

SENATE BILL NO. 287

INTRODUCED BY W. MCKAMEY, D. BEDEY, S. FITZPATRICK, B. LER

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING STATE FINANCE LAWS; REVISING FUNDING ALLOCATIONS; PROVIDING FOR TRANSFERS; PROVIDING FOR INVESTMENT INCOME TO BE TRANSFERRED IN EQUAL AMOUNTS TO THE GENERAL FUND AND THE DEBT AND LIABILITY FREE ACCOUNT; PLACING A CAP ON THE DEBT AND LIABILITY FREE ACCOUNT; REVISING REPORTING REQUIREMENTS ON THE DEBT AND LIABILITY FREE ACCOUNT; PROVIDING FOR TRANSFERS FROM THE DEBT AND LIABILITY FREE ACCOUNT; PROVIDING FOR TRANSFERS FROM THE PENSION STATE SPECIAL REVENUE ACCOUNT TO THE TEACHERS' RETIREMENT SYSTEM OR THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM ON CERTIFICATION OF THE RETIREMENT SYSTEM BOARD; PROVIDING FOR AN INCREASE TO THE EMPLOYER SUPPLEMENTAL CONTRIBUTION RATE; PROVIDING FOR A FUND TRANSFER; AMENDING SECTIONS 17-6-202, 17-6-214, 17-7-134, 19-3-316, AND 19-20-609, MCA; AMENDING SECTION 5, CHAPTER 48, LAWS OF 2023; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**Section 1.** Section 17-6-202, MCA, is amended to read:

**"17-6-202. Investment funds -- general provisions.** (1) For each treasury fund account into which state funds are segregated by the department of administration pursuant to 17-2-106, individual transactions and totals of all investments ~~shall~~must be separately recorded to the extent directed by the department.

(2) However, the securities purchased and cash on hand for all treasury fund accounts not otherwise specifically designated by law or by the provisions of a gift, donation, grant, legacy, bequest, or devise from which the fund account originates to be invested ~~shall~~must be pooled in an account to be designated "treasury cash account" and placed in one of the investment funds designated in 17-6-203. Except for the fiscal year beginning July 1, 2022, through the fiscal year ending June 30, 2025, the share of the income for this account ~~shall~~must be credited to the general fund. For the fiscal year beginning July 1, 2022, through

the fiscal year ending June 30, 2025, the share of the income for this account must be credited to the debt and liability free account established in 17-6-214. Starting in the fiscal year beginning July 1, 2025, and for each subsequent fiscal year, 50% of the income for this account must be credited to the general fund, and 50% of the income of the account must be credited to the debt and liability free account established in 17-6-214.

(3) If, within the list in 17-6-203 of separate investment funds, more than one investment fund is included ~~which that~~ may be held jointly with others under the same separate listing, all investments purchased for that separate investment fund ~~shall must~~ be held jointly for all the accounts participating ~~therein in the~~ separate investment fund, which ~~shall must~~ share all capital gains and losses and income pro rata."

**Section 2.** Section 17-6-214, MCA, is amended to read:

**"17-6-214. Debt and liability free account -- 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 debt and liability free account.

(2) The purpose of the debt and liability free account is ~~to~~ as follows:

(a) to pay the principal, interest, premiums, and any costs or fees associated with redeeming outstanding bonds, notes, or other obligations that have been authorized and issued pursuant to the laws of Montana and that are currently subject to optional redemption;

(b) to pay the principal, interest, premiums, and any costs or fees associated with defeasing outstanding bonds, notes, or other obligations that have been authorized and issued pursuant to the laws of Montana that are not currently subject to optional redemption;

(c) to forego or reduce the amount of an issuance of general obligation bonds paid from the general fund authorized by the legislature but not yet issued by the board of examiners prior to using funds from the account established in 17-7-209 for the same purpose; ~~and~~

(d) to pay in whole or in part legally resolved nonpension financial liabilities of the state of Montana; and

~~(e) to acquire, purchase, or invest in loans, bonds, or other indebtedness or obligations payable to the state or an authority, board, agency, or other body of the state; and~~

~~(f)(e)~~ to the extent not obligated for the uses outlined in subsections (2)(a) through (2)(e) (2)(d), to

1 make transfers described in subsections (8) and (9).

2 (3) For the fiscal year beginning July 1, ~~2022, through the fiscal year ending June 30, 2025, and~~  
3 for each subsequent fiscal year, 50% of the interest income received pursuant to 17-6-202(2) is deposited ~~into~~  
4 in the account.

5 (4) Funds in the debt and liability free account are statutorily appropriated, as provided in 17-7-  
6 502, to the governor's office of budget and program planning and must be used in accordance with the  
7 requirements of this section.

8 (5) Funds expended from the account in this section may not be included in the calculation of  
9 annual transfers in 17-7-208.

10 (6) The office of budget and program planning shall prioritize the use of funds for the uses outlined  
11 in subsections (1)(a) through (1)(c).

12 (7) Within 15 days of the close of each fiscal ~~quarter~~ year, the office of budget and program  
13 planning shall submit a written report to the legislative finance committee in accordance with 5-11-210 that  
14 identifies the amount and the type of debt payoff or other expenditure from the account established in this  
15 section for the previous fiscal quarter.

16 (8) Unobligated balances in the account in excess of \$150 million at the end of the second fiscal  
17 year of a biennium must be transferred to the account provided for in 17-7-134 by August 15 following the fiscal  
18 yearend of the second year of the biennium.

19 (9) If a transfer is made pursuant to 17-7-134(8) or 17-7-134(9), the state treasurer shall transfer  
20 from the unobligated balance of this account to the pension state special revenue account provided for in 17-7-  
21 134 the amount necessary to increase the fund balance of the pension state special revenue account to \$300  
22 million."

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24 **Section 3.** Section 17-7-134, MCA, is amended to read:

25 **"17-7-134. Pension state special revenue account.** (1) There is a pension state special revenue  
26 account to the credit of the department of administration.

27 (2) The account is funded by a distribution pursuant to 17-7-130, 17-6-214, and by legislative  
28 transfer.