FISCAL NOTE

Bill #:	HB0598	**Title:**	Government accountability act; scheduled termination of state programs
Primary Sponsor:	John Brueggeman	**Status:**	As Introduced

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Sponsor signature Date Chuck Swysgood, Budget Director Date

Fiscal Summary

	FY2002 Difference	FY2003 Difference
Expenditures:		
General Fund	41,386	47,407
Revenue:		
General Fund	0	0
Net Impact on General Fund Balance:	**($41,386)**	**($47,407)**

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. State agencies will comply with the pre-review responsibilities set forth in section 6, by September 1, 2001, at which time the audits will begin.
2. Sixteen performance audits will be conducted during the 2003 biennium; nineteen during the 2005 biennium; twenty-one during the 2007 biennium; and fifteen during the 2009 biennium.
3. Each review conducted will include a performance audit on average of 360 hours, which includes direct staff audit hours, report preparation time, and legislative audit committee presentation time.
4. Each audit cycle will require 3.00 FTE, comprised of two existing employees and one new employee at a cost of $38,486 in FY 2002 and $42,527 in FY 2003.

5. Operating expenses of $2,900 in FY 2002 and $4,880 in FY 2003 is made up of office expenses, report printing and Legislative Audit Committee travel.

FISCAL IMPACT:

	FY2002 Difference	FY2003 Difference
FTE	1.00	1.00
Expenditures:		
Personal Services	38,486	42,527
Operating Expenses	2,900	4,880
TOTAL	$41,386	$47,407
Funding:		
General Fund (01)	$41,386	$47,407
Net Impact to Fund Balance (Revenue minus Expenditure):		
General Fund (01)	($41,386)	($47,407)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
The Treasure State Endowment Program was created by public referendum. Termination would negatively impact local governments by $8.3 million in FY 2008, $8.3 million in FY 2009, and more in future years.

LONG-RANGE IMPACTS:
1. The funding for any of the 16 programs slated to terminate on July 1, 2003, that remain in Section 4 after review will be removed from the recommended Executive Budget for the 2005 biennium.
2. The Reverse Annuity Mortgage Program receives no state or federal funds. It was created by the Board of Housing to serve very low-income elderly people and the fiscal impact of terminating would be to the borrowers.
3. Elimination of many of the programs listed in the bill would not only decrease expenditure of state funds, but would also cause the return of federal funds to the federal government.

TECHNICAL NOTES:
1. HB 598 would terminate the Unified Investment Program provided for in 17-6-201, MCA. The program is directed by Article VIII, Section 13 of the Montana Constitution, which states that public funds must be administered by the Board of Investments. This raises the question of whether or not it would require a public referendum to terminate the Unified Investment Program or the Board of Investments.
2. On page 22 of the bill, Section 18 strikes subsection (3) which is what enables agencies to purchase supplies at Wal-Mart or other low-cost providers in competition with Central Stores.