



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill #	SB0144	Title:	Generally revise noxious weed trust fund laws
Primary Sponsor:	Sesso, Jon C	Status:	As Amended in House Committee

- 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</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
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Description of fiscal impact: SB 144 changes the amount the Department of Agriculture may spend to manage the noxious weed management program by assigning the percentage limit to all department non-grant expenditures rather than just administrative costs of the Department of Agriculture, and by using grant expenditures instead of total expenditures to calculate the limit. This will reduce the amount spent on department-based programs and increase the amount distributed as grants, resulting in a net zero fiscal impact.

FISCAL ANALYSIS

Assumptions:

- The Department of Agriculture assumes that the percentage caps in SB 144 now include all non-grant costs, including the costs incurred by the noxious weed advisory council (authorized in 80-7-814(5)(e) MCA) and any department project costs (authorized in 80-7-814(5)(f) MCA).

2. Although the amended language in section 1 indicates the limit is calculated on amounts expended through “grants and contracts,” the department assumes that the intent is to calculate the limit only on grants, because contracts are considered an operating expense of state agencies.
3. Revenue received in the Noxious Weed Management state special revenue fund is estimated to be \$2,131,801 in FY 2014 and \$2,131,851 in FY 2015. This level of funding will be available to spend on grants, personal services, operating, and equipment costs. The amount available for the department to spend on non-grant costs (personal services, operating, and equipment costs) is a percentage of the amount of grants expended.
4. The amount available for grants is \$1,837,760 in FY 2014 and \$1,903,438 in FY 2015. The amount available for non-grant expenditures by the department of agriculture is \$294,042 in FY 2014 and \$228,413 in 2015. (FY 2014: $\$2,131,801 - \$1,837,760 = \$294,042$ and $\$1,837,760 * 16\% = \$294,042$. FY 2015: $\$2,131,851 - \$1,903,438 = \$228,413$ and $\$1,903,438 * 12\% = \$228,413$).
5. To meet the new limits imposed by SB 144, the Department of Agriculture would reduce staffing from 4.35 FTE to 3.00 FTE in FY 2014 and to 2.00 FTE in FY 2015. Personal services expenditures would be reduced \$94,804 in FY 2014 and \$140,192 in FY 2015.
6. To meet the new limits imposed by SB 144, the Department of Agriculture would eliminate equipment authority, a reduction of \$12,900 per year.
7. In addition, the Department of Agriculture would reduce authority for operating expenditures by \$95,181 in FY 2014 and \$115,578 in FY 2015. Reductions will occur in travel by department employees for weed surveys, education events, grant compliance, and technical assistance; meeting expenses for and travel reimbursements to advisory council members (meeting length will be shortened or held by conference call); reductions for fixed costs where possible; consulting services; and general operating expenditures.
8. The reductions in personal services, operating, and equipment will be offset by an increase in grant authority of \$202,885 in FY 2014 and \$268,670 in FY 2015.

	<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>
<u>Fiscal Impact:</u>				
FTE	(1.35)	(2.35)	(2.35)	(2.35)
<u>Expenditures:</u>				
Personal Services	(\$94,804)	(\$140,192)	(\$138,089)	(\$136,018)
Operating Expenses	(\$95,181)	(\$115,578)	(\$117,681)	(\$119,752)
Equipment	(\$12,900)	(\$12,900)	(\$12,900)	(\$12,900)
Grants	\$202,885	\$268,670	\$268,670	\$268,670
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	\$0	\$0	\$0	\$0

Technical Notes:

1. The calculation currently required by 80-7-814(5)(d) and the amended language are circular calculations in which the 12% limit is based on expenditures occurring in the same year. There is no way to determine whether the department has complied with the limit until the fiscal year has been closed which creates practical difficulties for budgeting and providing services. An alternative would be to calculate the allowed expenditures based on a known amount such as previous year state special revenues received or previous year total expenditures or previous year actual grant disbursements (not including accruals).

Sponsor's Initials

Date

Budget Director's Initials

Date