



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill #	HB0699	Title:	Revising state policy regarding boycotts of Israel
Primary Sponsor:	McKamey, Wendy	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 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	\$1	\$1	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$1)</u>	<u>(\$1)</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 699 revises state policy regarding boycotts of Israel by providing for noninvestment in and divestment from entities engaged in a boycott of Israel. It further imposes additional restrictions on self-governing local governments regarding boycotts of Israel. It appropriates \$1 in general fund for the Board of Investments to implement the legislation.

FISCAL ANALYSIS

Assumptions:

- Section 4 of the bill prohibits the Board of Investments from investing in entities known to be engaged in a boycott of Israel and directs them to divest from such entities unless it interferes with the board's duty to act as a prudent expert.
- The BOI's overall objective is to achieve the highest level of investment performance that is compatible with its risk tolerance and prudent investment practices. Because of the long-term nature of the state's various funds, the board maintains a long-term perspective in formulating and implementing its investment policies, and in evaluating its investment performance. The BOI expects to meet or exceed these objectives over a long-term investment horizon. Over shorter periods, the anticipated market volatility and specific actions, including



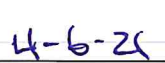
risk mitigation efforts of the board, may lead to unfavorable, but expected, deviation from these objectives. Such deviations cannot be accurately estimated.

- Section 5 adds additional prohibitions and requirements on self-governing local governments regarding boycotts of Israel.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$1	\$1	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
TOTAL Expenditures	<u>\$1</u>	<u>\$1</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$1	\$1	\$0	\$0
TOTAL Funding of Exp.	<u>\$1</u>	<u>\$1</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	\$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)	<u>(\$1)</u>	<u>(\$1)</u>	<u>\$0</u>	<u>\$0</u>

Technical Notes:

- \$1 in appropriation does not cover the costs to implement the actions in this bill.
- No appropriation is authorized for local governments under Section 5 which does impose legislative requirements that are not necessary for the operation of local governments. HB 699 does not expressly supersede 1-2-112(3), MCA.
- It is unknown if the BOI will incur any liability for identifying an entity as having engaged in a boycott of Israel.

Sponsor's Initials _____ Date _____ Budget Director's Initials _____ Date _____