

# 2023 Session General Fund Status Sheet Rules

As adopted by the Legislative Finance Committee Management Advisory Group

1. What statutory appropriations are to be used?  
**Recommendation:** Use the legislative estimates calculated by the LFD.
2. What standard reversion estimates are to be used?  
**Recommendation:** Use 0.3% of the total estimated annual general fund appropriation as calculated by the LFD.
3. Pursuant to 17-7-210, at the end of each fiscal year following the approval of a new facility, but prior to receipt of its certificate of occupancy, the appropriation for program expansion and operations and maintenance will revert to its originating fund. How should the estimated one-time reversions for program expansion and operations and maintenance be reflected on the balance sheet?  
**Recommendation:** Provide an estimated amount on the balance sheet.
4. The COVID-19 public health emergency has precipitated the federal government to provide funding to states to cover budget shortfalls related to COVID. As a result, Montana received enhanced Federal Medical Assistance Percentage (FMAP), as well as additional federal funding that offset budgeted general fund funding. The result is anticipated savings to the general fund. How should the estimated COVID FMAP savings be shown on the balance sheet?  
**Recommendation:** Provide a total estimated savings amount on the balance sheet.
5. HB 1, Feed Bill has its own line on the balance sheet. How should HB 1 be shown on the bill list?  
**Recommendation:** Do not show on the bill list since it has its own separate line on the balance sheet.
6. How should the impact of bills be developed if the LFD disagrees with the fiscal note or if the bill is amended without a new fiscal note?  
**Recommendation:**  
When the LFD has a material difference of fact or legal interpretation from the executive fiscal note or other major policy issue, the LFD will inform the sponsor of the bill, all members of the LFC, and the chairs and vice chairs, including minority vice chairs of Senate Finance and Claims, House Appropriations, Senate Tax and House Tax of these material differences in writing.  
  
LFD will follow the 68<sup>th</sup> Legislative Session SJ 1, Section 40-100 (12) as required or as directed by the Management Advisory Workgroup if the rule does not apply.
7. If bills impact the guarantee tax base or BASE Aid school funding, should the general fund impact be shown on the status sheet?  
**Recommendation:** The general fund status sheet should include any impact of those school funding items as anticipated appropriations.

8. If revenue bills impact property taxes, should the impact on the 6-mill levy be shown as a general fund impact?  
**Recommendation:** The 6-mill levy impact would be shown as a “potential” general fund expenditure impact.
9. When should bills be placed on the status sheet?  
**Recommendation:** After positive executive action in any committee.
10. How should duplicate or similar bills be reflected on the status sheet?  
**Recommendation:** Show the impact of the most significant bill and footnote that duplicates may exist.
11. How should bills that are **re-referred** to a second committee be reflected on the status?  
**Recommendation:** If **re-referred in the first house**, do not show the impact of the bill until positive executive action has occurred in the second committee. If a bill has already been transmitted to the second house and a re-referral occurs in the 2<sup>nd</sup> house, the bill remains on the status sheet.
12. Should the general fund balance sheet show the required ending fund per 17-7-140 and the recommended operating reserve in 17-7-102?  
**Recommendation:** The statutorily required percentage of 4% and the recommended operating reserve equal to 8.3% will only be included in the footnote section on the general fund balance sheet if the ending fund balance nears the statutory minimum.
13. How should bills that have significant “potential” appropriations with similar revenue impacts be shown?  
**Recommendation:** In the past, the balance sheet has reflected both the revenue and “potential” appropriation until such time an appropriation is made in HB 2 or in the bill.
14. Should staff show a reduction in revenue if the Department of Revenue’s budget is reduced?  
**Recommendation:** The department has argued that there is a direct impact on revenues if the business and income taxes division budget is reduced. DOR’s data from 2019 results in a ratio of 7:1 perceived impact. During the previous sessions the value of the range 3:1 to 6:1 was recorded in the footnote section of the GF status sheet. It is recommended that if the business and income taxes division budget is reduced by greater than \$1.0 million from present law each year, then the calculated amount using the ratio range of 3:1 to 7:1 should be recorded in the footnote section of the status sheet.
15. If a fiscal impact is known to be effective through FY 2025 or longer, should it be considered ongoing?  
**Recommendation:** If fiscal impacts continue through FY 2025 LFD will consider the impacts ongoing.
16. If a significant structural imbalance is identified on the status sheet, how should more information about risk be included on the status sheet?  
**Recommendation:** If a significant structural imbalance is identified on the status sheet, provide an explanation of risk in the footnoted section of the status sheet.
17. How should biennial appropriations be shown?

**Recommendation:** Use the parameters for the biennial appropriations as written in the bill, unless unstated, then the biennial appropriations will be split equally between the two years of the biennium.

18. How should fiscal impacts of bills that appear to have stalled in the legislative process appear on the status sheet?

**Recommendation:** The number of days in committee will be shown for each bill.

19. HJ 2 revenue for interest earnings on the treasury cash account is estimated at \$326 million for the three-year period. If a bill impacts general fund by at least \$50 million, how should the impact of the interest earnings on the treasury cash account be shown on the general fund status sheet?

**Recommendation:**

Apply the proportion of the effective treasury cash account (TCA) rate<sup>1</sup>, to account for the present law plus budget and HJ 2, which equals 2.08% in FY 2024 and 1.66% in FY 2025 on bills with a general fund impact greater than \$50.0 million total for all three fiscal years (FY 2023, FY 2024, and FY 2025).

20. For the 2023 session, how should the risk, management, and tort insurance rate holiday proposed by the executive be shown on the balance sheet?

**Recommendation:** Show the insurance rate holiday as one-time-only.

21. For the 2023 session, if a transfer is made to the state share for employee and University benefits, how should this be shown on the balance sheet?

**Recommendation:** If a one-time-transfer is made from general fund, but no rates are adjusted, show the one-time only transfer, and show the increase to state share as ongoing, offset by the one-time only reduction, as if the rate is adjusted. This will reflect ongoing structural balance.

22. For the 2023 session, how should in-depth fiscal analysis of bills be addressed?

**Recommendation:** Each of the four caucuses may request two in-depth analyses of fiscal impacts of bills. The scope of the analysis will be provided by the requesting caucus to the Legislative Fiscal Analyst. The timeline will be determined by the Legislative Fiscal Analyst for the requesting caucus. If prioritization of requests or a change from this policy is needed, the Legislative Finance Committee Management Advisory Workgroup will reconvene and determine the outcome. All four caucuses will receive the information provided for under this provision.

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<sup>1</sup> TCA effective cash rate includes the following assumptions: Assume any new spending or tax policy changes begin after FY 2023. Assume 53% of the treasury cash account balance is general fund. Assume average interest on the treasury cash account balance. Assume the average general fund cash is the average of general fund balances. Assume the average amount short from HJ 2 (or above) and apply the TCA average interest. Take the average of the two years of the amount short (or above) HJ 2. Then take the average general fund cash percentage. Using the result, also calculate 65% of the general fund assumed in HJ 2 and present law+ and then divide the two. This results in 2.08% FY 2024 and 1.66% FY 2025.