

## 1 SENATE BILL NO. 363

2 INTRODUCED BY F. THOMAS

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LEGISLATURE'S REVENUE ESTIMATING LAWS;  
5 PROVIDING THAT THE LEGISLATURE'S ESTIMATE AND THE REVENUE ESTIMATING PROCESS IS  
6 DEFINED IN THE JOINT RULES OF THE LEGISLATURE; PROVIDING A TRANSITION SECTION FOR THE  
7 64TH REGULAR LEGISLATIVE SESSION; AMENDING SECTIONS 5-3-101, 5-4-205, 5-5-227, AND 17-7-140,  
8 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9

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

11

12 **NEW SECTION. Section 1. Revenue estimating -- function of legislature.** (1) Estimating revenue  
13 during each regular or special session of the legislature in which a revenue bill is under consideration is a function  
14 of the legislature. The revenue estimate is considered a subject specified in the call of a special session under  
15 5-3-101.

16 (2) The revenue estimate that is identified as the legislature's revenue estimate by the joint rules of the  
17 legislature constitutes the legislature's revenue estimate.

18 (3) Subject to the joint rules of the legislature, it is intended that the legislature's estimates and the  
19 assumptions underlying the estimates will be used by all agencies with responsibilities for estimating revenue or  
20 costs, including the preparation of fiscal notes.

21

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

23 **"5-3-101. Convening of special session -- limiting subjects -- committee meetings --**  
24 **compensation.** (1) The legislature may be convened in special session by the governor or at the written request  
25 of a majority of the members. Subject to ~~5-5-227~~ [section 1], the governor or the legislature may limit the special  
26 session to the subjects specified in the call.

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

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

1 (3) Members of the legislature engaged in pre-session business for a special session are entitled to  
 2 receive compensation and expenses as provided in 5-2-302. Members of the legislature are entitled to receive  
 3 compensation and expenses, as provided in 5-2-301, for the day prior to the convening of a special session."  
 4

5 **Section 3.** Section 5-4-205, MCA, is amended to read:

6 **"5-4-205. Contents of notes.** (1) Fiscal notes must, when possible, show in dollar amounts the  
 7 estimated increase or decrease in revenue or expenditures, costs that may be absorbed without additional funds,  
 8 and long-range financial implications. A comment or opinion relative to the merits of the bill may not be included  
 9 in the fiscal note. However, technical or mechanical defects may be noted.

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

19 (3) The fiscal note must clearly differentiate between facts and assumptions made in the preparation of  
 20 the fiscal note while maintaining a logical flow of both fact and assumption in presenting how the fiscal impact  
 21 is determined."  
 22

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

24 **"5-5-227. Revenue and transportation interim committee -- powers and duties -- revenue**  
 25 **estimating and use of estimates.** (1) The revenue and transportation interim committee has administrative rule  
 26 review, draft legislation review, program evaluation, and monitoring functions for the department of revenue and  
 27 the department of transportation and the entities attached to the departments for administrative purposes.

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

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

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

8 (4)(2) The legislative services division shall provide staff assistance to the committee. The committee  
 9 may request the assistance of the staffs of the office of the legislative fiscal analyst, the legislative auditor, the  
 10 department of revenue, and any other agency that has information regarding any of the tax or revenue bases of  
 11 the state."  
 12

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

14 **"17-7-140. Reduction in spending.** (1) (a) As the chief budget officer of the state, the governor shall  
 15 ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in  
 16 subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the  
 17 criteria provided in subsection (1)(b), shall direct agencies to reduce spending in an amount that ensures that the  
 18 projected ending general fund balance for the biennium will be at least 1% of all general fund appropriations  
 19 during the biennium. An agency may not be required to reduce general fund spending for any program, as defined  
 20 in each general appropriations act, by more than 10% during a biennium. Departments or agencies headed by  
 21 elected officials or the board of regents may not be required to reduce general fund spending by a percentage  
 22 greater than the percentage of general fund spending reductions required for the total of all other executive  
 23 branch agencies. The legislature may exempt from a reduction an appropriation item within a program or may  
 24 direct that the appropriation item may not be reduced by more than 10%.

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

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

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

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

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

- 24 (i) 2% of the general fund appropriations for the second fiscal year of the biennium prior to October of  
25 the year preceding a legislative session;  
26 (ii) 3/4 of 1% in October of the year preceding a legislative session;  
27 (iii) 1/2 of 1% in January of the year in which a legislative session is convened; and  
28 (iv) 1/4 of 1% in March of the year in which a legislative session is convened.

29 (b) In determining the amount of the projected general fund budget deficit, the budget director shall take  
30 into account revenue, established levels of appropriation, anticipated supplemental appropriations for school

1 equalization aid and the cost of the state's wildland fire suppression activities exceeding the amount statutorily  
2 appropriated in 10-3-312, and anticipated reversions.

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

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11 NEW SECTION. Section 6. Transition. [This act] does not replace House Joint Resolution No. 2 of the  
12 64th regular legislative session. House Joint Resolution No. 2 is the legislature's revenue estimate for fiscal years  
13 2015, 2016, and 2017, unless it is superseded by the joint rules of the legislature.

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15 NEW SECTION. Section 7. Codification instruction. [Section 1] is intended to be codified as an  
16 integral part of Title 5, and the provisions of Title 5 apply to [section 1].

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18 NEW SECTION. Section 8. Effective date. [This act] is effective on passage and approval.

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