

1 SENATE BILL NO. 177

2 INTRODUCED BY D. WANZENRIED

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING REVENUE ESTIMATING LAWS; REQUIRING THE
5 GOVERNOR TO PREPARE FOR INTRODUCTION DURING EACH REGULAR SESSION A BALANCED
6 BUDGET REVENUE ESTIMATE; AUTHORIZING THE GOVERNOR TO PREPARE FOR INTRODUCTION
7 DURING A SPECIAL SESSION OF THE LEGISLATURE A BALANCED BUDGET REVENUE ESTIMATE;
8 PROVIDING THAT THE GOVERNOR'S INTRODUCED BALANCED BUDGET REVENUE ESTIMATE DOES
9 NOT CONSTITUTE THE LEGISLATURE'S REVENUE ESTIMATE UNTIL FINAL ADOPTION OF THE
10 ESTIMATE BY BOTH HOUSES; AND AMENDING SECTIONS 5-3-101, 5-4-205, 5-5-227, AND 17-7-140, MCA."

11

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

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14 NEW SECTION. **Section 1. Governor's balanced budget revenue estimate.** (1) (a) The governor
15 must have prepared by December 15 for introduction during each regular session of the legislature a balanced
16 budget revenue estimate of the amount of revenue projected to be available for legislative appropriation.

17 (b) The governor may prepare for introduction during a special session of the legislature in which a
18 revenue bill or an appropriation bill is under consideration a balanced budget revenue estimate of the amount of
19 projected revenue. The revenue estimate is considered a subject specified in the call of a special session under
20 5-3-101.

21 (2) (a) (i) The governor's balanced budget revenue estimate, as introduced in the legislature, is the official
22 balanced budget revenue estimate until final adoption of the estimate by both houses.

23 (ii) Subject to subsection (2)(b), the estimate and the assumptions underlying the estimate must be used
24 by all agencies with responsibilities for estimating revenue or costs, including the preparation of fiscal notes.

25 (b) (i) The balanced budget revenue estimate and the assumptions underlying the estimate do not
26 constitute the legislature's balanced budget revenue estimate until final adoption of the estimate by both houses.

27 (ii) Upon final adoption by both houses, the adopted balanced budget revenue estimate must be used
28 by all agencies with responsibility for estimating revenue or costs, including the preparation of fiscal notes, and
29 it must be used for the purpose of determining whether there is a projected general fund deficit under 17-7-140.

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1 **Section 2.** Section 5-3-101, MCA, is amended to read:

2 **"5-3-101. Convening of special session -- limiting subjects -- committee meetings --**
3 **compensation.** (1) The legislature may be convened in special session by the governor or at the written request
4 of a majority of the members. Subject to ~~5-5-227~~ [section 1], the governor or the legislature may limit the special
5 session to the subjects specified in the call.

6 (2) (a) A standing committee of the legislature may meet prior to a special session for the purpose of
7 holding hearings and taking action on preintroduced legislation that has been referred to that committee.

8 (b) Public notice of a hearing to be held by a standing committee prior to a special session must be given
9 at least 7 days before the hearing.

10 (3) Members of the legislature engaged in pre-session business for a special session are entitled to
11 receive compensation and expenses as provided in 5-2-302. Members of the legislature are entitled to receive
12 compensation and expenses, as provided in 5-2-301, for the day prior to the convening of a special session."
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14 **Section 3.** Section 5-4-205, MCA, is amended to read:

15 **"5-4-205. Contents of notes.** (1) Fiscal notes must, when possible, show in dollar amounts the
16 estimated increase or decrease in revenue or expenditures, costs that may be absorbed without additional funds,
17 and long-range financial implications. A comment or opinion relative to the merits of the bill may not be included
18 in the fiscal note. However, technical or mechanical defects may be noted.

19 (2) It is the legislature's intent that a fiscal note be prepared as an objective analysis of the fiscal impact
20 of legislation. The fiscal note should represent only the estimate of the revenue and expenditures that would result
21 from the implementation of the legislation, if enacted, and may not in any way reflect the views or opinions of the
22 preparing agencies, the sponsor, or other interested parties. Changes in revenue must be estimated for each
23 reported year based upon appropriate revenue estimating methodologies for the source of revenue described
24 and should reflect a change from the official revenue estimate provided for in ~~5-5-227~~ [section 1]. Expenditures
25 must be estimated as the amount required for implementing the legislation, if enacted, in excess of or as a
26 reduction to the present law base level of expenditures in each reported year regardless of whether or not the
27 preparing agency determines that it can absorb the costs in its proposed budget.

28 (3) The fiscal note must clearly differentiate between facts and assumptions made in the preparation of
29 the fiscal note while maintaining a logical flow of both fact and assumption in presenting how the fiscal impact
30 is determined."

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2 **Section 4.** Section 5-5-227, MCA, is amended to read:

3 **"5-5-227. Revenue and transportation interim committee -- powers and duties -- revenue**
4 **estimating and use of estimates.** (1) The revenue and transportation interim committee has administrative rule
5 review, draft legislation review, program evaluation, and monitoring functions for the department of revenue and
6 the department of transportation and the entities attached to the departments for administrative purposes.

7 ~~(2) (a) The committee must have prepared by December 1 for introduction during each regular session~~
8 ~~of the legislature in which a revenue bill is under consideration an estimate of the amount of revenue projected~~
9 ~~to be available for legislative appropriation.~~

10 ~~———— (b) The committee may prepare for introduction during a special session of the legislature in which a~~
11 ~~revenue bill or an appropriation bill is under consideration an estimate of the amount of projected revenue. The~~
12 ~~revenue estimate is considered a subject specified in the call of a special session under 5-3-101.~~

13 ~~———— (3) The committee's estimate, as introduced in the legislature, constitutes the legislature's current~~
14 ~~revenue estimate until amended or until final adoption of the estimate by both houses. It is intended that the~~
15 ~~legislature's estimates and the assumptions underlying the estimates will be used by all agencies with~~
16 ~~responsibilities for estimating revenue or costs, including the preparation of fiscal notes.~~

17 ~~(4)(2)~~ The legislative services division shall provide staff assistance to the committee. The committee
18 may request the assistance of the staffs of the office of the legislative fiscal analyst, the legislative auditor, the
19 department of revenue, and any other agency that has information regarding any of the tax or revenue bases of
20 the state."

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22 **Section 5.** Section 17-7-140, MCA, is amended to read:

23 **"17-7-140. Reduction in spending.** (1) (a) As the chief budget officer of the state, the governor shall
24 ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in
25 subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the
26 criteria provided in subsection (1)(b), shall direct agencies to reduce spending in an amount that ensures that the
27 projected ending general fund balance for the biennium will be at least 1% of all general fund appropriations
28 during the biennium. An agency may not be required to reduce general fund spending for any program, as defined
29 in each general appropriations act, by more than 10% during a biennium. Departments or agencies headed by
30 elected officials or the board of regents may not be required to reduce general fund spending by a percentage

1 greater than the percentage of general fund spending reductions required for the total of all other executive
2 branch agencies. The legislature may exempt from a reduction an appropriation item within a program or may
3 direct that the appropriation item may not be reduced by more than 10%.

4 (b) The governor shall direct agencies to manage their budgets in order to reduce general fund
5 expenditures. Prior to directing agencies to reduce spending as provided in subsection (1)(a), the governor shall
6 direct each agency to analyze the nature of each program that receives a general fund appropriation to determine
7 whether the program is mandatory or permissive and to analyze the impact of the proposed reduction in spending
8 on the purpose of the program. An agency shall submit its analysis to the office of budget and program planning
9 and shall at the same time provide a copy of the analysis to the legislative fiscal analyst. The office of budget and
10 program planning shall review each agency's analysis, and the budget director shall submit to the governor a
11 copy of the office of budget and program planning's recommendations for reductions in spending. The budget
12 director shall provide a copy of the recommendations to the legislative fiscal analyst at the time that the
13 recommendations are submitted to the governor and shall provide the legislative fiscal analyst with any proposed
14 changes to the recommendations. The legislative finance committee shall meet within 20 days of the date that
15 the proposed changes to the recommendations for reductions in spending are provided to the legislative fiscal
16 analyst. The legislative fiscal analyst shall provide a copy of the legislative fiscal analyst's review of the proposed
17 reductions in spending to the budget director at least 5 days before the meeting of the legislative finance
18 committee. The committee may make recommendations concerning the proposed reductions in spending. The
19 governor shall consider each agency's analysis and the recommendations of the office of budget and program
20 planning and the legislative finance committee in determining the agency's reduction in spending. Reductions in
21 spending must be designed to have the least adverse impact on the provision of services determined to be most
22 integral to the discharge of the agency's statutory responsibilities.

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

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

30 (3) (a) As used in this section, "projected general fund budget deficit" means an amount, certified by the

1 budget director to the governor, by which the projected ending general fund balance for the biennium is less than:

2 (i) 2% of the general fund appropriations for the second fiscal year of the biennium prior to October of
3 the year preceding a legislative session;

4 (ii) 3/4 of 1% in October of the year preceding a legislative session;

5 (iii) 1/2 of 1% in January of the year in which a legislative session is convened; and

6 (iv) 1/4 of 1% in March of the year in which a legislative session is convened.

7 (b) In determining the amount of the projected general fund budget deficit, the budget director shall take
8 into account revenue, established levels of appropriation, anticipated supplemental appropriations for school
9 equalization aid, and anticipated reversions.

10 (4) If the budget director determines that an amount of actual or projected receipts will result in an
11 amount less than the amount projected to be received in the revenue estimate established pursuant to ~~5-5-227~~
12 [section 1], the budget director shall notify the revenue and transportation interim committee of the estimated
13 amount. Within 20 days of notification, the revenue and transportation interim committee shall provide the budget
14 director with any recommendations concerning the amount. The budget director shall consider any
15 recommendations of the revenue and transportation interim committee prior to certifying a projected general fund
16 budget deficit to the governor."

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18 **NEW SECTION. Section 6. Codification instruction.** [Section 1] is intended to be codified as an
19 integral part of Title 17, chapter 7, and the provisions of Title 17, chapter 7, apply to [section 1].

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