



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill # HB0263

Title: Revise cigarette tax funding laws related to state veterans' homes

Primary Sponsor: Ingraham, Pat

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 263 requires equal distribution of funds received from cigarette taxes for the operation and maintenance of state veterans' nursing homes, in equal shares, to any operating state veteran's nursing home in Montana. As the appropriations exist in the Executive budget, there is no fiscal impact as a result of this bill.

FISCAL ANALYSIS

Assumptions:

1. HB 263 states that the Department of Public Health and Human Services (DPHHS) shall equally distribute funds received from cigarette taxes for the operation and maintenance of state veterans' nursing homes in equal shares to any operating state veteran's nursing home in Montana.
2. Montana currently has two operating state veterans' homes, Montana Veterans Home (MVH) in Columbia Falls and the Eastern Montana Veterans Home (EMVH) in Glendive. There is a third state veteran's home approved for construction, the Southwest Montana Veterans Home (SWMVH), which is expected to be operational on July 1, 2014. Therefore, two state veterans' homes are assumed to be in operation during FY 2014, and three for FY 2015- FY 2017 (See Technical Notes).
3. This fiscal note assumes that equal shares means that the total cigarette tax revenue allocated for state veterans homes are distributed in an equal dollar amount to each operating facility. The table below reflects the projected distribution, based on revenues included in the Executive Budget.

	FY 2014	FY 2015	FY 2016	FY 2017
Cigarette Taxes for Operation/Maintenance of state veterans' nursing homes	\$ 5,952,034	\$ 5,942,626	\$ 5,873,211	\$ 5,804,373
Allocation to Operating Facility				
Montana Veterans Home	\$ 2,976,017	\$ 1,980,875	\$ 1,957,737	\$ 1,934,791
Eastern Montana Veterans Home	\$ 2,976,017	\$ 1,980,875	\$ 1,957,737	\$ 1,934,791
Southwest Montana Veterans Home	\$ -	\$ 1,980,875	\$ 1,957,737	\$ 1,934,791

4. Appropriation authority to spend cigarette taxes for the operation and maintenance of state veterans' homes is generally contained within HB 2. Expenditures for each facility in FY 2014 and FY 2015 are based on the Executive Budget. Expenditures in FY 2016 and FY 2017 are inflated at 1.5 percent. The table below reflects projected expenditures through FY 2017.

Facility Expenditures	FY 2014	FY 2015	FY 2016	FY 2017
Montana Veterans Home	\$ 2,124,465	\$ 2,119,829	\$ 2,151,626	\$ 2,183,900
Eastern Montana Veterans Home	\$ 245,758	\$ 245,043	\$ 248,719	\$ 252,450
Southwest Montana Veterans Home	\$ 58,184	\$ 206,703	\$ 209,804	\$ 212,951
	\$ 2,428,407	\$ 2,571,575	\$ 2,610,149	\$ 2,649,301

5. If revenue is distributed to each operating facility in equal shares, the amount of cigarette tax allocated to each facility may be less than or greater than the executive request. The table below takes the revenue allocation to each facility and subtracts the appropriated/projected level of expenditures at each facility.

Revenue Allocation less Projected Expenditures	FY 2014	FY 2015	FY 2016	FY 2017
Montana Veterans Home	\$ 851,552	\$ (138,954)	\$ (193,889)	\$ (249,109)
Eastern Montana Veterans Home	\$ 2,730,259	\$ 1,735,832	\$ 1,709,018	\$ 1,682,341
Southwest Montana Veterans Home	\$ (58,184)	\$ 1,774,172	\$ 1,747,933	\$ 1,721,840
	\$ 3,523,627	\$ 3,371,051	\$ 3,263,062	\$ 3,155,072

6. 16-11-119 (2), MCA, requires that money exceeding \$2 million at the end of the fiscal year be transferred to the state general fund. To the extent the appropriation is increased for a particular facility and not decreased by a like amount at a different facility, the transfer to the general fund would be reduced and would thereby reduce general fund balance.

Technical Concerns:

1. The addition of the word 'nursing' to the definition changes how these facilities are referred to at the federal level. The program that provides funding to and defines this service is the State Veterans Home program at the federal level. "State Veterans Homes are facilities that provide nursing home, domiciliary or adult day care. They are owned, operated and managed by state governments". Since the state has a domiciliary at the Montana Veterans Home which is not a nursing home category of service, it seems to be excluded by this change in definition.

Sponsor's Initials

Date

Budget Director's Initials

Date