



AN ACT REVISING LAWS RELATED TO THE BUDGET STABILIZATION RESERVE FUND; REVISING PERCENTAGES FOR REDUCTIONS IN SPENDING; PROVIDING FOR A FINANCIAL MODERNIZATION AND RISK ANALYSIS STUDY TO BE COMPLETED BY A COMMITTEE OF THE LEGISLATIVE FINANCE COMMITTEE AND OTHER MEMBERS; DIRECTING THE LEGISLATIVE FINANCE COMMITTEE TO CONDUCT A STUDY ON LONG-TERM BUDGET STABILIZATION; SETTING PARAMETERS FOR THE STUDIES; PROVIDING FOR A TRANSFER OF FUNDS INTO THE BUDGET STABILIZATION RESERVE FUND; PROVIDING FUND TRANSFERS; PROVIDING FOR APPROPRIATIONS; AMENDING SECTIONS 5-12-205, 10-3-312, 17-7-130, AND 17-7-140, MCA; PROVIDING FOR CONTINGENT VOIDNESS; AND PROVIDING EFFECTIVE DATES AND A TERMINATION DATE.

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

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

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

- (1) may organize, adopt rules to govern its proceedings, form subcommittees, and meet as often as necessary, upon the call of the presiding officer, to advise and consult with the legislative fiscal analyst;
- (2) may employ and, in accordance with the rules for classification and pay adopted by the legislative council, set the salary of the legislative fiscal analyst. The legislative fiscal analyst shall serve at the pleasure of and be responsible for providing services to the committee.
- (3) may exercise the investigatory powers of a standing committee under chapter 5, part 1, of this title;
- (4) shall monitor the information technology policies of the department of administration with specific attention to:
  - (a) identification of information technology issues likely to require future legislative attention; and
  - (b) the evaluation of proposed information technology policy changes and the fiscal implications of the proposed changes and shall provide written responses to the department of administration communicating the committee's positions and concerns on proposed policy changes;

(5) may accumulate, compile, analyze, and provide information relevant to existing or proposed legislation on how information technology can be used to impact the welfare of the state;

(6) may prepare legislation to implement any proposed changes involving information technology; ~~and~~

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

(8) may, for the biennium beginning July 1, 2019, appoint up to six ad hoc nonvoting committee members from the house of representatives. These members may participate in meetings, but may not vote."

**Section 2.** Section 10-3-312, MCA, is amended to read:

**"10-3-312. Maximum expenditure by governor -- appropriation.** (1) Whenever a disaster or an emergency, including an energy emergency as defined in 90-4-302 or an invasive species emergency declared under 80-7-1013, is declared by the governor, there is statutorily appropriated to the office of the governor, as provided in 17-7-502, and, subject to subsection (2), the governor is authorized to expend from the general fund an amount not to exceed \$16 million in any biennium, minus any amount appropriated pursuant to 10-3-310 in the same biennium. The statutory appropriation in this subsection may be used by any state agency designated by the governor.

(2) In the event of the recovery of money expended under this section, the spending authority must be reinstated to a level reflecting the recovery.

(3) If a disaster is declared by the president of the United States, there is statutorily appropriated to the office of the governor, as provided in 17-7-502, and the governor is authorized to expend from the general fund an amount not to exceed \$500,000 during the biennium to meet the state's share of the individuals and households grant programs as provided in 42 U.S.C. 5174. The statutory appropriation in this subsection may be used by any state agency designated by the governor.

(4) ~~At~~ Except as provided in subsection (5), at the end of each biennium, an amount equal to the

unexpended and unencumbered balance of the \$16 million statutory appropriation in subsection (1), minus any amount appropriated pursuant to 10-3-310 in the same biennium, must be transferred by the state treasurer from the state general fund to the fire suppression account provided for in 76-13-150.

(5) For the biennium ending June 30, 2019, the state treasurer shall transfer the amount calculated pursuant to subsection (4) from the state general fund into the budget stabilization reserve fund established in 17-7-130."

**Section 3.** Section 17-7-130, MCA, is amended to read:

**"17-7-130. Budget stabilization reserve fund -- rules for deposits and transfers -- purpose. (1)**

There is an account in the state special revenue fund established by 17-2-102 known as the budget stabilization reserve fund.

(2) The purpose of the budget stabilization reserve fund is:

(a) to mitigate budget reductions when there is a revenue shortfall; and

(b) when there are funds in excess of the ~~operating~~ reserve level, to:

(i) pay down the debt service on bonds for capital projects previously authorized by the legislature if allowed without penalty by the terms of the bond issuance;

(ii) delay, forego, or reduce the amount of an issuance of bonds authorized by the legislature; and

(iii) allow the funds to remain in the account.

(3) By August 1 of each year, the department of administration shall certify to the legislative fiscal analyst and the budget director the following:

(a) the unaudited, unassigned ending fund balance of the general fund for the prior fiscal year; and

(b) the amount of unaudited general fund revenue and transfers into the general fund received in the prior fiscal year recorded when that fiscal year's statewide accounting, budgeting, and human resource system records are closed. General fund revenue and transfers into the general fund are those recorded in the statewide accounting, budgeting, and human resource system using generally accepted accounting principles in accordance with 17-1-102.

(4) For the fiscal years beginning July 1, 2016, through July 1, 2020, if actual general fund revenue exceeds the revenue estimate established pursuant to 5-5-227 for that fiscal year, excess revenue over the amount of revenue that exceeds the revenue estimate by \$15 million is allocated as follows:

- (a) 50% remains in the general fund; and
- (b) 50% is transferred into the budget stabilization reserve fund on or before August 15 of the following fiscal year.

(5) Starting in the fiscal year beginning July 1, 2021, the state treasurer shall transfer, by August 15 of the following fiscal year:

- ~~\_\_\_\_\_ (a) if there is not an operating reserve differential, from the general fund to the budget stabilization reserve fund an amount equal to 50% of the excess revenue for the fiscal year;~~
- ~~\_\_\_\_\_ (b) if there is an operating reserve differential for the fiscal year, from the general fund to the budget stabilization reserve fund an amount equal to 50% of the excess revenue for the fiscal year less the operating reserve differential; and~~
- ~~\_\_\_\_\_ (c) if the ending fund balance of the general fund for the prior year is less than 6.8% of the amount of all general fund appropriations in the second year of the biennium, from the budget stabilization reserve fund to the general fund up to one-half of the amount in the budget stabilization reserve fund in excess of the amount of 2% of all general fund appropriations in the second year of the biennium in the subsequent fiscal year.~~

(6) For the purposes of this section, the following definitions apply:

- (a) "Adjusted revenue" means general fund revenue for the prior fiscal year plus the growth amount.
- (b) "Excess revenue" means the amount of general fund revenue, including transfers in, for the most recently completed fiscal year minus adjusted revenue.
- (c) "Growth amount" means general fund revenue for the prior fiscal year multiplied by the growth rate.
- (d) "Growth rate" means the average compound rate of growth of general fund revenue for the most recently completed 6 fiscal years.
- ~~\_\_\_\_\_ (e) "Operating reserve differential" means a nonnegative difference from 8.3% of all general fund appropriations in the second year of the biennium minus the sum of the ending fund balance for the prior year and 50% of excess revenue of the prior year."~~

**Section 4.** Section 17-7-140, MCA, is amended to read:

**"17-7-140. Reduction in spending.** (1) (a) As the chief budget officer of the state, the governor shall ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the

criteria provided in subsection (1)(c), shall direct agencies to reduce spending in an amount that ensures that the projected ending general fund balance for the biennium will be at least:

(i) ~~6%~~ 4% of the general fund appropriations for the second fiscal year of the biennium prior to October of the year preceding a legislative session;

(ii) 3% of the general fund appropriations for the second fiscal year of the biennium in October of the year preceding a legislative session;

(iii) 2% of the general fund appropriations for the second fiscal year of the biennium in January of the year in which a legislative session is convened; and

(iv) 1% of the general fund appropriations for the second fiscal year of the biennium in March of the year in which a legislative session is convened.

(b) An agency may not be required to reduce general fund spending for any program, as defined in each general appropriations act, by more than 10% during a biennium. Starting January 1, 2021, a governor may not reduce total agency spending in the biennium by more than 4% of the second year appropriations for the agency. Departments or agencies headed by elected officials or the board of regents may not be required to reduce general fund spending by a percentage greater than the percentage of general fund spending reductions required for the ~~total~~ weighted average of all other executive branch agencies. The legislature may exempt from a reduction an appropriation item within a program or may direct that the appropriation item may not be reduced by more than 10%.

(c) The governor shall direct agencies to manage their budgets in order to reduce general fund expenditures. Prior to directing agencies to reduce spending as provided in subsection (1)(a), the governor shall direct each agency to analyze the nature of each program that receives a general fund appropriation to determine whether the program is mandatory or permissive and to analyze the impact of the proposed reduction in spending on the purpose of the program. An agency shall submit its analysis to the office of budget and program planning and shall at the same time provide a copy of the analysis to the legislative fiscal analyst. The report must be submitted in an electronic format. The office of budget and program planning shall review each agency's analysis, and the budget director shall submit to the governor a copy of the office of budget and program planning's recommendations for reductions in spending. The budget director shall provide a copy of the recommendations to the legislative fiscal analyst at the time that the recommendations are submitted to the governor and shall provide the legislative fiscal analyst with any proposed changes to the recommendations. The recommendations

must be provided in an electronic format. The legislative finance committee shall meet within 20 days of the date that the proposed changes to the recommendations for reductions in spending are provided to the legislative fiscal analyst. The legislative fiscal analyst shall provide a copy of the legislative fiscal analyst's review of the proposed reductions in spending to the budget director at least 5 days before the meeting of the legislative finance committee. The committee may make recommendations concerning the proposed reductions in spending. The governor shall consider each agency's analysis and the recommendations of the office of budget and program planning and the legislative finance committee in determining the agency's reduction in spending. Reductions in spending must be designed to have the least adverse impact on the provision of services determined to be most integral to the discharge of the agency's statutory responsibilities.

(2) Reductions in spending for the following may not be directed by the governor:

- (a) payment of interest and principal on state debt;
- (b) the legislative branch;
- (c) the judicial branch;
- (d) the school BASE funding program, including special education;
- (e) salaries of elected officials during their terms of office; and
- (f) the Montana school for the deaf and blind.

(3) (a) As used in this section, "projected general fund budget deficit" means an amount, certified by the budget director to the governor, by which the projected ending general fund balance for the biennium is less than:

(i) ~~5%~~ 4% of the general fund appropriations for the second fiscal year of the biennium prior to October of the year preceding a legislative session;

(ii) 1.875% in October of the year preceding a legislative session;

(iii) 1.25% in January of the year in which a legislative session is convened; and

(iv) 0.625% in March of the year in which a legislative session is convened.

(b) In determining the amount of the projected general fund budget deficit, the budget director shall take into account revenue, established levels of appropriation, anticipated supplemental appropriations for school equalization aid and the cost of the state's wildland fire suppression activities exceeding the amount statutorily appropriated in 10-3-312, and anticipated reversions.

(4) If the budget director determines that an amount of actual or projected receipts will result in an amount less than the amount projected to be received in the revenue estimate established pursuant to 5-5-227,

the budget director shall notify the revenue and transportation interim committee of the estimated amount. Within 20 days of notification, the revenue and transportation interim committee shall provide the budget director with any recommendations concerning the amount. The budget director shall consider any recommendations of the revenue and transportation interim committee prior to certifying a projected general fund budget deficit to the governor.

(5) If the budget director certifies a projected general fund budget deficit, the governor may authorize transfers to the general fund from certain accounts as set forth in subsections (6), ~~and (7), and (8).~~

(6) Before January 1, 2021, the governor may authorize transfers from the budget stabilization reserve fund prior to making reductions in spending. A transfer under this subsection may not cause the fund balance of the budget stabilization reserve fund to be less than 1% of all general fund appropriations in the second year of the biennium.

~~(6)(7)~~ The governor may authorize transfers from the budget stabilization reserve fund provided for in 17-7-130. The governor may authorize \$2 of transfers from the fund for each \$1 of reductions in spending.

~~(7)(8)~~ If the budget director certifies a projected general fund budget deficit, the governor may authorize transfers to the general fund from the fire suppression account established in 76-13-150. The amount of funds available for a transfer from this account is up to the sum of the fund balance of the account, plus expected current year revenue, minus the sum of 1% of the general fund appropriations for the second fiscal year of the biennium, plus estimated expenditures from the account for the fiscal year. The governor may authorize \$1 of transfers from the fire suppression account established in 76-13-150 for each \$1 of reductions in spending."

**Section 5. Legislative financial modernization and risk analysis study.** (1) A committee of members of the legislative finance committee and appointed members shall study the long-term future budget and revenue needs with changing economics and demographics.

(2) The study must be conducted by a bipartisan committee consisting of the following:

(a) six members of the legislative finance committee, with three members appointed by the chair and three members appointed by the vice chair; and

(b) four members with two appointed by the chair and vice chair of the committee.

(3) The legislative fiscal division shall provide administrative staff support and fiscal analysis. The legislative services division may provide research and legal support at the request of the committee.

- (4) Subject to direction provided by the committee, the study shall include but is not limited to:
- (a) identifying structural revenue challenges with economic, demographic, and geographical variability considerations;
  - (b) exploring revenue sufficiency for long-term potential expenditures, including but not limited to the following:
    - (i) health care costs, consumption, and funding;
    - (ii) K-12 inflationary increases;
    - (iii) higher education;
    - (iv) pensions;
    - (v) state infrastructure;
    - (vi) natural resource revenue funded programs; and
    - (vii) local government spending including infrastructure; and
  - (c) proposing potential solutions and possible legislation for consideration by the 2021 legislature.

**Section 6. Long term budget stabilization study.** (1) The legislative finance committee shall direct a study of fiscal and economic conditions.

(2) Subject to direction provided by the legislative finance committee the study may include but is not limited to research related to the following topics:

- (a) budget stress tests, including pension stress testing, revenue volatility, revenue trends, expenditure trends, and expenditure volatility;
- (b) local government expenditures and funding;
- (c) financial sustainability of revenue sources supporting natural resource programs, education programs, and medicaid and the children's health insurance program; and
- (d) personal services budgeting practices.

(3) The legislative fiscal division shall complete the study and report the results of the study to the legislative finance committee for consideration and possible legislation to be introduced in the 2021 legislative session.

**Section 7. Appropriations.** (1) There is appropriated \$80,000 for the biennium beginning July 1, 2019,



to the legislative fiscal division from the general fund for interim activities.

(2) There is appropriated \$100 for the biennium beginning July 1, 2019, to the legislative fiscal division from the general fund for the purposes of the study as set forth in [section 6].

(3) If the legislative council approves and requests the appointment of additional members to the interim committees pursuant to 5-5-211, for the biennium beginning July 1, 2019, there is appropriated \$65,000 from the general fund to the legislative services division.

**Section 8. Fund transfers.** (1) By August 15, 2019, the state treasurer shall transfer the following amounts to the general fund:

(a) \$250,000 from the state special revenue account established in 17-6-603; and

(b) \$500,000 from the state special revenue account established in 50-46-345.

(2) By August 15, 2020, the state treasurer shall transfer the following amounts to the general fund:

(a) \$250,000 from the state special revenue account established in 17-6-603; and

(b) \$500,000 from the state special revenue account established in 50-46-345.

**Section 9. Appropriations to executive agencies -- allocations.** (1) The appropriations provided for in this section must be allocated to agencies by the budget director. The budget director shall make the preliminary allocations of the appropriations in the statewide accounting, budgeting, and human resource system by August 15, 2019. Except as provided in subsection (2), the allocated appropriations are considered part of the House Bill No. 2 base budget for the purposes of Title 17, chapter 7.

(2) Prior to establishing the appropriations in the statewide accounting, budgeting, and human resource system, the legislative fiscal analyst and the budget director shall agree in writing which allocated appropriations are not considered part of the base budget for the 67th legislature. The individual appropriations established in the statewide accounting, budgeting, and human resource system must be identifiable to the source of the appropriation by subclass.

(3) In the fiscal year beginning July 1, 2019, the following sums are appropriated to the governor's office for allocation by the budget director:

(a) \$660,000 in general fund;

(b) \$6,880,000 in state special revenue funds;

(c) \$40,000 in federal special revenue funds; and

(d) \$820,000 in proprietary funds.

(4) In the fiscal year beginning July 1, 2020, the following sums are appropriated to the governor's office for allocation by the budget director:

(a) \$730,000 in general fund;

(b) \$5,900,000 in state special revenue funds;

(c) \$40,000 in federal special revenue funds; and

(d) \$720,000 in proprietary funds.

(5) (a) In fiscal year beginning July 1, 2019, the budget director may allocate a total of 13.50 new permanent FTEs to executive agencies.

(b) In fiscal year beginning July 1, 2020, the budget director may allocate a total of 15.50 new permanent FTEs to executive agencies.

**Section 10. Appropriations to department of justice – allocations.** (1) The appropriations provided for in this section are allocated to the department of justice. The department shall make the preliminary allocations of the appropriations among programs by August 15, 2019. Except as provided in subsection (2), the allocated appropriations are considered part of the House Bill No. 2 base budget for the purposes of Title 17, chapter 7.

(2) Prior to establishing the appropriations in the statewide accounting, budgeting, and human resource system, the legislative fiscal analyst and the budget director shall agree in writing which allocated appropriations are not considered part of the base budget for the 67th legislature. The individual appropriations established in the statewide accounting, budgeting, and human resource system must be identifiable to the source of the appropriation by subclass.

(3) In the fiscal year beginning July 1, 2019, the following sums are appropriated to the department of justice:

(a) \$230,000 in general fund; and

(b) \$1,460,000 in state special revenue funds.

(4) In the fiscal year beginning July 1, 2020, the following sums are appropriated to the department of justice:

- (a) \$220,000 in general fund; and
- (b) \$1,460,000 in state special revenue funds.

(5) (a) In each fiscal year beginning July 1, 2019, the department of justice may allocate a total of 6.25 new permanent FTEs to the department of justice.

(b) In each fiscal year beginning July 1, 2020, the department of justice may allocate a total of 12.25 new permanent FTEs to the department of justice.

**Section 11. Appropriations to office of public instruction -- allocations.** (1) The appropriations provided for in this section are allocated to the office of public instruction. The office of public instruction shall make the preliminary allocations of the appropriations among programs by August 15, 2019. Except as provided in subsection (2), the allocated appropriations are considered part of the House Bill No. 2 budget for the purposes of Title 17, chapter 7.

(2) In the fiscal year beginning July 1, 2019, \$30,000 is appropriated one time from the general fund to the office of public instruction.

**Section 12. Appropriations to state auditor's office -- allocations.** (1) The appropriations provided for in this section are allocated to the state auditor's office. The state auditor's office shall make the preliminary allocations of the appropriations among programs by August 15, 2019. Except as provided in subsection (2), the allocated appropriations are considered part of the House Bill No. 2 base budget for the purposes of Title 17, chapter 7.

(2) Prior to establishing the appropriations in the statewide accounting, budgeting, and human resource system, the legislative fiscal analyst and the budget director shall agree in writing which allocated appropriations are not considered part of the base budget for the 67th legislature. The individual appropriations established in the statewide accounting, budgeting, and human resource system must be identifiable to the source of the appropriation by subclass.

(3) In the fiscal year beginning July 1, 2019, the following sums are appropriated to the state auditor's office:

- (a) \$10,100,000 in state special revenue funds; and
- (b) \$34,100,000 in federal special revenue funds.

(4) In the fiscal year beginning July 1, 2020, the following sums are appropriated to the state auditor's office:

(a) \$10,000,000 in state special revenue funds; and

(b) \$34,100,000 in federal special revenue funds.

(5) In each fiscal year beginning July 1, 2019, and July 1, 2020, the state auditor's office may allocate a total of 0.50 new permanent FTEs to the state auditor's office.

**Section 13. Appropriations to public service commission -- allocations -- coordination.** (1) The appropriations provided for in this section are allocated to the public service commission. The public service commission shall make the preliminary allocations of the appropriations among programs by August 15, 2019. Except as provided in subsection (2), the allocated appropriations are considered part of the House Bill No. 2 base budget for the purposes of Title 17, chapter 7.

(2) Prior to establishing the appropriations in the statewide accounting, budgeting, and human resource system, the legislative fiscal analyst and the budget director shall agree in writing which allocated appropriations are not considered part of the base budget for the 67th legislature. The individual appropriations established in the statewide accounting, budgeting, and human resource system must be identifiable to the source of the appropriation by subclass.

(3) If House Bill No. 597 is passed and approved, in the fiscal year beginning July 1, 2019, \$290,000 in state special revenue funds are appropriated to the public service commission.

(4) If House Bill No. 597 is passed and approved, in the fiscal year beginning July 1, 2020, \$270,000 in state special revenue funds are appropriated to the public service commission.

**Section 14. Coordination instruction.** If both [this act] and House Bill No. 636 are passed and approved, then for the biennium beginning July 1, 2019, there is appropriated to department of revenue funds up to \$2,000,000 from the general fund to make payments to a local governing body pursuant to 15-1-402(6)(d) for the purpose of complying with House Bill No. 636, and the department of revenue may request a supplemental appropriation if the appropriation is not sufficient to make all payments in the biennium.

**Section 15. Coordination instruction.** If [this act] and House Bill No. 749 are passed and approved,

then [section 2(1) of House Bill No. 749] must read:

"NEW SECTION. **Section 2. Appropriations.** (1) There is appropriated \$519,815 from a state special revenue account to the credit of the department of justice for the biennium beginning July 1, 2019, for the purpose of establishing a two-person human trafficking enforcement team consisting of two agents from the division of criminal investigation."

**Section 16. Coordination instruction.** If both [this act] and Senate Bill No. 330 are passed and approved, the legislature intends that the department of justice be authorized to enter into contracts, loan agreements, or other forms of indebtedness pursuant to 17-5-2001, not to exceed \$1,311,573 and payable over a term not to exceed 10 years, for financing the cost of implementing the provisions of Senate Bill No. 330. Loans are payable from the state special revenue fund provided for in [section 15 of Senate Bill No. 330].

**Section 17. Coordination instruction.** If both [this act] and House Bill No. 553 are passed and approved, then the section in [this act] amending 17-7-130 is void and 17-7-130 must be amended to read:

"**17-7-130. Budget stabilization reserve fund -- rules for deposits and transfers -- purpose.** (1) There is an account in the state special revenue fund established by 17-2-102 known as the budget stabilization reserve fund.

(2) The purpose of the budget stabilization reserve fund is:

(a) to mitigate budget reductions when there is a revenue shortfall; and

(b) when there are funds in excess of the ~~operating~~ reserve level, to:

(i) pay down the debt service on bonds for capital projects previously authorized by the legislature if allowed without penalty by the terms of the bond issuance; and

(ii) delay, forego, or reduce the amount of an issuance of bonds authorized by the legislature; ~~and~~

~~(iii) allow the funds to remain in the account.~~

(3) By August 1 of each year, the department of administration shall certify to the legislative fiscal analyst and the budget director the following:

(a) the unaudited, unassigned ending fund balance of the general fund for the prior fiscal year; and

(b) the amount of unaudited general fund revenue and transfers into the general fund received in the prior fiscal year recorded when that fiscal year's statewide accounting, budgeting, and human resource system

records are closed. General fund revenue and transfers into the general fund are those recorded in the statewide accounting, budgeting, and human resource system using generally accepted accounting principles in accordance with 17-1-102.

(4) For the fiscal years beginning July 1, 2016, through July 1, 2020, if actual general fund revenue exceeds the revenue estimate established pursuant to 5-5-227 for that fiscal year, excess revenue over the amount of revenue that exceeds the revenue estimate by \$15 million is allocated as follows:

- (a) 50% remains in the general fund; and
- (b) 50% is transferred into the budget stabilization reserve fund on or before August 15 of the following fiscal year.

(5) Starting in the fiscal year beginning July 1, 2021, the state treasurer shall transfer, by August 15 of the following fiscal year:

~~(a) if there is not an operating reserve differential, from the general fund to the budget stabilization reserve fund an amount equal to 50% of the excess revenue for the fiscal year;~~

~~(b) if there is an operating reserve differential for the fiscal year, from the general fund to the budget stabilization reserve fund an amount equal to 50% of the excess revenue for the fiscal year less the operating reserve differential; and~~

~~(c) if the ending fund balance of the general fund for the prior year is less than 6.8% of the amount of all general fund appropriations in the second year of the biennium, from the budget stabilization reserve fund to the general fund up to one-half of the amount in the budget stabilization reserve fund in excess of the amount of 2% of all general fund appropriations in the second year of the biennium in the subsequent fiscal year.~~

(6) After a transfer is made pursuant to subsection (4) or (5), if the balance of the fund exceeds an amount equal to 4.5% of all general fund appropriations in the second year of the biennium in the subsequent fiscal year, any funds in excess of that amount must be transferred to the account established in [section 4 of House Bill No. 553] by August 16 of each fiscal year.

~~(6)~~(7) For the purposes of this section, the following definitions apply:

- (a) "Adjusted revenue" means general fund revenue for the prior fiscal year plus the growth amount.
- (b) "Excess revenue" means the amount of general fund revenue, including transfers in, for the most recently completed fiscal year minus adjusted revenue.
- (c) "Growth amount" means general fund revenue for the prior fiscal year multiplied by the growth rate.

(d) "Growth rate" means the average compound rate of growth of general fund revenue for the most recently completed 6 fiscal years.

~~(e) "Operating reserve differential" means a nonnegative difference from 8.3% of all general fund appropriations in the second year of the biennium minus the sum of the ending fund balance for the prior year and 50% of excess revenue of the prior year."~~

**Section 18. Coordination instruction.** If both [House Bill No. 175] and [this act] are passed and approved, then [section 4(4) of House Bill No. 175] must read:

"(4) The following money is appropriated for the biennium beginning July 1, 2019, to the office of budget and program planning from the designated state fund, to be distributed to agencies when personnel vacancies do not occur or leave payout costs exceed agency resources:

General Fund	\$2,000,000
State Special Revenue	\$700,000
Federal Special Revenue	\$250,000
Proprietary Funds	\$50,000"

**Section 19. Contingent voidness.** (1) If [this act] is passed and approved and does not contain an appropriation for the study set forth in [section 5], [section 5 of this act] is void.

(2) If [this act] is passed and approved and does not contain an appropriation for the study set forth in [section 6], [section 6 of this act] is void.

**Section 20. Effective dates.** (1) Except as provided in subsection (2), [this act] is effective July 1, 2019.

(2) [Sections 2 and 5] and this section are effective May 1, 2019.

**Section 21. Termination.** (1) [Sections 5 and 6] terminate December 1, 2020.

(2) [Section 2] terminates August 15, 2019.

- END -

I hereby certify that the within bill,  
HB 0715, originated in the House.

\_\_\_\_\_  
Speaker of the House

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Chief Clerk of the House

\_\_\_\_\_  
President of the Senate

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2019.



HOUSE BILL NO. 715

INTRODUCED BY L. JONES, N. BALLANCE

AN ACT REVISING LAWS RELATED TO THE BUDGET STABILIZATION RESERVE FUND; REVISING PERCENTAGES FOR REDUCTIONS IN SPENDING; PROVIDING FOR A FINANCIAL MODERNIZATION AND RISK ANALYSIS STUDY TO BE COMPLETED BY A COMMITTEE OF THE LEGISLATIVE FINANCE COMMITTEE AND OTHER MEMBERS; DIRECTING THE LEGISLATIVE FINANCE COMMITTEE TO CONDUCT A STUDY ON LONG-TERM BUDGET STABILIZATION; SETTING PARAMETERS FOR THE STUDIES; PROVIDING FOR A TRANSFER OF FUNDS INTO THE BUDGET STABILIZATION RESERVE FUND; PROVIDING FUND TRANSFERS; PROVIDING FOR APPROPRIATIONS; AMENDING SECTIONS 5-12-205, 10-3-312, 17-7-130, AND 17-7-140, MCA; PROVIDING FOR CONTINGENT VOIDNESS; AND PROVIDING EFFECTIVE DATES AND A TERMINATION DATE.

