

Amendment - 2nd Reading/2nd House-tan - Requested by: Matt Regier - (S) Committee of the Whole

- 2025

69th Legislature 2025

Drafter: Julie Johnson,

HB0863.001.012

HOUSE BILL NO. 863

INTRODUCED BY L. JONES, J. ESP, C. GLIMM, D. BEDEY, B. MERCER, E. TILLEMAN, K. WALSH

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING STATE FINANCE LAWS; PROVIDING THAT THE EXECUTIVE DIRECTOR OF THE BOARD OF INVESTMENTS IS APPOINTED BY THE GOVERNOR AND SUBJECT TO SENATE CONFIRMATION; PROVIDING AN APPROPRIATION; AMENDING SECTION SECTIONS 2-15-1808 AND 17-7-102, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 2-15-1808, MCA, is amended to read:

"2-15-1808. Board of investments -- allocation -- composition -- quasi-judicial. (1) There is a board of investments within the department of commerce.

(2) (a) Except as otherwise provided in this subsection (2), the board is allocated to the department for administrative purposes as prescribed in 2-15-121.

(b) The executive director, who has general responsibility for selection and management of the board's staff and for direct investment and economic development activities, is appointed by the governor subject to confirmation by the senate to hold office until the end of the governor's term, unless removed sooner by the governor.

(c) The board may employ a chief investment officer ~~and an executive director who have~~ who has general responsibility for selection and management of the board's staff and for direct investment and economic development activities.

(d) The board shall prescribe the duties and annual salaries of the chief investment officer, executive director, and six professional staff positions. The chief investment officer, ~~executive director~~, and six professional staff serve at the pleasure of the board. The executive director serves at the pleasure of the governor.

(3) The board is composed of nine members appointed by the governor, as prescribed in 2-15-

124, and two ex officio, nonvoting members. The members are:

(a) one member from the public employees' retirement board, provided for in 2-15-1009, and one member from the teachers' retirement board provided for in 2-15-1010. If either member of the respective retirement boards ceases to be a member of the retirement board, the position of that member on the board of investments is vacant, and the governor shall fill the vacancy in accordance with 2-15-124.

(b) seven members who will provide a balance of professional expertise and public interest and accountability, who are informed and experienced in the subject of investments, and who are representatives of:

(i) the financial community;

(ii) small business;

(iii) agriculture; and

(iv) labor; and

(c) two ex officio, nonvoting legislative liaisons to the board, of which one must be a senator appointed by the president of the senate and one must be a representative appointed by the speaker of the house. The liaisons may not be from the same political party. Preference in appointments is to be given to legislators who have a background in investments or finance. The legislative liaisons shall serve from appointment through each even-numbered calendar year and may attend all board meetings. Legislative liaisons appointed pursuant to this subsection (3)(c) are entitled to compensation and expenses, as provided in 5-2-302, to be paid by the legislative council.

(4) The board is designated as a quasi-judicial board for the purposes of 2-15-124."

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.

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- 1 (3) "Approving authority" means:
- 2 (a) the governor or the governor's designated representative for executive branch agencies;
- 3 (b) the chief justice of the supreme court or the chief justice's designated representative for judicial
- 4 branch agencies;
- 5 (c) the speaker for the house of representatives;
- 6 (d) the president for the senate;
- 7 (e) appropriate legislative committees or a designated representative for legislative branch
- 8 agencies; or
- 9 (f) the board of regents of higher education or its designated representative for the university
- 10 system.
- 11 (4) (a) "Base budget" means the resources for the operation of state government that are of an
- 12 ongoing and nonextraordinary nature in the current biennium. The base budget for the state general fund and
- 13 state special revenue funds may not exceed that level of funding authorized by the previous legislature.
- 14 (b) The term does not include:
- 15 (i) funding for water adjudication if the accountability benchmarks contained in 85-2-271 are not
- 16 met;
- 17 (ii) funding for petroleum storage tank leak prevention if the accountability benchmarks in 75-11-
- 18 521 are not met.
- 19 (5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part
- 20 4.
- 21 (6) "Budget stabilization reserve" means the amount of unappropriated fund balance in the budget
- 22 stabilization reserve fund up to 16% of all general revenue appropriations in the second year of the biennium.
- 23 (7) "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and
- 24 unanticipated circumstance that has occurred subsequent to the time that an agency's appropriation was made,
- 25 that was clearly not within the contemplation of the legislature and the governor, and that affects one or more
- 26 functions of a state agency and the agency's expenditure requirements for the performance of the function or
- 27 functions.

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

(9) "General revenue appropriations" means appropriations from the general fund ~~or~~ and the school equalization and property tax reduction account in 20-9-336.

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

(11) "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.

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

(13) "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.

(14) "Program" means a principal organizational or budgetary unit within an agency.

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

(16) "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

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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 supervised and coordinated by the board of regents pursuant to 20-15-103. (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.

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(6) "Budget stabilization reserve" means the amount of unappropriated fund balance in the budget stabilization reserve fund up to 16% of all general revenue appropriations in the second year of the biennium.

(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.

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

(9) "General revenue appropriations" means appropriations from the general fund ~~or~~ and the school equalization and property tax reduction account in 20-9-336.

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

(11) "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.

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

(13) "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:

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1 (c) inflationary or deflationary adjustments; and

2 (d) elimination of nonrecurring appropriations.

3 (14) "Program" means a principal organizational or budgetary unit within an agency.

4 (15) "Requesting agency" means the agency of state government that has requested a specific
5 budget amendment.

6 (16) "University system unit" means the board of regents of higher education; office of the
7 commissioner of higher education; university of Montana, with campuses at Missoula, Butte, Dillon, and
8 Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural
9 experiment station, with central offices at Bozeman; the forest and conservation experiment station, with central
10 offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and
11 geology, with central offices at Butte; the fire services training school at Great Falls; and the community
12 colleges supervised and coordinated by the board of regents pursuant to 20-15-103."

13
14 **NEW SECTION. Section 3. Appropriation.** (1) There is appropriated \$100,000 from the Montana-
15 Ireland trade and development special revenue account to the department of commerce for the biennium
16 beginning July 1, 2025, for implementing the provisions of Senate Bill No. 320.

17 (2) It is the intent of the legislature that the appropriation be included in the base budget for the
18 department of commerce for the biennium beginning July 1, 2027.

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20 **NEW SECTION. Section 4. Effective date.** [This act] is effective July 1, 2025.

21 - END -