**** BILL NO. ****

INTRODUCED BY ****

BY REQUEST OF THE GOVERNMENT EVIDENCE AND IMPACT COMMISSION

A BILL FOR AN ACT ENTITLED: “AN ACT GENERALLY REVISING BUDGET STATUTES TO REFLECT CURRENT PRACTICE AND PROVIDE CLARIFYING LANGUAGE; PROVIDING THAT STATEWIDE COST ALLOCATION PLAN MADE ON A SCHEDULE DETERMINED BY THE DEPARTMENT OF ADMINISTRATION; REVISING LANGUAGE ON AGENCY RECOVERY OF INDIRECT COSTS; REVISING DUTIES OF THE STATE TREASURER TO REFLECT ACTUAL PRACTICE; CLARIFYING TRANSFER AMOUNTS TO PHYSICIANS PRACTICING IN RURAL AREAS OR MEDICALLY UNDERSERVED AREAS OR FOR UNDERSERVED POPULATIONS STATE SPECIAL REVENUE ACCOUNT; STRIKING ABILITY OF STATE TO WITHHOLD AN EMPLOYEE'S PAYCHECK; REMOVING REFERENCE TO AN EXTINGUISHED LOAN MADE TO THE DEPARTMENT OF MOTOR VEHICLES; REMOVING AUTHORITY FOR TREASURER TO DEPOSIT FUNDS INTO BUILDING AND LOAN OR BUILDING AND SAVINGS ASSOCIATIONS; REVISING SUBMISSION DEADLINES FOR THE STATE BUDGET; AMENDING SECTIONS 17-1-105, 17-1-106, 17-1-107, 17-1-111, 17-1-122, 17-1-203, 17-1-511, 17-2-102, 17-2-103, 17-2-105, 17-2-107, 17-2-108, 17-2-109, 17-2-124, 17-3-107, 17-3-108, 17-3-231, 17-3-240, 17-3-241, 17-3-302, 17-3-1003, 17-5-111, 17-5-301, 17-5-302, 17-5-303, 17-5-304, 17-5-406, 17-5-705, 17-5-706, 17-5-711, 17-5-801, 17-5-923, 17-5-1001, 17-5-1114, 17-5-1525, 17-5-1526, 17-5-1527, 17-5-2001, 17-6-101, 17-6-102, 17-6-104, 17-6-213, 17-6-603, 17-6-606, 17-7-102, 17-7-111, 17-7-112, 17-7-121, 17-7-123, 17-7-124, 17-7-210, 17-7-228, AND 17-7-311, MCA; REPEALING SECTIONS 3-1-1610, 17-1-112, 17-2-131, 17-5-105, 17-8-105, AND 17-8-106, MCA; AND PROVIDING AN EFFECTIVE DATE.”

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

Section 1. Section 17-1-105, MCA, is amended to read:

"**17-1-105. Statewide cost allocation plan.** (1) The ~~director of the~~ department shall annually prepare a statewide cost allocation plan distributing service agency indirect costs among the agencies, in accordance

with principles and procedures established by applicable regulations and guidelines.

(2) An agency required to pay costs under the statewide cost allocation plan shall make payments ~~in four equal installments, due no later than October 1, January 1, March 1, and June 1 of~~ each fiscal year on a schedule determined by the department, by depositing the payments into the general fund."

Section 2. Section 17-1-106, MCA, is amended to read:

"**17-1-106. Agency recovery of indirect costs -- exemption.** (1) Except as provided in 80-7-1004 ~~and subsections (3) and (4) of this section~~, an agency receiving nongeneral funds shall, in accordance with all applicable regulations, guidelines, or grant rules governing those funds, negotiate indirect cost reimbursement amounts and methodologies so that the agency may recover indirect costs.

(2) An agency, except for a unit of the university system, that applies for or otherwise receives funds through federal or private grants or contracts that do not allow the agency to fully recover indirect costs shall notify and must receive written or electronic approval from its approving authority prior to accepting the funds.

~~(3) The department of transportation may not recover indirect costs from a local government for the community transportation enhancement program.~~

~~(4) The department of transportation may not recover indirect costs for administration of a U.S. federal transit administration grant, including but not limited to grants provided for in 49 U.S.C. 5310, 49 U.S.C. 5311, 49 U.S.C. 5316, and 49 U.S.C. 5317, from a local government, nonprofit organization, or public transportation provider that provides transit services.~~

~~(5)~~(3) An agency, except for a unit of the university system, may not, as part of the grant or contract proposal or negotiation process, waive or otherwise forfeit the agency's ability to recover indirect costs that are otherwise allowable costs under the program, except for intra-agency or interagency grants or contracts. For grants or contracts for which the entity providing the funds limits administrative cost reimbursements or indirect cost recoveries by regulation, policy, or guideline, statewide and agency indirect costs paid originally from the general fund must be claimed first, other indirect costs must be claimed second, agency direct costs of administration must be claimed third, and program direct costs must be claimed last. For grants or contracts for which there is no limit on indirect costs or administrative costs, indirect and administrative costs must be

claimed first and direct program costs must be claimed last.

~~(6)~~(4) Each agency receiving federal funds and not directly charging a grant or program for the recovery of indirect costs shall submit an indirect cost proposal to the appropriate federal agency. The department shall provide technical assistance to an agency on how to build an indirect cost proposal.

~~(7)~~(5) Except as provided for a unit of the university system under 20-25-427, indirect costs recovered by an agency to pay the agency's indirect costs under 17-1-105 must be deposited as provided in 17-1-105. All other indirect costs must be deposited in the fund from which the indirect costs were originally paid."

Section 3. Section 17-1-107, MCA, is amended to read:

"**17-1-107. Agency recovery of costs for services rendered -- invoice -- payment deadline ~~-- interest~~.** (1) A state agency rendering services to another state agency shall invoice the other state agency within 60 days of rendering services.

(2) An invoiced state agency shall pay ~~the~~ another state agency's invoice in full within the time specified in a written agreement between the agencies, or within 60 days of receipt of a properly completed invoice or by the end of the state fiscal yearend, whichever occurs first."

Section 4. Section 17-1-111, MCA, is amended to read:

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

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

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

(b) ~~pay warrants out of the funds upon which they are drawn~~ issue warrants as defined in Title 17, chapter 8, part 3;

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

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

~~(e)~~(d) at the request of either house of the legislature or of any legislative committee, give information

in writing as to the condition of the treasury or on any subject relating to the duties of the office of state treasurer;

~~(f)~~(e) ~~superintend~~ oversee the fiscal concerns of the state in conjunction with the office of budget and program planning;

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

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

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

~~(j)~~(h) require all ~~persons who have received money belonging to the state but who have not accounted for it to settle their accounts~~ agencies to deposit funds in accordance with Title 17, chapter 6, part 1;

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

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

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

~~(n) discharge other duties as may be imposed upon the state treasurer by law; and~~

~~(o)~~(j) provide information through the state's official ~~internet~~ website detailing how donations can be made to the state general fund or to any function of state government."

Section 5. Section 17-1-122, MCA, is amended to read:

"**17-1-122. Discretionary authority of state treasurer.** The state treasurer ~~may~~:

(1) (a) has full access to inspect ~~the books of any persons~~ accounting records of any agency or persons charged with the receipt, safekeeping, or disbursement of public money; and

~~(2)~~(b) may require all persons who have received money or who have had the disposition or management of any property of the state of which an account is kept in the department to render statements and reconciliations to the treasurer~~. A statement must be rendered~~ at times and in the form prescribed by the

department.

(2) When confidential records and information are obtained from a state agency, the state treasurer and staff are subject to the same penalties for unauthorized disclosure of the confidential records and information as are provided for under the laws administered by the state agency. The state treasurer shall develop policies to prevent the unauthorized disclosure of confidential records and information obtained from state agencies.

~~(3) promulgate rules regarding the distribution and processing of warrants issued; and~~

~~(4) establish a system of filing and storage of the original copy of claims paid by state warrant~~."

Section 6. Section 17-1-203, MCA, is amended to read:

"**17-1-203. Interest rate.** The notes shall bear interest at such rate as, in the judgment of the board of examiners, may be sufficient or necessary to effect the issuance and sale of the notes in the manner determined by the board of examiners upon recommendation of the department of administration and in conjunction with the office of budget and program planning."

Section 7. Section 17-1-511, MCA, is amended to read:

"**17-1-511. General fund transfer.** Each fiscal year ~~beginning after June 30, 2011,~~ the state treasurer shall transfer ~~the amount reported under section 2(1), Chapter 361, Laws of 2007,~~ $227,285 from the general fund to the state special revenue account created in 20-26-1501."

Section 8. Section 17-2-102, MCA, is amended to read:

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

(1) the governmental fund category, which includes:

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

(b) the special revenue fund type, which accounts for the proceeds of specific revenue sources (other than private purpose trusts or major capital projects) that are legally restricted to expenditure for

specified purposes. The financial activities of the special revenue fund type are subdivided, for operational purposes, into the following funds to serve the purpose indicated:

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

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

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

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

(e) the permanent fund type, which accounts for financial resources that are legally restricted to the extent that only earnings, but not principal, may be used;

(2) the proprietary fund category, which includes:

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

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

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

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

(3) the fiduciary fund category, which includes trust and custodial fund types used to account for

assets held by state government in a trustee capacity or as an agent for individuals, private organizations, other governmental entities, or other funds. These include the:

(a) private purpose trust fund type;

(b) investment trust fund type;

(c) pension and other employee benefit trust fund type; and

(d) custodial fund type.

(4) the higher education funds, which include:

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

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

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

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

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

(b) the student loan fund, which accounts for money deposited in the state treasury that may be loaned to students, faculty, or staff for purposes related to education, organized research, or public services by

the Montana university system;

(c) the endowment fund, which accounts for money deposited in the state treasury by the Montana university system in which the principal portion of the amount received is nonexpendable but is available for investment. Expendable earnings on endowment funds are to be transferred to appropriate operating funds pursuant to prevailing administrative requirements.

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

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

(f) the custodial fund, which accounts for money deposited in the state treasury for which the Montana university system acts in the capacity of a custodian or fiscal agent for individual students, faculty, staff, and qualified organizations."

Section 9. Section 17-2-103, MCA, is amended to read:

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

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

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

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

Section 10. Section 17-2-105, MCA, is amended to read:

"**17-2-105. Maintenance of fund ~~and account~~ records and interfund loans.** (1) The state treasurer shall record receipts and disbursements for treasury funds and shall maintain individual fund records in a manner that reflects the total cash and invested balance of each fund. ~~The state treasurer shall also maintain records of individual funds within the debt service, custodial, capital projects, and trust fund types in a manner that reflects the total cash and invested balance of each fund. When necessary to meet federal or other requirements that money be segregated in the treasury, the state treasurer may establish accounts, funds, or subfunds within any fund type listed in 17-2-102~~.

(2) (a) For the purpose of supplying deficiencies in the general fund, the state treasurer may temporarily borrow from other ~~treasury~~ funds, excluding pension trust funds, providing that the loan is recorded in the statewide accounting ~~records~~ system. Except as provided in subsection (2)(b), the loan does not bear interest. A fund may not be so impaired that all proper demands on the fund cannot be met.

(b) If a loan to the general fund is made from a fund that retains its own interest, the department shall repay the loan with interest at a rate established by the state treasurer based on the estimated interest rate the funds would have earned if the funds had not been borrowed."

Section 11. Section 17-2-107, MCA, is amended to read:

"**17-2-107. Accurate accounting records and interentity loans.** (1) The department shall record receipts and disbursements for treasury funds and for accounting entities within treasury funds and shall maintain records in a manner that reflects the total cash and invested balance of each fund and each accounting entity. The department shall adopt the necessary procedures to ensure that interdepartmental or intradepartmental transfers of money or loans do not result in inflation of figures reflecting total governmental

costs and revenue.

(2) (a) Except as provided in 77-1-108 and subject to 17-2-105, when the expenditure of an appropriation from a fund designated in 17-2-102(1) through (3) is necessary and the cash balance in the accounting entity from which the appropriation was made is insufficient, the department may authorize a temporary loan, bearing no interest, of unrestricted money from other accounting entities if there is reasonable evidence that the income will be sufficient to repay the loan within 1 calendar year and if the loan is recorded in the state accounting records. An accounting entity receiving a loan or an accounting entity from which a loan is made may not be so ~~impaired~~ depleted that all proper demands on the accounting entity cannot be met even if the loan is extended.

(b) (i) When an expenditure from a fund or subfund designated in 17-2-102(4) is necessary and the cash balance in the fund or subfund from which the expenditure is to be made is insufficient, the commissioner of higher education may authorize a temporary loan, bearing interest as provided in subsection (4) of this section, of money from the agency's other funds or subfunds if there is reasonable evidence that the income will be sufficient to repay the loan within 1 calendar year and if the loan is recorded in the state accounting records. A fund or subfund receiving a loan or from which a loan is made may not be so impaired that all proper demands on the fund or subfund cannot be met even if the loan is extended.

(ii) One accounting entity within each fund or subfund designated in 17-2-102(4) must be established for the sole purpose of recording loans between the funds or subfunds. This accounting entity is the only accounting entity within each fund or subfund that may receive a loan or from which a loan may be made.

(c) A loan made under subsection (2)(a) or (2)(b) must be repaid within 1 calendar year of the date on which the loan is approved unless it is extended under subsection (3) or by specific legislative authorization.

(3) Under unusual circumstances, the director of the department or the board of regents may grant one extension for up to 1 year for a loan made under subsection (2)(a) or (2)(b). The director or board shall prepare a written justification and proposed repayment plan for each loan extension authorized and shall furnish a copy of the written justification and proposed repayment plan to the house appropriations and senate finance and claims committees at the next legislative session.

(4) Any loan from the current unrestricted subfund to funds designated in 17-2-102(4)(a)(iv) and (4)(b) through (4)(f) must bear interest at a rate equivalent to the previous fiscal year's average rate of return on

the board of investments' short-term investment pool.

(5) If for 2 consecutive fiscal yearends a loan or an extension of a loan has been authorized to the same accounting entity as provided in subsection (2) or (3), the department or the commissioner of higher education shall submit to the legislative fiscal analyst by September 1 of the following fiscal year a written report containing an explanation as to why the second loan or extension was made, an analysis of the solvency of the accounting entity or accounting entities within the university fund or subfund, and a plan for repaying the loans. The report must be provided in an electronic format. The department or the commissioner of higher education shall provide a copy of the report to the legislature in accordance with 5-11-210.

(6) If for 2 consecutive fiscal yearends an accounting entity in a fund or subfund designated in 17-2-102(4) has a negative cash balance, the commissioner of higher education shall submit to the legislative fiscal analyst by September 1 of the following fiscal year a written report containing an explanation as to why the accounting entity has a negative cash balance, an analysis of the solvency of the accounting entity, and a plan to address any problems concerning the accounting entity's negative cash balance or solvency. The report must be provided in an electronic format. The commissioner of higher education shall provide a copy of the report to the legislature in accordance with 5-11-210.

(7) (a) (i) Except as provided in subsection (7)(a)(ii) of this section, an accounting entity in a fund designated in 17-2-102(1) through (3) may not have a negative cash balance at fiscal yearend. Except as provided in subsection (9) of this section, the department may allow a fund type within each agency to carry a negative balance at any point during the fiscal year if the negative cash balance does not exist for more than 7 working days.

(ii) An accounting entity in a federal special revenue fund described in 17-2-102(1)(b)(ii) may have a negative cash balance at fiscal yearend.

(b) (i) Except as provided in subsection (7)(b)(ii) of this section, a unit of the university system shall maintain a positive cash balance in the funds and subfunds designated in 17-2-102(4).

(ii) If a fund or subfund ~~inadvertently~~ has a negative cash balance, the department may allow the fund or subfund to carry the negative cash balance for no more than 7 working days. If the negative cash balance exists for more than 7 working days, a transaction may not be processed through the statewide accounting, budgeting, and human resource system for that fund or subfund.

(8) Notwithstanding the provisions of subsections (2) through (4), the department may authorize loans to accounting entities in the state special revenue funds with long-term repayment whenever necessary because of the timing of the receipt of agreed-upon reimbursements from private or other governmental entity sources for disbursements made. If possible, the loans must be made from funds other than the general fund. The department may approve the loans if the requesting agency can demonstrate that the total loan balance does not exceed total receivables from private or other governmental entity sources and that receivables have been billed on a timely basis. The loan must be repaid under terms and conditions that may be determined by the department or by specific legislative authorization.

(9) Federal special revenue funds described in 17-2-102(1)(b)(ii) may not have a negative cash balance by fund type for more than 7 working days unless the requesting agency certifies to the department that it has and will continue to bill the federal government for the requesting agency's share of costs incurred in the fund or accounting entity on the earliest date allowable under federal regulations applicable to the program. The requesting agency shall recertify its timely billing status to the department for any month during which cash is negative for more than 7 working days. If at any time the requesting agency fails to recertify the timely billing, a transaction may not be processed through the statewide accounting, budgeting, and human resource system for that fund or subfund.

(10) A loan may not be authorized under this section to any fund or accounting entity that is owed third-party funds unless the requesting agency certifies to the department that it has billed and will continue to bill the third party for the requesting agency's share of costs incurred in the fund or accounting entity on the earliest date allowable under the third party's regulations applicable to the program. The requesting agency shall recertify its timely billing status to the department at least monthly during the term of the loan. If at any time the requesting agency fails to recertify the timely billing, a transaction may not be processed through the statewide accounting, budgeting, and human resource system for that fund or subfund."

Section 12. Section 17-2-108, MCA, is amended to read:

"**17-2-108. Expenditure of nongeneral fund money first.** (1) Except for the exemptions applicable to the Montana historical society in 22-3-114(5), the Montana state library in 22-1-226(5), the Montana school for the deaf and blind in 20-8-107(5), and the department of public health and human services in 53-1-612, an

office or entity of the executive, legislative, or judicial branch of state government shall apply expenditures against appropriated nongeneral fund money-, including the availability of cash, whenever possible before using general fund appropriations.

(2) Except as provided in 53-1-612, the approving authority, as defined in 17-7-102, shall authorize the decrease of the general fund appropriation of an agency by the amount of money received from federal sources in excess of the appropriation in an appropriation act unless the decrease is contrary to federal law, federal rule, or a contract or unless the approving authority certifies that the services to be funded by the additional money are significantly different than those for which the agency received the general fund appropriation. If directed by an appropriation act, the approving authority shall decrease the general fund appropriation of an agency by the amount of money received from nonfederal sources in excess of the appropriation unless the decrease is contrary to state law, state rule, or a contract or unless the approving authority certifies that the services to be funded by the additional money are significantly different than those for which the agency received the general fund appropriation. If the general fund appropriation of an agency is decreased pursuant to this section, the appropriation for the fund in which the money is received is increased in the amount of the general fund decrease.

(3) If directed by an appropriation act, the approving authority may decrease a state special revenue, proprietary, or other fund appropriation of an agency by the amount of money received from federal sources in excess of the appropriation unless the decrease is contrary to state or federal law or federal rule. The appropriation for the fund in which the money is received is decreased by the amount of the federal special revenue increase allowed by law, rule, or contract and approved for the purpose."

Section 13. Section 17-2-109, MCA, is amended to read:

"**17-2-109. Department access to records.** ~~(1)~~ All officers, employees, and other persons connected with the fiscal affairs of any state office, agency, or institution must afford all reasonable facilities for the examination of accounts and investigations provided for and must make reports, returns, and exhibits relating to such fiscal matters to the department in a form that the department shall prescribe.

~~(2) If an officer or employee of the state or any agency refuses or neglects to comply with subsection (1) of this section, the salary of that officer or employee shall, on request of the department to the~~

~~proper official, be withheld until that officer or employee complies with subsection (1) and the department certifies approval to the disbursing officer.~~"

Section 14. Section 17-2-124, MCA, is amended to read:

"**17-2-124. Disposition of money from certain designated license and other taxes.** (1) The state treasurer shall ensure deposit to the credit of the appropriate fund in accordance with the provisions of subsection (3) all money received from the collection of taxes and fees.

(2) The department of revenue shall deposit to the credit of the state general fund all money received from the collection of license taxes and all net revenue and receipts from all sources, other than certain fees, under Title 16, chapters 1 through 4 and 6.

(3) The distribution of tax and fee revenue must be made according to the provisions of the law governing allocation of the tax or fee that were in effect for the period in which the tax or fee revenue was recorded for accounting purposes. Tax revenue must be recorded as prescribed by the department of administration, pursuant to 17-1-102(2) and (4), in accordance with generally accepted accounting principles.

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

Section 15. Section 17-3-107, MCA, is amended to read:

"**17-3-107. Federal funds for welfare of Indians.** If ~~and whenever~~ the congress of the United States ~~shall authorize~~ authorizes the administration of federal appropriations for the welfare of the Indians of Montana through the agency of public departments ~~and bureaus~~ of this state, full power and authority is conferred ~~upon such~~ on those state agencies to administer the expenditure of ~~such~~ federal appropriations for the welfare of such Indians within the scope of the powers conferred ~~upon such~~ on those departments by law."

Section 16. Section 17-3-108, MCA, is amended to read:

"**17-3-108. Approved budget amendment.** Financing for new or expanded programs from federal assistance program sources may be made available only by approved budget amendment pursuant to Title 17,

chapter 7, part 4."

Section 17. Section 17-3-231, MCA, is amended to read:

"**17-3-231. Flood Control Act -- distribution of revenues to counties.** All moneys received ~~or hereafter to be received~~ by the state from the secretary of the treasury of the United States, under ~~and by virtue of~~ the Flood Control Act of 1954, under 33 U.S.C. 701c-3, shall be distributed by the state to the county treasurers of the counties of the state wherein the flood control land is situated."

Section 18. Section 17-3-240, MCA, is amended to read:

"**17-3-240. Federal mineral leasing funds.** (1) Except as provided in subsection (2), money paid to the state pursuant to 30 U.S.C. 191 must be deposited in the state general fund.

(2) In ~~fiscal year 2005 and each succeeding~~ each fiscal year, 25% of all money received pursuant to subsection (1) must be deposited in the mineral impact account established in 17-3-241 and is dedicated to local governments.

(3) On August 15 following the close of the fiscal year, the state treasurer shall distribute the revenue dedicated in subsection (2). The distribution to the eligible counties must be based on the proportion that the total amount of revenue generated by mineral extraction in an eligible county bears to the total amount of money received by the state."

Section 19. Section 17-3-241, MCA, is amended to read:

"**17-3-241. Mineral impact account.** There is a mineral impact account. Money must be deposited in the impact account as provided in 17-3-240. The money in the impact account must be distributed to counties from which the minerals were produced that resulted in the deposit of the mineral royalty revenue in the impact account. ~~Beginning July 1, 2003, the~~The impact account is statutorily appropriated, as provided in 17-7-502."

Section 20. Section 17-3-302, MCA, is amended to read:

"**17-3-302. Requests for sums in lieu of taxes and agreements to perform services.** The department is ~~hereby~~ authorized and empowered to make requests of the United States for and on behalf of

this state for payment of ~~such~~ sums in lieu of taxes as the United States may agree to pay and to consummate agreements with the United States, in the name of this state, for the performance of services by the state for the benefit of projects and for the payment by the United States to the state, in one or more installments, of ~~such~~ sums in lieu of taxes."

Section 21. Section 17-3-1003, MCA, is amended to read:

"**17-3-1003. Support of state institutions.** (1) Except as provided in subsection (5), for the support and endowment of each state institution, there is annually and perpetually appropriated, after any deductions made under 77-1-109, the income from all permanent endowments for the institution and from all land grants as provided by law. All money received or collected in connection with permanent endowments by all higher educational institutions, ~~reformatory, custodial and penal~~ correctional institutions, state hospitals, and ~~sanitariums~~ behavioral health facilities, for any purpose, except revenue pledged to secure the payment of principal and interest of obligations incurred for the purchase, construction, equipment, or improvement of facilities at units of the Montana university system and for the refunding of obligations or money that constitutes temporary deposits, all or part of which may be subject to withdrawal or repayment, must be paid to the state treasurer, who shall deposit the money to the credit of the proper fund.

(2) Except as provided in subsections (1), (3), and (5), all money received from the investment of grants of a state institution and all money received from the leasing of lands granted to a state institution must be deposited with the state treasurer of Montana for each institution, to the credit of the state special revenue fund.

(3) Except as provided in 77-1-109 and subsection (4) of this section, all money received from the sale of timber from lands granted to a state institution must be deposited to the credit of the permanent trust fund for the support of the institution.

(4) The board of regents shall designate, at least once a biennium, whether the timber sale proceeds from Montana university system lands must be distributed to the beneficiaries or placed in the permanent fund.

(5) Except as provided in 77-1-109, income received from certain lands and riverbeds pursuant to 77-1-103(4) or 77-4-208 must be deposited ~~as follows:~~

~~(a) from July 1, 2011, through June 30, 2014, to the guarantee account provided for in 20-9-622; and~~

~~(b) on or after July 1, 2014, to~~ into the school facility and technology account provided for in 20-9-516."

Section 22. Section 17-5-111, MCA, is amended to read:

"**17-5-111. Electronic submission of bids.** Any bid for the purchase of bonds to be submitted in writing or as a sealed bid may also be submitted ~~by facsimile or other electronic transmission~~ electronically or through an electronic bidding system, as authorized by the governing body in the resolution authorizing the sale of the bonds."

Section 23. Section 17-5-301, MCA, is amended to read:

"**17-5-301. Refunding bonds or debentures authorized -- interest rate.** The board of examiners is ~~hereby~~ authorized and empowered to refund any issue of bonds, highway or other debentures ~~heretofore~~ issued by the state and which are outstanding or which may ~~hereafter~~ be issued by the state whenever in the judgment of such board it shall be deemed for the best interests of the state to do so. Refunding bonds or debentures shall not be issued in any greater amount than will be required to pay the principal and interest of the bonds or debentures to be refunded, costs of issuance, plus any defaulted interest ~~thereon~~."

Section 24. Section 17-5-302, MCA, is amended to read:

"**17-5-302. Character of bonds.** (1) The board of examiners shall prescribe all details for the form, notice, and time of sale of the bonds or debentures.

(2) The bonds or debentures must be registered in the office of the state treasurer ~~in a book to be provided for that purpose~~."

Section 25. Section 17-5-303, MCA, is amended to read:

"**17-5-303. Application of refunding bond law.** All of the provisions of the act authorizing the issuance of the bonds or debentures which are to be refunded~~, insofar as the same~~ when they relate to the

issuance and sale, term and rate of interest, tax levies or funds for the payment and interest thereof, and time and manner of ~~such~~ payments, shall apply fully to ~~such~~ refunding bonds or debentures, except ~~insofar as the same~~ when they may be in conflict with the provisions of this part or with the provisions of any law authorizing particular refunding bonds."

Section 26. Section 17-5-304, MCA, is amended to read:

"**17-5-304. Cost and expense of refunding.** The board of examiners may ~~pay the~~ authorize the payment of the cost and expense of refunding any issue of bonds or debentures to be paid from the proceeds of the bonds or from the general fund."

Section 27. Section 17-5-406, MCA, is amended to read:

"**17-5-406. Use of debt service account.** The debt service account shall be segregated by the treasurer from all other money in that or any other fund in the treasury and used only to pay long-range building program bonds and interest ~~thereon~~ on the bonds when due so long as ~~any such~~ the bonds or interest remain unpaid."

Section 28. Section 17-5-705, MCA, is amended to read:

"**17-5-705. Pledge of coal severance tax bond fund.** The money in the coal severance tax bond fund is pledged to the payment of the principal and interest on all state of Montana coal severance tax bonds. All bonds issued ~~after July 1, 1981, wherein~~ that pledge the money in the coal severance tax bond fund ~~is pledged~~ for their retirement shall be called "state of Montana coal severance tax bonds"."

Section 29. Section 17-5-706, MCA, is amended to read:

"**17-5-706. Authority to issue coal severance tax bonds.** The board of examiners, upon approval of the legislature ~~as hereinafter provided~~, shall issue and sell coal severance tax bonds to finance approved renewable resource projects when authorized to do so by any law that sets out the amount and purpose of the issue. Each project must be separately approved as to amount by a two-thirds vote of each house of the legislature."

Section 30. Section 17-5-711, MCA, is amended to read:

"**17-5-711. Trust indenture.** In the discretion of the board of examiners, a series of bonds or notes issued under this part may be secured by a trust indenture by and between the board of examiners and a trustee, which may be any trust company or bank having the powers of a trust company within or outside of the state. Each trust indenture or ~~an~~ its executed counterpart ~~thereof shall~~ must be filed in the office of the secretary of state of Montana. The filing of a trust indenture or ~~an~~ its executed counterpart ~~thereof~~ in the office of the county clerk of the county in which the property covered by the trust indenture is located is constructive notice of its contents to all persons from the time of the filing, and the recording of the trust indenture or its contents is not necessary."

Section 31. Section 17-5-801, MCA, is amended to read:

"**17-5-801. Definitions.** As used in this part, unless the context requires otherwise, the following definitions apply:

(1) "Board" means the board of examiners provided for in 2-15-1007.

(2) "Bond act" means an act approved by the vote of two-thirds of the members of each house of the legislature or by a majority of the electors voting ~~thereon~~, authorizing the issuance of bonds for the purpose set forth therein and adopting this part by reference.

(3) "Bonds" means general obligation bonds, notes, or other evidences of indebtedness issued in accordance with the provisions of this part.

(4) "Capital projects account" means a separate general obligation bond and note account created within the capital projects fund type established in 17-2-102.

(5) "Costs" includes those expenses related to acquiring land; planning, design, and construction of capital projects and of buildings as defined in 18-2-101; or any other administrative expenses of the department, including legal fees, incurred in the performance of its duties under Title 18, chapter 2.

(6) "Debt service account" means a separate general obligation bond and note account created within the debt service fund type established in 17-2-102.

(7) "Department" means the department of administration created in 2-15-1001.

(8) "Treasurer" means the ex officio state treasurer, referred to in 2-15-1002."

Section 32. Section 17-5-923, MCA, is amended to read:

"**17-5-923. Trust indenture.** In the discretion of the board, bonds issued under this part may be secured by a trust indenture by and between the board and a trustee, which may be any trust company or bank having the powers of a trust company inside or outside of the state. Each trust indenture or an executed counterpart thereof must be filed in the office of the secretary of state. The filing of a trust indenture or an executed counterpart ~~thereof~~ in the office of the county clerk and recorder of the county in which the property covered by the trust indenture is located is constructive notice of its content to all persons from the time of filing, and the recording of the trust indenture or its content is not necessary."

Section 33. Section 17-5-1001, MCA, is amended to read:

"**17-5-1001. Action to restrain bond issues.** (1) No action may be brought for the purpose of restraining the issuance and sale of bonds or other obligations by the state of Montana or for the purpose of restraining the levy and collection of taxes for the payment of ~~such~~ bonds or other obligations after the expiration of 60 days from the date of the election on ~~such~~ those bonds or obligations or, if no election was held ~~thereon~~, after the expiration of 60 days from the date of the order, resolution, or ordinance authorizing the issuance ~~thereof~~ of those bonds, on account of any defect, irregularity, or informality in giving notice of or in holding the election. No defense based upon any such defect, irregularity, or informality may be interposed in any action unless brought within this period.

(2) This section applies but is not limited to any action or defense in which the issue is raised whether a voted debt or liability has carried by the required majority vote of the electors qualified ~~and offering~~ to vote ~~thereon~~."

Section 34. Section 17-5-1114, MCA, is amended to read:

"**17-5-1114. Certificated public obligation -- seal.** When a seal is required or permitted in the execution of any certificated public obligation, an authorized officer may cause the seal to be printed, engraved, stamped, or otherwise placed in facsimile ~~thereon~~ on it. The facsimile seal has the same legal effect as the

impression of the seal."

Section 35. Section 17-5-1525, MCA, is amended to read:

"**17-5-1525. Bonds as legal investment.** (1) Bonds issued by the board under the provisions of this part are securities in which all funds may be legally and properly invested, including capital in the control of or belonging to:

(a) public officers and public bodies of the state and its political subdivisions;

(b) insurance companies;

(c) credit unions, building and loan associations, investment companies, savings banks, banking associations, and trust companies;

(d) executors, administrators, trustees, and other fiduciaries; and

(e) pension, profit-sharing, and retirement funds.

(2) Bonds issued under 17-5-1505 through 17-5-1518 and 17-5-1521 through 17-5-1529 are securities that may properly and legally be deposited with and received by any state or municipal officer or any agency or municipality of the state for any purpose for which the deposit of bonds or obligations of the state ~~is now or may hereafter be~~ is authorized by law."

Section 36. Section 17-5-1526, MCA, is amended to read:

"**17-5-1526. Procedure prior to financing projects.** (1) The board may finance projects, other than major projects, under this part only when it finds that:

(a) the financing is in the public interest and is consistent with the legislative purposes and findings set forth in 17-5-1502;

(b) the financing to be provided by the board for a project does not exceed either $800,000 or 90% of the cost or appraised value of the project, whichever is less;

(c) a financial institution will participate in financing the project, either directly or through a letter of credit, to the extent of at least 10% of the financing to be provided by the board;

(d) the financing for the project is insured or guaranteed in whole or in part by a private or governmental insurer or guarantor;

(e) an applicant has submitted a statement indicating any contracts to construct the projects will require all contractors to give preference to the employment of bona fide Montana residents, as defined in 18-2-401, in the performance of the work on the projects if their qualifications are substantially equal to those of nonresidents. "Substantially equal qualifications" means the qualifications of two or more persons among whom the employer cannot make a reasonable determination that the qualifications held by one person are significantly better suited for the position than the qualifications held by the other persons.

(f) adequate provision is made in the loan agreement, lease, or other credit arrangement regarding a project or projects being financed to provide for payment of debt service on bonds of the board issued to finance the project or projects, to create and maintain reserves for payment of the debt service, and to meet all costs and expenses of issuing and servicing the bonds; and

(g) an applicant has submitted a statement that indicates that any contract let for a project costing more than $25,000 and financed from the proceeds of bonds issued under this part ~~on or after July 1, 1993, will~~ must contain a provision that requires the contractor to pay the standard prevailing wage rate in effect and applicable to the district in which the work is being performed unless the contractor performing the work has entered into a collective bargaining agreement covering the work to be performed.

(2) In order to make the findings as described in subsection (1)(a), a hearing must be conducted in the following manner:

(a) the city or county in which the project will be located must be notified; and the city and county shall, within 14 days after receipt of the notice, notify the board if it elects to conduct the hearing; or

(b) if a request for a local hearing is not received, the board may hold the hearing at a time and place it prescribes.

(3) If the hearing required by subsection (2) is conducted by a local government, the governing body of the local government shall notify the board of its determination of whether the project is in the public interest within 14 days of the completion of the public hearing.

(4) When a hearing is required either locally or at the state level, notice must be given, at least once a week for 2 weeks prior to the date set for the hearing, by publication in a newspaper of general circulation in the city or county where the hearing will be held. The notice must include the time and place of the hearing; the general nature of the project; the name of the lessee, borrower, or user of the project; and the

estimated cost of the project.

(5) The requirements of subsections (1)(b) through (1)(d) do not apply to bonds that are not secured by the capital reserve account authorized by 17-5-1515.

(6) The hearing requirements of subsections (2) through (4) do not apply to projects financed with bonds the interest on which is subject to federal income taxes."

Section 37. Section 17-5-1527, MCA, is amended to read:

"**17-5-1527. Procedure prior to financing major projects.** (1) The board may finance major projects under this part only when it finds that:

(a) the financing is in the public interest and is consistent with legislative purposes and findings;

(b) the financing to be provided by the board for a project does not exceed either $50 million or 90% of the cost or appraised value of the project, whichever is less;

(c) a financial institution will participate in financing the project if the cost or appraised value is less than $1 million, either directly or through a letter of credit, to the extent of at least 10% of the financing to be provided by the board, provided, however, that participation by a financial institution in projects of over $1 million is at the discretion of the board;

(d) the financing for the project is insured or guaranteed in whole or in part by a private or governmental insurer or guarantor;

(e) any contracts to construct the projects require all contractors to give preference to the employment of bona fide Montana residents, as defined in 18-2-401, in the performance of the work on the projects if their qualifications are substantially equal to those of nonresidents. "Substantially equal qualifications" means the qualifications of two or more persons among whom the employer cannot make a reasonable determination that the qualifications held by one person are significantly better suited for the position than the qualifications held by the other persons.

(f) adequate provision is made in the loan agreement, lease, or other credit arrangement regarding a project or projects being financed to provide for payment of debt service on bonds of the board issued to finance the project or projects, to create and maintain reserves for payment of the debt service, and to meet all costs and expenses of issuing and servicing the bonds; and

(g) an applicant has submitted a statement that indicates that any contract let for a project costing more than $25,000 and financed from the proceeds of bonds issued under this part ~~on or after July 1, 1993, will~~ must contain a provision that requires the contractor to pay the standard prevailing wage rate in effect and applicable to the district in which the work is being performed unless the contractor performing the work has entered into a collective bargaining agreement covering the work to be performed.

(2) In order to make the findings as described in subsection (1)(a), a hearing must be conducted in the following manner:

(a) the city or county in which the project will be located must be notified, and within 14 days shall advise the board if it elects to conduct the hearing; or

(b) if a request for a local hearing is not received, the board may hold the hearing at a time and place it prescribes.

(3) If the hearing required by subsection (2) is conducted by a local government, the governing body of the local government shall notify the board of its determination of whether the project is in the public interest within 14 days of the completion of the public hearing.

(4) When a hearing is required either locally or at the state level, notice must be given, at least once a week for 2 weeks prior to the date set for the hearing, by publication in a newspaper of general circulation in the city or county where the hearing will be held. The notice must include the time and place of the hearing; the general nature of the project; the name of the lessee, borrower, or user of the project; and the estimated cost of the project.

(5) The requirements of subsections (1)(b) through (1)(d) do not apply to bonds that are not secured by the capital reserve account authorized by 17-5-1515.

(6) The hearing requirements of subsections (2) through (4) do not apply to major projects financed with bonds the interest on which is subject to federal income taxes.

(7) The board is encouraged to consider applications for project financing related to infrastructure and facilities necessary for the development of the state-owned coal assets."

Section 38. Section 17-5-2001, MCA, is amended to read:

"**17-5-2001. Loans to state agencies.** (1) An agency responsible for the procurement and provision

of vehicles, automated systems, and equipment using an enterprise fund or an internal service fund, as described in 17-2-102, is authorized to enter into contracts, loan agreements, or other forms of indebtedness payable over a term not to exceed 7 years for the purpose of financing the cost of the vehicles and equipment and to pledge to the repayment of the indebtedness the revenue of the enterprise fund or internal service fund if:

(a) the term of the indebtedness does not exceed the useful life of the items being financed; and

(b) at the time that the indebtedness is incurred, the projected revenue of the fund, based on the fees and charges approved by the legislature and other available fund revenue, will be sufficient to repay the indebtedness over the proposed term and to maintain the operation of the enterprise.

(2) (a) The department of justice is authorized to enter into contracts, loan agreements, or other forms of indebtedness with the board of investments for an amount not to exceed $28.5 million, payable over a term not to exceed 15 years, for financing the cost of an information technology system for the production and maintenance of motor vehicle title and registration records and driver's license records.

(b) For purposes of the financing of the motor vehicle information technology system, loans are payable from the money in the motor vehicle information technology system account as provided in 61-3-550. The term of the indebtedness may not exceed the useful life of the items being financed. At the time that the loan is made, the projected revenue of the motor vehicle information technology system account, based upon the fees approved by the legislature, must be sufficient to repay the indebtedness over the proposed term.

~~(3) The department of justice is authorized to enter into contracts, loan agreements, or other forms of indebtedness with the board of investments for an amount not to exceed $4.6 million, payable over a term not to exceed 10 years, for financing the cost of an information technology system, and other associated costs, for the implementation of the REAL ID Act of 2005. Loans are payable from the state special revenue fund provided for in 61-5-129(4)(b). (Subsection (3) void on occurrence of contingency--sec. 8, Ch. 443, L. 2017.)~~"

Section 39. Section f111, MCA, is amended to read:

"**17-6-101. Deposit of funds in hands of state treasurer.** (1) Under the direction of the board of investments, the state treasurer shall deposit public money in the treasurer's possession and under the treasurer's control in solvent banks~~, building and loan associations, savings and loan associations,~~ and credit

unions located in the state, except as otherwise provided by law, subject to national supervision or state examination.

(2) If needed financial services are not available through solvent banks~~, building and loan associations, savings and loan associations,~~ and credit unions located in the state, the state treasurer may deposit public money in out-of-state financial institutions subject to national supervision.

(3) The state treasurer shall deposit funds in banks~~, building and loan associations, savings and loan associations,~~ and credit unions in amounts that may be designated by the board of investments and shall withdraw deposits when instructed to by the board of investments.

(4) When money has been deposited under the board of investments and in accordance with the law, the state treasurer is not liable for loss on account of any deposit occurring from any cause other than the treasurer's own neglect or fraud.

(5) The state treasurer shall withdraw all deposits or any part of the deposits from time to time to pay and discharge the legal obligations of the state presented to the treasurer in accordance with the law.

(6) The state treasurer may contract with a financial institution to provide general depository banking services. The cost of contracting for banking services is statutorily appropriated, as provided in 17-7-502, from the general fund."

Section 40. Section 17-6-102, MCA, is amended to read:

"**17-6-102. Insurance on deposits.** (1) Deposits in excess of the amount insured by the federal deposit insurance corporation or the national credit union administration may not be made unless the bank~~, building and loan association, savings and loan association,~~ or credit union first delivers to the state treasurer or deposits in trust with some solvent bank, as security therefor, bonds or other obligations of the kinds listed in 17-6-103, having a market value equal to ~~at least 50% of~~ the amount of the deposits in excess of the amount insured. The board of investments may require security of a greater value. When negotiable securities are placed in trust, the trustee's receipt may be accepted instead of the actual securities if the receipt is in favor of the state treasurer, successors in office, and the state of Montana and the form of receipt and the trustee have been approved by the board of investments.

(2) Any bank~~, building and loan association, savings and loan association,~~ or credit union pledging

securities as provided in this section may at any time substitute securities for any part of the securities pledged. The substituted collateral must conform to 17-6-103 and have a market value at least sufficient for compliance with subsection (1). If the substituted securities are held in trust, the trustee shall, on the same day the substitution is made, forward by registered or certified mail to the state treasurer and to the depository financial institution a receipt specifically describing and identifying both the securities substituted and those released and returned to the depository financial institution."

Section 41. Section 17-6-104, MCA, is amended to read:

"**17-6-104. Interest on deposits -- conformity with federal law.** (1) The board of investments may require the payment of quarterly annual interest on daily balances of collected funds at a rate to be agreed upon between the depository banks, ~~building and loan associations, savings and loan associations,~~ credit unions, and the board of investments. The rate must be fixed semiannually during the months of July and January of each year.

(2) The interest requirements on deposits of public funds made under the laws of the state of Montana or otherwise by county or city treasurers or town clerks may not at any time be in violation of any act of the congress of the United States or of any rule or regulation of the federal reserve system, federal home loan bank system, or the federal deposit insurance corporation, national credit union administration, or any other fiscal agency of the United States of which the banks, ~~building and loan associations, savings and loan associations,~~ or credit unions of this state may be members or debtors."

Section 42. Section 17-6-213, MCA, is amended to read:

"**17-6-213. Redemption of bonds before maturity.** (1) The board of investments shall permit any school district, town, city, or county to pay and redeem one or more of its bonds held by the state for the credit of any fund under the investment administration of the board of investments at any time before maturity.

(2) In calculating the unpaid interest accrued on any bond or bonds at the time of payment and redemption, interest for a fractional month must be calculated and collected for a full month.

(3) Payment and redemption of bonds must be made at the office of the state treasurer unless the bonds by their own terms and provisions are made payable at some other place and payment at that office

would be disadvantageous to the redemptioner. When bonds have been paid and redeemed, the state treasurer shall effectually cancel the bonds ~~and the attached coupons by perforation or otherwise and mail them to the proper treasurer together with the state treasurer's receipt~~.

(4) This section does not authorize or permit any school district, town, city, or county to issue refunding bonds for the purpose of paying and redeeming any bond or bonds held by the state before the optional or redeemable date of the bonds or to grant the right to pay any bonds held by the state before the optional or redeemable date from the proceeds of refunding bonds."

Section 43. Section 17-6-603, MCA, is amended to read:

"**17-6-603. Montana tobacco settlement trust fund -- state special revenue fund account.** (1) Nine-tenths of the interest and income derived from the trust fund ~~on or after January 1, 2001,~~ must be deposited in an account in the state special revenue fund and is subject to appropriation in accordance with subsection (3). One-tenth of the interest and income derived from the trust fund must remain in the trust fund.

(2) In addition to the money required to be deposited in the trust fund as principal, the legislature may deposit additional money in the trust fund as principal.

(3) The legislature shall appropriate money from the state special revenue fund account provided for in subsection (1) for programs for tobacco disease prevention and for state programs that provide benefits, services, or coverage of health care needs.

(4) The money appropriated under this section may not be used to replace state or federal money used to fund programs for tobacco disease prevention or state programs in existence on December 31, 1999, that provide benefits, services, or coverage of health care needs."

Section 44. Section 17-6-606, MCA, is amended to read:

"**17-6-606. Tobacco settlement accounts -- purpose -- uses.** (1) The purpose of this section is to dedicate a portion of the tobacco settlement proceeds to fund statewide programs for tobacco disease prevention and other health and support services designed to:

(a) discourage children from starting use of tobacco;

(b) assist adults in quitting use of tobacco;

(c) provide funds for the children's health insurance program; and

(d) provide assistance to children and adults who are aged, blind, or disabled.

(2) An amount equal to 32% of the total yearly tobacco settlement proceeds ~~received after June 30, 2003,~~ must be deposited in a state special revenue account. Subject to subsection (5), the funds referred to in this subsection may be used only for funding statewide programs for tobacco disease prevention designed to prevent children from starting tobacco use and to help adults who want to quit tobacco use. The department of public health and human services shall manage the tobacco disease prevention programs and shall adopt rules to implement the programs. In adopting rules, the department shall consider the standards contained in Best Practices for Comprehensive Tobacco Control Programs--August 1999 or its successor document, published by the U.S. department of health and human services, centers for disease control and prevention.

(3) An amount equal to 17% of the total yearly tobacco settlement proceeds received ~~after June 30, 2003,~~ must be deposited in a state special revenue account. Subject to subsection (5), the funds referred to in this subsection may be used only:

(a) for matching funds to secure the maximum amount of federal funds for:

(i) the Children's Health Insurance Program Act provided for in Title 53, chapter 4, part 10;

(ii) home visiting through the maternal, infant, and early childhood program established in 42 U.S.C. 711 or Title IV-E prevention services;

(iii) the medicaid section 1115 waiver 0148.R07.00 for Montana residents who are elderly or physically disabled; and

(iv) the medicaid section 1115 waiver 0208.R07.00 to provide home and community-based services for individuals with developmental disabilities; and

(b) to fund services for infants and toddlers with disabilities provided for in 34 CFR 303.13 and through the department of public health and human services' family education support program.

(4) Funds deposited in a state special revenue account, as provided in subsection (2) or (3), that are not appropriated within 2 years after the date of deposit must be transferred to the trust fund.

(5) The legislature shall appropriate money from the state special revenue accounts provided for in this section for programs for tobacco disease prevention and for the programs referred to in the subsection establishing the account.

(6) Programs funded under this section that are private in nature may be funded through contracted services."

Section 45. Section 17-7-102, MCA, is amended to read:

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

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

(2) "Agency" means all offices, departments, boards, commissions, institutions, universities, colleges, and any other person or any other administrative unit of state government that spends or encumbers public money by virtue of an appropriation from the legislature under 17-8-101.

(3) "Approving authority" means:

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

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

(c) the speaker for the house of representatives;

(d) the president for the senate;

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

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

(4) (a) "Base budget" means the resources for the operation of state government that are of an ongoing and nonextraordinary nature in the current biennium. The base budget for the state general fund and state special revenue funds may not exceed that level of funding authorized by the previous legislature.

(b) The term does not include:

(i) funding for water adjudication if the accountability benchmarks contained in 85-2-271 are not met;

(ii) funding for petroleum storage tank leak prevention if the accountability benchmarks in 75-11-521 are not met.

(5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part

4.

(6) "Budget stabilization reserve" means the amount of unappropriated fund balance in the budget stabilization reserve fund up to 16% of all general revenue appropriations in the second year of the biennium.

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

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

(9) "General revenue appropriations" means appropriations from the general fund and the school equalization and property tax reduction account in 20-9-336.

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

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

(12) "Operating reserve" means an amount equal to 8.3% of all general revenue appropriations in the second year of the biennium.

(13) "Present law base" means that level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature, including but not limited to:

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

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

(c) inflationary or deflationary adjustments; and

(d) elimination of nonrecurring appropriations.

(14) "Program" means a principal organizational or budgetary unit within an agency.

(15) "Requesting agency" means the agency of state government that has requested a specific budget amendment.

(16) "University system unit" means the board of regents of higher education; office of the commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural experiment station, with central offices at Bozeman; the forest and conservation experiment station, with central offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and geology, with central offices at Butte; the fire services training school at Great Falls; and the community colleges supervised and coordinated by the board of regents pursuant to 20-15-103. (Terminates June 30, 2028--sec. 11, Ch. 269, L. 2015.)

17-7-102. (Effective July 1, 2028) Definitions. As used in this chapter, the following definitions apply:

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

(2) "Agency" means all offices, departments, boards, commissions, institutions, universities, colleges, and any other person or any other administrative unit of state government that spends or encumbers public money by virtue of an appropriation from the legislature under 17-8-101.

(3) "Approving authority" means:

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

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

(c) the speaker for the house of representatives;

(d) the president for the senate;

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

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

system.

(4) "Base budget" means the resources for the operation of state government that are of an ongoing and nonextraordinary nature in the current biennium. The base budget for the state general fund and state special revenue funds may not exceed that level of funding authorized by the previous legislature.

(5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part 4.

(6) "Budget stabilization reserve" means the amount of unappropriated fund balance in the budget stabilization reserve fund up to 16% of all general revenue appropriations in the second year of the biennium.

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

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

(9) "General revenue appropriations" means appropriations from the general fund and the school equalization and property tax reduction account in 20-9-336.

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

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

(12) "Operating reserve" means an amount equal to 8.3% of all general revenue appropriations in the second year of the biennium.

(13) "Present law base" means that level of funding needed under present law to maintain

operations and services at the level authorized by the previous legislature, including but not limited to:

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

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

(c) inflationary or deflationary adjustments; and

(d) elimination of nonrecurring appropriations.

(14) "Program" means a principal organizational or budgetary unit within an agency.

(15) "Requesting agency" means the agency of state government that has requested a specific budget amendment.

(16) "University system unit" means the board of regents of higher education; office of the commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural experiment station, with central offices at Bozeman; the forest and conservation experiment station, with central offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and geology, with central offices at Butte; the fire services training school at Great Falls; and the community colleges supervised and coordinated by the board of regents pursuant to 20-15-103."

Section 46. Section 17-7-111, MCA, is amended to read:

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

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

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

state's budget; and

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

(2) In the preparation of a state budget, the budget director shall, not later than the date specified in 17-7-112(1), distribute to all agencies the proper forms and instructions necessary for the preparation of budget estimates by the budget director. These forms must be prescribed by the budget director to procure the information required by subsection (3). The forms must be submitted to the budget director by the date provided in 17-7-112(2), or the agency's budget is subject to preparation based upon estimates as provided in 17-7-112(5). The budget director may refuse to accept forms that do not comply with the provisions of this section or the instructions given for completing the forms.

(3) The agency budget request must set forth a balanced financial plan for the agency completing the forms for each fiscal year of the ensuing biennium. The plan must consist of:

(a) a consolidated agency budget summary of funds subject to appropriation, as provided in 17-8-101, ~~for~~ that includes:

~~(~~(i)~~)~~ the current expenditure base budget ~~expenditures~~, including statutory appropriations~~, and for~~:

(ii) each present law adjustment and each new proposal request setting forth the aggregate figures of the full-time equivalent personnel positions (FTE); and

(iii) ~~and~~ the budget, showing a balance between the total proposed disbursements and the total anticipated receipts, ~~together with the~~ including other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with the corresponding figures for the last-completed fiscal year and the fiscal year in progress~~;~~.

(b) a schedule of the actual and projected receipts, disbursements, and solvency of each ~~fund~~ account within each fund type for the current biennium and estimated for the subsequent biennium;

(c) a statement of the agency mission and a statement of goals and objectives for each program of the agency. The goals and objectives must include, in a concise form, sufficient specific information and quantifiable information to enable the legislature to formulate an appropriations policy regarding the agency and its programs and to allow a determination, at some future date, on whether the agency has succeeded in attaining its goals and objectives. An agency that has complied with the requirements provided in Title 2,

chapter 12, part 1, is exempt from the provision of this subsection (3)(c).

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

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

(f) for agencies with more than 20 FTE, a plan to reduce the proposed base budget for the general appropriations act and the proposed state pay plan to 95% of the current base budget or lower if directed by the budget director. Each agency plan must include base budget reductions that reflect the required percentage reduction by fund type for the general fund and state special revenue fund types. Exempt from the calculations of the 5% target amounts are legislative audit costs, administratively attached entities that hire their own staff under 2-15-121, and state special revenue accounts that do not transfer their investment earnings or fund balances to the general fund. The plan must include:

(i) a prioritized list of services that would be eliminated or reduced;

(ii) for each service included in the prioritized list, the savings that would result from the elimination or reduction; and

(iii) the consequences or impacts of the proposed elimination or reduction of each service.

(g) a reference for each new information technology proposal stating whether the new proposal is included in the approved agency information technology plan as required in 2-17-523;

(h) energy cost saving information as required by 90-4-616; and

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

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

(a) detailed recommendations for capital developments for:

(i) local infrastructure projects;

(ii) funding for energy development-impacted areas; and

(iii) the state long-range building program. Each recommendation for the capital developments long-range building program must be presented by institution, agency, or branch, by funding source, with a description of each proposed project.

(b) a statewide project budget summary as provided in 2-17-526;

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

(d) agency proposals for the use of cultural and aesthetic project grants under Title 22, chapter 2, part 3, the renewable resource grant and loan program under Title 85, chapter 1, part 6, the reclamation and development grants program under Title 90, chapter 2, part 11, and the Montana coal endowment program under Title 90, chapter 6, part 7.

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

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

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

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

(6) (a) The department of revenue shall make Montana individual income tax information available by removing names, addresses, and social security numbers and substituting in their place a state accounting record identifier number. Except for the purposes of complying with federal law, the department may not alter the data in any other way.

(b) The department of revenue shall provide the name and address of a taxpayer on written request of the budget director when the values on the requested return, including estimated payments, are

considered necessary by the budget director to properly analyze state revenue and are of a sufficient magnitude to materially affect the analysis and when the identity of the taxpayer is necessary to evaluate the effect of the return or payments on the analysis being performed.

(7) The following provisions apply to the development of the budget request for the department of public health and human services:

(a) Adjustments to the present law base must be separated by each category described in 17-7-102(11) in order for the legislature to determine the changes that are attributable to legally mandated workload, caseload, or enrollment increases or decreases, constitutional or statutory schedules or formulas, inflationary or deflationary adjustments, and elimination of nonrecurring appropriations.

(b) Inflation adjustments to the present law base for the institutions or services described in subsection (7)(c) must be based on a reliable national index for the particular service or a similar service or the consumer price index for urban wage earners and workers. An inflation adjustment that is greater than the applicable national index or consumer price index must be presented as a new proposal.

(c) Subsection (7)(b) applies to inflation adjustments for:

(i) the department-operated institutions described in 53-1-602; and

(ii) services provided by private sector businesses and other entities that provide direct services to beneficiaries in medicaid programs that are administered by the department divisions responsible for overseeing services for the elderly and for persons with mental illness, physical disabilities, or developmental disabilities."

Section 47. Section 17-7-112, MCA, is amended to read:

"**17-7-112. Submission deadlines -- budgeting schedule.** The following ~~is the~~ schedule is for the preparation of a state budget for submission to the legislature convening in any session that will be adopting a state budget. If a deadline in this section falls on a Saturday or Sunday, the deadline is the first Monday following the deadline.~~:~~

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

(2) (a) Except as provided in subsection (2)(b), by September 1, each agency shall submit the

information required under 17-7-111 to the budget director.

(b) By September 1, the consolidated legislative branch shall submit a preliminary draft of the information required under 17-7-111 to the budget director. By October 10, the consolidated legislative branch shall submit the information required under 17-7-111 in final form to the budget director.

(3) By September 1, the budget director shall submit each state agency's budget request including its base budget, except the budget request for the consolidated legislative branch, required under 17-7-111(3) to the legislative fiscal analyst. ~~The transfer of budget information must be done on a schedule mutually agreed to by the budget director and the legislative fiscal analyst in a manner that facilitates an even transfer of budget information that allows each office to maintain a reasonable staff workflow.~~

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

~~(5)~~(4) By October 30, a budget request must be prepared by the budget director and submitted to the legislative fiscal analyst on behalf of any agency that did not present the information required by this section. The budget request must be based upon the budget director's studies of the operations, plans, and needs of the institution, university unit, or agency.

~~(6)~~(5) By November 1, the budget director shall furnish the legislative fiscal analyst with a present law base for each agency ~~and a copy of the documents that reflect the anticipated receipts and other means of financing the base budget~~ and present law base for each fiscal year of the ensuing biennium. The material must be in a format agreed upon by both the office of budget and program planning and the legislative fiscal analyst.

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

~~(8)~~(6) By November 15, the proposed pay plan schedule and the statewide project budget summary required by 17-7-111(4), a preliminary budget that meets the statutory requirements for submission of the budget to the legislature, and a summary of the preliminary budget designed for distribution to members and members-elect of the legislature must be submitted to the legislative fiscal analyst.

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

~~(10)~~(8) By January 7, recommended changes proposed by a governor-elect must be transmitted to the legislative fiscal analyst and the legislature as provided in 17-7-121."

Section 48. Section 17-7-121, MCA, is amended to read:

"**17-7-121. Preliminary budget preparation and submission to governor and governor-elect.** (1) Upon receipt of the ~~completed forms and other available data and information~~ an agency's submitted budget pursuant to 17-7-112, the budget director shall examine the same for the purpose of determining the necessity of the disbursements and funds requested and shall, on or before the date established in 17-7-112, submit in writing to the governor and to the governor-elect, if there is one, a ~~preliminary~~ budget for the ensuing biennium containing the detailed information required to be set forth in the budget to be submitted by the governor to the legislature.

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

Section 49. Section 17-7-123, MCA, is amended to read:

"**17-7-123. Form of executive budget.** (1) The budget submitted must set forth a balanced financial plan for funds subject to appropriation, as provided in 17-8-101, for each ~~accounting entity~~ account and for the state government for each fiscal year of the ensuing biennium. The budget must consist of:

(a) a consolidated budget summary setting forth the aggregate figures of the budget in a manner that shows a balance between the total proposed disbursements and the total anticipated receipts, together with the other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with the corresponding figures for the last-completed fiscal year and the fiscal year in progress. The consolidated

budget summary must be supported by explanatory schedules or statements.

(b) budget and full-time equivalent personnel position comparisons by agency, program, and appropriated funds for the current and subsequent biennium;

(c) the departmental mission and a statement of goals and objectives for the department;

(d) base budget disbursements for the completed fiscal year of the current biennium, ~~estimated comparable disbursements~~ base budget for the current fiscal year, and the proposed present law base budget plus new proposals, if any, for each department and each program of the department;

(e) a statement containing recommendations of the governor for the ensuing biennium by program and ~~disbursement~~ second level category as provided in 17-1-102, including:

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

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

(iii) a summary of budget requests that include proposed expenditures on information technology resources. The summary must include funding, program references, and a decision package reference;

(f) a report on:

(i) enterprise funds not subject to the requirements of subsections (1)(a) through (1)(e), including retained earnings and contributed capital, projected operations and charges, and projected fund balances; and

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

(g) energy cost saving information as required by 90-4-616 and energy conservation program information as required by 90-4-606; and

(h) any other financial or budgetary material agreed to by the budget director and the legislative fiscal analyst.

(2) The statement of departmental goals and objectives and the schedule as required in ~~17-7-111(3)(b)~~ 17-7-111 for each ~~fund~~ program of the executive budget are not required to be printed but must be available in the office of budget and program planning and on the internet."

Section 50. Section 17-7-124, MCA, is amended to read:

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

Section 51. Section 17-7-210, MCA, is amended to read:

"**17-7-210. Required funding for maintenance of newly authorized state buildings.** (1) If construction or acquisition of a new facility requires an immediate or future increase in state funding for program expansion or operations and maintenance, the legislature may not authorize the new facility unless it also appropriates funds for the increase in state funding for program expansion and operations and maintenance. Appropriations shall be annual by fiscal year.

(2) (a) To the extent allowed by law, at the end of each fiscal year following approval of a new facility but prior to receipt of its certificate of occupancy or acquisition, the appropriation made pursuant to subsection (1) reverts to its originating fund. The appropriation is not subject to the provisions of 17-7-304.

(b) When a certificate of occupancy or acquisition for a new facility is received prior to the end of the fiscal year, the amount of the appropriation made pursuant to subsection (1) that reverts to its originating fund is the prorated amount from the beginning of the fiscal year to the date of the receipt of the certificate of occupancy."

Section 52. Section 17-7-228, MCA, is amended to read:

"**17-7-228. Eligible use of funds.** (1) The funds in the account established in 17-7-227 may be used to:

(a) develop and implement a strategic capital plan to improve the efficiency and functionality of the legislative space and the legislative process;

(b) plan, renovate, replace, or construct capitol complex facilities for the use of the legislative branch;

(c) increase citizen access to legislators and the legislative process;

(d) ~~locate~~ identify priority functions and entities to be located within the walls of the capitol;

(e) relocate functions and entities not required to be located within the walls of the capitol;

(f) address deficiencies in legislator and legislative support staff spaces;

(g) improve adjacencies and colocation where functional efficiencies can be gained;

(h) provide flexible spaces for long-term efficiencies, performance, and cost reduction;

(i) improve workforce efficiencies, recruiting, and retention, including telework-friendly design; and

(j) implement telework opportunities.

(2) Priority must be given to projects that improve the legislative process by providing individual office space for legislators, expanding or adding public hearing rooms, or increasing the availability of space for constituent meetings and outreach.

(3) Furniture, fixtures, and equipment associated with the implementation of this section may be paid from these funds.

(4) Operating, administrative, moving, and relocation costs of legislative branch functions moved or relocated in the implementation of this section may be paid from these funds. Renovation or construction costs, including relocation costs, for moving non-legislative branch functions or agencies out of the capitol must be paid from the funds in the account established in 17-7-225.

(5) The legislative branch long-range capital development plan must be updated at a minimum on a decennial basis and prior to undertaking any major capital development exceeding $5 million not included in the current legislative branch long-range capital development plan in effect.

(6) The legislature may transfer from the account established in 17-7-227 to the major repair long-range building program account or the capital developments long-range building program account for legislative branch capital projects within the capitol complex.

(7) The legislative council, with consultation of the legislative finance committee and legislative audit committee, shall serve as a long-range building committee to recommend to the legislature and the department of administration construction and remodeling priorities for the capitol and capitol complex."

Section 53. Section 17-7-311, MCA, is amended to read:

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

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

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

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

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

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

required by this section. After a waiver, the legislative fiscal analyst may complete the written review.

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

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

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

NEW SECTION. **Section 54. Repealer.** The following sections of the Montana Code Annotated are repealed:

3-1-1610. Judiciary branch account created.

17-1-112. Access to offices.

17-2-131. Genetic engineering technology research and development account created.

17-5-105. Redemption of bonds -- optional method.

17-8-105. Definitions applicable to expenditure limitation.

17-8-106. Expenditure limitation -- exception.

NEW SECTION. **Section 55. Directions to code commissioner.** [Sections 17-1-131 and 17-1-132] are intended to be renumbered and codified as an integral part of Title 17, chapter 7, part 1 (want codified at 17-7-107 and -108).

(2) Section 17-1-511 is intended to be renumbered and codified as an integral part of Title 15, chapter 1, part 1 (at 15-1-122 precisely).

NEW SECTION. **Section 56. Directions to code commissioner.** Title 17, chapter 5, part 7 is intended to be renamed "Coal Severance Tax Bonds".

NEW SECTION. **Section 57. Effective date.** [This act] is effective July 1, 2027.

1 - END -

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