

## 1 HOUSE BILL NO. 169

2 INTRODUCED BY ZOOK, VAN VALKENBURG

3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE LAWS  
6 GOVERNING APPROPRIATIONS AND THE ADMINISTRATION OF STATE GOVERNMENT FINANCES;  
7 CLARIFYING THE TREASURY FUNDS SUBJECT TO APPROPRIATION; REVISING AND CLARIFYING THE  
8 DEPOSIT OF CERTAIN FUNDS; REVISING THE STATUTORY APPROPRIATION OF CERTAIN FUNDS;  
9 CONFORMING THE ADMINISTRATION OF RETIREMENT SYSTEMS TO CONSTITUTIONAL REVISIONS;  
10 AUTHORIZING THE PUBLIC EMPLOYEES' RETIREMENT BOARD TO HIRE THEIR OWN PERSONNEL;  
11 LIMITING THE ADMINISTRATIVE EXPENSES OF THE RETIREMENT SYSTEMS; AMENDING SECTIONS  
12 2-9-202, 2-15-1009, 2-18-812, 15-36-324, 17-2-101, 17-2-102, 17-2-103, 17-2-121, 17-3-221,  
13 17-3-222, 17-6-201, 17-7-402, 17-7-502, 17-8-101, 19-2-404, 19-2-408, 19-2-502, 19-5-404, 19-6-709,  
14 19-8-504, 19-9-702, 19-9-1007, 19-13-604, 19-13-1006, 19-13-1009, 19-17-301, 19-18-512,  
15 19-19-205, 19-19-305, 19-19-506, 19-20-203, 19-20-501, 19-20-605, 50-3-109, 61-3-321, AND  
16 76-13-114, MCA; REPEALING SECTIONS 19-9-208, 19-13-615, 19-18-513, 19-18-606, AND 19-20-606,  
17 MCA; AND PROVIDING AN EFFECTIVE DATE."

18

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

20

21 **Section 1.** Section 2-9-202, MCA, is amended to read:

22 **"2-9-202. Apportionment of costs -- creation of deductible reserve.** (1) The department of  
23 administration shall apportion the costs of all insurance purchased under 2-9-201 to the individual state  
24 participants, and the costs ~~shall~~ must be paid to the department subject to appropriations by the legislature.

25 (2) The department, if it elects to ~~utilize~~ use a deductible insurance plan, is authorized to charge  
26 the individual state participants an amount equal to the cost of a full-coverage insurance plan until such  
27 time as a deductible reserve is established. In each subsequent year, the department may charge a  
28 sufficient amount over the actual cost of the deductible insurance to replenish ~~such~~ the deductible reserves.

29 (3) The department may accumulate a self-insurance reserve fund sufficient to provide  
30 self-insurance for all liability coverages that in its discretion the department considers should be self-insured.

1 Payments into the self-insurance reserve fund must be made from a legislative appropriation for that  
2 purpose. Proceeds of the fund ~~are statutorily appropriated, as provided in 17-7-502, to~~ must be used by  
3 the department to pay claims under parts 1 through 3 of this chapter. Expenditures for actual and necessary  
4 expenses required for the efficient administration of the fund must be made from temporary appropriations,  
5 as described in 17-7-501(1) or (2), made for that purpose.

6 (4) Money in reserve funds established under this section that is not needed to meet expected  
7 expenditures ~~shall~~ must be invested and all proceeds of the investment credited to the fund."

8

9 **Section 2.** Section 2-15-1009, MCA, is amended to read:

10 **"2-15-1009. Public employees' retirement board -- terms -- allocation.** (1) There is a public  
11 employees' retirement board.

12 (2) The board consists of six members appointed by the governor. The members are:

13 (a) three public employees who are active members of a public retirement system (not more than  
14 one of these members may be an employee of the same department);

15 (b) one retired public employee who is an inactive member of the public employees' retirement  
16 system; and

17 (c) two members at large.

18 (3) The term of office for each member is 5 years.

19 (4) The board is allocated to the department for administrative purposes only as prescribed in  
20 2-15-121. The board shall hire necessary employees as provided in 19-2-404.

21 (5) Members of the board ~~shall~~ must be compensated and receive travel expenses as provided for  
22 in 2-15-124."

23

24 **Section 3.** Section 2-18-812, MCA, is amended to read:

25 **"2-18-812. Alternatives to conventional insurance for providing state employee group benefits**  
26 **authorized -- requirements.** The department may establish alternatives to conventional insurance for  
27 providing state employee group benefits. The requirements for providing alternatives to conventional  
28 insurance are as follows:

29 (1) The department ~~must~~ shall maintain state employee group benefit plans on an actuarially sound  
30 basis.

1           (2) The department ~~must~~ shall maintain reserves sufficient to liquidate the unrevealed claims liability  
2 and other liabilities of state employee group benefit plans.

3           (3) The department ~~must~~ shall deposit all reserve funds and premiums paid to a state employee  
4 group benefit plan, and the deposits ~~are statutorily appropriated, as provided in 17-7-502, to the~~  
5 ~~department to~~ must be expended for claims under the plan.

6           (4) The department ~~must~~ shall deposit income earned from the investment of a state employee  
7 group benefit plan's reserve fund into the account established under subsection (3) ~~of this section~~ in order  
8 to offset the costs of administering the plan. Expenditures for actual and necessary expenses required for  
9 the efficient administration of the plan must be made from temporary appropriations, as described in  
10 17-7-501(1) or (2), made for that purpose.

11           (5) The department shall, prior to implementation of any alternative to conventional insurance,  
12 present to the advisory council the evidence upon which the department has concluded that the alternative  
13 method will be more efficient, less costly, or otherwise superior to contracting for conventional insurance.  
14 ~~The department may not implement any full self insurance alternative prior to July 1, 1981.~~

15           (6) The provisions of Title 33 ~~shall~~ do not apply to the department when exercising the powers and  
16 duties provided for in this section."

17

18           **Section 4.** Section 15-36-324, MCA, is amended to read:

19           "**15-36-324. Distribution of taxes.** (1) For each calendar quarter, the department of revenue shall  
20 determine the amount of tax, late payment interest, and penalty collected under this part. For purposes of  
21 distribution of the taxes to county and school taxing units, the department shall determine the amount of  
22 oil and natural gas production taxes paid on production from pre-1985 wells, post-1985 wells, and  
23 horizontally drilled wells located in the taxing unit.

24           (2) Except as provided in subsections (3) and (4), oil production taxes must be distributed as  
25 follows:

26           (a) The amount equal to 41.6% of the oil production taxes, including late payment interest and  
27 penalty, collected under this part must be distributed as provided in subsection (7).

28           (b) The remaining 58.4% of the oil production taxes, plus accumulated interest earned on the  
29 amount allocated under this subsection (2)(b), must be deposited in the ~~agency~~ state special revenue fund  
30 in the state treasury and transferred to the county and school taxing units for distribution as provided in

1 subsection (8).

2 (3) The amount equal to 100% of the oil production taxes, including late payment interest and  
3 penalty, collected from working interest owners on production from post-1985 wells occurring during the  
4 first 12 months of production must be distributed as provided in subsection (7).

5 (4) The amount equal to 100% of the oil production taxes, including late payment interest and  
6 penalty, collected under this part on production from horizontally drilled wells and on the incremental  
7 production from horizontally recompleted wells occurring during the first 18 months of production must be  
8 distributed as provided in subsection (7).

9 (5) Except as provided in subsection (6), natural gas production taxes must be allocated as follows:

10 (a) The amount equal to 14.6% of the natural gas production taxes, including late payment interest  
11 and penalty, collected under this part must be distributed as provided in subsection (7).

12 (b) The remaining 85.4% of the natural gas production taxes, plus accumulated interest earned on  
13 the amount allocated under this subsection (5)(b), must be deposited in the ~~agency~~ state special revenue  
14 fund in the state treasury and transferred to the county and school taxing units for distribution as provided  
15 in subsection (8).

16 (6) The amount equal to 100% of the natural gas production taxes, including late payment interest  
17 and penalty, collected from working interest owners under this part on production from post-1985 wells  
18 occurring during the first 12 months of production must be distributed as provided in subsection (7).

19 (7) The department shall, in accordance with the provisions of 15-1-501(6), distribute the state  
20 portion of oil and natural gas production taxes, including late payment interest and penalty collected, as  
21 follows:

22 (a) 85% to the state general fund;

23 (b) 4.3% to the state special revenue fund for the purpose of paying expenses of the board as  
24 provided in 82-11-135; and

25 (c) 10.7% to be distributed as provided by 15-38-106(2).

26 (8) (a) For the purpose of distribution of the oil and natural gas production taxes from pre-1985  
27 wells, the department shall each calendar quarter adjust the unit value determined under 15-36-323  
28 according to the ratio that the oil and natural gas production taxes from pre-1985 wells collected during  
29 the calendar quarter for which the distribution occurs plus penalties and interest on delinquent oil and  
30 natural gas production taxes from pre-1985 wells bears to the total liability for the oil and natural gas

1 production taxes from pre-1985 wells for the quarter for which the distribution occurs. The amount of oil  
2 and natural gas production taxes distributions must be calculated and distributed as follows:

3 (i) By the dates referred to in subsection (9), the department shall calculate and distribute to each  
4 eligible county the amount of oil and natural gas production taxes from pre-1985 wells for the quarter,  
5 determined by multiplying the unit value, as adjusted in this subsection (8)(a), by the units of production  
6 on which oil and natural gas production taxes from pre-1985 wells were owed for the calendar quarter for  
7 which the distribution occurs.

8 (ii) Any amount by which the total tax liability exceeds or is less than the total distributions  
9 determined in subsection (8)(a) must be calculated and distributed in the following manner:

10 (A) The excess amount or shortage must be divided by the total distribution determined for that  
11 period to obtain an excess or shortage percentage.

12 (B) The excess percentage must be multiplied by the distribution to each taxing unit, and this  
13 amount must be added to the distribution to each respective taxing unit.

14 (C) The shortage percentage must be multiplied by the distribution to each taxing unit, and this  
15 amount must be subtracted from the distribution to each respective taxing unit.

16 (b) Except as provided in subsection (8)(c), the county treasurer shall distribute the money  
17 received under subsection (9) from pre-1985 wells to the taxing units that levied mills in fiscal year 1990  
18 against calendar year 1988 production in the same manner that all other property tax proceeds were  
19 distributed during fiscal year 1990 in the taxing unit, except that a distribution may not be made to a  
20 municipal taxing unit.

21 (c) The board of county commissioners of a county may direct the county treasurer to reallocate  
22 the distribution of oil and natural gas production tax money that would have gone to a taxing unit, as  
23 provided in subsection (8)(b), to another taxing unit or taxing units, other than an elementary school or high  
24 school, within the county under the following conditions:

25 (i) The county treasurer shall first allocate the oil and natural gas production taxes to the taxing  
26 units within the county in the same proportion that all other property tax proceeds were distributed in the  
27 county in fiscal year 1990.

28 (ii) If the allocation in subsection (8)(c)(i) exceeds the total budget for a taxing unit, the  
29 commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

30 (d) The board of trustees of an elementary or high school district may reallocate the oil and natural

1 gas production taxes distributed to the district by the county treasurer under the following conditions:

2 (i) The district shall first allocate the oil and natural gas production taxes to the budgeted funds  
3 of the district in the same proportion that all other property tax proceeds were distributed in the district in  
4 fiscal year 1990.

5 (ii) If the allocation under subsection (8)(d)(i) exceeds the total budget for a fund, the trustees may  
6 allocate the excess to any budgeted fund of the school district.

7 (e) For all production from post-1985 wells and horizontally drilled wells completed after December  
8 31, 1993, the county treasurer shall distribute oil and natural gas production taxes received under  
9 subsections (2)(b) and (5)(b) between county and school taxing units in the relative proportions required  
10 by the levies for state, county, and school district purposes in the same manner as property taxes were  
11 distributed in the preceding fiscal year.

12 (f) The allocation to the county in subsection (8)(e) must be distributed by the county treasurer in  
13 the relative proportions required by the levies for county taxing units and in the same manner as property  
14 taxes were distributed in the preceding fiscal year.

15 (g) The money distributed in subsection (8)(e) that is required for the county mill levies for school  
16 district retirement obligations and transportation schedules must be deposited to the funds established for  
17 these purposes.

18 (h) The oil and natural gas production taxes distributed under subsection (8)(b) that are required  
19 for the 6-mill university levy imposed under 20-25-423 and for the county equalization levies imposed under  
20 20-9-331 and 20-9-333, as those sections read on July 1, 1989, must be remitted by the county treasurer  
21 to the state treasurer.

22 (i) The oil and natural gas production taxes distributed under subsection (8)(e) that are required for  
23 the 6-mill university levy imposed under 20-25-423, for the county equalization levies imposed under  
24 20-9-331 and 20-9-333, and for the state equalization aid levy imposed under 20-9-360 must be remitted  
25 by the county treasurer to the state treasurer.

26 (j) The amount of oil and natural gas production taxes remaining after the treasurer has remitted  
27 the amounts determined in subsections (8)(h) and (8)(i) is for the exclusive use and benefit of the county  
28 and school taxing units.

29 (9) The department shall remit the amounts to be distributed in subsection (8) to the county  
30 treasurer by the following dates:

1 (a) On or before August 1 of each year, the department shall remit to the county treasurer oil and  
2 natural gas production tax payments received for the calendar quarter ending March 31 of the current year.

3 (b) On or before November 1 of each year, the department shall remit to the county treasurer oil  
4 and natural gas production tax payments received for the calendar quarter ending June 30 of the current  
5 year.

6 (c) On or before February 1 of each year, the department shall remit to the county treasurer oil and  
7 natural gas production tax payments received for the calendar quarter ending September 30 of the previous  
8 year.

9 (d) On or before May 1 of each year, the department shall remit to the county treasurer oil and  
10 natural gas production tax payments received for the calendar quarter ending December 31 of the previous  
11 calendar year.

12 (10) The department shall provide to each county by May 31 of each year the amount of gross  
13 taxable value represented by all types of production taxed under 15-36-304 for the previous calendar year  
14 multiplied by 60%. The resulting value must be treated as taxable value for county classification purposes  
15 and for county bonding purposes.

16 (11) The distribution to taxing units under this section is statutorily appropriated as provided in  
17 17-7-502."

18

19 **Section 5.** Section 17-2-101, MCA, is amended to read:

20 "17-2-101. **Title and purpose.** (1) Sections 17-2-101 through 17-2-107 may be cited as the  
21 "Treasury Fund Structure Act".

22 (2) The purpose of these sections is to:

23 (a) comply with Article VIII, section 12, of the Montana constitution;

24 (b) simplify the accounting system and treasury fund structure of the state;

25 (c) ~~to~~ make possible the full utilization of modern accounting methods;

26 (d) ~~to~~ provide the legislature with a greater measure of control over public ~~moneys,~~ money; and

27 (e) ~~to~~ enable the financial records of the state to accurately reflect the state's ~~revenues~~ revenue,  
28 expenditures, expenses, and financial position in accordance with generally accepted accounting  
29 principles."

30

1           **Section 6.** Section 17-2-102, MCA, is amended to read:

2           **"17-2-102. Fund structure.** (1) ~~There~~ For the purpose of ensuring strict accountability for all  
3 revenue received and spent, there are in the state treasury only the following fund categories and types:

4           (a) the governmental fund category, which includes:

5           (i) the general fund, which accounts for all financial resources except those required to be  
6 accounted for in another fund;

7           (ii) the special revenue fund type, which accounts for the proceeds of specific revenue sources  
8 (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified  
9 purposes. The financial activities of the special revenue fund type are subdivided, for operational purposes,  
10 into the following funds to serve the purpose indicated:

11           (A) The state special revenue fund consists of money from state and other nonfederal sources  
12 deposited in the state treasury that is earmarked for the purposes of defraying particular costs of an  
13 agency, program, or function of state government and money from other nonstate or nonfederal sources  
14 that is restricted by law or by the terms of an agreement, such as a contract, trust agreement, or donation.

15           (B) The federal special revenue fund consists of money deposited in the treasury from federal  
16 sources, including trust income, that is used for the operation of state government.

17           (iii) the capital projects fund type, which accounts for financial resources to be used for the  
18 acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust  
19 funds; and

20           (iv) the debt service fund type, which accounts for the accumulation of resources for and the  
21 payment of general long-term debt principal and interest;

22           (b) the proprietary fund category, which includes:

23           (i) the enterprise fund type, which accounts for operations:

24           (A) that are financed and operated in a manner similar to private business enterprises whenever  
25 the intent of the legislature is that costs (i.e., expenses, including depreciation) of providing goods or  
26 services to the general public on a continuing basis are to be financed or recovered primarily through user  
27 charges; or

28           (B) whenever the legislature has decided that periodic determination of revenue earned, expenses  
29 incurred, or net income is appropriate for capital maintenance, public policy, management control,  
30 accountability, or other purposes; and



1 (ii) the internal service fund type, which accounts for the financing of goods or services provided  
2 by one department or agency to other departments or agencies of state government or to other  
3 governmental entities on a cost-reimbursed basis;

4 (c) the fiduciary fund category, which includes trust and agency fund types used to account for  
5 assets held by state government in a trustee capacity or as an agent for individuals, private organizations,  
6 other governmental entities, or other funds. These include the:

7 (i) expendable trust fund type;

8 (ii) nonexpendable trust fund type;

9 (iii) pension trust fund type; and

10 (iv) agency fund type.

11 (d) the higher education funds, which include:

12 (i) the current fund, which accounts for money deposited in the state treasury that is used to pay  
13 current operating costs relating to instruction, research, public service, and allied support operations and  
14 programs conducted within the Montana university system. The financial activities of the current fund are  
15 subdivided, for operational purposes, into the four following subfunds to serve the purpose indicated:

16 (A) The unrestricted subfund segregates that portion of the current fund's financial resources that  
17 can be expended for general operations and is free of externally imposed restrictions, except those imposed  
18 by the legislature.

19 (B) The restricted subfund segregates that portion of the current fund's financial resources that can  
20 be expended for general operations but only for purposes imposed by sources external to the board of  
21 regents and the legislature.

22 (C) The designated subfund segregates that portion of the current fund's financial resources that  
23 is associated with general operations but is separately classified in order to accumulate costs that are to  
24 be recharged as allocated to other funds or subfunds; identifies financial activities related to special  
25 organized activities of educational departments in which the activity is fully supported by supplemental  
26 assessments; and identifies special supply and facility fees that are approved for collections beyond normal  
27 course fees and their disposition.

28 (D) The auxiliary subfund segregates that portion of the current fund's financial resources that is  
29 devoted to providing essential on-campus services primarily to students, faculty, or staff wherein a fee,  
30 which is directly related to but does not necessarily equal the cost of the service provided, is charged to

1 the consumer.

2 (ii) the student loan fund, which accounts for money deposited in the state treasury that may be  
3 loaned to students, faculty, or staff for purposes related to education, organized research, or public services  
4 by the Montana university system;

5 (iii) the endowment fund, which accounts for money deposited in the state treasury by the Montana  
6 university system wherein the principal portion of the amount received is nonexpendable but is available  
7 for investment, thus producing consumable income. Expendable earnings on endowment funds are to be  
8 transferred to appropriate operating funds pursuant to prevailing administrative requirements.

9 (iv) the annuity and life income fund, which accounts for money deposited in the state treasury by  
10 the Montana university system under an agreement whereby the money is made available on condition that  
11 the receiving unit of the Montana university system binds itself to pay stipulated amounts periodically to  
12 the donor or others designated by the donor over a specified period of time;

13 (v) the plant fund, which accounts for those financial resources allocated to or received by the  
14 Montana university system for capital outlay purposes or to retire long-term debts associated with  
15 construction or acquisition of fixed assets and the net accumulative results of these activities; and

16 (vi) the agency fund, which accounts for money deposited in the state treasury wherein the  
17 Montana university system acts in the capacity of a custodian or fiscal agent for individual students,  
18 faculty, staff, and qualified organizations.

19 (2) In addition to the funds provided for in subsection (1), there are in the state treasury the  
20 following account groups:

21 (a) the fixed assets account group, which is a self-balancing group of accounts set up to establish  
22 accounting control and accountability for the state's general fixed assets, except those accounted for in  
23 proprietary funds, trust funds, and the higher education funds designated in subsections (1)(d)(i)(D),  
24 (1)(d)(iii), and (1)(d)(v); and

25 (b) the long-term debt account group, which is a self-balancing group of accounts set up to  
26 establish accounting control and accountability for the state's unmatured general long-term liabilities, except  
27 those accounted for in proprietary funds, trust funds, and the higher education funds designated in  
28 subsections (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v)."

29

30 **Section 7.** Section 17-2-103, MCA, is amended to read:

1           **"17-2-103. Previous definitions of funds -- identification or segregation of ~~moneys~~ money and**  
 2 **funds.** (1) It is the intent of the legislature that the definitions in 17-2-102 supersede all previous definitions  
 3 of public funds ~~which~~ that are inconsistent with the definitions found in this part.

4           (2) Any laws enacted in the future or any contracts entered into in the future in pursuance of law  
 5 that require the segregation of ~~moneys~~ money in the state treasury by means of a separate treasury fund  
 6 ~~shall~~ must be interpreted as permitting the segregation of ~~such moneys~~ the money by means of a subfund  
 7 or account within one of the funds created by 17-2-102.

8           (3) Each federal grant or other federal money within any subfund or account of one of the funds  
 9 created by 17-2-102(1)(a) through (1)(c) must be identifiable as a separate accounting entity, reporting  
 10 center, responsibility center, or revenue identification code, and an account must be made of each such  
 11 grant or other money by income and expenditure for each federal grant year or fiscal year as may be  
 12 applicable.

13           (4) Unless otherwise specifically provided in the statutes pertaining to the tax, the portion of taxes  
 14 collected by the state that, pursuant to a statute, are to be allocated or distributed to units of local  
 15 government, school districts, authorities, or other local governmental entities ~~shall~~ must be accounted for  
 16 in a ~~fiduciary~~ state special revenue fund, established in 17-2-102, as prescribed by the department in  
 17 accordance with generally accepted accounting principles."  
 18

19           **Section 8.** Section 17-2-121, MCA, is amended to read:

20           **"17-2-121. Deposits by insurance commissioner.** ~~All~~ Except as provided in 33-2-708, all fees,  
 21 miscellaneous and examination charges, fines, penalties, and those amounts received pursuant to 33-2-311,  
 22 33-2-705, ~~or~~ 33-2-706, or 50-3-109 collected by the insurance commissioner pursuant to Title 33 and the  
 23 rules adopted ~~thereunder~~ to implement Title 33 must be deposited in the general fund."  
 24

25           **Section 9.** Section 17-3-221, MCA, is amended to read:

26           **"17-3-221. State treasurer to be custodian of ~~moneys~~ money received under Taylor Grazing Act.**  
 27 The state treasurer ~~shall be~~ is the custodian of all ~~moneys~~ money that the treasurer of the United States  
 28 ~~may transfer~~ transfers to the state of Montana under the terms of section 10 of the Taylor Grazing Act  
 29 approved June 28, 1934, (Public No. 482), which provides that the secretary of the United States treasury  
 30 pay one-half of the ~~moneys~~ money received from each grazing district each year to the state where

1 collected, to be expended as the legislature may prescribe. The money must be deposited in the federal  
 2 special revenue fund."

3

4 **Section 10.** Section 17-3-222, MCA, is amended to read:

5 **"17-3-222. Apportionment of moneys to counties.** (1) ~~It shall be~~ is the duty of the state treasurer  
 6 to properly apportion and allocate ~~these moneys~~ the money received pursuant to 17-3-221 to the county  
 7 treasurers, who ~~will~~ shall allocate and pay ~~all such moneys~~ the money as follows:

8 (a) 50% to the county general fund; and

9 (b) 50% to the common school fund of the county.

10 (2) The payments from the state to the county treasurers provided for in subsection (1) are  
 11 statutorily appropriated as provided in 17-7-502."

12

13 **Section 11.** Section 17-6-201, MCA, is amended to read:

14 **"17-6-201. Unified investment program -- general provisions.** (1) The unified investment program  
 15 directed by Article VIII, section 13, of the Montana constitution to be provided for public funds must be  
 16 administered by the board of investments in accordance with the prudent expert principle, which requires  
 17 any investment manager to:

18 (a) discharge the duties with the care, skill, prudence, and diligence, under the circumstances then  
 19 prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like  
 20 matters exercises in the conduct of an enterprise of a like character with like aims;

21 (b) diversify the holdings of each fund within the unified investment program to minimize the risk  
 22 of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do  
 23 so; and

24 (c) discharge the duties solely in the interest of and for the benefit of the funds forming the unified  
 25 investment program.

26 (2) (a) Retirement funds may be invested in common stocks of any corporation, except that an  
 27 investment may not be made at any time that would cause the book value of the investments in any  
 28 retirement fund to exceed 50% of the book value of the fund or would cause the stock of one corporation  
 29 to exceed 2% of the book value of the retirement fund.

30 (b) Other public funds may not be invested in private corporate capital stock. "Private corporate

1 capital stock" means only the common stock of a corporation.

2 (3) (a) This section does not prevent investment in any business activity in Montana, including  
3 activities that continue existing jobs or create new jobs in Montana.

4 (b) The board is urged under the prudent expert principle to invest up to 3% of retirement funds  
5 in venture capital companies. Whenever possible, preference should be given to investments in those  
6 venture capital companies that demonstrate an interest in making investments in Montana.

7 (c) In discharging its duties, the board shall consider the preservation of purchasing power of  
8 capital during periods of high monetary inflation.

9 (d) The board may not make a direct loan to an individual borrower. The purchase of a loan or a  
10 portion of a loan originated by a financial institution is not considered a direct loan.

11 (4) The board has the primary authority to invest state funds. Another agency may not invest state  
12 funds unless otherwise provided by law. The board shall direct the investment of state funds in accordance  
13 with the laws and constitution of this state. The board has the power to veto any investments made under  
14 its general supervision.

15 (5) The board shall:

16 (a) assist agencies with public money to determine if, when, and how much surplus cash is  
17 available for investment;

18 (b) determine the amount of surplus treasury cash to be invested;

19 (c) determine the type of investment to be made;

20 (d) prepare the claim to pay for the investment; and

21 (e) keep an account of the total of each investment fund and of all the investments belonging to  
22 the fund and a record of the participation of each treasury fund account in each investment fund.

23 (6) The board may:

24 (a) execute deeds of conveyance transferring all real property obtained through foreclosure of any  
25 investments purchased under the provisions of 17-6-211 when full payment has been received for the  
26 property;

27 (b) direct the withdrawal of any funds deposited by or for the state treasurer pursuant to 17-6-101  
28 and 17-6-105;

29 (c) direct the sale of any securities in the program at their full and true value when found necessary  
30 to raise money for payments due from the treasury funds for which the securities have been purchased;

1 (d) expend funds needed to cover costs of necessary repairs to property owned by the board as  
 2 an investment. The expenditures may be made directly by the board ~~and are statutorily appropriated, as~~  
 3 ~~provided in 17-7-502.~~ Repairs that cost in excess of \$2,500 must be bid, and the bid must be awarded in  
 4 compliance with existing state law and regulations. Emergency repairs may be made by the board without  
 5 bid if approved by the state architect.

6 (7) The cost of administering and accounting for each investment fund must be deducted from the  
 7 income from each fund.

8 (8) At the beginning of each fiscal year, the board shall, from the appropriate fund, reimburse the  
 9 department of commerce for the costs of administering programs established under Title 90, chapter 3, that  
 10 are not covered by payback funds available from the account established in 90-3-305."  
 11

12 **Section 12.** Section 17-7-402, MCA, is amended to read:

13 **"17-7-402. Budget amendment requirements.** (1) Except as provided in subsection (6), a budget  
 14 amendment may not be approved:

15 (a) by the approving authority, except a budget amendment to spend:

16 (i) additional federal revenue;

17 (ii) additional tuition collected by the Montana university system;

18 (iii) additional revenue deposited in the internal service funds within the department or the office  
 19 of the commissioner of higher education as a result of increased service demands by state agencies;

20 (iv) Montana historical society enterprise revenue resulting from sales to the public;

21 (v) additional revenue that is deposited in funds other than the general fund and that is from the  
 22 sale of fuel for those agencies participating in the Montana public vehicle fueling program established by  
 23 Executive Order 22-91; or

24 (vi) revenue resulting from the sale of goods produced or manufactured by the industries program  
 25 of an institution within the department of corrections;

26 (b) by the approving authority if the budget amendment contains any significant ascertainable  
 27 commitment for any present or future increased general fund support;

28 (c) by the approving authority for the expenditure of money in the state special revenue fund unless  
 29 an emergency justifies the expenditure or the expenditure is exempt under subsection (4);

30 (d) by the approving authority unless it will provide additional services;

1 (e) by the approving authority for any matter of which the requesting agency had knowledge at  
2 a time when the proposal could have been presented to an appropriation subcommittee, the house  
3 appropriations committee, or the senate finance and claims committee of the most recent legislative session  
4 open to that matter, except when the legislative finance committee is given specific notice by the approving  
5 authority that significant identifiable events, specific to Montana and pursuant to provisions or requirements  
6 of Montana state law, have occurred since the matter was raised with or presented for consideration by  
7 the legislature; or

8 (f) to extend beyond June 30 of the last year of any biennium.

9 (2) All budget amendments must itemize planned expenditures by fiscal year.

10 (3) Each budget amendment must be submitted by the approving authority to the budget director  
11 and the legislative fiscal analyst. The proposed expenditure of money from nonstate or nonfederal sources  
12 that is restricted by law must be submitted to the legislative fiscal analyst.

13 (4) Money from nonstate or nonfederal sources that would be deposited in the state special  
14 revenue fund and that is restricted by law or by the terms of a written agreement, such as a contract, trust  
15 agreement, or donation, is exempt from the requirements of this part.

16 (5) An appropriation that would usually be the subject of a budget amendment that is submitted  
17 to the legislature for approval during a legislative session may not include authority to spend money beyond  
18 the first fiscal year of the next biennium.

19 (6) A budget amendment to spend state funds, other than from the general fund, required for  
20 matching funds in order to receive a grant is exempt from the provisions of subsection (1)."

21

22 **Section 13.** Section 17-7-502, MCA, is amended to read:

23 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory  
24 appropriation is an appropriation made by permanent law that authorizes spending by a state agency  
25 without the need for a biennial legislative appropriation or budget amendment.

26 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply  
27 with both of the following provisions:

28 (a) The law containing the statutory authority must be listed in subsection (3).

29 (b) The law or portion of the law making a statutory appropriation must specifically state that a  
30 statutory appropriation is made as provided in this section.

1           (3) The following laws are the only laws containing statutory appropriations: ~~2-9-202~~; 2-17-105;  
 2 ~~2-18-812~~; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706;  
 3 15-30-195; 15-31-702; 15-36-324; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-410;  
 4 16-1-411; 16-11-308; 17-3-106; 17-3-212; 17-3-222; 17-5-404; 17-5-424; 17-5-804; 17-6-101;  
 5 ~~17-6-201~~; 17-7-304; 18-11-112; ~~19-2-502~~; 19-5-404; 19-6-709; 19-8-504; 19-9-702; 19-9-1007;  
 6 19-13-604; 19-13-1006; 19-17-301; 19-18-512; 19-18-513; 19-18-606; 19-19-205; 19-19-305;  
 7 19-19-506; 20-8-107; 20-8-111; 20-9-361; 20-26-1503; 23-5-136; 23-5-306; 23-5-409; 23-5-610;  
 8 23-5-612; 23-5-631; 23-7-301; 23-7-402; 32-1-537; 37-43-204; 37-51-501; 39-71-503; 39-71-907;  
 9 39-71-2321; 39-71-2504; 44-12-206; 44-13-102; 50-4-623; 50-5-232; 50-40-206; 53-6-150; 53-6-703;  
 10 53-24-206; 60-2-220; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-12-123; 80-2-103;  
 11 80-2-222; 80-4-416; 81-5-111; 82-11-136; 82-11-161; 85-1-220; 85-20-402; 90-3-301; 90-4-215;  
 12 90-6-331; 90-7-220; 90-7-221; and 90-9-306.

13           (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
 14 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
 15 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of  
 16 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as  
 17 determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the  
 18 bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to  
 19 sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for  
 20 supplemental benefit; and pursuant to sec. 7(2), Ch. 29, L. 1995, the inclusion of 15-30-195 terminates  
 21 July 1, 2001.)"

22

23           **Section 14.** Section 17-8-101, MCA, is amended to read:

24           **"17-8-101. Appropriation and disbursement of money from treasury.** (1) ~~Except as provided in~~  
 25 ~~subsection (5)~~ For purposes of complying with Article VIII, section 14, of the Montana constitution, money  
 26 deposited in the general fund, the special revenue fund type (except money deposited in the treasury from  
 27 nonstate and nonfederal sources restricted by law or by the terms of an agreement, such as a contract,  
 28 trust agreement, or donation), the enterprise fund type, the debt service fund type, and the capital projects  
 29 fund type, with the exception of refunds authorized in subsection ~~(3)~~ (4), must be paid out of the treasury  
 30 only on appropriation made by law.



1           (2) Money deposited in the ~~enterprise fund type, internal service fund type, debt service fund type,~~  
 2 ~~expendable trust fund type, nonexpendable trust fund type, pension trust fund type,~~ agency fund type, and  
 3 state special revenue fund from nonstate and nonfederal sources restricted by law or by the terms of an  
 4 agreement, such as a contract, trust agreement, or donation, ~~and agency fund type~~ may be paid out of the  
 5 treasury;

6           (a) by appropriation; or

7           (b) under general laws, or contracts entered into in pursuance of law, permitting the disbursement.

8           (3) The pension trust fund type is not considered a part of the state treasury for appropriation  
 9 purposes. Money deposited in the pension trust fund type may be paid out of the treasury pursuant to  
 10 general laws, trust agreement, or contract.

11           ~~(3)(4) Subject to the provisions of subsection (8), money~~ Money paid into the state treasury  
 12 through error or under circumstances, such that the state is not legally entitled to retain it and a refund  
 13 procedure is not otherwise provided by law, may be refunded upon the submission of a verified claim  
 14 approved by the department of administration.

15           ~~(4)(5)~~ Authority to expend appropriated money may be transferred from one state agency to  
 16 another, provided that the original purpose of the appropriation is maintained. The office of budget and  
 17 program planning shall report semiannually to the legislative finance committee concerning all appropriations  
 18 transferred under the provisions of this section.

19           ~~(5)(6)~~ Fees and charges for services deposited in the internal service fund type must be based upon  
 20 commensurate costs. The legislative auditor, during regularly scheduled audits of state agencies, shall audit  
 21 and report on the reasonableness of internal service fund type fees and charges and on the fund equity  
 22 balances.

23           ~~(6)(7)~~ The office of budget and program planning shall include in the budget submitted to the  
 24 legislature a report on:

25           (a) enterprise funds, including retained earnings and contributed capital, projected operations and  
 26 charges, and projected fund balances; and

27           (b) internal service fund type fees and charges, including changes in the level of fees and charges,  
 28 projected use of the fees and charges, and projected fund balances. Internal service fund type fees and  
 29 charges must be approved by the legislature in the general appropriations act. Fees and charges in any  
 30 biennium may not exceed the level approved by the legislature in the general appropriations act effective

1 for that biennium.

2 ~~(7)(8) Any~~ The creation of accounts in the enterprise fund or the internal service fund ~~created after~~  
 3 ~~July 1, 1995,~~ must be approved by the department, using conformity with generally accepted accounting  
 4 principles as the primary approval criteria. The department shall report annually to the office of budget and  
 5 program planning and the legislative finance committee on the nature, status, and justification for all new  
 6 accounts in the enterprise fund and the internal service fund.

7 ~~(8)(9) Enterprise and internal service funds~~ must be appropriated if they are ~~used as a part of a~~  
 8 ~~program that is not an enterprise or internal service function and otherwise requires an appropriation paid~~  
 9 ~~out of the state treasury. The payment of funds into an internal service fund must be authorized by law."~~

10

11 **Section 15.** Section 19-2-404, MCA, is amended to read:

12 **"19-2-404. Appointment and compensation of administrative staff.** The ~~department~~ board shall  
 13 ~~appoint hire~~ and fix the compensation of an administrator and other necessary employees to assist the  
 14 board in administering the retirement systems. The compensation of the administrator and employees must  
 15 be established in accordance with Title 2, chapter 18."

16

17 **Section 16.** Section 19-2-408, MCA, is amended to read:

18 **"19-2-408. Administrative expenses.** (1) The legislature finds that proper administration of the  
 19 pension trust funds benefits both employers and members and continues to benefit members after  
 20 retirement.

21 (2) The administrative expenses of the retirement systems administered by the board must be paid  
 22 from the investment earnings on the pension trust fund of the public employees' retirement system, except  
 23 as provided in subsection (3). Before the fiscal yearend closing, the board shall compute the administrative  
 24 expenses attributable to each retirement system administered by the board for the immediately preceding  
 25 fiscal year and transfer that amount from each retirement system's pension trust fund to the pension trust  
 26 fund of the public employees' retirement system. The total administrative expenses of the board, including  
 27 the administration of the volunteer firefighters' pension plan, may not exceed 1.5% of the total retirement  
 28 benefits paid.

29 (3) On January 1 of each year, each employer under the public employees' retirement system shall  
 30 contribute on behalf of each member then in its service a membership fee of \$1 in addition to other required

1 contributions. The ~~appropriation of these fees, together with other money appropriated for that purpose,~~  
 2 must be used for the purpose of defraying the administrative expense of chapters 2, 3, 5 through 9, and  
 3 13, and this chapter.

4 (4) ~~Any request for an increase in spending authority for administrative expenses requires a budget~~  
 5 ~~amendment and is subject to Title 17, chapter 7 part 4.~~

6 ~~(5) The board may assess and the division may collect a fee from the department of fish, wildlife,~~  
 7 ~~and parks for the purpose of defraying the expenses of administering chapter 8 of this title."~~

8

9 **Section 17.** Section 19-2-502, MCA, is amended to read:

10 "**19-2-502. ~~Statutory appropriation of payments~~ Payments from pension trust funds. (1) Assets**  
 11 The board shall administer the assets of the pension trust funds are statutorily appropriated, as provided  
 12 in 17-7-502, to the division for payment of benefits and refunds to eligible recipients and for paying the  
 13 necessary administrative and investment expenses of the retirement systems as provided in Article VIII,  
 14 section 15, of the Montana constitution, subject to the specific provisions of chapters 2, 3, 5 through 9,  
 15 and 13 of this title.

16 (2) **Benefits and refunds to eligible recipients are payable pursuant to a contract as contained in**  
 17 statute. The contract is entered into on the first day of a member's covered employment and may be  
 18 enhanced by the legislature. Unless specifically provided for by statute, the contract does not contain  
 19 revisions to statutes after the time of retirement or termination."

20

21 **Section 18.** Section 19-5-404, MCA, is amended to read:

22 "**19-5-404. Contributions by state.** (1) The state of Montana shall contribute monthly to the  
 23 pension trust fund a sum equal to 6% of the compensation of each member. In addition, the clerk of each  
 24 district court shall transmit 68% of certain filing fees as required under 25-1-201(2) and that portion of the  
 25 fee for filing a petition for dissolution of marriage and a motion for substitution of a judge specified in  
 26 25-1-201(4) and (6) to the state, which shall first deposit in the pension trust fund an amount equal to  
 27 34.71% of the total compensation paid to district judges and supreme court justices who are covered by  
 28 the judges' retirement system and then deposit the balance in the state general fund. The clerk of the  
 29 supreme court shall pay one-fourth of the fees collected under 3-2-403 to the division to be credited to the  
 30 pension trust fund.

1           (2) The state of Montana shall contribute monthly from the renewable resource grant and loan  
2 program account in the state special revenue fund to the judges' pension trust fund an amount equal to  
3 34.71% of the compensation paid to the chief water court judge. The state contributions in this section  
4 are statutorily appropriated as provided in 17-7-502."

5

6           **Section 19.** Section 19-6-709, MCA, is amended to read:

7           **"19-6-709. (Temporary) Supplemental benefits for certain retirees.** (1) In addition to any retirement  
8 benefit payable under this chapter, a retired member or a survivor determined by the board to be eligible  
9 under subsection (2) must receive an annual lump-sum benefit payment beginning in September 1991 and  
10 each succeeding year as long as the member remains eligible.

11           (2) To be eligible for the benefits under this section, a person must be receiving a monthly benefit  
12 before July 1, 1991, and must be:

13           (a) a retired member who is 55 years of age or older and who has been receiving a service  
14 retirement benefit for at least 5 years prior to the date of distribution;

15           (b) a survivor of a member who would have been eligible under subsection (2)(a); or

16           (c) a recipient of a disability or survivorship benefit under 19-6-601 or 19-6-901.

17           (3) A retired member otherwise qualified under this section who is employed in a position covered  
18 by a retirement system under Title 19 is ineligible to receive any lump-sum benefit payments provided for  
19 in this section until the member's service in the covered position is terminated. Upon termination of the  
20 member's covered service, the retired member becomes eligible in the next fiscal year succeeding the  
21 member's termination.

22           (4) (a) ~~Twenty five~~ An amount equal to 25 cents of each motor vehicle registration fee provided  
23 for in 61-3-321(5) must be ~~deposited in~~ paid from the general fund to the pension trust fund at the end of  
24 each fiscal year. The ~~fee payment~~ is statutorily appropriated, as provided in 17-7-502, to the pension fund  
25 for payment of benefits to eligible recipients. The total funds must be distributed by the division in  
26 lump-sum payments to eligible recipients along with their normal retirement benefit payment.

27           (b) The lump-sum payment must be distributed proportionally to all eligible recipients based on  
28 service credit at the time of retirement, subject to the following:

29           (i) a recipient under subsection (2)(c) is considered to have 20 years of service for the purposes  
30 of the distributions;

1 (ii) any recipient of a service retirement benefit exceeding the maximum monthly benefit under  
2 19-6-707(2)(a) must have the recipient's service credit reduced 25% for the purposes of the distributions;

3 (iii) the maximum annual increase in the amount of supplemental benefits paid to each individual  
4 under this section after August 31, 1993, is the percentage increase for the previous calendar year in the  
5 annual average consumer price index for urban wage earners and workers, compiled by the bureau of labor  
6 statistics of the United States department of labor or its successor agency.

7 (c) Any amount deposited in the pension trust fund under subsection (4)(a) for the payment of  
8 supplemental benefits under this section that exceeds the limitation of subsection (4)(b)(iii) must be used  
9 to amortize unfunded liabilities of the retirement system.

10 (5) Every 10 years following July 1, 1991, the division shall review the size of the additional fee  
11 collected under 61-3-321(5) and ~~deposited in the account~~ paid to the pension trust fund in accordance with  
12 subsection (4)(a) and recommend to each legislature following the division's review any legislation  
13 necessary to reduce the fee to the minimum amount necessary to provide the supplemental benefits  
14 provided by this section."

15

16 **Section 20.** Section 19-8-504, MCA, is amended to read:

17 "**19-8-504. State's contribution.** Each month, the state treasurer shall pay to the pension trust  
18 fund out of the department of fish, wildlife, and parks funds, a sum equal to 8.15% of all members'  
19 salaries. The payment is statutorily appropriated as provided in 17-7-502."

20

21 **Section 21.** Section 19-9-702, MCA, is amended to read:

22 "**19-9-702. State contribution.** The state of Montana shall make its contributions ~~through the state~~  
23 ~~auditor out of~~ from the general fund ~~the premium tax on motor vehicle property and casualty insurance~~  
24 ~~policies.~~ The ~~payments~~ general fund contributions must be made annually after the end of each fiscal year  
25 but no later than November 1 ~~from the gross premium tax after deduction for cancellations and returned~~  
26 ~~premiums.~~ The division shall notify the state auditor by September 1 of each fiscal year of the annual  
27 compensation paid to all active members during the preceding fiscal year. The state's contribution is  
28 15.66% of compensation paid to members. The contributions are statutorily appropriated as provided in  
29 17-7-502."

30

1           **Section 22.** Section 19-9-1007, MCA, is amended to read:

2           **"19-9-1007. Supplement to certain benefits.** (1) The benefits paid in each fiscal year to a retired  
3 member or the member's survivors may not be less than one-half of the compensation that will be paid in  
4 the current fiscal year in the appropriate city or town to newly confirmed police officers.

5           (2) On or before October 1 of each year, the division shall make a report including the following  
6 information:

7           (a) the names of all retired members who are receiving benefits from the retirement system as of  
8 the date of the report;

9           (b) the names of all surviving spouses or dependent children who are receiving benefits from the  
10 retirement system because of the death of an active or retired member of this or a prior plan;

11           (c) for the purpose of determining the base retirement, disability, or survivorship benefits for the  
12 computations set forth in subsection (3), the following information relating to the base fiscal year  
13 commencing July 1, 1976:

14           (i) the amount of the benefits paid in the base fiscal year to each retired member described in  
15 subsection (2)(a);

16           (ii) the amount of the benefits paid in the base fiscal year to each surviving spouse or dependent  
17 child described in subsection (2)(b);

18           (iii) upon the death after the base fiscal year of any retired member who was receiving benefits, the  
19 amount of benefits that would have been paid to an eligible surviving spouse of the retired member if the  
20 surviving spouse had been receiving benefits in the base fiscal year;

21           (d) the original amount of retirement, disability, or survivorship benefits paid to retired members  
22 or their eligible survivors as of the original retirement dates after July 1, 1975;

23           (e) the compensation that will be paid during the current fiscal year to a newly confirmed police  
24 officer of each city or town participating in the retirement system.

25           (3) The division shall compute the difference between each amount reported under subsections  
26 (2)(c) through (2)(e) and one-half the compensation to be paid during the current fiscal year to a newly  
27 confirmed police officer of the appropriate city or town. The difference must be reported to the state  
28 auditor, who shall pay the difference from the general fund to the pension trust fund ~~out of the premium~~  
29 ~~tax collected on insurance sold in this state to insure against the risks enumerated in 19-18-512(3)~~ no later  
30 than November 1. If the compensation of a newly confirmed police officer has not been set for the current

1 fiscal year in time to be included in the October 1 report to the state auditor, the division shall make any  
 2 retroactive adjustments necessary to individual supplemental benefits after the current compensation has  
 3 been determined and shall include these amounts in the next year's report for reimbursement at that time.

4 (4) The ~~premium tax~~ amount paid by the state auditor is statutorily appropriated, as provided in  
 5 17-7-502, for the payment of supplemental retirement benefits to eligible retired members and their  
 6 survivors. This ~~payment~~ amount is in addition to the payment to be made by the state auditor under  
 7 19-9-702.

8 (5) If more than one dependent child is entitled to supplementary benefits under this section by  
 9 virtue of the death of a common parent, the minimum benefit paid to the dependent children under this  
 10 section must be determined as if there were one dependent child and the supplementary benefits must be  
 11 paid to the dependent children collectively."  
 12

13 **Section 23.** Section 19-13-604, MCA, is amended to read:

14 "**19-13-604. State contribution.** The state shall make its contributions ~~through the state auditor~~  
 15 from the ~~premium taxes on the insurance risks enumerated in 19-18-512~~ general fund. ~~These payments~~  
 16 Payments must be made annually from the general fund to the pension trust fund after the end of each  
 17 fiscal year but no later than November 1 ~~from the gross premium taxes after deduction for cancellations~~  
 18 ~~and returned premiums~~. The division shall notify the state auditor of the annual compensation, excluding  
 19 overtime, holiday payments, shift differential payments, compensatory time payments, and payments in  
 20 lieu of sick leave, paid to all active members during the preceding year. The state's contribution is 24.21%  
 21 of this total compensation. ~~As soon as practicable after receipt of the state contribution, the division shall~~  
 22 ~~deposit it in the pension trust fund.~~ The contributions are statutorily appropriated as provided in 17-7-502."  
 23

24 **Section 24.** Section 19-13-1006, MCA, is amended to read:

25 "**19-13-1006. Supplement to retirement benefits for persons retiring before July 1, 1973.** (1) The  
 26 retirement system shall pay to each member retired before July 1, 1973, or the member's surviving spouse  
 27 or dependent children a monthly retirement benefit of not less than one-half the regular monthly  
 28 compensation paid to a confirmed active firefighter of the city that last employed the member as a  
 29 firefighter, as provided each year in the budget of that city. If the city that last employed the member as  
 30 a firefighter no longer employs a full-paid firefighter, the member's or survivor's benefit may not be less

1 than one-half the average regular monthly compensation paid to all newly confirmed full-paid firefighters,  
 2 as provided each year in the budgets of those cities that participate in the retirement system and employ  
 3 a full-paid firefighter. In the case of volunteer firefighters, the retirement benefit may not exceed \$75 per  
 4 month. Distribution of the money provided for this purpose under ~~19-18-606(1)~~ subsection (2) must be  
 5 made according to subsection ~~(2)~~ (3).

6 (2) The state auditor shall deposit the proceeds of the tax collected pursuant to 50-3-109(1)(b) in  
 7 the general fund. The state auditor shall pay an amount equal to the proceeds of the tax from the general  
 8 fund to the pension trust fund to be used to pay claims as provided in subsection (3). The payment is  
 9 statutorily appropriated as provided in 17-7-502. If the amount paid is in excess of the amount necessary  
 10 for the payment of claims as provided in subsection (3), the excess must be used to pay the supplementary  
 11 benefits provided for in 19-13-1009.

12 ~~(2)(3)~~ (a) At the beginning of each fiscal year, the division shall request and, except as provided  
 13 in subsection ~~(2)(b)~~ (3)(b), the state auditor shall ~~issue pay~~ pay from the state ~~special revenue general~~ general fund and  
 14 ~~deliver to the division pension trust fund~~ an amount certified to be equal to the total annual dollar difference  
 15 between the total retirement benefits paid to all retirees or their surviving spouses or dependent children  
 16 in the previous fiscal year and the total benefits payable on June 30, 1973. The division shall deposit this  
 17 money into the pension trust fund.

18 (b) ~~If the amount of insufficient money is contained in the state special revenue fund to pay the~~  
 19 ~~amount requested paid~~ in subsection ~~(2)(a)~~ (3)(a) is insufficient, the auditor shall pay to the division the  
 20 ~~balance contained in the state special revenue fund. The division shall continue to request the payment of~~  
 21 any portion of the amount requested under subsection ~~(2)(a)~~ (3)(a) that was not paid in previous fiscal years  
 22 plus sufficient interest to reimburse the pension trust fund, which The amounts must be paid to the division  
 23 pension trust fund prior to determining whether sufficient ~~each remains in the special revenue fund taxes~~  
 24 have been collected to make any amount available for payments into the account established in 19-13-615  
 25 of supplementary benefits provided for in 19-13-1009. The state auditor shall pay the requests amounts  
 26 as premium tax money in the state ~~special revenue general~~ general fund becomes available."

27

28 **Section 25.** Section 19-13-1009, MCA, is amended to read:

29 **"19-13-1009. Supplement to retirement benefits for persons hired on or after July 1, 1981. (1)**

30 The division shall pay a supplemental benefit ~~from the account provided for in 19-13-615~~ to each member



1 hired on or after July 1, 1981, who has earned 20 years of membership service as an active firefighter or  
 2 to the member's surviving spouse or dependent children. Except as provided in subsection (2), the  
 3 supplemental benefit, when added to the service retirement benefit, must equal one-half the regular monthly  
 4 compensation paid to a newly confirmed full-paid active firefighter of the city that last employed the  
 5 member as a firefighter as provided each year in the budget of that city. If after a member retires, the city  
 6 that last employed the member no longer employs a full-paid firefighter, the member's supplemental benefit  
 7 must be calculated on the basis of the average monthly compensation paid to all newly confirmed full-paid  
 8 firefighters, as provided each year in the budgets of those cities that participate in the retirement system  
 9 and employ a full-paid firefighter.

10 (2) If the amount available ~~to the account~~ is insufficient to fully fund the supplemental benefit  
 11 provided for in subsection (1), the supplemental benefit for each eligible member or survivor must be  
 12 reduced by an equal percentage so that the amount ~~contained in the account~~ available for this purpose is  
 13 not exceeded."

14  
 15 **Section 26.** Section 19-17-301, MCA, is amended to read:

16 "19-17-301. **Fire insurance premium tax to be paid into pension trust fund.** The state auditor ~~and~~  
 17 ~~ex officio commissioner of insurance~~ shall annually ~~deposit in~~ pay from the general fund to the pension trust  
 18 fund a sum equivalent to 5% of the premium taxes collected from insurers authorized to effect insurance  
 19 against risks enumerated in ~~19-18-512~~ 50-3-109. The sum must be computed before the amounts provided  
 20 for by 19-13-604, 19-13-1006, and 19-18-512 are deducted. The money must be used for the payment  
 21 of claims, benefits, and administrative costs as provided in this chapter. The money is statutorily  
 22 appropriated as provided in 17-7-502."

23  
 24 **Section 27.** Section 19-18-512, MCA, is amended to read:

25 "19-18-512. **State auditor ~~to pay -- payment to association out of insurance premium taxes.~~** (1)  
 26 After the end of the fiscal year, the state auditor shall issue and deliver the warrant described in this  
 27 subsection to the treasurer of ~~every each~~ city or town ~~which that~~ has a fire department relief association  
 28 entitled by law to receive payments. The warrant ~~shall~~ must be for the use and benefit of the association.  
 29 ~~It shall~~ The warrant must be for an amount equal to 1 1/2 mills of the total taxable value of the city or town  
 30 and ~~shall~~ must be paid out of the ~~premium taxes on insurance risks enumerated in subsection (3)~~ collected

1 ~~by the state auditor~~ general fund. The payment is statutorily appropriated as provided in 17-7-502.

2 (2) ~~If the~~ The payment provided for in subsection (1) ~~is less than \$100, an additional payment shall~~  
3 ~~be made from the same tax moneys so that the total amount received is~~ must be for at least \$100.

4 ~~(3) The risks referred to in subsection (1) are:~~

5 ~~(a) insurance of houses, buildings, and all other kinds of property against loss or damage by fire~~  
6 ~~or other casualty;~~

7 ~~(b) all kinds of insurance on goods, merchandise, or other property in the course of transportation,~~  
8 ~~whether by land, water, or air;~~

9 ~~(c) insurance against loss or damage to motor vehicles resulting from accident, collision, or marine~~  
10 ~~and inland navigation and transportation perils;~~

11 ~~(d) insurance of growing crops against loss or damage resulting from hail or the elements;~~

12 ~~(e) insurance against loss or damage by water to any goods or premises arising from the breakage~~  
13 ~~or leakage of sprinklers, pumps, or other apparatus;~~

14 ~~(f) insurance against loss or legal liability for loss because of damage to property caused by the~~  
15 ~~use of teams or vehicles, whether by accident or collision or by explosion of any engine, tank, boiler, pipe,~~  
16 ~~or tire of any vehicle; and~~

17 ~~(g) insurance against theft of the whole or any part of any vehicle."~~

18

19 **Section 28.** Section 19-19-205, MCA, is amended to read:

20 "**19-19-205. Actuarial valuation of police retirement fund.** (1) The city treasurer shall submit to  
21 the department of administration before October 1 of each odd-numbered year all information requested  
22 by the department necessary to complete an actuarial valuation of the city's police retirement fund. The  
23 valuation ~~shall~~ must consider the actuarial soundness of the police retirement fund for the 2 preceding fiscal  
24 years.

25 (2) The valuation ~~is to~~ must be prepared by a qualified actuary selected by the department. A  
26 qualified actuary is a member of the American academy of actuaries or of any organization considered by  
27 the department to have similar standards.

28 (3) In each fiscal year in which an actuarial valuation is prepared, the department shall submit to  
29 the state auditor a request for payment of the expense incurred in securing the actuarial valuation. The  
30 expense may not exceed \$6,000 in any fiscal year. The state auditor shall make payment to the actuary

1 ~~designated in the request~~ from the general fund. The payment is statutorily appropriated as provided in  
 2 17-7-502."

3

4 **Section 29.** Section 19-19-305, MCA, is amended to read:

5 "19-19-305. **Annual state payments to municipality with police department.** (1) After the end of  
 6 each fiscal year, the state auditor shall issue and deliver to the treasurer of each city and town in Montana  
 7 ~~which that~~ has a police department and ~~which that~~ is not a participant in the municipal police officers'  
 8 retirement system ~~is a~~ warrant for an amount computed in the same manner as the amount paid (or that  
 9 would be paid if an existing relief association met the legal requirements for payment) to cities and towns  
 10 for fire department relief associations pursuant to 19-18-512. The payment from the general fund is  
 11 statutorily appropriated as provided in 17-7-502.

12 (2) ~~The payments provided for by 19-19-205 and subsection (1) of this section shall be paid from~~  
 13 ~~the premium tax collected on insurance sold in this state to insure against the risks enumerated in~~  
 14 ~~19-18-512. Such payments may only be made after deductions have been made from the gross premium~~  
 15 ~~tax for cancellations and returned premiums.~~

16 (3) Each city or town ~~which that~~ has a police retirement fund shall deposit the payment to the  
 17 credit of its police retirement fund.

18 (4)(3) Payments provided for in 19-19-205 and subsection (1) of this section are in addition to  
 19 those provided for in 19-19-301."

20

21 **Section 30.** Section 19-19-506, MCA, is amended to read:

22 "19-19-506. **Supplement to certain pensions.** (1) The payment for each fiscal year to the police  
 23 officers, spouses, or minor children described in subsections (2)(a) through (2)(c) may ~~be~~ not be less than  
 24 one-half of the salary paid in that fiscal year in the appropriate city or town to newly confirmed police  
 25 officers.

26 (2) On or before April 1 of each year, the board of trustees shall make a report to the state auditor  
 27 including the following information:

28 (a) the names of all police officers who are receiving payments from the police retirement fund of  
 29 the city or town as of the date of the report and who were receiving ~~such the~~ payments prior to July 1,  
 30 1975;

1 (b) the names of all spouses or minor children who are receiving payments from the police  
2 retirement fund because of the death of a police officer who was receiving ~~such~~ payments prior to July 1,  
3 1975;

4 (c) the names of all spouses or minor children who are receiving payments from the police  
5 retirement fund and who were receiving ~~such~~ payments prior to July 1, 1975, or in the case of minor  
6 children, whose parent, the spouse of a police officer, was receiving ~~such~~ payments prior to July 1, 1975;

7 (d) for the purpose of determining the base figure for the computations set forth in subsection (4),  
8 the following information relating to the base fiscal year commencing July 1, 1976:

9 (i) the amount of the payments made in the base fiscal year to each police officer described in  
10 subsection (2)(a);

11 (ii) the amount of the payments made in the base fiscal year to each spouse or minor child ~~for~~  
12 ~~children~~ described in subsection (2)(b) or (2)(c);

13 (iii) upon the death after April 18, 1977, of any police officer on the retired list who was receiving  
14 payments from the police retirement fund prior to July 1, 1975, and who is survived by a spouse or minor  
15 ~~children~~ child entitled to receive payments ~~therefrom~~ from the police retirement fund, the amount ~~which~~  
16 that would have been paid to an eligible spouse of ~~such~~ the police officer ~~had~~ if that spouse had been  
17 receiving payments in the base fiscal year.

18 (3) Each fiscal year immediately after the adoption by a city or town having a police retirement fund  
19 of its budget for that fiscal year, ~~each~~ ~~such~~ the city or town shall report to the state auditor the salary for  
20 that fiscal year of a newly confirmed police officer of that city or town.

21 (4) The state auditor shall, upon receipt of the reports referred to in subsections (2) and (3),  
22 compute the difference between each amount reported under subsections (2)(d)(i) through (2)(d)(iii) and  
23 one-half the salary for the current fiscal year of a newly confirmed police officer of the appropriate city or  
24 town. The difference ~~shall~~ must be paid by the state auditor out of the ~~premium tax collected on insurance,~~  
25 ~~as provided in 19-19-305(2),~~ general fund to the treasurer of the appropriate city or town at the same time  
26 as and in addition to the payment to be made by the state auditor under 19-19-305(1). The payment is  
27 statutorily appropriated as provided in 17-7-502.

28 (5) The treasurer of each city or town receiving funds under subsection (4) shall immediately  
29 deposit them to the credit of the city or town's police retirement fund. The board of trustees of the fund  
30 shall use the funds to supplement the monthly payments to persons described in subsections (2)(a) through

1 (2)(c) so that the requirements of subsection (1) are met.

2 (6) If more than one minor child is entitled to supplementary payments under this section by virtue  
3 of the death of a common parent police officer, the minimum payment to ~~such~~ the minor children under this  
4 section ~~shall~~ must be determined as if there were one ~~such~~ minor child and the supplementary payment  
5 ~~shall~~ must be made to the minor children collectively."

6

7 **Section 31.** Section 19-20-203, MCA, is amended to read:

8 "**19-20-203. Officers and employees of retirement board.** (1) It is the duty of the retirement board  
9 to:

10 (a) elect a presiding officer from its membership;

11 (b) appoint a secretary, who may be one of its members,

12 (c) employ technical or administrative employees who are necessary for the transaction of the  
13 business of the retirement system and establish their compensation pursuant to Title 2, chapter 18; and

14 (d) designate an actuary who meets the qualifications established by the retirement board to assist  
15 the retirement board with the technical actuarial aspects of the operation of the retirement system, which  
16 includes establishing mortality and service tables and making an actuarial investigation at least once every  
17 5 years into the mortality, service, and compensation experience of the members and beneficiaries of the  
18 retirement system.

19 (2) A quorum of the board is three members."

20

21 **Section 32.** Section 19-20-501, MCA, is amended to read:

22 "**19-20-501. Financial administration of money.** The members of the retirement board are the  
23 trustees of all money collected for the retirement system, and as trustees, they shall provide for the  
24 financial administration of the money as provided in Article VIII, section 15, of the Montana constitution  
25 in the following manner:

26 (1) The money must be invested and reinvested by the state board of investments.

27 (2) The retirement board annually shall establish the rate of regular interest.

28 (3) The retirement board annually shall divide among the several reserves of the retirement system  
29 an amount equal to the average balance of the reserves during the preceding fiscal year multiplied by the  
30 rate of regular interest. In accordance with the provisions of 19-20-605(5), the amount to be credited to

1 each reserve must be allocated from the interest and other earnings on the money of the retirement system  
 2 actually realized during the preceding fiscal year, less the amount allocated to ~~the expense fund under the~~  
 3 ~~provisions of 19-20-606~~ administrative expenses. The administrative expenses of the retirement system  
 4 may not exceed 1.5% of retirement benefits paid.

5 (4) The state treasurer is the custodian of the collected retirement system money and of the  
 6 securities in which the money is invested.

7 (5) ~~All~~ For purposes of Article VIII, section 12, of the Montana constitution, all the reserves  
 8 established by part 6 of this chapter must be accounts in the pension trust fund type of the treasury fund  
 9 structure of the state.

10 (6) Benefits and refunds to eligible recipients are payable pursuant to a contract as contained in  
 11 statute. Unless specifically provided for by statute, the contract does not contain revisions to statutes after  
 12 the time of retirement or termination."

13

14 **Section 33.** Section 19-20-605, MCA, is amended to read:

15 **"19-20-605. Pension accumulation fund -- employer's contribution.** The pension accumulation fund  
 16 is the fund in which the reserves for payment of pensions and annuities must be accumulated and from  
 17 which pensions, annuities, and benefits must be paid to or on account of beneficiaries credited with prior  
 18 service. Contributions to and payments from the pension accumulation fund must be made as follows:

19 (1) Each employer shall pay into the pension accumulation fund an amount equal to 7.47% of the  
 20 earned compensation of each member employed during the whole or part of the preceding payroll period.

21 (2) If the employer is a district or community college district, the trustees shall budget and pay for  
 22 the employer's contribution under the provisions of 20-9-501.

23 (3) If the employer is the superintendent of public instruction, a public institution of the state of  
 24 Montana, a unit of the Montana university system, or the Montana state school for the deaf and blind, the  
 25 legislature shall appropriate to the employer an adequate amount to allow the payment of the employer's  
 26 contribution.

27 (4) If the employer is a county, the county commissioners shall budget and pay for the employer's  
 28 contribution in the manner provided by law for the adoption of a county budget and for payments under  
 29 the budget.

30 (5) All interest and other earnings realized on the money of the retirement system ~~shall~~ must be

1 credited to the pension accumulation fund, and the amount required to allow regular interest on the annuity  
2 savings fund ~~shall~~ must be transferred to that fund from the pension accumulation fund.

3 (6) All pensions, annuities, and benefits must be paid from the pension accumulation fund.

4 (7) The retirement board may, ~~in its discretion,~~ transfer from the pension accumulation fund to the  
5 expense fund an amount necessary to cover expenses of administration."  
6

7 **Section 34.** Section 50-3-109, MCA, is amended to read:

8 "**50-3-109. Tax on fire insurance premiums ~~for maintenance of state fire prevention and~~**  
9 **~~investigation activities of department of justice.~~** (1) Each insurer authorized to effect insurance on risks  
10 enumerated in ~~19-18-512~~ subsection (2) doing business in this state shall pay to the state auditor ~~and~~  
11 ~~commissioner of insurance ex officio~~ during the month of February or March in each year, in addition to the  
12 taxes on premiums required by law to be paid by it, ~~a tax of 1%~~ taxes on the fire portion of the direct  
13 premiums on ~~such~~ the enumerated risks received during the calendar year next preceding after deducting  
14 cancellations and return premiums. The taxes are:

15 (a) 1% to be deposited as provided in 17-2-121; and

16 (b) 1 1/2% to be used for purposes of 19-13-1006.

17 (2) The risks referred to in subsection (1) are:

18 (a) insurance of houses, buildings, and all other kinds of property against loss or damage by fire  
19 or other casualty;

20 (b) all kinds of insurance on goods, merchandise, or other property in the course of transportation,  
21 whether by land, water, or air;

22 (c) insurance against loss or damage to motor vehicles resulting from accident, collision, or marine  
23 and inland navigation and transportation perils;

24 (d) insurance of growing crops against loss or damage resulting from hail or the elements;

25 (e) insurance against loss or damage by water to any goods or premises arising from the breakage  
26 or leakage of sprinklers, pumps, or other apparatus;

27 (f) insurance against loss or legal liability for loss because of damage to property caused by the  
28 use of teams or vehicles, whether by accident or collision or by explosion of any engine, tank, boiler, pipe,  
29 or tire of any vehicle; and

30 (g) insurance against theft of the whole or any part of a vehicle."

1           **Section 35.** Section 61-3-321, MCA, is amended to read:

2           **"61-3-321. Registration fees of vehicles -- public-owned vehicles exempt from license or**  
3 **registration fees -- disposition of fees.** (1) Registration or license fees must be paid upon registration or  
4 reregistration of motor vehicles, trailers, housetrailers, and semitrailers, in accordance with this chapter,  
5 as follows:

6           (a) motor vehicles weighing 2,850 pounds or under (other than motortrucks), \$5;

7           (b) motor vehicles weighing over 2,850 pounds (other than motortrucks), \$10;

8           (c) electrically driven passenger vehicles, \$10;

9           (d) all motorcycles and quadricycles, \$2;

10          (e) tractors or trucks, \$10;

11          (f) buses, which are classed as motortrucks, licensed accordingly;

12          (g) trailers and semitrailers less than 2,500 pounds declared weight and housetrailers of all weights,  
13 \$2;

14          (h) trailers and semitrailers over 2,500 up to 6,000 pounds declared weight (except housetrailers),  
15 \$5;

16          (i) trailers and semitrailers over 6,000 pounds declared weight, \$10, except trailers and semitrailers  
17 registered in other jurisdictions and registered through a proportional registration agreement;

18          (j) trailers used exclusively in the transportation of logs in the forest or in the transportation of oil  
19 and gas well machinery, road machinery, or bridge materials, new and secondhand, \$15 annually,  
20 regardless of size or capacity.

21          (2) All rates are 25% higher for motor vehicles, trailers, and semitrailers that are not equipped with  
22 pneumatic tires.

23          (3) "Tractor", as specified in this section, means any motor vehicle, except a passenger car, that  
24 is used for towing a trailer or semitrailer.

25          (4) If any motor vehicle, housetrailer, trailer, or semitrailer is originally registered 6 months after  
26 the time of registration as set by law, the registration or license fee for the remainder of the year is one-half  
27 of the regular fee.

28          (5) An additional fee of \$5.25 a year for each registration of a vehicle, except trailers and  
29 semitrailers registered in other jurisdictions and registered through a proportional registration agreement,  
30 must be collected as a registration fee. Revenue from this fee must be forwarded by the respective county



1 treasurers to the state treasurer for deposit in the general fund. The department shall ~~distribute~~ pay an  
 2 amount equal to 25 cents from the each motor vehicle registration fee from the general fund to the pension  
 3 trust fund for payment of supplemental benefits provided for in 19-6-709.

4 (6) A fee of \$2 for each set of new number plates must be collected when number plates provided  
 5 for under 61-3-332(3) are issued. Revenue from this fee must be deposited as provided in subsection (5).

6 (7) The provisions of this part with respect to the payment of registration fees do not apply to and  
 7 are not binding upon motor vehicles, trailers, semitrailers, or tractors owned or controlled by the United  
 8 States of America or any state, county, city, or special district, as defined in 18-8-202.

9 (8) The provisions of this section relating to the payment of registration fees or new number plate  
 10 fees do not apply when number plates are transferred to a replacement vehicle under 61-3-317, 61-3-332,  
 11 or 61-3-335. (See compiler's comments for contingent termination of certain text.)"

12

13 **Section 36.** Section 76-13-114, MCA, is amended to read:

14 **"76-13-114. Disposition of fines.** Fines collected in a court of the state under this part or part 2,  
 15 except those collected in a justice's court, ~~shall~~ must be transferred to the state treasurer for deposit in the  
 16 ~~agency~~ state special revenue fund. Whenever a person is convicted in any court of a violation of this part  
 17 or part 2, the court may levy and collect as costs in the case the amount necessary to compensate the  
 18 county for the expenditures made in and for the prosecution of the offender. These costs when collected,  
 19 except those collected in a justice's court, ~~shall~~ must be deposited by the court with the proper county  
 20 treasurer for the benefit of the county."

21

22 **NEW SECTION. Section 37. Repealer.** Sections 19-9-208, 19-13-615, 19-18-513, 19-18-606, and  
 23 19-20-606, MCA, are repealed.

24

25 **NEW SECTION. Section 38. Effective date.** [This act] is effective July 1, 1997.

26

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0169, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

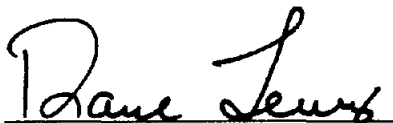
An act generally revising and clarifying the laws governing appropriations and the administration of state government finances; clarifying the treasury funds subject to appropriation; revising and clarifying the deposit of certain funds; revising the statutory appropriation of certain funds; conforming the administration of retirement systems to constitutional revisions; authorizing the Public Employees' Retirement Board to hire their own personnel; limiting the administrative expenses of the retirement systems.

Assumptions:

1. Appropriations for health insurance benefits and claims and for tort claims will not be statutory. These programs, covered by HB576, are non-budgeted and therefore statutory appropriations will no longer be required.
2. Recent constitutional changes require that pension funds no longer be subject to legislative appropriation. This legislation recognizes these constitutional changes and mandates that the administrative expenses of the state retirement systems not exceed 1.5% of retirement benefits paid.
3. HB 169 does not change or otherwise impact the administrative expenditures of the Public Employees' Retirement Division (PERD) and, therefore, the bill will have no fiscal impact on PERD.
4. HB 169 does not change or otherwise impact the administrative expenditures of the Teachers' Retirement System (TRS) and, therefore, the bill will have no fiscal impact on TRS.
5. If the provisions to conform the administration of the retirement systems to the Montana constitution are adopted, the total amount appropriated by the legislature in House Bill 2 would decrease by the amounts budgeted for the teachers' retirement board: FY 1998- \$994,113 and 1999 - \$778,979 and the public employees' retirement board: FY 1998- \$1,389,901 and 1999 - \$1,316,965.
6. This bill has no impact on the Department of Administration.
7. This bill has no impact on the Legislative Branch.

FISCAL IMPACT:

None.

 1-11-97  
DAVE LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

 1-13-97  
TOM ZOOK, PRIMARY SPONSOR      DATE  
Fiscal Note for HB0169, as introduced

**HB 169**

## 1 HOUSE BILL NO. 169

2 INTRODUCED BY ZOOK, VAN VALKENBURG

3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE LAWS  
6 GOVERNING APPROPRIATIONS AND THE ADMINISTRATION OF STATE GOVERNMENT FINANCES;  
7 CLARIFYING THE TREASURY FUNDS SUBJECT TO APPROPRIATION; REVISING AND CLARIFYING THE  
8 DEPOSIT OF CERTAIN FUNDS; REVISING THE STATUTORY APPROPRIATION OF CERTAIN FUNDS;  
9 CONFORMING THE ADMINISTRATION OF RETIREMENT SYSTEMS TO CONSTITUTIONAL REVISIONS;  
10 AUTHORIZING THE PUBLIC EMPLOYEES' RETIREMENT BOARD TO HIRE THEIR OWN PERSONNEL;  
11 LIMITING THE ADMINISTRATIVE EXPENSES OF THE RETIREMENT SYSTEMS; AMENDING SECTIONS  
12 2-9-202, 2-15-1009, 2-18-812, 15-36-324, 15-36-325, 17-2-101, 17-2-102, 17-2-103, 17-2-121,  
13 17-3-221, 17-3-222, 17-6-201, 17-7-402, 17-7-502, 17-8-101, 19-2-404, 19-2-408, 19-2-502, 19-5-404,  
14 19-6-709, 19-8-504, 19-9-702, 19-9-1007, 19-13-604, 19-13-1006, 19-13-1009, 19-17-301, 19-18-512,  
15 19-19-205, 19-19-305, 19-19-506, 19-20-203, 19-20-501, 19-20-605, 50-3-109, 61-3-321, AND  
16 76-13-114, MCA; REPEALING SECTIONS 19-9-208, 19-13-615, 19-18-513, 19-18-606, AND 19-20-606,  
17 MCA; AND PROVIDING AN EFFECTIVE DATE."

18  
19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
2021 **Section 1.** Section 2-9-202, MCA, is amended to read:22 **"2-9-202. Apportionment of costs -- creation of deductible reserve.** (1) The department of  
23 administration shall apportion the costs of all insurance purchased under 2-9-201 to the individual state  
24 participants, and the costs ~~shall~~ must be paid to the department subject to appropriations by the legislature.25 (2) The department, if it elects to ~~utilize~~ use a deductible insurance plan, is authorized to charge  
26 the individual state participants an amount equal to the cost of a full-coverage insurance plan until such  
27 time as a deductible reserve is established. In each subsequent year, the department may charge a  
28 sufficient amount over the actual cost of the deductible insurance to replenish ~~such~~ the deductible reserves.29 (3) The department may accumulate a self-insurance reserve fund sufficient to provide  
30 self-insurance for all liability coverages that in its discretion the department considers should be self-insured.

1 Payments into the self-insurance reserve fund must be made from a legislative appropriation for that  
 2 purpose. Proceeds of the fund ~~are statutorily appropriated, as provided in 17-7-502, to~~ must be used by  
 3 the department to pay claims under parts 1 through 3 of this chapter. Expenditures for actual and necessary  
 4 expenses required for the efficient administration of the fund must be made from temporary appropriations,  
 5 as described in 17-7-501(1) or (2), made for that purpose.

6 (4) Money in reserve funds established under this section that is not needed to meet expected  
 7 expenditures ~~shall~~ must be invested and all proceeds of the investment credited to the fund."

8

9 **Section 2.** Section 2-15-1009, MCA, is amended to read:

10 **"2-15-1009. Public employees' retirement board -- terms -- allocation.** (1) There is a public  
 11 employees' retirement board.

12 (2) The board consists of six members appointed by the governor. The members are:

13 (a) three public employees who are active members of a public retirement system (not more than  
 14 one of these members may be an employee of the same department);

15 (b) one retired public employee who is an inactive member of the public employees' retirement  
 16 system; and

17 (c) two members at large.

18 (3) The term of office for each member is 5 years.

19 (4) The board is allocated to the department for administrative purposes only as prescribed in  
 20 2-15-121. The board shall hire necessary employees as provided in 19-2-404.

21 (5) Members of the board ~~shall~~ must be compensated and receive travel expenses as provided for  
 22 in 2-15-124."

23

24 **Section 3.** Section 2-18-812, MCA, is amended to read:

25 **"2-18-812. Alternatives to conventional insurance for providing state employee group benefits**  
 26 **authorized -- requirements.** The department may establish alternatives to conventional insurance for  
 27 providing state employee group benefits. The requirements for providing alternatives to conventional  
 28 insurance are as follows:

29 (1) The department ~~must~~ shall maintain state employee group benefit plans on an actuarially sound  
 30 basis.

1 (2) The department ~~must~~ shall maintain reserves sufficient to liquidate the unrevealed claims liability  
2 and other liabilities of state employee group benefit plans.

3 (3) The department ~~must~~ shall deposit all reserve funds and premiums paid to a state employee  
4 group benefit plan, and the deposits ~~are statutorily appropriated, as provided in 17-7-502, to the~~  
5 ~~department to~~ must be expended for claims under the plan.

6 (4) The department ~~must~~ shall deposit income earned from the investment of a state employee  
7 group benefit plan's reserve fund into the account established under subsection (3) ~~of this section~~ in order  
8 to offset the costs of administering the plan. Expenditures for actual and necessary expenses required for  
9 the efficient administration of the plan must be made from temporary appropriations, as described in  
10 17-7-501(1) or (2), made for that purpose.

11 (5) The department shall, prior to implementation of any alternative to conventional insurance,  
12 present to the advisory council the evidence upon which the department has concluded that the alternative  
13 method will be more efficient, less costly, or otherwise superior to contracting for conventional insurance.  
14 ~~The department may not implement any full self insurance alternative prior to July 1, 1981.~~

15 (6) The provisions of Title 33 ~~shall~~ do not apply to the department when exercising the powers and  
16 duties provided for in this section."

17  
18 **Section 4.** Section 15-36-324, MCA, is amended to read:

19 "**15-36-324. Distribution of taxes.** (1) For each calendar quarter, the department of revenue shall  
20 determine the amount of tax, late payment interest, and penalty collected under this part. For purposes of  
21 distribution of the taxes to county and school taxing units, the department shall determine the amount of  
22 oil and natural gas production taxes paid on production from pre-1985 wells, post-1985 wells, and  
23 horizontally drilled wells located in the taxing unit.

24 (2) Except as provided in subsections (3) and (4), oil production taxes must be distributed as  
25 follows:

26 (a) The amount equal to 41.6% of the oil production taxes, including late payment interest and  
27 penalty, collected under this part must be distributed as provided in subsection (7).

28 (b) The remaining 58.4% of the oil production taxes, plus accumulated interest earned on the  
29 amount allocated under this subsection (2)(b), must be deposited in the ~~agency~~ state special revenue fund  
30 in the state treasury and transferred to the county and school taxing units for distribution as provided in

1 subsection (8).

2 (3) The amount equal to 100% of the oil production taxes, including late payment interest and  
3 penalty, collected from working interest owners on production from post-1985 wells occurring during the  
4 first 12 months of production must be distributed as provided in subsection (7).

5 (4) The amount equal to 100% of the oil production taxes, including late payment interest and  
6 penalty, collected under this part on production from horizontally drilled wells and on the incremental  
7 production from horizontally recompleted wells occurring during the first 18 months of production must be  
8 distributed as provided in subsection (7).

9 (5) Except as provided in subsection (6), natural gas production taxes must be allocated as follows:

10 (a) The amount equal to 14.6% of the natural gas production taxes, including late payment interest  
11 and penalty, collected under this part must be distributed as provided in subsection (7).

12 (b) The remaining 85.4% of the natural gas production taxes, plus accumulated interest earned on  
13 the amount allocated under this subsection (5)(b), must be deposited in the ~~agency~~ state special revenue  
14 fund in the state treasury and transferred to the county and school taxing units for distribution as provided  
15 in subsection (8).

16 (6) The amount equal to 100% of the natural gas production taxes, including late payment interest  
17 and penalty, collected from working interest owners under this part on production from post-1985 wells  
18 occurring during the first 12 months of production must be distributed as provided in subsection (7).

19 (7) The department shall, in accordance with the provisions of 15-1-501(6), distribute the state  
20 portion of oil and natural gas production taxes, including late payment interest and penalty collected, as  
21 follows:

22 (a) 85% to the state general fund;

23 (b) 4.3% to the state special revenue fund for the purpose of paying expenses of the board as  
24 provided in 82-11-135; and

25 (c) 10.7% to be distributed as provided by 15-38-106(2).

26 (8) (a) For the purpose of distribution of the oil and natural gas production taxes from pre-1985  
27 wells, the department shall each calendar quarter adjust the unit value determined under 15-36-323  
28 according to the ratio that the oil and natural gas production taxes from pre-1985 wells collected during  
29 the calendar quarter for which the distribution occurs plus penalties and interest on delinquent oil and  
30 natural gas production taxes from pre-1985 wells bears to the total liability for the oil and natural gas

1 production taxes from pre-1985 wells for the quarter for which the distribution occurs. The amount of oil  
2 and natural gas production taxes distributions must be calculated and distributed as follows:

3 (i) By the dates referred to in subsection (9), the department shall calculate and distribute to each  
4 eligible county the amount of oil and natural gas production taxes from pre-1985 wells for the quarter,  
5 determined by multiplying the unit value, as adjusted in this subsection (8)(a), by the units of production  
6 on which oil and natural gas production taxes from pre-1985 wells were owed for the calendar quarter for  
7 which the distribution occurs.

8 (ii) Any amount by which the total tax liability exceeds or is less than the total distributions  
9 determined in subsection (8)(a) must be calculated and distributed in the following manner:

10 (A) The excess amount or shortage must be divided by the total distribution determined for that  
11 period to obtain an excess or shortage percentage.

12 (B) The excess percentage must be multiplied by the distribution to each taxing unit, and this  
13 amount must be added to the distribution to each respective taxing unit.

14 (C) The shortage percentage must be multiplied by the distribution to each taxing unit, and this  
15 amount must be subtracted from the distribution to each respective taxing unit.

16 (b) Except as provided in subsection (8)(c), the county treasurer shall distribute the money  
17 received under subsection (9) from pre-1985 wells to the taxing units that levied mills in fiscal year 1990  
18 against calendar year 1988 production in the same manner that all other property tax proceeds were  
19 distributed during fiscal year 1990 in the taxing unit, except that a distribution may not be made to a  
20 municipal taxing unit.

21 (c) The board of county commissioners of a county may direct the county treasurer to reallocate  
22 the distribution of oil and natural gas production tax money that would have gone to a taxing unit, as  
23 provided in subsection (8)(b), to another taxing unit or taxing units, other than an elementary school or high  
24 school, within the county under the following conditions:

25 (i) The county treasurer shall first allocate the oil and natural gas production taxes to the taxing  
26 units within the county in the same proportion that all other property tax proceeds were distributed in the  
27 county in fiscal year 1990.

28 (ii) If the allocation in subsection (8)(c)(i) exceeds the total budget for a taxing unit, the  
29 commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

30 (d) The board of trustees of an elementary or high school district may reallocate the oil and natural

1 gas production taxes distributed to the district by the county treasurer under the following conditions:

2 (i) The district shall first allocate the oil and natural gas production taxes to the budgeted funds  
3 of the district in the same proportion that all other property tax proceeds were distributed in the district in  
4 fiscal year 1990.

5 (ii) If the allocation under subsection (8)(d)(i) exceeds the total budget for a fund, the trustees may  
6 allocate the excess to any budgeted fund of the school district.

7 (e) For all production from post-1985 wells and horizontally drilled wells completed after December  
8 31, 1993, the county treasurer shall distribute oil and natural gas production taxes received under  
9 subsections (2)(b) and (5)(b) between county and school taxing units in the relative proportions required  
10 by the levies for state, county, and school district purposes in the same manner as property taxes were  
11 distributed in the preceding fiscal year.

12 (f) The allocation to the county in subsection (8)(e) must be distributed by the county treasurer in  
13 the relative proportions required by the levies for county taxing units and in the same manner as property  
14 taxes were distributed in the preceding fiscal year.

15 (g) The money distributed in subsection (8)(e) that is required for the county mill levies for school  
16 district retirement obligations and transportation schedules must be deposited to the funds established for  
17 these purposes.

18 (h) The oil and natural gas production taxes distributed under subsection (8)(b) that are required  
19 for the 6-mill university levy imposed under 20-25-423 and for the county equalization levies imposed under  
20 20-9-331 and 20-9-333, as those sections read on July 1, 1989, must be remitted by the county treasurer  
21 to the state treasurer.

22 (i) The oil and natural gas production taxes distributed under subsection (8)(e) that are required for  
23 the 6-mill university levy imposed under 20-25-423, for the county equalization levies imposed under  
24 20-9-331 and 20-9-333, and for the state equalization aid levy imposed under 20-9-360 must be remitted  
25 by the county treasurer to the state treasurer.

26 (j) The amount of oil and natural gas production taxes remaining after the treasurer has remitted  
27 the amounts determined in subsections (8)(h) and (8)(i) is for the exclusive use and benefit of the county  
28 and school taxing units.

29 (9) The department shall remit the amounts to be distributed in subsection (8) to the county  
30 treasurer by the following dates:



1 (a) On or before August 1 of each year, the department shall remit to the county treasurer oil and  
2 natural gas production tax payments received for the calendar quarter ending March 31 of the current year.

3 (b) On or before November 1 of each year, the department shall remit to the county treasurer oil  
4 and natural gas production tax payments received for the calendar quarter ending June 30 of the current  
5 year.

6 (c) On or before February 1 of each year, the department shall remit to the county treasurer oil and  
7 natural gas production tax payments received for the calendar quarter ending September 30 of the previous  
8 year.

9 (d) On or before May 1 of each year, the department shall remit to the county treasurer oil and  
10 natural gas production tax payments received for the calendar quarter ending December 31 of the previous  
11 calendar year.

12 (10) The department shall provide to each county by May 31 of each year the amount of gross  
13 taxable value represented by all types of production taxed under 15-36-304 for the previous calendar year  
14 multiplied by 60%. The resulting value must be treated as taxable value for county classification purposes  
15 and for county bonding purposes.

16 (11) The distribution to taxing units under this section is statutorily appropriated as provided in  
17 17-7-502."

18  
19 **SECTION 5. SECTION 15-36-325, MCA, IS AMENDED TO READ:**

20 **"15-36-325. Local government severance tax payments for calendar year 1995 production --**  
21 **distribution of payments -- not subject to I-105 limitations. (1) The local government severance tax imposed**  
22 **under 15-36-101, as that section read before January 1, 1996, for calendar year 1995 production is due**  
23 **as follows:**

24 (a) for oil and natural gas production occurring in the first calendar quarter of 1995, the tax is due  
25 May 31, 1996;

26 (b) for oil and natural gas production occurring in the second calendar quarter of 1995, the tax is  
27 due May 31, 1997;

28 (c) for oil and natural gas production occurring in the third calendar quarter of 1995, the tax is due  
29 May 31, 1998; and

30 (d) for oil and natural gas production occurring in the fourth calendar quarter of 1995, the tax is

1 due May 31, 1999.

2 (2) (a) If the taxpayer pays the entire local government severance tax liability for calendar year  
3 1995 on or before June 30, 1996, the taxpayer must receive a 6% reduction in the total local government  
4 severance tax liability.

5 (b) Any payment of local government severance taxes for calendar year 1995 made on or before  
6 June 30, 1997, does not accrue interest. Any payment of local government severance taxes for calendar  
7 year 1995 made after June 30, 1997, must accrue interest at the rate of 1% a month or fraction of a  
8 month from July 1, 1997, to the date of payment. Any payment for the third quarter of 1995 received after  
9 May 31, 1998, and any payment for the fourth quarter of 1995 received after May 31, 1999, is subject  
10 to the late payment penalty provisions in 15-36-311.

11 (c) In the case of the dissolution of the operator or a change in the operator of any lease or unit,  
12 any unpaid local government severance tax for calendar year 1995 becomes due on the date of dissolution  
13 or on the date of the change in operator. The operator is subject to the provisions of subsection (2)(a)  
14 regarding the 6% tax liability reduction or the provisions of subsection (2)(b) regarding interest and  
15 penalties.

16 (3) The department shall determine the amount of tax collected under subsections (1) and (2) from  
17 within each taxing unit.

18 (4) For purposes of the distribution of local government severance taxes collected under this  
19 section, the department shall use the unit value of oil and gas for each taxing unit as determined in  
20 15-36-323.

21 (5) The local government severance tax must be deposited in the ~~agency~~ state special revenue fund  
22 in the state treasury and transferred to the county for distribution as provided in subsection (6).

23 (6) For the purpose of the distribution of the local government severance tax for calendar year  
24 1995 production, the department shall adjust the unit value determined under this section according to the  
25 ratio that the local government severance taxes collected during the quarters for which the distribution  
26 occurs plus penalties and interest on delinquent local government severance taxes bears to the total liability  
27 for local government severance taxes for the quarters for which the distribution occurs. The taxes must  
28 be calculated and distributed as follows:

29 (a) By July 31 of each of the years 1996, 1997, 1998, and 1999, the department shall calculate  
30 and distribute to each eligible county the amount of local government severance tax for calendar year 1995

1 production, determined by multiplying the unit value, as adjusted in this subsection (6), by the units of  
2 production on which the local government severance tax was owed during calendar year 1995 production.

3 (b) Any amount by which the total tax liability exceeds or is less than the total distributions  
4 determined in subsection (6)(a) must be calculated and distributed in the following manner:

5 (i) The excess amount or shortage must be divided by the total distribution determined for that  
6 period to obtain an excess or shortage percentage.

7 (ii) The excess percentage must be multiplied by the distribution to each taxing unit, and this  
8 amount must be added to the distribution to each respective taxing unit.

9 (iii) The shortage percentage must be multiplied by the distribution to each taxing unit, and this  
10 amount must be subtracted from the distribution to each respective taxing unit.

11 (7) (a) The county treasurer shall distribute the money received under subsection (6) between the  
12 county and school taxing units. The distribution between county and school taxing units is the ratio of the  
13 number of mills levied for fiscal year 1990 against 1988 production in each taxing unit for the county and  
14 schools, including the county equalization levies that were in effect under 20-9-331 and 20-9-333 as those  
15 sections read on July 1, 1989, and the university 6-mill levy imposed under 20-25-423, except that a  
16 distribution may not be made to a municipal taxing unit or the state equalization aid levy imposed under  
17 20-9-360. Distribution of money for the county equalization levies and the university levy must be remitted  
18 to the state by the county treasurer. The amounts distributed under subsections (7)(b) and (7)(c) are for  
19 the exclusive use of county and school taxing units.

20 (b) The county treasurer shall deposit the money from subsection (7)(a) allocated to county levies  
21 to the oil and gas tax accelerated fund.

22 (c) The trustees of a school district may allocate any payment received under subsection (7)(a) to  
23 any budget fund of the district or to the miscellaneous programs fund established in 20-9-507. The trustees  
24 shall direct the county treasurer to deposit the local government severance tax payments under this section  
25 to the funds of the district in accordance with the allocations determined by the trustees.

26 (8) Local government severance tax payments to a county pursuant to this section are not subject  
27 to the limitations of Title 15, chapter 10, part 4. Payments of local government severance tax pursuant to  
28 this section may not be used for county classification purposes under 7-1-2111 and may not be considered  
29 in the determination of bonding limits under 7-7-2101, 7-7-2203, 7-14-2524, and 7-16-2327.

30 (9) The distribution to taxing units under this section is statutorily appropriated as provided in

1 17-7-502."

2

3 **Section 6.** Section 17-2-101, MCA, is amended to read:

4 "17-2-101. **Title and purpose.** (1) Sections 17-2-101 through 17-2-107 may be cited as the  
5 "Treasury Fund Structure Act".

6 (2) The purpose of these sections is to:

7 (a) comply with Article VIII, section 12, of the Montana constitution;

8 (b) simplify the accounting system and treasury fund structure of the state;<sup>7i</sup>

9 (c) ~~to~~ make possible the full utilization of modern accounting methods;<sup>7i</sup>

10 (d) ~~to~~ provide the legislature with a greater measure of control over public ~~moneys,~~ money; and

11 (e) ~~to~~ enable the financial records of the state to accurately reflect the state's ~~revenues~~ revenue,  
12 expenditures, expenses, and financial position in accordance with generally accepted accounting  
13 principles."  
14

15 **Section 7.** Section 17-2-102, MCA, is amended to read:

16 "17-2-102. **Fund structure.** (1) ~~There~~ For the purpose of ensuring strict accountability for all  
17 revenue received and spent, there are in the state treasury only the following fund categories and types:

18 (a) the governmental fund category, which includes:

19 (i) the general fund, which accounts for all financial resources except those required to be  
20 accounted for in another fund;

21 (ii) the special revenue fund type, which accounts for the proceeds of specific revenue sources  
22 (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified  
23 purposes. The financial activities of the special revenue fund type are subdivided, for operational purposes,  
24 into the following funds to serve the purpose indicated:

25 (A) The state special revenue fund consists of money from state and other nonfederal sources  
26 deposited in the state treasury that is earmarked for the purposes of defraying particular costs of an  
27 agency, program, or function of state government and money from other nonstate or nonfederal sources  
28 that is restricted by law or by the terms of an agreement, such as a contract, trust agreement, or donation.

29 (B) The federal special revenue fund consists of money deposited in the treasury from federal  
30 sources, including trust income, that is used for the operation of state government.

1 (iii) the capital projects fund type, which accounts for financial resources to be used for the  
2 acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust  
3 funds; and

4 (iv) the debt service fund type, which accounts for the accumulation of resources for and the  
5 payment of general long-term debt principal and interest;

6 (b) the proprietary fund category, which includes:

7 (i) the enterprise fund type, which accounts for operations:

8 (A) that are financed and operated in a manner similar to private business enterprises whenever  
9 the intent of the legislature is that costs (i.e., expenses, including depreciation) of providing goods or  
10 services to the general public on a continuing basis are to be financed or recovered primarily through user  
11 charges; or

12 (B) whenever the legislature has decided that periodic determination of revenue earned, expenses  
13 incurred, or net income is appropriate for capital maintenance, public policy, management control,  
14 accountability, or other purposes; and

15 (ii) the internal service fund type, which accounts for the financing of goods or services provided  
16 by one department or agency to other departments or agencies of state government or to other  
17 governmental entities on a cost-reimbursed basis;

18 (c) the fiduciary fund category, which includes trust and agency fund types used to account for  
19 assets held by state government in a trustee capacity or as an agent for individuals, private organizations,  
20 other governmental entities, or other funds. These include the:

21 (i) expendable trust fund type;

22 (ii) nonexpendable trust fund type;

23 (iii) pension trust fund type; and

24 (iv) agency fund type.

25 (d) the higher education funds, which include:

26 (i) the current fund, which accounts for money deposited in the state treasury that is used to pay  
27 current operating costs relating to instruction, research, public service, and allied support operations and  
28 programs conducted within the Montana university system. The financial activities of the current fund are  
29 subdivided, for operational purposes, into the four following subfunds to serve the purpose indicated:

30 (A) The unrestricted subfund segregates that portion of the current fund's financial resources that

1 can be expended for general operations and is free of externally imposed restrictions, except those imposed  
2 by the legislature.

3 (B) The restricted subfund segregates that portion of the current fund's financial resources that can  
4 be expended for general operations but only for purposes imposed by sources external to the board of  
5 regents and the legislature.

6 (C) The designated subfund segregates that portion of the current fund's financial resources that  
7 is associated with general operations but is separately classified in order to accumulate costs that are to  
8 be recharged as allocated to other funds or subfunds; identifies financial activities related to special  
9 organized activities of educational departments in which the activity is fully supported by supplemental  
10 assessments; and identifies special supply and facility fees that are approved for collections beyond normal  
11 course fees and their disposition.

12 (D) The auxiliary subfund segregates that portion of the current fund's financial resources that is  
13 devoted to providing essential on-campus services primarily to students, faculty, or staff wherein a fee,  
14 which is directly related to but does not necessarily equal the cost of the service provided, is charged to  
15 the consumer.

16 (ii) the student loan fund, which accounts for money deposited in the state treasury that may be  
17 loaned to students, faculty, or staff for purposes related to education, organized research, or public services  
18 by the Montana university system;

19 (iii) the endowment fund, which accounts for money deposited in the state treasury by the Montana  
20 university system wherein the principal portion of the amount received is nonexpendable but is available  
21 for investment, thus producing consumable income. Expendable earnings on endowment funds are to be  
22 transferred to appropriate operating funds pursuant to prevailing administrative requirements.

23 (iv) the annuity and life income fund, which accounts for money deposited in the state treasury by  
24 the Montana university system under an agreement whereby the money is made available on condition that  
25 the receiving unit of the Montana university system binds itself to pay stipulated amounts periodically to  
26 the donor or others designated by the donor over a specified period of time;

27 (v) the plant fund, which accounts for those financial resources allocated to or received by the  
28 Montana university system for capital outlay purposes or to retire long-term debts associated with  
29 construction or acquisition of fixed assets and the net accumulative results of these activities; and

30 (vi) the agency fund, which accounts for money deposited in the state treasury wherein the

1 Montana university system acts in the capacity of a custodian or fiscal agent for individual students,  
2 faculty, staff, and qualified organizations.

3 (2) In addition to the funds provided for in subsection (1), there are in the state treasury the  
4 following account groups:

5 (a) the fixed assets account group, which is a self-balancing group of accounts set up to establish  
6 accounting control and accountability for the state's general fixed assets, except those accounted for in  
7 proprietary funds, trust funds, and the higher education funds designated in subsections (1)(d)(i)(D),  
8 (1)(d)(iii), and (1)(d)(v); and

9 (b) the long-term debt account group, which is a self-balancing group of accounts set up to  
10 establish accounting control and accountability for the state's unmatured general long-term liabilities, except  
11 those accounted for in proprietary funds, trust funds, and the higher education funds designated in  
12 subsections (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v)."

13

14 **Section 8.** Section 17-2-103, MCA, is amended to read:

15 **"17-2-103. Previous definitions of funds -- identification or segregation of ~~moneys~~ money and**  
16 **funds.** (1) It is the intent of the legislature that the definitions in 17-2-102 supersede all previous definitions  
17 of public funds ~~which that~~ are inconsistent with the definitions found in this part.

18 (2) Any laws enacted in the future or any contracts entered into in the future in pursuance of law  
19 that require the segregation of ~~moneys~~ money in the state treasury by means of a separate treasury fund  
20 ~~shall~~ must be interpreted as permitting the segregation of ~~such moneys~~ the money by means of a subfund  
21 or account within one of the funds created by 17-2-102.

22 (3) Each federal grant or other federal money within any subfund or account of one of the funds  
23 created by 17-2-102(1)(a) through (1)(c) must be identifiable as a separate accounting entity, reporting  
24 center, responsibility center, or revenue identification code, and an account must be made of each such  
25 grant or other money by income and expenditure for each federal grant year or fiscal year as may be  
26 applicable.

27 (4) Unless otherwise specifically provided in the statutes pertaining to the tax, the portion of taxes  
28 collected by the state that, pursuant to a statute, are to be allocated or distributed to units of local  
29 government, school districts, authorities, or other local governmental entities ~~shall~~ must be accounted for  
30 in a ~~fiduciary~~ state special revenue fund, established in 17-2-102, as prescribed by the department in

1 accordance with generally accepted accounting principles."

2

3 **Section 9.** Section 17-2-121, MCA, is amended to read:

4 "17-2-121. **Deposits by insurance commissioner.** ~~All~~ Except as provided in 33-2-708, all fees,  
5 miscellaneous and examination charges, fines, penalties, and those amounts received pursuant to 33-2-311,  
6 33-2-705, ~~or 33-2-706, or 50-3-109~~ collected by the insurance commissioner pursuant to Title 33 and the  
7 rules adopted ~~thereunder~~ to implement Title 33 must be deposited in the general fund."

8

9 **Section 10.** Section 17-3-221, MCA, is amended to read:

10 "17-3-221. **State treasurer to be custodian of ~~moneys~~ money received under Taylor Grazing Act.**  
11 The state treasurer ~~shall be~~ is the custodian of all ~~moneys~~ money that the treasurer of the United States  
12 ~~may transfer~~ transfers to the state of Montana under the terms of section 10 of the Taylor Grazing Act  
13 approved June 28, 1934, (Public No. 482), which provides that the secretary of the United States treasury  
14 pay one-half of the ~~moneys~~ money received from each grazing district each year to the state where  
15 collected, to be expended as the legislature may prescribe. The money must be deposited in the federal  
16 special revenue fund."

17

18 **Section 11.** Section 17-3-222, MCA, is amended to read:

19 "17-3-222. **Apportionment of moneys to counties.** (1) ~~It shall be~~ is the duty of the state treasurer  
20 to properly apportion and allocate ~~these moneys~~ the money received pursuant to 17-3-221 to the county  
21 treasurers, who ~~will~~ shall allocate and pay ~~all such moneys~~ the money as follows:

22 (a) 50% to the county general fund; and

23 (b) 50% to the common school fund of the county.

24 (2) The payments from the state to the county treasurers provided for in subsection (1) are  
25 statutorily appropriated as provided in 17-7-502."

26

27 **Section 12.** Section 17-6-201, MCA, is amended to read:

28 "17-6-201. **Unified investment program -- general provisions.** (1) The unified investment program  
29 directed by Article VIII, section 13, of the Montana constitution to be provided for public funds must be  
30 administered by the board of investments in accordance with the prudent expert principle, which requires



1 any investment manager to:

2 (a) discharge the duties with the care, skill, prudence, and diligence, under the circumstances then  
3 prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like  
4 matters exercises in the conduct of an enterprise of a like character with like aims;

5 (b) diversify the holdings of each fund within the unified investment program to minimize the risk  
6 of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do  
7 so; and

8 (c) discharge the duties solely in the interest of and for the benefit of the funds forming the unified  
9 investment program.

10 (2) (a) Retirement funds may be invested in common stocks of any corporation, except that an  
11 investment may not be made at any time that would cause the book value of the investments in any  
12 retirement fund to exceed 50% of the book value of the fund or would cause the stock of one corporation  
13 to exceed 2% of the book value of the retirement fund.

14 (b) Other public funds may not be invested in private corporate capital stock. "Private corporate  
15 capital stock" means only the common stock of a corporation.

16 (3) (a) This section does not prevent investment in any business activity in Montana, including  
17 activities that continue existing jobs or create new jobs in Montana.

18 (b) The board is urged under the prudent expert principle to invest up to 3% of retirement funds  
19 in venture capital companies. Whenever possible, preference should be given to investments in those  
20 venture capital companies that demonstrate an interest in making investments in Montana.

21 (c) In discharging its duties, the board shall consider the preservation of purchasing power of  
22 capital during periods of high monetary inflation.

23 (d) The board may not make a direct loan to an individual borrower. The purchase of a loan or a  
24 portion of a loan originated by a financial institution is not considered a direct loan.

25 (4) The board has the primary authority to invest state funds. Another agency may not invest state  
26 funds unless otherwise provided by law. The board shall direct the investment of state funds in accordance  
27 with the laws and constitution of this state. The board has the power to veto any investments made under  
28 its general supervision.

29 (5) The board shall:

30 (a) assist agencies with public money to determine if, when, and how much surplus cash is

- 1 available for investment;
- 2 (b) determine the amount of surplus treasury cash to be invested;
- 3 (c) determine the type of investment to be made;
- 4 (d) prepare the claim to pay for the investment; and
- 5 (e) keep an account of the total of each investment fund and of all the investments belonging to
- 6 the fund and a record of the participation of each treasury fund account in each investment fund.
- 7 (6) The board may:
- 8 (a) execute deeds of conveyance transferring all real property obtained through foreclosure of any
- 9 investments purchased under the provisions of 17-6-211 when full payment has been received for the
- 10 property;
- 11 (b) direct the withdrawal of any funds deposited by or for the state treasurer pursuant to 17-6-101
- 12 and 17-6-105;
- 13 (c) direct the sale of any securities in the program at their full and true value when found necessary
- 14 to raise money for payments due from the treasury funds for which the securities have been purchased;
- 15 (d) expend funds needed to cover costs of necessary repairs to property owned by the board as
- 16 an investment. The expenditures may be made directly by the board ~~and are statutorily appropriated, as~~
- 17 ~~provided in 17-7-502.~~ Repairs that cost in excess of \$2,500 must be bid, and the bid must be awarded in
- 18 compliance with existing state law and regulations. Emergency repairs may be made by the board without
- 19 bid if approved by the state architect.
- 20 (7) The cost of administering and accounting for each investment fund must be deducted from the
- 21 income from each fund.
- 22 (8) At the beginning of each fiscal year, the board shall, from the appropriate fund, reimburse the
- 23 department of commerce for the costs of administering programs established under Title 90, chapter 3, that
- 24 are not covered by payback funds available from the account established in 90-3-305."

25

26 **Section 13.** Section 17-7-402, MCA, is amended to read:

27 **"17-7-402. Budget amendment requirements.** (1) Except as provided in subsection (6), a budget

28 amendment may not be approved:

29 (a) by the approving authority, except a budget amendment to spend:

30 (i) additional federal revenue;

- 1 (ii) additional tuition collected by the Montana university system;
- 2 (iii) additional revenue deposited in the internal service funds within the department or the office  
3 of the commissioner of higher education as a result of increased service demands by state agencies;
- 4 (iv) Montana historical society enterprise revenue resulting from sales to the public;
- 5 (v) additional revenue that is deposited in funds other than the general fund and that is from the  
6 sale of fuel for those agencies participating in the Montana public vehicle fueling program established by  
7 Executive Order 22-91; or
- 8 (vi) revenue resulting from the sale of goods produced or manufactured by the industries program  
9 of an institution within the department of corrections;
- 10 (b) by the approving authority if the budget amendment contains any significant ascertainable  
11 commitment for any present or future increased general fund support;
- 12 (c) by the approving authority for the expenditure of money in the state special revenue fund unless  
13 an emergency justifies the expenditure or the expenditure is exempt under subsection (4);
- 14 (d) by the approving authority unless it will provide additional services;
- 15 (e) by the approving authority for any matter of which the requesting agency had knowledge at  
16 a time when the proposal could have been presented to an appropriation subcommittee, the house  
17 appropriations committee, or the senate finance and claims committee of the most recent legislative session  
18 open to that matter, except when the legislative finance committee is given specific notice by the approving  
19 authority that significant identifiable events, specific to Montana and pursuant to provisions or requirements  
20 of Montana state law, have occurred since the matter was raised with or presented for consideration by  
21 the legislature; or
- 22 (f) to extend beyond June 30 of the last year of any biennium.
- 23 (2) All budget amendments must itemize planned expenditures by fiscal year.
- 24 (3) Each budget amendment must be submitted by the approving authority to the budget director  
25 and the legislative fiscal analyst. The proposed expenditure of money from nonstate or nonfederal sources  
26 that is restricted by law must be submitted to the legislative fiscal analyst.
- 27 (4) Money from nonstate or nonfederal sources that would be deposited in the state special  
28 revenue fund and that is restricted by law or by the terms of a written agreement, such as a contract, trust  
29 agreement, or donation, is exempt from the requirements of this part.
- 30 (5) An appropriation that would usually be the subject of a budget amendment that is submitted

1 to the legislature for approval during a legislative session may not include authority to spend money beyond  
2 the first fiscal year of the next biennium.

3 (6) A budget amendment to spend state funds, other than from the general fund, required for  
4 matching funds in order to receive a grant is exempt from the provisions of subsection (1)."

5

6 **Section 14.** Section 17-7-502, MCA, is amended to read:

7 "**17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory  
8 appropriation is an appropriation made by permanent law that authorizes spending by a state agency  
9 without the need for a biennial legislative appropriation or budget amendment.

10 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply  
11 with both of the following provisions:

12 (a) The law containing the statutory authority must be listed in subsection (3).

13 (b) The law or portion of the law making a statutory appropriation must specifically state that a  
14 statutory appropriation is made as provided in this section.

15 (3) The following laws are the only laws containing statutory appropriations: ~~2-9-202~~; 2-17-105;  
16 ~~2-18-812~~; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706;  
17 15-30-195; 15-31-702; 15-36-324; 15-36-325; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404;  
18 16-1-410; 16-1-411; 16-11-308; 17-3-106; 17-3-212; 17-3-222; 17-5-404; 17-5-424; 17-5-804;  
19 17-6-101; ~~17-6-201~~; 17-7-304; 18-11-112; ~~19-2-502~~; 19-5-404; 19-6-709; 19-8-504; 19-9-702;  
20 19-9-1007; 19-13-604; 19-13-1006; 19-17-301; 19-18-512; 19-18-513; 19-18-606; 19-19-205;  
21 19-19-305; 19-19-506; 20-8-107; 20-8-111; 20-9-361; 20-26-1503; 23-5-136; 23-5-306; 23-5-409;  
22 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 32-1-537; 37-43-204; 37-51-501; 39-71-503;  
23 39-71-907; 39-71-2321; 39-71-2504; 44-12-206; 44-13-102; 50-4-623; 50-5-232; 50-40-206; 53-6-150;  
24 53-6-703; 53-24-206; 60-2-220; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-12-123;  
25 80-2-103; 80-2-222; 80-4-416; 81-5-111; 82-11-136; 82-11-161; 85-1-220; 85-20-402; 90-3-301;  
26 90-4-215; 90-6-331; 90-7-220; 90-7-221; and 90-9-306.

27 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
28 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
29 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of  
30 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as

1 determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the  
 2 bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to  
 3 sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for  
 4 supplemental benefit; and pursuant to sec. 7(2), Ch. 29, L. 1995, the inclusion of 15-30-195 terminates  
 5 July 1, 2001.)"

6

7 **Section 15.** Section 17-8-101, MCA, is amended to read:

8 **"17-8-101. Appropriation and disbursement of money from treasury.** (1) ~~Except as provided in~~  
 9 ~~subsection (6)~~ For purposes of complying with Article VIII, section 14, of the Montana constitution, money  
 10 deposited in the general fund, the special revenue fund type (except money deposited in the treasury from  
 11 nonstate and nonfederal sources restricted by law or by the terms of an agreement, such as a contract,  
 12 trust agreement, or donation), the enterprise fund type, the debt service fund type, and the capital projects  
 13 fund type, with the exception of refunds authorized in subsection ~~(3)~~ (4), must be paid out of the treasury  
 14 only on appropriation made by law.

15 (2) Money deposited in the ~~enterprise fund type,~~ internal service fund type, ~~debt service fund type,~~  
 16 expendable trust fund type, ~~nonexpendable trust fund type, pension trust fund type,~~ agency fund type, and  
 17 state special revenue fund from nonstate and nonfederal sources restricted by law or by the terms of an  
 18 agreement, such as a contract, trust agreement, or donation, ~~and agency fund type~~ may be paid out of the  
 19 treasury;

20 (a) by appropriation; or

21 (b) under general laws, or contracts entered into in pursuance of law, permitting the disbursement.

22 (3) The pension trust fund type is not considered a part of the state treasury for appropriation  
 23 purposes. Money deposited in the pension trust fund type may be paid out of the treasury pursuant to  
 24 general laws, trust agreement, or contract.

25 ~~(3)(4) Subject to the provisions of subsection (8), money~~ Money paid into the state treasury  
 26 through error or under circumstances, such that the state is not legally entitled to retain it and a refund  
 27 procedure is not otherwise provided by law, may be refunded upon the submission of a verified claim  
 28 approved by the department of administration.

29 ~~(4)(5)~~ Authority to expend appropriated money may be transferred from one state agency to  
 30 another, provided that the original purpose of the appropriation is maintained. The office of budget and

1 program planning shall report semiannually to the legislative finance committee concerning all appropriations  
2 transferred under the provisions of this section.

3 ~~(5)(6)~~ Fees and charges for services deposited in the internal service fund type must be based upon  
4 commensurate costs. The legislative auditor, during regularly scheduled audits of state agencies, shall audit  
5 and report on the reasonableness of internal service fund type fees and charges and on the fund equity  
6 balances.

7 ~~(6)(7)~~ The office of budget and program planning shall include in the budget submitted to the  
8 legislature a report on:

9 (a) enterprise funds, including retained earnings and contributed capital, projected operations and  
10 charges, and projected fund balances; and

11 (b) internal service fund type fees and charges, including changes in the level of fees and charges,  
12 projected use of the fees and charges, and projected fund balances. Internal service fund type fees and  
13 charges must be approved by the legislature in the general appropriations act. Fees and charges in any  
14 biennium may not exceed the level approved by the legislature in the general appropriations act effective  
15 for that biennium.

16 ~~(7)(8)~~ ~~Any~~ The creation of accounts in the enterprise fund or the internal service fund ~~created after~~  
17 ~~July 1, 1995~~, must be approved by the department, using conformity with generally accepted accounting  
18 principles as the primary approval criteria. The department shall report annually to the office of budget and  
19 program planning and the legislative finance committee on the nature, status, and justification for all new  
20 accounts in the enterprise fund and the internal service fund.

21 ~~(8)(9)~~ Enterprise ~~and internal service~~ funds must be appropriated if they are ~~used as a part of a~~  
22 ~~program that is not an enterprise or internal service function and otherwise requires an appropriation paid~~  
23 out of the state treasury. The payment of funds into an internal service fund must be authorized by law."

24

25 **Section 16.** Section 19-2-404, MCA, is amended to read:

26 **"19-2-404. Appointment and compensation of administrative staff.** The ~~department~~ board shall  
27 ~~appoint~~ hire and fix the compensation of an administrator and other necessary employees to assist the  
28 board in administering the retirement systems. The compensation of the administrator and employees must  
29 be established in accordance with Title 2, chapter 18."

30

1           **Section 17.** Section 19-2-408, MCA, is amended to read:

2           "**19-2-408. Administrative expenses.** (1) The legislature finds that proper administration of the  
3 pension trust funds benefits both employers and members and continues to benefit members after  
4 retirement.

5           (2) The administrative expenses of the retirement systems administered by the board must be paid  
6 from the investment earnings on the pension trust fund of the public employees' retirement system, except  
7 as provided in subsection (3). Before the fiscal yearend closing, the board shall compute the administrative  
8 expenses attributable to each retirement system administered by the board for the immediately preceding  
9 fiscal year and transfer that amount from each retirement system's pension trust fund to the pension trust  
10 fund of the public employees' retirement system. The total administrative expenses of the board, including  
11 the administration of the volunteer firefighters' pension plan, may not exceed 1.5% of the total retirement  
12 benefits paid.

13           (3) On January 1 of each year, each employer under the public employees' retirement system shall  
14 contribute on behalf of each member then in its service a membership fee of \$1 in addition to other required  
15 contributions. ~~The appropriation of these fees, together with other money appropriated for that purpose,~~  
16 ~~must be used for the purpose of defraying the administrative expense of chapters 2, 3, 5 through 9, and~~  
17 ~~13, and this chapter.~~

18           (4) ~~Any request for an increase in spending authority for administrative expenses requires a budget~~  
19 ~~amendment and is subject to Title 17, chapter 7, part 4.~~

20           ~~(5)~~ The board may assess and the division may collect a fee from the department of fish, wildlife,  
21 and parks for the purpose of defraying the expenses of administering chapter 8 of this title."

22

23           **Section 18.** Section 19-2-502, MCA, is amended to read:

24           "**19-2-502. Statutory appropriation of payments Payments from pension trust funds.** (1) Assets  
25 The board shall administer the assets of the pension trust funds ~~are statutorily appropriated, as provided~~  
26 ~~in 17-7-502, to the division for payment of benefits and refunds to eligible recipients and for paying the~~  
27 ~~necessary administrative and investment expenses of the retirement systems as provided in Article VIII,~~  
28 section 15, of the Montana constitution, subject to the specific provisions of chapters 2, 3, 5 through 9,  
29 and 13 of this title.

30           (2) Benefits and refunds to eligible recipients are payable pursuant to a contract as contained in

1 statute. The contract is entered into on the first day of a member's covered employment and may be  
2 enhanced by the legislature. Unless specifically provided for by statute, the contract does not contain  
3 revisions to statutes after the time of retirement or termination."  
4

5 **Section 19.** Section 19-5-404, MCA, is amended to read:

6 **"19-5-404. Contributions by state.** (1) The state of Montana shall contribute monthly to the  
7 pension trust fund a sum equal to 6% of the compensation of each member. In addition, the clerk of each  
8 district court shall transmit 68% of certain filing fees as required under 25-1-201(2) and that portion of the  
9 fee for filing a petition for dissolution of marriage and a motion for substitution of a judge specified in  
10 25-1-201(4) and (6) to the state, which shall first deposit in the pension trust fund an amount equal to  
11 34.71% of the total compensation paid to district judges and supreme court justices who are covered by  
12 the judges' retirement system and then deposit the balance in the state general fund. The clerk of the  
13 supreme court shall pay one-fourth of the fees collected under 3-2-403 to the division to be credited to the  
14 pension trust fund.

15 (2) The state of Montana shall contribute monthly from the renewable resource grant and loan  
16 program account in the state special revenue fund to the judges' pension trust fund an amount equal to  
17 34.71% of the compensation paid to the chief water court judge. The state contributions in this section  
18 are statutorily appropriated as provided in 17-7-502."  
19

20 **Section 20.** Section 19-6-709, MCA, is amended to read:

21 **"19-6-709. (Temporary) Supplemental benefits for certain retirees.** (1) In addition to any retirement  
22 benefit payable under this chapter, a retired member or a survivor determined by the board to be eligible  
23 under subsection (2) must receive an annual lump-sum benefit payment beginning in September 1991 and  
24 each succeeding year as long as the member remains eligible.

25 (2) To be eligible for the benefits under this section, a person must be receiving a monthly benefit  
26 before July 1, 1991, and must be:

- 27 (a) a retired member who is 55 years of age or older and who has been receiving a service  
28 retirement benefit for at least 5 years prior to the date of distribution;
- 29 (b) a survivor of a member who would have been eligible under subsection (2)(a); or
- 30 (c) a recipient of a disability or survivorship benefit under 19-6-601 or 19-6-901.



1 (3) A retired member otherwise qualified under this section who is employed in a position covered  
 2 by a retirement system under Title 19 is ineligible to receive any lump-sum benefit payments provided for  
 3 in this section until the member's service in the covered position is terminated. Upon termination of the  
 4 member's covered service, the retired member becomes eligible in the next fiscal year succeeding the  
 5 member's termination.

6 (4) (a) ~~Twenty-five~~ An amount equal to 25 cents of each motor vehicle registration fee provided  
 7 for in 61-3-321(5) must be ~~deposited in~~ paid from the general fund to the pension trust fund at the end of  
 8 each fiscal year. The ~~fee payment~~ is statutorily appropriated, as provided in 17-7-502, to the pension fund  
 9 for payment of benefits to eligible recipients. The total funds must be distributed by the division in  
 10 lump-sum payments to eligible recipients along with their normal retirement benefit payment.

11 (b) The lump-sum payment must be distributed proportionally to all eligible recipients based on  
 12 service credit at the time of retirement, subject to the following:

13 (i) a recipient under subsection (2)(c) is considered to have 20 years of service for the purposes  
 14 of the distributions;

15 (ii) any recipient of a service retirement benefit exceeding the maximum monthly benefit under  
 16 19-6-707(2)(a) must have the recipient's service credit reduced 25% for the purposes of the distributions;

17 (iii) the maximum annual increase in the amount of supplemental benefits paid to each individual  
 18 under this section after August 31, 1993, is the percentage increase for the previous calendar year in the  
 19 annual average consumer price index for urban wage earners and workers, compiled by the bureau of labor  
 20 statistics of the United States department of labor or its successor agency.

21 (c) Any amount deposited in the pension trust fund under subsection (4)(a) for the payment of  
 22 supplemental benefits under this section that exceeds the limitation of subsection (4)(b)(iii) must be used  
 23 to amortize unfunded liabilities of the retirement system.

24 (5) Every 10 years following July 1, 1991, the division shall review the size of the additional fee  
 25 collected under 61-3-321(5) and ~~deposited in the account~~ paid to the pension trust fund in accordance with  
 26 subsection (4)(a) and recommend to each legislature following the division's review any legislation  
 27 necessary to reduce the fee to the minimum amount necessary to provide the supplemental benefits  
 28 provided by this section."

29  
 30 **Section 21.** Section 19-8-504, MCA, is amended to read:

1           **"19-8-504. State's contribution.** Each month, the state treasurer shall pay to the pension trust  
 2 fund out of the department of fish, wildlife, and parks funds, a sum equal to 8.15% of all members'  
 3 salaries. The payment is statutorily appropriated as provided in 17-7-502."  
 4

5           **Section 22.** Section 19-9-702, MCA, is amended to read:

6           **"19-9-702. State contribution.** The state of Montana shall make its contributions ~~through the state~~  
 7 ~~auditor out of~~ from the general fund ~~the premium tax on motor vehicle property and casualty insurance~~  
 8 ~~policies.~~ The ~~payments~~ general fund contributions must be made annually after the end of each fiscal year  
 9 but no later than November 1 ~~from the gross premium tax after deduction for cancellations and returned~~  
 10 ~~premiums.~~ The division shall notify the state auditor by September 1 of each fiscal year of the annual  
 11 compensation paid to all active members during the preceding fiscal year. The state's contribution is  
 12 15.66% of compensation paid to members. The contributions are statutorily appropriated as provided in  
 13 17-7-502."  
 14

15           **Section 23.** Section 19-9-1007, MCA, is amended to read:

16           **"19-9-1007. Supplement to certain benefits.** (1) The benefits paid in each fiscal year to a retired  
 17 member or the member's survivors may not be less than one-half of the compensation that will be paid in  
 18 the current fiscal year in the appropriate city or town to newly confirmed police officers.

19           (2) On or before October 1 of each year, the division shall make a report including the following  
 20 information:

21           (a) the names of all retired members who are receiving benefits from the retirement system as of  
 22 the date of the report;

23           (b) the names of all surviving spouses or dependent children who are receiving benefits from the  
 24 retirement system because of the death of an active or retired member of this or a prior plan;

25           (c) for the purpose of determining the base retirement, disability, or survivorship benefits for the  
 26 computations set forth in subsection (3), the following information relating to the base fiscal year  
 27 commencing July 1, 1976:

28           (i) the amount of the benefits paid in the base fiscal year to each retired member described in  
 29 subsection (2)(a);

30           (ii) the amount of the benefits paid in the base fiscal year to each surviving spouse or dependent

1 child described in subsection (2)(b);

2 (iii) upon the death after the base fiscal year of any retired member who was receiving benefits, the  
3 amount of benefits that would have been paid to an eligible surviving spouse of the retired member if the  
4 surviving spouse had been receiving benefits in the base fiscal year;

5 (d) the original amount of retirement, disability, or survivorship benefits paid to retired members  
6 or their eligible survivors as of the original retirement dates after July 1, 1975;

7 (e) the compensation that will be paid during the current fiscal year to a newly confirmed police  
8 officer of each city or town participating in the retirement system.

9 (3) The division shall compute the difference between each amount reported under subsections  
10 (2)(c) through (2)(e) and one-half the compensation to be paid during the current fiscal year to a newly  
11 confirmed police officer of the appropriate city or town. The difference must be reported to the state  
12 auditor, who shall pay the difference from the general fund to the pension trust fund ~~out of the premium~~  
13 ~~tax collected on insurance sold in this state to insure against the risks enumerated in 19-18-512(3)~~ no later  
14 than November 1. If the compensation of a newly confirmed police officer has not been set for the current  
15 fiscal year in time to be included in the October 1 report to the state auditor, the division shall make any  
16 retroactive adjustments necessary to individual supplemental benefits after the current compensation has  
17 been determined and shall include these amounts in the next year's report for reimbursement at that time.

18 (4) The ~~premium tax~~ amount paid by the state auditor is statutorily appropriated, as provided in  
19 17-7-502, for the payment of supplemental retirement benefits to eligible retired members and their  
20 survivors. This ~~payment~~ amount is in addition to the payment to be made by the state auditor under  
21 19-9-702.

22 (5) If more than one dependent child is entitled to supplementary benefits under this section by  
23 virtue of the death of a common parent, the minimum benefit paid to the dependent children under this  
24 section must be determined as if there were one dependent child and the supplementary benefits must be  
25 paid to the dependent children collectively."

26

27 **Section 24.** Section 19-13-604, MCA, is amended to read:

28 "**19-13-604. State contribution.** The state shall make its contributions ~~through the state auditor~~  
29 ~~from the premium taxes on the insurance risks enumerated in 19-18-512~~ general fund. ~~These payments~~  
30 Payments must be made annually from the general fund to the pension trust fund after the end of each

1 fiscal year but no later than November 1 ~~from the gross premium taxes after deduction for cancellations~~  
 2 ~~and returned premiums~~. The division shall notify the state auditor of the annual compensation, excluding  
 3 overtime, holiday payments, shift differential payments, compensatory time payments, and payments in  
 4 lieu of sick leave, paid to all active members during the preceding year. The state's contribution is 24.21 %  
 5 of this total compensation. ~~As soon as practicable after receipt of the state contribution, the division shall~~  
 6 ~~deposit it in the pension trust fund.~~ The contributions are statutorily appropriated as provided in 17-7-502."

7  
 8 **Section 25.** Section 19-13-1006, MCA, is amended to read:

9 **"19-13-1006. Supplement to retirement benefits for persons retiring before July 1, 1973.** (1) The  
 10 retirement system shall pay to each member retired before July 1, 1973, or the member's surviving spouse  
 11 or dependent children a monthly retirement benefit of not less than one-half the regular monthly  
 12 compensation paid to a confirmed active firefighter of the city that last employed the member as a  
 13 firefighter, as provided each year in the budget of that city. If the city that last employed the member as  
 14 a firefighter no longer employs a full-paid firefighter, the member's or survivor's benefit may not be less  
 15 than one-half the average regular monthly compensation paid to all newly confirmed full-paid firefighters,  
 16 as provided each year in the budgets of those cities that participate in the retirement system and employ  
 17 a full-paid firefighter. In the case of volunteer firefighters, the retirement benefit may not exceed \$75 per  
 18 month. Distribution of the money provided for this purpose under ~~19-18-606(1)~~ subsection (2) must be  
 19 made according to subsection ~~(2)~~ (3).

20 (2) The state auditor shall deposit the proceeds of the tax collected pursuant to 50-3-109(1)(b) in  
 21 the general fund. The state auditor shall pay an amount equal to the proceeds of the tax from the general  
 22 fund to the pension trust fund to be used to pay claims as provided in subsection (3). The payment is  
 23 statutorily appropriated as provided in 17-7-502. If the amount paid is in excess of the amount necessary  
 24 for the payment of claims as provided in subsection (3), the excess must be used to pay the supplementary  
 25 benefits provided for in 19-13-1009.

26 ~~(2)(3)~~ (a) At the beginning of each fiscal year, the division shall request and, except as provided  
 27 in subsection ~~(2)(b)~~ (3)(b), the state auditor shall ~~issue pay~~ issue from the state ~~special revenue~~ general fund and  
 28 ~~deliver~~ to the ~~division~~ pension trust fund an amount certified to be equal to the total annual dollar difference  
 29 between the total retirement benefits paid to all retirees or their surviving spouses or dependent children  
 30 in the previous fiscal year and the total benefits payable on June 30, 1973. ~~The division shall deposit this~~

1 ~~money into the pension trust fund.~~

2 (b) ~~If the amount of insufficient money is contained in the state special revenue fund to pay the~~  
 3 ~~amount requested~~ paid in subsection ~~(2)(a)~~ (3)(a) is insufficient, the ~~auditor shall pay to the division the~~  
 4 ~~balance contained in the state special revenue fund.~~ The division shall continue to request the payment of  
 5 any portion of the amount requested under subsection ~~(2)(a)~~ (3)(a) that was not paid in previous fiscal years  
 6 plus sufficient interest to reimburse the pension trust fund, ~~which~~ The amounts must be paid to the ~~division~~  
 7 pension trust fund prior to determining whether sufficient ~~cash remains in the special revenue fund~~ taxes  
 8 have been collected to make any amount available for payments ~~into the account established in 19-13-615~~  
 9 of supplementary benefits provided for in 19-13-1009. The state auditor shall pay the ~~requests~~ amounts  
 10 as premium tax money in the state ~~special revenue~~ general fund becomes available."

11

12 **Section 26.** Section 19-13-1009, MCA, is amended to read:

13 **"19-13-1009. Supplement to retirement benefits for persons hired on or after July 1, 1981.** (1)

14 The division shall pay a supplemental benefit ~~from the account provided for in 19-13-615~~ to each member  
 15 hired on or after July 1, 1981, who has earned 20 years of membership service as an active firefighter or  
 16 to the member's surviving spouse or dependent children. Except as provided in subsection (2), the  
 17 supplemental benefit, when added to the service retirement benefit, must equal one-half the regular monthly  
 18 compensation paid to a newly confirmed full-paid active firefighter of the city that last employed the  
 19 member as a firefighter as provided each year in the budget of that city. If after a member retires, the city  
 20 that last employed the member no longer employs a full-paid firefighter, the member's supplemental benefit  
 21 must be calculated on the basis of the average monthly compensation paid to all newly confirmed full-paid  
 22 firefighters, as provided each year in the budgets of those cities that participate in the retirement system  
 23 and employ a full-paid firefighter.

24 (2) If the amount available ~~to the account~~ is insufficient to fully fund the supplemental benefit  
 25 provided for in subsection (1), the supplemental benefit for each eligible member or survivor must be  
 26 reduced by an equal percentage so that the amount ~~contained in the account~~ available for this purpose is  
 27 not exceeded."

28

29 **Section 27.** Section 19-17-301, MCA, is amended to read:

30 **"19-17-301. Fire insurance premium tax to be paid into pension trust fund.** The state auditor ~~and~~

1 ~~ex officio commissioner of insurance~~ shall annually ~~deposit in pay from the general fund~~ to the pension trust  
 2 fund a sum equivalent to 5% of the premium taxes collected from insurers authorized to effect insurance  
 3 against risks enumerated in ~~19-18-512~~ 50-3-109. The sum must be computed before the amounts provided  
 4 for by 19-13-604, 19-13-1006, and 19-18-512 are deducted. The money must be used for the payment  
 5 of claims, benefits, and administrative costs as provided in this chapter. The money is statutorily  
 6 appropriated as provided in 17-7-502."

7

8 **Section 28.** Section 19-18-512, MCA, is amended to read:

9 **"19-18-512. State auditor to pay -- payment to association out of insurance premium taxes.** (1)

10 After the end of the fiscal year, the state auditor shall issue and deliver the warrant described in this  
 11 subsection to the treasurer of ~~every~~ each city or town ~~which that~~ has a fire department relief association  
 12 entitled by law to receive payments. The warrant ~~shall~~ must be for the use and benefit of the association.  
 13 ~~It shall~~ The warrant must be for an amount equal to 1 1/2 mills of the total taxable value of the city or town  
 14 and ~~shall~~ must be paid out of the ~~premium taxes on insurance risks enumerated in subsection (3)~~ collected  
 15 ~~by the state auditor~~ general fund. The payment is statutorily appropriated as provided in 17-7-502.

16 (2) ~~If the~~ The payment provided for in subsection (1) is less than \$100, an additional payment shall  
 17 ~~be made from the same tax moneys so that the total amount received is~~ must be for at least \$100.

18 ~~(3) The risks referred to in subsection (1) are:~~

19 ~~(a) insurance of houses, buildings, and all other kinds of property against loss or damage by fire~~  
 20 ~~or other casualty;~~

21 ~~(b) all kinds of insurance on goods, merchandise, or other property in the course of transportation,~~  
 22 ~~whether by land, water, or air;~~

23 ~~(c) insurance against loss or damage to motor vehicles resulting from accident, collision, or marine~~  
 24 ~~and inland navigation and transportation perils;~~

25 ~~(d) insurance of growing crops against loss or damage resulting from hail or the elements;~~

26 ~~(e) insurance against loss or damage by water to any goods or premises arising from the breakage~~  
 27 ~~or leakage of sprinklers, pumps, or other apparatus;~~

28 ~~(f) insurance against loss or legal liability for loss because of damage to property caused by the~~  
 29 ~~use of teams or vehicles, whether by accident or collision or by explosion of any engine, tank, boiler, pipe,~~  
 30 ~~or tire of any vehicle; and~~

1 ~~(g) insurance against theft of the whole or any part of any vehicle."~~

2

3 **Section 29.** Section 19-19-205, MCA, is amended to read:

4 **"19-19-205. Actuarial valuation of police retirement fund.** (1) The city treasurer shall submit to  
5 the department of administration before October 1 of each odd-numbered year all information requested  
6 by the department necessary to complete an actuarial valuation of the city's police retirement fund. The  
7 valuation ~~shall~~ must consider the actuarial soundness of the police retirement fund for the 2 preceding fiscal  
8 years.

9 (2) The valuation ~~is to~~ must be prepared by a qualified actuary selected by the department. A  
10 qualified actuary is a member of the American academy of actuaries or of any organization considered by  
11 the department to have similar standards.

12 (3) In each fiscal year in which an actuarial valuation is prepared, the department shall submit to  
13 the state auditor a request for payment of the expense incurred in securing the actuarial valuation. The  
14 expense may not exceed \$6,000 in any fiscal year. The state auditor shall make payment to the actuary  
15 ~~designated in the request from the general fund.~~ from the general fund. The payment is statutorily appropriated as provided in  
16 17-7-502."

17

18 **Section 30.** Section 19-19-305, MCA, is amended to read:

19 **"19-19-305. Annual state payments to municipality with police department.** (1) After the end of  
20 each fiscal year, the state auditor shall issue and deliver to the treasurer of each city and town in Montana  
21 ~~which that~~ that has a police department and ~~which that~~ that is not a participant in the municipal police officers'  
22 retirement system ~~is a~~ a warrant for an amount computed in the same manner as the amount paid (or that  
23 would be paid if an existing relief association met the legal requirements for payment) to cities and towns  
24 for fire department relief associations pursuant to 19-18-512. The payment from the general fund is  
25 statutorily appropriated as provided in 17-7-502.

26 (2) ~~The payments provided for by 19-19-205 and subsection (1) of this section shall be paid from~~  
27 ~~the premium tax collected on insurance sold in this state to insure against the risks enumerated in~~  
28 ~~19-18-512. Such payments may only be made after deductions have been made from the gross premium~~  
29 ~~tax for cancellations and returned premiums.~~

30 (3) Each city or town ~~which that~~ that has a police retirement fund shall deposit the payment to the

1 credit of its police retirement fund.

2 ~~(4)~~(3) Payments provided for in 19-19-205 and subsection (1) of this section are in addition to  
3 those provided for in 19-19-301."

4

5 **Section 31.** Section 19-19-506, MCA, is amended to read:

6 **"19-19-506. Supplement to certain pensions.** (1) The payment for each fiscal year to the police  
7 officers, spouses, or minor children described in subsections (2)(a) through (2)(c) may ~~be~~ not be less than  
8 one-half of the salary paid in that fiscal year in the appropriate city or town to newly confirmed police  
9 officers.

10 (2) On or before April 1 of each year, the board of trustees shall make a report to the state auditor  
11 including the following information:

12 (a) the names of all police officers who are receiving payments from the police retirement fund of  
13 the city or town as of the date of the report and who were receiving ~~such~~ the payments prior to July 1,  
14 1975;

15 (b) the names of all spouses or minor children who are receiving payments from the police  
16 retirement fund because of the death of a police officer who was receiving ~~such~~ payments prior to July 1,  
17 1975;

18 (c) the names of all spouses or minor children who are receiving payments from the police  
19 retirement fund and who were receiving ~~such~~ payments prior to July 1, 1975, or in the case of minor  
20 children, whose parent, the spouse of a police officer, was receiving ~~such~~ payments prior to July 1, 1975;

21 (d) for the purpose of determining the base figure for the computations set forth in subsection (4),  
22 the following information relating to the base fiscal year commencing July 1, 1976:

23 (i) the amount of the payments made in the base fiscal year to each police officer described in  
24 subsection (2)(a);

25 (ii) the amount of the payments made in the base fiscal year to each spouse or minor child ~~or~~  
26 ~~children~~ described in subsection (2)(b) or (2)(c);

27 (iii) upon the death after April 18, 1977, of any police officer on the retired list who was receiving  
28 payments from the police retirement fund prior to July 1, 1975, and who is survived by a spouse or minor  
29 ~~children~~ child entitled to receive payments ~~therefrom~~ from the police retirement fund, the amount ~~which~~  
30 that would have been paid to an eligible spouse of ~~such~~ the police officer ~~had~~ if that spouse had been



1 receiving payments in the base fiscal year.

2 (3) Each fiscal year immediately after the adoption by a city or town having a police retirement fund  
3 of its budget for that fiscal year, ~~each such~~ the city or town shall report to the state auditor the salary for  
4 that fiscal year of a newly confirmed police officer of that city or town.

5 (4) The state auditor shall, upon receipt of the reports referred to in subsections (2) and (3),  
6 compute the difference between each amount reported under subsections (2)(d)(i) through (2)(d)(iii) and  
7 one-half the salary for the current fiscal year of a newly confirmed police officer of the appropriate city or  
8 town. The difference ~~shall~~ must be paid by the state auditor out of the ~~premium tax collected on insurance,~~  
9 ~~as provided in 19-19-305(2),~~ general fund to the treasurer of the appropriate city or town at the same time  
10 as and in addition to the payment to be made by the state auditor under 19-19-305(1). The payment is  
11 statutorily appropriated as provided in 17-7-502.

12 (5) The treasurer of each city or town receiving funds under subsection (4) shall immediately  
13 deposit them to the credit of the city or town's police retirement fund. The board of trustees of the fund  
14 shall use the funds to supplement the monthly payments to persons described in subsections (2)(a) through  
15 (2)(c) so that the requirements of subsection (1) are met.

16 (6) If more than one minor child is entitled to supplementary payments under this section by virtue  
17 of the death of a common parent police officer, the minimum payment to ~~such~~ the minor children under this  
18 section ~~shall~~ must be determined as if there were one ~~such~~ minor child and the supplementary payment  
19 ~~shall~~ must be made to the minor children collectively."

20

21 **Section 32.** Section 19-20-203, MCA, is amended to read:

22 "**19-20-203. Officers and employees of retirement board.** (1) It is the duty of the retirement board  
23 to:

24 (a) elect a presiding officer from its membership;

25 (b) appoint a secretary, who may be one of its members;

26 (c) employ technical or administrative employees who are necessary for the transaction of the  
27 business of the retirement system and establish their compensation pursuant to Title 2, chapter 18; and

28 (d) designate an actuary who meets the qualifications established by the retirement board to assist  
29 the retirement board with the technical actuarial aspects of the operation of the retirement system, which  
30 includes establishing mortality and service tables and making an actuarial investigation at least once every

1 5 years into the mortality, service, and compensation experience of the members and beneficiaries of the  
2 retirement system.

3 (2) A quorum of the board is three members."  
4

5 **Section 33.** Section 19-20-501, MCA, is amended to read:

6 "**19-20-501. Financial administration of money.** The members of the retirement board are the  
7 trustees of all money collected for the retirement system, and as trustees, they shall provide for the  
8 financial administration of the money as provided in Article VIII, section 15, of the Montana constitution  
9 in the following manner:

10 (1) The money must be invested and reinvested by the state board of investments.

11 (2) The retirement board annually shall establish the rate of regular interest.

12 (3) The retirement board annually shall divide among the several reserves of the retirement system  
13 an amount equal to the average balance of the reserves during the preceding fiscal year multiplied by the  
14 rate of regular interest. In accordance with the provisions of 19-20-605(5), the amount to be credited to  
15 each reserve must be allocated from the interest and other earnings on the money of the retirement system  
16 actually realized during the preceding fiscal year, less the amount allocated to ~~the expense fund under the~~  
17 ~~provisions of 19-20-606~~ administrative expenses. The administrative expenses of the retirement system  
18 may not exceed 1.5% of retirement benefits paid.

19 (4) The state treasurer is the custodian of the collected retirement system money and of the  
20 securities in which the money is invested.

21 (5) ~~All~~ For purposes of Article VIII, section 12, of the Montana constitution, all the reserves  
22 established by part 6 of this chapter must be accounts in the pension trust fund type of the treasury fund  
23 structure of the state.

24 (6) Benefits and refunds to eligible recipients are payable pursuant to a contract as contained in  
25 statute. Unless specifically provided for by statute, the contract does not contain revisions to statutes after  
26 the time of retirement or termination."

27

28 **Section 34.** Section 19-20-605, MCA, is amended to read:

29 "**19-20-605. Pension accumulation fund -- employer's contribution.** The pension accumulation fund  
30 is the fund in which the reserves for payment of pensions and annuities must be accumulated and from

1 which pensions, annuities, and benefits must be paid to or on account of beneficiaries credited with prior  
2 service. Contributions to and payments from the pension accumulation fund must be made as follows:

3 (1) Each employer shall pay into the pension accumulation fund an amount equal to 7.47% of the  
4 earned compensation of each member employed during the whole or part of the preceding payroll period.

5 (2) If the employer is a district or community college district, the trustees shall budget and pay for  
6 the employer's contribution under the provisions of 20-9-501.

7 (3) If the employer is the superintendent of public instruction, a public institution of the state of  
8 Montana, a unit of the Montana university system, or the Montana state school for the deaf and blind, the  
9 legislature shall appropriate to the employer an adequate amount to allow the payment of the employer's  
10 contribution.

11 (4) If the employer is a county, the county commissioners shall budget and pay for the employer's  
12 contribution in the manner provided by law for the adoption of a county budget and for payments under  
13 the budget.

14 (5) All interest and other earnings realized on the money of the retirement system ~~shall~~ must be  
15 credited to the pension accumulation fund, and the amount required to allow regular interest on the annuity  
16 savings fund ~~shall~~ must be transferred to that fund from the pension accumulation fund.

17 (6) All pensions, annuities, and benefits must be paid from the pension accumulation fund.

18 (7) The retirement board may, ~~in its discretion,~~ transfer from the pension accumulation fund to the  
19 expense fund an amount necessary to cover expenses of administration."  
20

21 **Section 35.** Section 50-3-109, MCA, is amended to read:

22 "**50-3-109. Tax on fire insurance premiums for maintenance of state fire prevention and**  
23 **investigation activities of department of justice.** (1) Each insurer authorized to effect insurance on risks  
24 enumerated in ~~19-18-512~~ subsection (2) doing business in this state shall pay to the state auditor ~~and~~  
25 ~~commissioner of insurance ex officio~~ during the month of February or March in each year, in addition to the  
26 taxes on premiums required by law to be paid by it, ~~a tax of 1%~~ taxes on the fire portion of the direct  
27 premiums on ~~such~~ the enumerated risks received during the calendar year next preceding after deducting  
28 cancellations and return premiums. The taxes are:

29 (a) 1% to be deposited as provided in 17-2-121; and

30 (b) 1 1/2% to be used for purposes of 19-13-1006.

1           (2) The risks referred to in subsection (1) are:

2           (a) insurance of houses, buildings, and all other kinds of property against loss or damage by fire  
3 or other casualty;

4           (b) all kinds of insurance on goods, merchandise, or other property in the course of transportation,  
5 whether by land, water, or air;

6           (c) insurance against loss or damage to motor vehicles resulting from accident, collision, or marine  
7 and inland navigation and transportation perils;

8           (d) insurance of growing crops against loss or damage resulting from hail or the elements;

9           (e) insurance against loss or damage by water to any goods or premises arising from the breakage  
10 or leakage of sprinklers, pumps, or other apparatus;

11           (f) insurance against loss or legal liability for loss because of damage to property caused by the  
12 use of teams or vehicles, whether by accident or collision or by explosion of any engine, tank, boiler, pipe,  
13 or tire of any vehicle; and

14           (g) insurance against theft of the whole or any part of a vehicle."

15

16           **Section 36.** Section 61-3-321, MCA, is amended to read:

17           **"61-3-321. Registration fees of vehicles -- public-owned vehicles exempt from license or**  
18 **registration fees -- disposition of fees.** (1) Registration or license fees must be paid upon registration or  
19 reregistration of motor vehicles, trailers, housetrailer, and semitrailers, in accordance with this chapter,  
20 as follows:

21           (a) motor vehicles weighing 2,850 pounds or under (other than motortrucks), \$5;

22           (b) motor vehicles weighing over 2,850 pounds (other than motortrucks), \$10;

23           (c) electrically driven passenger vehicles, \$10;

24           (d) all motorcycles and quadricycles, \$2;

25           (e) tractors or trucks, \$10;

26           (f) buses, which are classed as motortrucks, licensed accordingly;

27           (g) trailers and semitrailers less than 2,500 pounds declared weight and housetrailer of all weights,  
28 \$2;

29           (h) trailers and semitrailers over 2,500 up to 6,000 pounds declared weight (except housetrailer),  
30 \$5;

1 (i) trailers and semitrailers over 6,000 pounds declared weight, \$10, except trailers and semitrailers  
2 registered in other jurisdictions and registered through a proportional registration agreement;

3 (j) trailers used exclusively in the transportation of logs in the forest or in the transportation of oil  
4 and gas well machinery, road machinery, or bridge materials, new and secondhand, \$15 annually,  
5 regardless of size or capacity.

6 (2) All rates are 25% higher for motor vehicles, trailers, and semitrailers that are not equipped with  
7 pneumatic tires.

8 (3) "Tractor", as specified in this section, means any motor vehicle, except a passenger car, that  
9 is used for towing a trailer or semitrailer.

10 (4) If any motor vehicle, housetrailer, trailer, or semitrailer is originally registered 6 months after  
11 the time of registration as set by law, the registration or license fee for the remainder of the year is one-half  
12 of the regular fee.

13 (5) An additional fee of \$5.25 a year for each registration of a vehicle, except trailers and  
14 semitrailers registered in other jurisdictions and registered through a proportional registration agreement,  
15 must be collected as a registration fee. Revenue from this fee must be forwarded by the respective county  
16 treasurers to the state treasurer for deposit in the general fund. The department shall ~~distribute~~ pay an  
17 amount equal to 25 cents from the each motor vehicle registration fee from the general fund to the pension  
18 trust fund for payment of supplemental benefits provided for in 19-6-709.

19 (6) A fee of \$2 for each set of new number plates must be collected when number plates provided  
20 for under 61-3-332(3) are issued. Revenue from this fee must be deposited as provided in subsection (5).

21 (7) The provisions of this part with respect to the payment of registration fees do not apply to and  
22 are not binding upon motor vehicles, trailers, semitrailers, or tractors owned or controlled by the United  
23 States of America or any state, county, city, or special district, as defined in 18-8-202.

24 (8) The provisions of this section relating to the payment of registration fees or new number plate  
25 fees do not apply when number plates are transferred to a replacement vehicle under 61-3-317, 61-3-332,  
26 or 61-3-335. (See compiler's comments for contingent termination of certain text.)"

27  
28 **Section 37.** Section 76-13-114, MCA, is amended to read:

29 **"76-13-114. Disposition of fines.** Fines collected in a court of the state under this part or part 2,  
30 except those collected in a justice's court, ~~shall~~ must be transferred to the state treasurer for deposit in the

1 ~~agency state special revenue~~ fund. Whenever a person is convicted in any court of a violation of this part  
2 or part 2, the court may levy and collect as costs in the case the amount necessary to compensate the  
3 county for the expenditures made in and for the prosecution of the offender. These costs when collected,  
4 except those collected in a justice's court, ~~shall~~ must be deposited by the court with the proper county  
5 treasurer for the benefit of the county."

6

7 NEW SECTION. Section 38. Repealer. Sections 19-9-208, 19-13-615, 19-18-513, 19-18-606, and  
8 19-20-606, MCA, are repealed.

9

10 NEW SECTION. Section 39. Effective date. [This act] is effective July 1, 1997.

11

-END-

## 1 HOUSE BILL NO. 169

2 INTRODUCED BY ZOOK, VAN VALKENBURG

3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE LAWS  
6 GOVERNING APPROPRIATIONS AND THE ADMINISTRATION OF STATE GOVERNMENT FINANCES;  
7 CLARIFYING THE TREASURY FUNDS SUBJECT TO APPROPRIATION; REVISING AND CLARIFYING THE  
8 DEPOSIT OF CERTAIN FUNDS; REVISING THE STATUTORY APPROPRIATION OF CERTAIN FUNDS;  
9 CONFORMING THE ADMINISTRATION OF RETIREMENT SYSTEMS TO CONSTITUTIONAL REVISIONS;  
10 AUTHORIZING THE PUBLIC EMPLOYEES' RETIREMENT BOARD TO HIRE THEIR OWN PERSONNEL;  
11 LIMITING THE ADMINISTRATIVE EXPENSES OF THE RETIREMENT SYSTEMS; AMENDING SECTIONS  
12 2-9-202, 2-15-1009, 2-18-812, 15-36-324, 15-36-325, 17-2-101, 17-2-102, 17-2-103, 17-2-121,  
13 17-3-221, 17-3-222, 17-6-201, 17-7-402, 17-7-502, 17-8-101, 19-2-404, 19-2-408, 19-2-502, 19-5-404,  
14 19-6-709, 19-8-504, 19-9-702, 19-9-1007, 19-13-604, 19-13-1006, 19-13-1009, 19-17-301, 19-18-512,  
15 19-19-205, 19-19-305, 19-19-506, 19-20-203, 19-20-501, 19-20-605, 50-3-109, 61-3-321, AND  
16 76-13-114, MCA; REPEALING SECTIONS 19-9-208, 19-13-615, 19-18-513, 19-18-606, AND 19-20-606,  
17 MCA; AND PROVIDING AN EFFECTIVE DATE."

18

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

**THERE ARE NO CHANGES IN THIS BILL AND IT WILL NOT BE  
REPRINTED. PLEASE REFER TO SECOND READING COPY  
(YELLOW) FOR COMPLETE TEXT.**

APPROVED BY COM ON  
FINANCE & CLAIMS

## 1 HOUSE BILL NO. 169

2 INTRODUCED BY ZOOK, VAN VALKENBURG

3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE LAWS  
6 GOVERNING APPROPRIATIONS AND THE ADMINISTRATION OF STATE GOVERNMENT FINANCES;  
7 CLARIFYING THE TREASURY FUNDS SUBJECT TO APPROPRIATION; REVISING AND CLARIFYING THE  
8 DEPOSIT OF CERTAIN FUNDS; REVISING THE STATUTORY APPROPRIATION OF CERTAIN FUNDS;  
9 CONFORMING THE ADMINISTRATION OF RETIREMENT SYSTEMS TO CONSTITUTIONAL REVISIONS;  
10 AUTHORIZING THE PUBLIC EMPLOYEES' RETIREMENT BOARD TO HIRE THEIR OWN PERSONNEL;  
11 LIMITING THE ADMINISTRATIVE EXPENSES OF THE RETIREMENT SYSTEMS; CLARIFYING  
12 APPROPRIATIONS CARRYOVER RESTRICTIONS; AMENDING SECTIONS 2-9-202, 2-15-1009, 2-18-812,  
13 15-36-324, 15-36-325, 17-2-101, 17-2-102, 17-2-103, 17-2-121, 17-3-221, 17-3-222, 17-6-201,  
14 17-7-304, 17-7-402, 17-7-502, 17-8-101, 19-2-404, 19-2-408, 19-2-502, 19-5-404, 19-6-709, 19-8-504,  
15 19-9-702, 19-9-1007, 19-13-604, 19-13-1006, 19-13-1009, 19-17-301, 19-18-512, 19-19-205,  
16 19-19-305, 19-19-506, 19-20-203, 19-20-501, 19-20-605, 50-3-109, 61-3-321, AND 76-13-114, MCA;  
17 REPEALING SECTIONS 19-9-208, 19-13-615, 19-18-513, 19-18-606, AND 19-20-606, MCA, AND  
18 SECTION 13, CHAPTER 23, SPECIAL LAWS OF NOVEMBER 1993; AND PROVIDING AN EFFECTIVE DATE  
19 DATES."  
20

21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
2223 **Section 1.** Section 2-9-202, MCA, is amended to read:

24 **"2-9-202. Apportionment of costs -- creation of deductible reserve.** (1) The department of  
25 administration shall apportion the costs of all insurance purchased under 2-9-201 to the individual state  
26 participants, and the costs ~~shall~~ must be paid to the department subject to appropriations by the legislature.

27 (2) The department, if it elects to ~~utilize~~ use a deductible insurance plan, is authorized to charge  
28 the individual state participants an amount equal to the cost of a full-coverage insurance plan until such  
29 time as a deductible reserve is established. In each subsequent year, the department may charge a  
30 sufficient amount over the actual cost of the deductible insurance to replenish ~~such~~ the deductible reserves.



1 (3) The department may accumulate a self-insurance reserve fund sufficient to provide  
 2 self-insurance for all liability coverages that in its discretion the department considers should be self-insured.  
 3 Payments into the self-insurance reserve fund must be made from a legislative appropriation for that  
 4 purpose. Proceeds of the fund ~~are statutorily appropriated, as provided in 17-7-502, to~~ must be used by  
 5 the department to pay claims under parts 1 through 3 of this chapter. Expenditures for actual and necessary  
 6 expenses required for the efficient administration of the fund must be made from temporary appropriations,  
 7 as described in 17-7-501(1) or (2), made for that purpose.

8 (4) Money in reserve funds established under this section that is not needed to meet expected  
 9 expenditures ~~shall~~ must be invested and all proceeds of the investment credited to the fund."

10  
 11 **Section 2.** Section 2-15-1009, MCA, is amended to read:

12 **"2-15-1009. Public employees' retirement board -- terms -- allocation.** (1) There is a public  
 13 employees' retirement board.

14 (2) The board consists of six members appointed by the governor. The members are:

15 (a) three public employees who are active members of a public retirement system (not more than  
 16 one of these members may be an employee of the same department);

17 (b) one retired public employee who is an inactive member of the public employees' retirement  
 18 system; and

19 (c) two members at large.

20 (3) The term of office for each member is 5 years.

21 (4) The board is allocated to the department for administrative purposes only as prescribed in  
 22 2-15-121. The board shall hire necessary employees as provided in 19-2-404.

23 (5) Members of the board ~~shall~~ must be compensated and receive travel expenses as provided for  
 24 in 2-15-124."

25  
 26 **Section 3.** Section 2-18-812, MCA, is amended to read:

27 **"2-18-812. Alternatives to conventional insurance for providing state employee group benefits**  
 28 **authorized -- requirements.** The department may establish alternatives to conventional insurance for  
 29 providing state employee group benefits. The requirements for providing alternatives to conventional  
 30 insurance are as follows:

1 (1) The department ~~must~~ shall maintain state employee group benefit plans on an actuarially sound  
2 basis.

3 (2) The department ~~must~~ shall maintain reserves sufficient to liquidate the unrevealed claims liability  
4 and other liabilities of state employee group benefit plans.

5 (3) The department ~~must~~ shall deposit all reserve funds and premiums paid to a state employee  
6 group benefit plan, and the deposits ~~are statutorily appropriated, as provided in 17-7-502, to the~~  
7 ~~department to~~ must be expended for claims under the plan.

8 (4) The department ~~must~~ shall deposit income earned from the investment of a state employee  
9 group benefit plan's reserve fund into the account established under subsection (3) ~~of this section~~  
10 to offset the costs of administering the plan. Expenditures for actual and necessary expenses required for  
11 the efficient administration of the plan must be made from temporary appropriations, as described in  
12 17-7-501(1) or (2), made for that purpose.

13 (5) The department shall, prior to implementation of any alternative to conventional insurance,  
14 present to the advisory council the evidence upon which the department has concluded that the alternative  
15 method will be more efficient, less costly, or otherwise superior to contracting for conventional insurance.  
16 ~~The department may not implement any full self insurance alternative prior to July 1, 1981.~~

17 (6) The provisions of Title 33 ~~shall~~ do not apply to the department when exercising the powers and  
18 duties provided for in this section."  
19

20 **Section 4.** Section 15-36-324, MCA, is amended to read:

21 **"15-36-324. Distribution of taxes.** (1) For each calendar quarter, the department of revenue shall  
22 determine the amount of tax, late payment interest, and penalty collected under this part. For purposes of  
23 distribution of the taxes to county and school taxing units, the department shall determine the amount of  
24 oil and natural gas production taxes paid on production from pre-1985 wells, post-1985 wells, and  
25 horizontally drilled wells located in the taxing unit.

26 (2) Except as provided in subsections (3) and (4), oil production taxes must be distributed as  
27 follows:

28 (a) The amount equal to 41.6% of the oil production taxes, including late payment interest and  
29 penalty, collected under this part must be distributed as provided in subsection (7).

30 (b) The remaining 58.4% of the oil production taxes, plus accumulated interest earned on the

1 amount allocated under this subsection (2)(b), must be deposited in the ~~agency~~ state special revenue fund  
2 in the state treasury and transferred to the county and school taxing units for distribution as provided in  
3 subsection (8).

4 (3) The amount equal to 100% of the oil production taxes, including late payment interest and  
5 penalty, collected from working interest owners on production from post-1985 wells occurring during the  
6 first 12 months of production must be distributed as provided in subsection (7).

7 (4) The amount equal to 100% of the oil production taxes, including late payment interest and  
8 penalty, collected under this part on production from horizontally drilled wells and on the incremental  
9 production from horizontally recompleted wells occurring during the first 18 months of production must be  
10 distributed as provided in subsection (7).

11 (5) Except as provided in subsection (6), natural gas production taxes must be allocated as follows:

12 (a) The amount equal to 14.6% of the natural gas production taxes, including late payment interest  
13 and penalty, collected under this part must be distributed as provided in subsection (7).

14 (b) The remaining 85.4% of the natural gas production taxes, plus accumulated interest earned on  
15 the amount allocated under this subsection (5)(b), must be deposited in the ~~agency~~ state special revenue  
16 fund in the state treasury and transferred to the county and school taxing units for distribution as provided  
17 in subsection (8).

18 (6) The amount equal to 100% of the natural gas production taxes, including late payment interest  
19 and penalty, collected from working interest owners under this part on production from post-1985 wells  
20 occurring during the first 12 months of production must be distributed as provided in subsection (7).

21 (7) The department shall, in accordance with the provisions of 15-1-501(6), distribute the state  
22 portion of oil and natural gas production taxes, including late payment interest and penalty collected, as  
23 follows:

24 (a) 85% to the state general fund;

25 (b) 4.3% to the state special revenue fund for the purpose of paying expenses of the board as  
26 provided in 82-11-135; and

27 (c) 10.7% to be distributed as provided by 15-38-106(2).

28 (8) (a) For the purpose of distribution of the oil and natural gas production taxes from pre-1985  
29 wells, the department shall each calendar quarter adjust the unit value determined under 15-36-323  
30 according to the ratio that the oil and natural gas production taxes from pre-1985 wells collected during

1 the calendar quarter for which the distribution occurs plus penalties and interest on delinquent oil and  
2 natural gas production taxes from pre-1985 wells bears to the total liability for the oil and natural gas  
3 production taxes from pre-1985 wells for the quarter for which the distribution occurs. The amount of oil  
4 and natural gas production taxes distributions must be calculated and distributed as follows:

5 (i) By the dates referred to in subsection (9), the department shall calculate and distribute to each  
6 eligible county the amount of oil and natural gas production taxes from pre-1985 wells for the quarter,  
7 determined by multiplying the unit value, as adjusted in this subsection (8)(a), by the units of production  
8 on which oil and natural gas production taxes from pre-1985 wells were owed for the calendar quarter for  
9 which the distribution occurs.

10 (ii) Any amount by which the total tax liability exceeds or is less than the total distributions  
11 determined in subsection (8)(a) must be calculated and distributed in the following manner:

12 (A) The excess amount or shortage must be divided by the total distribution determined for that  
13 period to obtain an excess or shortage percentage.

14 (B) The excess percentage must be multiplied by the distribution to each taxing unit, and this  
15 amount must be added to the distribution to each respective taxing unit.

16 (C) The shortage percentage must be multiplied by the distribution to each taxing unit, and this  
17 amount must be subtracted from the distribution to each respective taxing unit.

18 (b) Except as provided in subsection (8)(c), the county treasurer shall distribute the money  
19 received under subsection (9) from pre-1985 wells to the taxing units that levied mills in fiscal year 1990  
20 against calendar year 1988 production in the same manner that all other property tax proceeds were  
21 distributed during fiscal year 1990 in the taxing unit, except that a distribution may not be made to a  
22 municipal taxing unit.

23 (c) The board of county commissioners of a county may direct the county treasurer to reallocate  
24 the distribution of oil and natural gas production tax money that would have gone to a taxing unit, as  
25 provided in subsection (8)(b), to another taxing unit or taxing units, other than an elementary school or high  
26 school, within the county under the following conditions:

27 (i) The county treasurer shall first allocate the oil and natural gas production taxes to the taxing  
28 units within the county in the same proportion that all other property tax proceeds were distributed in the  
29 county in fiscal year 1990.

30 (ii) If the allocation in subsection (8)(c)(i) exceeds the total budget for a taxing unit, the

1 commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

2 (d) The board of trustees of an elementary or high school district may reallocate the oil and natural  
3 gas production taxes distributed to the district by the county treasurer under the following conditions:

4 (i) The district shall first allocate the oil and natural gas production taxes to the budgeted funds  
5 of the district in the same proportion that all other property tax proceeds were distributed in the district in  
6 fiscal year 1990.

7 (ii) If the allocation under subsection (8)(d)(i) exceeds the total budget for a fund, the trustees may  
8 allocate the excess to any budgeted fund of the school district.

9 (e) For all production from post-1985 wells and horizontally drilled wells completed after December  
10 31, 1993, the county treasurer shall distribute oil and natural gas production taxes received under  
11 subsections (2)(b) and (5)(b) between county and school taxing units in the relative proportions required  
12 by the levies for state, county, and school district purposes in the same manner as property taxes were  
13 distributed in the preceding fiscal year.

14 (f) The allocation to the county in subsection (8)(e) must be distributed by the county treasurer in  
15 the relative proportions required by the levies for county taxing units and in the same manner as property  
16 taxes were distributed in the preceding fiscal year.

17 (g) The money distributed in subsection (8)(e) that is required for the county mill levies for school  
18 district retirement obligations and transportation schedules must be deposited to the funds established for  
19 these purposes.

20 (h) The oil and natural gas production taxes distributed under subsection (8)(b) that are required  
21 for the 6-mill university levy imposed under 20-25-423 and for the county equalization levies imposed under  
22 20-9-331 and 20-9-333, as those sections read on July 1, 1989, must be remitted by the county treasurer  
23 to the state treasurer.

24 (i) The oil and natural gas production taxes distributed under subsection (8)(e) that are required for  
25 the 6-mill university levy imposed under 20-25-423, for the county equalization levies imposed under  
26 20-9-331 and 20-9-333, and for the state equalization aid levy imposed under 20-9-360 must be remitted  
27 by the county treasurer to the state treasurer.

28 (j) The amount of oil and natural gas production taxes remaining after the treasurer has remitted  
29 the amounts determined in subsections (8)(h) and (8)(i) is for the exclusive use and benefit of the county  
30 and school taxing units.

1 (9) The department shall remit the amounts to be distributed in subsection (8) to the county  
2 treasurer by the following dates:

3 (a) On or before August 1 of each year, the department shall remit to the county treasurer oil and  
4 natural gas production tax payments received for the calendar quarter ending March 31 of the current year.

5 (b) On or before November 1 of each year, the department shall remit to the county treasurer oil  
6 and natural gas production tax payments received for the calendar quarter ending June 30 of the current  
7 year.

8 (c) On or before February 1 of each year, the department shall remit to the county treasurer oil and  
9 natural gas production tax payments received for the calendar quarter ending September 30 of the previous  
10 year.

11 (d) On or before May 1 of each year, the department shall remit to the county treasurer oil and  
12 natural gas production tax payments received for the calendar quarter ending December 31 of the previous  
13 calendar year.

14 (10) The department shall provide to each county by May 31 of each year the amount of gross  
15 taxable value represented by all types of production taxed under 15-36-304 for the previous calendar year  
16 multiplied by 60%. The resulting value must be treated as taxable value for county classification purposes  
17 and for county bonding purposes.

18 (11) The distribution to taxing units under this section is statutorily appropriated as provided in  
19 17-7-502."

20

21 **SECTION 5. SECTION 15-36-325, MCA, IS AMENDED TO READ:**

22 **"15-36-325. Local government severance tax payments for calendar year 1995 production --**  
23 **distribution of payments -- not subject to I-105 limitations.** (1) The local government severance tax imposed  
24 under 15-36-101, as that section read before January 1, 1996, for calendar year 1995 production is due  
25 as follows:

26 (a) for oil and natural gas production occurring in the first calendar quarter of 1995, the tax is due  
27 May 31, 1996;

28 (b) for oil and natural gas production occurring in the second calendar quarter of 1995, the tax is  
29 due May 31, 1997;

30 (c) for oil and natural gas production occurring in the third calendar quarter of 1995, the tax is due

1 May 31, 1998; and

2 (d) for oil and natural gas production occurring in the fourth calendar quarter of 1995, the tax is  
3 due May 31, 1999.

4 (2) (a) If the taxpayer pays the entire local government severance tax liability for calendar year  
5 1995 on or before June 30, 1996, the taxpayer must receive a 6% reduction in the total local government  
6 severance tax liability.

7 (b) Any payment of local government severance taxes for calendar year 1995 made on or before  
8 June 30, 1997, does not accrue interest. Any payment of local government severance taxes for calendar  
9 year 1995 made after June 30, 1997, must accrue interest at the rate of 1% a month or fraction of a  
10 month from July 1, 1997, to the date of payment. Any payment for the third quarter of 1995 received after  
11 May 31, 1998, and any payment for the fourth quarter of 1995 received after May 31, 1999, is subject  
12 to the late payment penalty provisions in 15-36-311.

13 (c) In the case of the dissolution of the operator or a change in the operator of any lease or unit,  
14 any unpaid local government severance tax for calendar year 1995 becomes due on the date of dissolution  
15 or on the date of the change in operator. The operator is subject to the provisions of subsection (2)(a)  
16 regarding the 6% tax liability reduction or the provisions of subsection (2)(b) regarding interest and  
17 penalties.

18 (3) The department shall determine the amount of tax collected under subsections (1) and (2) from  
19 within each taxing unit.

20 (4) For purposes of the distribution of local government severance taxes collected under this  
21 section, the department shall use the unit value of oil and gas for each taxing unit as determined in  
22 15-36-323.

23 (5) The local government severance tax must be deposited in the ~~agency~~ state special revenue fund  
24 in the state treasury and transferred to the county for distribution as provided in subsection (6).

25 (6) For the purpose of the distribution of the local government severance tax for calendar year  
26 1995 production, the department shall adjust the unit value determined under this section according to the  
27 ratio that the local government severance taxes collected during the quarters for which the distribution  
28 occurs plus penalties and interest on delinquent local government severance taxes bears to the total liability  
29 for local government severance taxes for the quarters for which the distribution occurs. The taxes must  
30 be calculated and distributed as follows:

1 (a) By July 31 of each of the years 1996, 1997, 1998, and 1999, the department shall calculate  
2 and distribute to each eligible county the amount of local government severance tax for calendar year 1995  
3 production, determined by multiplying the unit value, as adjusted in this subsection (6), by the units of  
4 production on which the local government severance tax was owed during calendar year 1995 production.

5 (b) Any amount by which the total tax liability exceeds or is less than the total distributions  
6 determined in subsection (6)(a) must be calculated and distributed in the following manner:

7 (i) The excess amount or shortage must be divided by the total distribution determined for that  
8 period to obtain an excess or shortage percentage.

9 (ii) The excess percentage must be multiplied by the distribution to each taxing unit, and this  
10 amount must be added to the distribution to each respective taxing unit.

11 (iii) The shortage percentage must be multiplied by the distribution to each taxing unit, and this  
12 amount must be subtracted from the distribution to each respective taxing unit.

13 (7) (a) The county treasurer shall distribute the money received under subsection (6) between the  
14 county and school taxing units. The distribution between county and school taxing units is the ratio of the  
15 number of mills levied for fiscal year 1990 against 1988 production in each taxing unit for the county and  
16 schools, including the county equalization levies that were in effect under 20-9-331 and 20-9-333 as those  
17 sections read on July 1, 1989, and the university 6-mill levy imposed under 20-25-423, except that a  
18 distribution may not be made to a municipal taxing unit or the state equalization aid levy imposed under  
19 20-9-360. Distribution of money for the county equalization levies and the university levy must be remitted  
20 to the state by the county treasurer. The amounts distributed under subsections (7)(b) and (7)(c) are for  
21 the exclusive use of county and school taxing units.

22 (b) The county treasurer shall deposit the money from subsection (7)(a) allocated to county levies  
23 to the oil and gas tax accelerated fund.

24 (c) The trustees of a school district may allocate any payment received under subsection (7)(a) to  
25 any budget fund of the district or to the miscellaneous programs fund established in 20-9-507. The trustees  
26 shall direct the county treasurer to deposit the local government severance tax payments under this section  
27 to the funds of the district in accordance with the allocations determined by the trustees.

28 (8) Local government severance tax payments to a county pursuant to this section are not subject  
29 to the limitations of Title 15, chapter 10, part 4. Payments of local government severance tax pursuant to  
30 this section may not be used for county classification purposes under 7-1-2111 and may not be considered



1 in the determination of bonding limits under 7-7-2101, 7-7-2203, 7-14-2524, and 7-16-2327.

2 (9) The distribution to taxing units under this section is statutorily appropriated as provided in  
 3 17-7-502. <sup>11</sup> *don't underline*

4  
 5 **Section 6.** Section 17-2-101, MCA, is amended to read:

6 **"17-2-101. Title and purpose.** (1) Sections 17-2-101 through 17-2-107 may be cited as the  
 7 "Treasury Fund Structure Act".

8 (2) The purpose of these sections is to:

9 (a) comply with Article VIII, section 12, of the Montana constitution;

10 (b) simplify the accounting system and treasury fund structure of the state;

11 (c) to make possible the full utilization of modern accounting methods;

12 (d) to provide the legislature with a greater measure of control over public ~~moneys,~~ money; and

13 (e) to enable the financial records of the state to accurately reflect the state's ~~revenues~~ revenue,  
 14 expenditures, expenses, and financial position in accordance with generally accepted accounting  
 15 principles."

16  
 17 **Section 7.** Section 17-2-102, MCA, is amended to read:

18 **"17-2-102. Fund structure.** (1) ~~There~~ For the purpose of ensuring strict accountability for all  
 19 revenue received and spent, there are in the state treasury only the following fund categories and types:

20 (a) the governmental fund category, which includes:

21 (i) the general fund, which accounts for all financial resources except those required to be  
 22 accounted for in another fund;

23 (ii) the special revenue fund type, which accounts for the proceeds of specific revenue sources  
 24 (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified  
 25 purposes. The financial activities of the special revenue fund type are subdivided, for operational purposes,  
 26 into the following funds to serve the purpose indicated:

27 (A) The state special revenue fund consists of money from state and other nonfederal sources  
 28 deposited in the state treasury that is earmarked for the purposes of defraying particular costs of an  
 29 agency, program, or function of state government and money from other nonstate or nonfederal sources  
 30 that is restricted by law or by the terms of an agreement, such as a contract, trust agreement, or donation.

1 (B) The federal special revenue fund consists of money deposited in the treasury from federal  
2 sources, including trust income, that is used for the operation of state government.

3 (iii) the capital projects fund type, which accounts for financial resources to be used for the  
4 acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust  
5 funds; and

6 (iv) the debt service fund type, which accounts for the accumulation of resources for and the  
7 payment of general long-term debt principal and interest;

8 (b) the proprietary fund category, which includes:

9 (i) the enterprise fund type, which accounts for operations:

10 (A) that are financed and operated in a manner similar to private business enterprises whenever  
11 the intent of the legislature is that costs (i.e., expenses, including depreciation) of providing goods or  
12 services to the general public on a continuing basis are to be financed or recovered primarily through user  
13 charges; or

14 (B) whenever the legislature has decided that periodic determination of revenue earned, expenses  
15 incurred, or net income is appropriate for capital maintenance, public policy, management control,  
16 accountability, or other purposes; and

17 (ii) the internal service fund type, which accounts for the financing of goods or services provided  
18 by one department or agency to other departments or agencies of state government or to other  
19 governmental entities on a cost-reimbursed basis;

20 (c) the fiduciary fund category, which includes trust and agency fund types used to account for  
21 assets held by state government in a trustee capacity or as an agent for individuals, private organizations,  
22 other governmental entities, or other funds. These include the:

23 (i) expendable trust fund type;

24 (ii) nonexpendable trust fund type;

25 (iii) pension trust fund type; and

26 (iv) agency fund type.

27 (d) the higher education funds, which include:

28 (i) the current fund, which accounts for money deposited in the state treasury that is used to pay  
29 current operating costs relating to instruction, research, public service, and allied support operations and  
30 programs conducted within the Montana university system. The financial activities of the current fund are

1 subdivided, for operational purposes, into the four following subfunds to serve the purpose indicated:

2 (A) The unrestricted subfund segregates that portion of the current fund's financial resources that  
3 can be expended for general operations and is free of externally imposed restrictions, except those imposed  
4 by the legislature.

5 (B) The restricted subfund segregates that portion of the current fund's financial resources that can  
6 be expended for general operations but only for purposes imposed by sources external to the board of  
7 regents and the legislature.

8 (C) The designated subfund segregates that portion of the current fund's financial resources that  
9 is associated with general operations but is separately classified in order to accumulate costs that are to  
10 be recharged as allocated to other funds or subfunds; identifies financial activities related to special  
11 organized activities of educational departments in which the activity is fully supported by supplemental  
12 assessments; and identifies special supply and facility fees that are approved for collections beyond normal  
13 course fees and their disposition.

14 (D) The auxiliary subfund segregates that portion of the current fund's financial resources that is  
15 devoted to providing essential on-campus services primarily to students, faculty, or staff wherein a fee,  
16 which is directly related to but does not necessarily equal the cost of the service provided, is charged to  
17 the consumer.

18 (ii) the student loan fund, which accounts for money deposited in the state treasury that may be  
19 loaned to students, faculty, or staff for purposes related to education, organized research, or public services  
20 by the Montana university system;

21 (iii) the endowment fund, which accounts for money deposited in the state treasury by the Montana  
22 university system wherein the principal portion of the amount received is nonexpendable but is available  
23 for investment, thus producing consumable income. Expendable earnings on endowment funds are to be  
24 transferred to appropriate operating funds pursuant to prevailing administrative requirements.

25 (iv) the annuity and life income fund, which accounts for money deposited in the state treasury by  
26 the Montana university system under an agreement whereby the money is made available on condition that  
27 the receiving unit of the Montana university system binds itself to pay stipulated amounts periodically to  
28 the donor or others designated by the donor over a specified period of time;

29 (v) the plant fund, which accounts for those financial resources allocated to or received by the  
30 Montana university system for capital outlay purposes or to retire long-term debts associated with

1 construction or acquisition of fixed assets and the net accumulative results of these activities; and  
2 (vi) the agency fund, which accounts for money deposited in the state treasury wherein the  
3 Montana university system acts in the capacity of a custodian or fiscal agent for individual students,  
4 faculty, staff, and qualified organizations.

5 (2) In addition to the funds provided for in subsection (1), there are in the state treasury the  
6 following account groups:

7 (a) the fixed assets account group, which is a self-balancing group of accounts set up to establish  
8 accounting control and accountability for the state's general fixed assets, except those accounted for in  
9 proprietary funds, trust funds, and the higher education funds designated in subsections (1)(d)(i)(D),  
10 (1)(d)(iii), and (1)(d)(v); and

11 (b) the long-term debt account group, which is a self-balancing group of accounts set up to  
12 establish accounting control and accountability for the state's unmatured general long-term liabilities, except  
13 those accounted for in proprietary funds, trust funds, and the higher education funds designated in  
14 subsections (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v)."

15

16 **Section 8.** Section 17-2-103, MCA, is amended to read:

17 **"17-2-103. Previous definitions of funds -- identification or segregation of ~~moneys~~ money and**  
18 **funds.** (1) It is the intent of the legislature that the definitions in 17-2-102 supersede all previous definitions  
19 of public funds ~~which~~ that are inconsistent with the definitions found in this part.

20 (2) Any laws enacted in the future or any contracts entered into in the future in pursuance of law  
21 that require the segregation of ~~moneys~~ money in the state treasury by means of a separate treasury fund  
22 ~~shall~~ must be interpreted as permitting the segregation of ~~such moneys~~ the money by means of a subfund  
23 or account within one of the funds created by 17-2-102.

24 (3) Each federal grant or other federal money within any subfund or account of one of the funds  
25 created by 17-2-102(1)(a) through (1)(c) must be identifiable as a separate accounting entity, reporting  
26 center, responsibility center, or revenue identification code, and an account must be made of each such  
27 grant or other money by income and expenditure for each federal grant year or fiscal year as may be  
28 applicable.

29 (4) Unless otherwise specifically provided in the statutes pertaining to the tax, the portion of taxes  
30 collected by the state that, pursuant to a statute, are to be allocated or distributed to units of local

1 government, school districts, authorities, or other local governmental entities ~~shall~~ must be accounted for  
 2 in a ~~fiduciary~~ state special revenue fund, established in 17-2-102, as prescribed by the department in  
 3 accordance with generally accepted accounting principles."  
 4

5 **Section 9.** Section 17-2-121, MCA, is amended to read:

6 "**17-2-121. Deposits by insurance commissioner.** ~~All~~ Except as provided in 33-2-708, all fees,  
 7 miscellaneous and examination charges, fines, penalties, and those amounts received pursuant to 33-2-311,  
 8 33-2-705, ~~or 33-2-706~~, or 50-3-109 collected by the insurance commissioner pursuant to Title 33 and the  
 9 rules adopted ~~thereunder~~ to implement Title 33 must be deposited in the general fund."  
 10

11 **Section 10.** Section 17-3-221, MCA, is amended to read:

12 "**17-3-221. State treasurer to be custodian of moneys** money received under Taylor Grazing Act.  
 13 The state treasurer ~~shall be~~ is the custodian of all ~~moneys~~ money that the treasurer of the United States  
 14 ~~may transfer~~ transfers to the state of Montana under the terms of section 10 of the Taylor Grazing Act  
 15 approved June 28, 1934, (Public No. 482), which provides that the secretary of the United States treasury  
 16 pay one-half of the ~~moneys~~ money received from each grazing district each year to the state where  
 17 collected, to be expended as the legislature may prescribe. The money must be deposited in the federal  
 18 special revenue fund."  
 19

20 **Section 11.** Section 17-3-222, MCA, is amended to read:

21 "**17-3-222. Apportionment of moneys to counties.** (1) It ~~shall be~~ is the duty of the state treasurer  
 22 to properly apportion and allocate ~~these moneys~~ the money received pursuant to 17-3-221 to the county  
 23 treasurers, who ~~will~~ shall allocate and pay ~~all such moneys~~ the money as follows:

24 (a) 50% to the county general fund; and

25 (b) 50% to the common school fund of the county.

26 (2) The payments from the state to the county treasurers provided for in subsection (1) are  
 27 statutorily appropriated as provided in 17-7-502."  
 28

29 **Section 12.** Section 17-6-201, MCA, is amended to read:

30 "**17-6-201. Unified investment program -- general provisions.** (1) The unified investment program

1 directed by Article VIII, section 13, of the Montana constitution to be provided for public funds must be  
2 administered by the board of investments in accordance with the prudent expert principle, which requires  
3 any investment manager to:

4 (a) discharge the duties with the care, skill, prudence, and diligence, under the circumstances then  
5 prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like  
6 matters exercises in the conduct of an enterprise of a like character with like aims;

7 (b) diversify the holdings of each fund within the unified investment program to minimize the risk  
8 of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do  
9 so; and

10 (c) discharge the duties solely in the interest of and for the benefit of the funds forming the unified  
11 investment program.

12 (2) (a) Retirement funds may be invested in common stocks of any corporation, except that an  
13 investment may not be made at any time that would cause the book value of the investments in any  
14 retirement fund to exceed 50% of the book value of the fund or would cause the stock of one corporation  
15 to exceed 2% of the book value of the retirement fund.

16 (b) Other public funds may not be invested in private corporate capital stock. "Private corporate  
17 capital stock" means only the common stock of a corporation.

18 (3) (a) This section does not prevent investment in any business activity in Montana, including  
19 activities that continue existing jobs or create new jobs in Montana.

20 (b) The board is urged under the prudent expert principle to invest up to 3% of retirement funds  
21 in venture capital companies. Whenever possible, preference should be given to investments in those  
22 venture capital companies that demonstrate an interest in making investments in Montana.

23 (c) In discharging its duties, the board shall consider the preservation of purchasing power of  
24 capital during periods of high monetary inflation.

25 (d) The board may not make a direct loan to an individual borrower. The purchase of a loan or a  
26 portion of a loan originated by a financial institution is not considered a direct loan.

27 (4) The board has the primary authority to invest state funds. Another agency may not invest state  
28 funds unless otherwise provided by law. The board shall direct the investment of state funds in accordance  
29 with the laws and constitution of this state. The board has the power to veto any investments made under  
30 its general supervision.

1 (5) The board shall:

2 (a) assist agencies with public money to determine if, when, and how much surplus cash is  
3 available for investment;

4 (b) determine the amount of surplus treasury cash to be invested;

5 (c) determine the type of investment to be made;

6 (d) prepare the claim to pay for the investment; and

7 (e) keep an account of the total of each investment fund and of all the investments belonging to  
8 the fund and a record of the participation of each treasury fund account in each investment fund.

9 (6) The board may:

10 (a) execute deeds of conveyance transferring all real property obtained through foreclosure of any  
11 investments purchased under the provisions of 17-6-211 when full payment has been received for the  
12 property;

13 (b) direct the withdrawal of any funds deposited by or for the state treasurer pursuant to 17-6-101  
14 and 17-6-105;

15 (c) direct the sale of any securities in the program at their full and true value when found necessary  
16 to raise money for payments due from the treasury funds for which the securities have been purchased;

17 (d) expend funds needed to cover costs of necessary repairs to property owned by the board as  
18 an investment. The expenditures may be made directly by the board ~~and are statutorily appropriated, as~~  
19 ~~provided in 17-7-502.~~ Repairs that cost in excess of \$2,500 must be bid, and the bid must be awarded in  
20 compliance with existing state law and regulations. Emergency repairs may be made by the board without  
21 bid if approved by the state architect.

22 (7) The cost of administering and accounting for each investment fund must be deducted from the  
23 income from each fund.

24 (8) At the beginning of each fiscal year, the board shall, from the appropriate fund, reimburse the  
25 department of commerce for the costs of administering programs established under Title 90, chapter 3, that  
26 are not covered by payback funds available from the account established in 90-3-305."

27

28 **SECTION 13. SECTION 17-7-304, MCA, IS AMENDED TO READ:**

29 **"17-7-304. (Temporary) Disposal of unexpended appropriations.** (1) All money appropriated for any  
30 specific purpose except that appropriated for the university system units listed in subsection (2) and except

1 as provided in subsection (4) must, after the expiration of the time for which appropriated, revert to the  
2 several funds and accounts from which originally appropriated. However, any unexpended balance in any  
3 specific appropriation may be used for the years for which the appropriation was made.

4 (2) Except as provided in 17-2-108 and subsection (3) of this section, all money appropriated for  
5 the university of Montana campuses at Missoula, Butte, Dillon, and Helena and the Montana state university  
6 campuses at Bozeman, Billings, Havre, and Great Falls, the agricultural experiment station with central  
7 offices at Bozeman, the forest and conservation experiment station with central offices at Missoula, the  
8 cooperative extension service with central offices at Bozeman, and the bureau of mines and geology with  
9 central offices in Butte must, after the expiration of the time for which appropriated, revert to an account  
10 held by the board of regents. The board of regents is authorized to maintain a fund balance. There is a  
11 statutory appropriation, as provided in 17-7-502, to use the funds held in this account in accordance with  
12 a long-term plan for major and deferred maintenance expenditures and equipment or fixed assets purchases  
13 prepared by the affected university system units and approved by the board of regents. The affected  
14 university system units may, with the approval of the board of regents, modify the long-term plan at any  
15 time to address changing needs and priorities. The board of regents shall communicate the plan to each  
16 legislature, to the finance committee when requested by the committee, and to the office of budget and  
17 program planning.

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

21 (4) For the 2 years following the end of a fiscal year, 30% of the money appropriated to an agency  
22 for that year by the general appropriations act for personal services, operating expenses, and equipment,  
23 by fund type, and remaining unexpended and unencumbered at the end of the year may be spent for any  
24 purpose that is consistent with the goals and objectives of the agency. The dollar amount of the 30%  
25 amount that may be carried forward and spent must be determined by the office of budget and program  
26 planning. (Terminates July 1, 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

27 **17-7-304. (Effective July 1, 1997) Disposal of unexpended appropriations.** (1) All money  
28 appropriated for any specific purpose except that appropriated for the university system units listed in  
29 subsection (2) must, after the expiration of the time for which appropriated, revert to the several funds and  
30 accounts from which originally appropriated. However, any unexpended balance in any specific



1 appropriation may be used for the years for which the appropriation was made.

2 (2) Except as provided in 17-2-108 and subsection (3) of this section, all money appropriated for  
 3 the university of Montana campuses at Missoula, Butte, Dillon, and Helena and the Montana state university  
 4 campuses at Bozeman, Billings, Havre, and Great Falls, the agricultural experiment station with central  
 5 offices at Bozeman, the forest and conservation experiment station with central offices at Missoula, the  
 6 cooperative extension service with central offices at Bozeman, and the bureau of mines and geology with  
 7 central offices in Butte must, after the expiration of the time for which appropriated, revert to an account  
 8 held by the board of regents. The board of regents is authorized to maintain a fund balance. There is a  
 9 statutory appropriation, as provided in 17-7-502, to use the funds held in this account in accordance with  
 10 a long-term plan for major and deferred maintenance expenditures and equipment or fixed assets purchases  
 11 prepared by the affected university system units and approved by the board of regents. The affected  
 12 university system units may, with the approval of the board of regents, modify the long-term plan at any  
 13 time to address changing needs and priorities. The board of regents shall communicate the plan to each  
 14 legislature, to the finance committee when requested by the committee, and to the office of budget and  
 15 program planning.

16 (3) Subsection (2) does not apply to reversions that are the result of a reduction in spending  
 17 directed by the governor pursuant to 17-7-140. Any amount that is a result of a reduction in spending  
 18 directed by the governor must revert to the fund or account from which it was originally appropriated."  
 19

20 **Section 14.** Section 17-7-402, MCA, is amended to read:

21 "**17-7-402. Budget amendment requirements.** (1) Except as provided in subsection (6), a budget  
 22 amendment may not be approved:

23 (a) by the approving authority, except a budget amendment to spend:

24 (i) additional federal revenue;

25 (ii) additional tuition collected by the Montana university system;

26 (iii) additional revenue deposited in the internal service funds within the department or the office  
 27 of the commissioner of higher education as a result of increased service demands by state agencies;

28 (iv) Montana historical society enterprise revenue resulting from sales to the public;

29 (v) additional revenue that is deposited in funds other than the general fund and that is from the  
 30 sale of fuel for those agencies participating in the Montana public vehicle fueling program established by

1 Executive Order 22-91; or

2 (vi) revenue resulting from the sale of goods produced or manufactured by the industries program  
3 of an institution within the department of corrections;

4 (b) by the approving authority if the budget amendment contains any significant ascertainable  
5 commitment for any present or future increased general fund support;

6 (c) by the approving authority for the expenditure of money in the state special revenue fund unless  
7 an emergency justifies the expenditure or the expenditure is exempt under subsection (4);

8 (d) by the approving authority unless it will provide additional services;

9 (e) by the approving authority for any matter of which the requesting agency had knowledge at  
10 a time when the proposal could have been presented to an appropriation subcommittee, the house  
11 appropriations committee, or the senate finance and claims committee of the most recent legislative session  
12 open to that matter, except when the legislative finance committee is given specific notice by the approving  
13 authority that significant identifiable events, specific to Montana and pursuant to provisions or requirements  
14 of Montana state law, have occurred since the matter was raised with or presented for consideration by  
15 the legislature; or

16 (f) to extend beyond June 30 of the last year of any biennium.

17 (2) All budget amendments must itemize planned expenditures by fiscal year.

18 (3) Each budget amendment must be submitted by the approving authority to the budget director  
19 and the legislative fiscal analyst. The proposed expenditure of money from nonstate or nonfederal sources  
20 that is restricted by law must be submitted to the legislative fiscal analyst.

21 (4) Money from nonstate or nonfederal sources that would be deposited in the state special  
22 revenue fund and that is restricted by law or by the terms of a written agreement, such as a contract, trust  
23 agreement, or donation, is exempt from the requirements of this part.

24 (5) An appropriation that would usually be the subject of a budget amendment that is submitted  
25 to the legislature for approval during a legislative session may not include authority to spend money beyond  
26 the first fiscal year of the next biennium.

27 (6) A budget amendment to spend state funds, other than from the general fund, required for  
28 matching funds in order to receive a grant is exempt from the provisions of subsection (1)."

29

30 **Section 15.** Section 17-7-502, MCA, is amended to read:

1           **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory  
 2 appropriation is an appropriation made by permanent law that authorizes spending by a state agency  
 3 without the need for a biennial legislative appropriation or budget amendment.

4           (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply  
 5 with both of the following provisions:

6           (a) The law containing the statutory authority must be listed in subsection (3).

7           (b) The law or portion of the law making a statutory appropriation must specifically state that a  
 8 statutory appropriation is made as provided in this section.

9           (3) The following laws are the only laws containing statutory appropriations: ~~2-9-202~~; 2-17-105;  
 10 ~~2-18-812~~; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706;  
 11 15-30-195; 15-31-702; 15-36-324; 15-36-325; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404;  
 12 16-1-410; 16-1-411; 16-11-308; 17-3-106; 17-3-212; 17-3-222; 17-5-404; 17-5-424; 17-5-804;  
 13 17-6-101; ~~17-6-201~~; 17-7-304; 18-11-112; ~~19-2-502~~; ~~19-5-404~~; 19-6-709; ~~19-8-504~~; 19-9-702;  
 14 19-9-1007; 19-13-604; 19-13-1006; 19-17-301; 19-18-512; 19-18-513; 19-18-606; 19-19-205;  
 15 19-19-305; 19-19-506; 20-8-107; 20-8-111; 20-9-361; 20-26-1503; 23-5-136; 23-5-306; 23-5-409;  
 16 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 32-1-537; 37-43-204; 37-51-501; 39-71-503;  
 17 39-71-907; 39-71-2321; 39-71-2504; 44-12-206; 44-13-102; 50-4-623; 50-5-232; 50-40-206; 53-6-150;  
 18 53-6-703; 53-24-206; 60-2-220; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-12-123;  
 19 80-2-103; 80-2-222; 80-4-416; 81-5-111; 82-11-136; 82-11-161; 85-1-220; 85-20-402; 90-3-301;  
 20 90-4-215; 90-6-331; 90-7-220; 90-7-221; and 90-9-306.

21           (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
 22 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
 23 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of  
 24 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as  
 25 determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the  
 26 bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to  
 27 sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for  
 28 supplemental benefit; and pursuant to sec. 7(2), Ch. 29, L. 1995, the inclusion of 15-30-195 terminates  
 29 July 1, 2001.)"

30

1           **Section 16.** Section 17-8-101, MCA, is amended to read:

2           "17-8-101. **Appropriation and disbursement of money from treasury.** (1) ~~Except as provided in~~  
3 ~~subsection (5)~~ For purposes of complying with Article VIII, section 14, of the Montana constitution, money  
4 deposited in the general fund, the special revenue fund type (except money deposited in the treasury from  
5 nonstate and nonfederal sources restricted by law or by the terms of an agreement, such as a contract,  
6 trust agreement, or donation), ~~the enterprise fund type, the debt service fund type,~~ and the capital projects  
7 fund type, with the exception of refunds authorized in subsection ~~(3)~~ (4), must be paid out of the treasury  
8 only on appropriation made by law.

9           (2) Money deposited in the ~~enterprise fund type,~~ ENTERPRISE FUND TYPE, DEBT SERVICE FUND  
10 TYPE, internal service fund type, ~~debt service fund type,~~ expendable trust fund type, ~~nonexpendable trust~~  
11 ~~fund type, pension trust fund type,~~ agency fund type, and state special revenue fund from nonstate and  
12 nonfederal sources restricted by law or by the terms of an agreement, such as a contract, trust agreement,  
13 or donation, ~~and agency fund type~~ may be paid out of the treasury:

14           (a) by appropriation; or

15           (b) under general laws, or contracts entered into in pursuance of law, permitting the disbursement.

16           (3) The pension trust fund type is not considered a part of the state treasury for appropriation  
17 purposes. Money deposited in the pension trust fund type may be paid out of the treasury pursuant to  
18 general laws, trust agreement, or contract.

19           ~~(3)(4)~~ Subject to the provisions of subsection (8), money Money paid into the state treasury  
20 through error or under circumstances, such that the state is not legally entitled to retain it and a refund  
21 procedure is not otherwise provided by law, may be refunded upon the submission of a verified claim  
22 approved by the department of administration.

23           ~~(4)(5)~~ Authority to expend appropriated money may be transferred from one state agency to  
24 another, provided that the original purpose of the appropriation is maintained. The office of budget and  
25 program planning shall report semiannually to the legislative finance committee concerning all appropriations  
26 transferred under the provisions of this section.

27           ~~(5)(6)~~ Fees and charges for services deposited in the internal service fund type must be based upon  
28 commensurate costs. The legislative auditor, during regularly scheduled audits of state agencies, shall audit  
29 and report on the reasonableness of internal service fund type fees and charges and on the fund equity  
30 balances.

1           ~~(6)~~(7) The office of budget and program planning shall include in the budget submitted to the  
2 legislature a report on:

3           (a) enterprise funds, including retained earnings and contributed capital, projected operations and  
4 charges, and projected fund balances; and

5           (b) internal service fund type fees and charges, including changes in the level of fees and charges,  
6 projected use of the fees and charges, and projected fund balances. Internal service fund type fees and  
7 charges must be approved by the legislature in the general appropriations act. Fees and charges in any  
8 biennium may not exceed the level approved by the legislature in the general appropriations act effective  
9 for that biennium.

10           ~~(7)~~(8) ~~Any~~ The creation of accounts in the enterprise fund or the internal service fund ~~created after~~  
11 ~~July 1, 1995,~~ must be approved by the department, using conformity with generally accepted accounting  
12 principles as the primary approval criteria. The department shall report annually to the office of budget and  
13 program planning and the legislative finance committee on the nature, status, and justification for all new  
14 accounts in the enterprise fund and the internal service fund.

15           ~~(8)~~(9) ~~Enterprise and internal service~~ AND INTERNAL SERVICE funds must be appropriated if they  
16 are ~~used as a part of a program that is not an enterprise or internal service function and otherwise requires~~  
17 ~~an appropriation paid out of the state treasury~~ USED AS A PART OF A PROGRAM THAT IS NOT AN  
18 ENTERPRISE OR INTERNAL SERVICE FUNCTION AND THAT OTHERWISE REQUIRES AN APPROPRIATION.  
19 The payment of funds into an internal service fund must be authorized by law."

20

21           **Section 17.** Section 19-2-404, MCA, is amended to read:

22           "**19-2-404. Appointment and compensation of administrative staff.** The ~~department~~ board shall  
23 ~~appoint hire~~ and fix the compensation of an administrator and other necessary employees to assist the  
24 board in administering the retirement systems. The compensation of the administrator and employees must  
25 be established in accordance with Title 2, chapter 18."

26

27           **Section 18.** Section 19-2-408, MCA, is amended to read:

28           "**19-2-408. Administrative expenses.** (1) The legislature finds that proper administration of the  
29 pension trust funds benefits both employers and members and continues to benefit members after  
30 retirement.

1 (2) The administrative expenses of the retirement systems administered by the board must be paid  
2 from the investment earnings on the pension trust fund of the public employees' retirement system, except  
3 as provided in subsection (3). Before the fiscal yearend closing, the board shall compute the administrative  
4 expenses attributable to each retirement system administered by the board for the immediately preceding  
5 fiscal year and transfer that amount from each retirement system's pension trust fund to the pension trust  
6 fund of the public employees' retirement system. The total administrative expenses of the board, including  
7 the administration of the volunteer firefighters' pension plan, may not exceed 1.5% of the total retirement  
8 benefits paid.

9 (3) On January 1 of each year, each employer under the public employees' retirement system shall  
10 contribute on behalf of each member then in its service a membership fee of \$1 in addition to other required  
11 contributions. ~~The appropriation of these fees, together with other money appropriated for that purpose,~~  
12 ~~must be used for the purpose of defraying the administrative expense of chapters 2, 3, 5 through 9, and~~  
13 ~~13, and this chapter.~~

14 (4) ~~Any request for an increase in spending authority for administrative expenses requires a budget~~  
15 ~~amendment and is subject to Title 17, chapter 7, part 4.~~

16 (5) ~~The board may assess and the division may collect a fee from the department of fish, wildlife,~~  
17 ~~and parks for the purpose of defraying the expenses of administering chapter 8 of this title."~~

18  
19 **Section 19.** Section 19-2-502, MCA, is amended to read:

20 **"19-2-502. ~~Statutory appropriation of payments~~ Payments from pension trust funds. (1) Assets**  
21 **The board shall administer the assets of the pension trust funds are statutorily appropriated, as provided**  
22 **in 17-7-502, to the division for payment of benefits and refunds to eligible recipients and for paying the**  
23 **necessary administrative and investment expenses of the retirement systems as provided in Article VIII,**  
24 **section 15, of the Montana constitution, subject to the specific provisions of chapters 2, 3, 5 through 9,**  
25 **and 13 of this title.**

26 **(2) Benefits and refunds to eligible recipients are payable pursuant to a contract as contained in**  
27 **statute. The contract is entered into on the first day of a member's covered employment and may be**  
28 **enhanced by the legislature. Unless specifically provided for by statute, the contract does not contain**  
29 **revisions to statutes after the time of retirement or termination.**

1           **Section 20.** Section 19-5-404, MCA, is amended to read:

2           **"19-5-404. Contributions by state.** (1) The state of Montana shall contribute monthly to the  
3 pension trust fund a sum equal to 6% of the compensation of each member. In addition, the clerk of each  
4 district court shall transmit 68% of certain filing fees as required under 25-1-201(2) and that portion of the  
5 fee for filing a petition for dissolution of marriage and a motion for substitution of a judge specified in  
6 25-1-201(4) and (6) to the state, which shall first deposit in the pension trust fund an amount equal to  
7 34.71% of the total compensation paid to district judges and supreme court justices who are covered by  
8 the judges' retirement system and then deposit the balance in the state general fund. The clerk of the  
9 supreme court shall pay one-fourth of the fees collected under 3-2-403 to the division to be credited to the  
10 pension trust fund.

11           (2) The state of Montana shall contribute monthly from the renewable resource grant and loan  
12 program account in the state special revenue fund to the judges' pension trust fund an amount equal to  
13 34.71% of the compensation paid to the chief water court judge. ~~The state contributions in this section~~  
14 ~~are statutorily appropriated as provided in 17-7-502. THE JUDICIARY SHALL INCLUDE IN ITS BUDGET AND~~  
15 ~~SHALL REQUEST FOR LEGISLATIVE APPROPRIATION AN AMOUNT NECESSARY TO DEFRAY THE~~  
16 ~~STATE'S PORTION OF THE COSTS OF THIS SECTION."~~

17

18           **Section 21.** Section 19-6-709, MCA, is amended to read:

19           **"19-6-709. (Temporary) Supplemental benefits for certain retirees.** (1) In addition to any retirement  
20 benefit payable under this chapter, a retired member or a survivor determined by the board to be eligible  
21 under subsection (2) must receive an annual lump-sum benefit payment beginning in September 1991 and  
22 each succeeding year as long as the member remains eligible.

23           (2) To be eligible for the benefits under this section, a person must be receiving a monthly benefit  
24 before July 1, 1991, and must be:

25           (a) a retired member who is 55 years of age or older and who has been receiving a service  
26 retirement benefit for at least 5 years prior to the date of distribution;

27           (b) a survivor of a member who would have been eligible under subsection (2)(a); or

28           (c) a recipient of a disability or survivorship benefit under 19-6-601 or 19-6-901.

29           (3) A retired member otherwise qualified under this section who is employed in a position covered  
30 by a retirement system under Title 19 is ineligible to receive any lump-sum benefit payments provided for

1 in this section until the member's service in the covered position is terminated. Upon termination of the  
2 member's covered service, the retired member becomes eligible in the next fiscal year succeeding the  
3 member's termination.

4 (4) (a) ~~Twenty five~~ An amount equal to 25 cents of each motor vehicle registration fee provided  
5 for in 61-3-321(5) must be ~~deposited in~~ paid from the general fund to the pension trust fund at the end of  
6 each fiscal year. The ~~fee~~ payment is statutorily appropriated, as provided in 17-7-502, to the pension fund  
7 for payment of benefits to eligible recipients. The total funds must be distributed by the division in  
8 lump-sum payments to eligible recipients along with their normal retirement benefit payment.

9 (b) The lump-sum payment must be distributed proportionally to all eligible recipients based on  
10 service credit at the time of retirement, subject to the following:

11 (i) a recipient under subsection (2)(c) is considered to have 20 years of service for the purposes  
12 of the distributions;

13 (ii) any recipient of a service retirement benefit exceeding the maximum monthly benefit under  
14 19-6-707(2)(a) must have the recipient's service credit reduced 25% for the purposes of the distributions;

15 (iii) the maximum annual increase in the amount of supplemental benefits paid to each individual  
16 under this section after August 31, 1993, is the percentage increase for the previous calendar year in the  
17 annual average consumer price index for urban wage earners and workers, compiled by the bureau of labor  
18 statistics of the United States department of labor or its successor agency.

19 (c) Any amount deposited in the pension trust fund under subsection (4)(a) for the payment of  
20 supplemental benefits under this section that exceeds the limitation of subsection (4)(b)(iii) must be used  
21 to amortize unfunded liabilities of the retirement system.

22 (5) Every 10 years following July 1, 1991, the division shall review the size of the additional fee  
23 collected under 61-3-321(5) and ~~deposited in the account~~ paid to the pension trust fund in accordance with  
24 subsection (4)(a) and recommend to each legislature following the division's review any legislation  
25 necessary to reduce the fee to the minimum amount necessary to provide the supplemental benefits  
26 provided by this section."

27

28 **Section 22.** Section 19-8-504, MCA, is amended to read:

29 **"19-8-504. State's contribution.** Each month, the state treasurer shall pay to the pension trust  
30 fund out of the department of fish, wildlife, and parks funds, a sum equal to 8.15% of all members'



1 salaries. ~~The payment is statutorily appropriated as provided in 17-7-502.~~ THE DEPARTMENT OF FISH,  
 2 WILDLIFE, AND PARKS SHALL INCLUDE IN ITS BUDGET AND SHALL REQUEST FOR LEGISLATIVE  
 3 APPROPRIATION AN AMOUNT NECESSARY TO DEFRAY THE STATE'S PORTION OF THE COSTS OF THIS  
 4 SECTION."

5  
 6 **Section 23.** Section 19-9-702, MCA, is amended to read:

7 **"19-9-702. State contribution.** The state of Montana shall make its contributions ~~through the state~~  
 8 ~~auditor out of~~ from the general fund ~~the premium tax on motor vehicle property and casualty insurance~~  
 9 ~~policies.~~ The payments general fund contributions must be made annually after the end of each fiscal year  
 10 but no later than November 1 ~~from the gross premium tax after deduction for cancellations and returned~~  
 11 ~~premiums.~~ The division shall notify the state auditor by September 1 of each fiscal year of the annual  
 12 compensation paid to all active members during the preceding fiscal year. The state's contribution is  
 13 15.66% of compensation paid to members. The contributions are statutorily appropriated as provided in  
 14 17-7-502."

15  
 16 **Section 24.** Section 19-9-1007, MCA, is amended to read:

17 **"19-9-1007. Supplement to certain benefits.** (1) The benefits paid in each fiscal year to a retired  
 18 member or the member's survivors may not be less than one-half of the compensation that will be paid in  
 19 the current fiscal year in the appropriate city or town to newly confirmed police officers.

20 (2) On or before October 1 of each year, the division shall make a report including the following  
 21 information:

22 (a) the names of all retired members who are receiving benefits from the retirement system as of  
 23 the date of the report;

24 (b) the names of all surviving spouses or dependent children who are receiving benefits from the  
 25 retirement system because of the death of an active or retired member of this or a prior plan;

26 (c) for the purpose of determining the base retirement, disability, or survivorship benefits for the  
 27 computations set forth in subsection (3), the following information relating to the base fiscal year  
 28 commencing July 1, 1976:

29 (i) the amount of the benefits paid in the base fiscal year to each retired member described in  
 30 subsection (2)(a);

1 (ii) the amount of the benefits paid in the base fiscal year to each surviving spouse or dependent  
2 child described in subsection (2)(b);

3 (iii) upon the death after the base fiscal year of any retired member who was receiving benefits, the  
4 amount of benefits that would have been paid to an eligible surviving spouse of the retired member if the  
5 surviving spouse had been receiving benefits in the base fiscal year;

6 (d) the original amount of retirement, disability, or survivorship benefits paid to retired members  
7 or their eligible survivors as of the original retirement dates after July 1, 1975;

8 (e) the compensation that will be paid during the current fiscal year to a newly confirmed police  
9 officer of each city or town participating in the retirement system.

10 (3) The division shall compute the difference between each amount reported under subsections  
11 (2)(c) through (2)(e) and one-half the compensation to be paid during the current fiscal year to a newly  
12 confirmed police officer of the appropriate city or town. The difference must be reported to the state  
13 auditor, who shall pay the difference from the general fund to the pension trust fund ~~out of the premium~~  
14 ~~tax collected on insurance sold in this state to insure against the risks enumerated in 19-18-512(3)~~ no later  
15 than November 1. If the compensation of a newly confirmed police officer has not been set for the current  
16 fiscal year in time to be included in the October 1 report to the state auditor, the division shall make any  
17 retroactive adjustments necessary to individual supplemental benefits after the current compensation has  
18 been determined and shall include these amounts in the next year's report for reimbursement at that time.

19 (4) The ~~premium tax~~ amount paid by the state auditor is statutorily appropriated, as provided in  
20 17-7-502, for the payment of supplemental retirement benefits to eligible retired members and their  
21 survivors. This ~~payment~~ amount is in addition to the payment to be made by the state auditor under  
22 19-9-702.

23 (5) If more than one dependent child is entitled to supplementary benefits under this section by  
24 virtue of the death of a common parent, the minimum benefit paid to the dependent children under this  
25 section must be determined as if there were one dependent child and the supplementary benefits must be  
26 paid to the dependent children collectively."

27  
28 **Section 25.** Section 19-13-604, MCA, is amended to read:

29 "**19-13-604. State contribution.** The state shall make its contributions ~~through the state auditor~~  
30 ~~from the premium taxes on the insurance risks enumerated in 19-18-512~~ general fund. ~~These payments~~

1 Payments must be made annually from the general fund to the pension trust fund after the end of each  
 2 fiscal year but no later than November 1 ~~from the gross premium taxes after deduction for cancellations~~  
 3 ~~and returned premiums~~. The division shall notify the state auditor of the annual compensation, excluding  
 4 overtime, holiday payments, shift differential payments, compensatory time payments, and payments in  
 5 lieu of sick leave, paid to all active members during the preceding year. The state's contribution is 24.21 %  
 6 of this total compensation. ~~As soon as practicable after receipt of the state contribution, the division shall~~  
 7 ~~deposit it in the pension trust fund.~~ The contributions are statutorily appropriated as provided in 17-7-502."

8

9 **Section 26.** Section 19-13-1006, MCA, is amended to read:

10 **"19-13-1006. Supplement to retirement benefits for persons retiring before July 1, 1973.** (1) The  
 11 retirement system shall pay to each member retired before July 1, 1973, or the member's surviving spouse  
 12 or dependent children a monthly retirement benefit of not less than one-half the regular monthly  
 13 compensation paid to a confirmed active firefighter of the city that last employed the member as a  
 14 firefighter, as provided each year in the budget of that city. If the city that last employed the member as  
 15 a firefighter no longer employs a full-paid firefighter, the member's or survivor's benefit may not be less  
 16 than one-half the average regular monthly compensation paid to all newly confirmed full-paid firefighters,  
 17 as provided each year in the budgets of those cities that participate in the retirement system and employ  
 18 a full-paid firefighter. In the case of volunteer firefighters, the retirement benefit may not exceed \$75 per  
 19 month. Distribution of the money provided for this purpose under ~~19-18-606(1)~~ subsection (2) must be  
 20 made according to subsection ~~(2)~~ (3).

21 (2) The state auditor shall deposit the proceeds of the tax collected pursuant to 50-3-109(1)(b) in  
 22 the general fund. The state auditor shall pay an amount equal to the proceeds of the tax from the general  
 23 fund to the pension trust fund to be used to pay claims as provided in subsection (3). The payment is  
 24 statutorily appropriated as provided in 17-7-502. If the amount paid is in excess of the amount necessary  
 25 for the payment of claims as provided in subsection (3), the excess must be used to pay the supplementary  
 26 benefits provided for in 19-13-1009.

27 ~~(2)(3)~~ (a) At the beginning of each fiscal year, the division shall request and, except as provided  
 28 in subsection ~~(2)(b)~~ (3)(b), the state auditor shall ~~issue~~ pay from the state ~~special revenue~~ general fund and  
 29 ~~deliver~~ to the ~~division~~ pension trust fund an amount certified to be equal to the total annual dollar difference  
 30 between the total retirement benefits paid to all retirees or their surviving spouses or dependent children

1 in the previous fiscal year and the total benefits payable on June 30, 1973. ~~The division shall deposit this~~  
 2 ~~money into the pension trust fund.~~

3 (b) If the amount of insufficient ~~money is contained in the state special revenue fund to pay the~~  
 4 ~~amount requested~~ paid in subsection ~~(2)(a)~~ (3)(a) ~~is insufficient~~, the ~~auditor shall pay to the division the~~  
 5 ~~balance contained in the state special revenue fund.~~ The division shall continue to request the payment of  
 6 any portion of the amount requested under subsection ~~(2)(a)~~ (3)(a) ~~that was~~ not paid in previous fiscal years  
 7 plus sufficient interest to reimburse the pension trust fund, ~~which~~ The amounts must be paid to the ~~division~~  
 8 pension trust fund prior to determining whether sufficient ~~each remains in the special revenue fund~~ taxes  
 9 have been collected to make any amount available for payments ~~into the account established in 19-13-616~~  
 10 of supplementary benefits provided for in 19-13-1009. The state auditor shall pay the ~~requests~~ amounts  
 11 as premium tax money in the state ~~special revenue~~ general fund becomes available."  
 12

13 **Section 27.** Section 19-13-1009, MCA, is amended to read:

14 **"19-13-1009. Supplement to retirement benefits for persons hired on or after July 1, 1981.** (1)  
 15 The division shall pay a supplemental benefit ~~from the account provided for in 19-13-616~~ to each member  
 16 hired on or after July 1, 1981, who has earned 20 years of membership service as an active firefighter or  
 17 to the member's surviving spouse or dependent children. Except as provided in subsection (2), the  
 18 supplemental benefit, when added to the service retirement benefit, must equal one-half the regular monthly  
 19 compensation paid to a newly confirmed full-paid active firefighter of the city that last employed the  
 20 member as a firefighter as provided each year in the budget of that city. If after a member retires, the city  
 21 that last employed the member no longer employs a full-paid firefighter, the member's supplemental benefit  
 22 must be calculated on the basis of the average monthly compensation paid to all newly confirmed full-paid  
 23 firefighters, as provided each year in the budgets of those cities that participate in the retirement system  
 24 and employ a full-paid firefighter.

25 (2) If the amount available ~~to the account~~ is insufficient to fully fund the supplemental benefit  
 26 provided for in subsection (1), the supplemental benefit for each eligible member or survivor must be  
 27 reduced by an equal percentage so that the amount ~~contained in the account~~ available for this purpose is  
 28 not exceeded."  
 29

30 **Section 28.** Section 19-17-301, MCA, is amended to read:

1           **"19-17-301. Fire insurance premium tax to be paid into pension trust fund.** The state auditor and  
 2 ~~ex officio commissioner of insurance~~ shall annually ~~deposit in~~ pay from the general fund to the pension trust  
 3 fund a sum equivalent to 5% of the premium taxes collected from insurers authorized to effect insurance  
 4 against risks enumerated in ~~19-18-512~~ 50-3-109. The sum must be computed before the amounts provided  
 5 for by 19-13-604, 19-13-1006, and 19-18-512 are deducted. The money must be used for the payment  
 6 of claims, benefits, and administrative costs as provided in this chapter. The money is statutorily  
 7 appropriated as provided in 17-7-502."

8

9           **Section 29.** Section 19-18-512, MCA, is amended to read:

10           **"19-18-512. State auditor to pay -- payment to association out of insurance premium taxes.** (1)  
 11 After the end of the fiscal year, the state auditor shall issue and deliver the warrant described in this  
 12 subsection to the treasurer of ~~every~~ each city or town ~~which that~~ has a fire department relief association  
 13 entitled by law to receive payments. The warrant ~~shall~~ must be for the use and benefit of the association.  
 14 ~~It shall~~ The warrant must be for an amount equal to 1 1/2 mills of the total taxable value of the city or town  
 15 and ~~shall~~ must be paid out of the ~~premium taxes on insurance risks enumerated in subsection (3)~~ collected  
 16 by the state auditor general fund. The payment is statutorily appropriated as provided in 17-7-502.

17           (2) ~~If the~~ The payment provided for in subsection (1) is ~~less than \$100, an additional payment shall~~  
 18 ~~be made from the same tax moneys so that the total amount received is~~ must be for at least \$100.

19           ~~(3) The risks referred to in subsection (1) are:~~

20           ~~(a) insurance of houses, buildings, and all other kinds of property against loss or damage by fire~~  
 21 ~~or other casualty;~~

22           ~~(b) all kinds of insurance on goods, merchandise, or other property in the course of transportation,~~  
 23 ~~whether by land, water, or air;~~

24           ~~(c) insurance against loss or damage to motor vehicles resulting from accident, collision, or marine~~  
 25 ~~and inland navigation and transportation perils;~~

26           ~~(d) insurance of growing crops against loss or damage resulting from hail or the elements;~~

27           ~~(e) insurance against loss or damage by water to any goods or promises arising from the breakage~~  
 28 ~~or leakage of sprinklers, pumps, or other apparatus;~~

29           ~~(f) insurance against loss or legal liability for loss because of damage to property caused by the~~  
 30 ~~use of teams or vehicles, whether by accident or collision or by explosion of any engine, tank, boiler, pipe,~~

1 ~~or tire of any vehicle; and~~  
 2 ~~(g) insurance against theft of the whole or any part of any vehicle."~~

3

4 **Section 30.** Section 19-19-205, MCA, is amended to read:

5 **"19-19-205. Actuarial valuation of police retirement fund.** (1) The city treasurer shall submit to  
 6 the department of administration before October 1 of each odd-numbered year all information requested  
 7 by the department necessary to complete an actuarial valuation of the city's police retirement fund. The  
 8 valuation ~~shall~~ must consider the actuarial soundness of the police retirement fund for the 2 preceding fiscal  
 9 years.

10 (2) The valuation ~~is to~~ must be prepared by a qualified actuary selected by the department. A  
 11 qualified actuary is a member of the American academy of actuaries or of any organization considered by  
 12 the department to have similar standards.

13 (3) In each fiscal year in which an actuarial valuation is prepared, the department shall submit to  
 14 the state auditor a request for payment of the expense incurred in securing the actuarial valuation. The  
 15 expense may not exceed \$6,000 in any fiscal year. The state auditor shall make payment to the actuary  
 16 ~~designated in the request~~ from the general fund. The payment is statutorily appropriated as provided in  
 17 17-7-502."

18

19 **Section 31.** Section 19-19-305, MCA, is amended to read:

20 **"19-19-305. Annual state payments to municipality with police department.** (1) After the end of  
 21 each fiscal year, the state auditor shall issue and deliver to the treasurer of each city and town in Montana  
 22 ~~which that~~ has a police department and ~~which that~~ is not a participant in the municipal police officers'  
 23 retirement system ~~his a~~ warrant for an amount computed in the same manner as the amount paid (or that  
 24 would be paid if an existing relief association met the legal requirements for payment) to cities and towns  
 25 for fire department relief associations pursuant to 19-18-512. The payment from the general fund is  
 26 statutorily appropriated as provided in 17-7-502.

27 (2) ~~The payments provided for by 19-19-205 and subsection (1) of this section shall be paid from~~  
 28 ~~the premium tax collected on insurance sold in this state to insure against the risks enumerated in~~  
 29 ~~19-18-512. Such payments may only be made after deductions have been made from the gross premium~~  
 30 ~~tax for cancellations and returned premiums.~~

1           ~~(3)~~ Each city or town ~~which~~ that has a police retirement fund shall deposit the payment to the  
2 credit of its police retirement fund.

3           ~~(4)(3)~~ Payments provided for in 19-19-205 and subsection (1) of this section are in addition to  
4 those provided for in 19-19-301."

5

6           **Section 32.** Section 19-19-506, MCA, is amended to read:

7           **"19-19-506. Supplement to certain pensions.** (1) The payment for each fiscal year to the police  
8 officers, spouses, or minor children described in subsections (2)(a) through (2)(c) may ~~be~~ not be less than  
9 one-half of the salary paid in that fiscal year in the appropriate city or town to newly confirmed police  
10 officers.

11           (2) On or before April 1 of each year, the board of trustees shall make a report to the state auditor  
12 including the following information:

13           (a) the names of all police officers who are receiving payments from the police retirement fund of  
14 the city or town as of the date of the report and who were receiving ~~such~~ the payments prior to July 1,  
15 1975;

16           (b) the names of all spouses or minor children who are receiving payments from the police  
17 retirement fund because of the death of a police officer who was receiving ~~such~~ payments prior to July 1,  
18 1975;

19           (c) the names of all spouses or minor children who are receiving payments from the police  
20 retirement fund and who were receiving ~~such~~ payments prior to July 1, 1975, or in the case of minor  
21 children, whose parent, the spouse of a police officer, was receiving ~~such~~ payments prior to July 1, 1975;

22           (d) for the purpose of determining the base figure for the computations set forth in subsection (4),  
23 the following information relating to the base fiscal year commencing July 1, 1976:

24           (i) the amount of the payments made in the base fiscal year to each police officer described in  
25 subsection (2)(a);

26           (ii) the amount of the payments made in the base fiscal year to each spouse or minor child ~~or~~  
27 ~~children~~ described in subsection (2)(b) or (2)(c);

28           (iii) upon the death after April 18, 1977, of any police officer on the retired list who was receiving  
29 payments from the police retirement fund prior to July 1, 1975, and who is survived by a spouse or minor  
30 ~~children~~ child entitled to receive payments ~~therefrom~~ from the police retirement fund, the amount ~~which~~

1 that would have been paid to an eligible spouse of ~~such~~ the police officer ~~had~~ if that spouse had been  
2 receiving payments in the base fiscal year.

3 (3) Each fiscal year immediately after the adoption by a city or town having a police retirement fund  
4 of its budget for that fiscal year, ~~each~~ ~~such~~ the city or town shall report to the state auditor the salary for  
5 that fiscal year of a newly confirmed police officer of that city or town.

6 (4) The state auditor shall, upon receipt of the reports referred to in subsections (2) and (3),  
7 compute the difference between each amount reported under subsections (2)(d)(i) through (2)(d)(iii) and  
8 one-half the salary for the current fiscal year of a newly confirmed police officer of the appropriate city or  
9 town. The difference ~~shall~~ must be paid by the state auditor out of the ~~premium tax collected on insurance,~~  
10 ~~as provided in 19-19-305(2),~~ general fund to the treasurer of the appropriate city or town at the same time  
11 as and in addition to the payment to be made by the state auditor under 19-19-305(1). The payment is  
12 statutorily appropriated as provided in 17-7-502.

13 (5) The treasurer of each city or town receiving funds under subsection (4) shall immediately  
14 deposit them to the credit of the city or town's police retirement fund. The board of trustees of the fund  
15 shall use the funds to supplement the monthly payments to persons described in subsections (2)(a) through  
16 (2)(c) so that the requirements of subsection (1) are met.

17 (6) If more than one minor child is entitled to supplementary payments under this section by virtue  
18 of the death of a common parent police officer, the minimum payment to ~~such~~ the minor children under this  
19 section ~~shall~~ must be determined as if there were one ~~such~~ minor child and the supplementary payment  
20 ~~shall~~ must be made to the minor children collectively."

21

22 **Section 33.** Section 19-20-203, MCA, is amended to read:

23 **"19-20-203. Officers and employees of retirement board.** (1) It is the duty of the retirement board  
24 to:

- 25 (a) elect a presiding officer from its membership;
- 26 (b) appoint a secretary, who may be one of its members;
- 27 (c) employ technical or administrative employees who are necessary for the transaction of the  
28 business of the retirement system and establish their compensation pursuant to Title 2, chapter 18; and
- 29 (d) designate an actuary who meets the qualifications established by the retirement board to assist  
30 the retirement board with the technical actuarial aspects of the operation of the retirement system, which



1 includes establishing mortality and service tables and making an actuarial investigation at least once every  
 2 5 years into the mortality, service, and compensation experience of the members and beneficiaries of the  
 3 retirement system.

4 (2) A quorum of the board is three members."  
 5

6 **Section 34.** Section 19-20-501, MCA, is amended to read:

7 "**19-20-501. Financial administration of money.** The members of the retirement board are the  
 8 trustees of all money collected for the retirement system, and as trustees, they shall provide for the  
 9 financial administration of the money as provided in Article VIII, section 15, of the Montana constitution  
 10 in the following manner:

11 (1) The money must be invested and reinvested by the state board of investments.

12 (2) The retirement board annually shall establish the rate of regular interest.

13 (3) The retirement board annually shall divide among the several reserves of the retirement system  
 14 an amount equal to the average balance of the reserves during the preceding fiscal year multiplied by the  
 15 rate of regular interest. In accordance with the provisions of 19-20-605(5), the amount to be credited to  
 16 each reserve must be allocated from the interest and other earnings on the money of the retirement system  
 17 actually realized during the preceding fiscal year, less the amount allocated to ~~the expense fund under the~~  
 18 ~~provisions of 19-20-606~~ administrative expenses. The administrative expenses of the retirement system  
 19 may not exceed 1.5% of retirement benefits paid.

20 (4) The state treasurer is the custodian of the collected retirement system money and of the  
 21 securities in which the money is invested.

22 (5) ~~All~~ For purposes of Article VIII, section 12, of the Montana constitution, all the reserves  
 23 established by part 6 of this chapter must be accounts in the pension trust fund type of the treasury fund  
 24 structure of the state.

25 Benefits and refunds to eligible recipients are payable pursuant to a contract as contained in  
 26 statute. Unless specifically provided for by statute, the contract does not contain revisions to statutes after  
 27 the time of retirement or termination."  
 28

29 **Section 35.** Section 19-20-605, MCA, is amended to read:

30 "**19-20-605. Pension accumulation fund -- employer's contribution.** The pension accumulation fund

1 is the fund in which the reserves for payment of pensions and annuities must be accumulated and from  
 2 which pensions, annuities, and benefits must be paid to or on account of beneficiaries credited with prior  
 3 service. Contributions to and payments from the pension accumulation fund must be made as follows:

4 (1) Each employer shall pay into the pension accumulation fund an amount equal to 7.47% of the  
 5 earned compensation of each member employed during the whole or part of the preceding payroll period.

6 (2) If the employer is a district or community college district, the trustees shall budget and pay for  
 7 the employer's contribution under the provisions of 20-9-501.

8 (3) If the employer is the superintendent of public instruction, a public institution of the state of  
 9 Montana, a unit of the Montana university system, or the Montana state school for the deaf and blind, the  
 10 legislature shall appropriate to the employer an adequate amount to allow the payment of the employer's  
 11 contribution.

12 (4) If the employer is a county, the county commissioners shall budget and pay for the employer's  
 13 contribution in the manner provided by law for the adoption of a county budget and for payments under  
 14 the budget.

15 (5) All interest and other earnings realized on the money of the retirement system ~~shall~~ must be  
 16 credited to the pension accumulation fund, and the amount required to allow regular interest on the annuity  
 17 savings fund ~~shall~~ must be transferred to that fund from the pension accumulation fund.

18 (6) All pensions, annuities, and benefits must be paid from the pension accumulation fund.

19 (7) The retirement board may, ~~in its discretion,~~ transfer from the pension accumulation fund to the  
 20 expense fund an amount necessary to cover expenses of administration."

21

22 **Section 36.** Section 50-3-109, MCA, is amended to read:

23 "**50-3-109. Tax on fire insurance premiums for maintenance of state fire prevention and**  
 24 **investigation activities of department of justice.** (1) Each insurer authorized to effect insurance on risks  
 25 enumerated in ~~19-18-512~~ subsection (2) doing business in this state shall pay to the state auditor and  
 26 ~~commissioner of insurance ex-officio~~ during the month of February or March in each year, in addition to the  
 27 taxes on premiums required by law to be paid by it, ~~a tax of 1%~~ taxes on the fire portion of the direct  
 28 premiums on ~~such~~ the enumerated risks received during the calendar year next preceding after deducting  
 29 cancellations and return premiums. The taxes are:

30 (a) 1% to be deposited as provided in 17-2-121; and

1 (b) 1 1/2% to be used for purposes of 19-13-1006.

2 (2) The risks referred to in subsection (1) are:

3 (a) insurance of houses, buildings, and all other kinds of property against loss or damage by fire  
4 or other casualty;

5 (b) all kinds of insurance on goods, merchandise, or other property in the course of transportation,  
6 whether by land, water, or air;

7 (c) insurance against loss or damage to motor vehicles resulting from accident, collision, or marine  
8 and inland navigation and transportation perils;

9 (d) insurance of growing crops against loss or damage resulting from hail or the elements;

10 (e) insurance against loss or damage by water to any goods or premises arising from the breakage  
11 or leakage of sprinklers, pumps, or other apparatus;

12 (f) insurance against loss or legal liability for loss because of damage to property caused by the  
13 use of teams or vehicles, whether by accident or collision or by explosion of any engine, tank, boiler, pipe,  
14 or tire of any vehicle; and

15 (g) insurance against theft of the whole or any part of a vehicle."

16  
17 **Section 37.** Section 61-3-321, MCA, is amended to read:

18 **"61-3-321. Registration fees of vehicles -- public-owned vehicles exempt from license or**  
19 **registration fees -- disposition of fees.** (1) Registration or license fees must be paid upon registration or  
20 reregistration of motor vehicles, trailers, housetrailers, and semitrailers, in accordance with this chapter,  
21 as follows:

22 (a) motor vehicles weighing 2,850 pounds or under (other than motortrucks), \$5;

23 (b) motor vehicles weighing over 2,850 pounds (other than motortrucks), \$10;

24 (c) electrically driven passenger vehicles, \$10;

25 (d) all motorcycles and quadricycles, \$2;

26 (e) tractors or trucks, \$10;

27 (f) buses, which are classed as motortrucks, licensed accordingly;

28 (g) trailers and semitrailers less than 2,500 pounds declared weight and housetrailers of all weights,  
29 \$2;

30 (h) trailers and semitrailers over 2,500 up to 6,000 pounds declared weight (except housetrailers),

1 \$5;

2 (i) trailers and semitrailers over 6,000 pounds declared weight, \$10, except trailers and semitrailers  
3 registered in other jurisdictions and registered through a proportional registration agreement;

4 (j) trailers used exclusively in the transportation of logs in the forest or in the transportation of oil  
5 and gas well machinery, road machinery, or bridge materials, new and secondhand, \$15 annually,  
6 regardless of size or capacity.

7 (2) All rates are 25% higher for motor vehicles, trailers, and semitrailers that are not equipped with  
8 pneumatic tires.

9 (3) "Tractor", as specified in this section, means any motor vehicle, except a passenger car, that  
10 is used for towing a trailer or semitrailer.

11 (4) If any motor vehicle, housetrailer, trailer, or semitrailer is originally registered 6 months after  
12 the time of registration as set by law, the registration or license fee for the remainder of the year is one-half  
13 of the regular fee.

14 (5) An additional fee of \$5.25 a year for each registration of a vehicle, except trailers and  
15 semitrailers registered in other jurisdictions and registered through a proportional registration agreement,  
16 must be collected as a registration fee. Revenue from this fee must be forwarded by the respective county  
17 treasurers to the state treasurer for deposit in the general fund. The department shall ~~distribute~~ pay an  
18 amount equal to 25 cents from the each motor vehicle registration fee from the general fund to the pension  
19 trust fund for payment of supplemental benefits provided for in 19-6-709.

20 (6) A fee of \$2 for each set of new number plates must be collected when number plates provided  
21 for under 61-3-332(3) are issued. Revenue from this fee must be deposited as provided in subsection (5).

22 (7) The provisions of this part with respect to the payment of registration fees do not apply to and  
23 are not binding upon motor vehicles, trailers, semitrailers, or tractors owned or controlled by the United  
24 States of America or any state, county, city, or special district, as defined in 18-8-202.

25 (8) The provisions of this section relating to the payment of registration fees or new number plate  
26 fees do not apply when number plates are transferred to a replacement vehicle under 61-3-317, 61-3-332,  
27 or 61-3-335. (See compiler's comments for contingent termination of certain text.)"

28

29 **Section 38.** Section 76-13-114, MCA, is amended to read:

30 **"76-13-114. Disposition of fines.** Fines collected in a court of the state under this part or part 2,

1 except those collected in a justice's court, ~~shall~~ must be transferred to the state treasurer for deposit in the  
 2 agency state special revenue fund. Whenever a person is convicted in any court of a violation of this part  
 3 or part 2, the court may levy and collect as costs in the case the amount necessary to compensate the  
 4 county for the expenditures made in and for the prosecution of the offender. These costs when collected,  
 5 except those collected in a justice's court, ~~shall~~ must be deposited by the court with the proper county  
 6 treasurer for the benefit of the county."

7  
 8 NEW SECTION. SECTION 39. COORDINATION INSTRUCTIONS. (1) IF HOUSE BILL NO. 170 IS  
 9 PASSED AND APPROVED AND IF IT CONTAINS A NEW [SECTION 4] PROVIDING FOR STATE  
 10 CONTRIBUTIONS TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM ON BEHALF OF LOCAL  
 11 GOVERNMENTS, THEN:

12 (A) THE NEW [SECTION 4 OF HOUSE BILL NO. 170] SHALL READ:

13 "Section 4. State contributions for local government and school district employers. The state shall  
 14 contribute monthly from the general fund to the pension trust fund a sum equal to 0.1% of the  
 15 compensation of members employed by local government entities and school districts on and after [the  
 16 effective date of this act]. The division shall certify amounts due under this section on a monthly basis,  
 17 and the state treasurer shall transfer those amounts to the pension trust fund within 1 week. The payment  
 18 is statutorily appropriated as provided in 17-7-502."; AND

19 (B) [SECTION 14 OF THIS ACT], AMENDING 17-7-502, SHALL INCLUDE IN THE LIST OF  
 20 SECTIONS WITH A STATUTORY APPROPRIATION, [SECTION 4 OF HOUSE BILL NO. 170].

21 (2) IF EITHER HOUSE BILL NO. 173 OR HOUSE BILL NO. 430, IS PASSED AND APPROVED, OR  
 22 IF BOTH ARE PASSED AND APPROVED, AND IF EITHER OR BOTH REPEAL 19-13-1006, THEN:

23 (A) [SECTION 27 OF THIS ACT], AMENDING 19-17-301, SHALL READ:

24 "Section 27. Section 19-17-301, MCA, is amended to read:

25 "19-17-301. Fire insurance premium tax to be paid into pension trust fund. The state auditor ~~and~~  
 26 ~~ex-officio commissioner of insurance~~ shall annually deposit in pay from the general fund to the pension trust  
 27 fund a sum equivalent to 5% of the premium taxes collected from insurers authorized to effect insurance  
 28 against risks enumerated in ~~19-18-512~~ 50-3-109. The sum must be computed before the amounts provided  
 29 for by 19-13-604 and 19-18-512 are deducted. The money must be used for the payment of claims,  
 30 benefits, and administrative costs as provided in this chapter. The money is statutorily appropriated as

1 provided in 17-7-502.""; AND

2 (B) THE INTERNAL REFERENCE TO 19-13-1006 IN [SECTION 14 OF THIS ACT], AMENDING  
3 17-7-502, MUST BE REMOVED.

4  
5 NEW SECTION. Section 40. Repealer. (1) Sections 19-9-208, 19-13-615, 19-18-513, 19-18-606,  
6 and 19-20-606, MCA, are repealed.

7 (2) SECTION 13, CHAPTER 23, SPECIAL LAWS OF NOVEMBER 1993, IS REPEALED.

8  
9 NEW SECTION. Section 41. Effective date. ~~[This~~ DATES. (1) EXCEPT AS PROVIDED IN  
10 SUBSECTION (2), [THIS act] is effective July 1, 1997.

11 (2) [SECTION 40(2) AND THIS SECTION] ARE EFFECTIVE ON PASSAGE AND APPROVAL.

12 -END-

HOUSE BILL NO. 169

INTRODUCED BY ZOOK, VAN VALKENBURG

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE LAWS GOVERNING APPROPRIATIONS AND THE ADMINISTRATION OF STATE GOVERNMENT FINANCES; CLARIFYING THE TREASURY FUNDS SUBJECT TO APPROPRIATION; REVISING AND CLARIFYING THE DEPOSIT OF CERTAIN FUNDS; REVISING THE STATUTORY APPROPRIATION OF CERTAIN FUNDS; CONFORMING THE ADMINISTRATION OF RETIREMENT SYSTEMS TO CONSTITUTIONAL REVISIONS; AUTHORIZING THE PUBLIC EMPLOYEES' RETIREMENT BOARD TO HIRE THEIR OWN PERSONNEL; LIMITING THE ADMINISTRATIVE EXPENSES OF THE RETIREMENT SYSTEMS; CLARIFYING APPROPRIATIONS CARRYOVER RESTRICTIONS; AMENDING SECTIONS 2-9-202, 2-15-1009, 2-18-812, 15-36-324, 15-36-325, 17-2-101, 17-2-102, 17-2-103, 17-2-121, 17-3-221, 17-3-222, 17-6-201, 17-7-304, 17-7-402, 17-7-502, 17-8-101, 19-2-404, 19-2-408, 19-2-502, 19-5-404, 19-6-709, 19-8-504, 19-9-702, 19-9-1007, 19-13-604, 19-13-1006, 19-13-1009, 19-17-301, 19-18-512, 19-19-205, 19-19-305, 19-19-506, 19-20-203, 19-20-501, 19-20-605, 50-3-109, 61-3-321, AND 76-13-114, MCA; REPEALING SECTIONS 19-9-208, 19-13-615, 19-18-513, 19-18-606, AND 19-20-606, MCA, AND SECTION 13, CHAPTER 23, SPECIAL LAWS OF NOVEMBER 1993; AND PROVIDING AN EFFECTIVE DATE DATES."

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

**Section 1.** Section 2-9-202, MCA, is amended to read:

**"2-9-202. Apportionment of costs -- creation of deductible reserve.** (1) The department of administration shall apportion the costs of all insurance purchased under 2-9-201 to the individual state participants, and the costs ~~shall~~ must be paid to the department subject to appropriations by the legislature.

(2) The department, if it elects to ~~utilize~~ use a deductible insurance plan, is authorized to charge the individual state participants an amount equal to the cost of a full-coverage insurance plan until such time as a deductible reserve is established. In each subsequent year, the department may charge a sufficient amount over the actual cost of the deductible insurance to replenish ~~such~~ the deductible reserves.

1 (3) The department may accumulate a self-insurance reserve fund sufficient to provide  
 2 self-insurance for all liability coverages that in its discretion the department considers should be self-insured.  
 3 Payments into the self-insurance reserve fund must be made from a legislative appropriation for that  
 4 purpose. Proceeds of the fund ~~are statutorily appropriated, as provided in 17-7-502, to~~ must be used by  
 5 the department to pay claims under parts 1 through 3 of this chapter. Expenditures for actual and necessary  
 6 expenses required for the efficient administration of the fund must be made from temporary appropriations,  
 7 as described in 17-7-501(1) or (2), made for that purpose.

8 (4) Money in reserve funds established under this section that is not needed to meet expected  
 9 expenditures ~~shall~~ must be invested and all proceeds of the investment credited to the fund."

10  
 11 **Section 2.** Section 2-15-1009, MCA, is amended to read:

12 **"2-15-1009. Public employees' retirement board -- terms -- allocation.** (1) There is a public  
 13 employees' retirement board.

14 (2) The board consists of six members appointed by the governor. The members are:

15 (a) three public employees who are active members of a public retirement system (not more than  
 16 one of these members may be an employee of the same department);

17 (b) one retired public employee who is an inactive member of the public employees' retirement  
 18 system; and

19 (c) two members at large.

20 (3) The term of office for each member is 5 years.

21 (4) The board is allocated to the department for administrative purposes only as prescribed in  
 22 2-15-121. The board shall hire necessary employees as provided in 19-2-404.

23 (5) Members of the board ~~shall~~ must be compensated and receive travel expenses as provided for  
 24 in 2-15-124."

25  
 26 **Section 3.** Section 2-18-812, MCA, is amended to read:

27 **"2-18-812. Alternatives to conventional insurance for providing state employee group benefits**  
 28 **authorized -- requirements.** The department may establish alternatives to conventional insurance for  
 29 providing state employee group benefits. The requirements for providing alternatives to conventional  
 30 insurance are as follows:



1 (1) The department ~~must~~ shall maintain state employee group benefit plans on an actuarially sound  
2 basis.

3 (2) The department ~~must~~ shall maintain reserves sufficient to liquidate the unrevealed claims liability  
4 and other liabilities of state employee group benefit plans.

5 (3) The department ~~must~~ shall deposit all reserve funds and premiums paid to a state employee  
6 group benefit plan, and the deposits ~~are statutorily appropriated, as provided in 17-7-502, to the~~  
7 ~~department to~~ must be expended for claims under the plan.

8 (4) The department ~~must~~ shall deposit income earned from the investment of a state employee  
9 group benefit plan's reserve fund into the account established under subsection (3) ~~of this section~~ in order  
10 to offset the costs of administering the plan. Expenditures for actual and necessary expenses required for  
11 the efficient administration of the plan must be made from temporary appropriations, as described in  
12 17-7-501(1) or (2), made for that purpose.

13 (5) The department shall, prior to implementation of any alternative to conventional insurance,  
14 present to the advisory council the evidence upon which the department has concluded that the alternative  
15 method will be more efficient, less costly, or otherwise superior to contracting for conventional insurance.  
16 ~~The department may not implement any full self insurance alternative prior to July 1, 1981.~~

17 (6) The provisions of Title 33 ~~shall do~~ not apply to the department when exercising the powers and  
18 duties provided for in this section."  
19

20 **Section 4.** Section 15-36-324, MCA, is amended to read:

21 "**15-36-324. Distribution of taxes.** (1) For each calendar quarter, the department of revenue shall  
22 determine the amount of tax, late payment interest, and penalty collected under this part. For purposes of  
23 distribution of the taxes to county and school taxing units, the department shall determine the amount of  
24 oil and natural gas production taxes paid on production from pre-1985 wells, post-1985 wells, and  
25 horizontally drilled wells located in the taxing unit.

26 (2) Except as provided in subsections (3) and (4), oil production taxes must be distributed as  
27 follows:

28 (a) The amount equal to 41.6% of the oil production taxes, including late payment interest and  
29 penalty, collected under this part must be distributed as provided in subsection (7).

30 (b) The remaining 58.4% of the oil production taxes, plus accumulated interest earned on the

1 amount allocated under this subsection (2)(b), must be deposited in the ~~agency~~ state special revenue fund  
2 in the state treasury and transferred to the county and school taxing units for distribution as provided in  
3 subsection (8).

4 (3) The amount equal to 100% of the oil production taxes, including late payment interest and  
5 penalty, collected from working interest owners on production from post-1985 wells occurring during the  
6 first 12 months of production must be distributed as provided in subsection (7).

7 (4) The amount equal to 100% of the oil production taxes, including late payment interest and  
8 penalty, collected under this part on production from horizontally drilled wells and on the incremental  
9 production from horizontally recompleted wells occurring during the first 18 months of production must be  
10 distributed as provided in subsection (7).

11 (5) Except as provided in subsection (6), natural gas production taxes must be allocated as follows:

12 (a) The amount equal to 14.6% of the natural gas production taxes, including late payment interest  
13 and penalty, collected under this part must be distributed as provided in subsection (7).

14 (b) The remaining 85.4% of the natural gas production taxes, plus accumulated interest earned on  
15 the amount allocated under this subsection (5)(b), must be deposited in the ~~agency~~ state special revenue  
16 fund in the state treasury and transferred to the county and school taxing units for distribution as provided  
17 in subsection (8).

18 (6) The amount equal to 100% of the natural gas production taxes, including late payment interest  
19 and penalty, collected from working interest owners under this part on production from post-1985 wells  
20 occurring during the first 12 months of production must be distributed as provided in subsection (7).

21 (7) The department shall, in accordance with the provisions of 15-1-501(6), distribute the state  
22 portion of oil and natural gas production taxes, including late payment interest and penalty collected, as  
23 follows:

24 (a) 85% to the state general fund;

25 (b) 4.3% to the state special revenue fund for the purpose of paying expenses of the board as  
26 provided in 82-11-135; and

27 (c) 10.7% to be distributed as provided by 15-38-106(2).

28 (8) (a) For the purpose of distribution of the oil and natural gas production taxes from pre-1985  
29 wells, the department shall each calendar quarter adjust the unit value determined under 15-36-323  
30 according to the ratio that the oil and natural gas production taxes from pre-1985 wells collected during

1 the calendar quarter for which the distribution occurs plus penalties and interest on delinquent oil and  
2 natural gas production taxes from pre-1985 wells bears to the total liability for the oil and natural gas  
3 production taxes from pre-1985 wells for the quarter for which the distribution occurs. The amount of oil  
4 and natural gas production taxes distributions must be calculated and distributed as follows:

5 (i) By the dates referred to in subsection (9), the department shall calculate and distribute to each  
6 eligible county the amount of oil and natural gas production taxes from pre-1985 wells for the quarter,  
7 determined by multiplying the unit value, as adjusted in this subsection (8)(a), by the units of production  
8 on which oil and natural gas production taxes from pre-1985 wells were owed for the calendar quarter for  
9 which the distribution occurs.

10 (ii) Any amount by which the total tax liability exceeds or is less than the total distributions  
11 determined in subsection (8)(a) must be calculated and distributed in the following manner:

12 (A) The excess amount or shortage must be divided by the total distribution determined for that  
13 period to obtain an excess or shortage percentage.

14 (B) The excess percentage must be multiplied by the distribution to each taxing unit, and this  
15 amount must be added to the distribution to each respective taxing unit.

16 (C) The shortage percentage must be multiplied by the distribution to each taxing unit, and this  
17 amount must be subtracted from the distribution to each respective taxing unit.

18 (b) Except as provided in subsection (8)(c), the county treasurer shall distribute the money  
19 received under subsection (9) from pre-1985 wells to the taxing units that levied mills in fiscal year 1990  
20 against calendar year 1988 production in the same manner that all other property tax proceeds were  
21 distributed during fiscal year 1990 in the taxing unit, except that a distribution may not be made to a  
22 municipal taxing unit.

23 (c) The board of county commissioners of a county may direct the county treasurer to reallocate  
24 the distribution of oil and natural gas production tax money that would have gone to a taxing unit, as  
25 provided in subsection (8)(b), to another taxing unit or taxing units, other than an elementary school or high  
26 school, within the county under the following conditions:

27 (i) The county treasurer shall first allocate the oil and natural gas production taxes to the taxing  
28 units within the county in the same proportion that all other property tax proceeds were distributed in the  
29 county in fiscal year 1990.

30 (ii) If the allocation in subsection (8)(c)(i) exceeds the total budget for a taxing unit, the

1 commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

2 (d) The board of trustees of an elementary or high school district may reallocate the oil and natural  
3 gas production taxes distributed to the district by the county treasurer under the following conditions:

4 (i) The district shall first allocate the oil and natural gas production taxes to the budgeted funds  
5 of the district in the same proportion that all other property tax proceeds were distributed in the district in  
6 fiscal year 1990.

7 (ii) If the allocation under subsection (8)(d)(i) exceeds the total budget for a fund, the trustees may  
8 allocate the excess to any budgeted fund of the school district.

9 (e) For all production from post-1985 wells and horizontally drilled wells completed after December  
10 31, 1993, the county treasurer shall distribute oil and natural gas production taxes received under  
11 subsections (2)(b) and (5)(b) between county and school taxing units in the relative proportions required  
12 by the levies for state, county, and school district purposes in the same manner as property taxes were  
13 distributed in the preceding fiscal year.

14 (f) The allocation to the county in subsection (8)(e) must be distributed by the county treasurer in  
15 the relative proportions required by the levies for county taxing units and in the same manner as property  
16 taxes were distributed in the preceding fiscal year.

17 (g) The money distributed in subsection (8)(e) that is required for the county mill levies for school  
18 district retirement obligations and transportation schedules must be deposited to the funds established for  
19 these purposes.

20 (h) The oil and natural gas production taxes distributed under subsection (8)(b) that are required  
21 for the 6-mill university levy imposed under 20-25-423 and for the county equalization levies imposed under  
22 20-9-331 and 20-9-333, as those sections read on July 1, 1989, must be remitted by the county treasurer  
23 to the state treasurer.

24 (i) The oil and natural gas production taxes distributed under subsection (8)(e) that are required for  
25 the 6-mill university levy imposed under 20-25-423, for the county equalization levies imposed under  
26 20-9-331 and 20-9-333, and for the state equalization aid levy imposed under 20-9-360 must be remitted  
27 by the county treasurer to the state treasurer.

28 (j) The amount of oil and natural gas production taxes remaining after the treasurer has remitted  
29 the amounts determined in subsections (8)(h) and (8)(i) is for the exclusive use and benefit of the county  
30 and school taxing units.

1 (9) The department shall remit the amounts to be distributed in subsection (8) to the county  
2 treasurer by the following dates:

3 (a) On or before August 1 of each year, the department shall remit to the county treasurer oil and  
4 natural gas production tax payments received for the calendar quarter ending March 31 of the current year.

5 (b) On or before November 1 of each year, the department shall remit to the county treasurer oil  
6 and natural gas production tax payments received for the calendar quarter ending June 30 of the current  
7 year.

8 (c) On or before February 1 of each year, the department shall remit to the county treasurer oil and  
9 natural gas production tax payments received for the calendar quarter ending September 30 of the previous  
10 year.

11 (d) On or before May 1 of each year, the department shall remit to the county treasurer oil and  
12 natural gas production tax payments received for the calendar quarter ending December 31 of the previous  
13 calendar year.

14 (10) The department shall provide to each county by May 31 of each year the amount of gross  
15 taxable value represented by all types of production taxed under 15-36-304 for the previous calendar year  
16 multiplied by 60%. The resulting value must be treated as taxable value for county classification purposes  
17 and for county bonding purposes.

18 (11) The distribution to taxing units under this section is statutorily appropriated as provided in  
19 17-7-502."

20

21 **SECTION 5. SECTION 15-36-325, MCA, IS AMENDED TO READ:**

22 **"15-36-325. Local government severance tax payments for calendar year 1995 production --**  
23 **distribution of payments -- not subject to I-105 limitations. (1) The local government severance tax imposed**  
24 **under 15-36-101, as that section read before January 1, 1996, for calendar year 1995 production is due**  
25 **as follows:**

26 (a) for oil and natural gas production occurring in the first calendar quarter of 1995, the tax is due  
27 May 31, 1996;

28 (b) for oil and natural gas production occurring in the second calendar quarter of 1995, the tax is  
29 due May 31, 1997;

30 (c) for oil and natural gas production occurring in the third calendar quarter of 1995, the tax is due

1 May 31, 1998; and

2 (d) for oil and natural gas production occurring in the fourth calendar quarter of 1995, the tax is  
3 due May 31, 1999.

4 (2) (a) If the taxpayer pays the entire local government severance tax liability for calendar year  
5 1995 on or before June 30, 1996, the taxpayer must receive a 6% reduction in the total local government  
6 severance tax liability.

7 (b) Any payment of local government severance taxes for calendar year 1995 made on or before  
8 June 30, 1997, does not accrue interest. Any payment of local government severance taxes for calendar  
9 year 1995 made after June 30, 1997, must accrue interest at the rate of 1% a month or fraction of a  
10 month from July 1, 1997, to the date of payment. Any payment for the third quarter of 1995 received after  
11 May 31, 1998, and any payment for the fourth quarter of 1995 received after May 31, 1999, is subject  
12 to the late payment penalty provisions in 15-36-311.

13 (c) In the case of the dissolution of the operator or a change in the operator of any lease or unit,  
14 any unpaid local government severance tax for calendar year 1995 becomes due on the date of dissolution  
15 or on the date of the change in operator. The operator is subject to the provisions of subsection (2)(a)  
16 regarding the 6% tax liability reduction or the provisions of subsection (2)(b) regarding interest and  
17 penalties.

18 (3) The department shall determine the amount of tax collected under subsections (1) and (2) from  
19 within each taxing unit.

20 (4) For purposes of the distribution of local government severance taxes collected under this  
21 section, the department shall use the unit value of oil and gas for each taxing unit as determined in  
22 15-36-323.

23 (5) The local government severance tax must be deposited in the ~~agency~~ state special revenue fund  
24 in the state treasury and transferred to the county for distribution as provided in subsection (6).

25 (6) For the purpose of the distribution of the local government severance tax for calendar year  
26 1995 production, the department shall adjust the unit value determined under this section according to the  
27 ratio that the local government severance taxes collected during the quarters for which the distribution  
28 occurs plus penalties and interest on delinquent local government severance taxes bears to the total liability  
29 for local government severance taxes for the quarters for which the distribution occurs. The taxes must  
30 be calculated and distributed as follows:

1 (a) By July 31 of each of the years 1996, 1997, 1998, and 1999, the department shall calculate  
2 and distribute to each eligible county the amount of local government severance tax for calendar year 1995  
3 production, determined by multiplying the unit value, as adjusted in this subsection (6), by the units of  
4 production on which the local government severance tax was owed during calendar year 1995 production.

5 (b) Any amount by which the total tax liability exceeds or is less than the total distributions  
6 determined in subsection (6)(a) must be calculated and distributed in the following manner:

7 (i) The excess amount or shortage must be divided by the total distribution determined for that  
8 period to obtain an excess or shortage percentage.

9 (ii) The excess percentage must be multiplied by the distribution to each taxing unit, and this  
10 amount must be added to the distribution to each respective taxing unit.

11 (iii) The shortage percentage must be multiplied by the distribution to each taxing unit, and this  
12 amount must be subtracted from the distribution to each respective taxing unit.

13 (7) (a) The county treasurer shall distribute the money received under subsection (6) between the  
14 county and school taxing units. The distribution between county and school taxing units is the ratio of the  
15 number of mills levied for fiscal year 1990 against 1988 production in each taxing unit for the county and  
16 schools, including the county equalization levies that were in effect under 20-9-331 and 20-9-333 as those  
17 sections read on July 1, 1989, and the university 6-mill levy imposed under 20-25-423, except that a  
18 distribution may not be made to a municipal taxing unit or the state equalization aid levy imposed under  
19 20-9-360. Distribution of money for the county equalization levies and the university levy must be remitted  
20 to the state by the county treasurer. The amounts distributed under subsections (7)(b) and (7)(c) are for  
21 the exclusive use of county and school taxing units.

22 (b) The county treasurer shall deposit the money from subsection (7)(a) allocated to county levies  
23 to the oil and gas tax accelerated fund.

24 (c) The trustees of a school district may allocate any payment received under subsection (7)(a) to  
25 any budget fund of the district or to the miscellaneous programs fund established in 20-9-507. The trustees  
26 shall direct the county treasurer to deposit the local government severance tax payments under this section  
27 to the funds of the district in accordance with the allocations determined by the trustees.

28 (8) Local government severance tax payments to a county pursuant to this section are not subject  
29 to the limitations of Title 15, chapter 10, part 4. Payments of local government severance tax pursuant to  
30 this section may not be used for county classification purposes under 7-1-2111 and may not be considered

1 in the determination of bonding limits under 7-7-2101, 7-7-2203, 7-14-2524, and 7-16-2327.

2 (9) The distribution to taxing units under this section is statutorily appropriated as provided in  
3 17-7-502."

4

5 **Section 6.** Section 17-2-101, MCA, is amended to read:

6 **"17-2-101. Title and purpose. (1)** Sections 17-2-101 through 17-2-107 may be cited as the  
7 "Treasury Fund Structure Act".

8 (2) The purpose of these sections is to:

9 (a) comply with Article VIII, section 12, of the Montana constitution;

10 (b) simplify the accounting system and treasury fund structure of the state;

11 (c) ~~to~~ make possible the full utilization of modern accounting methods;

12 (d) ~~to~~ provide the legislature with a greater measure of control over public ~~moneys,~~ money; and

13 (e) ~~to~~ enable the financial records of the state to accurately reflect the state's ~~revenue~~ revenue,  
14 expenditures, expenses, and financial position in accordance with generally accepted accounting  
15 principles."

16

17 **Section 7.** Section 17-2-102, MCA, is amended to read:

18 **"17-2-102. Fund structure. (1)** ~~There~~ For the purpose of ensuring strict accountability for all  
19 revenue received and spent, there are in the state treasury only the following fund categories and types:

20 (a) the governmental fund category, which includes:

21 (i) the general fund, which accounts for all financial resources except those required to be  
22 accounted for in another fund;

23 (ii) the special revenue fund type, which accounts for the proceeds of specific revenue sources  
24 (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified  
25 purposes. The financial activities of the special revenue fund type are subdivided, for operational purposes,  
26 into the following funds to serve the purpose indicated:

27 (A) The state special revenue fund consists of money from state and other nonfederal sources  
28 deposited in the state treasury that is earmarked for the purposes of defraying particular costs of an  
29 agency, program, or function of state government and money from other nonstate or nonfederal sources  
30 that is restricted by law or by the terms of an agreement, such as a contract, trust agreement, or donation.



1 (B) The federal special revenue fund consists of money deposited in the treasury from federal  
2 sources, including trust income, that is used for the operation of state government.

3 (iii) the capital projects fund type, which accounts for financial resources to be used for the  
4 acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust  
5 funds; and

6 (iv) the debt service fund type, which accounts for the accumulation of resources for and the  
7 payment of general long-term debt principal and interest;

8 (b) the proprietary fund category, which includes:

9 (i) the enterprise fund type, which accounts for operations:

10 (A) that are financed and operated in a manner similar to private business enterprises whenever  
11 the intent of the legislature is that costs (i.e., expenses, including depreciation) of providing goods or  
12 services to the general public on a continuing basis are to be financed or recovered primarily through user  
13 charges; or

14 (B) whenever the legislature has decided that periodic determination of revenue earned, expenses  
15 incurred, or net income is appropriate for capital maintenance, public policy, management control,  
16 accountability, or other purposes; and

17 (ii) the internal service fund type, which accounts for the financing of goods or services provided  
18 by one department or agency to other departments or agencies of state government or to other  
19 governmental entities on a cost-reimbursed basis;

20 (c) the fiduciary fund category, which includes trust and agency fund types used to account for  
21 assets held by state government in a trustee capacity or as an agent for individuals, private organizations,  
22 other governmental entities, or other funds. These include the:

23 (i) expendable trust fund type;

24 (ii) nonexpendable trust fund type;

25 (iii) pension trust fund type; and

26 (iv) agency fund type.

27 (d) the higher education funds, which include:

28 (i) the current fund, which accounts for money deposited in the state treasury that is used to pay  
29 current operating costs relating to instruction, research, public service, and allied support operations and  
30 programs conducted within the Montana university system. The financial activities of the current fund are

1 subdivided, for operational purposes, into the four following subfunds to serve the purpose indicated:

2 (A) The unrestricted subfund segregates that portion of the current fund's financial resources that  
3 can be expended for general operations and is free of externally imposed restrictions, except those imposed  
4 by the legislature.

5 (B) The restricted subfund segregates that portion of the current fund's financial resources that can  
6 be expended for general operations but only for purposes imposed by sources external to the board of  
7 regents and the legislature.

8 (C) The designated subfund segregates that portion of the current fund's financial resources that  
9 is associated with general operations but is separately classified in order to accumulate costs that are to  
10 be recharged as allocated to other funds or subfunds; it identifies financial activities related to special  
11 organized activities of educational departments in which the activity is fully supported by supplemental  
12 assessments; and identifies special supply and facility fees that are approved for collections beyond normal  
13 course fees and their disposition.

14 (D) The auxiliary subfund segregates that portion of the current fund's financial resources that is  
15 devoted to providing essential on-campus services primarily to students, faculty, or staff wherein a fee,  
16 which is directly related to but does not necessarily equal the cost of the service provided, is charged to  
17 the consumer.

18 (ii) the student loan fund, which accounts for money deposited in the state treasury that may be  
19 loaned to students, faculty, or staff for purposes related to education, organized research, or public services  
20 by the Montana university system;

21 (iii) the endowment fund, which accounts for money deposited in the state treasury by the Montana  
22 university system wherein the principal portion of the amount received is nonexpendable but is available  
23 for investment, thus producing consumable income. Expendable earnings on endowment funds are to be  
24 transferred to appropriate operating funds pursuant to prevailing administrative requirements.

25 (iv) the annuity and life income fund, which accounts for money deposited in the state treasury by  
26 the Montana university system under an agreement whereby the money is made available on condition that  
27 the receiving unit of the Montana university system binds itself to pay stipulated amounts periodically to  
28 the donor or others designated by the donor over a specified period of time;

29 (v) the plant fund, which accounts for those financial resources allocated to or received by the  
30 Montana university system for capital outlay purposes or to retire long-term debts associated with

1 construction or acquisition of fixed assets and the net accumulative results of these activities; and  
 2 (vi) the agency fund, which accounts for money deposited in the state treasury wherein the  
 3 Montana university system acts in the capacity of a custodian or fiscal agent for individual students,  
 4 faculty, staff, and qualified organizations.

5 (2) In addition to the funds provided for in subsection (1), there are in the state treasury the  
 6 following account groups:

7 (a) the fixed assets account group, which is a self-balancing group of accounts set up to establish  
 8 accounting control and accountability for the state's general fixed assets, except those accounted for in  
 9 proprietary funds, trust funds, and the higher education funds designated in subsections (1)(d)(i)(D),  
 10 (1)(d)(iii), and (1)(d)(v); and

11 (b) the long-term debt account group, which is a self-balancing group of accounts set up to  
 12 establish accounting control and accountability for the state's unmatured general long-term liabilities, except  
 13 those accounted for in proprietary funds, trust funds, and the higher education funds designated in  
 14 subsections (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v)."

15

16 **Section 8.** Section 17-2-103, MCA, is amended to read:

17 **"17-2-103. Previous definitions of funds -- identification or segregation of ~~moneys~~ money and**  
 18 **funds.** (1) It is the intent of the legislature that the definitions in 17-2-102 supersede all previous definitions  
 19 of public funds ~~which~~ that are inconsistent with the definitions found in this part.

20 (2) Any laws enacted in the future or any contracts entered into in the future in pursuance of law  
 21 that require the segregation of ~~moneys~~ money in the state treasury by means of a separate treasury fund  
 22 ~~shall~~ must be interpreted as permitting the segregation of ~~such moneys~~ the money by means of a subfund  
 23 or account within one of the funds created by 17-2-102.

24 (3) Each federal grant or other federal money within any subfund or account of one of the funds  
 25 created by 17-2-102(1)(a) through (1)(c) must be identifiable as a separate accounting entity, reporting  
 26 center, responsibility center, or revenue identification code, and an account must be made of each such  
 27 grant or other money by income and expenditure for each federal grant year or fiscal year as may be  
 28 applicable.

29 (4) Unless otherwise specifically provided in the statutes pertaining to the tax, the portion of taxes  
 30 collected by the state that, pursuant to a statute, are to be allocated or distributed to units of local

1 government, school districts, authorities, or other local governmental entities ~~shall~~ must be accounted for  
 2 in a ~~fiduciary state special revenue~~ fund, established in 17-2-102, as prescribed by the department in  
 3 accordance with generally accepted accounting principles."  
 4

5 **Section 9.** Section 17-2-121, MCA, is amended to read:

6 "**17-2-121. Deposits by insurance commissioner.** ~~All~~ Except as provided in 33-2-708, all fees,  
 7 miscellaneous and examination charges, fines, penalties, and those amounts received pursuant to 33-2-311,  
 8 33-2-705, ~~or 33-2-706,~~ or 50-3-109 collected by the insurance commissioner pursuant to Title 33 and the  
 9 rules adopted ~~thereunder~~ to implement Title 33 must be deposited in the general fund."  
 10

11 **Section 10.** Section 17-3-221, MCA, is amended to read:

12 "**17-3-221. State treasurer to be custodian of moneys** money ~~received under Taylor Grazing Act.~~  
 13 The state treasurer ~~shall be~~ is the custodian of all ~~moneys~~ money that the treasurer of the United States  
 14 ~~may transfer~~ transfers to the state of Montana under the terms of section 10 of the Taylor Grazing Act  
 15 approved June 28, 1934, (Public No. 482), which provides that the secretary of the United States treasury  
 16 pay one-half of the ~~moneys~~ money received from each grazing district each year to the state where  
 17 collected, to be expended as the legislature may prescribe. The money must be deposited in the federal  
 18 special revenue fund."  
 19

20 **Section 11.** Section 17-3-222, MCA, is amended to read:

21 "**17-3-222. Apportionment of moneys to counties.** (1) It ~~shall be~~ is the duty of the state treasurer  
 22 to properly apportion and allocate ~~these moneys~~ the money received pursuant to 17-3-221 to the county  
 23 treasurers, who ~~will~~ shall allocate and pay ~~all such moneys~~ the money as follows:

24 (a) 50% to the county general fund; and

25 (b) 50% to the common school fund of the county.

26 (2) The payments from the state to the county treasurers provided for in subsection (1) are  
 27 statutorily appropriated as provided in 17-7-502."  
 28

29 **Section 12.** Section 17-6-201, MCA, is amended to read:

30 "**17-6-201. Unified investment program -- general provisions.** (1) The unified investment program

1 directed by Article VIII, section 13, of the Montana constitution to be provided for public funds must be  
2 administered by the board of investments in accordance with the prudent expert principle, which requires  
3 any investment manager to:

4 (a) discharge the duties with the care, skill, prudence, and diligence, under the circumstances then  
5 prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like  
6 matters exercises in the conduct of an enterprise of a like character with like aims;

7 (b) diversify the holdings of each fund within the unified investment program to minimize the risk  
8 of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do  
9 so; and

10 (c) discharge the duties solely in the interest of and for the benefit of the funds forming the unified  
11 investment program.

12 (2) (a) Retirement funds may be invested in common stocks of any corporation, except that an  
13 investment may not be made at any time that would cause the book value of the investments in any  
14 retirement fund to exceed 50% of the book value of the fund or would cause the stock of one corporation  
15 to exceed 2% of the book value of the retirement fund.

16 (b) Other public funds may not be invested in private corporate capital stock. "Private corporate  
17 capital stock" means only the common stock of a corporation.

18 (3) (a) This section does not prevent investment in any business activity in Montana, including  
19 activities that continue existing jobs or create new jobs in Montana.

20 (b) The board is urged under the prudent expert principle to invest up to 3% of retirement funds  
21 in venture capital companies. Whenever possible, preference should be given to investments in those  
22 venture capital companies that demonstrate an interest in making investments in Montana.

23 (c) In discharging its duties, the board shall consider the preservation of purchasing power of  
24 capital during periods of high monetary inflation.

25 (d) The board may not make a direct loan to an individual borrower. The purchase of a loan or a  
26 portion of a loan originated by a financial institution is not considered a direct loan.

27 (4) The board has the primary authority to invest state funds. Another agency may not invest state  
28 funds unless otherwise provided by law. The board shall direct the investment of state funds in accordance  
29 with the laws and constitution of this state. The board has the power to veto any investments made under  
30 its general supervision.

1 (5) The board shall:

2 (a) assist agencies with public money to determine if, when, and how much surplus cash is  
3 available for investment;

4 (b) determine the amount of surplus treasury cash to be invested;

5 (c) determine the type of investment to be made;

6 (d) prepare the claim to pay for the investment; and

7 (e) keep an account of the total of each investment fund and of all the investments belonging to  
8 the fund and a record of the participation of each treasury fund account in each investment fund.

9 (6) The board may:

10 (a) execute deeds of conveyance transferring all real property obtained through foreclosure of any  
11 investments purchased under the provisions of 17-6-211 when full payment has been received for the  
12 property;

13 (b) direct the withdrawal of any funds deposited by or for the state treasurer pursuant to 17-6-101  
14 and 17-6-105;

15 (c) direct the sale of any securities in the program at their full and true value when found necessary  
16 to raise money for payments due from the treasury funds for which the securities have been purchased;

17 (d) expend funds needed to cover costs of necessary repairs to property owned by the board as  
18 an investment. The expenditures may be made directly by the board ~~and are statutorily appropriated, as~~  
19 ~~provided in 17-7-502.~~ Repairs that cost in excess of \$2,500 must be bid, and the bid must be awarded in  
20 compliance with existing state law and regulations. Emergency repairs may be made by the board without  
21 bid if approved by the state architect.

22 (7) The cost of administering and accounting for each investment fund must be deducted from the  
23 income from each fund.

24 (8) At the beginning of each fiscal year, the board shall, from the appropriate fund, reimburse the  
25 department of commerce for the costs of administering programs established under Title 90, chapter 3, that  
26 are not covered by payback funds available from the account established in 90-3-305."  
27

28 **SECTION 13. SECTION 17-7-304, MCA, IS AMENDED TO READ:**

29 **"17-7-304. (Temporary) Disposal of unexpended appropriations.** (1) All money appropriated for any  
30 specific purpose except that appropriated for the university system units listed in subsection (2) and except

1 as provided in subsection (4) must, after the expiration of the time for which appropriated, revert to the  
2 several funds and accounts from which originally appropriated. However, any unexpended balance in any  
3 specific appropriation may be used for the years for which the appropriation was made.

4 (2) Except as provided in 17-2-108 and subsection (3) of this section, all money appropriated for  
5 the university of Montana campuses at Missoula, Butte, Dillon, and Helena and the Montana state university  
6 campuses at Bozeman, Billings, Havre, and Great Falls, the agricultural experiment station with central  
7 offices at Bozeman, the forest and conservation experiment station with central offices at Missoula, the  
8 cooperative extension service with central offices at Bozeman, and the bureau of mines and geology with  
9 central offices in Butte must, after the expiration of the time for which appropriated, revert to an account  
10 held by the board of regents. The board of regents is authorized to maintain a fund balance. There is a  
11 statutory appropriation, as provided in 17-7-502, to use the funds held in this account in accordance with  
12 a long-term plan for major and deferred maintenance expenditures and equipment or fixed assets purchases  
13 prepared by the affected university system units and approved by the board of regents. The affected  
14 university system units may, with the approval of the board of regents, modify the long-term plan at any  
15 time to address changing needs and priorities. The board of regents shall communicate the plan to each  
16 legislature, to the finance committee when requested by the committee, and to the office of budget and  
17 program planning.

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

21 (4) For the 2 years following the end of a fiscal year, 30% of the money appropriated to an agency  
22 for that year by the general appropriations act for personal services, operating expenses, and equipment,  
23 by fund type, and remaining unexpended and unencumbered at the end of the year may be spent for any  
24 purpose that is consistent with the goals and objectives of the agency. The dollar amount of the 30%  
25 amount that may be carried forward and spent must be determined by the office of budget and program  
26 planning. (Terminates July 1, 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

27 **17-7-304. (Effective July 1, 1997) Disposal of unexpended appropriations.** (1) All money  
28 appropriated for any specific purpose except that appropriated for the university system units listed in  
29 subsection (2) must, after the expiration of the time for which appropriated, revert to the several funds and  
30 accounts from which originally appropriated. However, any unexpended balance in any specific

1 appropriation may be used for the years for which the appropriation was made.

2 (2) Except as provided in 17-2-108 and subsection (3) of this section, all money appropriated for  
3 the university of Montana campuses at Missoula, Butte, Dillon, and Helena and the Montana state university  
4 campuses at Bozeman, Billings, Havre, and Great Falls, the agricultural experiment station with central  
5 offices at Bozeman, the forest and conservation experiment station with central offices at Missoula, the  
6 cooperative extension service with central offices at Bozeman, and the bureau of mines and geology with  
7 central offices in Butte must, after the expiration of the time for which appropriated, revert to an account  
8 held by the board of regents. The board of regents is authorized to maintain a fund balance. There is a  
9 statutory appropriation, as provided in 17-7-502, to use the funds held in this account in accordance with  
10 a long-term plan for major and deferred maintenance expenditures and equipment or fixed assets purchases  
11 prepared by the affected university system units and approved by the board of regents. The affected  
12 university system units may, with the approval of the board of regents, modify the long-term plan at any  
13 time to address changing needs and priorities. The board of regents shall communicate the plan to each  
14 legislature, to the finance committee when requested by the committee, and to the office of budget and  
15 program planning.

16 (3) Subsection (2) does not apply to reversions that are the result of a reduction in spending  
17 directed by the governor pursuant to 17-7-140. Any amount that is a result of a reduction in spending  
18 directed by the governor must revert to the fund or account from which it was originally appropriated."  
19

20 **Section 14.** Section 17-7-402, MCA, is amended to read:

21 "**17-7-402. Budget amendment requirements.** (1) Except as provided in subsection (6), a budget  
22 amendment may not be approved:

23 (a) by the approving authority, except a budget amendment to spend:

24 (i) additional federal revenue;

25 (ii) additional tuition collected by the Montana university system;

26 (iii) additional revenue deposited in the internal service funds within the department or the office  
27 of the commissioner of higher education as a result of increased service demands by state agencies;

28 (iv) Montana historical society enterprise revenue resulting from sales to the public;

29 (v) additional revenue that is deposited in funds other than the general fund and that is from the  
30 sale of fuel for those agencies participating in the Montana public vehicle fueling program established by



1 Executive Order 22-91; or

2 (vi) revenue resulting from the sale of goods produced or manufactured by the industries program  
3 of an institution within the department of corrections;

4 (b) by the approving authority if the budget amendment contains any significant ascertainable  
5 commitment for any present or future increased general fund support;

6 (c) by the approving authority for the expenditure of money in the state special revenue fund unless  
7 an emergency justifies the expenditure or the expenditure is exempt under subsection (4);

8 (d) by the approving authority unless it will provide additional services;

9 (e) by the approving authority for any matter of which the requesting agency had knowledge at  
10 a time when the proposal could have been presented to an appropriation subcommittee, the house  
11 appropriations committee, or the senate finance and claims committee of the most recent legislative session  
12 open to that matter, except when the legislative finance committee is given specific notice by the approving  
13 authority that significant identifiable events, specific to Montana and pursuant to provisions or requirements  
14 of Montana state law, have occurred since the matter was raised with or presented for consideration by  
15 the legislature; or

16 (f) to extend beyond June 30 of the last year of any biennium.

17 (2) All budget amendments must itemize planned expenditures by fiscal year.

18 (3) Each budget amendment must be submitted by the approving authority to the budget director  
19 and the legislative fiscal analyst. The proposed expenditure of money from nonstate or nonfederal sources  
20 that is restricted by law must be submitted to the legislative fiscal analyst.

21 (4) Money from nonstate or nonfederal sources that would be deposited in the state special  
22 revenue fund and that is restricted by law or by the terms of a written agreement, such as a contract, trust  
23 agreement, or donation, is exempt from the requirements of this part.

24 (5) An appropriation that would usually be the subject of a budget amendment that is submitted  
25 to the legislature for approval during a legislative session may not include authority to spend money beyond  
26 the first fiscal year of the next biennium.

27 (6) A budget amendment to spend state funds, other than from the general fund, required for  
28 matching funds in order to receive a grant is exempt from the provisions of subsection (1)."

29

30 **Section 15.** Section 17-7-502, MCA, is amended to read:

1           **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory  
 2 appropriation is an appropriation made by permanent law that authorizes spending by a state agency  
 3 without the need for a biennial legislative appropriation or budget amendment.

4           (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply  
 5 with both of the following provisions:

6           (a) The law containing the statutory authority must be listed in subsection (3).

7           (b) The law or portion of the law making a statutory appropriation must specifically state that a  
 8 statutory appropriation is made as provided in this section.

9           (3) The following laws are the only laws containing statutory appropriations: ~~2-9-202~~; 2-17-105;  
 10 ~~2-18-812~~; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706;  
 11 15-30-195; 15-31-702; 15-36-324; 15-36-325; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404;  
 12 16-1-410; 16-1-411; 16-11-308; 17-3-106; 17-3-212; 17-3-222; 17-5-404; 17-5-424; 17-5-804;  
 13 17-6-101; ~~17-6-201~~; 17-7-304; 18-11-112; ~~19-2-502~~; 19-5-404; 19-6-709; ~~19-8-504~~; 19-9-702;  
 14 19-9-1007; 19-13-604; 19-13-1006; 19-17-301; 19-18-512; 19-18-513; 19-18-606; 19-19-205;  
 15 19-19-305; 19-19-506; 20-8-107; 20-8-111; 20-9-361; 20-26-1503; 23-5-136; 23-5-306; 23-5-409;  
 16 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 32-1-537; 37-43-204; 37-51-501; 39-71-503;  
 17 39-71-907; 39-71-2321; 39-71-2504; 44-12-206; 44-13-102; 50-4-623; 50-5-232; 50-40-206; 53-6-150;  
 18 53-6-703; 53-24-206; 60-2-220; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-12-123;  
 19 80-2-103; 80-2-222; 80-4-416; 81-5-111; 82-11-136; 82-11-161; 85-1-220; 85-20-402; 90-3-301;  
 20 90-4-215; 90-6-331; 90-7-220; 90-7-221; and 90-9-306.

21           (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
 22 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
 23 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of  
 24 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as  
 25 determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the  
 26 bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to  
 27 sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for  
 28 supplemental benefit; and pursuant to sec. 7(2), Ch. 29, L. 1995, the inclusion of 15-30-195 terminates  
 29 July 1, 2001.)"

30

1           **Section 16.** Section 17-8-101, MCA, is amended to read:

2           "**17-8-101. Appropriation and disbursement of money from treasury.** (1) ~~Except as provided in~~  
3 ~~subsection (5)~~ For purposes of complying with Article VIII, section 14, of the Montana constitution, money  
4 deposited in the general fund, the special revenue fund type (except money deposited in the treasury from  
5 nonstate and nonfederal sources restricted by law or by the terms of an agreement, such as a contract,  
6 trust agreement, or donation), ~~the enterprise fund type, the debt service fund type,~~ and the capital projects  
7 fund type, with the exception of refunds authorized in subsection ~~(3)~~ (4), must be paid out of the treasury  
8 only on appropriation made by law.

9           (2) Money deposited in the ~~enterprise fund type,~~ ENTERPRISE FUND TYPE, DEBT SERVICE FUND  
10 TYPE, internal service fund type, ~~debt service fund type,~~ expendable trust fund type, ~~nonexpendable trust~~  
11 ~~fund type, pension trust fund type,~~ agency fund type, and state special revenue fund from nonstate and  
12 nonfederal sources restricted by law or by the terms of an agreement, such as a contract, trust agreement,  
13 or donation, ~~and agency fund type~~ may be paid out of the treasury:

14           (a) by appropriation; or

15           (b) under general laws, or contracts entered into in pursuance of law, permitting the disbursement.

16           (3) The pension trust fund type is not considered a part of the state treasury for appropriation  
17 purposes. Money deposited in the pension trust fund type may be paid out of the treasury pursuant to  
18 general laws, trust agreement, or contract.

19           ~~(3)(4)~~ Subject to the provisions of subsection (8), ~~money~~ Money paid into the state treasury  
20 through error or under circumstances, such that the state is not legally entitled to retain it and a refund  
21 procedure is not otherwise provided by law, may be refunded upon the submission of a verified claim  
22 approved by the department of administration.

23           ~~(4)(5)~~ Authority to expend appropriated money may be transferred from one state agency to  
24 another, provided that the original purpose of the appropriation is maintained. The office of budget and  
25 program planning shall report semiannually to the legislative finance committee concerning all appropriations  
26 transferred under the provisions of this section.

27           ~~(5)(6)~~ Fees and charges for services deposited in the internal service fund type must be based upon  
28 commensurate costs. The legislative auditor, during regularly scheduled audits of state agencies, shall audit  
29 and report on the reasonableness of internal service fund type fees and charges and on the fund equity  
30 balances.

1           ~~(6)(7)~~ The office of budget and program planning shall include in the budget submitted to the  
2 legislature a report on:

3           (a) enterprise funds, including retained earnings and contributed capital, projected operations and  
4 charges, and projected fund balances; and

5           (b) internal service fund type fees and charges, including changes in the level of fees and charges,  
6 projected use of the fees and charges, and projected fund balances. Internal service fund type fees and  
7 charges must be approved by the legislature in the general appropriations act. Fees and charges in any  
8 biennium may not exceed the level approved by the legislature in the general appropriations act effective  
9 for that biennium.

10           ~~(7)(8) Any~~ The creation of accounts in the enterprise fund or the internal service fund created after  
11 July 1, 1996, must be approved by the department, using conformity with generally accepted accounting  
12 principles as the primary approval criteria. The department shall report annually to the office of budget and  
13 program planning and the legislative finance committee on the nature, status, and justification for all new  
14 accounts in the enterprise fund and the internal service fund.

15           ~~(8)(9) Enterprise and internal service~~ AND INTERNAL SERVICE funds must be appropriated if they  
16 are ~~used as a part of a program that is not an enterprise or internal service function and otherwise requires~~  
17 ~~an appropriation paid out of the state treasury~~ USED AS A PART OF A PROGRAM THAT IS NOT AN  
18 ENTERPRISE OR INTERNAL SERVICE FUNCTION AND THAT OTHERWISE REQUIRES AN APPROPRIATION.  
19 The payment of funds into an internal service fund must be authorized by law."

20

21           **Section 17.** Section 19-2-404, MCA, is amended to read:

22           "**19-2-404. Appointment and compensation of administrative staff.** The department board shall  
23 ~~appoint hire~~ and fix the compensation of an administrator and other necessary employees to assist the  
24 board in administering the retirement systems. The compensation of the administrator and employees must  
25 be established in accordance with Title 2, chapter 18."

26

27           **Section 18.** Section 19-2-408, MCA, is amended to read:

28           "**19-2-408. Administrative expenses.** (1) The legislature finds that proper administration of the  
29 pension trust funds benefits both employers and members and continues to benefit members after  
30 retirement.

1 (2) The administrative expenses of the retirement systems administered by the board must be paid  
 2 from the investment earnings on the pension trust fund of the public employees' retirement system, except  
 3 as provided in subsection (3). Before the fiscal yearend closing, the board shall compute the administrative  
 4 expenses attributable to each retirement system administered by the board for the immediately preceding  
 5 fiscal year and transfer that amount from each retirement system's pension trust fund to the pension trust  
 6 fund of the public employees' retirement system. The total administrative expenses of the board, including  
 7 the administration of the volunteer firefighters' pension plan, may not exceed 1.5% of the total retirement  
 8 benefits paid.

9 (3) On January 1 of each year, each employer under the public employees' retirement system shall  
 10 contribute on behalf of each member then in its service a membership fee of \$1 in addition to other required  
 11 contributions. ~~The appropriation of these fees, together with other money appropriated for that purpose,~~  
 12 ~~must be used for the purpose of defraying the administrative expense of chapters 2, 3, 5 through 9, and~~  
 13 ~~13, and this chapter.~~

14 (4) ~~Any request for an increase in spending authority for administrative expenses requires a budget~~  
 15 ~~amendment and is subject to Title 17, chapter 7, part 4.~~

16 ~~(5) The board may assess and the division may collect a fee from the department of fish, wildlife,~~  
 17 ~~and parks for the purpose of defraying the expenses of administering chapter 8 of this title."~~

18  
 19 **Section 19.** Section 19-2-502, MCA, is amended to read:

20 **"19-2-502. ~~Statutory appropriation of payments~~ Payments from pension trust funds. (1) Assets**  
 21 **The board shall administer the assets** of the pension trust funds ~~are statutorily appropriated, as provided~~  
 22 ~~in 17-7-502, to the division for payment of benefits and refunds to eligible recipients and for paying the~~  
 23 ~~necessary administrative and investment expenses of the retirement systems~~ as provided in Article VIII,  
 24 section 15, of the Montana constitution, subject to the specific provisions of chapters 2, 3, 5 through 9,  
 25 and 13 of this title.

26 (2) Benefits and refunds to eligible recipients are payable pursuant to a contract as contained in  
 27 statute. The contract is entered into on the first day of a member's covered employment and may be  
 28 enhanced by the legislature. Unless specifically provided for by statute, the contract does not contain  
 29 revisions to statutes after the time of retirement or termination."

1           **Section 20.** Section 19-5-404, MCA, is amended to read:

2           **"19-5-404. Contributions by state.** (1) The state of Montana shall contribute monthly to the  
3 pension trust fund a sum equal to 6% of the compensation of each member. In addition, the clerk of each  
4 district court shall transmit 68% of certain filing fees as required under 25-1-201(2) and that portion of the  
5 fee for filing a petition for dissolution of marriage and a motion for substitution of a judge specified in  
6 25-1-201(4) and (6) to the state, which shall first deposit in the pension trust fund an amount equal to  
7 34.71% of the total compensation paid to district judges and supreme court justices who are covered by  
8 the judges' retirement system and then deposit the balance in the state general fund. The clerk of the  
9 supreme court shall pay one-fourth of the fees collected under 3-2-403 to the division to be credited to the  
10 pension trust fund.

11           (2) The state of Montana shall contribute monthly from the renewable resource grant and loan  
12 program account in the state special revenue fund to the judges' pension trust fund an amount equal to  
13 34.71% of the compensation paid to the chief water court judge. ~~The state contributions in this section~~  
14 ~~are statutorily appropriated as provided in 17-7-502. THE JUDICIARY SHALL INCLUDE IN ITS BUDGET AND~~  
15 ~~SHALL REQUEST FOR LEGISLATIVE APPROPRIATION AN AMOUNT NECESSARY TO DEFRAY THE~~  
16 ~~STATE'S PORTION OF THE COSTS OF THIS SECTION."~~

17

18           **Section 21.** Section 19-6-709, MCA, is amended to read:

19           **"19-6-709. (Temporary) Supplemental benefits for certain retirees.** (1) In addition to any retirement  
20 benefit payable under this chapter, a retired member or a survivor determined by the board to be eligible  
21 under subsection (2) must receive an annual lump-sum benefit payment beginning in September 1991 and  
22 each succeeding year as long as the member remains eligible.

23           (2) To be eligible for the benefits under this section, a person must be receiving a monthly benefit  
24 before July 1, 1991, and must be:

25           (a) a retired member who is 55 years of age or older and who has been receiving a service  
26 retirement benefit for at least 5 years prior to the date of distribution;

27           (b) a survivor of a member who would have been eligible under subsection (2)(a); or

28           (c) a recipient of a disability or survivorship benefit under 19-6-601 or 19-6-901.

29           (3) A retired member otherwise qualified under this section who is employed in a position covered  
30 by a retirement system under Title 19 is ineligible to receive any lump-sum benefit payments provided for

1 in this section until the member's service in the covered position is terminated. Upon termination of the  
2 member's covered service, the retired member becomes eligible in the next fiscal year succeeding the  
3 member's termination.

4 (4) (a) ~~Twenty-five~~ An amount equal to 25 cents of each motor vehicle registration fee provided  
5 for in 61-3-321(5) must be ~~deposited in~~ paid from the general fund to the pension trust fund at the end of  
6 each fiscal year. The ~~fee~~ payment is statutorily appropriated, as provided in 17-7-502, to the pension fund  
7 for payment of benefits to eligible recipients. The total funds must be distributed by the division in  
8 lump-sum payments to eligible recipients along with their normal retirement benefit payment.

9 (b) The lump-sum payment must be distributed proportionally to all eligible recipients based on  
10 service credit at the time of retirement, subject to the following:

11 (i) a recipient under subsection (2)(c) is considered to have 20 years of service for the purposes  
12 of the distributions;

13 (ii) any recipient of a service retirement benefit exceeding the maximum monthly benefit under  
14 19-6-707(2)(a) must have the recipient's service credit reduced 25% for the purposes of the distributions;

15 (iii) the maximum annual increase in the amount of supplemental benefits paid to each individual  
16 under this section after August 31, 1993, is the percentage increase for the previous calendar year in the  
17 annual average consumer price index for urban wage earners and workers, compiled by the bureau of labor  
18 statistics of the United States department of labor or its successor agency.

19 (c) Any amount deposited in the pension trust fund under subsection (4)(a) for the payment of  
20 supplemental benefits under this section that exceeds the limitation of subsection (4)(b)(iii) must be used  
21 to amortize unfunded liabilities of the retirement system.

22 (5) Every 10 years following July 1, 1991, the division shall review the size of the additional fee  
23 collected under 61-3-321(5) and ~~deposited in the account~~ paid to the pension trust fund in accordance with  
24 subsection (4)(a) and recommend to each legislature following the division's review any legislation  
25 necessary to reduce the fee to the minimum amount necessary to provide the supplemental benefits  
26 provided by this section."

27

28 **Section 22.** Section 19-8-504, MCA, is amended to read:

29 **"19-8-504. State's contribution.** Each month, the state treasurer shall pay to the pension trust  
30 fund out of the department of fish, wildlife, and parks funds, a sum equal to 8.15% of all members'

1 salaries. ~~The payment is statutorily appropriated as provided in 17-7-502.~~ THE DEPARTMENT OF FISH,  
 2 WILDLIFE, AND PARKS SHALL INCLUDE IN ITS BUDGET AND SHALL REQUEST FOR LEGISLATIVE  
 3 APPROPRIATION AN AMOUNT NECESSARY TO DEFRAY THE STATE'S PORTION OF THE COSTS OF THIS  
 4 SECTION."

5

6 **Section 23.** Section 19-9-702, MCA, is amended to read:

7 "19-9-702. **State contribution.** The state of Montana shall make its contributions ~~through the state~~  
 8 ~~auditor out of~~ from the general fund ~~the premium tax on motor vehicle property and casualty insurance~~  
 9 ~~policies.~~ The ~~payments~~ general fund contributions must be made annually after the end of each fiscal year  
 10 but no later than November 1 ~~from the gross premium tax after deduction for cancellations and returned~~  
 11 ~~premiums.~~ The division shall notify the state auditor by September 1 of each fiscal year of the annual  
 12 compensation paid to all active members during the preceding fiscal year. The state's contribution is  
 13 15.66% of compensation paid to members. The contributions are statutorily appropriated as provided in  
 14 17-7-502."

15

16 **Section 24.** Section 19-9-1007, MCA, is amended to read:

17 "19-9-1007. **Supplement to certain benefits.** (1) The benefits paid in each fiscal year to a retired  
 18 member or the member's survivors may not be less than one-half of the compensation that will be paid in  
 19 the current fiscal year in the appropriate city or town to newly confirmed police officers.

20 (2) On or before October 1 of each year, the division shall make a report including the following  
 21 information:

22 (a) the names of all retired members who are receiving benefits from the retirement system as of  
 23 the date of the report;

24 (b) the names of all surviving spouses or dependent children who are receiving benefits from the  
 25 retirement system because of the death of an active or retired member of this or a prior plan;

26 (c) for the purpose of determining the base retirement, disability, or survivorship benefits for the  
 27 computations set forth in subsection (3), the following information relating to the base fiscal year  
 28 commencing July 1, 1976:

29 (i) the amount of the benefits paid in the base fiscal year to each retired member described in  
 30 subsection (2)(a);



1 (ii) the amount of the benefits paid in the base fiscal year to each surviving spouse or dependent  
2 child described in subsection (2)(b);

3 (iii) upon the death after the base fiscal year of any retired member who was receiving benefits, the  
4 amount of benefits that would have been paid to an eligible surviving spouse of the retired member if the  
5 surviving spouse had been receiving benefits in the base fiscal year;

6 (d) the original amount of retirement, disability, or survivorship benefits paid to retired members  
7 or their eligible survivors as of the original retirement dates after July 1, 1975;

8 (e) the compensation that will be paid during the current fiscal year to a newly confirmed police  
9 officer of each city or town participating in the retirement system.

10 (3) The division shall compute the difference between each amount reported under subsections  
11 (2)(c) through (2)(e) and one-half the compensation to be paid during the current fiscal year to a newly  
12 confirmed police officer of the appropriate city or town. The difference must be reported to the state  
13 auditor, who shall pay the difference from the general fund to the pension trust fund ~~out of the premium~~  
14 ~~tax collected on insurance sold in this state to insure against the risks enumerated in 19-18-512(3)~~ no later  
15 than November 1. If the compensation of a newly confirmed police officer has not been set for the current  
16 fiscal year in time to be included in the October 1 report to the state auditor, the division shall make any  
17 retroactive adjustments necessary to individual supplemental benefits after the current compensation has  
18 been determined and shall include these amounts in the next year's report for reimbursement at that time.

19 (4) The ~~premium tax~~ amount paid by the state auditor is statutorily appropriated, as provided in  
20 17-7-502, for the payment of supplemental retirement benefits to eligible retired members and their  
21 survivors. This ~~payment~~ amount is in addition to the payment to be made by the state auditor under  
22 19-9-702.

23 (5) If more than one dependent child is entitled to supplementary benefits under this section by  
24 virtue of the death of a common parent, the minimum benefit paid to the dependent children under this  
25 section must be determined as if there were one dependent child and the supplementary benefits must be  
26 paid to the dependent children collectively."

27  
28 **Section 25.** Section 19-13-604, MCA, is amended to read:

29 **"19-13-604. State contribution.** The state shall make its contributions ~~through the state auditor~~  
30 from the ~~premium taxes on the insurance risks enumerated in 19-18-512~~ general fund. ~~These payments~~

1 Payments must be made annually from the general fund to the pension trust fund after the end of each  
 2 fiscal year but no later than November 1 ~~from the gross premium taxes after deduction for cancellations~~  
 3 ~~and returned premiums~~. The division shall notify the state auditor of the annual compensation, excluding  
 4 overtime, holiday payments, shift differential payments, compensatory time payments, and payments in  
 5 lieu of sick leave, paid to all active members during the preceding year. The state's contribution is 24.21 %  
 6 of this total compensation. ~~As soon as practicable after receipt of the state contribution, the division shall~~  
 7 ~~deposit it in the pension trust fund.~~ The contributions are statutorily appropriated as provided in 17-7-502."  
 8

9 **Section 26.** Section 19-13-1006, MCA, is amended to read:

10 **"19-13-1006. Supplement to retirement benefits for persons retiring before July 1, 1973.** (1) The  
 11 retirement system shall pay to each member retired before July 1, 1973, or the member's surviving spouse  
 12 or dependent children a monthly retirement benefit of not less than one-half the regular monthly  
 13 compensation paid to a confirmed active firefighter of the city that last employed the member as a  
 14 firefighter, as provided each year in the budget of that city. If the city that last employed the member as  
 15 a firefighter no longer employs a full-paid firefighter, the member's or survivor's benefit may not be less  
 16 than one-half the average regular monthly compensation paid to all newly confirmed full-paid firefighters,  
 17 as provided each year in the budgets of those cities that participate in the retirement system and employ  
 18 a full-paid firefighter. In the case of volunteer firefighters, the retirement benefit may not exceed \$75 per  
 19 month. Distribution of the money provided for this purpose under ~~19-18-606(4)~~ subsection (2) must be  
 20 made according to subsection ~~(2)~~ (3).

21 (2) The state auditor shall deposit the proceeds of the tax collected pursuant to 50-3-109(1)(b) in  
 22 the general fund. The state auditor shall pay an amount equal to the proceeds of the tax from the general  
 23 fund to the pension trust fund to be used to pay claims as provided in subsection (3). The payment is  
 24 statutorily appropriated as provided in 17-7-502. If the amount paid is in excess of the amount necessary  
 25 for the payment of claims as provided in subsection (3), the excess must be used to pay the supplementary  
 26 benefits provided for in 19-13-1009.

27 ~~(2)(3)~~ (a) At the beginning of each fiscal year, the division shall request and, except as provided  
 28 in subsection ~~(2)(b)~~ (3)(b), the state auditor shall ~~issue pay~~ pay from the state ~~special revenue~~ general fund and  
 29 ~~deliver~~ deliver to the ~~division~~ pension trust fund an amount certified to be equal to the total annual dollar difference  
 30 between the total retirement benefits paid to all retirees or their surviving spouses or dependent children

1 in the previous fiscal year and the total benefits payable on June 30, 1973. ~~The division shall deposit this~~  
 2 ~~money into the pension trust fund.~~

3 (b) ~~If the amount of insufficient money is contained in the state special revenue fund to pay the~~  
 4 ~~amount requested~~ paid in subsection (2)(a) (3)(a) is insufficient, ~~the auditor shall pay to the division the~~  
 5 ~~balance contained in the state special revenue fund. The division shall continue to request the payment of~~  
 6 ~~any portion of the amount requested under subsection (2)(a) (3)(a) that was not paid in previous fiscal years~~  
 7 ~~plus sufficient interest to reimburse the pension trust fund,~~ which The amounts must be paid to the division  
 8 pension trust fund ~~prior to determining whether sufficient cash remains in the special revenue fund taxes~~  
 9 have been collected to make any amount available for payments into the account established in 19-13-615  
 10 of supplementary benefits provided for in 19-13-1009. The state auditor shall pay the requests amounts  
 11 as premium tax money in the state special revenue general fund becomes available."

12

13 **Section 27.** Section 19-13-1009, MCA, is amended to read:

14 **"19-13-1009. Supplement to retirement benefits for persons hired on or after July 1, 1981.** (1)  
 15 The division shall pay a supplemental benefit ~~from the account provided for in 19-13-615~~ to each member  
 16 hired on or after July 1, 1981, who has earned 20 years of membership service as an active firefighter or  
 17 to the member's surviving spouse or dependent children. Except as provided in subsection (2), the  
 18 supplemental benefit, when added to the service retirement benefit, must equal one-half the regular monthly  
 19 compensation paid to a newly confirmed full-paid active firefighter of the city that last employed the  
 20 member as a firefighter as provided each year in the budget of that city. If after a member retires, the city  
 21 that last employed the member no longer employs a full-paid firefighter, the member's supplemental benefit  
 22 must be calculated on the basis of the average monthly compensation paid to all newly confirmed full-paid  
 23 firefighters, as provided each year in the budgets of those cities that participate in the retirement system  
 24 and employ a full-paid firefighter.

25 (2) If the amount available ~~to the account~~ is insufficient to fully fund the supplemental benefit  
 26 provided for in subsection (1), the supplemental benefit for each eligible member or survivor must be  
 27 reduced by an equal percentage so that the amount ~~contained in the account~~ available for this purpose is  
 28 not exceeded."

29

30 **Section 28.** Section 19-17-301, MCA, is amended to read:

1           **"19-17-301. Fire insurance premium tax to be paid into pension trust fund.** The state auditor ~~and~~  
 2 ~~ex-officio commissioner of insurance~~ shall annually ~~deposit in pay from the general fund to~~ the pension trust  
 3 fund a sum equivalent to 5% of the premium taxes collected from insurers authorized to effect insurance  
 4 against risks enumerated in ~~19-18-512~~ 50-3-109. The sum must be computed before the amounts provided  
 5 for by 19-13-604, 19-13-1006, and 19-18-512 are deducted. The money must be used for the payment  
 6 of claims, benefits, and administrative costs as provided in this chapter. The money is statutorily  
 7 appropriated as provided in 17-7-502."

8

9           **Section 29.** Section 19-18-512, MCA, is amended to read:

10           **"19-18-512. State auditor to pay -- payment to association out of insurance premium taxes.** (1)  
 11 After the end of the fiscal year, the state auditor shall issue and deliver the warrant described in this  
 12 subsection to the treasurer of ~~every~~ each city or town ~~which that~~ has a fire department relief association  
 13 entitled by law to receive payments. The warrant ~~shall~~ must be for the use and benefit of the association.  
 14 ~~It shall~~ The warrant must be for an amount equal to 1 1/2 mills of the total taxable value of the city or town  
 15 and ~~shall~~ must be paid out of the ~~premium taxes on insurance risks enumerated in subsection (3) collected~~  
 16 ~~by the state auditor~~ general fund. The payment is statutorily appropriated as provided in 17-7-502.

17           (2) ~~If the~~ The payment provided for in subsection (1) ~~is less than \$100, an additional payment shall~~  
 18 ~~be made from the same tax moneys so that the total amount received is~~ must be for at least \$100.

19           ~~(3) The risks referred to in subsection (1) are:~~

20           ~~(a) insurance of houses, buildings, and all other kinds of property against loss or damage by fire~~  
 21 ~~or other casualty;~~

22           ~~(b) all kinds of insurance on goods, merchandise, or other property in the course of transportation,~~  
 23 ~~whether by land, water, or air;~~

24           ~~(c) insurance against loss or damage to motor vehicles resulting from accident, collision, or marine~~  
 25 ~~and inland navigation and transportation perils;~~

26           ~~(d) insurance of growing crops against loss or damage resulting from hail or the elements;~~

27           ~~(e) insurance against loss or damage by water to any goods or promises arising from the breakage~~  
 28 ~~or leakage of sprinklers, pumps, or other apparatus;~~

29           ~~(f) insurance against loss or legal liability for loss because of damage to property caused by the~~  
 30 ~~use of teams or vehicles, whether by accident or collision or by explosion of any engine, tank, boiler, pipe,~~

1 ~~or tire of any vehicle; and~~

2 ~~(g) insurance against theft of the whole or any part of any vehicle."~~

3

4 **Section 30.** Section 19-19-205, MCA, is amended to read:

5 **"19-19-205. Actuarial valuation of police retirement fund.** (1) The city treasurer shall submit to  
6 the department of administration before October 1 of each odd-numbered year all information requested  
7 by the department necessary to complete an actuarial valuation of the city's police retirement fund. The  
8 valuation ~~shall~~ must consider the actuarial soundness of the police retirement fund for the 2 preceding fiscal  
9 years.

10 (2) The valuation ~~is to~~ must be prepared by a qualified actuary selected by the department. A  
11 qualified actuary is a member of the American academy of actuaries or of any organization considered by  
12 the department to have similar standards.

13 (3) In each fiscal year in which an actuarial valuation is prepared, the department shall submit to  
14 the state auditor a request for payment of the expense incurred in securing the actuarial valuation. The  
15 expense may not exceed \$6,000 in any fiscal year. The state auditor shall make payment to the actuary  
16 ~~designated in the request from the general fund.~~ The payment is statutorily appropriated as provided in  
17 17-7-502."

18

19 **Section 31.** Section 19-19-305, MCA, is amended to read:

20 **"19-19-305. Annual state payments to municipality with police department.** (1) After the end of  
21 each fiscal year, the state auditor shall issue and deliver to the treasurer of each city and town in Montana  
22 ~~which that~~ has a police department and ~~which that~~ is not a participant in the municipal police officers'  
23 retirement system ~~is a~~ warrant for an amount computed in the same manner as the amount paid (or that  
24 would be paid if an existing relief association met the legal requirements for payment) to cities and towns  
25 for fire department relief associations pursuant to 19-18-512. The payment from the general fund is  
26 statutorily appropriated as provided in 17-7-502.

27 (2) ~~The payments provided for by 19-19-205 and subsection (1) of this section shall be paid from~~  
28 ~~the premium tax collected on insurance sold in this state to insure against the risks enumerated in~~  
29 ~~19-18-512. Such payments may only be made after deductions have been made from the gross premium~~  
30 ~~tax for cancellations and returned premiums.~~

1           ~~(3)~~ Each city or town ~~which~~ that has a police retirement fund shall deposit the payment to the  
2 credit of its police retirement fund.

3           ~~(4)~~(3) Payments provided for in 19-19-205 and subsection (1) of this section are in addition to  
4 those provided for in 19-19-301."

5

6           **Section 32.** Section 19-19-506, MCA, is amended to read:

7           "**19-19-506. Supplement to certain pensions.** (1) The payment for each fiscal year to the police  
8 officers, spouses, or minor children described in subsections (2)(a) through (2)(c) may ~~be~~ not be less than  
9 one-half of the salary paid in that fiscal year in the appropriate city or town to newly confirmed police  
10 officers.

11           (2) On or before April 1 of each year, the board of trustees shall make a report to the state auditor  
12 including the following information:

13           (a) the names of all police officers who are receiving payments from the police retirement fund of  
14 the city or town as of the date of the report and who were receiving ~~such~~ the payments prior to July 1,  
15 1975;

16           (b) the names of all spouses or minor children who are receiving payments from the police  
17 retirement fund because of the death of a police officer who was receiving ~~such~~ payments prior to July 1,  
18 1975;

19           (c) the names of all spouses or minor children who are receiving payments from the police  
20 retirement fund and who were receiving ~~such~~ payments prior to July 1, 1975, or in the case of minor  
21 children, whose parent, the spouse of a police officer, was receiving ~~such~~ payments prior to July 1, 1975;

22           (d) for the purpose of determining the base figure for the computations set forth in subsection (4),  
23 the following information relating to the base fiscal year commencing July 1, 1976:

24           (i) the amount of the payments made in the base fiscal year to each police officer described in  
25 subsection (2)(a);

26           (ii) the amount of the payments made in the base fiscal year to each spouse or minor child ~~for~~  
27 ~~children~~ described in subsection (2)(b) or (2)(c);

28           (iii) upon the death after April 18, 1977, of any police officer on the retired list who was receiving  
29 payments from the police retirement fund prior to July 1, 1975, and who is survived by a spouse or minor  
30 ~~children~~ child entitled to receive payments ~~therefrom~~ from the police retirement fund, the amount ~~which~~

1 that would have been paid to an eligible spouse of ~~such~~ the police officer ~~had~~ if that spouse had been  
2 receiving payments in the base fiscal year.

3 (3) Each fiscal year immediately after the adoption by a city or town having a police retirement fund  
4 of its budget for that fiscal year, ~~each~~ such the city or town shall report to the state auditor the salary for  
5 that fiscal year of a newly confirmed police officer of that city or town.

6 (4) The state auditor shall, upon receipt of the reports referred to in subsections (2) and (3),  
7 compute the difference between each amount reported under subsections (2)(d)(i) through (2)(d)(iii) and  
8 one-half the salary for the current fiscal year of a newly confirmed police officer of the appropriate city or  
9 town. The difference ~~shall~~ must be paid by the state auditor out of the ~~premium tax collected on insurance,~~  
10 ~~as provided in 19-19-305(2),~~ general fund to the treasurer of the appropriate city or town at the same time  
11 as and in addition to the payment to be made by the state auditor under 19-19-305(1). The payment is  
12 statutorily appropriated as provided in 17-7-502.

13 (5) The treasurer of each city or town receiving funds under subsection (4) shall immediately  
14 deposit them to the credit of the city or town's police retirement fund. The board of trustees of the fund  
15 shall use the funds to supplement the monthly payments to persons described in subsections (2)(a) through  
16 (2)(c) so that the requirements of subsection (1) are met.

17 (6) If more than one minor child is entitled to supplementary payments under this section by virtue  
18 of the death of a common parent police officer, the minimum payment to ~~such~~ the minor children under this  
19 section ~~shall~~ must be determined as if there were one ~~such~~ minor child and the supplementary payment  
20 ~~shall~~ must be made to the minor children collectively."

21

22 **Section 33.** Section 19-20-203, MCA, is amended to read:

23 **"19-20-203. Officers and employees of retirement board.** (1) It is the duty of the retirement board  
24 to:

25 (a) elect a presiding officer from its membership;

26 (b) appoint a secretary, who may be one of its members;

27 (c) employ technical or administrative employees who are necessary for the transaction of the  
28 business of the retirement system and establish their compensation pursuant to Title 2, chapter 18; and

29 (d) designate an actuary who meets the qualifications established by the retirement board to assist  
30 the retirement board with the technical actuarial aspects of the operation of the retirement system, which

1 includes establishing mortality and service tables and making an actuarial investigation at least once every  
2 5 years into the mortality, service, and compensation experience of the members and beneficiaries of the  
3 retirement system.

4 (2) A quorum of the board is three members."  
5

6 **Section 34.** Section 19-20-501, MCA, is amended to read:

7 "**19-20-501. Financial administration of money.** The members of the retirement board are the  
8 trustees of all money collected for the retirement system, and as trustees, they shall provide for the  
9 financial administration of the money as provided in Article VIII, section 15, of the Montana constitution  
10 in the following manner:

11 (1) The money must be invested and reinvested by the state board of investments.

12 (2) The retirement board annually shall establish the rate of regular interest.

13 (3) The retirement board annually shall divide among the several reserves of the retirement system  
14 an amount equal to the average balance of the reserves during the preceding fiscal year multiplied by the  
15 rate of regular interest. In accordance with the provisions of 19-20-605(5), the amount to be credited to  
16 each reserve must be allocated from the interest and other earnings on the money of the retirement system  
17 actually realized during the preceding fiscal year, less the amount allocated to ~~the expense fund under the~~  
18 provisions of 19-20-606 administrative expenses. The administrative expenses of the retirement system  
19 may not exceed 1.5% of retirement benefits paid.

20 (4) The state treasurer is the custodian of the collected retirement system money and of the  
21 securities in which the money is invested.

22 (5) ~~All~~ For purposes of Article VIII, section 12, of the Montana constitution, all the reserves  
23 established by part 6 of this chapter must be accounts in the pension trust fund type of the treasury fund  
24 structure of the state.

25 (6) Benefits and refunds to eligible recipients are payable pursuant to a contract as contained in  
26 statute. Unless specifically provided for by statute, the contract does not contain revisions to statutes after  
27 the time of retirement or termination."

28  
29 **Section 35.** Section 19-20-605, MCA, is amended to read:

30 "**19-20-605. Pension accumulation fund -- employer's contribution.** The pension accumulation fund



1 is the fund in which the reserves for payment of pensions and annuities must be accumulated and from  
 2 which pensions, annuities, and benefits must be paid to or on account of beneficiaries credited with prior  
 3 service. Contributions to and payments from the pension accumulation fund must be made as follows:

4 (1) Each employer shall pay into the pension accumulation fund an amount equal to 7.47% of the  
 5 earned compensation of each member employed during the whole or part of the preceding payroll period.

6 (2) If the employer is a district or community college district, the trustees shall budget and pay for  
 7 the employer's contribution under the provisions of 20-9-501.

8 (3) If the employer is the superintendent of public instruction, a public institution of the state of  
 9 Montana, a unit of the Montana university system, or the Montana state school for the deaf and blind, the  
 10 legislature shall appropriate to the employer an adequate amount to allow the payment of the employer's  
 11 contribution.

12 (4) If the employer is a county, the county commissioners shall budget and pay for the employer's  
 13 contribution in the manner provided by law for the adoption of a county budget and for payments under  
 14 the budget.

15 (5) All interest and other earnings realized on the money of the retirement system ~~shall~~ must be  
 16 credited to the pension accumulation fund, and the amount required to allow regular interest on the annuity  
 17 savings fund ~~shall~~ must be transferred to that fund from the pension accumulation fund.

18 (6) All pensions, annuities, and benefits must be paid from the pension accumulation fund.

19 (7) The retirement board may, ~~in its discretion,~~ transfer from the pension accumulation fund to the  
 20 expense fund an amount necessary to cover expenses of administration."

21  
 22 **Section 36.** Section 50-3-109, MCA, is amended to read:

23 **"50-3-109. Tax on fire insurance premiums for maintenance of state fire prevention and**  
 24 **investigation activities of department of justice.** (1) Each insurer authorized to effect insurance on risks  
 25 enumerated in ~~19-18-512~~ subsection (2) doing business in this state shall pay to the state auditor ~~and~~  
 26 ~~commissioner of insurance ex officio~~ during the month of February or March in each year, in addition to the  
 27 taxes on premiums required by law to be paid by it, ~~a tax of 1%~~ taxes on the fire portion of the direct  
 28 premiums on ~~such~~ the enumerated risks received during the calendar year next preceding after deducting  
 29 cancellations and return premiums. The taxes are:

30 (a) 1% to be deposited as provided in 17-2-121; and

- 1           (b) 1 1/2% to be used for purposes of 19-13-1006.
- 2           (2) The risks referred to in subsection (1) are:
- 3           (a) insurance of houses, buildings, and all other kinds of property against loss or damage by fire  
 4 or other casualty;
- 5           (b) all kinds of insurance on goods, merchandise, or other property in the course of transportation,  
 6 whether by land, water, or air;
- 7           (c) insurance against loss or damage to motor vehicles resulting from accident, collision, or marine  
 8 and inland navigation and transportation perils;
- 9           (d) insurance of growing crops against loss or damage resulting from hail or the elements;
- 10          (e) insurance against loss or damage by water to any goods or premises arising from the breakage  
 11 or leakage of sprinklers, pumps, or other apparatus;
- 12          (f) insurance against loss or legal liability for loss because of damage to property caused by the  
 13 use of teams or vehicles, whether by accident or collision or by explosion of any engine, tank, boiler, pipe,  
 14 or tire of any vehicle; and
- 15          (g) insurance against theft of the whole or any part of a vehicle."

16

17           **Section 37.** Section 61-3-321, MCA, is amended to read:

18           **"61-3-321. Registration fees of vehicles -- public-owned vehicles exempt from license or**  
 19 **registration fees -- disposition of fees.** (1) Registration or license fees must be paid upon registration or  
 20 reregistration of motor vehicles, trailers, housetrailers, and semitrailers, in accordance with this chapter,  
 21 as follows:

- 22           (a) motor vehicles weighing 2,850 pounds or under (other than motortrucks), \$5;
- 23           (b) motor vehicles weighing over 2,850 pounds (other than motortrucks), \$10;
- 24           (c) electrically driven passenger vehicles, \$10;
- 25           (d) all motorcycles and quadricycles, \$2;
- 26           (e) tractors or trucks, \$10;
- 27           (f) buses, which are classed as motortrucks, licensed accordingly;
- 28           (g) trailers and semitrailers less than 2,500 pounds declared weight and housetrailers of all weights,  
 29 \$2;
- 30           (h) trailers and semitrailers over 2,500 up to 6,000 pounds declared weight (except housetrailers),

1 \$5;

2 (i) trailers and semitrailers over 6,000 pounds declared weight, \$10, except trailers and semitrailers  
3 registered in other jurisdictions and registered through a proportional registration agreement;

4 (j) trailers used exclusively in the transportation of logs in the forest or in the transportation of oil  
5 and gas well machinery, road machinery, or bridge materials, new and secondhand, \$15 annually,  
6 regardless of size or capacity.

7 (2) All rates are 25% higher for motor vehicles, trailers, and semitrailers that are not equipped with  
8 pneumatic tires.

9 (3) "Tractor", as specified in this section, means any motor vehicle, except a passenger car, that  
10 is used for towing a trailer or semitrailer.

11 (4) If any motor vehicle, housetrailer, trailer, or semitrailer is originally registered 6 months after  
12 the time of registration as set by law, the registration or license fee for the remainder of the year is one-half  
13 of the regular fee.

14 (5) An additional fee of \$5.25 a year for each registration of a vehicle, except trailers and  
15 semitrailers registered in other jurisdictions and registered through a proportional registration agreement,  
16 must be collected as a registration fee. Revenue from this fee must be forwarded by the respective county  
17 treasurers to the state treasurer for deposit in the general fund. The department shall ~~distribute~~ pay an  
18 amount equal to 25 cents from the each motor vehicle registration fee from the general fund to the pension  
19 trust fund for payment of supplemental benefits provided for in 19-6-709.

20 (6) A fee of \$2 for each set of new number plates must be collected when number plates provided  
21 for under 61-3-332(3) are issued. Revenue from this fee must be deposited as provided in subsection (5).

22 (7) The provisions of this part with respect to the payment of registration fees do not apply to and  
23 are not binding upon motor vehicles, trailers, semitrailers, or tractors owned or controlled by the United  
24 States of America or any state, county, city, or special district, as defined in 18-8-202.

25 (8) The provisions of this section relating to the payment of registration fees or new number plate  
26 fees do not apply when number plates are transferred to a replacement vehicle under 61-3-317, 61-3-332,  
27 or 61-3-335. (See compiler's comments for contingent termination of certain text.)"

28

29 **Section 38.** Section 76-13-114, MCA, is amended to read:

30 **"76-13-114. Disposition of fines.** Fines collected in a court of the state under this part or part 2,

1 except those collected in a justice's court, ~~shall~~ must be transferred to the state treasurer for deposit in the  
 2 ~~agency state special revenue~~ fund. Whenever a person is convicted in any court of a violation of this part  
 3 or part 2, the court may levy and collect as costs in the case the amount necessary to compensate the  
 4 county for the expenditures made in and for the prosecution of the offender. These costs when collected,  
 5 except those collected in a justice's court, ~~shall~~ must be deposited by the court with the proper county  
 6 treasurer for the benefit of the county."

7  
 8 NEW SECTION. SECTION 39. COORDINATION INSTRUCTIONS. (1) IF HOUSE BILL NO. 170 IS  
 9 PASSED AND APPROVED AND IF IT CONTAINS A NEW [SECTION 4] PROVIDING FOR STATE  
 10 CONTRIBUTIONS TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM ON BEHALF OF LOCAL  
 11 GOVERNMENTS, THEN:

12 (A) THE NEW [SECTION 4 OF HOUSE BILL NO. 170] SHALL READ:

13 "Section 4. State contributions for local government and school district employers. The state shall  
 14 contribute monthly from the general fund to the pension trust fund a sum equal to 0.1% of the  
 15 compensation of members employed by local government entities and school districts on and after [the  
 16 effective date of this act]. The division shall certify amounts due under this section on a monthly basis,  
 17 and the state treasurer shall transfer those amounts to the pension trust fund within 1 week. The payment  
 18 is statutorily appropriated as provided in 17-7-502."; AND

19 (B) [SECTION 44 15 OF THIS ACT], AMENDING 17-7-502, SHALL INCLUDE IN THE LIST OF  
 20 SECTIONS WITH A STATUTORY APPROPRIATION, [SECTION 4 OF HOUSE BILL NO. 170].

21 (2) IF EITHER HOUSE BILL NO. 173 OR HOUSE BILL NO. 430, IS PASSED AND APPROVED, OR  
 22 IF BOTH ARE PASSED AND APPROVED, AND IF EITHER OR BOTH REPEAL 19-13-1006, THEN:

23 (A) [SECTION 27 28 OF THIS ACT], AMENDING 19-17-301, SHALL READ:

24 "Section ~~27~~ 28. Section 19-17-301, MCA, is amended to read:

25 "19-17-301. Fire insurance premium tax to be paid into pension trust fund. The state auditor ~~and~~  
 26 ~~ex-officio commissioner of insurance~~ shall annually ~~deposit in pay from the general fund to~~ the pension trust  
 27 fund a sum equivalent to 5% of the premium taxes collected from insurers authorized to effect insurance  
 28 against risks enumerated in ~~19-18-512~~ 50-3-109. The sum must be computed before the amounts provided  
 29 for by 19-13-604 and 19-18-512 are deducted. The money must be used for the payment of claims,  
 30 benefits, and administrative costs as provided in this chapter. The money is statutorily appropriated as

1 provided in 17-7-502.""; AND

2 (B) THE INTERNAL REFERENCE TO 19-13-1006 IN [SECTION 44 15 OF THIS ACT], AMENDING  
3 17-7-502, MUST BE REMOVED.

4  
5 NEW SECTION. Section 40. Repealer. (1) Sections 19-9-208, 19-13-615, 19-18-513, 19-18-606,  
6 and 19-20-606, MCA, are repealed.

7 (2) SECTION 13, CHAPTER 23, SPECIAL LAWS OF NOVEMBER 1993, IS REPEALED.

8  
9 NEW SECTION. Section 41. Effective date. — [This DATES. (1) EXCEPT AS PROVIDED IN  
10 SUBSECTION (2), [THIS act] is effective July 1, 1997.

11 (2) [SECTION 40(2) AND THIS SECTION] ARE EFFECTIVE ON PASSAGE AND APPROVAL.

12 -END-