



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill #	HB0621	Title:	Abolish dept. of commerce and transfer functions to dept. of labor and industry
Primary Sponsor:	Edmunds, Champ	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Proprietary	(\$352,457)	(\$573,095)	(\$601,750)	(\$601,752)
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Proprietary	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	\$0	\$0	\$0	\$0

Description of fiscal impact: This bill abolishes the Department of Commerce and transfers the functions of the Department of Commerce to the Department of Labor and Industry. It is anticipated there would be an elimination of 6 management positions with this reorganization. The bill increases the required donation for renewing a Lewis and Clark Bicentennial license plate from \$20 to \$25.

FISCAL ANALYSIS

Assumptions:

Department of Commerce (DOC)

- For the purposes of this fiscal note, it is assumed that all of the Department of Commerce's 2015 biennium budget requests, rates, and statutory appropriations as contained in HB 2 and MBARS from all funding

sources at the end of the legislative session would be transferred to the Department of Labor and Industry on July, 1 2013.

2. The reduction in staff mandated in Section 92 of the bill would be reflected in the fiscal note prepared by the Department of Labor and Industry.
3. It is further assumed that any budget amendments the Department of Commerce has entered into with federal entities and any other contracts would be amended to include the Department of Labor and Industry as the administering agency.
4. DOC staff would remain in current locations.

Department of Labor & Industry

5. For purposes of this fiscal note, it is assumed that all of the Department of Commerce’s 2015 biennium budget requests, rates, and statutory appropriations as contained in HB 2 and MBARS from all funding sources at the end of the legislative session would be transferred to the Department of Labor & Industry on July 1, 2013.
6. Section 92 of the bill mandates a reduction in staff by eliminating the position of Director of the Department of Commerce. The salary and benefits for this position are equal to \$117,263 in 2014 and \$117,076 in 2015.
7. It is assumed that operating expenses will also reduce as result of the elimination of the above position. Operating expenses related to this position are estimated to be 45% of Director’s Office travel, and 1/19th of the remaining operating expenses for the Director’s Office, as there are 19 total FTE in the Director’s Office. This amount is equal to \$14,923.43 in 2014 and \$15,019.16 in 2015.
8. It is assumed that there will be some elimination of duplicative management level positions in centralized areas. For purposes of this fiscal note, this fiscal note assumes that a chief legal counsel, an executive assistant, a communications director, an information technology manager, and a human resources manager would be eliminated.
9. In order to complete duties related to the transition, it is assumed that the positions mentioned above would remain on staff for 50% of 2014.

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
Fiscal Impact:				
FTE Change	(3.50)	(6.00)	(6.00)	(6.00)
Commerce	(200.00)	(200.00)	(200.00)	(200.00)
Labor and Industry	196.50	194.00	194.00	194.00
<u>Expenditures:</u>				
Commerce:				
Personal Services- HB 2	(\$3,403,868)	(\$3,403,525)	(\$3,573,701)	(\$3,573,701)
Personal Serv- Proprietar	(\$7,498,480)	(\$7,502,238)	(\$7,877,350)	(\$7,877,350)
Personal Serv- Statutory	(\$3,255,115)	(\$3,261,193)	(\$3,424,253)	(\$3,424,253)
Operating Expenses- HB	(\$6,947,031)	(\$7,114,590)	(\$7,470,320)	(\$7,470,320)
Operating Exp- Proprietar	(\$8,281,926)	(\$8,194,212)	(\$8,603,923)	(\$8,603,923)
Operating Exp- Statutory	(\$15,414,799)	(\$17,916,452)	(\$18,812,275)	(\$18,812,275)
Equipment- Statutory	(\$74,008)	(\$74,008)	(\$77,708)	(\$77,708)
Capital Outlay- Proprietar	(\$31,536)	(\$31,536)	(\$33,113)	(\$33,113)
Local Assistance- Statuto	(\$5,721,918)	(\$6,246,437)	(\$6,558,759)	(\$6,558,759)
Grants- Proprietary	(\$60,000)	(\$60,000)	(\$63,000)	(\$63,000)
Grants- Statutory	(\$8,362,854)	(\$8,738,987)	(\$9,175,936)	(\$9,175,936)
Benefits & Claims- HB 2	(\$19,729,505)	(\$18,351,870)	(\$19,269,464)	(\$19,269,464)
Benefits & Claims- Propr	(\$39,753,896)	(\$40,853,896)	(\$42,896,591)	(\$42,896,591)
Transfers- HB 2	(\$358,921)	(\$358,921)	(\$376,867)	(\$376,867)
Transfers- Proprietary	(\$18,000)	(\$18,000)	(\$18,900)	(\$18,900)
Transfers- Statutory	(\$3,845,000)	(\$3,845,000)	(\$4,037,250)	(\$4,037,250)
Debt Service- Statutory	(\$1,343,162)	(\$1,592,800)	(\$1,672,440)	(\$1,672,440)
TOT Commerce Expen	<u>(\$124,100,019)</u>	<u>(\$127,563,665)</u>	<u>(\$133,941,848)</u>	<u>(\$133,941,848)</u>
Labor:				
Personal Services- HB 2	\$3,403,868	\$3,403,525	\$3,573,701	\$3,573,701
Personal Serv- Proprietar	\$7,190,657	\$7,004,043	\$7,354,245	\$7,354,245
Personal Serv- Statutory	\$3,255,115	\$3,261,193	\$3,424,253	\$3,424,253
Operating Expenses- HB	\$6,947,031	\$7,114,590	\$7,470,320	\$7,470,320
Operating Exp- Proprietar	\$8,237,292	\$8,119,312	\$8,525,278	\$8,525,278
Operating Exp- Statutory	\$15,414,799	\$17,916,452	\$18,812,275	\$18,812,275
Equipment- Statutory	\$74,008	\$74,008	\$77,708	\$77,708
Capital Outlay- Proprietar	\$31,536	\$31,536	\$33,113	\$33,113
Local Assistance- Statuto	\$5,721,918	\$6,246,437	\$6,558,759	\$6,558,759
Grants- Proprietary	\$60,000	\$60,000	\$63,000	\$63,000
Grants- Statutory	\$8,362,854	\$8,738,987	\$9,175,936	\$9,175,936
Benefits & Claims- HB 2	\$19,729,505	\$18,351,870	\$19,269,464	\$19,269,464
Benefits & Claims- Propr	\$39,753,896	\$40,853,896	\$42,896,591	\$42,896,591
Transfers- HB 2	\$358,921	\$358,921	\$376,867	\$376,867
Transfers- Proprietary	\$18,000	\$18,000	\$18,900	\$18,900
Transfers- Statutory	\$3,845,000	\$3,845,000	\$4,037,250	\$4,037,250
Debt Service- Statutory	\$1,343,162	\$1,592,800	\$1,672,440	\$1,672,440
TOT Labor Expend	<u>\$123,747,562</u>	<u>\$126,990,570</u>	<u>\$133,340,099</u>	<u>\$133,340,099</u>
TOTAL Expenditit	<u>(\$352,457)</u>	<u>(\$573,095)</u>	<u>(\$601,750)</u>	<u>(\$601,750)</u>

Funding of Expenditures:

Commerce:

General Fund (01)	(\$10,234,364)	(\$9,233,904)	(\$9,695,599)	(\$9,695,599)
State Special Revenue (02)	(\$38,462,038)	(\$40,914,669)	(\$42,960,402)	(\$42,960,402)
Federal Special Revenue (C	(\$18,415,117)	(\$19,160,410)	(\$20,118,431)	(\$20,118,431)
Proprietary (06)	(\$56,988,500)	(\$58,254,682)	(\$61,167,416)	(\$61,167,416)
TOT Commerce Fund of	(\$124,100,019)	(\$127,563,665)	(\$133,941,848)	(\$133,941,848)

Labor:

General Fund (01)	\$10,234,364	\$9,233,904	\$9,695,599	\$9,695,599
State Special Revenue (02)	\$38,462,038	\$40,914,669	\$42,960,402	\$42,960,402
Federal Special Revenue (C	\$18,415,117	\$19,160,410	\$20,118,431	\$20,118,431
Proprietary (06)	\$56,636,043	\$57,681,587	\$60,565,666	\$60,565,666
TOT Labor Fund of Exp	\$123,747,562	\$126,990,570	\$133,340,099	\$133,340,099
TOTAL Funding of Ex]	(\$352,457)	(\$573,095)	(\$601,750)	(\$601,750)

Revenues:

Revenues Commerce:

General Fund (01)-HB 2	(\$5,484,364)	(\$4,483,904)	(\$4,708,099)	(\$4,708,099)
General Fund (01)-Stat	(\$4,750,000)	(\$4,750,000)	(\$4,987,500)	(\$4,987,500)
SSR (02)- HB 2	(\$7,346,417)	(\$6,918,421)	(\$7,264,342)	(\$7,264,342)
SSR (02)- Statutory	(\$31,115,621)	(\$33,996,248)	(\$35,696,060)	(\$35,696,060)
FSR (03)- HB 2	(\$17,608,544)	(\$17,826,581)	(\$18,717,910)	(\$18,717,910)
FSR (03)- Statutory	(\$806,573)	(\$1,333,829)	(\$1,400,520)	(\$1,400,520)
Proprietary (06)- Propr	(\$55,643,838)	(\$56,659,882)	(\$59,492,876)	(\$59,492,876)
Proprietary (06)- Stat	(\$1,344,662)	(\$1,594,800)	(\$1,674,540)	(\$1,674,540)
TOT Commerce Revenue	(\$124,100,019)	(\$127,563,665)	(\$133,941,848)	(\$133,941,848)

Revenues Labor:

General Fund (01)-HB 2	\$5,484,364	\$4,483,904	\$4,708,099	\$4,708,099
General Fund (01)-Stat	\$4,750,000	\$4,750,000	\$4,987,500	\$4,987,500
SSR (02)- HB 2	\$7,346,417	\$6,918,421	\$7,264,342	\$7,264,342
SSR (02)- Statutory	\$31,115,621	\$33,996,248	\$35,696,060	\$35,696,060
FSR (03)- HB 2	\$17,608,544	\$17,826,581	\$18,717,910	\$18,717,910
FSR (03)- Statutory	\$806,573	\$1,333,829	\$1,400,520	\$1,400,520
Proprietary (06)- Propr	\$55,643,838	\$56,659,882	\$59,492,876	\$59,492,876
Proprietary (06)- Stat	\$1,344,662	\$1,594,800	\$1,674,540	\$1,674,540
TOT Labor Revenues	\$124,100,019	\$127,563,665	\$133,941,848	\$133,941,848
Total Revenues	\$0	\$0	\$0	\$0

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (C	\$0	\$0	\$0	\$0
Proprietary (06)	\$352,457	\$573,095	\$601,750	\$601,750

Technical Notes:

1. HB 621 as introduced does not include 90-1-106, MCA, Functions of department of Commerce -- Housing.
This is funded with Enterprise Funds.

Sponsor's Initials

Date

Budget Director's Initials

Date