



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2015 Biennium

|                         |                  |                |   |
|-------------------------|------------------|----------------|---|
| <b>Bill #</b>           | SB0159           | <b>Title:</b>  | Revise traumatic brain injury contribution on vehicle registration to opt-out |
| <b>Primary Sponsor:</b> | Hamlett, Bradley | <b>Status:</b> | As Introduced   |

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

### FISCAL SUMMARY

|   | <u>FY 2014<br/>Difference</u> | <u>FY 2015<br/>Difference</u> | <u>FY 2016<br/>Difference</u> | <u>FY 2017<br/>Difference</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Expenditures:</b>                    |                               |                               |                               |                               |
| General Fund                            | \$2,640                       | \$0                           | \$0                           | \$0                           |
| State Special Revenue                   | \$264,108                     | \$513,942                     | \$521,651                     | \$529,476                     |
| <b>Revenue:</b>                         |                               |                               |                               |                               |
| General Fund                            | \$0                           | \$0                           | \$0                           | \$0                           |
| State Special Revenue                   | \$312,306                     | \$566,531                     | \$561,805                     | \$557,746                     |
| <b>Net Impact-General Fund Balance:</b> | <u>(\$2,640)</u>              | <u>\$0</u>                    | <u>\$0</u>                    | <u>\$0</u>                    |

**Description of fiscal impact:** SB 159 revises the motor vehicle registration process making the traumatic brain injury (TBI) donation fee opt-out, which is anticipated to increase revenues for this program. The Department of Justice would incur a one-time operating expenditure for programming MERLIN system modifications. The Department of Public Health and Human Services would receive funding to coordinate and provide services to individuals with brain injury and their families.

### FISCAL ANALYSIS

**Assumptions:**

**Department of Justice (DOJ)**

1. Under present law, the department collects a donation of \$1 or more at the time of the motor vehicle registration process if the individual registering the vehicle indicates the desire to donate to the TBI program. Funds collected are distributed to the Department of Public Health and Human Services for the TBI program state special revenue account.
2. During FY 2012, \$13,979.21 was deposited to the TBI program state special revenue account from annual motor vehicle registration transactions. In FY 2012, this represented approximately 1.9% of eligible annual vehicle registrations elected to contribute to the TBI program.

3. Approximately 46% of motor vehicle registration transactions are processed in the first half and 54% in the second half of the fiscal year.
4. Annual motor vehicle registration transactions from the OBPP revenue estimate and projected contribution rate are used to project the change in anticipated TBI revenue due to SB 159 as introduced.
5. SB 159 is effective January 1, 2014 (the second half of FY 2014).
6. Contribution rates of similar opt-out programs for state parks in Montana and Washington serve as a basis for an assumed 80% contribution rate.
7. SB 159 mandates \$1 for the TBI program donation and, if 20% opt-out of the TBI program donation, the revenue changes are as follows:

| <b>Estimate of Change in Traumatic Brain Injury Vehicle Registration Revenue Under SB 159</b> |                |                  |                  |                  |                  |
|---|----------------|------------------|------------------|------------------|------------------|
|   | <b>FY 2012</b> | <b>FY 2014</b>   | <b>FY 2015</b>   | <b>FY 2016</b>   | <b>FY 2017</b>   |
| <b>Estimate of Stock of Annual Reg. Vehicles</b>  | 684,153        | 681,178          | 678,669          | 673,008          | 668,145          |
| Turnover (6.9%)   | 47,207         | 47,001           | 46,828           | 46,438           | 46,102           |
| <b>Estimated Annual Registration Transactions</b>   | <b>731,360</b> | <b>728,179</b>   | <b>725,497</b>   | <b>719,446</b>   | <b>714,247</b>   |
|   | <b>Rate</b>    | <b>Revenue</b>   |                  |                  |                  |
| <b>Current Law Contribution Rate/ Revenue</b>   | <b>1.91%</b>   | <b>\$13,918</b>  | <b>\$13,867</b>  | <b>\$13,751</b>  | <b>\$13,652</b>  |
|   | <b>Rate</b>    | <b>Revenue</b>   |                  |                  |                  |
| <b>SB159 as Introduced</b>  |                |                  |                  |                  |                  |
| <b>SB 159 Contribution Rate/Revenue</b><br>(FY 2014 Second Half 54%)                          | <b>80%</b>     | <b>326,224</b>   | <b>580,398</b>   | <b>575,556</b>   | <b>571,398</b>   |
| <b>Change Due to SB 159 as Introduced</b>   |                | <b>\$312,306</b> | <b>\$566,531</b> | <b>\$561,805</b> | <b>\$557,746</b> |

8. Information Technology Services Division (ITSD) will need to hire a contractor to reconfigure code in the statewide database. It is estimated that reconfiguration will take 40 hours at an hourly rate of \$110 totaling \$4,400 (40 x \$110 = \$4,400). This will be a one-time expenditure in FY 2014 and is funded 60% general and 40% state special revenue.

**Department of Public Health and Human Services (DPHHS)**

9. This proposal would add funds to coordinate and provide services to individuals with brain injury and their families.
10. Activities that would be funded with these revenues include:
  - a. In the first six months of the program, DPHHS will conduct a listening tour in a minimum of five sites dispersed across Montana to seek public, input on the Traumatic Brain injury program and what services and funding are desired. It is estimated that approximately \$500 per site or \$2,500 total will be spent on organizing, hosting, and related expenses for the listening tour.
  - b. State Brain Injury Coordinator – With the available revenue, a state brain injury coordinator would be hired. This position would coordinate efforts toward both the brain injury prevention and the service provisions of the TBI program. Salary and benefits are estimated at \$41,258 for six months of FY 2014 and \$82,512 in FY 2015 for salary and benefits. There will also be an additional cost of \$2,875 for a new employee office package for FY 2014, as well as, ongoing operating costs of \$1,430 per year (\$715 first six months) with 1.5% inflationary increases in FY 2016 and FY 2017.
  - c. Brain Injury Help Line – The Brain Injury Help Line is a service which provides assistance to people with brain injuries and their families. The TBI contribution in this bill would be used to fund the ongoing operations of the help line. The estimated cost of this service at \$125,000 annually (\$62,500 for six months in FY 2014) with a 1.5% increase for FY 2016 and FY 2017. This activity has previously been funded with one time only appropriations to the Senior and Long Term Care Division (SLTCD) for activities related to the Brain Injury Helpline.

- d. Contracts with local referral agencies – The department would establish contracts with local referral agencies that provide case management services and other personal assistance and support required for families and individuals with TBI on a local level. The department estimates four sites with an annual contract of \$60,000. Four sites will be added in FY 2014 for one-half of the year, totaling \$120,000. FY 2015 will be funded for a full year and continue each year thereafter with 1.5% inflationary increases for FY 2016 and FY 2017. (4 sites X \$60,000 = \$240,000)
  - e. Public Information and Prevention Education – An existing function of the TBI fund is to provide grants for public information and prevention education. This program would now be funded through the new revenues created by the TBI contribution. This amount is estimated at \$50,000 annually for providing education and prevention education activities with \$25,000 for the first 6 months of FY 2014 and 1.5% inflationary increases for FY 2016 and FY 2017.
  - f. Support Group Grants – Federal grant money was used by the department to fund grants for local TBI support groups. \$15,000 would be utilized annually from the TBI contribution revenues to fund to provide peer support and assist with local resources for TBI. This would equate to \$7,500 for the first six months of FY 2014 and additional 1.5% inflationary increases for FY 2016 and FY 2017.
11. The effective date of the bill is January 1, 2014, or the second half of FY 2014.

|   | <u>FY 2014</u><br><u>Difference</u> | <u>FY 2015</u><br><u>Difference</u> | <u>FY 2016</u><br><u>Difference</u> | <u>FY 2017</u><br><u>Difference</u> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Fiscal Impact:</b>   |                                     |                                     |                                     |                                     |
| <b>Department of Justice</b>  |                                     |                                     |                                     |                                     |
| <b><u>Expenditures:</u></b>   |                                     |                                     |                                     |                                     |
| Operating Expenses  | \$4,400                             | \$0                                 | \$0                                 | \$0                                 |
| <b>TOTAL Expenditures</b>   | <b>\$4,400</b>                      | <b>\$0</b>                          | <b>\$0</b>                          | <b>\$0</b>                          |
| <b><u>Funding of Expenditures:</u></b>  |                                     |                                     |                                     |                                     |
| General Fund (01)   | \$2,640                             | \$0                                 | \$0                                 | \$0                                 |
| State Special Revenue (02)  | \$1,760                             | \$0                                 | \$0                                 | \$0                                 |
| <b>TOTAL Funding of Exp.</b>  | <b>\$4,400</b>                      | <b>\$0</b>                          | <b>\$0</b>                          | <b>\$0</b>                          |
| <b>Department of Public Health and Human Services</b>                             |                                     |                                     |                                     |                                     |
| <b>FTE</b>  | 0.50                                | 1.00                                | 1.00                                | 1.00                                |
| <b><u>Expenditures:</u></b>   |                                     |                                     |                                     |                                     |
| Personal Services   | \$41,258                            | \$82,512                            | \$83,750                            | \$85,006                            |
| Operating Expenses  | \$221,090                           | \$431,430                           | \$437,901                           | \$444,470                           |
| <b>TOTAL Expenditures</b>   | <b>\$262,348</b>                    | <b>\$513,942</b>                    | <b>\$521,651</b>                    | <b>\$529,476</b>                    |
| <b><u>Funding of Expenditures:</u></b>  |                                     |                                     |                                     |                                     |
| General Fund (01)   | \$0                                 | \$0                                 | \$0                                 | \$0                                 |
| State Special Revenue (02)  | \$262,348                           | \$513,942                           | \$521,651                           | \$529,476                           |
| <b>TOTAL Funding of Exp.</b>  | <b>\$262,348</b>                    | <b>\$513,942</b>                    | <b>\$521,651</b>                    | <b>\$529,476</b>                    |
| <b><u>Revenues:</u></b>   |                                     |                                     |                                     |                                     |
| General Fund (01)   | \$0                                 | \$0                                 | \$0                                 | \$0                                 |
| State Special Revenue (02)  | \$312,306                           | \$566,531                           | \$561,805                           | \$557,746                           |
| <b>TOTAL Revenues</b>   | <b>\$312,306</b>                    | <b>\$566,531</b>                    | <b>\$561,805</b>                    | <b>\$557,746</b>                    |
| <b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b> |                                     |                                     |                                     |                                     |
| General Fund (01)   | (\$2,640)                           | \$0                                 | \$0                                 | \$0                                 |
| State Special Revenue (02)  | \$48,198                            | \$52,589                            | \$40,154                            | \$28,270                            |

Sponsor's Initials

Date

Budget Director's Initials

Date



## Dedication of Revenue 2015 Biennium

### 17-1-507-509, MCA.

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

Yes. Although a significant number of brain injuries occur because of motor vehicle accidents, there is a large population suffering from brain injuries that did not or will not have an opportunity to own or license a vehicle.

- 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 process for collecting the revenues, consent of the vehicle licensee, dictates that the revenues collected must be used for the purpose stated in the bill and therefore must be accounted for in a state special revenue fund and not co-mingled in the general fund.

- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**

Yes.

- d) **Does the need for this state special revenue provision still exist?  Yes  No (Explain)**

Yes. These funds are earmarked for the traumatic brain injury (TBI) program and are a voluntary donation by the taxpayer for the purpose of funding the TBI program. 2-15-2218, MCA, established the account as a state special revenue fund.

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

No. Rather, it enhances the legislature's ability to do so. The state special revenue fund allows for more transparency in the collection and expenditure process for these funds.

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

Yes. The fund currently exists under of 2-15-2218, MCA, and 61-3-303(5)(c), MCA. SB 159 amends these to change the contribution to an automatic donation with an "opt-out" provision rather than the current "opt-in" provision.

- 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?)**

This is accounted for in this fund type based on the provisions 17-2-102(1)(b)(i), MCA regarding fund structure. Therefore, it does not impact accounting and auditing efficiencies.