

SENATE BILL NO. 171

INTRODUCED BY D. FERN

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A BIENNIAL TRANSFER OF EXCESS FUNDS INTO THE MONTANA COAL SEVERANCE TAX PERMANENT FUND; AMENDING SECTION 17-7-130, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 17-7-130, MCA, is amended to read:

"17-7-130. 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 to mitigate budget reductions when there is a revenue shortfall.

(3) Except as provided in subsection (4), 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 budget stabilization reserve fund. 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.

(4) The provisions of subsection (3) do not apply in a fiscal year in which reductions required by 17-7-140 occur or if a transfer pursuant to subsection (3) would require reductions pursuant to 17-7-140.

(5) If the transfer provided for in subsection (3) increases the balance in the budget stabilization reserve fund to exceed 16% of all general revenue appropriations in the second year of the biennium, the amount in excess is transferred to the capital developments long-range building program account established in 17-7-209.

(6) By August 1 of each year, the department of administration shall certify to the legislative fiscal

1 analyst and the budget director the following:

2 (a) the unaudited, unassigned ending fund balance of the general fund for the most recently
3 completed fiscal year; and

4 (b) the amount of unaudited general fund revenue and transfers into the general fund received in
5 the prior fiscal year recorded when that fiscal year's statewide accounting, budgeting, and human resource
6 system records are closed. General fund revenue and transfers into the general fund are those recorded in the
7 statewide accounting, budgeting, and human resource system using generally accepted accounting principles
8 in accordance with 17-1-102.

9 (7) (a) The state treasurer shall calculate the operating reserve level of general fund balance
10 defined in 17-7-102(12). The treasurer shall first apply the excess revenue to reach the operating reserve level
11 general fund balance, if necessary.

12 (b) Once the general fund balance is at the reserve level, 75% of the remaining excess revenue is
13 transferred as follows:

14 (i) to the budget stabilization reserve fund, until the amount in the fund is equal to 16% of all
15 general revenue appropriations in the second year of the biennium; then

16 (ii) to the account established in 17-7-209, until the amount in the fund in excess of the amount
17 needed for appropriations from the capital developments long-range building program account in the capital
18 projects fund type is equal to 12% of all general revenue appropriations in the second year of the biennium.

19 (c) After the transfers in subsections (7)(b)(i) and (7)(b)(ii) have been made, if the balance of the
20 budget stabilization reserve fund exceeds an amount equal to 16% of the general revenue appropriations in the
21 second year of the biennium and the balance of the account established in 17-7-209 in excess of the amount
22 needed for appropriations from the capital developments long-range building program account in the capital
23 projects fund type exceeds 12% of all general revenue appropriations in the second year of the biennium, then:

24 (i) 75% of any funds in excess of that amount must be transferred to the account established in
25 17-7-134; and

26 (ii) 10% of any funds in excess of that amount must be transferred to the Montana coal severance
27 tax permanent fund established in 17-5-703; and

28 (iii) 25%-15% of the funds in excess of that amount remain in the general fund.

1 (8) For the purposes of this section, the following definitions apply:

2 (a) "Adjusted compound annual growth rate revenue" means general fund revenue for the fiscal
3 year prior to the most recently completed fiscal year plus the growth amount.

4 (b) "Excess revenue" means the amount of general fund revenue, including transfers in, for the
5 most recently completed fiscal year minus adjusted compound annual growth rate revenue.

6 (c) "Growth amount" means general fund revenue for the fiscal year prior to the most recently
7 completed fiscal year multiplied by the growth rate.

8 (d) "Growth rate" means the annual compound growth rate of general fund revenue realized over
9 the period 12 years prior to the most recently completed fiscal year, including the most recently completed fiscal
10 year."

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12 NEW SECTION. Section 2. **Effective date.** [This act] is effective July 1, 2025.

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