



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2021 Biennium

Bill # SB0107

Title: Revise advertising requirements for state building construction

Primary Sponsor: Sesso, Jon C

Status: As Introduced

- 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
Other (Capital Project Fund)	(\$11,000)	(\$11,000)	(\$11,165)	(\$11,332)
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Other (Capital Projects Fund)	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: This bill, which revises 18-2-301(1), MCA, to no longer require mandatory newspaper advertising for state building construction projects will reduce costs for the Department of Administration.

FISCAL ANALYSIS

Assumptions:

Department of Administration

1. The context of 18-2-301, MCA, first enacted in 1927, is to ensure competitive bidding.
2. Section 18-2-301, MCA, is the only construction-related statute that requires advertising.
3. If enacted, the Department of Administration (DOA) and other state agencies, including the Montana University System, must still ensure that competitive bidding occurs but may utilize other means best suited for a particular project.

4. It is anticipated that newspaper advertising, though likely to be reduced, will continue to be utilized on a consistent basis, particularly in counties without larger, urban population centers.
5. While funding sources for state projects may use varied sources (state special revenue, federal special revenue, grants, capital project funds, donations, etc.), all cost implications are shown as capital project funds for ease of explanation.
6. Cost analysis is based upon:
 - a. The average number of advertisements placed by DOA over the last five fiscal years is 110 per year. The average cost per advertisement is approximately \$100. The estimated cost savings in the capital projects fund for each fiscal year is \$11,000. This amount has been inflated by 1.5% for fiscal years 2022 and 2023.
7. Other agencies and the university system have a limited number of projects that are granted delegation by DOA, are provided direct legislative authorization in HB 5, or are below the legislative authorization limit of \$150,000. Those cost reductions are not captured in this fiscal note. However, data requested by DOA of the Department of Military Affairs, the Department of Fish, Wildlife & Parks, and Montana State University indicates the average number of fiscal year advertisements placed per agency is:
 - a. Department of Military Affairs - 20 (average over three fiscal years)
 - b. Department of Fish, Wildlife and Parks - 15 (average over five fiscal years)
 - c. Montana State University - 16.6 (average over five fiscal years)

Montana University System

8. There is no fiscal impact to the Montana University System as a result of SB 107.

	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	(\$11,000)	(\$11,000)	(\$11,165)	(\$11,332)
TOTAL Expenditures	<u>(\$11,000)</u>	<u>(\$11,000)</u>	<u>(\$11,165)</u>	<u>(\$11,332)</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other (Capital Projects Fund)	(\$11,000)	(\$11,000)	(\$11,165)	(\$11,332)
TOTAL Funding of Exp.	<u>(\$11,000)</u>	<u>(\$11,000)</u>	<u>(\$11,165)</u>	<u>(\$11,332)</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other (Capital Projects Fund)	\$0	\$0	\$0	\$0
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>				
General Fund (01)	\$0	\$0	\$0	\$0
Other (Capital Projects Fund)	\$11,000	\$11,000	\$11,165	\$11,332

NO SPONSOR SIGNATURE

Sponsor's Initials

Date

TL

Budget Director's Initials

1/22/19

Date