FISCAL NOTE

Bill #:	HB0144	**Title:**	Statewide legislative proceeding broadcasting
Primary Sponsor:	Mark Noennig	**Status:**	Second Reading

Sponsor signature Date

Chuck Swysgood, Budget Director Date

Fiscal Summary

	FY2002 Difference	FY2003 Difference
Expenditures:		
State Special Revenue	429,000	871,000
Revenue:		
State Special Revenue	429,000	871,000
Net Impact on General Fund Balance:	**$0**	**$0**

Yes	No		Yes	No	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
X		Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. The Legislative Services Division (LSD) will implement a state broadcasting service as defined in the legislation.
2. Funding for the broadcasting service is derived from lobbyist fees defined in 5-7-103, MCA, and from grants, gifts, donations, and in-kind contributions from private and public sources.
3. Startup costs will be paid from a $60,000 general fund loan obtained by the LSD in FY 2002 from the Department of Administration. The loan will be repaid prior to June 30, 2003.
4. Six hundred persons will be licensed as lobbyists before 12/31/2002; $100 of each license fee will be placed in the state government broadcasting account generating $60,000 in revenue.
5. Fund-raising efforts during the 2003 biennium may result in grants, gifts, donations and in-kind contributions to the state government broadcasting account totaling $1.24 million.

6. Expenditures for operations, repayment of the General Fund loan, and procurement of equipment will total $1.3 million over the biennium. A biennial appropriation accommodates the need to expend funds in either year of the biennium. Total biennial expenditures are estimated to be expended one-third in fiscal year 2002, two-thirds in fiscal year 2003.

FISCAL IMPACT:

	FY2002 Difference	FY2003 Difference
Expenditures:		
Operating Expenses	181,500	368,500
Equipment	247,500	502,500
TOTAL	$429,000	$871,000
Funding:		
State Special Revenue (02)	$429,000	$871,000
Revenues:		
State Special Revenue (02)	$429,000	$871,000
Net Impact to Fund Balance (Revenue minus Expenditure):		
State Special Revenue (02)	$0	$0

LONG-RANGE IMPACTS:

Fund-raising efforts during the 2003 biennium will be directed toward meeting initial equipment and operational needs for startup of the broadcasting service. If initial fund-raising efforts are successful and equipment is in place prior to the 2005 biennium, ongoing operational costs of the program, primarily operator contracts, are roughly estimated at $600,000 for the biennium. If initial fund-raising efforts do not produce sufficient startup funds, costs of the 2005 biennium may exceed $600,000.

Revenue from lobbyist fees during the 2005 biennium is estimated at $60,000. Grants, gifts and donations are not expected to sustain the broadcasting service after the 2003 biennium. Anticipated expenditures may exceed anticipated revenues for the 2005 biennium and continuance of the broadcasting service would require general fund appropriations or alternate state special revenue sources.

DEDICATION OF REVENUE:

a) Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain).

The purpose of the broadcasting service is to provide citizens an opportunity to participate in the legislative process and exercise their right to watch government at work. Initial funding via contributions or fees will be provided by specific interest groups who are the immediate beneficiaries of the service; in the long-term taxpayer funds will support the service.

b) What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?

The purpose of the revenue is restricted, within this legislation, to the provision of the broadcasting service. Such a restriction requires the revenue be placed in a state special revenue fund.

The general fund is not the mechanism for the expenditure of donations where an appropriation can only be used if sufficient revenue is collected. In addition, with this new service, revenue from donations is uncertain and maximizing program revenue is desirable. Unlike general fund revenue, interest earnings on special revenue fund revenue can be retained to maximize program funding.

c) Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? _ X _Yes ____No (if no, explain)

d) Does the need for this state special revenue provision still exist? _X__Yes ___No (Explain)

Initial establishment of this state special revenue fund is required in HB 144. Determination of ongoing need will depend on funding options authorized by future legislatures.

e) Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)

No, the service funded by this revenue is performed within a HB 2 program open to legislative scrutiny during each budget cycle. In addition, the Legislative Council is required to provide oversight to the broadcasting service, and its budget.

f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)

If the legislature passes HB 144, the broadcasting service will have been identified as a need of state government. The legislature may, during each budget cycle, re-evaluate the need for the broadcasting service.

g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)

There are no accounting efficiencies particular to the state special revenue fund that could not also be obtained within the general fund. Placement of the revenue in a dedicated account is a result of the restrictions placed upon the funding and within the enabling legislation rather than any accounting efficiencies recognized.