

SENATE BILL NO. 226

INTRODUCED BY G. VANCE, B. BENNETT, C. BOLAND, D. BROWN, S. FITZPATRICK, J. GROSS,
D. SANDS, R. WEBB, J. WELBORN

BY REQUEST OF THE SENATE HIGHWAYS AND TRANSPORTATION STANDING COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A TRANSPORTATION INTERIM COMMITTEE AND A REVENUE INTERIM COMMITTEE; ESTABLISHING THE DUTIES OF THE COMMITTEES; REASSIGNING INTERIM COMMITTEE FUNCTIONS; AMENDING SECTIONS 5-5-202, 5-5-211, 5-5-226, 5-5-227, 5-12-302, 15-1-230, 15-6-232, 15-7-111, 15-24-3211, 15-30-3112, 15-31-322, 15-32-703, 15-70-433, 15-70-450, 17-7-140, 60-2-119, AND 61-10-154, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

WHEREAS, the Legislature recognizes that transportation issues in Montana warrant the attention and focus of a separate interim committee; and

WHEREAS, the Legislature intends to form a Transportation Interim Committee to be composed of the traditional interim committee membership specified in section 5-5-211, MCA, and for the committee to hold six meetings during the 2019-2020 interim; and

WHEREAS, the Legislature intends that the creation of the Transportation Interim Committee will lessen the workload of the Revenue Interim Committee with respect to the Department of Transportation and the workload of the Law and Justice Interim Committee with respect to the Department of Justice's Motor Vehicles Division, allowing the Transportation Interim Committee to have a minimal impact on the Legislative Branch's interim committee budget; and

WHEREAS, the Legislature intends the Transportation Interim Committee to prepare a final report that includes a recommendation to the 2021 Legislature regarding whether to maintain a separate Transportation Interim Committee into the future.

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

NEW SECTION. Section 1. Transportation interim committee. The transportation interim committee has administrative rule review, draft legislation review, program evaluation, and monitoring functions for the department of transportation, the motor vehicles division of the department of justice, and the entities attached

1 to the department of transportation for administrative purposes.

2

3 **Section 2.** Section 5-5-202, MCA, is amended to read:

4 **"5-5-202. Interim committees.** (1) During an interim when the legislature is not in session, the
5 committees listed in subsection (2) are the interim committees of the legislature. They are empowered to sit as
6 committees and may act in their respective areas of responsibility. The functions of the legislative council,
7 legislative audit committee, legislative finance committee, environmental quality council, state-tribal relations
8 committee, and local government committee are provided for in the statutes governing those committees.

9 (2) The following are the interim committees of the legislature:

10 (a) economic affairs committee;

11 (b) education committee;

12 (c) children, families, health, and human services committee;

13 (d) law and justice committee;

14 (e) energy and telecommunications committee;

15 (f) revenue ~~and transportation~~ committee;

16 (g) state administration and veterans' affairs committee; ~~and~~

17 (h) transportation committee; and

18 ~~(h)~~(i) water policy committee.

19 (3) An interim committee, the local government committee, or the environmental quality council may refer
20 an issue to another committee that the referring committee determines to be more appropriate for the
21 consideration of the issue. Upon the acceptance of the referred issue, the accepting committee shall consider
22 the issue as if the issue were originally within its jurisdiction. If the committee that is referred an issue declines
23 to accept the issue, the original committee retains jurisdiction.

24 (4) If there is a dispute between committees as to which committee has proper jurisdiction over a subject,
25 the legislative council shall determine the most appropriate committee and assign the subject to that committee.
26 If there is an entity that is attached to an agency for administrative purposes under the jurisdiction of an interim
27 committee and another interim committee has a justification to seek jurisdiction and petitions the legislative
28 council, the legislative council may assign that entity to the interim committee seeking jurisdiction unless
29 otherwise provided by law."
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1 **Section 3.** Section 5-5-211, MCA, is amended to read:

2 **"5-5-211. Appointment and composition of interim committees.** (1) Senate interim committee
3 members must be appointed by the committee on committees.

4 (2) House interim committee members must be appointed by the speaker of the house.

5 (3) Appointments to interim committees must be made by the time of adjournment of the legislative
6 session.

7 (4) A legislator may not serve on more than two interim committees unless no other legislator is available
8 or is willing to serve.

9 (5) (a) Subject to 5-5-234 and ~~subsections~~ subsection (5)(b) and ~~(5)(c)~~ of this section, the composition
10 of each interim committee must be as follows:

11 (i) four members of the house, two from the majority party and two from the minority party; and

12 (ii) four members of the senate, two from the majority party and two from the minority party.

13 (b) If the committee workload requires, the legislative council may request the appointing authority to
14 appoint one or two additional interim committee members from the majority party and the minority party.

15 ~~(c) For fiscal years 2018 and 2019, the legislative council may request the appointment to the local
16 government committee of no fewer than four members and up to eight members, with membership from the
17 house and senate and majority and minority parties in equal numbers.~~

18 (6) The membership of the interim committees must be provided for by legislative rules. The rules must
19 identify the committees from which members are selected, and the appointing authority shall attempt to select
20 not less than 50% of the members from the standing committees that consider issues within the jurisdiction of
21 the interim committee and at least one member from the joint subcommittee that considers the related agency
22 budgets. In making the appointments, the appointing authority shall take into account term limits of members so
23 that committee members will be available to follow through on committee activities and recommendations in the
24 next legislative session.

25 (7) An interim committee or the environmental quality council may create subcommittees. Nonlegislative
26 members may serve on a subcommittee. Unless the person is a full-time salaried officer or employee of the state
27 or a political subdivision of the state, a nonlegislative member appointed to a subcommittee is entitled to salary
28 and expenses to the same extent as a legislative member. If the appointee is a full-time salaried officer or
29 employee of the state or of a political subdivision of the state, the appointee is entitled to reimbursement for travel
30 expenses as provided for in 2-18-501 through 2-18-503."

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Section 4. Section 5-5-226, MCA, is amended to read:

"5-5-226. Law and justice interim committee. The law and justice interim committee has administrative rule review, draft legislation review, program evaluation, and monitoring functions for the office of state public defender, the department of corrections, ~~and the department of justice~~ except for the motor vehicles division pursuant to [section 1], and the entities attached to the departments for administrative purposes. The committee shall act as a liaison with the judiciary."

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

"5-5-227. Revenue ~~and transportation~~ interim committee -- powers and duties -- revenue estimating and use of estimates. (1) The revenue ~~and transportation~~ interim committee has administrative rule review, draft legislation review, program evaluation, and monitoring functions for the state tax appeal board established in 2-15-1015 and for the department of revenue ~~and the department of transportation~~ and the entities attached to the ~~departments~~ department for administrative purposes, except the division of the department of ~~revenue~~ that administers the Montana Alcoholic Beverage Code.

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

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

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

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

1 **Section 6.** Section 5-12-302, MCA, is amended to read:

2 **"5-12-302. Fiscal analyst's duties.** The legislative fiscal analyst shall:

3 (1) provide for fiscal analysis of state government and accumulate, compile, analyze, and furnish
4 information bearing upon the financial matters of the state that is relevant to issues of policy and questions of
5 statewide importance, including but not limited to investigation and study of the possibilities of effecting economy
6 and efficiency in state government;

7 (2) estimate revenue from existing and proposed taxes;

8 (3) analyze the executive budget and budget requests of selected state agencies and institutions,
9 including proposals for the construction of capital improvements;

10 (4) make the reports and recommendations that the legislative fiscal analyst considers desirable to the
11 legislature and make reports and recommendations as requested by the legislative finance committee and the
12 legislature;

13 (5) assist committees of the legislature and individual legislators in compiling and analyzing financial
14 information;

15 (6) assist the revenue ~~and transportation~~ interim committee in performing its revenue estimating duties;
16 and

17 (7) review all reports submitted to the legislative fiscal analyst and notify the legislative finance committee
18 of any concerns the fiscal analyst identifies in a report."

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20 **Section 7.** Section 15-1-230, MCA, is amended to read:

21 **"15-1-230. (Temporary) Report on income tax credit to committee.** The department shall report to
22 the revenue ~~and transportation~~ interim committee biennially, in accordance with 5-11-210, the number and type
23 of taxpayers claiming the credit under 15-30-2328, the total amount of the credit claimed, the total amount of the
24 credit recaptured, and the department's cost associated with administering the credit. (Terminates December 31,
25 2019--secs. 2 through 8, Ch. 317, L. 2013.)"

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27 **Section 8.** Section 15-6-232, MCA, is amended to read:

28 **"15-6-232. (Temporary) Public listing of exempt property.** (1) The department shall maintain a public
29 listing of real property that is exempt from property taxation under the provisions of 15-6-201(1)(b), (1)(e) through
30 (1)(g), (1)(i), (1)(k), (1)(l), (1)(n), and (1)(o), 15-6-203, 15-6-209, 15-6-221, and 15-6-227 by utilizing information

1 that is obtained during the application process in 15-6-231 and from new applications for property tax exemptions.

2 (2) The public listing must be a free internet database of tax-exempt parcels that is organized by county
3 and type of exemption and includes the following information:

4 (a) the county in which the exempt real property is located;

5 (b) the name of the owner or entity utilizing the exemption;

6 (c) the mailing address of the owner or entity utilizing the exemption;

7 (d) the exempt real property's legal description and total exempt area, including the square footage or
8 acreage of the parcel and the square footage of any buildings;

9 (e) the property address of the exempt real property;

10 (f) the type of exemption; and

11 (g) any additional information considered relevant by the department.

12 (3) The department shall report biennially to the revenue ~~and transportation~~ interim committee, in
13 accordance with 5-11-210, with an update of the review and determination process under 15-6-231 and this
14 section. (Terminates December 31, 2021--sec. 8, Ch. 372, L. 2015.)"

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16 **Section 9.** Section 15-7-111, MCA, is amended to read:

17 **"15-7-111. Periodic reappraisal of certain taxable property.** (1) The department shall administer and
18 supervise a program for the reappraisal of all taxable property within class three under 15-6-133, class four under
19 15-6-134, and class ten under 15-6-143 as provided in this section. All other property must be revalued annually.
20 Beginning January 1, 2015, all property within class three and class four must be revalued every 2 years, and
21 all property within class ten must be revalued every 6 years.

22 (2) The department shall value newly constructed, remodeled, or reclassified property in a manner
23 consistent with the valuation within the same class and the values established pursuant to subsection (1) and
24 shall phase in the value of class ten property. The department shall adopt rules for determining the assessed
25 valuation of new, remodeled, or reclassified property within the same class and the phased-in value of class ten
26 property.

27 (3) The reappraisal of class three and class four property is complete on December 31 of every second
28 year of the reappraisal cycle, and the reappraisal of class ten property is complete on December 31 of the sixth
29 year of the reappraisal cycle. The amount of the change in valuation from the base year for class ten property
30 must be phased in each year at the rate of 16.66% of the change in valuation.

1 (4) During the second year of each reappraisal cycle, the department shall provide the revenue ~~and~~
 2 ~~transportation~~ interim committee with a report, in accordance with 5-11-210, of tax rates for the upcoming
 3 reappraisal cycle that will result in taxable value neutrality for each property class.

4 (5) The department shall administer and supervise a program for the reappraisal of all taxable property
 5 within classes three and four. The department shall adopt a reappraisal plan by rule. The reappraisal plan
 6 adopted must provide that all class three and class four property in each county is revalued by January 1 of the
 7 second year of the reappraisal cycle, effective for January 1 of the following year, and each succeeding 2 years,
 8 and must provide that all class ten property in each county is revalued by January 1, 2015, effective for January
 9 1, 2015, and each succeeding 6 years. The resulting valuation changes for class ten property must be phased
 10 in for each year until the next reappraisal. If a percentage of change for each year is not established, then the
 11 percentage of phasein for class ten property each year is 16.66%.

12 (6) (a) In completing the appraisal or adjustments under subsection (5), the department shall, as
 13 provided in the reappraisal plan, conduct individual property inspections, building permit reviews, sales data
 14 verification reviews, and electronic data reviews. The department may adopt new technologies for recognizing
 15 changes to property.

16 (b) The department shall conduct a field inspection of a sufficient number of taxable properties to meet
 17 the requirements of subsection (5)."

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19 **Section 10.** Section 15-24-3211, MCA, is amended to read:

20 **"15-24-3211. Report to interim committee.** The department shall report to the revenue ~~and~~
 21 ~~transportation~~ interim committee biennially, in accordance with 5-11-210, on the use of property tax abatements
 22 under 15-24-3202 and 15-24-3203. The committee shall, based on information contained in the report, make
 23 recommendations to the next legislature on the continuation or structure of the abatement."

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25 **Section 11.** Section 15-30-3112, MCA, is amended to read:

26 **"15-30-3112. (Temporary) Report to revenue ~~and transportation~~ interim committee -- student**
 27 **scholarship organizations.** Each biennium, the department shall provide to the revenue ~~and transportation~~
 28 interim committee, in accordance with 5-11-210, a list of student scholarship organizations receiving contributions
 29 from businesses and individuals that are granted tax credits under 15-30-3111. The listing must detail the tax
 30 credits claimed under the individual income tax in chapter 30 and the corporate income tax in chapter 31.

1 (Terminates December 31, 2023--sec. 33, Ch. 457, L. 2015.)"

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3 **Section 12.** Section 15-31-322, MCA, is amended to read:

4 **"15-31-322. Water's-edge election -- inclusion of tax havens.** (1) Notwithstanding any other
5 provisions of law, a taxpayer subject to the taxes imposed under this chapter may apportion its income under this
6 section. A return under a water's-edge election must include the income and apportionment factors of the
7 following affiliated corporations only:

8 (a) a corporation incorporated in the United States in a unitary relationship with the taxpayer and eligible
9 to be included in a federal consolidated return as described in 26 U.S.C. 1501 through 1505 that has more than
10 20% of its payroll and property assignable to locations inside the United States. For purposes of determining
11 eligibility for inclusion in a federal consolidated return under this subsection (1)(a), the 80% stock ownership
12 requirements of 26 U.S.C. 1504 must be reduced to ownership of over 50% of the voting stock directly or
13 indirectly owned or controlled by an includable corporation.

14 (b) domestic international sales corporations, as described in 26 U.S.C. 991 through 994, and foreign
15 sales corporations, as described in 26 U.S.C. 921 through 927;

16 (c) export trade corporations, as described in 26 U.S.C. 970 and 971;

17 (d) foreign corporations deriving gain or loss from disposition of a United States real property interest
18 to the extent recognized under 26 U.S.C. 897;

19 (e) a corporation incorporated outside the United States if over 50% of its voting stock is owned directly
20 or indirectly by the taxpayer and if more than 20% of the average of its payroll and property is assignable to a
21 location inside the United States; or

22 (f) a corporation that is in a unitary relationship with the taxpayer and that is incorporated in a tax haven,
23 including Andorra, Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Bahrain, Barbados, Belize, Bermuda,
24 British Virgin Islands, Cayman Islands, Cook Islands, Cyprus, Dominica, Gibraltar, Grenada,
25 Guernsey-Sark-Alderney, Isle of Man, Jersey, Liberia, Liechtenstein, Luxembourg, Malta, Marshall Islands,
26 Mauritius, Monaco, Montserrat, Nauru, Netherlands Antilles, Niue, Panama, Samoa, San Marino, Seychelles, St.
27 Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Turks and Caicos Islands, U.S. Virgin Islands, and
28 Vanuatu.

29 (2) The department shall report biennially, in accordance with 5-11-210, to the revenue ~~and~~
30 ~~transportation~~ interim committee with an update of countries that may be considered a tax haven under

1 subsection (1)(f)."

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3 **Section 13.** Section 15-32-703, MCA, is amended to read:

4 **"15-32-703. Biodiesel blending and storage tax credit -- recapture -- report to interim committee.**

5 (1) An individual, corporation, partnership, or small business corporation, as defined in 15-30-3301, may receive
6 a credit against taxes imposed by Title 15, chapter 30 or 31, for the costs of investments in depreciable property
7 used for storing or blending biodiesel with petroleum diesel for sale.

8 (2) Subject to subsection (4), a special fuel distributor or an owner or operator of a motor fuel outlet
9 qualifying for a credit under this section is entitled to claim a credit, as provided in subsection (3), for the costs
10 described in subsection (1) incurred in the 2 tax years before the taxpayer begins blending biodiesel fuel for sale
11 or in any tax year in which the taxpayer is blending biodiesel fuel for sale.

12 (3) (a) The total amount of the credits for all years that may be claimed by a distributor under this section
13 is 15% of the costs described in subsection (1), up to a total of \$52,500.

14 (b) The total amount of the credits for all years that may be claimed by an owner or operator of a motor
15 fuel outlet under this section is 15% of the costs described in subsection (1), up to a total of \$7,500.

16 (4) The following requirements must also be met for a taxpayer to be entitled to a tax credit under this
17 section:

18 (a) The investment must be for depreciable property used primarily to blend petroleum diesel with
19 biodiesel made entirely from Montana-produced feedstocks.

20 (b) Sales of biodiesel must be at least 2% of the taxpayer's total diesel sales by the end of the third year
21 following the initial tax year in which the credit is initially claimed.

22 (c) (i) The taxpayer claiming a credit must be a person who as an owner, including a contract purchaser
23 or lessee, or who pursuant to an agreement owns, leases, or has a beneficial interest in a business that blends
24 biodiesel.

25 (ii) If more than one person has an interest in a business with qualifying property, they may allocate all
26 or any part of the investment cost among themselves and their successors or assigns.

27 (d) The business must be owned or leased during the tax year by the taxpayer claiming the credit, except
28 as otherwise provided in subsection (4)(c), and, except for the 2 tax-year period claimed in subsection (2), must
29 have been blending biodiesel during the tax year for which the credit is claimed.

30 (5) The credit provided by this section is not in lieu of any depreciation or amortization deduction for the

1 investment or other tax incentive to which the taxpayer otherwise may be entitled under Title 15.

2 (6) A tax credit allowable under this section that is not completely used by the taxpayer in the tax year
3 in which the credit is initially claimed may be carried forward for credit against the taxpayer's tax liability for any
4 succeeding tax year until the total amount of the credit has been deducted from tax liability. However, a credit may
5 not be carried forward to any tax year in which the facility is not blending biodiesel or storing biodiesel for blending
6 or beyond the 7th tax year after the tax year for which the credit was initially claimed. If a facility for which a credit
7 is claimed ceases blending of biodiesel with petroleum diesel for sale for a period of 12 continuous months within
8 5 years after the initial claiming of a credit under this section or within 5 years after a year in which the credit was
9 carried forward or if the taxpayer claiming the credit fails to satisfy the conditions of subsection (4)(b), the total
10 credit is subject to recapture. The person claiming the credit is liable for the total amount of the credit in the event
11 of recapture.

12 (7) The taxpayer's adjusted basis for determining gain or loss may not be further decreased by any tax
13 credits allowed under this section.

14 (8) If the taxpayer is a shareholder of an electing small business corporation, the credit must be
15 computed using the shareholder's pro rata share of the corporation's cost of investing in the biodiesel blending
16 facility. In all other respects, the allowance and effect of the tax credit apply to the corporation as otherwise
17 provided by law.

18 (9) As used in this section, "biodiesel" has the meaning provided in 15-70-401.

19 (10) The department shall report to the revenue ~~and transportation~~ interim committee biennially, in
20 accordance with 5-11-210, regarding the number and type of taxpayers claiming the credit under this section, the
21 total amount of the credit claimed, and the department's cost associated with administering the credit."
22

23 **Section 14.** Section 15-70-433, MCA, is amended to read:

24 **"15-70-433. Refund for taxes paid on biodiesel by distributor or retailer -- statement -- payment**
25 **-- appropriation -- records -- report to interim committee.** (1) A licensed distributor who pays the special fuel
26 tax under 15-70-403 on biodiesel, as defined in 15-70-401, may claim a refund equal to 2 cents a gallon on
27 biodiesel sold during the previous calendar quarter if the biodiesel is produced entirely from biodiesel ingredients
28 produced in Montana.

29 (2) The owner or operator of a retail motor fuel outlet may claim a refund equal to 1 cent a gallon on
30 biodiesel on which the special fuel tax has been paid and that is purchased from a licensed distributor if the

1 biodiesel is produced entirely from biodiesel ingredients produced in Montana.

2 (3) (a) To receive the refund allowed under subsection (1) or (2), the licensed distributor or the owner
3 or operator of a motor fuel outlet shall file a statement within 30 days after the end of each calendar quarter on
4 a form provided by the department.

5 (b) The statement provided by a licensed distributor must set forth information required by the
6 department, including the gallons of biodiesel sold and the source of ingredients used to produce biodiesel.

7 (c) The statement provided by the owner or operator of a retail motor fuel outlet must set forth information
8 required by the department, including the gallons of biodiesel purchased.

9 (4) The payment of the refund allowed by this section must be made by the department within 90 days
10 after the claim for a refund is filed by the licensed distributor or the owner or operator of a retail motor fuel outlet.
11 Tax refund payments under this section are statutorily appropriated, as provided in 17-7-502, from the state
12 general fund.

13 (5) The records of each licensed distributor or owner or operator of a retail motor fuel outlet must be kept
14 for a period of not more than 3 years and must include receipts, invoices, and other information as the department
15 may require.

16 (6) The department or its authorized representative may examine the books, papers, or records of any
17 licensed distributor or owner or operator of a retail motor fuel outlet.

18 (7) The department shall report to the revenue ~~and transportation~~ interim committee biennially, in
19 accordance with 5-11-210, the number and type of taxpayers claiming the refund under this section, the total
20 amount of the refund claimed, and the department's cost associated with administering the refund."
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22 **Section 15.** Section 15-70-450, MCA, is amended to read:

23 **"15-70-450. Cooperative agreement -- motor fuels taxes.** In order to prevent the possibility of dual
24 taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, the department
25 and an Indian tribe may enter into a cooperative agreement. The department may, with the concurrence of the
26 attorney general, include as a member of the negotiating team a representative of the department of justice who
27 has expertise in Indian matters. The department of transportation shall report the status of cooperative agreement
28 negotiations to the ~~revenue and~~ transportation interim committee. After negotiations are complete and if the
29 legislature is not in session, the agreement must be presented to the committee for review and comment before
30 the final agreement is submitted to the attorney general for approval pursuant to 18-11-105."

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2 **Section 16.** Section 17-7-140, MCA, is amended to read:

3 **"17-7-140. Reduction in spending.** (1) (a) As the chief budget officer of the state, the governor shall
4 ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in
5 subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the
6 criteria provided in subsection (1)(c), shall direct agencies to reduce spending in an amount that ensures that the
7 projected ending general fund balance for the biennium will be at least:

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

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

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

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

16 (b) An agency may not be required to reduce general fund spending for any program, as defined in each
17 general appropriations act, by more than 10% during a biennium. Departments or agencies headed by elected
18 officials or the board of regents may not be required to reduce general fund spending by a percentage greater
19 than the percentage of general fund spending reductions required for the total of all other executive branch
20 agencies. The legislature may exempt from a reduction an appropriation item within a program or may direct that
21 the appropriation item may not be reduced by more than 10%.

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

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

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

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

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

- 21 (i) 5% of the general fund appropriations for the second fiscal year of the biennium prior to October of
22 the year preceding a legislative session;
23 (ii) 1.875% in October of the year preceding a legislative session;
24 (iii) 1.25% in January of the year in which a legislative session is convened; and
25 (iv) 0.625% in March of the year in which a legislative session is convened.

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

30 (4) If the budget director determines that an amount of actual or projected receipts will result in an

1 amount less than the amount projected to be received in the revenue estimate established pursuant to 5-5-227,
 2 the budget director shall notify the revenue ~~and transportation~~ interim committee of the estimated amount. Within
 3 20 days of notification, the revenue ~~and transportation~~ interim committee shall provide the budget director with
 4 any recommendations concerning the amount. The budget director shall consider any recommendations of the
 5 revenue ~~and transportation~~ interim committee prior to certifying a projected general fund budget deficit to the
 6 governor.

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

9 (6) The governor may authorize transfers from the budget stabilization reserve fund provided for in
 10 17-7-130. The governor may authorize \$2 of transfers from the fund for each \$1 of reductions in spending.

11 (7) If the budget director certifies a projected general fund budget deficit, the governor may authorize
 12 transfers to the general fund from the fire suppression account established in 76-13-150. The amount of funds
 13 available for a transfer from this account is up to the sum of the fund balance of the account, plus expected
 14 current year revenue, minus the sum of 1% of the general fund appropriations for the second fiscal year of the
 15 biennium, plus estimated expenditures from the account for the fiscal year. The governor may authorize \$1 of
 16 transfers from the fire suppression account established in 76-13-150 for each \$1 of reductions in spending."
 17

18 **Section 17.** Section 60-2-119, MCA, is amended to read:

19 **"60-2-119. (Temporary) Limit on projects -- reporting requirement.** (1) The commission may award
 20 alternative project delivery contracts for no more than four projects by December 31, 2024.

21 (2) A project awarded but not completed by December 31, 2024, is authorized to proceed until final
 22 completion of the project.

23 (3) (a) The department shall provide an annual report to the governor and to the ~~revenue and~~
 24 ~~transportation~~ interim committee, as provided for in 5-5-227 in accordance with 5-11-210. The report must contain
 25 a benefit analysis of alternative project delivery contracting in comparison to other contracting processes
 26 authorized in 60-2-111.

27 (b) The department shall report to the governor and the ~~revenue and~~ transportation interim committee
 28 upon request to provide information about alternative project delivery contracting. (Terminates December 31,
 29 2024--sec. 6, Ch. 54, L. 2017.)"
 30

1 **Section 18.** Section 61-10-154, MCA, is amended to read:

2 **"61-10-154. Department of transportation to adopt motor carrier safety standards -- enforcement**
3 **-- designation of peace officers -- duties -- violations.** (1) As used in this section, the terms "for-hire motor
4 carrier", "private motor carrier", "gross vehicle weight rating", and "gross combination weight rating" have the
5 same meaning as provided in 49 CFR 390.5.

6 (2) The department of transportation shall adopt, by rule, standards for safety of operations of:

7 (a) any for-hire motor carrier or any private motor carrier;

8 (b) any motor vehicle or vehicle combination used in interstate commerce that has a gross vehicle weight
9 rating, gross combination weight rating, gross vehicle weight, or gross combination weight, whichever is greater,
10 of 10,001 pounds or more;

11 (c) any motor vehicle or vehicle combination used in intrastate commerce that has a gross vehicle weight
12 rating, gross combination weight rating, gross vehicle weight, or gross combination weight, whichever is greater,
13 of 26,001 pounds or more and that is not a farm vehicle operating solely in Montana;

14 (d) any motor vehicle that is designed or used to transport at least 16 passengers, including the driver,
15 and that is not used to transport passengers for compensation;

16 (e) any motor vehicle that is designed or used to transport at least nine passengers, including the driver,
17 for compensation; or

18 (f) any motor vehicle that is used to transport hazardous materials of a type or quantity that requires the
19 vehicle to be marked or placarded in accordance with federal hazardous materials regulations in 49 CFR, part
20 172.

21 (3) Standards of safety adopted under this section must substantially comply, within allowed tolerance
22 guidelines, to the federal motor carrier safety regulations and the federal hazardous material regulations as
23 applied to motor carriers and vehicles transporting passengers or property in commerce.

24 (4) The department of transportation shall work with the highway patrol in the enforcement of safety
25 standards adopted pursuant to this section. The highway patrol and the department of transportation shall
26 cooperate to ensure minimum duplication and maximum coordination of enforcement efforts.

27 (5) In order to enforce compliance with safety standards adopted pursuant to this section, the department
28 of transportation shall designate employees as peace officers. The designated employees must be employed in
29 the administration of the motor carrier services functions of the department of transportation. Each employee
30 designated as a peace officer may:

1 (a) issue citations and make arrests in connection with violations of safety standards adopted under this
 2 section;

3 (b) issue summonses;

4 (c) accept bail;

5 (d) serve warrants for arrest;

6 (e) make reasonable inspections of cargo carried by commercial motor vehicles;

7 (f) enforce the provisions of Title 49 of the United States Code and regulations that have been adopted
 8 under Title 49 and make reasonable safety inspections of commercial motor vehicles used by motor carriers; and

9 (g) require production of documents relating to the cargo, driver, routing, or ownership of commercial
 10 motor vehicles.

11 (6) In addition to other enforcement duties assigned under 61-10-141 and this section, an employee of
 12 the department of transportation who is appointed as a peace officer pursuant to 61-12-201 or this section has:

13 (a) the same authority to enforce provisions of the motor carriers law as that granted to the public service
 14 commission under 69-12-203;

15 (b) the duty to secure or make copies, or both, of all bills of lading or other evidence of delivery for
 16 shipment of agricultural seeds, as defined in 80-5-120, that have been sold or are intended for sale in Montana
 17 and to forward the copies to the department of agriculture within 24 hours of the date that the bill of lading was
 18 obtained; and

19 (c) the authority, if probable cause exists, to stop and inspect a supply tank connected to the engine of
 20 any diesel-powered motor vehicle operating on the public highways of this state in order to determine compliance
 21 with Title 15, chapter 70, part 4.

22 (7) A violation of the standards adopted pursuant to this section is punishable as provided in 61-9-512,
 23 and the court, upon conviction, as defined in 61-5-213, shall forward a record of conviction to the department
 24 within 5 days in accordance with 61-11-101.

25 (8) The department of transportation shall report to the ~~revenue and~~ transportation interim committee
 26 biennially, in accordance with 5-11-210, on its enforcement of the provisions of Title 15, chapter 70, part 4,
 27 pursuant to the authority provided in subsection (6)(c) and on any impacts that enforcement has had on the state
 28 special revenue fund."

29
 30 **NEW SECTION. Section 19. Codification instruction.** [Section 1] is intended to be codified as an

1 integral part of Title 5, chapter 5, part 2, and the provisions of Title 5, chapter 5, part 2, apply to [section 1].

2

3 NEW SECTION. **Section 20. Effective date.** [This act] is effective on passage and approval.

4

- END -