



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2021 Biennium

|                         |           |                |  |
|-------------------------|-----------|----------------|--|
| <b>Bill #</b>           | SB0302    | <b>Title:</b>  | Generally revise laws related to local government budgeting and accounting |
| <b>Primary Sponsor:</b> | Esp, John | <b>Status:</b> | 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<br/>Difference</u> | <u>FY 2021<br/>Difference</u> | <u>FY 2022<br/>Difference</u> | <u>FY 2023<br/>Difference</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Expenditures:</b>                    |                               |                               |                               |                               |
| General Fund                            | \$214,770                     | \$180,259                     | \$182,456                     | \$185,193                     |
| <b>Revenue:</b>                         |                               |                               |                               |                               |
| General Fund                            | \$0                           | \$0                           | \$0                           | \$0                           |
| <b>Net Impact-General Fund Balance:</b> | <u>(\$214,770)</u>            | <u>(\$180,259)</u>            | <u>(\$182,456)</u>            | <u>(\$185,193)</u>            |

**Description of fiscal impact:** SB 302 requires the Department of Justice to monitor and investigate non-compliance of local government entities regarding timely submissions of financial reports and audits to the state. The department estimates it would cost \$214,770 in FY 2020 and \$180,259 in FY 2021 to perform the additional monitoring and investigative duties required by this legislation.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Justice**

- There will be an increase in the department's workload to monitor, and possibly investigate, local government entities. This will require 2.00 FTE to perform the tasks required in the bill – a crime investigator and an auditor.
- If violations are alleged, the crime investigator (1.00 FTE) will determine if a criminal violation exists. Annual salary and benefits for this FTE are \$83,655. This amount is inflated by 1.5% for FY 2022 and FY 2023.
- The auditor (1.00 FTE) will work with the crime investigator to build a case against the entity. Annual salary and benefits for this FTE are \$73,117. This amount is inflated by 1.5 % for FY 2022 and FY 2023.
- The crime investigator will require a vehicle in order to work undercover operations. This equipment, estimated to cost \$25,365, would be purchased in FY 2020.

- Operations expenditures in FY 2020 and FY 2021 total \$32,633 and \$23,487, respectively. One-time-only expenses include office set up costs of approximately \$7,896 in FY 2020. Ongoing expenses have been inflated by 1.5% for FY 2022 and FY 2023.

**Office of Public Instruction**

- This bill has no fiscal impact to the Office of Public Instruction, since the office already reviews and approves the corrective action plans proposed by the school districts.

**Department of Administration**

- There is no fiscal impact to the Department of Administration. Any additional workload due to SB 302 can be absorbed by the department with existing resources.

**Department of Revenue**

- This bill revises a part of the language passed in HB 565 in the 2017 legislative session pertaining to withholding an entitlement share payment from a local government. SB 302 removes the wording, “or any other amounts owed to the state or another taxing jurisdiction” from the original statute. Unless notified, the department has no way of knowing what amounts are owed to other agencies and other taxing jurisdictions.

|   | <u>FY 2020<br/>Difference</u> | <u>FY 2021<br/>Difference</u> | <u>FY 2022<br/>Difference</u> | <u>FY 2023<br/>Difference</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b><u>Fiscal Impact: Department of Justice</u></b>                                |                               |                               |                               |                               |
| FTE   | 2.00                          | 2.00                          | 2.00                          | 2.00                          |
| <b><u>Expenditures:</u></b>   |                               |                               |                               |                               |
| Personal Services   | \$156,772                     | \$156,772                     | \$159,124                     | \$161,511                     |
| Operating Expenses  | \$32,633                      | \$23,487                      | \$23,332                      | \$23,682                      |
| Equipment   | \$25,365                      | \$0                           | \$0                           | \$0                           |
| <b>TOTAL Expenditures</b>   | <u>\$214,770</u>              | <u>\$180,259</u>              | <u>\$182,456</u>              | <u>\$185,193</u>              |
| <b><u>Funding of Expenditures:</u></b>  |                               |                               |                               |                               |
| General Fund (01)   | \$214,770                     | \$180,259                     | \$182,456                     | \$185,193                     |
| <b>TOTAL Funding of Exp.</b>  | <u>\$214,770</u>              | <u>\$180,259</u>              | <u>\$182,456</u>              | <u>\$185,193</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)   | (\$214,770)                   | (\$180,259)                   | (\$182,456)                   | (\$185,193)                   |

**Effect on County or Other Local Revenues or Expenditures:**

**Montana League of Cities and Towns**

- There is no fiscal impact to cities and town from this legislation. The duties described in the bill are existing duties, and SB 302 does not impose any additional requirements on local governments.

  
Sponsor's Initials

2/26/19  
Date

TL  
Budget Director's Initials

2/26/19  
Date