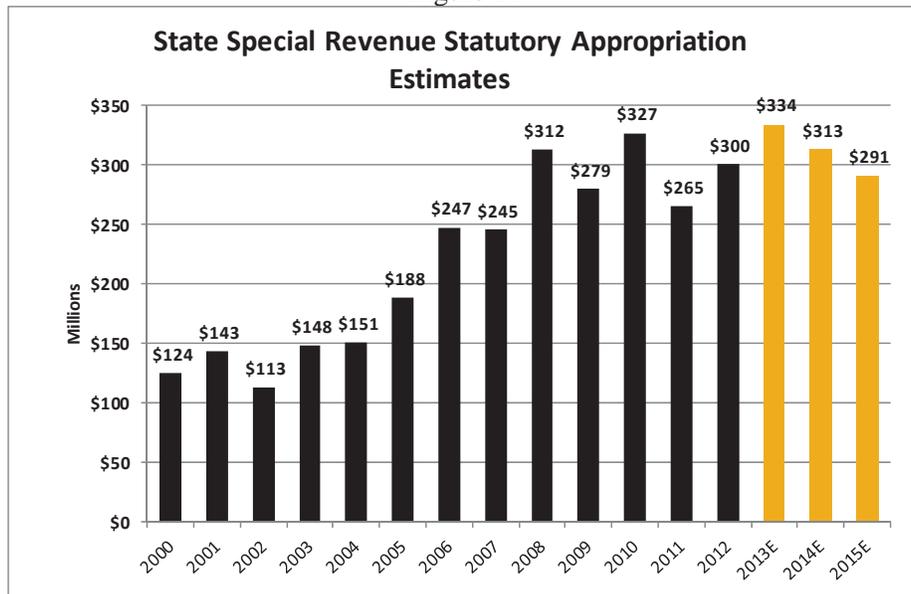


Figure 14



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

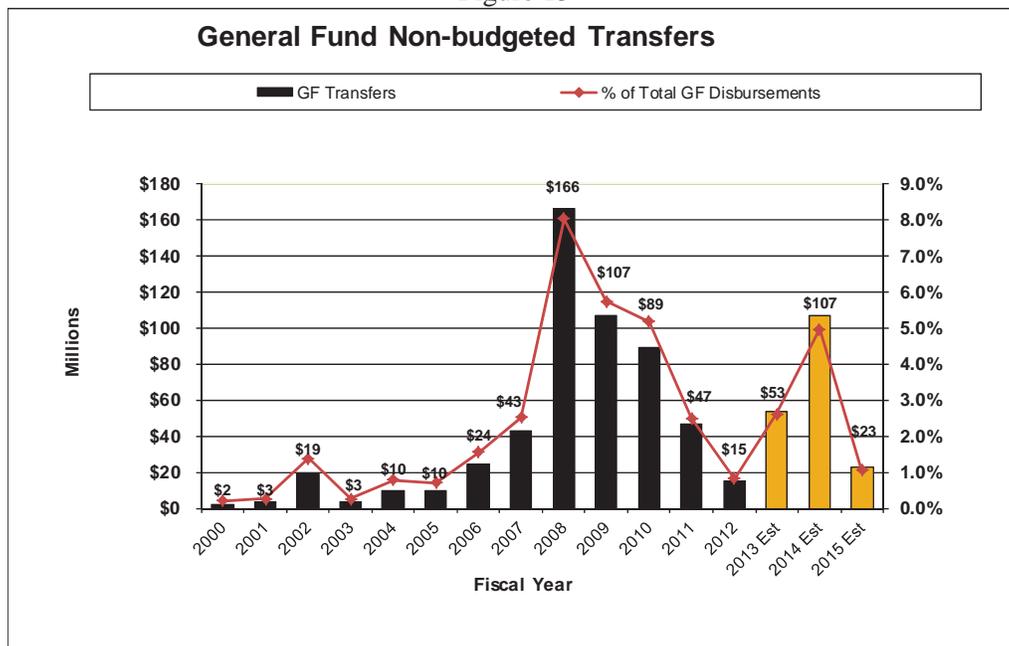


Figure 16 shows each non-budgeted general fund transfer that has been included in the general fund balance sheet for the 2013 and 2015 biennia. Following Figure 2 are explanations of bills enacted by the 2013 Legislature that created new transfers and changed amounts of existing transfers.

Figure 16

General Fund Non-budgeted Transfer Estimates
Fiscal Years 2012-2015
(Millions)

Authorization	Name	Legislative Session	2013 Biennium			2015 Biennium		
			Fiscal 2012A	Fiscal 2013E	Total	Fiscal 2014E	Fiscal 2015E	Total
Vehicle/Other Fee Transfers								
15-1-122(1)	DPHHS-Adoption services	2001	\$0.059	\$0.065	\$0.124	\$0.071	\$0.079	\$0.150
15-1-122(3)(a)	DEQ-Junk vehicles	2001	1.477	1.499	2.976	1.584	1.598	3.182
15-1-122(3)(b)	Agriculture-Noxious weeds	2001	1.496	1.519	3.015	1.605	1.620	3.225
15-1-122(3)(c)(i)	FWP-Boat facilities & enforcement, OHV, Parks	2001	0.705	0.729	1.434	0.770	0.778	1.548
15-1-122(3)(c)(ii)	FWP-Enforcement, snowmobiles	2001	In above	In above	0.000	In above	In above	0.000
15-1-122(3)(c)(iii)	FWP-Motorboats	2001	In above	In above	0.000	In above	In above	0.000
15-1-122(3)(d)	MA-Veterans' services	2001	0.692	0.689	1.381	0.728	0.734	1.462
15-1-122(3)(e)	DOT-Disabled seniors transportation	2001	0.299	0.304	0.603	0.321	0.324	0.645
15-1-122(3)(f)	MA-Search and rescue	2001	<u>In above</u>	<u>In above</u>	<u>0.000</u>	<u>In above</u>	<u>In above</u>	<u>0.000</u>
Sub-total			\$4.728	\$4.804	\$9.532	\$5.079	\$5.133	\$10.212
Other Transfers								
Unknown	DPHHS Non-budgeted		\$0.136	\$0.136	\$0.272	\$0.136	\$0.136	\$0.272
Unknown	Other Agencies Non-budgeted		0.016	0.016	0.032	0.016	0.016	0.032
15-1-122(5)	HB 622 - Livestock loss reduction and mitigation	2011	0.200	0.200	0.400	0.200	0.200	0.400
15-1-123(5)(b)	SB 372 - Lower business equipment tax	2011	0.000	0.285	0.285	0.171	0.375	0.547
17-1-511(2)	SB 553 - Incentive for rural physicians	2007	0.227	0.227	0.454	0.227	0.227	0.454
39-71-2352(6)	Old state fund shortfall *	2002 SS	10.042	11.204	21.246	7.356	5.652	13.008
77-1-108(4a)	HB 19 - To trust land administration account	2007	0.080	0.000	0.080	0.080	0.000	0.080
87-2-801(6)	SB 166 - To general license acct. purple heart free license	2007	0.040	0.040	0.080	0.040	0.040	0.080
87-2-803(12c)	SB 243 - To general license acct. national guard free license	2007	<u>In above</u>	<u>In above</u>	<u>0.000</u>	<u>In above</u>	<u>In above</u>	<u>0.000</u>
Sub-total			\$10.741	\$12.108	\$22.849	\$8.227	\$6.646	\$14.873
2013 Legislature - New Transfers								
Uncodified	HB 5 - Long-range building appropriations	2013	\$0.000	\$0.000	\$0.000	\$49.550	\$0.000	\$49.550
Uncodified	HB 6 - Renewable resource grants	2013	\$0.000	\$0.000	\$0.000	\$20.474	\$0.000	\$20.474
Uncodified	HB 10 - Long-range information technology appropriations	2013	\$0.000	\$0.000	\$0.000	\$11.452	\$0.000	\$11.452
Uncodified	HB 11 - Treasure state endowment program	2013	\$0.000	\$0.000	\$0.000	\$10.850	\$10.850	\$21.700
Uncodified	HB 354 - Establish a wildfire project suppression fund	2013	\$0.000	\$0.000	\$0.000	\$1.000	\$0.000	\$1.000
Uncodified	SB 175 - Revise public education funding	2013	\$0.000	\$22.950	\$22.950	\$0.000	\$0.000	\$0.000
Uncodified	SB 410 - Transfers to implement provisions of HB 2	2013	<u>\$0.000</u>	<u>\$13.500</u>	<u>\$13.500</u>	<u>\$0.000</u>	<u>\$0.000</u>	<u>\$0.000</u>
Sub-total			\$0.000	\$36.450	\$36.450	\$93.325	\$10.850	\$104.175
2013 Legislature - Changes to Existing Transfers								
15-1-122(2)(d)	HB 626 - Increase % of motor vehicle revenue for veterans	2013	\$0.000	\$0.000	\$0.000	\$0.172	\$0.174	\$0.346
15-1-123(4)(b)	SB 96 - Lower the business and equipment tax	2013	<u>\$0.000</u>	<u>\$0.000</u>	<u>\$0.000</u>	<u>\$0.083</u>	<u>\$0.141</u>	<u>\$0.224</u>
Sub-total			\$0.000	\$0.000	\$0.000	\$0.256	\$0.314	\$0.570
Total			\$15.469	\$53.363	\$68.832	\$106.887	\$22.943	\$129.830

* Updated estimate from the State Fund May 3, 2013

Transfers are estimated to be \$129.8 million in the 2015 biennium. The largest single on-going transfer in the biennium is \$13.0 million to the workers compensation old fund (39-71-235(6), MCA). Beginning FY 2013 at \$11.2 million, the Montana State Fund estimates that yearly general fund transfers (in decreasing amounts after FY 2013) totaling \$58.8 million will be needed through FY 2051.

The 2013 Legislature enacted eight new laws that transfer general fund to various other accounts on a one-time basis (see the chart above) and made changes to the following two existing transfers:

HB 626 – The legislation increases the percentage of general fund motor taxes and fee revenue to the veterans' cemetery and veterans' services state special revenue accounts from 0.64% to 0.81%. The on-going general fund transfer increases \$172,353 in FY 2014 and \$173,529 in FY 2015 for a biennial total of \$345,882. The legislation is effective July 1, 2013.

SB 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. It also exempts the first \$250,000 in market value of this property owned by a taxpayer, beginning in TY 2014. Reimbursement through a transfer of general fund is provided to the university system for loss of the 6-mill levy revenue. The legislation is effective on passage and approval and applies to property tax years beginning after December 31, 2013.

In addition, the legislature created the potential for the following on-going general fund transfers:

HB 354 – The legislation provides for the potential of the following three new transfers from the general fund to the fire suppression account (money in the account cannot exceed \$100 million):

- The transfer of any unexpended and unencumbered balance of the Governor’s emergency appropriation at the end of each biennium
- By August 15 following the end of each fiscal year, an amount equal to the balance of unspent general fund appropriated in that year in excess of 0.5% of the total general fund appropriated for that fiscal year, must be transferred (\$1.0 million is shown on the chart)
- Certain corporation license tax revenue deposited in the general fund must be transferred in the following manner:
 - By August 15, 2013, funds in excess of \$152 million collected for FY 2013
 - By August 15, 2014, funds in excess of \$152.2 million collected for FY 2014
 - By August 15, 2015, funds in excess of \$157.5 million collected for FY 2015

This legislation is effective on passage and approval.

APPROPRIATIONS BY SOURCE OF AUTHORITY – OTHER LEGISLATION

The legislature approved other legislation that increases general fund by an additional \$493.5 million. The following figure illustrates.

Other Appropriation Legislation -- General Fund	
Feed bill	\$ 9,231,000
Supplemental appropriations	118,799,000
State employee pay plan	59,100,000
Infrastructure Assistance	103,176,000
Pension Legislation	127,574,000
K-12	48,764,000
Other Bills	<u>\$ 26,839,000</u>
Total	\$ 493,483,000

BILLS ADDRESSING MAJOR BUDGET ISSUES

SB 175

In comparing K-12 education funding from the 2013 biennium to the 2015 biennium, it is necessary to examine HB 2 in conjunction with SB 175. SB 175 changed school law in a number of ways. The bill:

- Applies statutory inflation - 0.89% in FY 2014 and 2.08% in FY 2015 to per-ANB entitlements only; funding is in HB 2
- Increases the basic entitlements and creates multiple basic entitlements per district
- Creates new data for achievement payment of \$10 per ANB in FY 2014, \$15 per ANB in FY 2015 and \$20 per ANB in FY 2016 and beyond
- Creates a data task force