HOUSE BILL NO. 816

INTRODUCED BY J. KASSMIER, S. FITZPATRICK

A BILL FOR AN ACT ENTITLED: “AN ACT GENERALLY REVISING THE DISTRIBUTION OF SURPLUS REVENUE; PROVIDING FOR A SUPPLEMENTAL INCOME TAX REBATE;~~ PROVIDING FOR A SUPPLEMENTAL PROPERTY TAX REBATE;~~ CREATING THE MONTANA HOUSING INFRASTRUCTURE REVOLVING LOAN ACCOUNT; CREATING A STATE SPECIAL REVENUE ACCOUNT; PROVIDING FOR DUTIES FOR THE BOARD OF INVESTMENTS; PROVIDING ELIGIBILITY REQUIREMENTS FOR THE USE OF FUNDS; PROVIDING FOR DEED RESTRICTIONS SET BY THE BOARD OF INVESTMENTS; PROVIDING FOR PLANNING GRANTS AND LOANS; ESTABLISHING REPORTING REQUIREMENTS; PROVIDING FOR GRANTS TO ELIGIBLE ENTITIES FOR INFRASTRUCTURE PROJECTS; SETTING UP A GRANT PROCESS; REQUIRING A PERCENTAGE OF MATCHING FUNDS; PROVIDING FOR OVERSIGHT; ADDRESSING COST OVERRUNS AND MISAPPROPRIATION OF FUNDS; SETTING GRANT LIMITS; PROVIDING FUNDING TO LOCAL GOVERNMENTS FOR THE MAINTENANCE OF COUNTY AND CITY ROADS; PROVIDING FOR THE DISTRIBUTION OF FUNDS; PROVIDING STATUTORY APPROPRIATIONS; REVISING CONTRIBUTIONS IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO PROVIDE FOR AN ACTUARIALLY DETERMINED CONTRIBUTION; CHANGING THE DEFAULT RETIREMENT PLAN TO THE PUBLIC EMPLOYEES' DEFINED CONTRIBUTION PLAN; REVISING THE EMPLOYER CONTRIBUTION TO THE DEFINED CONTRIBUTION PLAN OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; PROVIDING DEFINITIONS; ESTABLISHING A CHILD TAX CREDIT FOR MONTANA RESIDENT TAXPAYERS; PROVIDING A MAXIMUM REFUNDABLE CREDIT AMOUNT FOR A CHILD 5 YEARS OF AGE OR YOUNGER; PROVIDING FOR A SUPPLEMENTAL FUND TRANSFER FOR THE INCOME TAX REBATE THAT IS BASED ON INDIVIDUAL INCOME TAXES PAID; REVISING THE SUPPLEMENTAL PROPERTY TAX REBATE; PROVIDING ~~AN APPROPRIATION~~ APPROPRIATIONS; PROVIDING FOR TRANSFERS; PROVIDING FOR ALLOCATIONS TO COUNTIES; AMENDING SECTIONS 15-30-2303, 17-7-502, 19-2-303, 19-2-405, 19-2-409, 19-3-315, 19-3-316, 19-3-319, 19-3-1605, 19-3-2111, 19-3-2117, AND 19-21-214, MCA; AMENDING SECTION 2, CHAPTER 44, LAWS OF 2023 AND SECTION 1, CHAPTER 47, LAWS OF 2023;

AND PROVIDING ~~AN IMMEDIATE~~ EFFECTIVE ~~DATE~~ DATES, AN APPLICABILITY DATE, AND ~~A~~ TERMINATION ~~DATE~~ DATES."

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

NEW SECTION. **Section 1. Individual income tax rebate.** (1) A qualified taxpayer that is entitled to an individual income tax rebate pursuant to [section 2 of House Bill No. 192] may increase the amount of the filing status limits in [section 2(1)(b) of House Bill No. 192] by the bonus amounts provided in subsection (2). In administering the income tax rebate, the department shall add the bonus to the filing status limits and update any rebate forms to reflect the additional amount.

(2) (a) Subject to subsection (2)(c), the amount of the bonus for a single taxpayer, a head of household, or a married taxpayer filing a separate return is the quotient of the appropriation in [section ~~3~~39] divided by 350,000.

(b) Subject to subsection (2)(c), the amount of the bonus for a married couple filing a joint return is double the amount provided for in subsection (2)(a).

(c) The department shall round the quotients provided for in subsections (2)(a) and (2)(b) downward to the nearest $1.

(3) The bonus provided for in this section is administered as part of the individual income tax rebate provided for in [House Bill No. 192]. Any income tax rebate received that is based on this section is exempt from taxation under this chapter.

NEW SECTION. **Section 2. Montana housing infrastructure revolving loan fund account.** (1) There is a Montana housing infrastructure revolving loan fund account within the state special revenue fund type established in 17-2-102 to the credit of the board of investments. Money deposited in the account established in this section must be invested by the board of investments as provided by law.

(2) The principal of the account may only be appropriated by a vote of two-thirds of the members of each house of the legislature.

NEW SECTION. **Section 3. Purpose.** The purpose of the loans made and the bonds or other securities issued and purchased pursuant to [sections 2 through 6] are:

(1) to increase home ownership and provide more long-term rental opportunity;

(2) to increase housing supply and offer diverse housing types to meet the needs of population growth; and

(3) to create partnerships between the state, local governments, private sector developers, and applicants for residential development to finance necessary infrastructure for housing.

NEW SECTION. **Section 4. Eligibility.** (1) For the costs of an infrastructure project to be eligible to be paid by the proceeds of a loan or bonds or other securities of an eligible government unit as defined in 17-5-1604, the infrastructure project must provide for residential development at a minimum gross density of 10 units for each acre.

(2) Lending of at least $7 million of available funds must be prioritized to counties that have a population of less than 15,000 inhabitants that are located within a 30-mile radius of a facility that, on an annual average, houses at least 100 state inmates or behavioral health patients, and the facility is located in a county that has a population of that does not exceed 15,000 inhabitants.

NEW SECTION. **Section 5. Financing by the board of investments -- deed restrictions.** (1) The board of investments may make loans from the account established in [section 2] to an eligible government unit as defined in 17-5-1604 or an applicant for residential development to cover the costs of demolition or expanding or extending water, wastewater, storm water, street, road, curb, gutter, and sidewalk infrastructure to serve new or rehabilitated residential development.

(2) The board of investments may purchase up to 50% of a bond or other security issued in accordance with state law by an eligible government unit as defined in 17-5-1604 to cover all or a portion of costs of expanding or extending water, wastewater, storm water, street, road, curb, gutter, and sidewalk infrastructure to serve new or rehabilitated residential development at an interest rate to be determined by the board of investments as an investment of the account established in [section 2].

(3) The board of investments shall:

(a) establish the terms and conditions of the loan, including the interest rate of the loan, with a term not to exceed 20 years;

(b) if an eligible government unit is the entity seeking a loan or issuing a bond or other security, require that the eligible government unit waive all impact fees for the developer or the amount of impact fees up to the amount of the loan or bond or other security, whichever amount is smaller;

(c) if an applicant for residential development is the entity seeking a loan, require that the applicant pay all impact fees due to the local government or the amount of impact fees up to the amount of the loan, whichever amount is smaller; and

(d) set policy requiring that housing built using infrastructure funded in part by a security pursuant to this section must contain a deed restriction to preserve long-term affordability of the housing that runs with the property for the term of the security.

(4) The board of investments shall include the amounts loaned and the status of all loans in the report required in 17-5-1650.

<u>NEW SECTION.</u> **Section 6. Workforce housing appropriations -- eligible uses of funds.** (1) There is appropriated $12 million from the general fund to the board of investments for the biennium beginning July 1, 2023. The purpose of the funds is to advance the construction of workforce housing of employees who work at facilities that house state inmates or behavioral health patients.

(2) Funds must be distributed to those living in counties that have a population of less than 15,000 inhabitants that are located within a 30-mile radius of a facility that, on an annual average, houses at least 100 state inmates or behavioral health patients, and the facility is located in a county that has a population that does not exceed 15,000 inhabitants. The distribution must be made pro rata based on the annual average facility population for the fiscal year beginning July 1, 2021, and the number of workers residing in each eligible county.

(3) Eligible uses of the funds include:

(a) buying down construction interest on employee housing;

(b) providing loans for up to 50% of the projected project costs of an eligible infrastructure project pursuant to [section 4];

(c) acquiring through construction or purchase housing for employees with the intention of the housing to be privately owned within 10 years of purchase or construction;

(d) providing funds to discount housing costs to employees who work in facilities that house, on an annual average, at least 100 state inmates or behavioral health patients, and the facility is located in a county that has a population that does not exceed 15,000 inhabitants; or

(e) acquiring through construction or purchase housing for employees of those facilities with the intention of the housing to be privately owned within 10 years of purchase or construction unless private ownership is considered a security risk by the department of public health and human services or the department of corrections.

NEW SECTION. **Section 7. Purpose.** The purpose of [sections 7 through 18] is to use a portion of the state's general fund surplus to fund the maintenance and repair of local government infrastructure facilities on a partnership basis with local government supplying a cash match.

NEW SECTION. **Section 8. Appropriation.** There is appropriated $227 million from the general fund to the department of commerce for the biennium beginning July 1, 2023, to distribute funds as allocated in [section 17] to grant recipients awarded in compliance with [sections 7 through 18] for eligible projects as recommended by each county commission.

NEW SECTION. **Section 9. Calculation for allocation of funds.** (1) Except as provided in subsection (2), each county will receive an allocation of funds based on the following:

(a) the county's 2020 population;

(b) the ability of the county's local population to pay for services as measured by per capita income; and

(c) the county's ability to raise tax revenue locally as measured by per capita taxable valuation.

(2) If a county's allocation as calculated pursuant to the criteria in subsection (1) is less than $300,000, the county shall receive $300,000.

NEW SECTION. **Section 10. Eligible use of funds -- eligible entities.** (1) Except as provided in subsection (2), funds allocated in [section 17] may be used only by eligible entities to maintain or repair existing local government infrastructure, including potable drinking water systems, sewer wastewater treatment systems, fire suppression systems if independent of the potable drinking water systems, streets, roads, bridges, landfills, street lights, airports, and public grounds and buildings.

(2) Funds allocated in [section 17] may be used to expand existing water and wastewater treatment plants that are being operated at 90% of design capacity or greater.

(3) Entities eligible for grants under [sections 7 through 18] include incorporated cities and towns, counties, school districts, and special districts, including water and sewer districts.

NEW SECTION. **Section 11. Grant process -- commission and department of commerce review -- priority.** (1) The county commission shall solicit and accept applications from eligible entities within the county on or before December 31, 2023.

(2) When all the applications have been received, the county commission shall hold a public hearing and, based on the information contained within the application and the information received at the public hearing, prepare a recommendation for funding in priority order and transmit the recommendation to the department of commerce.

(3) The department of commerce shall review the recommendations of the county commission and the content of the recommended application and determine whether the application complies with [sections 7 through 18]. If the application does not comply, the department shall issue notice to the applicable county commission.

(4) The department of commerce may not substitute its judgment for that of the county commission and cannot revise the recommended priority list.

(5) Priority is given to projects that maintain or repair publicly owned drinking water systems, publicly owned wastewater treatment systems, and municipal fire suppression systems that are independent of a water system.

(6) A grant recipient's entitlement to receive funds is dependent on the grant recipient's compliance with the conditions described in [section 18].

(7) The department of commerce shall administer the grant program and disburse funds directly to the applicants pursuant to the provisions of [section 18].

(8) The department of commerce is authorized 2 FTE on a temporary basis through June 30, 2025. If the department's workload for the administration of [sections 7 through 18] requires additional staff, the office of budget and program planning may authorize an additional 2 FTE to terminate June 30, 2025. If program administration continues into the 2027 biennium, the department shall submit a budget modification request with its 2027 biennium budget request to continue the FTE on a temporary basis.

NEW SECTION. **Section 12. Grant application -- contents -- matching funds requirement.** Each application for grant funds must contain the following information:

(1) the name of the applicant entity and its address, telephone number, e-mail address, and legal status, such as whether it is an incorporated city or what type of special district it is;

(2) the name, address, telephone number, e-mail address, and title of the individual person who will be directly responsible for the management of the project or projects to be funded by the application, such as a public works director or a consulting engineer, and a copy of the individual's resume attesting to the individual's qualifications and ability to manage the project;

(3) a narrative description of the prospective project, including a description of the problems to be addressed and the need to undertake the repairs. The applicant shall explain why the proposed project is appropriate, cost-effective, and a long-term solution to the problem. The applicant shall also submit a list of tasks to be undertaken to address the problem. A map or digital photo showing the project is also required. Photographs documenting the nature of the problems are advisable but not required.

(4) a project cost estimate showing the total cost of the project, prepared by a licensed professional engineer or qualified contractor. The cost estimated must be itemized by the list of task elements as required in subsection (3).

(5) a time schedule showing each step in the repair process starting with the preparation of the bid documents through completion of the work. Specific calendar dates are recommended.

(6) a statement that the information contained in the application is true, which must be signed by an authorized representative of the applicant; and

(7) a statement identifying a local cash match equal to no less than 25% of the total project cost, which may not include in-kind contributions of goods or in-kind services.

NEW SECTION. **Section 13. Project management, cost overruns, and supplemental appropriations.** (1) The grant applicant entity is fully responsible for managing the project and ensuring that it is completed on time and within budget. If cost overruns occur, the cost of the overrun is the full and sole responsibility of the applicant. No supplemental appropriation may be authorized by the state.

(2) Except as provided in subsection (3), the grant applicant must have the project under contract by December 31, 2024.

(3) In cases in which an applicant has used all reasonable efforts to find a contractor for a project but has failed, the applicant may request one 2-year extension from the department of commerce.

(4) Projects funded under [sections 7 through 18] must be completed by December 31, 2027.

NEW SECTION. **Section 14. Misappropriation or diversion of funds.** In the event the grantee misappropriates or diverts any portion of the state grant or local government match to another use, the applicant shall repay the department of commerce the misappropriated or diverted funds within 12 months of the date of notice from the state and pay a fine equal to 20% of the amount misappropriated or diverted to the state's general fund.

NEW SECTION. **Section 15. Grant limits.** (1) Except for city-county consolidated governments and counties receiving an allocation of less than $1 million, a single applicant may not receive more than one-third of the county's total allocation from the state.

(2) City-county consolidated governments are limited to two-thirds of the total county allocation.

(3) Counties whose allocation is less than $1 million are not subject to any restriction regarding how much an individual applicant may receive.

(4) Counties in which the local government infrastructure has been significantly damaged by a natural disaster are not subject to any restriction regarding how much an individual applicant may receive.

NEW SECTION. **Section 16. Project reports and completion notices.** (1) The applicant shall provide a progress report to the department of commerce on a quarterly basis identifying the following:

(a) work that has been undertaken on the project;

(b) the percentage of work completed;

(c) the amount of funds expended to date;

(d) remaining funds;

(e) a description of any significant problems;

(f) whether the project encountered any modification necessary to the scope of work, budget, or schedule; and

(g) the projected completion date.

(2) At the completion of the project, the final report must include a statement attesting to the completion of the project, which must be signed by the project manager.

NEW SECTION. **Section 17. County allocations.** The following amounts are allocated to counties as follows:

County	Allocation
Beaverhead	$1,967,182
Big Horn	$3,469,237
Blaine	$1,815,498
Broadwater	$1,654,012
Carbon	$1,770,230
Carter	$300,000
Cascade	$18,964,268
Chouteau	$1,186,750
Custer	$2,754,979
Daniels	$300,000

Dawson	$1,839,947
Deer Lodge	$2,350,195
Fallon	$453,950
Fergus	$2,458,737
Flathead	$21,479,315
Gallatin	$20,339,680
Garfield	$300,000
Glacier	$3,538,610
Golden Valley	$300,000
Granite	$673,649
Hill	$3,548,055
Jefferson	$2,575,679
Judith Basin	$300,000
Lake	$7,814,450
Lewis and Clark	$15,470,167
Liberty	$350,669
Lincoln	$5,364,722
Madison	$1,258,189
McCone	$407,166
Meagher	$390,640
Mineral	$1,173,204
Missoula	$24,587,938
Musselshell	$1,057,046
Park	$3,118,931
Petroleum	$300,000
Phillips	$887,237
Pondera	$1,131,068

Powell	$1,600,321
Powder River	$337,081
Prairie	$300,000
Ravalli	$10,547,591
Richland	$1,668,756
Roosevelt	$2,529,409
Rosebud	$1,419,060
Sanders	$2,996,121
Sheridan	$572,608
Silver Bow	$7,916,129
Stillwater	$1,360,670
Sweetgrass	$585,442
Teton	$1,214,932
Toole	$800,758
Treasure	$300,000
Valley	$1,345,355
Wheatland	$409,535
Wibaux	$300,000
Yellowstone	$32,819,117

NEW SECTION. **Section 18. Conditions of grants -- disbursement of funds.** (1) The disbursement of grant funds by the department of commerce for the projects awarded pursuant to [sections 7 through 18] by county commissions is subject to completion of the following conditions:

(a) the grant recipient has completed a budget and implementation schedule for the project;

(b) the grant recipient has a project management plan that is approved by the department of commerce;

(c) the grant recipient is in compliance with the auditing and reporting requirements provided in 2-7-503 and has established a financial accounting system that the department of commerce can reasonably ensure conforms to generally acceptable accounting principles; and

(d) the grant recipient has entered into a contract with the department of commerce, a provision of which must document that the local matching funds are available and committed to the project.

(2) Prior to the department of commerce disbursing funds for construction expenses, the grant recipient shall identify and certify that the recipient has obtained local, state, and federal permits and approvals.

(3) The department of commerce shall disburse grants on a reimbursement basis as grant recipients incur eligible project expenses in accordance with the terms of the contract. If actual project expenses are lower than the projected expense of the project, the department may, at its discretion, reduce the amount of grant funds to be provided to grant recipients in proportion to all of the project funding sources.

NEW SECTION. **Section 19. Local government road maintenance account.** There is a local government road maintenance account in the state special revenue fund established in 17-2-102. All funds received pursuant to [section 38] must be deposited in the account.

(2) Money deposited in the account is appropriated to the department of transportation and may be used only for funding the construction, reconstruction, maintenance, and repair of county roads and city or town streets and alleys in the manner provided in [section 20].

(3) The total amount of money deposited in the account must be distributed pursuant to [section 20] by June 30, 2024.

NEW SECTION. **Section 20. Distribution of funds for local government road maintenance.** (1) The amount of $85 million deposited in the local government road maintenance account provided in [section 19] is appropriated to the department of transportation and must be distributed by the department for the fiscal year starting July 1, 2023, on a monthly basis to the counties, incorporated cities and towns, and consolidated city-county governments in the state for the construction, reconstruction, maintenance, and repair of rural roads and city or town streets and alleys as follows:

(a) The amount of $40 million must be divided among the various counties in the following manner:

(i) 50% in the ratio that the rural road mileage in each county, exclusive of the national highway system and the primary system, bears to the total rural road mileage in the state, exclusive of the national highway system and the primary system; and

(ii) 50% in the ratio that the rural population in each county outside incorporated cities and towns bears to the total rural population in the state outside incorporated cities and towns.

(b) The amount of $40 million must be divided among the incorporated cities and towns with a population of less than 10,000 as of the most recent decennial federal census in the following manner:

(i) 50% in the ratio that the city or town street and alley mileage, exclusive of the national highway system and the primary system, within corporate limits bears to the total street and alley mileage, exclusive of the national highway system and primary system, within the corporate limits of all incorporated cities and towns in the state with a population of less than 10,000; and

(ii) 50% in the ratio that the population within the corporate limits of the city or town bears to the total population within corporate limits of all the cities and towns in the state with a population of less than 10,000 as of the most recent decennial federal census.

(c) The amount of $20 million must be divided among the incorporated cities and towns with a population of more than 10,000 as of the most recent decennial federal census in the following manner:

(i) 50% in the ratio that the city or town street and alley mileage, exclusive of the national highway system and the primary system, within corporate limits bears to the total street and alley mileage, exclusive of the national highway system and primary system, within the corporate limits of all incorporated cities and towns in the state with a population of more than 10,000 as of the most recent decennial census; and

(ii) 50% in the ratio that the population within the corporate limits of the city or town bears to the total population within corporate limits of all the cities and towns in the state with a population of more than 10,000 as of the most recent decennial census.

(2) (a) For the purpose of allocating the funds in subsections (1)(a) through (1)(c) to a consolidated city-county government, each entity must be considered to have separate city and county boundaries. The city limit boundaries are the last official city limit boundaries for the former city unless revised boundaries based on the location of the urban area have been approved by the department of transportation and must be used to determine city and county populations and road mileages in the following manner:

(i) Percentage factors must be calculated to determine separate populations for the city and rural county by using the last official decennial federal census population figures that recognized an incorporated city and the rural county. The factors must be based on the ratio of the city to the rural county population, considering the total population in the county minus the population of any other incorporated city or town in the county.

(ii) The city and county populations must be calculated by multiplying the total county population, as determined by the latest official decennial census or the latest interim year population estimates from the department of commerce as supplied by the United States bureau of the census, minus the population of any other incorporated city or town in that county, by the factors established in subsection (2)(a)(i).

(b) The amount allocated by this method for the city and the county must be combined, and single monthly payments must be made to the consolidated city-county government.

(3) (a) All funds allocated by this section to counties, cities, towns, and consolidated city-county governments must be used for the construction, reconstruction, maintenance, and repair of rural roads or city or town streets and alleys.

(b) Funds allocated by this section may not be used for the purchase of capital equipment.

(4) All funds allocated by this section to counties, cities, towns, and consolidated city-county governments must be disbursed to the lowest responsible bidder according to applicable bidding procedures followed in all cases in which the contract for construction, reconstruction, maintenance, or repair is in excess of the amounts provided in 7-5-2301 and 7-5-4302.

(5) For the purposes of this section in which distribution of funds is made on a basis related to population, the population must be determined for counties and cities according to the latest official decennial federal census.

(6) For the purposes of this section in which determination of mileage is necessary for distribution of funds, the department of transportation shall utilize the yearly certified statement indicating the total mileage as provided in 15-70-101(7).

<u>NEW SECTION.</u> **Section 21. Pension special fund -- transfer of funds -- statutory appropriation.** (1) There is established in the state special revenue fund an account to be known as the pension special fund to pay the difference between the actuarially determined contribution rate and the base rate pursuant to 19-3-316.

(2) By July 1, 2023, the state treasurer shall transfer $300 million from the general fund to this account.

(3) The account is statutorily appropriated pursuant to 17-7-502 and may be used only to cover any difference between the actuarially determined employer contribution rate and the base rate pursuant to 19-3-316.

(4) The account established in subsection (1) retains interest earned from the investment of money in the account.

(5) The pension special fund must be closed on June 30, 2033, and any remaining funds must revert to the general fund.

~~NEW SECTION. **Section 2. Property tax rebate.** (1) A taxpayer that is entitled to a rebate of Montana property taxes paid pursuant to [sections 1 through 3 of House Bill No. 222] may increase the dollar amount limits of the rebates in [section 2(1)(a) and (1)(b) of House Bill No. 222] by the bonus amounts provided in subsection (2). In administering the rebate, the department shall add the bonus to the dollar amount limitations for tax year 2022 and tax year 2023 and update any rebate forms to reflect the additional amount.~~

~~(2) (a) Subject to subsection (2)(d), the amount of the bonus for tax year 2022 is half of the amount provided for in subsection (2)(c).~~

~~(b) Subject to subsection (2)(c), the amount of the bonus for tax year 2023 is half of the amount provided for in subsection (2)(c).~~

~~(c) The preliminary bonus amount is the quotient of the appropriation in [section 4] divided by 284,343.~~

~~(d) The department shall round the quotients provided for in subsections (2)(a) and (2)(b) downward to the nearest $1.~~

~~(3) The bonus provided for in this section is administered as part of the property tax rebate provided for in [House Bill No. 222]. Any property tax rebate received that is based on this section is exempt from taxation under this chapter.~~

NEW SECTION. **Section 22. Supplemental Montana surplus rebate account fund transfer.** The state treasurer shall transfer $35 million from the general fund to the Montana surplus rebate account in the state special revenue fund created by [section 1 of House Bill No. 192], and provided for in 17-2-102, by July 1, 2023. This transfer supplements the transfer provided for in [section 1 of House Bill No. 192] and must be used in accordance with Chapter 44, Laws of 2023.

(2) The supplemental amount provided for in subsection (1) is statutorily appropriated, as provided in 17-7-502, to the department of revenue.

NEW SECTION. **Section 23. Child tax credit.** (1) Except as provided in subsection (3), a resident taxpayer who is permitted a child tax credit under section 24 of the Internal Revenue Code, 26 U.S.C. 24, is allowed a credit against the taxes imposed by this chapter for each qualifying child of the taxpayer.

(2) Subject to subsection (6), the amount of the credit is $1,200 for each qualifying child.

(3) The credit is not allowed if the taxpayer's federal adjusted gross income exceeds the threshold amount.

(4) To claim the credit, a taxpayer must have:

(a) proof of earned income;

(b) investment income of less than $10,300; and

(c) a valid social security number for each child claimed.

(5) The taxpayer is entitled to a refund equal to the amount by which the credit exceeds the taxpayer's tax liability or, if the taxpayer has no tax liability under this chapter, a refund equal to the amount of the credit. The credit may be claimed by filing a Montana income tax return.

(6) The credit in subsection (2) is reduced at a rate of $90 for each $1,000 of the taxpayer's federal adjusted gross income in excess of $50,000.

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

(a) "Earned income" means earned income as defined in section 32 of the Internal Revenue Code, 26 U.S.C. 32.

(b) "Investment income" means disqualified income as defined in section 32 of the Internal Revenue Code, 26 U.S.C. 32.

(c) "Qualifying child" means a child of the taxpayer who is 5 years of age or younger as of the close of the calendar year in which the taxpayer's tax year begins.

(d) "Threshold amount" is $56,000, regardless of the individual taxpayer's filing status

Section 24. Section 15-30-2303, MCA, is amended to read:

"**15-30-2303. Tax credits subject to review by interim committee.** (1) The following tax credits must be reviewed during the biennium commencing July 1, 2019, and during each biennium commencing 10 years thereafter:

(a) the credit for contractor's gross receipts provided for in 15-50-207; ~~and~~

(b) the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341; and

(c) the child tax credit provided for in [section 23].

(2) The following tax credits must be reviewed during the biennium commencing July 1, 2021, and during each biennium commencing 10 years thereafter:

(a) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-30-3110, and 15-31-158; and

(b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-30-3111, and 15-31-159.

(3) The following tax credits must be reviewed during the biennium commencing July 1, 2023, and during each biennium commencing 10 years thereafter:

(a) the credit for infrastructure use fees provided for in 17-6-316;

(b) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-2329, 15-31-161, and 15-31-162; and

(c) the credit for property to recycle or manufacture using recycled material provided for in Title 15, chapter 32, part 6.

(4) The following tax credits must be reviewed during the biennium commencing July 1, 2025, and during each biennium commencing 10 years thereafter:

(a) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151;

(b) the credit for unlocking state lands provided for in 15-30-2380;

(c) the job growth incentive tax credit provided for in 15-30-2361 and 15-31-175; and

(d) the credit for trades education and training provided for in 15-30-2359 and 15-31-174.

(5) The following tax credits must be reviewed during the biennium commencing July 1, 2027, and during each biennium commencing 10 years thereafter:

(a) the credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357 and 15-31-173;

(b) the earned income tax credit provided for in 15-30-2318; and

(c) the media production and postproduction credits provided for in 15-31-1007 and 15-31-1009.

(6) The revenue interim committee shall review the tax credits scheduled for review and make recommendations in accordance with 5-11-210 at the conclusion of the full review to the legislature about whether to eliminate or revise the credits. The committee shall also review any tax credit with an expiration date or termination date that is not listed in this section in the biennium before the credit is scheduled to expire or terminate.

(7) The revenue interim committee shall review the credits using the following criteria:

(a) whether the credit changes taxpayer decisions, including whether the credit rewards decisions that may have been made regardless of the existence of the tax credit;

(b) to what extent the credit benefits some taxpayers at the expense of other taxpayers;

(c) whether the credit has out-of-state beneficiaries;

(d) the timing of costs and benefits of the credit and how long the credit is effective;

(e) any adverse impacts of the credit or its elimination and whether the benefits of continuance or elimination outweigh adverse impacts; and

(f) the extent to which benefits of the credit affect the larger economy. (Subsection (4)(d) terminates December 31, 2026--sec. 7, Ch. 248, L. 2021; subsection (4)(c) terminates December 31, 2028--sec. 24(1), Ch. 550, L. 2021.)"

Section 25. Section 17-7-502, MCA, is amended to read:

"**17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-11-407; 5-13-403; 5-13-404; 7-4-2502; 7-4-2924; 7-32-236; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-807; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-3-802; 10-3-1304; 10-4-304; 10-4-310; [section 22]; 15-1-121; 15-1-218; 15-31-165; 15-31-1004; 15-31-1005; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-70-130; 15-70-433; 16-11-119; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-215; 18-11-112; 19-3-319; 19-3-320; [section 21]; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; [20-15-328]; 20-26-617; 20-26-1503; 22-1-327; 22-3-116; 22-3-117; [22-3-1004]; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-50-209; 37-54-113; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-213; 44-13-102; 46-32-108; 50-1-115; 53-1-109; 53-6-148; 53-9-113; 53-24-108; 53-24-206; 60-5-530; 60-11-115; 61-3-321; 61-3-415; 67-1-309; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 75-26-308; 76-13-150; 76-13-151; 76-13-417; 76-17-103; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 80-11-1006; 81-1-112; 81-1-113; 81-7-106; 81-7-123; 81-10-103; 82-11-161; 85-2-526; 85-20-1504; 85-20-1505; [85-25-102]; 87-1-603; 87-5-909; 90-1-115; 90-1-205; 90-1-504; 90-6-331; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410

terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117 terminates June 30, 2025; pursuant to sec. 12, Ch. 55, L. 2017, the inclusion of 37-54-113 terminates June 30, 2023; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates September 30, 2025; pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027; pursuant to secs. 5, 8, Ch. 284, L. 2017, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2023; pursuant to sec. 1, Ch. 340, L. 2017, the inclusion of 22-1-327 terminates July 1, 2023; pursuant to sec. 10, Ch. 374, L. 2017, the inclusion of 76-17-103 terminates June 30, 2027; pursuant to sec. 5, Ch, 50, L. 2019, the inclusion of 37-50-209 terminates September 30, 2023; pursuant to sec. 1, Ch. 408, L. 2019, the inclusion of 17-7-215 terminates June 30, 2029; pursuant to secs. 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-108 terminates June 30, 2027; pursuant to sec. 7, Ch. 465, L. 2019, the inclusion of 85-2-526 terminates July 1, 2023; pursuant to sec. 5, Ch. 477, L. 2019, the inclusion of 10-3-802 terminates June 30, 2023; pursuant to secs. 1, 2, 3, Ch. 139, L. 2021, the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200, L. 2021, the inclusion of 10-4-310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the inclusion of 30-10-1004 terminates June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-115 terminates June 30, 2025; pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is effective July 1, 2027; and pursuant to sec. 15, Ch. 574, L. 2021, the inclusion of 46-32-108 terminates June 30, 2023.)"

Section 26. Section 19-2-303, MCA, is amended to read:

"**19-2-303. Definitions.** Unless the context requires otherwise, for each of the retirement systems subject to this chapter, the following definitions apply:

(1) "Accumulated contributions" means the sum of all the regular and any additional contributions made by a member in a defined benefit plan, together with the regular interest on the contributions.

(2) "Active member" means a member who is a paid employee of an employer, is making the required contributions, and is properly reported to the board for the most current reporting period.

(3) "Actuarial cost" means the amount determined by the board in a uniform and nondiscriminatory manner to represent the present value of the benefits to be derived from the additional service to be credited

based on the most recent actuarial valuation for the system and the age, years until retirement, and current salary of the member.

(4) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the mortality table and interest rate assumptions adopted by the board.

(5) "Actuarial liabilities" means the excess of the present value of all benefits payable under a defined benefit retirement plan over the present value of future normal costs in that retirement plan.

(6) "Actuary" means the actuary retained by the board in accordance with 19-2-405.

(7) "Additional contributions" means contributions made by a member of a defined benefit plan to purchase various types of optional service credit as allowed by the applicable retirement plan.

(8) "Annuity" means:

(a) in the case of a defined benefit plan, equal and fixed payments for life that are the actuarial equivalent of a lump-sum payment under a retirement plan and as such are not benefits paid by a retirement plan and are not subject to periodic or one-time increases; or

(b) in the case of the defined contribution plan, a payment of a fixed sum of money at regular intervals.

(9) "Banked holiday time" means the hours reported for work performed on a holiday that the employee may use for equivalent time off or that may be paid to the employee as specified by the employer's policy.

(10) "Benefit" means:

(a) the service retirement benefit, early retirement benefit, or disability retirement or survivorship benefit payment provided by a defined benefit retirement plan; or

(b) a payment or distribution under the defined contribution retirement plan, including a disability payment under 19-3-2141, for the exclusive benefit of a plan member or the member's beneficiary or an annuity purchased under 19-3-2124.

(11) "Board" means the public employees' retirement board provided for in 2-15-1009.

(12) "Contingent annuitant" means:

(a) under option 2 or 3 provided for in 19-3-1501, one natural person designated to receive a continuing monthly benefit after the death of a retired member; or

(b) under option 4 provided for in 19-3-1501, a natural person, charitable organization, estate, or trust that may receive a continuing monthly benefit after the death of a retired member.

(13) "Covered employment" means employment in a covered position.

(14) "Covered position" means a position in which the employee must be a member of the retirement system except as otherwise provided by law.

(15) "Defined benefit retirement plan" or "defined benefit plan" means a plan within the retirement systems provided for pursuant to 19-2-302 that is not the defined contribution retirement plan.

(16) "Defined contribution retirement plan" or "defined contribution plan" means the plan within the public employees' retirement system established in 19-3-103 that is provided for in chapter 3, part 21, of this title and that is not a defined benefit plan.

(17) "Department" means the department of administration.

(18) "Designated beneficiary" means the person, charitable organization, estate, or trust for the benefit of a natural person designated by a member or payment recipient to receive any survivorship benefits, lump-sum payments, or benefit from a retirement account upon the death of the member or payment recipient, including annuities derived from the benefits or payments.

(19) "Direct rollover" means a payment by the retirement plan to the eligible retirement plan specified by the distributee or a payment from an eligible retirement plan to the retirement plan specified by the distributee.

(20) "Disability" or "disabled" means a total inability of the member to perform the member's duties by reason of physical or mental incapacity. The disability must be incurred while the member is an active member and must be one of permanent duration or of extended and uncertain duration, as determined by the board on the basis of competent medical opinion.

(21) "Distributee" means:

(a) a member;

(b) a member's surviving spouse;

(c) a member's spouse or former spouse who is the alternate payee under a family law order as defined in 19-2-907; or

(d) effective January 1, 2007, a member's nonspouse beneficiary who is a designated beneficiary as defined by section 401(a)(9)(E) of the Internal Revenue Code, 26 U.S.C. 401(a)(9)(E).

(22) "Early retirement benefit" means the retirement benefit payable to a member following early retirement and is the actuarial equivalent of the accrued portion of the member's service retirement benefit.

(23) "Eligible retirement plan" means any of the following that accepts the distributee's eligible rollover distribution:

(a) an individual retirement account described in section 408(a) of the Internal Revenue Code, 26 U.S.C. 408(a);

(b) an individual retirement annuity described in section 408(b) of the Internal Revenue Code, 26 U.S.C. 408(b);

(c) an annuity plan described in section 403(a) of the Internal Revenue Code, 26 U.S.C. 403(a);

(d) a qualified trust described in section 401(a) of the Internal Revenue Code, 26 U.S.C. 401(a);

(e) effective January 1, 2002, an annuity contract described in section 403(b) of the Internal Revenue Code, 26 U.S.C. 403(b);

(f) effective January 1, 2002, a plan eligible under section 457(b) of the Internal Revenue Code, 26 U.S.C. 457(b), that is maintained by a state, a political subdivision of a state, or any agency or instrumentality of a state or a political subdivision of a state that agrees to separately account for amounts transferred into that plan from a plan under this title; or

(g) effective January 1, 2008, a Roth IRA described in section 408A of the Internal Revenue Code, 26 U.S.C. 408A.

(24) "Eligible rollover distribution":

(a) means any distribution of all or any portion of the balance from a retirement plan to the credit of the distributee, as provided in 19-2-1011;

(b) effective January 1, 2002, includes a distribution to a surviving spouse or to a spouse or former spouse who is an alternate payee under a domestic relations order, as defined in section 414(p) of the Internal Revenue Code, 26 U.S.C. 414(p).

(25) "Employee" means a person who is employed by an employer in any capacity and whose salary is being paid by the employer or a person for whom an interlocal governmental entity is responsible for paying retirement contributions pursuant to 7-11-105.

(26) "Employer" means a governmental agency participating in a retirement system enumerated in 19-2-302 on behalf of its eligible employees. The term includes an interlocal governmental entity identified as responsible for paying retirement contributions pursuant to 7-11-105.

(27) "Essential elements of the position" means fundamental job duties. An element may be considered essential because of but not limited to the following factors:

(a) the position exists to perform the element;

(b) there are a limited number of employees to perform the element; or

(c) the element is highly specialized.

(28) "Excess earnings" means the difference, if any, between reported compensation and the limits provided in 19-2-1005(2) used to calculate a member's highest average compensation or final average compensation.

(29) "Fiscal year" means a plan year, which is any year commencing with July 1 and ending the following June 30.

(30) "Inactive member" means a member who terminates service and does not retire or take a refund of the member's accumulated contributions.

(31) "Internal Revenue Code" has the meaning provided in 15-30-2101.

(32) "Member" means either:

(a) a person with accumulated contributions and service credited with a defined benefit retirement plan or receiving a retirement benefit on account of the person's previous service credited in a retirement system; or

(b) a person with a retirement account in the defined contribution plan.

(33) "Membership service" means the periods of service that are used to determine eligibility for retirement or other benefits.

(34) (a) "Normal cost" or "future normal cost" means an amount calculated under an actuarial cost method required to fund accruing benefits for members of a defined benefit retirement plan during any year in the future.

(b) Normal cost does not include any portion of the supplemental costs of a retirement plan.

(35) "Normal retirement age" means the age at which a member is eligible to immediately receive a

retirement benefit based on the member's age or both age and length of service, as specified under the member's retirement system, without disability and without an actuarial or similar reduction in the benefit.

(36) "Pension" means benefit payments for life derived from contributions to a retirement plan made from state- or employer-controlled funds.

(37) "Pension trust fund" means a fund established to hold the contributions, income, and assets of a retirement system or plan in public trust.

~~(38) "Plan choice rate" means the amount of the employer contribution as a percentage of payroll covered by the defined contribution plan members that is allocated to the public employees' retirement system's defined benefit plan pursuant to 19-3-2117 to actuarially fund the unfunded liabilities and the normal cost rate changes in a defined benefit plan resulting from member selection of the defined contribution plan.~~

~~(39)~~(38) "Regular contributions" means contributions required from members under a retirement plan.

~~(40)~~(39) "Regular interest" means interest at rates set from time to time by the board.

~~(41)~~(40) "Retirement" or "retired" means the status of a member who has:

(a) terminated from service; and

(b) received and accepted a retirement benefit from a retirement plan.

~~(42)~~(41) "Retirement account" means an individual account within the defined contribution retirement plan for the deposit of employer and member contributions and other assets for the exclusive benefit of a member of the defined contribution plan or the member's beneficiary.

~~(43)~~(42) "Retirement benefit" means:

(a) in the case of a defined benefit plan, the periodic benefit payable as a result of service retirement, early retirement, or disability retirement under a defined benefit plan of a retirement system. With respect to a defined benefit plan, the term does not mean an annuity.

(b) in the case of the defined contribution plan, a benefit as defined in subsection (10)(b).

~~(44)~~(43) "Retirement plan" or "plan" means either a defined benefit plan or a defined contribution plan under one of the public employee retirement systems enumerated in 19-2-302.

~~(45)~~(44) "Retirement system" or "system" means one of the public employee retirement systems enumerated in 19-2-302.

~~(46)~~(45) "Service" means employment of an employee in a position covered by a retirement system.

~~(47)~~(46) "Service credit" means the periods of time for which the required contributions have been made to a retirement plan and that are used to calculate retirement benefits or survivorship benefits under a defined benefit retirement plan.

~~(48)~~(47) "Service retirement benefit" means the retirement benefit that the member may receive at normal retirement age.

~~(49)~~(48) "Statutory beneficiary" means the surviving spouse or dependent child or children of a member of the highway patrol officers', municipal police officers', or firefighters' unified retirement system who are statutorily designated to receive benefits upon the death of the member.

~~(50)~~(49) "Supplemental cost" means an element of the total actuarial cost of a defined benefit retirement plan arising from benefits payable for service performed prior to the inception of the retirement plan or prior to the date of contribution rate increases, changes in actuarial assumptions, actuarial losses, or failure to fund or otherwise recognize normal cost accruals or interest on supplemental costs. These costs are included in the unfunded actuarial liabilities of the retirement plan.

~~(51)~~(50) "Survivorship benefit" means payments for life to the statutory or designated beneficiary of a deceased member who died while in service under a defined benefit retirement plan.

~~(52)~~(51) "Termination of employment", "termination from employment", "terminated employment", "terminated from employment", "terminate employment", or "terminates employment" means that:

(a) there has been a complete severance of a covered employment relationship by the positive act of either the employee, the employer, or both; and

(b) the member is no longer receiving compensation for covered employment, other than any outstanding lump-sum payment for compensatory leave, sick leave, or annual leave.

~~(53)~~(52) "Termination of service", "termination from service", "terminated from service", "terminated service", "terminating service", or "terminates service" means that:

(a) there has been a complete severance of a covered employment relationship by the positive act of either the employee, the employer, or both for at least 30 days;

(b) no written or verbal agreement exists between employee and employer that the employee will return to covered employment in the future;

(c) the member is no longer receiving compensation for covered employment; and

(d) the member has been paid all compensation for compensatory leave, sick leave, or annual leave to which the member was entitled. For the purposes of this subsection ~~(53)~~ (52), compensation does not mean compensation as a result of a legal action, court order, or settlement to which the board was not a party.

~~(54)~~(53) "Unfunded actuarial liabilities" or "unfunded liabilities" means the excess of a defined benefit retirement plan's actuarial liabilities at any given point in time over the value of its cash and investments on that same date.

~~(55)~~(54) "Vested account" means an individual account within a defined contribution plan that is for the exclusive benefit of a member or the member's beneficiary. A vested account includes all contributions and the income on all contributions in each of the following accounts:

(a) the member's contribution account;

(b) the vested portion of the employer's contribution account; and

(c) the member's account for other contributions.

~~(56)~~(55) "Vested member" or "vested" means:

(a) with respect to a defined benefit plan, except as provided in subsection ~~(56)(b)~~ (55)(b), a member or the status of a member who has at least 5 years of membership service;

(b) with respect to a member of the highway patrol officers' retirement system established in Title 19, chapter 6, who was hired on or after July 1, 2013, a member or the status of a member who has at least 10 years of membership service; or

(c) with respect to the defined contribution plan, a member or the status of a member who meets the minimum membership service requirement of 19-3-2116.

~~(57)~~(56) "Written application" or "written election" means a written instrument, prescribed by the board or required by law, properly signed and filed with the board, that contains all required information, including documentation that the board considers necessary.

~~(58)~~(57) "Written instrument" includes an electronic record containing an electronic signature, as defined in 30-18-102."

Section 27. Section 19-2-405, MCA, is amended to read:

"**19-2-405. Employment of actuary -- annual investigation and valuation.** (1) The board shall retain a competent actuary who is an enrolled member of the American academy of actuaries and who is familiar with public systems of pensions. The actuary is the technical adviser of the board on matters regarding the operation of the retirement systems.

(2) The board shall require the actuary to make and report on an annual actuarial investigation into the suitability of the actuarial tables used by the retirement systems and an actuarial valuation of the assets and liabilities of each defined benefit plan that is a part of the retirement systems.

(3) The normal cost contribution rate, which is funded by required employee contributions and a portion of the required employer contributions to each defined benefit retirement plan, must be calculated as the level percentage of members' salaries that will actuarially fund benefits payable under a retirement plan as those benefits accrue in the future.

(4) ~~(a)~~ The unfunded liability contribution rate, which is entirely funded by a portion of the required employer contributions to the retirement plan, must be calculated as the level percentage of current and future defined benefit plan members' salaries that will amortize the unfunded actuarial liabilities of the retirement plan over a reasonable period of time, not to exceed 30 years, as determined by the board, except as provided in 19-3-316 for the public employees' retirement system's defined benefit plan.

~~(b) In determining the amortization period under subsection (4)(a) for the public employees' retirement system's defined benefit plan, the actuary shall take into account the plan choice rate contributions to be made to the defined benefit plan pursuant to 19-3-2117 and 19-21-214.~~

(5) The board shall require the actuary to conduct and report on a periodic actuarial investigation into the actuarial experience of the retirement systems and plans.

(6) The board may require the actuary to conduct any valuation necessary to administer the retirement systems and the plans subject to this chapter.

(7) The board shall provide copies of the reports required pursuant to subsections (2) and (5) to the state administration and veterans' affairs interim committee and to the legislature pursuant to 5-11-210.

(8) The board shall require the actuary to prepare for each employer participating in a retirement system the disclosures or the information required to be included in the disclosures as required by law and by the governmental accounting standards board or its generally recognized successor."

Section 28. Section 19-2-409, MCA, is amended to read:

"**19-2-409. Plans to be funded on actuarially sound basis -- definition.** As required by Article VIII, section 15, of the Montana constitution, each system must be funded on an actuarially sound basis. For purposes of this section, "actuarially sound basis" means that contributions to each retirement plan must be sufficient to pay the full actuarial cost of the plan. For a defined benefit plan, the full actuarial cost includes both the normal cost of providing benefits as they accrue in the future and the cost of amortizing unfunded liabilities over a scheduled period of no more than 30 years, except that with respect to the public employees' retirement system's defined benefit plan, the unfunded liabilities must be paid over the periods provided for in 19-3-316. For the defined contribution plan, the full actuarial cost is the contribution defined by law that is payable to an account on behalf of the member."

Section 29. Section 19-3-315, MCA, is amended to read:

"**19-3-315. Member's contribution to be deducted.** (1) ~~(a)~~ Except as provided in subsection (2), each member's contribution is 7.9% of the member's compensation.

~~(b) The board shall annually review the required contributions and recommend future adjustments to the legislature as needed to maintain the amortization schedule set by the board for the payment of the system's unfunded liability.~~

(2) Each member's contribution must be reduced to 6.9% on January 1 following the ~~system's~~ defined benefit plan's annual actuarial valuation if the valuation determines that the plan's funded ratio is at least 100% and reducing the employee contribution pursuant to this subsection and ~~reducing the employer contribution pursuant to 19-3-316(4)~~ terminating the employer supplemental contribution pursuant to 19-3-319(3) would not cause ~~the system's amortization period to exceed 25 years~~ the plan's funded ratio to be less than 100%.

(3) Payment of salaries or wages less the contribution is full and complete discharge and acquittance of all claims and demands for the service rendered by members during the period covered by the payment, except their claims to the benefits to which they may be entitled under the provisions of this chapter.

(4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, 26 U.S.C. 414(h)(2), shall pick up and pay the contributions that would be payable by the member under subsection (1) or (2) for service rendered after June 30, 1985.

(5) (a) The member's contributions picked up by the employer must be designated for all purposes of the retirement system as the member's contributions, except for the determination of a tax upon a distribution from the retirement system.

(b) In the case of a member of the defined benefit plan, these contributions must become part of the member's accumulated contributions but must be accounted for separately from those previously accumulated.

(c) In the case of a member of the defined contribution plan, these contributions must be allocated as provided in 19-3-2117.

(6) The member's contributions picked up by the employer must be payable from the same source as is used to pay compensation to the member and must be included in the member's wages, as defined in 19-1-102, and compensation. The employer shall deduct from the member's compensation an amount equal to the amount of the member's contributions picked up by the employer and remit the total of the contributions to the board."

Section 30. Section 19-3-316, MCA, is amended to read:

"**19-3-316. Employer contribution rates** <u>**-- definitions**</u>. ~~(1) Each employer shall contribute to the system. Except as provided in subsection (2), the employer shall pay as employer contributions 6.9% of the compensation paid to all of the employer's employees plus any additional contribution under subsection (3), except for those employees properly excluded from membership. Of employer contributions made under this subsection for both defined benefit plan and defined contribution plan members, a portion must be allocated for educational programs as provided in 19-3-112. Employer contributions for members under the defined contribution plan must be allocated as provided in 19-3-2117.~~

~~(2) Local government and school district employer contributions must be the total employer contribution rate provided in subsection (1) minus the state contribution rates under 19-3-319.~~

~~(3) (a) Subject to subsection (4), each employer shall contribute to the system an additional employer contribution equal to the percentage specified in subsection (3)(b) of the compensation paid to all of the employer's employees, except for those employees properly excluded from membership.~~

~~(b) The percentage of compensation to be contributed under subsection (3)(a) is 1.27% for fiscal year 2014 and increases by 0.1% each fiscal year through fiscal year 2024. For fiscal years beginning after June 30,~~

~~2024, the percentage of compensation to be contributed under subsection (3)(a) is 2.27%.~~

~~(4) (a) The board shall annually review the additional employer contribution provided for under subsection (3) and recommend adjustments to the legislature as needed to maintain the amortization schedule set by the board for payment of the system's unfunded liabilities.~~

~~(b) The employer contribution required under subsection (3) terminates on January 1 following the board's receipt of the system's actuarial valuation if the actuarial valuation determines that terminating the additional employer contribution pursuant to this subsection (4)(b) and reducing the employee contribution pursuant to 19-3-315(2) would not cause the amortization period to exceed 25 years.~~

(1) Beginning July 1, 2023, through June 30, 2024, each employer shall contribute an amount equal to 9.29% of the compensation of all the employer's employees in the defined benefit plan and the defined contribution plan, except for those properly excluded from membership. Of employer contributions made under this subsection for both defined benefit plan and defined contribution plan members, a portion must be allocated for educational programs as provided in 19-3-112. Of employer contributions made for members of the defined contribution plan, 7.9% must go to the defined contribution plan, and the remaining amount must go to the defined benefit plan's legacy unfunded liability.

(2) (a) Beginning July 1, 2024, each employer shall contribute to the defined benefit plan either the actuarially determined employer contribution that is determined annually by the public employees' retirement system's actuary in accordance with the provisions of this section and part of the plan's annual actuarial valuation or the base rate of 9.79%, whichever is less. This contribution rate is effective July 1 following the annual actuarial valuation completed in the prior calendar year. Beginning July 1, 2025, the base rate will increase by 0.50% each year.

(b) Beginning July 1, 2024, each employer shall contribute either the actuarially determined employer contribution or the base rate of 9.79% for employees in the defined contribution plan, whichever is less. Of the total amount, 7.9% must go to the defined contribution plan, and the remaining amount must go to the defined benefit plan's legacy unfunded liability. Beginning July 1, 2025, the base rate will increase by 0.50% each year.

(c) If the actuarially determined employer contribution is higher than the base rate, the pension special fund established in [section 21] must be used to fund the difference so long as there is an available balance in the fund.

(d) The actuarially determined employer contribution must be the sum of the following contribution rates, minus the employee contribution provided in 19-3-315 and the state contributions provided in 19-3-319 and 19-3-320:

(i) the contribution rate determined under subsection (2)(e) to pay off the legacy unfunded liability;

(ii) the contribution rate determined under subsection (2)(f) to pay for the contemporary unfunded liability;

(iii) the contribution rate determined under subsection (2)(g) to pay for the normal cost of benefits as they accrue; and

(iv) a contribution of 0.04% of compensation for the employer's employees who are members of either the defined contribution plan or the defined benefit plan for educational programs as provided in 19-3-112.

(e) (i) The contribution rate under subsection (2)(d)(i) for the legacy unfunded liability must be the amount required on a level dollar basis to amortize the legacy unfunded liability attributable to the employer's employees who are members of either the defined contribution plan or the defined benefit plan over a closed 30-year amortization period beginning July 1, 2023, except as provided in subsection (2)(d)(ii).

(ii) If the June 30, 2023, actuarial valuation determines the system's amortization period is less than 30 years, then the closed amortization period used for the purposes of subsection (2)(d)(i) must be that amortization period.

(f) The contribution rate under subsection (2)(d)(ii) for the contemporary unfunded liability must be the amount required on a level dollar basis to pay the annual contemporary unfunded liabilities attributable to the employer's employees who are members of either the defined contribution plan or the defined benefit plan over a layered amortization schedule so that each fiscal year's contemporary unfunded liability is amortized over a closed 10-year period, starting with the contemporary unfunded liability for the fiscal year ending June 30, 2024.

(g) The contribution rate under subsection (2)(d)(iii) for the normal cost of benefits as they accrue must be the amount required on a level dollar basis to pay the normal cost of benefits as determined in the annual actuarial valuation as the benefits accrue for each of the employer's employees who are members of either the defined contribution plan or the defined benefit plan.

(3) (a) Beginning July 1, 2023, each employer shall contribute to the defined contribution plan an amount equal to 7.9%. Of employer contributions made under this subsection (3)(a) for defined contribution plan members, a portion must be allocated for educational programs as provided in 19-3-112.

(b) The employer contribution under subsection (3)(a) must be allocated as provided in 19-3-2117.

(c) The employer contribution rate for the defined contribution plan may not be lower than 7.9%, even if the actuarially determined contribution rate for the defined benefit plan is less than 7.9%.

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

(a) "Contemporary unfunded liability" means the defined benefit plan's annual fiscal year actuarial gains and losses smoothed over 5 years starting with the fiscal year ending June 30, 2019.

(b) "Legacy unfunded liability" means the unfunded liability of the defined benefit plan as of June 30, 2023."

Section 31. Section 19-3-319, MCA, is amended to read:

"**19-3-319. State contributions for local government and school district employers.** (1) ~~The~~ Subject to subsection (3), the state shall contribute monthly from the general fund to the pension trust fund a sum equal to 0.1% of the compensation paid to all employees of local government entities and school districts on and after July 1, 1997, except those employees properly excluded from membership.

(2) ~~(a)~~ Subject to subsection ~~(2)(b)~~ (3), in addition to the contribution required under subsection (1), the state shall contribute monthly from the general fund to the pension trust fund a sum equal to 0.27% of the compensation paid to all employees of school districts except for those employees properly excluded from membership.

~~(b)~~(3) The additional ~~contribution under subsection (2)(a) terminates when the additional contribution under 19-3-316(3) terminates~~ contributions in this section terminate January 1 following the defined benefit plan's actuarial valuation if the valuation determines that the plan's funded ratio is at least 100% and terminating the contribution pursuant to this subsection and reducing the employee contribution pursuant to 19-3-315(2) would not cause the funded ratio to be less than 100%.

~~(3)~~(4) The board shall certify amounts due under this section on a monthly basis, and the state treasurer shall transfer those amounts to the pension trust fund within 1 week. The payments in this section are statutorily appropriated as provided in 17-7-502."

Section 32. Section 19-3-1605, MCA, is amended to read:

"**19-3-1605. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2), on January 1 of each year, the permanent monthly benefit payable during the preceding January to each recipient who is eligible under subsection (3) must be increased by the applicable percentage provided in subsection (4).

(2) (a) If a recipient's benefit payable during the preceding January has been increased by one or more adjustments not provided for in this section and the adjustments amount to less than an annualized increase of the applicable percentage provided in subsection (4), then the recipient's benefit must be adjusted by an amount that will provide a total annualized increase of the applicable percentage in the benefit paid since the preceding January.

(b) If a recipient's benefit payable during the preceding January has been increased by one or more adjustments not provided for in this section and the increases amount to more than an annualized increase of the applicable percentage provided in subsection (4), then the benefit increase provided under this section must be 0%.

(c) If a benefit recipient is a contingent annuitant receiving an optional benefit upon the death of the original payee that occurred since the preceding January, the new recipient's monthly benefit must be increased to the applicable percentage provided in subsection (4)(b) more than the amount that the contingent annuitant would have received had the contingent annuitant received a benefit during the preceding January.

(3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the minimum annual benefit adjustment provided for in this section if the benefit's commencement date is at least 12 months prior to January 1 of the year in which the adjustment is to be made.

(4) (a) The applicable percentage increase under subsection (1) is 3% if the member was hired or assumed office:

(i) before July 1, 2007; or

(ii) on or after July 1, 2007, and before July 1, 2013, and the benefit recipient is a member of a retirement system provided for in this title, and the guaranteed annual benefit adjustment provision for that member under that system is a 3% benefit increase.

(b) The applicable percentage increase under subsection (1) is 1.5% if the member was hired or assumed office on or after July 1, 2007, and before June 30, 2013, and the benefit recipient is not otherwise covered under subsection (4)(a)(ii).

(c) The applicable percentage increase under subsection (1) is 1.5% if the member was hired or assumed office on or after July 1, 2013, subject to reduction as provided in subsection (5).

(5) ~~(a) Except as provided in subsection (5)(b), if~~ If the most recent actuarial valuation of the retirement system shows that retirement system liabilities are less than 90% funded, the applicable percentage increase in subsection (4)(c) must be reduced by 0.1% for each 2% below that 90% funding level.

~~(b) If the amortization period is 40 years or greater, the applicable percentage increase in subsection (4)(c) must be reduced to 0% and the retirement allowance may not be increased.~~

(6) The board shall adopt rules to administer the provisions of this section."

Section 33. Section 19-3-2111, MCA, is amended to read:

"**19-3-2111. Plan membership -- written election required -- failure to elect -- effect of election.** (1) Except as otherwise provided in this part:

(a) a member who was an inactive member of the defined benefit plan on the effective date of the defined contribution plan and who is rehired into covered employment after the plan effective date may, within the 12-month period provided for in subsection (2)(a), elect to transfer to and become a member of the plan regardless of whether the member remains active, becomes inactive, or terminates employment and plan membership within the 12-month period;

(b) a member who is initially hired into covered employment on or after the effective date of the defined contribution plan may, within the 12-month period provided for in subsection (2)(a), elect to become a member of the plan regardless of whether the member remains active, becomes inactive, or terminates employment and plan membership within the 12-month period.

(2) (a) Elections made pursuant to this section must be made on a form prescribed by the board and must be made within 12 months from the month that the employer properly reports the new or rehired member to the board.

(b) A member failing to make an election prescribed by this section remains a member of the defined ~~benefit~~ contribution plan.

(c) An election under this section, including the default election pursuant to subsection (2)(b), is a one-time irrevocable election. Subject to 19-3-2113, this subsection (2)(c) does not prohibit a new election after a member has terminated membership in either plan and returned to covered employment.

(3) A member in either the defined benefit plan or the defined contribution plan who becomes inactive after an election under this section and who returns to active membership remains in the plan previously elected.

(4) A system member may not simultaneously be a member of the defined benefit plan and the defined contribution plan and must be a member of either the defined benefit plan or the defined contribution plan. A period of service may not be credited in more than one retirement plan within the system.

(5) The provisions of this part do not prohibit the board from adopting rules to allow an employee to elect the defined contribution plan from the first day of covered employment.

(6) A member of the defined benefit plan who is subject to a family law order pursuant to 19-2-907 or an execution or income-withholding order pursuant to 19-2-909 may not transfer to the defined contribution plan unless the order is modified to apply under the defined contribution plan.

(7) (a) A member of the defined benefit plan who is purchasing service credit through installment payments, either made directly to the board or pursuant to a payroll deduction agreement, may not transfer membership to the defined contribution plan unless the member first completes or terminates the contract for purchase of service credit.

(b) A member who files an election to transfer membership may make a lump-sum payment for up to the balance of the service credit remaining to be purchased prior to transferring, subject to the limitations of section 415 of the Internal Revenue Code. The lump-sum payment, unless made by a rollover pursuant to 19-2-708, must be made with after-tax dollars.

(c) If a member who files an election to transfer membership fails to complete or terminate the contract for purchase of service credit by the end of the member's 12-month election window, the board shall terminate the service purchase contract and credit the member with the prorated amount of service credit purchased under the contract."

Section 34. Section 19-3-2117, MCA, is amended to read:

"**19-3-2117. Allocation of contributions and forfeitures.** (1) The member contributions made under 19-3-315 and additional contributions paid by the member for the purchase of service must be allocated to the plan member's retirement account.

(2) ~~Subject to subsections (3) and (4), of the employer contributions under 19-3-316 received~~ The employer's contribution received under 19-3-316(2) must be allocated as follows:

~~(a) an amount equal to:~~

~~(i)~~(a) ~~4.19%~~ the percentage of compensation specified under 19-3-316(3)(a) minus the amounts specified in subsections (2)(b) and (2)(c) of this section must be allocated to the member's retirement account;

~~(ii) 2.37% of compensation must be allocated to the defined benefit plan as the plan choice rate;~~

~~(iii)~~(b) 0.04% of compensation must be allocated to the education fund as provided in 19-3-112(1)(b); and

~~(iv)~~(c) 0.3% of compensation must be allocated to the long-term disability plan trust fund established pursuant to 19-3-2141~~;~~.

~~(b) on July 1, 2009, continuing until the additional employer contributions terminate pursuant to 19-3-316(4)(b), the percentage specified in subsection (3) of this section of compensation must be allocated to the defined benefit plan to eliminate the plan choice rate unfunded actuarial liability;~~

~~(c) on July 1, 2013, and continuing until June 30, 2015, an amount equal to 1% of compensation must be allocated to the defined benefit plan unfunded liabilities; and~~

~~(d) on July 1, 2015, and continuing until the plan choice rate unfunded actuarial liability in the defined benefit plan is fully paid, an amount equal to 1% of compensation must be allocated to the defined benefit plan as part of the plan choice rate. Effective the first full pay period in the month following the board's verification that the plan choice rate unfunded actuarial liability is paid off, the amount equal to 1% of compensation must be allocated to the member's retirement account until the additional employer contributions terminate pursuant to 19-3-316(4)(b).~~

~~(3) The percentage of compensation to be contributed under subsection (2)(b) is 0.27% for fiscal year 2014 and increases by 0.1% each fiscal year through fiscal year 2024. For fiscal years beginning after June 30,~~

~~2024, the percentage of compensation to be contributed under subsection (2)(b) is 1.27%.~~

~~(4) Effective the first full pay period in the month following the board's verification that the plan choice rate unfunded actuarial liability is paid off, the 2.37% of compensation in subsection (2)(a)(ii) and the percentage of compensation in subsection (3), if any, must be allocated to the member's retirement account.~~

~~(5)~~<u>(3)</u> Forfeitures of employer contributions and investment income on the employer contributions may not be used to increase a member's retirement account. The board shall allocate the forfeitures under 19-3-2116 to meet the plan's administrative expenses, including startup expenses."

Section 35. Section 19-21-214, MCA, is amended to read:

"**19-21-214. Contributions and allocations for employees in positions covered under public employees' retirement system.** (1) The contribution rates for employees in positions covered under the public employees' retirement system who elect to become program members pursuant to 19-3-2112 are as follows:

(a) the member's contribution rate must be the rate provided in 19-3-315; and

(b) the employer's contribution rate must be the rate provided in 19-3-316.

(2) ~~Subject to subsections (3) and (4), of the~~ <u>The</u> employer's contribution received under 19-3-316<u>(3)</u>~~:~~

~~(a) an amount equal to~~ <u>must be allocated as follows</u>:

~~(i)~~<u>(a)</u> ~~4.49%~~ <u>the percentage</u> of compensation <u>specified under 19-3-316(3)(a) minus the amount specified in subsection (2)(b) of this section</u> must be allocated to the participant's program account;

~~(ii) 2.37% of compensation must be allocated to the defined benefit plan under the public employees' retirement system as the plan choice rate;~~ and

~~(iii)~~<u>(b)</u> 0.04% of compensation must be allocated to the education fund pursuant to 19-3-112(1)(b)~~;~~<u>.</u>

~~(b) on July 1, 2009, continuing until the additional employer contributions terminate pursuant to 19-3-316(4)(b), an amount equal to 0.27% of compensation must be allocated to the defined benefit plan to eliminate the plan choice rate unfunded actuarial liability;~~

~~(c) on July 1, 2013, and continuing until June 30, 2015, an amount equal to 1% of compensation must be allocated to the defined benefit plan unfunded liabilities; and~~

~~(d) on July 1, 2015, and continuing until the plan choice rate unfunded actuarial liability in the defined benefit plan is fully paid, an amount equal to 1% of compensation must be allocated to the defined benefit plan~~

~~as part of the plan choice rate. Effective the first full pay period in the month following the board's verification that the plan choice rate unfunded actuarial liability is paid off, the amount equal to 1% of compensation must be allocated to the member's retirement account until the additional employer contributions terminate pursuant to 19-3-316(4)(b).~~

~~(3) The percentage of compensation amount to be allocated under subsection (2)(b) must be increased by 0.1% each fiscal year through fiscal year 2024. For fiscal years beginning after June 30, 2024, the percentage of compensation amount to be allocated under subsection (2)(b) must be 1.27%.~~

~~(4) Effective the first full pay period in the month following the board's verification that the plan choice rate unfunded actuarial liability is paid off, amounts equal to the 2.37% of compensation in subsection (2)(a)(ii) and the percentage of compensation in subsection (2)(b), if any, must be allocated to the member's retirement account.~~"

Section 36. Section 2, Chapter 44, Laws of 2023, is amended to read:

"**Section 2. Individual income tax rebate.** (1) By December 31, 2023, the department of revenue shall issue, to a qualified taxpayer who incurred individual income tax liability in Montana in 2021, a one-time income tax rebate in an amount equal to the lesser of:

(a) the qualified taxpayer's 2021 individual income tax liability as properly reported on line 20 of the 2021 Montana individual income tax return; or

(b) an amount based on the taxpayer's 2021 filing status, equal to:

(i) for a single taxpayer, a head of household, or a married taxpayer filing a separate return, $1,250; or

(ii) for a married couple filing a joint return, $2,500.

(2) The department may not issue a rebate pursuant to this section that exceeds the taxpayer's individual income tax liability as properly reported on line 20 of the 2021 Montana individual income tax return.

(3) (a) Except as provided in subsection (3)(b), the department shall issue rebates provided for in this section electronically or by mailing a check to the taxpayer's mailing address based on the taxpayer's refund instructions.

(b) A rebate provided for in this section must first be credited against any outstanding liability for which the department withholds a tax refund existing at the time the refund is issued.

(4) As provided in 15-30-2110(2)(u), a rebate provided for in this section is not taxable income.

(5) (a) As used in this section, the term "qualified taxpayer" means an individual who was a resident as defined in 15-30-2101 for the entire income tax year beginning January 1, 2021, and who filed a Montana individual income tax return for income tax years 2020 and 2021 by the due date for filing the return for income tax year 2021, including any extensions ~~that have been granted~~ authorized pursuant to 15-30-2604(1)(b) and (3), respectively.

(b) The term does not include:

(i) a taxpayer who is a nonresident, as defined in 15-30-2101, who filed tax returns in 2020 or 2021 pursuant to 15-30-2104;

(ii) an individual who was claimed as a dependent by another taxpayer for federal or Montana income tax purposes for the 2021 tax year; or

(iii) a trust.

(6) As used in this section, the term "properly reported" means the amount reported on line 20 of the 2021 Montana individual income tax return filed by the due date for filing that return, including any extensions authorized pursuant to 15-30-2604(1)(b) and (3), or an amended 2021 Montana individual income tax return filed on or before May 1, 2023."

Section 37. Section 1, Chapter 47, Laws of 2023, is amended to read:

"**Section 1. Definitions.** As used in [sections 1 through 3], the following definitions apply:

(1) "Montana property taxes" means the ad valorem property taxes, special assessments, and other fees imposed on property classified under 15-6-134 that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home and as much of the surrounding land, not exceeding 1 acre, as is reasonably necessary for its use as a dwelling and that were assessed and paid by the taxpayer as follows:

(a) for tax year 2022, the amount of Montana property taxes assessed and paid is equal to the total amount billed by the local government for the dwelling as shown on the 2022 property tax bill received by the taxpayer ~~with a first-half payment due in or around November 2022 and a second-half payment due in or~~

~~around May 2023~~; and

(b) for tax year 2023, the amount of Montana property taxes assessed and paid is equal to the total amount billed by the local government for the dwelling as shown on the 2023 property tax bill received by the taxpayer ~~with a first-half payment due in or around November 2023 and a second-half payment due in or around May 2024~~.

(2) "Owned" includes purchasing under a contract for deed and being the grantor or grantors under a revocable trust indenture.

(3) (a) "Principal residence" is, subject to the provisions of subsection (3)(b), a dwelling:

(i) in which a taxpayer can demonstrate the taxpayer owned and lived in for at least 7 months of the year for which the rebate is claimed;

(ii) that is the only residence for which the property tax rebate is claimed; and

(iii) for which the taxpayer made payment of the assessed Montana property taxes during tax year 2022 and tax year 2023.

(b) A taxpayer that cannot meet the requirements of subsection (3)(a)(i) because the taxpayer's principal residence changes during the tax year to another principal residence may still claim a rebate if the taxpayer paid the Montana property taxes while residing in each principal residence for a total of at least 7 consecutive months for each tax year.

(4) "Tax year 2022" means the period January 1, 2022, through December 31, 2022.

(5) "Tax year 2023" means the period January 1, 2023, through December 31, 2023."

NEW SECTION. **Section 38. Transfer of funds**. (1) Within 15 days of [the effective date of this section], the state treasurer shall transfer $85 million from the general fund to the local government road maintenance account provided in [section 19].

(2) By August 15, 2023, the state treasurer shall transfer $200 million from the general fund to the account established in [section 2].

NEW SECTION. **Section 39. Appropriation -- individual income tax rebate.** (1) There is appropriated $100 million from the general fund to the department of revenue for the biennium beginning July 1, 2023.

(2) The appropriation must be used to supplement individual income tax rebates as provided in [section 1].

~~NEW SECTION.~~ ~~**Section 4. Appropriation -- property tax rebate.**~~ ~~(1) There is appropriated $100 million from the general fund to the department of revenue for the biennium beginning July 1, 2023.~~

~~(2) The appropriation must be used to supplement property tax rebates as provided in [section 2].~~

NEW SECTION. **Section 40. Codification instruction.** (1) [~~Section~~ Sections 1 and 22] ~~is~~are intended to be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [~~section~~ Sections 1 and 22].

(2) ~~[Section 2] is intended to be codified as an integral part of Title 15, chapter 1, and the provisions of Title 15, chapter 1, apply to [section 2]~~ [Sections 2 through 6] are intended to be codified as an integral part of Title 17, chapter 6, and the provisions of Title 17, chapter 6, apply to [sections 2 through 6].

(3) [Section 21] is intended to be codified as an integral part of Title 19, chapter 3, part 3, and the provisions of Title 19, chapter 3, part 3, apply to [section 21].

(4) [Section 23] is intended to be codified as an integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [section 23].

COORDINATION SECTION. **Section 41. Coordination instruction.** (1) If House Bill No. 192 is not passed and approved, then [sections 1 and ~~3~~ 39] are void.

(2) If House Bill No. 819 is not passed and approved, then the amount appropriated in [section 39] is reduced to $30 million.

~~COORDINATION SECTION.~~ ~~**Section 7. Coordination instruction.**~~ ~~If House Bill No. 222 is not passed and approved, then [sections 2 and 4] are void.~~

NEW SECTION. **Section 42. Severability.** If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

NEW SECTION. **Section 43. Effective ~~date~~ dates.** (1) ~~[This act] is~~ [Sections 1, 7 through 18, 22, 23, and 36 through 45] are effective on passage and approval.

(2) [Sections 2 through 6, 19 through 21, and 24 through 35] are effective July 1, 2023.

NEW SECTION. **Section 44. Applicability**. [Sections 22 and 23] apply to tax years beginning after December 31, 2023.

NEW SECTION. **Section 45. Termination.** (1) [~~Section 1~~Sections 1, 22, and 36] and the insertion of "[section 22]" in section 25(3) ~~terminates~~ terminate December 31, 2025.

(2) ~~[Section 2] terminates June 30, 2025~~ [Sections 19, 20, and 37] terminate June 30, 2024.

- END -