

## APPROPRIATIONS BY SOURCE OF AUTHORITY – STATUTORY APPROPRIATIONS

### General Fund

Figure 11 shows each individual general fund statutory appropriation that has been included in the general fund balance sheet for FY 2013 through FY 2015. The largest single statutory appropriation of general fund occurs under 15-1-121, MCA. Under this statute, \$211.6 million is expected to be spent for entitlement payments to local governments and tax increment financing districts in the 2013 biennium and \$243.8 million in the 2015 biennium. Through FY 2011, statute allowed annual increases based on averages of Montana's gross state product and personal income. The amount grew at an average annual rate of 1.5% from FY 2002 to FY 2012 (excluding tax increment financing districts). For FY 2012 and FY 2013, entitlement payments were held constant at the FY 2011 amount. Beginning in FY 2014 a different methodology for calculating the growth rate was used based on revenue from individual income taxes, corporation license taxes, and sources in 15-1-121(2)(b)(c)(g), MCA. Other large statutory appropriations of general fund in the 2015 biennium include:

- \$107.9 million of transfers to retirement funds (Title 19, MCA)
- \$30.1 million to service the debt on bonding issues approved by past legislatures (17-7-502, MCA)
- \$16.5 million for emergencies or disasters declared by the governor or the president of the United States
- \$12.1 million of coal trust interest (deposited to the general fund) to fund economic development programs (15-35-108, MCA)

**Figure 11**  
**General Fund Statutory Appropriation Estimates**  
**Fiscal Years 2012-2015**  
(Millions)

MCA Cite	Bill/Purpose	Legislative		2013 Biennium			2015 Biennium		
		Session	Fiscal 2011A	Fiscal 2012A	Fiscal 2013E	Total	Fiscal 2014E	Fiscal 2015E	Total
<b>Retirement</b>									
19-3-319	Local Government PERD 19-3-319	1985	\$0.921	\$0.933	\$1.057	\$1.990	\$1.190	\$1.369	\$2.560
19-6-404(2)	HB 102-MVD retirement transfer	2005	1.270	1.200	1.281	2.481	0.267	0.266	0.533
19-6-410	HB 102-MHP retirement transfer	2005	0.278	0.269	0.268	0.537	1.367	1.459	2.826
19-9-702	Ins Prem Tax-Fire/Polic Ret 19-9-702-SA	1997	11.594	12.274	13.153	25.427	14.056	14.991	29.047
19-13-604	Prem Tax-Fire/Pol 19-13-604-SA	1997	11.365	11.797	12.786	24.583	13.555	14.458	28.012
19-17-301	Prem Tax-Fire/Pol 19-17-301-SA	1985	1.596	1.635	1.602	3.237	1.611	1.616	3.227
19-18-512(1)	Prem Tax-Fire/Pol 19-18-512-SA	1985	0.356	0.390	0.363	0.753	0.370	0.374	0.744
19-19-305(1)	Prem Tax-Fire/Pol 19-19-305-SA	1985	0.209	0.230	0.238	0.468	0.226	0.231	0.457
19-19-506(4)	Prem Tax-Fire/Pol 19-19-506-SA	1985	0.000	0.000	0.004	0.004	0.001	0.002	0.003
19-20-604	Teachers GABA 19-20-604	1985	0.813	0.800	0.840	1.641	0.878	0.918	1.796
19-20-607	HB 63 - Teachers' retirement system	2007	16.624	16.043	16.845	32.889	17.604	18.396	35.999
19-21-203	HB 95 - Increase MUS employers' retirement contributions	2007	<u>1.839</u>	<u>1.361</u>	<u>1.361</u>	<u>2.721</u>	<u>1.361</u>	<u>1.361</u>	<u>2.721</u>
Sub-total			\$46.866	\$46.933	\$49.799	\$96.732	\$52.485	\$55.440	\$107.925
<b>Economic Development</b>									
15-35-108(9)(b)(i)	Coop Developmental Center NMC	2000 SS	\$0.065	\$0.065	\$0.065	\$0.130	\$0.065	\$0.065	\$0.130
15-35-108(9)(b)(ii)	Growth Through Agriculture	2000 SS	0.636	0.625	0.625	1.250	1.250	1.250	2.500
15-35-108(9)(b)(iii)	Research & Commercialization	2000 SS	1.275	1.276	1.275	2.551	3.650	3.650	7.300
15-35-108(9)(b)(iv)	Economic Development	2000 SS	<u>1.066</u>	<u>1.098</u>	<u>1.100</u>	<u>2.198</u>	<u>1.100</u>	<u>1.100</u>	<u>2.200</u>
Sub-total			\$3.042	\$3.063	\$3.065	\$6.128	\$6.065	\$6.065	\$12.130
<b>Other</b>									
7-4-2502	HB 12 - Pay county attorney salaries	2007	\$2.609	\$2.831	\$3.000	\$5.831	\$3.180	\$3.371	\$6.552
10-1-1202	HB 136 - Death benefit to national guard beneficiaries	2007	0.000	0.000	0.000	0.000	0.000	0.000	0.000
10-3-312(1)	Emergency Appropriations	1985	0.827	1.528	14.972	16.500	8.250	8.250	16.500
15-1-121(6)	HB 124 - Combined Local Entitlement Distribution	2001	99.209	99.209	110.448	209.657	109.349	120.829	230.178
15-1-121(6)	HB 124 - Local TIF Entitlement Distribution	2001	0.819	0.763	1.218	1.981	1.475	2.432	3.907
15-1-218	HB 680 - DOR to collect out-of-state debt	2007	0.048	0.042	0.042	0.084	0.042	0.042	0.084
15-70-601(1)(b)	HB 756 - Biodiesel tax incentives	2005	0.000	0.000	0.000	0.000	0.000	0.000	0.000
15-70-369(4)	HB 776 - Biodiesel tax refunds	2005	0.000	0.000	0.000	0.000	0.000	0.000	0.000
16-11-509	HB 169 - Fines & cost recovery tobacco settlement	2005	0.002	0.033	0.033	0.066	0.033	0.033	0.066
17-3-106(2)	DofA Cash Management Interest	1993	0.185	0.161	0.187	0.348	0.178	0.175	0.353
17-6-101(6)	BOI Banking Charges	1993	2.243	2.059	2.141	4.200	2.236	2.346	4.582
17-7-502(4)	TRANS Debt Service and Issuance Costs	1985	0.000	0.000	0.000	0.000	0.000	0.000	0.000
17-7-502(4)	Transfer to Debt Service A/B Bond	1985	14.999	15.925	16.045	31.970	15.972	14.160	30.132
85-20-1505	HB 49 - Authorize the sale of bonds for Blackfeet water compact	2011	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Sub-total			\$120.942	\$122.551	\$148.086	\$270.637	\$140.716	\$151.638	\$292.354
<b>2013 Legislature - New Statutory Appropriations</b>									
22-1-327(3)*	HB 203 - Revise direct state aid to public libraries	2013	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
19-20-607(2)	HB 377 - Increase contributions and funding for TRS	2013	\$0.000	\$0.000	\$0.000	\$0.000	\$25.000	\$25.000	\$50.000
15-35-108(9)(a)	HB 454 - Provide funding for PERS defined benefit plan	2013	\$0.000				\$14.857	\$15.906	\$30.763
15-35-108(9)(b)(v)	HB 454 - Provide funding for PERS defined benefit plan	2013	<u>\$0.000</u>				<u>\$21.000</u>	<u>\$21.000</u>	<u>\$42.000</u>
Sub-total			\$0.000	\$0.000	\$0.000	\$0.000	\$60.857	\$61.906	\$122.763
<b>2013 Legislature - Changes to Existing Statutory Appropriations</b>									
15-35-108(9)(b)(ii)	HB 454 - Provide funding for PERS defined benefit plan	2013	\$0.000	\$0.000	\$0.000	\$0.000	(\$0.625)	(\$0.625)	(\$1.250)
15-35-108(9)(b)(iii)	HB 454 - Provide funding for PERS defined benefit plan	2013	\$0.000	\$0.000	\$0.000	\$0.000	(\$2.375)	(\$2.375)	(\$4.750)
15-1-121(6)	SB 16 - Revise tax increment financing laws related to distribution	2013	\$0.000	\$0.000	\$0.000	\$0.000	(\$0.025)	(\$0.025)	(\$0.050)
15-1-121(6)	SB 96 - Lower the business and equipment tax	2013	<u>\$0.000</u>	<u>\$0.000</u>	<u>\$0.000</u>	<u>\$0.000</u>	<u>\$3.786</u>	<u>\$5.942</u>	<u>\$9.728</u>
Sub-total			\$0.000	\$0.000	\$0.000	\$0.000	\$0.761	\$2.917	\$3.677
Total			\$170.849	\$172.548	\$200.950	\$373.497	\$260.884	\$277.965	\$538.849

\* Appropriation effective: \$1.259M in FY 2016 & \$1.947M in FY 2017

The 2013 Legislature enacted four new general fund statutory appropriations and three laws that change the amount of general fund appropriated from existing statutory appropriations.

**House Bill 203** – The legislation revises direct state aid to public libraries by creating a new general fund statutory appropriation. The amount of the appropriation is determined by a rate of 40 cents for each state resident based on the most recent decennial census of the population. Due to coordination with House Bill 2, the appropriation becomes

effective July 1, 2015. Therefore, there are no expenditures in the 2015 biennium. The legislation is effective July 1, 2013 and terminates July 1, 2017.

House Bill 377 – Beginning July 1, 2014 on the first day of each fiscal year, \$25 million is statutorily appropriated from the general fund to the teachers retirement system pension trust fund. Total statutory appropriation expenditures for the 2015 biennium are \$50 million. The legislation is effective July 1, 2013.

House Bill 408 – The legislation revises the tax rate on pollution control equipment. Reimbursements to local governments and tax increment financing districts are made through the general fund entitlement statutory appropriation. The expenditure effects of the legislation occur in FY 2016 (\$1,259,192) and FY 2017 (\$1,947,344) for a total of \$3,206,536 for the 2017 biennium. The legislation is effective October 1, 2013.

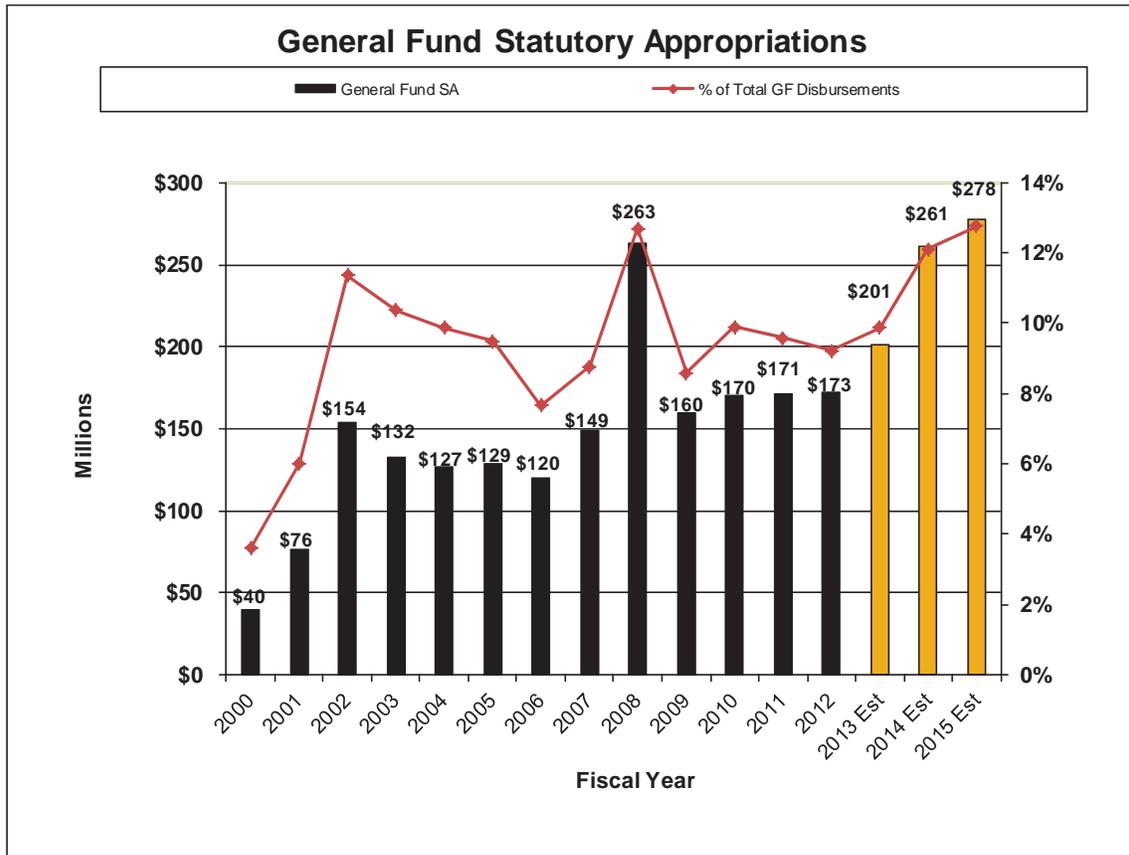
House Bill 454 – Provides funding for public employees retirement system defined benefit plan and revises the guaranteed annual benefit adjustment. Beginning FY 2014, the legislation reduces the current statutory appropriation for the Department of Agriculture by \$625,000 each fiscal year and reduces the Department of Commerce statutory appropriation transfer to the research and commercialization account by \$2,375,000 each fiscal year. The remainder of the coal tax (after allocations to various agencies) deposited to the general fund is newly statutorily appropriated from the general fund to the PERS defined benefit plan. Another new general fund statutory appropriation up to \$21 million of interest earned from the coal severance tax permanent fund is also statutorily appropriated to the PERS defined benefit plan. Total amounts for the two new statutory appropriation and changes in the two existing ones are \$32,857,000 in FY 2014 and \$33,906,000 in FY 2015 for a total of \$66,763,000 for the 2015 biennium. The legislation is effective July 1, 2013.

Senate Bill 16 - The legislation decreases the statutorily appropriated entitlement share payment to the Missoula-1-1C tax increment financing district by \$25,028 general fund each fiscal year for a total reduction of \$50,056 for the 2015 biennium. The legislation is effective October 1, 2013.

Senate Bill 96 – The legislation reduces the taxes assessed on class eight business equipment by providing a tax rate of 1.5% on the first \$10 million of taxable market value and 3% for all taxable market value in excess of \$10 million, and exempts the first \$250,000 in market value of this property owned by a taxpayer, beginning in TY 2014. Reimbursements to local governments and tax increment financing districts are made through the general fund entitlement statutory appropriations. These appropriations are \$3,785,893 for FY 2014 and \$5,941,628 for FY 2015 for a total of \$9,727,521 for the 2015 biennium. The legislation is effective on passage and approval.

Figure 12 illustrates the amount of general fund spent through statutory appropriations from FY 2000 through FY 2012 and estimated amounts for FY 2013 to FY 2015. From FY 2000 to FY 2012, general fund expenditures from statutory appropriations increased \$169 million and in FY 2012, comprised 8% of all general fund disbursements. The initiation of the local government entitlement program in FY 2001 (enacted by HB 124 in the 2001 session) accounts for most of the large increase shown in FY 2001. FY 2009 was an unusual year in that the \$94.6 million was spent to provide one-time tax rebates (HB 9 in the 2007 May special session). For the 2015 biennium, \$539 million general fund is expected to be spent with statutory appropriations, an increase of \$165 million over the estimated \$374 million to be spent in the 2013 biennium.

Figure 12



**State Special**

It is estimated that \$462 million of state special revenue will be spent through statutory appropriations in the 2015 biennium.

The 2013 Legislature enacted 12 laws that increased state special revenue amounts statutorily appropriated by a net \$70.3 million in the 2015 biennium. These laws affect the appropriations by: 1) changing or eliminating existing statutory appropriations; 2) changing the amount of revenue deposited in accounts that are statutorily appropriated; or 3) creating new statutory appropriations. Figure 13 shows the amounts estimated from existing statutory appropriations and from new ones enacted by the 2013 Legislature.

In addition, the Legislative Finance Committee sponsored HB 21, which eliminated two statutory appropriations (17-3-112, MCA & 50-4-623, MCA) and made changes to the review and guidelines of statutory appropriations (17-1-580, MCA). The legislation is effective July 1, 2013.

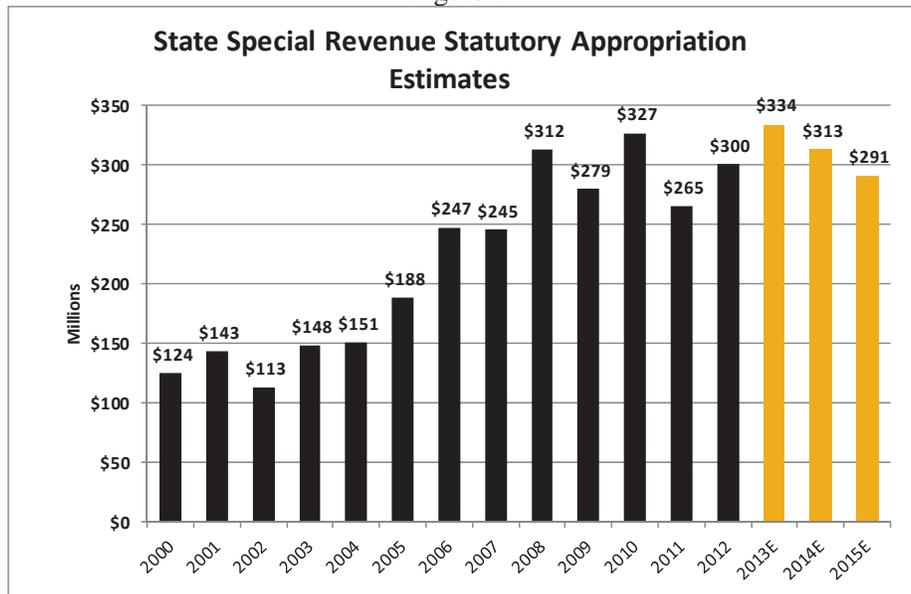
Figure 13

<b>State Special Revenue Statutory Appropriation Estimates</b>						
Fiscal Years 2013-2015						
(in Millions)						
MCA Cite	Bill/Purpose	Legislative Session	FY 2013	2015 Biennium		
				FY 2014	FY 2015	Total
<u>Existing Statutory Appropriations *</u>						
Multiple	Varied dedicated uses	Multiple	\$334.32	271.423	267.739	539.162
<u>Changes to Existing Statutory Appropriations - 2013 Legislature</u>						
85-20-1505(6)	HB 6 - Renewable resource grants	2013	\$0.00	14.000	0.000	14.000
10-4-301(5)	HB 509 - Provide prepaid wireless 9-1-1 service charge	2013	0	(0.062)	(0.028)	(0.091)
23-5-612 (3)	HB 141 - Revise gambling control laws	2013	0	0.005	0.005	0.011
20-9-622(1)(b)	SB 175 - Revise public education funding	2013	0	11.475	11.475	22.950
20-9-622(1)(b)	SB 369 - Revise state cabin site leasing laws	2013	0	(0.085)	(0.130)	(0.215)
15-37-117(3)	SB 401 - Revise disposition of metalliferous mines license tax	2013	0	<u>1.859</u>	<u>1.761</u>	<u>3.620</u>
Sub-total			\$0.00	27.192	13.083	40.275
<u>New Statutory Appropriations - 2013 Legislature</u>						
76-13-150(10)	HB 354 - Establish a wildfire project suppression fund	2013	0	1.000	0.000	1.000
Unknown MCA	SB 410 - Transfers to implement provisions of HB 2 (Corrections)	2013	0	2.000	0.000	2.000
Unknown MCA	SB 410 - Transfers to implement provisions of HB 2 (DPHHS)	2013	0	2.000	0.000	2.000
Unknown MCA	SB 410 - Transfers to implement provisions of HB 2 (Governor)	2013	0	7.500	0.000	7.500
Unknown MCA	SB 410 - Transfers to implement provisions of HB 2 (Labor)	2013	0	<u>2.000</u>	<u>0.000</u>	<u>2.000</u>
Sub-total			\$0.00	14.500	0.000	14.500
Total			\$334.32	313.115	280.822	593.937

\* Amounts from the executive budget

Figure 14 shows the amounts spent from FY 2000 through FY 2012 and the amounts estimated to be spent from FY 2013 through FY 2015. In FY 2012, the agency with the largest expenditure of state special revenue (\$104.3 million) statutory appropriations was the Office of Public Instruction which distributes net interest and income from the common school trust to fund public schools. The second largest was \$98.3 million spent by the Department of Revenue. This department distributes revenue from oil, natural gas, metalliferous mines, beer, wine, and liquor taxes to local and tribal governments. The five agencies with the largest expenditures spent \$279.7 million or 93% of the \$300.3 million total.

Figure 14



### APPROPRIATIONS BY SOURCE OF AUTHORITY – GENERAL FUND TRANSFERS

The figure 15 shows a history of the non-budgeted general fund transfers from FY 2000 through FY 2012. For the 2015 biennium, \$130 million is estimated to be transferred out of the general fund, a \$47 million increase from the 2013 biennium.

Figure 15

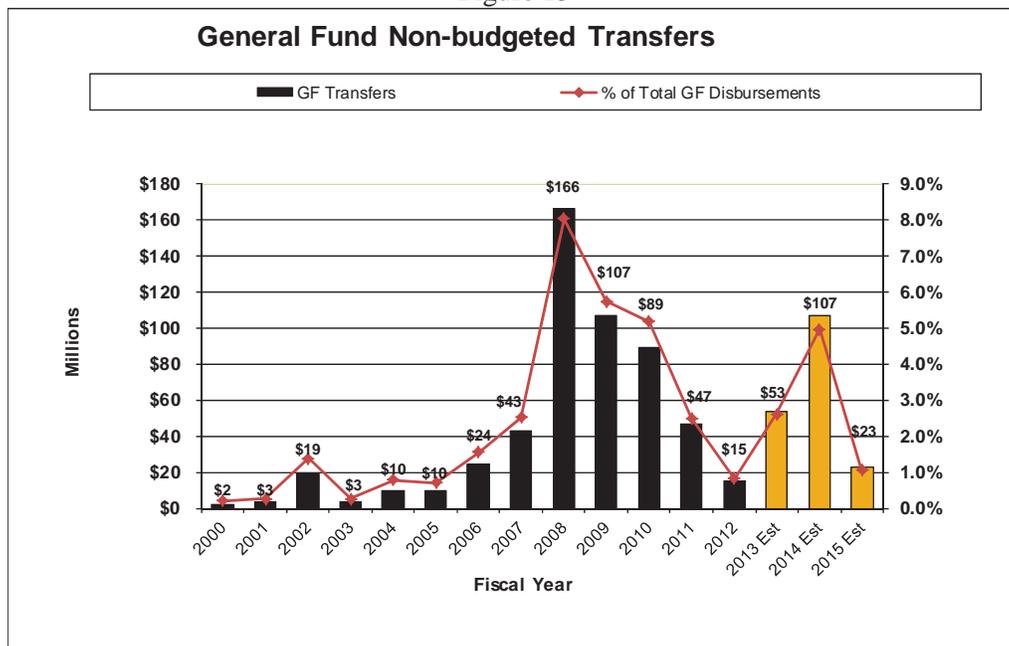


Figure 16 shows each non-budgeted general fund transfer that has been included in the general fund balance sheet for the 2013 and 2015 biennia. Following Figure 2 are explanations of bills enacted by the 2013 Legislature that created new transfers and changed amounts of existing transfers.