



AN ACT REVISING BUDGETING LAWS; ESTABLISHING AN OPERATING RESERVE AND A BUDGET STABILIZATION RESERVE FUND; AUTHORIZING THE GOVERNOR TO USE BUDGET STABILIZATION RESERVE TO PAY DEBT OR TO DELAY, FOREGO, OR REDUCE BONDING WHEN THERE IS EXCESS GENERAL FUND REVENUE; ENACTING RULES FOR DEPOSITS; PROVIDING FOR A CONTINGENT FUND TRANSFER FROM THE FIRE SUPPRESSION ACCOUNT TO THE GENERAL FUND; PROVIDING LEGISLATIVE INTENT; PROVIDING FOR ELIMINATION AND REDUCTIONS TO VARIOUS APPROPRIATIONS AND EXPENDITURES BASED ON GENERAL FUND REVENUE RECEIVED IN FISCAL YEARS 2017 AND 2018; IMPOSING NOTIFICATION DUTIES ON THE STATE TREASURER; AMENDING SECTIONS 17-7-102, 17-7-111, 17-7-131, 17-7-140, AND 76-13-150, MCA; AND PROVIDING EFFECTIVE DATES AND A TERMINATION DATE.

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

Section 1. 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 2. Section 17-7-102, MCA, is amended to read:

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

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

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

(3) "Approving authority" means:

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

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

(c) the speaker for the house of representatives;

(d) the president for the senate;

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

or

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

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

(b) The term does not include:

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

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

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

(6) "Budget stabilization reserve" means the amount of unappropriated fund balance in the budget stabilization reserve fund up to 4.5% of all general fund appropriations in the second year of the biennium.

~~(6)~~(7) "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was made, that was clearly not within the contemplation of the legislature and the governor, and that affects one or more functions of a state agency and the agency's expenditure requirements for the performance of the function or functions.

~~(7)~~(8) "Funds subject to appropriation" means those funds required to be paid out of the treasury as set forth in 17-8-101.

~~(8)~~(9) "Necessary" means essential to the public welfare and of a nature that cannot wait until the next legislative session for legislative consideration.

~~(9)~~(10) "New proposals" means requests to provide new nonmandated services, to change program services, to eliminate existing services, or to change sources of funding. For purposes of establishing the present law base, the distinction between new proposals and the adjustments to the base budget to develop the present law base is to be determined by the existence of constitutional or statutory requirements for the proposed expenditure. Any proposed increase or decrease that is not based on those requirements is considered a new proposal.

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

~~(10)~~(12) "Present law base" means that level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature, including but not limited to:

- (a) changes resulting from legally mandated workload, caseload, or enrollment increases or decreases;
- (b) changes in funding requirements resulting from constitutional or statutory schedules or formulas;
- (c) inflationary or deflationary adjustments; and
- (d) elimination of nonrecurring appropriations.

~~(11)~~(13) "Program" means a principal organizational or budgetary unit within an agency.

~~(12)~~(14) "Requesting agency" means the agency of state government that has requested a specific budget amendment.

~~(13)~~(15) "University system unit" means the board of regents of higher education; office of the commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural experiment

station, with central offices at Bozeman; the forest and conservation experiment station, with central offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and geology, with central offices at Butte; the fire services training school at Great Falls; and the community colleges at Miles City, Glendive, and Kalispell. (Terminates June 30, 2028--sec. 11, Ch. 269, L. 2015.)

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

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

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

(3) "Approving authority" means:

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

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

(c) the speaker for the house of representatives;

(d) the president for the senate;

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

or

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

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

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

(6) "Budget stabilization reserve" means the amount of unappropriated fund balance in the budget stabilization reserve fund up to 4.5% of all general fund appropriations in the second year of the biennium.

~~(6)~~(7) "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was made, that was clearly not within the contemplation of the legislature and the governor, and that affects one or more functions of a state agency and the agency's expenditure requirements for the performance of the function or functions.

~~(7)~~(8) "Funds subject to appropriation" means those funds required to be paid out of the treasury as set forth in 17-8-101.

~~(8)~~(9) "Necessary" means essential to the public welfare and of a nature that cannot wait until the next legislative session for legislative consideration.

~~(9)~~(10) "New proposals" means requests to provide new nonmandated services, to change program services, to eliminate existing services, or to change sources of funding. For purposes of establishing the present law base, the distinction between new proposals and the adjustments to the base budget to develop the present law base is to be determined by the existence of constitutional or statutory requirements for the proposed expenditure. Any proposed increase or decrease that is not based on those requirements is considered a new proposal.

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

~~(10)~~(12) "Present law base" means that level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature, including but not limited to:

- (a) changes resulting from legally mandated workload, caseload, or enrollment increases or decreases;
- (b) changes in funding requirements resulting from constitutional or statutory schedules or formulas;
- (c) inflationary or deflationary adjustments; and
- (d) elimination of nonrecurring appropriations.

~~(11)~~(13) "Program" means a principal organizational or budgetary unit within an agency.

~~(12)~~(14) "Requesting agency" means the agency of state government that has requested a specific budget amendment.

~~(13)~~(15) "University system unit" means the board of regents of higher education; office of the commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural experiment station, with central offices at Bozeman; the forest and conservation experiment station, with central offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and geology, with central offices at Butte; the fire services training school at Great Falls; and the community colleges at Miles City, Glendive, and Kalispell."

Section 3. Section 17-7-111, MCA, is amended to read:

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

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

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

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

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

(3) ~~Subject to subsections (7) and (8), the~~ The agency budget request must set forth a balanced financial plan for the agency completing the forms for each fiscal year of the ensuing biennium. The plan must consist of:

(a) a consolidated agency budget summary of funds subject to appropriation, as provided in 17-8-101, for the current base budget expenditures, including statutory appropriations, and for each present law adjustment and new proposal request setting forth the aggregate figures of the full-time equivalent personnel positions (FTE) and the budget, showing a balance between the total proposed disbursements and the total anticipated receipts, together with the other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with the corresponding figures for the last-completed fiscal year and the fiscal year in progress;

(b) a schedule of the actual and projected receipts, disbursements, and solvency of each fund for the

current biennium and estimated for the subsequent biennium;

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

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

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

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

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

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

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

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

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

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

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

(a) detailed recommendations for the state long-range building program. Each recommendation must

be presented by institution, agency, or branch, by funding source, with a description of each proposed project.

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

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

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

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

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

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

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

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

(b) The department of revenue shall provide the name and address of a taxpayer on written request of the budget director when the values on the requested return, including estimated payments, are considered necessary by the budget director to properly analyze state revenue and are of a sufficient magnitude to materially affect the analysis and when the identity of the taxpayer is necessary to evaluate the effect of the return or payments on the analysis being performed.

~~(7) (a) The department of public health and human services' budget request for the 2013 biennium must identify changes necessary to reduce the 2013 biennium expenditures to the level funded in the general appropriations act. The department may include changes such as reducing administrative costs, developing more cost-efficient methods to deliver services, limiting the number of medicaid services that adults may receive, changing medicaid services included in the Montana medicaid state plan, changing eligibility or level-of-care requirements for medicaid waiver services, limiting or changing services that are fully state-funded, or implementing other initiatives that reduce state funds. Achieving the necessary general fund reduction in the 2013 biennium budget request may not include shifting costs to state special revenue funds.~~

~~—— (b) The department of public health and human services shall prepare a work plan with goals, milestones, and measures to guide its review of alternatives to identify, evaluate, and select initiatives to reduce ongoing state spending in its 2013 biennium budget submission. The department shall submit the work plan, goals, milestones, and measures to the legislative finance committee at its first meeting after the adjournment of the 2009 legislative session for its review and comment. The department shall provide an update of its budget reduction for review and comment at each legislative finance committee meeting in a format developed with and agreed upon by the committee.~~

~~—— (8) Each agency budget request for the 2013 biennium must include the adjustments to present law base specified in 17-7-102(10)(b)."~~

Section 4. Section 17-7-131, MCA, is amended to read:

"17-7-131. Legislative action -- ending fund balance. (1) The presiding officers of the house of representatives and of the senate shall promptly refer the budgets and budget bills to the proper committees. The budget bill for the maintenance of the agencies of state government and the state institutions must be based upon the budget and proposed budget bill submitted at the request of the governor. The legislature may amend the proposed budget bill, but it may not amend the proposed budget bill so as to affect either the obligations of the state or the payment of any salaries required to be paid by the constitution and laws of the state.

(2) The adopted budget must be limited so that a positive ending general fund balance exists at the end of the biennium for which funds are appropriated.

(3) When possible, the adopted budget should be limited so that the ending fund balance of the general fund is greater than or equal to the amount of the operating reserve."

Section 5. 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) 3.5% of all general fund appropriations for the biennium prior to October of the year preceding a legislative session;~~

~~—— (ii) 1.875% of all general fund appropriations for the biennium in October of the year preceding a legislative session;~~

~~—— (iii) 1.25% of all general fund appropriations for the biennium in January of the year in which a legislative session is convened; and~~

~~—— (iv) 0.625% of all general fund appropriations for the biennium in March of the year in which a legislative session is convened.~~

(i) 6% 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. 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 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%~~ 5% 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).

(6) The governor may authorize transfers from the budget stabilization reserve fund provided for in [section 1]. The governor may authorize \$2 of transfers from the fund for each \$1 of reductions in spending.

(7) 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 6. Section 76-13-150, MCA, is amended to read:

"76-13-150. Fire suppression account -- fund transfer. (1) There is a fire suppression account in the

state special revenue fund to the credit of the department.

(2) The legislature may transfer money from other funds to the account, and the money in the account is subject to legislative fund transfers.

(3) Funds received for restitution by private parties must be deposited in the account.

(4) Money in the account may be used only for the purpose of paying expenses for fire prevention, including fuel reduction and mitigation, forest restoration, grants for the purchase of fire suppression equipment for county cooperatives, and fire suppression costs.

(5) Interest earned on the balance of the account is retained in the account.

(6) Except as provided in subsections (7) and (8), by August 15 following the end of each fiscal year, an amount equal to the balance of unexpended and unencumbered general fund money appropriated in excess of 0.5% of the total general fund money appropriated for that fiscal year must be transferred by the state treasurer from the general fund to the fire suppression account. General fund appropriations that continue from a fiscal year to the next fiscal year and any general fund appropriations made pursuant to 10-3-310 or 10-3-312 are excluded from the calculation.

(7) The provisions of subsection (6) do not apply in a fiscal year in which reductions required by 17-7-140 occur or if a transfer pursuant to subsection (6) would require reductions pursuant to 17-7-140.

(8) The fund balance in the account may not exceed ~~\$100 million~~ 4% of all general fund appropriations in the second year of the biennium.

(9) For the fiscal year ending June 30, 2017, the state treasurer may not transfer from the general fund to the fire suppression account.

~~(9)~~(10) Up to \$5 million each biennium may be used for the purpose of fuel reduction and mitigation and forest restoration.

~~(10)~~(11) Money in the account is statutorily appropriated, as provided in 17-7-502, to the department for the purposes described in subsection (4)."

Section 7. Levels 1 through 4 budget reductions -- contingent fund transfer from fire suppression account. (1) (a) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,216,000,000 but greater than or equal to \$2,204,000,000, as determined by the state treasurer on or before August 15, 2017, then the state treasurer shall

transfer the amount provided for in subsection (1)(b) from the fire suppression account provided for in 76-13-150 to the general fund.

(b) The amount of the fund transfer provided for in subsection (1)(a) is equal to \$2,216,000,000 minus the amount of certified unaudited state general fund revenue and transfers into the general fund at the end of fiscal year 2017, not to exceed \$12 million.

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,204,000,000 but greater than or equal to \$2,192,000,000, as determined by the state treasurer on or before August 15, 2017, then the state treasurer shall transfer \$24 million from the fire suppression account provided for in 76-13-150 to the general fund.

(3) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,192,000,000, as determined by the state treasurer on or before August 15, 2017, then the state treasurer shall transfer \$30 million from the fire suppression account provided for in 76-13-150 to the general fund.

(4) (a) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is less than the 2018 general fund revenue trigger amount provided for in [section 10(2)], then the state treasurer shall transfer the amount provided for in subsection (4)(b) from the fire suppression account provided for in 76-13-150 to the general fund.

(b) Subject to the transfer limit in subsection (5), the amount of the fund transfer provided for in subsection (4)(a) is equal to:

(i) the 2018 general fund revenue trigger amount provided for in [section 10(2)] minus the amount of certified unaudited state general fund revenue and transfers into the general fund at the end of fiscal year 2018; minus

(ii) the amount of any transfers from the fire suppression account to the general fund during fiscal year 2017 under the provisions of subsections (1) through (3).

(5) The total amount of fund transfers under this section may not exceed \$30 million.

Section 8. Legislative intent. (1) The legislature acknowledges that it is likely that the executive will need to issue notes in anticipation of revenue pursuant to 17-1-201 during the biennium beginning July 1, 2017, in order to provide the state general fund with sufficient cash resources to meet its obligations.

(2) (a) The legislature directs the staff of the legislative fiscal division and the office of budget and program planning to study, analyze, and make recommendations regarding the budget stabilization policies to the legislative finance committee by May 1, 2018. The study should address:

- (i) trigger levels in 17-7-140;
- (ii) legislative and executive access to the budget stabilization reserve fund;
- (iii) deposit rules into the budget stabilization reserve fund; and
- (iv) the level of operating reserve.

(b) The legislative fiscal division and the office of budget and program planning shall work jointly toward development of a set of best practices for the fund by September 1, 2018.

Section 9. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 17, chapter 7, part 1, and the provisions of Title 17, chapter 7, part 1, apply to [section 1].

Section 10. State treasurer notification for budget reductions and fund transfers. (1) For the purpose of implementing [sections 7 and 11 through 32], the state treasurer shall notify the budget director, the legislative fiscal analyst, and the code commissioner on or before August 15, 2017, if the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is:

- (a) equal to or greater than \$2,216,000,000;
- (b) less than \$2,216,000,000 but greater than or equal to \$2,204,000,000 (level 1 budget reduction);
- (c) less than \$2,210,000,000 but greater than or equal to \$2,204,000,000 (level 1.5 budget reduction);
- (d) less than \$2,204,000,000 but greater than or equal to \$2,192,000,000 (level 2 budget reduction);
- (e) less than \$2,192,000,000 but greater than or equal to \$2,180,000,000 (level 3 budget reduction); or
- (f) less than \$2,180,000,000 (level 4 budget reduction).

(2) (a) For the purpose of implementing [sections 7 and 11 through 32], the state treasurer shall notify the budget director, the legislative fiscal analyst, and the code commissioner on or before August 15, 2018, if the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is less than the 2018 general fund revenue trigger amount provided for in subsection (2)(b).

(b) The 2018 general fund revenue trigger amount provided for in subsection (2)(a) is calculated based on the certification by the state treasurer in subsection (1) for fiscal year 2017. If the unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is:

(i) equal to or greater than \$2,216,000,000, as provided in subsection (1)(a), then the 2018 general fund revenue trigger amount is \$2,372,000,000;

(ii) less than \$2,216,000,000 but greater than or equal to \$2,204,000,000, as provided in subsection (1)(b), then the 2018 general fund revenue trigger amount is:

(A) \$2,372,000,000; minus

(B) the amount of the fire suppression account transfer to the general fund under [section 7(1)], not to exceed \$12 million;

(iii) less than \$2,204,000,000 but greater than or equal to \$2,192,000,000, as provided in subsection (1)(d), then the 2018 general fund revenue trigger amount is \$2,348,000,000; or

(iv) less than \$2,192,000,000, as provided in subsection (1)(e) and (1)(f), then the 2018 general fund revenue trigger amount is \$2,336,000,000.

(3) For the purposes [sections 12 through 32], the following definitions apply:

(a) "Level 2 or below" means a calculation that results in a 2018 general fund revenue trigger amount that is less than or equal to \$2,348,000,000.

(b) "Level 3 or below" means a calculation that results in a 2018 general fund revenue trigger amount that is less than or equal to \$2,336,000,000.

(c) "Level 4 or below" means a calculation that results in a 2018 general fund revenue trigger amount that is less than or equal to \$2,336,000,000.

(4) For the purpose of [sections 7 and 11 through 32] and this section:

(a) general fund collections are those recorded in the statewide accounting, budgeting, and human resource system using generally accepted accounting principles in accordance with 17-1-102 and include transfers into the general fund; and

(b) transfers from the fire suppression account to the general fund under [section 7] are not considered general fund revenue.

Section 11. Coordination instruction -- level 1.5 budget reduction -- House Bill No. 17. (1) If House

Bill No. 17 is passed and approved, then [section 2 of House Bill No. 17] must be amended as follows:

"Section 2. Effective date. [This act] is effective ~~July 1,~~ August 15, 2017."

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,210,000,000, as determined by the state treasurer on or before August 15, 2017, and if House Bill No. 17 is passed and approved, then [section 1 of House Bill No. 17] must be amended as follows:

"Section 1. Appropriation void -- report. (1) (a) ~~The following amounts are appropriated to the department of public health and human services to increase the number of basic and adult residential service slots under the home and community-based medicaid services waiver administered by the senior and long-term care division for elderly and physically disabled individuals:~~

~~_____ Fiscal year 2018 _____ \$1,083,686 federal special revenue~~

~~_____ \$585,064 general fund~~

~~_____ Fiscal year 2019 _____ \$2,528,601 federal special revenue~~

~~_____ \$1,365,149 general fund~~

~~_____ (b) The department of public health and human services shall increase~~ may consider increasing the number of basic and adult residential services slots by 200 slots over the biennium beginning July 1, 2019, phasing in 50 slots every 6 months of the biennium beginning July 1, 2019.

~~(2)(b) (a) The following amounts are appropriated to the~~ The department of public health and human services ~~to increase~~ may consider increasing the reimbursement rate for adult residential service slots in the home and community-based services waiver administered by the senior and long-term care division for elderly and physically disabled individuals:

~~_____ Fiscal year 2018 _____ \$2,185,989 federal special revenue~~

~~_____ \$1,180,178 general fund~~

~~_____ Fiscal year 2019 _____ \$3,990,608 federal special revenue~~

~~_____ \$2,154,461 general fund~~

~~_____ (b) The appropriation provided for in this subsection (2) must be used to:~~

~~_____ (i) If an increase is considered,~~ the base daily reimbursement rate for:

~~(i) 85% of the adult residential slots~~ may be increased by up to \$5.80 starting July 1, ~~2017~~ 2019, and then every 6 months thereafter of the ~~2019~~ 2021 biennium; and

(ii) ~~increase the base daily reimbursement rate for~~ up to 15% of the adult residential slots may be increased by up to \$44.90 effective July 1, 2017 2019, to pay for memory care for individuals with Alzheimer's disease or other dementias.

~~(3)(2)~~ The department shall report to the children, families, health, and human services interim committee by September 15, ~~2018~~ 2020, and to the ~~66th~~ 67th legislature, as provided in 5-11-210, on the any decisions to increase waiver slots and enhance reimbursement rates and the effectiveness of the increased waiver slots and enhanced reimbursement rates. The If a decision was made to increase waiver slots and enhance reimbursement rates, the report must include information on:

- (a) the use of the new waiver slots;
- (b) whether the increased reimbursement rates led to an increase in the number of providers accepting medicaid clients;
- (c) whether the percentage of slots designated for memory care was adequate to address the need for that care; and
- (d) whether fewer patients with Alzheimer's disease or other dementias were admitted to state facilities, including the Montana state hospital and the Montana mental health nursing care center. If fewer patients were admitted to state facilities, the department must estimate the amount of money saved by placing fewer individuals with Alzheimer's disease or other dementias in the facilities.

~~(4) The legislature intends that the appropriations in this section be considered a part of the ongoing base for the next legislative session."~~

Section 12. Coordination instruction -- level 2 budget reduction -- across-the-board reduction in general fund appropriations. (1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,204,000,000, as determined by the state treasurer on or before August 15, 2017, and if House Bill No. 2 is passed and approved [section 11 of House Bill No. 2] must be amended as follows:

"Section 11. Appropriations -- reduced appropriations for certain fiscal year 2018 and 2019 general fund appropriations. The (1) All general fund appropriations in this section for fiscal years 2018 and 2019, excluding the appropriations for K-12 BASE Aid, Reimbursement Block Grants, State Tuition Payments, Transportation, Natural Resource Development K-12 School Facilities Payment, and the Coal-Fired Generating

Unit Closure Mitigation Block Grant are reduced by 0.5%.

(2) Subject to subsection (1), the following money is appropriated for the respective fiscal years:"

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 2 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), then if House Bill No. 2 is passed and approved [section 11 of House Bill No. 2] must be amended as follows:

"Section 11. Appropriations -- reduced appropriations for certain fiscal year 2019 general fund appropriations. The (1) All general fund appropriations in this section for fiscal year 2019, excluding the appropriations for K-12 BASE Aid, Reimbursement Block Grants, State Tuition Payments, Transportation, Natural Resource Development K-12 School Facilities Payment, Special Education, and the Coal-Fired Generating Unit Closure Mitigation Block Grant are reduced by 0.5%.

(2) Subject to subsection (1), the following money is appropriated for the respective fiscal years:"

Section 13. Coordination instruction -- level 2 budget reduction -- reduction in state fund claims administration. (1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,204,000,000, as determined by the state treasurer on or before August 15, 2017, then 39-71-2352 must be amended as follows:

"39-71-2352. Separate payment structure and sources for claims for injuries resulting from accidents that occurred before July 1, 1990, and on or after July 1, 1990 -- spending limit -- authorizing transfer of money. (1) Premiums paid to the state fund based upon wages payable before July 1, 1990, may be used only to administer and pay claims for injuries resulting from accidents that occurred before July 1, 1990. Premiums paid to the state fund based upon wages payable on or after July 1, 1990, may be used only to administer and pay claims for injuries resulting from accidents that occur on or after July 1, 1990.

(2) The state fund shall:

(a) determine the cost of administering and paying claims for injuries resulting from accidents that occurred before July 1, 1990, and separately determine the cost of administering and paying claims for injuries resulting from accidents that occur on or after July 1, 1990;

(b) keep adequate and separate accounts of the costs determined under subsection (2)(a); and

(c) fund administrative expenses and benefit payments for claims for injuries resulting from accidents

that occurred before July 1, 1990, and claims for injuries resulting from accidents that occur on or after July 1, 1990, separately from the sources provided by law.

(3) The state fund may not spend more than ~~\$1.25 million~~ \$625,000 a year to administer claims for injuries resulting from accidents that occurred before July 1, 1990.

(4) As used in this section, "adequately funded" means the present value of:

- (a) the total cost of future benefits remaining to be paid; and
- (b) the cost of administering the claims.

(5) An amount of funds in excess of the adequate funding amount established in subsection (4), based on audited financial statements adjusted for unrealized gains and losses, must be transferred to the general fund.

(6) If in any fiscal year after the old fund liability tax is terminated claims for injuries resulting from accidents that occurred before July 1, 1990, are not adequately funded, any amount necessary to pay claims for injuries resulting from accidents that occurred before July 1, 1990, must be transferred from the general fund to the account provided for in 39-71-2321.

(7) The independent actuary engaged by the state fund pursuant to 39-71-2330 shall project the unpaid claims liability for claims for injuries resulting from accidents that occurred before July 1, 1990, each fiscal year until all claims are paid."

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 2 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), then 39-71-2352 must be amended as follows:

"39-71-2352. Separate payment structure and sources for claims for injuries resulting from accidents that occurred before July 1, 1990, and on or after July 1, 1990 -- spending limit -- authorizing transfer of money. (1) Premiums paid to the state fund based upon wages payable before July 1, 1990, may be used only to administer and pay claims for injuries resulting from accidents that occurred before July 1, 1990. Premiums paid to the state fund based upon wages payable on or after July 1, 1990, may be used only to administer and pay claims for injuries resulting from accidents that occur on or after July 1, 1990.

(2) The state fund shall:

(a) determine the cost of administering and paying claims for injuries resulting from accidents that occurred before July 1, 1990, and separately determine the cost of administering and paying claims for injuries

resulting from accidents that occur on or after July 1, 1990;

(b) keep adequate and separate accounts of the costs determined under subsection (2)(a); and

(c) fund administrative expenses and benefit payments for claims for injuries resulting from accidents that occurred before July 1, 1990, and claims for injuries resulting from accidents that occur on or after July 1, 1990, separately from the sources provided by law.

(3) The state fund may not spend more than ~~\$1.25 million~~ \$625,000 a year to administer claims for injuries resulting from accidents that occurred before July 1, 1990.

(4) As used in this section, "adequately funded" means the present value of:

(a) the total cost of future benefits remaining to be paid; and

(b) the cost of administering the claims.

(5) An amount of funds in excess of the adequate funding amount established in subsection (4), based on audited financial statements adjusted for unrealized gains and losses, must be transferred to the general fund.

(6) If in any fiscal year after the old fund liability tax is terminated claims for injuries resulting from accidents that occurred before July 1, 1990, are not adequately funded, any amount necessary to pay claims for injuries resulting from accidents that occurred before July 1, 1990, must be transferred from the general fund to the account provided for in 39-71-2321.

(7) The independent actuary engaged by the state fund pursuant to 39-71-2330 shall project the unpaid claims liability for claims for injuries resulting from accidents that occurred before July 1, 1990, each fiscal year until all claims are paid."

Section 14. Coordination instruction -- level 2 budget reduction -- HELP Act third-party administrator. (1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,204,000,000, as determined by the state treasurer on or before August 15, 2017, then notwithstanding 53-6-1305, for the biennium beginning July 1, 2017, the department of public health and humans services:

(a) may not enter into a new contract with one or more insurance companies or third-party administrators to assist in administering the Montana Health and Economic Livelihood Partnership (HELP) Act provided for in 53-6-1301; and

(b) must terminate any existing contract with an insurance company or third-party administrator related

to the Montana Health and Economic Livelihood Partnership (HELP) Act.

(2) It is the intent of the legislature that the department of public health and human services refrain from contracting with one or more insurance companies or third-party administrators in administering the Montana Health and Economic Livelihood Partnership (HELP) Act until a determination is made by the state treasurer that revenue for fiscal year 2017 is equal to or greater than \$2,204,000,000.

(3) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 2 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), then the provisions of subsection (1) apply to fiscal year 2019.

Section 15. Coordination instruction -- level 3 budget reduction -- reduction in appropriation -- governor's office. (1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,192,000,000, as determined by the state treasurer on or before August 15, 2017, and if House Bill No. 2 is passed and approved, then the governor's office general fund appropriation for "Mental Disabilities Board of Visitors" in House Bill No. 2 is reduced by \$90,000 in fiscal year 2018 and \$90,000 in fiscal year 2019.

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 3 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), then the governor's office general fund appropriation for "Mental Disabilities Board of Visitors" in House Bill No. 2 is reduced by \$90,000 in fiscal year 2019.

(3) The governor's office may allocate the appropriation reductions in subsections (1) and (2) among programs when developing 2019 biennium operating plans.

(4) The appropriation reductions in subsections (1) and (2) are in addition to the across-the-board reduction in general fund appropriations in [section 12].

Section 16. Coordination instruction -- level 3 budget reduction -- reduction in appropriation -- legislative branch. (1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,192,000,000, as determined by the state

treasurer on or before August 15, 2017, and if House Bill No. 2 is passed and approved, then the legislative branch general fund appropriation for "Legislative Services" in House Bill No. 2 is reduced by \$133,883 in fiscal year 2018 and \$133,851 in fiscal year 2019.

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 3 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), then the legislative branch general fund appropriation for "Legislative Services" in House Bill No. 2 is reduced by \$133,851 in fiscal year 2019.

(3) The legislative branch may allocate the appropriation reductions in subsections (1) and (2) among programs when developing 2019 biennium operating plans.

(4) The appropriation reductions in subsections (1) and (2) are in addition to the across-the-board reduction in general fund appropriations in [section 12].

Section 17. Coordination instruction -- level 3 budget reduction -- reduction in appropriation -- Montana state library commission. (1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,192,000,000, as determined by the state treasurer on or before August 15, 2017, and if House Bill No. 2 is passed and approved, then the Montana state library commission general fund appropriation for "Statewide Library Resources" in House Bill No. 2 is reduced by \$666,527 in fiscal year 2018 and \$669,513 in fiscal year 2019 and the following language is inserted under "MONTANA STATE LIBRARY COMMISSION":

"Statewide Library Resources is appropriated up to \$666,527 of propriety funding in fiscal year 2018 and \$669,513 of propriety funding in fiscal year 2019 to offset the general fund appropriation reduction in Senate Bill No. 261."

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 3 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), then the Montana state library commission general fund appropriation for "Statewide Library Resources" in House Bill No. 2 is reduced by \$669,513 in fiscal year 2019 and the following language is inserted under "MONTANA STATE LIBRARY COMMISSION":

"Statewide Library Resources is appropriated up to \$669,513 of propriety funding in fiscal year 2019 to offset the general fund appropriation reduction in Senate Bill No. 261."

(3) The legislature intends that the appropriation reduction in subsections (1) and (2) be used to reduce general fund appropriations in support of the Montana digital library program by 50%.

(4) The Montana state library commission may allocate the appropriation reductions in subsections (1) and (2) among programs when developing 2019 biennium operating plans.

(5) The appropriation reductions in subsections (1) and (2) are in addition to the across-the-board reduction in general fund appropriations in [section 12].

Section 18. Coordination instruction -- level 3 budget reduction -- reduction in appropriation -- Montana historical society -- increase in state special revenue fund authority. (1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,192,000,000, as determined by the state treasurer on or before August 15, 2017, and if House Bill No. 2 is passed and approved, then the Montana historical society general fund appropriation for "Research Center" in House Bill No. 2 is reduced by \$608,710 in fiscal year 2018 and \$609,786 in fiscal year 2019 and the following language is inserted under "MONTANA HISTORICAL SOCIETY":

"Research Center is appropriated up to \$608,710 of propriety funding in fiscal year 2018 and \$609,786 of propriety funding in fiscal year 2019 to offset the general fund appropriation reduction in Senate Bill No. 261."

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 3 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), then the Montana historical society general fund appropriation for "Research Center" in House Bill No. 2 is reduced by \$609,786 in fiscal year 2019 and the following language is inserted under "MONTANA HISTORICAL SOCIETY":

"Research Center is appropriated up to \$609,786 of propriety funding in fiscal year 2019 to offset the general fund appropriation reduction in Senate Bill No. 261."

(3) The legislature intends that the appropriation reduction in subsections (1) and (2) be used to reduce general fund appropriations in support of the research center program by 50%.

(4) The Montana historical society may allocate the appropriation reductions in subsections (1) and (2) among programs when developing 2019 biennium operating plans.

(5) The appropriation reductions in subsections (1) and (2) are in addition to the across-the-board reduction in general fund appropriations in [section 12].

(6) If House Bill No. 2 is passed and approved, then the Montana historical society state special revenue fund appropriation for "Museum Program" in House Bill No. 2 is increased by \$97,115 in fiscal year 2018 and \$91,695 in fiscal year 2019. The increase in this subsection (6) is not contingent on revenue projections.

Section 19. Coordination instruction -- level 3 budget reduction -- fund transfer from lodging facility use tax account. (1) (a) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,192,000,000, as determined by the state treasurer on or before August 15, 2017, then notwithstanding 15-65-121(5), the state treasurer shall transfer the amount provided for in subsection (1)(b) from the state special revenue account provided for in 15-65-121(5) to the general fund during the biennium beginning July 1, 2017. The distributions under 15-65-121(2)(d) must be reduced by the amount that is transferred to the general fund.

(b) The amount of the fund transfer provided for in subsection (1)(a) is equal to 8.1% of the 64.9% that is distributed during the biennium beginning July 1, 2017, under 15-65-121(2)(d). The state treasurer may deposit the amount to the credit of the state general fund periodically during the biennium at the same time as the other distributions, as long as the total amount of the distribution at the end of each fiscal year is equal to 8.1% of the 64.9% of the tax proceeds distributed under 15-65-121(2)(d).

(2) (a) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 3 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), then notwithstanding 15-65-121(5), the state treasurer shall transfer the amount provided for in subsection (2)(b) from the state special revenue account provided for in 15-65-121(5) to the general fund during the fiscal year beginning July 1, 2018. The distributions under 15-65-121(2)(d) must be reduced by the amount that is transferred to the general fund.

(b) The amount of the fund transfer provided for in subsection (2)(a) is equal to 8.1% of the 64.9% that is distributed during the fiscal year beginning July 1, 2018, under 15-65-121(2)(d). The state treasurer may deposit the amount to the credit of the state general fund periodically during fiscal year 2019 at the same time as the other distributions, as long as the total amount of the distribution at the end of fiscal year 2019 is equal to

8.1% of the 64.9% of the tax proceeds distributed under 15-65-121(2)(d).

Section 20. Coordination instruction -- level 3 budget reduction -- reduction in appropriation -- department of agriculture. (1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,192,000,000, as determined by the state treasurer on or before August 15, 2017, and if House Bill No. 2 is passed and approved, then the department of agriculture general fund appropriation for "Agricultural Development Division" in House Bill No. 2 is reduced by \$128,244 in fiscal year 2018 and \$128,383 in fiscal year 2019.

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 3 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), then the department of agriculture general fund appropriation for "Agricultural Development Division" in House Bill No. 2 is reduced by \$128,383 in fiscal year 2019.

(3) The legislature intends that the appropriation reduction in subsections (1) and (2) be used to reduce House Bill No. 2 general fund appropriations in support of the agricultural marketing program by 50%.

(4) The appropriation reductions in subsections (1) and (2) are in addition to the across-the-board reduction in general fund appropriations in [section 12].

Section 21. Coordination instruction -- level 3 budget reduction -- reduction in appropriation -- department of public health and human services. (1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,192,000,000, as determined by the state treasurer on or before August 15, 2017, and if House Bill No. 2 is passed and approved, then the department of public health and human services general fund appropriation for "Health Resources Division" in House Bill No. 2 is reduced by \$3,500,000 in fiscal year 2018 and \$3,500,000 in fiscal year 2019.

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 3 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), then the department of public health and human services general fund appropriation for "Health Resources Division" in

House Bill No. 2 is reduced by \$3,500,000 in fiscal year 2019.

(3) The legislature intends that the appropriation reduction in subsections (1) and (2) be used to reduce medicaid provider rates over the 2019 biennium. For the purpose of this subsection (3), the rate reduction must be calculated to provide for percentage based equivalency between all single providers and provider types to ensure that all single provider or provider types are subject to the same reduction percentage.

(4) The appropriation reductions in subsections (1) and (2) are in addition to the across-the-board reduction in general fund appropriations in [section 12].

Section 22. Coordination instruction -- level 3 budget reduction -- mental health targeted case management services. (1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,192,000,000, as determined by the state treasurer on or before August 15, 2017, then for the biennium beginning July 1, 2017, the department of public health and human services general fund appropriation in House Bill No. 2 for the:

(a) "Addictive and Mental Disorder Division" is reduced by \$965,000 in fiscal year 2018 and \$965,000 in fiscal year 2019; and

(b) "Developmental Services Division" is reduced by \$965,000 in fiscal year 2018 and \$965,000 in fiscal year 2019.

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 3 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), then the department of public health and human services general fund appropriation in House Bill No. 2 for the:

(a) "Addictive and Mental Disorder Division" is reduced by \$965,000 in fiscal year 2019; and

(b) "Developmental Services Division" is reduced by \$965,000 in fiscal year 2019.

(3) The department of public health and human services shall reduce reimbursements for targeted case management services for adult and children's mental health by the amount of the reductions in subsections (1) and (2).

(4) The department of public health and human services may allocate the appropriation reductions in subsections (1) and (2) among the addictive and mental disorder division and the developmental services division when developing 2019 biennium operating plans.

Section 23. Coordination instruction -- level 4 -- broadband pay plan -- appropriation void. (1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,180,000,000, as determined by the state treasurer on or before August 15, 2017, and if Senate Bill No. 294 is passed and approved, then the general fund appropriations in [section 12 of Senate Bill No. 294] for:

(a) fiscal year 2018 for "Legislative Branch", "Judicial Branch", "Executive Branch", and "Montana University System" are void; and

(b) fiscal year 2019 for "Legislative Branch" is reduced from \$124,184 to \$35,180, "Judicial Branch" is reduced from \$297,576 to \$84,299, "Executive Branch" is reduced from \$3,756,611 to \$1,064,196, and "Montana University System" is reduced from \$3,493,577 to \$1,142,646.

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 4 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), and if Senate Bill No. 294 is passed and approved, then the general fund appropriations in [section 12 of Senate Bill No. 294] for fiscal year 2019 for "Legislative Branch" is reduced from \$124,184 to \$35,180, "Judicial Branch" is reduced from \$297,576 to \$84,299, "Executive Branch" is reduced from \$3,756,611 to \$1,064,196, and "Montana University System" is reduced from \$3,493,577 to \$1,142,646.

Section 24. Coordination instruction -- level 4 budget reduction -- secondary vo-ed. (1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,180,000,000, as determined by the state treasurer on or before August 15, 2017, and if House Bill No. 2 is passed and approved, then the office of superintendent of public instruction general fund appropriation for "Secondary Vo-ed" in House Bill No. 2 must be reduced by \$500,000 in fiscal year 2018 and by \$500,000 in fiscal year 2019.

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 4 or below as provided in [section 10(3)], and if House Bill No. 2 is passed and approved, then the office of superintendent of public instruction general fund appropriation for "Secondary Vo-ed" in House Bill No. 2 must be reduced by \$500,000 in fiscal year 2019.

Section 25. Coordination instruction -- level 4 budget reduction -- data-for-achievement payment.

(1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,180,000,000, as determined by the state treasurer on or before August 15, 2017, then:

(a) notwithstanding 20-9-306, 20-9-308, 20-9-325, 20-9-326, 20-9-344, and 20-9-366, the office of public instruction shall suspend payment of the data-for-achievement payment for fiscal year 2018 and fiscal year 2019 and reduce BASE aid payments to school districts accordingly; and

(b) if House Bill No. 2 is passed and approved, the office of superintendent of public instruction general fund appropriation for "K-12 BASE Aid" in House Bill No. 2 must be reduced by \$3,109,347 in fiscal year 2018 and by \$3,180,038 in fiscal year 2019 for the purpose of suspending the data-for-achievement payment.

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 4 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), then:

(a) notwithstanding 20-9-306, 20-9-308, 20-9-325, 20-9-326, 20-9-344, and 20-9-366, the office of public instruction shall suspend payment of the data-for-achievement payment for fiscal year 2019 and reduce BASE aid payments to school districts accordingly; and

(b) if House Bill No. 2 is passed and approved, the office of superintendent of public instruction general fund appropriation for "K-12 BASE Aid" in House Bill No. 2 must be reduced by \$3,180,038 in fiscal year 2019 for the purpose of suspending the data-for-achievement payment.

Section 26. Coordination instruction -- level 4 budget reduction -- combined fund block grants.

(1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,180,000,000, as determined by the state treasurer on or before August 15, 2017, then:

(a) notwithstanding 20-9-630, the office of public instruction shall reduce the amount of the school district combined fund block grants by 47.68% for both fiscal year 2018 and fiscal year 2019; and

(b) if House Bill No. 2 is passed and approved, the office of superintendent of public instruction general fund appropriation for "Reimbursement Block Grants" in House Bill No. 2 must be reduced by \$2,800,000 in fiscal

year 2018 and by \$2,800,000 in fiscal year 2019 for the purpose of reducing school district combined fund block grants.

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 4 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), then:

(a) notwithstanding 20-9-630, the office of public instruction shall reduce the amount of the school district combined fund block grants by 47.68% for fiscal year 2019; and

(b) if House Bill No. 2 is passed and approved, the office of superintendent of public instruction general fund appropriation for "Reimbursement Block Grants" in House Bill No. 2 must be reduced by \$2,800,000 in fiscal year 2019 for the purpose of reducing school district combined fund block grants.

Section 27. Coordination instruction -- level 4 budget reduction -- natural resource development payment. (1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,180,000,000, as determined by the state treasurer on or before August 15, 2017, then:

(a) if House Bill No. 647 is passed and approved, [section 18(2) of House Bill No. 647] must be amended as follows:

"(2) Beginning in fiscal year ~~2019~~ 2020, the superintendent of public instruction shall annually deposit no later than March 31 in the school facility and technology account provided for in 20-9-516 the natural resource development K-12 school facilities payment, which is calculated as the greater of:

(a) ~~\$5.8 million in fiscal year 2019~~, \$6.4 million in fiscal year 2020, \$7.6 million in fiscal year 2021, and \$10 million in fiscal year 2022, increased by an inflationary adjustment calculated as provided in 20-9-326 in each succeeding fiscal year; or

(b) 5% of the oil and natural gas production taxes deposited in the general fund pursuant to 15-36-331(4) for the fiscal year occurring 2 fiscal years prior to the fiscal year of the payment."; and

(b) if House Bill No. 2 is passed and approved, the office of superintendent of public instruction general fund appropriation for the "Natural Resource Development K-12 School Facilities Payment" in House Bill No. 2 for 2019 must be eliminated.

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund

received at the end of fiscal year 2018 is at level 4 or below as provided in [section 10(3)], and if prior general fund collections for fiscal year 2017 were high enough to prevent implementation of subsection (1), then:

(a) if House Bill No. 647 is passed and approved, [section 18(2) of House Bill No. 647] must be amended as follows:

"(2) Beginning in fiscal year ~~2019~~ 2020, the superintendent of public instruction shall annually deposit no later than March 31 in the school facility and technology account provided for in 20-9-516 the natural resource development K-12 school facilities payment, which is calculated as the greater of:

(a) ~~\$5.8 million in fiscal year 2019~~, \$6.4 million in fiscal year 2020, \$7.6 million in fiscal year 2021, and \$10 million in fiscal year 2022, increased by an inflationary adjustment calculated as provided in 20-9-326 in each succeeding fiscal year; or

(b) 5% of the oil and natural gas production taxes deposited in the general fund pursuant to 15-36-331(4) for the fiscal year occurring 2 fiscal years prior to the fiscal year of the payment."; and

(b) if House Bill No. 2 is passed and approved, the office of superintendent of public instruction general fund appropriation for the "Natural Resource Development K-12 School Facilities Payment" in House Bill No. 2 for 2019 must be eliminated.

Section 28. Coordination instruction -- level 4 budget reduction -- native language preservation.

(1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,180,000,000, as determined by the state treasurer on or before August 15, 2017, and if House Bill No. 2 is passed and approved, then the department of commerce general fund appropriation for "Native Language Preservation" in House Bill No. 2 must be reduced by \$125,000 in fiscal year 2018 and by \$125,000 in fiscal year 2019.

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2018 is at level 4 or below as provided in [section 10(3)], and if House Bill No. 2 is passed and approved, then the department of commerce general fund appropriation for "Native Language Preservation" in House Bill No. 2 must be reduced by \$125,000 in fiscal year 2019.

Section 29. Coordination instruction -- Senate Bill No. 281 and fire suppression account. (1) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the

end of fiscal year 2017 is equal to or greater than \$2,209,000,000, as determined by the state treasurer on or before August 15, 2017, and Senate Bill No. 281 and [this act] are passed and approved, and both contain a section that amends 76-13-150, then the sections amending 76-13-150 are void and 76-13-150 must be amended as follows:

"76-13-150. Fire suppression account -- fund transfer. (1) There is a fire suppression account in the state special revenue fund to the credit of the department.

(2) The legislature may transfer money from other funds to the account, and the money in the account is subject to legislative fund transfers.

(3) Funds received for restitution by private parties must be deposited in the account.

(4) Money in the account may be used only for: ~~the purpose of paying expenses for fire prevention, including fuel reduction and mitigation, forest restoration, grants for the purchase of fire suppression equipment for county cooperatives, and~~

(a) fire suppression costs;

(b) fuel reduction and mitigation;

(c) forest restoration;

(d) grants for the purchase of fire suppression equipment for county cooperatives;

(e) forest management projects on federal land;

(f) support for collaborative groups that include at least one representative of an affected county commission that is engaged with a federal forest project and for local governments engaged in litigation related to federal forest projects; and

(g) road maintenance on federal lands.:-

(5) Interest earned on the balance of the account is retained in the account.

(6) Except as provided in subsections (7) and (8), by August 15 following the end of each fiscal year, an amount equal to the balance of unexpended and unencumbered general fund money appropriated in excess of 0.5% of the total general fund money appropriated for that fiscal year must be transferred by the state treasurer from the general fund to the fire suppression account. General fund appropriations that continue from a fiscal year to the next fiscal year and any general fund appropriations made pursuant to 10-3-310 or 10-3-312 are excluded from the calculation.

(7) The provisions of subsection (6) do not apply in a fiscal year in which reductions required by 17-7-140

occur or if a transfer pursuant to subsection (6) would require reductions pursuant to 17-7-140.

(8) The fund balance in the account may not exceed ~~\$100 million~~ 4% of all general fund appropriations in the second year of the biennium.

(9) ~~Up to \$5 million each biennium may be used for the purpose of fuel reduction and mitigation and forest restoration~~ By August 15 of each even-numbered fiscal year, if the balance in the account at the end of the most recently completed odd-numbered fiscal year exceeds \$40 million, the excess, up to \$5 million, must be used in the biennium for the purposes in subsections (4)(b) through (4)(g). Of that amount, no more than 5% may be used for the purposes of subsection (4)(f).

(10) For the fiscal year ending June 30, 2017, the state treasurer may not transfer from the general fund to the fire suppression account.

~~(10)~~(11) Money in the account is statutorily appropriated, as provided in 17-7-502, to the department for the purposes described in subsection (4)."

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,209,000,000, as determined by the state treasurer on or before August 15, 2017, and Senate Bill No. 281 and [this act] are passed and approved, and both contain a section that amends 76-13-150, then the sections amending 76-13-150 are void and 76-13-150 must be amended as follows:

"76-13-150. Fire suppression account -- fund transfer. (1) There is a fire suppression account in the state special revenue fund to the credit of the department.

(2) The legislature may transfer money from other funds to the account, and the money in the account is subject to legislative fund transfers.

(3) Funds received for restitution by private parties must be deposited in the account.

(4) Money in the account may be used only for: ~~the purpose of paying expenses for fire prevention, including fuel reduction and mitigation, forest restoration, grants for the purchase of fire suppression equipment for county cooperatives, and~~

(a) fire suppression costs;

(b) fuel reduction and mitigation;

(c) forest restoration;

(d) grants for the purchase of fire suppression equipment for county cooperatives;

(e) forest management projects on federal land;

(f) support for collaborative groups that include at least one representative of an affected county commission that is engaged with a federal forest project and for local governments engaged in litigation related to federal forest projects; and

(g) road maintenance on federal lands.-

(5) Interest earned on the balance of the account is retained in the account.

(6) Except as provided in subsections (7) and (8), by August 15 following the end of each fiscal year, an amount equal to the balance of unexpended and unencumbered general fund money appropriated in excess of 0.5% of the total general fund money appropriated for that fiscal year must be transferred by the state treasurer from the general fund to the fire suppression account. General fund appropriations that continue from a fiscal year to the next fiscal year and any general fund appropriations made pursuant to 10-3-310 or 10-3-312 are excluded from the calculation.

(7) The provisions of subsection (6) do not apply in a fiscal year in which reductions required by 17-7-140 occur or if a transfer pursuant to subsection (6) would require reductions pursuant to 17-7-140.

(8) The fund balance in the account may not exceed ~~\$100 million~~ 4% of all general fund appropriations in the second year of the biennium.

~~(9) Up to \$5 million each biennium may be used for the purpose of fuel reduction and mitigation and forest restoration.~~ Beginning on July 1, 2019, by August 15 of each even-numbered fiscal year, if the balance in the account at the end of the most recently completed odd-numbered fiscal year exceeds \$40 million, the excess, up to \$5 million, must be used in the biennium for the purposes in subsections (4)(b) through (4)(g). Of that amount, no more than 5% may be used for the purposes of subsection (4)(f).

(10) For the fiscal year ending June 30, 2017, the state treasurer may not transfer from the general fund to the fire suppression account.

~~(10)~~ (11) Money in the account is statutorily appropriated, as provided in 17-7-502, to the department for the purposes described in subsection (4)."

Section 30. Coordination instruction -- fire suppression account -- effective July 1, 2019. If Senate Bill No. 281 and [this act] are passed and approved, and both contain a section that amends 76-13-150, then the sections amending 76-13-150 are void and 76-13-150 must be amended as follows:

"76-13-150. Fire suppression account -- fund transfer. (1) There is a fire suppression account in the state special revenue fund to the credit of the department.

(2) The legislature may transfer money from other funds to the account, and the money in the account is subject to legislative fund transfers.

(3) Funds received for restitution by private parties must be deposited in the account.

(4) Money in the account may be used only for: ~~the purpose of paying expenses for fire prevention, including fuel reduction and mitigation, forest restoration, grants for the purchase of fire suppression equipment for county cooperatives, and~~

(a) fire suppression costs;

(b) fuel reduction and mitigation;

(c) forest restoration;

(d) grants for the purchase of fire suppression equipment for county cooperatives;

(e) forest management projects on federal land;

(f) support for collaborative groups that include at least one representative of an affected county commission that is engaged with a federal forest project and for local governments engaged in litigation related to federal forest projects; and

(g) road maintenance on federal lands.-

(5) Interest earned on the balance of the account is retained in the account.

(6) Except as provided in subsections (7) and (8), by August 15 following the end of each fiscal year, an amount equal to the balance of unexpended and unencumbered general fund money appropriated in excess of 0.5% of the total general fund money appropriated for that fiscal year must be transferred by the state treasurer from the general fund to the fire suppression account. General fund appropriations that continue from a fiscal year to the next fiscal year and any general fund appropriations made pursuant to 10-3-310 or 10-3-312 are excluded from the calculation.

(7) The provisions of subsection (6) do not apply in a fiscal year in which reductions required by 17-7-140 occur or if a transfer pursuant to subsection (6) would require reductions pursuant to 17-7-140.

(8) The fund balance in the account may not exceed ~~\$100 million~~ 4% of all general fund appropriations in the second year of the biennium.

(9) ~~Up to \$5 million each biennium may be used for the purpose of fuel reduction and mitigation and~~

~~forest restoration~~ By August 15 of each even-numbered fiscal year, if the balance in the account at the end of the most recently completed odd-numbered fiscal year exceeds \$40 million, the excess, up to \$5 million, must be used in the biennium for the purposes in subsections (4)(b) through (4)(g). Of that amount, no more than 5% may be used for the purposes of subsection (4)(f).

(10) Money in the account is statutorily appropriated, as provided in 17-7-502, to the department for the purposes described in subsection (4)."

Section 31. Coordination instruction -- House Bill No. 638. (1) If House Bill No. 638 is passed and approved, then:

(a) [section 9 of House Bill No. 638] must be amended as follows:

"Section 9. Effective date dates -- contingency. ~~[This act]~~ (1) Except as provided in subsection (2), ~~[this act]~~ is effective ~~July 1~~ August 15, 2017.

(2) ~~[Sections 2 through 8]~~ are effective only if on:

(a) August 15, 2017, the state treasurer certifies that unaudited general fund revenue and transfers into the general fund received at the end of fiscal year 2017 are equal to or greater than \$2,220,000,000; or

(b) August 15, 2018, the state treasurer certifies that unaudited general fund revenue and transfers into the general fund received at the end of fiscal year 2018 are equal to or greater than \$2,375,000,000."

(2) If the amount of the certified unaudited state general fund revenue and transfers into the general fund received at the end of fiscal year 2017 is less than \$2,220,000,000, as determined by the state treasurer on or before August 15, 2017, then:

(a) [section 1 of House Bill No. 638] must be amended as follows:

"Section 1. Appropriation for direct care worker wages. (1) The following amounts are appropriated to the department of public health and human services for the biennium beginning July 1, ~~2017~~ 2018, for a rate increase for developmental disability services providers to be phased in and used as provided in this section:

Fiscal Year 2018 <u>2019</u>	\$5,277,977	federal special revenue
	\$2,789,240	state special revenue fund
Fiscal Year 2019	\$12,326,129	federal special revenue
	\$6,526,928	state special revenue fund

(2) Providers must use the appropriation to increase wages only for workers who:

- (a) provide direct care;
- (b) are employed in community services established pursuant to 53-20-205; and
- (c) are not state employees.

(3) Except as provided in subsection (4), the department shall phase in the appropriation ~~on July 1 and January 1 of each year of the biennium~~ in a manner that provides the equivalent of an increase in wages of at least 75 cents an hour per employee.

(4) (a) If the appropriation is insufficient to provide the equivalent of a biannual increase of 75 cents an hour per employee, the department shall provide the maximum provider rate increase possible from the appropriation.

(b) If the appropriation allows for the equivalent of ~~a biannual~~ an increase of more than 75 cents an hour per employee, the department shall use the full amount of the appropriation to provide the greater increase.

(5) The appropriation in this section is intended to increase medicaid services and not to supplant the general fund in the trended traditional level of appropriation for medicaid services and medicaid provider rates. The appropriation in this section may not be used to provide wages to program managers, administrative staff, management staff, schedulers, nurse supervisors, licensed practical nurses, registered nurses, or case managers.

(6) The legislature intends that the appropriation in this section be considered a part of the ongoing base for the next legislative session.";

(b) [section 2 of House Bill No. 638] must be amended as follows:

"Section 2. Appropriation for direct care worker wages. (1) The following amounts are appropriated to the department of public health and human services for the ~~biennium~~ fiscal year beginning July 1, ~~2017~~ 2018, for a rate increase for home and community-based services waiver direct care workers and for community services personal care assistants to be administered by the senior and long-term care division for elderly and physically disabled individuals, to be phased in and used as provided in this section:

Fiscal Year 2018 <u>2019</u>	\$808,268	federal special revenue
	\$427,144	state special revenue fund
Fiscal Year 2019	\$1,211,568	federal special revenue
	\$641,549	state special revenue fund

(2) Providers may use the appropriation to increase wages only for workers who:

- (a) provide direct care;
- (b) are employed in community services; and
- (c) are not state employees.
- (3) The department shall use the appropriation ~~starting on:~~

~~— (a) July 1, 2017, to increase wages by at least \$1.50 an hour per employee; and~~

~~— (b) July 1, 2018, to increase wages by at least \$2.25 an hour per employee.~~

(4) The appropriation in this section is intended to increase medicaid services and not to supplant the general fund in the trended traditional level of appropriation for medicaid services and medicaid provider rates. The appropriation in this section may not be used to provide wages to program managers, administrative staff, management staff, schedulers, nurse supervisors, licensed practical nurses, registered nurses, or case managers.

(5) The legislature intends that the appropriation in this section be considered a part of the ongoing base for the next legislative session."; and

- (c) [section 5 of House Bill No. 638] must be amended as follows:

"Section 5. Transfer of funds to direct care worker wage account. By ~~July 1, 2017~~ August 15, 2018, the state treasurer shall transfer ~~\$1,068,693~~ \$427,144 from the older Montanans trust fund, provided for in 52-3-115, to the direct care worker wage account provided in [section 3] for the ~~biennium beginning~~ fiscal year beginning July 1, 2017 2018."

Section 32. Coordination instruction -- House Bill No. 261. (1) If House Bill No. 261 is passed and approved, then [section 2 of House Bill No. 261] must be amended as follows:

"Section 2. Contingent voidness. ~~(1)~~ If the certified unaudited general fund revenue and transfers into the general fund received in fiscal year 2017 are less than ~~\$2,213,000,000~~ \$2,217,000,000, as determined by the state treasurer on or before August 15, 2017, the statutory ~~appropriation~~ appropriations in 22-1-327 for fiscal ~~year~~ years 2018 ~~is~~ and 2019 are void.

~~(2) If the certified unaudited general fund revenue and transfers into the general fund received in fiscal year 2018 are less than \$2,360,000,000, the statutory appropriation in 22-1-327 for fiscal year 2019 is void."~~

(2) The state treasurer shall notify the budget director, the legislative fiscal analyst, and the code commissioner on or before August 15, 2017, regarding whether amount of the certified general fund revenue and

transfers into the general fund received at the end of fiscal year 2017 is less than the amount provided in [section 2 of House Bill No. 261], as amended by subsection (1).

Section 33. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

Section 34. Effective date. (1) Except as provided in subsections (2) and (3), [this act] is effective July 1, 2017.

(2) [Section 30] is effective July 1, 2019.

(3) [Sections 32 and 33] and this section are effective on passage and approval.

Section 35. Termination. [Sections 13, 27, and 29] terminate June 30, 2019.

- END -

I hereby certify that the within bill,
SB 0261, originated in the Senate.

President of the Senate

Signed this _____ day
of _____, 2017.

Secretary of the Senate

Speaker of the House

Signed this _____ day
of _____, 2017.

SENATE BILL NO. 261

INTRODUCED BY L. JONES, D. ANKNEY, N. BALLANCE, M. BLASDEL, R. BRODEHL, D. BROWN,
E. BUTTREY, P. CONNELL, R. EHLI, T. GAUTHIER, B. KEENAN, F. MOORE, A. OLSZEWSKI,
R. OSMUNDSON, F. THOMAS, J. WELBORN

AN ACT REVISING BUDGETING LAWS; ESTABLISHING AN OPERATING RESERVE AND A BUDGET STABILIZATION RESERVE FUND; AUTHORIZING THE GOVERNOR TO USE BUDGET STABILIZATION RESERVE TO PAY DEBT OR TO DELAY, FOREGO, OR REDUCE BONDING WHEN THERE IS EXCESS GENERAL FUND REVENUE; ENACTING RULES FOR DEPOSITS; PROVIDING FOR A CONTINGENT FUND TRANSFER FROM THE FIRE SUPPRESSION ACCOUNT TO THE GENERAL FUND; PROVIDING LEGISLATIVE INTENT; PROVIDING FOR ELIMINATION AND REDUCTIONS TO VARIOUS APPROPRIATIONS AND EXPENDITURES BASED ON GENERAL FUND REVENUE RECEIVED IN FISCAL YEARS 2017 AND 2018; IMPOSING NOTIFICATION DUTIES ON THE STATE TREASURER; AMENDING SECTIONS 17-7-102, 17-7-111, 17-7-131, 17-7-140, AND 76-13-150, MCA; AND PROVIDING EFFECTIVE DATES AND A TERMINATION DATE.