

HOUSE BILL NO. 251

INTRODUCED BY L. JONES, S. VINTON, M. REGIER, R. KNUDSEN, J. SMALL, S. FITZPATRICK, D.

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING STATE FINANCE LAWS; CREATING THE DEBT AND LIABILITY FREE ACCOUNT; PROVIDING FOR A TRANSFER AND ALLOCATIONS OF INTEREST INTO THE DEBT AND LIABILITY FREE ACCOUNT; PROVIDING A TRANSFER TO THE STATEWIDE PUBLIC SAFETY COMMUNICATIONS SYSTEM ACCOUNT; PROVIDING FOR A STATUTORY APPROPRIATION; PROVIDING FOR AN EQUAL TRANSFER OF UNOBLIGATED FUNDS FROM THE DEBT AND LIABILITY FREE ACCOUNT TO THE CAPITAL DEVELOPMENTS LONG-RANGE BUILDING PROGRAM ACCOUNT AND THE GENERAL FUND IN 2027; ESTABLISHING REPORTING REQUIREMENTS; AMENDING SECTIONS 17-6-202, 17-7-502, AND 44-4-1607, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

WHEREAS, there is a benefit to the citizens of Montana to pay off debts and be debt free in 2023; and

WHEREAS, paying off debts and other financial liabilities of the State of Montana is a responsible use of one-time funds; and

WHEREAS, issuing and paying off public debt when prudent is and should remain a standard function of state government; and

WHEREAS, paying off debt now allows more capacity to responsibly pay for capital expenditures via financing in the future, when desired by the Executive and Legislature.

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

NEW SECTION. **Section 1. 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:

(a) 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) 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) 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

~~(e)(D)~~ pay in whole or in part legally resolved nonpension financial liabilities of the state of Montana;

~~(d) — pay personal services costs of a state agency to avoid or delay incurrence or declaration of a formal exigency; and~~

~~(e) — pay in whole or in part the cost of repairs to existing infrastructure within the state that, if made, are likely to prevent catastrophic loss of life or property.~~

~~(3) — The legislature may transfer money from other funds to the account, and the money in the account is subject to legislative fund transfers.~~

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

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

~~(6)(5)~~ Funds expended from the account in this section may not be included in the calculation of annual transfers in 17-7-208

(6) THE OFFICE OF BUDGET AND PROGRAM PLANNING SHALL PRIORITIZE THE USE OF FUNDS FOR THE USES OUTLINED IN SUBSECTIONS (1)(A) THROUGH (1)(C)

(7) Within 15 days of the close of each fiscal quarter, the office of budget and program planning shall submit a written report to the legislative finance committee in accordance with 5-11-510 that identifies the amount and the type of debt payoff or other expenditure from the account established in this section for the

previous fiscal quarter.

**Section 2.** 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 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 be pooled in an account to be designated "treasury cash account" and placed in one of the investment funds designated in 17-6-203. The 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 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 [section 1].

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

**Section 3.** Section 17-7-502, MCA, is amended to read:

**"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.