

## 1 HOUSE BILL NO. 23

2 INTRODUCED BY OHS

3 BY REQUEST OF THE JOINT INTERIM SUBCOMMITTEE ON STATE MANAGEMENT SYSTEMS  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE ACCOUNTING LAWS OF STATE  
6 GOVERNMENT TO ACCOMMODATE INTEGRATED STATE MANAGEMENT TECHNOLOGY FOR THE  
7 TWENTY-FIRST CENTURY AS REQUIRED BY SENATE JOINT RESOLUTION NO. 23, LAWS OF 1995;  
8 ELIMINATING CERTAIN REPORTS AND PLANS; ELIMINATING UNNECESSARY DUTIES OF THE STATE  
9 AUDITOR, THE STATE TREASURER, AND THE DEPARTMENT OF ADMINISTRATION; ELIMINATING THE  
10 REQUIREMENT THAT CERTAIN DUPLICATE WARRANTS MAY BE ISSUED ONLY AFTER A BOND IS  
11 PROVIDED; ELIMINATING THE REQUIREMENT FOR A STOP-PAYMENT ORDER EACH TIME A DUPLICATE  
12 WARRANT IS ISSUED; AMENDING SECTIONS 15-1-501, 17-1-102, 17-1-111, 17-2-110, 17-2-201,  
13 17-3-102, 17-3-106, 17-4-101, 17-6-212, 17-8-201, 17-8-202, AND 17-8-306, MCA; REPEALING  
14 SECTIONS 17-1-123 AND 17-8-307, MCA; AND PROVIDING AN EFFECTIVE DATE."

15  
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
17

18 **Section 1.** Section 17-1-102, MCA, is amended to read:

19 **"17-1-102. Uniform accounting system and expenditure control.** (1) The department shall establish  
20 a system of financial control so that the functioning of the various agencies of the state may be improved,  
21 duplications of work by different state agencies and employees may be eliminated, public service may be  
22 improved, and the cost of government may be reduced.

23 (2) The department shall prescribe and install a uniform accounting and reporting system for all  
24 state agencies and institutions, ~~showing reporting~~ the receipt, use, and disposition of all public money and  
25 property in accordance with generally accepted accounting principles, ~~and shall develop plans for~~  
26 ~~improvements and economies in the organization and operation of state agencies and institutions, which~~  
27 ~~must be submitted to the respective heads of agencies and institutions. Copies of all plans must be~~  
28 ~~delivered to the governor, and additional copies must be retained in the office of the department for~~  
29 ~~inspection by the members of the legislature.~~

30 (3) The uniform accounting and reporting system must contain three levels of expenditure. The first

1 level must include general categories, such as personal services, operating expenses, equipment, capital  
 2 outlay, local assistance, grants, benefits and claims, transfers, and debt service. The second level of  
 3 expenditure must include specific categories of expenditures within each first-level category. The third level  
 4 of expenditure must include specific items of expenditure within each category of the second level.

5 ~~(4) The department shall examine all financial affairs of each state agency and institution for the~~  
 6 ~~purpose of developing plans for improvements and economies in the organization and operation of the~~  
 7 ~~agencies and institutions and for the purpose of enabling the department to properly perform any of the~~  
 8 ~~duties imposed upon the department by this part.~~

9 ~~(5)~~ All state agencies, including units of the university system but excluding community colleges,  
 10 shall input all necessary transactions to the accounting system prescribed in subsection (2) before the  
 11 accounts are closed at the end of the fiscal year in order to present the receipt, use, and disposition of all  
 12 money and property for which the agency is accountable in accordance with generally accepted accounting  
 13 principles, except that for budgetary control purposes, encumbrances that are required by generally  
 14 accepted accounting principles to be reported as a reservation of fund balance must be recorded as  
 15 expenditures and liabilities on the accounting records."  
 16

17 **Section 2.** Section 17-1-111, MCA, is amended to read:

18 **"17-1-111. General fiscal duties of state treasurer.** (1) The state treasurer is the custodian of all  
 19 money and securities of the state unless otherwise expressly provided by law.

20 (2) It is the duty of the state treasurer to:

21 (a) receive and account for all money belonging to the state, not expressly required by law to be  
 22 received and kept by some other person;

23 (b) pay warrants out of the funds upon which they are drawn;

24 (c) upon payment of any warrant, ~~take upon the back of the warrant~~ record the receipt of the  
 25 person to whom it is paid;

26 (d) keep an account of all money received and disbursed;

27 (e) at the request of either house of the legislature or of any legislative committee, give information  
 28 in writing as to the condition of the treasury or on any subject relating to the duties of the office of state  
 29 treasurer;

30 (f) superintend the fiscal concerns of the state;

1 (g) suggest plans for the improvement and management of the public revenue;

2 (h) keep an account of all warrants drawn upon the treasury and of other appropriation records that  
3 the treasurer determines to be essential for the support of the accounting records maintained in the  
4 department;

5 ~~(i) charge the outgoing state treasurer with the balance that was in the treasury when the outgoing~~  
6 ~~treasurer came into office and with all money received and credit the outgoing treasurer with all warrants~~  
7 ~~drawn on and paid;~~

8 ~~(j)~~ keep a register of warrants, showing the fund upon which each warrant is drawn, each  
9 warrant's number, who received the warrant, and the date issued;

10 ~~(k)~~(j) require all persons who have received money belonging to the state but who have not  
11 accounted for it to settle their accounts;

12 ~~(l)~~(k) draw warrants on the state treasury for the payment of money directed by law to be paid out  
13 of the treasury, except that a warrant may not be drawn unless authorized by law;

14 ~~(m)~~(l) authenticate with the official seal of the state all warrants drawn and all copies of papers  
15 issued from the office of state treasurer;

16 ~~(n)~~(m) collect and pay into the state treasury all fees received; and

17 ~~(o)~~(n) discharge other duties as may be imposed upon the state treasurer by law."

18

19 **Section 3.** Section 17-2-110, MCA, is amended to read:

20 "**17-2-110. Fiscal year and financial reports.** (1) The fiscal year for state purposes commences on  
21 July 1 of each year and ends on June 30 of each year.

22 (2) At the ~~close~~ end of each fiscal year, the fiscal records of each state office, department, bureau,  
23 commission, institution, university unit, and agency (collectively referred to as "state agency") must be  
24 closed ~~as of the end of the fiscal year~~. Each state agency shall prepare the financial ~~statements~~ records and  
25 reconciliations for the fiscal year as the department of administration may prescribe. ~~These~~ The financial  
26 reports of the uniform accounting and reporting system prescribed in 17-1-102(2) are to be completed and  
27 distributed not more than 31 days following the ~~close~~ end of each fiscal year. The department of  
28 administration may extend this time limit if a state agency can show necessity for the extension.

29 (3) The reports are to be distributed to the department of administration and the legislative auditor  
30 and any other state agency that the department of administration may prescribe. It is the intent of this

1 provision that these reports accurately and comprehensively present the financial activities of the reporting  
 2 state agency in accordance with generally accepted accounting principles so that the reports can be  
 3 effectively used by the executive and legislative branches of state government.

4 (4) Upon consolidation of the reports, the annual financial report by the department of  
 5 administration must be available for other individuals and organizations interested in the financial affairs of  
 6 the state of Montana."

7  
 8 **Section 4.** Section 17-2-201, MCA, is amended to read:

9 **"17-2-201. Contingent revolving accounts -- when established.** (1) The department of  
 10 administration may authorize the establishment and maintenance at ~~any and all of the state institutions~~  
 11 agencies or in ~~any of the departments, boards, or commissions of Montana~~ of contingent revolving  
 12 accounts, transferring in trust to the business offices of ~~said the institutions~~ such sums of money as may  
 13 appear necessary, to be used by ~~said the institutions~~ for the payment of demands requiring immediate cash  
 14 payment, ~~such~~ Demands include the as payment of minor invoices, invoices for which the discount period  
 15 is too short to take advantage of the discount if payment is made by warrant, freight and express charges,  
 16 travel advances, postage, publications requiring remittance to accompany the order, and the establishment  
 17 of cash change funds, all under specific regulations to be established by the department of administration.

18 (2) Each ~~and every~~ state ~~institution~~ agency granted a contingent revolving account shall report to  
 19 the department of administration ~~monthly~~ upon request all transactions involving ~~such the~~ contingent  
 20 revolving accounts, with proper vouchers for every payment ~~made therefrom~~. The department of  
 21 administration may cancel ~~such the~~ authorizations and recall ~~such the~~ funds ~~at pleasure~~ as it determines  
 22 appropriate."

23  
 24 **Section 5.** Section 17-3-102, MCA, is amended to read:

25 **"17-3-102. Definitions.** As used in this part, the following definitions apply:

26 (1) "Application" means ~~a written request to a~~ the form specified by a federal agency ~~for federal~~  
 27 ~~assistance program funds.~~

28 (2) "Federal assistance programs" means any financial assistance made to a state agency by an  
 29 agency of the United States government, whether a grant, loan, gift, contract, or in any other form.

30 (3) "Grantee agency" means any agency of state government receiving federal funds.

1 (4) "Indirect costs" means costs ~~which~~ that benefit more than one agency or program and that are  
2 not readily assignable to the agency or program specifically benefiting.

3 (5) "Service agency" means state agencies ~~which~~ that provide goods, facilities, and services to a  
4 grantee agency.

5 (6) "State agency" means any agency of state government eligible to apply for and receive federal  
6 funds."

7  
8 **Section 6.** Section 17-3-106, MCA, is amended to read:

9 **"17-3-106. Fiscal officer for receipt of federal grants.** (1) The state treasurer is designated as the  
10 fiscal officer of the state to receive from the United States government or any of its agencies all funds that  
11 may be made available as a grant to the state of Montana under any act of congress, or otherwise, for any  
12 purpose or use. The state treasurer shall, upon receipt of the funds, deposit the funds in the proper fund  
13 in the state treasury.

14 (2) ~~The state treasurer~~ A state agency may return ~~to the federal government any~~ from the state  
15 treasury, through the state treasurer, any federal funds and the interest earned on the funds that may not  
16 be retained by the state according to federal law or the terms of the federal grant that made the funds  
17 available. The funds are statutorily appropriated, as provided in 17-7-502, to the state treasurer for the  
18 purpose of returning the funds under the provisions of this subsection."

19  
20 **Section 7.** Section 17-4-101, MCA, is amended to read:

21 **"17-4-101. Definitions.** In this part, the following definitions apply:

22 (1) ~~term "agency"~~ "Agency" includes:

23 (a) all state offices, departments, divisions, boards, commissions, councils, committees,  
24 institutions, university units, and other entities or instrumentalities of state government; and

25 (b) with respect to delinquent taxes that the ~~state auditor~~ department is requested to collect, state  
26 and local entities whose personal property taxes are collected by the county treasurer;

27 (2) ~~word "department"~~ "Department" means the department of administration."

28  
29 **Section 8.** Section 17-6-212, MCA, is amended to read:

30 **"17-6-212. State purchase of general fund warrants.** (1) The state reserves a preference right,

1 prior to the right of any person, company, or corporation, to purchase state general fund warrants issued  
2 with funds under the control of the board of investments and subject to investment.

3 (2) When the board of investments has under its control any funds subject to investment that in  
4 its judgment it would be advantageous to invest in state general fund warrants and there are not sufficient  
5 funds in the state general fund to pay warrants issued against the fund at the time that they are issued and  
6 presented for payment, it shall authorize and direct the state treasurer to purchase state general fund  
7 warrants, designating the fund or funds to be invested and fixing the amount or amounts to be invested.  
8 State general fund warrants registered by the state treasurer pursuant to 17-8-304(1) and purchased by  
9 the board of investments must bear interest at a rate determined by the board. When determining the  
10 interest rate, the board shall consider:

11 (a) the duration of the investment by estimating the time at which the warrants will be redeemed  
12 pursuant to 17-8-304(1); and

13 (b) the interest rate of the investments liquidated to provide the funds to purchase the warrants.

14 (3) The state treasurer shall attach to or stamp, write, or print upon each general fund warrant  
15 issued after the receipt of notice, until warrants totaling the amounts designated have been issued, a notice  
16 that the state will exercise its preference right to purchase the warrant.

17 (4) The state treasurer shall, when the marked warrant is presented, pay it out of the proper fund  
18 as designated by the board, and the warrant purchased must be registered as other state warrants and  
19 must bear interest as provided by law.

20 (5) When the designated amounts have been invested, the ~~state treasurer~~ department shall notify  
21 the board of investments, which shall issue orders ~~upon the proper funds addressed to the state auditor~~  
22 for warrants to be issued in favor of the treasurer."  
23

24 **Section 9.** Section 17-8-201, MCA, is amended to read:

25 **"17-8-201. Authorizations for disbursements -- submission of claim to department of**  
26 **administration.** (1) All authorizations for disbursements ~~shall~~ must be given by the agency concerned, and  
27 a record ~~shall~~ must be kept by the agency of all the authorizations and expenditures. Claims for any  
28 disbursement must be submitted to the department of administration.

29 (2) The department may prescribe the claim form and may establish, in writing, rules governing the  
30 preparation, submittal, and processing of claims. All claims ~~shall~~ must be processed in the order of their

1 presentation, and ~~all claims disapproved by the department shall~~ notify be returned to the operating agency  
 2 ~~with an explanation in writing of why the claim was disapproved~~ of any disapproved claim."

3  
 4 **Section 10.** Section 17-8-202, MCA, is amended to read:

5 **"17-8-202. Preaudit and transmittal of claims.** (1) The department of administration is not required  
 6 to preaudit a liquidated claim against the state. However, the department ~~of administration~~ may preaudit  
 7 those claims it considers necessary. The agency shall retain the original of all documents that support  
 8 claims sent to the department. These documents are subject to postaudit by the legislative auditor.

9 (2) An office or entity of the executive, legislative, or judicial branch of state government may not  
 10 make any charge against any appropriation unless the balance of the appropriation is available and  
 11 adequate. If ~~no~~ an appropriation is not available for the payment of a claim, the ~~department shall audit it~~  
 12 ~~and, if it is a valid claim,~~ agency shall transmit ~~it~~ the claim to the governor for presentation to the  
 13 legislature."

14  
 15 **Section 11.** Section 17-8-306, MCA, is amended to read:

16 **"17-8-306. Issuance of duplicate warrant.** (1) The state treasurer may issue a duplicate warrant  
 17 whenever any warrant drawn by the state is lost or destroyed. This duplicate warrant must be in the same  
 18 form as the original, except that it must have plainly printed across its face the word "duplicate". A  
 19 ~~duplicate warrant may not be issued or delivered unless the person entitled to receive it deposits with the~~  
 20 ~~state treasurer a bond in double the amount for which the duplicate warrant is issued indemnifying the state~~  
 21 ~~and its officers and employees from any loss resulting from the issuance of the duplicate warrant.~~

22 ~~(2) A bond of indemnity is not required when:~~

23 ~~(a) the payee is the United States government, a state of the United States, any agency,~~  
 24 ~~instrumentality, or officer of the United States government or of a state, county, city, city and county,~~  
 25 ~~town, district, or other political subdivision of a state or any officer thereof;~~

26 ~~(b) the owner or custodian is the state of Montana or any agency or officer of the state;~~

27 ~~(c) the owner or custodian is a bank, savings and loan association, admitted insurer, or trust~~  
 28 ~~company whose financial condition is regulated by the United States government or by the state of~~  
 29 ~~Montana;~~

30 ~~(d) the state treasurer has chosen to waive the requirement upon receipt of evidence that the~~

1 original warrant has been lost or destroyed as a result of a disaster or other major occurrence;

2 (e) ~~the amount of the lost or destroyed warrant is less than \$300;~~

3 (f) ~~it can be established that a crime has been committed and that as a result a Montana warrant~~  
4 ~~has been stolen or destroyed;~~

5 (g) ~~it can be established that a Montana warrant has been mailed to an incorrect payee;~~

6 (h) ~~the payee is a vendor or contractor doing business with the state of Montana;~~

7 (i) ~~the payee is a recipient of public assistance under Title 53;~~

8 (j) ~~the payee is a recipient of a monthly annuity under Title 19;~~

9 (k) ~~the payee is a recipient of student financial assistance administered or insured by the~~  
10 ~~guaranteed student loan program pursuant to Title 20, chapter 26; or~~

11 (l) ~~a state agency approves the issuance of the duplicate warrant and agrees to assume the risk~~  
12 ~~of the original warrant being cashed.~~

13 ~~(3)(2) Whenever the owner or custodian applies under the provisions of subsection (2)(d), (2)(f),~~  
14 ~~(2)(g), (2)(h), (2)(i), (2)(j), (2)(k), or (2)(l) a duplicate warrant is issued, the state treasurer may place a~~  
15 ~~stop-payment order must be placed on the original warrant by the state treasurer.~~

16 ~~(4)(3) Whenever the owner or custodian applies under the provisions of subsection (2)(e), (2)(d),~~  
17 ~~(2)(e), (2)(f), (2)(g), (2)(h), (2)(i), (2)(j), (2)(k), or (2)(l) for the issuance of a duplicate warrant, the~~  
18 ~~application must include an agreement to indemnify the state and its officers and employees from any loss~~  
19 ~~resulting from the issuance of a duplicate warrant. An indemnity agreement is not required if:~~

20 ~~(a) the payee is:~~

21 ~~(i) the United States government;~~

22 ~~(ii) a state of the United States;~~

23 ~~(iii) any agency, instrumentality, or officer of the United States government or of a state, county,~~  
24 ~~city, consolidated government, town, district, or other political subdivision of a state or any officer thereof;~~  
25 ~~or~~

26 ~~(b) the owner or custodian is the state of Montana or any agency or officer of the state.~~

27 ~~(4) Any loss incurred in connection with the issuance of a duplicate warrant must be charged~~  
28 ~~against the account from which the payment was derived."~~

30 **Section 12.** Section 15-1-501, MCA, is amended to read:



1           **"15-1-501. Disposition of money from certain designated license and other taxes.** (1) The state  
2 treasurer shall deposit to the credit of the state general fund in accordance with the provisions of  
3 subsection (6) all money received from the collection of:

4           (a) fees from driver's licenses, motorcycle endorsements, and duplicate driver's licenses as  
5 provided in 61-5-121;

6           (b) electrical energy producer's license taxes under chapter 51;

7           (c) liquor license taxes under Title 16;

8           (d) telephone company license taxes under chapter 53; and

9           (e) inheritance and estate taxes under Title 72, chapter 16.

10          (2) All money received from the collection of income taxes under chapter 30 of this title must, in  
11 accordance with the provisions of subsection (6), be deposited as follows:

12          (a) 91.3% of the taxes to the credit of the state general fund;

13          (b) 8.7% of the taxes to the credit of the debt service account for long-range building program  
14 bonds as described in 17-5-408; and

15          (c) all interest and penalties to the credit of the state general fund.

16          (3) All money received from the collection of corporation license and income taxes under chapter  
17 31 of this title, except as provided in 15-31-702, must, in accordance with the provisions of subsection  
18 (6), be deposited as follows:

19          (a) 89.5% of the taxes to the credit of the state general fund;

20          (b) 10.5% of the taxes to the credit of the debt service account for long-range building program  
21 bonds as described in 17-5-408; and

22          (c) all interest and penalties to the credit of the state general fund.

23          (4) The department of revenue shall also deposit to the credit of the state general fund all money  
24 received from the collection of license taxes and fees and all net revenue and receipts from all other sources  
25 under the operation of the Montana Alcoholic Beverage Code.

26          (5) Oil and natural gas production taxes allocated under 15-36-324(7)(a) must be deposited in the  
27 general fund.

28          (6) Notwithstanding any other provision of law, the distribution of tax revenue must be made  
29 according to the provisions of the law governing allocation of the tax that were in effect for the period in  
30 which the tax revenue was recorded for accounting purposes. Tax revenue must be recorded as prescribed

1 by the department of administration, pursuant to 17-1-102(2) and ~~(5)~~(4), in accordance with generally  
2 accepted accounting principles.

3 (7) All refunds of taxes must be attributed to the funds in which the taxes are currently being  
4 recorded. All refunds of interest and penalties must be attributed to the funds in which the interest and  
5 penalties are currently being recorded."

6

7 NEW SECTION. **Section 13. Repealer.** Sections 17-1-123 and 17-8-307, MCA, are repealed.

8

9 NEW SECTION. **Section 14. Effective date.** [This act] is effective July 1, 1997.

10

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0023, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

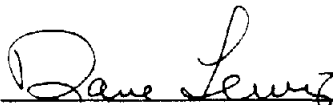
A bill generally revising the accounting laws of state government to accommodate integrated state management technology for the twenty-first century as required by SJR 23, Laws of 1995; eliminating certain reports and plans; eliminating unnecessary duties of the state auditor, the state treasurer and the Department of Administration; eliminating the requirement that certain duplicate warrants may be issued only after a bond is provided; and eliminating the requirement for a stop-payment order each time a duplicate warrant is issued.

ASSUMPTIONS:

1. The Department of Administration will need to make minor programming changes to the warrant processing system to change the options used for issuing duplicate warrants. There will be no fiscal impact associated with the changes.
2. The bill will remove the State Auditor's Office from responsibility with respect to delinquent taxes and place the responsibility with the Department of Administration. This action reflects actual state practices.

FISCAL IMPACT:

There is no fiscal impact to state government.

 1-8-97

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



KARL OHS, PRIMARY SPONSOR      DATE

Fiscal Note for HB0023, as introduced

HB 23

APPROVED BY COM ON  
APPROPRIATIONS

HOUSE BILL NO. 23

INTRODUCED BY OHS

BY REQUEST OF THE JOINT INTERIM SUBCOMMITTEE ON STATE MANAGEMENT SYSTEMS

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE ACCOUNTING LAWS OF STATE GOVERNMENT TO ACCOMMODATE INTEGRATED STATE MANAGEMENT TECHNOLOGY FOR THE TWENTY-FIRST CENTURY AS REQUIRED BY SENATE JOINT RESOLUTION NO. 23, LAWS OF 1995; ELIMINATING CERTAIN REPORTS AND PLANS; ELIMINATING UNNECESSARY DUTIES OF THE STATE AUDITOR, THE STATE TREASURER, AND THE DEPARTMENT OF ADMINISTRATION; ELIMINATING THE REQUIREMENT THAT CERTAIN DUPLICATE WARRANTS MAY BE ISSUED ONLY AFTER A BOND IS PROVIDED; ELIMINATING THE REQUIREMENT FOR A STOP-PAYMENT ORDER EACH TIME A DUPLICATE WARRANT IS ISSUED; AMENDING SECTIONS 15-1-501, 17-1-102, 17-1-111, 17-2-110, 17-2-201, 17-3-102, 17-3-106, 17-4-101, 17-6-212, 17-8-201, 17-8-202, AND 17-8-306, MCA; REPEALING SECTIONS 17-1-123 AND 17-8-307, MCA; AND PROVIDING AN EFFECTIVE DATE."

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APPROVED BY COM ON  
FINANCE & CLAIMS

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13 17-3-102, 17-3-106, 17-4-101, 17-6-212, 17-8-201, 17-8-202, AND 17-8-306, MCA; REPEALING  
14 SECTIONS 17-1-123 AND 17-8-307, MCA; AND PROVIDING AN EFFECTIVE DATE."

15  
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
17

18 Section 1. Section 17-1-102, MCA, is amended to read:

19 "17-1-102. Uniform accounting system and expenditure control. (1) The department shall establish  
20 a system of financial control so that the functioning of the various agencies of the state may be improved,  
21 duplications of work by different state agencies and employees may be eliminated, public service may be  
22 improved, and the cost of government may be reduced.

23 (2) The department shall prescribe and install a uniform accounting and reporting system for all  
24 state agencies and institutions, ~~showing reporting~~ the receipt, use, and disposition of all public money and  
25 property in accordance with generally accepted accounting principles, ~~and shall develop plans for~~  
26 ~~improvements and economies in the organization and operation of state agencies and institutions, which~~  
27 ~~must be submitted to the respective heads of agencies and institutions. Copies of all plans must be~~  
28 ~~delivered to the governor, and additional copies must be retained in the office of the department for~~  
29 ~~inspection by the members of the legislature.~~

30 (3) The uniform accounting and reporting system must contain three levels of expenditure. The first

1 level must include general categories, such as personal services, operating expenses, equipment, capital  
 2 outlay, local assistance, grants, benefits and claims, transfers, and debt service. The second level of  
 3 expenditure must include specific categories of expenditures within each first-level category. The third level  
 4 of expenditure must include specific items of expenditure within each category of the second level.

5 ~~(4) The department shall examine all financial affairs of each state agency and institution for the~~  
 6 ~~purpose of developing plans for improvements and economies in the organization and operation of the~~  
 7 ~~agencies and institutions and for the purpose of enabling the department to properly perform any of the~~  
 8 ~~duties imposed upon the department by this part.~~

9 ~~(5)~~ All state agencies, including units of the university system but excluding community colleges,  
 10 shall input all necessary transactions to the accounting system prescribed in subsection (2) before the  
 11 accounts are closed at the end of the fiscal year in order to present the receipt, use, and disposition of all  
 12 money and property for which the agency is accountable in accordance with generally accepted accounting  
 13 principles, except that for budgetary control purposes, encumbrances that are required by generally  
 14 accepted accounting principles to be reported as a reservation of fund balance must be recorded as  
 15 expenditures and liabilities on the accounting records."  
 16

17 **Section 2.** Section 17-1-111, MCA, is amended to read:

18 **"17-1-111. General fiscal duties of state treasurer.** (1) The state treasurer is the custodian of all  
 19 money and securities of the state unless otherwise expressly provided by law.

20 (2) It is the duty of the state treasurer to:

21 (a) receive and account for all money belonging to the state, not expressly required by law to be  
 22 received and kept by some other person;

23 (b) pay warrants out of the funds upon which they are drawn;

24 (c) upon payment of any warrant, ~~take upon the back of the warrant~~ record the receipt of the  
 25 person to whom it is paid;

26 (d) keep an account of all money received and disbursed;

27 (e) at the request of either house of the legislature or of any legislative committee, give information  
 28 in writing as to the condition of the treasury or on any subject relating to the duties of the office of state  
 29 treasurer;

30 (f) superintend the fiscal concerns of the state;



1 (g) suggest plans for the improvement and management of the public revenue;

2 (h) keep an account of all warrants drawn upon the treasury and of other appropriation records that  
3 the treasurer determines to be essential for the support of the accounting records maintained in the  
4 department;

5 ~~(i) charge the outgoing state treasurer with the balance that was in the treasury when the outgoing~~  
6 ~~treasurer came into office and with all money received and credit the outgoing treasurer with all warrants~~  
7 ~~drawn on and paid;~~

8 ~~(j)~~ keep a register of warrants, showing the fund upon which each warrant is drawn, each  
9 warrant's number, who received the warrant, and the date issued;

10 ~~(k)~~ require all persons who have received money belonging to the state but who have not  
11 accounted for it to settle their accounts;

12 ~~(l)~~ draw warrants on the state treasury for the payment of money directed by law to be paid out  
13 of the treasury, except that a warrant may not be drawn unless authorized by law;

14 ~~(m)~~ authenticate with the official seal of the state all warrants drawn and all copies of papers  
15 issued from the office of state treasurer;

16 ~~(n)~~ collect and pay into the state treasury all fees received; and

17 ~~(o)~~ discharge other duties as may be imposed upon the state treasurer by law."

18

19 **Section 3.** Section 17-2-110, MCA, is amended to read:

20 **"17-2-110. Fiscal year and financial reports.** (1) The fiscal year for state purposes commences on  
21 July 1 of each year and ends on June 30 of each year.

22 (2) At the ~~close~~ end of each fiscal year, the fiscal records of each state office, department, bureau,  
23 commission, institution, university unit, and agency (collectively referred to as "state agency") must be  
24 closed ~~as of the end of the fiscal year~~. Each state agency shall prepare the financial ~~statements~~ records and  
25 reconciliations for the fiscal year as the department of administration may prescribe. ~~These~~ The financial  
26 reports of the uniform accounting and reporting system prescribed in 17-1-102(2) are to be completed and  
27 distributed not more than 31 days following the ~~close~~ end of each fiscal year. The department of  
28 administration may extend this time limit if a state agency can show necessity for the extension.

29 (3) The reports are to be distributed to the department of administration and the legislative auditor  
30 and any other state agency that the department of administration may prescribe. It is the intent of this

1 provision that these reports accurately and comprehensively present the financial activities of the reporting  
 2 state agency in accordance with generally accepted accounting principles so that the reports can be  
 3 effectively used by the executive and legislative branches of state government.

4 (4) Upon consolidation of the reports, the annual financial report by the department of  
 5 administration must be available for other individuals and organizations interested in the financial affairs of  
 6 the state of Montana."

7  
 8 **Section 4.** Section 17-2-201, MCA, is amended to read:

9 "17-2-201. **Contingent revolving accounts -- when established.** (1) The department of  
 10 administration may authorize the establishment and maintenance at ~~any and all of the state institutions~~  
 11 agencies or in ~~any of the departments, boards, or commissions of Montana~~ of contingent revolving  
 12 accounts, transferring in trust to the business offices of ~~said the~~ institutions ~~such~~ sums of money as may  
 13 appear necessary, to be used by ~~said the~~ institutions for the payment of demands requiring immediate cash  
 14 payment; ~~such~~ Demands include the ~~as~~ payment of minor invoices, invoices for which the discount period  
 15 is too short to take advantage of the discount if payment is made by warrant, freight and express charges,  
 16 travel advances, postage, publications requiring remittance to accompany the order, and the establishment  
 17 of cash change funds, all under specific regulations to be established by the department of administration.

18 (2) Each ~~and every~~ state ~~institution~~ agency granted a contingent revolving account shall report to  
 19 the department of administration ~~monthly~~ upon request all transactions involving ~~such the~~ contingent  
 20 revolving accounts, with proper vouchers for every payment ~~made therefrom~~. The department of  
 21 administration may cancel ~~such the~~ authorizations and recall ~~such the~~ funds ~~at pleasure~~ as it determines  
 22 appropriate."

23  
 24 **Section 5.** Section 17-3-102, MCA, is amended to read:

25 "17-3-102. **Definitions.** As used in this part, the following definitions apply:

26 (1) "Application" means ~~a written request to a~~ the form specified by a federal agency ~~for federal~~  
 27 ~~assistance program funds.~~

28 (2) "Federal assistance programs" means any financial assistance made to a state agency by an  
 29 agency of the United States government, whether a grant, loan, gift, contract, or in any other form.

30 (3) "Grantee agency" means any agency of state government receiving federal funds.

1 (4) "Indirect costs" means costs ~~which~~ that benefit more than one agency or program and that are  
2 not readily assignable to the agency or program specifically benefiting.

3 (5) "Service agency" means state agencies ~~which~~ that provide goods, facilities, and services to a  
4 grantee agency.

5 (6) "State agency" means any agency of state government eligible to apply for and receive federal  
6 funds."

7

8 **Section 6.** Section 17-3-106, MCA, is amended to read:

9 **"17-3-106. Fiscal officer for receipt of federal grants.** (1) The state treasurer is designated as the  
10 fiscal officer of the state to receive from the United States government or any of its agencies all funds that  
11 may be made available as a grant to the state of Montana under any act of congress, or otherwise, for any  
12 purpose or use. The state treasurer shall, upon receipt of the funds, deposit the funds in the proper fund  
13 in the state treasury.

14 (2) ~~The state treasurer~~ A state agency may return ~~to the federal government any~~ from the state  
15 treasury, through the state treasurer, any federal funds and the interest earned on the funds that may not  
16 be retained by the state according to federal law or the terms of the federal grant that made the funds  
17 available. The funds are statutorily appropriated, as provided in 17-7-502, to the state treasurer for the  
18 purpose of returning the funds under the provisions of this subsection."

19

20 **Section 7.** Section 17-4-101, MCA, is amended to read:

21 **"17-4-101. Definitions.** In this part, the following definitions apply:

22 (1) ~~term "agency"~~ "Agency" includes:

23 (a) all state offices, departments, divisions, boards, commissions, councils, committees,  
24 institutions, university units, and other entities or instrumentalities of state government; and

25 (b) with respect to delinquent taxes that the ~~state auditor~~ department is requested to collect, state  
26 and local entities whose personal property taxes are collected by the county treasurer;

27 (2) ~~word "department"~~ "Department" means the department of administration."

28

29 **Section 8.** Section 17-6-212, MCA, is amended to read:

30 **"17-6-212. State purchase of general fund warrants.** (1) The state reserves a preference right,

1 prior to the right of any person, company, or corporation, to purchase state general fund warrants issued  
2 with funds under the control of the board of investments and subject to investment.

3 (2) When the board of investments has under its control any funds subject to investment that in  
4 its judgment it would be advantageous to invest in state general fund warrants and there are not sufficient  
5 funds in the state general fund to pay warrants issued against the fund at the time that they are issued and  
6 presented for payment, it shall authorize and direct the state treasurer to purchase state general fund  
7 warrants, designating the fund or funds to be invested and fixing the amount or amounts to be invested.  
8 State general fund warrants registered by the state treasurer pursuant to 17-8-304(1) and purchased by  
9 the board of investments must bear interest at a rate determined by the board. When determining the  
10 interest rate, the board shall consider:

11 (a) the duration of the investment by estimating the time at which the warrants will be redeemed  
12 pursuant to 17-8-304(1); and

13 (b) the interest rate of the investments liquidated to provide the funds to purchase the warrants.

14 (3) The state treasurer shall attach to or stamp, write, or print upon each general fund warrant  
15 issued after the receipt of notice, until warrants totaling the amounts designated have been issued, a notice  
16 that the state will exercise its preference right to purchase the warrant.

17 (4) The state treasurer shall, when the marked warrant is presented, pay it out of the proper fund  
18 as designated by the board, and the warrant purchased must be registered as other state warrants and  
19 must bear interest as provided by law.

20 (5) When the designated amounts have been invested, the ~~state treasurer~~ department shall notify  
21 the board of investments, which shall issue orders ~~upon the proper funds addressed to the state auditor~~  
22 for warrants to be issued in favor of the treasurer."

23

24 **Section 9.** Section 17-8-201, MCA, is amended to read:

25 **"17-8-201. Authorizations for disbursements -- submission of claim to department of**  
26 **administration.** (1) All authorizations for disbursements ~~shall~~ must be given by the agency concerned, and  
27 a record ~~shall~~ must be kept by the agency of all the authorizations and expenditures. Claims for any  
28 disbursement must be submitted to the department of administration.

29 (2) The department may prescribe the claim form and may establish, in writing, rules governing the  
30 preparation, submittal, and processing of claims. All claims ~~shall~~ must be processed in the order of their

1 presentation, and ~~all claims disapproved by the department shall notify~~ be returned to the operating agency  
 2 ~~with an explanation in writing of why the claim was disapproved of any disapproved claim."~~

3  
 4 **Section 10.** Section 17-8-202, MCA, is amended to read:

5 **"17-8-202. Preaudit and transmittal of claims.** (1) The department of administration is not required  
 6 to preaudit a liquidated claim against the state. However, the department ~~of administration~~ may preaudit  
 7 those claims it considers necessary. The agency shall retain the original of all documents that support  
 8 claims sent to the department. These documents are subject to postaudit by the legislative auditor.

9 (2) An office or entity of the executive, legislative, or judicial branch of state government may not  
 10 make any charge against any appropriation unless the balance of the appropriation is available and  
 11 adequate. ~~If no an~~ an appropriation is not available for the payment of a claim, ~~the department shall audit it~~  
 12 ~~and, if it is a valid claim, agency shall~~ transmit it the claim to the governor for presentation to the  
 13 legislature."

14  
 15 **Section 11.** Section 17-8-306, MCA, is amended to read:

16 **"17-8-306. Issuance of duplicate warrant.** (1) The state treasurer may issue a duplicate warrant  
 17 whenever any warrant drawn by the state is lost or destroyed. This duplicate warrant must be in the same  
 18 form as the original, except that it must have plainly printed across its face the word "duplicate". ~~A~~  
 19 ~~duplicate warrant may not be issued or delivered unless the person entitled to receive it deposits with the~~  
 20 ~~state treasurer a bond in double the amount for which the duplicate warrant is issued indemnifying the state~~  
 21 ~~and its officers and employees from any loss resulting from the issuance of the duplicate warrant.~~

22 ~~(2) A bond of indemnity is not required when:~~

23 ~~(a) the payee is the United States government, a state of the United States, any agency,~~  
 24 ~~instrumentality, or officer of the United States government or of a state, county, city, city and county,~~  
 25 ~~town, district, or other political subdivision of a state or any officer thereof;~~

26 ~~(b) the owner or custodian is the state of Montana or any agency or officer of the state;~~

27 ~~(c) the owner or custodian is a bank, savings and loan association, admitted insurer, or trust~~  
 28 ~~company whose financial condition is regulated by the United States government or by the state of~~  
 29 ~~Montana;~~

30 ~~(d) the state treasurer has chosen to waive the requirement upon receipt of evidence that the~~

1 ~~original warrant has been lost or destroyed as a result of a disaster or other major occurrence;~~

2 ~~(e) the amount of the lost or destroyed warrant is less than \$300;~~

3 ~~(f) it can be established that a crime has been committed and that as a result a Montana warrant~~  
4 ~~has been stolen or destroyed;~~

5 ~~(g) it can be established that a Montana warrant has been mailed to an incorrect payee;~~

6 ~~(h) the payee is a vendor or contractor doing business with the state of Montana;~~

7 ~~(i) the payee is a recipient of public assistance under Title 53;~~

8 ~~(j) the payee is a recipient of a monthly annuity under Title 19;~~

9 ~~(k) the payee is a recipient of student financial assistance administered or insured by the~~  
10 ~~guaranteed student loan program pursuant to Title 20, chapter 26; or~~

11 ~~(l) a state agency approves the issuance of the duplicate warrant and agrees to assume the risk~~  
12 ~~of the original warrant being cashed.~~

13 ~~(3)(2) Whenever the owner or custodian applies under the provisions of subsection (2)(d), (2)(f),~~  
14 ~~(2)(g), (2)(h), (2)(i), (2)(j), (2)(k), or (2)(l) a duplicate warrant is issued, the state treasurer may place a~~  
15 ~~stop-payment order must be placed on the original warrant by the state treasurer.~~

16 ~~(4)(3) Whenever the owner or custodian applies under the provisions of subsection (2)(e), (2)(d),~~  
17 ~~(2)(e), (2)(f), (2)(g), (2)(h), (2)(i), (2)(j), (2)(k), or (2)(l) for the issuance of a duplicate warrant, the~~  
18 ~~application must include an agreement to indemnify the state and its officers and employees from any loss~~  
19 ~~resulting from the issuance of a duplicate warrant. An indemnity agreement is not required if:~~

20 ~~(a) the payee is:~~

21 ~~(i) the United States government;~~

22 ~~(ii) a state of the United States;~~

23 ~~(iii) any agency, instrumentality, or officer of the United States government or of a state, county,~~  
24 ~~city, consolidated government, town, district, or other political subdivision of a state or any officer thereof;~~

25 ~~or~~

26 ~~(b) the owner or custodian is the state of Montana or any agency or officer of the state.~~

27 ~~(4) Any loss incurred in connection with the issuance of a duplicate warrant must be charged~~  
28 ~~against the account from which the payment was derived."~~

29  
30 **Section 12. Section 15-1-501, MCA, is amended to read:**

1           **"15-1-501. Disposition of money from certain designated license and other taxes.** (1) The state  
2 treasurer shall deposit to the credit of the state general fund in accordance with the provisions of  
3 subsection (6) all money received from the collection of:

4           (a) fees from driver's licenses, motorcycle endorsements, and duplicate driver's licenses as  
5 provided in 61-5-121;

6           (b) electrical energy producer's license taxes under chapter 51;

7           (c) liquor license taxes under Title 16;

8           (d) telephone company license taxes under chapter 53; and

9           (e) inheritance and estate taxes under Title 72, chapter 16.

10          (2) All money received from the collection of income taxes under chapter 30 of this title must, in  
11 accordance with the provisions of subsection (6), be deposited as follows:

12          (a) 91.3% of the taxes to the credit of the state general fund;

13          (b) 8.7% of the taxes to the credit of the debt service account for long-range building program  
14 bonds as described in 17-5-408; and

15          (c) all interest and penalties to the credit of the state general fund.

16          (3) All money received from the collection of corporation license and income taxes under chapter  
17 31 of this title, except as provided in 15-31-702, must, in accordance with the provisions of subsection  
18 (6), be deposited as follows:

19          (a) 89.5% of the taxes to the credit of the state general fund;

20          (b) 10.5% of the taxes to the credit of the debt service account for long-range building program  
21 bonds as described in 17-5-408; and

22          (c) all interest and penalties to the credit of the state general fund.

23          (4) The department of revenue shall also deposit to the credit of the state general fund all money  
24 received from the collection of license taxes and fees and all net revenue and receipts from all other sources  
25 under the operation of the Montana Alcoholic Beverage Code.

26          (5) Oil and natural gas production taxes allocated under 15-36-324(7)(a) must be deposited in the  
27 general fund.

28          (6) Notwithstanding any other provision of law, the distribution of tax revenue must be made  
29 according to the provisions of the law governing allocation of the tax that were in effect for the period in  
30 which the tax revenue was recorded for accounting purposes. Tax revenue must be recorded as prescribed

1 by the department of administration, pursuant to 17-1-102(2) and ~~45~~(4), in accordance with generally  
2 accepted accounting principles.

3 (7) All refunds of taxes must be attributed to the funds in which the taxes are currently being  
4 recorded. All refunds of interest and penalties must be attributed to the funds in which the interest and  
5 penalties are currently being recorded."

6

7 NEW SECTION. **Section 13. Repealer.** Sections 17-1-123 and 17-8-307, MCA, are repealed.

8

9 NEW SECTION. **Section 14. Effective date.** [This act] is effective July 1, 1997.

10

-END-