

1 SENATE BILL NO. 19

2 INTRODUCED BY GAGE

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

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING STATE BUDGETING LAWS; REQUIRING
6 THAT THE LEGISLATIVE FINANCE COMMITTEE PREPARE RECOMMENDATIONS INVOLVING MAJOR
7 BUDGETARY MATTERS FOR AN ENSUING LEGISLATIVE SESSION; CLARIFYING TYPES OF INFORMATION
8 CONTAINED IN AND THE MANNER AND TIMES FOR PREPARING PROPOSED BUDGETS AND REPORTS;
9 REDUCING THE NUMBER OF REPORTS MADE TO THE BUDGET DIRECTOR; REDEFINING "BASE BUDGET",
10 "PRESENT LAW BASE", AND "PROGRAM" FOR THE PURPOSES OF PREPARING THE STATE BUDGET;
11 CHANGING THE MANNER OF DETERMINING WHETHER AN AGENCY IS IN SUBSTANTIAL COMPLIANCE
12 WITH THE BUDGET; CHANGING THE APPROVAL AND REPORTING PROCEDURES FOR PROGRAM
13 TRANSFERS; PROVIDING FOR BUDGET AMENDMENTS UNDER THE LONG-RANGE BUILDING PROGRAM;
14 CLARIFYING THE PROVISIONS RELATING TO AUTHORITY TO MAKE EXPENDITURES IN THE SECOND
15 YEAR OF A BIENNIUM; AMENDING SECTIONS 5-12-205, 5-12-303, 17-4-107, 17-4-108, 17-7-102,
16 17-7-111, 17-7-112, 17-7-121, 17-7-122, 17-7-123, 17-7-124, 17-7-132, 17-7-138, 17-7-139, 17-7-204,
17 17-7-211, 17-7-301, AND 17-8-101, MCA; AND REPEALING SECTION 17-3-109, MCA."

18
19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

20
21 **Section 1.** Section 5-12-205, MCA, is amended to read:

22 **"5-12-205. Powers and duties of committee.** The committee ~~may~~:

23 (1) may organize, adopt rules to govern its proceedings, and meet as often as necessary, upon the
24 call of the presiding officer, to advise and consult with the legislative fiscal analyst;

25 (2) may employ and, in accordance with the rules for classification and pay adopted by the
26 legislative council, set the salary of the legislative fiscal analyst. The legislative fiscal analyst shall serve
27 at the pleasure of and be responsible for providing services to the committee.

28 (3) may exercise the investigatory powers of a standing committee under chapter 5, part 1, of this
29 title; and

30 (4) shall, before each regular and special legislative session involving budgetary matters, prepare

1 recommendations to the house appropriations committee and the senate finance and claims committee on
 2 the application of certain budget issues. At a minimum, the recommendations must include procedures for
 3 the consistent application during each session of inflation factors, the allocation of fixed costs, and the
 4 personal services budget. The committee may also make recommendations on other issues of major concern
 5 in the budgeting process, such as estimating the cost of implementing particular programs based upon
 6 present law."

7
 8 **Section 2.** Section 5-12-303, MCA, is amended to read:

9 **"5-12-303. Fiscal analysis information from state agencies.** (1) The legislative fiscal analyst may
 10 investigate and examine the costs and ~~revenues~~ revenue of state government activities and may examine
 11 and obtain copies of the records, books, and files of any state agency, including confidential records.

12 (2) When confidential records and information are obtained from a state agency, the legislative
 13 fiscal analyst and staff must be subject to the same penalties for unauthorized disclosure of the confidential
 14 records and information provided for under the laws administered by the state agency. The legislative fiscal
 15 analyst shall develop policies to prevent the unauthorized disclosure of confidential records and information
 16 obtained from state agencies.

17 (3) The legislative fiscal analyst may not obtain copies of individual income tax records protected
 18 under 15-30-303. The department of revenue shall make individual income tax data available by removing
 19 names, addresses, occupations, social security numbers, and taxpayer identification numbers. The
 20 department of revenue may not alter the data in any other way. The data is subject to the same restrictions
 21 on disclosure as are individual income tax returns.

22 ~~(4) The budget director shall furnish the legislative fiscal analyst with copies of all budget requests,~~
 23 ~~in a format agreed upon by both the office of budget and program planning and the legislative fiscal analyst,~~
 24 ~~at the time of submission to the budget director as provided by law and, if requested, all underlying and~~
 25 ~~supporting documentation. In preparing the executive budget for the next biennium for submission to the~~
 26 ~~legislature, the budget director shall use the base budget, the present law base, and new proposals as~~
 27 ~~defined in 17-7-102.~~

28 ~~(5) In the year preceding each legislative session, the budget director shall furnish the legislative~~
 29 ~~fiscal analyst, in a format agreed upon by both the office of budget and program planning and the legislative~~
 30 ~~fiscal analyst:~~

1 ~~(a) by October 10, a preliminary budget reflecting the base budget and, by November 1, a present~~
 2 ~~law base for each agency and a copy of the documents that reflect the anticipated receipts and other~~
 3 ~~means of financing the base budget and present law base for each fiscal year of the ensuing biennium;~~

4 ~~(b) by November 15, a preliminary budget that must meet the statutory requirements for~~
 5 ~~submission of the budget to the legislature and a summary of the preliminary budget designed for~~
 6 ~~distribution to members and members elect of the legislature;~~

7 ~~(c) by November 12, a paper copy and an electronic copy of the documents that reflect~~
 8 ~~expenditures to the second level, as provided in 17-1-102(3), by funding source and detailed by accounting~~
 9 ~~entity; and~~

10 ~~(d) by December 15, all amendments to the preliminary budget.~~

11 ~~(6)(4)~~ Within 1 day after the legislative finance committee presents its budget analysis to the
 12 legislature, the budget director and the legislative fiscal analyst shall exchange expenditure and
 13 disbursement recommendations by second-level expenditure detail and by funding sources detailed by
 14 accounting entity. This information must be filed in the respective offices and be made available to the
 15 legislature and the public. In preparing the budget analysis for the next biennium for submission to the
 16 legislature, the legislative fiscal analyst shall use the base budget, the present law base, and new proposals
 17 as defined in 17-7-102.

18 ~~(7)(5)~~ This section does not authorize publication or public disclosure of information if the law
 19 prohibits publication or disclosure."
 20

21 **Section 3.** Section 17-4-107, MCA, is amended to read:

22 **"17-4-107. Writeoff procedures.** ~~(1)~~ The department may establish procedures for canceling and
 23 writing off accounts receivable carried on the books of the various state agencies ~~that~~ if the accounts have
 24 been transferred to the department pursuant to 17-4-104 and ~~that~~ are uncollectible or if the continued
 25 pursuance of the collection of the accounts would cost the state more than the amount collected. ~~The~~
 26 ~~procedures must be established in accordance with subsection (2).~~

27 ~~(2) The department may establish procedures for canceling and writing off accounts receivable~~
 28 ~~carried on the books of various state agencies that are uncollectible or the continued pursuance of the~~
 29 ~~collection would cost the state more than the amount collected. The procedures must include the reporting~~
 30 ~~to the budget director of any canceling and writing off of accounts receivable."~~

1 **Section 4.** Section 17-4-108, MCA, is amended to read:

2 **"17-4-108. Circumstances under which previously written-off debt may be collected.** If a debt
3 previously written off under 17-4-107~~(4)~~ subsequently becomes collectible, the department shall proceed
4 to collect the money due pursuant to 17-4-105(1) and 17-4-106."

5
6 **Section 5.** Section 17-7-102, MCA, is amended to read:

7 **"17-7-102. Definitions.** As used in this chapter, the following definitions apply:

8 (1) "Additional services" means different services or more of the same services.

9 (2) "Agency" means ~~each state office, department, division, board, commission, council,~~
10 ~~committee, institution, university unit, or other entity or instrumentality of the executive branch, office of~~
11 ~~the judicial branch, or office of the legislative branch of state government, except for purposes of capital~~
12 ~~projects administered by the department of administration, for which institutions are treated as one~~
13 ~~department and university units as one system.~~

14 ~~(3) "Approved long range building program budget amendment" means approval by the budget~~
15 ~~director of a request submitted through the architecture and engineering division of the department of~~
16 ~~administration to transfer excess funds appropriated to a capital project within an agency to increase the~~
17 ~~appropriation of another capital project within that agency or to obtain financing to expand a project with~~
18 ~~funds that were not available for consideration by the legislature. all offices, departments, boards,~~
19 ~~commissions, institutions, universities, colleges, and any other person or any other administrative unit of~~
20 ~~state government that spends or encumbers public money by virtue of an appropriation from the legislature~~
21 ~~under 17-8-101.~~

22 ~~(4)~~(3) "Approving authority" means:

23 (a) the governor or the governor's designated representative for executive branch agencies;

24 (b) the chief justice of the supreme court or the chief justice's designated representative for judicial
25 branch agencies;

26 (c) the speaker for the house of representatives;

27 (d) the president for the senate;

28 (e) appropriate legislative committees or a designated representative for legislative branch agencies;

29 or

30 (f) the board of regents of higher education or its designated representative for the university

1 system.

2 ~~(5)(4)~~ "Base budget" means ~~that level of funding authorized by the previous legislature~~ the
3 resources for the operation of state government that are of an ongoing and nonextraordinary nature in the
4 current biennium.

5 ~~(6)(5)~~ "Budget amendment" means a legislative temporary appropriation ~~to increase spending~~
6 ~~authority for the special revenue fund, proprietary funds, or unrestricted subfund, contingent on total~~
7 ~~compliance with all budget amendment procedures~~ as provided in Title 17, chapter 7, part 4.

8 ~~(7)~~ ~~"Effectiveness measure" means a criterion for measuring the degree to which the objective~~
9 ~~sought is attained.~~

10 ~~(8)(6)~~ "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and
11 unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was
12 made, that was clearly not within the contemplation of the legislature and the governor, and that affects
13 one or more functions of a state agency and the agency's expenditure requirements for the performance
14 of the function or functions.

15 ~~(7)~~ "Funds subject to appropriation" means those funds required to be paid out of the treasury as
16 set forth in 17-8-101.

17 ~~(9)(8)~~ "Necessary" means essential to the public welfare and of a nature that cannot wait until the
18 next legislative session for legislative consideration.

19 ~~(10)(9)~~ "New proposals" means requests to provide new nonmandated services, to change program
20 services, to eliminate existing services, or to change sources of funding. For purposes of establishing the
21 present law base, the distinction between new proposals and the adjustments to the base budget to
22 develop the present law base is to be determined by the existence of constitutional or statutory
23 requirements for the proposed expenditure. Any proposed increase or decrease that is not based on those
24 requirements is considered a new proposal.

25 ~~(11)(10)~~ "Present law base" means that ~~additional~~ level of funding needed under present law to
26 maintain operations and services at the level authorized by the previous legislature, including but not limited
27 to:

28 (a) changes resulting from legally mandated workload, caseload, or enrollment increases or
29 decreases;

30 (b) changes in funding requirements resulting from constitutional or statutory schedules or

1 formulas;

2 (c) inflationary or deflationary adjustments; and

3 (d) elimination of nonrecurring appropriations.

4 ~~(12) "Priority listing" means a ranking of proposed expenditures in order of importance.~~

5 ~~(13)(11) "Program" means a combination of resources and activities designed to achieve an~~
6 ~~objective or objectives~~ a principal organizational or budgetary unit within an agency.

7 ~~(14) "Program size" means the magnitude of a program, such as the size of clientele served or the~~
8 ~~volume of service in relation to the population or area.~~

9 ~~(15) "Program size indicator" means a measure to indicate the magnitude of a program.~~

10 ~~(16)(12) "Requesting agency" means the agency of state government that has requested a specific~~
11 ~~budget amendment.~~

12 ~~(17)(13) "University system unit" means the board of regents of higher education; office of the~~
13 ~~commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and~~
14 ~~Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the~~
15 ~~agricultural experiment station, with central offices at Bozeman; the forest and conservation experiment~~
16 ~~station, with central offices at Missoula; the cooperative extension service, with central offices at Bozeman;~~
17 ~~the bureau of mines and geology, with central offices at Butte; the fire services training school at Great~~
18 ~~Falls; and the community colleges at Miles City, Glendive, and Kalispell."~~

19

20 **Section 6.** Section 17-7-111, MCA, is amended to read:

21 **"17-7-111. Agency Preparation of state budget -- agency program budgets -- form distribution and**
22 **contents.** (1) (a) To prepare a state budget, the executive branch, the legislature, and the citizens of the
23 state need information that is consistent and accurate. Necessary information includes detailed
24 disbursements by fund type for each agency and program for the appropriate time period, recommendations
25 for creating a balanced budget, and recommended disbursements and estimated receipts by fund type and
26 fund category.

27 (b) Subject to the requirements of this chapter, the budget director and the legislative fiscal analyst
28 shall by agreement:

29 (i) establish necessary standards, formats, and other matters necessary to share information
30 between the agencies and to ensure that information is consistent and accurate for the preparation of the

1 state's budget; and

2 (ii) provide for the collection and provision of budgetary and financial information that is in addition
3 to or different from the information otherwise required to be provided pursuant to this section.

4 (2) In the preparation of a state budget, the budget director shall, not later than July 1 in the year
5 preceding the convening of the legislature the date specified in 17-7-112(1), distribute to all state offices
6 and departments, including the judicial branch and the legislative branch, agencies the proper forms and
7 instructions necessary for the preparation of budget estimates by the budget director. These forms must
8 be prescribed by the budget director to procure the information required by subsection (2) (3). The forms
9 must be submitted to the budget director by the date provided in 17-7-112(2) or the agency's budget is
10 subject to preparation based upon estimates as provided in 17-7-112(5). The budget director may refuse
11 to accept forms that do not comply with the provisions of this section or the instructions given for
12 completing the forms.

13 (2)(3) The agency budget requests, when completed by the budget office, request must set forth
14 a balanced financial plan for the agency completing the forms for each fiscal year of the ensuing biennium.
15 The plan must consist of:

16 (a) a consolidated agency budget summary of funds subject to appropriation for the current base
17 budget expenditures, including statutory appropriations, and for each modification present law adjustment
18 and new proposal request setting forth the aggregate figures of the full-time equivalent personnel positions
19 (FTE) and the budget, showing a balance between the total proposed disbursements and the total
20 anticipated receipts, together with the other means of financing the budget for each fiscal year of the
21 ensuing biennium, contrasted with the corresponding figures for the last completed fiscal year and the fiscal
22 year in progress. The consolidated budget summary must be supported by schedules classifying receipts
23 and disbursements contained in the summary by fund and, when applicable, organizational unit;

24 (b) a schedule of the actual and projected receipts, disbursements, and solvency of each
25 accounting entity within each fund for the current biennium and estimated for the subsequent biennium;

26 (c) a detailed schedule of receipts, by accounting entity within each fund, indicating classification
27 and source of funds;

28 (d) an agency schedule summarizing past and proposed spending plans and the means of financing
29 the proposed plan. Information presented must include the following:

30 (i)(c) a statement of the agency goals and objectives mission and a statement of goals and

1 objectives for each program of the agency. The goals and objectives must include, in a concise form,
 2 sufficient specific information and quantifiable information to enable the legislature to formulate an
 3 appropriations policy regarding the agency and its programs and to allow a determination, at some future
 4 date, on whether the agency has succeeded in attaining its goals and objectives. ~~The goals and objectives~~
 5 ~~must contain a list of duties prioritized by the department director to reflect the director's opinion~~
 6 ~~concerning the importance of the duties assigned to the agency by law.~~

7 ~~(d)~~ actual FTE and disbursements for the completed fiscal year of the current biennium, estimated
 8 FTE and disbursements for the current fiscal year, and the agency's request for the ensuing biennium, by
 9 program; ~~and~~

10 ~~(e)~~ actual disbursements for the completed fiscal year of the current biennium, estimated
 11 disbursements for the current fiscal year, and the agency's recommendations for the ensuing biennium, by
 12 disbursement category;

13 ~~(f)~~ a reference, for each program included in the agency budget request, identifying whether the
 14 program may be operated at the discretion of the agency or whether the agency is required by federal or
 15 state law to operate, administer, or manage the program; and

16 ~~(g)~~ other information the budget director feels is necessary for the preparation of a budget.

17 ~~(3)~~ (4) The budget director shall prepare and submit to the legislative fiscal analyst in accordance
 18 with 17-7-112:

19 (a) detailed recommendations for the state long-range building program. Each recommendation
 20 must be presented by ~~department~~, institution, agency, or branch, by funding source, with a description of
 21 each proposed project.

22 (b) the proposed pay plan schedule for all executive branch employees at the program level by
 23 fund, with the specific cost and funding recommendations for each agency. Submission of a pay plan
 24 schedule under this subsection is not an unfair labor practice under 39-31-401.

25 (c) agency proposals for the use of cultural and aesthetic project grants under Title 22, chapter 2,
 26 part 3, the renewable resource grant and loan program under Title 85, chapter 1, part 6, the reclamation
 27 and development grants program under Title 90, chapter 2, part 11, and the treasure state endowment
 28 program under Title 90, chapter 6, part 7.

29 ~~(4)~~ (5) The board of regents shall submit, with its budget request for each university unit in
 30 accordance with 17-7-112, a report on the university system bonded indebtedness and related finances

1 as provided in this subsection ~~(4)~~ (5). The report must include the following information for each year of
 2 the biennium, contrasted with the same information for the last completed fiscal year and the fiscal year
 3 in progress:

4 (a) a schedule of estimated total bonded indebtedness for each university unit by bond indenture;

5 (b) a schedule of estimated revenue, expenditures, and fund balances by fiscal year for each
 6 outstanding bond indenture, clearly delineating the accounts relating to each indenture and the minimum
 7 legal funding requirements for each bond indenture; and

8 (c) a schedule showing the total funds available from each bond indenture and its associated
 9 accounts, with a list of commitments and planned expenditures from such accounts, itemized by revenue
 10 source and project for each year of the current and ensuing bienniums.

11 ~~(5)(6)~~ The budget director may not obtain copies of individual income tax records protected under
 12 15-30-303. The department of revenue shall make individual income tax data available by removing names,
 13 addresses, occupations, social security numbers, and taxpayer identification numbers. The department of
 14 revenue may not alter the data in any other way. The data is subject to the same restrictions on disclosure
 15 as are individual income tax returns."
 16

17 **Section 7.** Section 17-7-112, MCA, is amended to read:

18 **"17-7-112. Submission deadline deadlines -- budgeting schedule.** The following is the schedule
 19 for the preparation of a state budget for submission to the legislature convening in the following year:

20 (1) By August 1, forms necessary for preparation of budget estimates must be distributed pursuant
 21 to 17-7-111(2).

22 ~~(1)(2) It is the duty of~~ By September 1, each department, agency, ~~and office, including the Montana~~
 23 ~~university system, to shall~~ submit the information required under 17-7-111 to the budget director ~~on or~~
 24 ~~before September 1 in the even year preceding the convening of the legislature.~~ The department of justice
 25 shall submit information received from counties concerning the state's share of county attorney salaries.

26 ~~(2)(3) Between August 15 and~~ By September 30 1, ~~in the year preceding the convening of the~~
 27 ~~legislature,~~ the budget director ~~must~~ shall submit each state agency's budget request required under
 28 ~~17-7-111(2)~~ 17-7-111(3) to the legislative fiscal analyst. The transfer of budget information must be done
 29 on a schedule mutually agreed to by the budget director and the legislative fiscal analyst in a manner that
 30 facilitates an even transfer of budget information during the month of September and that allows each

1 office to maintain a reasonable staff workflow.

2 (4) By October 10, the budget director shall furnish the legislative fiscal analyst with a preliminary
3 budget reflecting the base budget in a format agreed upon by both the office of budget and program
4 planning and the legislative fiscal analyst.

5 ~~(3)(5) If any department, institution, university unit, or agency fails to present the information~~
6 ~~within the time specified in this section, the budget director shall note that fact in the budget submitted~~
7 ~~to the governor and the budget director shall prepare and submit to the legislative fiscal analyst and the~~
8 ~~governor by~~ By October 30, a budget request must be prepared by the budget director and submitted to
9 the legislative fiscal analyst on behalf of the any department, institution, university unit, or agency, that
10 did not present the information required by this section. The budget request must be based upon the
11 budget director's studies of the operations, plans, and needs of the department, institution, university unit,
12 or agency.

13 (6) By November 1, the budget director shall furnish the legislative fiscal analyst with a present
14 law base for each agency and a copy of the documents that reflect the anticipated receipts and other
15 means of financing the base budget and present law base for each fiscal year of the ensuing biennium. The
16 material must be in a format agreed upon by both the office of budget and program planning and the
17 legislative fiscal analyst.

18 (7) By November 12, the budget director shall furnish the legislative fiscal analyst with the
19 documents, in a format agreed upon by both the office of budget and program planning and the legislative
20 fiscal analyst, that reflect expenditures to the second level, as provided in 17-1-102(3), by funding source
21 and detailed by accounting entity.

22 ~~(4)(8) The~~ By November 15, the proposed pay plan schedule required by 17-7-111(3)(4), a
23 preliminary budget that meets the statutory requirements for submission of the budget to the legislature,
24 and a summary of the preliminary budget designed for distribution to members and members-elect of the
25 legislature must be submitted to the legislative fiscal analyst no later than November 15 in the year
26 preceding the convening of the legislature.

27 (9) By December 15, the budget director shall submit a preliminary budget to the governor and to
28 the governor-elect, if there is one, as provided in 17-7-121, and shall furnish the legislative fiscal analyst
29 with all amendments to the preliminary budget.

30 (10) By January 7, recommended changes proposed by a governor-elect must be transmitted to

1 the legislative fiscal analyst and the legislature as provided in 17-7-121."

2

3 **Section 8.** Section 17-7-121, MCA, is amended to read:

4 **"17-7-121. Preliminary budget preparation and submission to governor and governor-elect.** (1)

5 Upon receipt of the completed forms and other available data and information, the budget director shall
6 examine the same for the purpose of determining the necessity of the disbursements and funds requested
7 and shall, on or before ~~December 15 in the year preceding the convening of the legislature~~ the date
8 established in 17-7-112, submit in writing to the governor and to the governor-elect, if ~~one~~ there ~~be~~ is one,
9 a preliminary budget for the ensuing biennium containing the detailed information ~~hereinafter~~ required to
10 be set forth in the budget to be submitted by the governor to the legislature.

11 (2) If ~~so~~ requested by the governor-elect, the governor shall incorporate in the budget, as a
12 separate section, ~~such~~ the estimates, comments, and recommendations ~~as~~ that the governor-elect may wish
13 to make, and by the date established in 17-7-112, this section of the budget ~~shall~~ must be transmitted to
14 the legislature and the legislative fiscal analyst without change. It is the duty of the governor-elect in
15 recommending changes to show a balance between proposed disbursements and anticipated receipts."

16

17 **Section 9.** Section 17-7-122, MCA, is amended to read:

18 **"17-7-122. Preparation of budget.** (1) The governor shall, following the receipt of the preliminary
19 budget from the budget director, have prepared a budget for the ensuing biennium and shall submit the
20 budget to the legislative fiscal analyst in accordance with ~~5-12-303~~ 17-7-112 for inclusion in the combined
21 governor's budget and budget analysis report.

22 (2) Legislative branch budget proposals must be included in the budget submitted by the governor
23 without changes.

24 (3) Judicial branch budget proposals must be included in the budget submitted by the governor,
25 but expenditures above the current base budget need not be part of the balanced financial plan pursuant
26 to 17-7-123."

27

28 **Section 10.** Section 17-7-123, MCA, is amended to read:

29 **"17-7-123. Form of executive budget.** The budget submitted must set forth a balanced financial
30 plan of funds subject to appropriation for each accounting entity and for the state government for each

1 fiscal year of the ensuing biennium, ~~which~~ The base level plan must consist of:

2 (1) a consolidated budget summary setting forth the aggregate figures of the budget in a manner
3 that shows a balance between the total proposed disbursements and the total anticipated receipts, together
4 with the other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with
5 the corresponding figures for the last completed fiscal year and the fiscal year in progress. The consolidated
6 budget summary must be supported by explanatory schedules or statements, ~~classifying receipts and~~
7 ~~disbursements contained therein by fund and, when applicable, organizational unit;~~

8 (2) ~~an analysis of the actual and projected receipts, disbursements, and solvency of each~~
9 ~~accounting entity within each fund for the current and subsequent biennium;~~

10 (3) ~~a detailed analysis of receipts by accounting entity within fund indicating classification and~~
11 ~~source of funds~~ budget and full-time equivalent personnel position comparisons by agency, program, and
12 appropriated funds for the current and subsequent biennium;

13 (4)(3) ~~a departmental analysis summarizing past and proposed spending plans by agency and the~~
14 ~~means of financing the proposed plan. Information presented must include the following:~~

15 (a) ~~a summary of the departmental goals and objectives~~ mission and a statement of goals and
16 objectives for each program of the department;

17 (b)(4) actual base budget disbursements for the completed fiscal year of the current biennium,
18 estimated comparable disbursements for the current fiscal year, and the ~~current~~ proposed present law base
19 budget ~~and the current base budget~~ plus new proposals, if any, for each department and each program of
20 the department;

21 (c) ~~a reference for each program as required under 17 7 111(2)(e); and~~

22 (d)(5) a statement containing recommendations of the governor for the ensuing biennium by
23 program and disbursement category, including:

24 (a) explanations of appropriation and revenue measures included in the budget that involve policy
25 changes; and

26 (b) matters not included as a part of the budget bill but included as a part of the executive budget,
27 such as the state employee pay plan, programs funded through separate appropriations measures, and
28 other matters considered necessary for comprehensive public and legislative consideration of the state
29 budget; and

30 (5)(6) ~~detailed recommendations for the state long range building program. Each recommendation~~

1 ~~must be presented by department, institution, agency, or branch by funding source, with a description of~~
 2 ~~each proposed project. An appropriation measure must be presented by project, source of funding, and~~
 3 ~~department, agency, institution, or branch for which the project is primarily intended. a report on:~~

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

6 (b) fees and charges in the internal service fund type, including changes in the level of fees and
 7 charges, projected use of the fees and charges, and projected fund balances. Fees and charges in the
 8 internal service fund type must be approved by the legislature in the general appropriations act. Fees and
 9 charges in a biennium may not exceed the level approved by the legislature in the general appropriations
 10 act effective for that biennium.

11 (7) any other financial or budgetary material agreed to by the budget director and the legislative
 12 fiscal analyst."

13
 14 **Section 11.** Section 17-7-124, MCA, is amended to read:

15 **"17-7-124. Additional budget data.** In addition to the budget required in 17-7-123, the governor
 16 shall prepare and make available on request a detailed analysis of receipts by accounting entity within each
 17 fund type indicating classification and source of funds.:

18 ~~(1) a departmental analysis summarizing past and proposed spending plans by agency and the~~
 19 ~~means of financing the proposed plan. Information available must include the following:~~

20 ~~(a) a statement of departmental goals and objectives and a statement of goals and objectives for~~
 21 ~~each program of the department; and~~

22 ~~(b) schedules showing the number of employees who were given a pay grade change under the~~
 23 ~~pay schedule implemented pursuant to 2-18-303 and the net cost to the agency for the grade changes for~~
 24 ~~the biennium. The changes must be listed in tabular form by:~~

25 ~~(i) position description;~~

26 ~~(ii) grade assigned prior to the completed fiscal year;~~

27 ~~(iii) grade assigned during the completed fiscal year;~~

28 ~~(iv) grade assigned during the current fiscal year;~~

29 ~~(v) recommended grade for the ensuing biennium;~~

30 ~~(vi) dollar difference for the upgrade or downgrade for each position; and~~

1 ~~(vii) net cost to the agency for grade changes.~~

2 ~~(2) appropriation measures detailed by program, fund, and accounting entity, authorizing~~
 3 ~~disbursements and related restrictions by department, institution, or agency of the state; and~~

4 ~~(3) information submitted by agencies as required by 17-7-111."~~

5
 6 **Section 12.** Section 17-7-132, MCA, is amended to read:

7 **"17-7-132. Right of officers to appear on consideration of budget.** ~~The department of~~
 8 ~~administration~~ budget director and representatives of ~~the executive officers, agencies, and institutions of~~
 9 ~~the state and other state agencies~~ expending or applying for state ~~moneys~~ money may and, when requested
 10 by either the house of representatives or the senate, shall appear and be heard with respect to any budget
 11 bill."

12
 13 **Section 13.** Section 17-7-138, MCA, is amended to read:

14 **"17-7-138. Operating budget.** (1) (a) Expenditures by a state agency must be made in substantial
 15 compliance with an operating budget approved by an approving authority the budget approved by the
 16 legislature. Substantial compliance means that a first level category in the operating budget may not be
 17 exceeded by more than 5%. An explanation of any significant change in agency or program scope,
 18 objectives, activities, or expenditures must be submitted to the legislative fiscal analyst for review and
 19 comment by the legislative finance committee prior to any implementation of the change. Except as
 20 provided in subsection (2), the expenditure of money app.ropriated in the general appropriations act is
 21 contingent upon approval of an operating budget by August 1 of each fiscal year. An approved original
 22 operating budget must comply with state law and any statement of intent adopted as part of a bill.

23 (b) For the purposes of this subsection (1), an agency or program is considered to have a
 24 significant change in its scope, objectives, activities, or expenditures if:

25 (i) the expenditure change exceeds \$1 million; or

26 (ii) the expenditure change exceeds 25% of a budget category and the change is greater than
 27 \$25,000. If there have been other changes to the budget category in the current fiscal year, all the
 28 changes, including the change under consideration, must be used in determining the 25% and \$25,000
 29 threshold.

30 (2) The expenditure of money appropriated in the general appropriations act to the university

1 system units, as defined in 17-7-102, is contingent upon approval of an operating budget by October 1 of
2 each fiscal year. All other requirements in this section apply to the university system.

3 (3) The operating budget for money appropriated by the general appropriations act must be
4 separate from the operating budget for money appropriated by another law except a law appropriating
5 money for the state pay plan or any portion of the state pay plan. Each operating budget must include
6 expenditures for each agency program, detailed at least by first-level categories as provided in 17-1-102(3).
7 Each agency shall record its operating budget and any approved changes on the statewide budget and
8 accounting system. Forms used for changing an operating budget must reference the current, complete,
9 and approved operating budget, show the proposed changes to the operating budget, and reference any
10 other pending documents to change the operating budget."

11
12 **Section 14.** Section 17-7-139, MCA, is amended to read:

13 "17-7-139. **Program transfers.** (1) Unless prohibited by law, the approving authority may approve
14 agency requests to transfer appropriations between programs within each fund type within each fiscal year.
15 ~~The transfer may not exceed 5% of the total agency appropriation, excluding statutory appropriations,~~
16 ~~administrative authorizations, and budget amendments.~~ An explanation of any transfer that involves a
17 significant change in agency or program scope, objectives, activities, or expenditures must be submitted
18 to the legislative fiscal analyst for review and comment by the legislative finance committee prior to any
19 implementation of the change. All program transfers must be completed within the same fund from which
20 the transfer originated. A request for a transfer accompanied by a justification explaining the reason for the
21 transfer must be submitted by the requesting agency to the approving authority and the office of budget
22 and program planning. Upon approval of the transfer, the approving authority shall inform the legislative
23 fiscal analyst of the approved transfer and the justification for the transfer.

24 (2) For the purposes of subsection (1), an agency or program is considered to have a significant
25 change in its scope, objectives, activities, or expenditures if:

26 (a) the budget transfer exceeds \$1 million; or

27 (b) the budget transfer exceeds 25% of a budget category and the transfer is greater than \$25,000.

28 If there have been other transfers to or from the first-level budget category in the current fiscal year, all the
29 transfers, including the transfer under consideration, must be used in determining the 25% and \$25,000
30 threshold."

1 **Section 15.** Section 17-7-204, MCA, is amended to read:

2 "**17-7-204. Long-range building program.** The executive budget for all state agencies ~~shall~~ must
3 include detailed recommendations for the state long-range building program presented ~~in a priority listing~~
4 in order of importance by fund type. Each recommendation ~~shall~~ must be presented by ~~department,~~
5 ~~institution,~~ agency, or branch by funding source, with a description of each proposed project, an
6 explanation of the problem to be addressed by the proposed project, alternative methods of addressing the
7 problem, the rationale for the selection of a particular alternative, and a projection of increased operating
8 costs incident to the project for the next three bienniums."

9
10 **Section 16.** Section 17-7-211, MCA, is amended to read:

11 "**17-7-211. Expansion to be authorized -- budget amendment.** (1) An existing capital project may
12 not be expanded beyond the scope of the project approved by the legislature unless the expansion of the
13 project is authorized by ~~an approved~~ a long-range building program budget amendment approved by the
14 budget director.

15 (2) A proposed long-range building program budget amendment must be submitted to the budget
16 director through the architecture and engineering division of the department of administration. The budget
17 director, through a long-range building program budget amendment, may authorize:

18 (a) the transfer of excess funds appropriated to a capital project within an agency to increase the
19 appropriation of another capital project within that agency; or

20 (b) financing to expand a project with funds that were not available for consideration by the
21 legislature."

22
23 **Section 17.** Section 17-7-301, MCA, is amended to read:

24 "**17-7-301. Authorization to expend during first year of biennium from appropriation for second**
25 **year -- proposed supplemental appropriation defined -- limit on second-year expenditures.** (1) ~~A state~~
26 ~~department, institution, or~~ An agency of the executive branch desiring authorization to may make
27 expenditures during the first fiscal year of the biennium from appropriations for the second fiscal year of
28 the biennium ~~shall submit~~ if authorized by the general appropriations act. An agency that is not authorized
29 in the general appropriations act to make first-year expenditures may be granted spending authorization by
30 the governor upon submission and approval of a proposed supplemental appropriation to the governor

1 through the budget director. The proposal submitted to the governor must include a plan for reducing
2 expenditures in the second year of the biennium that allows the agency to contain expenditures within
3 appropriations. If the governor finds that, due to an unforeseen and unanticipated emergency, the amount
4 actually appropriated for the first fiscal year of the biennium with all other income will be insufficient for
5 the operation and maintenance of the ~~department, institution, or~~ agency during the year for which the
6 appropriation was made, the governor shall, after careful study and examination of the request and upon
7 review of the recommendation of the budget director, submit the proposed supplemental appropriation to
8 the legislative fiscal analyst.

9 (2) The plan for reducing expenditures required by subsection (1) is not required if the proposed
10 supplemental appropriation is:

11 (a) due to an unforeseen and unanticipated emergency for fire suppression;

12 (b) requested by the superintendent of public instruction, in accordance with the provisions of
13 20-9-351, and is to complete the state's funding of guaranteed tax base aid, transportation aid, or
14 equalization aid to elementary and secondary schools for the current biennium; or

15 (c) requested by the attorney general and:

16 (i) is to pay the costs associated with litigation in which the department of justice ~~must~~ is required
17 to provide representation to the state of Montana; or

18 (ii) in accordance with the provisions of 7-32-2242, is to pay costs for which the department of
19 justice is responsible for confinement of an arrested person in a detention center.

20 (3) Upon receipt of the recommendation of the legislative finance committee pursuant to 17-7-311,
21 the governor may authorize an expenditure during the first fiscal year of the biennium to be made from the
22 appropriation for the second fiscal year of the biennium. Except as provided in subsection (2), the governor
23 shall require the agency to implement the plan for reducing expenditures in the second year of the biennium
24 that contains agency expenditures within appropriations.

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

27 (5) The governor shall report to the next legislature in a special section of the budget the amounts
28 expended as a result of all authorizations granted by the governor and shall request that any necessary
29 supplemental appropriation bills be passed.

30 (6) As used in this part, "proposed supplemental appropriation" means an application for

1 authorization to make expenditures during the first fiscal year of the biennium from appropriations for the
2 second fiscal year of the biennium.

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

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

13

14 **Section 18.** Section 17-8-101, MCA, is amended to read:

15 **"17-8-101. Appropriation and disbursement of money from treasury.** (1) Except as provided in
16 subsection (5), money deposited in the general fund, the special revenue fund type (except money
17 deposited in the treasury 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 the capital projects fund type, with the
19 exception of refunds authorized in subsection (3), ~~must~~ may be paid out of the treasury only on
20 appropriation made by law.

21 (2) Money deposited in the enterprise fund type, internal service fund type, debt service fund type,
22 expendable trust fund type, nonexpendable trust fund type, pension trust fund type, state special revenue
23 fund from nonstate and nonfederal sources restricted by law or by the terms of an agreement, such as a
24 contract, trust agreement, or donation, and agency fund type may be paid out of the treasury under general
25 laws, or contracts entered into in pursuance of law, permitting the disbursement.

26 (3) Subject to the provisions of subsection ~~(8)~~ (7), money paid into the state treasury through error
27 or under circumstances, such that the state is not legally entitled to retain it and a refund procedure is not
28 otherwise provided by law, may be refunded upon the submission of a verified claim approved by the
29 department of administration.

30 (4) Authority to expend appropriated money may be transferred from one state agency to another,

1 provided that the original purpose of the appropriation is maintained. The office of budget and program
 2 planning shall report semiannually to the legislative finance committee concerning all appropriations
 3 transferred under the provisions of this section.

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

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

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

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

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

22 ~~(8)~~(7) Enterprise and internal service funds must be appropriated if they are used as a part of a
 23 program that is not an enterprise or internal service function and otherwise requires an appropriation."
 24

25 **NEW SECTION. Section 19. Repealer.** Section 17-3-109, MCA, is repealed.

26 -END-

1 SENATE BILL NO. 19

2 INTRODUCED BY GAGE

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

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING STATE BUDGETING LAWS; REQUIRING
6 THAT THE LEGISLATIVE FINANCE COMMITTEE PREPARE RECOMMENDATIONS INVOLVING MAJOR
7 BUDGETARY MATTERS FOR AN ENSUING LEGISLATIVE SESSION; CLARIFYING TYPES OF INFORMATION
8 CONTAINED IN AND THE MANNER AND TIMES FOR PREPARING PROPOSED BUDGETS AND REPORTS;
9 REDUCING THE NUMBER OF REPORTS MADE TO THE BUDGET DIRECTOR; REDEFINING "BASE BUDGET",
10 "PRESENT LAW BASE", AND "PROGRAM" FOR THE PURPOSES OF PREPARING THE STATE BUDGET;
11 CHANGING THE MANNER OF DETERMINING WHETHER AN AGENCY IS IN SUBSTANTIAL COMPLIANCE
12 WITH THE BUDGET; CHANGING THE APPROVAL AND REPORTING PROCEDURES FOR PROGRAM
13 TRANSFERS; PROVIDING FOR BUDGET AMENDMENTS UNDER THE LONG-RANGE BUILDING PROGRAM;
14 CLARIFYING THE PROVISIONS RELATING TO AUTHORITY TO MAKE EXPENDITURES IN THE SECOND
15 YEAR OF A BIENNIUM; AMENDING SECTIONS 5-12-205, 5-12-303, 17-4-107, 17-4-108, 17-7-102,
16 17-7-111, 17-7-112, 17-7-121, 17-7-122, 17-7-123, 17-7-124, 17-7-132, 17-7-138, 17-7-139, 17-7-204,
17 17-7-211, 17-7-301, AND 17-8-101, MCA; ~~AND~~ REPEALING SECTION 17-3-109, MCA; AND PROVIDING
18 AN EFFECTIVE DATE."

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

21
22 **Section 1.** Section 5-12-205, MCA, is amended to read:

23 **"5-12-205. Powers and duties of committee.** The committee ~~may~~:

24 (1) may organize, adopt rules to govern its proceedings, and meet as often as necessary, upon the
25 call of the presiding officer, to advise and consult with the legislative fiscal analyst;

26 (2) may employ and, in accordance with the rules for classification and pay adopted by the
27 legislative council, set the salary of the legislative fiscal analyst. The legislative fiscal analyst shall serve
28 at the pleasure of and be responsible for providing services to the committee.

29 (3) may exercise the investigatory powers of a standing committee under chapter 5, part 1, of this
30 title; and

1 (4) shall, before each regular and special legislative session involving budgetary matters, prepare
2 recommendations to the house appropriations committee and the senate finance and claims committee on
3 the application of certain budget issues. At a minimum, the recommendations must include procedures for
4 the consistent application during each session of inflation factors, the allocation of fixed costs, and the
5 personal services budget. The committee may also make recommendations on other issues of major concern
6 in the budgeting process, such as estimating the cost of implementing particular programs based upon
7 present law."

8
9 **Section 2.** Section 5-12-303, MCA, is amended to read:

10 **"5-12-303. Fiscal analysis information from state agencies.** (1) The legislative fiscal analyst may
11 investigate and examine the costs and ~~revenues~~ revenue of state government activities and may examine
12 and obtain copies of the records, books, and files of any state agency, including confidential records.

13 (2) When confidential records and information are obtained from a state agency, the legislative
14 fiscal analyst and staff must be subject to the same penalties for unauthorized disclosure of the confidential
15 records and information provided for under the laws administered by the state agency. The legislative fiscal
16 analyst shall develop policies to prevent the unauthorized disclosure of confidential records and information
17 obtained from state agencies.

18 (3) The legislative fiscal analyst may not obtain copies of individual income tax records protected
19 under 15-30-303. The department of revenue shall make individual income tax data available by removing
20 names, addresses, occupations, social security numbers, and taxpayer identification numbers. The
21 department of revenue may not alter the data in any other way. The data is subject to the same restrictions
22 on disclosure as are individual income tax returns.

23 ~~(4) The budget director shall furnish the legislative fiscal analyst with copies of all budget requests,~~
24 ~~in a format agreed upon by both the office of budget and program planning and the legislative fiscal analyst,~~
25 ~~at the time of submission to the budget director as provided by law and, if requested, all underlying and~~
26 ~~supporting documentation. In preparing the executive budget for the next biennium for submission to the~~
27 ~~legislature, the budget director shall use the base budget, the present law base, and new proposals as~~
28 ~~defined in 17-7-102.~~

29 ~~(5) In the year preceding each legislative session, the budget director shall furnish the legislative~~
30 ~~fiscal analyst, in a format agreed upon by both the office of budget and program planning and the legislative~~

1 ~~fiscal analyst:~~

2 ~~(a) by October 10, a preliminary budget reflecting the base budget and, by November 1, a present~~
 3 ~~law base for each agency and a copy of the documents that reflect the anticipated receipts and other~~
 4 ~~means of financing the base budget and present law base for each fiscal year of the ensuing biennium;~~

5 ~~(b) by November 15, a preliminary budget that must meet the statutory requirements for~~
 6 ~~submission of the budget to the legislature and a summary of the preliminary budget designed for~~
 7 ~~distribution to members and members elect of the legislature;~~

8 ~~(c) by November 12, a paper copy and an electronic copy of the documents that reflect~~
 9 ~~expenditures to the second level, as provided in 17-1-102(3), by funding source and detailed by accounting~~
 10 ~~entity; and~~

11 ~~(d) by December 15, all amendments to the preliminary budget.~~

12 ~~(6)(4)~~ Within 1 day after the legislative finance committee presents its budget analysis to the
 13 legislature, the budget director and the legislative fiscal analyst shall exchange expenditure and
 14 disbursement recommendations by second-level expenditure detail and by funding sources detailed by
 15 accounting entity. This information must be filed in the respective offices and be made available to the
 16 legislature and the public. In preparing the budget analysis for the next biennium for submission to the
 17 legislature, the legislative fiscal analyst shall use the base budget, the present law base, and new proposals
 18 as defined in 17-7-102.

19 ~~(7)(5)~~ This section does not authorize ~~(7)~~ publication or public disclosure of information if the law
 20 prohibits publication or disclosure."

21

22 **Section 3.** Section 17-4-107, MCA, is amended to read:

23 **"17-4-107. Writeoff procedures.** ~~(1)~~ The department may establish procedures for canceling and
 24 writing off accounts receivable carried on the books of the various state agencies ~~that~~ if the accounts have
 25 been transferred to the department pursuant to 17-4-104 and ~~that~~ are uncollectible or if the continued
 26 pursuance of the collection of the accounts would cost the state more than the amount collected. ~~The~~
 27 ~~procedures must be established in accordance with subsection (2).~~

28 ~~(2) The department may establish procedures for canceling and writing off accounts receivable~~
 29 ~~carried on the books of various state agencies that are uncollectible or the continued pursuance of the~~
 30 ~~collection would cost the state more than the amount collected. The procedures must include the reporting~~

1 ~~to the budget director of any canceling and writing off of accounts receivable."~~

2

3 **Section 4.** Section 17-4-108, MCA, is amended to read:

4 **"17-4-108. Circumstances under which previously written-off debt may be collected.** If a debt
5 previously written off under 17-4-107~~(4)~~ subsequently becomes collectible, the department shall proceed
6 to collect the money due pursuant to 17-4-105(1) and 17-4-106."

7

8 **Section 5.** Section 17-7-102, MCA, is amended to read:

9 **"17-7-102. Definitions.** As used in this chapter, the following definitions apply:

10 (1) "Additional services" means different services or more of the same services.

11 (2) "Agency" means ~~each state office, department, division, board, commission, council,~~
12 ~~committee, institution, university unit, or other entity or instrumentality of the executive branch, office of~~
13 ~~the judicial branch, or office of the legislative branch of state government, except for purposes of capital~~
14 ~~projects administered by the department of administration, for which institutions are treated as one~~
15 ~~department and university units as one system.~~

16 ~~(3) "Approved long range building program budget amendment" means approval by the budget~~
17 ~~director of a request submitted through the architecture and engineering division of the department of~~
18 ~~administration to transfer excess funds appropriated to a capital project within an agency to increase the~~
19 ~~appropriation of another capital project within that agency or to obtain financing to expand a project with~~
20 ~~funds that were not available for consideration by the legislature. all offices, departments, boards,~~
21 ~~commissions, institutions, universities, colleges, and any other person or any other administrative unit of~~
22 ~~state government that spends or encumbers public money by virtue of an appropriation from the legislature~~
23 ~~under 17-8-101.~~

24 ~~(4)~~(3) "Approving authority" means:

25 (a) the governor or the governor's designated representative for executive branch agencies;

26 (b) the chief justice of the supreme court or the chief justice's designated representative for judicial
27 branch agencies;

28 (c) the speaker for the house of representatives;

29 (d) the president for the senate;

30 (e) appropriate legislative committees or a designated representative for legislative branch agencies;

1 or

2 (f) the board of regents of higher education or its designated representative for the university
3 system.

4 ~~(5)(4)~~ "Base budget" means ~~that level of funding authorized by the previous legislature~~ the
5 resources for the operation of state government that are of an ongoing and nonextraordinary nature in the
6 current biennium.

7 ~~(6)(5)~~ "Budget amendment" means a ~~legislative~~ temporary appropriation ~~to increase spending~~
8 ~~authority for the special revenue fund, proprietary funds, or unrestricted subfund, contingent on total~~
9 ~~compliance with all budget amendment procedures~~ as provided in Title 17, chapter 7, part 4.

10 ~~(7)~~ "Effectiveness measure" means ~~a criterion for measuring the degree to which the objective~~
11 ~~sought is attained.~~

12 ~~(8)(6)~~ "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and
13 unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was
14 made, that was clearly not within the contemplation of the legislature and the governor, and that affects
15 one or more functions of a state agency and the agency's expenditure requirements for the performance
16 of the function or functions.

17 ~~(7)~~ "Funds subject to appropriation" means those funds required to be paid out of the treasury as
18 set forth in 17-8-101.

19 ~~(9)(8)~~ "Necessary" means essential to the public welfare and of a nature that cannot wait until the
20 next legislative session for legislative consideration.

21 ~~(10)(9)~~ "New proposals" means requests to provide new nonmandated services, to change program
22 services, to eliminate existing services, or to change sources of funding. For purposes of establishing the
23 present law base, the distinction between new proposals and the adjustments to the base budget to
24 develop the present law base is to be determined by the existence of constitutional or statutory
25 requirements for the proposed expenditure. Any proposed increase or decrease that is not based on those
26 requirements is considered a new proposal.

27 ~~(11)(10)~~ "Present law base" means that ~~additional~~ level of funding needed under present law to
28 maintain operations and services at the level authorized by the previous legislature, including but not limited
29 to:

30 (a) changes resulting from legally mandated workload, caseload, or enrollment increases or

1 decreases;

2 (b) changes in funding requirements resulting from constitutional or statutory schedules or
3 formulas;

4 (c) inflationary or deflationary adjustments; and

5 (d) elimination of nonrecurring appropriations.

6 ~~(12) "Priority listing" means a ranking of proposed expenditures in order of importance.~~

7 ~~(13)(11) "Program" means a combination of resources and activities designed to achieve an~~
8 ~~objective or objectives~~ a principal organizational or budgetary unit within an agency.

9 ~~(14) "Program size" means the magnitude of a program, such as the size of clientele served or the~~
10 ~~volume of service in relation to the population or area.~~

11 ~~(15) "Program size indicator" means a measure to indicate the magnitude of a program.~~

12 ~~(16)(12) "Requesting agency" means the agency of state government that has requested a specific~~
13 ~~budget amendment.~~

14 ~~(17)(13) "University system unit" means the board of regents of higher education; office of the~~
15 ~~commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and~~
16 ~~Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the~~
17 ~~agricultural experiment station, with central offices at Bozeman; the forest and conservation experiment~~
18 ~~station, with central offices at Missoula; the cooperative extension service, with central offices at Bozeman;~~
19 ~~the bureau of mines and geology, with central offices at Butte; the fire services training school at Great~~
20 ~~Falls; and the community colleges at Miles City, Glendive, and Kalispell."~~

21

22 **Section 6.** Section 17-7-111, MCA, is amended to read:

23 **"17-7-111. Agency Preparation of state budget -- agency program budgets -- form distribution and**
24 **contents.** (1) (a) To prepare a state budget, the executive branch, the legislature, and the citizens of the
25 state need information that is consistent and accurate. Necessary information includes detailed
26 disbursements by fund type for each agency and program for the appropriate time period, recommendations
27 for creating a balanced budget, and recommended disbursements and estimated receipts by fund type and
28 fund category.

29 (b) Subject to the requirements of this chapter, the budget director and the legislative fiscal analyst
30 shall by agreement:

1 (i) establish necessary standards, formats, and other matters necessary to share information
 2 between the agencies and to ensure that information is consistent and accurate for the preparation of the
 3 state's budget; and

4 (ii) provide for the collection and provision of budgetary and financial information that is in addition
 5 to or different from the information otherwise required to be provided pursuant to this section.

6 (2) In the preparation of a state budget, the budget director shall, not later than July 1 in the year
 7 preceding the convening of the legislature the date specified in 17-7-112(1), distribute to all state offices
 8 and departments, including the judicial branch and the legislative branch, agencies the proper forms and
 9 instructions necessary for the preparation of budget estimates by the budget director. These forms must
 10 be prescribed by the budget director to procure the information required by subsection (2) (3). The forms
 11 must be submitted to the budget director by the date provided in 17-7-112(2) or the agency's budget is
 12 subject to preparation based upon estimates as provided in 17-7-112(5). The budget director may refuse
 13 to accept forms that do not comply with the provisions of this section or the instructions given for
 14 completing the forms.

15 (2)(3) The agency budget requests, when completed by the budget office, request must set forth
 16 a balanced financial plan for the agency completing the forms for each fiscal year of the ensuing biennium.
 17 The plan must consist of:

18 (a) a consolidated agency budget summary of funds subject to appropriation for the current base
 19 budget expenditures, including statutory appropriations, and for each ~~modification~~ present law adjustment
 20 and new proposal request setting forth the aggregate figures of the full-time equivalent personnel positions
 21 (FTE) and the budget, showing a balance between the total proposed disbursements and the total
 22 anticipated receipts, together with the other means of financing the budget for each fiscal year of the
 23 ensuing biennium, contrasted with the corresponding figures for the last completed fiscal year and the fiscal
 24 year in progress. ~~The consolidated budget summary must be supported by schedules classifying receipts~~
 25 ~~and disbursements contained in the summary by fund and, when applicable, organizational unit.;~~

26 (b) a schedule of the actual and projected receipts, disbursements, and solvency of each
 27 accounting entity within each fund for the current biennium and estimated for the subsequent biennium;

28 ~~(c) a detailed schedule of receipts, by accounting entity within each fund, indicating classification~~
 29 ~~and source of funds;~~

30 ~~(d) an agency schedule summarizing past and proposed spending plans and the means of financing~~

1 ~~the proposed plan. Information presented must include the following:~~

2 ~~(c)~~ a statement of the agency goals and objectives mission and a statement of goals and
 3 objectives for each program of the agency. The goals and objectives must include, in a concise form,
 4 sufficient specific information and quantifiable information to enable the legislature to formulate an
 5 appropriations policy regarding the agency and its programs and to allow a determination, at some future
 6 date, on whether the agency has succeeded in attaining its goals and objectives. ~~The goals and objectives~~
 7 ~~must contain a list of duties prioritized by the department director to reflect the director's opinion~~
 8 ~~concerning the importance of the duties assigned to the agency by law.~~

9 ~~(d)~~ actual FTE and disbursements for the completed fiscal year of the current biennium, estimated
 10 FTE and disbursements for the current fiscal year, and the agency's request for the ensuing biennium, by
 11 program; ~~and~~

12 ~~(e)~~ actual disbursements for the completed fiscal year of the current biennium, estimated
 13 disbursements for the current fiscal year, and the agency's recommendations for the ensuing biennium, by
 14 disbursement category;

15 ~~(f)~~ a reference, for each program included in the agency budget request, identifying whether the
 16 program may be operated at the discretion of the agency or whether the agency is required by federal or
 17 state law to operate, administer, or manage the program; ~~and~~

18 ~~(g)~~ other information the budget director feels is necessary for the preparation of a budget.

19 ~~(3)~~(4) The budget director shall prepare and submit to the legislative fiscal analyst in accordance
 20 with 17-7-112:

21 (a) detailed recommendations for the state long-range building program. Each recommendation
 22 must be presented by ~~department~~, institution, agency, or branch, by funding source, with a description of
 23 each proposed project.

24 (b) the proposed pay plan schedule for all executive branch employees at the program level by
 25 fund, with the specific cost and funding recommendations for each agency. Submission of a pay plan
 26 schedule under this subsection is not an unfair labor practice under 39-31-401.

27 (c) agency proposals for the use of cultural and aesthetic project grants under Title 22, chapter 2,
 28 part 3, the renewable resource grant and loan program under Title 85, chapter 1, part 6, the reclamation
 29 and development grants program under Title 90, chapter 2, part 11, and the treasure state endowment
 30 program under Title 90, chapter 6, part 7.

1 ~~(4)~~(5) The board of regents shall submit, with its budget request for each university unit in
 2 accordance with 17-7-112, a report on the university system bonded indebtedness and related finances
 3 as provided in this subsection ~~(4)~~ (5). The report must include the following information for each year of
 4 the biennium, contrasted with the same information for the last completed fiscal year and the fiscal year
 5 in progress:

6 (a) a schedule of estimated total bonded indebtedness for each university unit by bond indenture;

7 (b) a schedule of estimated revenue, expenditures, and fund balances by fiscal year for each
 8 outstanding bond indenture, clearly delineating the accounts relating to each indenture and the minimum
 9 legal funding requirements for each bond indenture; and

10 (c) a schedule showing the total funds available from each bond indenture and its associated
 11 accounts, with a list of commitments and planned expenditures from such accounts, itemized by revenue
 12 source and project for each year of the current and ensuing bienniums.

13 ~~(5)~~(6) The budget director may not obtain copies of individual income tax records protected under
 14 15-30-303. The department of revenue shall make individual income tax data available by removing names,
 15 addresses, occupations, social security numbers, and taxpayer identification numbers. The department of
 16 revenue may not alter the data in any other way. The data is subject to the same restrictions on disclosure
 17 as are individual income tax returns."

18

19 **Section 7.** Section 17-7-112, MCA, is amended to read:

20 "**17-7-112. Submission ~~deadline~~ deadlines -- budgeting schedule. The following is the schedule
 21 for the preparation of a state budget for submission to the legislature convening in the following year:**

22 (1) By August 1, forms necessary for preparation of budget estimates must be distributed pursuant
 23 to 17-7-111(2).

24 ~~(1)~~(2) ~~It is the duty of~~ By September 1, each department, agency, and office, including the Montana
 25 university system, ~~to~~ shall submit the information required under 17-7-111 to the budget director ~~on or~~
 26 ~~before September 1 in the even year preceding the convening of the legislature.~~ The department of justice
 27 shall submit information received from counties concerning the state's share of county attorney salaries.

28 ~~(2)~~(3) ~~Between August 15 and~~ By September 30 1, in the year preceding the convening of the
 29 legislature, the budget director ~~must~~ shall submit each state agency's budget request required under
 30 ~~17-7-111(2)~~ 17-7-111(3) to the legislative fiscal analyst. The transfer of budget information must be done

1 on a schedule mutually agreed to by the budget director and the legislative fiscal analyst in a manner that
2 facilitates an even transfer of budget information ~~during the month of September and~~ that allows each
3 office to maintain a reasonable staff workflow.

4 (4) By October 10, the budget director shall furnish the legislative fiscal analyst with a preliminary
5 budget reflecting the base budget in a format agreed upon by both the office of budget and program
6 planning and the legislative fiscal analyst.

7 ~~(3)(5) If any department, institution, university unit, or agency fails to present the information~~
8 ~~within the time specified in this section, the budget director shall note that fact in the budget submitted~~
9 ~~to the governor and the budget director shall prepare and submit to the legislative fiscal analyst and the~~
10 ~~governor by~~ By October 30, a budget request must be prepared by the budget director and submitted to
11 the legislative fiscal analyst on behalf of the any department, institution, university unit, or agency, that
12 did not present the information required by this section. The budget request must be based upon the
13 budget director's studies of the operations, plans, and needs of the department, institution, university unit,
14 or agency.

15 (6) By November 1, the budget director shall furnish the legislative fiscal analyst with a present
16 law base for each agency and a copy of the documents that reflect the anticipated receipts and other
17 means of financing the base budget and present law base for each fiscal year of the ensuing biennium. The
18 material must be in a format agreed upon by both the office of budget and program planning and the
19 legislative fiscal analyst.

20 (7) By November 12, the budget director shall furnish the legislative fiscal analyst with the
21 documents, in a format agreed upon by both the office of budget and program planning and the legislative
22 fiscal analyst, that reflect expenditures to the second level, as provided in 17-1-102(3), by funding source
23 and detailed by accounting entity.

24 ~~(4)(8) The~~ By November 15, the proposed pay plan schedule required by 17-7-111(3)(4), a
25 preliminary budget that meets the statutory requirements for submission of the budget to the legislature,
26 and a summary of the preliminary budget designed for distribution to members and members-elect of the
27 legislature must be submitted to the legislative fiscal analyst no later than November 15 in the year
28 preceding the convening of the legislature.

29 (9) By December 15, the budget director shall submit a preliminary budget to the governor and to
30 the governor-elect, if there is one, as provided in 17-7-121, and shall furnish the legislative fiscal analyst

1 with all amendments to the preliminary budget.

2 (10) By January 7, recommended changes proposed by a governor-elect must be transmitted to
 3 the legislative fiscal analyst and the legislature as provided in 17-7-121."

4

5 **Section 8.** Section 17-7-121, MCA, is amended to read:

6 **"17-7-121. Preliminary budget preparation and submission to governor and governor-elect.** (1)

7 Upon receipt of the completed forms and other available data and information, the budget director shall
 8 examine the same for the purpose of determining the necessity of the disbursements and funds requested
 9 and shall, on or before ~~December 15 in the year preceding the convening of the legislature~~ the date
 10 established in 17-7-112, submit in writing to the governor and to the governor-elect, if ~~one there be~~ is one,
 11 a preliminary budget for the ensuing biennium containing the detailed information ~~hereinafter~~ required to
 12 be set forth in the budget to be submitted by the governor to the legislature.

13 (2) If ~~so~~ requested by the governor-elect, the governor shall incorporate in the budget, as a
 14 separate section, ~~such the~~ estimates, comments, and recommendations as that the governor-elect may wish
 15 to make, and by the date established in 17-7-112, this section of the budget ~~shall~~ must be transmitted to
 16 the legislature and the legislative fiscal analyst without change. It is the duty of the governor-elect in
 17 recommending changes to show a balance between proposed disbursements and anticipated receipts."

18

19 **Section 9.** Section 17-7-122, MCA, is amended to read:

20 **"17-7-122. Preparation of budget.** (1) The governor shall, following the receipt of the preliminary
 21 budget from the budget director, have prepared a budget for the ensuing biennium and shall submit the
 22 budget to the legislative fiscal analyst in accordance with ~~5-12-303~~ 17-7-112 for inclusion in the combined
 23 governor's budget and budget analysis report.

24 (2) Legislative branch budget proposals must be included in the budget submitted by the governor
 25 without changes.

26 (3) Judicial branch budget proposals must be included in the budget submitted by the governor,
 27 but expenditures above the current base budget need not be part of the balanced financial plan pursuant
 28 to 17-7-123."

29

30 **Section 10.** Section 17-7-123, MCA, is amended to read:

1 **"17-7-123. Form of executive budget.** The budget submitted must set forth a balanced financial
 2 plan of funds subject to appropriation for each accounting entity and for the state government for each
 3 fiscal year of the ensuing biennium, ~~which~~ The base level plan must consist of:

4 (1) a consolidated budget summary setting forth the aggregate figures of the budget in a manner
 5 that shows a balance between the total proposed disbursements and the total anticipated receipts, together
 6 with the other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with
 7 the corresponding figures for the last completed fiscal year and the fiscal year in progress. The consolidated
 8 budget summary must be supported by explanatory schedules or statements, ~~classifying receipts and~~
 9 ~~disbursements contained therein by fund and, when applicable, organizational unit;~~

10 ~~(2) an analysis of the actual and projected receipts, disbursements, and solvency of each~~
 11 ~~accounting entity within each fund for the current and subsequent biennium;~~

12 ~~(3) a detailed analysis of receipts by accounting entity within fund indicating classification and~~
 13 ~~source of funds~~ budget and full-time equivalent personnel position comparisons by agency, program, and
 14 appropriated funds for the current and subsequent biennium;

15 ~~(4)(3) a departmental analysis summarizing past and proposed spending plans by agency and the~~
 16 ~~means of financing the proposed plan. Information presented must include the following:~~

17 ~~(a) a summary of the departmental goals and objectives~~ mission and a statement of goals and
 18 objectives for each program of the department;

19 ~~(b)(4) actual~~ base budget disbursements for the completed fiscal year of the current biennium,
 20 estimated comparable disbursements for the current fiscal year, and the ~~current~~ proposed present law base
 21 budget ~~and the current base budget~~ plus new proposals, if any, for each department and each program of
 22 the department;

23 ~~(c) a reference for each program as required under 17-7-111(2)(c); and~~

24 ~~(d)(5) a statement containing recommendations of the governor for the ensuing biennium by~~
 25 program and disbursement category, including:

26 (a) explanations of appropriation and revenue measures included in the budget that involve policy
 27 changes; and

28 (b) matters not included as a part of the budget bill but included as a part of the executive budget,
 29 such as the state employee pay plan, programs funded through separate appropriations measures, and
 30 other matters considered necessary for comprehensive public and legislative consideration of the state

1 budget; and

2 ~~(5)(6) detailed recommendations for the state long range building program. Each recommendation~~
 3 ~~must be presented by department, institution, agency, or branch by funding source, with a description of~~
 4 ~~each proposed project. An appropriation measure must be presented by project, source of funding, and~~
 5 ~~department, agency, institution, or branch for which the project is primarily intended. a report on:~~

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

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

13 (7) any other financial or budgetary material agreed to by the budget director and the legislative
 14 fiscal analyst."

15

16 **Section 11.** Section 17-7-124, MCA, is amended to read:

17 **"17-7-124. Additional budget data.** In addition to the budget required in 17-7-123, the governor
 18 shall prepare and make available on request a detailed analysis of receipts by accounting entity within each
 19 fund type indicating classification and source of funds.;

20 ~~(1) a departmental analysis summarizing past and proposed spending plans by agency and the~~
 21 ~~means of financing the proposed plan. Information available must include the following:~~

22 ~~(a) a statement of departmental goals and objectives and a statement of goals and objectives for~~
 23 ~~each program of the department; and~~

24 ~~(b) schedules showing the number of employees who were given a pay grade change under the~~
 25 ~~pay schedule implemented pursuant to 2-18-303 and the net cost to the agency for the grade changes for~~
 26 ~~the biennium. The changes must be listed in tabular form by:~~

27 ~~(i) position description;~~

28 ~~(ii) grade assigned prior to the completed fiscal year;~~

29 ~~(iii) grade assigned during the completed fiscal year;~~

30 ~~(iv) grade assigned during the current fiscal year;~~

- 1 ~~(v) recommended grade for the ensuing biennium;~~
 2 ~~(vi) dollar difference for the upgrade or downgrade for each position; and~~
 3 ~~(vii) net cost to the agency for grade changes.~~
 4 ~~(2) appropriation measures detailed by program, fund, and accounting entity, authorizing~~
 5 ~~disbursements and related restrictions by department, institution, or agency of the state; and~~
 6 ~~(3) information submitted by agencies as required by 17-7-111."~~

7

8 **Section 12.** Section 17-7-132, MCA, is amended to read:

9 "**17-7-132. Right of officers to appear on consideration of budget.** ~~The department of~~
 10 ~~administration~~ budget director and representatives of ~~the executive officers, agencies, and institutions of~~
 11 ~~the state and other state agencies~~ expending or applying for state ~~moneys~~ money may and, when requested
 12 by either the house of representatives or the senate, shall appear and be heard with respect to any budget
 13 bill."

14

15 **Section 13.** Section 17-7-138, MCA, is amended to read:

16 "**17-7-138. Operating budget.** (1) (a) Expenditures by a state agency must be made in substantial
 17 compliance with ~~an operating budget approved by an approving authority~~ the budget approved by the
 18 legislature. Substantial compliance means that a first level category in the operating budget may not be
 19 ~~exceeded by more than 5%.~~ An explanation of any significant change in agency or program scope,
 20 objectives, activities, or expenditures must be submitted to the legislative fiscal analyst for review and
 21 comment by the legislative finance committee prior to any implementation of the change. IF THE BUDGET
 22 DIRECTOR CERTIFIES THAT A CHANGE IS TIME-SENSITIVE, THE BUDGET DIRECTOR MAY APPROVE THE
 23 CHANGE PRIOR TO THE NEXT REGULARLY SCHEDULED MEETING OF THE LEGISLATIVE FINANCE
 24 COMMITTEE. THE BUDGET DIRECTOR SHALL SUBMIT ALL PROPOSED TIME-SENSITIVE CHANGES TO
 25 THE LEGISLATIVE FISCAL ANALYST PRIOR TO APPROVAL. IF THE LEGISLATIVE FISCAL ANALYST
 26 DETERMINES THAT NOTIFICATION OF THE LEGISLATIVE FINANCE COMMITTEE IS WARRANTED, THE
 27 LEGISLATIVE FISCAL ANALYST SHALL IMMEDIATELY NOTIFY AS MANY MEMBERS AS POSSIBLE OF
 28 THE PROPOSED CHANGE AND COMMUNICATE ANY CONCERNS EXPRESSED TO THE BUDGET
 29 DIRECTOR. THE BUDGET DIRECTOR SHALL PRESENT A REPORT FULLY EXPLAINING THE REASONS FOR
 30 THE ACTION TO THE NEXT MEETING OF THE LEGISLATIVE FINANCE COMMITTEE. Except as provided

1 in subsection (2), the expenditure of money appropriated in the general appropriations act is contingent
 2 upon approval of an operating budget by August 1 of each fiscal year. An approved original operating
 3 budget must comply with state law and any statement of intent adopted as part of a bill.

4 (b) For the purposes of this subsection (1), an agency or program is considered to have a
 5 significant change in its scope, objectives, activities, or expenditures if:

6 (i) the expenditure change exceeds \$1 million; or

7 (ii) the expenditure change exceeds 25% of a budget category and the change is greater than
 8 \$25,000. If there have been other changes to the budget category in the current fiscal year, all the
 9 changes, including the change under consideration, must be used in determining the 25% and \$25,000
 10 threshold.

11 (2) The expenditure of money appropriated in the general appropriations act to the university
 12 system units, as defined in 17-7-102, is contingent upon approval of an operating budget by October 1 of
 13 each fiscal year. All other requirements in this section apply to the university system.

14 (3) The operating budget for money appropriated by the general appropriations act must be
 15 separate from the operating budget for money appropriated by another law except a law appropriating
 16 money for the state pay plan or any portion of the state pay plan. Each operating budget must include
 17 expenditures for each agency program, detailed at least by first-level categories as provided in 17-1-102(3).
 18 Each agency shall record its operating budget and any approved changes on the statewide budget and
 19 accounting system. Forms used for changing an operating budget must reference the current, complete,
 20 and approved operating budget, show the proposed changes to the operating budget, and reference any
 21 other pending documents to change the operating budget."
 22

23 **Section 14.** Section 17-7-139, MCA, is amended to read:

24 **"17-7-139. Program transfers.** (1) Unless prohibited by law, the approving authority may approve
 25 agency requests to transfer appropriations between programs within each fund type within each fiscal year.
 26 ~~The transfer may not exceed 5% of the total agency appropriation, excluding statutory appropriations,~~
 27 ~~administrative authorizations, and budget amendments.~~ An explanation of any transfer that involves a
 28 significant change in agency or program scope, objectives, activities, or expenditures must be submitted
 29 to the legislative fiscal analyst for review and comment by the legislative finance committee prior to any
 30 implementation of the change. IF THE BUDGET DIRECTOR CERTIFIES THAT A REQUEST FOR A

1 TRANSFER REPRESENTING A SIGNIFICANT CHANGE IN AGENCY OR PROGRAM SCOPE, OBJECTIVES,
 2 ACTIVITIES, OR EXPENDITURES IS TIME-SENSITIVE, THE BUDGET DIRECTOR MAY APPROVE THE
 3 TRANSFER PRIOR TO THE NEXT REGULARLY SCHEDULED MEETING OF THE LEGISLATIVE FINANCE
 4 COMMITTEE. THE BUDGET DIRECTOR SHALL SUBMIT ALL PROPOSED TIME-SENSITIVE CHANGES TO
 5 THE LEGISLATIVE FISCAL ANALYST PRIOR TO APPROVAL. IF THE LEGISLATIVE FISCAL ANALYST
 6 DETERMINES THAT NOTIFICATION OF THE LEGISLATIVE FINANCE COMMITTEE IS WARRANTED, THE
 7 LEGISLATIVE FISCAL ANALYST SHALL IMMEDIATELY NOTIFY AS MANY MEMBERS AS POSSIBLE OF
 8 THE PROPOSED CHANGE AND COMMUNICATE ANY CONCERNS EXPRESSED TO THE BUDGET
 9 DIRECTOR. THE BUDGET DIRECTOR SHALL PRESENT A REPORT FULLY EXPLAINING THE REASONS FOR
 10 THE ACTION TO THE NEXT MEETING OF THE LEGISLATIVE FINANCE COMMITTEE. All program transfers
 11 must be completed within the same fund from which the transfer originated. A request for a transfer
 12 accompanied by a justification explaining the reason for the transfer must be submitted by the requesting
 13 agency to the approving authority and the office of budget and program planning. Upon approval of the
 14 transfer, the approving authority shall inform the legislative fiscal analyst of the approved transfer and the
 15 justification for the transfer.

16 (2) For the purposes of subsection (1), an agency or program is considered to have a significant
 17 change in its scope, objectives, activities, or expenditures if:
 18 (a) the budget transfer exceeds \$1 million; or
 19 (b) the budget transfer exceeds 25% of a budget category and the transfer is greater than \$25,000.
 20 If there have been other transfers to or from the first-level budget category in the current fiscal year, all the
 21 transfers, including the transfer under consideration, must be used in determining the 25% and \$25,000
 22 threshold."

23

24 **Section 15.** Section 17-7-204, MCA, is amended to read:

25 **"17-7-204. Long-range building program.** The executive budget for all state agencies ~~shall~~ must
 26 include detailed recommendations for the state long-range building program presented ~~in a priority listing~~
 27 in order of importance by fund type. Each recommendation ~~shall~~ must be presented by ~~department,~~
 28 ~~institution,~~ agency, or branch by funding source, with a description of each proposed project, an
 29 explanation of the problem to be addressed by the proposed project, alternative methods of addressing the
 30 problem, the rationale for the selection of a particular alternative, and a projection of increased operating

1 costs incident to the project for the next three bienniums."
2

3 **Section 16.** Section 17-7-211, MCA, is amended to read:

4 "17-7-211. **Expansion to be authorized -- budget amendment.** (1) An existing capital project may
5 not be expanded beyond the scope of the project approved by the legislature unless the expansion of the
6 project is authorized by ~~an approved~~ a long-range building program budget amendment approved by the
7 budget director.

8 (2) A proposed long-range building program budget amendment must be submitted to the budget
9 director through the architecture and engineering division of the department of administration. The budget
10 director, through a long-range building program budget amendment, may authorize:

11 (a) the transfer of excess funds appropriated to a capital project within an agency to increase the
12 appropriation of another capital project within that agency; or

13 (b) financing to expand a project with funds that were not available for consideration by the
14 legislature."

15
16 **Section 17.** Section 17-7-301, MCA, is amended to read:

17 "17-7-301. **Authorization to expend during first year of biennium from appropriation for second**
18 **year -- proposed supplemental appropriation defined -- limit on second-year expenditures.** (1) ~~A state~~
19 ~~department, institution, or~~ An agency of the executive branch desiring authorization to may make
20 expenditures during the first fiscal year of the biennium from appropriations for the second fiscal year of
21 the biennium ~~shall submit~~ if authorized by the general appropriations act. An agency that is not authorized
22 in the general appropriations act to make first-year expenditures may be granted spending authorization by
23 the ~~governor~~ APPROVING AUTHORITY upon submission and approval of a proposed supplemental
24 appropriation to the ~~governor~~ APPROVING AUTHORITY ~~through the budget director.~~ The proposal
25 submitted to the ~~governor~~ APPROVING AUTHORITY must include a plan for reducing expenditures in the
26 second year of the biennium that allows the agency to contain expenditures within appropriations. If the
27 ~~governor~~ APPROVING AUTHORITY finds that, due to an unforeseen and unanticipated emergency, the
28 amount actually appropriated for the first fiscal year of the biennium with all other income will be
29 insufficient for the operation and maintenance of the ~~department, institution, or~~ agency during the year for
30 which the appropriation was made, the ~~governor~~ APPROVING AUTHORITY shall, after careful study and

1 examination of the request and upon review of the recommendation of FOR EXECUTIVE BRANCH
 2 PROPOSALS BY the budget director, submit the proposed supplemental appropriation to the legislative fiscal
 3 analyst.

4 (2) The plan for reducing expenditures required by subsection (1) is not required if the proposed
 5 supplemental appropriation is:

6 (a) due to an unforeseen and unanticipated emergency for fire suppression;

7 (b) requested by the superintendent of public instruction, in accordance with the provisions of
 8 20-9-351, and is to complete the state's funding of guaranteed tax base aid, transportation aid, or
 9 equalization aid to elementary and secondary schools for the current biennium; or

10 (c) requested by the attorney general and:

11 (i) is to pay the costs associated with litigation in which the department of justice ~~must~~ is required
 12 to provide representation to the state of Montana; or

13 (ii) in accordance with the provisions of 7-32-2242, is to pay costs for which the department of
 14 justice is responsible for confinement of an arrested person in a detention center.

15 (3) Upon receipt of the recommendation of the legislative finance committee pursuant to 17-7-311,
 16 the ~~governor~~ APPROVING AUTHORITY may authorize an expenditure during the first fiscal year of the
 17 biennium to be made from the appropriation for the second fiscal year of the biennium. Except as provided
 18 in subsection (2), the ~~governor~~ APPROVING AUTHORITY shall require the agency to implement the plan
 19 for reducing expenditures in the second year of the biennium that contains agency expenditures within
 20 appropriations.

21 (4) The ~~department, institution, or agency~~ may expend the amount authorized by the ~~governor~~
 22 APPROVING AUTHORITY only for the purposes specified in the authorization.

23 (5) The ~~governor~~ APPROVING AUTHORITY shall report to the next legislature in a special section
 24 of the budget the amounts expended as a result of all authorizations granted by the ~~governor~~ APPROVING
 25 AUTHORITY and shall request that any necessary supplemental appropriation bills be passed.

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

29 (7) (a) Except as provided in subsections (2) and (7)(b), an agency may not make expenditures in
 30 the second year of the biennium that, if carried on for the full year, will require a deficiency appropriation,

1 commonly referred to as a "supplemental appropriation".

2 (b) An agency shall prepare and, to the extent feasible, implement a plan for reducing expenditures
3 in the second year of the biennium that contains agency expenditures within appropriations. The approving
4 authority is responsible for ensuring the implementation of the plan. If, in the second year of a biennium,
5 mandated expenditures that are required by state or federal law will cause an agency to exceed
6 appropriations or available funds, the agency shall reduce all nonmandated expenditures pursuant to the
7 plan in order to reduce to the greatest extent possible the expenditures in excess of appropriations or
8 funding. An agency may not transfer funds between fund types in order to implement a plan."
9

10 **Section 18.** Section 17-8-101, MCA, is amended to read:

11 **"17-8-101. Appropriation and disbursement of money from treasury.** (1) Except as provided in
12 subsection (5), money deposited in the general fund, the special revenue fund type (except money
13 deposited in the treasury from nonstate and nonfederal sources restricted by law or by the terms of an
14 agreement, such as a contract, trust agreement, or donation), and the capital projects fund type, with the
15 exception of refunds authorized in subsection (3), ~~must~~ may be paid out of the treasury only on
16 appropriation made by law.

17 (2) Money deposited in the enterprise fund type, internal service fund type, debt service fund type,
18 expendable trust fund type, nonexpendable trust fund type, pension trust fund type, state special revenue
19 fund from nonstate and nonfederal sources restricted by law or by the terms of an agreement, such as a
20 contract, trust agreement, or donation, and agency fund type may be paid out of the treasury under general
21 laws, or contracts entered into in pursuance of law, permitting the disbursement.

22 (3) Subject to the provisions of subsection ~~(8)~~ (7), money paid into the state treasury through error
23 or under circumstances, such that the state is not legally entitled to retain it and a refund procedure is not
24 otherwise provided by law, may be refunded upon the submission of a verified claim approved by the
25 department of administration.

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

30 (5) Fees and charges for services deposited in the internal service fund type must be based upon

1 commensurate costs. The legislative auditor, during regularly scheduled audits of state agencies, shall audit
2 and report on the reasonableness of internal service fund type fees and charges and on the fund equity
3 balances.

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

6 ~~(a) enterprise funds, including retained earnings and contributed capital, projected operations and~~
7 ~~charges, and projected fund balances; and~~

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

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

18 ~~(8)(7) Enterprise and internal service funds must be appropriated if they are used as a part of a~~
19 ~~program that is not an enterprise or internal service function and otherwise requires an appropriation."~~

20

21 **NEW SECTION. Section 19. Repealer.** Section 17-3-109, MCA, is repealed.

22

23 **NEW SECTION. SECTION 20. EFFECTIVE DATE. [THIS ACT] IS EFFECTIVE JULY 1, 1997.**

24

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0019, second reading

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising state budgeting laws; requiring that the Legislative Finance Committee prepare recommendations involving major budgetary matters for the ensuing legislative session; clarifying types of information contained in and the manner and times for preparing proposed budgets and reports; reducing the number of reports made to the budget director; redefining "base budget", "present law base", and "program" for purposes of preparing the state budget; changing the manner of determining whether an agency is in substantial compliance with the budget; changing the approval and reporting procedures for program transfers; providing for budget amendments under the long-range building program; clarifying the provisions relating to authority to amkes expenditures in the second year of the biennium....

ASSUMPTIONS:

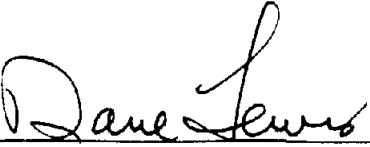
1. The proposal represents a general revision of the budgeting laws to clarify current practice, to consolidate references spread throughout various statutes, and to provide flexibility in the collection of information used to prepare the budget. Nothing in the proposal was intended to substantially change current budget development practices or the base used as the starting point for budget development.
2. The definition of "base budget" means actual expenditures and FTE for the first year of the previous biennium excluding one-time or extraordinary expenditures (see technical note).

FISCAL IMPACT:


The proposal was not intended to change the starting point or methodology used the preparation of the executive budget. The mechanics and budget diplays would continue as they currently exist. Hence, the proposal should not influence the outcome of the budget deliberations nor level of appropriations ultimately adopted relative to current law.

TECHNICAL NOTE:

The description of "base budget" (page 5, line 4) may need to be amended to provide a more definitive definition to establish and maintain legislative intent through time.

 1-28-97

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

 1/29/97

DEL GAGE, PRIMARY SPONSOR DATE
Fiscal Note for SB0019, second reading

SB 19

**REREFERRED AND APPROVED BY COM ON
FINANCE & CLAIMS**

SENATE BILL NO. 19

INTRODUCED BY GAGE

BY REQUEST OF THE JOINT INTERIM SUBCOMMITTEE ON STATE MANAGEMENT SYSTEMS

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING STATE BUDGETING LAWS; REQUIRING THAT THE LEGISLATIVE FINANCE COMMITTEE PREPARE RECOMMENDATIONS INVOLVING MAJOR BUDGETARY MATTERS FOR AN ENSUING LEGISLATIVE SESSION; CLARIFYING TYPES OF INFORMATION CONTAINED IN AND THE MANNER AND TIMES FOR PREPARING PROPOSED BUDGETS AND REPORTS; REDUCING THE NUMBER OF REPORTS MADE TO THE BUDGET DIRECTOR; REDEFINING "BASE BUDGET", "PRESENT LAW BASE", AND "PROGRAM" FOR THE PURPOSES OF PREPARING THE STATE BUDGET; CHANGING THE MANNER OF DETERMINING WHETHER AN AGENCY IS IN SUBSTANTIAL COMPLIANCE WITH THE BUDGET; CHANGING THE APPROVAL AND REPORTING PROCEDURES FOR PROGRAM TRANSFERS; PROVIDING FOR BUDGET AMENDMENTS UNDER THE LONG-RANGE BUILDING PROGRAM; CLARIFYING THE PROVISIONS RELATING TO AUTHORITY TO MAKE EXPENDITURES IN THE SECOND YEAR OF A BIENNIUM; AMENDING SECTIONS 5-12-205, 5-12-303, 17-4-107, 17-4-108, 17-7-102, 17-7-111, 17-7-112, 17-7-121, 17-7-122, 17-7-123, 17-7-124, 17-7-132, 17-7-138, 17-7-139, 17-7-204, 17-7-211, 17-7-301, AND 17-8-101, MCA; AND REPEALING SECTION 17-3-109, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 5-12-205, MCA, is amended to read:

"5-12-205. Powers and duties of committee. The committee ~~may~~:

(1) may organize, adopt rules to govern its proceedings, and meet as often as necessary, upon the call of the presiding officer, to advise and consult with the legislative fiscal analyst;

(2) may employ and, in accordance with the rules for classification and pay adopted by the legislative council, set the salary of the legislative fiscal analyst. The legislative fiscal analyst shall serve at the pleasure of and be responsible for providing services to the committee.

(3) may exercise the investigatory powers of a standing committee under chapter 5, part 1, of this title; and

SECOND READING
SECOND PRINTING
SB 19

1 (4) shall, before each regular and special legislative session involving budgetary matters, prepare
 2 recommendations to the house appropriations committee and the senate finance and claims committee on
 3 the application of certain budget issues. At a minimum, the recommendations must include procedures for
 4 the consistent application during each session of inflation factors, the allocation of fixed costs, and the
 5 personal services budget. The committee may also make recommendations on other issues of major concern
 6 in the budgeting process, such as estimating the cost of implementing particular programs based upon
 7 present law."

8
 9 **Section 2.** Section 5-12-303, MCA, is amended to read:

10 **"5-12-303. Fiscal analysis information from state agencies.** (1) The legislative fiscal analyst may
 11 investigate and examine the costs and ~~revenues~~ revenue of state government activities and may examine
 12 and obtain copies of the records, books, and files of any state agency, including confidential records.

13 (2) When confidential records and information are obtained from a state agency, the legislative
 14 fiscal analyst and staff must be subject to the same penalties for unauthorized disclosure of the confidential
 15 records and information provided for under the laws administered by the state agency. The legislative fiscal
 16 analyst shall develop policies to prevent the unauthorized disclosure of confidential records and information
 17 obtained from state agencies.

18 (3) The legislative fiscal analyst may not obtain copies of individual income tax records protected
 19 under 15-30-303. The department of revenue shall make individual income tax data available by removing
 20 names, addresses, occupations, social security numbers, and taxpayer identification numbers. The
 21 department of revenue may not alter the data in any other way. The data is subject to the same restrictions
 22 on disclosure as are individual income tax returns.

23 ~~(4) The budget director shall furnish the legislative fiscal analyst with copies of all budget requests,~~
 24 ~~in a format agreed upon by both the office of budget and program planning and the legislative fiscal analyst,~~
 25 ~~at the time of submission to the budget director as provided by law and, if requested, all underlying and~~
 26 ~~supporting documentation. In preparing the executive budget for the next biennium for submission to the~~
 27 ~~legislature, the budget director shall use the base budget, the present law base, and new proposals as~~
 28 ~~defined in 17-7-102.~~

29 ~~(5) In the year preceding each legislative session, the budget director shall furnish the legislative~~
 30 ~~fiscal analyst, in a format agreed upon by both the office of budget and program planning and the legislative~~

1 ~~fiscal analyst:~~

2 ~~(a) by October 10, a preliminary budget reflecting the base budget and, by November 1, a present~~
 3 ~~law base for each agency and a copy of the documents that reflect the anticipated receipts and other~~
 4 ~~means of financing the base budget and present law base for each fiscal year of the ensuing biennium;~~

5 ~~(b) by November 15, a preliminary budget that must meet the statutory requirements for~~
 6 ~~submission of the budget to the legislature and a summary of the preliminary budget designed for~~
 7 ~~distribution to members and members elect of the legislature;~~

8 ~~(c) by November 12, a paper copy and an electronic copy of the documents that reflect~~
 9 ~~expenditures to the second level, as provided in 17-1-102(3), by funding source and detailed by accounting~~
 10 ~~entity; and~~

11 ~~(d) by December 15, all amendments to the preliminary budget.~~

12 ~~(6)(4)~~ Within 1 day after the legislative finance committee presents its budget analysis to the
 13 legislature, the budget director and the legislative fiscal analyst shall exchange expenditure and
 14 disbursement recommendations by second-level expenditure detail and by funding sources detailed by
 15 accounting entity. This information must be filed in the respective offices and be made available to the
 16 legislature and the public. In preparing the budget analysis for the next biennium for submission to the
 17 legislature, the legislative fiscal analyst shall use the base budget, the present law base, and new proposals
 18 as defined in 17-7-102.

19 ~~(7)(5)~~ This section does not authorize publication or public disclosure of information if the law
 20 prohibits publication or disclosure."

21
 22 **Section 3.** Section 17-4-107, MCA, is amended to read:
 23 "17-4-107. **Writeoff procedures.** ~~(1)~~ The department may establish procedures for canceling and
 24 writing off accounts receivable carried on the books of the various state agencies ~~that~~ if the accounts have
 25 been transferred to the department pursuant to 17-4-104 and ~~that~~ are uncollectible or if the continued
 26 pursuance of the collection of the accounts would cost the state more than the amount collected. ~~The~~
 27 ~~procedures must be established in accordance with subsection (2).~~

28 ~~(2) The department may establish procedures for canceling and writing off accounts receivable~~
 29 ~~carried on the books of various state agencies that are uncollectible or the continued pursuance of the~~
 30 ~~collection would cost the state more than the amount collected. The procedures must include the reporting~~

1 ~~to the budget director of any canceling and writing off of accounts receivable."~~

2

3 **Section 4.** Section 17-4-108, MCA, is amended to read:

4 "17-4-108. **Circumstances under which previously written-off debt may be collected.** If a debt
5 previously written off under 17-4-107~~(4)~~ subsequently becomes collectible, the department shall proceed
6 to collect the money due pursuant to 17-4-105(1) and 17-4-106."

7

8 **Section 5.** Section 17-7-102, MCA, is amended to read:

9 "17-7-102. **Definitions.** As used in this chapter, the following definitions apply:

10 (1) "Additional services" means different services or more of the same services.

11 (2) "Agency" means ~~each state office, department, division, board, commission, council,~~
12 ~~committee, institution, university unit, or other entity or instrumentality of the executive branch, office of~~
13 ~~the judicial branch, or office of the legislative branch of state government, except for purposes of capital~~
14 ~~projects administered by the department of administration, for which institutions are treated as one~~
15 ~~department and university units as one system.~~

16 ~~(3) "Approved long range building program budget amendment" means approval by the budget~~
17 ~~director of a request submitted through the architecture and engineering division of the department of~~
18 ~~administration to transfer excess funds appropriated to a capital project within an agency to increase the~~
19 ~~appropriation of another capital project within that agency or to obtain financing to expand a project with~~
20 ~~funds that were not available for consideration by the legislature. all offices, departments, boards,~~
21 ~~commissions, institutions, universities, colleges, and any other person or any other administrative unit of~~
22 ~~state government that spends or encumbers public money by virtue of an appropriation from the legislature~~
23 ~~under 17-8-101.~~

24 ~~(4)~~(3) "Approving authority" means:

25 (a) the governor or the governor's designated representative for executive branch agencies;

26 (b) the chief justice of the supreme court or the chief justice's designated representative for judicial
27 branch agencies;

28 (c) the speaker for the house of representatives;

29 (d) the president for the senate;

30 (e) appropriate legislative committees or a designated representative for legislative branch agencies;

1 or

2 (f) the board of regents of higher education or its designated representative for the university
3 system.

4 ~~(5)~~(4) "Base budget" means ~~that level of funding authorized by the previous legislature~~ the
5 resources for the operation of state government that are of an ongoing and nonextraordinary nature in the
6 current biennium. THE BASE BUDGET MAY NOT EXCEED THAT LEVEL OF FUNDING AUTHORIZED BY THE
7 PREVIOUS LEGISLATURE.

8 ~~(6)~~(5) "Budget amendment" means a legislative temporary appropriation ~~to increase spending~~
9 ~~authority for the special revenue fund, proprietary funds, or unrestricted subfund, contingent on total~~
10 ~~compliance with all budget amendment procedures~~ as provided in Title 17, chapter 7, part 4.

11 ~~(7)~~ "Effectiveness measure" means a criterion for measuring the degree to which the objective
12 ~~sought is attained.~~

13 ~~(8)~~(6) "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and
14 unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was
15 made, that was clearly not within the contemplation of the legislature and the governor, and that affects
16 one or more functions of a state agency and the agency's expenditure requirements for the performance
17 of the function or functions.

18 ~~(7)~~ "Funds subject to appropriation" means those funds required to be paid out of the treasury as
19 set forth in 17-8-101.

20 ~~(9)~~(8) "Necessary" means essential to the public welfare and of a nature that cannot wait until the
21 next legislative session for legislative consideration.

22 ~~(10)~~(9) "New proposals" means requests to provide new nonmandated services, to change program
23 services, to eliminate existing services, or to change sources of funding. For purposes of establishing the
24 present law base, the distinction between new proposals and the adjustments to the base budget to
25 develop the present law base is to be determined by the existence of constitutional or statutory
26 requirements for the proposed expenditure. Any proposed increase or decrease that is not based on those
27 requirements is considered a new proposal.

28 ~~(11)~~(10) "Present law base" means that ~~additional~~ level of funding needed under present law to
29 maintain operations and services at the level authorized by the previous legislature, including but not limited
30 to:

1 (a) changes resulting from legally mandated workload, caseload, or enrollment increases or
2 decreases;

3 (b) changes in funding requirements resulting from constitutional or statutory schedules or
4 formulas;

5 (c) inflationary or deflationary adjustments; and

6 (d) elimination of nonrecurring appropriations.

7 ~~(12) "Priority listing" means a ranking of proposed expenditures in order of importance.~~

8 ~~(13)(11) "Program" means a combination of resources and activities designed to achieve an~~
9 ~~objective or objectives~~ a principal organizational or budgetary unit within an agency.

10 ~~(14) "Program size" means the magnitude of a program, such as the size of clientele served or the~~
11 ~~volume of service in relation to the population or area.~~

12 ~~(15) "Program size indicator" means a measure to indicate the magnitude of a program.~~

13 ~~(16)(12) "Requesting agency" means the agency of state government that has requested a specific~~
14 budget amendment.

15 ~~(17)(13) "University system unit" means the board of regents of higher education; office of the~~
16 ~~commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and~~
17 ~~Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the~~
18 ~~agricultural experiment station, with central offices at Bozeman; the forest and conservation experiment~~
19 ~~station, with central offices at Missoula; the cooperative extension service, with central offices at Bozeman;~~
20 ~~the bureau of mines and geology, with central offices at Butte; the fire services training school at Great~~
21 ~~Falls; and the community colleges at Miles City, Glendive, and Kalispell."~~

22
23 **Section 6.** Section 17-7-111, MCA, is amended to read:

24 "**17-7-111. Agency Preparation of state budget -- agency program budgets -- form distribution and**
25 **contents.** (1) (a) To prepare a state budget, the executive branch, the legislature, and the citizens of the
26 state need information that is consistent and accurate. Necessary information includes detailed
27 disbursements by fund type for each agency and program for the appropriate time period, recommendations
28 for creating a balanced budget, and recommended disbursements and estimated receipts by fund type and
29 fund category.

30 (b) Subject to the requirements of this chapter, the budget director and the legislative fiscal analyst

1 shall by agreement:

2 (i) establish necessary standards, formats, and other matters necessary to share information
 3 between the agencies and to ensure that information is consistent and accurate for the preparation of the
 4 state's budget; and

5 (ii) provide for the collection and provision of budgetary and financial information that is in addition
 6 to or different from the information otherwise required to be provided pursuant to this section.

7 (2) In the preparation of a state budget, the budget director shall, not later than July 1 in the year
 8 preceding the convening of the legislature the date specified in 17-7-112(1), distribute to all state offices
 9 and departments, including the judicial branch and the legislative branch, agencies the proper forms and
 10 instructions necessary for the preparation of budget estimates by the budget director. These forms must
 11 be prescribed by the budget director to procure the information required by subsection (2) (3). The forms
 12 must be submitted to the budget director by the date provided in 17-7-112(2) or the agency's budget is
 13 subject to preparation based upon estimates as provided in 17-7-112(5). The budget director may refuse
 14 to accept forms that do not comply with the provisions of this section or the instructions given for
 15 completing the forms.

16 ~~(2)(3)~~ The agency budget requests, when completed by the budget office, request must set forth
 17 a balanced financial plan for the agency completing the forms for each fiscal year of the ensuing biennium.
 18 The plan must consist of:

19 (a) a consolidated agency budget summary of funds subject to appropriation for the current base
 20 budget expenditures, including statutory appropriations, and for each modification present law adjustment
 21 and new proposal request setting forth the aggregate figures of the full-time equivalent personnel positions
 22 (FTE) and the budget, showing a balance between the total proposed disbursements and the total
 23 anticipated receipts, together with the other means of financing the budget for each fiscal year of the
 24 ensuing biennium, contrasted with the corresponding figures for the last completed fiscal year and the fiscal
 25 year in progress. ~~The consolidated budget summary must be supported by schedules classifying receipts~~
 26 ~~and disbursements contained in the summary by fund and, when applicable, organizational unit;~~

27 (b) a schedule of the actual and projected receipts, disbursements, and solvency of each
 28 accounting entity within each fund for the current biennium and estimated for the subsequent biennium;

29 ~~(c) a detailed schedule of receipts, by accounting entity within each fund, indicating classification~~
 30 ~~and source of funds;~~

1 ~~(d) an agency schedule summarizing past and proposed spending plans and the means of financing~~
 2 ~~the proposed plan. Information presented must include the following:~~

3 ~~(i)(c) a statement of the agency goals and objectives mission and a statement of goals and~~
 4 ~~objectives for each program of the agency. The goals and objectives must include, in a concise form,~~
 5 ~~sufficient specific information and quantifiable information to enable the legislature to formulate an~~
 6 ~~appropriations policy regarding the agency and its programs and to allow a determination, at some future~~
 7 ~~date, on whether the agency has succeeded in attaining its goals and objectives. The goals and objectives~~
 8 ~~must contain a list of duties prioritized by the department director to reflect the director's opinion~~
 9 ~~concerning the importance of the duties assigned to the agency by law.~~

10 ~~(ii)(d) actual FTE and disbursements for the completed fiscal year of the current biennium, estimated~~
 11 ~~FTE and disbursements for the current fiscal year, and the agency's request for the ensuing biennium, by~~
 12 ~~program; and~~

13 ~~(iii)(e) actual disbursements for the completed fiscal year of the current biennium, estimated~~
 14 ~~disbursements for the current fiscal year, and the agency's recommendations for the ensuing biennium, by~~
 15 ~~disbursement category;~~

16 ~~(e)(f) a reference, for each program included in the agency budget request, identifying whether the~~
 17 ~~program may be operated at the discretion of the agency or whether the agency is required by federal or~~
 18 ~~state law to operate, administer, or manage the program; and~~

19 ~~(g) other information the budget director feels is necessary for the preparation of a budget.~~

20 ~~(3)(4) The budget director shall prepare and submit to the legislative fiscal analyst in accordance~~
 21 ~~with 17-7-112:~~

22 (a) detailed recommendations for the state long-range building program. Each recommendation
 23 must be presented by ~~department,~~ institution, agency, or branch, by funding source, with a description of
 24 each proposed project.

25 (b) the proposed pay plan schedule for all executive branch employees at the program level by
 26 fund, with the specific cost and funding recommendations for each agency. Submission of a pay plan
 27 schedule under this subsection is not an unfair labor practice under 39-31-401.

28 (c) agency proposals for the use of cultural and aesthetic project grants under Title 22, chapter 2,
 29 part 3, the renewable resource grant and loan program under Title 85, chapter 1, part 6, the reclamation
 30 and development grants program under Title 90, chapter 2, part 11, and the treasure state endowment

1 program under Title 90, chapter 6, part 7.

2 ~~(4)~~(5) The board of regents shall submit, with its budget request for each university unit in
3 accordance with 17-7-112, a report on the university system bonded indebtedness and related finances
4 as provided in this subsection ~~(4)~~ (5). The report must include the following information for each year of
5 the biennium, contrasted with the same information for the last completed fiscal year and the fiscal year
6 in progress:

7 (a) a schedule of estimated total bonded indebtedness for each university unit by bond indenture;

8 (b) a schedule of estimated revenue, expenditures, and fund balances by fiscal year for each
9 outstanding bond indenture, clearly delineating the accounts relating to each indenture and the minimum
10 legal funding requirements for each bond indenture; and

11 (c) a schedule showing the total funds available from each bond indenture and its associated
12 accounts, with a list of commitments and planned expenditures from such accounts, itemized by revenue
13 source and project for each year of the current and ensuing bienniums.

14 ~~(5)~~(6) The budget director may not obtain copies of individual income tax records protected under
15 15-30-303. The department of revenue shall make individual income tax data available by removing names,
16 addresses, occupations, social security numbers, and taxpayer identification numbers. The department of
17 revenue may not alter the data in any other way. The data is subject to the same restrictions on disclosure
18 as are individual income tax returns."

19

20 **Section 7.** Section 17-7-112, MCA, is amended to read:

21 **"17-7-112. Submission deadline deadlines -- budgeting schedule.** The following is the schedule
22 for the preparation of a state budget for submission to the legislature convening in the following year:

23 (1) By August 1, forms necessary for preparation of budget estimates must be distributed pursuant
24 to 17-7-111(2).

25 ~~(1)~~(2) ~~It is the duty of~~ By September 1, each department, agency, and office, ~~including the Montana~~
26 ~~university system,~~ to shall submit the information required under 17-7-111 to the budget director ~~on or~~
27 ~~before September 1 in the even year preceding the convening of the legislature.~~ The department of justice
28 shall submit information received from counties concerning the state's share of county attorney salaries.

29 ~~(2)~~(3) ~~Between August 15 and~~ By September 30 1, ~~in the year preceding the convening of the~~
30 ~~legislature,~~ the budget director ~~must~~ shall submit each state agency's budget request required under

1 ~~17-7-111(2)~~ 17-7-111(3) to the legislative fiscal analyst. The transfer of budget information must be done
2 on a schedule mutually agreed to by the budget director and the legislative fiscal analyst in a manner that
3 facilitates an even transfer of budget information ~~during the month of September~~ and that allows each
4 office to maintain a reasonable staff workflow.

5 (4) By October 10, the budget director shall furnish the legislative fiscal analyst with a preliminary
6 budget reflecting the base budget in a format agreed upon by both the office of budget and program
7 planning and the legislative fiscal analyst.

8 ~~(3)(5) If any department, institution, university unit, or agency fails to present the information~~
9 ~~within the time specified in this section, the budget director shall note that fact in the budget submitted~~
10 ~~to the governor and the budget director shall prepare and submit to the legislative fiscal analyst and the~~
11 ~~governor by~~ By October 30, a budget request must be prepared by the budget director and submitted to
12 the legislative fiscal analyst on behalf of the any department, institution, university unit, or agency, that
13 did not present the information required by this section. The budget request must be based upon the
14 budget director's studies of the operations, plans, and needs of the department, institution, university unit,
15 or agency.

16 (6) By November 1, the budget director shall furnish the legislative fiscal analyst with a present
17 law base for each agency and a copy of the documents that reflect the anticipated receipts and other
18 means of financing the base budget and present law base for each fiscal year of the ensuing biennium. The
19 material must be in a format agreed upon by both the office of budget and program planning and the
20 legislative fiscal analyst.

21 (7) By November 12, the budget director shall furnish the legislative fiscal analyst with the
22 documents, in a format agreed upon by both the office of budget and program planning and the legislative
23 fiscal analyst, that reflect expenditures to the second level, as provided in 17-1-102(3), by funding source
24 and detailed by accounting entity.

25 ~~(4)(8) The~~ By November 15, the proposed pay plan schedule required by 17-7-111(3)(4), a
26 preliminary budget that meets the statutory requirements for submission of the budget to the legislature,
27 and a summary of the preliminary budget designed for distribution to members and members-elect of the
28 legislature must be submitted to the legislative fiscal analyst no later than November 15 in the year
29 preceding the convening of the legislature.

30 (9) By December 15, the budget director shall submit a preliminary budget to the governor and to

1 the governor-elect, if there is one, as provided in 17-7-121, and shall furnish the legislative fiscal analyst
 2 with all amendments to the preliminary budget.

3 (10) By January 7, recommended changes proposed by a governor-elect must be transmitted to
 4 the legislative fiscal analyst and the legislature as provided in 17-7-121."

5
 6 **Section 8.** Section 17-7-121, MCA, is amended to read:

7 **"17-7-121. Preliminary budget preparation and submission to governor and governor-elect.** (1)
 8 Upon receipt of the completed forms and other available data and information, the budget director shall
 9 examine the same for the purpose of determining the necessity of the disbursements and funds requested
 10 and shall, on or before ~~December 15 in the year preceding the convening of the legislature~~ the date
 11 established in 17-7-112, submit in writing to the governor and to the governor-elect, if ~~one there be~~ is one,
 12 a preliminary budget for the ensuing biennium containing the detailed information ~~hereinafter~~ required to
 13 be set forth in the budget to be submitted by the governor to the legislature.

14 (2) If ~~so~~ requested by the governor-elect, the governor shall incorporate in the budget, as a
 15 separate section, ~~such the~~ the estimates, comments, and recommendations ~~as that~~ that the governor-elect may wish
 16 to make, and by the date established in 17-7-112, this section of the budget ~~shall~~ must be transmitted to
 17 the legislature and the legislative fiscal analyst without change. It is the duty of the governor-elect in
 18 recommending changes to show a balance between proposed disbursements and anticipated receipts."
 19

20 **Section 9.** Section 17-7-122, MCA, is amended to read:

21 **"17-7-122. Preparation of budget.** (1) The governor shall, following the receipt of the preliminary
 22 budget from the budget director, have prepared a budget for the ensuing biennium and shall submit the
 23 budget to the legislative fiscal analyst in accordance with ~~5-12-303~~ 17-7-112 for inclusion in the combined
 24 governor's budget and budget analysis report.

25 (2) Legislative branch budget proposals must be included in the budget submitted by the governor
 26 without changes.

27 (3) Judicial branch budget proposals must be included in the budget submitted by the governor,
 28 but expenditures above the current base budget need not be part of the balanced financial plan pursuant
 29 to 17-7-123."
 30

1 **Section 10.** Section 17-7-123, MCA, is amended to read:

2 "**17-7-123. Form of executive budget.** The budget submitted must set forth a balanced financial
3 plan of funds subject to appropriation for each accounting entity and for the state government for each
4 fiscal year of the ensuing biennium, ~~which~~ The base level plan must consist of:

5 (1) a consolidated budget summary setting forth the aggregate figures of the budget in a manner
6 that shows a balance between the total proposed disbursements and the total anticipated receipts, together
7 with the other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with
8 the corresponding figures for the last completed fiscal year and the fiscal year in progress. The consolidated
9 budget summary must be supported by explanatory schedules or statements, ~~classifying receipts and~~
10 ~~disbursements contained therein by fund and, when applicable, organizational unit;~~

11 ~~(2) an analysis of the actual and projected receipts, disbursements, and solvency of each~~
12 ~~accounting entity within each fund for the current and subsequent biennium;~~

13 ~~(3) a detailed analysis of receipts by accounting entity within fund indicating classification and~~
14 ~~source of funds~~ budget and full-time equivalent personnel position comparisons by agency, program, and
15 appropriated funds for the current and subsequent biennium;

16 ~~(4)(3) a departmental analysis summarizing past and proposed spending plans by agency and the~~
17 ~~means of financing the proposed plan. Information presented must include the following:~~

18 ~~(a) a summary of the departmental goals and objectives~~ mission and a statement of goals and
19 objectives for each program of the department;

20 ~~(b)(4) actual~~ base budget disbursements for the completed fiscal year of the current biennium,
21 estimated comparable disbursements for the current fiscal year, and the ~~current~~ proposed present law base
22 budget ~~and the current base budget~~ plus new proposals, if any, for each department and each program of
23 the department;

24 ~~(c) a reference for each program as required under 17-7-111(2)(e); and~~

25 ~~(4)(5)~~ a statement containing recommendations of the governor for the ensuing biennium by
26 program and disbursement category, including:

27 (a) explanations of appropriation and revenue measures included in the budget that involve policy
28 changes; and

29 (b) matters not included as a part of the budget bill but included as a part of the executive budget,
30 such as the state employee pay plan, programs funded through separate appropriations measures, and

1 other matters considered necessary for comprehensive public and legislative consideration of the state
 2 budget; and

3 ~~(5)(6) detailed recommendations for the state long range building program. Each recommendation~~
 4 ~~must be presented by department, institution, agency, or branch by funding source, with a description of~~
 5 ~~each proposed project. An appropriation measure must be presented by project, source of funding, and~~
 6 ~~department, agency, institution, or branch for which the project is primarily intended. a report on:~~

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

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

14 (7) any other financial or budgetary material agreed to by the budget director and the legislative
 15 fiscal analyst."

16
 17 **Section 11.** Section 17-7-124, MCA, is amended to read:

18 **"17-7-124. Additional budget data.** In addition to the budget required in 17-7-123, the governor
 19 shall prepare and make available on request a detailed analysis of receipts by accounting entity within each
 20 fund type indicating classification and source of funds.:

21 ~~(1) a departmental analysis summarizing past and proposed spending plans by agency and the~~
 22 ~~means of financing the proposed plan. Information available must include the following:~~

23 ~~(a) a statement of departmental goals and objectives and a statement of goals and objectives for~~
 24 ~~each program of the department; and~~

25 ~~(b) schedules showing the number of employees who were given a pay grade change under the~~
 26 ~~pay schedule implemented pursuant to 2-18-303 and the net cost to the agency for the grade changes for~~
 27 ~~the biennium. The changes must be listed in tabular form by:~~

28 ~~(i) position description;~~

29 ~~(ii) grade assigned prior to the completed fiscal year;~~

30 ~~(iii) grade assigned during the completed fiscal year;~~

1 ~~(iv) grade assigned during the current fiscal year;~~

2 ~~(v) recommended grade for the ensuing biennium;~~

3 ~~(vi) dollar difference for the upgrade or downgrade for each position; and~~

4 ~~(vii) net cost to the agency for grade changes.~~

5 ~~(2) appropriation measures detailed by program, fund, and accounting entity, authorizing~~
 6 ~~disbursements and related restrictions by department, institution, or agency of the state; and~~

7 ~~(3) information submitted by agencies as required by 17-7-111."~~

8
 9 **Section 12.** Section 17-7-132, MCA, is amended to read:

10 **"17-7-132. Right of officers to appear on consideration of budget.** The ~~department of~~
 11 ~~administration budget director~~ and representatives of ~~the executive officers, agencies, and institutions of~~
 12 ~~the state and other state agencies~~ expending or applying for state moneys money may and, when requested
 13 by either the house of representatives or the senate, shall appear and be heard with respect to any budget
 14 bill."

15
 16 **Section 13.** Section 17-7-138, MCA, is amended to read:

17 **"17-7-138. Operating budget.** (1) (a) Expenditures by a state agency must be made in substantial
 18 compliance with an operating budget approved by an approving authority the budget approved by the
 19 legislature. Substantial compliance means that a first level category in the operating budget may not be
 20 exceeded by more than 5%. **SUBSTANTIAL COMPLIANCE MAY BE DETERMINED BY CONFORMITY TO**
 21 LEGISLATIVE INTENT AS ESTABLISHED IN THE NARRATIVE ACCOMPANYING THE GENERAL
 22 APPROPRIATIONS ACT. An explanation of any significant change in agency or program scope, objectives,
 23 activities, or expenditures must be submitted to the legislative fiscal analyst for review and comment by
 24 the legislative finance committee prior to any implementation of the change. **IF THE BUDGET DIRECTOR**
 25 CERTIFIES THAT A CHANGE IS TIME-SENSITIVE, THE BUDGET DIRECTOR MAY APPROVE THE CHANGE
 26 PRIOR TO THE NEXT REGULARLY SCHEDULED MEETING OF THE LEGISLATIVE FINANCE COMMITTEE.
 27 THE BUDGET DIRECTOR SHALL SUBMIT ALL PROPOSED TIME-SENSITIVE CHANGES TO THE
 28 LEGISLATIVE FISCAL ANALYST PRIOR TO APPROVAL. IF THE LEGISLATIVE FISCAL ANALYST
 29 DETERMINES THAT NOTIFICATION OF THE LEGISLATIVE FINANCE COMMITTEE IS WARRANTED, THE
 30 LEGISLATIVE FISCAL ANALYST SHALL IMMEDIATELY NOTIFY AS MANY MEMBERS AS POSSIBLE OF

1 THE PROPOSED CHANGE AND COMMUNICATE ANY CONCERNS EXPRESSED TO THE BUDGET
 2 DIRECTOR. THE BUDGET DIRECTOR SHALL PRESENT A REPORT FULLY EXPLAINING THE REASONS FOR
 3 THE ACTION TO THE NEXT MEETING OF THE LEGISLATIVE FINANCE COMMITTEE. Except as provided
 4 in subsection (2), the expenditure of money appropriated in the general appropriations act is contingent
 5 upon approval of an operating budget by August 1 of each fiscal year. An approved original operating
 6 budget must comply with state law and any statement of intent adopted as part of a bill.

7 (b) For the purposes of this subsection (1), an agency or program is considered to have a
 8 significant change in its scope, objectives, activities, or expenditures if:

9 (i) the expenditure change exceeds \$1 million; or

10 (ii) the expenditure change exceeds 25% of a budget category and the change is greater than
 11 \$25,000. If there have been other changes to the budget category in the current fiscal year, all the
 12 changes, including the change under consideration, must be used in determining the 25% and \$25,000
 13 threshold.

14 (2) The expenditure of money appropriated in the general appropriations act to the university
 15 system units, as defined in 17-7-102, is contingent upon approval of an operating budget by October 1 of
 16 each fiscal year. All other requirements in this section apply to the university system.

17 (3) The operating budget for money appropriated by the general appropriations act must be
 18 separate from the operating budget for money appropriated by another law except a law appropriating
 19 money for the state pay plan or any portion of the state pay plan. Each operating budget must include
 20 expenditures for each agency program, detailed at least by first-level categories as provided in 17-1-102(3).
 21 Each agency shall record its operating budget and any approved changes on the statewide budget and
 22 accounting system. Forms used for changing an operating budget must reference the current, complete,
 23 and approved operating budget, show the proposed changes to the operating budget, and reference any
 24 other pending documents to change the operating budget."

25

26 **Section 14.** Section 17-7-139, MCA, is amended to read:

27 **"17-7-139. Program transfers.** (1) Unless prohibited by law, the approving authority may approve
 28 agency requests to transfer appropriations between programs within each fund type within each fiscal year.
 29 ~~The transfer may not exceed 5% of the total agency appropriation, excluding statutory appropriations,~~
 30 ~~administrative authorizations, and budget amendments.~~ An explanation of any transfer that involves a

1 significant change in agency or program scope, objectives, activities, or expenditures must be submitted
 2 to the legislative fiscal analyst for review and comment by the legislative finance committee prior to any
 3 implementation of the change. IF THE BUDGET DIRECTOR CERTIFIES THAT A REQUEST FOR A
 4 TRANSFER REPRESENTING A SIGNIFICANT CHANGE IN AGENCY OR PROGRAM SCOPE, OBJECTIVES,
 5 ACTIVITIES, OR EXPENDITURES IS TIME-SENSITIVE, THE BUDGET DIRECTOR MAY APPROVE THE
 6 TRANSFER PRIOR TO THE NEXT REGULARLY SCHEDULED MEETING OF THE LEGISLATIVE FINANCE
 7 COMMITTEE. THE BUDGET DIRECTOR SHALL SUBMIT ALL PROPOSED TIME-SENSITIVE CHANGES TO
 8 THE LEGISLATIVE FISCAL ANALYST PRIOR TO APPROVAL. IF THE LEGISLATIVE FISCAL ANALYST
 9 DETERMINES THAT NOTIFICATION OF THE LEGISLATIVE FINANCE COMMITTEE IS WARRANTED, THE
 10 LEGISLATIVE FISCAL ANALYST SHALL IMMEDIATELY NOTIFY AS MANY MEMBERS AS POSSIBLE OF
 11 THE PROPOSED CHANGE AND COMMUNICATE ANY CONCERNS EXPRESSED TO THE BUDGET
 12 DIRECTOR. THE BUDGET DIRECTOR SHALL PRESENT A REPORT FULLY EXPLAINING THE REASONS FOR
 13 THE ACTION TO THE NEXT MEETING OF THE LEGISLATIVE FINANCE COMMITTEE. All program transfers
 14 must be completed within the same fund from which the transfer originated. A request for a transfer
 15 accompanied by a justification explaining the reason for the transfer must be submitted by the requesting
 16 agency to the approving authority and the office of budget and program planning. Upon approval of the
 17 transfer, the approving authority shall inform the legislative fiscal analyst of the approved transfer and the
 18 justification for the transfer.

19 (2) For the purposes of subsection (1), an agency or program is considered to have a significant
 20 change in its scope, objectives, activities, or expenditures if:

21 (a) the budget transfer exceeds \$1 million; or

22 (b) the budget transfer exceeds 25% of a ~~budget category~~ PROGRAM'S TOTAL OPERATING PLAN
 23 and the transfer is greater than \$25,000. If there have been other transfers to or from the ~~first level budget~~
 24 ~~category~~ PROGRAM in the current fiscal year, all the transfers, including the transfer under consideration,
 25 must be used in determining the 25% and \$25,000 threshold."

26

27 **Section 15.** Section 17-7-204, MCA, is amended to read:

28 **"17-7-204. Long-range building program.** The executive budget for all state agencies ~~shall~~ must
 29 include detailed recommendations for the state long-range building program presented ~~in a priority listing~~
 30 in order of importance by fund type. Each recommendation ~~shall~~ must be presented by ~~department,~~

1 ~~institution~~, agency, or branch by funding source, with a description of each proposed project, an
 2 explanation of the problem to be addressed by the proposed project, alternative methods of addressing the
 3 problem, the rationale for the selection of a particular alternative, and a projection of increased operating
 4 costs incident to the project for the next three bienniums."
 5

6 **Section 16.** Section 17-7-211, MCA, is amended to read:

7 "**17-7-211. Expansion to be authorized -- budget amendment.** (1) An existing capital project may
 8 not be expanded beyond the scope of the project approved by the legislature unless the expansion of the
 9 project is authorized by ~~an approved~~ a long-range building program budget amendment approved by the
 10 budget director.

11 (2) A proposed long-range building program budget amendment must be submitted to the budget
 12 director through the architecture and engineering division of the department of administration. The budget
 13 director, through a long-range building program budget amendment, may authorize:

14 (a) the transfer of excess funds appropriated to a capital project within an agency to increase the
 15 appropriation of another capital project within that agency; or

16 (b) financing to expand a project with funds that were not available for consideration by the
 17 legislature."

18
 19 **Section 17.** Section 17-7-301, MCA, is amended to read:

20 "**17-7-301. Authorization to expend during first year of biennium from appropriation for second**
 21 **year -- proposed supplemental appropriation defined -- limit on second-year expenditures.** (1) ~~A state~~
 22 ~~department, institution, or An~~ agency of the ~~executive branch desiring authorization to~~ may make
 23 expenditures during the first fiscal year of the biennium from appropriations for the second fiscal year of
 24 the biennium ~~shall submit~~ if authorized by the general appropriations act. An agency that is not authorized
 25 in the general appropriations act to make first-year expenditures may be granted spending authorization by
 26 the ~~governor~~ APPROVING AUTHORITY upon submission and approval of a proposed supplemental
 27 appropriation to the ~~governor~~ APPROVING AUTHORITY through the ~~budget director~~. The proposal
 28 submitted to the ~~governor~~ APPROVING AUTHORITY must include a plan for reducing expenditures in the
 29 second year of the biennium that allows the agency to contain expenditures within appropriations. If the
 30 ~~governor~~ APPROVING AUTHORITY finds that, due to an unforeseen and unanticipated emergency, the

1 amount actually appropriated for the first fiscal year of the biennium with all other income will be
2 insufficient for the operation and maintenance of the ~~department, institution, or~~ agency during the year for
3 which the appropriation was made, the ~~governor~~ APPROVING AUTHORITY shall, after careful study and
4 examination of the request and upon review of the recommendation of ~~of~~ FOR EXECUTIVE BRANCH
5 PROPOSALS BY the budget director, submit the proposed supplemental appropriation to the legislative fiscal
6 analyst.

7 (2) The plan for reducing expenditures required by subsection (1) is not required if the proposed
8 supplemental appropriation is:

9 (a) due to an unforeseen and unanticipated emergency for fire suppression;

10 (b) requested by the superintendent of public instruction, in accordance with the provisions of
11 20-9-351, and is to complete the state's funding of guaranteed tax base aid, transportation aid, or
12 equalization aid to elementary and secondary schools for the current biennium; or

13 (c) requested by the attorney general and:

14 (i) is to pay the costs associated with litigation in which the department of justice ~~must~~ is required
15 to provide representation to the state of Montana; or

16 (ii) in accordance with the provisions of 7-32-2242, is to pay costs for which the department of
17 justice is responsible for confinement of an arrested person in a detention center.

18 (3) Upon receipt of the recommendation of the legislative finance committee pursuant to 17-7-311,
19 the ~~governor~~ APPROVING AUTHORITY may authorize an expenditure during the first fiscal year of the
20 biennium to be made from the appropriation for the second fiscal year of the biennium. Except as provided
21 in subsection (2), the ~~governor~~ APPROVING AUTHORITY shall require the agency to implement the plan
22 for reducing expenditures in the second year of the biennium that contains agency expenditures within
23 appropriations.

24 (4) The ~~department, institution, or~~ agency may expend the amount authorized by the ~~governor~~
25 APPROVING AUTHORITY only for the purposes specified in the authorization.

26 (5) The ~~governor~~ APPROVING AUTHORITY shall report to the next legislature in a special section
27 of the budget the amounts expended as a result of all authorizations granted by the ~~governor~~ APPROVING
28 AUTHORITY and shall request that any necessary supplemental appropriation bills be passed.

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

1 second fiscal year of the biennium.

2 (7) (a) Except as provided in subsections (2) and (7)(b), an agency may not make expenditures in
3 the second year of the biennium that, if carried on for the full year, will require a deficiency appropriation,
4 commonly referred to as a "supplemental appropriation".

5 (b) An agency shall prepare and, to the extent feasible, implement a plan for reducing expenditures
6 in the second year of the biennium that contains agency expenditures within appropriations. The approving
7 authority is responsible for ensuring the implementation of the plan. If, in the second year of a biennium,
8 mandated expenditures that are required by state or federal law will cause an agency to exceed
9 appropriations or available funds, the agency shall reduce all nonmandated expenditures pursuant to the
10 plan in order to reduce to the greatest extent possible the expenditures in excess of appropriations or
11 funding. An agency may not transfer funds between fund types in order to implement a plan."
12

13 **Section 18.** Section 17-8-101, MCA, is amended to read:

14 **"17-8-101. Appropriation and disbursement of money from treasury.** (1) Except as provided in
15 subsection (5), money deposited in the general fund, the special revenue fund type (except money
16 deposited in the treasury from nonstate and nonfederal sources restricted by law or by the terms of an
17 agreement, such as a contract, trust agreement, or donation), and the capital projects fund type, with the
18 exception of refunds authorized in subsection (3), ~~must~~ may be paid out of the treasury only on
19 appropriation made by law.

20 (2) Money deposited in the enterprise fund type, internal service fund type, debt service fund type,
21 expendable trust fund type, nonexpendable trust fund type, pension trust fund type, state special revenue
22 fund from nonstate and nonfederal sources restricted by law or by the terms of an agreement, such as a
23 contract, trust agreement, or donation, and agency fund type may be paid out of the treasury under general
24 laws, or contracts entered into in pursuance of law, permitting the disbursement.

25 (3) Subject to the provisions of subsection ~~(8)~~ (7), money paid into the state treasury through error
26 or under circumstances, such that the state is not legally entitled to retain it and a refund procedure is not
27 otherwise provided by law, may be refunded upon the submission of a verified claim approved by the
28 department of administration.

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

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

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

21 ~~(8)(7) 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."~~

23

24 NEW SECTION. Section 19. Repealer. Section 17-3-109, MCA, is repealed.

25

26 NEW SECTION. SECTION 20. EFFECTIVE DATE. [THIS ACT] IS EFFECTIVE JULY 1, 1997.

27

-END-

1 SENATE BILL NO. 19

2 INTRODUCED BY GAGE

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

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING STATE BUDGETING LAWS; REQUIRING
6 THAT THE LEGISLATIVE FINANCE COMMITTEE PREPARE RECOMMENDATIONS INVOLVING MAJOR
7 BUDGETARY MATTERS FOR AN ENSUING LEGISLATIVE SESSION; CLARIFYING TYPES OF INFORMATION
8 CONTAINED IN AND THE MANNER AND TIMES FOR PREPARING PROPOSED BUDGETS AND REPORTS;
9 REDUCING THE NUMBER OF REPORTS MADE TO THE BUDGET DIRECTOR; REDEFINING "BASE BUDGET",
10 "PRESENT LAW BASE", AND "PROGRAM" FOR THE PURPOSES OF PREPARING THE STATE BUDGET;
11 CHANGING THE MANNER OF DETERMINING WHETHER AN AGENCY IS IN SUBSTANTIAL COMPLIANCE
12 WITH THE BUDGET; CHANGING THE APPROVAL AND REPORTING PROCEDURES FOR PROGRAM
13 TRANSFERS; PROVIDING FOR BUDGET AMENDMENTS UNDER THE LONG-RANGE BUILDING PROGRAM;
14 CLARIFYING THE PROVISIONS RELATING TO AUTHORITY TO MAKE EXPENDITURES IN THE SECOND
15 YEAR OF A BIENNIUM; AMENDING SECTIONS 5-12-205, 5-12-303, 17-4-107, 17-4-108, 17-7-102,
16 17-7-111, 17-7-112, 17-7-121, 17-7-122, 17-7-123, 17-7-124, 17-7-132, 17-7-138, 17-7-139, 17-7-204,
17 17-7-211, 17-7-301, AND 17-8-101, MCA; ~~AND~~ REPEALING SECTION 17-3-109, MCA; AND PROVIDING
18 AN EFFECTIVE DATE."

19
20 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.**

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14 CLARIFYING THE PROVISIONS RELATING TO AUTHORITY TO MAKE EXPENDITURES IN THE SECOND
15 YEAR OF A BIENNIUM; AMENDING SECTIONS 5-12-205, 5-12-303, 17-4-107, 17-4-108, 17-7-102,
16 17-7-111, 17-7-112, 17-7-121, 17-7-122, 17-7-123, 17-7-124, 17-7-132, 17-7-138, 17-7-139, 17-7-204,
17 17-7-211, 17-7-301, AND 17-8-101, MCA; ~~AND~~ REPEALING SECTION 17-3-109, MCA; AND PROVIDING
18 AN EFFECTIVE DATE."

19
20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
2122 **Section 1.** Section 5-12-205, MCA, is amended to read:23 **"5-12-205. Powers and duties of committee.** The committee ~~may~~:24 (1) may organize, adopt rules to govern its proceedings, and meet as often as necessary, upon the
25 call of the presiding officer, to advise and consult with the legislative fiscal analyst;26 (2) may employ and, in accordance with the rules for classification and pay adopted by the
27 legislative council, set the salary of the legislative fiscal analyst. The legislative fiscal analyst shall serve
28 at the pleasure of and be responsible for providing services to the committee.29 (3) may exercise the investigatory powers of a standing committee under chapter 5, part 1, of this
30 title; and

1 (4) shall, before each regular and special legislative session involving budgetary matters, prepare
 2 recommendations to the house appropriations committee and the senate finance and claims committee on
 3 the application of certain budget issues. At a minimum, the recommendations must include procedures for
 4 the consistent application during each session of inflation factors, the allocation of fixed costs, and the
 5 personal services budget. The committee may also make recommendations on other issues of major concern
 6 in the budgeting process, such as estimating the cost of implementing particular programs based upon
 7 present law."

8
 9 **Section 2.** Section 5-12-303, MCA, is amended to read:

10 **"5-12-303. Fiscal analysis information from state agencies.** (1) The legislative fiscal analyst may
 11 investigate and examine the costs and ~~revenues~~ revenue of state government activities and may examine
 12 and obtain copies of the records, books, and files of any state agency, including confidential records.

13 (2) When confidential records and information are obtained from a state agency, the legislative
 14 fiscal analyst and staff must be subject to the same penalties for unauthorized disclosure of the confidential
 15 records and information provided for under the laws administered by the state agency. The legislative fiscal
 16 analyst shall develop policies to prevent the unauthorized disclosure of confidential records and information
 17 obtained from state agencies.

18 (3) The legislative fiscal analyst may not obtain copies of individual income tax records protected
 19 under 15-30-303. The department of revenue shall make individual income tax data available by removing
 20 names, addresses, occupations, social security numbers, and taxpayer identification numbers. The
 21 department of revenue may not alter the data in any other way. The data is subject to the same restrictions
 22 on disclosure as are individual income tax returns.

23 ~~(4) The budget director shall furnish the legislative fiscal analyst with copies of all budget requests,~~
 24 ~~in a format agreed upon by both the office of budget and program planning and the legislative fiscal analyst,~~
 25 ~~at the time of submission to the budget director as provided by law and, if requested, all underlying and~~
 26 ~~supporting documentation. In preparing the executive budget for the next biennium for submission to the~~
 27 ~~legislature, the budget director shall use the base budget, the present law base, and new proposals as~~
 28 ~~defined in 17-7-102.~~

29 ~~(5) In the year preceding each legislative session, the budget director shall furnish the legislative~~
 30 ~~fiscal analyst, in a format agreed upon by both the office of budget and program planning and the legislative~~

1 ~~fiscal analyst:~~

2 ~~(a) by October 10, a preliminary budget reflecting the base budget and, by November 1, a present~~
 3 ~~law base for each agency and a copy of the documents that reflect the anticipated receipts and other~~
 4 ~~means of financing the base budget and present law base for each fiscal year of the ensuing biennium;~~

5 ~~(b) by November 15, a preliminary budget that must meet the statutory requirements for~~
 6 ~~submission of the budget to the legislature and a summary of the preliminary budget designed for~~
 7 ~~distribution to members and members elect of the legislature;~~

8 ~~(c) by November 12, a paper copy and an electronic copy of the documents that reflect~~
 9 ~~expenditures to the second level, as provided in 17-1-102(3), by funding source and detailed by accounting~~
 10 ~~entity; and~~

11 ~~(d) by December 15, all amendments to the preliminary budget.~~

12 ~~(6)(4)~~ Within 1 day after the legislative finance committee presents its budget analysis to the
 13 legislature, the budget director and the legislative fiscal analyst shall exchange expenditure and
 14 disbursement recommendations by second-level expenditure detail and by funding sources detailed by
 15 accounting entity. This information must be filed in the respective offices and be made available to the
 16 legislature and the public. In preparing the budget analysis for the next biennium for submission to the
 17 legislature, the legislative fiscal analyst shall use the base budget, the present law base, and new proposals
 18 as defined in 17-7-102.

19 ~~(7)(5)~~ This section does not authorize publication or public disclosure of information if the law
 20 prohibits publication or disclosure."

21

22 **Section 3.** Section 17-4-107, MCA, is amended to read:

23 **"17-4-107. Writeoff procedures.** ~~(1)~~ The department may establish procedures for canceling and
 24 writing off accounts receivable carried on the books of the various state agencies ~~that~~ if the accounts have
 25 been transferred to the department pursuant to 17-4-104 and ~~that~~ are uncollectible or if the continued
 26 pursuance of the collection of the accounts would cost the state more than the amount collected. ~~The~~
 27 ~~procedures must be established in accordance with subsection (2).~~

28 ~~(2) The department may establish procedures for canceling and writing off accounts receivable~~
 29 ~~carried on the books of various state agencies that are uncollectible or the continued pursuance of the~~
 30 ~~collection would cost the state more than the amount collected. The procedures must include the reporting~~

1 ~~to the budget director of any canceling and writing off of accounts receivable."~~

2

3 **Section 4.** Section 17-4-108, MCA, is amended to read:

4 **"17-4-108. Circumstances under which previously written-off debt may be collected.** If a debt
5 previously written off under 17-4-107(4) subsequently becomes collectible, the department shall proceed
6 to collect the money due pursuant to 17-4-105(1) and 17-4-106."

7

8 **Section 5.** Section 17-7-102, MCA, is amended to read:

9 **"17-7-102. Definitions.** As used in this chapter, the following definitions apply:

10 (1) "Additional services" means different services or more of the same services.

11 (2) "Agency" means ~~each state office, department, division, board, commission, council,~~
12 ~~committee, institution, university unit, or other entity or instrumentality of the executive branch, office of~~
13 ~~the judicial branch, or office of the legislative branch of state government, except for purposes of capital~~
14 ~~projects administered by the department of administration, for which institutions are treated as one~~
15 ~~department and university units as one system.~~

16 ~~(3) "Approved long-range building program budget amendment" means approval by the budget~~
17 ~~director of a request submitted through the architecture and engineering division of the department of~~
18 ~~administration to transfer excess funds appropriated to a capital project within an agency to increase the~~
19 ~~appropriation of another capital project within that agency or to obtain financing to expand a project with~~
20 ~~funds that were not available for consideration by the legislature. all offices, departments, boards,~~
21 ~~commissions, institutions, universities, colleges, and any other person or any other administrative unit of~~
22 ~~state government that spends or encumbers public money by virtue of an appropriation from the legislature~~
23 ~~under 17-8-101.~~

24 ~~(4)~~(3) "Approving authority" means:

- 25 (a) the governor or the governor's designated representative for executive branch agencies;
- 26 (b) the chief justice of the supreme court or the chief justice's designated representative for judicial
- 27 branch agencies;
- 28 (c) the speaker for the house of representatives;
- 29 (d) the president for the senate;
- 30 (e) appropriate legislative committees or a designated representative for legislative branch agencies;

1 or

2 (f) the board of regents of higher education or its designated representative for the university
3 system.

4 ~~(5)(4)~~ "Base budget" means ~~that level of funding authorized by the previous legislature~~ the
5 resources for the operation of state government that are of an ongoing and nonextraordinary nature in the
6 current biennium. THE BASE BUDGET MAY NOT EXCEED THAT LEVEL OF FUNDING AUTHORIZED BY THE
7 PREVIOUS LEGISLATURE.

8 ~~(6)(5)~~ "Budget amendment" means a legislative temporary appropriation ~~to increase spending~~
9 ~~authority for the special revenue fund, proprietary funds, or unrestricted subfund, contingent on total~~
10 ~~compliance with all budget amendment procedures~~ as provided in Title 17, chapter 7, part 4.

11 ~~(7)~~ "Effectiveness measure" means a criterion for measuring the degree to which the objective
12 ~~sought is attained.~~

13 ~~(8)(6)~~ "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and
14 unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was
15 made, that was clearly not within the contemplation of the legislature and the governor, and that affects
16 one or more functions of a state agency and the agency's expenditure requirements for the performance
17 of the function or functions.

18 ~~(7)~~ "Funds subject to appropriation" means those funds required to be paid out of the treasury as
19 set forth in 17-8-101.

20 ~~(9)(8)~~ "Necessary" means essential to the public welfare and of a nature that cannot wait until the
21 next legislative session for legislative consideration.

22 ~~(10)(9)~~ "New proposals" means requests to provide new nonmandated services, to change program
23 services, to eliminate existing services, or to change sources of funding. For purposes of establishing the
24 present law base, the distinction between new proposals and the adjustments to the base budget to
25 develop the present law base is to be determined by the existence of constitutional or statutory
26 requirements for the proposed expenditure. Any proposed increase or decrease that is not based on those
27 requirements is considered a new proposal.

28 ~~(11)(10)~~ "Present law base" means that ~~additional~~ level of funding needed under present law to
29 maintain operations and services at the level authorized by the previous legislature, including but not limited
30 to:

1 (a) changes resulting from legally mandated workload, caseload, or enrollment increases or
2 decreases;

3 (b) changes in funding requirements resulting from constitutional or statutory schedules or
4 formulas;

5 (c) inflationary or deflationary adjustments; and

6 (d) elimination of nonrecurring appropriations.

7 ~~(12) "Priority listing" means a ranking of proposed expenditures in order of importance.~~

8 ~~(13)(11) "Program" means a combination of resources and activities designed to achieve an~~
9 objective or objectives a principal organizational or budgetary unit within an agency.

10 ~~(14) "Program size" means the magnitude of a program, such as the size of clientele served or the~~
11 volume of service in relation to the population or area.

12 ~~(15) "Program size indicator" means a measure to indicate the magnitude of a program.~~

13 ~~(16)(12) "Requesting agency" means the agency of state government that has requested a specific~~
14 budget amendment.

15 ~~(17)(13) "University system unit" means the board of regents of higher education; office of the~~
16 commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and
17 Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the
18 agricultural experiment station, with central offices at Bozeman; the forest and conservation experiment
19 station, with central offices at Missoula; the cooperative extension service, with central offices at Bozeman;
20 the bureau of mines and geology, with central offices at Butte; the fire services training school at Great
21 Falls; and the community colleges at Miles City, Glendive, and Kalispell."

22

23 **Section 6.** Section 17-7-111, MCA, is amended to read:

24 **"17-7-111. Agency Preparation of state budget -- agency program budgets -- form distribution and**
25 **contents.** (1) (a) To prepare a state budget, the executive branch, the legislature, and the citizens of the
26 state need information that is consistent and accurate. Necessary information includes detailed
27 disbursements by fund type for each agency and program for the appropriate time period, recommendations
28 for creating a balanced budget, and recommended disbursements and estimated receipts by fund type and
29 fund category.

30 (b) Subject to the requirements of this chapter, the budget director and the legislative fiscal analyst

1 shall by agreement:

2 (i) establish necessary standards, formats, and other matters necessary to share information
 3 between the agencies and to ensure that information is consistent and accurate for the preparation of the
 4 state's budget; and

5 (ii) provide for the collection and provision of budgetary and financial information that is in addition
 6 to or different from the information otherwise required to be provided pursuant to this section.

7 (2) In the preparation of a state budget, the budget director shall, not later than July 1 in the year
 8 preceding the convening of the legislature the date specified in 17-7-112(1), distribute to all state offices
 9 and departments, including the judicial branch and the legislative branch, agencies the proper forms and
 10 instructions necessary for the preparation of budget estimates by the budget director. These forms must
 11 be prescribed by the budget director to procure the information required by subsection ~~(2)~~ (3). The forms
 12 must be submitted to the budget director by the date provided in 17-7-112(2) or the agency's budget is
 13 subject to preparation based upon estimates as provided in 17-7-112(5). The budget director may refuse
 14 to accept forms that do not comply with the provisions of this section or the instructions given for
 15 completing the forms.

16 ~~(2)(3)~~ (3) The agency budget requests, when completed by the budget office, request must set forth
 17 a balanced financial plan for the agency completing the forms for each fiscal year of the ensuing biennium.
 18 The plan must consist of:

19 (a) a consolidated agency budget summary of funds subject to appropriation for the current base
 20 budget expenditures, including statutory appropriations, and for each modification present law adjustment
 21 and new proposal request setting forth the aggregate figures of the full-time equivalent personnel positions
 22 (FTE) and the budget, showing a balance between the total proposed disbursements and the total
 23 anticipated receipts, together with the other means of financing the budget for each fiscal year of the
 24 ensuing biennium, contrasted with the corresponding figures for the last completed fiscal year and the fiscal
 25 year in progress. ~~The consolidated budget summary must be supported by schedules classifying receipts~~
 26 ~~and disbursements contained in the summary by fund and, when applicable, organizational unit;~~

27 (b) a schedule of the actual and projected receipts, disbursements, and solvency of each
 28 accounting entity within each fund for the current biennium and estimated for the subsequent biennium;

29 ~~(c) a detailed schedule of receipts, by accounting entity within each fund, indicating classification~~
 30 ~~and source of funds;~~

1 ~~(d) an agency schedule summarizing past and proposed spending plans and the means of financing~~
 2 ~~the proposed plan. Information presented must include the following:~~

3 ~~(i)(c) a statement of the agency ~~goals and objectives~~ mission and a statement of goals and~~
 4 ~~objectives for each program of the agency. The goals and objectives must include, in a concise form,~~
 5 ~~sufficient specific information and quantifiable information to enable the legislature to formulate an~~
 6 ~~appropriations policy regarding the agency and its programs and to allow a determination, at some future~~
 7 ~~date, on whether the agency has succeeded in attaining its goals and objectives. ~~The goals and objectives~~~~
 8 ~~must contain a list of duties prioritized by the department director to reflect the director's opinion~~
 9 ~~concerning the importance of the duties assigned to the agency by law.~~

10 ~~(ii)(d) actual FTE and disbursements for the completed fiscal year of the current biennium, estimated~~
 11 ~~FTE and disbursements for the current fiscal year, and the agency's request for the ensuing biennium, by~~
 12 ~~program; and~~

13 ~~(iii)(e) actual disbursements for the completed fiscal year of the current biennium, estimated~~
 14 ~~disbursements for the current fiscal year, and the agency's recommendations for the ensuing biennium, by~~
 15 ~~disbursement category;~~

16 ~~(e)(f) a reference, for each program included in the agency budget request, identifying whether the~~
 17 ~~program may be operated at the discretion of the agency or whether the agency is required by federal or~~
 18 ~~state law to operate, administer, or manage the program;~~ and

19 ~~(f)(g) other information the budget director feels is necessary for the preparation of a budget.~~

20 ~~(3)(4) The budget director shall prepare and submit to the legislative fiscal analyst in accordance~~
 21 ~~with 17-7-112:~~

22 (a) detailed recommendations for the state long-range building program. Each recommendation
 23 must be presented by ~~department,~~ institution, agency, or branch, by funding source, with a description of
 24 each proposed project.

25 (b) the proposed pay plan schedule for all executive branch employees at the program level by
 26 fund, with the specific cost and funding recommendations for each agency. Submission of a pay plan
 27 schedule under this subsection is not an unfair labor practice under 39-31-401.

28 (c) agency proposals for the use of cultural and aesthetic project grants under Title 22, chapter 2,
 29 part 3, the renewable resource grant and loan program under Title 85, chapter 1, part 6, the reclamation
 30 and development grants program under Title 90, chapter 2, part 11, and the treasure state endowment

1 program under Title 90, chapter 6, part 7.

2 ~~(4)~~(5) The board of regents shall submit, with its budget request for each university unit in
3 accordance with 17-7-112, a report on the university system bonded indebtedness and related finances
4 as provided in this subsection ~~(4)~~ (5). The report must include the following information for each year of
5 the biennium, contrasted with the same information for the last completed fiscal year and the fiscal year
6 in progress:

7 (a) a schedule of estimated total bonded indebtedness for each university unit by bond indenture;

8 (b) a schedule of estimated revenue, expenditures, and fund balances by fiscal year for each
9 outstanding bond indenture, clearly delineating the accounts relating to each indenture and the minimum
10 legal funding requirements for each bond indenture; and

11 (c) a schedule showing the total funds available from each bond indenture and its associated
12 accounts, with a list of commitments and planned expenditures from such accounts, itemized by revenue
13 source and project for each year of the current and ensuing bienniums.

14 ~~(5)~~(6) The budget director may not obtain copies of individual income tax records protected under
15 15-30-303. The department of revenue shall make individual income tax data available by removing names,
16 addresses, occupations, social security numbers, and taxpayer identification numbers. The department of
17 revenue may not alter the data in any other way. The data is subject to the same restrictions on disclosure
18 as are individual income tax returns."

19

20 **Section 7.** Section 17-7-112, MCA, is amended to read:

21 **"17-7-112. Submission deadline deadlines -- budgeting schedule.** The following is the schedule
22 for the preparation of a state budget for submission to the legislature convening in the following year:

23 (1) By August 1, forms necessary for preparation of budget estimates must be distributed pursuant
24 to 17-7-111(2).

25 ~~(1)(2) It is the duty of~~ By September 1, each department, agency, and office, including the Montana
26 university system, to shall submit the information required under 17-7-111 to the budget director ~~on or~~
27 ~~before September 1 in the even year preceding the convening of the legislature.~~ The department of justice
28 shall submit information received from counties concerning the state's share of county attorney salaries.

29 ~~(2)(3) Between August 15 and~~ By September 30 1, in the year preceding the convening of the
30 legislature, the budget director must shall submit each state agency's budget request required under

1 ~~17-7-111(2)~~ 17-7-111(3) to the legislative fiscal analyst. The transfer of budget information must be done
 2 on a schedule mutually agreed to by the budget director and the legislative fiscal analyst in a manner that
 3 facilitates an even transfer of budget information ~~during the month of September~~ and that allows each
 4 office to maintain a reasonable staff workflow.

5 (4) By October 10, the budget director shall furnish the legislative fiscal analyst with a preliminary
 6 budget reflecting the base budget in a format agreed upon by both the office of budget and program
 7 planning and the legislative fiscal analyst.

8 ~~(3)(5) If any department, institution, university unit, or agency fails to present the information~~
 9 ~~within the time specified in this section, the budget director shall note that fact in the budget submitted~~
 10 ~~to the governor and the budget director shall prepare and submit to the legislative fiscal analyst and the~~
 11 ~~governor by~~ By October 30, a budget request must be prepared by the budget director and submitted to
 12 the legislative fiscal analyst on behalf of the any department, institution, university unit, or agency, that
 13 did not present the information required by this section. The budget request must be based upon the
 14 budget director's studies of the operations, plans, and needs of the ~~department,~~ institution, university unit,
 15 or agency.

16 (6) By November 1, the budget director shall furnish the legislative fiscal analyst with a present
 17 law base for each agency and a copy of the documents that reflect the anticipated receipts and other
 18 means of financing the base budget and present law base for each fiscal year of the ensuing biennium. The
 19 material must be in a format agreed upon by both the office of budget and program planning and the
 20 legislative fiscal analyst.

21 (7) By November 12, the budget director shall furnish the legislative fiscal analyst with the
 22 documents, in a format agreed upon by both the office of budget and program planning and the legislative
 23 fiscal analyst, that reflect expenditures to the second level, as provided in 17-1-102(3), by funding source
 24 and detailed by accounting entity.

25 ~~(4)(8) The~~ By November 15, the proposed pay plan schedule required by ~~17-7-111(3)(4),~~ a
 26 preliminary budget that meets the statutory requirements for submission of the budget to the legislature,
 27 and a summary of the preliminary budget designed for distribution to members and members-elect of the
 28 legislature must be submitted to the legislative fiscal analyst ~~no later than November 15 in the year~~
 29 ~~preceding the convening of the legislature.~~

30 (9) By December 15, the budget director shall submit a preliminary budget to the governor and to

1 the governor-elect, if there is one, as provided in 17-7-121, and shall furnish the legislative fiscal analyst
 2 with all amendments to the preliminary budget.

3 (10) By January 7, recommended changes proposed by a governor-elect must be transmitted to
 4 the legislative fiscal analyst and the legislature as provided in 17-7-121."

5

6 **Section 8.** Section 17-7-121, MCA, is amended to read:

7 **"17-7-121. Preliminary budget preparation and submission to governor and governor-elect.** (1)

8 Upon receipt of the completed forms and other available data and information, the budget director shall
 9 examine the same for the purpose of determining the necessity of the disbursements and funds requested
 10 and shall, on or before ~~December 15 in the year preceding the convening of the legislature~~ the date
 11 established in 17-7-112, submit in writing to the governor and to the governor-elect, if ~~one~~ there be is one,
 12 a preliminary budget for the ensuing biennium containing the detailed information ~~hereinafter~~ required to
 13 be set forth in the budget to be submitted by the governor to the legislature.

14 (2) If ~~so~~ requested by the governor-elect, the governor shall incorporate in the budget, as a
 15 separate section, ~~such~~ the estimates, comments, and recommendations ~~as that~~ the governor-elect may wish
 16 to make, and by the date established in 17-7-112, this section of the budget ~~shall~~ must be transmitted to
 17 the legislature and the legislative fiscal analyst without change. It is the duty of the governor-elect in
 18 recommending changes to show a balance between proposed disbursements and anticipated receipts."

19

20 **Section 9.** Section 17-7-122, MCA, is amended to read:

21 **"17-7-122. Preparation of budget.** (1) The governor shall, following the receipt of the preliminary
 22 budget from the budget director, have prepared a budget for the ensuing biennium and shall submit the
 23 budget to the legislative fiscal analyst in accordance with ~~5-12-303~~ 17-7-112 for inclusion in the combined
 24 governor's budget and budget analysis report.

25 (2) Legislative branch budget proposals must be included in the budget submitted by the governor
 26 without changes.

27 (3) Judicial branch budget proposals must be included in the budget submitted by the governor,
 28 but expenditures above the current base budget need not be part of the balanced financial plan pursuant
 29 to 17-7-123."

30

1 **Section 10.** Section 17-7-123, MCA, is amended to read:

2 "**17-7-123. Form of executive budget.** The budget submitted must set forth a balanced financial
3 plan of funds subject to appropriation for each accounting entity and for the state government for each
4 fiscal year of the ensuing biennium, ~~which~~ The base level plan must consist of:

5 (1) a consolidated budget summary setting forth the aggregate figures of the budget in a manner
6 that shows a balance between the total proposed disbursements and the total anticipated receipts, together
7 with the other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with
8 the corresponding figures for the last completed fiscal year and the fiscal year in progress. The consolidated
9 budget summary must be supported by explanatory schedules or statements, ~~classifying receipts and~~
10 ~~disbursements contained therein by fund and, when applicable, organizational unit;~~

11 ~~(2) an analysis of the actual and projected receipts, disbursements, and solvency of each~~
12 ~~accounting entity within each fund for the current and subsequent biennium;~~

13 ~~(3) a detailed analysis of receipts by accounting entity within fund indicating classification and~~
14 ~~source of funds~~ budget and full-time equivalent personnel position comparisons by agency, program, and
15 appropriated funds for the current and subsequent biennium;

16 ~~(4)(3) a departmental analysis summarizing past and proposed spending plans by agency and the~~
17 ~~means of financing the proposed plan. Information presented must include the following:~~

18 ~~(a) a summary of the departmental goals and objectives~~ mission and a statement of goals and
19 objectives for each program of the department;

20 ~~(b)(4) actual~~ base budget disbursements for the completed fiscal year of the current biennium,
21 estimated comparable disbursements for the current fiscal year, and the ~~current~~ proposed present law base
22 budget ~~and the current base budget~~ plus new proposals, if any, for each department and each program of
23 the department;

24 ~~(c) a reference for each program as required under 17-7-111(2)(e); and~~

25 ~~(d)(5)~~ (5) a statement containing recommendations of the governor for the ensuing biennium by
26 program and disbursement category, including:

27 (a) explanations of appropriation and revenue measures included in the budget that involve policy
28 changes; and

29 (b) matters not included as a part of the budget bill but included as a part of the executive budget,
30 such as the state employee pay plan, programs funded through separate appropriations measures, and

1 other matters considered necessary for comprehensive public and legislative consideration of the state
 2 budget; and

3 ~~(5)(6) detailed recommendations for the state long-range building program. Each recommendation~~
 4 ~~must be presented by department, institution, agency, or branch by funding source, with a description of~~
 5 ~~each proposed project. An appropriation measure must be presented by project, source of funding, and~~
 6 ~~department, agency, institution, or branch for which the project is primarily intended. a report on:~~

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

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

14 (7) any other financial or budgetary material agreed to by the budget director and the legislative
 15 fiscal analyst."

16

17 **Section 11.** Section 17-7-124, MCA, is amended to read:

18 **"17-7-124. Additional budget data.** In addition to the budget required in 17-7-123, the governor
 19 shall prepare and make available on request a detailed analysis of receipts by accounting entity within each
 20 fund type indicating classification and source of funds.:

21 ~~(1) a departmental analysis summarizing past and proposed spending plans by agency and the~~
 22 ~~means of financing the proposed plan. Information available must include the following:~~

23 ~~(a) a statement of departmental goals and objectives and a statement of goals and objectives for~~
 24 ~~each program of the department; and~~

25 ~~(b) schedules showing the number of employees who were given a pay grade change under the~~
 26 ~~pay schedule implemented pursuant to 2-18-303 and the net cost to the agency for the grade changes for~~
 27 ~~the biennium. The changes must be listed in tabular form by:~~

28 ~~(i) position description;~~

29 ~~(ii) grade assigned prior to the completed fiscal year;~~

30 ~~(iii) grade assigned during the completed fiscal year;~~

1 ~~(iv) grade assigned during the current fiscal year;~~

2 ~~(v) recommended grade for the ensuing biennium;~~

3 ~~(vi) dollar difference for the upgrade or downgrade for each position; and~~

4 ~~(vii) net cost to the agency for grade changes.~~

5 ~~(2) appropriation measures detailed by program, fund, and accounting entity, authorizing~~
6 ~~disbursements and related restrictions by department, institution, or agency of the state; and~~

7 ~~(3) information submitted by agencies as required by 17-7-111."~~

8
9 **Section 12.** Section 17-7-132, MCA, is amended to read:

10 "17-7-132. **Right of officers to appear on consideration of budget.** The ~~department of~~
11 ~~administration~~ budget director and representatives of ~~the executive officers, agencies, and institutions of~~
12 ~~the state and other state agencies~~ expending or applying for state ~~moneys~~ money may and, when requested
13 by either the house of representatives or the senate, shall appear and be heard with respect to any budget
14 bill."

15
16 **Section 13.** Section 17-7-138, MCA, is amended to read:

17 "17-7-138. **Operating budget.** (1) (a) Expenditures by a state agency must be made in substantial
18 compliance with an operating budget approved by an approving authority the budget approved by the
19 legislature. Substantial compliance means that a first level category in the operating budget may not be
20 exceeded by more than 5%. SUBSTANTIAL COMPLIANCE MAY BE DETERMINED BY CONFORMITY TO
21 LEGISLATIVE INTENT AS ESTABLISHED IN THE NARRATIVE ACCOMPANYING THE GENERAL
22 APPROPRIATIONS ACT. An explanation of any significant change in agency or program scope, objectives,
23 activities, or expenditures must be submitted to the legislative fiscal analyst for review and comment by
24 the legislative finance committee prior to any implementation of the change. IF THE BUDGET DIRECTOR
25 APPROVING AUTHORITY CERTIFIES THAT A CHANGE IS TIME-SENSITIVE, THE BUDGET DIRECTOR
26 APPROVING AUTHORITY MAY APPROVE THE CHANGE PRIOR TO THE NEXT REGULARLY SCHEDULED
27 MEETING OF THE LEGISLATIVE FINANCE COMMITTEE. THE BUDGET DIRECTOR APPROVING
28 AUTHORITY SHALL SUBMIT ALL PROPOSED TIME-SENSITIVE CHANGES TO THE LEGISLATIVE FISCAL
29 ANALYST PRIOR TO APPROVAL. IF THE LEGISLATIVE FISCAL ANALYST DETERMINES THAT
30 NOTIFICATION OF THE LEGISLATIVE FINANCE COMMITTEE IS WARRANTED, THE LEGISLATIVE FISCAL

1 ANALYST SHALL IMMEDIATELY NOTIFY AS MANY MEMBERS AS POSSIBLE OF THE PROPOSED CHANGE
2 AND COMMUNICATE ANY CONCERNS EXPRESSED TO THE BUDGET DIRECTOR APPROVING
3 AUTHORITY. THE BUDGET DIRECTOR APPROVING AUTHORITY SHALL PRESENT A REPORT FULLY
4 EXPLAINING THE REASONS FOR THE ACTION TO THE NEXT MEETING OF THE LEGISLATIVE FINANCE
5 COMMITTEE. Except as provided in subsection (2), the expenditure of money appropriated in the general
6 appropriations act is contingent upon approval of an operating budget by August 1 of each fiscal year. An
7 approved original operating budget must comply with state law and any statement of intent adopted as part
8 of a bill.

9 (b) For the purposes of this subsection (1), an agency or program is considered to have a
10 significant change in its scope, objectives, activities, or expenditures if:

11 (i) the expenditure change exceeds \$1 million; or

12 (ii) the expenditure change exceeds 25% of a budget category and the change is greater than
13 \$25,000. If there have been other changes to the budget category in the current fiscal year, all the
14 changes, including the change under consideration, must be used in determining the 25% and \$25,000
15 threshold.

16 (2) The expenditure of money appropriated in the general appropriations act to the university
17 system units, as defined in 17-7-102, is contingent upon approval of an operating budget by October 1 of
18 each fiscal year. All other requirements in this section apply to the university system.

19 (3) The operating budget for money appropriated by the general appropriations act must be
20 separate from the operating budget for money appropriated by another law except a law appropriating
21 money for the state pay plan or any portion of the state pay plan. Each operating budget must include
22 expenditures for each agency program, detailed at least by first-level categories as provided in 17-1-102(3).
23 Each agency shall record its operating budget and any approved changes on the statewide budget and
24 accounting system. Forms used for changing an operating budget must reference the current, complete,
25 and approved operating budget, show the proposed changes to the operating budget, and reference any
26 other pending documents to change the operating budget."
27

28 **Section 14.** Section 17-7-139, MCA, is amended to read:

29 **"17-7-139. Program transfers.** (1) Unless prohibited by law, the approving authority may approve
30 agency requests to transfer appropriations between programs within each fund type within each fiscal year.

1 ~~The transfer may not exceed 5% of the total agency appropriation, excluding statutory appropriations,~~
 2 ~~administrative authorizations, and budget amendments.~~ An explanation of any transfer that involves a
 3 significant change in agency or program scope, objectives, activities, or expenditures must be submitted
 4 to the legislative fiscal analyst for review and comment by the legislative finance committee prior to any
 5 implementation of the change. ~~IF THE BUDGET DIRECTOR APPROVING AUTHORITY CERTIFIES THAT A~~
 6 ~~REQUEST FOR A TRANSFER REPRESENTING A SIGNIFICANT CHANGE IN AGENCY OR PROGRAM SCOPE,~~
 7 ~~OBJECTIVES, ACTIVITIES, OR EXPENDITURES IS TIME-SENSITIVE, THE BUDGET DIRECTOR APPROVING~~
 8 ~~AUTHORITY MAY APPROVE THE TRANSFER PRIOR TO THE NEXT REGULARLY SCHEDULED MEETING~~
 9 ~~OF THE LEGISLATIVE FINANCE COMMITTEE. THE BUDGET DIRECTOR APPROVING AUTHORITY SHALL~~
 10 ~~SUBMIT ALL PROPOSED TIME-SENSITIVE CHANGES TO THE LEGISLATIVE FISCAL ANALYST PRIOR TO~~
 11 ~~APPROVAL. IF THE LEGISLATIVE FISCAL ANALYST DETERMINES THAT NOTIFICATION OF THE~~
 12 ~~LEGISLATIVE FINANCE COMMITTEE IS WARRANTED, THE LEGISLATIVE FISCAL ANALYST SHALL~~
 13 ~~IMMEDIATELY NOTIFY AS MANY MEMBERS AS POSSIBLE OF THE PROPOSED CHANGE AND~~
 14 ~~COMMUNICATE ANY CONCERNS EXPRESSED TO THE BUDGET DIRECTOR APPROVING AUTHORITY.~~
 15 ~~THE BUDGET DIRECTOR APPROVING AUTHORITY SHALL PRESENT A REPORT FULLY EXPLAINING THE~~
 16 ~~REASONS FOR THE ACTION TO THE NEXT MEETING OF THE LEGISLATIVE FINANCE COMMITTEE.~~ All
 17 program transfers must be completed within the same fund from which the transfer originated. A request
 18 for a transfer accompanied by a justification explaining the reason for the transfer must be submitted by
 19 the requesting agency to the approving authority and the office of budget and program planning. Upon
 20 approval of the transfer, the approving authority shall inform the legislative fiscal analyst of the approved
 21 transfer and the justification for the transfer.

22 (2) For the purposes of subsection (1), an agency or program is considered to have a significant
 23 change in its scope, objectives, activities, or expenditures if:

24 (a) the budget transfer exceeds \$1 million; or

25 (b) the budget transfer exceeds 25% of a ~~budget category~~ PROGRAM'S TOTAL OPERATING PLAN
 26 and the transfer is greater than \$25,000. If there have been other transfers to or from the ~~first-level budget~~
 27 ~~category~~ PROGRAM in the current fiscal year, all the transfers, including the transfer under consideration,
 28 must be used in determining the 25% and \$25,000 threshold."

29

30 **Section 15.** Section 17-7-204, MCA, is amended to read:

1 **"17-7-204. Long-range building program.** The executive budget for all state agencies ~~shall~~ must
 2 include detailed recommendations for the state long-range building program presented ~~in a priority listing~~
 3 in order of importance by fund type. Each recommendation ~~shall~~ must be presented by ~~department,~~
 4 ~~institution,~~ agency, or branch by funding source, with a description of each proposed project, an
 5 explanation of the problem to be addressed by the proposed project, alternative methods of addressing the
 6 problem, the rationale for the selection of a particular alternative, and a projection of increased operating
 7 costs incident to the project for the next three bienniums."
 8

9 **Section 16.** Section 17-7-211, MCA, is amended to read:

10 **"17-7-211. Expansion to be authorized -- budget amendment.** (1) An existing capital project may
 11 not be expanded beyond the scope of the project approved by the legislature unless the expansion of the
 12 project is authorized by ~~an approved~~ a long-range building program budget amendment approved by the
 13 budget director.

14 (2) A proposed long-range building program budget amendment must be submitted to the budget
 15 director through the architecture and engineering division of the department of administration. The budget
 16 director, through a long-range building program budget amendment, may authorize:

17 (a) the transfer of excess funds appropriated to a capital project within an agency to increase the
 18 appropriation of another capital project within that agency; or

19 (b) financing to expand a project with funds that were not available for consideration by the
 20 legislature."

21
 22 **Section 17.** Section 17-7-301, MCA, is amended to read:

23 **"17-7-301. Authorization to expend during first year of biennium from appropriation for second**
 24 **year -- proposed supplemental appropriation defined -- limit on second-year expenditures.** (1) ~~A state~~
 25 ~~department, institution, or~~ An agency of the executive branch desiring authorization to may make
 26 expenditures during the first fiscal year of the biennium from appropriations for the second fiscal year of
 27 the biennium ~~shall submit~~ if authorized by the general appropriations act. An agency that is not authorized
 28 in the general appropriations act to make first-year expenditures may be granted spending authorization by
 29 the governor APPROVING AUTHORITY upon submission and approval of a proposed supplemental
 30 appropriation to the governor APPROVING AUTHORITY ~~through the budget director.~~ The proposal

1 submitted to the ~~governor~~ APPROVING AUTHORITY must include a plan for reducing expenditures in the
 2 second year of the biennium that allows the agency to contain expenditures within appropriations. If the
 3 ~~governor~~ APPROVING AUTHORITY finds that, due to an unforeseen and unanticipated emergency, the
 4 amount actually appropriated for the first fiscal year of the biennium with all other income will be
 5 insufficient for the operation and maintenance of the ~~department, institution, or~~ agency during the year for
 6 which the appropriation was made, the ~~governor~~ APPROVING AUTHORITY shall, after careful study and
 7 examination of the request and upon review of the recommendation of FOR EXECUTIVE BRANCH
 8 PROPOSALS BY the budget director, submit the proposed supplemental appropriation to the legislative fiscal
 9 analyst.

10 (2) The plan for reducing expenditures required by subsection (1) is not required if the proposed
 11 supplemental appropriation is:

12 (a) due to an unforeseen and unanticipated emergency for fire suppression;

13 (b) requested by the superintendent of public instruction, in accordance with the provisions of
 14 20-9-351, and is to complete the state's funding of guaranteed tax base aid, transportation aid, or
 15 equalization aid to elementary and secondary schools for the current biennium; or

16 (c) requested by the attorney general and:

17 (i) is to pay the costs associated with litigation in which the department of justice ~~must~~ is required
 18 to provide representation to the state of Montana; or

19 (ii) in accordance with the provisions of 7-32-2242, is to pay costs for which the department of
 20 justice is responsible for confinement of an arrested person in a detention center.

21 (3) Upon receipt of the recommendation of the legislative finance committee pursuant to 17-7-311,
 22 the ~~governor~~ APPROVING AUTHORITY may authorize an expenditure during the first fiscal year of the
 23 biennium to be made from the appropriation for the second fiscal year of the biennium. Except as provided
 24 in subsection (2), the ~~governor~~ APPROVING AUTHORITY shall require the agency to implement the plan
 25 for reducing expenditures in the second year of the biennium that contains agency expenditures within
 26 appropriations.

27 (4) The ~~department, institution, or~~ agency may expend the amount authorized by the ~~governor~~
 28 APPROVING AUTHORITY only for the purposes specified in the authorization.

29 (5) The ~~governor~~ APPROVING AUTHORITY shall report to the next legislature in a special section
 30 of the budget the amounts expended as a result of all authorizations granted by the ~~governor~~ APPROVING

1 AUTHORITY and shall request that any necessary supplemental appropriation bills be passed.

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

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

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

15

16 **Section 18.** Section 17-8-101, MCA, is amended to read:

17 **"17-8-101. Appropriation and disbursement of money from treasury.** (1) Except as provided in
18 subsection (5), money deposited in the general fund, the special revenue fund type (except money
19 deposited in the treasury from nonstate and nonfederal sources restricted by law or by the terms of an
20 agreement, such as a contract, trust agreement, or donation), and the capital projects fund type, with the
21 exception of refunds authorized in subsection (3), ~~must~~ may be paid out of the treasury only on
22 appropriation made by law.

23 (2) Money deposited in the enterprise fund type, internal service fund type, debt service fund type,
24 expendable trust fund type, nonexpendable trust fund type, pension trust fund type, state special revenue
25 fund from nonstate and nonfederal sources restricted by law or by the terms of an agreement, such as a
26 contract, trust agreement, or donation, and agency fund type may be paid out of the treasury under general
27 laws, or contracts entered into in pursuance of law, permitting the disbursement.

28 (3) Subject to the provisions of subsection ~~(8)~~ (7), money paid into the state treasury through error
29 or under circumstances, such that the state is not legally entitled to retain it and a refund procedure is not
30 otherwise provided by law, may be refunded upon the submission of a verified claim approved by the

1 department of administration.

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

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

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

12 ~~(a) enterprise funds, including retained earnings and contributed capital, projected operations and~~
13 ~~charges, and projected fund balances; and~~

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

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

24 (9)(7) Enterprise and internal service funds must be appropriated if they are used as a part of a
25 program that is not an enterprise or internal service function and otherwise requires an appropriation."

26

27 **NEW SECTION. Section 19. Repealer.** Section 17-3-109, MCA, is repealed.

28

29 **NEW SECTION. SECTION 20. EFFECTIVE DATE. [THIS ACT] IS EFFECTIVE JULY 1, 1997.**

30

-END-

1 SENATE BILL NO. 19

2 INTRODUCED BY GAGE

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

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING STATE BUDGETING LAWS; REQUIRING
6 THAT THE LEGISLATIVE FINANCE COMMITTEE PREPARE RECOMMENDATIONS INVOLVING MAJOR
7 BUDGETARY MATTERS FOR AN ENSUING LEGISLATIVE SESSION; CLARIFYING TYPES OF INFORMATION
8 CONTAINED IN AND THE MANNER AND TIMES FOR PREPARING PROPOSED BUDGETS AND REPORTS;
9 REDUCING THE NUMBER OF REPORTS MADE TO THE BUDGET DIRECTOR; REDEFINING "BASE BUDGET",
10 "PRESENT LAW BASE", AND "PROGRAM" FOR THE PURPOSES OF PREPARING THE STATE BUDGET;
11 CHANGING THE MANNER OF DETERMINING WHETHER AN AGENCY IS IN SUBSTANTIAL COMPLIANCE
12 WITH THE BUDGET; CHANGING THE APPROVAL AND REPORTING PROCEDURES FOR PROGRAM
13 TRANSFERS; PROVIDING FOR BUDGET AMENDMENTS UNDER THE LONG-RANGE BUILDING PROGRAM;
14 CLARIFYING THE PROVISIONS RELATING TO AUTHORITY TO MAKE EXPENDITURES IN THE SECOND
15 YEAR OF A BIENNIUM; AMENDING SECTIONS 5-12-205, 5-12-303, 17-4-107, 17-4-108, 17-7-102,
16 17-7-111, 17-7-112, 17-7-121, 17-7-122, 17-7-123, 17-7-124, 17-7-132, 17-7-138, 17-7-139, 17-7-204,
17 17-7-211, 17-7-301, AND 17-8-101, MCA; AND REPEALING SECTION 17-3-109, MCA; AND PROVIDING
18 AN EFFECTIVE DATE."

19
20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
2122 **Section 1.** Section 5-12-205, MCA, is amended to read:23 **"5-12-205. Powers and duties of committee.** The committee ~~may~~:24 (1) may organize, adopt rules to govern its proceedings, and meet as often as necessary, upon the
25 call of the presiding officer, to advise and consult with the legislative fiscal analyst;26 (2) may employ and, in accordance with the rules for classification and pay adopted by the
27 legislative council, set the salary of the legislative fiscal analyst. The legislative fiscal analyst shall serve
28 at the pleasure of and be responsible for providing services to the committee.29 (3) may exercise the investigatory powers of a standing committee under chapter 5, part 1, of this
30 title; and

1 (4) shall, before each regular and special legislative session involving budgetary matters, prepare
2 recommendations to the house appropriations committee and the senate finance and claims committee on
3 the application of certain budget issues. At a minimum, the recommendations must include procedures for
4 the consistent application during each session of inflation factors, the allocation of fixed costs, and the
5 personal services budget. The committee may also make recommendations on other issues of major concern
6 in the budgeting process, such as estimating the cost of implementing particular programs based upon
7 present law."

8
9 **Section 2.** Section 5-12-303, MCA, is amended to read:

10 **"5-12-303. Fiscal analysis information from state agencies.** (1) The legislative fiscal analyst may
11 investigate and examine the costs and ~~revenues~~ revenue of state government activities and may examine
12 and obtain copies of the records, books, and files of any state agency, including confidential records.

13 (2) When confidential records and information are obtained from a state agency, the legislative
14 fiscal analyst and staff must be subject to the same penalties for unauthorized disclosure of the confidential
15 records and information provided for under the laws administered by the state agency. The legislative fiscal
16 analyst shall develop policies to prevent the unauthorized disclosure of confidential records and information
17 obtained from state agencies.

18 (3) The legislative fiscal analyst may not obtain copies of individual income tax records protected
19 under 15-30-303. The department of revenue shall make individual income tax data available by removing
20 names, addresses, occupations, social security numbers, and taxpayer identification numbers. The
21 department of revenue may not alter the data in any other way. The data is subject to the same restrictions
22 on disclosure as are individual income tax returns.

23 ~~(4) The budget director shall furnish the legislative fiscal analyst with copies of all budget requests,~~
24 ~~in a format agreed upon by both the office of budget and program planning and the legislative fiscal analyst,~~
25 ~~at the time of submission to the budget director as provided by law and, if requested, all underlying and~~
26 ~~supporting documentation. In preparing the executive budget for the next biennium for submission to the~~
27 ~~legislature, the budget director shall use the base budget, the present law base, and new proposals as~~
28 ~~defined in 17-7-102.~~

29 ~~(5) In the year preceding each legislative session, the budget director shall furnish the legislative~~
30 ~~fiscal analyst, in a format agreed upon by both the office of budget and program planning and the legislative~~

1 fiscal analyst:

2 ~~(a) by October 10, a preliminary budget reflecting the base budget and, by November 1, a present~~
3 ~~law base for each agency and a copy of the documents that reflect the anticipated receipts and other~~
4 ~~means of financing the base budget and present law base for each fiscal year of the ensuing biennium;~~

5 ~~(b) by November 15, a preliminary budget that must meet the statutory requirements for~~
6 ~~submission of the budget to the legislature and a summary of the preliminary budget designed for~~
7 ~~distribution to members and members-elect of the legislature;~~

8 ~~(c) by November 12, a paper copy and an electronic copy of the documents that reflect~~
9 ~~expenditures to the second level, as provided in 17-1-102(3), by funding source and detailed by accounting~~
10 ~~entity; and~~

11 ~~(d) by December 15, all amendments to the preliminary budget.~~

12 ~~(6)(4)~~ Within 1 day after the legislative finance committee presents its budget analysis to the
13 legislature, the budget director and the legislative fiscal analyst shall exchange expenditure and
14 disbursement recommendations by second-level expenditure detail and by funding sources detailed by
15 accounting entity. This information must be filed in the respective offices and be made available to the
16 legislature and the public. In preparing the budget analysis for the next biennium for submission to the
17 legislature, the legislative fiscal analyst shall use the base budget, the present law base, and new proposals
18 as defined in 17-7-102.

19 ~~(7)(5)~~ This section does not authorize publication or public disclosure of information if the law
20 prohibits publication or disclosure."

21

22 **Section 3.** Section 17-4-107, MCA, is amended to read:

23 "**17-4-107. Writeoff procedures.** ~~(4)~~ The department may establish procedures for canceling and
24 writing off accounts receivable carried on the books of the various state agencies ~~that~~ if the accounts have
25 been transferred to the department pursuant to 17-4-104 and ~~that~~ are uncollectible or if the continued
26 pursuance of the collection of the accounts would cost the state more than the amount collected. ~~The~~
27 ~~procedures must be established in accordance with subsection (2).~~

28 ~~(2) The department may establish procedures for canceling and writing off accounts receivable~~
29 ~~carried on the books of various state agencies that are uncollectible or the continued pursuance of the~~
30 ~~collection would cost the state more than the amount collected. The procedures must include the reporting~~

1 ~~to the budget director of any canceling and writing off of accounts receivable."~~

2

3 **Section 4.** Section 17-4-108, MCA, is amended to read:

4 **"17-4-108. Circumstances under which previously written-off debt may be collected.** If a debt
5 previously written off under 17-4-107~~(4)~~ subsequently becomes collectible, the department shall proceed
6 to collect the money due pursuant to 17-4-105(1) and 17-4-106."
7

8 **Section 5.** Section 17-7-102, MCA, is amended to read:

9 **"17-7-102. Definitions.** As used in this chapter, the following definitions apply:

10 (1) "Additional services" means different services or more of the same services.

11 (2) "Agency" means ~~each state office, department, division, board, commission, council,~~
12 ~~committee, institution, university unit, or other entity or instrumentality of the executive branch, office of~~
13 ~~the judicial branch, or office of the legislative branch of state government, except for purposes of capital~~
14 ~~projects administered by the department of administration, for which institutions are treated as one~~
15 ~~department and university units as one system.~~

16 ~~(3) "Approved long-range building program budget amendment" means approval by the budget~~
17 ~~director of a request submitted through the architecture and engineering division of the department of~~
18 ~~administration to transfer excess funds appropriated to a capital project within an agency to increase the~~
19 ~~appropriation of another capital project within that agency or to obtain financing to expand a project with~~
20 ~~funds that were not available for consideration by the legislature. all offices, departments, boards,~~
21 ~~commissions, institutions, universities, colleges, and any other person or any other administrative unit of~~
22 ~~state government that spends or encumbers public money by virtue of an appropriation from the legislature~~
23 ~~under 17-8-101.~~

24 ~~(4)~~**(3)** "Approving authority" means:

- 25 (a) the governor or the governor's designated representative for executive branch agencies;
- 26 (b) the chief justice of the supreme court or the chief justice's designated representative for judicial
- 27 branch agencies;
- 28 (c) the speaker for the house of representatives;
- 29 (d) the president for the senate;
- 30 (e) appropriate legislative committees or a designated representative for legislative branch agencies;

1 or

2 (f) the board of regents of higher education or its designated representative for the university
3 system.

4 ~~(5)(4)~~ "Base budget" means ~~that level of funding authorized by the previous legislature~~ the
5 resources for the operation of state government that are of an ongoing and nonextraordinary nature in the
6 current biennium. THE BASE BUDGET MAY NOT EXCEED THAT LEVEL OF FUNDING AUTHORIZED BY THE
7 PREVIOUS LEGISLATURE.

8 ~~(6)(5)~~ "Budget amendment" means a ~~legislative~~ temporary appropriation ~~to increase spending~~
9 ~~authority for the special revenue fund, proprietary funds, or unrestricted subfund, contingent on total~~
10 ~~compliance with all budget amendment procedures as provided in Title 17, chapter 7, part 4.~~

11 ~~(7)~~ "Effectiveness measure" means ~~a criterion for measuring the degree to which the objective~~
12 ~~sought is attained.~~

13 ~~(8)(6)~~ "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and
14 unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was
15 made, that was clearly not within the contemplation of the legislature and the governor, and that affects
16 one or more functions of a state agency and the agency's expenditure requirements for the performance
17 of the function or functions.

18 ~~(7)~~ "Funds subject to appropriation" means those funds required to be paid out of the treasury as
19 set forth in 17-8-101.

20 ~~(9)(8)~~ "Necessary" means essential to the public welfare and of a nature that cannot wait until the
21 next legislative session for legislative consideration.

22 ~~(10)(9)~~ "New proposals" means requests to provide new nonmandated services, to change program
23 services, to eliminate existing services, or to change sources of funding. For purposes of establishing the
24 present law base, the distinction between new proposals and the adjustments to the base budget to
25 develop the present law base is to be determined by the existence of constitutional or statutory
26 requirements for the proposed expenditure. Any proposed increase or decrease that is not based on those
27 requirements is considered a new proposal.

28 ~~(11)(10)~~ "Present law base" means that ~~additional~~ level of funding needed under present law to
29 maintain operations and services at the level authorized by the previous legislature, including but not limited
30 to:

1 (a) changes resulting from legally mandated workload, caseload, or enrollment increases or
2 decreases;

3 (b) changes in funding requirements resulting from constitutional or statutory schedules or
4 formulas;

5 (c) inflationary or deflationary adjustments; and

6 (d) elimination of nonrecurring appropriations.

7 ~~(12) "Priority listing" means a ranking of proposed expenditures in order of importance.~~

8 ~~(13)(11) "Program" means a combination of resources and activities designed to achieve an~~
9 ~~objective or objectives~~ a principal organizational or budgetary unit within an agency.

10 ~~(14) "Program size" means the magnitude of a program, such as the size of clientele served or the~~
11 ~~volume of service in relation to the population or area.~~

12 ~~(15) "Program size indicator" means a measure to indicate the magnitude of a program.~~

13 ~~(16)(12) "Requesting agency" means the agency of state government that has requested a specific~~
14 budget amendment.

15 ~~(17)(13) "University system unit" means the board of regents of higher education; office of the~~
16 ~~commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and~~
17 ~~Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the~~
18 ~~agricultural experiment station, with central offices at Bozeman; the forest and conservation experiment~~
19 ~~station, with central offices at Missoula; the cooperative extension service, with central offices at Bozeman;~~
20 ~~the bureau of mines and geology, with central offices at Butte; the fire services training school at Great~~
21 ~~Falls; and the community colleges at Miles City, Glendive, and Kalispell."~~

22

23 **Section 6.** Section 17-7-111, MCA, is amended to read:

24 **"17-7-111. Agency Preparation of state budget -- agency program budgets -- form distribution and**
25 **contents.** (1) (a) To prepare a state budget, the executive branch, the legislature, and the citizens of the
26 state need information that is consistent and accurate. Necessary information includes detailed
27 disbursements by fund type for each agency and program for the appropriate time period, recommendations
28 for creating a balanced budget, and recommended disbursements and estimated receipts by fund type and
29 fund category.

30 (b) Subject to the requirements of this chapter, the budget director and the legislative fiscal analyst

1 shall by agreement:

2 (i) establish necessary standards, formats, and other matters necessary to share information
 3 between the agencies and to ensure that information is consistent and accurate for the preparation of the
 4 state's budget; and

5 (ii) provide for the collection and provision of budgetary and financial information that is in addition
 6 to or different from the information otherwise required to be provided pursuant to this section.

7 (2) In the preparation of a state budget, the budget director shall, not later than July 1 in the year
 8 preceding the convening of the legislature the date specified in 17-7-112(1), distribute to all state offices
 9 and departments, including the judicial branch and the legislative branch, agencies the proper forms and
 10 instructions necessary for the preparation of budget estimates by the budget director. These forms must
 11 be prescribed by the budget director to procure the information required by subsection (2) (3). The forms
 12 must be submitted to the budget director by the date provided in 17-7-112(2) or the agency's budget is
 13 subject to preparation based upon estimates as provided in 17-7-112(5). The budget director may refuse
 14 to accept forms that do not comply with the provisions of this section or the instructions given for
 15 completing the forms.

16 (2)(3) The agency budget requests, when completed by the budget office, request must set forth
 17 a balanced financial plan for the agency completing the forms for each fiscal year of the ensuing biennium.
 18 The plan must consist of:

19 (a) a consolidated agency budget summary of funds subject to appropriation for the current base
 20 budget expenditures, including statutory appropriations, and for each modification present law adjustment
 21 and new proposal request setting forth the aggregate figures of the full-time equivalent personnel positions
 22 (FTE) and the budget, showing a balance between the total proposed disbursements and the total
 23 anticipated receipts, together with the other means of financing the budget for each fiscal year of the
 24 ensuing biennium, contrasted with the corresponding figures for the last completed fiscal year and the fiscal
 25 year in progress. The consolidated budget summary must be supported by schedules classifying receipts
 26 and disbursements contained in the summary by fund and, when applicable, organizational unit;

27 (b) a schedule of the actual and projected receipts, disbursements, and solvency of each
 28 accounting entity within each fund for the current biennium and estimated for the subsequent biennium;

29 (c) a detailed schedule of receipts, by accounting entity within each fund, indicating classification
 30 and source of funds;

1 ~~(d) an agency schedule summarizing past and proposed spending plans and the means of financing~~
 2 ~~the proposed plan. Information presented must include the following:~~

3 ~~(i)(c) a statement of the agency goals and objectives mission and a statement of goals and~~
 4 ~~objectives for each program of the agency. The goals and objectives must include, in a concise form,~~
 5 ~~sufficient specific information and quantifiable information to enable the legislature to formulate an~~
 6 ~~appropriations policy regarding the agency and its programs and to allow a determination, at some future~~
 7 ~~date, on whether the agency has succeeded in attaining its goals and objectives. The goals and objectives~~
 8 ~~must contain a list of duties prioritized by the department director to reflect the director's opinion~~
 9 ~~concerning the importance of the duties assigned to the agency by law.~~

10 ~~(ii)(d) actual FTE and disbursements for the completed fiscal year of the current biennium, estimated~~
 11 ~~FTE and disbursements for the current fiscal year, and the agency's request for the ensuing biennium, by~~
 12 ~~program; and~~

13 ~~(iii)(e) actual disbursements for the completed fiscal year of the current biennium, estimated~~
 14 ~~disbursements for the current fiscal year, and the agency's recommendations for the ensuing biennium, by~~
 15 ~~disbursement category;~~

16 ~~(iv)(f) a reference, for each program included in the agency budget request, identifying whether the~~
 17 ~~program may be operated at the discretion of the agency or whether the agency is required by federal or~~
 18 ~~state law to operate, administer, or manage the program; and~~

19 ~~(v)(g) other information the budget director feels is necessary for the preparation of a budget.~~

20 ~~(3)(4) The budget director shall prepare and submit to the legislative fiscal analyst in accordance~~
 21 ~~with 17-7-112:~~

22 (a) detailed recommendations for the state long-range building program. Each recommendation
 23 must be presented by ~~department~~, institution, agency, or branch, by funding source, with a description of
 24 each proposed project.

25 (b) the proposed pay plan schedule for all executive branch employees at the program level by
 26 fund, with the specific cost and funding recommendations for each agency. Submission of a pay plan
 27 schedule under this subsection is not an unfair labor practice under 39-31-401.

28 (c) agency proposals for the use of cultural and aesthetic project grants under Title 22, chapter 2,
 29 part 3, the renewable resource grant and loan program under Title 85, chapter 1, part 6, the reclamation
 30 and development grants program under Title 90, chapter 2, part 11, and the treasure state endowment

1 program under Title 90, chapter 6, part 7.

2 ~~(4)~~(5) The board of regents shall submit, with its budget request for each university unit in
3 accordance with 17-7-112, a report on the university system bonded indebtedness and related finances
4 as provided in this subsection ~~(4)~~ (5). The report must include the following information for each year of
5 the biennium, contrasted with the same information for the last completed fiscal year and the fiscal year
6 in progress:

7 (a) a schedule of estimated total bonded indebtedness for each university unit by bond indenture;

8 (b) a schedule of estimated revenue, expenditures, and fund balances by fiscal year for each
9 outstanding bond indenture, clearly delineating the accounts relating to each indenture and the minimum
10 legal funding requirements for each bond indenture; and

11 (c) a schedule showing the total funds available from each bond indenture and its associated
12 accounts, with a list of commitments and planned expenditures from such accounts, itemized by revenue
13 source and project for each year of the current and ensuing bienniums.

14 ~~(5)~~(6) The budget director may not obtain copies of individual income tax records protected under
15 15-30-303. The department of revenue shall make individual income tax data available by removing names,
16 addresses, occupations, social security numbers, and taxpayer identification numbers. The department of
17 revenue may not alter the data in any other way. The data is subject to the same restrictions on disclosure
18 as are individual income tax returns."

19

20 **Section 7.** Section 17-7-112, MCA, is amended to read:

21 "**17-7-112. Submission ~~deadline~~ deadlines -- budgeting schedule.** The following is the schedule
22 for the preparation of a state budget for submission to the legislature convening in the following year:

23 (1) By August 1, forms necessary for preparation of budget estimates must be distributed pursuant
24 to 17-7-111(2).

25 ~~(1)~~(2) ~~It is the duty of~~ By September 1, each department, agency, and office, including the Montana
26 ~~university system, to shall~~ submit the information required under 17-7-111 to the budget director ~~on or~~
27 ~~before September 1 in the even year preceding the convening of the legislature.~~ The department of justice
28 shall submit information received from counties concerning the state's share of county attorney salaries.

29 ~~(2)~~(3) ~~Between August 15 and~~ By September 30 1, in the year preceding the convening of the
30 ~~legislature,~~ the budget director ~~must~~ shall submit each state agency's budget request required under

1 ~~17-7-111(2)~~ 17-7-111(3) to the legislative fiscal analyst. The transfer of budget information must be done
 2 on a schedule mutually agreed to by the budget director and the legislative fiscal analyst in a manner that
 3 facilitates an even transfer of budget information ~~during the month of September and~~ that allows each
 4 office to maintain a reasonable staff workflow.

5 (4) By October 10, the budget director shall furnish the legislative fiscal analyst with a preliminary
 6 budget reflecting the base budget in a format agreed upon by both the office of budget and program
 7 planning and the legislative fiscal analyst.

8 ~~(3)(5) If any department, institution, university unit, or agency fails to present the information~~
 9 ~~within the time specified in this section, the budget director shall note that fact in the budget submitted~~
 10 ~~to the governor and the budget director shall prepare and submit to the legislative fiscal analyst and the~~
 11 ~~governor by~~ By October 30, a budget request must be prepared by the budget director and submitted to
 12 the legislative fiscal analyst on behalf of the any department, institution, university unit, or agency, that
 13 did not present the information required by this section. The budget request must be based upon the
 14 budget director's studies of the operations, plans, and needs of the department, institution, university unit,
 15 or agency.

16 (6) By November 1, the budget director shall furnish the legislative fiscal analyst with a present
 17 law base for each agency and a copy of the documents that reflect the anticipated receipts and other
 18 means of financing the base budget and present law base for each fiscal year of the ensuing biennium. The
 19 material must be in a format agreed upon by both the office of budget and program planning and the
 20 legislative fiscal analyst.

21 (7) By November 12, the budget director shall furnish the legislative fiscal analyst with the
 22 documents, in a format agreed upon by both the office of budget and program planning and the legislative
 23 fiscal analyst, that reflect expenditures to the second level, as provided in 17-1-102(3), by funding source
 24 and detailed by accounting entity.

25 ~~(4)(8) The~~ By November 15, the proposed pay plan schedule required by 17-7-111(3)(4), a
 26 preliminary budget that meets the statutory requirements for submission of the budget to the legislature,
 27 and a summary of the preliminary budget designed for distribution to members and members-elect of the
 28 legislature must be submitted to the legislative fiscal analyst no later than November 15 in the year
 29 preceding the convening of the legislature.

30 (9) By December 15, the budget director shall submit a preliminary budget to the governor and to

1 the governor-elect, if there is one, as provided in 17-7-121, and shall furnish the legislative fiscal analyst
 2 with all amendments to the preliminary budget.

3 (10) By January 7, recommended changes proposed by a governor-elect must be transmitted to
 4 the legislative fiscal analyst and the legislature as provided in 17-7-121."

5
 6 **Section 8.** Section 17-7-121, MCA, is amended to read:

7 **"17-7-121. Preliminary budget preparation and submission to governor and governor-elect.** (1)
 8 Upon receipt of the completed forms and other available data and information, the budget director shall
 9 examine the same for the purpose of determining the necessity of the disbursements and funds requested
 10 and shall, on or before ~~December 15 in the year preceding the convening of the legislature~~ the date
 11 established in 17-7-112, submit in writing to the governor and to the governor-elect, if ~~one there be~~ is one,
 12 a preliminary budget for the ensuing biennium containing the detailed information ~~hereinafter~~ required to
 13 be set forth in the budget to be submitted by the governor to the legislature.

14 (2) If ~~so~~ requested by the governor-elect, the governor shall incorporate in the budget, as a
 15 separate section, ~~such~~ the estimates, comments, and recommendations ~~as that~~ the governor-elect may wish
 16 to make, and by the date established in 17-7-112, this section of the budget ~~shall~~ must be transmitted to
 17 the legislature and the legislative fiscal analyst without change. It is the duty of the governor-elect in
 18 recommending changes to show a balance between proposed disbursements and anticipated receipts."

19
 20 **Section 9.** Section 17-7-122, MCA, is amended to read:

21 **"17-7-122. Preparation of budget.** (1) The governor shall, following the receipt of the preliminary
 22 budget from the budget director, have prepared a budget for the ensuing biennium and shall submit the
 23 budget to the legislative fiscal analyst in accordance with ~~5-12-303~~ 17-7-112 for inclusion in the combined
 24 governor's budget and budget analysis report.

25 (2) Legislative branch budget proposals must be included in the budget submitted by the governor
 26 without changes.

27 (3) Judicial branch budget proposals must be included in the budget submitted by the governor,
 28 but expenditures above the current base budget need not be part of the balanced financial plan pursuant
 29 to 17-7-123."

30

1 **Section 10.** Section 17-7-123, MCA, is amended to read:

2 "**17-7-123. Form of executive budget.** The budget submitted must set forth a balanced financial
3 plan of funds subject to appropriation for each accounting entity and for the state government for each
4 fiscal year of the ensuing biennium, ~~which~~ The base level plan must consist of:

5 (1) a consolidated budget summary setting forth the aggregate figures of the budget in a manner
6 that shows a balance between the total proposed disbursements and the total anticipated receipts, together
7 with the other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with
8 the corresponding figures for the last completed fiscal year and the fiscal year in progress. The consolidated
9 budget summary must be supported by explanatory schedules or statements, ~~classifying receipts and~~
10 ~~disbursements contained therein by fund and, when applicable, organizational unit;~~

11 ~~(2) an analysis of the actual and projected receipts, disbursements, and solvency of each~~
12 ~~accounting entity within each fund for the current and subsequent biennium;~~

13 ~~(3) a detailed analysis of receipts by accounting entity within fund indicating classification and~~
14 ~~source of funds~~ budget and full-time equivalent personnel position comparisons by agency, program, and
15 appropriated funds for the current and subsequent biennium;

16 ~~(4)(3) a departmental analysis summarizing past and proposed spending plans by agency and the~~
17 ~~means of financing the proposed plan. Information presented must include the following:~~

18 ~~(a) a summary of the departmental goals and objectives~~ mission and a statement of goals and
19 objectives for each program of the department;

20 ~~(b)(4) actual base budget~~ disbursements for the completed fiscal year of the current biennium,
21 estimated comparable disbursements for the current fiscal year, and the ~~current~~ proposed present law base
22 budget ~~and the current base budget~~ plus new proposals, if any, for each department and each program of
23 the department;

24 ~~(c) a reference for each program as required under 17-7-111(2)(e); and~~

25 ~~(d)(5)~~ a statement containing recommendations of the governor for the ensuing biennium by
26 program and disbursement category, including:

27 (a) explanations of appropriation and revenue measures included in the budget that involve policy
28 changes; and

29 (b) matters not included as a part of the budget bill but included as a part of the executive budget,
30 such as the state employee pay plan, programs funded through separate appropriations measures, and

1 other matters considered necessary for comprehensive public and legislative consideration of the state
 2 budget; and

3 ~~(5)(6) detailed recommendations for the state long-range building program. Each recommendation~~
 4 ~~must be presented by department, institution, agency, or branch by funding source, with a description of~~
 5 ~~each proposed project. An appropriation measure must be presented by project, source of funding, and~~
 6 ~~department, agency, institution, or branch for which the project is primarily intended. a report on:~~

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

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

14 (7) any other financial or budgetary material agreed to by the budget director and the legislative
 15 fiscal analyst."

16

17 **Section 11.** Section 17-7-124, MCA, is amended to read:

18 **"17-7-124. Additional budget data.** In addition to the budget required in 17-7-123, the governor
 19 shall prepare and make available on request a detailed analysis of receipts by accounting entity within each
 20 fund type indicating classification and source of funds.:

21 ~~(1) a departmental analysis summarizing past and proposed spending plans by agency and the~~
 22 ~~means of financing the proposed plan. Information available must include the following:~~

23 ~~(a) a statement of departmental goals and objectives and a statement of goals and objectives for~~
 24 ~~each program of the department; and~~

25 ~~(b) schedules showing the number of employees who were given a pay grade change under the~~
 26 ~~pay schedule implemented pursuant to 2-18-303 and the net cost to the agency for the grade changes for~~
 27 ~~the biennium. The changes must be listed in tabular form by:~~

28 ~~(i) position description;~~

29 ~~(ii) grade assigned prior to the completed fiscal year;~~

30 ~~(iii) grade assigned during the completed fiscal year;~~

- 1 ~~(iv) grade assigned during the current fiscal year;~~
 2 ~~(v) recommended grade for the ensuing biennium;~~
 3 ~~(vi) dollar difference for the upgrade or downgrade for each position; and~~
 4 ~~(vii) net cost to the agency for grade changes.~~
 5 ~~(2) appropriation measures detailed by program, fund, and accounting entity, authorizing~~
 6 ~~disbursements and related restrictions by department, institution, or agency of the state; and~~
 7 ~~(3) information submitted by agencies as required by 17-7-111."~~

8
 9 **Section 12.** Section 17-7-132, MCA, is amended to read:

10 "**17-7-132. Right of officers to appear on consideration of budget.** ~~The department of~~
 11 ~~administration budget director~~ and representatives of ~~the executive officers,~~ agencies, ~~and institutions of~~
 12 ~~the state and other state agencies~~ expending or applying for state ~~moneys~~ money may and, when requested
 13 by either the house of representatives or the senate, shall appear and be heard with respect to any budget
 14 bill."

15
 16 **Section 13.** Section 17-7-138, MCA, is amended to read:

17 "**17-7-138. Operating budget.** (1) (a) Expenditures by a state agency must be made in substantial
 18 compliance with an operating budget approved by an approving authority the budget approved by the
 19 legislature. Substantial compliance means that a first-level category in the operating budget may not be
 20 exceeded by more than 5%. SUBSTANTIAL COMPLIANCE MAY BE DETERMINED BY CONFORMITY TO
 21 LEGISLATIVE INTENT AS ESTABLISHED IN THE NARRATIVE ACCOMPANYING THE GENERAL
 22 APPROPRIATIONS ACT. An explanation of any significant change in agency or program scope, objectives,
 23 activities, or expenditures must be submitted to the legislative fiscal analyst for review and comment by
 24 the legislative finance committee prior to any implementation of the change. IF THE BUDGET DIRECTOR
 25 APPROVING AUTHORITY CERTIFIES THAT A CHANGE IS TIME-SENSITIVE, THE BUDGET DIRECTOR
 26 APPROVING AUTHORITY MAY APPROVE THE CHANGE PRIOR TO THE NEXT REGULARLY SCHEDULED
 27 MEETING OF THE LEGISLATIVE FINANCE COMMITTEE. THE BUDGET DIRECTOR APPROVING
 28 AUTHORITY SHALL SUBMIT ALL PROPOSED TIME-SENSITIVE CHANGES TO THE LEGISLATIVE FISCAL
 29 ANALYST PRIOR TO APPROVAL. IF THE LEGISLATIVE FISCAL ANALYST DETERMINES THAT
 30 NOTIFICATION OF THE LEGISLATIVE FINANCE COMMITTEE IS WARRANTED, THE LEGISLATIVE FISCAL

1 ANALYST SHALL IMMEDIATELY NOTIFY AS MANY MEMBERS AS POSSIBLE OF THE PROPOSED CHANGE
 2 AND COMMUNICATE ANY CONCERNS EXPRESSED TO THE BUDGET DIRECTOR APPROVING
 3 AUTHORITY. THE BUDGET DIRECTOR APPROVING AUTHORITY SHALL PRESENT A REPORT FULLY
 4 EXPLAINING THE REASONS FOR THE ACTION TO THE NEXT MEETING OF THE LEGISLATIVE FINANCE
 5 COMMITTEE. Except as provided in subsection (2), the expenditure of money appropriated in the general
 6 appropriations act is contingent upon approval of an operating budget by August 1 of each fiscal year. An
 7 approved original operating budget must comply with state law and any statement of intent adopted as part
 8 of a bill.

9 (b) For the purposes of this subsection (1), an agency or program is considered to have a
 10 significant change in its scope, objectives, activities, or expenditures if:

11 (i) the expenditure change exceeds \$1 million; or

12 (ii) the expenditure change exceeds 25% of a budget category and the change is greater than
 13 \$25,000. If there have been other changes to the budget category in the current fiscal year, all the
 14 changes, including the change under consideration, must be used in determining the 25% and \$25,000
 15 threshold.

16 (2) The expenditure of money appropriated in the general appropriations act to the university
 17 system units, as defined in 17-7-102, is contingent upon approval of an operating budget by October 1 of
 18 each fiscal year. All other requirements in this section apply to the university system.

19 (3) The operating budget for money appropriated by the general appropriations act must be
 20 separate from the operating budget for money appropriated by another law except a law appropriating
 21 money for the state pay plan or any portion of the state pay plan. Each operating budget must include
 22 expenditures for each agency program, detailed at least by first-level categories as provided in 17-1-102(3).
 23 Each agency shall record its operating budget and any approved changes on the statewide budget and
 24 accounting system. Forms used for changing an operating budget must reference the current, complete,
 25 and approved operating budget, show the proposed changes to the operating budget, and reference any
 26 other pending documents to change the operating budget."

27

28 **Section 14.** Section 17-7-139, MCA, is amended to read:

29 **"17-7-139. Program transfers.** (1) Unless prohibited by law, the approving authority may approve
 30 agency requests to transfer appropriations between programs within each fund type within each fiscal year.

1 ~~The transfer may not exceed 5% of the total agency appropriation, excluding statutory appropriations,~~
 2 ~~administrative authorizations, and budget amendments. An explanation of any transfer that involves a~~
 3 ~~significant change in agency or program scope, objectives, activities, or expenditures must be submitted~~
 4 ~~to the legislative fiscal analyst for review and comment by the legislative finance committee prior to any~~
 5 ~~implementation of the change. IF THE BUDGET DIRECTOR APPROVING AUTHORITY CERTIFIES THAT A~~
 6 ~~REQUEST FOR A TRANSFER REPRESENTING A SIGNIFICANT CHANGE IN AGENCY OR PROGRAM SCOPE,~~
 7 ~~OBJECTIVES, ACTIVITIES, OR EXPENDITURES IS TIME-SENSITIVE, THE BUDGET DIRECTOR APPROVING~~
 8 ~~AUTHORITY MAY APPROVE THE TRANSFER PRIOR TO THE NEXT REGULARLY SCHEDULED MEETING~~
 9 ~~OF THE LEGISLATIVE FINANCE COMMITTEE. THE BUDGET DIRECTOR APPROVING AUTHORITY SHALL~~
 10 ~~SUBMIT ALL PROPOSED TIME-SENSITIVE CHANGES TO THE LEGISLATIVE FISCAL ANALYST PRIOR TO~~
 11 ~~APPROVAL. IF THE LEGISLATIVE FISCAL ANALYST DETERMINES THAT NOTIFICATION OF THE~~
 12 ~~LEGISLATIVE FINANCE COMMITTEE IS WARRANTED, THE LEGISLATIVE FISCAL ANALYST SHALL~~
 13 ~~IMMEDIATELY NOTIFY AS MANY MEMBERS AS POSSIBLE OF THE PROPOSED CHANGE AND~~
 14 ~~COMMUNICATE ANY CONCERNS EXPRESSED TO THE BUDGET DIRECTOR APPROVING AUTHORITY.~~
 15 ~~THE BUDGET DIRECTOR APPROVING AUTHORITY SHALL PRESENT A REPORT FULLY EXPLAINING THE~~
 16 ~~REASONS FOR THE ACTION TO THE NEXT MEETING OF THE LEGISLATIVE FINANCE COMMITTEE. All~~
 17 program transfers must be completed within the same fund from which the transfer originated. A request
 18 for a transfer accompanied by a justification explaining the reason for the transfer must be submitted by
 19 the requesting agency to the approving authority and the office of budget and program planning. Upon
 20 approval of the transfer, the approving authority shall inform the legislative fiscal analyst of the approved
 21 transfer and the justification for the transfer.

22 (2) For the purposes of subsection (1), an agency or program is considered to have a significant
 23 change in its scope, objectives, activities, or expenditures if:

24 (a) the budget transfer exceeds \$1 million; or

25 (b) the budget transfer exceeds 25% of a ~~budget category~~ PROGRAM'S TOTAL OPERATING PLAN
 26 and the transfer is greater than \$25,000. If there have been other transfers to or from the ~~first level budget~~
 27 ~~category~~ PROGRAM in the current fiscal year, all the transfers, including the transfer under consideration,
 28 must be used in determining the 25% and \$25,000 threshold."

29

30 **Section 15.** Section 17-7-204, MCA, is amended to read:

1 **"17-7-204. Long-range building program.** The executive budget for all state agencies ~~shall~~ must
 2 include detailed recommendations for the state long-range building program presented ~~in a priority listing~~
 3 in order of importance by fund type. Each recommendation ~~shall~~ must be presented by ~~department,~~
 4 ~~institution,~~ agency, or branch by funding source, with a description of each proposed project, an
 5 explanation of the problem to be addressed by the proposed project, alternative methods of addressing the
 6 problem, the rationale for the selection of a particular alternative, and a projection of increased operating
 7 costs incident to the project for the next three bienniums."

8

9 **Section 16.** Section 17-7-211, MCA, is amended to read:

10 **"17-7-211. Expansion to be authorized -- budget amendment.** (1) An existing capital project may
 11 not be expanded beyond the scope of the project approved by the legislature unless the expansion of the
 12 project is authorized by ~~an approved~~ a long-range building program budget amendment approved by the
 13 budget director.

14 (2) A proposed long-range building program budget amendment must be submitted to the budget
 15 director through the architecture and engineering division of the department of administration. The budget
 16 director, through a long-range building program budget amendment, may authorize:

17 (a) the transfer of excess funds appropriated to a capital project within an agency to increase the
 18 appropriation of another capital project within that agency; or

19 (b) financing to expand a project with funds that were not available for consideration by the
 20 legislature."

21

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

23 **"17-7-301. Authorization to expend during first year of biennium from appropriation for second**
 24 **year -- proposed supplemental appropriation defined -- limit on second-year expenditures.** (1) ~~A state~~
 25 ~~department, institution, or~~ An agency of the executive branch desiring authorization to may make
 26 expenditures during the first fiscal year of the biennium from appropriations for the second fiscal year of
 27 the biennium ~~shall submit~~ if authorized by the general appropriations act. An agency that is not authorized
 28 in the general appropriations act to make first-year expenditures may be granted spending authorization by
 29 the ~~governor~~ APPROVING AUTHORITY upon submission and approval of a proposed supplemental
 30 appropriation to the ~~governor~~ APPROVING AUTHORITY ~~through the budget director.~~ The proposal

1 submitted to the ~~governor~~ APPROVING AUTHORITY must include a plan for reducing expenditures in the
 2 second year of the biennium that allows the agency to contain expenditures within appropriations. If the
 3 ~~governor~~ APPROVING AUTHORITY finds that, due to an unforeseen and unanticipated emergency, the
 4 amount actually appropriated for the first fiscal year of the biennium with all other income will be
 5 insufficient for the operation and maintenance of the ~~department, institution, or~~ agency during the year for
 6 which the appropriation was made, the ~~governor~~ APPROVING AUTHORITY shall, after careful study and
 7 examination of the request and upon review of the recommendation ~~of~~ FOR EXECUTIVE BRANCH
 8 PROPOSALS BY the budget director, submit the proposed supplemental appropriation to the legislative fiscal
 9 analyst.

10 (2) The plan for reducing expenditures required by subsection (1) is not required if the proposed
 11 supplemental appropriation is:

12 (a) due to an unforeseen and unanticipated emergency for fire suppression;

13 (b) requested by the superintendent of public instruction, in accordance with the provisions of
 14 20-9-351, and is to complete the state's funding of guaranteed tax base aid, transportation aid, or
 15 equalization aid to elementary and secondary schools for the current biennium; or

16 (c) requested by the attorney general and:

17 (i) is to pay the costs associated with litigation in which the department of justice ~~must~~ is required
 18 to provide representation to the state of Montana; or

19 (ii) in accordance with the provisions of 7-32-2242, is to pay costs for which the department of
 20 justice is responsible for confinement of an arrested person in a detention center.

21 (3) Upon receipt of the recommendation of the legislative finance committee pursuant to 17-7-311,
 22 the ~~governor~~ APPROVING AUTHORITY may authorize an expenditure during the first fiscal year of the
 23 biennium to be made from the appropriation for the second fiscal year of the biennium. Except as provided
 24 in subsection (2), the ~~governor~~ APPROVING AUTHORITY shall require the agency to implement the plan
 25 for reducing expenditures in the second year of the biennium that contains agency expenditures within
 26 appropriations.

27 (4) The ~~department, institution, or~~ agency may expend the amount authorized by the ~~governor~~
 28 APPROVING AUTHORITY only for the purposes specified in the authorization.

29 (5) The ~~governor~~ APPROVING AUTHORITY shall report to the next legislature in a special section
 30 of the budget the amounts expended as a result of all authorizations granted by the ~~governor~~ APPROVING

1 AUTHORITY and shall request that any necessary supplemental appropriation bills be passed.

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

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

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

15

16 **Section 18.** Section 17-8-101, MCA, is amended to read:

17 **"17-8-101. Appropriation and disbursement of money from treasury.** (1) Except as provided in
18 subsection (5), money deposited in the general fund, the special revenue fund type (except money
19 deposited in the treasury from nonstate and nonfederal sources restricted by law or by the terms of an
20 agreement, such as a contract, trust agreement, or donation), and the capital projects fund type, with the
21 exception of refunds authorized in subsection (3), ~~must~~ may be paid out of the treasury only on
22 appropriation made by law.

23 (2) Money deposited in the enterprise fund type, internal service fund type, debt service fund type,
24 expendable trust fund type, nonexpendable trust fund type, pension trust fund type, state special revenue
25 fund from nonstate and nonfederal sources restricted by law or by the terms of an agreement, such as a
26 contract, trust agreement, or donation, and agency fund type may be paid out of the treasury under general
27 laws, or contracts entered into in pursuance of law, permitting the disbursement.

28 (3) Subject to the provisions of subsection ~~(8)~~ (7), money paid into the state treasury through error
29 or under circumstances₇ such that the state is not legally entitled to retain it and a refund procedure is not
30 otherwise provided by law₇ may be refunded upon the submission of a verified claim approved by the

1 department of administration.

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

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

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

12 ~~(a) enterprise funds, including retained earnings and contributed capital, projected operations and~~
13 ~~charges, and projected fund balances; and~~

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

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

24 ~~(8)~~(7) Enterprise and internal service funds must be appropriated if they are used as a part of a
25 program that is not an enterprise or internal service function and otherwise requires an appropriation."
26

27 **NEW SECTION. Section 19. Repealer.** Section 17-3-109, MCA, is repealed.

28
29 **NEW SECTION. SECTION 20. EFFECTIVE DATE. [THIS ACT] IS EFFECTIVE JULY 1, 1997.**

30 -END-