



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2021 Biennium

**Bill #** SB0233

**Title:** Establish the small business retirement program

**Primary Sponsor:** Gauthier, Terry

**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 Difference</u>	<u>FY 2021 Difference</u>	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>
<b>Expenditures:</b>				
General Fund	\$73,800	\$30,850	\$30,850	\$30,850
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$73,800)</u>	<u>(\$30,850)</u>	<u>(\$30,850)</u>	<u>(\$30,850)</u>

**Description of fiscal impact:** SB 233 creates the Montana Optional Retirement for Employees savings program to be administered by the Department of Labor and Industry (DLI). DLI will incur costs for rulemaking, the establishment and ongoing business of a board, preparation of annual reports, and completion of required audits. Department of Revenue (DOR) will be responsible for regular reporting to participants regarding their accounts.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Labor and Industry (DLI)**

- SB 266 establishes a seven-member board. This board will meet four times in FY 2020, as the program is being established, and annually after that. The estimated per diem costs for four two-day meetings are \$2,800 in FY 2020, and \$350 in each subsequent year. Travel costs associated with board meetings are estimated at \$1,000 in the FY 2020, and \$500 in each subsequent year.
- Section 7 of SB 233 directs the board to contract with one or more providers to provide options for accounts and investment products under the program. It is assumed that any fees charged by this entity will be the responsibility of the employers or employees participating in the plan and will not be a liability of the State.

3. DLI will incur expenses associated with developing rules, preparing an annual report, completing an audit, sending annual confirmation statements. DLI will contract for these functions, at an estimated cost of \$50,000 in FY 2020 and \$10,000 in each subsequent year.
4. Section 13 of SB 233 requires an annual audit of the program. This will cost DLI \$20,000 per year.

**Department of Revenue (DOR)**

5. DOR is required under Section 12 of SB 233 to provide reporting to participating employees regarding their accounts. DOR will incur minimal additional costs that will be absorbed within current resources.

	<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>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Personal Services	\$2,800	\$350	\$350	\$350
Operating Expenses	\$71,000	\$30,500	\$30,500	\$30,500
<b>TOTAL Expenditures</b>	<u>\$73,800</u>	<u>\$30,850</u>	<u>\$30,850</u>	<u>\$30,850</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$73,800	\$30,850	\$30,850	\$30,850
<b>TOTAL Funding of Exp.</b>	<u>\$73,800</u>	<u>\$30,850</u>	<u>\$30,850</u>	<u>\$30,850</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$73,800)	(\$30,850)	(\$30,850)	(\$30,850)

**Technical Notes:**

1. The administrative attachment to DLI does not automatically include a daily per diem to board members unless the board is designated as being “quasi-judicial”. See 2-15-124, MCA.

_____	_____	_____	_____
<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>
		<i>TL</i>	<i>2/15/19</i>