



AN ACT RESTRICTING THE USES OF RECOVERED AGENCY INDIRECT COSTS; AMENDING SECTION 17-1-106, MCA; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 17-1-106, MCA, is amended to read:

"17-1-106. Agency recovery of indirect costs -- exemption. (1) An agency receiving nongeneral funds shall, in accordance with all applicable regulations, guidelines, or grant rules governing those funds, negotiate indirect cost reimbursement amounts and methodologies so that the agency may recover indirect costs.

(2) An agency, except for a unit of the university system, that applies for or otherwise receives funds through federal or private grants or contracts that do not allow the agency to fully recover indirect costs shall notify and must receive written approval from ~~its~~ the agency's approving authority prior to accepting the funds.

(3) The department of transportation may not recover indirect costs from a local government for the community transportation enhancement program.

(4) The department of transportation may not recover indirect costs for administration of a U.S. federal transit administration grant, including but not limited to grants provided for in 49 U.S.C. 5310, 49 U.S.C. 5311, 49 U.S.C. 5316, and 49 U.S.C. 5317, from a local government, nonprofit organization, or public transportation provider that provides transit services.

(5) An agency, except for a unit of the university system, may not, as part of the grant or contract proposal or negotiation process, waive or otherwise forfeit the agency's ability to recover indirect costs that are otherwise allowable costs under the program, except for intra-agency or interagency grants or contracts. For grants or contracts for which the entity providing the funds limits administrative cost reimbursements or indirect cost recoveries by regulation, policy, or guideline, statewide and agency indirect costs paid originally from the general fund must be claimed first, other indirect costs must be claimed second, agency direct costs of administration must be claimed third, and program direct costs must be claimed last. For grants or contracts for which there is no limit on indirect costs or administrative costs, indirect and administrative costs must be claimed

first and direct program costs must be claimed last.

(6) Each agency receiving federal funds and not directly charging a grant or program for the recovery of indirect costs shall submit an indirect cost proposal to the appropriate federal agency. The department shall provide technical assistance to an agency on how to build an indirect cost proposal.

(7) Except as provided for a unit of the university system under 20-25-427, indirect costs recovered by an agency to pay the agency's indirect costs under 17-1-105 must be deposited as provided in 17-1-105. All other indirect costs must be deposited in the fund from which the indirect costs were originally paid.

(8) Except for a unit of the university system or as provided in applicable regulations, guidelines, or grant rules governing the funds, an agency:

(a) may use recovered indirect costs for operating expenses, such as infrastructure and maintenance;

(b) may not use the funds for compensation increases or bonuses outside of the legislatively authorized pay plan."

Section 2. Effective date. [This act] is effective July 1, 2015.

- END -

I hereby certify that the within bill,
SB 0376, originated in the Senate.

Secretary of the Senate

President of the Senate

Signed this _____ day
of _____, 2015.

Speaker of the House

Signed this _____ day
of _____, 2015.

SENATE BILL NO. 376

INTRODUCED BY J. BRENDEN

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