

OFFICE OF THE GOVERNOR
STATE OF MONTANA

Steve Bullock
GOVERNOR



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Balancing Montana's Budget – Legislative Proposals

Governor Bullock has put forth a set of reasonable and thoughtful proposals to balance Montana's budget and has called the Legislature back to Helena. These proposals hinge on the basic premise of "a third, a third, a third," meaning the \$227 million revenue shortfall would be addressed through an equitable combination of cuts, revenue increases to pay the fire bill, and transfers and other legislation.

Summary of the Call for a Special Session:

Governor Bullock called a special session of the Legislature to begin at 12:00pm on *Tuesday, November 14, 2017* with hearings beginning on Monday, November 13. The Governor determined that a special session is in the public interest, citing a historically-expensive fire season and a revenue shortfall created by overly-optimistic revenue projections by the Legislature. In accordance with Montana law, the Governor limited the scope of the special session to legislation addressing a balanced budget, including transfers, cuts, and revenue enhancements.

Transfer Proposals and Other Legislation:

- Temporarily suspend the state's employer contribution to the state health plan.
The plan is running a surplus currently, so services will be unaffected.
- Temporarily suspend the state's contribution to the judge's retirement system.
The system is currently running a surplus so retirement payouts will be unaffected.
- Transfer cash from surpluses in a range of special revenue accounts or changing funding sources to non-general fund sources.
- Distribute new liquor licenses through an auction, rather than a lottery.
The free market will determine the price of a public asset, not an artificial and outdated statute.
- Delay a grant program that was designed to kick in if the plant at Colstrip closed, and terminate other block grant programs.
- Update the state's fire assessments to offset general fund spending at the Department of Natural Resources and Conservation.
Wildland fire costs have shifted from just forest lands to all land types and structure protection.
- Increase efficiency and sales timing of unclaimed property at the Montana Department of Revenue.

Revenue Proposals to Offset Fire Costs:

- Charge a 3% management fee for certain State Fund accounts with over \$1 billion in assets.
- Temporarily increase the tax rate for rental cars, hotels, and campgrounds.

Proposed Cuts:

- Proposed cuts can be found at balancedbudget.mt.gov.

Temporary Revenue Enhancements to Offset Fire Costs			
<u>Item</u>	<u>FY 18</u>	<u>FY 19</u>	<u>Biennial Total</u>
Increase Accommodations Rate by 3%	10.018	25.567	35.585
Increase Rental Car Rate by 6%	2.755	7.057	9.812
State Fund 3% Management Rate	14.648	15.084	29.732
Subtotal	27.421	47.708	75.129

17-7-140, MCA Reductions			
<u>Item</u>	<u>FY 18</u>	<u>FY 19</u>	<u>Biennial Total</u>
17-7-140, MCA Reductions	-32.585	-44.055	-76.640

Other Budget Adjustments			
<u>Item</u>	<u>FY 18</u>	<u>FY 19</u>	<u>Biennial Total</u>
Legislative Branch Reductions	0.774	0.774	1.547
Judicial Branch Reductions	1.805	1.885	3.690
Secretary of State Reduction	0.410	0.400	0.810
State Auditor's Office Reduction	0.580	0.538	1.118
Public Service Commission Reduction	0.277	0.248	0.525
Transfer from Dept. of Commerce	0.210	0.000	0.210
Transfer from DOA (SABHRS)	0.200	0.300	0.500
School Facility & Technology Account Delay and Transfer	3.400	4.800	8.200
Transfer from Capitol Complex Major Maintenance Account	2.000	0.000	2.000
Transfer from Highway Unrestricted Fund	0.000	8.000	8.000
State Employee Health Insurance Rate Holiday	10.470	0.000	10.470
Judges' Retirement System Employer Contribution Holiday	0.900	1.800	2.700
State Information and Tech. Services Division Rate Reduction (6.61%)	1.200	1.200	2.400
Eliminate School Funding Block Grants	0.000	11.656	11.656
Public Sale of Abandoned Property - Securities	0.000	3.870	3.870
Liquor License Lottery to Auction	0.000	2.488	2.488
Freeze Coal Fired Generating Unit Closure Payment	1.694	1.694	3.387
Fire Assessment Adjustments	0.000	13.000	13.000
Subtotal	23.919	52.652	76.571

Total Impact to Fund Balance	228.340		
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FY 2017 and 2019 Biennium General Fund Status (Millions \$)			
<u>Description</u>	<u>Actual</u>	<u>Enacted</u>	
	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Beginning Fund Balance	256.478	47.564	47.879
OBPP Revenue Estimate	2,141.479	2,233.266	2,336.240
Transfers-In (SB 261)		31.640	1.640
**Temp Revenue Enhancements to Offset Fire Costs		27.421	47.708
**Other Legislative Actions		3.677	15.844
Prior Year Revenue Adjustments	(2.111)		
Total Funds Available	2,395.846	2,343.568	2,449.311
General Appropriations Act			
HB 2 Disbursements (Adjusted for SB 261)	2,004.574	1,986.310	2,033.305
**17-7-140, MCA Reductions		(32.585)	(44.055)
Non-HB 2 Disbursements			
HB 1 - Feed Bill	8.239	2.210	9.063
HB 3 - Supplemental	23.167	20.000	20.000
**Other Legislative Actions		(20.242)	(36.808)
Other Disbursements			
Statutory Appropriations	291.065	325.135	313.429
Transfers	32.090	20.108	20.693
Other Appropriations	5.602	1.661	(2.349)
Reversions		(6.908)	(7.171)
Prior Year Expenditure Adjustments	(4.058)		
Total Disbursements	2,360.679	2,295.689	2,306.107
Fund Balance Adjustments	12.397		
Ending Fund Balance	47.564	47.879	143.204
YOY Expenditure Growth		-2.75%	0.45%
YOY Revenue Growth		4.29%	4.61%
Fund Balance as a % of Total Spend		2.09%	6.21%
"Cut-To" Target			143.20
Trigger			119.33