



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2021 Biennium

Bill # HB0684

Title: Implement provisions of HB2, Section D, subcommittee on justice system

Primary Sponsor: Regier, Matt

Status: As Amended in Senate 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 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$2,353,000	\$0	\$0	\$0
Revenue:				
General Fund	\$250,000	\$0	\$0	\$0
State Special Revenue	(\$250,000)	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$250,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 684 implements provisions of Section D of HB 2 including: creating two new state special revenue accounts; transferring funds to the three accounts and the general fund; relocating Public Safety Officer Standards and Training within the Department of Justice; making adjustments to requirements for Pre-Sentence Investigations; sunsetting the WINGS program; and setting the rates paid by the Department of Corrections for outside medical services. The appropriations contained in HB 2 have been adjusted to reflect the impacts of this legislation.

FISCAL ANALYSIS

Assumptions:

Legislative Services Division

- Section 2 of HB 684 provides for a state special revenue fund established in 17-2-102, MCA, to the credit of the Legislative Services Division, specifically the interim committee and activities program (program 21).
- Section 17 of this bill provides for a transfer of funds, in the amount of \$300,000, to the legislative committees and activities state special revenue account, to fulfill the requirements of Section 2.
- It is assumed that the appropriation provided for in this bill will be used for the operating costs of hosting a conference of the Council of State Governments in Montana.

Judicial Branch

4. Section 1 of this bill creates a state special revenue account to the credit of the Judicial Branch. The account will be used to fund the pretrial pilot project in five counties.
5. Section 13 directs the state treasurer to transfer \$1,553,000 into the account established for the pretrial project by June 30, 2019.
6. An appropriation for this funding source has been included in HB 2.

Department of Justice (DOJ)

7. HB 684 transfers \$2,353,000 out of the Consumer Protection Account.
8. In transitioning into a bureau within DOJ, the POST council will continue to engage with independent legal counsel, hearing examiners, expert witnesses, transcription services, investigations, travel, training.
9. In transition of POST to DOJ, general fund dollars will be made available.

Department of Corrections (DOC)

10. HB 684 would remove the June 30, 2019, sunset provision currently applicable to 53-6-1312, MCA. This is the section of statute which requires the Department of Corrections (DOC) to reimburse healthcare providers for services rendered to individuals in DOC custody at no more than Medicaid rates if the services are not otherwise covered by another insurance or program. This reimbursement rate is currently incorporated into the budget.

Montana State Library

11. The bill transfers \$250,000 into a state special revenue account of the Montana State Library. These funds have been appropriated in HB 2.

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Transfers	\$2,353,000	\$0	\$0	\$0
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (DOJ)	\$2,353,000	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$2,353,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01) transfer	\$250,000	\$0	\$0	\$0
State Special Rev (Judicial)	\$1,553,000	\$0	\$0	\$0
State Special Rev (LSD)	\$300,000	\$0	\$0	\$0
State Special Rev (MSL)	\$250,000	\$0	\$0	\$0
TOTAL Revenues	<u>\$2,353,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$250,000	\$0	\$0	\$0
State Special Revenue	(\$250,000)	\$0	\$0	\$0

Technical Notes:

1. Passage of this bill will reduce the amount of funds in the Consumer Protection account in FY 2019.
2. The new POST bureau is funded with Montana Law Enforcement Academy (MLEA) funds. The additional pressure on the MLEA fund may delay completion of the phase 1 remodel.
3. DOC may be required to negotiate a new contract with a third-party administrator (TPA) and negotiate rates for processing medical claims at revised rates if sections 13 and 15 of this bill do not pass.

MKR
Sponsor's Initials

Date

TZ
Budget Director's Initials

4/10/19
Date



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Dedication of Revenue 2021 Biennium

17-1-507, MCA. – Legislative Committees and Activities State Special Revenue Account

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

The money being transferred to the Legislative Branch is state special revenue collected as civil fines, costs and fees recovered by the Department of Justice as part of the Consumer Protection Act (Title 30, Chapter 14, part 1, MCA). The money will be used by the Legislative Branch to fund a conference hosted by the branch. The persons benefiting do not contribute to this source of revenue.

- 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 legislature has funded the conference as an OTO for the 2021 Biennium with a one-time transfer. By using the dedicated revenue, general fund is not committed to this project.

- 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.

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

No. Having expenditures paid from a state special revenue fund provides the ability to ensure the funds are used as intended by legislature.

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

Yes. It is anticipated that these funds will be used by the Legislative Branch to host a national conference for the Council of State Governments.

- 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?)**

Creating a state special revenue fund dedicated to a specific need ensures the ability to track individual expenditures. A general fund appropriation could provide the same tracking ability.



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Dedication of Revenue 2021 Biennium

17-1-507, MCA. – Pretrial Diversion Program State Special Revenue Account

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

The money being transferred to the Judicial Branch is state special revenue collected as civil fines, costs and fees recovered by the Department of Justice as part of the Consumer Protection Act (Title 30, Chapter 14, part 1, MCA). The money will be used by the Judicial Branch to fund the pretrial project for the 2021 Biennium. The pretrial program will benefit state and local governments and the communities in the locations with pilot projects by reducing the jail population and allowing certain offenders to remain in the community as contributing citizens. The persons benefiting do not contribute to this source of revenue.

- 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 legislature has funded the pretrial program as an OTO for the 2021 Biennium with a one-time transfer. By using the dedicated revenue, general fund is not committed to this project.

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

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

The Judicial Branch has requested OTO funding for the 2021 Biennium to continue the pretrial diversion project in order to assess the costs and benefits of the program. Information and data gathered will help determine if the program should continue beyond the 2021 Biennium.

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

No. All expenditure activity will continue to be reported through the state's accounting system. Additionally, the Pretrial Program will provide a report to the law and justice interim committee annually.

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

Yes, this revenue source fulfills a legislatively recognized need. This revenue source will be used to fund the pretrial diversion project for another biennium. The project has the potential to reduce jail related costs across the state.

- 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 source of funding has no impact in accounting/auditing efficiencies in the Judicial Branch. The Judicial Branch applies audited financial procedures and processes to all funding sources legislatively approved for the Judicial Branch.