars was found extra in reversions that had been used for "A" accruals to dump money or to use the money for short term projects or needs.

10. If the Governors budget office said already they want 2.5 million dollars in reversions this next fiscal year, then the budget office simply can say to all of the agencies that there is to be no transfers allowed until the are guaranteed the 2.5 million dollars in reversions.

11. Therefore since they want 2.5 million as shown in the budget all the office can say to an agency request for a tranfer is "NO" until the 2.5 million is raised. It is not that hard to say no.

12. Finally the Budgets Office fiscal note says "Although the fiscal impact is not quantifiable, there is likely to be a general fund cost of less than 1.25 million..." That statement makes no sense. If it is not quantifiable then they should not be saying the fiscal note is 1.25 million dollars.

13. If you want to continue making managers short term managers of budgets, continue dumping dollars at the end of fiscal years, and believing the budget office can't say no on transfers after they already said how much reversions they want, then vote against the bill.

If you want to give the depts. at least the opportunity to be good long term managers, give them a chance by voting for this bill. In stead of dumping their dollars at the end of each fiscal year or putting them into "A" accruals they may ask that the dollars be moved to the second year. Reversions can still remain the same.

John Cobb 1/6/95
PRIMARY SPONSOR DATE

Fiscal Note for: HB 35 Version: _____

HB 35

APPROVED BY COMMITTEE
ON APPROPRIATIONS

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