



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0089	▼	Title:	Generally revise human trafficking laws
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Primary Sponsor:	Dudik, Kimberly	Status:	As Introduced
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|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact | <input 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 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$252,908	\$252,908	\$252,908	\$252,908
Federal Special Revenue	\$151,745	\$151,745	\$151,745	\$151,745
Other	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$252,908)	(\$252,908)	(\$252,908)	(\$252,908)
State Special Revenue	\$252,908	\$252,908	\$252,908	\$252,908
Federal Special Revenue	\$151,745	\$151,745	\$151,745	\$151,745
Other	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$252,908)</u>	<u>(\$252,908)</u>	<u>(\$252,908)</u>	<u>(\$252,908)</u>

Description of fiscal impact: HB 89 removes the termination date for the crime victims compensation (CVC) account, established in 53-9-113, MCA, which was set to terminate on June 30, 2015. The statutory appropriation currently listed in 17-7-502, MCA that references the CVC account will become permanent. HB 89 also makes multiple revisions to Montana's human trafficking laws. **The fiscal impact of these revisions cannot be reasonably determined.

FISCAL ANALYSIS

Assumptions:

Department of Justice

- Section 28 of HB 89 removes the termination date of June 30, 2015 from HB 108 which was passed by the 2009 Legislature. That bill redirected certain state revenues from the state general fund to the crime victims

compensation (CVC) account and provided a statutory appropriation for the account. Removal of the termination date makes the redirection of general fund revenue to the CVC account and the statutory appropriation permanent.

2. It is estimated that approximately 750 claims are made to the CVC program annually primarily for medical costs.
3. It is projected that approximately \$252,908 in revenue will be collected in the CVC account based upon average collections since 2011. This revenue will be used to pay claims.
4. State dollars in the CVC account will be matched with federal dollars based upon the Victims of Crime Act (VOCA) formula used by the federal government. A 60% match with federal dollars is estimated. Based on projected state expenditures, the federal match is estimated to be \$151,745.
5. 17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines.

	<u>YES</u>	<u>NO</u>
a. The money is from a continuing, reliable, and estimable source.	X	
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.	X	
c. The authority exists elsewhere.		X
d. An alternative appropriation method is available, practical, or effective.	X	
e. It appropriates state general fund money for purposes other than paying for emergency services.	X	
f. The money is used for general purposes.		X
g. The legislature wishes to review expenditure and appropriation levels each biennium.	X	
h. An expenditure cap and sunset date are excluded.	X	

6. In accordance with 17-1-507, MCA, the dedication of revenue form has been completed for the CVC account and is attached to this fiscal note.
7. Section 14 of HB 89 creates the human trafficking education account. No revenue source is identified for the account, so no revenue or expenses are shown for the account. In accordance with 17-1-507, MCA, the dedication of revenue for has been completed for the human trafficking education account and is attached to this fiscal note.

Judicial Branch

8. The number of district court cases may increase as a result of this legislation; however, the Judicial Branch is unable to estimate the impact on judicial workload or the fiscal impact. The cumulative impact of such legislation may eventually require additional judicial resources because court dockets currently are full in many judicial districts throughout the state.

Office of the Public Defender

9. The Office of the State Public Defender (OPD) has the statutory obligation to represent individuals charged with a crime who cannot afford to hire counsel, represent individuals on direct appeal and also to provide counsel if there is a conflict of interest. The OPD is unable to predict the number of new cases the agency might face with the passing of this bill and therefore, the associated costs cannot be reasonably determined.

Department of Corrections

10. The Department of Corrections (DOC) has had no relevant instances of felony convictions under these codes.
11. Therefore, the fiscal impact cannot be reasonably determined. However, for informational purposes, if a person is convicted of a felony under this new language, the cost of incarceration is \$34,175 per year per male inmate and \$38,515 per year per female inmate.

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Benefits	\$404,653	\$404,653	\$404,653	\$404,653
TOTAL Expenditures	<u>\$404,653</u>	<u>\$404,653</u>	<u>\$404,653</u>	<u>\$404,653</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$252,908	\$252,908	\$252,908	\$252,908
Federal Special Revenue (03)	\$151,745	\$151,745	\$151,745	\$151,745
TOTAL Funding of Exp.	<u>\$404,653</u>	<u>\$404,653</u>	<u>\$404,653</u>	<u>\$404,653</u>
<u>Revenues:</u>				
General Fund (01)	(\$252,908)	(\$252,908)	(\$252,908)	(\$252,908)
State Special Revenue (02)	\$252,908	\$252,908	\$252,908	\$252,908
Federal Special Revenue (03)	\$151,745	\$151,745	\$151,745	\$151,745
TOTAL Revenues	<u>\$151,745</u>	<u>\$151,745</u>	<u>\$151,745</u>	<u>\$151,745</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$252,908)	(\$252,908)	(\$252,908)	(\$252,908)
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

KPD
Sponsor's Initials

1/7/15
Date

[Signature]
Budget Director's Initials

1/5/15
Date



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Dedication of Revenue 2017 Biennium

17-1-507-509, MCA.

Crime Victims Compensation Account

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

Yes. Victims of crime will benefit from this dedicated revenue. They will receive additional financial assistance to pay medical bills, funeral costs, or coverage for lost wages that have resulted because of the crime committed against them.

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?**

Restitution dollars deposited directly into a state special directly benefits crime victims because the revenue would not be appropriated for other uses by the legislature. The formula used by the federal government to determine VOCA grant funds payable to a state will no longer penalize Montana for collecting restitution from criminals and not using this money for benefits to crime victims.

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. Under 46-18-236(1), MCA, perpetrators of crime may receive a court order to pay restitution for their crime. Under HB 89, the restitution dollars received in the state special revenue fund will be used to pay medical, funeral, or lost wages claims for the victims of crime. Along with the available federal match dollars, funds deposited into the crime victims compensation (CVC) account are expected to be sufficient to cover 100% of the total benefit payable to a victim of crime (which maxes out at \$25,000) throughout each fiscal year.

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

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

No. The funds are statutorily appropriated and are tracked separately on the state's accounting system.

f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need?**

Yes. Crimes continued to be committed that cause financial injuries to their victims, and this revenue will help relieve crime victims of some of the financial injury they have incurred as a result of the crime against them.

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?)**

There is no impact to the agency with respect to its accounting and auditing capabilities. Currently a portion of the funding for the CVC program is general fund. This bill will redirect restitution dollars from criminals, for payment of benefits to crime victims, and will derive additional revenues for crime victim benefits from federal match dollars.



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Dedication of Revenue 2017 Biennium

17-1-507-509, MCA.

Human Trafficking Education Account

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

Persons that are made aware of human trafficking and that are educated on how to prevent and detect human trafficking could indirectly benefit.

- 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 funding in the account may be expended by the Department of Justice to raise awareness about human trafficking and educate the public and law enforcement on how to prevent and detect human trafficking.

- 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)**

There is not a revenue source listed in HB 89.

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

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

No, funding would be deposited in a human trafficking education account to be used for purposes set forth in the bill.

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

Unknown

- 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?)**

The revenue source would be able to be efficiently accounted for and audited in the same manner as the other sources department-wide.