

4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPLEMENTING THE PROVISIONS OF HOUSE BILL NO. 2;
5 PROVIDING REPORTING REQUIREMENTS; REMOVING CARRYFORWARD AUTHORITY FOR THE
6 DEPARTMENT OF MILITARY AFFAIRS FOR THE BIENNIAL; TEMPORARILY ALLOWING USE OF THE
7 ACCOMMODATIONS TAX FOR HISTORICAL SITES AT REEDER'S ALLEY AND VIRGINIA CITY;
8 AMENDING SECTION-SECTIONS 15-65-121 AND 17-7-304, MCA; AND PROVIDING AN EFFECTIVE DATE
9 AND A TERMINATION DATE."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **NEW SECTION. Section 1. Reporting.** At each meeting of the general government budget
14 committee provided for in 5-12-501 following the completion of the 69th legislative session, the following
15 agencies shall provide a written report to the committee on the following subjects with the most recent
16 information from the previous 3 months prior to the reporting date to be received by the committee no later than
17 30 days before each meeting of the committee:

18 (1) the department of revenue on:

19 (a) the implementation of House Bill No. 56 if it is passed and approved;

20 (b) the status of a cannabis moratorium and the request for a position budgeted;

21 (c) the status of hiring, including the status of new offices hiring in new, smaller community offices;

22 and

23 (d) the status of unreported but taxable properties, including but not limited to new construction;

24 (2) the consumer counsel on the status of its caseload contingency fund;

25 (3) the office of the commissioner on political practices on the status of new positions budgeted for

26 lobby reporting;

27 (4) the department of labor and industry on:

28 (a) the implementation of House Bill No. 718 on educating incarcerated individuals if House Bill

1 No. 718 is passed and approved;

2 (b) the status of decreasing reliance on the general fund;

3 (c) the status of the amount of square feet leased by the department; and

4 (d) the status of releasing more positions budgeted;

5 (5) the department of administration on:

6 (a) the status of any contemplated lease changes statewide;

7 (b) the status of any contemplated building acquisitions statewide;

8 (c) the status of procurement disclosure reports produced;

9 (d) vacancy rates in health care and benefit, risk management, and state financial services;

10 (e) efforts to examine internal service rates, including but not limited to the workers' compensation

11 management rate;

12 (f) updates to accounts, fund balances, and interest earnings;

13 (g) any procedural removing general fund dollars with fund switching and other tools where

14 appropriate sectionwide; and

15 (h) any department consolidations or split offs being contemplated;

16 (6) the state information technology services division on its efforts to consolidate and reduce

17 expenses for information technology;

18 (7) the department of commerce on:

19 (a) the status of fair housing and its efforts to define the term;

20 (b) all grants made in the previous quarter, which includes identifying each grant's dollar amounts,

21 recipients, and source of funds;

22 (c) updated tourism tax revenue collections;

23 (d) advertising dollars spent, both on traditional methods and on social media, for the last 10 years

24 by year, by month, and by county, and an evaluation of the department's current marketing and advertising

25 budgets;

26 (e) safe and secure housing inspections update;

27 (f) updates on the Build America, Buy America Act;

28 (g) analysis of consolidating the Montana heritage commission with the Montana historical society;

8 (I) the updated status of any employees related to the American Rescue Plan Act;

9 (8) the Montana board of housing on:

10 (a) new originated and new serviced loans for the previous 3 months to include the number of

11 transactions and total dollar amounts by mortgage insurance source, including the federal housing

12 administration and the United States department of veterans affairs;

13 (b) the amount of positions budgeted for each mortgage function, including but not limited to
14 origination, processing, underwriting, and servicing;

15 (c) mortgage loans serviced by type to include aggregate dollar amounts, by year of inclusion into
16 a servicing portfolio, and latest delinquency numbers; and

(d) an update on the implementation of House Bill No. 819 from the 2023 legislative session;

18 (9) the department of military affairs on:

19 (a) efforts to restrain growth in general fund dollars spending; and

20 (b) an update on the multidomain operations training infrastructure status;

(10) the office of budget and program planning on the use of any funds for recruitment and retention, which must also identify the following:

23 (a) the position benefited from the a

24 (b) the agency for which the funds were expended

25 (c) the amount expended for the position benefited;

26 (11) the governor's office on the results of the positions budgeted for the governor's efficiency
27 initiative; and

28 (12)

1 vacancy reports, attrition activity, and vacancy rates.

2

3 **Section 2.** Section 15-65-121, MCA, is amended to read:

4 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-
5 65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special
6 revenue fund to the credit of the department. The department may spend from that account in accordance with
7 an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing
8 the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of
9 17-2-124 and as provided in subsections (2)(a) through ~~(2)(j) (2)(k)~~ of this section, the department shall
10 determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of
11 that amount from the tax proceeds received each reporting period. The department shall distribute the portion
12 of the 4% that was paid with federal funds to the department of administration for return to the federal
13 government and deposit 30% of the amount deducted less the portion paid with federal funds in the state
14 general fund.

15 (2) The balance of the tax proceeds received each reporting period and not deducted pursuant to
16 the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with
17 federal funds, or deposited in the heritage preservation and development account must be transferred to an
18 account in the state special revenue fund to the credit of the department of commerce for the purposes
19 designated under 90-1-122, to the emergency lodging for victims of domestic violence or human trafficking
20 account, to the Montana historical interpretation state special revenue account, to the Montana historical
21 society, to the university system, to the state-tribal economic development commission, and to the department
22 of fish, wildlife, and parks, as follows:

23 (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside
24 historical signs and historic sites;

25 (b) 2.5% to the university system for the establishment and maintenance of a Montana travel
26 research program;

27 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks
28 that have both resident and nonresident use;

(d) 1.4% to the invasive species state special revenue account established in 80-7-1004;

(e) 60.2% to be used directly by the department of commerce as provided in 90-1-122[1], and in part
privatize the Miles City train depot[2];

(f) 0.1% to the emergency lodging for victims of domestic violence or human trafficking account
shed in 44-4-1506;

(g) (i) except as provided in subsection (2)(g)(ii), 22.5% to be distributed by the department to
al nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total
ds collected statewide; and

(ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county, area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional fit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-resort area, or resort area district;

(h) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal
economic development commission established in 90-1-131 for activities in the Indian tourism region;

(i) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-

(j) 2.7% or \$1 million, whichever is less, to the Montana heritage preservation and development
it provided for in 22-3-1004. The Montana heritage preservation and development commission shall
on the use of funds received pursuant to this subsection (2)(j) to the legislative finance committee on a
annual basis, in accordance with 5-11-210; and

(k) \$250,000 in each year of the biennium beginning July 1, 2025, to the Montana heritage mission for projects at Reeder's Alley in Helena and Grace Methodist Church in Virginia City.

(3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be ed to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county, area, or resort area district is located.

(4) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism corporation may be used by the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.

(5) The tax proceeds received that are transferred to a state special revenue account pursuant to subsections (2)(a) through (2)(c), (2)(e), and (2)(g) are statutorily appropriated to the entities as provided in 17-7-502. The tax proceeds received that are transferred to the emergency lodging for victims of domestic violence or human trafficking account pursuant to subsection (2)(f) are subject to the appropriation provisions in 44-4-1506.

(6) The tax proceeds received that are transferred to the invasive species state special revenue account pursuant to subsection (2)(d), to the Montana historical interpretation state special revenue account pursuant to subsection (2)(i), and to the Montana heritage preservation and development account pursuant to subsection (2)(j) are subject to appropriation by the legislature. (Terminates June 30, 2027--sec. 12, Ch. 563, L. 2021; sec. 10, Ch. 758, L. 2023; bracketed language in subsection (1)(e) terminates June 30, 2025--sec. 34, Ch. 763, L. 2023.)

15-65-121. (Effective July 1, 2027) Distribution of tax proceeds. (1) The proceeds of the tax imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special revenue fund to the credit of the department. The department may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-124 and as provided in subsections (2)(a) through (2)(h) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from the tax proceeds received each reporting period. The department shall distribute the portion of the 4% that was paid with federal funds to the department of administration for return to the federal government and deposit 30% of the amount deducted less the portion paid with federal funds in the state general fund. The amount of \$400,000 each year must be deposited in the Montana heritage preservation and development account provided for in 22-3-1004.

(2) The balance of the tax proceeds received each reporting period and not deducted pursuant to

1 the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with
2 federal funds, or deposited in the heritage preservation and development account must be transferred to an
3 account in the state special revenue fund to the credit of the department of commerce for the purposes
4 designated under 90-1-122, to the Montana historical interpretation state special revenue account, to the
5 Montana historical society, to the university system, to the state-tribal economic development commission, and
6 to the department of fish, wildlife, and parks, as follows:

7 (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside
8 historical signs and historic sites;

9 (b) 2.5% to the university system for the establishment and maintenance of a Montana travel
10 research program;

11 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks
12 that have both resident and nonresident use;

13 (d) 1.4% to the invasive species state special revenue account established in 80-7-1004;

14 (e) 63% to be used directly by the department of commerce as provided in 90-1-122;

15 (f) (i) except as provided in subsection (2)(f)(ii), 22.5% to be distributed by the department to
16 regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total
17 proceeds collected statewide; and

18 (ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county,
19 resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional
20 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area
21 district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-
22 county, resort area, or resort area district;

23 (g) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal
24 economic development commission established in 90-1-131 for activities in the Indian tourism region; and

25 (h) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-
26 115.

27 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-
28 820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or

1 submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be
2 allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county,
3 resort area, or resort area district is located.

4 (4) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual
5 marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism
6 corporation may be used by the department of commerce for tourism promotion and promotion of the state as a
7 location for the production of motion pictures and television commercials.

8 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to
9 subsections (2)(a) through (2)(c), (2)(e), and (2)(f) are statutorily appropriated to the entities as provided in 17-
10 7-502.

11 (6) The tax proceeds received that are transferred to the invasive species state special revenue
12 account pursuant to subsection (2)(d) and to the Montana historical interpretation state special revenue account
13 pursuant to subsection (2)(h) are subject to appropriation by the legislature."

14

15 **Section 3.** Section 17-7-304, MCA, is amended to read:

16 **"17-7-304. Disposal of unexpended appropriations.** (1) All money appropriated for any specific
17 purpose except that appropriated for the university system units listed in subsection (2) and except as provided
18 in subsection (4) must, after the expiration of the time for which appropriated, revert to the several funds and
19 accounts from which originally appropriated. However, any unexpended balance in any specific appropriation
20 may be used for the years for which the appropriation was made or may be used to fund the provisions of 2-18-
21 1203 through 2-18-1205 and 19-2-706 in the succeeding year.

22 (2) Except as provided in 17-2-108 and subsection (3) of this section, all money appropriated for
23 the university of Montana campuses at Missoula, Butte, Dillon, and Helena and the Montana state university
24 campuses at Bozeman, Billings, Havre, and Great Falls, the agricultural experiment station with central offices
25 at Bozeman, the forest and conservation experiment station with central offices at Missoula, the cooperative
26 extension service with central offices at Bozeman, and the bureau of mines and geology with central offices in
27 Butte must, after the expiration of the time for which appropriated, revert to an account held by the board of
28 regents. The board of regents is authorized to maintain a fund balance and to use the funds held in this account

1 in accordance with a long-term plan for major and deferred maintenance expenditures and equipment or fixed
2 assets purchases prepared by the affected university system units and approved by the board of regents. The
3 affected university system units may, with the approval of the board of regents, modify the long-term plan at any
4 time to address changing needs and priorities. The board of regents shall communicate the plan to each
5 legislature, to the finance committee when requested by the committee, and to the office of budget and program
6 planning.

7 (3) Subsection (2) does not apply to reversions that are the result of a reduction in spending
8 directed by the governor pursuant to 17-7-140. Any amount that is a result of a reduction in spending directed
9 by the governor must revert to the fund or account from which it was originally appropriated.

10 (4) (a) Subject to subsection (4)(b) and except as provided in subsection (4)(c), after the end of a
11 fiscal year, 30% of the money appropriated to an agency for that year by the general appropriations act for
12 personal services, operating expenses, and equipment, by fund type, and remaining unexpended and
13 unencumbered at the end of the year may be reappropriated to be spent during the following 2 years for any
14 purpose, except for increases in pay, that is consistent with the goals and objectives of the agency. The dollar
15 amount of the 30% amount that may be carried forward and spent must be determined by the office of budget
16 and program planning.

17 (b) (i) Any portion of the 30% of the unexpended and unencumbered money referred to in
18 subsection (4)(a) that was appropriated to a legislative branch entity may be deposited in the account
19 established in 5-11-407.

20 (ii) After the end of a biennium, any portion of the unexpended and unencumbered money
21 appropriated for the operation of the preceding legislature in a separate appropriation act may be deposited in
22 the account established in 5-11-407. The approving authority shall determine the portion of the unexpended
23 and unencumbered money that is deposited in the account.

24 (iii) Any portion of the 30% of the unexpended and unencumbered money referred to in subsection
25 (4)(a) that was appropriated to the legislative audit division may be deposited in the account established in 5-
26 13-404.

27 (c) For each year of the biennium beginning July 1, 2025, all unexpended and unencumbered
28 funds for contracted services for the department of military affairs must revert to the general fund at the end of

1 that fiscal year.

2 (5) When the carryforward appropriation authority is established on the accounting system, and
3 prior to spending funds pursuant to subsection (4), an agency must report to the approving authority how those
4 funds will be spent in the following 2 years."

5

6 **NEW SECTION. Section 4. Referrals to legislative auditor.** The general government budget
7 committee may make referrals and recommendations to the legislative auditor.

8

9 **NEW SECTION. Section 5. Effective date.** [This act] is effective July 1, 2025.

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11 **NEW SECTION. Section 6. Termination.** (1) [Section 1] terminates September 15, 2026.
12 (2) [Section 2] terminates June 30, 2027.

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- END -